



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT



**Fiscal Year 2012/13 Operating and Capital Program Budget
Volume 1 - June 2012**

*Striving to enhance the quality of life in the Inland Empire by providing
the optimum water resources management for the area's customers
while promoting conservation and environmental protection.*



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RP-4 Wind Turbine – Rancho Cucamonga, CA

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July 1, 2011

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The Government Finance Officers Association of the United States and Canada (GFOA) Presented a Distinguished Budget Presentation Award to INLAND EMPIRE UTILITIES AGENCY, CALIFORNIA for its annual budget for the fiscal year beginning July 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.



Budget Message/Executive Summary



GENERAL MANAGER'S MESSAGE

The Honorable Board of Directors
Inland Empire Utilities Agency

June 20, 2012

The Inland Empire Utilities Agency's Fiscal Year (FY) 2012/13 budget is consistent with its mission to ensure water quality, reliability, and protecting public health in an environmentally sensitive and cost effective manner. Several major factors that continue to impact IEUA, its member agencies and key stakeholders include: sustaining water reliability through the development of local water supplies in order to minimize the need for additional imported water; complying with ever-changing and more rigid regulatory requirements; mitigating the impact of an anemic economic recovery and its continuing negative impact to key revenue sources; and effectively leveraging human, capital, and fiscal resources to enhance efficiencies, succession planning, and contain costs.

Meeting the Reliable Water Supply Challenge

As a regional water distributor, the Inland Empire Utilities Agency (IEUA or the Agency) is responsible for regional urban water supply planning for the western portion of San Bernardino County. Since year 2000, IEUA has been working on an integrated water management strategy with the Chino Basin Watermaster (CBWM), Santa Ana Watershed Project Authority (SAWPA), Santa Ana River Watermaster, Metropolitan Water District of Southern California (MWD), Santa Ana Regional Water Quality Control Board (SARWQCB), and the area's cities and retail water agencies. The goal is to develop local water supplies in order to minimize the need for additional imported water, as well as improve water quality within both the Agency's service area and the Santa Ana River Watershed. During the three-year drought California experienced in 2007 through 2009 and other emergencies when imported water is less reliable, "drought-proofing" the region is especially vital.

The Recycled Water Business Plan was adopted by the IEUA Board in December 2007. Completion of the Agency's Regional Recycled Water Distribution System is part of the Recycled Water Business Plan and it is consistent with Agency's integrated management strategy which includes the Optimum Basin Management Program (OBMP), SAWPAs "One Water One Watershed" (OWOW) program, and the Recharge Master Plan. The purpose of the Recycled Water Business plan is to accelerate the implementation of the \$200 million Capital Improvement Program designed to deliver approximately 50,000 acre-feet per year (AF) by FY 2021/22. The OBMP is intended to ensure the region's ability to meet its current and future water needs; OWOW program is a systems approach to water quality management that complements existing centralized infrastructure with decentralized facilities; and the Recharge Master Plan is designed to ensure a strategic and cost effective approach in the development of local water supplies.

Included in the FY 2012/13 budget, is the construction of the final segments of the Regional Recycled Water Distribution System in the southern and central sections of the Agency's service area. A combination of low interest State Revolving Fund (SRF) loans and grants issued by the State Water Resources Control Board (SWRCB) continue to be the primary source of funding for these recycled water construction projects. A combination of the favorable bidding market for construction, state and federal grants, and low interest SRF loans account for lower than anticipated project costs to date of less than \$300 per acre foot (AF); the lowest cost of new water supply projects in Southern California.

Salinity is a critical element of recycled water for recharge and many other uses. Reduced salinity aids in meeting strict salinity regulations and enhances the marketability of recycled water. In year 2002, IEUA developed a Salinity Management Action Plan to maximize the use of the Agency's non-reclaimable waste (NRW) system. The Salinity Management Action Plan connects more industries and reduces salt contributions from IEUA's regional water recycling plant operations by optimizing the use of chemicals at the facilities. Another key strategy of the plan was to reduce the use of water softeners in the area to

decrease saline flows into IEUA's facilities. In June 2011, the IEUA Board adopted an ordinance banning future installations of self-regeneration water softeners in its service area. On average, a single self-regeneration water softener contributes up to 30 pounds of salt each month into the wastewater treatment system. In May 2012, the Agency reached a milestone with the removal of 500 units; equivalent to removing 100 tons of salt from its municipal wastewater inflows. IEUA's member agencies are following suit and adopting similar ordinances for their respective cities in support of protecting the regions recycled water supply.

Water conservation is another key component of the Agency's integrated water management strategy. IEUA and its member agencies recognize the need to develop and promote programs that protect existing water resources for the region's sustainability and future growth. IEUA, through its member agencies, currently services approximately 850,000 residents in the Chino Basin region. Over the next 25 years, population is expected to double. Conservation and the efficient use of water is the most cost-effective source of water supply reliability and is essential to meeting our region's demand, today and in the future.

As the regional wholesale supplier of imported water, IEUA has assumed a lead role in coordinating the region's conservation activities to reduce water demand. Over the years, in close collaboration with its member agencies, the Agency has facilitated the installation of thousands of water saving devices throughout the region leveraging grant funds from MWD, Department of Water Resources (DWR), and United States Bureau of Reclamation (USBR). Continuation of several key programs such as the water nozzle voucher, ultra-low flush toilet trade-in, Garden in Every School, and numerous other outreach and educational programs are included in the Agency's FY 2012/13 Water Resource Fund budget.

Complying with Altering Regulations and Legislation

Changes in environmental regulations and new legislation can significantly impact the Agency's operations and costs. Therefore, close collaboration of dedicated staff and trade organizations such as, Southern California Alliance of Publicly Owned Treatment Works, California Association of Sanitation Agencies, WasteReuse, Association of California Water Agencies, and others, is essential to proactively track and effect proposed changes in order to mitigate the impact to the Agency. The revision of Rule 1110.2 by South Coast Air Quality Management District is an example of a regulatory change that significantly changed the direction of the Agency's renewable energy generation portfolio by reducing the IEUA's ability to produce its own electricity. Approximately 2.8 megawatts (MW) of electricity previously produced by internal combustion engines will now be generated by fuel cells installed at the Agency's Regional Water Recycling Plant (RP-1). This new alternative renewable energy technology uses biogas fuel cells, with the treatment and injection of the clean biogas, blended with natural gas to generate electricity. Additionally, the adoption of Assembly Bill 32 in 2006 by the state legislature set an aggressive goal to reduce greenhouse emissions over the next 40 years. Although the impact to the Agency is estimated to be the minimums at this time, staff is monitoring the rules and regulations closely to ensure the Agency is prepared for any changes.

Two bills approved by the Governor in 2011 will have a positive impact on distributed generation in California. The revised net metering tariffs will allow Net Energy Metering (NEM) to all renewables up to 1MW and the Renewable Energy Self Generation Bill Credit Transfer Program (RESBCT) will allow a local government to generate electricity at one account and transfer any available excess bill credits (dollars) to another account owned by the same local government, up to a maximum of 5MW. These changes will provide the Agency the ability to optimize utilization of its renewable energy resources which have expanded to include; 3.5MW of solar power, 1.0MW of wind power, and 2.8MW of fuel cell power. All of these renewable energy technologies were installed as part of a power purchase agreement (PPA) with no capital outlay or ongoing maintenance costs to the Agency. IEUA has also executed a public/private partnership to generate bio-gas from food waste, which in turn will generate approximately 1.5MW of

electricity in the first phase of the project. The project not only produces renewable energy, but it also diverts solid waste from landfill disposal.

This diversified and evolving renewable energy portfolio is the result of the *Going Gridless by 2020* Initiative formally adopted by the IEUA Board in February 2012. The *Going Gridless by 2020* Initiative focuses on energy independence from the grid, during peak energy usage hours by the year 2020.

Mitigating the Impact of an Anemic Economic Recovery

The National Bureau of Economic Research (NBER), an independent group of economists declared the “great recession” over in June 2009, 18 months after the collapse of the subprime mortgage market. The NBER concluded that after having hit “bottom”, the economy was beginning to show signs of a sluggish but steady recovery at the national level. However, economic recovery varies significantly at the state, regional, and local levels.

According to the 2011-12 Mid-Year Economic Forecast and Industry Outlook prepared by The Keyser Center of Economic Research, the current recovery can be attributed to three primary sectors; (1) increased consumer spending, (2) a bounce back in exports, and (3) increased business equipment spending. The drag continues to be housing which remains the weakest performer. Other risks to the anemic economic recovery are the deterioration of the European sovereign debt/economic crisis, rising energy prices, excessive inventories of foreclosed properties, and emerging markets like China and India dampened by decelerating growth of developed economies. Minimization of these inherent risks will enable the economy to hasten sustained job creation. To date, less than 2 million of the 8.4 million jobs lost during the 2008 and 2009 downturn have been recovered. The nation’s unemployment rate remains above 8%, compared to an average rate of 4.9% over the last 10 years preceding the 2008 economic downturn.

Similar to the national trend, the California economy has also started to show signs of recovery. In 2011 the economic performance of the State was mixed, with most industry sectors growing while some continued in the doldrums. According to the 2012-13 Economic Forecast and Industry Outlook report prepared by The Keyser Center For Economic Research, the sectors of the economy exhibiting sustained improvements and positive forces include high technology, tourism, entertainment, healthcare, private education, and retail. As in the national arena, negative forces remain in housing and related activity. The State’s unemployment rate remains above 11%, compared to an average rate of 6% over the last 10 years preceding the 2008 economic downturn. Fiscal structural deficits continue to plague the State government.

In his 2012 May Revised Budget, Governor Brown declared “California economy is growing, but we still face a \$10 billion structural deficit and a wall of debt for years to come”. Weaker than anticipated tax receipts increased the projected \$9 billion estimated deficit in January 2012 to a shortfall of \$16 billion through the end of FY 2011/12. The States structural budget deficit poses a significant challenge to local governments that continue to assume responsibility for delivery of more services while at the same time seeing more of their local funding diverted upward to meet State obligations. The dissolution of redevelopment agencies in February 2012 was yet another significant loss of tax incremental revenue for local agencies, with approximately \$2 billion diverted to fund a portion of the State’s obligation to public education as mandated by Proposition 98.

The Inland Empire, one of the regions hardest hit by national recession and home to the Agency’s service area, has also entered a recovery mode; notable from the 2,800 jobs added in 2011. However, the recovery is still very weak at best, as it is beleaguered by unemployment that exceeds 12%; persistent foreclosures and underwater mortgages that exceed deflated property values; falling home prices; and weak sales tax revenues. Dr. John Husing, Chief Economist of the Inland Empire Economic Partnership, highlighted the dimensions of the region’s mortgage weaknesses in his January 2012 Quarterly Economic Report for the IE

wherein he identified 44% (370,960) of homes carrying mortgages were underwater in the third quarter of 2011. This is a key driver in the region's continuing high rate of mortgage default and foreclosures which further exerts downward pressure on home values and property tax revenue collected by local government. However, the 44% is an improvement from the 54% reported in the fourth quarter of 2009. According to Dr. Husing, the 10% decline indicates a slowdown on foreclosures and points to a gradual recovery in the IE housing market by the end of 2015.

The weak and anemic economic recovery continues to shape the Agency's Ten-Year Capital Improvement Plan (TYCIP). Since the onset of the 2008 economic downturn, the Agency has deferred over \$200 million in non-essential capital projects and shifted the focus of its Capital Improvement Program (CIP) from "expansion" to "refurbishment and rehabilitation" of its existing facilities. Aside from the completion of the Regional Recycled Water Distribution System which was accelerated in December 2007 to meet the region's water supply needs, the only other major construction project included in the Agency's FY 2012/13 - 2021/22 TYCIP is the long overdue replacement of the laboratory facility which is slated for FY 2015/16.

Enhancing Overall Effectiveness and Efficiencies

As a regional leader, the Agency has been proactive in implementing enhanced technology and best industry practices to streamline its operations and reduce costs. Within the last decade, IEUA initiated the development and implementation of a Performance Management Program. The two main elements of the program—Key Performance Indicators (KPIs) and Unit Production Cost (UPC) tracking—fit together into a performance management cycle which has been very effective in ensuring that operations meet increasingly stringent regulatory standards while remaining very cost effective. Chemical use optimization and the aggressive pursuit of competitively priced chemical contracts have allowed the Agency to limit the overall increase in chemical costs to an average of less than 5% per fiscal year.

Utility costs, which make up nearly 15% of the total operating budget, have benefited from the effective use of PPAs for the installation of solar, wind, and fuel cells as part of IEUA's *Going Gridless by 2020* Initiative. Installation of these renewable energy sources have not only been achieved with no capital outlay or on-going maintenance costs, but the related long term contracts for the purchase of the generated energy will help mitigate anticipated future rate increases imposed by Southern California Edison for grid energy purchases. The pre-set rates will reduce the Agency's energy costs going forward.

One example of leveraging technology was the implementation of remote access to IEUA's various facilities, allowing the reduction of multiple staffing shifts to a single shift to operate each plant. Additionally, effective cross training of Operations staff helped to reduce overtime costs by nearly 50%. Moreover, the implementation of an Enterprise Planning System (ERP) for its core financial, procurement and plant maintenance systems has contributed to the reduction of redundancy and improved data integrity, accountability, and budgetary control. The replacement of multiple stand-alone systems with a single, integrated system has improved management's ability to identify emerging issues and take timely corrective action. Leveraging innovation is one of the ways the Agency is addressing succession planning. Like most private and public sector employers, the Agency needs to plan for the demographic shift in its workforce as older workers choose to retire. Automating business processes, such as the procure-to-pay to take advantage of web based vendor catalogues and services, and decentralizing certain tasks is an example of how the Agency is preparing for this major transition in its workforce.

Cost Containment

Despite effective cost savings and improved efficiencies, rising health insurance premiums, increasing pension contribution rates, and overall price increases in commodities and consumables continue to apply upward pressure toward the Agency's operating costs. The IEUA Board, sensitive to the ongoing economic conditions and the challenges faced by its member agencies and their residents, and hopeful of economic improvement, deferred increasing rates in FY 2011/12. Once again, shortfalls in overall revenues were covered by reserves during the fiscal year. However, continuing declining revenues, diminished fund balances, and the downward trend of the Agency's total debt coverage ratio (DCR) made it necessary to recommend that the Board to adopt rate increases effective July 1, 2012.

Setting a historic precedent, on February 1, 2012 the IEUA Board approved multi-year rate increases for fiscal years (FYs) 2012/13 through 2014/15 for two of the Agency's core programs; the Regional Wastewater and the Recycled Water programs. These rate increases are essential in mitigating declining revenues due to the drop in property assessment values, high number of foreclosures, and slowdown of new development as a result of the economic downturn. In 2004, at the peak of economic growth in the IE, the Agency was benefiting from nearly \$30 million of new development impact fees (New EDU Connection Fees). In FY 2010/11 new EDU connection fees dropped to \$5.3 million. Additionally, property tax receipts also declined by over 8% since FY 2009/10 as a result of decreasing property assessment values.

The multi-year rate increases are consistent with the Agency's Cost Containment Plan, formally implemented in FY 2008/09. In conformity with the 2012 Long Range Plan of Finance (LRPF), the Agency has been proactively reducing costs and improving overall efficiencies and effectiveness in its business practices by:

- Reducing full-time staffing levels and maintaining a vacancy factor of 5% or better;
- Utilizing key performance indicators to more efficiently monitor chemical and energy consumption;
- Cross-training staff and leveraging enhanced technology to achieve a single shift staffing in all of its facilities and reduced overtime costs by nearly 50%;
- Implementing renewable energy (solar, wind and fuel cell technology) with no capital outlay or ongoing maintenance costs;
- Competing for and securing federal and state grants to support major capital projects beneficial to the region;
- Reducing borrowing costs by securing low interest SRF loans to finance major capital projects;
- Deferring over \$200 million of non-essential capital projects to mitigate rate increases during difficult economic periods;
- Implementing "run to fail" policies for non-critical assets such as fleet vehicles, computer and operations equipment to reduce capital replacement costs; and
- Reducing debt service costs through refinancing of existing debt;
- Initiating pension reform and other employment cost reduction measures.

Moreover, adoption of multi-year rates support the IEUA’s Board objective to reverse the downward trend of the Agency’s total DCR and begin to replenish fund reserves that have been depleted to fund the ongoing shortfall in both operating and critical capital investment costs. The DCR is projected to drop close to the 1.25x minimum level by the end of FY 2011/12. A key objective of the IEUA Board is to improve the DCR to 1.50x and 1.70x by end of FYs 2013/14 and 2014/15, respectively. Another key objective is to ultimately achieve full cost of service rates that support operating and capital replacement costs for each of the Agency’s programs. Achieving these key financial goals is essential to improving the Agency’s fiscal health, sustaining its AA credit rating, and better positioning the Board and management to respond to future economic and demographic changes.

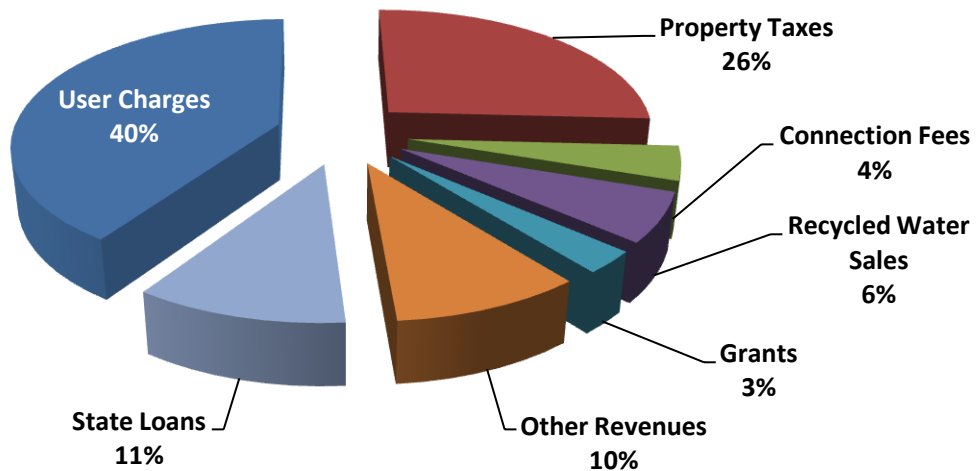
Even after the adopted rate increases, the Agency’s wastewater and recycled water rates continue to be amongst the lowest in Southern California.

FY 2012/13 Budget Highlights

The adopted budget for FY 2012/13 is the first to benefit from the rate increases adopted by the IEUA Board in February 2012 intended to mitigate the decline in key revenue sources as a result of the economic downturn that began in December 2007.

A combination of operating revenues and other funding sources make up the Agency’s total revenues budgeted at \$125.0 million in FY 2012/13, which include operating revenues of \$68.2 million (Figure -1-1).

Figure – 1-1
FY 2012/13 Total Revenues & Other Funding Sources \$125 Million

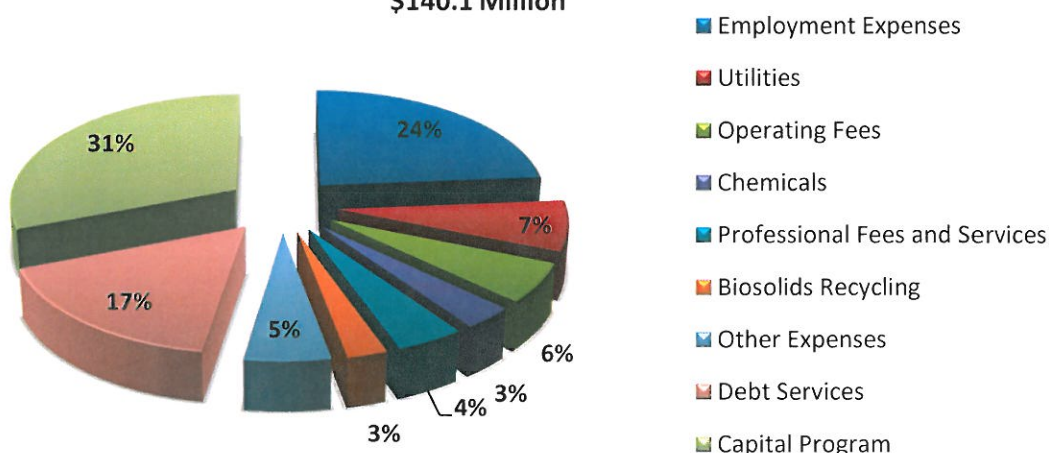


Total revenues and other funding sources are estimated to be approximately \$12.3 million higher than the FY 2011/12 projected actual of \$112.7 million due to a combination of; higher user charges mostly driven by the rate increases adopted in February 2012 for the Regional Wastewater and Recycled Water Programs, and an increase in State Revolving Fund (SRF) debt proceeds which are the primary funding source for the Regional Recycled Water Distribution System. Although still short of supporting the full cost of service, the adopted rate increases effective July 1, 2012 allow for a greater allocation of property taxes to support capital investment costs rather than supplement O&M costs. Capital replacement and improvement projects deferred in prior fiscal years as part of the Agency’s Cost Containment Plan that are now critical to sustaining the Agency’s high quality levels of service have been reinstated in FY 2012/13. Total expenses and other uses of \$140.1 million (Figure - 2) budgeted in FY 2012/13 are \$11.7 million higher than the FY 2011/12 Projected Actual of \$128.4 million. The increase is mainly due to

approximately \$6.5 million in higher CIP expenditures, \$2.8 million in higher debt service costs, and higher employment expenses. Continuing IEUA’s commitment to cost containment and improved efficiencies, there is no change in the 295 authorized full time equivalent (FTE) positions, (reduced from 308 to 295 in FY 2009/10), and no increase in employee benefits proposed in FY 2012/13. Nevertheless, employment costs are expected to increase due to higher premium rates from insurance and pension benefit providers. Offsetting a portion of these higher benefit premium costs is the Agency’s commitment to maintain a 5% average vacancy factor throughout the fiscal year, as well as shared employee contributions for pension and health insurance costs. Of the \$140.1 million in total expense and other uses, approximately \$73.8 million are operating costs, of which nearly 45% is comprised of employment expense.

Figure – 1-2

**FY 2012/13 Total Expenses & Other Uses of Funds
\$140.1 Million**

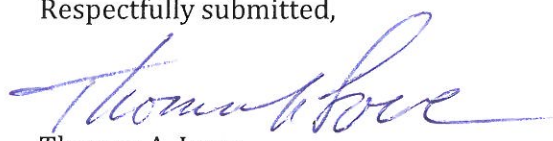


Meeting the Vision amid Financial Challenges

The FY 2012/13 budget is the result of successful collaboration between the contracting member agencies and Agency staff. It demonstrates our shared commitment to reduce and contain costs during these difficult economic conditions. As in past years, staff admirably met the challenge once again. There was no lack of willingness to take whatever time was needed to ensure that the final budget was consistent with the expectations of our regional partners and the Board of Directors.

I congratulate staff for producing a document that represents the outstanding quality and dedicated effort that typifies the work of this Agency. The Financial Planning Department is to be commended for taking the lead in coordinating a very extensive undertaking. Inspiring this effort is a Board that has chartered a course that insists, even under severely constrained resources, that the Agency always provides exemplary essential services to the Inland Empire residents in its service area.

Respectfully submitted,



Thomas A. Love
General Manager

EXECUTIVE SUMMARY

MISSION

The mission of the Agency is to supply imported and recycled water, collect, treat and dispose of wastewater and provide other utility-related (renewable electrical, compost) services to the communities it serves. The Agency strives to provide these services in a regionally planned, managed, and cost-effective manner.

VISION

The Inland Empire Utilities Agency will strive to enhance the quality of life in the Inland Empire by providing the optimum water resources management for the area's customers while promoting conservation and environmental protection.

The Agency's Operating Budget and Ten Year Capital Improvement Plan (TYCIP) is updated and adopted annually. Identification of the Agency's key initiatives and budgetary guidelines are communicated to Agency staff in the General Manager's Budget Message which commences the annual budget process.

The IEUA Board and management have committed to nine broad policy goals designed to move the Agency forward in executing its *Mission* and attaining its *Vision*; conservation and water quality, technological innovation, rate stabilization and cost effectiveness, operational and maintenance efficiency, strategic planning and capital implementation, waste management and resource utilization, interagency relationships and community partnerships, fiscal accountability and regulatory compliance, and staff training, development, and well-being. In line with these broad policy goals, the major initiatives shaping the FY 2012/13 budget are as follows:

- 🌱 Operate in transparent, accountable, ethical, and collaborative manner.
- 🌱 Encourage stakeholder collaboration to promote a regional approach to addressing vital issues and concerns affecting the Chino Basin and its residents.
- 🌱 Continue cost containment efforts throughout the organization without compromising the Agency's commitment to the delivery of high quality services, as defined in the established *levels of service*.
- 🌱 Encourage development and protection of local water supplies to "drought-proof" the Chino Basin region and ensure water reliability now and in the future by;
 - 🌱 Expanding use of recycled water in lieu of more costly and limited imported water for irrigation, landscaping and industrial uses,
 - 🌱 Maintaining groundwater recharge basins throughout the region in order to optimize the recharge of storm water, recycled water and replenishment imported water supplies,
 - 🌱 Protecting the quality of local water supplies by reducing salt and other emerging contaminants, and
 - 🌱 Promoting water conservation and water use efficiency through education and outreach programs to inform the public of the importance of protecting water; one of our most valuable resources.
- 🌱 Reduce energy costs by maximizing the generation and use of renewable energy sources such as solar, wind, fuel cells, and bio-gas as part of the Agency's *Going Gridless by 2020* Initiative.

- 🍃 Control chemical costs through effective application of Key Performance Indicators (KPIs) to monitor consumption at various facilities and negotiation of highly competitively procurement contracts.
- 🍃 Undertake a balanced and measured approach to capital investment within the constraints of available funding, focusing on enhancing operating efficiencies that produce cost savings while sustaining delivery of high quality services.
- 🍃 Leverage grants and low interest debt to augment investment in capital needs and regional water sustainability and reliability.
- 🍃 Further enhance the Agency-wide SAP Enterprise Resource Planning (ERP) system and implement innovative technology to continue to drive efficiency improvements and streamline business processes.
- 🍃 Optimize asset management strategy through;
 - 🍃 Continued condition assessments of aging facilities and pipeline infrastructure,
 - 🍃 Planned capital replacements, improvements, and expansion,
 - 🍃 Transition from Preventive to Predictive Maintenance to optimize asset life cycles and more effectively utilize resources.

Long Range Plan of Finance

In addition to the annual adoption of the Operating Budget and TYCIP, the Agency also prepares a Long Range Plan of Finance (LRPF). The primary purpose of the LRPF is to provide the most cost effective funding strategy to support the Agency's operations and capital requirements in line with established policies and goals. As outlined in the FY 2011/12 LRPF, the Agency's financial policies are to:

- 🍃 Maintain programs that are self-supported through user fees and charges;
- 🍃 Levy moderate rate increases to support program requirements
- 🍃 Employ cost containment measures that will ensure achievement of debt coverage ratio targets recommended by the Board of Directors
- 🍃 Maintain adequate fund balances consistent with Bond Covenant requirements;
- 🍃 Minimize the Agency's borrowing costs.

Updates to the 2012 LRPF have been deferred until next fiscal year, at which time it is anticipated the development of a more robust and dynamic financial model will be completed. Some of the proposed features of the new financial model include an extended scope from 10 to 30 years, execution of multiple "what if" scenarios to highlight the impact of certain variables, and on-screen graphic presentations to more effectively communicate the alternatives and outcomes.

IEUA Governance

IEUA Board is comprised of five (5) Board members each representing one of the five (5) Divisions within the Agency's service area of 242 square miles. The structure of the Board includes the President, Vice President, Secretary/Treasurer, and two (2) Directors. Each Director serves a four year term. Board member elections are conducted on a staggered basis every two years with two seats becoming vacant in an even year and three other seats also becoming vacant in the subsequent even year. The Board of Directors meet once a month and decisions are by majority vote.

The Agency’s staff is led by a Board appointed General Manager, Assistant General Manager, Executive Manager of Policy Development, Executive Manager of Operations, and the Chief Financial Officer. The Agency staff consists of 295 authorized positions with a planned 5% vacancy factor.

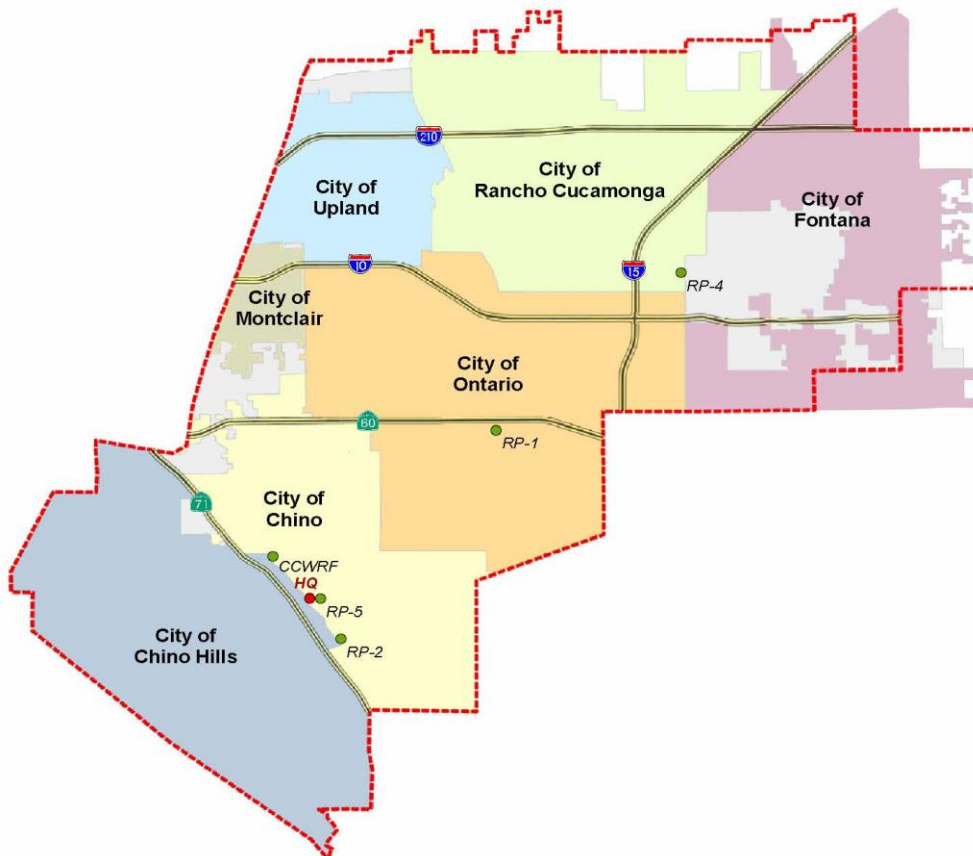
IEUA Service Area

The Agency contracts with seven local jurisdictions, based on the Regional Sewage Service Contract in place since 1972, to collect, treat, and dispose an average of 53.2 million gallons a day (MGD) of untreated wastewater in five water recycling plants located throughout its service area. Those seven entities serve approximately 850,000 residents. The seven contracting member agencies are:

 City of Chino	 City of Montclair
 City of Chino Hills	 City of Ontario
 Cucamonga Valley Water District (CVWD)	 City of Upland
 City of Fontana	

Agency’s Service Area stretches 242 miles from the western edge of the City of Rialto to the Los Angeles County line and from the foothills of the San Gabriel Mountains to the Riverside County line in the south.

IEUA’s Service Area and Contracting Member Agencies



Budget Summary and Overview

Despite some recent favorable signs of economic recovery, local economists are still forecasting a sluggish recovery that is likely to extend beyond three years, particularly for the Inland Empire (IE) home to the Agency's service area. The anemic economic recovery in the IE is expected to result in continued slow growth in new development, a high number of underwater mortgages and foreclosures, further decline in property assessment values, and unemployment rate higher than the national average. These negative economic factors continue to directly affect some of the Agency's key funding sources.

Any slight improvement in the US economy can be quickly dampened by the global economic crisis effecting to the Eurozone. If Europe experiences a double dip recession, the impact in the financial and banking sector will be painful in the US as credit facilities will become more sparse affecting availability of needed funds even to quality borrowers.

Total revenues of \$125 million budgeted in FY 2012/13 are approximately \$12.3 million, or 11% higher than the \$112.7 million projected in FY 2011/12. The primary drivers for the higher revenues and other funding sources include: a boost in user charges, fees and recycled water sales from the rate increases effective July 1, 2012 for the Regional Wastewater, Recycled Water and Water Resources Programs; \$1.1 million more expected in contract reimbursements from the Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA) for operational and administrative support services provided by the Agency; and \$3.4 million more in State Revolving Fund (SRF) loan proceeds projected to finance the design and construction contracts for the Southern and Central/Wineville Area Recycled Water capital projects. These increases are partially offset by an anticipated decline of approximately \$500,000 in property tax receipts and other miscellaneous revenues.

The total Agency expenditure budget of \$140.1 million is 9% higher than the current FY 2011/12 projected actual of \$128.4 million. The projected increase of \$11.7 million is primarily due to an increase of \$6.5 million in capital expenditures, \$2.5 million in utilities due to higher electricity rates, and \$2.7 million more in debt service costs due to the commencement of SRF loan repayment for the Northeast Area Recycled Water and RP-1 Dewatering Expansion Facility projects.



Chino Creek Park, Chino - CA

Table 1-1 below provides a general overview of total revenues, total expenses and ending fund balance for fiscal years beginning FY 2009/10 (actual) through FY 2016/17 (forecast) including FY 2012/13 budget.

Table 1-1: Comparative of Historic, Projected and Forecasted Total Revenues, Total Expenses and Fund Balance

\$Millions	Actual		Amended	Projected	Adopted		Forecast		
	2009/10	2010/11	Budget	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Fiscal Year	2009/10	2010/11	2011/12	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Revenues and Other Funding Sources	\$155.5	\$124.8	\$130.1	\$112.7	\$125.0	\$134.8	\$121.3	\$127.8	\$139.5
Operating Expense	66.5	65.2	76.3	71.3	73.8	73.8	76.1	76.4	78.5
Debt Service	47.9	21.8	21.9	20.2	22.9	23.7	26.0	27.6	27.9
Capital Program	48.5	48.6	60.8	36.9	43.4	38.1	16.6	15.8	23.4
Total Expenses	\$162.9	\$135.6	\$159.0	\$128.4	\$140.1	\$135.6	\$118.7	\$119.8	\$129.8
Net Increase (Decrease)	(7.4)	(10.8)	(28.9)	(15.7)	(15.1)	(0.8)	2.6	8.0	9.7
Beginning Fund Balance	125.8	118.5	106.9	107.7	91.9	76.8	76.1	78.6	86.6
Ending Fund Balance	\$118.5	\$107.7	\$78.0	\$91.9	\$76.8	\$76.1	\$78.6	\$86.6	\$96.3

The total estimated ending fund balance is projected to drop to \$76.8 million in FY 2012/13, nearly 30% since FY 2010/11. The decline can be attributed to a combination of; use of fund reserves to fund CIP and other operating expenses, deferral of rate increases proposed for FY 2011/12, and service rates and charges that do not fully cover the total cost of service for some of the Agency's core programs.

Based on current assumptions, total fund balance begins to show a gradual improvement in FY 2014/15 and continues to improve in succeeding years. The anticipated future increase in total fund balance is primarily the result of the multi-year rate increases adopted by the IEUA Board in February 2012 for FYs 2012/13 through 2014/15.

Total Revenues and Other Funding Sources

The primary sources of the \$125 million in total revenues and other funding budgeted in FY 2012/13 are summarized in table 1-2 below:

Table 1-2: Total Revenues & Other Funding Sources

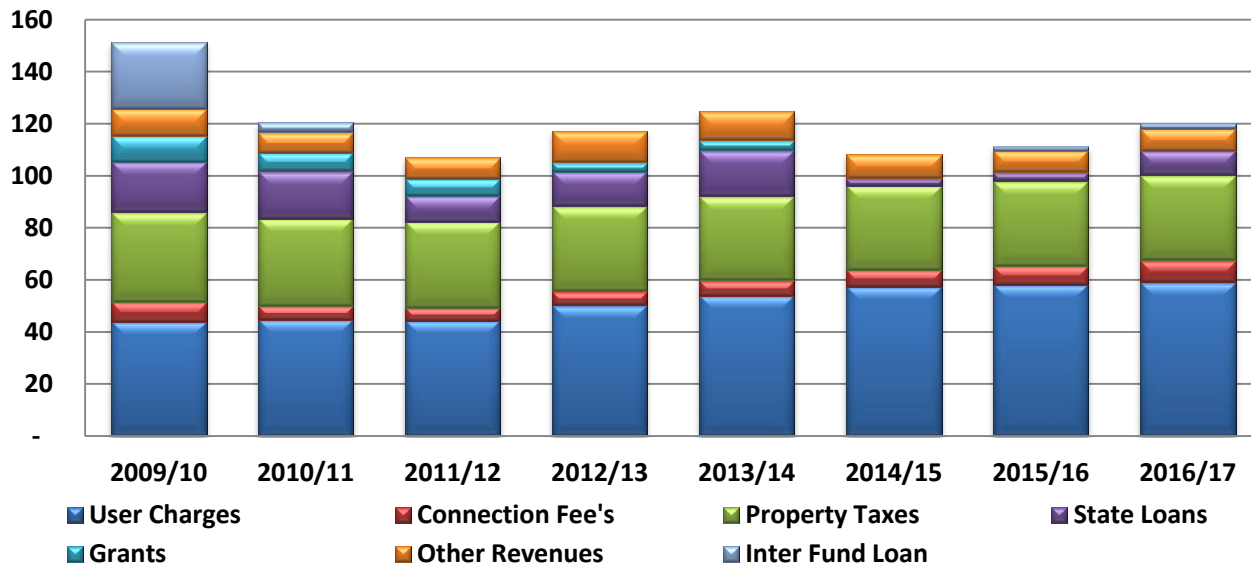
Revenues	FY 2012/13 \$Millions	% of Total	Description
User Charges	\$50.4	40%	Includes Regional Wastewater Program EDU service charges, NRW program volumetric, capacity and other user charges, surcharges for imported water deliveries and monthly meter fees
State and Other Loans	13.3	11%	State revolving fund loans for the Recycled Water
Property Tax	32.6	26%	Share of the San Bernardino County-wide secured property tax levy and RDA tax increment
Grants	3.5	3%	Various Federal, State and Local grants primarily in support of the Agency's Recycled Water Distribution System construction
Recycled Water Sales	7.8	6%	Recycled water sales and MWD Local Project Program (LPP) rebate
Connection Fees	5.4	4%	New EDU connection fees to the Regional Wastewater sewer system
Other Revenues	12.0	10%	Comprised of various reimbursements for operational and capital expenses, program rebates, and interest earnings
Total Revenues & Other Funding Sources	\$125.0	100%	

Fiscal Year 2012/13 is the first year to benefit from the rate multi-year rate increases adopted by the IEUA Board in February 2012. A combination of operating revenues and other funding sources make up the Agency's total revenues budgeted at \$125 million in FY 2012/13 which include operating revenues of \$68 million. However, the sluggish economic recovery is expected to continue to negatively impact some of the Agency's primary revenues, such as connection fees and property taxes, for at least the next three years.

Trend in Total Revenues and other Funding Sources

Figure 1-3 below shows actual revenues for FY 2009/10, FY 2010/11, projected actuals for FY 2011/12, adopted budget for FY 2012/13 and forecasted revenues for FY 2013/14 through FY 2016/17. Between FY 2009/10 and FY 2011/12, revenues show a year to year decline which is the result of lower proceeds from SRF loans, property receipts, and other revenues. Expected revenues from FY 2012/13 through FY 2014/15 are higher primarily due to new revenues derived from the IEUA Board adopted multi-year rate increases for the Regional Wastewater and Recycled Water programs.

Figure 1-3: Total Revenue & Other Funding Sources



Total Expenses & Other Uses

Total expenses and other uses of \$140.1 million in FY 2012/13 are 9% higher than FY 2011/12 projected actual of \$128.4 million. Comparatively, total operating expenses of \$73.8 million are 3% higher than \$71.1 million in the FY 2011/12 projected budget, debt service costs of \$23.0 million are 14% higher than \$20.2 million in FY 2011/12 projected actual, and capital expenditure of \$43.4 million are 18% higher than FY 2011/12 projected budget of \$36.9 million. The capital budget includes \$13.7 million or 32% of carry forward projects from FY 2011/12.



Headquarters Bridge, Chino, CA

Table 1-3 lists the distinct expenses and other uses of funds categories in dollar and percent basis budgeted in FY 2012/13.

Table 1-3: Total Expenses and Other Uses of Funds by Category

Expense	FY 2012/13 \$Millions	% of Total	Description
Employment Expense	\$33.4	24%	Includes wages, retirement, insurance, Federal and State employment tax, director fee's, auto allowance, and other miscellaneous benefits
Utilities	10.4	7%	Includes electricity, natural gas, fuel cell, telephone, and water fees
Operating Fees	8.1	6%	Includes LACSD and SAWPA renewable energy fees on volumetric charges, capacity, excess strength, and BOD/COD fees
Chemicals	4.6	3%	Include chemicals that are essential to meet the treatment process, performance goals, compliance, and to sustain the high quality of recycled water generated from the process
Professional Fee's & Services	6.0	4%	Includes legal fees, contract services such as landscaping, security, and janitorial services
Biosolids Recycling	3.5	3%	Includes operating/tipping fees at \$50 per ton, transportation cost, and state land application hauling costs payable to the IERCF
Other Expenses	7.8	6%	Includes: contract work/special projects, office and Administrative Expenses, and Materials and Supplies
Capital	43.4	31%	Includes IERCA investment of \$500,000, IEUA Capital projects
Debt Service	22.9	16%	Includes principal and interest for SRF loans and bonds
Total Expenses	\$140.1	100%	

The FY 2012/13 budget demonstrates the Agency's commitment to provide member agencies and residents essential, high-quality and cost-effective services. As part of the Agency's Cost Containment Plan implemented in FY 2009/10, staff continues to monitor costs as they expend resources on activities that derive added value to the services the Agency provides.

The key cost containment measures included in the FY 2012/13 budget are:

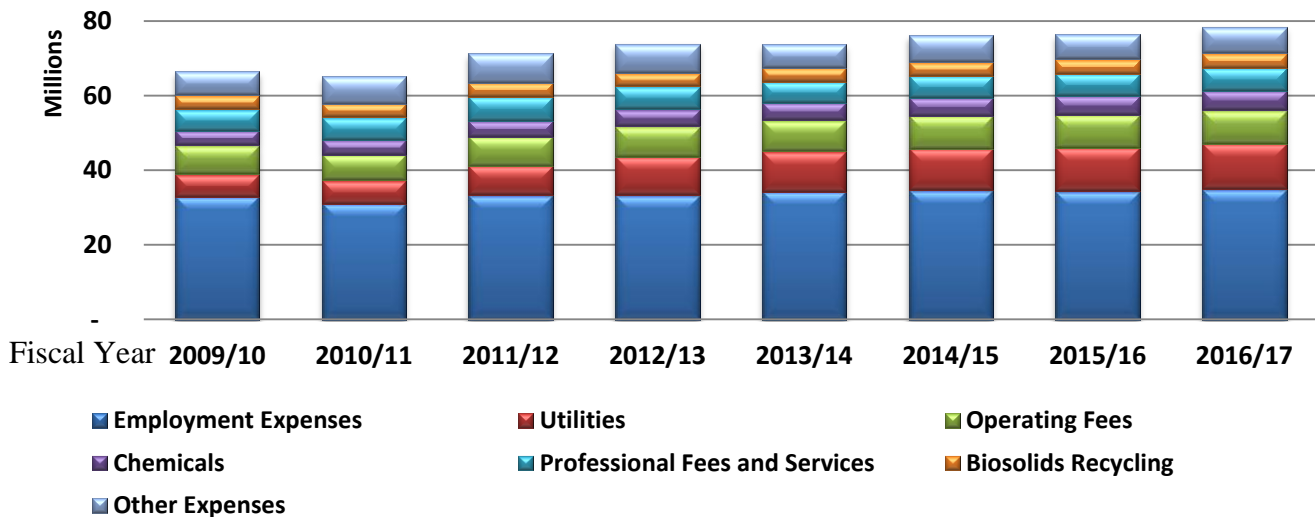
- 🍃 **Employment** – maintain an average vacancy factor of 5%, equivalent to 15 FTEs, and continue to hold a “hiring freeze” only filling critically necessary positions
- 🍃 **Professional Services** – continue to maximize utilization of in-house resources in lieu of outside contractors or consultants

- 🌱 **Biosolids Recycling** – decrease costs by increasing solids contents from 18% to 24% per wet ton of biosolids due to efficiencies of the new centrifuge technology at the Regional Water Recycling Plant (RP-1) Dewater Expansion Facility. Agency will spend less on biosolids disposal due to increase in solids content per ton
- 🌱 **Chemicals** – sustain chemical costs by continuing the use of enhanced application methods to optimize usage, application of key performance measures to monitor costs, and aggressive negotiation of market contract pricing
- 🌱 **Utilities** – maximize utilization of solar, wind, fuel cell, and bio-gas energy generation technologies to further diversify the Agency’s renewable energy portfolio consistent with *Going Gridless by 2020* Initiative adopted by the Board in April 2012.

Trend in Total Operating Expenses and Other Uses

Figure 1-4 below shows actual total operating expenses for FY 2009/10 and FY 2010/11, projected actuals for FY 2009/10, and forecasts for FY 2012/13 through FY 2016/17. Compared to FY 2010/11 actual, the increase in FY 2011/12 is attributed to higher utility, operating fees and other expenses. A comparison of FY 2011/12 projected actual against FY 2012/13 budget shows a slight increase which is due to higher employment costs related to rising health insurance premiums and pension rates. Forecasted operating expenses for years subsequent to FY 2012/13 are relatively stable as a result of the Agency’s continuing commitment to cost containment.

Figure 1-4: Total Expenses



Staffing

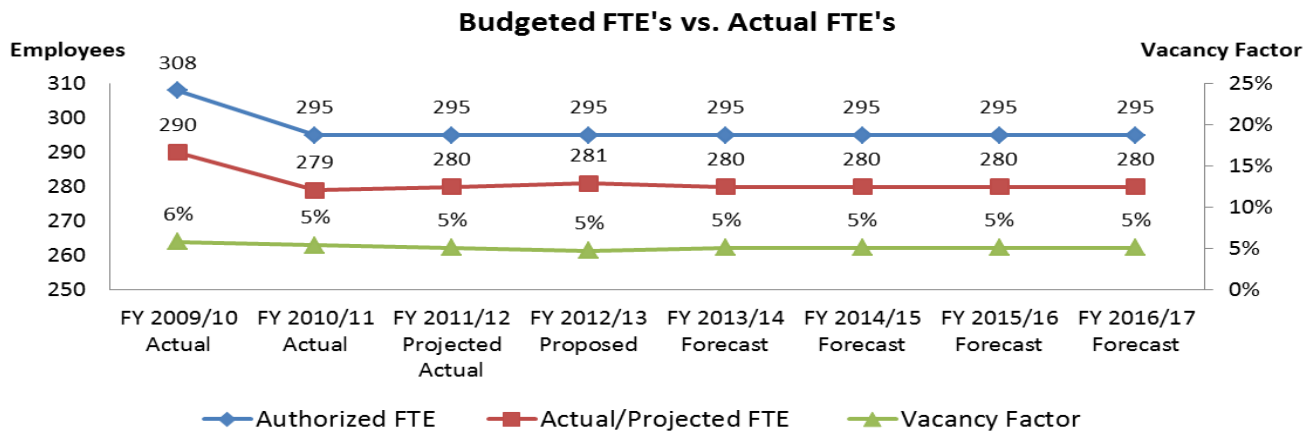
As part of the Agency’s FY 2009/10 Cost Containment Plan, the Board approved the reduction of 13 full time equivalents (FTEs) in the number of authorized positions from 308 to 295, reflecting a 4% reduction. The Agency committed to maintain an average vacancy factor of 5%, resulting in significant cost savings. Each year, only vacant positions deemed critical to the operation of the Agency are filled to assure a favorable vacancy factor is maintained throughout the year. Since FY 2007/08, the Agency has reduced staffing by 66 positions, including limited term, interns and FTEs primarily through attrition.

Total employment costs are comprised of wages and benefits and are estimated at \$33.4 million, net of

approximately \$6.0 million allocated to the Agency's capital investment program (CIP). Employment costs, net of CIP, represent approximately 24% of the Agency's total FY 2012/13 budget of \$140.1 million. Included in the FY 2012/13 budget is an increase of 4.4% in health insurance premiums and 0.6% CalPERS rate increase.

Consistent with the prior years, the FY 2012/13 budget commits to maintain an average vacancy factor of 5% throughout the year. Of the total 295 authorized FTE positions, only 280 positions are budgeted in FY 2012/13 budget (net of a 5% average vacancy factor). Additionally, 17 intern and 13 limited term positions are budgeted primarily to support construction management and grants administration. Figure 1-5 below shows actual and projected staffing trend through FY 2013/17 including related vacancy factor.

Figure 1-5: Comparison of Authorized, Actual and Forecasted Staffing Trend and Vacancy Factor



Debt Service Costs

The Agency's outstanding principal and interest in the FY 2012/13 budget is \$328.1 million and it is comprised of \$228.7 million in bond indentures, \$91.1 million in low interest State Revolving Fund loans and \$8.3 million in other notes and loans. In FY 2012/13, total debt service costs, including principal and interest, are budgeted at \$22.9 million or 16% of the total expenditures. Debt service costs are funded with property tax receipts, consistent with the Agency's financial policy which allocates property tax receipts first to debt service costs, then capital investment, and lastly to supplement operations and administrative costs. Table 1-4 below shows the estimated FY 2012/13 debt service cost by program.

Table 1-4: FY 2012/13 Debt Service Costs by Program

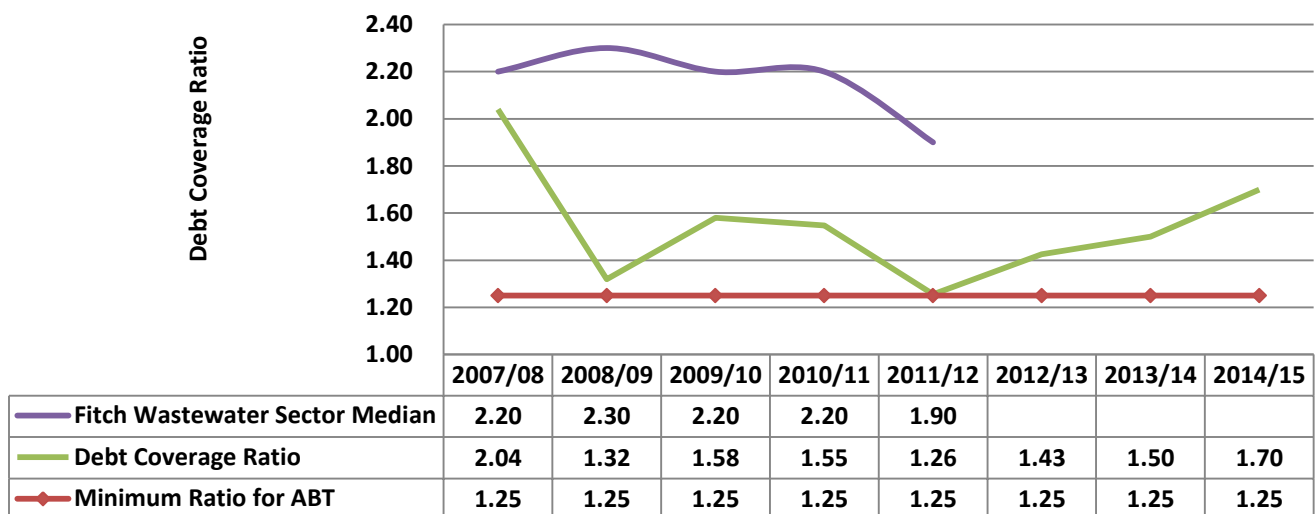
(\$Thousand)	Non-					Total
	Administrative Services	Regional Wastewater	Reclaimable Wastewater	Recharge Water	Recycled Water	
Principal	\$0	\$8,008	\$133	\$563	\$2,710	\$11,414
Interest	0	8,152	409	333	2,258	11,152
Financial Expense	14	258	1	114	2	389
Total	\$14	\$16,418	\$543	\$1,010	\$4,970	\$22,955

Debt Coverage Ratio (DCR)

A key objective of IEUA Board is to raise the Agency's total debt coverage ratio (DCR) over the next three years. Over the years, shortfall between total revenues and total costs, coupled with increasing debt service costs related to the construction of the Agency's Regional Recycled Water Distribution System has resulted in a steady decline of the Agency's total DCR. In FY 2011/12, the DCR was projected to approach the legally mandated minimum level of 1.25 as prescribed by the debt covenants. Inability to meet the minimum debt covenant requirements can result in potentially severe financial consequence, including a possible downgrade by the major credit rating agencies of the Agency's AA- long term credit rating. In recognition of such consequences, IEUA Board and management established an achievable debt coverage ratio target that will not only help sustain the Agency's current credit rating, but may also potentially result in a future credit upgrade. The targeted DCR established by IEUA Board in February 2012 as part of the adopted multi-year rate increases is 1.50X by FY 2013/14 and 1.70 by FY 2014/15.

Reported in the Figure 1-6 below are the Agency's historical and projected debt coverage ratios. Future projections of the debt coverage ratios are based on a conservative financial outlook resulting from prevailing economic forecasts.

Figure 1-6: Total Debt Coverage Ratio Trend



Capital Investment Program (CIP)

The FY 2012/13 Capital Improvement Program (CIP) budgeted at \$43.4 million is primarily funded by new EDU connection fees of \$5.4 million, approximately \$6.7 million of property tax receipts, supplemented by SRF loans (\$13.3 million), grants (\$3.5 million) and Pay-Go (\$14.5 million). The adopted CIP in FY 2012/13 is approximately 18% higher than FY 2011/12 projected actual of \$36.9 million primarily due to the construction of two major projects budgeted in the Recycled Water (WC) Fund; the Southern Area and Central/Wineville Area Recycled Water projects.

Since FY 2007/08, the Agency has deferred over \$200 million of capital projects, which at the time were deemed as non-essential. A major portion of deferred capital projects were for the expansion of existing facilities to support anticipated future growth in the Agency's service area that was pegged on robust construction activity prior to the economic downturn in 2008. The slowdown in new development and the high number of foreclosures throughout the Agency's service area brought on by the economic downturn,

together with effective water conservation programs, has resulted in lower forecasts of wastewater flows. Based on these revised factors, the overall treatment utilization of existing plant capacity is expected to be 73% over the ten year planning period (see FY 2012/13 – 2021/22 TYCIP, Volume II). Therefore, no expansion to existing facilities is included in the Agency’s FY 2012/13 – 2021/22 TYCIP. The only exception is the completion of the last two major segments to the backbone of the Regional Recycled Water Distribution System; the Southern and Central/Wineville Area projects.

A summary of the Agency’s CIP by fund for the next 10 fiscal years is summarized in Table 1-5 below. A more detailed discussion on the CIP and major projects is provided under the Capital section and Volume II, FY 2012/13 – 2021/22 TYCIP.

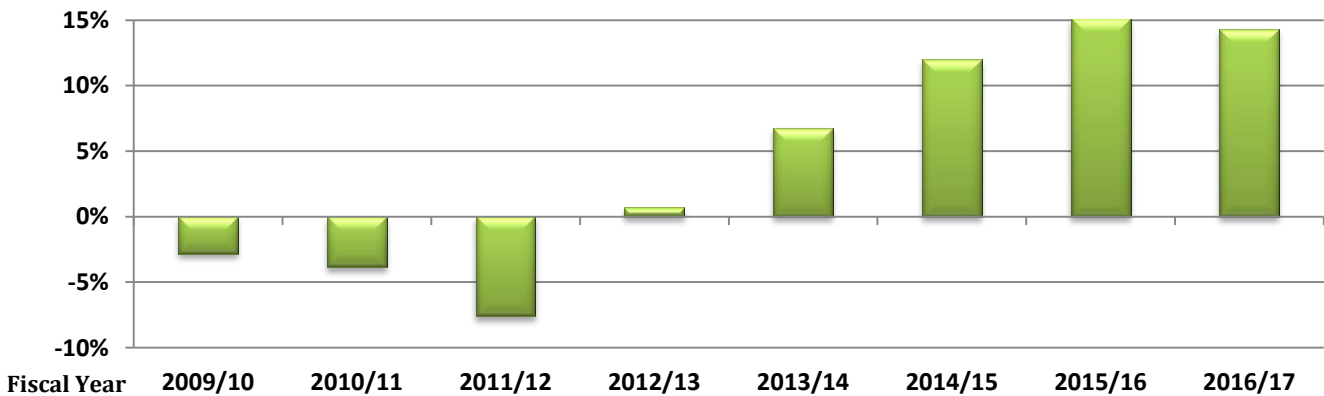
**Table 1-5: Capital Improvement Budget by Fund
(\$Millions)**

Fund	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 17/18 through FY 2021/22
Regional Wastewater Capital (RC Fund)	\$9.8	\$4.1	\$3.4	\$3.6	\$12.6	\$17.0
Regional Wastewater Operations (RO Fund)	6.6	5.2	5.2	5.2	5.1	25.1
Recycled Water (WC Fund)	20.6	25.3	4.7	4.1	2.9	23.8
Non-Reclaimable Wastewater (NC Fund)	3.1	2.8	2.6	2.2	2.1	11.1
Admin Services (GG Fund) & Recharge Water (RW Fund)	3.3	.6	.7	.7	.7	3.7
Total	\$43.4	\$38.0	\$16.6	\$15.8	\$23.4	\$80.7

Use of Fund Balance to Support Operating Imbalance

The ultimate goal of the Agency is to have service rates and charges that fully cover the cost of service for its key programs. As illustrated in Figure 1-7 below, the Agency has had to use fund balances to cover operating costs not covered by rates which was the case in FY 2009/10, FY 2010/11, and FY 2011/12.

Figure 1-7: Impact of Rates Not Fully Covering Cost of Service

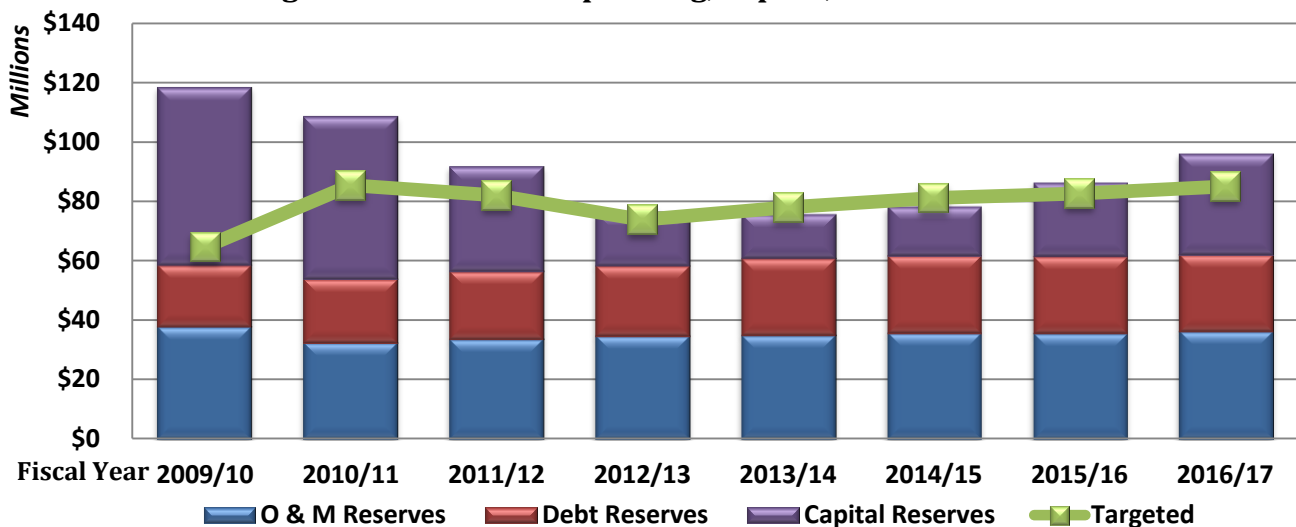


Deferral of the proposed rate increases for FY 2011/12 resulted in an operating deficit of nearly 13% with total operating costs exceeding total operating revenues, and negatively affecting the Agency’s total debt coverage ratio. The impact of the Board adopted multi-year rate increases, the first increase effective July 1, 2012, is evidenced by the reversal from an operating deficit of approximately -8% in FY 2011/12 to a net income position in FY 2012/13. Beginning in FY 2013/14, funding of Agency operations continues to gain a healthy surplus due to a combination of the additional revenues expected from rate increases, a projected increase in recycled water deliveries, and complemented by staff continuing commitment to cost savings. The favorable shift to a surplus position will allow the Agency to replenish fund reserves previously depleted by shortfall in operating revenues.

Total Fund Balance

Total fund balance, the net worth measured by total assets minus total liabilities, is a strong indicator of the Agency’s financial health. In addition to calculating fund balance at the Agency wide level, IEUA also maintains fund balance at the individual program and fund level. The fund balance reserves are designated for a specific purpose, including; four month operating contingency and debt service as required by the current bond covenants, capital construction, improvement and replacement, self-insured workers’ compensation and liability insurance, and other post-employment benefits (OPEB). Figure 1-8 below compares the Agency’s actual and projected total fund balance to the “targeted” amount from FYs 2009/10 through 2016/17. Targeted fund balance is defined in the Agency’s 2012 LRP as the sum of 50% of operating revenues, and total fund balance reserves designated to support debt service costs.

Figure 1-8: Trend of Operating, Capital, & Debt Reserves



While net revenues vacillate from year to year depending on annual changes in costs and revenues, the ending fund balance is a *measure of the amount available to budget or spend in the future*. Fund balance is a measure of the fund/program sustainability and financial position. The aggregate ending fund balance in FY 2012/13 is estimated to be \$76.8 million; a decline of 16% relative to the FY 2011/12 projected ending fund balance of \$91.9 million. The estimated decline of \$15.1 million is due to projected increase in CIP, debt service costs, higher utilities, operating fees, and professional fees and services. Table 1-6 below provides an overview of changes in fund balances by Agency Fund.

Table 1-6: Changes in Fund Balances by Fund

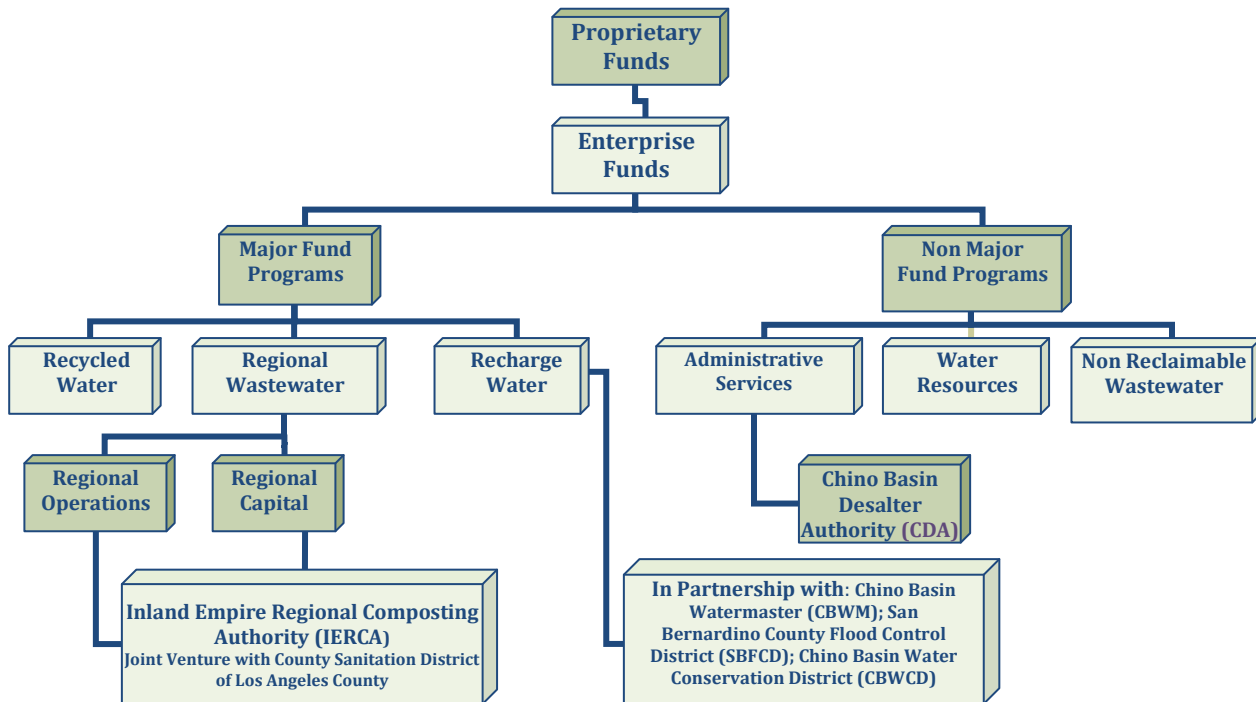
Fund	Projected FY 2011/12	FY 2012/13	Increase (Decrease) \$Millions
Administrative Services (GG)	\$12.8	\$13.1	\$0.3
Regional Capital Improvement (RC)	35.8	29.7	(6.1)
Regional Operation & Maintenance (RO)	22.6	18.3	(4.3)
Non-Reclaimable Wastewater (NRW)	5.2	4.1	(1.1)
Recharge Water (RW)	2.3	2.3	(0.0)
Recycled Water (WC)	11.7	8.4	(3.3)
Water Resources (WW)	1.5	.9	(0.6)
Total	\$91.9	\$76.8	(\$15.1)

A forecast summary on the estimated fund balance is provided under the following Program Budgets section. The Program Funds section in Chapter 5 provides a more detailed discussion.

Program Budgets







As a municipal water district, the Agency engages in primarily enterprise operations supported by user charges and fees which are recorded in enterprise funds, or programs. In some cases, a program consists of a group of Enterprise Funds, as shown in the fund structure in Figure 1-9 below.

Figure 1-9: Inland Empire Utilities Agency (IEUA) Fund Structure



Each individual enterprise fund is classified as either a Major Fund or Non-Major Fund group. Each Fund group is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, including related liabilities and residual equities or balances. Changes in the Fund group are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Table 1-7 contains definitions of Major and Non-Major Funds groups. The definitions are consistent with the Agency' audited FY 2010/11 Comprehensive Annual Financial Report (CAFR).

Table 1-7: Definition of Major and Non-Major Fund Groups

Major Funds	Non-Major Funds
<p>The Major Fund Group and are used to account for the resources devoted to funding the capital and operating costs associated with the acquisition, construction, improvement, expansion and operation of the Agency's domestic wastewater treatment plant facilities, the recycled water distribution system and the recharge water basins. The following programs make up the Major Funds group:</p> <ul style="list-style-type: none">  Regional Wastewater Program  Recycled Water Program  Recharge Water Program 	<p>The Non-Major Funds, which record capital and operating costs associated with the non-reclaimable wastewater system including the acquisition, expansion and construction of the interceptors, and appurtenant facilities and treatment capacity, the administrative and overhead expenses for the various departments, operational and administrative support for the Chino Basin Desalter, the purchase of common Agency assets, and the management and distribution of wholesale of potable water, development and implementation of regional water conservation initiatives, water resource planning. The following funds/programs make up the Non- Major Funds group:</p> <ul style="list-style-type: none">  Administrative Services Fund  Non-Reclaimable Wastewater Program  Water Resources Fund

The following summaries are highlights of the Agency's program budgets. Details of the program's purposes, initiatives, rate settings, forecast for the next five years, as well as how these programs reflect the Agency's missions, goals and objectives to service the region are included in the Program section.

Administrative Services Program (GG Fund)

The Administrative Services Program (GG Fund) records Agency wide general and administrative costs, including all labor costs which are later distributed across the various Agency programs depending on staff activities. In addition to operating costs, the GG Fund also accounts for capital acquisitions for general administrative purposes such as computer hardware and software, and fleet vehicles.

The Agency participates in a Joint Powers Authority (JPA) called the Chino Basin Desalter Authority (CDA) for which the Agency provides operating and administration support, consistent with established agreements. The GG Fund receives contract reimbursements from the CDA for operating and administrative support. Reimbursement in FY 2012/13 is projected to be \$1.3 million and is recorded in the GG fund.

Total revenues and other funding sources are estimated at \$4.1 million (includes reimbursement from the CDA). Total net expenses and uses of funds for the Administrative Services program are projected to be \$3.8 million.

The FY 2012/13 ending fund reserve balance for the GG Fund is forecasted at \$13.1 million, an increase of \$200 thousand compared to FY 2011/12 projected reserve. Approximately \$12.0 million of the fund balance is designated to support the Agency's self-insured worker's compensation and liability programs, with the remaining balance of \$1.0 million designated for operating contingencies. Through FY 2016/17 the fund reserve balance is expected to remain fairly flat, averaging between \$12.0 million and \$13.0 million as both expenses and capital spending are maintained at a consistent level.

Regional Wastewater Program (RC and RO Funds)

The Regional Wastewater Program accounts for 64%, or \$89.0 million, of the Agency's total budget and consists of the Regional Wastewater Capital Improvement (RC) fund and Regional Wastewater Operation and Maintenance (RO) fund. The FY 2012/13 expenses of \$89.0 million includes operating costs of \$51.5 million, a capital program of \$16.4 million, debt service payments of \$16.4 million, and inter fund transfers for capital and debt service support to other Agency programs of \$4.7 million.

Based on IEUA Board action adopting rate increases for FY 2012/13 through FY 2014/15, the per EDU volumetric Service Charge will increase from \$11.14 per EDU to \$12.39 effective July 01, 2012 reflecting a net increase of \$1.25 per EDU. The adopted rate increase for FY 2013/14 and FY 2014/15 are \$13.39 and \$14.39, respectively. In addition, the Board also adopted rate increases on new EDU connections effective July 01, 2012. The new rates will be \$4,909, \$5,007, and \$5,107 for FY 2012/13, FY 2013/14 and FY 2014/15, respectively.

The RC fund ending fund balance for FY 2012/13 is projected to be \$29.7 million, reflecting a 17% decrease compared to FY 2011/12 projected ending fund balance of \$35.8 million. The decline in fund balance is primarily due pay-go funding of CIP and an increase in debt service cost resulting from repayment of SRF loan related to the completion of the RP-1 Dewatering facility. Debt service reserves as mandated by bond covenant make up approximately \$19.0 million of the estimated ending fund balance, with the remaining balance reserved for capital investment.

The RO Fund ending fund balance for FY 2012/13 is \$18.3 million reflecting a decrease of 19% compared to FY 2011/12 projected fund balance of \$22.6 million. In spite of the \$3.6 million of additional revenues from rate increases, the fund balance still shows a decline due to higher costs in employment, utilities, and CIP. Of the estimated ending fund balance of \$18.3 million, approximately \$15.6 million is reserved for operating contingencies in accordance with bond covenants, leaving approximately \$2 million to support capital replacement of the Agency's regional facilities.

Non-Reclaimable Wastewater (NRW or NC) Fund

FY 2012/13 budget does not propose any changes in the rate structure of Non-Reclaimable Wastewater (NRW) program. The Agency will continue to pass through interagency charges (LACSD and SAWPA) and continue to add an IEUA administrative surcharge, to support operational cost associated with the NRW program. No change in the Agency's administrative surcharge is proposed in FY 2012/13. The following elements which are updated annually make up the NRWS rate structure:

-  Capacity
-  Volumetric
-  Strength (BOD/COD, TSS)
-  Administrative Surcharge
-  Non-Recycled Water Users
-  Recycled Water Users

Table 1-8 below shows the FY 2012/13 rate for administrative charges on volumetric, capacity and strength (TSS/COD/BOD) charges will remain at 50% for non-recycled water users and 10% for recycled water users. The discounted 10% administrative surcharge supports the Agency's goal to promote the use of recycled water. To date six (6) industries are benefiting from the discounted surcharge rate.

Table 1-8: Administrative Surcharge for users and Non-users of Recycled Water

Description	FY 2011/12	FY 2012/13
Capacity Charge per volumetric unit	\$90	\$90
Admin Charge- Non-Recycled Water Users	50%	50%
Admin Charge- Recycled Water Users on a Pro Rata Basis	10%	10%

The FY 2012/13 NRW ending fund reserve balance is projected to be \$4.1 million, reflecting a decline of approximately \$1.1 million relative to FY 2011/12 projected ending fund balance of \$5.2 million. The decrease in fund reserve balance results from an increase of over \$1.0 million in CIP investment to upgrade the NRW System and is funded on a pay-go basis.

Recharge Water Program (RW Fund)

The FY 2012/13 budget for groundwater recharge operations of \$2.7 million is based on the costs to operate and maintain 19 recharge sites and pertinent facilities in the Chino Basin. Agency staff collaborates closely with Chino Basin Water Master (CBWM) in developing the O & M and CIP budget. CBWM is responsible for 100% of the operating and maintenance costs related to the recharge basins. The Agency and CBWM equally share the budgeted CIP expenditures net of pro-rata share related to the recharged recycled water.

The anticipated volume of recharge water in FY 2012/13 is approximately 30,000 acre-feet (AF) which includes 17,000 AF of storm water, 13,000 AF of recycled water. The FY 2012/13 budget will be supported by IEUA, the Chino Basin Water Master (CBWM), the Chino Basin Water Conservation District (CBWCD), and the San Bernardino County Flood Control District (SBCFCD).

The recharge projection also assumes; (1) minimal downtime during basin improvement projects, (2) no replenishment water available from the Metropolitan Water District (MWD) of Southern California, and (3) average rainfall available for storm water capture.

The FY 2012/13 ending fund balance in the RW Fund is estimated to be \$2.3 million. The major portion of operating expenses incurred in this program are reimbursable by the Chino Basin Watermaster (CBWM) in accordance with the Agreement for Operation and Maintenance of Facilities to Implement the Chino Basin Recharge Master Plan, commonly referred to as the Four-Party Agreement. The Four-Party Agreement encompasses maintenance of 19 groundwater recharge basins throughout the Chino Basin.

Recycled Water Program (WC Fund)

The Agency's recycled water program has become a leader throughout the nation in the use and production of recycled water. The Agency accelerated its investment in recycled water infrastructure with the implementation of the Recycled Water Business Plan (RWBP) adopted in December 2007. Since the inception of the RWBP the program has made significant improvements in recycled water usage and connected demand.

Connected demand and sales for recycled water have more than tripled since FY 2006/07. The use of recycled water provides a cost effective, dependable and environmentally friendly water supply that can be used for a number of different operations. The Agency provides recycled water to schools, farmlands, parks and businesses within the service area, such as, El Prado Regional Park, and the Preserve Master Community in the City of Chino. With the support of the contracting agencies, the Agency will continue to target customers, such as developing local farming communities, Non-reclaimable wastewater (NRW) customers, golf courses and others, to promote the replacement of imported potable water with recycled water.

Approximately 48% or \$20.6 million of the total FY 2012/13 capital expenditures are for the Recycled Water Program. The primary funding sources of the Recycled Water Capital Projects includes \$13.3 million of SRF loans, \$3.3 million in grants with the remaining balance funded on a pay-go basis. The major construction projects are the Southern and Central/Wineville Area projects.

Recycled Water Program operating revenues are generated by the sale of recycled water to municipalities in the service area and rebates provided by the Metropolitan Water District of Southern California (MWD). In FY 2012/13, recycled water direct sales are budgeted at 19,000 AF and groundwater recharges sales are budgeted at 14,000 AF for a total 33,000 AF.

The IEUA Board of Directors adopted multi-year rate increases for fiscal years FY 2012/13 through FY 2014/15. An increase for both the direct and recharged recycled water rates will be effective July 1, 2012. The direct sales rate increase from \$115 per AF to \$155 per AF for FY 2012/13, and the adopted rate increase for FY 2013/14 and FY 2014/15 are \$215 and \$290 per AF, respectively. The recharge sale rate increases from \$145 per AF to \$195 per AF for FY 2012/13, and the adopted rate increase for FY 2013/14 and FY 2014/15 are \$255 and \$335 per AF, respectively.

The FY 2012/13 estimated recycled water revenues of \$5.7 million are 63% higher than FY 2011/12 projected revenues of \$3.5 million. A total of \$2.1 million of MWD LPP rebate revenues are also budgeted in total operating revenues of \$8 million.

Beginning FY 2009/10 and continuing through FY 2013/14, a portion of property tax receipts was temporarily allocated to the Recycled Water fund to support debt service costs. The allocation of property taxes to the Recycled Water Program is consistent with the Agency's historic usage of these property taxes to support debt service and capital costs. A key change in FY 2011/12 is a reduction in this temporary allocation to the Recycled Water Program from 8% to 5%. The temporary tax allocation to the Recycled Water fund will be reinstated to the RO fund in FY 2014/15 to support replenishment of capital replacement reserves.

The FY 2012/13 ending fund balance for the WC Fund is anticipated to be \$8.4 million reflecting a 28% decline relative to the FY 2011/12 projected ending fund balance of \$11.7 million. Part of the decrease is accounted for by a \$5 million increase in CIP, primarily the Southern and Central/Wineville Area projects.

Water Resources Program (WW Fund)

The Water Resources Program (WW) Fund records the fiscal activity associated with providing water resources and water conservation programs within the Agency's service area. These programs include management and distribution of imported water supplies, development and implementation of regional water conservation initiatives, water resource planning and provision of support for regional water supply programs including recycled water, groundwater recharge, and storm water management.

A key source of revenues for the WW Fund is a surcharge of \$12 per AF on deliveries of imported potable water from MWD. No change in the \$12/AF surcharge is proposed for FY 2012/13. An increase of \$0.10 per meter/per month in the monthly water meter service charge, increasing the rate from \$1.455 to \$1.555 is included in FY 2012/13 budget to support higher Readiness-to-Serve (RTS) fees from MWD.

Approximately 84% or \$3.0 million of the meter charge revenues supports the MWD RTS pass through fees. The remaining 16% or \$0.5 million balance supports a portion of the Agency's water use efficiency programs and an inter-fund transfer to the recycle water fund to support the pro rata share of groundwater recharge O&M costs related to recharged recycle water and administrative activities.

The FY 2012/13 ending fund balance for the WW Fund is expected to decrease by approximately \$500 thousand. Projected future increases in ending fund balance beginning FY 2013/14 are primarily driven by a gradual phase out of the inter-fund transfer to the WC Fund, and increases in the monthly water meter rate.

Department Budgets

Using the Agency-wide policy goals as the basis, each department updates their respective goals and objectives, and develops measurable KPIs. These departmental KPIs serve as criteria for management, policy makers and other stakeholders in determining and measuring the degree of goal attainment. The departmental budgets delineate the assignment and management of responsibilities, human, financial and capital resources necessary to support the Agency's mission, vision, and policy goals. Details on department budget, goals and objectives, staffing, major initiatives, and performance and workload indicators are presented by division and department in the Department section.

Joint Powers Authorities (JPAs)

Inland Empire Regional Composting Authority

The Inland Empire Regional Composting Authority (IERCA) was formed in February, 2002 as a Joint Powers Authority (JPA) to divert organic solids from landfill disposal and to be consumers of recycled organic products generated from within the community. The JPA was entered into between the Agency and County Sanitation District No. 2 of Los Angeles County (LACSD) to implement the shared goal of development of a sustainable biosolids management project.

In 2007, the two joint powers agencies completed the construction of the 410,000 square feet facility called Inland Empire Regional Composting Facility (IERCF) on approximately 22 acres of land in Rancho Cucamonga. The property is ideally situated in an industrial area adjacent to Regional Plant No. 4 (RP4), a wastewater treatment plant owned and operated by Inland Empire Utilities Agency (IEUA). The proximity of the facility to the Agency's Regional Water Recycling Plant 4 (RP-4) provides opportunities to improve staffing options and optimize energy usage.

The IERCF is a fully enclosed bio-solids processing plant that processes approximately 150,000 tons of biosolids and 59,000 tons of wood and green waste into 250,000 cubic yards (90,000 tons) of high quality compost. The facility utilizes aerated static pile composting technology to process a mixture of biosolids, green waste and wood waste to generate Class A exceptional quality compost for use in local agriculture and/or horticulture markets. All of the facility's emissions are processed through a biofilter to meet air quality requirements.

In FY 2010/11, IEUA delivered 67,038 tons, LACSD delivered 74,323 tons, and others delivered 63 tons for a total of 141,424 tons, which is 94.3% of capacity. The composted product, which is marketed as SoilPro Premium Compost, has been sold as a soil conditioner which helps improve water retention resulting in better plant growth and water savings. In order to produce recycled products year-round, the IERCA completed in 2010 a compost storage facility to allow the facility to store compost during the winter season.

As a 50/50 partner in the JPA, the Agency is responsible for the operational and administrative activities of the IERCF and employs all of the staff assigned to the facility. Employment costs for IERCF staff are recorded in the Agency's RO Fund and fully reimbursable by the IERCA.

In FY 2010/11, the IERCA Board implemented a tipping fee revenue base in lieu of partner contributions to cover operations and maintenance expenses for the IERCF. Beginning in FY 2012/13, the tipping fee was increased from its original base of \$44 per wet ton to \$50 to cover higher operating expenses and capital replacement costs. Equally shared partner contributions will continue to be used to support capital improvement costs. In FY 2012/13 the Agency's share of the IERCF operating costs is budgeted in the RO fund under biosolids recycling costs. The budget of \$3.5 million assumes 100% of the biosolids generated from the Agency's five regional water recycling plants will be transported to the IERCF for processing. Also, included in the FY 2012/13 RC fund budget is a capital contribution of \$500,000 to support the IERCA's capital improvement projects.

Chino Basin Desalter Authority

The Chino Basin Desalter Authority (CDA) was formed in September 2001 as a Joint Exercise of Powers Authority (JPA) to manage and operate the Chino Desalter No. 1 (CDA 1) and the Chino Desalter No. 2 (CDA 2). The original JPA is comprised of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District (JCSD), the Santa Ana River Water Company and Inland Empire Utilities Agency (Agency). In August of 2008, Western Municipal Water District was added as an additional member of CDA.

There are eight directors, one from each entity. As an ex-officio member of the JPA, the Agency has appointed one of its Board of Directors to sit on the JPA Board as a non-voting member and participates in all discussions concerning issues before the CDA Board of Directors.

CDA 1, located in the southern part of the city of Chino, started operating in September 2000 and is designed to produce 9,200 acre feet per year (FYI) of desalinated water. In addition to operating CDA 1, the Agency also provides full administrative, fiscal management and financial reporting to the CDA. The Agency's CDA-1 related costs, primarily comprised of employment costs, are recorded in the GG fund. Included in the GG Fund FY 2012/13 budget is estimated CDA contract cost reimbursement of \$1.3 million.

**INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2012/2013 BUDGET
 SOURCES AND USES OF FUNDS - BY PROGRAM FUND**

	FY 2012/13 BUDGET										
	FY 2009/10 ACTUAL	FY 2010/11 ACTUAL	FY 2011/12 PROJECTED ACTUAL	10200- Administrative Services Program	Non- Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program	TOTAL
REVENUES											
User Charges	\$44,043,666	\$44,852,236	\$44,323,100	\$0	\$7,849,136	\$0	\$38,291,573	\$0	\$0	\$4,282,025	\$50,422,734
Property Tax	9,765,792	7,065,346	6,436,639	2,608,580	0	0	371,913	0	0	0	2,980,493
Cost Reimbursement JPA	4,239,071	4,262,949	4,319,411	1,348,696	0	0	3,225,907	853,952	0	0	5,428,555
Contract Cost reimbursement	460,425	854,924	1,025,689	0	0	0	93,000	10,000	50,000	467,900	620,900
Interest Revenue	1,912,374	1,912,374	831,490	99,526	225,123	373,500	150,000	18,000	94,585	7,319	968,053
Recycled Water Sales	4,162,140	4,162,140	5,599,000	0	0	0	0	0	7,754,000	0	7,754,000
Gas Sales	6,824	6,824	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	\$64,590,292	\$62,566,761	\$62,535,329	\$4,056,802	\$8,074,259	\$373,500	\$42,132,393	\$881,952	\$7,898,585	\$4,757,244	\$68,174,735
OTHER FINANCING SOURCES											
Property Tax - Debt and Capital	\$24,589,433	\$26,353,880	\$26,499,980	\$0	\$0	\$21,194,715	\$6,801,683	\$0	\$1,630,363	\$0	\$29,626,761
Regional System Connection Fees	7,753,057	5,398,048	5,242,600	0	0	5,399,900	0	0	0	0	5,399,900
Debt Proceeds	0	0	0	0	0	0	0	0	0	0	0
State Loans	19,435,577	18,273,366	9,926,360	0	0	0	0	0	13,332,000	0	13,332,000
Grants	9,908,553	7,048,146	6,627,533	0	0	0	49,250	0	3,333,000	147,339	3,529,589
Sale of Assets	3,800	225	21,723	0	0	2,339,250	0	0	0	0	2,339,250
Other Revenues	986,069	607,888	719,512	0	0	0	0	713,555	357,972	0	1,071,527
Capital Cost Reimbursement	2,148,735	701,253	959,186	2,000	691,391	7,000	360,000	0	500,000	0	1,560,391
Sale of Capacity	600,000	150,000	215,000	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	25,500,000	3,700,000	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$90,925,224	\$62,232,806	\$50,211,894	\$2,000	\$691,391	\$28,940,865	\$7,210,933	\$713,555	\$19,153,335	\$147,339	\$56,859,418
TOTAL REVENUES AND OTHER FINANCING	\$155,515,516	\$124,799,568	\$112,747,222	\$4,058,802	\$8,765,650	\$29,314,365	\$49,343,326	\$1,595,507	\$27,051,920	\$4,904,583	125,034,153
EXPENSES											
Employment Expenses	\$33,054,574	\$31,184,327	\$33,412,469	\$253,399	\$1,664,100	\$3,524,299	\$25,011,035	\$394,818	\$2,018,287	\$549,112	\$33,415,050
Contract Work/Special Projects	1,918,542	2,303,212	3,654,912	50,000	60,000	70,000	134,450	30,000	589,073	1,309,130	2,242,653
Utilities	6,032,009	6,224,951	7,847,520	531,691	67,771	0	7,594,660	141,000	2,049,367	0	10,384,489
Operating Fees	7,677,454	6,904,315	7,884,077	6,375	3,821,718	328,137	854,602	3,200	151,620	2,973,325	8,138,977
Chemicals	3,962,985	3,925,797	4,232,741	0	216,000	0	4,359,080	0	0	0	4,575,080
Professional Fees and Services	5,794,610	6,103,052	6,428,687	2,611,432	69,869	221,728	1,869,716	509,800	613,235	150,693	6,046,473
Office and Administrative expenses	1,384,921	1,534,344	1,320,499	1,847,461	0	0	443,939	24,082	0	60,058	2,375,540
Biosolids Recycling	3,645,825	3,629,019	3,788,398	0	30,000	0	3,526,523	0	0	0	3,556,523
Materials & Supplies	2,142,912	2,746,247	2,348,665	529,355	55,700	0	1,654,050	46,100	171,200	0	2,456,405
Other Expenses	859,140	646,437	420,663	(2,038,520)	180,790	533,207	1,422,656	0	433,848	146,463	678,443
TOTAL EXPENSES	\$66,472,973	\$65,201,701	\$71,338,631	\$3,791,193	\$6,165,948	\$4,677,370	\$46,870,710	\$1,149,000	\$6,026,630	\$5,188,781	\$73,869,632
CAPITAL PROGRAM											
CSDLAC 4Rs	\$1,088,854	\$697,113	\$1,485,260	\$0	\$1,429,818	\$0	\$0	\$0	\$0	\$0	\$1,429,818
IERCA investment	1,500,000	0	0	0	0	500,000	0	0	0	0	500,000
Work In Progress	45,905,334	46,374,317	35,418,798	2,783,050	1,687,584	9,272,817	6,587,048	500,000	20,649,457	0	41,479,956
Work In Progress Adjustments	0	1,500,000	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$48,494,188	\$48,571,430	\$36,904,058	\$2,783,050	\$3,117,402	\$9,772,817	\$6,587,048	\$500,000	\$20,649,457	\$0	\$43,409,774
DEBT SERVICE											
Financial Expenses	\$411,048	\$244,967	\$410,710	\$14,000	\$550	\$257,400	\$350	\$113,600	\$2,000	\$0	\$387,900
Interest	12,022,152	8,145,742	10,046,429	0	409,080	7,938,191	214,285	333,064	2,257,988	0	11,152,608
Principal	9,953,863	9,728,458	9,745,705	0	133,105	8,008,159	0	562,712	2,710,842	0	11,414,818
Short Term Inter-Fund Loan	25,500,000	3,700,000	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$47,887,063	\$21,819,167	\$20,202,844	\$14,000	\$542,735	\$16,203,750	\$214,635	\$1,009,376	\$4,970,830	\$0	\$22,955,326
TRANSFERS IN (OUT)											
Capital Contribution	\$0	\$0	\$0	\$2,783,050	(\$94,624)	(\$2,593,802)	\$0	\$0	(\$94,624)	\$0	\$0
Debt Service	0	0	(1)	0	0	(2,131,750)	0	667,128	1,464,622	0	0
Operation support	0	0	0	0	0	0	0	275,048	(75,048)	(200,000)	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	(\$1)	\$2,783,050	(\$94,624)	(\$4,725,552)	\$0	\$942,176	\$1,294,950	(\$200,000)	\$0
FUND BALANCE											
Net Income (Loss)	(\$7,338,709)	(\$10,792,730)	(\$15,698,310)	\$253,609	(\$1,155,059)	(\$6,065,124)	(\$4,329,067)	(\$120,693)	(\$3,300,047)	(\$484,198)	(\$15,200,579)
Beginning Fund Balance July 01	125,812,344	118,473,636	107,680,904	12,825,222	5,214,310	35,813,352	22,588,018	2,404,496	11,677,243	1,459,953	91,982,593
ENDING BALANCE AT JUNE 30	\$118,473,636	\$107,680,906	\$91,982,594	\$13,078,831	\$4,059,251	\$29,748,228	\$18,258,951	\$2,283,803	\$8,377,196	\$975,755	\$76,782,014
RESERVE BALANCE SUMMARY											
Operating Contingencies	\$25,961,625	\$20,901,777	\$20,546,815	\$1,063,731	\$760,577	\$0	\$15,623,570	\$1,450,568	\$1,327,351	\$975,755	\$21,201,551
Capital Expansion & Replacement	44,688,627	40,111,966	21,242,519	0	1,287,762	6,436,208	2,420,746	150,000	3,500,637	0	13,795,353
CCRA Capital Construction	15,114,930	13,446,472	14,189,667	0	0	4,588,967	0	0	0	0	4,588,967
CSDLAC Prepayment	1,088,854	1,088,854	1,429,818	0	1,475,712	0	0	0	0	0	1,475,712
Debt Service & Redemption	20,969,817	20,267,773	22,910,763	0	535,200	18,723,053	214,635	683,236	3,549,208	0	23,705,331
Insurance & Other	7,622,189	5,236,308	3,047,466	3,030,674	0	0	0	0	0	0	3,030,674
Retirement reserves	3,027,594	6,627,754	8,616,146	8,984,426	0	0	0	0	0	0	8,984,426
ENDING BALANCE AT JUNE 30	\$118,473,636	\$107,680,906	\$91,982,594	\$13,078,831	\$4,059,251	\$29,748,228	\$18,258,951	\$2,283,803	\$8,377,196	\$975,755	\$76,782,014

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/2013 BUDGET
ALL FUNDS - SOURCES AND USES OF FUNDS

	2009/2010	2010/2011	2011/2012	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	
			AMENDED	PROJECTED	PROPOSED					
	ACTUAL	ACTUAL	BUDGET	ACTUAL	BUDGET		FORECAST			
REVENUES										
User Charges	\$44,043,666	\$44,852,236	\$47,509,306	\$44,323,100	\$50,422,734	\$53,923,617	\$57,437,915	\$58,285,370	\$59,229,099	
Property Tax - O&M	9,765,792	7,065,346	2,980,864	6,436,639	2,980,493	4,279,219	4,153,087	3,897,625	4,491,468	
Cost Reimbursement from JPA	4,239,071	4,262,949	4,891,915	4,319,411	5,428,555	4,899,247	4,928,330	4,697,085	4,685,806	
Contract Cost reimbursement	460,425	854,924	1,151,821	1,025,689	620,900	403,000	403,000	413,000	403,000	
Interest Revenue	1,912,374	1,178,505	1,127,722	831,490	968,053	967,304	1,256,706	1,502,373	1,837,294	
Recycled Water Sales	4,162,140	4,352,802	6,984,000	5,599,000	7,754,000	9,949,000	13,149,000	16,579,000	19,309,000	
Gas Sales	6,824	0	0	0	0	0	0	0	0	
TOTAL REVENUES	\$64,590,292	\$62,566,761	\$64,645,629	\$62,535,329	\$68,174,735	\$74,421,387	\$81,328,037	\$85,374,452	\$89,955,667	
OTHER FINANCING SOURCES										
Property Tax - Debt, Capital, Reserves	\$24,589,433	\$26,353,880	\$29,984,144	\$26,499,980	\$29,626,761	\$28,001,961	\$28,128,093	\$28,544,961	\$28,126,309	
Regional System Connection Fees	7,753,057	5,398,048	5,719,200	5,242,600	5,399,900	6,008,400	6,639,100	7,292,600	8,417,600	
State Loans	19,435,577	18,273,366	20,287,627	9,926,360	13,332,000	17,708,149	2,850,000	3,495,000	9,405,000	
Grants	9,908,553	7,048,146	7,437,117	6,627,533	3,529,589	3,969,280	0	0	0	
Sale of Assets	3,800	225	0	21,723	2,339,250	2,339,250	0	0	0	
Capital Contract Reimbursement	986,069	607,888	790,679	719,512	1,071,527	935,910	803,600	784,577	740,203	
Other Revenues	2,148,735	701,253	216,999	959,186	1,560,391	1,426,383	1,594,973	849,620	869,589	
Sale of Capacity	600,000	150,000	0	215,000	0	0	0	0	0	
Loan Transfer from Internal Fund	25,500,000	3,700,000	1,000,000	0	0	0	0	1,500,000	2,000,000	
TOTAL OTHER FINANCING SOURCES	\$90,925,224	\$62,232,806	\$65,435,766	\$50,211,894	\$56,859,418	\$60,389,332	\$40,015,765	\$42,466,758	\$49,558,701	
TOTAL REVENUES AND OTHER FINANCING SOURCE	\$155,515,516	\$124,799,568	\$130,081,394	\$112,747,222	\$125,034,153	\$134,810,719	\$121,343,802	\$127,841,210	\$139,514,369	
EXPENSES										
Employment Expenses	\$33,054,574	\$31,184,327	\$32,552,683	33,412,469	33,415,050	34,307,352	34,654,736	34,408,115	34,986,511	
Contract Work/Special Projects	1,918,542	2,303,212	5,267,394	3,654,912	2,242,653	914,050	1,130,000	920,000	840,000	
Utilities	6,032,009	6,224,951	8,625,055	7,847,520	10,384,489	10,810,049	11,253,878	11,717,105	12,200,491	
Operating Fees	7,677,454	6,904,315	9,953,390	7,884,077	8,138,977	8,359,764	8,756,002	8,876,661	8,992,477	
Chemicals	3,962,985	3,925,797	4,478,720	4,232,741	4,575,080	4,709,320	4,893,726	5,085,221	5,332,805	
Professional Fees and Services	5,794,610	6,103,052	6,659,095	6,428,687	6,046,473	5,695,550	5,847,241	5,923,726	6,066,997	
Office and Administrative expenses	1,384,921	1,534,344	1,664,218	1,320,499	2,375,540	2,157,255	2,703,599	2,268,631	2,595,733	
Biosolids Recycling	3,645,825	3,629,019	4,076,698	3,788,398	3,556,523	3,650,407	3,745,213	3,842,504	3,942,346	
Materials & Supplies	2,142,912	2,746,247	2,709,236	2,348,665	2,456,405	2,540,902	2,625,938	2,703,011	2,777,029	
Other Expenses	859,140	646,437	348,667	420,663	678,443	636,954	537,430	702,738	728,271	
TOTAL EXPENSES	\$66,472,973	\$65,201,701	\$76,335,156	\$71,338,631	\$73,869,632	\$73,781,603	\$76,147,765	\$76,447,712	\$78,462,660	
CAPITAL PROGRAM										
CSDLAC 4Rs	\$1,088,854	\$697,113	\$1,485,260	\$1,485,260	\$1,429,818	\$1,475,712	\$1,422,984	\$1,471,673	\$1,421,823	
IERCA investment	1,500,000	0	0	0	500,000	500,000	0	0	0	
Work In Progress	\$45,905,334	\$46,374,317	\$59,366,367	\$35,418,798	\$41,479,956	\$36,086,670	\$15,220,816	\$14,314,000	\$22,030,000	
WIP Adjustment	0	1,500,000	0	0	0	0	0	0	0	
TOTAL CAPITAL PROGRAM	\$48,494,188	\$48,571,430	\$60,851,627	\$36,904,058	\$43,409,774	\$38,062,382	\$16,643,800	\$15,785,673	\$23,451,823	
DEBT SERVICE										
Financial Expenses	\$411,048	\$244,967	\$418,300	\$410,710	\$387,900	\$467,900	\$387,900	\$467,900	\$387,900	
Interest	12,022,152	8,145,742	11,620,996	10,046,429	11,152,608	11,573,005	12,203,253	11,894,727	11,539,909	
Principal	9,953,863	9,728,458	9,832,953	9,745,705	11,414,818	11,680,426	13,392,824	13,749,563	14,034,823	
Short Term Inter-Fund Loan	25,500,000	3,700,000	0	0	0	0	0	1,500,000	2,000,000	
TOTAL DEBT SERVICE	\$47,887,063	\$21,819,167	\$21,872,249	\$20,202,844	\$22,955,326	\$23,721,331	\$25,983,977	\$27,612,191	\$27,962,631	
FUND BALANCE										
Net Income (Loss)	(\$7,338,709)	(\$10,792,730)	(\$28,977,637)	(\$15,698,310)	(\$15,200,580)	(\$754,596)	\$2,568,260	\$7,995,634	\$9,637,253	
Beginning Fund Balance July 01	125,812,344	118,473,636	106,991,604	107,680,904	91,982,593	76,782,013	76,027,418	78,595,677	86,591,310	
ENDING BALANCE AT JUNE 30	\$118,473,636	\$107,680,906	\$78,013,967	\$91,982,594	\$76,782,013	\$76,027,417	\$78,595,678	\$86,591,311	\$96,228,563	
RESERVE BALANCE SUMMARY										
Operating Contingencies	\$25,961,625	\$20,901,777	\$20,492,713	\$20,546,815	\$21,201,552	\$21,699,980	\$22,415,622	\$23,122,969	\$23,930,100	
Capital Expansion & Replacement	44,688,627	40,111,966	15,052,229	21,242,519	13,795,353	11,522,937	13,627,121	21,487,479	30,203,373	
CCRA Capital Construction	15,114,930	13,446,472	7,165,667	14,189,067	4,588,967	3,597,367	3,236,467	3,529,067	3,946,667	
CSDLAC Prepayment	1,088,854	1,088,854	1,088,854	1,429,818	1,475,712	1,422,984	1,471,673	1,421,823	1,473,478	
Debt Service & Redemption	20,969,817	20,267,773	22,910,763	22,910,763	23,705,330	25,967,977	26,096,190	26,021,185	25,888,441	
Insurance & Other	7,622,189	5,236,308	4,974,815	3,047,466	3,030,674	3,026,308	3,036,944	3,055,289	3,081,549	
Retirement reserves	3,027,594	6,627,754	6,328,927	8,616,146	8,984,425	8,789,864	8,711,661	7,953,499	7,704,955	
ENDING BALANCE AT JUNE 30	\$118,473,635	\$107,680,906	\$78,013,967	\$91,982,594	\$76,782,013	\$76,027,417	\$78,595,678	\$86,591,311	\$96,228,563	





Agency Vision/Policy Goals



AGENCY-WIDE POLICY GOALS

MISSION

Supply imported and recycled water, collect, treat, and dispose of wastewater and provide other utility-related (renewable electrical energy, compost) services to the communities it serves. The Agency strives to provide these services in a regionally planned, managed, and cost-effective manner.

Water is one of our most valuable resources. The Agency is in a position to ensure that the quality of this resource is protected and is available in sufficient quantities to meet current and future needs. This vision statement unequivocally states the Agency's intent to be a major contributor to an improved life for the residents it serves within the Inland Empire.

VISION

The Inland Empire Utilities Agency will strive to enhance the quality of life in the Inland Empire by providing the optimum water resources management for the area's customers while promoting conservation and environmental protection.

Goals

The Agency has identified and committed to broad policy goals designed to move the Agency forward in executing its mission and attaining its vision. Those broad policy goals can be categorized into nine major thematic areas:

- A. Conservation & Water Quality**
- B. Technological Innovation**
- C. Rate Stabilization and Cost Effectiveness**
- D. Operational and Maintenance Efficiency**
- E. Strategic Planning and Capital Implementation**
- F. Waste Management and Resource Utilization**
- G. Interagency Relationships and Community Partnerships**
- H. Fiscal Accountability and Regulatory Compliance**
- I. Staff Training, Development, and Well Being**









The tables on the following pages list all of the Agency's adopted policy goals.

Each year, organizational divisions and departments develop specific goals and objectives in support of the Agency's overall goals. These goals and objectives serve as a roadmap for achieving the Agency's policy goals, mission, and ultimately its vision. The end result of this entire process is to achieve a performance driven, results based work program. This will ensure that efforts and resources are being effectively directed toward accomplishment of the mission and vision.







The cascading effect of this methodology commits all levels of the organization to performance goals that ensure a coordinated effort toward goal accomplishment. Individual staff members can clearly identify

what is required within their own performance plans to ensure that departments goals are met. Key performance indicators can be established and measured at selected intervals to keep the organization on track or to make course corrections if results are not as expected. It enables policy makers and management to communicate clear and consistent priorities along with facilitating long term strategic planning.

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
A. Conservation & Water Quality	1. Continue to encourage efficient use of water supplies and demonstrate best practices throughout the Agency	Agency Management (AM), Planning and Environmental Compliance (PEC)	<ul style="list-style-type: none">  AM - Actively participate in benchmarking and best practice surveys to ensure IEUA keeps pace with water/wastewater trends  PEC -Support, promote and participate in local and regional water conservation programs.  PEC - Maintain, develop and/or improve the reliability and availability of local water supplies
	2. Encourage local and regional agencies to promote efficient use of water and to assist in meeting the region’s future water requirements	Agency Management (AM), Planning and Environmental Compliance (PEC)	<ul style="list-style-type: none">  AM - Maintain leadership roles on various water associations (e.g., ACWA, Water Reuse Association, SCAP, and CASA)  PEC - Effectively coordinate and promote IEUA and MWD water conservation programs with member agencies  PEC - Track and implement impending conservation legislation as it impacts IEUA grant compliance and water reduction requirements
	3. Partner with cities and local and regional agencies in developing and implementing water efficiency programs that provide incentives and support to the region’s customers to conserve water	Planning and Environmental Compliance (PEC)	<ul style="list-style-type: none">  Effectively implement and manage the Dry Year Yield program  Establish and/or maintain strong coordination and partnerships with all regional stakeholders  Maintain, develop and/or improve the reliability and availability of local water supplies








Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
A. Conservation & Water Quality (continued)	4. Promote protection of high quality water supplies through implementation of local source protection programs that prevent the introduction of pollutants into the regional wastewater system	Agency Management (AM), Pre-Treatment and Source Control (PTSC)	<ul style="list-style-type: none">  AM - Actively participate in SAWPA's "One Water-One Watershed" planning process for water quality management  PTSC - Implementation of Agency-wide Salinity Reduction Program. Work with the contracting agencies to minimize the salt loading from commercial, industrials, and residential self-regenerating water softeners
	5. Operate treatment facilities that meet all required environmental laws and standards and produce beneficially reusable commodities where possible	Laboratory (LAB), Planning and Environmental Compliance (PEC)	<ul style="list-style-type: none">  LAB - Perform effective and accurate sample analysis and data collection by meeting established turnaround times >99% of the time, meeting compliance >95% of the time, and process control samples with less than 1% quality control failure rate  PEC - Obtain necessary permits for compliance (Water Quality, Air Quality, Fish and Game)
	6. Partner with local and regional agencies to implement conjunctive use, storm water capture, and other groundwater programs that will increase operational yield and protect the integrity of the groundwater basin	Agency Management, Operations (OP)/ Ground Water Recharge(GWR), Organics Management (OM), and Planning and Environmental Compliance (PEC)	<ul style="list-style-type: none">  AM - Support implementation of Chino Desalter Phase 3 expansion with staff resources and grant support  GWR - Maximize Diluent Water Recharge by tracking and effectively communicating availability, demand, and use of the State Water Project water to CBWM and MWD  PEC - Actively participate in the development of enhanced groundwater recharge within the Chino Basin
B. Technological Innovation	1. Explore, pursue and implement innovative technology with a cost effective approach to operating practices and administrative functions	Contracts and Procurement (CAP)	<ul style="list-style-type: none">  CAP - In collaboration with ESS, implement a business process enhancement to streamline the procure the pay process by November 1, 2012, thus reducing the cost to process procurements









Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
B. Technological Innovation (continued)	1. Explore, pursue and implement innovative technology with a cost effective approach to operating practices and administrative functions (continued)	Enterprise System Services (ESS), Fiscal Management (FM), Human Resources and Support Services (HR), Integrated System Services (ISS), Operations /GWR and Organics Mgmt., Technical Services (TS), Contracts and Procurement (CAP)	<ul style="list-style-type: none"> 🍃 ESS - to develop assessment of data base growth and put in place a management plan, including considering implementation of an archiving project plan 🍃 ESS, FM & HR- Complete the replacement of the legacy time entry/payroll system by April, 2013 🍃 FM - 🍃 CAP- Further automate online solicitation and administrative processes that capture all critical steps, from posting to award 🍃 ISS – Utilize VM Ware (software)cloning capabilities for disaster recovery 🍃 OP – Identify and document automation opportunities, and provide such information to the Maintenance Department by June 2013 🍃 TS - Evaluate emerging technologies for introducing oxygen into the activated sludge process in a more efficient manner than currently used
	2. Ensure the workforce is productive and efficient -- “works smarter”-- by employing current technological enhancements including use of the internet and web based products	Contracts & Procurement (CAP), Engineering Administration (EA)	<ul style="list-style-type: none"> 🍃 CAP - Investigate new technologies to further streamline the business process within the established process rules 🍃 EA - Complete gap analysis for Recycled Water Database meter connections vs. report parameters and implement enhancements

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
B. Technological Innovation (continued)	2. Ensure the workforce is productive and efficient -- “works smarter”-- by employing current technological enhancements including use of the internet and web based products	Contracts and Procurement (CAP), Enterprise System Services (ESS), Financial Planning (FP), Human Resources and Support Services (HR), Integrated System Services (ISS)	<ul style="list-style-type: none">  ESS & CAP - Lead Agency-wide team to research and implement supplier network collaboration to speed delivery of POs, vendor product delivery date status, maintenance of vendor master data, and reduce manual administrative activities using options such as eCatalogue, eInvoice processing, and Vendor Self-Service  FP - Work with Enterprise System Services department to develop additional financial reports through Crystal Report software as a supplement to the standard SAP reports to provide end users with more effective analytical tools  FP - Continue to evaluate the SAP Grants Management (GM) module to prepare for full implementation starting July 2013  HR - Continue to increase the use of new technologies such as social networking, web 2.0 applications, and web-based testing to expand the Agency’s ability to attract, recruit, and hire a high quality workforce  ISS - Begin implementation of Sharepoint, the Agency’s replacement to the current intranet site PIPES. Phase 1 will add new electronic forms to enhance document functionality. Phase 1 to be completed by December 2012  ISS – Migrate Agency’s electronic gates and doors to a single sign-on solution







Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
B. Technological Innovation (continued)	3. Utilize IT-rich equipment and devices for asset management strategies, operating and maintenance practices which result in cost containment and improved customer service	Construction Management (CM), Enterprise System Services (ESS), Maintenance (MA)	<ul style="list-style-type: none"> 🍃 CM - Expand Web Based Document Control Construction Program 🍃 ESS - Provide Agency users reliable information systems, providing high performance applications and data integrity by ensuring system stability, ongoing vendor product support, and to take advantage of new product enhancements and functionality 🍃 ESS - Develop ESS staff skills to enable greater self-sufficiency in core technology areas, with the objective of minimizing external support costs, while getting optimal value from Agency ESS staff. Leverage user groups and social networking technologies to research business challenges, solution options, and best practice opportunities with other organizations. Control external expenditures for consultant support by staying within the FY 2012/13 professional services budget 🍃 MA - Utilize VM Ware cloning capabilities for disaster recovery and migrate Agency's electronic gates and doors to a single sign-on solution
	4. Develop and periodically monitor a strategic technology plan to stay abreast of new developments and to ensure that information technology and automation impact all areas of the Agency's business and operations	Enterprise System Services (ESS)	<ul style="list-style-type: none"> 🍃 Develop new SAP user roles in order to create a more focused set of required transactions (project to be done incrementally and completed by June 2013)








Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
B. Technological Innovation (continued)	4. Develop and periodically monitor a strategic technology plan to stay abreast of new developments and to ensure that information technology and automation impact all areas of the Agency's business and operations	Enterprise System Services (ESS)	<ul style="list-style-type: none"> 🍏 Develop assessment of data base growth and put in place a management plan, including considering implementation of an archiving project plan. 🍏 Ensure system stability, ongoing vendor product support, and enable Agency to take advantage of new product enhancements and functionality. Perform periodic (typically 1-2 per year) vendor version upgrades to SAP & ESRI/GIS
C. Rate Stabilization and Cost Effectiveness	1. Establish financial targets and policies on rates and charges to ensure the Agency's financial health	Agency Management (AM), Financial Planning (FP)	<ul style="list-style-type: none"> 🍏 AM & FP-Implement annual moderate rate increases to support operating and maintenance costs for all Agency programs, with the ultimate goal being full cost of service rates for all Agency programs
	2. Strive to maintain a stable rate structure while ensuring that rate increases are reasonable and justified	Agency Management (AM), Financial Planning (FP)	<ul style="list-style-type: none"> 🍏 AM - Review with all managers on quarterly budget variance to ensure all cost containment objectives are achieved FP- Use Long Range Plan of Finance to identify an equitable rate structure in support of the Agency's level of service

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
C. Rate Stabilization and Cost Effectiveness (continued)	3. Aggressively seek grant funding and State Revolving Fund low interest loans as a supplementary revenue sources to finance capital projects	Financial Planning (FP)	<ul style="list-style-type: none">  Notify Executive Management, Department Managers, and Project Managers for possible grant funding sources  Maintain a grant management database, update the grant status report monthly, and prepare a monthly General Manager's Report on grants  Monitor the performance of grant and SRF loan funding to ensure full grant compliance with State and Federal grantor agencies
	4. Efficiently manage Agency's assets to ensure optimal productivity and cost effective operating and maintenance strategies and practices	Agency Management (AM), Engineering (ENG), Maintenance Administration (MA)	<ul style="list-style-type: none">  AM - Continue to refine the "cradle to grave" process to ensure capitalization and disposal of assets is appropriately administered and recorded in the SAP system  ENG - Provide value engineering services during design reviews to maximize quality and minimize cost  MA - Provide support to the Agency's Asset Management Program, tag all assets at the field level with their SAP numbers, ensure that all non-linear assets are in SAP
	5. Ensure that rates and other sources of revenue meet Bond coverage covenants and Board policies for reserves	Agency Management (AM)	<ul style="list-style-type: none">  Maintain adequate reserves and increase the Agency's debt coverage ratio to achieve IEUA Board's objective of 1.50 and 1.70 by end of FY 2013/14 and 2014/15, respectively, and sustain the Agency's credit rating

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
D. Operational & Maintenance Efficiency	1. Design and implement programs which improve the knowledge and skill levels of the Agency's workforce	Construction Management (CM), Enterprise System Services (ESS), Laboratory (LAB), Operations/GWR and Organics Mgmt. (OP), Technical Services (TS)	<ul style="list-style-type: none">  CM - Expand knowledge of current technologies and construction management practices by continuing to provide workshops, presentations, and meetings  ESS - Develop staff skills to enable greater self-sufficiency in core technology areas, with the objective of minimizing external support costs, while getting optimal value from Agency ESS staff  LAB - Conduct annual sample collection training session to Operations and SC&PT in May 2013  OP - Achieve 90% of operations certified, operations staff trained to operate more than one facility by June 2013, continue to implement cross training plan for each facility, recycled water distribution, and GWR  TS - Lead efforts to update the RP-1, CCWRF, and RP-2 O&M Manuals, and conduct training with Operations staff on the proper use of O&M Manuals within two months of completion of manuals
	2. Devise and implement operating strategies which minimize costs and optimize productivity	Construction Management (CM), Engineering Administration (EA), Engineering (ENG)	<ul style="list-style-type: none">  CM - Provide value engineering services during design reviews to maximize quality and minimize cost  EA - Complete Agency's Asset Management Plan by January 2014  ENG - Work with operations and maintenance, and construction management through design sessions and post project implementation feedback sessions to identify and incorporate improvements

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
D. Operational & Maintenance Efficiency (continued)	2. Devise and implement operating strategies which minimize costs and optimize productivity (continued)	Enterprise System Services (ESS), Financial Planning (FP), Human Resources and Support Services (HR), Laboratory (LAB)	<ul style="list-style-type: none"> 🍃 ESS - Track all support and development issues and requests, documenting findings and root-cause analysis for key issues 🍃 FP - Enhance the budget preparation process by working with Business Analyst and key subject matter experts to improve functionality and reporting of the Budget Preparation module 🍃 HR - Revise current policies; develop new policies, procedures, and new standard operating procedures (SOPs) to ensure best practices in Human Resources and Records Management 🍃 LAB - Incorporate new analysis methods to the IEUA laboratories ELAP certification, in order to perform additional testing in house by Oct. 31, 2012
	3. Develop and implement best maintenance management practices that ensure optimal reliability, efficiency and safety at all facilities	Laboratory (LAB), Maintenance Administration (MA)	<ul style="list-style-type: none"> 🍃 LAB - Conduct 5 specific procedures and technology training tailgates per year and annual review of laboratory SOP's and quality control procedures by Jan. 1, 2013 🍃 MA - Optimize the maintenance strategy of critical assets, implement Phase II of the Vibration Analysis program, and develop a comprehensive Lube Oil Management and Oil Analysis program

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
D. Operational & Maintenance Efficiency (continued)	3. Develop and implement best maintenance management practices that ensure optimal reliability, efficiency and safety at all facilities (continued)	Operations (OP)/GWR and Organics Mgmt. (GWR)	<ul style="list-style-type: none">  OP - Reduce after hour facility call-outs by 5% and conduct a daily review of the automated on-call tracking report to reduce unnecessary call-outs  GWR - Develop annual Basin Maintenance Plan by April 1, 2013. Clearly identify, prioritize and estimate costs for recommended basin maintenance activities for FY 2013/14
	4. Continually review and assess industry practices (both private and public) to keep the Agency on the cutting edge of operational and maintenance efficiency	Engineering (ENG), Enterprise System Services (ESS), , Pre-Treatment & Source Control (PTSC), Maintenance Administration (MA)	<ul style="list-style-type: none">  ENG - Increase attendance at local professional group meetings and continue to provide technology transfer workshops, presentations, and meetings with other So. Calif. Public Agencies  ESS - Working with key user groups (Maintenance, Procure-to-Pay, Projects, Finance & Accounting, and GIS) develop and maintain roadmaps to enhance business system functionality, process performance, and reporting and analytics to support those group business plans and priorities  PTSC - Conduct 10 facility specific process, technology or equipment training tailgates per year, and conduct annual review of facility O&M manual, provide documented deficiencies to Tech. Services by March 1st  MA - Provide technical support for the Agency's renewable energy project "Go Gridless"

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
D. Operational & Maintenance Efficiency (continued)	5. Effective management of Unit Production Cost (UPC) computation and tracking system	Pre-Treatment & Source Control (PTSC), Technical Services (TS)	<ul style="list-style-type: none">  PTSC - Improve accuracy of data collection related to NRW operations by increasing calibration frequency of critical flow meters for full recovery of costs in the billing process  TS - Create and distribute monthly UPC reports, and address adverse process/cost trends and identify any efficiency opportunities. Document in a report to Executive Management on a quarterly basis
	6. Efficient tracking and modifications of Key Performance (KPI's) as necessary to promote focus on established operational goals and targets	Laboratory (LAB), Operations/GWR and Organics Mgmt. (OP), Technical Services (TS)	<ul style="list-style-type: none">  LAB - Perform effective monitoring and refinement of established facility Key Performance Indicators (KPI's) by achieving >90% of laboratory KPI's and conducting monthly review meetings  OP - Achieve >90% of operations facilities KPI's and conduct monthly KPI review meetings  TS - Provide support to Engineering and Construction Management to ensure designs meet Operational needs and assist in the development and implementation of Key Performance Indicators
	7. Promote contracting opportunities which recognize the diversity of the area served through use of appropriate tools including relevant contract software to track diversity results and aggressive outreach efforts	Contracts and Procurement (CAP)	<ul style="list-style-type: none">  Conduct at least three outreach presentations to professional associations within the Agency's service area  Through the competitive solicitation process, award to the best value source of supply, thus reducing overall cost to the Agency









Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	
E. Strategic Planning and Capital Implementation	1. Implement and maintain state of the art infrastructure to maximize efficiency and productivity while meeting needs of area constituencies	Construction Management (CM), Engineering (ENG), Operations/GWR and Organics Mgmt. (OP), Pre-Treatment & Source Control (PTSC)	<ul style="list-style-type: none"> 🍌 CM - Provide high quality project management and design for the completion of Capital Improvement Projects 🍌 ENG - Provide high quality designs to ensure cost effective, efficient, and ease of operations and minimize the number and cost of change orders for construction contracts by performing high quality designs 🍌 OP - Process all Shut-Down Tie-In requests within 14-days, attend all appropriately scheduled, contract required equipment training 🍌 PTSC - Support the development of project scope and design related to the Regional and NRW sewer system by Actively participate in design review meetings, workshops, and assist during construction
	2. Maintain long- term and strategic planning and policy development in support of the Agency's mission and goals	Enterprise System Services (ESS), Operations/GWR and Organics Mgmt. (OP)	<ul style="list-style-type: none"> 🍌 ESS - Lead Agency-wide team to implement a Human Capital Management solution to perform labor data capture, time management (compliance with Agency MOU and regulations), staff scheduling, and payroll processing. Implement solution by January 2013 to enable elimination of the legacy systems and their related costs 🍌 OP - Develop a Staff Objective matrix to support established Division/ Department goals & objectives

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
E. Strategic Planning and Capital Implementation (continued)	2. Maintain long- term and strategic planning and policy development in support of the Agency's mission and goals (continued)	Financial Planning (FP)	<ul style="list-style-type: none"> 🍃 FP - Further develop the 10 year financial model to streamline the Long Range Plan of Finance revision process
	3. Perform macroeconomic analysis of economic and growth trends within the region to assist with facilities planning and management and update the Long Range Plan of Finance consistent with the 10 Year Capital Improvement Plan	Agency Management (AM), Planning and Environmental Compliance (PEC)	<ul style="list-style-type: none"> 🍃 AM - Plan and direct 10-year capital development and implementation activities to ensure growing needs of member agencies are adequately addressed 🍃 AM - Plan and direct 10-year capital development and implementation activities to ensure growing needs of member agencies are adequately addressed 🍃 PEC - Effectively coordinate with member agencies to develop a detailed and accurate Ten Year Capital Improvement Plan
F. Waste Management and Resource Utilization	1. Provide for the maximum public benefit from the use of recycled water supplies produced by IEUA	Agency Management (AM), Engineering (ENG), Operations/GWR and Organics Mgmt. (OP)	<ul style="list-style-type: none"> 🍃 AM - Complete the Recycled Water Business Plan and contribute to obtaining low cost funding the Central Area of the Recycled Water Business Plan 🍃 ENG - Develop and implement a phased recycled water demand management plan 🍃 OP - Maintain recycled water Management plan - update on a monthly basis and adjust recycled water recharge as necessary

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
F. Waste Management and Resource Utilization (continued)	2. Provide for and encourage the use of recycled water for uses including, but not limited to landscape irrigation, commercial and/or industrial processes, construction, groundwater recharge, wildlife habitat, recreational impoundment, agriculture, and other uses as permitted	Engineering (ENG), Operations/GWR and Organics Mgmt. (OP)	<ul style="list-style-type: none"> ENG - Continue to work with contracting agencies to maximize Recycled Water use and implement demand management strategies OP - Provide timely and professional emergency assistance to recycled water users, appropriately track and report recycled water use, emergency response, and maintenance activities through recurring reporting
	3. Maximize Agency revenue potential through the effective use and/or marketing of wastewater residual products	Operations/GWR (OP) and Organics Mgmt. (OM)	<ul style="list-style-type: none"> OP - No recycled water interruptions due to lack of transmission line preventive maintenance OM - Cost effective biosolids management; achieve 142,000 wet tons/year biosolids throughput at Inland Empire Regional Composting Facility (IERCF) OM - Recycle all Agency biosolids at IERCF and market 100% of compost produced and obtain long term value contract(s) for finished compost
	4. Promote and support a regional approach to community wastewater collection and management	Pre-Treatment & Source Control (PTSC)	<ul style="list-style-type: none"> No Sanitary Sewer Overflows (SSO) due to lack of maintenance; conduct all routine and on-demand cleaning of the Regional and NRW sewer system and treatment plants, Respond to all SSO and treatment plant emergencies in a timely manner and provide assistance to other contracting agencies

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
F. Waste Management and Resource Utilization (continued)	5. Optimize and maximize power generation using renewable energy sources at Agency facilities	Agency Management (AM), Operations/GWR and Organics Mgmt., (OP) Maintenance (MA)	<ul style="list-style-type: none"> AM - Administer generation of bio-gas energy from commercial food waste at RP-5 Solids Handling and Renewable Energy Efficiency Project (REEP) facilities. Total energy to be generated is 1.5MW in FY 2012/13 (Phase I) AM - Identify opportunities to implement elements of "Grid less by 2020" work plan OP - Maximize digester gas production by optimizing digester loading, mixing and heating operation through routine inspection and maintenance OP - Develop and implement a peak period Recycled Water Management Plan MA - Optimize energy usage at all facilities, implement sub-metering on all equipment with high energy usage and replace all membranes at the RP-1 aeration basins
G. Interagency Relationships and Community Partnerships	1. Promote and sustain effective communication between the Agency and its stakeholders through use of various media, including the Agency's website	Agency Management (AM), Contracts and Procurement (CAP), Engineering Administration (EA)	<ul style="list-style-type: none"> AM - Ensure that all agendas and related documentation are posted to the Agency's intranet/PIPES within 24 hours after Board package is distributed CAP - Optimize customer service by establishing a strategic plan and obtaining executive leadership and stakeholder buy-in EA - Survey the effectiveness and responsiveness of Engineering Administration to issue survey to CAP, Financial Planning, Fiscal Management and Human Resources; target goal is >=90% rating on surveys







Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
G. Interagency Relationships and Community Partnerships (continued)	1. Promote and sustain effective communication between the Agency and its stakeholders through use of various media, including the Agency’s website (continued)	Fiscal Management (FM), Public Information Services (PIO)	<ul style="list-style-type: none"> 🍃 FM - Complete Annual Financial Reports for both Chino Basin Desalter Authority and Inland Empire Regional Composting Authority by January 31, 2013 🍃 PIO -Continue hosting IEUA’s Water Leadership Breakfast, distribution of IEUA news releases, and host water facility tours in coordination with the Metropolitan Water District
	2. Develop a communication strategy and explore new communication tools to educate and interact with an increasingly diverse public about water conservation and capital infrastructure/replacement needs	Public Information Services (PIO)	<ul style="list-style-type: none"> 🍃 Increase IEUA’s identity through public recognition. Product 29 full page ads as part of our 2013 community outreach campaign with Chino Basin Watermaster and Chino Basin Water Conservation District
	3. Partner with the cities, local and regional agencies and the broader community on common issues to create integrated and innovative solutions	Contracts & Procurement (CAP), Pre-Treatment & Source Control (PTSC)	<ul style="list-style-type: none"> 🍃 CAP - Collaborate with MWD, the SBA and/or other member agencies with Small Business Vendor Fairs, symposiums, & business strategies workshops, that directly benefit small businesses in the Agency’s service area 🍃 PTSC - Review and update "No Drugs Down the Drain" program and conduct public outreach, continue the “No Wipes Flush” campaign

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
G. Interagency Relationships and Community Partnerships (continued)	4. Foster a coordinated approach to the review, analysis, and development of positions on all legislation and regulations that impact the Agency's programs, and collaborate in acting to implement these positions	Agency Management (AM)	<ul style="list-style-type: none">  Continue to pursue legislative support for the Agency's programs  Conduct annual program updates with federal and state legislative delegations
H. Fiscal Accountability and Regulatory Compliance	1. Maintain adequate reserves to meet financial short and long term obligations	Financial Planning (FP)	<ul style="list-style-type: none">  Refine and monitor Reserve Balance Policies to ensure a prudent level of reserves is maintained to protect against a reduction of service due to unforeseen events  Work with Board of Directors and Executive Management to update target reserves levels and report status on a quarterly basis
	2. Maintain a safe and healthy work environment for all employees consistent with federal and state laws and regulations	Agency Management (AM), Planning and Environmental Compliance (PEC), Technical Services (TS)	<ul style="list-style-type: none">  AM - Meet Title 22 water recycling requirements as established by the Department of Health and California Code Regulations  PEC - Ensure track and coordinate all agency environmental permitting (CEQA/NEPA, 401, 404 and 1600)  TS - Encourage staff participation in local water/wastewater/air regulatory and association committee meetings as measured by documented attendance
	3. Safeguard Agency assets with prudent risk management policies and strategies	Contracts and Procurement (CAP)	<ul style="list-style-type: none">  CAP - Commensurate with the number of assigned cellular and smart phones, decrease expenditures for service by at least 5%

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
H. Fiscal Accountability and Regulatory Compliance (continued)	3. Safeguard Agency assets with prudent risk management policies and strategies	Internal Audit (IA), Safety and Risk (SR)	<ul style="list-style-type: none"> IA - Develop the FY 2012/13 Audit Plan based on the Risk Assessment and present to the Audit Committee for approval and submission to the Board of Directors SR - Ensure Agency insurance programs provide proper and adequate coverage to protect both the Agency and the public SR - Enhance Agency-wide security programs through technological improvements SR - Enhance vendor insurance tracking program to ensure appropriate coverage is maintained
	4. Operate all facilities in compliance with Federal and State rules and regulations	Agency Management (AM), Laboratory (LAB), Planning and Environmental Compliance (PEC), Pre-Treatment & Source Control (PTSC)	<ul style="list-style-type: none"> AM - Ensure that all agendas are completed and all meetings are conducted according to state law and Board policy by complying with the Brown Act requirements, and other laws pertaining to special districts LAB - Continuously monitor CDPH and NPDES regulations for changes, review data daily/weekly/monthly to ensure all required analyses are performed as required PTSC - Conduct bi-annual routine, as needed on-demand inspections and sampling activities PTSC - Maintain 100% compliance with established Pre-Treatment Regulations and Permits by conducting bi-annual routine, and as needed inspections and sampling activities and processing late notices, deficiency letters and reporting violations as necessary

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
H. Fiscal Accountability and Regulatory Compliance (continued)	5. Require the highest levels of fiscal accountability for all Agency financial transactions and records	Internal Audit (IA), Fiscal Management (FM), Financial Planning (FP)	<ul style="list-style-type: none"> IA - Annually coordinate efforts between the External Auditors and Agency staff to ensure the required annual financial audits are in time for Board review and approval by December 2012 IA - Conduct audits identified in the FY 2012/13 Annual Audit Plan to insure the highest levels of fiscal accountability for financial transactions and records FM - Ensure monthly reconciliations are performed on all bank accounts FM - Complete and issue Comprehensive Annual Financial report by December 21, 2012 FP - Monitor daily cash balances to minimize bank service charges and maximize interest earnings
	6. Promote effective and ethical contract and procurement processes, procedures, and practices consistent with Agency policy and public law	Contracts and Procurement (CAP)	<ul style="list-style-type: none"> Facilitate contract kickoff meetings with key (internal/external) stakeholders. Routinely solicit stakeholder feedback to gauge satisfaction with contractor performance, identify problems requiring corrective action, etc. Perform quarterly field inspections to ensure performance standards are adhered to. Provide quality assurance reports, as required

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
I. Staff Training, Development, and Wellbeing	1. Require and maintain highest standards of ethical conduct from Directors, Executive Management, Managers and all Agency staff	Agency Management (AM)	<ul style="list-style-type: none"> Require Board of Directors, Agency Management and personnel to demonstrate the highest standards of integrity and accountability
	2. Reward employees for participation, initiative, and performance resulting in significant contribution to Agency goals	Human Resources and Support Services (HR)	<ul style="list-style-type: none"> Develop creative and cost-effective to reward and recognize outstanding and dedicated staff for their contributions by updating the Agency's various award recognition programs to reflect the Agency's cost containment strategies
	3. Encourage and maintain a highly motivated and trained staff	Agency Management (AM), Fiscal Management (FM) Human Resources and Support Services (HR), Enterprise System Services (ESS)	<ul style="list-style-type: none"> AM - Promote employee development programs such as; Southern California Local Government Leadership Academy and Supervisory Program, Teams Phase II, MindLeaders Personal Learning Plans FM - Complete the MindLeaders Program individualized training program for all departmental staff by November 30, 2012 HR - Increase the effectiveness of the supervisory skills for first time supervisors by continued participation in the Southern California Local Government Supervisory Program, in collaboration with Cal Poly Pomona and other local cities

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
I. Staff Training, Development, and Wellbeing (continued)	3. Encourage and maintain a highly motivated and trained staff	Agency Management (AM), Fiscal Management (FM) Human Resources and Support Services (HR), Enterprise System Services (ESS)	<ul style="list-style-type: none">  ESS - Develop ESS staff skills to enable greater self-sufficiency in core technology areas, with the objective of minimizing external support costs, while getting optimal value from Agency ESS staff. Leverage user groups and social networking technologies to research business challenges, solution options, and best practice opportunities with other organizations. Control external expenditures for consultant support by staying within the FY 2012/13 professional services budget
	4. Sustain a clean, safe, and healthy working environment for all Agency employees	Operations/GWR and Organics Mgmt. (OP) Planning and Environmental Compliance (PEC)	<ul style="list-style-type: none">  OP - Conduct all required safety tailgate trainings, conduct intra-departmental annual safety audits and conduct annual emergency response drills  PEC - Conduct annual environmental and safety audits for each facility  PEC - Ensure safety documents (Safety Manual, Emergency Manual and Confined Space Manual) are reviewed and updated on an annual basis
	5. Recruit, retain, and promote a diverse and qualified workforce committed to the Agency's mission	Human Resources and Support Services (HR)	<ul style="list-style-type: none">  Continue exploring NEOGOV's capabilities and functionality to streamline/accelerate data flow for applicants and hiring managers  Continue to promote creative approaches to recruitment practices (i.e., recruitment video, virtual job fairs, etc.)

Agency Wide Goal	Agency Wide Objectives	Responsible Department(s)	Program/Initiative Highlights
	6. Create and sustain a working environment that recognizes a dedicated staff and attracts qualified individuals to the Agency as an “Employer of Choice”	Human Resources and Support Services (HR)	<ul style="list-style-type: none"> Expand college recruiting and maintain partnerships with key universities to build on relationships that will identify talent early and expand internship program to create a pool of quality talent



Solar Panels

BUDGET PRIORITIES

Each year the Agency determines what issues and priorities will shape the allocation of resources within the budget. The development of the budget for Fiscal Year (FY) 2012/13 was driven by the need for sustaining water reliability through the development of local water supplies in order to minimize the need for additional imported water (“drought-proofing” the region), complying with ever-changing and more rigid regulatory requirements; mitigating the impact of an anemic economic recovery and its continuing negative impact to key revenue sources; and effectively leveraging human, capital, and fiscal resources to enhance efficiencies, succession planning, and contain costs. The budget priorities are:

- 🍃 **Expand the recycled water delivery system to promote long term water conservation efforts and reduce dependency on imported water is an adopted policy of the IEUA Board of Directors.** Included in the FY 2012/13 Budget as part of the Recycled Water Program is the construction of the final segments to the Agency’s Regional Recycled Water Distribution backbone system; the Southern and Central/Wineville Area Projects . The Agency’s recycled water program has become a leader throughout the nation in the use and cost-effective production of recycled water. At an average total cost of under \$300 per acre-feet (AF), it is one of the most cost-effective water supplies in the region.

The Agency is commitment to reducing salinity in wastewater flows to meet strict regulations and protect the quality and marketability of recycled water. Budgeted in FY 2012/13, as part of the Recycled Water (WC) fund, is \$200,000 for its rebate program to support the removal of self-regeneration water softeners in its service area. In May 2012, the Agency reached a milestone with the removal of 500 units; equivalent to removing 100 tons of salt from its municipal wastewater inflows.

The use of recycled water provides a cost effective, dependable and environmentally friendly water supply that can be used for a number of different operations. IEUA continues to encourage recycled water for use in landscaping, irrigation, business processes, and other state permitted uses. The Agency anticipates that by FY 2021/22 the recycled water program will provide 50,000 acre-feet per year (AFY), in support of the Governor’s goal to reduce water consumption by 20% by the year 2020.

Delivery of recycled water has been steadily increasing since FY 2001/02 from 4,442 AF to nearly 25,000 AF in FY 2010/11. An estimated sale of 33,000 AF is budgeted in FY 2012/13 as part of the WC fund.

- 🍃 **Expand on water conservation programs which encourage consumer behavioral changes that enhance water quality and protect water supplies.** IEUA’s water use efficiency programs are fundamental in managing region wide demand and will continue to play a vital role in stretching existing water supplies and minimizing the economic impact from reduced reliance on limited and costly imported water supplies. Among these programs are free distribution of low flush toilets, evaluation and installation of weather based irrigation controllers, free high-efficiency sprinkler nozzles, and promotions to encourage the use of California friendly landscapes.

Water use throughout the Agency’s service area has decreased approximately 37,000 AF (one acre foot is equivalent to 325,900 gallons which meet the needs of two average families for one year) since FY 2006/07. The decrease is largely attributable to effective water conservation efforts by the Agency and its member agencies.

A total of \$1.3 million is budgeted for the Agency’s Water Conservation Program in the FY 2012/13 Budget as part of the Water Resources (WW) fund.

- 🍃 **Coordinate investments in recharge basins with further improvements and monitoring capabilities** with the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino County Flood Control District (SBCFD), and IEUA. Along with recycled water efforts, the use of recharge basins increases the area's storage of water by recapturing storm water and recharging recycled water that would otherwise be dispersed to the Pacific Ocean. Optimization of recharge of imported, recycled and imported water supplies is essential to achieving the Agency's goal to "drought-proof" the region in order to meet current and future water demands throughout its service area.

The Agency is also working on the Recharge Master Plan Update, a Chino Basin Watermaster project, to evaluate the most recent groundwater production and regional supply demands to define the scope and location of future groundwater recharge projects. This court required update was initiated in late 2011 and is anticipated to be complete in early 2013.

Included in the FY 2012/13 Budget as part of the Recharge Water (RW) fund, is \$1.1 million to support the maintenance and operation of the recharge basins throughout the Chino Basin.

- 🍃 **Maintain stable revenue base sufficient to meet operating and maintenance requirements.** Moderate rate increases to support both capital and operating costs are included in future year forecasts. The IEUA Board set a historical precedent on February 1, 2012, by approving multi-year increases for fiscal years (FYs) 2012/13 through 2014/15 for two of the Agency's core programs; Regional Wastewater and Recycled Water programs. These rate increases are necessary in mitigating declining revenues due to decrease in property assessment values and economic slowdown in the region, as well as to replenish fund reserves utilized over the years and maintain them at a prudent and fiscally sound level.

- 🍃 **Continue cost containment measures to address challenging economic conditions** The Agency's commitment to cost containment and leveraging resources and technology to enhance efficiencies across the organization is a key driver in the FY 2012/13 Budget, to support the shortfall in total revenue from not having full cost of service rates. Despite effective cost savings and improved efficiencies, rising health insurance premiums, increasing pension contribution rates, and overall price increases in commodities and consumables continue to apply upward pressure toward the Agency's operating costs. The combination of cost management efforts, expense monitoring, and implementation of moderate rate increases in the future will ensure the sustainability and financial health of the Agency. A key assumption for the future is that the Agency will not be impacted by the recent dissolution of the Redevelopment Agencies in February 2012. It is assumed that approximately \$7 million in tax increment receipts previously paid directly by RDA agencies will now be passed-through to the Agency by the San Bernardino County Tax Assessor.

- 🍃 **Improve debt coverage ratio to maintain and improve AA- rating for long term financing** through rate increases, such as the multi-year rate increases adopted by IEUA Board in February 2012. The rate increases will help move the Agency closer to achieving the total debt coverage (DCR) targets of 1.50X for FY 2013/14 and 1.70X for FY 2014/15, as established by the IEUA Board, and eventually reaching 1.90X, the benchmark for comparable, medium sized wastewater agencies. Raising the DCR will not only help the Agency sustain its AA- long term credit rating, but may potentially lead to a future upgrade. An improved credit rating will better positioned the Agency to benefit from lower borrowing costs in the future when it will need to fund expansion of its existing facilities to meet increased service demand as growth resumes throughout its service area.

BUDGET PRIORITIES

- 🍃 **Implement capital projects in the adopted 10 year plan.** In response to the ongoing economic recession, the primary focus of the Ten Year Capital Improvement Plan (TYCIP) is on the refurbishment, replacement and improvement of the Agency's existing facilities. Based on current growth projections and the uncertainty of an economic recovery, the Agency's existing capacity is adequate to meet the current and future needs of the service area which is not anticipated to be build out until after 2025. The FY 2012/13 – 2021/22 TYCIP is budgeted at \$217 million, with nearly 85% budgeted in the Regional Wastewater (47%) and Recycled Water (38%) Programs.
- 🍃 **Continue strategic partnerships with regional stakeholders by joint and prudent investments in organics management. Avoid social, political, and economic costs associated with bio-solids disposal with continued improvements to the composting facility.** The Agency has been on the cutting edge of biosolids recycling through its joint partnership with County Sanitation Districts of Los Angeles County (CSDLAC) to own and operate a fully enclosed, environmentally friendly compost manufacturing facility (Inland Empire Regional Composting Facility). The use of this facility to process biosolids from each of the partner's wastewater treatment plants has significantly reduced costs by minimizing the high transportation costs to ship biosolids to disposal landfills, especially as these landfills become scarcer as a result of increasing public resistance to traditional methods of disposal, including out of state facilities.

The Agency's cost to operate the facility is recorded in the Regional Operations and Maintenance (RO) fund. In FY 2012/13, the estimated costs, comprised primarily of employment expenses, \$3.2 million which is fully reimbursable by the Inland Empire Regional Composting Authority (IERCA), and biosolids costs of \$3.5 million.





- 🍃 **Minimize to the extent practical increases in energy and chemical costs through increased efforts at self-generation and innovative approaches to chemical application.** Other than labor, the primary operational costs of the Agency are energy and chemicals. The Agency has embarked on a comprehensive Energy Maintenance Strategy to increase biogas production as well as pursue other non-polluting energy programs, such as fuel cells, wind energy and biogas production from food waste and waste fat/oil/grease (FOG). Implementation of new renewable energy sources will further diversify the Agency's energy portfolio which already includes biogas production, solar and wind energy production. This power is used by the Agency in its own operations in lieu of purchasing electricity from the grid, or Southern California Edison.

In February 2012, the IEUA Board officially adopted the *Going Gridless by 2020* Initiative which focuses on energy independence from the grid, during peak energy usage hours by the year 2020. As of July 1, 2012, the Agency's renewal energy portfolio included: 3.5MW of solar power, 1.0MW of wind power, and 2.4MW of fuel cell power. All of these renewable energy technologies were installed as part of a power purchase agreement (PPA) with no capital outlay or ongoing maintenance costs to the Agency. IEUA has also executed a public/private partnership to generate bio-gas from food waste, which in turn will generate approximately 1.5MW of electricity in the first phase of the project. The project not only produces renewable energy, but it also diverts solid waste from landfill disposal.

- 🍃 **Initiate changes in business processes and administrative functions through ERP implementation to achieve greater staff productivity and administrative cost efficiencies.** The third primary cost of operations for the Agency is labor. The Agency's desired approach to controlling labor costs is to minimize staffing increases by enabling existing staff to work more efficiently and productively. A key initiative is the reorganization of departmental units and reallocation of resources to optimize technical expertise and minimize redundancies throughout the Agency.


Leveraging technology to streamline business process is also another effective way the Agency is addressing succession planning and the impending retirement of many of its senior staff over the next several years. Automating business processes, such as procure-to-pay to take advantage of web based vendor catalogs and services, and replacement of the legacy payroll system with the time-entry payroll system are key initiatives in FY 2012/13.



 **Continue focus on asset management strategy through:**

-  **Ongoing condition assessments of aging facilities and pipeline infrastructure.** In addition to improving existing facilities, the Agency has miles of pipelines that have been in use for many years that need to be cleaned, refurbished, or replaced.
-  **Targeted capital replacements.** Included in the FY 2012/13 CIP are capital replacement and improvement projects previously deferred as part of the Agency's Cost Containment Plan formerly adopted in FY 2009/10. Reinstatement of these projects is essential to avoid a potential failure, and regulatory compliance issue. Some of these projects included in the Regional Wastewater Program are: grading and drainage improvements, headwork gate replacement, and storm water system improvements.
-  **Upgrade and modernize existing facilities to enhance efficiency; productivity; generate future cost savings; and effectively manage assets; as part of a comprehensive asset management program.** Maintaining assets in working condition that meets safety standard and serves to control repair and maintenance costs. The Agency is addressing older facilities with a phased approach over a ten year period. The Agency's oldest and largest facility, RP-1, is being targeted with equipment modernization and replacement projects. Examples of asset management related projects include Carbon Canyon Water Recycling Facility (CCWRF) Tertiary Filter media Replacement and Rehabilitation, CCWRF Secondary Clarifier Rehabilitation Phase I, completed projects of Regional Plants RP-2 and RP-5 Intrusion Prevention System Overflow, and RP-5 Recycled Water Pump Station Expansion Phase I.
-  **Development and application of Levels of Service.** Level of Service measures help to develop management strategies by measuring risk, optimizing O&M activities, aiding in the prioritizing of options and funds, and obtaining organizational coordination and commitment. The Agency has developed Levels of Service for all business lines; wastewater, recycled water and biosolids. Staff continues to develop procedural models that examine the connection between Levels of Service, Key Performance Indicators, criticality and risk assessment. These models form the basis for evaluating assets starting from a strategic Level of Service and drilling down through process structure to individual assets.

FINANCIAL POLICIES

The Agency’s practices are guided by the following budget and financial policies:

Policies	Description	Achievements
A. Operating Budget	<ol style="list-style-type: none"> 1. The Agency will budget revenues and expenditures on the basis of a fiscal year with begins on July 1 and ends the following June 30. 2. The agency’s budget is designed to provide meaningful, comprehensive, and user friendly data and information on Agency activities and programs; to that end, the Agency will produce a budget document based on national best practices as defined in the budgetary award guidelines established by nationally recognized organizations such as the GFOA 	<p>The Agency’s Fiscal Year 2011/12 budget received GFOA’s distinguished Budget Award for the seventh consecutive year; the Budget for Fiscal Year 2012/13 has been prepared based on GFOA’s Distinguished Budget Award criterion</p>
	<ol style="list-style-type: none"> 3. The Operating Budget is the short term action plan for development and execution of Agency’s strategic plan consistent with its long range vision and mission; the Agency’s Long Range Plan of Finance is updated every two to three years with corresponding adjustments to the operating budget to assure continual alignment of short term budgetary goals with long term strategic vision 	<p>In February 2012 a three-year rate adoption was successfully adopted for the Regional Wastewater and Recycled Water Program rates</p> <p>The Agency prepared the current year budget and the Ten Year Capital Improvement Plan (TYCIP) on parallel tracks, thereby ensuring consistency of the short budget goals with the overall long range financial goals</p>
	<ol style="list-style-type: none"> 4. A budget which is useful for measuring performance and providing for a strong level of transparency to regional partners and local constituencies must be timely in the reporting of resource availability and allocation; the Agency’s budget will allow for public participation prior to its adoption and will ensure timely availability of information prior to commencement of the new fiscal year 	<p>The Agency provided a heightened level of transparency and provided multiple opportunities to regional partners to provide input. Throughout the budget development process, beginning in September 2011;</p> <ul style="list-style-type: none">  Presentation, financial reports and corresponding staff reports were posted to the Agency’s website

Policies	Description	Achievements
A. Operating Budget (continued)	<p>4. A budget which is useful for measuring performance and providing for a strong level of transparency to regional partners and local constituencies must be timely in the reporting of resource availability and allocation; the Agency’s budget will allow for public participation prior to its adoption and will ensure timely availability of information prior to commencement of the new fiscal year</p>	<ul style="list-style-type: none">  Public budget workshops were facilitated by Agency staff in December 2011 and January 2012 on the proposed rate increases for the Regional Wastewater and Recycled Water Programs.  Public workshops were held to present the proposed rate increases for the Agency’s Water Resources and pass-through rate increases for the Non-Reclaimable Wastewater (NRW) Programs in May and June 2012.
	<p>5. A budget which is useful for measuring performance and providing for a strong level of transparency to regional partners and local constituencies must be timely in the reporting of resource availability and allocation; the Agency’s budget will allow for public participation prior to its adoption and will ensure timely availability of information prior to commencement of the new fiscal year</p>	<p>The budget was fully reviewed by regional partners by means of the Regional Technical and Policy Committees and a public hearing was held to afford the public the opportunity to comment on the proposed budget</p>
	<p>6. Successful budgets are developed using an iterative and inclusive process that solicits input from all levels of the organization and allows time for a deliberative and careful review of all relevant factors impacting budgetary estimates and projections; the Agency establishes an annual budget calendar complete with key milestone dates for budgetary workshops for staff and policy makers, and submittal of capital, operating, and labor estimates</p>	<p>The Budget calendar was developed and issued in November 2011 and numerous meetings were held with all departments to compile budgetary, statistical and descriptive information; multiple budget training sessions were facilitated to review the budgetary process</p>
	<p>7. A major driver of the Agency’s overall costs is the Ten Year Capital Improvement Plan (TYCIP); the Agency updates the TYCIP on an annual basis and incorporates the results into the annual fiscal budget and five year operating plan; major capital programs are carefully analyzed for operating impacts on current and future years to ensure adequacy of resources and funding</p>	<p>The TYCIP was completed in parallel with the budget. Efforts were made to re-instate several previously deferred projects, still the FY 2013-2022 TYCIP proposes a reduction of \$46 million from the prior year TYCIP. The Agency continues to shift its focus from expansion to the replacement and improvement of existing facilities</p>

FINANCIAL POLICIES

Policies	Description	Achievements
B. Balanced Budget	1. The budget should be balanced with the current revenues equal to or greater than current expenses	Balanced the annual budget with a combination of current revenues and reserves, and monitored budget throughout the year with and regular variance reporting and analysis
	2. Any fund, when operating or capital expenses exceed revenues, will utilize the respective fund reserves to meet the shortfall	Use of reserve to balance the projected \$16 million shortfall in net revenues for FY 2011/12
C. Revenue	3. The Agency's various programs are supported by a combination of user fees and taxes- both sources of revenues must be evaluated annually to ensure appropriate cost recovery and adequate delivery of services; factors to be considered in the annual evaluation and determination of rates include general economic conditions, inflation, area population growth, wastewater growth estimates based on data provided by contracting agencies as well as available independent growth measures, operating and maintenance requirements due to technological enhancements, new or expanded facilities, labor negotiations, and prevailing and expected market conditions	The Agency responded to the ongoing economic contraction and decreased revenue due to slow development in the region by deferring capital spending, continuing cost containment effort in managing operating expenses, maintaining vacancy factor at 5% or higher, reducing number of limited contract and internship staff, as well as the curtailed professional services
	4. The Agency strives for a stable and consistent revenue base without wide fluctuations from year to year; consistent rate increases based on the rate of inflation (as measured by a relevant and widely used index such as the CPI) and adjusted when necessary for other relevant factors (e.g., regulatory requirements, state mandates, strong growth in excess of inflation, labor market pressures, target reserve levels) ensures a sustainable level of service to the Agency's customers	Achieve multi-year rate increases for three of the Agency's core programs; Regional Wastewater, Recycled Water and Water Resources Programs for FY 2012/13 through FY 14/15, to support higher operating costs and required level of service

Policies	Description	Achievements
D. Debt Management	<p>1. A significant portion of the Agency's capital program has been funded with grants and pay-as-you-go funding; debt will be used when there is insufficient pay-go funding available or to transfer costs of new infrastructure to future users. Debt however long term debt will not be used for operating and maintenance costs and the Agency can use short term debt for cash operating needs if repaid within one year</p>	<p>The Agency has limited external financing to low interest State Revolving Fund (SRF) loans. SRF loans are the primary funding source of the Recycled Water Program and the RP-1 Dewatering Facility Expansion Project in the Regional Wastewater Program. The Agency anticipates two additional SRF loans for the completion of the recycled water distribution system in FY 2012/13 and a potential loan in FY 2015/16 for replacement of the Agency's laboratory facility.</p>
	<p>2. A key goal of the Agency will be to obtain the lowest cost of debt possible, to that end the Agency will maintain a debt coverage ratio to assure an investment grade rating (i.e., at least a single A by no less than two of the nationally recognized credit rating agencies) and consistent with legal or contractual requirements; refunding of outstanding debt issuances will be undertaken only if the generated savings is at least 3%, unless the refunding was initiated for purposes other than debt service savings. Additionally, costs of issuance will be limited to no more than 2%</p>	<p>The Agency has maintained its investment grade ratings with all three major rating agencies. In June 2010, Moody's gave the Agency's recent bond issue, the 2010A bonds which were a refunding of the 1994 senior debt issue, a rating of Aa2. Aside from the two SRF loans for the Regional Recycled Water Program, no other new debt issuances are anticipated in the Agency's FY 2012/13 budget</p>
	<p>3. The agency will manage its debt portfolio as part of an asset/liability matching strategy, in that context, debt term should match the useful life of the capital project funded; variable rate debt may be used as long as it is sufficiently hedged with cash reserves; interest rate swaps and other derivative products will be considered when the risks are manageable as determined by staff, the financial advisor, and the Board</p>	<p>As of the end of FY 2011/12, 17% of the Agency's debt portfolio is variable rate debt. Interest rate for variable debt averaged 0.37% compared to the average fixed rate of 4%, resulting in total cost savings of approximately \$2 million in interest expense.</p>

FINANCIAL POLICIES

Policies	Description	Achievements
E. Capital Planning and Programming	1. The Ten Year Capital Improvement Plan (TYCIP) will be reviewed and adjusted annually	The 2012/13 TYCIP was reviewed by the IEUA Board and Regional Committees, as well as the regional partners. Capital projects included in the TYCIP were based on growth factors provided by the Agency's contracting member agencies.
	2. Support the TYCIP for meeting service area's growth through various funding alternatives including revenue bonds and short term borrowings	In FY 2009/10 the Agency was the first agency in the State of California to be awarded federal stimulus funding from the American Recovery Reinvestment Act (ARRA). The Agency has received \$27.4 million of SWRCB loans for the RP-1 Dewatering Facility project and \$16 million in SRF Loans for the Regional Recycled Water Distribution System Phases 4 and 5. Additional funding for Regional Recycled Water Distribution projects includes a \$4 million SWRCB grant and a USBR Title XVI grant of \$17.2 million
E. Capital Planning and Programming (continued)	3. Future operating, maintenance and replacement costs associated with new capital improvements will be forecasted and included in future year projected costs	Operating and maintenance (O&M) impact projections are identified for capital projects with total project budgets in excess of \$2 million, (see Capital Project Highlights). These anticipated O&M costs are included in the Agency's Operating Budget FY 2012/13.
F. Long Range Planning and Forecasting	1. Long-term planning uses trends and projected changes in population growth, service levels, property assessment values, new development, and general economic conditions to forecast future revenues and expenditures between 5 to 10 fiscal years	Update of the Agency's 2012 Long Range Plan of Finance (LRPF) has been deferred until next fiscal year to align with the completion of a more robust and dynamic financial model.

Policies	Description	Achievements
G. Auditing, Accounting, and Financial Reporting	<p>1. Integrity of the Agency’s financial data is vital for the reputation and success of the Agency; stewardship of the Agency’s assets is of paramount importance to ensure confidence of stakeholders that tax collections and user fees are being wisely invested and soundly managed; the quality of accounting and financial reporting are crucial to instilling that confidence and strengthening that reputation and the Agency will use widely recognized and accepted accounting standards including GAAP and guidance issued by the Government Accounting Standards Board (GASB); practical guidance to enhance the quality of the Agency’s accounting will be sought from Publications such as the GAAFR as published by the GFOA</p>	<p>The Agency received an unqualified opinion from its external auditors that its financial statements are in conformity with generally accepted accounting principles and there was no finding of significant deficiencies or material weaknesses</p>
	<p>2. Annual audits from an independent firm in conformity with GAAP will be performed on all of the Agency’s financial records and those of entities the Agency for which the accounting and financial reporting services are provided; as part of the annual audit, a single audit in conformity with federal guidelines for all grant funded programs will be conducted</p>	<p>The single audits performed by external auditors on the Agency, Chino Basin Desalter Authority and Inland Empire Regional Financial Authority, were completed with no findings noted</p>
	<p>3. Regular reporting of financial results will be accomplished through issuance of a Comprehensive Annual Financial Report based on the guidelines as published by the California Society of Municipal Finance Officers and the Government Finance Officers Association of the United States and Canada; prior to issuance of the CAFR, the internal audit department will perform a review to ensure industry standards and reasonable accuracy of reporting has been achieved</p>	<p>The agency received the GFOA Award for Excellence in Financial Reporting for thirteenth consecutive year and the Distinguished Budget award from CSMFO for the last ten consecutive years; Internal Audit provided a quality review prior to adoption by the Board and submission to GFOA</p>

FINANCIAL POLICIES

Policies	Description	Achievements
H. Fund / Reserve Balances	<p>1. Consistent with sound and prudent fiscal practices as well as legal requirements, the Agency will maintain reserve balances within its various funds consistent with adopted policy and legal bond documents; unforeseen events, emergencies, accelerated growth, and supplemental budget requirements, are among the factors that can result in unplanned expenses; in addition to unplanned activities, the Agency has extensive investments in public infrastructure, operating plants, and other related facilities and equipment that require ongoing repair, maintenance, replacement, refurbishment, and expansion; the Agency must also be prepared for planning and implementation of new facilities as the need arises to support future development and growth in the service area</p>	<p>The Agency's aggregate fund balances projected for fiscal year end 2011/12 meet the targeted reserves level which is calculated using 50% of operating revenue plus debt service requirements</p>
I. Debt Ratio	<p>2. As required by Agency bond covenants, the Agency seeks to maintain a legally required debt coverage ratio (DCR) of at least 1.25 times debt service costs due in any given year. The Agency applies ceilings on the amount of long-term debt that can be issued as these policies are designed to maintain the Agency's credit strength</p>	<p>The DCR targets are maintained at the total aggregate program level which includes all Agency funds except the Water Resources (WW) fund. The FY 2011/12 projected debt coverage ratio is 1.26 times. The adopted multi-year rates for FY 2012/13 through FY 2014/15 are projected to help improve the Agency's DRC, to achieve 1.5x in FY 2013/14 and 1.70x in FY 2014/15, as targeted by the IEUA Board.</p>

Policies	Description	Achievements
J. Cash Management / Investment Policies	1. The Agency shall invest idle cash in a prudent manner according to established investment policy consistent with state laws and regulations, ensuring the Agency’s cash flow requirements are met while meeting the objectives of safety, liquidity, and return on investment; the Agency will strive to maximize the return on investment without sacrificing preservation of principal and daily cash requirements	<p>Investments were made pursuant to the Agency’s Investment Policy which is updated with guidelines that comply with the California Government Code and applicable California law. The Agency’s Investment Policy is presented to the Board for review and approval annually.</p> <p>In FY 2011/12 the Agency further diversified its portfolio by investing in the State of California and other local agency municipal bonds..</p>
	2. The Agency will accelerate cash collections and carefully manage disbursements to maximize cash balances; disbursements will be timely to maintain public trust and productive relations with employees, contractors, suppliers, and other government entities	<p>In FY 2011/12 100% of accounts receivable were collected within the average billing cycled of 30 days. 99% of grant reimbursement billings and subsequent receipt averaged 30 days.</p>
	3. Cash flow projections will be updated on a weekly basis accounting for all daily receipts and disbursements, and will serve as the baseline for determining cash liquidity needs and funds available for investment; cash balances of the Agency’s various funds will be pooled to maximize investment opportunities with interest earnings allocated in a rational manner consistent with generally accepted accounting principles	<p>Cash flow projections are updated on a daily basis and cash flows for the Agency and partnership agencies are maintained through collaborative efforts with various departments on sources and uses of funds forecasted.</p> <p>Identified available surplus funds are invested in compliance with the Agency’s investment policy.</p>
K. Human Resources Management	1. The Agency will determine staffing levels consistent with budgetary authority, available resources, and operating needs; the Agency will strive to achieve cost effectiveness without sacrificing employee morale and productivity	<p>In The Agency achieved an average vacancy factor of 5% (equivalent to 15 FTE positions of the 295 authorized FTEs) for the fourth consecutive year</p>

FINANCIAL POLICIES

Policies	Description	Achievements
K. Human Resources Management (continued)	2. Staffing projections and authorized levels will be based on production levels, (i.e., annual flow projections) number of facilities, and number and duration of capital projects; temporary and contract staff will be used to meet peak demands while administrative staffing will be maintained at no more than twenty percent of total Agency staff	<p>Limited term employees, who are primarily dedicated to completing engineering, construction, and special projects, have averaged approximately 14 positions in the last five years</p> <p>The Agency offers an internship program that is designed to provide college students with meaningful work experience to supplement their academic curriculum and enhance their future career development</p>
L. Human Resources Management (continued)	3. As an employer of choice, the Agency will maintain a competitive compensation package; the Agency's memorandums of understanding will be negotiated at no less than three year intervals and the Agency's salaries will also be reviewed and adjusted every three years based on market surveys	<p>In FY 2011/12, the Agency initiated pension reform which includes employee funded pension contributions and health insurance premium costs, and implementation of a second tier retirement program for employees hired after January 1, 2012.</p>
M. Risk Management	4. 1. Risk Management policies are designed to protect against losses that would affect its assets and hence, its ability to provide ongoing services	<p>Safety and Risk department analyzes all Agency insurance programs to ensure proper and adequate coverage is provided to both the Agency and the public</p>

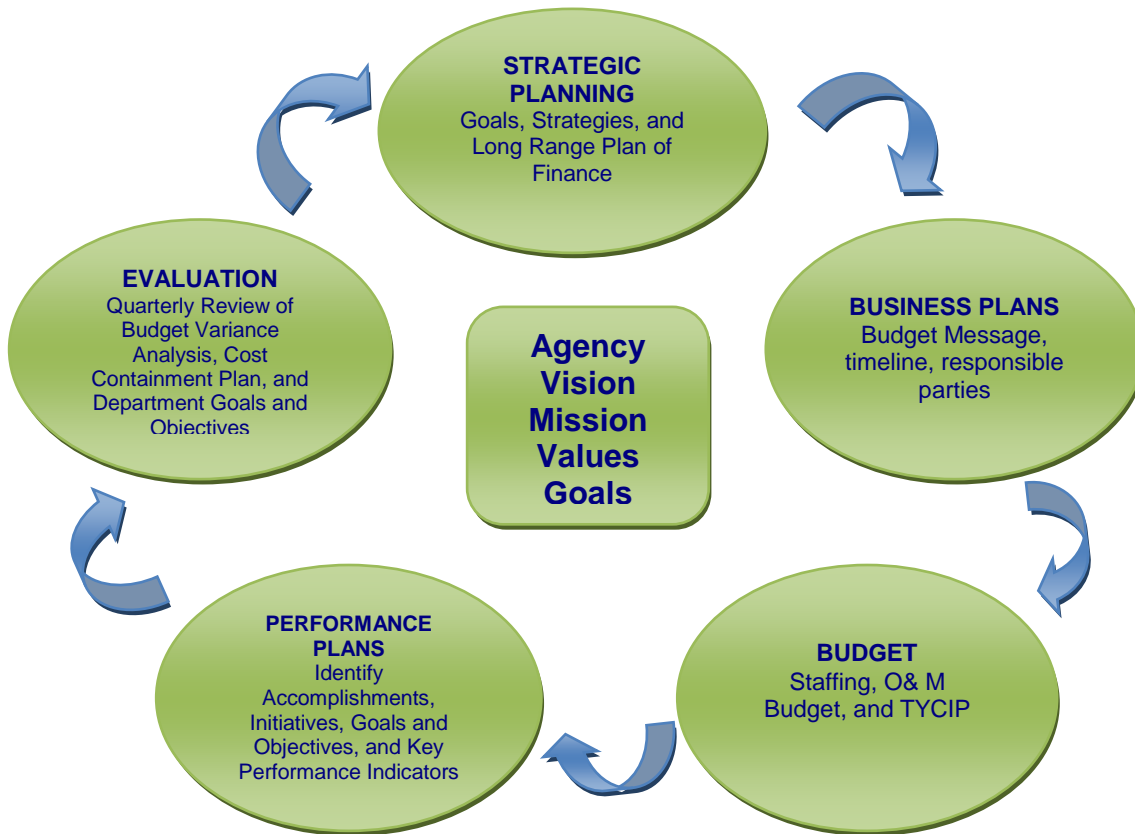


Budget Process



BUDGET PROCESS

The budget is the primary performance tool used to measure accountability of public agencies, ensuring the public trust for taxpayer dollars and service rates and fees. The budget communicates to all stakeholders (i.e., elected officials, regional agencies, and citizens) how their investment will be used by providing detailed information on specific resource allocations and expenditures. Progress is monitored on a monthly basis, and revisions are made as necessary to meet changing needs or accommodate unplanned requests. This budget document is useful as a benchmark to evaluate the Agency's accomplishments and/or challenges, as well as to assess compliance with fiscal accountability.



The Agency's annual budget is based on a fiscal year of July 1 through June 30. Preparation of the annual O&M and CIP begins in October with the issuance of the General Manager's Budget message, which communicates to all Department Managers and Supervisors the guidelines and the Agency's key objectives for the preparation of the Five Year Business Plan (operation budget), and the Ten Year Capital Improvement Plan (TYCIP, capital budget).

Strategic Planning

To determine the short-term and long-term strategic direction and to demonstrate the Agency's ability to maintain financially sound operations while delivering its capital program within the established policy and financial goals, the Agency from time to time, reviews and updates the Agency's vision, goals and objectives, Master Plans, Long Range Plan of Finance (LRPF), and TYCIP. These strategic planning tools serve to present a systemic and disciplined approach in mapping out the Agency's service area growth and needs and to determining financial requirements; such as maintaining reserve levels to meet the debt obligation, rate increases to support the cost of service and CIP for the region, and maintaining a debt coverage ratio above 1.25 times outstanding debt service in each year, so as to preserve market access and to achieve the lowest cost of borrowing.

Department Responsibilities

Each department is tasked to develop qualitative, quantitative, and justifiable departmental goals and objectives, key performance measurements, staffing plans, capital budget requests, and operation and maintenance (O&M) budget requests that are pertinent to the department's goal performances and consistent with the Agency's policy goals and objectives.

Executive Management Responsibilities

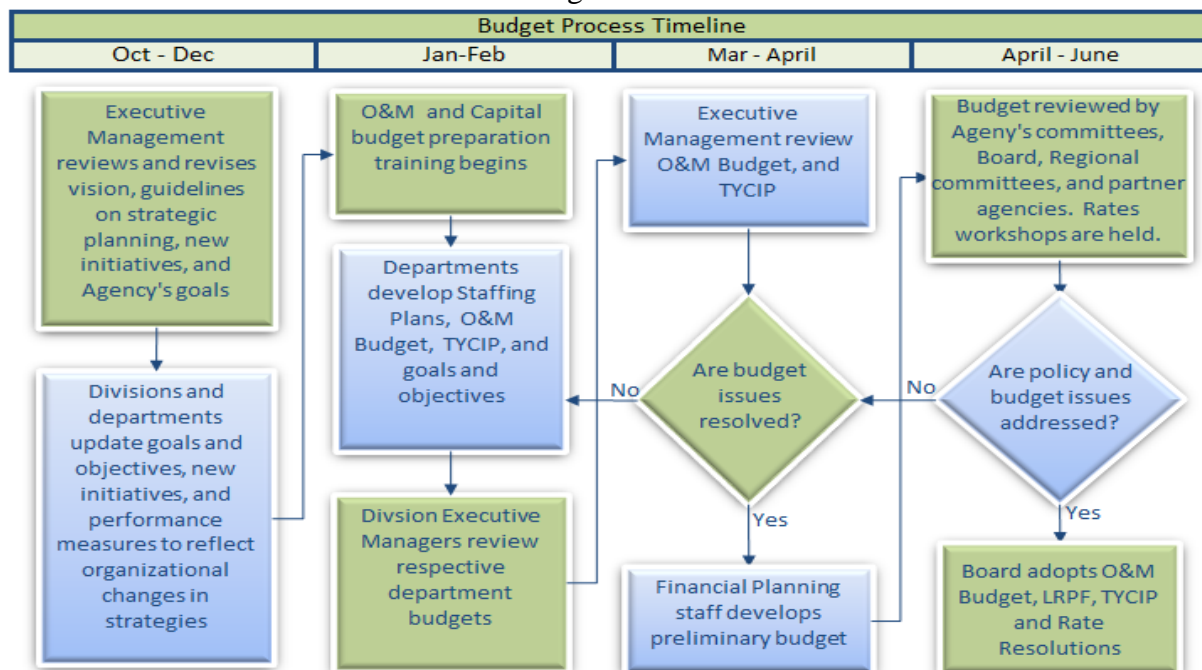
Executive Management meets with staff to review and evaluate both operation and capital budget requests over several sessions to minimize service rate impact and ensure that greater operating efficiencies are achieved and to maintain sufficient reserves for the Agency's various programs. In some cases, this means re-examining operating priorities and costs, streamlining procedures, consolidating or realigning resources, and adjusting service rates and fees. Budget workshops are held to inform the Board, the contracting agencies, and key stakeholders of the key drivers, objectives, budget assumptions, proposed rate structures, capital programs, and respective policy issues.

Subsequently, the Board's Finance, Legal and Administration Committee reviews the proposed budget and the service rates as recommended by Executive Management. In May, the Regional Wastewater and Recycled Water Program budgets and the respective service rates are presented to the Regional Committees, which comprises representatives from the Agency's contracting agencies. Upon the Regional Committees' review and recommendation, the Agency's Board of Directors approves and adopts the final budget document, rate resolutions, and the TYCIP before June 30th.

Budget Preparation Timeline

With the support from the Board of Directors, Executive Management, Department Managers and staff, the budget preparation process plays an important role in the Agency's strategic financial planning and adheres to a timeline.

Figure 3-1



Budget Preparation Training

To assist Agency staff in the budget preparation process, the Financial Planning department collaborates with key staff from other departments in conducting training sessions on operations and maintenance budget, as well as the capital budget in January and February. Open houses are also facilitated to further assist staff in the budgeting and reporting process. Reference materials, such as labor rates, staffing plan, project list, and instructions for budget preparation are posted in the Agency's intranet website. In addition, "Power Users," a group of trained staff on budget preparation, are available to assist staff throughout the budget preparation cycle. One-to-one sessions are facilitated by Financial Planning staff with department managers throughout the process to ensure key priorities and assumptions are properly accounted for in the budget.

Balanced Budget

The Agency's budget is prepared with itemized budgets for each fund within each program. The budget is balanced with the current revenues equal to or greater than current expenses using the following strategies: improve work flow efficiency; ensure effective pricing on materials and contracts; pursue aggressively Federal and State grants to support capital projects; raise service fees based on cost of services and operations. In any fund, when operating or capital expenses exceed revenues, the respective fund reserves will be used to meet the shortfall.

The FY 2012/13 Budget is balanced with projected increases in service fees, grants and state loans, as well as conservative expense forecasts that sufficiently support the capital programs and operation and maintenance costs and fund reserves. The proposed FY 2012/13 capital program of \$43.4 million will be funded by connection fees, federal and state grants and loans, and a portion of property taxes. Reserves will be used to meet the anticipated shortfall in FY 2012/13, approximately \$15 million in fund.

Budgetary Control

The Agency maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the IEUA Board. The Agency's Fiscal Control Ordinance establishes the Agency's basic principles of financial control and provides the General Manager (GM) and the Chief Financial Officer (CFO) the authorization and fiscal flexibility to realign operation and maintenance budgets as needed. The GM and the CFO are authorized to approve the transfer of appropriations for a single account category within a single fund's budget. Any increase in appropriation in any fund budget, whether accomplished through a change in anticipated revenues or through a transfer of, or increase in appropriations among funds, and any transfer of appropriation so as to increase the salary appropriation of a fund, for whatever purpose, requires the approval of the Board. Information on budget transfers is presented to the Board as part of quarterly variance reporting. The only exception is the GM contingency account controlled by the GM and per the Fiscal Ordinance is authorized to transfer budget between account categories and funds as needed to support unplanned costs.

Budget Variance Monitoring

During the fiscal year, budget-to-actual expense/capital reports are distributed to all levels of management. Department Managers are required to prepare and submit budget variance analysis to the Divisional Managers on a quarterly and specific reporting period basis, in accordance to budget variance guidelines.

In addition, the Financial Planning department facilitates quarterly sessions with the GM, the CFO, and the Department Managers to review and discuss their responsible cost centers' budget to actual variances and report on the progress and status of the cost containment strategy. Subsequently, staff presents the Agency's quarterly budget to actual variances to the Finance, Legal, and Administration Committee and the Board of Directors, along with a report on the GM contingency account for the period. The on-going budget review process is essential in monitoring current year operational and capital costs; it also acts as an early warning mechanism for Department Managers when actual spending differs in any substantial way from the original budget amount.

In the event, the overall adopted Operation and Maintenance Budget or Capital Budget appropriation needs to be amended, a presentation to the Finance, Legal and Administration Committee is required. The Board takes the Committee's recommendation into account as they consider the merits of the additional requested appropriation. A Board majority is required to change the budgeted appropriation.

Budget Basis

The Inland Empire Utilities Agency is a California Municipal Water District established in 1950 under the provisions of the Municipal Water District Act of 1911.

The Agency is operated and reports its activities as an Enterprise Fund, which is used to account for operations that are financed and operated in a manner similar to private business enterprise. Enterprise funds account for operations that provide essential services on a continuous basis, and are substantially financed by revenue derived from user charges. It is the intention of the Agency to recover the full-cost of providing goods and/or services through the collection of user charges and fees, and minimize the use of property taxes.

The budgets for all proprietary funds, which include Enterprise Funds, are prepared using the accrual basis of accounting with the exceptions listing below. Budgeted and actual revenues are recognized when earned, and expenses are recognized as they are incurred, in conformity with Generally Accepted Accounting Principles (GAAP).

- 🍃 Capital outlay is budgeted as expenditures in the year purchased.
- 🍃 Depreciation and amortization are not budgeted.
- 🍃 Interest capitalized on construction projects is budgeted as interest expense.
- 🍃 Proceeds from the issuance of debt are accounted for as funding sources.
- 🍃 Principal payments are shown as expenditures rather than reductions to liabilities.
- 🍃 Grants obtained for the construction of assets are considered to be revenues, not capital contributions.
- 🍃 Receipts of long-term receivables are considered to be revenues, not reductions of the receivable.
- 🍃 Proceeds from the sale of assets are recognized as revenues.
- 🍃 Losses from sale of assets are not included as the acquisition; losses are recognized as part of the CIP.
- 🍃 Deferred costs, such as bond financing costs premiums or discounts are fully expensed at point of issuance.



Revenues



REVENUE AND OTHER FUNDING SOURCES

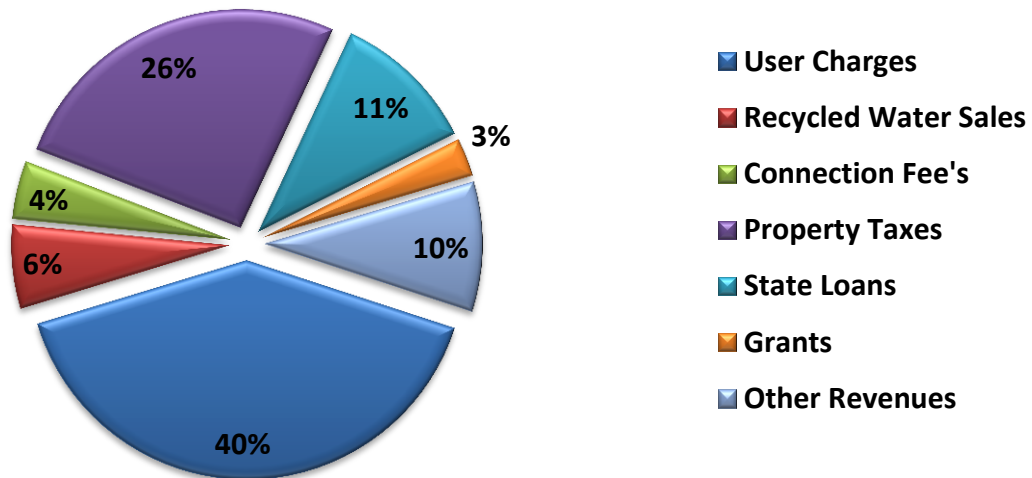
Revenue and Other Funding Sources

Total revenue and other funding sources is \$125 million for FY 2012/13 as presented in Table 4-1 and Figure 4-1 below.

Table 4-1: Sources of Revenue

Revenue	FY 2012/13 (\$Millions)	% of Total	Description
User Charges	\$50.4	40%	Includes Regional Wastewater Program EDU service charges, NRW program volumetric, capacity and other user charges, surcharges for imported water deliveries and monthly meter fees
State and Other Loans	13.3	11%	Proceeds from State Revolving Fund (SRF) loans for the Recycled Water program
Property Tax	32.6	26%	Share of the San Bernardino County-wide secured property tax levy and tax increment "pass through"
Grants	3.5	3%	Various federal, state and local grants primarily in support of the Agency's Recycled Water Distribution System construction
Recycled Water Sales	7.8	6%	Recycled water sales and MWD Local Project Program (LPP) rebate
Connection Fees	5.4	4%	New EDU connection fees to the Regional Wastewater sewer system
Other Revenues	12.0	10%	Comprised of various reimbursements for operational and capital expenses, program rebates, and interest earnings
Total Revenue & Other Funding Sources	\$125.0	100%	

Figure 4-1: FY 2012/13 Total Revenue & Other Funding Sources
\$125M



Service Charges

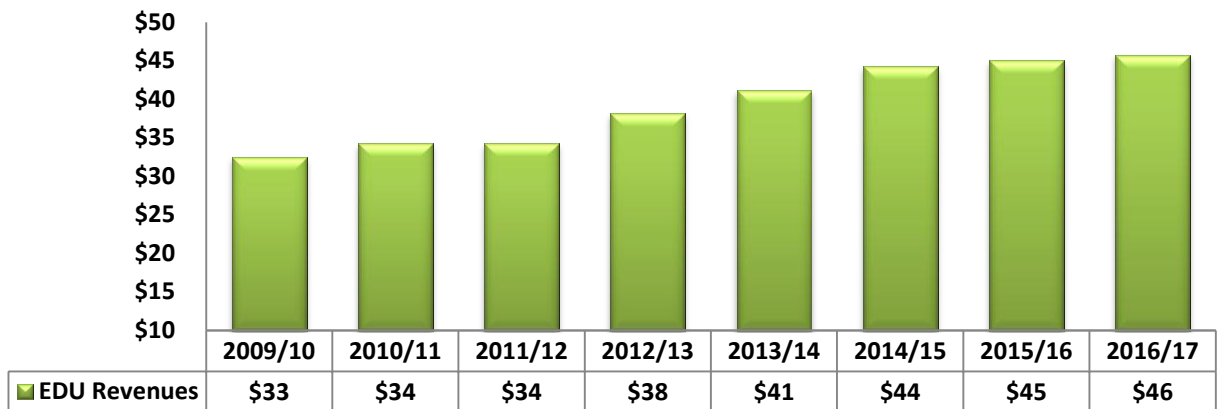
Service charges are comprised of two primary user fees; Equivalent Dwelling Units (EDU) volumetric fees paid by users discharging to the Agency's regional wastewater system and NRW fees paid by industrial and commercial users connected to the Agency's brine line system.

EDU Service Charges

The regional wastewater system growth and available wastewater capacity is reported in Equivalent Dwelling Units or EDU's. EDU's are based on the measurement of wastewater flow equivalent in quantity and strength to the daily flow of an average single-family residential household. Each EDU equals approximately 98,550 gallons per year for a single residential household, or 270 gallons per day. EDU service charges help to fund the operations and maintenance of the Regional Wastewater Program and are recorded in the Regional Wastewater Operations & Maintenance (RO) Fund.

Total EDU service charges for FY 2012/13 are estimated to be \$38.1 million, as shown in Figure 4-2. Future year forecasts include rate increases in FY 2013/14 and FY 2014/15.

Figure 4-2: Total EDU Service Charge Revenues (\$Millions)



The Agency's FY 2011/12 EDU volumetric rate is \$11.14 per EDU. On February 1, 2012, the Agency's Board of Directors approved the adoption of a three-year rate increase for the Regional Wastewater Program for Fiscal Years 2012/13 through 2014/15 as indicated in the Table 4-2.

Table 4-2: EDU Volumetric Rate

FY 2011/12 Rate	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
\$11.14	\$12.39	\$13.39	\$14.39

A conservative growth rate of zero in the number of billable EDUs is projected for the next two years followed by a moderate increase of .10% to .25% factor starting in FY 2014/15. The current and projected EDU volumetric flow growth rates are shown on the Table 4-3.

Table 4-3: Estimated Growth Rate in the Number of Billable EDUs

FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
.00%	.00%	.10%	.25%	.25%

IEUA's service area overall water use has decreased approximately 37,000 acre-feet (15%) since FY 2006/07. The Agency's wastewater flows have been trending downward due to the effects of the economic recession with the high number of foreclosures and effective water conservation efforts which have reduced water consumption. This downward trend in wastewater flows is consistent with the reported flow reduction of 5% to 10% in Orange County Sanitation District, the Los Angeles County Sanitation Districts and the City of San Bernardino.

Even though wastewater flows within the Agency's service area have been decreasing in the last four years, the amount of organic matter and suspended solid materials in the wastewater that must be treated has not declined.

NRW User Charges

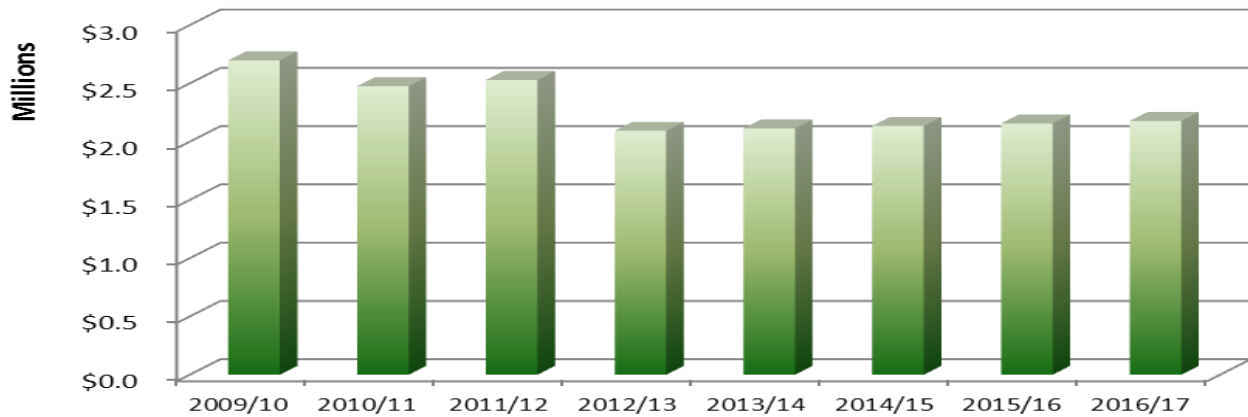
Revenues for the Non-Reclaimable Wastewater (NRW) system consist of cost recovery and user fees in the form of capital and administrative charges. Capacity fees are also levied for the right to discharge into the Agency's NRW system. External charges from the County Sanitation District of Los Angeles County (CSDLAC) and Santa Ana Watershed Project Authority (SAWPA) for disposal and treatment of industrial discharges are fully recovered from industries using the Agency's NRW system. The Agency also adds a capital fee to support capital replacement costs and an administrative charge of 50% (reduced to 10 % for industries purchasing recycled water). The administrative charge is collected in addition to the pass through rates to support the Agency's operating and administrative expenses.

The monthly Capacity Improvement Program (CIP) fee in FY 2012/13 will remain at \$90 per unit to support debt service costs for the NRW's share of the 2008A Bonds issued in February 2008.

The total revenue of \$8.8 million in FY 2012/13 results in a net increase of \$2.1 million compared to FY 2011/12 projected revenue of \$6.7 million. The increase is primarily due to higher user, volumetric and capacity charges projected for FY 2012/13, which also result in higher administrative service charges of approximately \$520,000. Trend of revenues from NRW volumetric charges between FY 2009/10 actual and FY 2016/17 forecast is show in Figure 4-3.

Figure 4-3

Trend of NRW Volumetric Charges



State Loans

Proceeds from state loans are projected to be \$20.3 million in FY 2012/13 or 16% of the Agency’s total revenue. The Clean Water Act (CWA) of 1987 authorized the use of federal money to create a State Revolving Fund (SRF) loan program that is administered by State Water Resources Control Board (SWRCB). The SRF Loan Program provides low interest loans and other types of assistance for the construction of publicly owned wastewater treatment works and water reclamation facilities necessary to prevent water pollution, encourage use of recycled water, correct non-point source and storm drainage pollution problems and provide for estuary enhancement.

The terms of SRF loans consist of a 20 year repayment period with interest rates ranging between 0% and 2.7% per annum, and payments beginning one year after the completion of construction. More details on the financing terms and debt service are provided in the Debt Management section.

The American Recovery and Reinvestment Act of 2009 (ARRA) signed into law by President Obama on February 17, 2009, provided SWRCB with \$280 million in federal stimulus funding. The Agency submitted applications for various projects and received \$18 million in funding for the Recycled Water Distribution System Phases 4 and 5 and \$27.4 million for the Regional RP-1 Dewatering Facility Expansion Project.

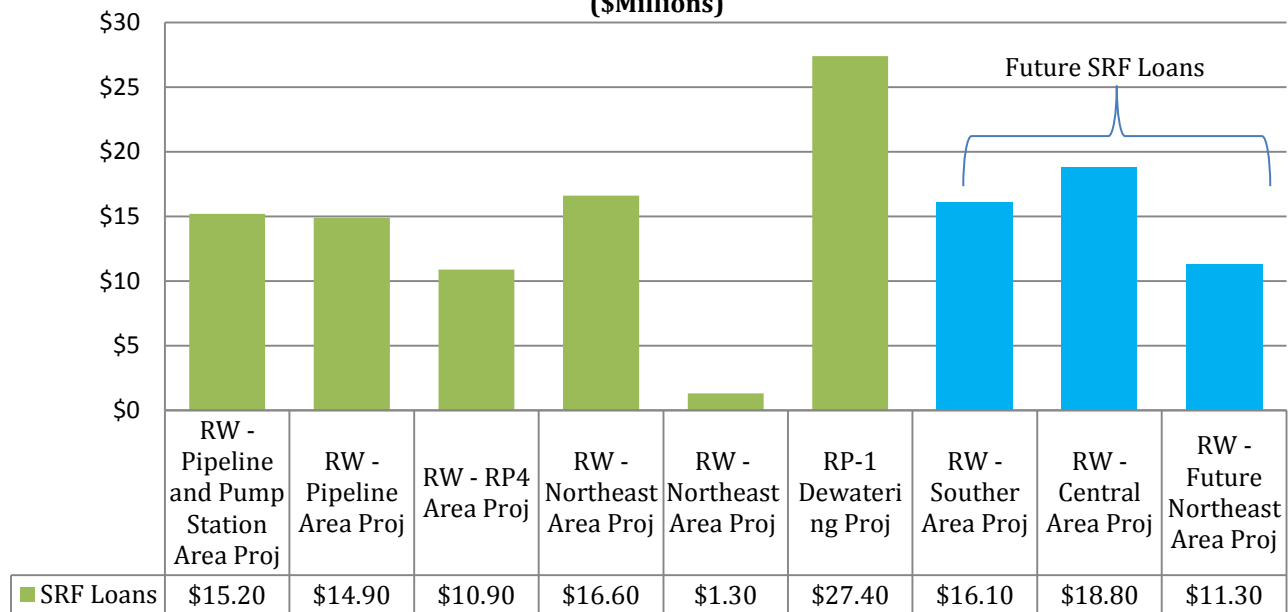
In June 2009, the Agency received approximately \$46 million from stimulus funding for the Recycled Water Distribution System and for the Regional RP-1 Dewatering Facility Expansion. IEUA was the first local government agency to receive appropriation of stimulus funds awarded by the State of California. SRF loans issued under the stimulus plan have special financing terms; 1) Recycled Water Loans – 0% interest rate, 20 year term, and are also eligible for grant proceeds, and 2) Regional Wastewater Loans – 0% - 1% interest rate, 20 year term, but are not eligible for grant proceeds.

A total of \$20.3 million of SRF loan proceeds are projected for FY 2012/13. These loans provide funding for the design and construction of the Agency’s Regional Recycled Water System and the RP-1 Dewatering Facility Expansion budgeted in the RC Fund.

IEUA currently has several outstanding SRF loans with interest rates ranging from 0% to 2.5% for phases 1 through 6 of the recycled water distribution system and the RP-1 Dewatering Facility Expansion projects.

Figure 4-4 lists the SRF loans currently outstanding; a total of \$69.7 million for existing loans (green) and approximately \$46.2 million (blue) for future loans.

Figure 4-4
Agency SRF Loans
(\$Millions)



The Agency anticipates additional SRF loans for the second phase construction of the Recycled Water distribution system for the Northeast and Southern area projects projected for initial construction in FY 2014/15. It should be noted however, that there is no guarantee that the Agency will receive an SRF loan in any given year considering the finite amount of money available in the program and that loans are distributed on a first come-first serve basis.

Property Tax Receipts

The Agency receives a 1% allocated share of the San Bernardino County-wide secured property tax levy pursuant to the California Revenue and Taxation Code. Payments from the County are regulated by the “Teeter Plan” which allows taxing agencies to collect 100% of assessed taxes each year in lieu of receiving only those taxes collected by the County.

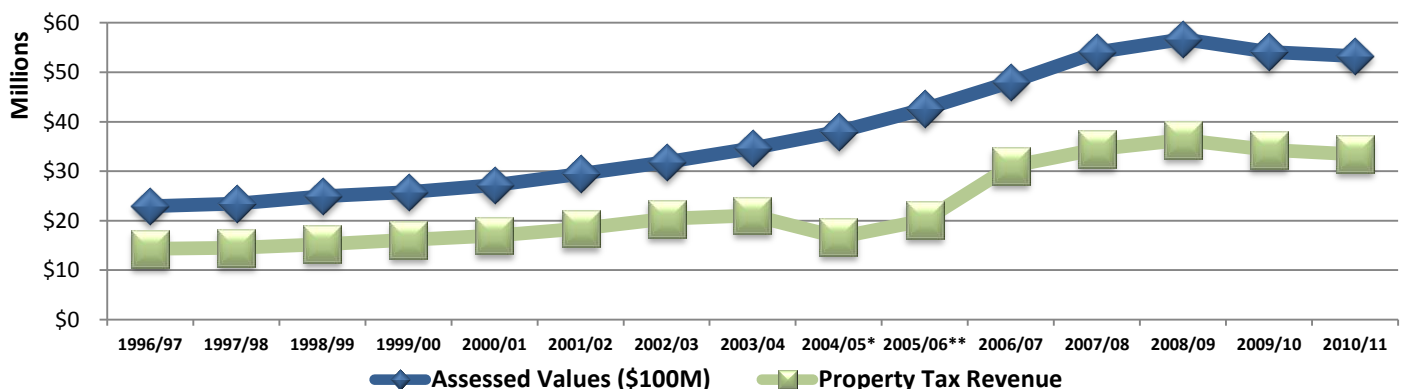
It is the Agency’s policy to use 100% of property tax receipts to support debt service and capital costs. However, property taxes have been and continue to be used to supplement operating costs not covered by rates and fees. The agencies ultimate goal is have full cost of service rates and minimize reliance on property taxes to fund operating and capital repair and replacement costs. Figure 4-5 shows the historical trend of property tax receipts and assessment values.

The Agency’s apportionment of property tax proceeds from the County of San Bernardino includes:

- General - 1% of general property taxes applied to assessed property values within the Agency's service area and paid directly by the County Tax Assessor.
- "Pass Through" Taxes – 1% of tax increment applied to the redevelopment areas covered under pass through agreement established prior to passage of SB1290 (1994) between the agency and the former Redevelopment Agencies (RDA).
- IDC - 1% from Improvement District "C" ("IDC"). The formation of the "IDC" by the Agency, (under the provisions of Part 8, [commencing with section 72000] of Division 20 of the Water Code), was solely for the purposes of acquiring enhancing and expanding wastewater treatment facilities in the Agency's service area and is allocated 100% to the Regional Wastewater Capital Improvement (RC) Fund.

On December 29, 2011, a California Supreme Court decision on ABx1 26 affirmed the State Legislature's and Governor Brown's authority to effectively eliminated Redevelopment Agencies (RDAs) in California. As a result of the ABx1 26, the Agency expects to maintain its share of RDA incremental taxes going forward. The only change being a direct payment from the San Bernardino County Auditor Controller Property Tax Trust Fund, instead of each successor agency. RDA tax receipts account for approximately \$7 million or 25% of the Agency's average total property tax revenues of \$32 million, and are utilized in the same manner as general ad valorem property taxes.

Figure 4-5: Comparative of Property Tax Receipts and Property Assessment Value



1) Property tax shift by State of California for the Education Revenue Augmentation Fund (ERAF) in FY 1993
 2) Prop 1A, property tax shift in FY 2005 & 2006 (\$7M per fiscal year)

The Inland Empire, one of the regions hardest hit by national recession, has entered a recovery mode; notable from the 2,800 jobs added in 2011. However, the recovery is extremely weak at best as it is plagued by; unemployment that continues average 12%, a high number of foreclosures and underwater mortgages, declining assessment values, and weakened tax receipts. As a result, the region is experiencing high rates of mortgage default and foreclosures, which further exerts downward pressure on home values and new development.

A percentage decline of 5.5% and 2.65% in property tax receipts was noted in FY 2009/10 and FY 2010/11, respectively. Property tax receipts are projected to be 1% lower at \$32.6 million in FY 2012/13 relative to revenues of FY 2011/12 and an additional 1% decline is also projected in FY 2013/14. This is

consistent with the 1% decline in property assessment values projected by San Bernardino’s County as reported in The Press Enterprise in February 2012.

Table 4-4 - Property Tax Growth Rate Forecasts

FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16
-5.5%	-2.65%	-1%	-1%	-1%	0%	0.50%

Beginning in FY 2009/10 and continuing through FY 2013/14, the Recycled Water Program was allocated a portion of property tax receipts from the RO fund to support debt service costs. A key change in FY 2011/12 is a reduction in this temporary allocation to the Recycled Water Program from 8% to 5%. The 5% allocation will be returned to the RO fund, restoring its allocation back to 27% beginning in FY 2014/15.

- 65% - Regional Wastewater Capital Improvement (RC) Fund to support annual debt service payments and the acquisition, construction and improvement of wastewater facilities in accordance with the Regional Sewage Service Con
- 22% - Regional Wastewater Operations & Maintenance (RO) Fund to support capital replacement of wastewater facilities and supplement operating costs not covered by user charges
- 8% - Administrative Services (GG) Fund to support the acquisition of common Agency assets such as fleet vehicles, and computer and hardware purchases and administrative costs
- 5% - Recycled Water (WC) Fund to support annual debt service and administration for the acquisition, construction and improvement of Recycled Water Distribution System

While property taxes are an important source of revenue, they are also the most uncertain due to the potential risk for the State to take legislative action to transfer these funds as a way to balance the state budget.

In June 2012, as the State of California legislators struggled to close a budget deficit of nearly \$16 billion, a trailer bill was introduced to cancel pass-through agreements between special districts and the dissolved RDA agencies. After intense challenge by the special districts and the Governor’s opposition to the legislative action, the State was forced to find new funding sources to save the \$250 million previously earmarked as pass-through. It is this kind of mounting pressure that makes property taxes such uncertain funding source to the Agency, making it imperative reliance on property taxes be minimized.

Grant Revenues

The FY 2012/13 grant revenues are projected to be \$3.5 million, or 4% of the Agency's total revenue. Grant revenue projections are based a reimbursement basis of the total expenditures for eligible capital projects and programs. Table 4-5 shows a list of active grants.

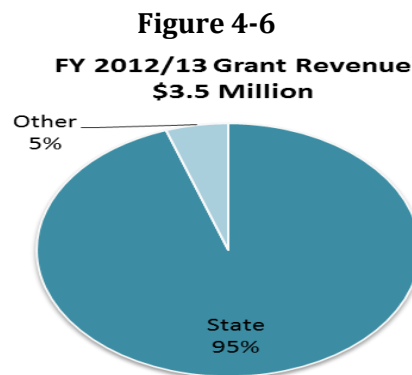
Table 4-5: Active Grants

State Grants	Fund	Program	Purpose	FY 2012/13 Budget
State Water Resources Control Board (SWRCB)	Recycled Water	Recycled Water Distribution Systems	Construction of recycled water pump stations and pipelines to provide recycled water to the Agency's service area	\$3,333,000
Department of Water Resources (DWR)	Water Resources	Multi-Family Direct Install Rebate Program	Partial reimbursement of the installation of Ultra Low Flush and High Efficiency Toilets throughout the IEUA service area	147,339
CA Dept. of Parks and Recreation (DPR)	Regional Operations	Earth Day \$5,200 Habitat \$44,050	This project is set up to provide a community earth day event and Water Discovery Field Trip at the Agency's Chino Creek Wetland and Educational Park	49,250
Total Grant Funding				\$3,529,589

As a municipal water district, the Agency is eligible for funds from various federal, state and local grantors such as:

- 🌿 United States Bureau of Reclamation (USBR)
- 🌿 Federal Emergency Management Agency (FEMA) and California Emergency Management Agency (CalEMA)
- 🌿 California Department of Water Resources (DWR),
- 🌿 California Department of Parks and Recreation (DPR)
- 🌿 State Water Resources Control Board (SWRCB)
- 🌿 Metropolitan Water District (MWD)

Figure 4-6 below shows that 95% of grant funds are from state grantors with 5% being funded by other sources.



The Agency has been actively participating in grant programs since FY 2000/01. Grants have become an important source of funding for the Agency. The Agency continues to pursue grants and low interest state loans to fund essential projects. Current active grants include:

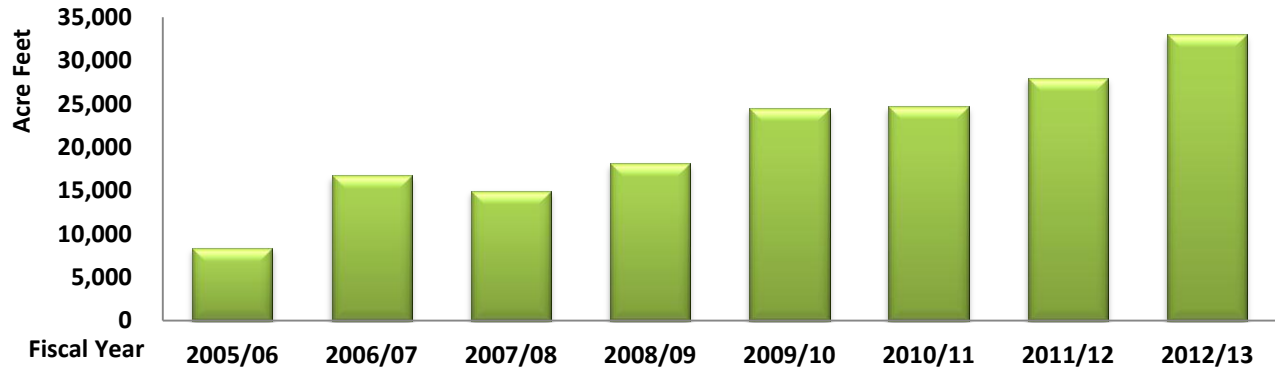
- 🍃 US Bureau of Reclamation (USBR) - In 2008, the Agency was awarded a \$20 million federal Cooperative Agreement for the Recycled Water Program. Since then time total funds received through FY 2011/12 are approximately \$17.7 million. USBR has also awarded the Agency \$0.4 million for the Turner Basin Project of which \$45,420 has been received by FY 2011/12.
- 🍃 Department of Water Resources (DWR) - Residential and multifamily toilet installation grant for \$1.6 million, with approximately \$ 1.5 million received through FY 2011/12, and DWR also awarded the Landscape Audit and Training grant IEUA for \$0.2 million which was received in FY2011/12.
- 🍃 FEMA and Cal EMA – In April 2011, the Agency entered into a Public Assistance Agreement for the 2010 Statewide Storm Event. The total cost to repair the damaged basins and construction sites is estimated at \$636,400. Approximately \$584,000 was received through FY 2011/12.
- 🍃 Department of Parks and Recreation (DPR) - has awarded the Agency \$208,000 for the Water Discovery Field Trip and Bus Transportation grant program and \$38,500 under the California Wildlife Protection Act for Earth Day and habitat protection at the Chino Creek Wetlands and Educational Park. Approximately \$48,439 has been received through FY2011/12.
- 🍃 State Water Resources Control Board (SWRCB) – The Agency was awarded \$8 million in grants for the Recycled Water Program. Approximately \$4.5 million was received through FY 2011/12; and \$2.1 million for the Chino Creek Integrated Plan & Cleanup Project of which \$2 million was received through FY 2011/12. The SWRCB has also awarded \$375,000 for the Greater Prado Cleanup Project, of which \$285,300 was received as of FY2011/12. In addition, the SWRCB awarded \$954,320 for the Magnolia Channel Project, all of which was received in FY2011/12.

Recycled Water Sales

Recycled water is a more cost effective and more reliable local water supply than imported water. Recycled water is a key element in the Agency goal to “drought proof” the region. Along with water use efficiency, storm water capturing and groundwater recharge are the major sources for meeting the Agency’s future and growing water needs (Urban Water Management Plan [UWMP], 2005). The Agency’s recycled water program is anticipated to provide 20% of IEUA’s water requirement by 2025. Agency staff has developed and are executing the Recycled Water Business Plan (RWBP) to increase the use of recycled water by encouraging residential use cooperatively with local builders and/or developers.

With the aggressive implementation of the RWBP, the Agency’s recycled water usage has grown. In FY 2012/13 recycled water direct sales are budgeted at 19,000 AF (acre feet) and groundwater recharges sales are budgeted at 14,000 AFY for a total of 33,000 AF, an increase of 18% compared to FY 2011/12 projections of 28,000 AF. Figure 4-7 shows the historical, budgeted, and forecasted recycled water deliveries by AF.

Figure 4-7: Total Recycled Water AF Deliveries by Fiscal Year



In February 2012, the Regional Sewage Policy Committee and the Agency’s Board approved a three year rate increase effective July 1, 2012, for both direct recycled water sales and recharged recycled water deliveries. Table 4-6 below shows the rates effective in FY 2011/12 and the Board adopted rates for FY 2012/13 through FY 2014/15.

Table 4-6: Recycled Water Rates

Program	Rate	FY 2011/12 Rates	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
Recycled Water	Direct Delivery Rate Per AF	\$115	\$155	\$215	\$290
	Groundwater Recharge Per AF	\$145	\$195	\$255	\$335

Total recycled water sales are estimated to be \$5.7 million in FY 2012/13. The MWD LPP (Local Project Program) rebate is also budgeted at \$2.1 million. The MWD LPP rebate is based on the recycled water sold in excess of 3,500 AFY up to 17,000 AF at a rate of \$154/AF, a maximum of approximately \$2.1 million per year. The LPP program is scheduled to expire in June 2017.

Regional Wastewater System Connection Fees

The Agency levies a fee on all new developments that connect to its regional sewer system. One EDU is equivalent to one new connection unit. Fees are collected by each of the Agency’s contracting cities or agencies and are held in trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or “called”, by the Agency. Capital calls, or connection fee payments of CCRA funds, are based on identified and projected costs for capital acquisition, construction, and improvement of regional facilities reported to the contracting agencies on a quarterly basis in accordance with the Regional Sewage Service Contract, (Regional Contract). Capital calls are calculated based on the percentage of each contracting agency’s CCRA account balance relative to the aggregate amount.

On February 1, 2012, the Agency’s Board of Directors approved the adoption of a three year rate increase for the Regional Wastewater Program for Fiscal Years 2012/13 through 2014/15 as indicated in Table 4-7.

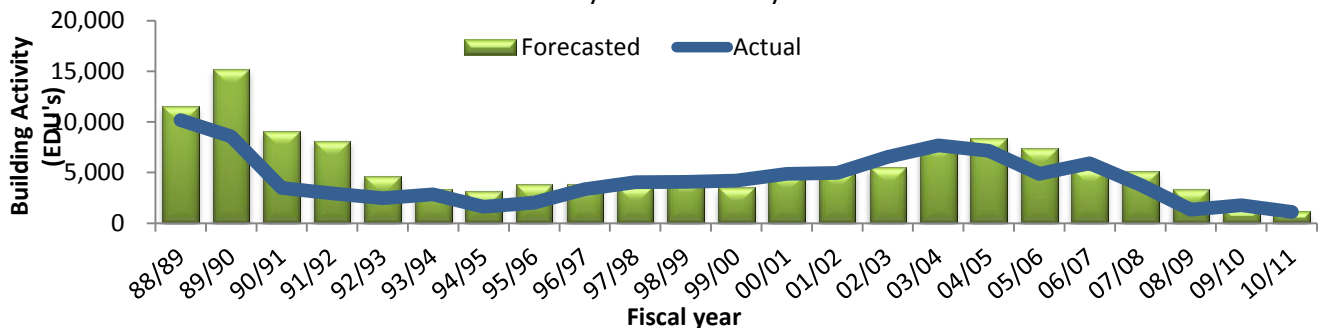
Table 4-7: Regional New EDU Connection Fees

Program	Rate	FY 2011/12 Rate	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
Regional Wastewater Capital	New Per EDU Connection Fee	\$4,766	\$4,909	\$5,007	\$5,107

The FY 2012/13 connection fee revenues are projected to be approximately \$5.4 million, or 1,100 EDUs at an adopted fee of \$4,909/EDU. Based on the number of new connections reported by member agencies through February 2012, only 1,424 EDUs are projected through the end of the current FY 2011/12. This is slightly higher than the actual for FY 2010/11 at 1,116 EDU but comparable to the Agency’s FY 2011/12 budget projected at 1,100 EDU.

Forecasting growth within IEUA’s service area has not been easy in the last few years. With the significant drop in housing prices, limited credit availability and the softening real estate market, accurate forecasting has become a difficult task in Southern California. However, as shown on Figure 4-8, FY 2010/11 forecasts were quite close to actual building activity, compared to prior years where forecasts and actual activity were significantly different. This underscores the conservative planning strategy that the region has been forced to take. In the near future, the region will continue to be challenged with changing economic conditions and the local market response.

**Figure 4-8: Historical and Forecasted New EDU Connections
FY 1988/89 to FY 2010/11**



Although projections from the member agencies have historically been considerably more optimistic, the Agency took a conservative approach to forecast the number of new connections for FY 2012/13 at 1,100 EDU and a minimal growth of 100-200 EDUs for ensuing years. Historical data supports the Agency’s more conservative approach. Table 4-8 contains a comparison of member agencies and IEUA EDU forecasts between FY 2012/13 and FY 2016/17. Member agencies forecasts are more than double IEUA’s forecasts.

Table 4-8: Number of New EDU Connection Forecasts

	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
IEUA Forecasts	1,100	1,200	1,300	1,400	1,600
Member Agency Forecasts	2,329	3,400	5,237	3,601	3,455

Other Revenues

In FY 2012/13 other revenues are projected to be \$9.6 million, approximately 8% of the Agency's total revenue, comprised mainly of reimbursements for various contract services and for other services provided. Table 4-9 shows other sources of revenue for the Regional Wastewater program.

Table 4-9: Other Revenue by Funding Source

Other Revenue	%	Fund	Description	FY 2012/13 Budget (\$Millions)
Contract Cost Reimbursement	74%	Regional O&M	<ul style="list-style-type: none"> Reimbursement from Inland Empire Regional Composting Authority (IERCA) 	\$3.3
		Recharge Water	<ul style="list-style-type: none"> Reimbursement from Chino Basin Watermaster (CBWM) for recharge basin operations 	1.6
		Administrative Services	<ul style="list-style-type: none"> Reimbursement from Chino Basin Desalter Authority (CDA) for operation of the Chino Desalters I and II 	1.3
		Recycled Water	<ul style="list-style-type: none"> Public and Private retrofit/lateral reimbursement 	.4
		Water Fund	<ul style="list-style-type: none"> Reimbursement for Water and Conservation projects 	.5
Subtotal Contract Cost Reimbursement				\$7.1
Interest Revenue	10%	All Programs	Revenue earned on the average fund balance, assuming an interest rate of .75%	\$1.0
Sale of Asset		Regional Capital	Installment for the sale of Composting land	\$2.3
Miscellaneous Other Revenue	16%	Non-Reclaimable Wastewater	<ul style="list-style-type: none"> Capacity lease revenues 	.7
		Recycled Water	<ul style="list-style-type: none"> Prior year revenue receipts 	.5
		Regional Wastewater Program	<ul style="list-style-type: none"> Lease revenues and environmental benefit credits 	.3
		Administrative Services	<ul style="list-style-type: none"> Other miscellaneous service charges 	.01
Subtotal Miscellaneous Other Revenue				\$1.5
Total Other Revenue	100%			\$12.0

Inter-fund Loans

There are no new inter-fund loans or repayments of existing loans budgeted in FY 2012/13. The inter-fund loan repayment from Recycled Water fund to the Non-Reclaimable Wastewater fund is projected to start in FY 2015/16. Inter fund loan receipts will be offset by the corresponding payments for the same amount reported as part of debt service costs. Table 4-10 summarizes the future repayment schedule for the existing inter-fund loans.

Table 4-10: Future Repayment Schedule of Inter-fund Loans

Inter Fund Loan Issued	From	To	Loan Amount	Proposed Repayment Amount FY 2012/13	Repayment Schedule (\$Millions)
FY 2007/08	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$9M	\$0	2015/16 \$1.5M 2016/17 \$1.5M 2017/18 \$1.5M 2018/19 \$1.5M 2019/20 \$1.5M 2020/21 \$1.5M Total \$9M
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled Water	\$3M	\$0	2017/18 \$2M 2018/19 \$1M Total \$3M
FY 2009/10	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$6M	\$0	2016/17 \$0.5M 2017/18 \$2.0M 2018/19 \$1.5M 2019/20 \$1.5M 2020/21 \$.5M Total \$6M
		Grand Total	\$18M	\$0	\$18M

Changes in Total Revenue & Other Funding Sources

The FY 2012/13 total revenue and other funding sources of \$125 million are forecasted to increase by \$12.3 million over the FY 2011/12 projected actual of \$112.7 million. Table 4-11 shows revenues by funding source including percent change relative to FY 2011/12.

Table 4-11

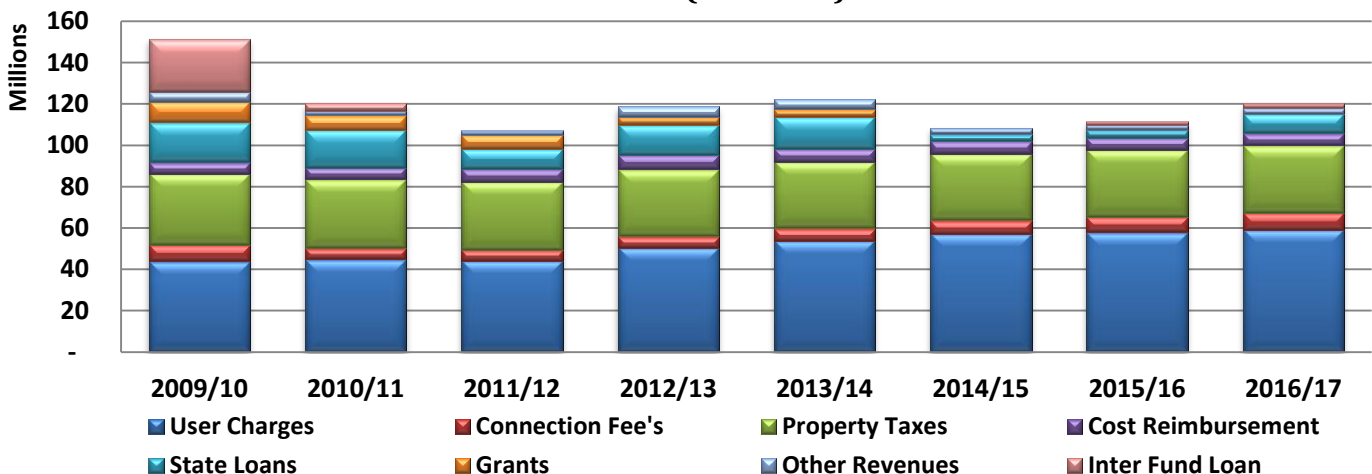
FY 2012/13 Budget - Revenues & Other Funding Sources Change, net Inter-Fund Loan Repayments (\$Thousands)

	Admin. Services Program	Wastewater Program	Non-				Water Resources Program	Total 2012/13	FY 2011/12	Projected Actual FY 2011/12	Increase/ (Decrease) from Prior Year	% Change
			Reclaimable Wastewater Program	Recharge Water Program	Recycled Water Program							
User Charges	\$0	\$38,292	\$7,849	\$0	\$0	\$4,282	\$50,423	\$44,323	6,100	13.76%		
Property Tax	2,608	28,368	0	0	1,630	0	32,606	32,936	(330)	-1.00%		
Cost Reimbursement (JPA)	1,349	3,226	0	854	0	0	5,429	4,319	1,110	25.70%		
Regional System Connection Fees	0	5,400	0	0	0	0	5,400	5,243	157	2.99%		
Grants	0	49	0	0	3,333	147	3,529	6,628	(3,099)	-46.76%		
State and Other Loans	0	0	0	0	13,332	0	13,332	9,926	3,406	34.31%		
Water Sales	0	0	0	0	7,754	0	7,754	5,599	2,155	38.49%		
Other Revenues:	102	3,322	916	742	1,003	475	6,560	3,773	2,787	73.87%		
Interest Revenue	100	523	225	18	95	7	968	831	137	16.49%		
Sale of Assets/Capacity Fees	0	2,339	0	0	0	0	2,339	237	2,102	886.92%		
Contract Cost Reimbursement	2	460	691	0	550	468	2,171	1,985	186	9.37%		
Misc. Revenue	0	0	0	724	358	0	1,082	720	362	50.28%		
Total	\$4,059	\$78,657	\$8,765	\$1,596	\$27,052	\$4,904	\$125,033	\$112,747	\$12,286	10.90%		

The projected increase of \$6.6 million in other funding sources includes increases of State SRF loan receipts, sale of assets, and other miscellaneous revenues. Increases in operating revenues can be attributed to increased user charges and contract cost reimbursement for labor and other O&M costs.

The increase in user charges of nearly 14% is primarily a result of adopted annual rate increases. The Agency is working towards maintaining a rate structure where revenues generated by a specific program are sufficient to meet that program's capital and operating costs. This provides the basis for specific program rate increases, reduces the need for fund transfers between programs, and minimizes reliance on property taxes. Figure 4-9 the actual revenues by source for FY 2009-10 through FY 2011/12 and projected total revenues for FY 2012/13 through FY 2016/17.

Figure 4-9: Total Revenue & Other Funding Sources by Type (\$Millions)



Other Revenue include: Sale of Assets and Capacity, interest revenue, and miscellaneous reimbursements.

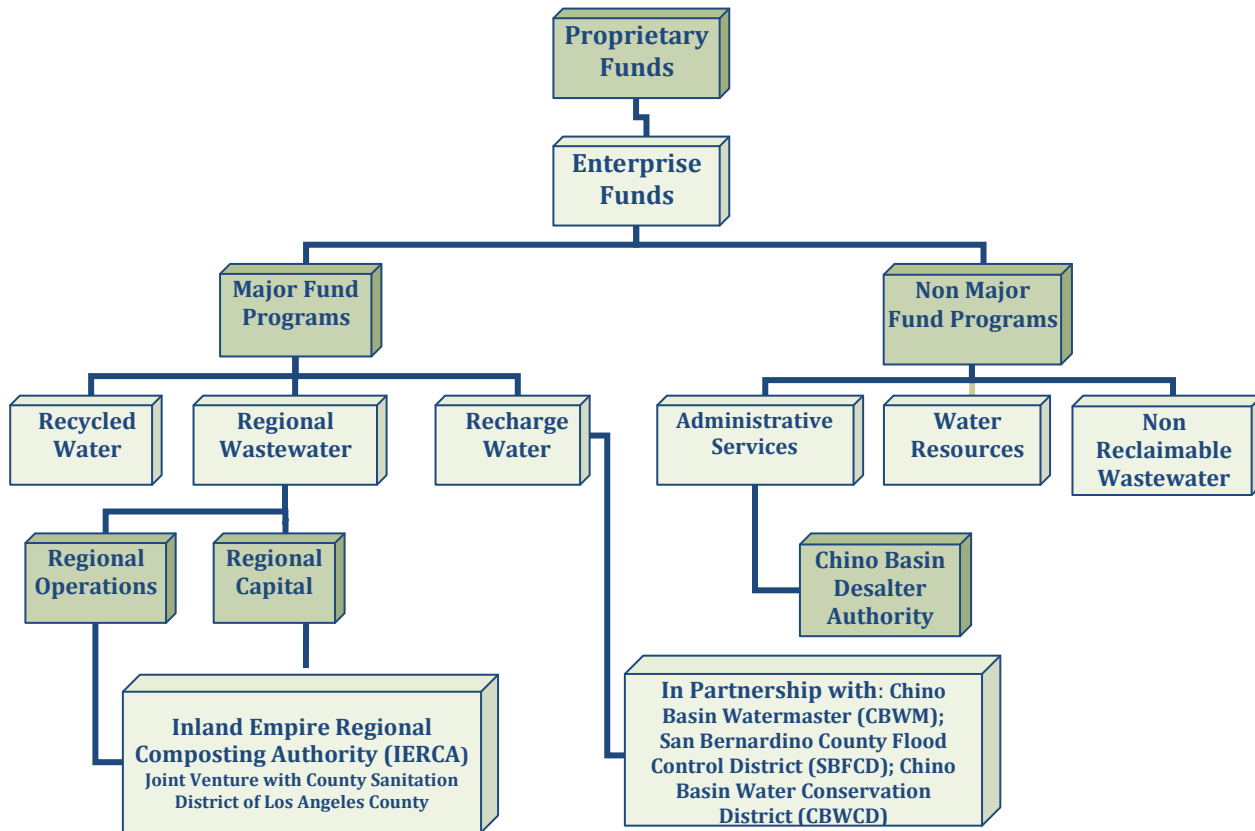


Program Funds



FUND STRUCTURE

**Figure 5-1
Inland Empire Utilities Agency (IEUA)
Fund Structure**



As a municipal water district, the Agency engages in primarily enterprise operations in various separate and distinct activities, including; (1) wholesale distribution of imported potable water delivered by the Metropolitan Water District of Southern California (MWD) and regional planning, management and conservation of water resources, (2) treatment of domestic wastewater and the construction, improvement, replacement and repair of regional conveyance and water recycling plant facilities, (3) sale of recycled water and construction of the Regional Recycled Water Distribution system, including support of the related retrofits and lateral construction, (4) collaborate with Chino Basin Watermaster (CBWM) in the maintaining regional groundwater recharge basins to increase artificial groundwater recharge within the Chino Basin using storm water, recycled water, and imported water; (5) organics management through effective operation of the Inland Empire Regional Composting Authority (IERCA) indoor composting facility designed to produce high-quality compost; (6) ongoing expansion of the Agency’s renewable energy portfolio to meet the Going Gridless by 2020 Initiative through solar, wind, fuel cells and bio-gas renewable energy generation; and (7) operations and maintenance of the non-reclaimable wastewater system to export high-salinity industrial wastewater generated within the IEUA service area to the Pacific Ocean, and protect the quality of the Agency’s recycled water.

Each individual enterprise fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each fund is classified as either a major fund or non-major fund group as prescribed by Governmental Accounting Standards Board (GASB) 34. The following definition of Major and Non-Major Funds are consistent with the Agency' audited Comprehensive Annual Financial Report (CAFR).

Major Funds

The Regional Wastewater, Recycled Water, and Recharge Water Program funds make up the major fund Group and are used to account for the resources devoted to funding the capital and operating costs associated with the acquisition, construction, improvement, expansion and operation of the Agency's domestic wastewater treatment plant facilities, the recycled water distribution system and the recharge water basins.

Non-Major Funds

The Non-Reclaimable Wastewater Program, Administrative Services fund and Water Resources fund, designated as the non-major funds, are used to record capital and operating costs associated with the non-reclaimable wastewater system including the acquisition, expansion and construction of the interceptors, and appurtenant facilities and treatment capacity, the administrative and overhead expenses for the various departments, operational and administrative support for the Chino Basin Desalter, the purchase of common Agency assets, and the management and distribution of wholesale of potable water, development and implementation of regional water conservation initiatives, water resource planning .

The Agency's budget is organized on the basis of enterprise funds, each of which is considered a separate budgetary and accounting entity and reported on a full accrual accounting basis, with the exception of the debt service obligations which are reported on a payment due date basis. The Agency develops its sources and uses of fund estimates for the annual budget in a manner consistent with Generally Accepted Accounting Principles (GAAP). Financial resources are allocated to, and accounted for in individual funds based upon the purposes of which they are to be spent as the means by which spending activities are controlled. In some cases, fund use will cross agency/organizational lines when resources from various areas are applied to, or supporting a particular program or activity.

Each fund includes both capital and operations budget. All of the programs (funds) budgets are appropriated, once the Agency's Board has approved and adopted the annual budget.

Details on each program fund's initiatives, activities, and budget are provided in the individual program budget section.

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/2013 BUDGET
SOURCES AND USES OF FUNDS - BY PROGRAM FUND

	FY 2012/13 BUDGET										
	FY 2009/10 ACTUAL	FY 2010/11 ACTUAL	FY 2011/12 PROJECTED ACTUAL	10200- Administrative Services Program	Non- Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program	TOTAL
REVENUES											
User Charges	\$44,043,666	\$44,852,236	\$44,323,100	\$0	\$7,849,136	\$0	\$38,291,573	\$0	\$0	\$4,282,025	\$50,422,734
Property Tax	9,765,792	7,065,346	6,436,639	2,608,580	0	0	371,913	0	0	0	2,980,493
Cost Reimbursement JPA	4,239,071	4,262,949	4,319,411	1,348,696	0	0	3,225,907	853,952	0	0	5,428,555
Contract Cost reimbursement	460,425	854,924	1,025,689	0	0	0	93,000	10,000	50,000	467,900	620,900
Interest Revenue	1,912,374	1,912,374	831,490	99,526	225,123	373,500	150,000	18,000	94,585	7,319	968,053
Recycled Water Sales	4,162,140	4,162,140	5,599,000	0	0	0	0	0	7,754,000	0	7,754,000
Gas Sales	6,824	6,824	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	\$64,590,292	\$62,566,761	\$62,535,329	\$4,056,802	\$8,074,259	\$373,500	\$42,132,393	\$881,952	\$7,898,585	\$4,757,244	\$68,174,735
OTHER FINANCING SOURCES											
Property Tax - Debt and Capital	\$24,589,433	\$26,353,880	\$26,499,980	\$0	\$0	\$21,194,715	\$6,801,683	\$0	\$1,630,363	\$0	\$29,626,761
Regional System Connection Fees	7,753,057	5,398,048	5,242,600	0	0	5,399,900	0	0	0	0	5,399,900
Debt Proceeds	0	0	0	0	0	0	0	0	0	0	0
State Loans	19,435,577	18,273,366	9,926,360	0	0	0	0	0	13,332,000	0	13,332,000
Grants	9,908,553	7,048,146	6,627,533	0	0	0	49,250	0	3,333,000	147,339	3,529,589
Sale of Assets	3,800	225	21,723	0	0	2,339,250	0	0	0	0	2,339,250
Other Revenues	986,069	607,888	719,512	0	0	0	0	713,555	357,972	0	1,071,527
Capital Cost Reimbursement	2,148,735	701,253	959,186	2,000	691,391	7,000	360,000	0	500,000	0	1,560,391
Sale of Capacity	600,000	150,000	215,000	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	25,500,000	3,700,000	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$90,925,224	\$62,232,806	\$50,211,894	\$2,000	\$691,391	\$28,940,865	\$7,210,933	\$713,555	\$19,153,335	\$147,339	\$56,859,418
TOTAL REVENUES AND OTHER FINANCING	\$155,515,516	\$124,799,568	\$112,747,222	\$4,058,802	\$8,765,650	\$29,314,365	\$49,343,326	\$1,595,507	\$27,051,920	\$4,904,583	125,034,153
EXPENSES											
Employment Expenses	\$33,054,574	\$31,184,327	\$33,412,469	\$253,399	\$1,664,100	\$3,524,299	\$25,011,035	\$394,818	\$2,018,287	\$549,112	\$33,415,050
Contract Work/Special Projects	1,918,542	2,303,212	3,654,912	50,000	60,000	70,000	134,450	30,000	589,073	1,309,130	2,242,653
Utilities	6,032,009	6,224,951	7,847,520	531,691	67,771	0	7,594,660	141,000	2,049,367	0	10,384,489
Operating Fees	7,677,454	6,904,315	7,884,077	6,375	3,821,718	328,137	854,602	3,200	151,620	2,973,325	8,138,977
Chemicals	3,962,985	3,925,797	4,232,741	0	216,000	0	4,359,080	0	0	0	4,575,080
Professional Fees and Services	5,794,610	6,103,052	6,428,687	2,611,432	69,869	221,728	1,869,716	509,800	613,235	150,693	6,046,473
Office and Administrative expenses	1,384,921	1,534,344	1,320,499	1,847,461	0	0	443,939	24,082	0	60,058	2,375,540
Biosolids Recycling	3,645,825	3,629,019	3,788,398	0	30,000	0	3,526,523	0	0	0	3,556,523
Materials & Supplies	2,142,912	2,746,247	2,348,665	529,355	55,700	0	1,654,050	46,100	171,200	0	2,456,405
Other Expenses	859,140	646,437	420,663	(2,038,520)	180,790	533,207	1,422,656	0	433,848	146,463	678,443
TOTAL EXPENSES	\$66,472,973	\$65,201,701	\$71,338,631	\$3,791,193	\$6,165,948	\$4,677,370	\$46,870,710	\$1,149,000	\$6,026,630	\$5,188,781	\$73,869,632
CAPITAL PROGRAM											
CSDLAC 4Rs	\$1,088,854	\$697,113	\$1,485,260	\$0	\$1,429,818	\$0	\$0	\$0	\$0	\$0	\$1,429,818
IERCA investment	1,500,000	0	0	0	0	500,000	0	0	0	0	500,000
Work In Progress	45,905,334	46,374,317	35,418,798	2,783,050	1,687,584	9,272,817	6,587,048	500,000	20,649,457	0	41,479,956
Work In Progress Adjustments	0	1,500,000	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$48,494,188	\$48,571,430	\$36,904,058	\$2,783,050	\$3,117,402	\$9,772,817	\$6,587,048	\$500,000	\$20,649,457	\$0	\$43,409,774
DEBT SERVICE											
Financial Expenses	\$411,048	\$244,967	\$410,710	\$14,000	\$550	\$257,400	\$350	\$113,600	\$2,000	\$0	\$387,900
Interest	12,022,152	8,145,742	10,046,429	0	409,080	7,938,191	214,285	333,064	2,257,988	0	11,152,608
Principal	9,953,863	9,728,458	9,745,705	0	133,105	8,008,159	0	562,712	2,710,842	0	11,414,818
Short Term Inter-Fund Loan	25,500,000	3,700,000	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$47,887,063	\$21,819,167	\$20,202,844	\$14,000	\$542,735	\$16,203,750	\$214,635	\$1,009,376	\$4,970,830	\$0	\$22,955,326
TRANSFERS IN (OUT)											
Capital Contribution	\$0	\$0	\$0	\$2,783,050	(\$94,624)	(\$2,593,802)	\$0	\$0	(\$94,624)	\$0	\$0
Debt Service	0	0	(1)	0	0	(2,131,750)	0	667,128	1,464,622	0	0
Operation support	0	0	0	0	0	0	0	275,048	(75,048)	(200,000)	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	(\$1)	\$2,783,050	(\$94,624)	(\$4,725,552)	\$0	\$942,176	\$1,294,950	(\$200,000)	\$0
FUND BALANCE											
Net Income (Loss)	(\$7,338,709)	(\$10,792,730)	(\$15,698,310)	\$253,609	(\$1,155,059)	(\$6,065,124)	(\$4,329,067)	(\$120,693)	(\$3,300,047)	(\$484,198)	(\$15,200,579)
Beginning Fund Balance July 01	125,812,344	118,473,636	107,680,904	12,825,222	5,214,310	35,813,352	22,588,018	2,404,496	11,677,243	1,459,953	91,982,593
ENDING BALANCE AT JUNE 30	\$118,473,636	\$107,680,906	\$91,982,594	\$13,078,831	\$4,059,251	\$29,748,228	\$18,258,951	\$2,283,803	\$8,377,196	\$975,755	\$76,782,014
RESERVE BALANCE SUMMARY											
Operating Contingencies	\$25,961,625	\$20,901,777	\$20,546,815	\$1,063,731	\$760,577	\$0	\$15,623,570	\$1,450,568	\$1,327,351	\$975,755	\$21,201,551
Capital Expansion & Replacement	44,688,627	40,111,966	21,242,519	0	1,287,762	6,436,208	2,420,746	150,000	3,500,637	0	13,795,353
CSRA Capital Construction	15,114,930	13,446,472	14,189,067	0	0	4,588,967	0	0	0	0	4,588,967
CSDLAC Prepayment	1,088,854	1,088,854	1,429,818	0	1,475,712	0	0	0	0	0	1,475,712
Debt Service & Redemption	20,969,817	20,267,773	22,910,763	0	535,200	18,723,053	214,635	683,236	3,549,208	0	23,705,331
Insurance & Other	7,622,189	5,236,308	3,047,466	3,030,674	0	0	0	0	0	0	3,030,674
Retirement reserves	3,027,594	6,627,754	8,616,146	8,984,426	0	0	0	0	0	0	8,984,426
ENDING BALANCE AT JUNE 30	\$118,473,636	\$107,680,906	\$91,982,594	\$13,078,831	\$4,059,251	\$29,748,228	\$18,258,951	\$2,283,803	\$8,377,196	\$975,755	\$76,782,014

ADMINISTRATIVE SERVICE PROGRAM

Programmatic Overview

The Administrative Services Program (GG fund) serves as the Agency’s general. The GG fund records revenues and expenses associated with the overall Agency labor and administration. Expenses for employment, general and administrative services, capital acquisitions for items such as computers, printers, copiers, and pooled vehicles and non-capital and non-project related materials, supplies, tools, and contract services, including landscaping, janitorial, external auditing, etc. are budgeted and expensed in the GG fund.

Systematic allocations to other programs and departments are based on either direct staff participation in specific program activities or projects, frequency of equipment or service usage, or estimated amount of resources needed to support overall program functions. Undistributed costs remain as expenses in the GG fund.

Fund Description

The chief funding sources for the GG fund is the 8% allocation of Agency property tax receipts and reimbursement for services provided to the Chino Basin Desalter Authority. Additionally, inter-fund transfers from the Regional Capital, Recycled Water and Non-Reclaimable Water funds provide funding for capital acquisition costs of general use assets.

The Agency’s general and administrative costs and 100% of employment costs are initially budgeted in the GG fund. Throughout the year, pertinent expenses such as employment, general equipment and facilities maintenance expenses are allocated to the Agency’s various programs.

Summarized in Table 5-1 below is the allocation of employment costs by program on a percentage basis. Changes compared to the prior fiscal year are mainly due to an increase in staffing level at the IERCA facility. Three vacant Full Time Equivalent (FTE) positions were re-assigned from the Agency’s Construction Management Department to the IERCA to replace temporary staffing. The Personnel section includes a more detailed discussion of the Agency’s staffing plan and related cost analysis.

Table 5-1 Employment Costs Allocation

Program	Allocation Percentage	
	FY 2011/12	FY 2012/13
Regional Wastewater	74.0%	73.0%
Recycled Water	6.0%	6.0%
Administrative Services/Chino Basin Desalter Operations	4.5%	4.0%
Organics Management/IERCA Operations	8.0%	10.0%
Non-Reclaimable Wastewater System	5.0%	5.0%
Water Resources	1.4%	1.0%
Recharge Water	1.1%	1.0%
Total	100%	100%

The Agency provides contract services to other municipal entities in the form of financial, treasury, debt management, grants administration, accounts payable and accounts receivable processing, program/project management, and plant operations. As shown in Table 5-2 below, costs allocated from the GG fund for outsourcing of staff support and associated administrative expenses are estimated to be approximately \$4.9 million in FY 2012/13.

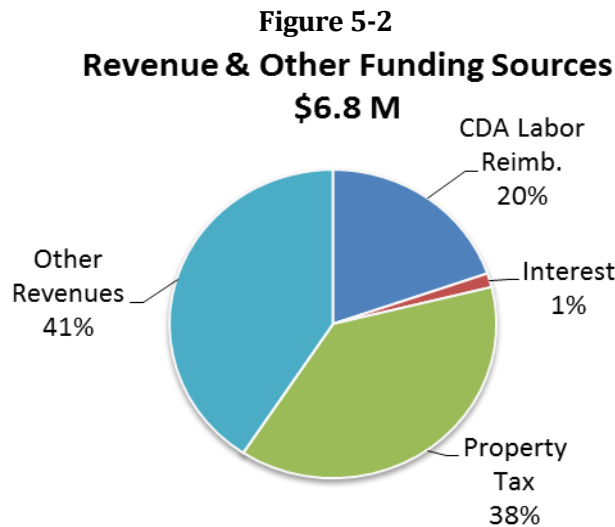
Table 5-2 Cost Reimbursements by Agency

Agency	Expenses	FY 2012/13 Budget \$ Million
Chino Basin Desalter Authority	IEUA staff labor and overall administrative support for the operation & maintenance of Chino Desalter Plant 1 located in Chino, CA	\$1.3
Inland Empire Regional Composting Authority	IEUA staff labor and overall administrative support for the operation & maintenance of the composting facility in Rancho Cucamonga, CA (labor allocation reimbursement is recorded in RO fund)	3.2
Chino Basin Watermaster	IEUA staff labor and administrative costs for the operation & maintenance of groundwater recharge basins (labor allocation reimbursement is recorded in the RW Fund)	0.4
Total		\$4.9

Revenues and Other Funding Sources

The FY 2012/13 GG fund budget projects \$6.8 million of revenue and other funding sources; property tax receipts of \$2.6 million, operations and labor cost reimbursement from the Chino Basin Desalter Authority (CDA) of \$1.3 million, and interest income and miscellaneous receipts of \$0.1 million. Other funding sources include inter-fund transfers of \$2.8 million for capital replacement support from the Regional Wastewater, Non-Reclaimable Wastewater, and Recycled Water Programs.

The GG fund receives 8% of the Agency’s total property tax receipt. In FY 2012/13 total property tax receipts are projected to decline 1% compared to the prior year amount due to continued difficult economic conditions and the declining property assessment values throughout San Bernardino County. Figure 5-2 below shows the sources of revenues for the GG fund.

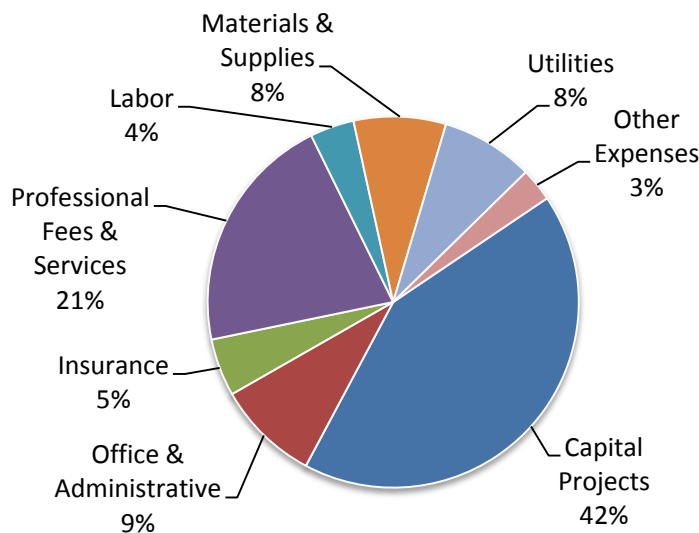


Expenses and Other Uses of Funds

A total of \$45.8 million in Agency-wide administrative and employment expenses are budgeted in the GG fund in FY 2012/13. Over 80% or \$42 million of total expenses are allocated to other Agency programs/funds, JPA's and specific capital and O&M projects. The net expenses remaining in the GG fund includes administrative and operating costs of \$3.8 million and capital expenditures of \$2.8 million for a total net budget of \$6.6 million. Capital costs are fully supported by inter-fund transfers from the Regional Wastewater, NRW, and Recycled Water Programs. Figure 5-3 below shows the expenditure categories in the GG fund.

Figure 5-3

Expenses & Other Uses of Funds \$6.6M



Capital Expenditures

Capital expenses include all capital purchases for furniture, vehicles, office equipment (defined by policy as greater than \$5,000), computers and software (greater than \$1,000), and other administrative purchases commonly used for general Agency purposes. The Regional Wastewater Program provides 93% of the capital funding. The remaining 7% is funded by the Non-Reclaimable Wastewater and Recycled Water Programs through inter-fund transfers.

Total capital costs for FY 2012/13 are budgeted at \$2.8 million. Major projects in the capital program for FY 2012/13 include the replacement of the Agency's legacy payroll system with an online time entry and time management system, headquarter buildings improvements, acquisition of network servers and business network workstations.

Employment Expense

Total full time equivalent (FTE) positions authorized for FY 2012/13 remains unchanged at 295. Over past six fiscal years, the Agency has maintained an average vacancy factor of 5%, equivalent to 15 FTE's. As part of ongoing cost containment efforts, the Agency is committed to maintaining an average vacancy factor of 5% in FY 2012/13. Management will continue to fill only those vacant positions deemed essential to the effective operation of the Agency.

Total net employment costs of \$34.4 million (net of the allocation to CIP) include wages, benefits and administrative overhead expenses. Allocation of employment costs by program is shown in Table 5-3 below.

Table 5-3 Employment Costs Allocation by Program

Programs	\$ Millions
RO - Regional Operations	\$21.7
RC - Regional Capital Administration	3.5
IERCA Facilities (*Reimbursed to the RO fund)	3.2
WC - Recycled Water Program	2.0
NC - Non Reclaimable Water Program	1.6
Chino Basin Desalter Operations & Capital Programs (*Reimbursement to the GG fund)	1.3
WW - Water Related & Conservation Programs	.5
GG - General Administration	.2
RW - Recharge Water Program	.4
Total	\$34.4

Administrative Expense

Administrative expense includes costs for general office administration, materials and supplies, insurance, professional and contract services, and operating fees. In FY 2012/13 total program expenses of \$3.8 million (net of allocations to other programs, JPAs and projects) reflects a decrease of 7% compared to the projected FY 2011/12 expenses.

Office and Administrative

Total office and administrative expenses of \$0.6 million increased by \$0.2 million compared to FY 2011/12 projected actual due to election expenses (which are budgeted biennially). Election of two of the Agency's districts will be held in November 2012.

Professional Fees & Services

This category includes legal, external audit, financial, landscaping, security and equipment maintenance contract services. Total professional fees and services are budgeted at \$2.6 million; a slight increase over the FY 2011/12 projected expense of \$2.2 million. While the Agency continues to mitigate costs as part of the cost containment strategy, some fees and services continue to increase.

Contract Work/Special Projects

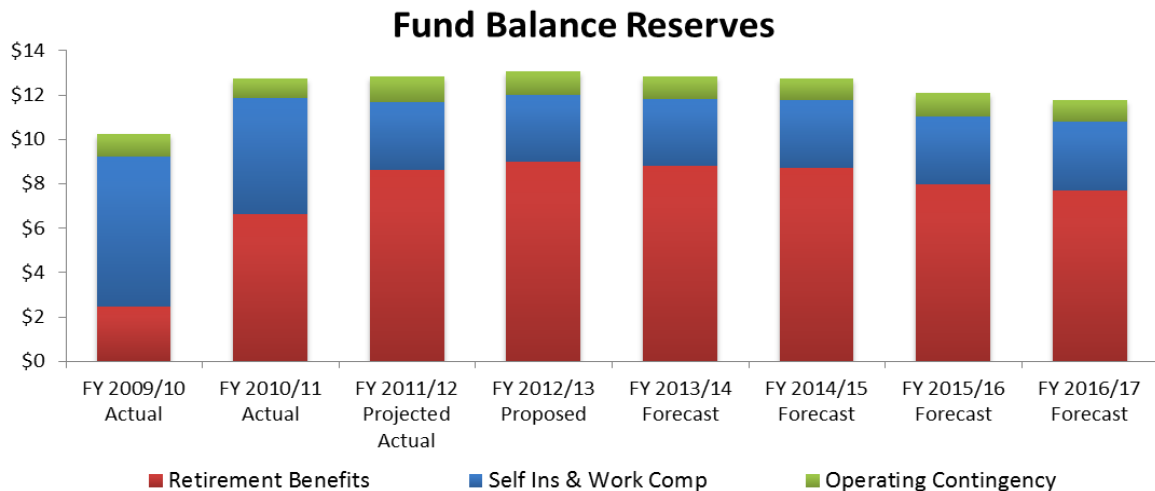
Scheduled special project expenses for FY 2012/13 are \$50,000. The special project addresses repair and replacement for the Agency’s headquarters building and equipment.

Fund Balance

The reserves for GG fund program are projected to increase by \$250,000 resulting in an estimated ending balance of \$13.1 million in FY 2012/13. The designation of the estimated fund balance is comprised of: operating contingency of \$1.1 million as mandated by bond covenant; \$3 million in support of the Agency’s self-insured workers compensation programs; and \$9 million for the Agency’s retiree health benefit obligation. A self-insurance program was established for risks associated with workers compensation in FY 1993/94 the reserve balance is adjusted annually according to the estimated required level as determined by Safety and Risk Management Department.

Retirement benefits reserves will be used to support future funding of other post-employment retirement benefits. Currently the Agency has opted for a pay-go method, which is fully paying for current Agency’s retirees and establishing a designated reserve for future funding of currently active employees. Figure 5-4 shows historical, budgeted, and forecasted fund balance reserves through FY 2016/17.

Figure 5-4



FY 2014-2017 Forecast

Over the next four years the reserve balance is projected to decrease to \$11.8 million by FY 2016/17 from \$13 million in FY 2013/14. Growth in property tax receipts is projected to be negative in the next two fiscal years, while a small increase is projected for the ensuing years. The majority of expenses are projected to increase by an estimated inflation rate of 2%.

Per the Governmental Accounting Standards Board (GASB), public employers are required to measure and report the future cost of Other Post-Employment Benefits (OPEB) promised to their employees. OPEB benefits are benefits paid directly to former employees (usually for medical insurance). Currently GASB does not require employers to pre-fund this benefit however, post-employment benefits are important because they represent a significant and growing element of Agency related liability.

Employers can choose to pay these costs as they come due known as *pay-go* funding, or they can elect to *advance fund* them by placing resources in a trust. The resources are deposited into the trust as employees are earning the benefit. In 2011 an actuarial study for the Agency calculated annual liability to be approximately \$1.1 million per year. Forecast for FYs 2014 – 2017 continue to reflect a pay-go basis for OPEB benefits and the Agency will continue to assess funding strategies each fiscal year.



Chino Creek Park Picnic Area – Chino, CA

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/13 BUDGET
ADMINISTRATIVE SERVICES (GG) FUND - SOURCES AND USES OF FUNDS**

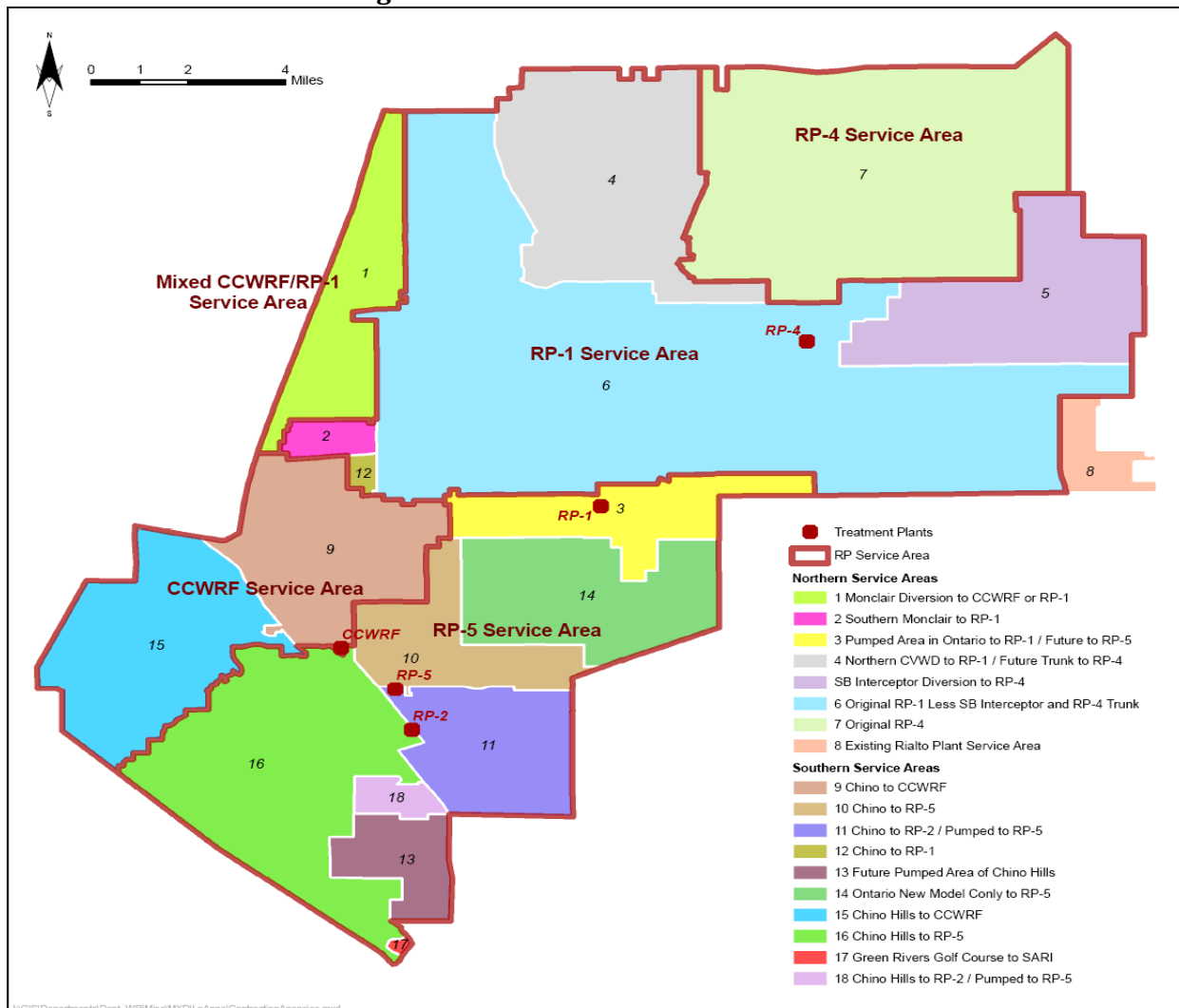
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST		
REVENUES AND OTHER FINANCING SOURCES								
User Charges								
Property Tax	\$2,822,908	\$2,695,614	\$2,637,201	\$2,634,930	\$2,608,580	\$2,582,494	\$2,595,407	\$2,621,361
Cost Reimbursement from JPA	1,020,028	1,079,177	1,407,611	1,144,461	1,348,696	738,727	740,196	442,442
Contract Cost reimbursement	0	33,918	187,125	187,125	0	0	0	0
Interest Revenue	218,285	206,668	121,000	62,000	99,526	130,296	180,773	189,614
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$4,061,221	\$4,015,377	\$4,352,937	\$4,028,516	\$4,056,802	\$3,451,517	\$3,246,441	\$3,253,417
OTHER FINANCING SOURCES								
Grants	\$65,084	\$7,683	\$209,243	\$155,218	\$0	\$0	\$0	\$0
Other Revenues	338,837	250,350	2,000	(11,920)	2,000	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$403,921	\$258,033	\$211,243	\$143,298	\$2,000	\$2,000	\$2,000	\$2,000
EXPENSES								
Employment Expenses	(\$6,923)	(\$1,168,471)	\$346,690	\$834,923	\$253,399	\$123,683	\$129,710	\$134,859
Contract Work/Special Projects	62,070	30,175	247,239	247,239	50,000	0	0	0
Utilities	391,588	425,586	458,121	389,403	531,691	550,407	569,852	611,071
Operating Fees	5,975	2,967	6,375	6,375	6,383	6,383	6,399	6,408
Professional Fees and Services	1,807,276	2,356,306	2,600,350	2,158,000	2,611,432	2,265,602	2,301,581	2,391,647
Office and Administrative expenses	1,223,681	1,366,119	1,446,395	1,235,934	1,847,461	1,636,236	2,181,029	1,744,471
Biosolids Recycling	10,671	0	2,060	0	0	0	0	0
Materials & Supplies	254,957	675,435	720,817	458,046	529,355	548,089	578,158	598,634
Other Expenses	(688,044)	(1,023,594)	(1,179,041)	(1,245,091)	(2,038,520)	(1,453,769)	(2,176,291)	(1,549,931)
TOTAL EXPENSES	\$3,061,250	2,664,523	\$4,649,006	\$4,084,829	\$3,791,193	\$3,676,632	\$3,588,430	\$3,877,802
CAPITAL PROGRAM								
Work In Progress	\$284,132	\$363,311	\$1,467,762	\$897,672	\$2,783,050	\$637,200	\$750,000	\$750,000
TOTAL CAPITAL PROGRAM	\$284,132	\$363,311	\$1,467,762	\$897,672	\$2,783,050	\$637,200	\$750,000	\$750,000
DEBT SERVICE								
Financial Expenses	\$13,405	\$25,996	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
TOTAL DEBT SERVICE	\$13,405	\$25,996	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
TRANSFERS IN (OUT)								
Capital Contribution	\$284,805	\$363,311	\$1,467,762	\$897,672	\$2,783,050	\$637,200	\$750,000	\$750,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$284,805	\$117,561	\$1,467,762	\$897,672	\$2,783,050	\$637,200	\$750,000	\$750,000
FUND BALANCE								
Net Income (Loss)	\$1,391,160	\$1,337,141	(\$98,827)	\$72,985	\$253,609	(\$237,115)	(\$96,967)	(\$325,810)
Beginning Fund Balance July 01	\$10,023,936	\$11,415,096	\$12,752,237	\$12,752,237	\$12,825,222	\$13,078,831	\$12,841,716	\$12,101,388
ENDING FUND BALANCE AT JUNE 30	\$11,415,096	\$12,752,237	\$12,653,410	\$12,825,222	\$13,078,831	\$12,841,716	\$12,101,388	\$11,775,578
RESERVE BALANCE SUMMARY								
Capital / Operation Contingencies	\$765,313	\$888,174	\$1,349,669	\$1,161,610	\$1,063,731	\$1,025,544	\$996,143	\$989,076
Insurance & Other	7,622,189	5,236,308	4,974,815	3,047,466	3,030,674	3,026,308	3,036,944	3,081,549
Retirement reserves	3,027,594	6,627,755	6,328,927	8,616,146	8,984,426	8,789,864	8,711,662	7,953,499
ENDING BALANCE AT JUNE 30	\$11,415,096	\$12,752,237	\$12,653,410	\$12,825,222	\$13,078,831	\$12,841,716	\$12,101,388	\$11,775,578

REGIONAL WASTEWATER PROGRAM

Programmatic Overview

The Regional Wastewater Program is one of the Agency's core programs. It includes the collection, treatment, and disposal of municipal wastewater through its Regional Sewerage System for the residents and businesses within its service area. The Agency's service area (see Figure 5-5) encompasses seven local jurisdictions namely: Cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland and Cucamonga Valley Water District that serve approximately 850,000 residents in a 242-square-mile area of western San Bernardino County. Through the Regional Sewerage Contract, set in place since 1972, the Agency operates five water recycling treatment facilities, four of which produce recycled water. On average the Agency collects, treats, and disposes off an average of approximately 53.2 million gallons a day (MGD) of untreated municipal wastewater.

**Figure 5-5
Regional Plant Service Area Boundaries**

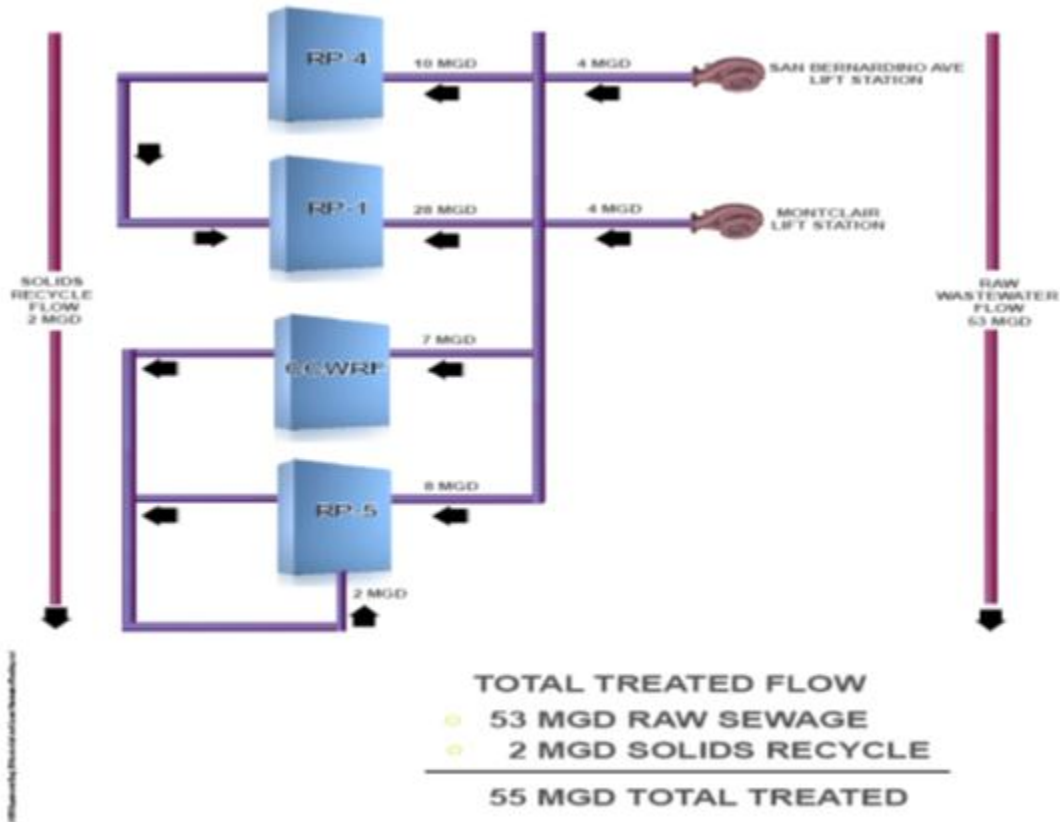


The program receives significant benefits from the three bi-products generated from the wastewater namely:

- Recycled water - distributed throughout the service area
- Biosolids compost - for wholesale distribution in partnership with CSDLAC
- Renewable energy - generated to power the Agency's facilities

Figure 5-6 provides an overview of the Agency's five regional water recycling plants and respective design treatment capacity per MGD (million gallons per day).

**Figure 5-6
Regional Water Recycling Plants Flows**



Program Fund Description

The Regional Wastewater Program consists of the following funds:

- 🌿 **Regional Wastewater Capital Improvement (RC) Fund** – records the capital, debt, and administration activities related to the acquisition, construction, expansion, replacement and financing of the Agency's regional water recycling plants, large sewer interceptors, energy generation, and solids handling facilities.
- 🌿 **Regional Wastewater Operations & Maintenance (RO) Fund** – accounts for the revenue and operating cost directly related to the domestic sewage treatment service for the contracting agencies (wastewater collection and treatment) and organic management activities, including labor costs to operate and support the Inland Empire Regional Composting Facility.

The total FY 2012/13 Regional Wastewater Program revenue budget is \$78.7 million which includes \$38.3 million in user charges, \$28.4 million in property taxes, \$5.4 million in connection fees, \$3.2 million contract cost reimbursement from Regional Composting Authority and other revenues for \$3.4 million.

The total FY 2012/13 Regional Wastewater Program expenditures budget is \$89 million which includes \$51.5 million in operating costs, \$16.4 million in capital costs, \$16.4 million in debt service cost, and \$4.7 million inter-fund transfers to support debt service costs for the Recycled Water and Recharge Water Programs, and capital support for the Administrative Services fund. Compared to FY 2011/12 projected expenditures of \$84.2 million, the FY 2012/13 expenditures budget is \$4.8 million lower. The lower budget is primarily the result of fewer capital projects; lower contract work/special projects costs; reduced biosolids recycling costs due to efficiencies from RP-1 Dewatering facility; and lower professional fees and service.

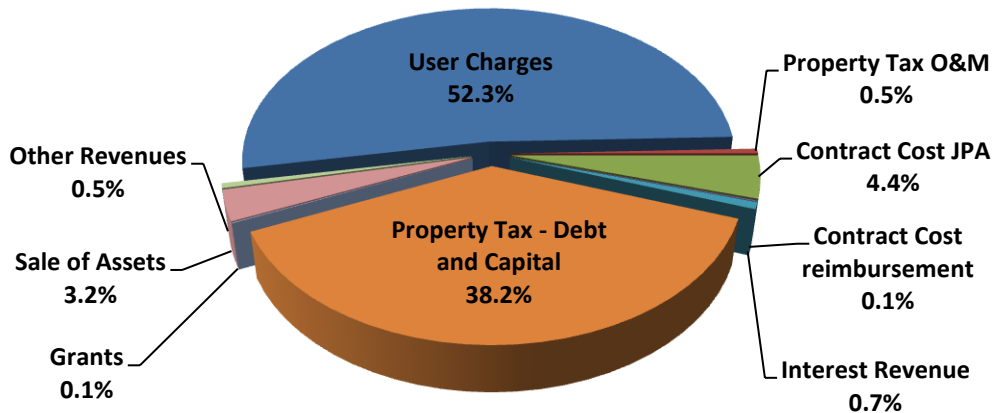
**Table 5-4
Consolidated Regional Wastewater Program Fund Summary**

\$ Million	2011/12 Amended Budget	2011/12 Projected Actual	2012/13 Budget	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Total Revenue & Other Funding Sources	\$80.8	\$80.1	\$78.7	\$82.2	\$85.5	\$87.9	\$97.1
Total Expenses & Other Uses of Fund	(\$98.7)	(\$84.2)	(\$89.0)	(\$81.6)	(\$82.9)	(\$82.8)	(\$93.6)
Net Increase (Decrease) in Operating & Non-Operating	(\$17.9)	(\$4.1)	(\$10.4)	\$0.6	\$2.6	\$5.1	\$ 3.5
Beginning Fund Balance	\$62.5	\$62.5	\$58.4	\$48.0	\$48.6	\$51.2	\$56.3
Ending Fund Balance	\$44.6	\$58.4	\$48.0	\$48.6	\$51.2	\$56.3	\$59.8

Total Revenue and Other Fund Sources

Figure 5-7 below shows the percent share of revenue and other funding sources for the Regional Wastewater Program which a total budget of \$78.7 million.

**Figure 5-7
Regional Wastewater Revenue & Other Funding Sources**



Connection Fees

For all new development within the IEUA service area, the Agency levies a fee to connect to its regional wastewater system. These connection fees, most commonly referred to as “development impact fees”, are collected by each of the Agency’s contracting cities or agencies (member agencies), as prescribed in the Regional Sewage Service Contract (Regional Contract). Each member agency holds these funds in trust in a Capital Capacity Reimbursement Account (CCRA) until requested or “called” by the Agency. Connection fees are restricted to finance capital acquisition, construction, equipment, and process modification costs for the Agency’s regional wastewater system. Capital calls, or connection fee payments of CCRA funds, are based on identified and projected capital needs over the ensuing nine months, as calculated and reported by the Agency each quarter.

The Agency’s connection fee rate for FY 2012/13 is \$4,909 per EDU (equivalent dwelling unit) effective July 1, 2012; reflecting an increase of 3 % to the FY 2011/12 rate. The increase is the first of a three-year rate increase approved by the IEUA Board on February 2012 for the Regional Wastewater Program:

- 🍃 FY 2012/13: Increase from \$4,766 to \$4,909 per EDU effective July 1, 2012
- 🍃 FY 2013/14: Increase from \$4,909 to \$5,007 per EDU effective July 1, 2013
- 🍃 FY 2014/15: Increase from \$5,007 to \$5,107 per EDU effective July 1, 2014

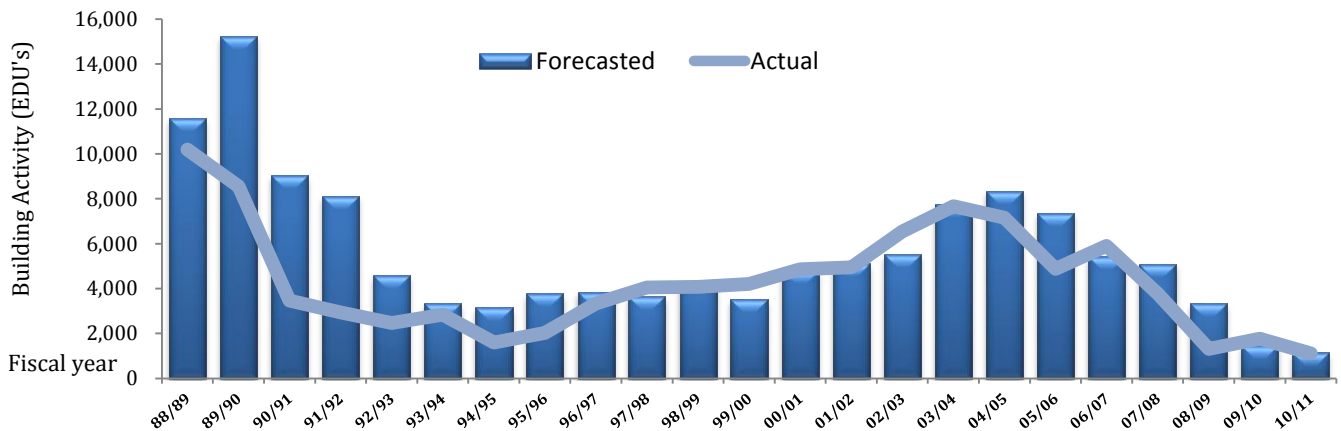
Beginning mid-2009, the U.S. has seen unbalanced but improving economic conditions with an upturn in real gross domestic product (GDP) growth in each quarter. According to Los Angeles County Economic Development Corporation – The Kyser Center for Economic Research, three core sectors with significant contribution to the current recovery have been; (1) increased Federal government spending, (2) a bounce back in exports, and (3) increased consumer spending. So far, housing has been the weakest performer. Sustained improvements in the anemic recovery will be hampered by risk exposures of continued deterioration of the European sovereign debt/economic crisis, rising energy prices, excessive inventories of foreclosures, emerging markets slowed by slower developed economies, and other relevant factors. Even though most economists agree that the nation officially emerged from this historical downturn nearly a year ago, the recovery for the Inland Empire (IE) region is projected to lag the national and State recovery by three to four years. These economic challenges have resulted in a significant decline in some the Agency’s key revenue streams such as new EDU connection fees. As a consequence, a very conservative approach was used to forecast the number of new connections.

In August 2009, the IEUA Board approved the Regional Committees’ recommendation to allow for the deferral in the collection of new EDU connection fees from when the permit is initially issued to no later than the issuance of a certificate of occupancy. Allowing member agencies the option to defer collection of new EDU connection fees helped support their efforts to promote and stimulate new development in the respective areas during these tough economic conditions.

Every year, the Agency conducts a survey of member agencies to determine the number of new EDU connections expected each year for the next ten years. The projections are used to forecast the future demand for capacity in the Agency’s Regional Sewerage System and plan for the timely expansion of existing facilities to meet future growth. Prior to the economic downturn, local economist forecasted the Agency’s service area would reach built out by 2025. Included in the Agency’s FY 2008-2017 TYCIP was the expansion of its existing facilities to meet the additional demand expected from the demographic growth.

As illustrated in Figure 5-8 below, member agency forecasts are typically higher than the actual number of new connections. However, since FY 2010/11 the difference has narrowed compared to prior years where forecasts and actual activity varied significantly. This underscores the conservative planning strategy that the region has been forced to take as a result of the economic downturn. In the near future, with the significant drop in housing prices, limited credit availability and the softening real estate market, forecasting new development in the region will continue to be challenging.

Figure 5-8
Agency's Forecast vs. Actual New Connections
FY 1988/89 to FY 2010/11



While member agency forecasts typically represent the high end of future growth in their respective areas, the Agency has historically applied a more conservative growth basis for the overall service area. As reported in the table below, the Agency's forecast of new connections for the next five years is considerably lower than those projected by the member agencies.

Table 5-5
New EDU Connection Forecasts

Forecasts by:	FY 2010/11 Actual	FY 2011/12 Forecast	FY 2012/13 Forecast	FY 2013/14 Forecast	FY 2014/15 Forecast	FY 2015/16 Forecast	FY 2016/17 Forecast
IEUA	1,116	1,100	1,100	1,200	1,300	1,400	1,600
Member Agencies	1,158	1,424	2,329	3,400	5,237	3,601	3,455

Property Taxes

Total property tax receipts are budgeted at \$32.6 million for FY 2012/13, of which \$28.4 million is allocated the Regional Wastewater Program.

In accordance with the Regional Contract, 65% or \$21.2 million of the total property tax receipts are allocated to the Regional Wastewater Capital Improvement (RC) fund to partially support \$9.8 million projects for the acquisition, construction and improvement of wastewater facilities and \$16.2 million in debt service costs. Allocated to the Regional Wastewater Operations and Maintenance (RO) fund is 22% or approximately \$7.2 million. Nearly 95%, or \$6.8 million, support capital and debt service costs, with the remaining balance of 5%, or approximately \$400 thousand, supplementing operating costs.

Beginning in FY 2009/10 and continuing through FY 2013/14, a portion of the RO Fund property tax allocation was temporarily allocated to the Recycled Water Program to support debt service costs. A key change in FY 2011/12 was a reduction in the allocation from 8% to 5%. The 5% allocation, or approximately \$1.6 million, will be returned to the RO Fund in FY 2014/15 restoring its allocation back to 27%.

**Table 5-6
FY 2012/13 Property Tax Allocation by Fund**

Fund	Percentage	Property Tax Allocation (\$Million)
Regional Wastewater Capital Improvement (RC) Fund	65%	\$21.2
Regional Wastewater Operations & Maintenance (RO) Fund	22%	7.2
Recycled Water (WC) Program	5%	1.6
Administrative Services (GG) Fund	8%	2.6
Total	100%	\$32.6

A key financial policy of the Agency's goal is to utilize property tax receipts to support debt service and capital costs. While property taxes are an important source of funding for the Agency; they are also the most uncertain due to the potential risk for the State to take legislative action to shift these funds away from local government to address the ongoing budget deficit. In 2004, Proposition 1A is when local government agreed to contribute an additional \$1.3 billion per year in FY 2004/05 and FY 2005/06 to support the State's Educational Revenue Augmentation Fund (ERAF). The Agency's share for Prop 1A was \$7 million each year for a combined total of \$14 million. More recently, the California Supreme Court decision in December 2011 on ABx1 26 affirming the State Legislature's and Governor Brown's authority to effectively eliminate local Redevelopment Agencies (RDAs) in California; is yet another permanent loss of local funds.

In June 2012, as the State legislation struggled to close a budget deficit of nearly \$16 billion in the State budget, a trailer bill was introduced to cancel the pass-through agreement between special districts and the dissolved RDA agencies (the same agreement protected by ABx1 26). After a tremendous challenge by the special districts and the Governors' opposition, the legislature was forced to find a new funding source for the \$250 million previously secured from pass-through agency. It is these ongoing processes that make property tax such an uncertain funding source to the Agency and why it is imperative that reliance from property tax for operational support is minimized and ultimately removed.

Even though the Agency expects to maintain its share of RDA incremental taxes going forward, there may be potential cash flow implications with the San Bernardino County Auditor Controller assuming payment of these "pass-through" tax increments effective February 2012. RDA tax receipts account for approximately \$7 million or 22% of the Agency's total property tax receipts and are utilized in the same manner as general ad valorem property taxes.

Due to the ongoing structural budget deficits at the State level and the risk of future property tax shifts, it is crucial for the Agency to minimize its dependency on property taxes to support operating and capital replacement costs in its Regional Wastewater Program. An ultimate goal of the Agency, as stated in the Agency's FY 2011/12 Long Range Plan of Finance, is to have service charges and fees fully support the program's cost of service. The adoption of the multi-year rates for FYs 2012/13 through FY 2014/15 is consistent with this goal. Subsequent moderate rate increases will ultimately provide a cost of service rates and allow the Agency to utilize property taxes to fund debt and capital investment.

The Inland Empire, one of the regions hardest hit by national recession and home to the Agency’s service area, has entered a recovery mode; most notable from the 2,800 jobs added in 2011. However, the recovery is extremely weak at best, and still plagued by; unemployment rates that exceed 12%, persistent foreclosure and underwater mortgages, falling home prices, and declining property assessment values.

A percentage decline of 5.5% and 2.65% in property tax receipts was noted in FY 2009/10 and FY 2010/11, respectively. An additional drop of 1% is assumed for FY 2012/13 and FY 2013/14, as noted in Table 5-7 below.

Table 5-7

Property Tax Growth Rate Actual and Forecasts						
FY 2009/10 Actual	FY 2010/11 Actual	FY 2011/12 Actual	FY 2012/13 Forecast	FY 2013/14 Forecast	FY 2014/15 Forecast	FY 2015/16 Forecast
-5.5%	-2.65%	-1%	-1%	-1%	0%	0.5%

As a result, total property taxes are anticipated to decrease to \$32.6 million in FY 2012/13 compared to \$32.9 million projected in FY 2011/12. The additional drop is consistent with the 1% decline in property assessment values projected by San Bernardino’s County as reported in The Press Enterprise in February 2012.

User Charges

The collection and treatment of municipal wastewater flows is billed in terms of Equivalent Dwelling Units (EDUs). Each EDU is equivalent to the daily flow of an average single family household estimated at 270 gallons per day (gdp), as defined in the Regional Contract.

On February 1, 2012, the IEUA Board adopted a three-year rate increase for the Regional Wastewater Program for Fiscal Years 2012/13 through 2014/15. Rate increases for the regional EDU volumetric user charge are:

- 🍃 FY 2012/13 an increase from \$11.14 to \$12.39 per EDU effective July 1, 2012
- 🍃 FY 2013/14 an increase from \$12.39 to \$13.39 per EDU effective July 1, 2013
- 🍃 FY 2014/14 an increase from \$13.39 to \$14.39 per EDU effective July 1, 2014

During the 2011 calendar year, the average wastewater flow treated was 53.2 MGD, as reported in Table 5-8, indicating a decline of approximately 10% similar to other local regions.

Table 5-8
Average Annual Flow in MGD ⁽¹⁾ - January 2011 to December 2011

Contracting Agencies	Population ⁽²⁾	Area (Square miles)	Regional Plant No.1 (RP-1)	CCWRP	Regional Plant No.4 (RP-4)	Regional Plant No. 5 (RP-5)	Total
Chino	79,171	50.5	0.1	2.1		1.6	3.8
Chino Hills	75,655	46.0		2.0		3.2	5.2
CVWD	169,498	39.0	7.7		4.5		12.2
Fontana	199,898	36.0	6.9		5.5		12.4
Montclair	37,163	5.2	0.2	2.0			2.2
Ontario	166,134	50.0	8.9			3.5	12.4
Upland	74,568	15.3	4.0	1.0			5.0
Total	802,087	242.0	27.8	7.1	10.0	8.3	53.2

(1) MGD Million Gallons per day

(2) 2011/12 Projection based on California Department of Finance, State of California, Census Data Center 2011

This table does not include approximately 32,300 population estimates for the unincorporated areas

Due to the effects of the economic recession with the high number of foreclosures and effective water conservation efforts which have reduced water consumption, the Agency's wastewater flows been trending downward. This downward trend in wastewater flows is consistent with the Orange County Sanitation District, the Los Angeles County Sanitation Districts and the City of San Bernardino, all of which have reported 5% to 10% reduction in flows.

Based on this recent trend, a zero growth rate is assumed for the number of billable EDUs (each EDU is equivalent to 270 gallons per day) over the next two fiscal years. As illustrated in Table 5-9 below, a moderate increase of only 0.10% is assumed in FY 2014/15 and 0.25% the ensuing years.

Table 5-9

Monthly EDU Volumetric Revenue Growth Rate				
FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
0%	0%	0.10%	0.25%	0.25%

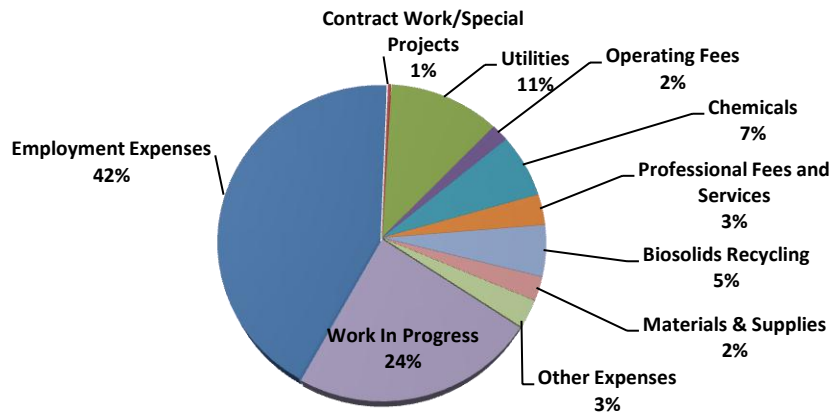
Debt Proceeds

The Agency was awarded \$61 million American Recovery and Reinvestment Act 2009 (ARRA) grants by the Environmental Protection Agency (EPA) and through State Water Resources Control Board (SWRCB) and U.S. Bureau of Reclamation (USBR). In March 2009, the Agency was awarded the first appropriation of stimulus funds awarded by the State. The capital projects funded by ARRA were completed in FY 2011/12, including the RP-1 Dewatering Expansion Facilities project for a total of \$27 million in the Regional Wastewater Program.

An SRF loan for approximately \$13.5 million has also been approved by SWRCB to finance the replacement of existing laboratory facility slated to begin construction in FY 2015/16.

Figure 5-9 shows percent of Total Expenses and Other Uses of Funds in the Regional Wastewater Program, which has a total budget of \$89 million.

**Figure 5-9
Regional Wastewater Expenses and Other Uses of Funds**



Regional Wastewater Capital Projects

In FY 2012/13, the Agency has budgeted a total of \$16.4 million of capital investment in the Regional Wastewater Program; \$9.8 million in the Regional Wastewater Capital Improvement (RC) fund and \$6.6 million in the Regional Wastewater Operations & Maintenance (RO) fund.

Table 5-10 below is a listing of the major Regional Wastewater capital projects budgeted in FY 2012/13:

**Table 5-10
Major Regional Wastewater Capital Projects**

Fund	Project Name	Project Number	FY 2012/13 \$Million
RO	Asset Improvement and Replacement	EN13015 EN08013 EN08023	\$4.0
RC	Capital Upgrades at RP-1, RP-2, CCWRP, RP-4 and RP-5	EN11017	2.0
RC	RP-1 Flare & RP-2/RP-2 Boiler Replacement	EN11042	1.7
RO	Major Facilities Repairs and Replacement	EP13001 EP13002	1.0
RC	HVAC and Server Room Fire Suppressant	EN11036	0.8
RO	CCWRP Secondary Clarifier No. 1	EN12018	0.8
RC	Construction & Emergency Projects	EN13003, EN13009 EN13300	0.7
RC	IERCF Capital Call Contribution - IEUA Share	Investment	0.5
RC	RP-1, RP-2 and CCWRP O&M Manuals	EN08002	0.5
	All Other Regional Wastewater Projects		4.4
Total Regional Wastewater Capital Projects			\$16.4

Beginning with the economic downturn in 2008 and the deferral of over \$200 million in capital projects considered to be non-essential at that time, the Agency has continued to see a decrease in capital spending. The primary reasons for the reduced spending is a combination of the completion of major capital construction projects, a limited number of similar projects planned over the next 10 years, reduced engineering costs from the use of Agency staff to perform in-house design in place of third party consultants, and reduced construction costs from the favorable bidding environment resulting from the economic recession. In addition, effective use of power purchase agreements (PPAs) to finance renewable energy projects, such as solar, wind and fuel cells, requiring minimal capital outlay and ongoing maintenance costs from the Agency.

More information on the Agency's capital program is available in Capital Section; the FY 2012/13 through FY 2021/22 Ten Year Capital Improvement Plan (TYCIP). The Agency updates the TYCIP annually, in collaboration with its member agencies, to revise and adjust assumptions such as: wastewater flow projections and anticipated new development that may result in new EDU connections and great demand on the Agency's Regional Sewerage System. These revised assumptions are the basis for capital projects to improve or expand existing facilities. This frequent and collaborative process ensures the Agency is positioned to effectively and timely respond to changing growth and demographic factors impacting the demand for its services.

Operating Costs

Total operating costs for the Regional Wastewater Program are budgeted at \$51.5 million in FY 2012/13.

The implementation of the Agency's cost containment measures enumerated below has effectively allowed the Agency to maintain operating costs below \$50 million in the last three years.

- Implementation of enhanced technology
- Reduction of work shifts to a single shift in all of its facilities through cross training and remote access
- Use of Key Performance Indicators (KPIs) to monitor energy and chemical consumption
- Participation in Joint Power Authorities (JPAs) to address development of local water supplies and public health concerns related to the disposal and reuse of biosolids
- Effective use of PPAs and the purchase of onsite generated renewable energy over a long term basis at pre-established rates and mitigate the impact of future rate increases for energy purchased from the grid

Employment Expenses

As the Agency's core program, approximately 86%, or \$28.5 million, of the \$33.4 million net employment costs (net of \$6.3 million allocated to the Agency's capital program), are allocated to the Regional Wastewater Program. The \$28.5 million budgeted in FY 2012/13 is slightly higher than FY 2011/12 projection of \$28 million, due to expected increases in the Agency's CalPERS employer contribution rate and health insurance premiums.

Included in employment expenses allocated to the RO fund is the cost of 24 FTEs assigned the Inland Empire Regional Composting Facility (IERCF). As a 50/50 partner with the County Sanitation Districts of Los Angeles County (CSDLAC) in this JPA, the Agency is reimbursed for 100% of the \$3.2 million in employment costs for operating the facility. Beginning in FY 2009/10, a tipping fee was implemented to support the operations and maintenance costs of the Inland Empire Regional Composting Facility (IERCF), in lieu of partner contributions equally shared by the Agency and CSDLAC.

In FY 2012/13, the tipping fee rate was increased from \$44 to \$50 per wet ton to include funding for both operating and capital replacement costs. Each partner's funding contribution is determined by the quantity of wet tons shipped to the IERCF for processing. Solid waste transported by the Agency to the IERCF facility is recorded under biosolids recycling expense in the RO fund.

Utilities





A total of \$7.6 million is budgeted for utilities in FY 2012/13, which includes electricity purchases from the grid, natural gas, and purchase of renewable energy generated on site from; solar, wind power, and fuel cells. The projected increase of \$2.5 million is due to a combination of higher rates and the impact of AQMD regulation leading to the replacement of internal combustion engines (ICE) with state of the art fuel cell technology.

Electricity from the Grid

The Agency has unbundled service, or Direct Access (DA) at four of its five largest accounts and bundled service to the remaining one. In the unbundled service, the commodity is provided by an electricity service provider (ESP). The current two-year agreement provides cost stability, lower commodity prices and reduces the Agency's exposure to volatility within the energy market. Over the years, the Agency has realized considerable savings utilizing direct access (DA) agreements.

The FY 2012/13 blended rates for electricity and natural gas are budgeted at \$.125 per kWh and \$0.80 per therm, respectively, compared to FY 2011/12 rate of \$0.115 per kWh and \$0.90 per therm.

In response to the uncertainty in energy pricing, the Agency developed a Seven-Point Emergency Energy Action Plan (7 Point Action Plan). Some of the goals of this plan are:

-  Maximize the efficiency and self-sufficiency of existing office and plant operations
-  Generate new local sources of energy and minimize external energy/fuel costs
-  Maximize operational flexibility of plants to "roll off" the electric grid and natural gas sources, particularly during peak usage periods
-  Promote regional energy and water conservation programs

Through this 7 Point Action Plan, the Agency has made major strides in building self-sufficiency and local control over long-term energy supplies and assisting the region and California in meeting energy needs. In February 2012, the IEUA Board of Directors adopted the Agency's "Go Gridless by 2020" Initiative. A key objective of the Initiative is for all of its facilities to be off the grid during peak hours. This will be achieved through a combination of efforts including; increased energy efficiency, increased on-site renewable energy generation, optimization of energy procurement strategies and effective energy demand response. This strategy contributes to reducing demand on an already taxed California power grid system, while enhancing the Agency's energy reliability and cost containment through rate stability in an environmentally prudent manner.

In an effort to diversify and maximize renewable energy generation as outlined in the "Go Gridless by 2020" Initiative, the Agency completed the installation of 3.5 MW of solar power in 2008 in multiple facilities, a 1 MW wind turbine at the RP-4 facility in 2011 and a 2.8 MW biogas fuel cell in 2012 at the RP-1 site. Details of key renewable energy capital project activity are outlined below.

Solar

IEUA installed 3.5 MW of solar power at four Agency facilities: CCWRP, RP-5, IERCF and two areas at RP-1. The project was financed through a PPA, with the provider responsible for the design and installation of the entire project in 2008. As part of the PPA, the provider will operate and maintain the solar system, while IEUA buy all the power generated by the solar PV arrays for a period of 20 years. The price agreed per kWh is fixed with a predefined annual escalation rate of 2% which helps to hedge the effects of price swings by our local power utility. Prices for FY 2012/13 are: RP-1 at \$0.1506 per kWh, RP-5 at \$0.1073 per kWh, and CCWRF at \$0.1339 per kWh.

Wind Power

A 1 MW wind turbine generator was commissioned at RP-4 in December 2011. Similar to the prior mentioned projects, the facility was financed and developed through a PPA. IEUA will purchase the power generated from the wind turbine at the agreed upon price over the next 20 years starting at \$0.085 per kWh with a predefined escalation rate of 2% for the first four years and 3% for ensuing years.




Fuel Cell

In 2010 the Agency signed a 20-year PPA to install, operate and maintain a 2.8 MW fuel cell system at the RP-1. Under the agreement, the PPA provider is responsible for funding, design, construction, operation and maintenance of the system. IEUA will purchase power generated from the fuel cell plant at the agreed upon price over the next 20 years, starting at \$0.1262 per kWh with a redefined escalation rate of 2.5% for the first ten years and a negotiated escalator thereafter. The fuel cell plant is expected to be operational by or before the end of June 2012 depending on when Southern California Edison will issue the final permit to operate.

The Agency's energy management strategy is evolving in response to both the volatility of the energy market and the new legislation (AB 32) governing greenhouse gas emissions. The goal is to maximize the amount of power that is self-generated from renewable sources, which will help the Agency in its goal of "Going Gridless by 2020" and produce all electricity "in-house." The Energy Management Strategy includes optimizing energy consumption at Agency facilities; increasing the production and use of digester gas; increasing self-generation capacity utilization; pursuing new technologies; and utilizing effective energy procurement strategies.

Chemicals

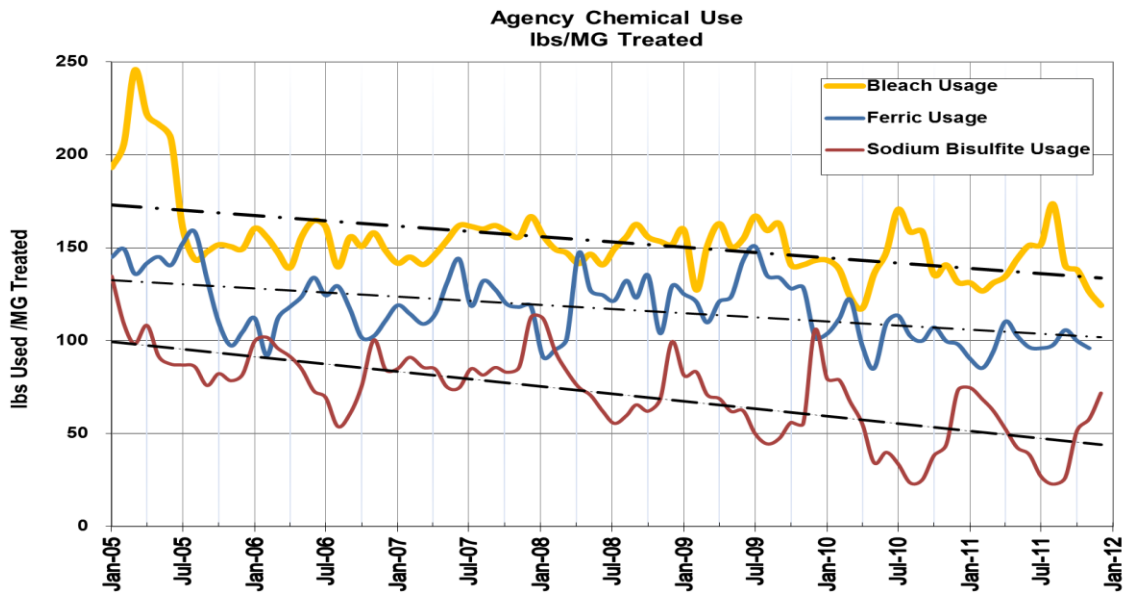
Chemical costs represent approximately 9%, or \$4.4 million of total operating costs in the Regional Wastewater Program in FY 2012/13. The addition of chemicals during the wastewater treatment is essential to meeting treatment process performance goals and compliance, and to sustain the high quality of recycled water generated from the process.

-  Sodium Hypochlorite (38% of budget) is used primarily for disinfection; however, it can also be used for odor control, or in the primary, secondary treatment and solids thickening to improve the process performance.
-  Polymer (31% of budget) may be added to the primary clarifier to enhance solids settling, and to the sludge to enhance the thickening and dewatering process.
-  Ferric chloride (18% of budget) is also used to optimize treatment performance and meet compliance with the South Coast Air Quality Management District (SCAQMD).

The chemical budget is developed by taking into account the current operating conditions and current unit costs (wastewater influent flow, chemical dose, compliance, and contract terms), as well forecasted flows, new projects startup, and market trends.

The application of key performance measures (KPI) to monitor consumption at the various facilities has proven to be an effective tool in reducing chemical usage over the years, as illustrated in Figure 5-10.

Figure 5-10



Biosolids

The cost of biosolids recycling is budgeted at \$3.5 million in FY 2012/13, based on a processing rate of \$50 per ton as established by the IERCA effective July 1, 2012 (an increase of \$6 per ton from FY 2011/12 rate of \$44 per ton). The IERCA composter processes 100% of the Agency’s biosolids generated from all of its treatment plants. Despite the reduction over last three years in wastewater flows coming into the Agency’s water recycling plants; the amount of organic matter and suspended solid materials in the wastewater that must be treated have remained about the same. This can be attributed to an overall drop in water use of 19%, or approximately 55,000 acre-feet (AF), since FY 2006/07 throughout the Agency’s service area. While lower water consumption reduces the “liquid” in wastewater flows, it does not impact the “solids”.

The completion of the RP-1 Dewatering Facility Expansion Project (Dewatering facility) in late June 2012 that uses centrifuge technology in place of belt press process to dry bio-solids is expected to reduce water content and increase solids from 18% to 24% resulting in reduced transportation costs to the IERCA composter for recycling. The Dewatering facility is expected to provide the Agency adequate capacity to handle solids for the next ten years.

Inland Empire Regional Composting Authority (IERCA)

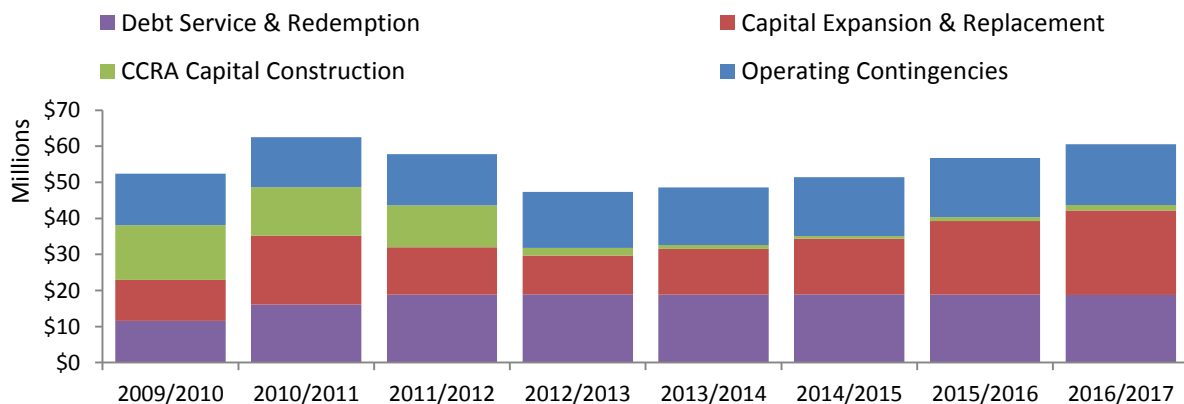
The IERCA is a Joint Powers Authority (JPA) formed between IEUA and CSDLAC as part of their shared goal to develop a sustainable biosolids management program. The facility is currently operating at its design capacity, receiving nearly 600 wet tons per day of biosolids and recycled waste products. The IERCF produces over 220,000 cubic yards of high-quality compost each year for local landscaping and horticultural use and sold on a wholesale basis. The completion the Agency's RP-1 Dewatering Facility and use of centrifuges to dry solids to a higher percentage has the potential of freeing up 50 wet tons per day of additional capacity at the IERCF. CSDLAC has agreed to provide increased tonnage of biosolids to make up for capacity reduction due to RP-1 Dewatering facility efficiencies in order to maintain 95% capacity utilization of the IERCA facility.

Regional Wastewater Program Fund Balance

The Regional Wastewater Program projected ending fund balance of \$48.1 million in FY 2012/13 is \$10.3 million lower than the projected ending fund balance of \$58.4 million in FY 2011/12. The decrease in fund balance is due to expenditures that are higher than revenues in both the RO and RC funds. On a fund basis, the RC fund expenditures of \$35.3 million exceed revenues of \$29.3 million by \$6.0 million. In addition, the RO fund expenditures of 53.6 million exceeds revenues of 49.3 million by \$4.3 million. The primary causes of the \$10.3 million decline in fund balance are higher employment expenses, capital expenditures, debt service costs and interfund transfer.

Figure 5-11 shows a gradual increase in the Regional Wastewater Program fund balance, from \$48 million in FY 2012/13 to \$59.9 million in FY 2016/17.

Figure 5-11
Regional Wastewater Program Fund Balance



FY 2013/14 - FY 2016/17 Forecast

The Regional Wastewater Program fund balance is anticipated to increase in the future years primarily due to the Board adopted multi-year rate increases for FY 2012/13 through FY 2014/15 and the reinstatement of \$1.6 million of property tax receipts from Recycled Water Program in the RO fund beginning FY 2015/16. The reinstated funds were a temporary three year allocation to support debt service costs in the Recycled Water Program.

A basic requirement of the Regional Wastewater capital improvement program is to keep pace with the needs for wastewater treatment and solids handling capacity based on future growth projections provided by the contracting agencies and managing assets at all the facilities. The slow growth and high number of foreclosures in the area continues to affect IEUA's revenue and cost projections as well as plans for new facilities and/or capital expansions. There are no plans in the next decade to expand the flow capacity of any of the Agency's water recycling facilities. Based on current flow projections, only 73% of the Agency's system-wide permitted treatment capacity of 85.7 MGD is expected to be needed over the next ten years.

The Agency's Regional Wastewater capital projects planned relate to essential system and equipment modifications and upgrades to guarantee performance and compliance based on the Agency's Asset Management Plan and Levels of Service.



Wind Turbine – Regional Plant No. 4 – Rancho Cucamonga, CA

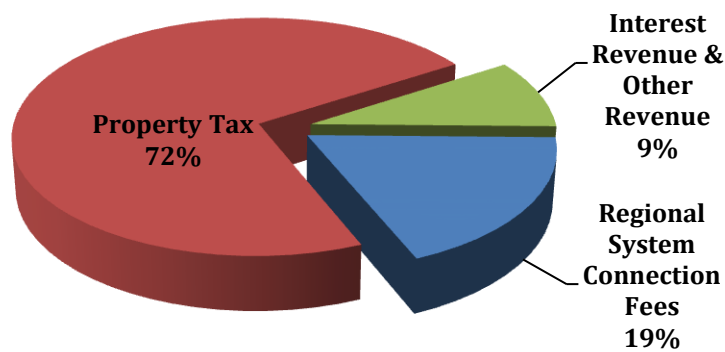
REGIONAL WASTEWATER CAPITAL IMPROVEMENT (RC) FUND

RC Fund Description

The Regional Wastewater Capital Improvement (RC) fund records the activities associated with the acquisition, construction, replacement, and expansion of the Agency’s wastewater treatment plants, energy cogeneration, solids handling facilities, large sewer interceptors, and appurtenant facilities. In addition, principal payments, interest expenses, and related administrative costs associated with the administration of the Regional capital program and debt service costs are also recorded in this fund.

Figure 5-12 shows the percent share of each source of revenue and other funding sources to the RC fund.

**Figure 5-12
RC Fund Revenue & Other Funding Sources**



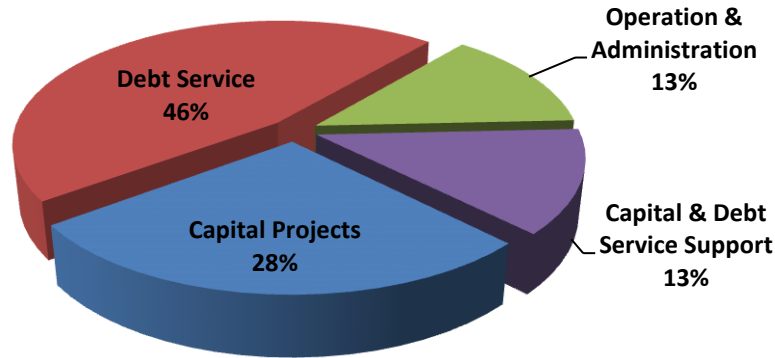
The primary elements of the \$29.3 million in total revenues and other funding sources budgeted in FY 2012/13 are summarized in Table 5-11.

Table 5-11: RC Fund Revenue & Other Funding Sources

Revenue Sources	FY 2012/13 \$ Million	Description
Property Tax Receipts	\$21.2	Annual property tax allocation of 65% includes a decrease of 1% due to the drop in property assessment values. This is in addition to the 1% decrease projected for FY 2011/12.
Connection Fees	5.4	New connection fee rate at \$4,909, an increase of \$143 from \$4,766. Estimated new EDU of 1,100 for FY 2012/13.
Interest Income & Other	2.7	Installment of \$2.3 million from Chino Holding Company, LLC (by assignment from Lewis Investment Company) for the sale of composting land and interest income on average fund balance.
Total Revenue & Other Funding Sources	\$29.3	

Figure 5-13 shows percent of each cost component budgeted in the Regional Wastewater Capital Improvement (RC) fund.

Figure 5-13
RC Fund Expenses and Other Uses of Funds



The major categories of \$35.4 million in total expenditures and other funding uses budgeted in FY 2012/13 are summarized in Table 5-12.

Table 5-12
RC Fund Expenses and Other Uses of Funds

Expenses Category	FY 2012/13 \$Million	Description
Capital Projects	\$9.8	Capital projects emphasis is on repair and replacement of existing equipment and structures, providing system redundancy where needed to guarantee performance and compliance, and achieving energy sustainability.
Debt Payments	16.2	Includes principal and interest payments and financial expenses
Operation & Administration	4.7	Includes labor, contract work, professional fees, allocated expenses, and NRW capacity fees
Capital & Debt Service Support	4.7	Includes inter-fund transfers out to support Recycled Water and Recharge Program's debt service and Administrative Service Program's capital costs
Total Expenses	\$35.4	

RC Fund Capital Improvement Project Costs

The slow growth and high number of foreclosures in the Inland Empire continues to affect the Agency's revenue and cost projections as well as plans for new facilities or capital expansions. The Agency's RC fund capital projects continue to focus on the refurbishment, replacement and upgrade of existing facilities rather than expansion. The Agency will continue to focus on solutions to meet regulatory, safety and/or capacity requirements in order to demonstrate the best value. The Agency continues to upgrade and replace equipment that is reaching the end of its useful life or that is costing more to repair than to replace.

Purchases for new equipment must have a strong return on investment, with hard dollar savings. No new major wastewater facilities or expansions are needed due to declining wastewater flow rates.

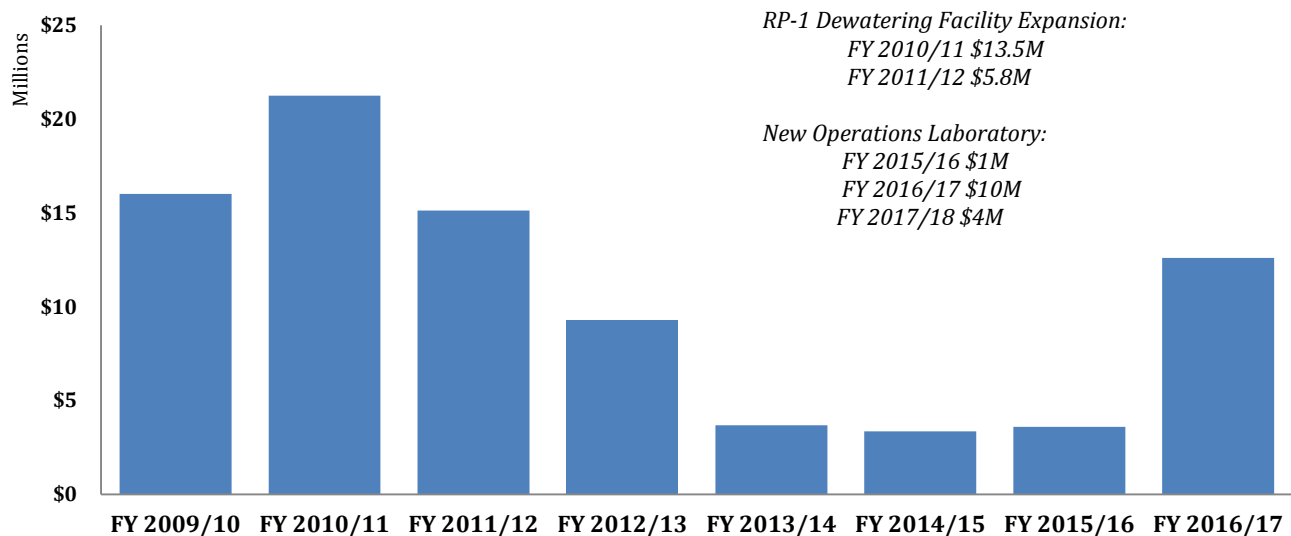
Listed in Table 5-13 are the major projects for FY 2012/13. For a complete listing of projects and descriptions, refer to the Capital section (Chapter 6).

**Table 5-13
Major RC Fund Capital Projects**

Project Name	Project Number	FY 2012/13 \$ Million
Capital Upgrades at RP-1, RP-2, CCWRP, RP-4 and RP-5	EN11017	2.0
RP-1 Flare & RP-2/RP-2 Boiler Replacement	EN11042	1.7
HVAC and Server Room Fire Suppressant	EN11036	0.8
Construction & Emergency Projects	EN13003	0.7
	EN13009	
	EN13300	
RP-1, RP-2 and CCWRP O&M Manuals	EN08002	0.5
IERCF Capital Call Contribution	Investment	0.5
All Other Regional Capital (RC) Projects		3.6
Total Regional Wastewater Capital (RC) Projects		\$9.8

Figure 5-14 shows actual and projected capital project costs between FY 2009/10 and FY 2016/17 in the Regional Wastewater Program.

**Figure 5-14
RC Fund Capital Project Costs**



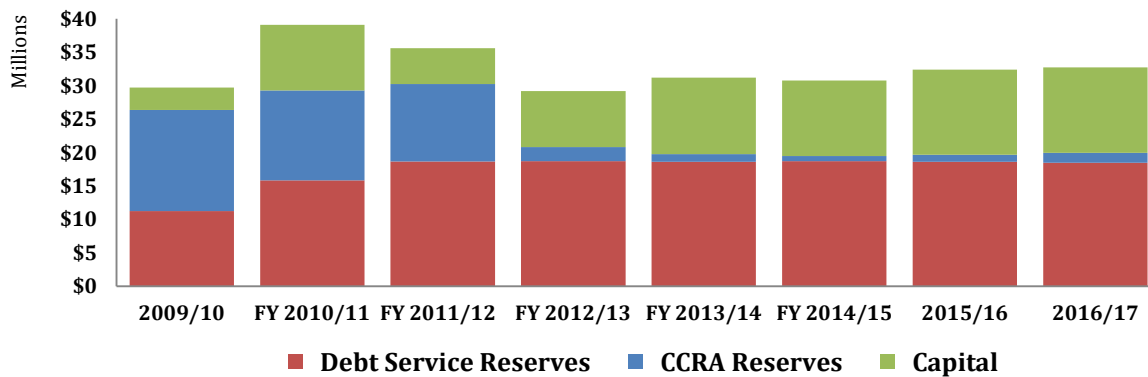
Regional Wastewater Capital Improvement (RC) Fund Balance

The Regional Wastewater Capital Improvement (RC) fund balance for FY 2012/13 is \$29.7 million, a decrease of \$6.1 million from the \$35.8 million projected for FY 2011/12.

The decrease in fund balance in FY 2012/13 compared to FY 2011/12 projected actual is due higher debt service costs due to the completion of the RP-1 Dewatering Facility Expansion project funded by a SRF loan and approximately \$6 million of capital projects funded on a pay-go basis.

Figure 5-15 below provides an overview of changes in fund balances in Regional Wastewater Capital Program.

**Figure 5-15
RC Fund Balance**



FY 2012/13- FY 2016/17 Forecast

On February 1, 2012, the IEUA Board adopted a multi-year rate increases for new EDU connection fees:

- 🍃 FY 2012/13 increase from \$4,766 to \$4,909 per EDU effective July 1, 2012
- 🍃 FY 2013/14 increase from \$4,909 to \$5,007 per EDU effective July 1, 2013
- 🍃 FY 2014/15 increase from \$5,007 to \$5,107 per EDU effective July 1, 2014

In the Regional Wastewater Capital Program, the proposed five-year budget for Asset Improvement and Replacement projects increases from about \$2.2 M per year to about \$4 M per year for designing and replacing wastewater equipment or processes. The projects will provide for the repair or replacement of essential equipment and major processes based on the priorities as well as evaluation of detailed physical condition assessments for critical risk systems. This will include projects such as RP-4 head works improvements (new bar screens and gates) and CCWRP blower controls upgrade. The existing Invensys Foxboro distributed control system (DCS) has a significant number of components reaching their useful end-of-life and these will require replacement. The facilities Supervisory Control and Data Acquisition (SCADA) Master Plan recommend a migration to a new platform as the way to address the necessary replacements.

An agreement for a \$13.5 million SRF Loan for the Operations Laboratory was approved to fund the laboratory construction beginning FY 2015/16. In view of the critical need to provide new laboratory facilities to meet regulatory requirements related to wastewater operations, the design and construction for the Operations Laboratory is scheduled from FY 2015/16 through FY 2017/18, with most of the construction expected in FY 2016/17.

The Agency will continue to implement the Asset Management Program, focusing on solutions to meet regulatory, safety and/or capacity requirements to demonstrate the best value. Levels of service serve to guide the development of the management strategies by aligning risk and economic factors. Through this alignment, the Agency is able to prioritize its use of funds and resource assignments to meet its customer-focused objectives. The Agency is upgrading or replacing equipment that is reaching the end of its useful life or that is costing more to repair than to replace. Purchases for new equipment must demonstrate a strong return on investment, with hard dollar savings.

Based on current assumptions, the RC fund ending fund balance is estimated to be \$29.7 million at the end of FY 2012/13. Thereafter, the fund balance is expected to increase an average of \$2 million beginning in FY 2014/15. The projected increase can be partially attributed to the three-year rate increases beginning in FY 2012/13 through FY 2014/15, as well as a conservative capital investment program.



Fuel Cell Project – Regional Plant No. 1 – Ontario, CA

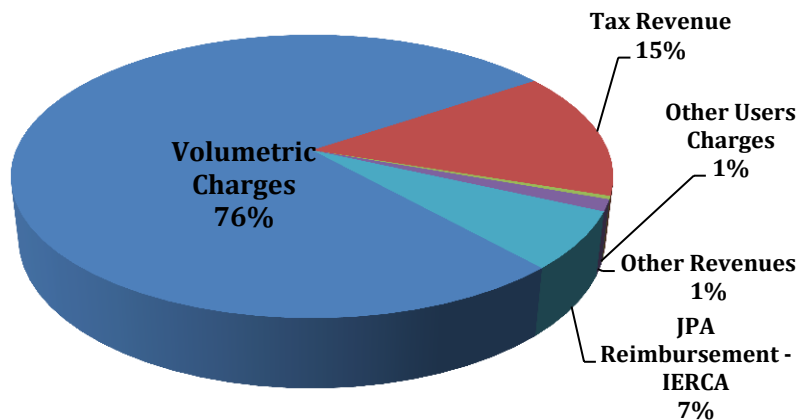
REGIONAL WASTEWATER OPERATIONS AND MAINTENANCE (RO) FUND

RO Fund Description

The Regional Wastewater Operations and Maintenance (RO) fund accounts for the revenue and operating costs directly related to the domestic sewage treatment service to the contracting agencies (Wastewater Collection and Treatment). The major sources of revenues are the service charges applied to the regional wastewater flows based on Equivalent Dwelling Units (EDU's) connected to the Contracting Agencies local connection systems. Another source of revenue is property tax revenues from San Bernardino County and member Agencies' Redevelopment Fees.

Figure 5-16 shows the percent share of each source of revenues funding the Regional Wastewater Operations and Maintenance (RO) fund.

**Figure 5-16
RO Fund Revenue & Other Funding Sources**



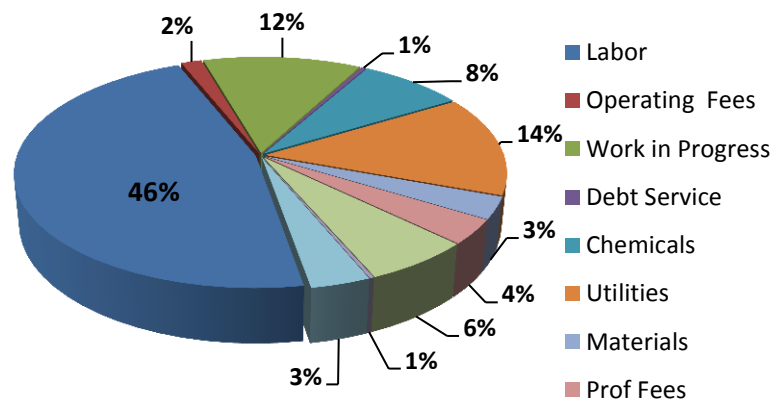
The primary elements of the \$49.3 million in total revenues and other funding sources budgeted in FY 2012/13 are summarized in Table 5-14.

Table 5-14
RO Fund Revenue & Other Funding Sources

Revenue Sources	FY 2012/13 \$Million	Description
Volumetric Charges	\$38.1	Current monthly sewage rate of \$11.14 per EDU increased to \$12.39 per EDU in FY 2012/13 and assumes a no growth rate in volumetric flows.
Property Tax Receipts	7.2	FY 2012/13 property tax allocation of 22% includes a decrease of 1% due to the drop in property assessment values. This is in addition to the 1% decrease projected for FY 2011/12. The 5% temporary tax allocation to the Recycled Water fund in FY 2011/12 through FY 2013/14 will be reinstated in the RO fund in FY 2014/15 to help mitigate the impact of future EDU volumetric rate increases.
RCA Reimbursement	3.2	Labor cost reimbursement from IERCA for the IEUA staff costs associated with the IERCF operations.
Other User Charges, Contract Cost	0.7	Includes user charges from the regional owned non-reclaimable wastewater system, lease revenue from Environ Strategies, contract cost reimbursement, grant receipt, and laboratory service fees.
Interest Revenue	0.1	Interest income yield on the average fund balances.
Total Revenues	\$49.3	

Figure 5-17 shows percent of each cost components incurred in the Regional Wastewater Operations and Maintenance (RO) fund.

Figure 5-17
RO Fund Expenses and Other Uses of Funds



The major categories of \$53.6 million in total expenditures and other funding uses budgeted in FY 2012/13 are summarized in Table 5-15.

**Table 5-15
RO Fund Expenses and Other Uses of Funds**

Expense Category	FY 2012/13 \$Million	Description
Employment	25.0	Regional Operations employment is 88% of the total Wastewater Program expenses and 75% of the total Agency's employment costs.
Utilities	7.6	Higher electricity usage is estimated due to a new recycled water pump station at RP-5 and dewatering facility at RP-1. Electricity rates \$.125 per kWh, Gas \$.80 per therm, and Fuel Cell \$.1278 per kWh.
Capital Replacement	6.6	Facilities and equipment condition assessment, maintenance, cleaning, and repairs related projects.
Chemicals	4.4	Maintained prior year level due to continued process improvement and dose optimization. Even though wastewater flows within the Agency's service area have been decreasing, the amount of organic matter and suspended solid materials in the wastewater that must be treated is roughly the same
Biosolids Recycling	3.5	Includes operating/tipping fees at \$50 per ton, transportation cost, and state land application hauling costs payable to the IERCF
Professional Fees & Services	1.9	Includes contract work and materials to maintain facility equipment
Materials & Supplies	1.7	Operations and maintenance supplies maintained at prior year level
Operating Fees	0.9	Includes user charges from the regional owned Non-Reclaimable Wastewater System and permits related expenses
Debt Service	0.2	2008A bond principal and interest payment.
Other Expenses	1.8	Includes office and administration, leases and rentals, and allocated expenses for operation facilities
Total Expenses	\$53.6	

RO Fund Capital Replacement Costs

The capital program for the Regional Wastewater Operations and Maintenance (RO) fund budgeted for FY 2012/13 is \$6.6 million. The \$6.8 million in property tax receipts allocated to the fund adequately finances the debt service, capital costs and the remaining balance will be used to support operating costs.

Table 5-16 lists the major projects for FY 2012/13. For a complete listing of projects and descriptions, refer to the Capital section (Chapter 6).

Table 5-16
Major RO Fund Capital Replacement Costs

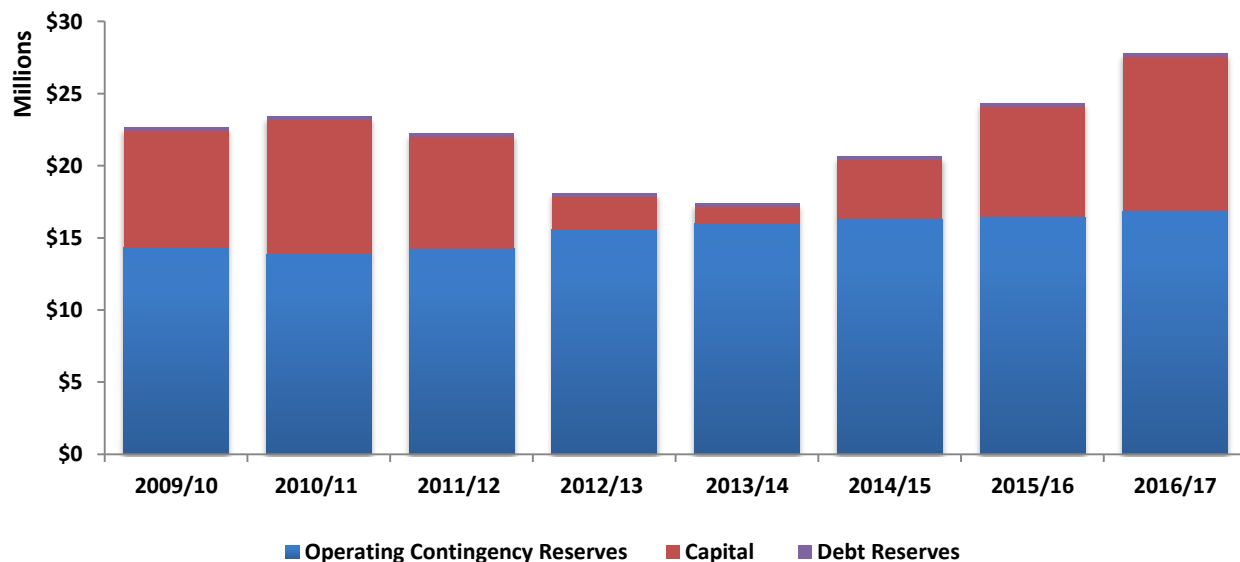
Project Name	Project Number	FY 2012/13 \$ Million
Asset Improvement and Replacement	EN13015 EN08013 EN08023	\$4.0
Major Facilities Repairs and Replacement	EP13001 EP13002	1.0
CCWRP Secondary Clarifier No. 1	EN12018	0.8
All Other Regional O&M (RO) Projects		0.8
Total Regional Operations & Maintenance (RO) Capital		\$6.6

Regional Wastewater Operations and Maintenance (RO) Fund Balance

The Regional Wastewater Operations and Maintenance (RO) fund balance for FY 2012/13 is projected to be \$18.3 million, a decrease of approximately \$4.3 million from the \$22.6 million projected for FY 2011/12. The decrease is due high utilities and employments costs. Despite the Agency's continual efforts to contain costs, rising rate from third party providers for electricity, health insurance and pension benefits continue to drive up the operating costs.

Figure 5-18 provides an overview of changes in fund balances in Regional Wastewater Operations and Maintenance Program.

Figure 5-18
RO Fund Balance



FY 2013/14- FY 2016/17 Forecast

The adopted multi-year rate increases will begin to replenish a portion of fund reserves that over the years have been used to cover costs not supported by rates and charges, as well as offset the decline in certain primary revenues brought on by the economic downturn. The rate increases align with the Agency's ultimate goal to have rates that cover the full cost of service and minimize reliance on property tax receipts to supplement operating costs.

The Agency's facility control systems are over 20 years old and large portions are coming to the end of their useful lives. The Facilities Supervisory Control and Data Acquisition (SCADA) Master Plan, completed in FY 2011/12 was undertaken to address the issue of the aging Control Infrastructure as part of the Agency Automation Program. The Master Plan identified a migration from the current Invensys Foxboro Distributed Control System (DCS) to a Rockwell Automation SCADA system for a robust Agency-wide Enterprise solution. The design phase of the Agency SCADA Migration Project as part of the Asset Improvement and Replacement project and will begin in FY 2012/13 and will be followed by 5 projects over 5 years for a total budget of \$10 million.

However, based on current assumptions for projected wastewater flows and operating costs, even after the three-year rate increases, the monthly EDU volumetric rate projected does not fully cover future operating and capital replacement costs. Moderate rate increases beyond the next three fiscal years, will help close the shortfall in total revenues and replenish the RO fund balance to \$27.2 million by FY 2016/17.



Boiler Replacement Project - Regional Plant No. 1 - Chino

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/13 BUDGET
REGIONAL WASTEWATER CAPITAL IMPROVEMENT (RC) FUND - SOURCES AND USES OF FUNDS**

	2009/2010	2010/2011	2011/2012	2011/2012	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROJECTED ACTUAL	ADOPTED BUDGET		FORECAST		
REVENUES AND OTHER FINANCING SOURCES										
Contract Cost reimbursement	\$19,838	\$19,246	\$0	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	796,726	461,557	370,000	317,000	373,500	373,500	266,000	300,000	331,000	403,000
TOTAL REVENUES AND OTHER FINANCING SOURCE	\$816,564	\$480,803	\$370,000	\$329,000	\$373,500	\$373,500	\$266,000	\$300,000	\$331,000	\$403,000
OTHER FINANCING SOURCES										
Property Tax - Debt and Capital	\$22,145,038	\$21,584,498	\$21,427,255	\$21,408,802	\$21,194,715	\$20,982,767	\$20,982,767	\$20,982,767	\$21,087,681	\$21,193,120
Regional System Connection Fees	7,753,057	5,398,048	5,719,200	5,242,600	\$5,399,900	6,008,400	6,008,400	6,639,100	7,292,600	8,417,600
State Loans	8,738,388	13,477,209	5,849,160	6,919,214	0	0	0	0	765,000	7,785,000
Grants	762,977	784,566	1,473,081	1,174,925	0	0	0	0	0	0
Sale of Assets	3,800	225	0	21,723	2,339,250	2,339,250	2,339,250	0	0	0
Other Revenues	68,082	115,572	7,000	2,200	7,000	6,000	6,000	6,000	6,000	6,000
Loan Transfer from Internal Fund	0	3,700,000	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$39,471,342	\$45,060,118	\$34,475,696	\$34,769,464	\$28,940,865	\$29,336,417	\$27,627,867	\$29,151,281	\$29,151,281	\$37,401,720
EXPENSES										
Employment Expenses	\$4,387,112	\$3,854,506	\$3,940,840	\$4,237,164	\$3,524,299	\$3,593,908	\$3,668,478	\$3,668,478	\$3,579,713	\$3,707,828
Contract Work/Special Projects	524,929	607,407	1,173,060	846,882	70,000	60,000	310,000	310,000	60,000	60,000
Operating Fees	623,488	564,549	499,616	499,616	328,137	335,912	552,971	552,971	567,408	582,235
Professional Fees and Services	472,074	197,123	452,661	861,124	221,728	333,120	337,702	337,702	342,421	347,281
Other Expenses	482,195	430,958	331,039	355,057	533,207	287,850	810,948	810,948	309,822	833,360
TOTAL EXPENSES	\$6,489,798	\$5,654,544	\$6,397,216	\$6,799,843	\$4,677,370	\$4,610,790	\$5,680,099	\$4,859,364	\$5,530,704	\$6,401,720
CAPITAL PROGRAM										
IERCA Investment	\$1,500,000	\$0	\$0	\$0	\$500,000	\$500,000	\$500,000	\$0	\$0	\$0
Work in Progress	14,508,798	19,746,888	22,091,566	15,126,929	9,272,817	3,680,998	3,351,616	3,600,000	12,600,000	12,600,000
W/P Adjustment	0	1,500,000	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$16,008,798	\$21,246,888	\$22,091,566	\$15,126,929	\$9,772,817	\$4,180,998	\$3,351,616	\$3,600,000	\$12,600,000	\$12,600,000
DEBT SERVICE										
Financial Expenses	\$305,669	\$59,349	\$266,950	\$265,650	\$257,400	\$312,400	\$257,400	\$312,400	\$312,400	\$257,400
Interest	9,124,693	6,201,471	8,312,044	7,102,721	7,938,191	8,052,676	7,815,450	7,548,782	7,277,957	7,277,957
Principal	7,491,624	6,407,995	6,411,550	6,411,550	8,008,159	8,210,119	8,427,318	8,696,380	8,960,883	8,960,883
Short Term Inter-Fund Loan	19,500,000	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$36,421,986	\$12,668,815	\$14,990,544	\$13,779,921	\$16,203,750	\$16,575,195	\$16,500,168	\$16,557,562	\$16,496,240	\$16,496,240
TRANSFERS IN (OUT)										
Capital Contribution	(\$265,438)	(\$338,604)	(\$1,367,954)	(\$836,630)	(\$2,593,802)	(\$593,870)	(\$699,000)	(\$699,000)	(\$699,000)	(\$699,000)
Debt Service	94,024	3,750,186	(2,152,008)	(1,830,842)	(2,131,750)	(2,147,858)	(2,134,742)	(2,147,651)	(2,135,184)	(2,135,184)
Operation support	(375,600)	0	0	0	0	0	0	0	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$547,014)	\$3,411,582	(\$3,519,962)	(\$2,667,472)	(\$4,725,552)	(\$2,741,728)	(\$2,833,742)	(\$2,846,651)	(\$2,834,184)	(\$2,834,184)
FUND BALANCE										
Net Income (Loss)	(\$19,179,690)	\$9,382,256	(\$12,153,592)	(\$3,275,701)	(\$6,065,124)	\$1,493,706	(\$437,758)	\$1,618,704	\$343,592	\$343,592
Beginning Fund Balance July 01	48,886,487	29,706,797	39,089,053	39,089,053	35,813,352	29,748,227	31,241,933	30,804,175	32,422,878	32,422,878
ENDING FUND BALANCE AT JUNE 30	\$29,706,797	\$39,089,053	\$26,935,461	\$35,813,352	\$29,748,228	\$31,241,933	\$30,804,175	\$32,422,879	\$32,766,470	\$32,766,470
RESERVE BALANCE SUMMARY										
Capital Expansion / Construction	\$3,338,343	\$10,031,823	\$1,434,294	\$3,288,785	\$8,488,447	\$11,061,895	\$10,914,734	\$12,314,627	\$12,377,058	\$12,377,058
CCRA Capital Construction	15,114,930	13,446,467	7,165,667	14,189,067	2,536,728	1,545,128	1,184,228	1,476,828	1,894,428	1,894,428
Debt Service & Redemption	11,253,524	15,610,763	18,335,500	18,335,500	18,723,053	18,634,910	18,705,213	18,631,424	18,494,984	18,494,984
ENDING BALANCE AT JUNE 30	\$29,706,797	\$39,089,053	\$26,935,461	\$35,813,352	\$29,748,228	\$31,241,933	\$30,804,175	\$32,422,879	\$32,766,470	\$32,766,470

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/13 BUDGET
REGIONAL WASTEWATER OPERATIONS AND MAINTENANCE (RO) FUND - SOURCES AND USES OF FUNDS**

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST		
REVENUES								
User Charges	\$33,344,394	\$35,027,609	\$35,476,969	\$34,667,470	\$38,291,573	\$41,366,705	\$44,486,096	\$45,945,335
Property Tax- O&M	6,942,884	4,369,732	343,663	3,801,709	371,913	1,696,725	1,570,593	1,870,107
Cost Reimbursement JPA	2,566,556	2,496,771	2,795,988	2,486,633	3,225,907	3,227,520	3,229,134	3,232,364
Contract Cost Reimbursement	267,236	245,310	35,400	106,000	93,000	93,000	93,000	93,000
Interest Revenue	200,787	174,474	230,000	110,150	150,000	175,000	275,000	500,000
Gas Sales	6,824	0	0	0	0	0	0	0
TOTAL REVENUES	\$43,328,681	\$42,313,895	\$38,882,020	\$41,171,962	\$42,132,393	\$46,558,950	\$50,215,000	\$51,640,806
OTHER FINANCING SOURCES								
Property Tax Revenues - Debt/Capital/Reserves	\$0	\$2,107,578	\$6,908,639	\$3,444,347	\$6,801,683	\$5,405,135	\$7,145,326	\$6,933,189
Grants	85,007	22,439	65,812	61,477	49,250	46,550	0	0
Other Revenues	1,663,654	72,154	70,000	304,484	360,000	637,200	745,416	763,504
TOTAL OTHER FINANCING SOURCES	\$1,748,661	\$2,202,171	\$7,044,451	\$3,810,308	\$7,210,933	\$6,088,895	\$7,890,742	\$7,716,693
EXPENSES								
Employment Expenses	\$24,231,909	\$23,227,410	\$23,612,608	\$23,799,111	\$25,011,035	\$25,787,016	\$26,017,126	\$26,248,687
Contract Work/Special Projects	720,174	610,454	382,667	297,968	134,450	119,050	60,000	0
Utilities	4,326,659	4,546,884	5,369,480	4,999,734	7,594,660	7,902,166	8,222,652	8,556,990
Operating Fees	1,868,600	1,439,603	1,994,105	1,220,224	854,602	865,456	880,174	914,207
Chemicals	3,761,931	3,760,188	4,263,720	4,017,741	4,359,080	4,489,000	4,669,000	5,099,000
Professional Fees and Services	2,021,218	1,575,471	2,360,551	1,651,556	1,869,716	1,901,560	1,962,788	2,030,891
Office and Administrative expenses	39,380	142,880	140,925	443,939	443,939	446,457	447,573	449,886
Biosolids Recycling	3,587,218	3,613,410	4,041,638	3,757,398	3,526,523	3,618,307	3,712,501	3,908,374
Materials & Supplies	1,738,600	1,940,661	1,680,328	1,668,541	1,654,050	1,712,452	1,759,919	1,859,117
Other Expenses	646,157	799,289	949,589	904,799	1,422,656	1,292,321	1,371,089	1,448,956
TOTAL EXPENSES	\$42,941,847	\$41,656,249	\$44,795,611	\$42,359,798	\$46,870,710	\$48,133,785	\$49,102,823	\$50,864,806
CAPITAL PROGRAM								
Work In Progress	\$1,447,464	\$2,024,855	\$6,694,004	\$3,229,712	\$6,587,048	\$5,190,500	\$5,169,200	\$5,080,000
TOTAL CAPITAL PROGRAM	\$1,447,464	\$2,024,855	\$6,694,004	\$3,229,712	\$6,587,048	\$5,190,500	\$5,169,200	\$5,080,000
DEBT SERVICE								
Financial Expenses	(\$2,464)	\$36,968	\$350	\$350	\$350	\$350	\$350	\$350
Interest	153,447	45,755	214,285	214,285	214,285	214,285	214,285	214,285
TOTAL DEBT SERVICE	\$150,983	\$82,723	\$214,635	\$214,635	\$214,635	\$214,635	\$214,635	\$214,635
FUND BALANCE								
Net Income (Loss)	\$537,048	\$752,239	(\$5,777,779)	(\$821,875)	(\$4,329,067)	(\$891,085)	\$3,057,907	\$3,198,058
Beginning Fund Balance July 01	22,120,608	22,657,656	23,409,893	23,409,893	22,588,018	18,259,951	17,367,866	23,919,596
ENDING FUND BALANCE AT JUNE 30	\$22,657,656	\$23,409,895	\$17,632,114	\$22,588,018	\$18,259,951	\$17,367,866	\$20,425,773	\$27,117,654
RESERVE BALANCE SUMMARY								
Capital / Operation Contingencies	\$14,313,950	\$13,885,417	\$14,931,870	\$14,119,931	\$15,623,570	\$16,044,596	\$16,367,609	\$16,954,936
Capital Expansion / Construction	8,069,118	9,309,841	2,485,609	8,253,452	2,420,746	1,108,635	3,834,526	9,948,083
Debt Service & Redemption	274,588	214,635	214,635	214,635	214,635	214,635	214,635	214,635
ENDING BALANCE AT JUNE 30	\$22,657,656	\$23,409,895	\$17,632,114	\$22,588,018	\$18,259,951	\$17,367,866	\$20,416,773	\$27,117,654

NON-RECLAIMABLE WASTEWATER (NRW) PROGRAM

Programmatic Overview

The NRW program is a key element of the Chino Basin Watermaster Optimum Basin Management Plan (OBMP) strategy. The NRW provides pipelines and pump station to export the high-salinity industrial wastewater generated within the Agency's service area for treatment and eventual discharge to the Pacific Ocean. The wastewater discharged to the NRWS consists mainly of industrial and groundwater treatment brines.

The NRW collection system is physically separated from the Regional Wastewater System, ensuring further compliance with the Regional Board and State regulation related to environmental criteria and improving the quality of recycled water for local use. By maximizing the use of the NRW system, the quality of the recycled water is improved for local use and helps ensure that the Agency complies with the final effluent total dissolved solids (TDS) and total nitrogen limits (TNL) listed in the National Pollutant Discharge Elimination System (NPDES) permits.

The NRW system is owned and operated by the Agency and is comprised of two sectors namely the Northern and Southern systems.

- 🌿 The Northern System serves approximately 48 industries, truckers, and municipalities for groundwater treatment facilities for brines and conveys wastewater to adjacent interceptor sewer lines owned and operated by the Sanitation Districts of Los Angeles County (SDLAC)
- 🌿 The Southern System serves approximately 8 industries and the Chino Desalter Authority, conveys wastewater to the Inland Empire Brine Line (IEBL) pipeline and is owned by the Santa Ana Watershed Project Authority (SAWPA), and from there wastewater flows to the Orange County Sanitation District (OCSD) facility in Fountain Valley

The NRW system also collects wastewater from the Regional Recycling Plant No. 1 (RP-1) belt press filtrate resulting from the dewatering of biosolids generated within the Agency's RP-1 facility, and some domestic waste from areas without sewer service located in the IEUA service area.

Fund Description

The Non-Reclaimable Wastewater Program (NC) fund records the transactions for the acquisition, construction, expansion, replacement, and operations of the Agency's non-reclaimable wastewater sewer lines, interceptors and appurtenant facilities. It also accounts for the revenues and operating costs directly related to providing collection services, pipeline transport, and wastewater treatment.

Additionally, administrative costs associated with the implementation and maintenance of capital projects required for the improvements or collection lines of the NRW System are recorded.

Funds are budgeted for the design, construction, management, and administration cost as the need for additional non-reclaimable wastewater facilities or replacement of the existing pipelines, interceptor capacity and treatment capacity is identified.

Revenues and Other Funding Sources

The FY 2012/13 Non-Reclaimable Wastewater Program has budgeted total revenues and funding sources of \$8.8 million. Revenues includes volumetric, capacity, strength and excess use fees, administrative fees, capital improvement program (CIP) charges, other service charge, and interest income.

The NRW program rate structure is based on the pass through rates initially adopted in July 2005. This allows the Agency to recover on a monthly basis the rates billed by SDLAC (Northern) and SAWPA (Southern) for capacity, volumetric, and strength fees. As a result, the Northern and Southern systems have different rate structures.

In addition to the pass through rates, the user charges include the Agency's administrative charges to cover the operational cost associated with the NRWS program. The FY 2012/13 rate for administrative charges on volumetric, capacity and strength (TSS/COD/BOD) charges will remain at 50% for non-recycled water users and 10% for recycled water users. The discounted administrative surcharge supports the Agency's goal to promote the use of recycled water. To date, fourteen (14) industries in the Agency's service area utilizing recycled water are eligible for the additional discount. Beginning in July 2010, IEUA started to pass on the solids imbalance charges from SAWPA to the industries located on the southern portion of the NRW System. Agency staff is working with SAWPA and other agencies to mitigate and minimize the imbalance in strength charges. No administration or user charges are added to this pass through solids imbalance charges.

The monthly capacity improvement program (CIP) fee in FY 2012/13 will remain at \$90 per unit to support debt service costs for the NRW system share of the 2008A Bonds issued in February 2008. The 2008A bond proceeds allocated to support the NRW CIP were fully drawn in FY 2011/12.

Total revenues of \$8.8 million in FY 2012/13 results in a net increase of \$2.1 million compared to FY 2011/12 projected revenues of \$6.7 million. The increase is primarily due to higher user charges, volumetric and capacity charges projected for FY 2012/13, which also result in higher administrative service charges of approximately \$520,000. Table 5-17 below shows the source of total revenues.

Table 5-17: Total NRW Revenues

Revenues Sources	FY 2012/13 Budget \$Million	% of Total	Description
Volumetric Fees	\$2.1	24%	Monthly fee based on metered wastewater flow
Capacity Fees	1.8	21%	Monthly fee to the holders of capacity rights
Excess User Fees	1.4	15%	Fee for wastewater strength composition*
Other Users Charges	2.6	30%	Administrative, operational, and capacity surcharges
Other Revenues	0.9	10%	Reimbursements from special projects, interest earned on reserve balance, and note receivable
Total Revenues	\$8.8	100%	

* Strength charges are calculated based on Total Suspended Solids (TSS), Chemical Oxygen Demand (COD), and Biochemical Oxygen Demand (BOD)

Expenses and Other Uses of Funds

The NRW Program accounts for all of the operating and capital expenses associated with the Northern and Southern systems. These expenses include construction and acquisition of capital assets, equipment purchases, process modifications and upgrades necessary to comply with the environmental and regulatory increased standards, as well as to support the growth in the Agency's service area and the demand it places on the NRW program.

Total proposed NRW expenses of \$9.9 million exceed total revenues of \$8.8 million by approximately \$1.1 million. The expenses are higher primarily due to capital expenditures of \$1.7 million for system repairs and upgrades (excluding \$1.4 million for SDLAC 4R's project) funded from reserves on a pay-go basis. Table 5-18 below shows the expense categories of the NRW program.

Table 5-18: Total NRW Expenses

Expense Categories	FY 2012/13 Budget \$Million	% of Total	Description
Capital Projects	\$3.1	32%	Includes \$1.4M SDLAC 4 R's and capital projects as listed in the appendices section
Operating Fees	3.8	39%	Includes CSDLAC and IEBL fees
Administration & Operations	2.1	22%	Includes labor, burden, overhead, chemicals, materials & supplies, professional fees, and utilities
Debt Service	0.5	5%	Includes 2008A Bond and IEBL Loan principal and interest payments
Special Projects	0.2	1%	Includes Regional Brine Management study, pipe cleaning, and meter maintenance costs to support the Agency's NRW system
Other Expense	0.2	1%	Includes expense allocation and operating transfers
Total Expenses	\$9.9	100%	

Capital Expense

NRW Program's total capital project expenditures for FY 2012/13 are budgeted at \$3.1 million which includes the \$1.4M for the CSDLAC Capital Replacement charges (4Rs), as noted in Table 5-19.

Table 5-19: NRW Capital Expenditures by Major Project

Major Capital Projects	FY 2012/13 \$Million
CSDLAC Capital Replacement (4R's)	\$1.4
NRW System Upgrades	1.1
NRWS Connections & Emergency Pipeline Repairs	0.2
Other Projects	0.4
Total	\$3.1

Debt Service

In FY 2012/13, \$0.5 million is budgeted for debt service expenses which include \$0.4 million of interest expense for the 2008A Bond Debt and \$0.1 million principal payment for the SAWPA Note Payable including a \$550 for financial expenses. The debt service costs are recovered through the Capital Improvement Project (CIP) fees charged to both north and south system users.

Inter Fund Loans

In addition to the inter-fund loan of \$9 million issued to Recycled Water (WC) Program in FY 2007/08, a \$6 million of inter-fund loan was issued to WC program in FY 2009/10. The repayment schedule of the two loans is indicated in Table 5-20.

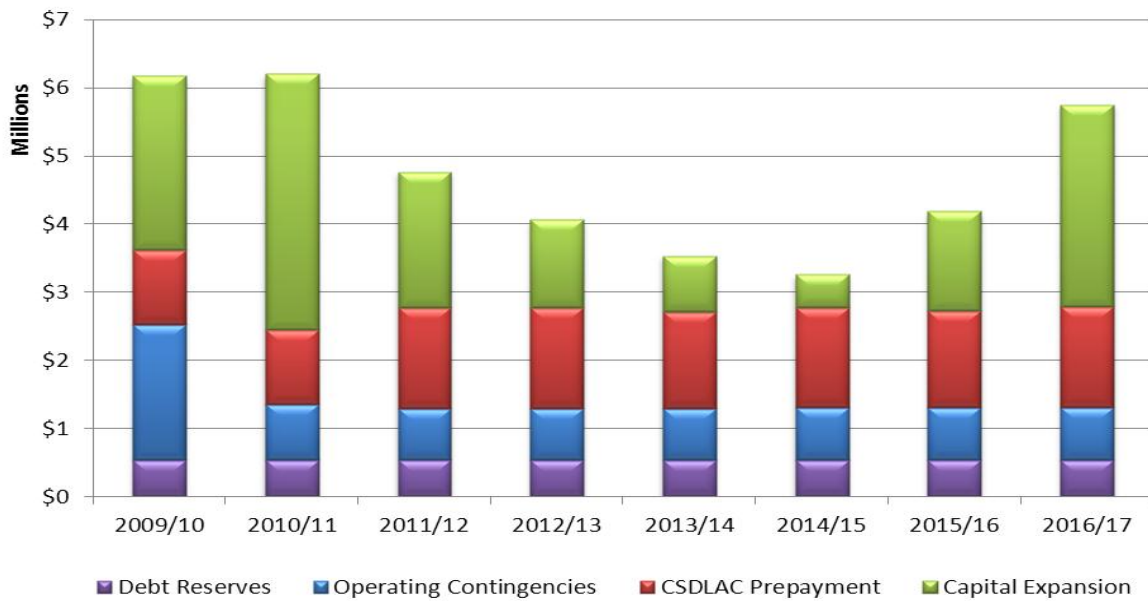
Table 5-20: Inter-fund Loan Repayment Schedule

Fiscal Year Issued	Issued to	Inter-Fund Loan Amount	Repayments Scheduled to Begin	Repayments Scheduled to End
FY 2007/08	WC Fund	\$9 M	FY 2015/16	FY 2020/21
FY 2009/10	WC Fund	\$6 M	FY 2015/16	FY 2020/21

Fund Balance

The FY 2012/13 fund balance is projected to be \$4 million. The decrease of fund balance by \$1.2 million from FY 2011/12 projected fund balance of \$5.2 million is due to increase in capital project spending of \$1 million primarily on NRW system upgrades. Figure 5-19 illustrates the trend of both historical and projected NRW fund balances through FY 2016/17.

Figure 5-19: NRW Program Fund Balance by Type



FY 2013/14 to FY 2016/17 Forecast

The first repayment installment on the \$15 million inter-fund loans provided to Recycled Water (WC) Fund by NRW fund (\$9 million in FY 2007/08 and \$6 million in FY 2009/10) is projected to begin in FY 2015/16. Thereafter, the NRW fund reserve balance is anticipated to increase between \$1 million to \$3 million each year until the loans are fully paid by Recycled Water (WC) fund.

The Agency continues its effort to achieve substantial avoided costs as well as benefits in its service area by implementing the NRWS Action Plan. The action plan includes:

- 🌱 Maximizing the use of the NRWS.
- 🌱 Developing a program to reduce the salt impacts of water softeners.
- 🌱 Reducing salinity contributions from IEUA water recycling facilities.

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/13 BUDGET
NON-RECLAIMABLE WASTEWATER (NRW) FUND - SOURCES AND USES OF FUNDS**

	2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16		2016/17	
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	ACTUAL	ACTUAL	ADOPTED BUDGET	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
REVENUES AND OTHER FINANCING SOURCES																
User Charges	\$8,262,338	\$6,593,042	\$7,979,475	\$5,635,026	\$7,949,136		\$7,938,570		\$7,989,995		\$7,989,995		\$7,973,464		\$8,025,818	
Contract Cost reimbursement	0	1,645	0	0	0		0		0		0		0		0	
Interest Revenue	398,804	128,907	237,750	181,916	225,123		264,307		312,965		312,965		364,000		398,750	
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$8,661,142	\$6,723,594	\$8,217,225	\$5,816,942	\$8,074,259		\$8,202,877		\$8,302,960		\$8,302,960		\$8,337,464		\$8,424,568	
OTHER FINANCING SOURCES																
Other Revenues	\$57,519	\$125,675	\$137,999	\$664,422	\$691,391		\$781,183		\$841,557		\$841,557		\$77,441		\$78,086	
Sale of Capacity	600,000	150,000	0	215,000	0		0		0		0		0		0	
Loan Transfer from Internal Fund	0	0	1,000,000	0	0		0		0		0		1,500,000		2,000,000	
TOTAL OTHER FINANCING SOURCES	\$657,519	\$275,675	\$1,137,999	\$879,422	\$691,391		\$781,183		\$841,557		\$841,557		\$1,577,441		\$2,078,086	
EXPENSES																
Employment Expenses	\$1,824,784	\$2,022,853	\$1,667,617	\$1,521,504	\$1,664,100		\$1,671,768		\$1,672,915		\$1,672,915		\$1,673,400		\$1,674,256	
Contract Work/Special Projects	82,672	8,589	76,263	28,134	60,000		40,000		40,000		40,000		40,000		40,000	
Utilities	95,130	61,848	71,346	56,567	67,771		70,980		74,345		74,345		77,875		81,577	
Operating Fees	3,359,566	2,715,110	4,297,213	3,003,763	3,821,718		3,858,977		3,888,658		3,888,658		3,919,833		3,949,072	
Chemicals	201,054	165,609	215,000	215,000	216,000		220,320		224,726		224,726		229,221		233,805	
Professional Fees and Services	31,286	19,258	79,890	69,193	69,869		72,731		74,596		74,596		76,515		78,479	
Biosolids Recycling	47,936	15,609	33,000	31,000	30,000		32,100		32,712		32,712		33,336		33,972	
Materials & Supplies	46,849	47,243	40,614	31,663	55,700		57,144		58,627		58,627		60,149		61,713	
Other Expenses	294,337	153,309	82,968	85,715	180,790		144,022		165,411		165,411		151,473		173,009	
TOTAL EXPENSES	\$5,983,614	\$5,209,428	\$6,563,911	\$5,042,559	\$6,165,948		\$6,168,041		\$6,231,989		\$6,231,989		\$6,261,802		\$6,325,883	
CAPITAL PROGRAM																
CSDLAC 4Rs	\$1,088,854	\$697,113	\$1,485,260	\$1,485,260	\$1,429,818		\$1,475,712		\$1,422,984		\$1,422,984		\$1,471,673		\$1,421,823	
Work In Progress	2,604,875	722,531	1,766,487	588,821	1,687,584		1,315,000		1,200,000		1,200,000		700,000		700,000	
TOTAL CAPITAL PROGRAM	\$3,693,729	\$1,419,644	\$3,251,747	\$2,074,081	\$3,117,402		\$2,790,712		\$2,622,984		\$2,622,984		\$2,171,673		\$2,121,823	
DEBT SERVICE																
Financial Expenses	\$499	(\$5,938)	\$550	(\$5,740)	\$550		\$550		\$550		\$550		\$550		\$550	
Interest	411,341	208,412	409,080	416,188	409,080		393,559		385,094		385,094		376,121		366,609	
Principal	111,758	118,463	125,570	125,570	133,105		141,091		149,556		149,556		188,530		93,488	
Short Term Inter-Fund Loan	6,000,000	0	0	0	0		0		0		0		0		0	
TOTAL DEBT SERVICE	\$6,523,598	\$320,937	\$535,200	\$536,018	\$542,735		\$535,200		\$535,200		\$535,200		\$535,201		\$460,647	
TRANSFERS IN (OUT)																
Capital Contribution	(\$9,683)	(\$12,353)	(\$49,904)	(\$30,521)	(\$94,624)		(\$21,665)		(\$25,500)		(\$25,500)		(\$25,500)		(\$25,500)	
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$9,683)	(\$12,353)	(\$49,904)	(\$30,521)	(\$94,624)		(\$21,665)		(\$25,500)		(\$25,500)		(\$25,500)		(\$25,500)	
FUND BALANCE																
Net Income (Loss)	\$6,891,963	\$36,907	(1,045,538)	(986,815)	(1,155,059)		(531,559)		(271,157)		(271,157)		920,729		1,568,800	
Beginning Fund Balance July 01	13,056,182	6,164,218	6,201,125	6,201,125	5,214,310		4,059,251		3,527,693		3,527,693		3,256,536		4,177,266	
ENDING FUND BALANCE AT JUNE 30	\$6,164,219	\$6,201,125	\$5,155,587	\$5,214,310	\$4,059,251		\$3,527,692		\$3,256,536		\$3,256,536		\$4,177,265		\$5,746,066	
RESERVE BALANCE SUMMARY																
Capital / Operation Contingencies	\$1,994,538	\$815,390	\$729,312	\$669,367	\$760,577		\$755,505		\$766,910		\$766,910		\$766,439		\$778,035	
Capital Expansion / Construction	2,545,626	3,761,681	2,802,221	2,579,905	2,871,762		814,004		482,753		482,753		1,453,804		2,950,354	
CSDLAC Prepayment	1,088,854	1,088,854	1,429,818	1,429,818	1,475,712		1,471,673		1,471,673		1,471,673		1,473,478		1,473,478	
Debt Service & Redemption	535,200	535,200	535,200	535,200	535,200		535,200		535,200		535,200		535,200		535,200	
ENDING BALANCE AT JUNE 30	\$6,164,219	\$6,201,125	\$5,155,587	\$5,214,310	\$4,059,251		\$3,527,692		\$3,256,536		\$3,256,536		\$4,177,265		\$5,746,066	

RECHARGE WATER (RW) PROGRAM

Programmatic Overview

The Recharge Water program is a comprehensive program designed to increase artificial groundwater recharge within the Chino Basin using storm water, recycled water, and imported water. Through the development of increased recharge capacity in the Chino Basin, greater quantities of high quality water can be captured and stored during wet years and be made available during drought years and times of imported water supply shortages.

The FY 2012/13 budget for Groundwater Recharge (GWR) operations of the recharge basins and pertinent facilities is based on the costs to operate and maintain nineteen (19) recharge sites in the Chino Basin. The anticipated volume of water recharge in FY 2012/13 is approximately 30,000 acre-feet (AF) which includes 17,000 AF of storm water, 13,000 AF of recycled water, and no imported water (assumes replenishment water will not be available from MWD).

The recharge volume projections assume:

- Minimal downtime during basin improvement projects.
- No replenishment water available from the Metropolitan Water District (MWD) of Southern California.
- Average rainfall available for storm water capture.

Basin enhancements continue to be developed to increase recharge capacity and reliability. The anticipated improvements in FY 2012/13 include:

- Installation of a new recycled water turnout a Turner Basin 1, which will allow water to be delivered at 6 cubic feet per second (cfs) directly into the basin and avoid deliveries through Deer Creek. The turnout is needed as Deer Creek inlet is too low to allow water to flow into Turner 1 during most of the year.
- Installation of wet weather channel crossing at Hickory basin, which will allow access to the northern side of the basin during storm events for both GWR maintenance activities and Flood Control operations.

Fund Description

The Recharge Water (RW) fund accounts for the revenues and expenses associated with the groundwater recharge operations and maintenance through the joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino County Flood Control District (SBCFCD), and the Inland Empire Utilities Agency. Expenses include general basin maintenance or restoration costs, groundwater administration (e.g. labor, equipment, and tools), contracted services (e.g. weeding and vector control) compliance reporting and environmental documentation for the program's Fish & Game Permit. The operations and maintenance budget is partially funded by the CBWM and the Agency.

Debt service costs are for the Ground Water Basin Enhancement Project funded by the 2008B Variable Rate Bonds (refinancing the 2002A Bonds in May 2008). Debt principal and interest payments are equally reimbursed by the CBWM and the Agency. The Agency's portion is supported by a fund transfer from the Regional Wastewater Capital (RC) Improvement fund.

Revenues and Other Funding Sources

Total budgeted revenues and other funding sources for FY 2012/13 is \$2.5 million, as indicated in Table 5-21. The budget is comprised of \$1.6 million of reimbursements from the CBWM for groundwater recharge operations & maintenance, capital support, and debt service, with the remaining balance being contributed by IEUA.

Table 5-21: Revenue and Other Funding Sources

Revenue Sources	FY 2012/13 Budget \$Millions	% of Total	Description
CBWM GWR O&M	\$.9	36%	Groundwater Recharge Operations & Maintenance (GWR O&M) reimbursement from CBWM
Debt Service	1.1	44%	Reimbursement from CBWM for its share of the debt service costs, interest rate estimated at 2% based on historical performance
CBWM Capital Support	.2	8%	Capital project 50/50 cost share for Hickory Basin \$12,500 and Prado Basin Monitoring project, 1/2 cost share with IEUA \$200,000.
IEUA Operation Support	.3	12%	Operating transfer from the Recycled Water Fund for the Agency's pro rata share of groundwater basin maintenance \$275,000, and interest \$18,000
Total Revenue	\$2.5	100%	

Expenses and Other Uses of Funds

Total Recharge Program expenses for FY 2012/13 are \$2.7 million, as shown on Table 5-22 below. The expenses include \$1.1 million of debt service costs for the Ground Water Basin Enhancement Project; groundwater operations and maintenance cost for \$1.1 million; and \$.5 million for capital projects.

Table 5-22 Recharge Program Expenses

Expense Categories	FY 2012/13 Budget \$Millions	% of Total	Description
Debt Service	\$1.1	41%	Includes payment on bond principal and interest
Groundwater O&M	1.1	41%	Includes GWR maintenance & administration costs, utilities, specialty O&M, CBWCD, SBCFCD costs, and general allocation for support by various IEUA departments
Capital/ Special Projects	0.5	18%	Capital project expense for basin modifications and repairs
Total Expense	\$2.7	100%	

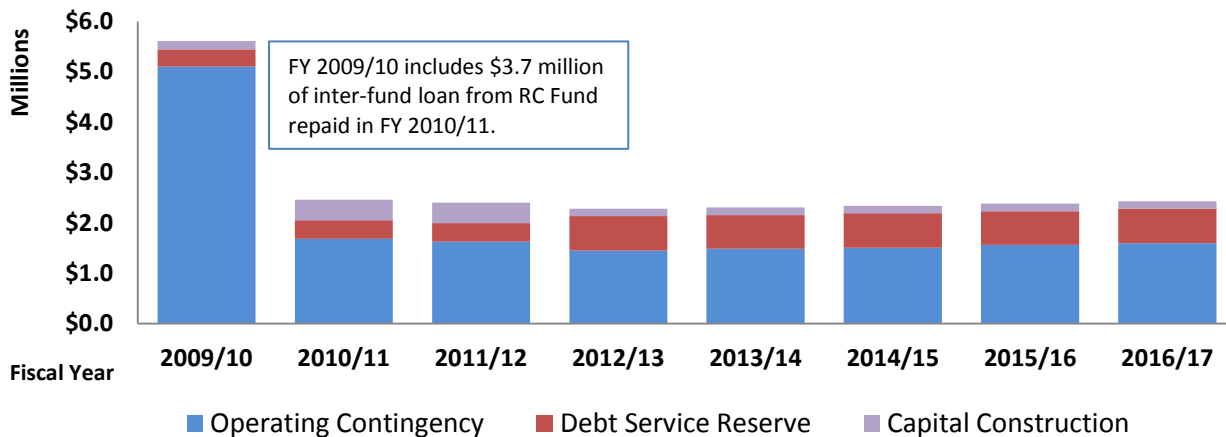
Debt Service

Debt service expenses of \$1.1 million consist of the CBWM and IEUA's portion of the 2008B Variable Rate Bond principal and interest debt payment.

Fund Balance

The ending fund balance for FY 2012/13 is projected to be \$2.3 million. Fund Balances are estimated to average the same at \$2.3 million throughout the subsequent years, as the majority of its operating expenditures are fully reimbursable by CBWM and IEUA. Figure 5-20 below shows the historical and projected fund balance through FY 2016/17 for the Recharge water program.

Figure 5-20: Recharge Water Fund Balance Reserve by Type



FY 2012/13 Highlights

Use of recycled water for groundwater recharge is a critical component of the water supply plans for the region. It will increase the reliability of water supplies during dry years and save \$6 million to \$9 million per year in imported water costs. Ten recharge sites, as shown on Table 5-23 currently receives recycled water recharge. The completion of the Wineville extension pipeline project and the Declaz Basin will be available for recycled water recharge, which can provide additional deliveries to the RP3 recharge site.

FY 2013/14-2016/17 Forecast

Currently the recharge basins are not expected to require significant capital expense beyond the completion of refurbishment at selected basins. Enhancements to existing facilities and development of additional recharge facilities will occur as opportunities arise. Table 5-23 is a listing of basins in the Chino Basin area and their potential AF recharge capacity.

Table 5-23 Chino Basin Potential Source Water Recharge Capabilities

Basin Name	Potential Basin Recharge Capacity Acre Feet Per Year (AFY)			
	Storm Water	Imported Water	Recycled Water	Total
8th Street Basins*	870	1,160	870	2,900
Banana Basin*	870	1,160	870	2,900
Brooks Street Basins*	870	1,160	870	2,900
College Heights Basins	2,600	6,070	0	8,670
Declez Basins	1,040	1,390	1,040	3,470
Ely Basins*	870	1,160	870	2,900
Etiwanda Conserv. Ponds¹	0	0	0	0
Etiwanda Debris Basin	1,210	1,620	1,210	4,040
Grove Basin	350	0	0	350
Hickory Basin*	870	1,160	870	2,900
Jurupa Basin²	0	0	0	0
Lower Day Basin	1,560	2,080	1,560	5,200
Montclair Basins	6,940	16,190	0	23,130
RP3 Basins*	1,210	1,620	1,210	4,040
San Sevaine Basins*	8,670	11,560	8,670	28,900
Turner Basins (2 sites)*	1,040	1,390	1,040	3,470
Upland Basin	3,470	8,090	0	11,560
Victoria Basin*	1,040	1,390	1,040	3,470
Total	33,480	57,200	20,120	110,800
<p>1. Etiwanda Conservation Ponds are located on Southern California Edison's right-of-way, and have yet to be developed due to lack of agreement on lease terms.</p> <p>2. Jurupa Basin, through geotechnical testing (URS, 2003), is believed to have minimal infiltration benefits. As such, Jurupa Basin is used as a holding basin for water sources pumped to the RP3 Basins or further routing to Declez Basin.</p> <p>*Currently receiving recycled water recharge water.</p>				

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/13 BUDGET
RECHARGE WATER (RW) FUND - SOURCES AND USES OF FUNDS

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST		
REVENUES AND OTHER FINANCING SOURCES								
Cost Reimbursement from JPA	\$652,487	\$687,001	\$688,317	\$688,317	\$853,952	\$933,000	\$1,005,000	\$1,011,000
Contract Cost reimbursement	0	0	0	0	10,000	0	10,000	0
Interest Revenue	0	44,182	10,420	10,420	18,000	23,000	35,000	48,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$652,487	\$731,183	\$698,737	\$698,737	\$881,952	\$956,000	\$994,000	\$1,056,000
OTHER FINANCING SOURCES								
Grants	\$456,353	\$14,890	\$346,500	\$346,500	\$0	\$0	\$0	\$0
Capital Contract Reimbursement	986,069	366,790	437,387	366,220	713,555	683,236	670,120	683,029
Other Revenues	4,114	36,861	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$1,446,535	\$418,541	\$783,887	\$712,720	\$713,555	\$683,236	\$670,120	\$683,029
EXPENSES								
Employment Expenses	\$380,633	\$366,103	\$381,210	\$381,210	\$394,818	\$397,843	\$400,958	\$404,167
Contract Work/Special Projects	7,925	0	0	0	30,000	0	0	30,000
Utilities	138,669	130,724	116,000	116,000	141,000	145,230	149,587	154,075
Operating Fees	3,777	0	3,200	3,200	3,200	3,396	3,497	3,602
Professional Fees and Services	180,599	306,347	424,500	390,650	509,800	525,094	540,847	557,072
Office and Administrative expenses	573	2,490	16,840	16,840	24,082	14,504	14,940	15,388
Materials & Supplies	24,331	33,662	20,200	20,200	46,100	47,483	48,907	50,375
TOTAL EXPENSES	\$736,507	\$839,325	\$961,950	\$928,100	\$1,149,000	\$1,133,450	\$1,158,634	\$1,214,573
CAPITAL PROGRAM								
Work In Progress	\$549,742	\$58,158	\$409,000	\$409,000	\$500,000	\$0	\$0	\$0
TOTAL CAPITAL PROGRAM	\$549,742	\$58,158	\$409,000	\$409,000	\$500,000	\$0	\$0	\$0
DEBT SERVICE								
Financial Expenses	\$103,502	\$152,708	\$134,450	\$134,450	\$113,600	\$138,600	\$113,600	\$113,600
Interest	53,399	50,739	449,598	69,176	333,064	643,125	619,859	595,255
Principal	520,365	528,814	528,814	528,814	562,712	584,746	606,780	632,203
Short Term Inter-Fund Loan	0	3,700,000	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$677,266	\$4,432,260	\$1,112,862	\$732,440	\$1,009,376	\$1,366,471	\$1,340,239	\$1,341,124
TRANSFERS IN (OUT)								
Debt Service	\$663,105	\$646,640	\$687,387	\$366,220	\$667,128	\$683,236	\$670,120	\$670,562
Operation support	448,600	378,049	236,683	236,683	275,048	200,000	200,000	200,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,111,705	\$1,024,689	\$924,070	\$602,903	\$942,176	\$883,236	\$870,120	\$870,562
FUND BALANCE								
Net Income (Loss)	\$1,247,212	(\$3,155,330)	(\$77,119)	(\$55,180)	(\$120,693)	\$22,551	\$35,367	\$47,710
Beginning Fund Balance July 01	4,367,794	5,615,006	1,770,376	2,459,676	2,404,496	2,283,803	2,306,354	2,341,721
ENDING FUND BALANCE AT JUNE 30	\$5,615,006	\$2,459,676	\$1,693,257	\$2,404,496	\$2,283,803	\$2,306,354	\$2,341,721	\$2,430,858
RESERVE BALANCE SUMMARY								
Operating Contingencies	\$5,104,514	\$1,683,882	\$918,037	\$1,629,276	\$1,450,568	\$1,486,234	\$1,508,692	\$1,562,586
Capital Expansion / Construction	168,637	409,000	409,000	409,000	150,000	150,000	150,000	150,000
Debt Service & Redemption	341,855	366,790	366,220	366,220	683,236	670,120	683,029	683,009
ENDING BALANCE AT JUNE 30	\$5,615,006	\$2,459,676	\$1,693,257	\$2,404,496	\$2,283,803	\$2,306,354	\$2,341,721	\$2,430,858

RECYCLED WATER PROGRAM

Programmatic Overview

The Agency's recycled water program has become a leader throughout the nation in the use and production of recycled water. As California was recently in the midst of a prolonged drought, water conservation and resource management became more critical than ever, because of significant pumping restrictions placed on the delta to protect endangered fish species, the state of California can no longer depend on wet winters alone to replenish its water reserves. Due to these ever increasing concerns, the Agency is continuing to accelerate its investment in recycled water infrastructure with the execution of the Recycled Water Business Plan (RWBP).

Through the implementation of the RWBP, capital construction projects were prioritized and phased to achieve the steady increase of demand for recycled water. The projects in the RWBP will build laterals to the recycled water "backbone" pipelines for the infrastructure delivery system necessary to ultimately distribute approximately 93,000 AF of recycled water from the Agency's four water recycling plants to the contracting agencies, commercial customers, and recharge basins for groundwater storage. The 93,000 AF will replace approximately 60,000 AF of potable demands in green belt irrigation and industrial use application, and 33,000 AF will be used for groundwater replenishment. The Agency anticipates that by 2025 the recycled water program will provide 20% of IEUA's water requirement.

The use of recycled water provides a cost effective, dependable and environmentally friendly water supply that can be used for a number of different operations. The Recycled Water Business Plan (RWBP) set forth a goal to increase the demand for recycled water connections to 50,000 acre foot per year (AF) by FY 2011/12. As of FY 2011/12 the demand for recycled water had grown to 43,248 AF. Approximately 627 AF were added in FY 2011/12 as provided in the Table 5-24 below.

Table 5-24: AF Added in FY 2011/12

Name	City	Demand (AF)	Estimated Completion
Upland Hill Golf Course	Upland	400	Jun 2012
Other NW Area RW Connections	Upland	200	Jun 2012
Etiwanda High School	CVWD	27	Jun 2012

The agency has provided recycled water to numerous schools, farmlands, parks and businesses within the service area, such as, El Prado Regional Park, and the Preserve Master Community in the City of Chino. With the commitment to the Recycled Water Business Plan recycled water deliveries will be a reliable source for residents and customers during drought conditions. With the support of the contracting agencies, the Agency will continue to target customers, such as developing local farming communities, Non-reclaimable wastewater (NRW) customers, golf courses and others, to promote the replacement of potable water with recycled water. Assuming a drier winter season and an increase in the number of connected users for FY 2012/13, the total recycled water deliveries are budgeted at 33,000 AF, as provided Table 5-25.

Table 5-25: FY 2012/13 Recycled Water Deliveries

Recycled Water User Type	Budget FY 2012/13 (AF)	Short Term Demand (AF)	Ultimate Demand (AF)
Landscape Irrigation	5,500	15,500	51,000
Agricultural Irrigation	11,500	14,500	7,000
Industrial	2,000	2,000	6,000
Total Direct Sales	19,000	32,000	64,000
Groundwater Recharge	14,000	18,000	28,000-33,000
Total Recycled Water Demand	33,000	50,000	92,000-97,000

Fund Description

The Recycled Water (WC) fund records the revenues and expenses associated with the operations and maintenance of the facilities used to distribute recycled water supplied from the Agency’s recycling plants. Additionally, the WC fund records all of the revenues and costs related to the construction of recycled water capital projects. These project costs include site studies, environmental reviews, design, construction, and construction management, trunk and distribution lines and pumping stations needed in the distribution of recycled water within the Agency’s service area.

Revenues and Other Funding Sources

Total revenue for the fund is projected to be \$28.8 million in FY 2012/13 as noted on Table 5-26 below. The revenue and other funding sources include \$13.3 million of loan proceeds from the State Revolving Fund (SRF) and \$3.4 million in State (SWRCB) and Federal (USBR) grants. Recycled water sales are projected at \$5.7 million and MWD LPP program rebates are expected to be \$2.1 million, property tax receipts \$1.6 million, operating transfers of \$1.6 million, and \$1.1 million in other revenues such as reimbursements from various public and private agencies for lateral/retrofit installations and nominal interest income.

Beginning FY 2009/10 and continuing through FY 2013/14, the Recycled Water fund began receiving an allocation of property tax revenue to support debt service costs, which consistent with the Agency’s historic usage of these revenues to support debt service and capital costs. The temporary tax allocation to the Recycled Water fund from the Regional Wastewater O&M (RO) fund will be reinstated to the RO fund in FY 2014/15 to help mitigate the impact of future EDU volumetric rate increases.



Table 5-26: Revenue and Other Funding Sources

Revenue	FY 2012/13 Budget \$Millions	% of Total	Description
SRF Loans / Grants	\$16.7	58%	State Revolving Fund loans and State and Federal Grants
MWD LPP Program	2.1	7%	Metropolitan Water District LPP program rebate of \$154 per AF
Recycled Water Sales	5.7	20%	Includes a rate increase effective July 1, 2011 for direct sales of Recycled Water Rate to \$115 per AF and groundwater recharge sales to \$145 per AF
Property Tax	1.6	5.5%	Allocation of 8% in property tax revenue to support 100% of debt service costs
Inter-fund transfers	1.6	5.5%	Inter-fund transfer from Regional Wastewater Capital Program to support part of the debt service
Other Revenues	1.1	4%	Includes various reimbursements for retrofit project expense, operating transfers and interest income
Total Revenue	\$28.8	100%	

The WC fund generates revenue from the sale of recycled water to member agencies and industries, such as multiple Golf Courses throughout the service area, Temple Inland Industry, and Reliant Energy, LLC (a power generation facility). In FY 2012/13, recycled water direct sales are budgeted at 19,000 AF and groundwater recharges sales are budgeted at 14,000 AF for a total 33,000 AF, or \$5.7 million of sales revenue. The groundwater recharge rate includes an additional \$40/AF surcharge to support a portion of the ground water recharge basin maintenance and improvements costs not reimbursed by Chino Basin Watermaster.

Recycled water sales are highly dependent on seasonal and annual changes in weather and precipitation. Heavy rainfall reduce irrigation requirements and can result in lower than projected recycled water deliveries. A significant drop in recycled water deliveries or higher than expected electricity rate increase from Southern California Edison may require higher AF rate increases in the future.

On February 1, 2012, the IEUA Board adopted a three-year rate increase for the Recycled Water Program for Fiscal Years 2012/13 through 2014/15. Table 5-27 shows the recycled water multi-year rates as adopted by the Board, effective July 1, 2012.

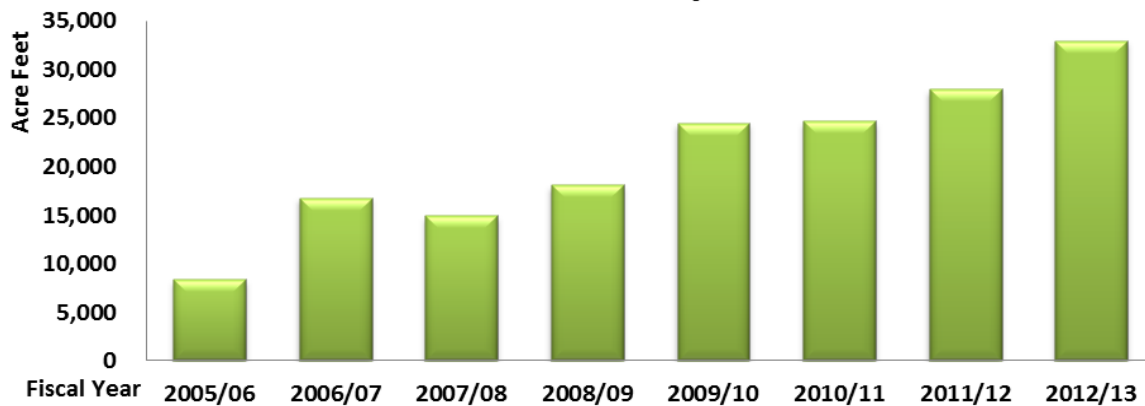
Table 5-27: Recycled Water Rates

	CURRENT	BOARD ADOPTED		
	Through 06/30/2012	Effective 07/01/2012	Effective 07/01/2013	Effective 07/01/2014
Direct Delivery Sales AF Rate	\$115	\$155	\$215	\$290
Recharge Delivery Sales AF Rate	\$145	\$195	\$255	\$335

The projected recycled water deliveries are 33,000 AF, as shown in Figure 5-21. The increase in sales are attributed to the completion of the Northwest area projects in FY 11/12 and miscellaneous retrofits project connections.

Figure 5-21

Sales in Acre Feet per Year



Expenses and Other Uses of Funds

Total Recycled Water fund expenses are budgeted at \$32 million in FY 2012/13, as noted in the Table 5-28 below. The capital expenditures are projected at \$20.6 million or 64% of total expenses, and debt service cost is \$5 million. The balance are operations and administrative expenses at \$6.4 million, which consists of \$2 million in labor costs (including burden, overhead), \$2.1 million of pumping costs, \$.6 million of professional fees, services, materials and supplies, \$.6 million special project expense, and \$.8 million of other allocated expenses and capital contribution to the Administrative Services fund.

Table 5-28: Total Expenses

Expense	FY 2012/13 Budget \$Millions	% of Total	Description
Capital Projects	\$20.6	64%	See the Capital section for detailed listing of Recycled Water Capital Projects
Debt Service	5.0	16%	Includes repayment of bond and state revolving fund loan
Operations	3.7	11%	Includes labor, utilities, chemicals and materials and supplies
Administrative	1.5	5%	Includes labor and professional fees and services
Other Expense	0.8	3%	Includes O & M project expense and operating transfers
Ground Water Recharge	0.4	1%	Includes labor, utilities, chemicals and materials and supplies used to support the Agency's recharge water basins
Total Expense	\$32	100%	

Capital Project Costs

The phasing of priority projects in the RWBP was determined based on the amount of recycled water that each phase could serve and the proximity of each phase to one of the plants or existing recycled water supply systems. In FY 2010/11 the Northeast Area priority one projects were completed. Priority two projects in the Northwest Area are scheduled to be completed in the spring of 2012 and will serve the City of Upland as well as portions of Cucamonga Valley Water Districts (CVWD) service area with recycled water connections. The Southern Area projects will provide the Cities of Chino, Chino Hills and parts of Ontario with recycled water connections. The Central Area projects will install 5 miles of 36 inch pipeline and one mile of 24 inch pipeline that will provide recycled water to the southern part of the City of Fontana and the eastern City of Ontario. Both the Southern and Central area projects are scheduled to be completed in FY 2013/14, as shown on Table 5-29.

Table 5-29: Southern and Central Area Projects

Project	Design	Construction completion	Project Cost	Status	AF Demand
NW Area Regional Facilities	Complete	Spring 2012	\$29,000,000	Construction	1,300
Southern Area Regional Facilities	Spring 2012	Spring 2014	\$24,000,000	Bid	500
Central Area Regional Facilities	Winter 2012	Winter 2013	\$21,000,000	50% Design	4,000

Listed on Table 5-30 are the recycled water projects for FY 2012/13. For a complete listing of projects and descriptions, refer to the Capital section.

Table 5-30: Major Capital Projects

Major Capital Projects	FY 2012/13 Budget \$Millions
930 W. Reservoir and Pipeline (Southern Area)	\$ 8.6
Wineville Extension Recycle Water Pipeline	6.1
GWR & RW SCADA System Upgrades	1.6
Misc. Connections, Retrofits and Laterals	1.0
Turner Basin Turnout Capacity Improvement	.7
1630 W. Reservoir, Pipeline and Pump Station (Northwest Area)	.6
Other Projects	2.0
Total Major Projects	\$20.6

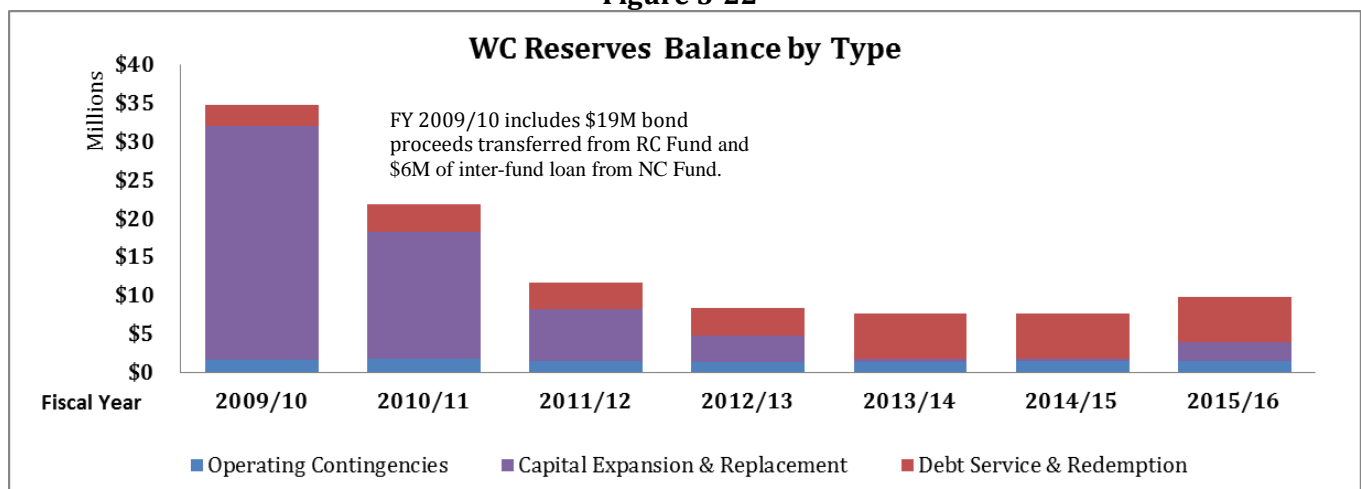
See the Capital section for a complete listing of capital projects.

The primary source of funding for the IEUA Regional Recycled Water Capital Program includes SRF loans obtained from the California State Water Resources Control Board (SWRCB). The Recycled Water fund has been using various forms of the SRF loans since 2003. All SRF loans require repayment to begin one year after completion of construction and are due and payable in 20 years.

Fund Balance

The FY 2012/13 ending fund balance is estimated to be \$8.4 million, which is \$3.2 million or 28% lower than FY 2011/12 ending fund balance of \$11.6 million. The decrease is due to completion of the recycled water supply system in the Northwest area projects that were partially funded with bond proceeds and pay-go. Figure 5-22 shows ending fund balances for FY 2009/10 actual and FY 2015/16 forecast. Beginning in FY 2015/16, reserves start to increase as capital costs are projected to decline, coupled with higher deliveries of direct and groundwater recharge water.

Figure 5-22



FY 2013/14 - 2016/17 Forecast

The Agency will continue to concentrate on expansion of the recycled water system with focus on the RWBP goal of providing 20% of Agency's water requirement by 2025. Total Recycled Water Program projects will be approximately \$81.5 million as stated in the FY 2012/13 TYCIP.

Approximately \$46 million or 56% of the Recycled Water Capital projects included in the TYCIP are front loaded in FY 2012/13 and FY 2013/14 as two major projects (Southern and Central Area) will be phased out during that period. Majority of the capital expenditures will be for new regional facilities that include pipelines, pump stations and reservoirs, with a small portion of the expense going towards assistance for the construction of public and private sector retrofits. The Agency will continue to pursue grants and loans to fund projects required for additional capacity demands.

Recycled water rates survey were taken by the Agency in April 2012, which indicated the Agency's FY 2012/13 recycled water rates still rank to be the lowest among other local agencies, as shown on Table 5-31.

Table 5-31: Recycled Water Rate Survey

Wholesale Agencies			
Agency	Type	Notes	Rate \$/AF
Central Basin Municipal Water District	Wholesale	Tiered Rates	\$ 291 - \$ 558
Eastern Municipal Water District	Wholesale	Tiered Rates	\$195
Inland Empire Utilities Agency	Wholesale	Base Rate	\$145
Irvine Ranch Water District	Retail & Wholesale	Base Rate	\$475
West Basin Municipal Water District	Wholesale	Tiered Rates	\$ 553 - 1,359

Retail Agencies			
Agency	Type	Notes	Rate \$/AF
Burbank	Retail	Recycled Water Service	\$971
		School Recycled Water Service	\$536
City of Carlsbad	Retail	Base Rate	\$1,425
City of Escondido	Retail	Base Rate	\$1,118
Fallbrook Public UD	Retail	Base Rate	\$1,316
City of Glendale	Retail	Tiered Rates	\$497 - \$993
Las Virgenes Municipal Water District	Retail	Tiered Rates for Las Virgenes Valley Zone	\$453 - \$1,464
		Tiered Rates for Western / Calabasas Zone	\$553 - \$1,564
Long Beach Water Department	Retail	Non Peaking - Peaking Rates	
Olivenhain Municipal WD	Retail	Base Rate	\$1,194
Otay Water District	Retail	Base Rate	\$1,316 - \$1,359
City of Poway	Retail	Base Rate	\$1,529
Rincon Del Diablo MWD	Retail	Base Rate	\$1,157
City of San Diego	Retail	Base Rate	\$354
San Dieguito Water District	Retail	Base Rate	\$1,037 - \$1,472
City of Santa Barbara	Retail	All Usage not applicable for irrigation	\$832
Sante Fe Irrigation District	Retail	Base Rate	\$1,390 - \$1,542

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2012/13 BUDGET
RECYCLED WATER (WC) FUND - SOURCES AND USES OF FUNDS

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST		
REVENUES								
Contract Cost reimbursement	\$0	\$11,892	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Interest Revenue	266,268	143,445	142,704	142,704	98,551	132,493	171,413	255,308
Water Sales	4,162,140	4,352,802	6,984,000	5,599,000	7,754,000	9,949,000	13,149,000	19,309,000
TOTAL REVENUES	\$4,428,408	\$4,508,140	\$7,176,704	\$5,791,704	\$7,888,585	\$10,097,551	\$13,331,493	\$16,800,413
OTHER FINANCING SOURCES								
Property Tax - Debt/Capital	\$2,444,395	\$2,661,804	\$1,648,250	\$1,646,831	\$1,614,059	\$0	\$0	\$0
State Loans	10,697,189	4,796,157	14,438,467	3,007,146	17,708,149	2,850,000	2,730,000	1,620,000
Grants	8,419,060	6,022,279	4,920,647	4,664,918	3,333,000	3,922,730	0	0
Capital Contract Reimbursement	0	241,098	353,292	353,292	357,972	252,674	133,480	101,548
Other Revenues	15,080	23,751	0	0	500,000	0	0	0
Loan Transfer from Internal Fund	25,500,000	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$47,075,724	\$13,745,089	\$21,360,656	\$9,672,187	\$19,153,335	\$23,497,612	\$2,983,480	\$2,831,548
EMPLOYMENT EXPENSES								
Employment Expenses	\$1,557,697	\$2,087,090	\$2,119,684	\$1,971,746	\$2,018,287	\$2,019,289	\$2,030,289	\$2,022,346
Contract Work/Special Projects	147,735	48,785	1,115,750	958,542	589,073	50,000	50,000	50,000
Utilities	1,079,962	1,059,910	2,610,108	2,285,816	2,049,367	2,141,266	2,237,443	2,338,102
Operating Fees	445,530	179,891	238,970	238,987	151,620	197,962	240,241	202,386
Professional Fees and Services	1,168,697	1,568,667	624,447	1,181,468	613,235	501,770	533,711	540,857
Materials & Supplies	78,175	49,246	247,277	170,195	171,200	175,734	180,327	185,042
Other Expenses	40,167	113,908	94,875	252,602	433,848	223,384	221,402	307,660
TOTAL EXPENSES	\$4,517,963	\$5,107,497	\$7,051,111	\$7,059,356	\$6,026,630	\$5,309,405	\$5,493,413	\$5,646,393
CAPITAL PROGRAM								
Work In Progress	\$26,510,323	\$23,458,574	\$26,937,549	\$15,166,664	\$20,649,457	\$25,262,972	\$4,750,000	\$4,100,000
TOTAL CAPITAL PROGRAM	\$26,510,323	\$23,458,574	\$26,937,549	\$15,166,664	\$20,649,457	\$25,262,972	\$4,750,000	\$4,100,000
DEBT SERVICE								
Financial Expenses	(\$9,563)	(\$24,117)	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Interest	2,279,272	1,639,366	2,235,989	2,244,059	2,257,988	2,269,360	3,168,565	3,100,991
Principal	1,830,116	2,673,187	2,767,019	2,679,771	2,710,842	2,744,470	4,209,170	4,332,994
Short Term Inter-Fund Loan	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$4,099,825	\$4,288,436	\$5,005,008	\$4,925,830	\$4,970,830	\$5,015,830	\$7,379,735	\$8,924,735
TRANSFERS IN (OUT)								
Capital Contribution	(\$9,683)	(\$12,353)	(\$49,904)	(\$30,521)	(\$94,624)	(\$25,500)	(\$25,500)	(\$25,500)
Debt Service	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622
Operation support	227,000	167,701	63,317	63,317	(75,048)	(100,000)	(200,000)	(200,000)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,681,939	\$1,619,970	\$1,478,035	\$1,497,418	\$1,294,950	\$1,342,957	\$1,239,122	\$1,239,122
FUND BALANCE								
Net Income (Loss)	\$18,057,961	(\$12,981,307)	(\$8,978,272)	(\$10,190,541)	(\$3,300,047)	(\$650,087)	(\$69,053)	\$4,403,139
Beginning Fund Balance July 01	16,791,131	34,849,092	21,867,784	21,867,784	11,677,243	8,377,196	7,727,108	7,658,054
ENDING FUND BALANCE AT JUNE 30	\$34,849,092	\$21,867,784	\$12,889,511	\$11,677,243	\$8,377,196	\$7,727,109	\$7,658,056	\$9,858,009
RESERVE BALANCE SUMMARY								
Operating Contingencies	\$1,578,988	\$1,727,777	\$1,506,657	\$1,506,657	\$1,327,351	\$1,373,353	\$1,411,597	\$1,479,416
Capital Expansion & Replacement	30,566,903	16,599,621	7,923,846	6,711,377	3,500,637	440,642	288,344	6,821,117
Debt Service & Redemption	2,703,201	3,540,386	3,459,208	3,459,208	3,549,208	5,913,113	5,958,113	5,969,363
ENDING BALANCE AT JUNE 30	\$34,849,092	\$21,867,784	\$12,889,511	\$11,677,243	\$8,377,196	\$7,727,109	\$7,658,056	\$9,858,009

WATER RESOURCES PROGRAM

Programmatic Overview

The Inland Empire Utilities Agency (IEUA) and its member agencies work together to ensure a safe and reliable water supply and to improve the efficiency of the service area's water use. Good reservoir storage from FY 2009/10 season's heavy rainfall and substantial snow buildup in the Sierra Nevada will lessen THE impact this summer although scientists still predict another potentially dry winter in 2013. The 2012 calendar year began with below average rainfall and drier early winter conditions but late season storms. This improved condition resulted in increasing the State Water Project allocation to 65% which is close to the historical average.

Demand management and the efficient use of water remains a long-term objective in meeting water supply reliability that is unpredictable from year to year. Historically, drought is cyclical and produces lower than average precipitation; while water shortages may occur at any time as a result of an inability to move water. Thus, even in wet years, future water supplies are uncertain and stretched thin by increasing environmental regulations and population growth. As a result, IEUA has put in place imported water policies, practices, and programs that encourage the development and full utilization of local water resources that includes water use efficiency measures, recycled water production, groundwater recharge, and storm-water capture.

IEUA's water use efficiency programs are fundamental in managing region wide demand and significant contributing factor to the recent success in reducing overall water use. Current water use trends indicate a continual decline in demand over the last five years. For example, in the Agency's service area since FY 2006/07, water use decreased by approximately 37,000 acre feet, representing a drop in use of over 15%.

With the economic recovery on the horizon and water use predicted to rise, IEUA's regional water use efficiency programs will be critical in stabilizing local water supplies. New statewide initiatives that include Assembly Bill 1420 (Laird/Feuer), mandatory implementation and full compliance with Best Management Practices, and SBX 7 7 (Steinburg), that requires a 20% reduction in urban per capita water use by 2020, will have a monumental impact on how water is used over the next 10 years.

During the coming years, water use efficiency programs in the IEUA service area will continue to play a vital role in stretching existing water supplies and minimizing the economic impact from reduced imported water deliveries. IEUA works in partnership with its member agencies, Chino Basin Watermaster (CBWM), Chino Basin Water Conservation District (CBWCD), and other agencies to implement regional water use efficiency programs. Primarily focusing on activities that encourage the efficient use of outdoor water, promote public and school education, and provide incentives for high efficiency appliances and devices including weather-based irrigation controllers, high efficiency sprinkler nozzles, high efficiency toilets, and high efficiency clothes washers.

To effectively manage both imported and local water resources, IEUA works in close coordination with MWD (Metropolitan Water District), CBWM, Santa Ana River Water Project Authority (SAWPA), San Bernardino County Flood Control District (SBCFCD), and other agencies.

In FY 2012/13, major initiatives to be implemented in the Water Resources Program include:

- 🌱 *IEUA Long-Term Water Use Efficiency Business Plan* – This plan continues to guide water use efficiency programs over the next 3 years and identifies core initiatives for implementation and demand reduction in order to comply with AB 1420 and the Water Conservation Act of 2009 (SBX 7 7).

- 🌱 *Water Use Efficiency Programs* – IEUA and its member agencies will continue to allocate funds to targeted programs, such as residential, commercial, industrial, institutional, and landscape, and seek grant funding whenever applicable in order to maintain programs identified in the Long Term Water Use Efficiency Plan. IEUA will continue to offer an expanded array of options to increase water savings, public awareness, education, and participation.
- 🌱 *SAWPA Planning Initiatives* – IEUA will continue to participate in SAWPA’s technical stakeholder advisory groups, including the One Water One Watershed (OWOW) group, Basin Monitoring Program Task Force, Storm Water Task Force, Salinity Management Task Force and others, which provide opportunities to work with the Regional Water Quality Control Board staff crafting amendments to the Santa Ana River Basin Water Quality Control Plan.
- 🌱 *Groundwater Recharge Master Plan Update* – IEUA will continue to participate in the CBWM process to update and develop an implementation plan for the recharge master plan. This update is pursuant to the Peace II Agreement (completed in 2007) and will prioritize key projects to aide in efficiently managing the Chino Groundwater Basin. These key projects will fully utilize imported, recycled and surface waters in conjunction with management of the Chino Groundwater Basin.
- 🌱 *MWD Dry Year Yield Program (DYY)* – IEUA, Three Valley Municipal Water District (TVMWD) and CBWM will continue to administer the Dry Year Yield Program and continue to negotiate with MWD on expanding the Dry Year Yield Program to increase groundwater storage to 150,000 acre-feet.

Fund Description

The Water Resources Program (WW) fund records fiscal activity associated with providing water resources and water use efficiency programs within the Agency’s service area. These programs include management and distribution of imported water supplies, development and implementation of regional water use efficiency initiatives, water resource planning and providing support for regional water supply programs including recycled water, groundwater recharge, and storm water management.

Within the Water Resources Program, the regional water conservation program receives dedicated funding, including a portion of the imported water acre foot surcharge and water meter service charge, and program grants and reimbursements from the State, Federal and local agencies.

FY 2012/13 Revenues and Other Funding Sources

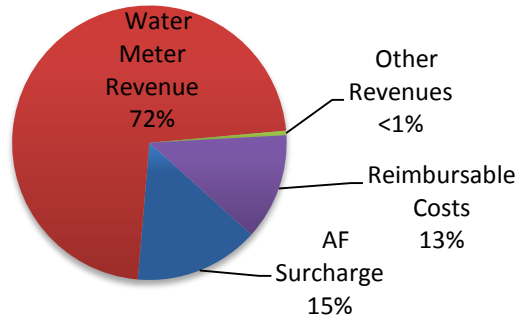
The Agency’s surcharge for imported potable water is \$12 per acre foot which includes \$4 per acre foot dedicated to water use efficiency programs. In FY 2012/13, the water meter service charge will increase to \$1.555/meter, a \$0.10 increase from FY 2011/12 rate of \$1.455, effective July 1, 2012. Meter charge revenue is use to meet our Readiness-to-Serve (RTS) obligation pass through from the Metropolitan Water District, water use efficiency programs, and to help support the Agency’s groundwater recharge program operational costs.

FY 2012/13 total revenue is projected to be \$4.9 million. As shown in Figure 5-23, revenues are comprised of \$3.6 million, or 72% of budget, for water meter and other miscellaneous revenue, \$720 thousand, or 15% of budget, for acre foot surcharge fees, and \$615 thousand, or 13% of budget, for conservation program project reimbursable costs.

Reimbursable project costs include \$265 thousand from MWD for conservation projects such as the Free Nozzle Voucher Program and Landscape retrofit, and \$133 thousand for the Multi Family High Efficiency Toilet Installation program, and \$70 thousand in miscellaneous reimbursement from various agencies.

Reimbursements also include grant from the Department of Water Resources grant for the Multi Family HET Installation Program for \$147 thousand.

Figure 5 -23
Revenue & Other Funding Sources
\$4.9 Million



FY 2012/13 Expenses and Other Uses of Funds

Total program expense is projected to be \$5.4 million. As indicated in Figure 5-24, expense includes \$3 million, or 55% of budget, for MWD readiness to serve obligation, \$1.3 million, or 24% of budget, for conservation project expense, \$200 thousand, or 4% of budget, for fund transfer to the Ground Water Recharge program in support of annual maintenance costs, \$900 thousand, or 17% of budget, for administration costs which includes labor, professional fees and services, and office and administrative expense.

Figure 5 -24
Expenses & Other Uses of Funds
\$5.4 Million

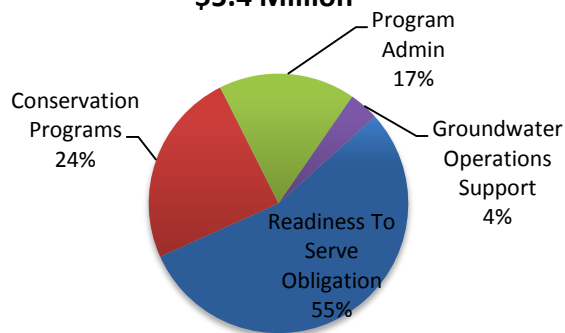


Table 5-32 below enumerates total Reimbursable Conservation Projects and Table 5-33 shows the MWD and Non-MWD Conservation Project costs.

Table 5-32 FY 2012/13 Reimbursable Conservation Projects

Reimbursable Programs Receipts	FY 2012/13 (\$ Thousand)
MWD/DWR Multi Family HET Installation	\$280
MWD Free Nozzle Voucher Program	225
Residential Demonstration Sites	35
Residential Landscape Retrofit Program	40
USBR Dedicated Meters Program	20
CBWCD Landscape Audit Program	15
Subtotal	\$615
Chino Basin Green Native Plant Program*	54
Total	\$669

*This program received funding in prior years and will not receive reimbursement in FY 2012/13

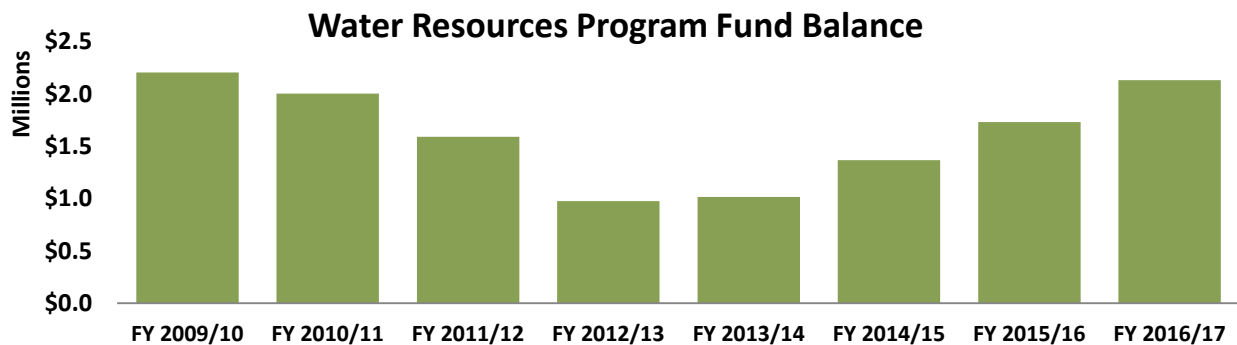
Table 5-33 FY 2012/13 MWD and Non-MWD Conservation Projects

Operations & Maintenance Projects	FY 2012/13 (\$ Thousand)
Residential Demonstration Sites	\$115
Sponsorships and Public Outreach Programs	77
MWD Multi Family HET Installation (Non-Reimbursable)	72
Residential Landscape Retrofit Program	60
CII Commercial/Industrial/ Institutional Program	60
National Theater for Children	55
MWD Residential Rebate Program	50
Garden In Every School	45
Dedicated Meters Program	40
CBWCD Landscape Audit Program	30
MWD Free Nozzle Voucher Program	19
Landscape Training Classes	10
WUE Model Workshops and Update	7
Total	\$640

Fund Balance

The FY 2012/13 Water Resources Program ending fund balance is anticipated to be \$976 thousand. The program fund balance is projected to increase each year, in part due to the phasing out of the annual transfer to the Recharge Program. The sale of recharge groundwater from the recharge basins is projected to increase and ultimately be self-supporting; thereby eliminating the need to support the Recharge Program. Figure 5-25 below shows the fund balances for prior year’s actual, adopted budget and future year’s projected balances.

Figure 5-25



FY 2013/14 -2016/17 Forecast

Water supply issues present many challenges and opportunities during the coming years. The Water Resources Program supports the Agency’s integrated management of water resources, including management of imported water supplies, implementation of regional water use efficiency programs and planning support for recycled water, groundwater recharge and storm water management programs.

One of the greatest challenges for water agencies in Southern California is the management of the current surplus of imported water supply availability. Following two years of imported water allocations, three years of drought, and three years of excessive groundwater pumping; the region’s ability to capture as much storm-water, recharge recycled water, and purchase replenishment water when possible over the next few years is critical to long term water supply reliability.

Overall, IEUA’s service area has a well-developed water resource portfolio and is well prepared to handle water demands in times of surplus or shortage. As demands begin to level out over the next few years and we begin to see growth come back to the region, the regional investments in recycled water, desalinated water, recharge capability and water use efficiency programs are expected to provide more than enough supply to meet future demands.

Full service imported water to be purchased over the next few years are expected to be similar to the previous two to three years, at approximately 60,000 to 75,000 acre-feet per year. Historically IEUA has been able to rely on additional purchases of replenishment water. However, with the uncertainty of the availability of replenishment water going forward, IEUA does not anticipate any replenishment water purchases in the next two years.

Table 5-34 below shows the water rate surcharge by agencies which is in addition to the MWD base rate on sales of imported water pass through to customers. This illustrates that IEUA's FY 2012/13 water rate surcharge is among the lowest compared to the other local agencies.

Table 5-34 Water Rates Surcharge by Agency

Agency	\$ Surcharge Rate/AF
Calleguas Municipal Water District	\$199
Central Basin Municipal Water District	\$86
West Basin Municipal Water District	\$66
Western Municipal Water District	\$12
Inland Empire Utilities Agency	\$12
Three Valleys Municipal Water District	\$10
Municipal Water District of Orange County	\$7



El Prado Park – Chino, CA

INLAND EMPIRE UTILITIES AGENCY FISCAL YEAR 2012/13 BUDGET WATER RESOURCES (WW) FUND - SOURCES AND USES OF FUNDS									
	2009/2010	2010/2011	2011/2012		2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET		FORECAST		
REVENUES AND OTHER FINANCING SOURCES									
User Charges	\$2,436,934	\$3,231,585	\$4,052,862	\$4,020,604	\$4,282,025	\$4,618,342	\$4,961,824	\$5,097,872	\$5,257,946
Contract Cost reimbursement	173,352	542,912	879,296	670,564	467,900	260,000	260,000	260,000	260,000
Interest Revenue	31,503	19,272	15,848	7,300	7,319	10,150	20,475	30,263	42,622
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$2,641,789	\$3,793,769	\$4,948,006	\$4,698,468	\$4,757,244	\$4,888,492	\$5,242,299	\$5,388,135	\$5,560,568
OTHER FINANCING SOURCES									
Grants	\$120,071	\$196,289	\$421,834	\$224,495	\$147,339	\$0	\$0	\$0	\$0
Other Revenues	1,450	76,890	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$121,521	\$273,179	\$421,834	\$224,495	\$147,339	\$0	\$0	\$0	\$0
EXPENSES									
Employment Expenses	\$679,363	\$794,835	\$484,034	\$666,811	\$549,112	\$713,846	\$735,261	\$757,319	\$780,038
Contract Work/Special Projects	373,038	1,092,877	2,272,414	1,276,147	1,309,130	645,000	670,000	680,000	690,000
Operating Fees	1,370,518	2,002,195	2,913,911	2,911,911	2,973,325	3,091,778	3,184,171	3,279,336	3,377,357
Professional Fees and Services	113,460	79,880	116,696	116,696	150,693	95,673	96,017	96,372	96,737
Office and Administrative expenses	121,287	22,855	60,058	25,000	60,058	60,058	60,058	60,058	60,058
Other Expenses	84,328	77,491	69,237	67,581	146,463	143,144	146,870	150,693	154,613
TOTAL EXPENSES	\$2,741,994	\$4,070,134	\$5,916,350	\$5,064,146	\$5,188,781	\$4,749,499	\$4,892,378	\$5,023,778	\$5,158,803
TRANSFERS IN (OUT)									
Operation support	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$200,000)	(\$100,000)	\$0	\$0	\$0
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$200,000)	(\$100,000)	\$0	\$0	\$0
FUND BALANCE									
Net Income (Loss)	(\$278,684)	(\$303,186)	(\$846,510)	(\$441,183)	(\$484,198)	\$38,993	\$349,921	\$364,357	\$401,765
Beginning Fund Balance July 01	2,483,006	2,204,322	1,901,136	1,901,136	1,459,953	975,755	1,014,748	1,364,669	1,729,026
ENDING FUND BALANCE AT JUNE 30	\$2,204,322	\$1,901,136	\$1,054,626	\$1,459,953	\$975,755	\$1,014,748	\$1,364,669	\$1,729,025	\$2,130,790
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$2,204,322	\$1,901,136	\$1,054,626	\$1,459,953	\$975,755	\$1,014,748	\$1,364,669	\$1,729,026	\$2,130,790
ENDING BALANCE AT JUNE 30	\$2,204,322	\$1,901,136	\$1,054,626	\$1,459,953	\$975,755	\$1,014,748	\$1,364,669	\$1,729,025	\$2,130,790





Capital



CAPITAL IMPROVEMENT PLAN

Each year, the Agency develops a Ten-Year-Capital Improvement Plan (TYCIP) in coordination with its seven wastewater contracting member agencies. Pursuant to the terms of the Regional Sewerage Service Contract, the TYCIP determines the capital spending requirements needed to meet future wastewater service needs and includes wastewater flow forecasts, a description of the capital improvement projects planned to meet those forecasts, and a summary of the costs associated with the program. The TYCIP is consistent with the Agency's approved budget and Long Range Plan of Finance.

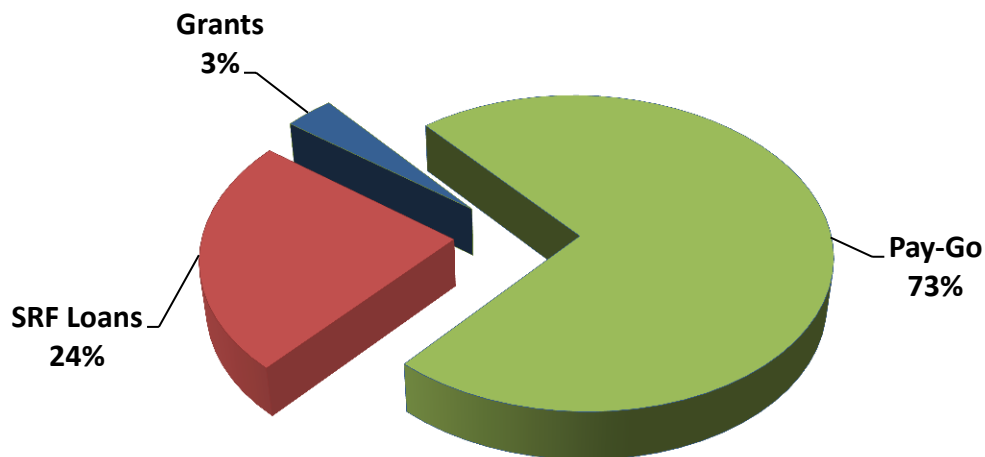
Despite some positive signs of economic recovery, recent forecasts indicate the economy will remain sluggish particularly in the Inland Empire for the next two to three years. The slow growth in the Agency's service area continues to affect revenues and plans for new facilities or capital expansions.

The FY 2012/13 - 2021/22 TYCIP includes \$217 million of capital spending, an increase of \$46 million from the prior year TYCIP. The net increase in proposed capital spending results is mainly due to the following major projects budgeted in the Regional Wastewater and Recycled Water Programs:

- Regional Asset Improvement and Replacement
- Replacement of Operations Laboratory
- Wineville Extension Recycled Water Pipeline
- 930 West Recycled Water Reservoir & Pipeline
- 1630 East Recycled Water Pipeline, Segment B, and Reservoir; and
- Miscellaneous Recycled Water Connections.

Figure 6-1

FY 2012/13 - FY 2021/22 Ten Year Capital Improvement Plan Funding Sources \$217 Million



The capital improvement plan (CIP) for FY 2012/13 is \$42.9 million, \$4.8 million less than the FY 2011/12 CIP of \$47.7 million. The reduction is primarily due to the completion of major construction capital projects, such as the RP-1 Dewatering Facility Expansion and Recycled Water Northwest Area projects. As reported in Table 6-1, nearly half (48%) of the FY 2012/13 CIP is budgeted in the Recycled Water (WC) fund primarily for construction of the last two major segments of the Agency’s Regional Recycled Water Distribution System.

In 2007 the Recycled Water Business Plan (RWBP) was adopted to accelerate construction of the Agency’s Regional Recycled Water Distribution System and optimize use of recycled water generated from its regional water recycling facilities. Since the inception of the RWBP, connected demand and sales for recycled water has more than tripled since FY 2006/07. RWBP capital construction projects were prioritized and phased into four major project areas to achieve increased recycled water availability in the shortest time frame possible. The four project areas are comprised of:

- 🌱 Northeast Area Projects - Completed in the summer of 2010
- 🌱 Northwest Area Projects – Scheduled for completion summer of 2012
- 🌱 Central/Wineville Area Projects – Scheduled for completion in FY 2013/14
- 🌱 Southern Area Projects – Scheduled for completion in FY 2013/14

The Central/Wineville and Southern Area projects account for a major portion of the 48% CIP budgeted in the Recycled Water (WC) fund as reported in Table 6-1. Additional storage and capacity enhancements for, the Northeast and Southern areas are also included in the TYCIP and slated to begin in FY 2013/14 through FY 2016/17.

Table 6-1: FY 2012/13 CIP Budget by Fund

Program	\$ Millions	%
Recycled Water (WC Fund)	\$20.6	48%
Regional Wastewater Capital (RC Fund)	9.8	22%
Non-Reclaimable Wastewater (NC Fund)	3.1	7%
Regional Wastewater Operations (RO Fund)	6.6	15%
Admin Services (GG Fund) & Recharge Water (RW Fund)	3.3	8%
Total	\$43.4	100%

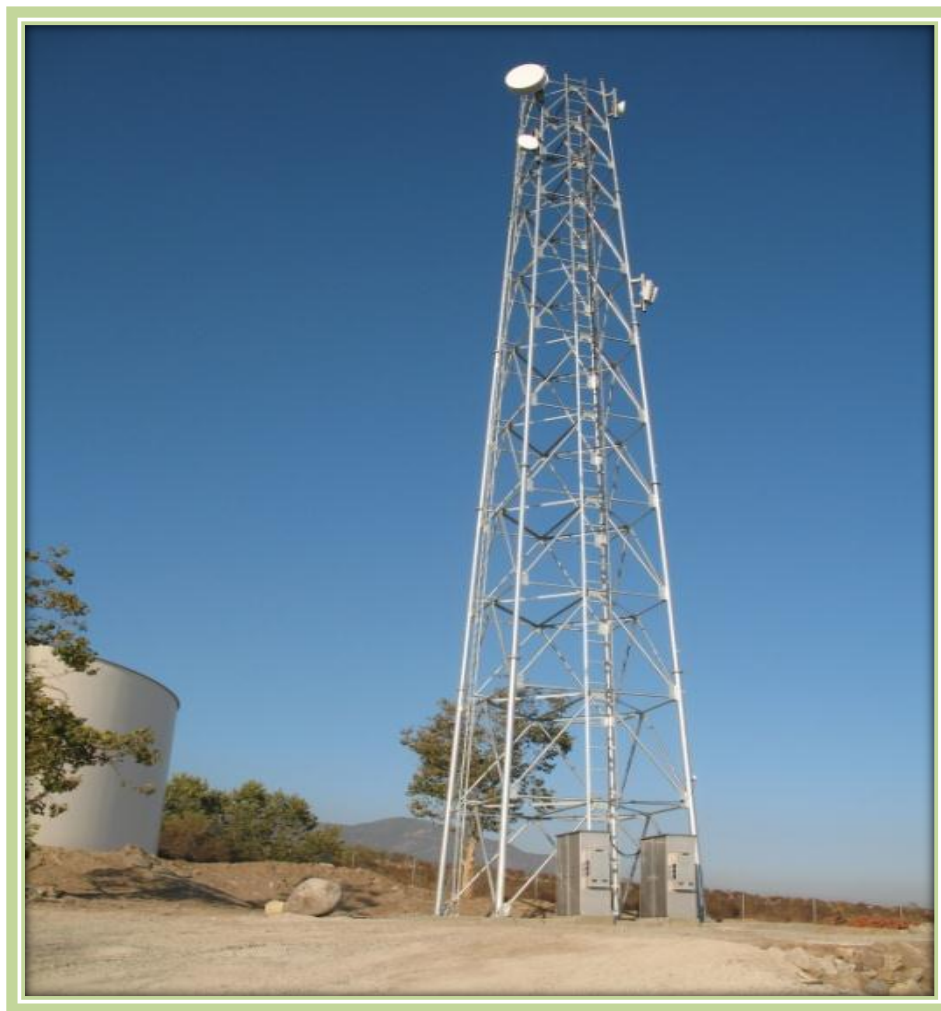
The emphasis of the FY 2012/13 Regional Wastewater Program (RC and RO funds) CIP budget is on repair and replacement (R&R) of existing equipment and structures, providing system redundancy where needed to guarantee service reliability, regulatory compliance, and achieving energy sustainability. The Regional Wastewater program projects account for approximately 37% of the FY 2012/13 CIP budget as reported in Table 6-1. There are no planned major construction projects in FY 2012/13 for the Regional Wastewater Capital program.

The majority of R&R projects included in the FY 2012/13 CIP were deferred in prior years as part of the Agency’s cost containment plan. Staff’s ongoing condition assessment of capital assets and infrastructure recently determined the R&R projects reinstated in FY 2012/13 to be critical to the operations of the Agency and could no longer be deferred. As reported in Table 6-2, equipment and replacement account for 31% of the total \$43.4 million CIP budget in FY 2012/13.

Table 6-2: FY 2012/13 CIP Budget by Project Type

Capital Category In Millions	Regional Wastewater Capital (RC)	Regional Wastewater O & M (RO)	Recycled Water (WC)	Non-Reclaim Wastewater (NC)	Admin Service (GG)	Recharge Water (RW)	FY 2012/13 CIP Total
Construction-CC	\$6.3	\$2.4	\$18.9	\$2.0	\$0.1	\$0.4	\$30.1
Equipment-EQ	0.5	0.1	1.6	0.0	1.9	0.1	4.2
Replacement-RP	3.0	4.1	0.1	1.1	0.8	0.0	9.1
Total	\$9.8	\$6.6	\$20.6	\$3.1	\$2.8	\$5.5	\$43.4

The Agency’s capital program objectives, justifications, financial resources and project details are provided in the “FY 2012/13 – FY 2021/22 Ten Year Capital Improvement Plan,” Volume II of the Agency’s annual budget document. Table 6-3 shows a recap of the TYCIP budget by Agency fund.



6B Communication Tower

Table 6-3

**TEN YEAR CAPITAL PROJECTS
By Fund Program and Project Type**

\$ in Thousands

Capital Project Funding	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP 12/13 - 21/22
Pay Go	26,696	15,885	13,794	12,291	14,047	11,423	11,997	12,997	16,397	22,997	158,523
Grants	3,382	3,969	-	-	-	-	-	-	-	-	7,351
SRF Loans	13,332	17,708	2,850	3,495	9,405	4,920	-	-	-	-	51,710
Total Project Funding	\$ 43,410	\$ 37,562	\$ 16,644	\$ 15,786	\$ 23,452	\$ 16,343	\$ 11,997	\$ 12,997	\$ 16,397	\$ 22,997	\$ 217,584

Fund Program	Project *Type	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP 12/13 - 20/22
Administrative	CC	65	-	-	-	-	-	-	-	-	-	65
Services (GG Fund)	EQ	1,877	290	200	-	-	-	-	-	-	-	2,367
	RP	841	348	550	750	750	750	750	750	750	750	6,989
GG Total		2,783	637	750	750	750	750	750	750	750	750	9,420
Non-Reclaimable Wastewater (NC Fund)	CC	1,976	1,676	1,623	1,672	1,622	1,673	1,727	1,727	1,727	1,727	17,148
	EQ	9	-	-	-	-	-	-	-	-	-	9
	RP	1,133	1,115	1,000	500	500	500	500	500	500	500	6,748
NC Total		3,117	2,791	2,623	2,172	2,122	2,173	2,227	2,227	2,227	2,227	23,905
Regional Capital Wastewater (RC Fund)	CC	6,274	2,650	2,650	3,600	12,600	6,600	2,600	2,600	2,600	2,600	44,774
	EQ	520	450	286	-	-	-	-	-	-	-	1,256
	RP	2,979	581	416	-	-	-	-	-	-	-	3,976
RC Total		9,773	3,681	3,352	3,600	12,600	6,600	2,600	2,600	2,600	2,600	50,005
Regional Operation & Maintenance Was (RO Fund)	CC	2,475	491	469	464	380	320	320	320	320	320	5,879
	EQ	14	-	-	-	-	-	-	-	-	-	14
	RP	4,098	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	4,700	46,398
RO Total		6,587	5,191	5,169	5,164	5,080	5,020	5,020	5,020	5,020	5,020	52,291
Recharge Water (RW Fund)	CC	425	-	-	-	-	-	-	-	-	-	425
	EQ	75	-	-	-	-	-	-	-	-	-	75
	RP	-	-	-	-	-	-	-	-	-	-	-
RW Total		500	-	-	-	-	-	-	-	-	-	500
Recycled Water (WC Fund)	CC	18,964	25,263	4,750	4,100	2,900	1,800	1,400	2,400	5,800	12,400	79,777
	EQ	1,610	-	-	-	-	-	-	-	-	-	1,610
	RP	75	-	-	-	-	-	-	-	-	-	75
WC Total		20,649	25,263	4,750	4,100	2,900	1,800	1,400	2,400	5,800	12,400	81,462
Grand Total		\$ 43,410	\$ 37,562	\$ 16,644	\$ 15,786	\$ 23,452	\$ 16,343	\$ 11,997	\$ 12,997	\$ 16,397	\$ 22,997	\$ 217,584

*Type: CC - Capital Construction, EQ - Equipment, and RP - Replacement

CAPITAL PROJECT HIGHLIGHTS

FY 2012/13 major non-routine capital projects with a total project budget over \$2 million are highlighted in the following section.

The majority of the capital program projects are for the Recycled Water program, additional O&M impacts here are limited to mostly maintenance labor and materials for pipelines and reservoirs.

Project	EN06025 Wineville Recycled Water Pipeline					
Timeline	Start	September-10		Complete	September-15	
Description	The project consists of approximately 24,000 lineal feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez Basins.					
Purpose	This project will provide recycled water to portions of the City of Fontana and the City of Ontario.					
FY 2012/13 Budget	\$6,100,000		Total Project Budget		\$19,000,000	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Chemical						0
Parts & Labor			5,000	5,000	5,000	15,000
Total Operating Costs	\$0	\$0	\$5,000	\$5,000	\$5,000	\$15,000
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0

Project	EN07010 900 W. Reservoir & Pipeline					
Timeline	Start	August-06		Complete	August-14	
Description	This project will include the construction of the Chino Hills reservoir and pipeline, and it will have approximately 9.5 MG capacity and 21,500 linear feet of 36 inch pipeline, respectively.					
Purpose	This project will allow for recycled water to be stored and distributed to the city of Chino Hills.					
FY 2012/13 Budget	\$8,955,000		Total Project Budget		\$24,000,000	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	\$0	\$0	\$500	\$500	\$500	\$1,500
Chemical						0
Parts & Labor			6,500	6,500	6,500	19,500
Total Operating Costs	\$0	\$0	\$7,000	\$7,000	\$7,000	\$21,000
Staffing Impact	\$0	\$0	\$1,000	\$1,000	\$1,000	\$3,000

Project	EN07011 NRW System Upgrades					
Timeline	Start	July-06		Complete	July-22	
Description	Complete numerous NRW projects to upgrade overall system effectiveness, including an emergency by-pass vault and pump, MCC replacements, pump station motor replacement, ferric chloride system upgrade and various pipeline and manhole repairs.					
Purpose	These projects address the deficiencies found in the March 2006 NRW Capital Improvement Plan.					
FY 2012/13 Budget	\$1,132,500		Total Project Budget		\$22,809,145	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Chemical						0
Parts & Labor						0
Total Operating Costs	\$0	\$0	\$0	\$0	\$0	\$0
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0

Project	EN08018.00 1630 W. Reservoir					
Timeline	Start	November-07		Complete	October-13	
Description	The project consists of the design and construction of a 6 million gallon reservoir. The reservoir will be located on a parcel of land at the northwest quadrant of 19th Street and Sapphire Street in Rancho Cucamonga.					
Purpose	Other than minimal recycled water storage at the regional plants, no recycled water storage facilities are currently utilized. Storage is critical to provide reliability to the recycled water customers and operational flexibility to IEUA.					
FY 2012/13 Budget	\$50,000		Total Project Budget		\$10,137,000	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	0	500	500	500	500	\$2,000
Chemical						0
Parts & Labor	0	2,000	2,000	2,000	2,000	8,000
Total Operating Costs	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0

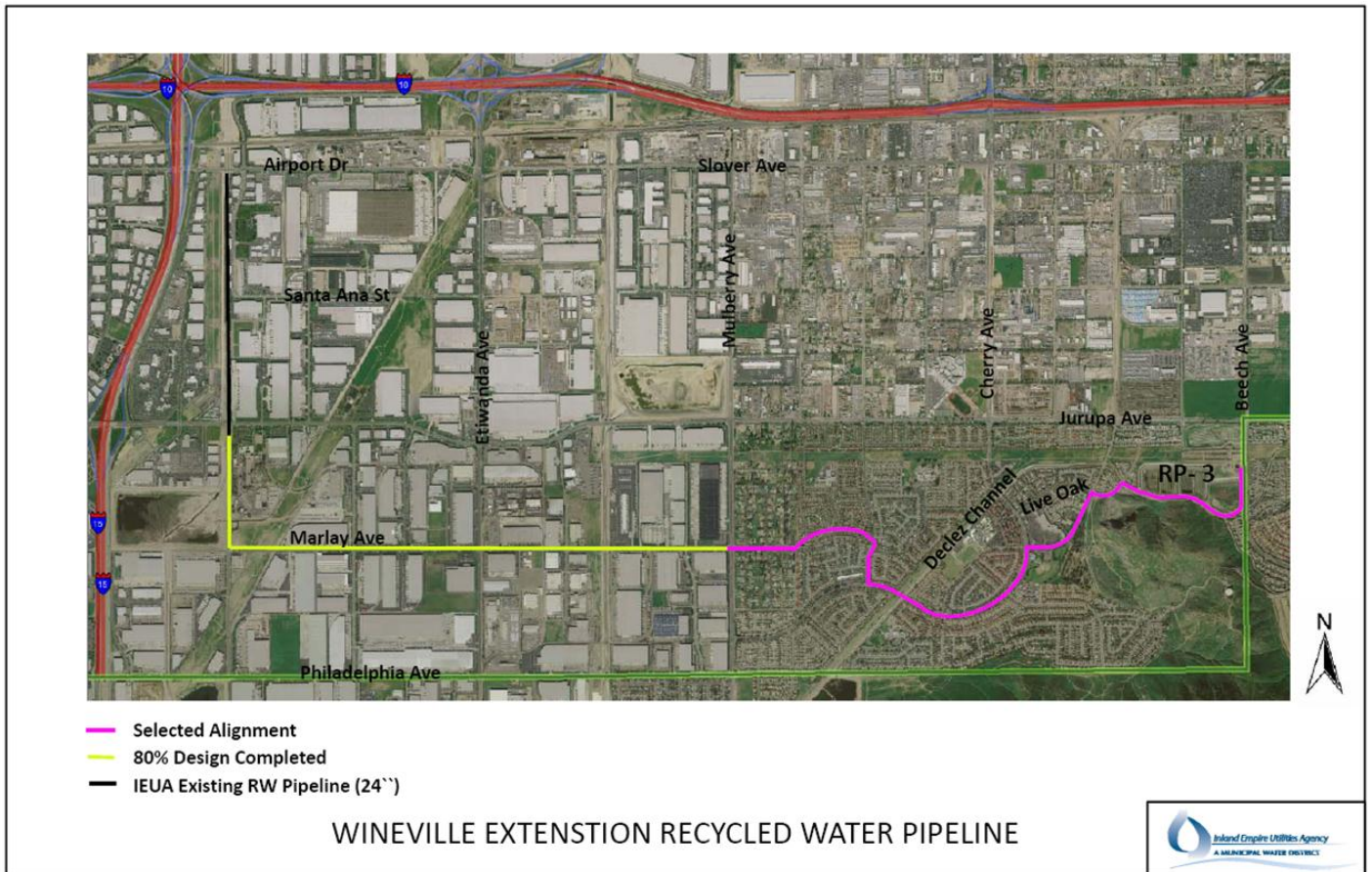
Project	EN08023 RP-1 Asset Replacement					
Timeline	Start	July-06		Complete	May-20	
Description	This project will assess the current condition and remaining useful life of all physical plant assets. The assessment will be used to develop and implement a corrective action plan to maintain and replace assets.					
Purpose	Support long-term capital planning that identifies and budgets for the upkeep of capital assets as required.					
FY 2012/13 Budget	\$1,900,000		Total Project Budget		\$3,540,174	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Operations & Maint.	\$0	\$0	\$0	\$0	\$0	\$0
Chemical						0
Parts & Labor						0
Total Operating Costs	\$0	\$0	\$0	\$0	\$0	\$0
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0

Project	EN09003 1630 W. Pipeline Phase II					
Timeline	Start	July-08		Complete	August-13	
Description	The project involves construction of 12,000 feet of 24-inch diameter pipeline within the 1630 Pressure Zone to serve as an inlet/outlet pipeline to the 1630 Pressure Zone Reservoir.					
Purpose	The project will pump recycled water to the 1430 and 1630 pressure zones					
FY 2012/13 Budget	\$80,000		Total Project Budget		\$8,030,001	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Chemical						0
Parts & Labor	0	3000	3000	3000	3000	12,000
Total Operating Costs	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0

Project	EN11042 RP-1 Flare & RP-1/RP-2 Boiler Replacements					
Timeline	Start	October-10		Complete	January-14	
Description	The project scope includes the replacement of RP-1 gas flare and the two hot water boilers as well as RP-2 one of the hot water boilers.					
Purpose	Existing gas flare at RP-1 will be replaced with a Title V gas flare while boiler replacements at RP-1 and RP-2 are necessary to meet the near future stringent regulatory requirements.					
FY 2012/13 Budget	\$1,736,037		Total Project Budget		\$3,289,000	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Chemical						0
Parts & Labor		3,000	3,000	3,000	3,000	12,000
Total Operating Costs	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0

Project	WR08023 Euclid Recycled Water Lateral					
Timeline	Start	July-07		Complete	August-12	
Description	Project consists of an 8-inch diameter lateral connected at the San Antonio Channel Pipeline, Segment B. The lateral will begin at Campus Ave and 4th St; extend north on Campus Ave to 7th St, then proceed west in 7th St. The pipeline is 6,620 feet in length.					
Purpose	Construction of a recycled water lateral for the City of Upland to provide irrigation for the landscaped Euclid Avenue median					
FY 2012/13 Budget	\$50,000		Total Project Budget		\$14,870,000	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	\$0	\$0	\$0	\$0	\$0	\$0
Chemical						0
Parts & Labor	1,500	1,500	1,500	1,500	1,500	7,500
Total Operating Costs	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0

Project	WR08032- 1630 Recycled Water Pump Station					
Timeline	Start	April-08		Complete	December-12	
Description	The project consists of detailed design and construction of 1630 Zone West Pumping Station. The pump station, which will pump water from the 1299 Pressure Zone to the 1630 Zone Reservoir, will be located at Vineyard Park in Ontario or at a vacant future school site adjacent to the park.					
Purpose	This project will provide recycled water to the city of Ontario and help meet future needs.					
FY 2011/12 Budget	\$160,000		Total Project Budget		\$10,323,000	
O&M Impact	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	Total
Utilities	\$25,000	\$55,000	\$55,000	\$55,000	\$55,000	\$245,000
Chemical						0
Parts & Labor	2,000	6,000	6,000	6,000	6,000	26,000
Total Operating Costs	\$27,000	\$61,000	\$61,000	\$61,000	\$61,000	\$271,000
Staffing Impact	\$0	\$0	\$0	\$0	\$0	\$0



Fiscal Year 2012/13
 Budgeted Project
 Administrative Services Fund - GG

Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP
ADMINISTRATIVE SERVICES FUND - GG												
Capital Construction												
MM13001	New Offices in Warehouse Building	65,000										65,000
Total Capital Construction		65,000										65,000
Capital Equipment												
IS13101	BizNet Core Network Router	8,300										8,300
IS13105	HQ - Smart Board Display	15,000										15,000
EN10002	Construction Mgmt Tracking Projects Sys	23,371										23,371
IS13104	SAN for Data Storage - Business Network	30,000										30,000
IS13103	Long Range Financial Planning App	90,000										90,000
IS10025	SAP Public Sector Budget Prep Applicatio			200,000								200,000
IS13006	eProcure-to-Pay	350,000										350,000
EC13005	Combination Truck (JetterVector) Pur	465,000										465,000
IS12010	HCM System (Formerly Payroll Rplcmnt)	895,500	289,500									1,185,000
Total Capital Equipment		1,877,171	289,500	200,000								2,366,671
Capital Replacement												
IS13108	Anza Replacement Projector	5,500										5,500
IS14101	Event/Sadie Room Replace Projectors		11,200									11,200
IS13011	Laser Printer Replacement	13,500										13,500
SR12002	CCTV Equipment Replacement	20,000										20,000
IS13031	Server Replacement - Biz Net	25,000										25,000
IS12008	Sharepoint Software Purchase & Develop	30,000										30,000
IS11010	Business Network Tape Drive Replace	40,000										40,000
IS13010	Laser Printer Replacement - Forecast	13,500	13,500									27,000
IS13041	Workstation Replacement - Biz	55,000										55,000
IS13091	Network Switch Replacement - Biz Net	90,000										90,000
IS14102	Board Room A/V Equip Replacement	110,000										110,000
IS13030	TBAServer Replacement - Biz Net Forecast	46,000	82,000									128,000
IS13090	Network Switch Replacement Biz Forecast	52,000	52,000	36,000								140,000
IS13040	TBAWorkstation Replacement Biz Forecast	75,000	72,500	70,000								217,500
EN11010	Headquarters Central Plant Improvements	601,878										601,878
FP10200	Financial Planning Forecast GG Fund			330,000	630,500	599,000	750,000	750,000	750,000	750,000	750,000	5,309,500
Total Capital Replacement		840,878	347,700	550,000	750,000	680,000	750,000	750,000	750,000	750,000	750,000	6,918,578
Total Capital Project Costs		2,783,049	637,200	750,000	750,000	680,000	750,000	750,000	750,000	750,000	750,000	9,350,249
Operation & Maintenance												
EPI3003	General Fund Repair/Replace Project	50,000										50,000
Total Operation & Maintenance		50,000										50,000
Total O&M Project Costs		50,000										50,000
TOTAL ADMINISTRATIVE SERVICES FUND - GG		2,833,049	637,200	750,000	750,000	680,000	750,000	750,000	750,000	750,000	750,000	9,400,249

Fiscal Year 2012/13
Budgeted Project Description
Administrative Services Fund - GG

Capital Construction		
MM13001	New Offices in Warehouse Building	Construct (4) 12' x 10' office and (1) 12' x 15' conference room within the Warehouse on the east side of the building. This project will also cover the procurement of minor office furnishings.
Capital Equipment		
IS13101	BizNet Core Network Router	Purchase a Cisco 2800 series router, configure and install router for PSTN and 911 services.
IS13105	HQ- Smart Board Display	Purchase, configure, and install a HQ - Smart Board Display 8070i interactive display.
EN10002	Construction Management Project Tracking System Upgrades	The Construction Program Management System software will be enhanced with the development of two additional modules: Daily Reports and Survey/Soils Request. The Daily Reports module will provide integrated forms management for CM staff to produce written reports and updates to department management that are required on a daily basis, including site inspections and progress reviews. The Survey/Soils module will provide a link between CM staff and outside vendors to request and follow-up on work in this specialty area.
IS13104	SAN for Data Storage - Business Network	Purchase, configure, and install SAN for Data Storage - Business Network. Configure backups to utilize new hardware.
IS13103	Long Range Financial Planning App	This project includes identifying financial issues and potential opportunities, ensuring the financial planning model translates the Agency's vision and mission into quantifiable operational and financial realities, development of a financial model that enhances the Agency's ability to forecast (project) service area capital requirement up to 50 years into the future, conduct workshops with Executive Management and the Board, train staff, integrate model to SAP, calibrate the model as necessary as needs arise, and provide operational maintenance as required.
IS13006	eProcure-to-Pay	Automation of the procure-to-pay business process, including electronic procurement integration with vendors for ordering and tracking purchases, as well as electronic receipt and processing of vendor invoices.
EC13005	Combination Truck	This truck is a critical piece of equipment needed for emergency response and to comply with the State mandated SSMP-WDR requirements. Failure to adequately comply with the State requirements could result in hefty fines and penalties.
IS12010	Payroll Replacement & Time Evaluation	The project scope includes the replacement of the IFAS payroll system and implementation of the time evaluation functionality by either utilizing the SAP system as part of a new payroll solution.
Capital Replacement		
IS13108	Anza Replacement Projector	Purchase, configure, and install for the Anza replacement projector.
IS13011	Laser Printer Replacement	Purchase, configure, and install new laser printers.
IS13031	Server Replacement - Biz Net	Purchase, configure, and install server for Biz Net.

Fiscal Year 2012/13
Budgeted Project Description
Administrative Services Fund - GG

IS12008	Sharepoint Software Purchase & Develop	Purchase and develop SharePoint software. SharePoint is a centralized web portal that will replace the Agency intranet "Pipes" with significant enhancements as well as powerful search functionality for unmanaged document retrieval.
IS13041	Workstation Replacement - Biz	Purchase, configure, and install workstation for- BizNet
IS13091	Network Server Replacement - Biz Net	Purchase, configure, and install all new network switches for Biz Net
EN11010	Headquarters Central Plant Improvements	Install upgraded central plant equipment, which includes replacement of existing equipment, and integration of existing control system with the REEP PLC.
	Operational & Maintenance	
EP13003	General Fund Repair/Replace Project	General Fund Repair/Replace Project



Biofilter Media Replacement

Fiscal Year 2012/13
 Budgeted Project
 Regional Wastewater Capital Improvement Fund - RC

Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP
REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC												
Capital Construction												
EN11057	HQ Perimeter Drainage Improvements	1,828										1,828
EN11041	CCWRF Trty Fltr Media Replacement & Rehab	13,047										13,047
EN09023	RP-5 SHF/REEP Independent Review	16,658										16,658
EN11028	EN11028 RP4 Storage Pond Improvements	25,000										25,000
EN05050	RP2 Digester Gas Sys Modifications	31,713										31,713
EN11027	Headquarters Repairs and Drainage Improv	88,817										88,817
PL03006	RP-1 Odor Control - Phase I RDSV	100,000										100,000
EN12017	RP-4 Grading and Drainage Improvements,	110,000										110,000
EN06015	RP1 Dewatering Facility Expansion	150,000										150,000
EN06020	RP5 System Fac Upgrade & Imprv	150,000										150,000
EN04018	Engineering-As-Building	157,250										157,250
EN11031	RP-5 Flow Equalization and Effluent Moni	160,000										160,000
EN12021	RP-5 Pond/Drainage Improvements	183,000										183,000
EN07006	RP1 Facilities Improvements	183,590										183,590
EN12026	Montclair Lift Station Upgrades	185,000										185,000
PA13001	Plant Recycled Water Valves Replace	300,000										300,000
EN11051	Central Plant for the New Operations Lab	369,096										369,096
EN11036	HVAC & Server Room Fire Suppression Impr	824,141										824,141
EN13300	Regional Sewer-Spl Proj FY12/13	100,000	100,000									200,000
EN13006	Misc WW Constr-& Emerg Proj FY12/13	287,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	100,000	2,537,000
EN13009	CM Misc RC Const & Emerg Proj FY1	287,500	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,537,500
EN08009	New Operations Laboratory	50,000	50,000	50,000	1,000,000	10,000,000	4,000,000					15,150,000
EN11017	Capital Upgrades to RP1, RP2, CCWRF, RP4	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	20,000,000
	RCA Capital Contribution	500,000	500,000									
	Total Capital Construction	6,273,640	3,150,000	2,650,000	3,600,000	12,600,000	6,600,000	2,600,000	2,600,000	2,600,000	2,600,000	44,273,640
Capital Equipment												
IS12002	Upgrade DCS AIM Historian to InSQL	100,000										100,000
LB14001	GC Pesticides Wastewater	100,000										100,000
LB12001	GCMS Semi Volatiles Wastewater	150,000										150,000
IS10011	Future DCS Initiatives	50,000	50,000	150,000								350,000
IS12001	Upgrade DCS Foxboro I/A to Infusion	100,000	100,000	100,000								400,000
LB13001	GCMS Volatiles Wastewater	250,000										250,000
SR12001	Agency Wide Security Equipment Upgrade	120,000	100,000	36,100								256,100
	Total Capital Equipment	520,000	450,000	286,100								1,256,100
Capital Replacement												
EN11040	RP-1 Outdoor Lighting Improvements	203,140										203,140
EN12020	Chino Creek Invert Repair	240,000										240,000
EN11039	TP-1 Disinfection Pump Improvements	300,000	85,000									385,000
EN08002	RP-1, RP-2, CarbCry O&M Manual	500,000	495,998	415,516								1,411,514
EN11042	RP-1, Flare & RP1/RP2 Boiler Replacements	1,736,037										1,736,037
	Total Capital Replacement	2,979,177	580,998	415,516								3,975,691
	Total Capital Project Costs	9,772,817	4,180,998	3,351,616	3,600,000	12,600,000	6,600,000	2,600,000	2,600,000	2,600,000	2,600,000	49,505,431

Fiscal Year 2012/13
 Budgeted Project
 Regional Wastewater Capital Improvement Fund - RC

REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC												
Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP
Operation & Maintenance												
PL05007	FY04/05 Facility Master Plan	20,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	110,000
WR15001	Wastewater Facilities MP Update & CEQA			250,000								250,000
CIW19013	Sewer OE Projects FY12/13	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
	Total Operation & Maintenance	70,000	60,000	310,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	860,000
	Total O&M Project Costs	70,000	60,000	310,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	860,000
TOTAL REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC												
		9,342,817	3,740,998	3,661,616	3,660,000	12,660,000	6,660,000	2,660,000	2,660,000	2,660,000	2,660,000	50,365,431

Fiscal Year 2012/13
Budgeted Project Description
Regional Wastewater Capital Improvement Fund – RC

	Capital Construction	
EN11057	HQ Perimeter Drainage Improvements	There is no design associated with the drainage improvements. The project will be bid out to solicit landscaping contractor services to perform the above described project activities including dirt fill and compaction, landscaping, and roof drain spouts relocation.
EN11041	CCWRF Trty Fltr Media Replacement & Rehab	The project entails taking out the filters media and then assesses the conditions of the under-drains, metal components and concrete surfaces. Once the repairs/replacement of different components is completed, the filters medial will be replaced. It is anticipated that more extensive maintenance and rehabilitation work will be needed but the extent it still unknown. Until media is pumped out, the required work will not be known. It is recommended that the subject project have an additional \$350,000 to offset the cost of potential rehabilitation.
EN09023	RP-5 & Solids Handling Facility Renewable Energy Independent Review	The RP-5 SHF is dependent upon the reliable delivery of clean, fresh manure to support the achievement of energy production objective at the CDA 1 and REEP. However, due to several factors, the facility has not achieved the projected performance. A comprehensive and independent review of the program has been suggested.
EN11028	RP-4 Storage Pond Improvements	Repair and seal the gap between the liner and the above slab sod to avoid runoff from settling and draining under the liner. Monitor the area for possible slope failure by monitoring crack movements on liner. Design plans to permanently stabilize the slope.
EN05050	RP-2 Digester Gas System Modifications	This study will determine the current capabilities, performance, and overall safety of digester gas systems at all of the Agency's facilities and make recommendations for design, construction, repairs, replacements, upgrades or modifications. Iron sponge, gas compressing, and distribution equipment will be installed on the digester gas feed line(s) to the flare at Regional Plant No. 2 (RP2). This project will provide a Hydrogen Sulfide (H2S) gas scrubber for the seven digesters at RP1.
EN11027	HQ Repairs and Drainage Improvements	The scope includes the investigation and evaluation of the cracks that have been developing throught the headquarters buildings and some parking spaces outdoors. Headquarters building perimeter survey and geotechnical borings are also part of the scope. Recommendations on crack repairs will follow after the evaluation phase is completed.
PL03006	RP-1 Odor Control Phase I	The design of the odor control facilities was divided into two phases (Phase IA and Phase IB) to allow individual treatment facilities to be brought on line as quickly as possible with minimum impact to current operations. Phase IA includes odor control facilities for the de-watering building, gravity thickener, and side stream treatment process, while Phase IB includes odor control facilities for the head works, rectangular primary clarifiers, and intermediate pump station.
EN12017	RP-4 Grading and Drainage Improvements	The project is launched to add new curbs and gutters around the recycled water pump station, disk filters, MCC site and to install a new 18" storm drain from the wash area into the RP-4 Lagoon.
EN06015	RP-1 Dewatering Facilities Expansion	This project will expand the dewatering facilities at RP-1 with the construction of two storage silos (each with a diameter of 20 ft. by 20 ft. high) that will hold a minimum of 48 hours of dewatered cake storage.

**Fiscal Year 2012/13
Budgeted Project
Regional Wastewater Capital Improvement Fund - RC**

EN06020	RP-5 System Facilities Upgrade and Improvements	The project replaces the foul air ducting inside the solids building. It is for miscellaneous improvements at the RP-5 facility, including the replacement of the existing bucket conveyor with a vertical screw conveyor; providing a dewatered cake storage system; upgrading the existing bio-filter; providing a meter to measure flow to Santa Ana Regional Interceptor (SARI line); providing a stand-by sludge pump for feeding sludge to the rotary presses; adding two channels to one of the existing rotary presses; providing a stand-by rotary press unit: site drainage improvements
EN04018	Engineering As-Builts	Perform a complete “as-building” of the Agency’s Regional Water Recycling Plant facilities, including RP-1, RP-2, RP-4, RP-5 and CCWRF. Staff will utilize the Agency’s Geographic Information Services (GIS) to reference all equipment underground and above ground piping, and structures. This information would be linked to the as-built drawings and to other information accessible through the Agency’s network.
EN11031	RP-5 Flow Equalization and Effluent Monitoring	The existing splitter box contains two gates. The gate that leads to the aeration basin requires actuator upgrade from open/close to modulating. The second gate that leads to the emergency storage basin has two manual gate actuators which need to be replaced with motorized actuators. The outfall gate has an open/close motorized actuator which needs to be upgraded to a modulating actuator with communication to the SCADA. A design will be prepared to address the aforementioned upgrades to allow for automation of the equalizing process at RP-5.
EN12021	RP-5 Pond/Drainage Improvements	The scope of work for this project is to survey the RP-5 pond and construct ripraps and concrete channels to eliminate the erosion around the pond.
EN07006	RP-1 Facilities Improvements	This project includes upgrade to the de-chlorination pump station at RP-4 to de-chlorinate the effluent before it is discharged into Cucamonga Creek, as well as the excess flow from TP-1 not being used by the pump station and excess flow going to Prado Lake. Currently the basin has a de-chlorination capacity of 11.2 MGD (Million Gallons per Day) with the completion of the RP-4 expansion; flows will increase between 27 to 29 MGD exceeding the capacity of the current de-chlor station.
EN12026	Montclair Lift Station Upgrades	Recently Operations diverted addition flow to RP-1 to accommodate additional demand for the recycled water at the southern service area of IEUA. This additional flow also generated a ragging problem at Montclair Pump Station requiring frequent de-ragging of the pumps. Our goal is that by modifying the operations of the pumps and ramping the pumps speeds several times during the day, the ragging problem will be eliminated.
PA13001	Plant Recycled Water Valve Replace	This project is to replace plant process water distribution system isolation valves which are not functioning as intended. Each treatment plant has an internal process water system that is supplied by recycled water. The systems contain numerous valves intended for isolation of water from various plant processes in times when repairs are needed. Operations has noted that many of these valve do not seat properly and thus isolation cannot be achieved without isolating large portions of the plant water distribution system using valves that do seat properly. Replacement will assure the internal plant process water distribution system can be repaired as needed with minimal disruption to the plant.
EN11051	Central Plant for the New Operations Lab	The scope includes the central plant air conditioning system upgrades and modifications. This includes the installation of backup equipment for the existing chiller system and upsize the system to accommodate the new central lab building which will be located south of HQ Building B. Control integration will also be part of the project. The design of this project will be performed by an outside consultant.

**Fiscal Year 2012/13
Budgeted Project Description
Regional Wastewater Capital Improvement Fund – RC**

EN11036	HVAC & Server Room Fire Suppression Improvement	The scope of this project will include comprehensive evaluation and assessment of the Agency-wide heating, ventilation and air conditioning systems (HVAC) in order to improve performance and energy efficiency. The Agency will hire an outside consultant to perform the HVAC system assessment and provide recommendations for improvement. Some urgent and critical system replacement/upgrade may be performed as part of this project.
EN13006	Misc. Waste Water Construction and Emergency Projects	This project will allow Engineering to fund unforeseen Regional Wastewater Capital Improvement projects that require immediate attention. This program will provide the Agency to allow the Engineering Department to complete work such as pipeline repairs, property negotiations, domestic sewer connections and other unforeseen, unbudgeted issues without requesting additional funds.
EN13009	CM Misc. Waste Water Construction and Emergency Projects	This project will allow Construction Management to fund unforeseen Regional Wastewater Capital Improvement projects that require immediate attention. This program will provide the Agency to allow the Engineering Department to complete work such as pipeline repairs, property negotiations, domestic sewer connections and other unforeseen, unbudgeted issues without requesting additional funds.
EN08009	New Operations Laboratory	The recommendation from the preliminary evaluation was that the Agency retain an engineering/architectural firm that specializes in laboratory design to conduct a feasibility study for a new lab facility, with extensive consideration given to locating it at Regional Water Recycling Plant No. 5 (RP-5) and to evaluate modifying and modernizing the existing laboratory at Regional Water Recycling Plant No. 1 (RP-1).
EN11017	Capital Upgrades to RP-1, RP-2, CCWRF, RP-4, & RP-5	Facilities improvements to address critical projects necessary for compliance, safety and process. Miscellaneous capital improvement projects such as Agency-wide HVAC improvement, RP-1 Flare Replacement, Agency-wide Server Room Fire Suppression, CCWRF Filter Media Replacement, RP-5 Bio-filter Media Replacement, RP-5 Chemical Containment Coating, and Chino Creek LEED Restroom.
	Capital Equipment	
LB12001	GCMS Semi Volatiles Wastewater	This project consists of the purchase and installation of new instrumentation equipment including gas chromatograph-Mass Spectrometer for Semi- Volatile analyses as requested for testing per NPDES permit.
LB13001	GCMS Volatiles Wastewater	Purchase and installation on new gas chromatograph- mass spectrometer for semi volatile analysts, require testing per NPDES permit.
SR12001	Agency Wide Security Equipment Upgrade	Replace existing security system hardware, software, and infrastructure attributes across of the Agency's sites. Purchase new cameras and dedicated servers, integrate the security system signals into the recently installed Wireless Data System and provide real-time (interactive) monitoring of any IEUA site.
	Capital Replacement	
EN11040	RP-1 Outdoor Lighting Improvements	Currently the existing lights have reached the end of its useful life where a few have fallen and become un-repairable. This project will improve current out lights with new luminaries that are durable, functional and efficient. The project consists of preparing a finalized construction plan, submit the construction project for public bid and award, and provide in-house construction management support.

**Fiscal Year 2012/13
 Budgeted Project
 Regional Wastewater Capital Improvement Fund - RC**

EN12020	Chino Creek Invert Repair	This project will evaluate the condition of the creek invert over the siphon trench and make the necessary repairs.
EN11039	TP-1 Disinfection Pump Improvements	Currently the existing pumps for the disinfection loop system are in constant need of replacement and/or repair. The project will evaluate and replace the pumps with a more durable system. It will also provide an automatic stand-by pump at each delivery points. The improvement will also provide full containment area for each injection point to prevent chemical from spilling into the Plant's storm drain areas. This project will prepare finalize plans, submit construction documents for public bid and award, and provide in-house construction management support.
EN08002	RP-1, RP-2, CarbCny O&M Manual	Update the O&M Manuals for RP-1, RP-2, and Carbon Canyon facilities according to the new standardized format that was developed for the integration into the electronic system.
EN11042	RP-1 Flare & RP-1/RP-2 Boiler Replacements	The project scope includes the replacement of RP-1 gas flare and the two hot water boilers as well as RP-2 one of the hot water boilers. Existing gas flare at RP-1 will be replaced with Title V gas flare while boiler replacements at RP-1 and RP-2 are necessary to meet the near future stringent regulatory requirements. Design will be done in-house except for consulting engineering services outside the Agency's capabilities such as structural and electrical designs.
Operation & Maintenance		
PL05007	Facility Master Plan	This project will update the facilities master plan for the Agency's Capital Facilities. It will assess progress on projects outlined in the last master plan update, outline new initiatives, evaluate capital facilities needs and develop cost and an implementation schedule for use in the Ten-Year Plan. Automation included as part of the last update is expected to keep this mid ten-year plan update at a much lower cost than the 2000 update. As of 2007, this project will also include funds for Chino Creek Master Plan, Chino Creek Integrated Plan, Energy Efficiency Research & updates to the Sewer Model.
CW19013	Sewer OR Projects FY12/13	Establishes an annual budget for applying the labor hours for project evaluation, design review, permit issuance, inspection, and closeout for office engineering projects in regards to sewer connections and modifications.



Renewable Energy Efficiency Facility (REEP) – Chino, CA

Fiscal Year 2012/13
 Budgeted Project
 Regional Wastewater Operations and Maintenance Fund - RO

Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TY/CY
REGIONAL WASTEWATER OPERATIONS and MAINTENANCE FUND - RO												
Capital Construction												
EC13003	Water Truck Tank Relining	10,000										10,000
IS13107	RACO Replace Project (CCWRF,RP2,RP5)	10,000										10,000
IS13106	SAN for Data Storage-PAC Network	30,000										30,000
IS13061	UPS Replacement PAC	35,000										35,000
IS13071	Server Hardware Repl-Plant Auto Net	40,000										40,000
IS13081	Workstation Replace-PAC Network	45,000										45,000
IS13080	Workstation Replace Fore-PAC Net		16,000	15,500	15,000	14,500						61,000
IS13051	Network Switch Replace-Plant Net	85,000										85,000
IS13060	UPS Replacement Forecast - PAC		33,500	33,500	33,500							100,500
IS13070	Server Replace-Plant Auto FORECAST		46,000	25,200	45,500	45,500						162,200
IS13050	Network Switch Repl -Fore Plant Net		75,000	75,000	50,000							200,000
EN08023	RP-1 Asset Replacement	1,900,000										1,900,000
EP13001	RP2 Digester Cleaning	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	3,200,000
Total Capital Construction		2,475,000	490,500	469,200	464,000	380,000	320,000	320,000	320,000	320,000	320,000	5,878,700
Capital Equipment												
IS10021	Replace Records Management Scanner	13,700										13,700
Total Capital Equipment		13,700										13,700
Capital Replacement												
EN08013	Plant Equipment Improvements	200,000										200,000
EN11045	CCWRF Secondary Clarifiers Rehab Phase 1	308,348										308,348
EN12018	CCWRF Secondary Clarifier No.2 Rehab,	890,000										890,000
EP13002	Major Facilities Repair/ Replacement	800,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	7,100,000
EN13015	Asset Improvement and Replacement	1,900,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	37,900,000
Total Capital Replacement		4,098,348	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	46,398,348
Total Capital Project Costs		6,587,048	5,190,500	5,169,200	5,164,000	5,080,000	5,020,000	5,020,000	5,020,000	5,020,000	5,020,000	52,290,748
Cost Reimbursable												
PK11002	Annual Earth Day Event	10,400	5,000									15,400
PK11001	Water Discovery Field Trip & Bus Grant	44,050	44,050									88,100
Total Cost Reimbursable		54,450	49,050									103,500
Operation & Maintenance												
EN13013	1630 E Pipeline Seg A Monitoring	10,000										10,000
EN13014	RP-4 Revegetation Monitoring	10,000	10,000									20,000
EN13012	Magnolia Channel Monitoring&Maintenance	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	240,000
Total Operation & Maintenance		80,000	70,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	270,000
Total O&M Project Costs		134,450	119,050	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	373,500
TOTAL REGIONAL WASTEWATER OPERATIONS and MAINTENANCE FUND - RO		6,721,498	5,309,550	5,229,200	5,224,000	5,080,000	5,020,000	5,020,000	5,020,000	5,020,000	5,020,000	52,664,248

Fiscal Year 2012/13
Budgeted Project Description
Regional Wastewater Operations and Maintenance Fund – RO

	Capital Construction	
EC13003	Water Truck Tank Relining	This project will reline water truck supply tank with a polyurethane coating.
IS13107	RACO Replace Project	Purchase, configure, and install WIN911 software to result in more reliable alarm delivery and fewer false alarms at the CCWRF, RP-2, and RP-5.
IS13106	San for Data Storage – PAC Network	Purchase, configure, and install storage area network devices for the PAC Network
IS13061	UPS Replacement PAC	Purchase and coordinate the installation of UPS units. The Agency has 75 UPS unites and are replacing 5 each year for continued reliability.
IS13071	Server Hardware Repl-Plant Auto Net	Purchase and coordinate the installation of server hardware for the plant auto net.
IS13081	Workstation Replace – PAC Network	Purchase and coordinate the installation of new workstations for PAC Network
IS13051	Network Switch Replace – Plant Network	Purchase, configure and install new switches. A large number of network switches at the Agency have been identified as being more than 7 years old, and should be replaced before failure occurs.
EN08023	RP-1 Asset Replacement	The RP-1 Condition Assessment project was developed as a result of the 2005 study conducted by Metcalf and Eddy. The study evaluated all the major equipment, and provided a prioritized list of improvements that needs to be completed for the facility over a ten year time period. Improvements included either repairs, rehabilitation, or study to assess the condition of the equipment and devise a proper response as needed.
EP13001	RP-2 Digester Cleaning	The project is for a single digester cleaning each year based on cleaning schedule for Agency-wide locations.
	Capital Equipment	
IS10021	Replace Records Management Scanner	Purchase, configure, and install new scanner for the Records Management Department.
	Capital Replacement	
EN08013	Plant Equipment Improvements	Critical equipment replacement for each regional wastewater treatment plant for the next ten years. This project shall provide the means to replace/repair critical equipment at each plant which was not identified through the regular project development. Several emergencies arise primarily due to the age of equipment that needs to be addressed in order to maintain the facilities operation and not violate regulatory limitations. Facilities included: RP-1, RP-2, RP-4, RP-5, Carbon Canyon Wastewater Reclamation Facility (CCWRF), and Urban Water Reclamation Facility (UWRF).

**Fiscal Year 2012/13
 Budgeted Project
 Regional Wastewater Operations and Maintenance Fund – RO**

EN11045	CCWRF Secondary Clarifiers Rehab Phase 1	This project will provide corrosion protection for the headspace portion of the primary clarification diversion structure. Also, the secondary clarifiers will be restored in conditions.
EN12018	CCWRF Secondary Clarifiers No. 2 Rehab	The project will rehabilitate Secondary Clarifier No. 1 by restoring the metal and concrete work. Also, the project will replace a number of mechanical items and will add an automated weir washer.
EP13002	Major Facilities Repairs/Replacements	This project will provide a budget to procure required equipment, materials and services as needed related to major facilities repair and replacement requirements.
EN13015	Asset Management and Replacement	This project shall provide the means to replace/repair critical equipment at each plant which was not identified through the regular project development.
Cost Reimbursable		
PK11001	Water Discovery Field Trip and Bus Grant	The Water Discovery Field Trip Program is designed to meet the growing need of integrating children with the natural world by using the wetlands to create real life experiences. The bussing mini-grant program will give low-income neighborhood schools, which are unable to afford bussing, the opportunity to experience the Water Discovery Field Trip Program.
PK11002	Annual Earth Day Event	This project is set up to provide a free earth day event that will be hosted at the Chino Creek Wetland and Educational Park.
Operational & Maintenance		
EN13012	Magnolia Channel Monitoring and Maintenance	Monitoring and maintenance cost of the RP5 system project. The project was to re-establish the drainage of approximately 2,000 linear feet of natural urban stream at the remaining undeveloped portion of the existing Magnolia Channel, use retention ponds to reduce the flow and encourage infiltration, and build approximately 5 acres of managed riparian habitat and vegetated banks to improve water quality.
EN13013	1630 E Pipeline Segment A Monitoring	Monitoring and maintenance cost of the 1630 E Pipeline Segment A project. The project consists of the construction of a 36-inch diameter recycled water pipeline.
EN13014	RP-4 Revegetation Monitoring	Monitoring and maintenance cost of the Public Retrofit IEUA project. The project is for Water Reuse Foundation research study of the fate of emerging containments in recycled water applied to golf courses. Principal investigator is Northern California Golf Association.



Fiscal Year 2012/13
 Budgeted Project
 Non-Reclaimable Wastewater (NRW) Fund - NC

NON-RECLAIMABLE (NRW) FUND - NC												
Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP
Capital Construction												
EN11035	Philadelphia Pump Station Upgrades	151,693										151,693
EN11034	NRW Collection System Repairs Phase 3	229,191										229,191
EN13011	CM Misc NRWS Const & Emerg Proj F	65,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	965,000
EN13008	NRWS Conn & Emergency Proj FY12/13	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
EC13009	CSDLAC Capital Replacement 4Rs	1,429,818										1,429,818
EC14009	CSDLAC Capital Replacement 4Rs	1,975,702	1,475,712	1,422,984	1,471,673	1,421,823	1,473,478	1,526,682	1,526,682	1,526,682	1,526,682	13,372,398
Total Capital Construction			1,675,712	1,622,984	1,671,673	1,621,823	1,673,478	1,726,682	1,726,682	1,726,682	1,726,682	17,148,100
Capital Equipment												
EC13002	Hand Held CCTV Camera	9,200										9,200
Total Capital Equipment												9,200
Capital Replacement												
EN07011	NRW System Upgrades	1,132,500	1,115,000	1,000,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	6,747,500
Total Capital Replacement			1,132,500	1,115,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	6,747,500
Total Capital Project Costs												
		3,117,402	2,790,712	2,622,984	2,171,673	2,121,823	2,173,478	2,226,682	2,226,682	2,226,682	2,226,682	23,904,800
Operation & Maintenance												
EC08013	NRWS Pipeline Cleaning	50,000										50,000
CW15013	NRW OE Projects FY12/13	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
Total Operation & Maintenance			60,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	150,000
Total O&M Project Costs			60,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	150,000
TOTAL NON-RECLAIMABLE (NRW) FUND - NC												
		3,177,402	2,800,712	2,632,984	2,181,673	2,131,823	2,183,478	2,236,682	2,236,682	2,236,682	2,236,682	24,054,800

**Fiscal Year 2012/13
Budgeted Project
Non-Reclaimable Wastewater (NRW) Fund – NC**

Capital Construction		
EN11035	Philadelphia Pump Station Upgrades	This project will mitigate the problems of the Philadelphia Pump Station, including the walls and floor surfaces that will be recoated with a strong resin. The existing T-lock to be taken out and cracks to be filled prior to a new t- lock installation.
EN11034	NRW Collection System Repairs Phase 3	The project scope will include analyzing the NRW system findings stated in the 2006 NRW capital improvement plan, prepare the necessary repair/rehabilitation designed and construct the recommended repair items.
EN13008	NRWS Connection & Emergency Projects	This project will allow Engineering to fund NRWS projects that require immediate attention. The project will provide the Agency funds to allow Engineering to complete work such as NRW pipeline repairs, property negotiations, NRW connections and other unforeseen, unbudgeted items without requesting additional funds during the given fiscal year.
EN13011	CM Misc. NRW Construction and Emergency Projects	This project will allow Construction Management to fund NRW projects that require immediate attention. The project will provide the Agency funds to allow Engineering to complete work such as NRW pipeline repairs, property negotiations, NRW connections and other unforeseen, unbudgeted items without requesting additional funds during the given fiscal year.
EC13009	CSDLAC Capital Replacement 4Rs	The Agency is obligated to pay its proportional share of capital repair, relocation, reconstruction and rehabilitation (4R) costs pursuant to its agreement for wastewater treatment and disposal with the County Sanitation District of Los Angeles County (CSDLAC). The charge is billed to IEUA annually and is listed under paragraph 2(b) of the 1966 Wastewater Disposal Agreement.
EC14009	CSDLAC Capital Replacement 4Rs	The Agency is obligated to pay its proportional share of capital repair, relocation, reconstruction and rehabilitation (4R) costs pursuant to its agreement for wastewater treatment and disposal with the County Sanitation District of Los Angeles County (CSDLAC). The charge is billed to IEUA annually and is listed under paragraph 2(b) of the 1966 Wastewater Disposal Agreement.
Capital Equipment		
EC13002	Hand Held CCTV Camera	This project is set up to provide funds for the purchase new hand held manhole inspection camera.
Capital Replacement		
EN07011	NRW System Upgrades	Upgrade projects: 1. Emergency By-Pass Vault. 2. Emergency By-Pass Pump. 3. MCC Replacement. 4. PPS Pump Upgrades. 5. PPS Pump Motor Replacement. 6. Ferric Chloride System Upgrade. 7. Pipeline and Manhole Repair.

**Fiscal Year 2012/13
 Budgeted Project
 Non-Reclaimable Wastewater (NRW) Fund – NC**

Operations & Maintenance		
EC08013	NRW Pipeline Cleaning	This budget is established to clean the northern Non-Reclaimable Wastewater System (NRWS) pipeline as a result of the condition assessment conducted by PBS&J. It is expected that approximately 10 miles of pipeline will be cleaned by IEUA staff annually. However, depending on circumstances, this project may be contracted out. The budget will provide funds for the cleaning, profiling, point repairs, disposal of solids removed from the pipeline, and reassessment of inaccessible areas by Closed Circuit Television (CCTV).
CW15013	FY 2012/13 NRW Office Engineering Projects	This project has been set in place to establish an annual budget for applying the labor hours for project evaluation, design review, permit issuance, inspection, and closeout for office engineering projects in regards to NRW connections and modifications.



Philadelphia Lift Station - Ontario, CA

Fiscal Year 2012/13
 Budgeted Projects
 Recharge Water Fund – RW

RECHARGE WATER FUND - RW												
Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP
Capital Construction												
EN12025	Hickory Basin - Arizona Crossing	25,000										25,000
WR13022	Prado Basin Habitat Well Monitoring	400,000										400,000
	Total Capital Construction	425,000										425,000
Capital Equipment												
RW13002	Ford F-250 4 Wheel Drive and Srvc Bed	75,000										75,000
	Total Capital Equipment	75,000										75,000
	Total Capital Project Costs	500,000										500,000
Cost Reimbursable												
WR13023	USBR Vegetative Monitoring	20,000		20,000				20,000			20,000	80,000
	Total Cost Reimbursable	20,000		20,000				20,000			20,000	80,000
	Total O&M Project Costs	20,000		20,000				20,000			20,000	80,000
	TOTAL RECHARGE WATER FUND - RW	520,000		20,000				20,000			20,000	580,000

**Fiscal Year 2009/10
Budgeted Project Description
Recharge Water Fund – RW**

Capital Construction		
EN12025	Hickory Basin – Arizona Crossing	This project consists of constructing a new soil cement access road on the northeast side of the Hickory Basin with an Arizona-type re enforced concrete pipe culvert.
WR13022	Prado Basin Habitat Well Monitoring	As required by the Peace II SEIR, IEUA & Chino Basin Watermaster are required to develop a Prado Basin Habitat Sustainability Adaptive Management Plan which includes installing additional groundwater monitoring wells in the Prado Basin.
Capital Equipment		
RW13002	Ford F-250 4-Wheel Drive and Service Bed	Purchase a 4-wheel drive Ford F-250 with service bed to be used for the Recharge Water program.
Cost Reimbursable		
WR13023	USBR Vegetative Monitoring	There will be 4 surveys done every three years in October. USBR will perform the surveys of the selected areas of riparian habitat and develops reports summarizing the results and comparing it to the baseline. Each survey will cost approximately \$20,000.



Hickey Basin

Fiscal Year 2012/13
 Budgeted Project
 Recycled Water Fund - WC

Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP
RECYCLED WATER FUND - WC												
Capital Construction												
WR11020	RP-1 Outfall Modifications	5,000										5,000
EN11049	1630 W. Reservoir Communication Tower	10,000										10,000
WR11018	Northwest Recycled Water SCADA Upgrades	10,000										10,000
EN11030	Northwest Communication Towers	20,000										20,000
EN11048	1630 W. Pump Station Communication Tower	20,000										20,000
EN12016	North CIM Lateral	20,000										20,000
EN08018	1630 W. Recycled Water Pipeline Segment	50,000										50,000
WR08023	1630 W. Recycled Water Pipeline Segment	50,000										50,000
EN09003	1630 W. Recycled Water Pipeline Segment	80,000	20,000									100,000
EN11046	RP-1 930 PS Fifth Pump	150,000										150,000
WR08032	1630 W. Recycled Water Pump Station	160,000										160,000
EN12014	East Avenue 1630 E RWP Relocation	463,937	150,000									613,937
WR11017	Turner Basin Recharge Improvements	450,520	212,093									662,613
EN11050	Turner Basin Turnout Capacity Improvement	690,000										690,000
EN13001	San Servanne Basin Improvements	300,000	1,700,000									2,000,000
EN13010	CM Misc RW Constr & Emerg Proj FY1	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,000,000
EN13007	Misc Recycled Water Projects FY12/13	230,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,030,000
EN19002	800 Zone Reservoir			1,500,000	1,500,000	1,500,000	400,000					3,400,000
EN19003	RP-1 Outfall Parallel Line FY13/14		1,500,000	3,000,000	1,200,000							5,700,000
WR08020	Recycled Water Misc Connections and Retr	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	10,000,000
EN09007	1630 E Pipeline Seg B & 1630 E Reservoir	6,100,000	10,054,985	350,000					1,000,000	4,400,000	11,000,000	16,400,000
EN06025	Winerville Ext Recy Wtr Pipeline	8,955,000	10,225,894									16,504,985
EN07010	930 W. Reservoir & Pipeline											19,180,894
Total Capital Construction		18,964,457	25,262,972	4,750,000	4,100,000	2,900,000	1,800,000	1,400,000	2,400,000	5,800,000	12,400,000	79,777,429
Capital Equipment												
EN12019	GWR and RW SCADA System Upgrades	1,610,000										1,610,000
RW13003	Lysimeter Replacement	75,000										75,000
Total Capital Equipment		1,685,000										1,685,000
Total Capital Project Costs		20,649,457	25,262,972	4,750,000	4,100,000	2,900,000	1,800,000	1,400,000	2,400,000	5,800,000	12,400,000	81,462,429
Operation & Maintenance												
WR13024	Urban Runoff Capture Retrofits at Recharge	259,073										259,073
PL05012	Max Benefit Basin Plan Monitor	30,000										30,000
EC13019	Water Softener Removal Rebate Program	200,000										200,000
CW16013	Recycled Water OE Projects FY12/13	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Total Operation & Maintenance		539,073	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	989,073
Total O&M Project Costs		539,073	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	989,073
TOTAL RECYCLED WATER FUND - WC		21,188,530	25,312,972	4,800,000	4,150,000	2,950,000	1,850,000	1,450,000	2,450,000	5,850,000	12,450,000	82,451,502

Fiscal Year 2012/13
Budgeted Project Description
Recycled Water Fund - WC

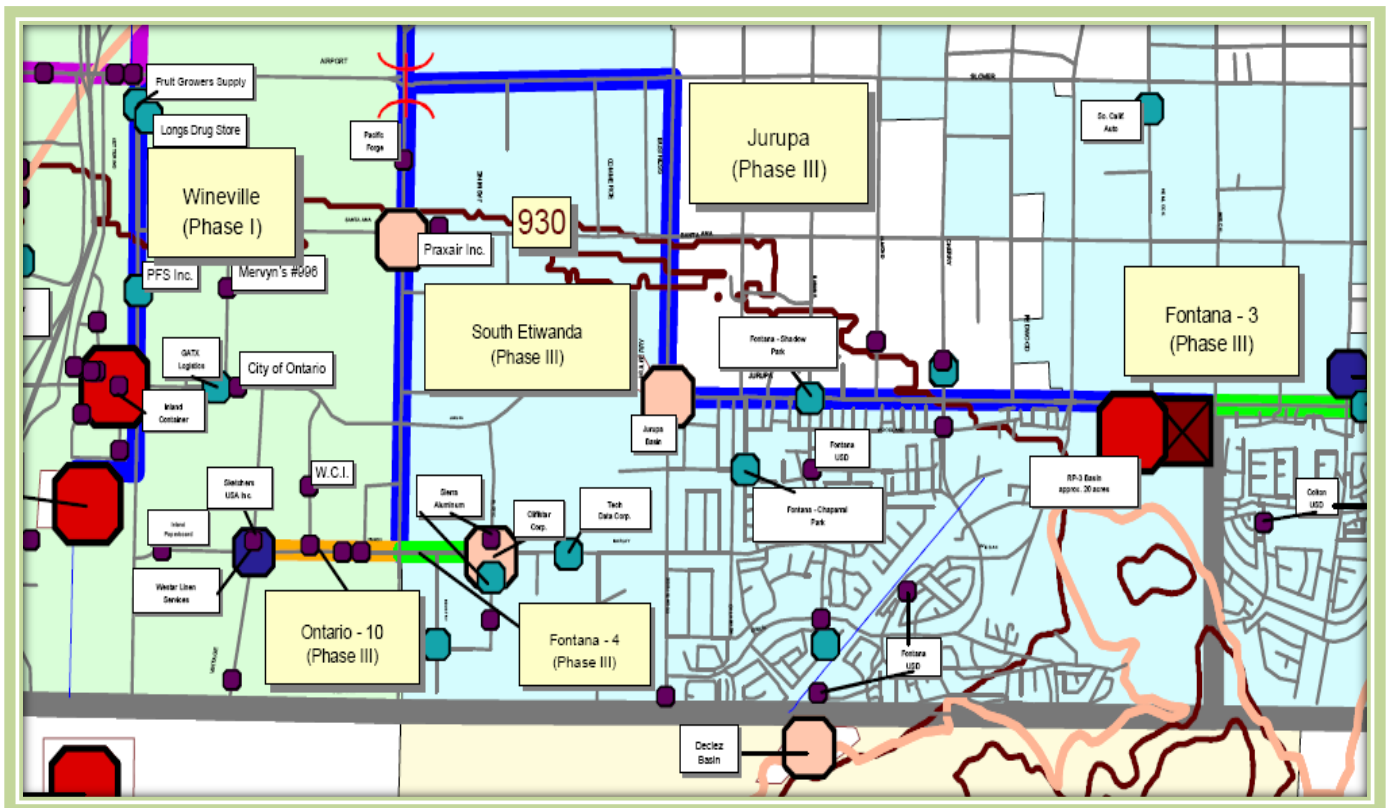
Capital Construction		
WR11020	RP-1 Outfall Modifications	This project was a request from operations to install new isolation valve on the Air Relief Laterals on the RP-1 out fall pipeline at 10 locations. In addition to the isolation valves the project will also replace the air release valves with ARI valves and perform other site improvements.
EN11049	1630 West Reservoir Communication Tower	Design & construction of the 1630 West Reservoir communication tower, and associated communication equipment. The scope includes design, easements, CEQA, radio surveys, Federal Aviation Administration and Federal Communication Commission permitting, and construction of the communication tower.
WR11018	NW SCADA Upgrades	The scope includes 1) SCADA software purchase, and 2) Certified engineering, programming, installation, and testing of the recycled water SCADA hardware and software.
EN11030	Northwest Communication Tower	This project will consist of the design & construction of the 6B communication tower and associated communication equipment. The scope includes design, easements, CEQA, radio surveys, Federal Aviation Administration and Federal Communication Commission permitting, and construction of the tower. Communication tests will also be performed to ensure all radio communication links meet the Agency's requirements.
EN11048	1630 West Pump Station Communication Tower	Design & construction of the 1630 West Pump Station communication tower, and associated communication equipment. The scope includes design, easements, CEQA, radio surveys, Federal Aviation Administration and Federal Communication Commission permitting, and construction of the communication tower.
EN12016	North CIM Lateral	The following project will examine alternative alignments to construct a lateral to the North CIM property, which will extend from the existing recycled water main on Eucalyptus Avenue. The lateral will provide recycled water to the CIM and the two adjacent parcels. The length of the lateral will be approximately 1,000 feet to 2,300 feet and will serve approximately 4,100 AFY of recycled water. Once an alternative is selected, easements will need to obtain from the State, SCE and possibly the San Bernardino County Flood Control District before construction can commence.
EN08018	1630 West Reservoir & Pipeline	The project consists of the design and construction of a 3 million gallon reservoir (1630 W Reservoir). The reservoir will be located on a parcel of land at the northwest quadrant of 19th Street and Sapphire Street in Rancho Cucamonga. The project also includes the design and construction of the pipeline needed to connect the reservoir to the 1630 West Pipeline and Red Hill Park.
WR08032	1630 West Pump Station	This project consists of design and construction of a new recycled water pump station. The new pump station will include the installation of three (3) pumps, of approximately 450 hp. The 1630 West Pump Station will be designed to have one lead pump, one lag pump and a stand-by pump held in reserve. Construction work will occur at the City of Ontario's Fern Reservoir site, located at the intersection of Eighth Street and Fern Avenue, in the City of Upland.
EN12014	East Avenue 1630 E RWP Relocation	This project will relocate about 150 LF of 1630 E. Recycled Water Pipeline on East Avenue and blowouts and air release valves that are located in the East Avenue sidewalk and to adjust the elevation of the monitoring well.

Fiscal Year 2012/13
Budgeted Project Description
Recycled Water Fund - WC

WR11017	Turner Basin Recharge Improvements	This project is to excavate and enlarge one of the basins which have been identified as a high priority by Chino Basin Watermaster. CBWM will reimburse half the design and environmental work for this phase. The City of Ontario has identified an opportunity to complete the rough grading for free by allowing a contractor to remove fill dirt for a transportation project that the City is conducting a few miles away. The next phase of the project will be a feasibility/planning study for the entire site, including construction or enlargement of several other recharge basins, appurtenances to allow more recycled water and storm water to be captured and recharged, wetlands, and educational opportunities
EN11050	Turner Basin Turnout Capacity Improvements	The existing turnout at the Turner Basins is undersized and utilizes a drop inlet at a low elevation. The smaller size and the low elevation of the turnout and basin inlet results in the basins being underutilized. This project will install a new, larger turnout to take full advantage of the recharge capacity at the Turner Basins. To eliminate the low elevation limitation, a bypass will be installed under Day Creek Channel. The turnout will include a pressure sustaining ClaVal PRV with dual solenoid flow control, a magnetic flow meter and will be fully automated.
EN13001	San Sevaine Basin Improvements	This project will provide the means to evaluate how the basins can achieve maximum infiltration by developing a piping layout between the basins.
EN13010	CM Misc. Recycled Water Construction & Emergency Projects	Required annual budget for emergency recycled water work
EN13007	Misc. Recycled Water Projects	Required annual budget for emergency recycled water work
EN19002	800 Zone Reservoir	The project will design and construct a 3MG reservoir in the 800 zone. The reservoir will be sited in the City of Chino Hills as the City has set aside property for the Agency's future use for the 800 zone reservoir.
EN19003	RP-1 Outfall Parallel Line FY 13/14	The installation of a parallel pipeline is necessary to provide a reliable supply of water to the southern pressure zones of 930 and 800. The 930 zone will require the 30-inch pipeline from RP-1 to Edison Avenue to be supplemented with a new parallel pipeline to reduce head losses, operate the system, and refill the new 930 Zone Reservoir, in addition to the high velocities.
WR08020	Misc. Connections, Retrofits and Laterals	This project encompasses the design and construction for recycled water customer connections, on-site retrofits, services laterals and other related services.
EN06025	Wineville Extension Recycled Water Pipeline	This project consists of the design and construction a 24 and 20 inch recycled water pipeline from the Wineville Recycled Water Pipeline at Jurupa and Wineville to the RP-3 basins at Beech and Jurupa. The pipeline is located in the cities of Ontario and Fontana. The project consists of approximately 24,000 linear feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Decluz Basins.
EN07010	930 West Reservoir and Pipeline	Design and construction of an 880 HP Pumping Station with capacity of 6,900 Gallons Per Minute. In addition, the project will include the design and construction of approximately 15,000 feet of 36-inch and 2,500 feet of 46-inch pipe to the 900 West Reservoir. The project will be within the cities of Chino and Chino Hills.
	Capital Equipment	
EN12019	GWR & RW SCADA System Upgrades	This project will transition the existing remote GWR and RW sites (totaling over 20 sites) to the new, faster and more reliable communication network. This project will also transition the RP5 RW PS to Rockwell Automation and onto the RW SCADA system. Under this project, the existing SCADA server system will be upgraded to provide complete control and monitoring of the GWR and RW SCADA.

**Fiscal Year 2012/13
Budgeted Project Description
Recycled Water Fund - WC**

RW13003	Lysimeter Replacement	The project is to replace aging lysimeters originally installed at groundwater recharge sites that have reached the end of their useful life. When a lysimeter has been used for many years, they become clogged and require replacement. The lysimeters are required for water quality monitoring of recharge using recycled water.
	Operations & Maintenance	
CW16012	Recycled Water Office Engineering Projects	Establishes an annual budget for applying the labor hours for project evaluation, design review, permit issuance, inspection, and closeout for office engineering projects in regards to recycled water connections and modifications.
EC13019	Pilot Water Softener Rebate Program	Reimbursement program for automatic water softener removal rebate program.
PL05002	Surface Wetlands & Habitat	This project is phase II of the Chino Creek Master Plan. Located south of Euclid Avenue, east of the 71 freeway, phase II will include construction of the wetlands of excess of 100 acres. The project will include construction of hiking/biking trail, education signs, and habitat preserve. This project will be funded by grants and the Orange County Water District.
PL05012	Max Benefit Basin Plan Monitor	A basin monitoring program established in 2004 to conduct regular monitoring programs and analyses of the ambient groundwater quality throughout all the groundwater basins in the SAR Watershed every three years.
WR13024	Urban Runoff Capture Retrofits & Recharge	



Map of Local Recycled Water System

Fiscal Year 2012/13
 Budgeted Project
 Water Resources Fund - WW

WATER RESOURCES FUND - WW												
Project #	Project Description	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total TYCIP
Cost Reimbursable												
WR13002	CBWCD Landscape Audit Program	45,000										45,000
WR13014	Regional Water Bud (Irrigation Metr)	60,000										60,000
WR13005	Residential Landscape Installation	100,000										100,000
WR13017	Landscape Transformation Program	150,000										150,000
WR13011	Free Nozzle Voucher Program	243,750										243,750
Total Cost Reimbursable		598,750										598,750
Operation & Maintenance												
WR13018	IEUA WUE Update & Workshops	7,000										7,000
WR13015	Residential Landscape Training Class	10,000										10,000
WR13004	Garden In Every School	45,000										45,000
WR13007	Residential Rebate Incentive	50,000										50,000
WR13010	Chino Basin Green	54,000										54,000
WR13008	National Theatre for Children	55,000										55,000
WR13009	CII Rebate Incentive	60,000										60,000
WR13013	Sponsorships and Public Outreach	77,500										77,500
FP10700	Financial Planning Forecast WW Fund	358,500	375,000	400,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	3,825,000
Total Operation & Maintenance		358,500	375,000	400,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	4,183,500
Total O&M Project Costs		957,250	375,000	400,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	4,782,250
TOTAL WATER RESOURCES FUND - WW		1,556,000	375,000	400,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	5,381,000

**Fiscal Year 2012/13
Budgeted Project Description
Water Resources Fund – WW**

	Cost Reimbursement	
WR13002	CBWCD Landscape Audit Program	This program provides regional landscape evaluations for all customers who reside within IEUA's service area boundaries. Chino Basin Water Conservation District performs all related activities under the program on behalf of IEUA and its eight member agencies.
WR13014	Regional Water Bud	Development of water budgets for all service area dedicated service meters.
WR13005	Residential Landscape Installation	This residential program provides landscape evaluations and installations of weather based irrigation controllers and high efficiency sprinkler nozzles; and, to provide residential landscape, low-interest financing and/or rebate program.
WR13017	Landscape Transformation Program	This program will remove turf and provide design and re-landscaping with low water use plants and irrigation technologies for residential properties.
WR13011	Free Nozzle Voucher Program	Regional residential high-efficiency sprinkler head nozzle voucher redemption program.
	Operation & Maintenance	
WR13018	IEUA WUE Update & Workshops	These activities are to keep IEUA's working model updated with up-to-date software and provide training for member agency staff.
WR13015	Residential Landscape Training Classes	Program will provide landscape training classes for IEUA's eight retail member agencies that include training on landscape design, plant selection, irrigation system maintenance, and tune-ups, irrigation scheduling, composting, mulching soils, fertilizers etc.
WR13004	Garden in Every School	This program installs up to 7 water efficient gardens featuring California friendly native plants and efficient irrigation techniques in schools within the IEUA's service area.
WR13007	Residential Rebate Incentive	Funding to provide additional Residential Rebate Incentives
WR13010	Chino Basin Green	Partnership with Lewis Operating Corporation for a tree planting program in coordination with Agency Partners.
WR13008	National Theatre for Children	Provides live theatre performances to students in grades K-6 educating them on environmental issues and water use efficiency.
WR13009	CII Rebate Incentive	Provides funding to provide incentives or other funding opportunities for CII customers.
WR13013	Sponsorships and Public Outreach	Provides funding provides for agency memberships, public outreach activities, BMP support programs, and special events.



Debt Management



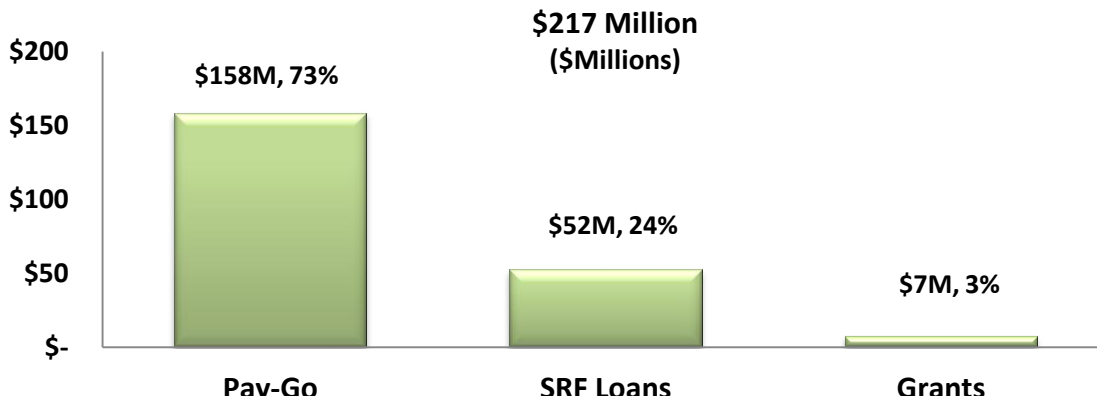
DEBT MANAGEMENT

Introduction

The Agency issues debt to fund the acquisition or construction of capital assets, improvements of existing facilities, or to refund a previous long term debt issue. Debt is used to financing capital improvements, so long as the debt repayment term does not exceed the life expectancy of the capital improvements. The issuance of debt to fund operating deficits is not permitted. Debt issued to finance capital improvements should not exceed the expected life of the improvements; the pay-as-you-go (pay-go) means of using current revenues is considered the preferred method of financing these costs. If the capital improvements benefit current users, pay-go may be the most equitable financing method as future users may be burdened with higher rates to support related financing costs and required reserve levels.

Capital projects included in the FY 2012/13 to FY 2021/22 Ten Year Capital Improvement Plan (TYCIP) totaling \$217 million will be funded by a combination of low interest state loans, pay-go, federal, and state grants. No new bond issues or use of commercial paper proceeds are projected for the ten year period.

Figure 7-1: Ten Year Capital Improvement Plan FY 2012/13- FY 2021/22



Annual Debt Service Costs

Total annual debt service costs are expected to increase by approximately \$2.4 million in FY 2012/13. Key drivers for the increase are SRF loans for the Northeast Area Recycled Water and RP-1 Dewatering Facility Expansion projects scheduled to be completed in FY 2012/13. SRF loan repayments commence one year after completion of project construction. Debt service costs including principal and interest for FY 2012/13 is projected to be \$22.9 million, or 16.4% of \$140.1 million total expenses and other uses of funds, as shown on the table 7-1 below.

Table 7-1: Total Debt Service Costs by Fiscal Year

(\$Millions)							
	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	Thereafter
Bonds	\$15.4	\$16.7	\$17.4	\$17.4	\$17.4	\$17.4	\$318.6
Notes/SRF Loans*	3.5	5.6	5.6	7.9	7.9	7.8	129.1
Financial Expense	.4	.4	.5	.4	.5	.4	6.9
Inter Fund Loan	.2	.2	.2	.3	1.8	2.4	15.3
Total	\$19.5	\$22.9	\$23.7	\$26.0	\$27.6	\$28.0	\$469.9

*Includes projected SRF loans

The distribution of FY 2012/13 debt service cost by program is shown in Table 7-2 below:

Table 7-2: Debt Service by Program

(\$Millions)					
	Regional Wastewater	Non-Reclaimable Wastewater	Recharge Water	Recycled Water	Total
Principal	\$8.0	\$.1	\$.6	\$2.7	\$11.4
Interest	8.2	.4	.3	2.3	11.1
Financial Expense	.2	.0	.1	.0	.4
Total	\$16.4	\$.5	\$1.0	\$5.0	\$22.9

Total Outstanding Debt Summary








As of June 30, 2013, total current outstanding debt, including principal and interest (excluding projected future SRF and inter-fund loans) is \$540.3 million, which includes 74% revenue bonds, 21% SRF loans, 2% long term notes, and approximately 3% inter-fund loans as reported on the Table 7-3 below.

Table 7-3: Total Outstanding Debt

(\$Millions)						
	FY 2011/12	FY 2012/13	F Y 2013/14	FY 2014/15	FY 2015/16	Thereafter
Bonds	\$416.9	\$400.0	\$382.6	\$365.3	\$347.9	\$330.5
SRF Loans	84.6	112.4	122.7	115.6	108.5	101.4
Notes	10.5	9.7	8.8	8.0	7.1	6.4
Inter Fund Loans	18.1	18.2	18.3	18.3	16.9	14.9
Total	\$512.0	\$540.3	\$532.4	\$507.2	\$480.4	\$453.2

Total outstanding short and long term debt as of June 30, 2013 consists of the following debt issues, as shown in the Table 7-4 below.

Table 7-4: Outstanding Short and Long Term Bonds

Bonds	Notes Payable
 2005A Revenue Bonds (1999 Refunding)	 State Revolving Fund (SRF) Loans
 2008A Revenue Bonds	 City of Fontana Note Payable
 2008B Variable Rate Bonds (2002 Refunding)	 SARI Pipeline Capacity 1.5 mgd
 2010A Revenue Bonds (1994 Refunding)	

BONDS

Long term bond issues have been used to finance construction of additional and/or expansion of existing facilities and refunding of prior debt issues to reduce debt service costs. The following table is a summary of outstanding bond issues.

Table 7-5: Summary of Outstanding Bond Issues
(\$Millions)

	Expected Maturity Date	Rating ⁽¹⁾	Rating ⁽²⁾	Interest Range	Debt Issue at Par	Debt Service Reserve Funds	Balance Outstanding As of 6/30/13 ⁽³⁾
2005A Revenue Bonds (1999 Refinancing)	11/1/2023	AAA/Aaa	AA/Aa	3% - 5%	\$24.7	\$2.2	\$33.9
2008A Revenue Bonds	11/01/2038	A1/AA-	AA2/AA-	4.09% - 4.54%	\$125	\$11.5 ⁽³⁾	\$250.3
2008B Variable Rate Revenue Bonds (2002A Refinancing)	6/01/2032	Aaa/AA-	Aa1/AAA	Variable	\$55.7	\$2.5 ⁽⁴⁾	\$68.8
2010A Revenue Bonds (1994 Refinancing) (4)	8/1/2021	Aa2/AA-	Aa2/AA-	1.35% - 5.0%	\$45.7	0.00	\$47.0
					\$251.1	\$16.2	\$400.0

(1) Rating at time of issuance by Moody's Investor Services and Standard & Poor's.

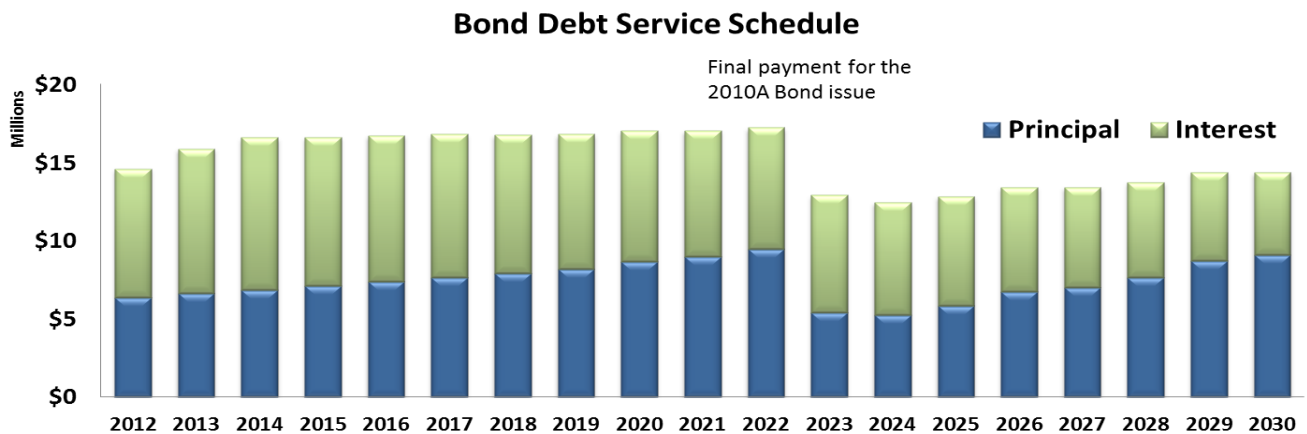
(2) Latest rating as of 05/30/2012

(3) Includes outstanding Principal and Interest

(4) In addition to a dedicated reserve, a Letter of Credit with Lloyds of London

Figure 7-2 below shows the outstanding bond debt service schedule for FY 2012/13 through FY 2029/30. A complete listing of bond descriptions is included at the end of this Debt Management section.

Figure 7-2



The 2010A and 2005A revenue bonds are scheduled to mature in 2021 and 2023, respectively.

State Revolving Fund (SRF) Loans

SRF loans are issued by the State Water Resources Control Board (SWRCB) and are payable in 20 years with the initial annual payment due one year following the completion of capital construction. SWRCB offers various financing options:

- 🍃 Standard – 20 year term, 2 % - 2.7% annual interest rate.
- 🍃 Local Match – 20 year term, zero percent (0%) annual interest rate. Local match of 20% is deducted from loan proceeds during construction.
- 🍃 Stimulus – 20 year term, 0% annual interest rate for Clean Water related projects, (recycled water) and 1% annual interest rate for wastewater treatment projects.

SRF loans issued to the Agency are based on standard financing with interest rates ranging between 2% and 2.7%, payable in 20 years. The exceptions are the 0% interest rate SRF loans issued under the American Recovery and Reinvestment Act (ARRA) federal stimulus program which include the Recycled Water Phase IV (Northeast Area) loan for \$16.6 million and over 50% of the \$27 million SRF loan for the RP-1 Dewatering Facility Expansion.

SRF loans are the primary financing source for the Regional Recycled Water Distribution System, (Phases I-VIII), as defined in the Recycled Water Business Plan (RWBP) adopted by the IEUA Board in December 2007. Table 7-6 below is a summary of outstanding SRF loans as June 30, 2013.

Table 7-6: Outstanding SRF Loans as of June 30, 2013

(\$Millions)	Fiscal Year Issued	Interest Rate Range	Loan Amount	Financing Terms	Principal Outstanding As of 6/30/13
Recycled Water Program:					
Phase I (CCWRF)	FY 2005	2.2% - 2.6%	\$15	Standard	\$9.9
Phase II (RP-1 Area)	FY 2007	2.20%	15	Standard	12.5
Phase III (RP-4 Area)	FY 2008	0%	11	Local Match	8.7
Phase IV - V (Northeast Area)	FY 2010	.032%-1%	18	Stimulus	14.6
Phase VI (Southern Areas)	FY 2012	2.60%	21	Standard	21
Phase VII - VIII ⁽¹⁾ (Northwest, Central Areas, Southern 2 nd phase)	FY 2013	2.60%	24	Standard	15
Subtotal – Recycled Water			\$104		\$81.7
Regional Wastewater:					
RP-1 Dewatering Facility Expansion	FY 2010	0% - 1.00%	\$27	Stimulus	\$27
Subtotal – Regional			\$27		\$27
Total SRF Loans			\$131		\$77

(1) Proposed Loans

Recycled Water Distribution System Phases IV & V (Northeast Area) for \$18 million, net of grant proceeds, was the first appropriation of ARRA federal stimulus funds awarded by the SWRCB under the Clean Water Act. SRF loans issued under the stimulus plan have special financing terms;

- 1) Recycled Water Loans: 0% interest rate, 20 year term, and are also eligible for grant proceeds,
- 2) Regional Wastewater Loans: 0% to 1% interest rate, 20 year term, but are not eligible for grants (0% interest rate was issued for “green” eligible costs)

Total FY 2011/12 debt service payments for Phase I to Phase IV of the Recycled Water Distribution System was \$3.3 million. In FY 2011/12, the SWRCB awarded IEUA a \$21 million SRF loan (net of a \$4 million grant) for Phase VI (Southern Area). Another SRF loan for the Central/Wineville is under review by SWRCB and is expected to be issued in early FY 2012/13.

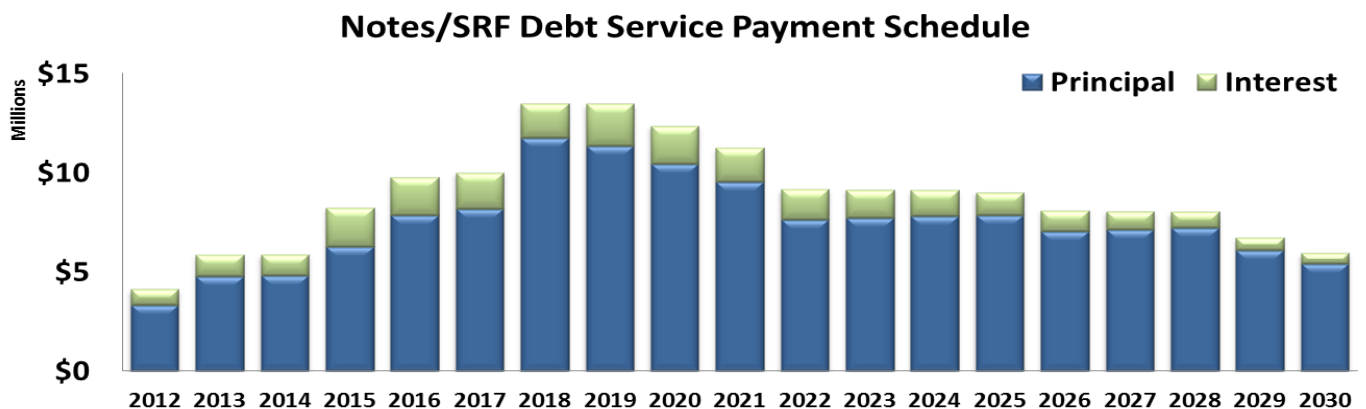
Over the next few years, the Agency will apply for \$24 million of additional SRF Loans from the SWRCB to fund Phases VII - VIII of the Recycled Water Distribution System. Upon completion of Phase VIII (2nd phase of Northwest, Central, and Southern Areas) in FY 2018/19, annual debt service costs are projected to increase to \$7.4 million the following fiscal year.

Notes Payable

- 🍃 The Agency signed a 20 year, 0% interest note in the amount of \$5,625,000 with an initial deposit of \$281,250 for the purchase of 1.5 mgd of SARI pipeline capacity from the Santa Ana Watershed Project Authority (SAWPA) in FY 1997/98. The note is payable in 20 annual installments of \$267,188 through July 15, 2017.
- 🍃 The Agency entered into a \$9.5 million 20 year note payable with the City of Fontana in FY 2008/09 for reimbursement of construction costs for the San Bernardino Regional Lift Station and Force Main in the City of Fontana.

Figure 7-3 below shows debt service payments from FY 2011/12 through FY 2029/30 for SRF Loans, Notes Payable and Inter Fund Loans.

Figure 7-3



Repayment of SRF loans for Recycled Water Phase VI (Southern) and Phases VII-VIII (second phase of Northwest, Central and Southern) and inter fund loan from Recycled Water Program to the NRW Program

account for the projected increase in FY 2015/16

Debt Coverage Ratio

A key objective of the IEUA Board is to raise the Agency's total targeted debt coverage ratio (DCR) over the next three years. The DCR was projected to approach the legally mandated minimum level of 1.25 as stipulated in the debt covenants. Inability to meet the minimum debt covenant requirements can result in potentially severe financial consequence, including a possible downgrade by the major credit rating agencies of the Agency's AA- long term credit rating.

The Agency's financial policy goal is to maintain a coverage ratio higher than the minimum required 1.25X for all types of indebtedness. Total targeted DCR for FY 2012/13 is projected to be 1.43X (net of Water Resources program budget and financial expense) and increases to 1.70X by FY 2014/15, as shown in Table 7-7 below. As indicated in the table the targeted ratio is projected to remain above the 1.25X benchmark throughout the 5 year period, as legally mandated by bond covenant and is sufficient to maintain the investment grade ratings. The Agency has no legal debt limits imposed by state legislation.

Table 7-7: Bond Debt Coverage Ratios (\$ Millions)

	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
Revenues (1)	\$91.3	\$100.9	\$105.7	\$112.9	\$117.2	\$122.3
O&M and Admin. Expenses (2)	66.7	69.1	69.5	71.6	71.9	73.7
Revenue to pay Parity Debt	\$24.6	\$31.8	\$36.2	\$41.3	\$45.3	\$48.6
Total Parity Debt Service	15.5	18.2	18.9	21.2	21.2	21.2
Bond Debt Coverage Ratios (\$ Millions)						
	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
Parity DCR	1.59x	1.75x	1.92x	1.95x	2.14x	2.30x
Net Revenues	\$9.1	\$13.6	\$17.3	\$20.1	\$24.1	\$27.4
Other Subordinate Debt Service	4.1	4.1	4.1	4.1	4.1	4.1
Total Subordinate DCR	2.22x	3.32x	4.21x	4.91x	5.87x	6.80x
Total Targeted DCR (3)	1.25x	1.43x	1.50x	1.70x	1.80x	1.90x
Remaining Net Revenue	\$5.0	\$9.5	\$13.2	\$16.0	\$20.0	\$23.3

(1) Revenues exclude bond proceeds, capital grants, State loans, and Water Resources (WW) Fund revenues

(2) O&M Expenses exclude interest expense and Water Resources (WW) Fund expenses, but include financial expense

(3) The 1.90x DCR for FY 2016/17 is a benchmark for wastewater industries, as indicated in the Fitch Rating 2010 Water and Sewer median special report, published April 2010.

The Agency has no senior debt, all outstanding bond issues (2005, 2008A, 2008B and 2010A) and SRF Loan #16 for the RP-1 Dewatering Facility Expansion capital project are classified as parity debt. Subordinate debt consists of all remaining State Revolving Fund (SRF) loans and the two notes payable.

Additionally, the Agency has conservatively funded a debt service reserve to cover its debt service obligations. Reserves for debt service are projected to be \$23.7 million by the end of FY 2012/13. Approximately \$6 million is deposited in restricted debt service reserve accounts and held by trustees and fiscal agents in accordance with bond covenants for a total debt service coverage reserve of \$29.7 million. The balance of \$17.7 million debt service reserve reported in FY 2012/13 budget will be held in cash or short term investments.

Long Range Plan of Finance

The Agency's first Long Range Plan of Finance (LRPF) was developed and adopted for FY 2006/07 with a thirty year financial plan. The Plan is intended to present a more systematic and disciplined approach to determining financing requirements, reserve levels, and rates for the next 30 years and it also serves as a guide to facilitate and complement the Agency's Long-Term Capital Program. The LRPF was later evolved to a ten year plan from FY to correlate with the Agency's Ten Year Capital Improvement plan.

The LRPF summarizes the results of a comprehensive financial planning model which was built to provide a clear funding strategy for the Agency in order to meet capital and operating requirements. It is the Agency's objective to develop a feasible plan of finance while ensuring that customers continue to receive high quality service at cost-effective rates. The LRPF differs from other financial documents of the Agency in that it contemplates the Agency's projected revenues and expenditures to determine the most cost effective funding for both its capital expansion and ongoing maintenance programs.

Financial policies are the best way to ensure long term fiscal health especially in the current economic environment. Sound fiscal policies are regarded by rating agencies as significant and influential when issuing a rating.

The following is a listing of Standard & Poor's top ten practices which are also consistent with the Agency's financial policies:

- Established budget reserve
- Regular economic and revenue reviews
- Prioritized spending plans and established
- Contingency plans
- Formal capital improvement plan
- Long-term planning
- Debt affordability model
- Pay-as-you-go financing
- Well defined and coordinated economic
- development plan
- Multi-year financial plan
- Effective management and information

The Agency has long adhered to these policies as a foundation of fiscal stability that allows for meeting its service area's needs at a reasonable cost of service. A comprehensive listing of Agency financial policies can be found in the Agency Vision/Policy Goals section 2 of Volume 1.

Credit Rating Summary

As indicated in (Table 7-8), the Summary of Outstanding Bond Issues, all of the Agency's bond issues were rated between AAA/Aaa and A1/AA at the time of issuance. Bonds rated **AAA/Aaa** are evaluated as the best quality. They carry the lowest degree of investment risk. Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. Bonds which are rated **A** possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future. As illustrate in Table 7-8, bonds in the Aa, A, and Baa are also assigned "1", "2" or "3" based on the strength of the issue within each category. Accordingly, "A1" would be the strongest group of A securities and "A3" would be the weakest A securities.

Table 7-8 –Summary of Outstanding Bond Issues

Investment Grade Rating	Moody's	Standard & Poor's	Fitch
Best Quality	AAA	AAA	AAA
	Aa1	AA+	AA+
High Quality	Aaa	AA	AA
	A1	AA-	AA-
	A1	A+	A+
Upper Medium Grade	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
Medium Grade	Baa2	BBB	BBB
	Baa3	BB-	BB-



CCWRF Recycled Water Pump Station – Chino, CA

Fixed Rate Revenue Bonds, Series 2005A
(Parity Debt)

Principal Issue Amount: \$24,735,000
Issue Date: May 1, 2005
Maturity Date: November 1, 2023
Rating: Moody's Aaa, S&P AA

Purpose: To refund a portion of the outstanding Chino Basin Regional Financing Authority Revenue Bonds, Series 1999 (Inland Empire Utilities Agency Sewer System) used for the purpose of design, acquisition and construction of capital improvements to the Regional Sewer System.

Security: Pursuant to the 2005A Installment Purchase Agreement, the 2005A Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund, and pledged to the 1994 Senior Bonds. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Interest	Total Payment
2005/06	\$0	\$0	\$0
2006/07	1,285,000	972,062	2,257,062
2007/08	155,000	1,002,638	1,157,638
2008/09	160,000	997,513	1,157,513
2009/10	165,000	991,825	1,156,825
2010/11	1,320,000	969,138	2,289,138
2011/12	1,290,000	929,988	2,219,988
2012/13	1,325,000	880,825	2,205,825
2013/14	1,390,000	823,213	2,213,213
2014/15	1,445,000	762,900	2,207,900
2015/16	1,505,000	694,644	2,199,644
2016/17	1,585,000	623,208	2,208,208
2017/18	1,655,000	554,475	2,209,475
2018/19	1,720,000	486,975	2,206,975
2019/20	1,790,000	416,775	2,206,775
2020/21	1,860,000	342,613	2,202,613
2021/22	1,935,000	255,875	2,190,875
2022/23	2,030,000	156,750	2,186,750
2023/24	2,120,000	53,000	2,173,000
	<u>\$24,735,000</u>	<u>\$11,914,413</u>	<u>\$36,649,413</u>

Principal payments due annually, November 1.

Interest payments due semi-annually, May 1 and November 1.

**Chino Basin Regional Financing Authority
(Inland Empire Utilities Agency)**

**Fixed Rate Revenue Bonds, Series 2008A
(Parity Debt)**

Principal Issue Amount: \$125,000,000
Issue Date: February 5, 2008
Maturity Date: November 1, 2038
Rating: Moody's Aa2 , S&P AA-

Purpose: To finance cost of capital replacements and improvements to the Regional Sewer System.

Security: Pursuant to the 2008A Installment Purchase Agreement, the 2008A Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund, and pledged to the 1994 Senior Bonds. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Interest	Total Payment
2007/08	\$0	\$1,493,056	\$1,493,056
2008/09	0	6,250,000	6,250,000
2009/10	0	6,250,000	6,250,000
2010/11	0	6,250,000	6,250,000
2011/12	0	6,250,000	6,250,000
2012/13	0	6,250,000	6,250,000
2013/14	0	6,250,000	6,250,000
2014/15	0	6,250,000	6,250,000
2015/16	0	6,250,000	6,250,000
2016/17	0	6,250,000	6,250,000
2017/18	0	6,250,000	6,250,000
2018/19	0	6,250,000	6,250,000
2019/20	0	6,250,000	6,250,000
2020/21	0	6,250,000	6,250,000
2021/22	0	6,250,000	6,250,000
2022/23	0	6,250,000	6,250,000
2023/24	2,620,000	6,184,500	8,804,500
2024/25	2,845,000	6,047,875	8,892,875
2025/26	3,895,000	5,879,375	9,774,375
2026/27	4,100,000	5,679,500	9,779,500
2027/28	4,305,000	5,469,375	9,774,375
2028/29	5,495,000	5,224,375	10,719,375
2029/30	5,790,000	4,942,250	10,732,250
2030/31	6,090,000	4,645,250	10,735,250
2031/32	6,395,000	4,333,125	10,728,125
2032/33	10,210,000	3,918,000	14,128,000
2033/34	10,735,000	3,394,375	14,129,375
2034/35	11,285,000	2,843,875	14,128,875
2035/36	11,865,000	2,265,125	14,130,125
2036/37	12,475,000	1,656,625	14,131,625
2037/38	13,110,000	1,017,000	14,127,000
2038/39	13,785,000	344,625	14,129,625
	\$125,000,000	\$159,088,306	\$284,088,306

Principal due annually, June 30.

Interest due semi-annually, May 1 and November 1.

**Chino Basin Regional Financing Authority
(Inland Empire Utilities Agency)**

**Variable Rate Revenue Bonds, Series 2008B
(Parity Debt)**

Principal Issue Amount: \$55,675,000
Issue Date: April 14, 2008
Maturity Date: June 1, 2032
Rating: Moody's Aa1, S&P AAA

Purpose: To refinance the acquisition and construction of capital improvements to Regional Sewer System and refinance the Agency's share of the acquisition and construction of the composting facility, and refinance the Agency's and Chino Basin Watermaster's share of capital improvements to the groundwater recharge facilities ("the Recharge Project").

Security: Pursuant to the 2008B Installment Purchase Agreement, the 2008B Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund, and pledged to the 1994 Senior Bonds. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Projected Variable Interest Rate	Interest	Total Payment
2007/08	\$ 450,000	4.00%	\$ 304,087	\$ 754,087
2008/09	1,420,000	4.00%	2,198,585	3,618,585
2009/10	1,475,000	4.00%	2,146,142	3,621,142
2010/11	1,535,000	4.00%	2,087,465	3,622,465
2011/12	1,560,000	4.00%	2,062,431	3,622,431
2012/13	1,660,000	3.00%	1,472,458	3,132,458
2013/14	1,725,000	4.00%	1,897,219	3,622,219
2014/15	1,790,000	4.00%	1,828,583	3,618,583
2015/16	1,865,000	4.00%	1,756,002	3,621,002
2016/17	1,910,000	4.00%	1,711,193	3,621,193
2016/17	2,015,000	4.00%	1,605,881	3,620,881
2018/19	2,095,000	4.00%	1,525,688	3,620,688
2019/20	2,180,000	4.00%	1,441,270	3,621,270
2020/21	2,270,000	4.00%	1,353,332	3,623,332
2021/22	2,355,000	4.00%	1,265,523	3,620,523
2022/23	2,430,000	4.00%	1,192,514	3,622,514
2023/24	2,550,000	4.00%	1,072,573	3,622,573
2024/25	2,650,000	4.00%	970,267	3,620,267
2025/26	2,755,000	4.00%	866,614	3,621,614
2026/27	2,865,000	4.00%	757,005	3,622,005
2027/28	2,970,000	4.00%	652,844	3,622,844
2028/29	3,100,000	4.00%	521,896	3,621,896
2029/30	3,220,000	4.00%	399,487	3,619,487
2030/31	3,350,000	4.00%	271,350	3,621,350
2031/32	3,480,000	4.00%	138,314	3,618,314
	\$ 55,675,000		\$ 31,498,724	\$ 87,173,724

Principal payment due annually, June 1.

Interest payment due first Wednesday of every month.

Fiscal Year: 12 month period starts from July 1 through June 30.

**Chino Basin Regional Financing Authority
(Inland Empire Utilities Agency)**

**Revenue Refunding Bonds, Series 2010A
(Parity Debt)**

Principal Issue Amount: \$45,570,000
Issue Date: July 15, 2010
Maturity Date: August 1, 2021
Rating: Moody's Aa2, S&P AA-

Purpose: To refund the outstanding Chino Basin Regional Financing Authority 1994 Revenue Bonds. The 1994 bonds were used for project design and construction of RP-4 Regional Plant, RP-1 Digester Improvements and Odor Control, and RP-1 and CCWRF Ultraviolet Disinfection.

Security: Pursuant to the 2010A Installment Purchase Agreement, the 2010A Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources (WW) Fund. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Interest	Total Payment
2010/11	0	963,686	963,686
2011/12	3,510,000	1,746,343	5,256,343
2012/13	3,600,000	1,686,650	5,286,650
2013/14	3,700,000	1,595,150	5,295,150
2014/15	3,810,000	1,482,500	5,292,500
2015/16	3,945,000	1,346,450	5,291,450
2016/17	4,105,000	1,185,450	5,290,450
2017/18	4,165,000	1,020,050	5,185,050
2018/19	4,285,000	829,625	5,114,625
2019/20	4,620,000	607,000	5,227,000
2020/21	4,755,000	372,625	5,127,625
2021/22	5,075,000	126,875	5,201,875
	\$45,570,000	\$12,962,403	\$58,532,403

Principal due annually, August 1.

Interest due semi-annually, Feb 1 and August 1.



Personnel



PERSONNEL

The Agency regards human resources as one of its most valuable assets and promotes a value driven work environment characterized by open communication, accountability, equity, trust, mutual respect, and collaboration. A key objective is the ensure employees have an opportunity for continual development and growth through ongoing training. Maintaining a highly skilled workforce, promotes creativity and innovation which allows the Agency to boost efficiency and effectiveness throughout the organization.

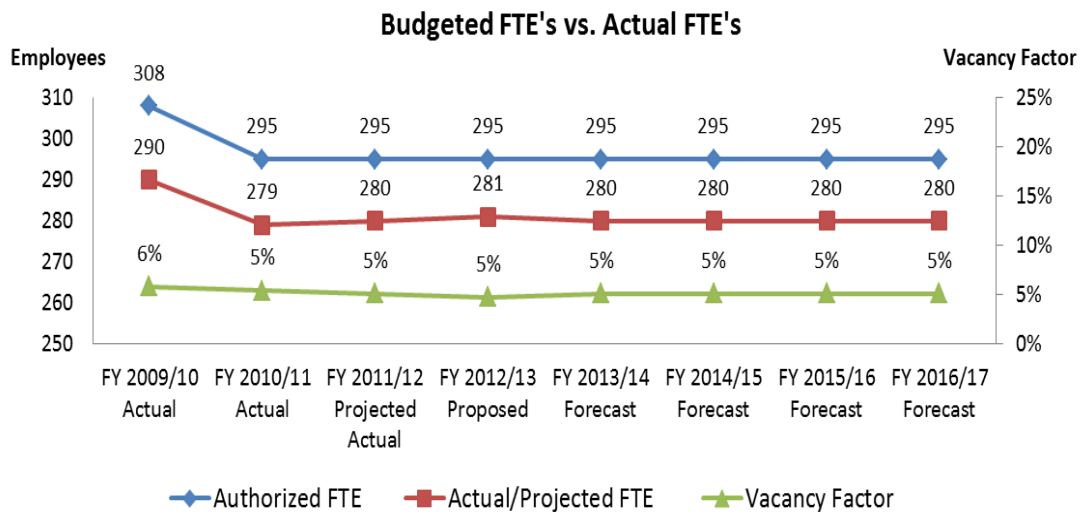
Like many private and public sector organizations, the Agency is proactively planning for impending retirement of its senior staff over the next several years. Leveraging technology to automate and streamline business process is a key strategy in the Agency’s succession plan. A key area is the automation of some of the procure-to-pay processes that will provide staff across the Agency access to online tools, such as web based vendor catalogs and services. By leveraging technology, the Agency can decentralizing some of the more routine purchasing functions while at the same maintain administrative oversight and control of the procure-to-pay process.

Staffing Plan

The FY 2012/13 staffing plan reflects the ongoing efforts across all departments to more effectively and efficiently leverage human resources to continually improve the Agency’s levels of service. Total net employment costs, inclusive of wages and benefits, is budgeted at \$33.4 million (net of the allocation to capital projects), or 45% of the total operating costs of \$73.8 million. Included in the proposed employment costs is an average vacancy factor of 5% against the 295 Full Time Equivalent (FTE) authorized positions. The 5% vacancy factor is consistent with the Agency’s historical average for the past six years. Also included in employment costs are 14 limited term (LTDs) positions primarily dedicated to assist in the areas of engineering, construction management, and grants administration.

Beginning in FY 2010/11, the Board authorized the Agency to reduce the number of FTEs from 308 to 295. Staff reduction initiative has been aided by Departmental efforts in cross training staff, implementing enhanced technology to reduce shift time and effective allocation human resources. Figure 8-1 below shows budgeted versus actual FTEs including the vacancy factor.

Figure 8-1



The column labeled “Proposed Changes” on Table 8-1 below shows staff realignments which are based on upcoming program activities. The realignments have no effect on the total FTE count; however, the limited term positions show an increase of two staff positions in Construction Management.

Table 8-1

INLAND EMPIRE UTILITIES AGENCY								
STAFFING PLAN								
DIVISION Department/Section	ADOPTED	AMENDED	PROPOSED	PROPOSED	FORECAST			
	2011/12	2011/12	Changes	2012/13	2013/14	2014/15	2015/16	2016/17
BOARD OF DIRECTORS								
Internal Audit	2	2	0	2	2	2	2	2
AGENCY ADMINISTRATION								
Agency Management	4	4	-1	3	4	4	4	4
Public Information	3	3	1	4	3	3	3	3
Human Resources	12	12	0	12	12	12	12	12
Planning and Environmental Compliance	13	13	0	13	13	13	13	13
Policy Development	1	1	0	1	1	1	1	1
TOTAL AGENCY ADMINISTRATION	35	35	0	35	35	35	35	35
FINANCE & ADMINISTRATION DIVISION								
Finance and Administration	1	1	0	1	1	1	1	1
Fiscal Management	12	12	0	12	12	12	12	12
Contracts and Procurement	9	9	0	9	9	9	9	9
Enterprise System Services	8	8	0	8	8	8	8	8
Financial Planning	9	9	0	9	9	9	9	9
TOTAL FINANCE	39	39	0	39	39	39	39	39
ENGINEERING DIVISION								
Engineering Administration	0	0	8	8	8	8	8	8
Engineering	21	21	-8	13	13	13	13	13
Construction Management	16	16	-3	13	13	13	13	13
TOTAL ENGINEERING DIVISION	37	37	-3	34	34	34	34	34
OPERATIONS ADMINISTRATION								
Operations Administration	3	3	0	3	3	3	3	3
Pretreatment & Source Control	14	14	0	14	14	14	14	14
Technical Services	5	5	0	5	5	5	5	5
Ground Water Recharge	3	3	0	3	3	3	3	3
Laboratory	14	14	0	14	14	14	14	14
RP1 Operations	27	24	0	24	24	24	24	24
RP4 Operations	4	5	0	5	5	5	5	5
CCWRF Operations	2	4	0	4	4	4	4	4
Chino Desalter Operations	5	4	0	4	4	4	4	4
RP2/RP5 Operations	10	11	0	11	11	11	11	11
Maintenance	6	6	0	6	6	6	6	6
Plant Maintenance - RP1/RP4	13	14	0	14	14	14	14	14
Electrical/Instrument Maint - RP1/RP4	13	12	0	12	12	12	12	12
Energy Conservation and Administration	4	3	0	3	3	3	3	3
Maintenance Planning & Materials Management	8	8	0	8	8	8	8	8
Integrated Systems Services	13	14	0	14	14	14	14	14
Plant Maintenance - RP2/CCWRF/RP5	9	9	0	9	9	9	9	9
Electrical/Instrument Maint - RP-2/CCWRF/RP5	10	10	0	10	10	10	10	10
Organics Management	21	21	3	24	24	24	24	24
TOTAL OPERATIONS	184	184	3	187	187	187	187	187
TOTAL AGENCY STAFF POSITIONS	295	295	0	295	295	295	295	295
LIMITED TERM POSITIONS								
Limited Term Contract	13	12	2	14	3	2	2	2
Intern Positions	17	17	0	17	17	17	17	17
SUBTOTAL LIMITED TERM POSITIONS	30	29	2	31	20	19	19	19
GRAND TOTAL AGENCY STAFF POSITIONS	325	324	2	326	315	314	314	314

Personnel Costs by Program

Table 8-2 below shows the allocation of the Agency's 295 authorized FTEs by program and activities budgeted in FY 2012/13 and projected for FY 2011/12. The most significant change in FY 2012/13 is the allocation of an additional 5.4 FTEs to the Inland Empire Regional Composting Facility (IERCF) from the Agency's Regional Wastewater Operations Program. The additional resources will help the IERCF reduce training costs and turnover in personnel by replacing temporary workers with full time employees.

Table 8-2

Allocation of Authorized FTEs by Program			
	FY 2012/13 Budgeted	FY 2011/12 Proj. Actual	Change
Regional Wastewater Operations Program	186.1	189.4	-3.3
Regional Wastewater Capital Program	30.0	29.0	+1.0
Recycled Water Program	17.1	19.2	-2.1
Non-Reclaimable Wastewater Program	13.7	14.2	-0.5
Recharge Water Program	3.4	3.1	+0.3
Water Resources & Conservation Programs	4.3	5.5	-1.2
IE Regional Composting Authority (IERCA) / JPA ⁽¹⁾	27.4	22.0	+5.4
Chino Basin Desalter Authority (CDA) / JPA ⁽²⁾	11.2	10.1	+1.1
General Administration	1.8	2.5	-0.7
Total Authorized FTEs	295	295	0.0

(1) IERCA JPA labor costs are 100% reimbursable from the IERCA and reported in the RO Fund

(2) CDA JPA labor costs are 100% reimbursable from CDA and reported in the GG Fund

Allocated personnel costs as shown Table 8-3 are employment costs initially accounted for in the Administrative Services Program (GG) Fund, allocated to activities in various Agency programs. Within some of the program budgets, labor costs that are identified for providing support services to outside agencies are reimbursable based on specific contract agreements.

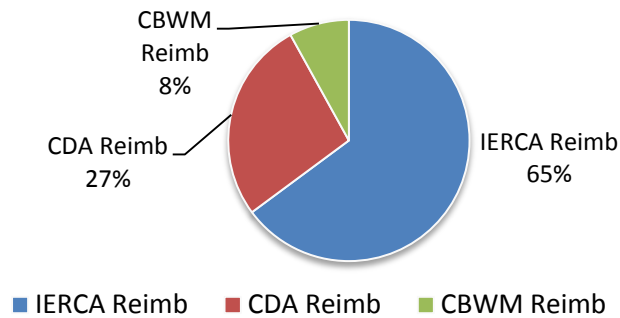
Table 8-3: Allocated Personnel Costs by Program (\$Millions)

Program	Division				Grand Total
	Agency Administration	Finance	Engineering	Operations	
Regional Operations	\$2.18	\$2.16	\$0.02	\$17.37	\$21.73
Regional Capital	.89	1.70	.27	.66	3.52
Recycled Water	.45	.49	.04	1.02	2.00
Non-Reclaimable Wastewater	.13	.17	.01	1.36	1.67
Recharge Water				.40	.40
Water Conservation	.47	.07		.01	.55
Regional Composting (JPA)	.11	.18		2.94	3.23
Chino Basin Desalter (JPA)	.11	.27		.97	1.35
General Administration*	.09	(.25)	.06	(.95)	(1.05)
TOTAL	\$4.43	\$4.79	\$.40	\$23.78	\$33.40

*Reflects the net allocation to the GG fund, \$1.3M reimbursement for CDA JPA labor and \$253,000 of other labor charges remaining in the fund.

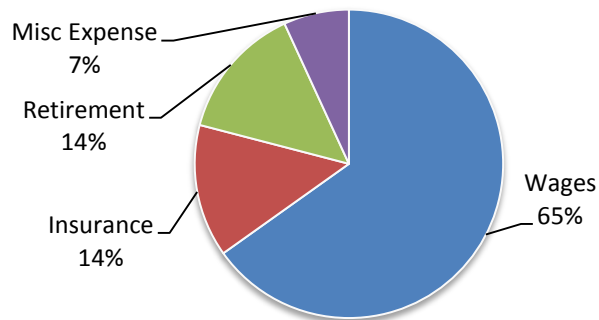
Total labor reimbursements from other agencies in FY 2012/13 are estimated to be \$4.9 million. Approximately \$3.2 million of employment costs are reimbursed to the Agency by the Inland Empire Regional Composting Authority (IERCA) for operation of the facility and are recorded in the Regional Wastewater Operations and Maintenance (RO) Fund. The Chino Basin Desalter Authority (CDA) reimburses the Agency approximately \$1.3 million for operations and administrative support of the CDA 1 facility and overall administrative support and is recorded in the GG Fund. The Chino Basin Watermaster (CBWM) partially reimburses labor costs of approximately \$400,000 for recharge water basin maintenance recorded in the Recharge Water (RW) Fund.

Figure 8-2: Reimbursable Labor Costs



Total “gross” employment costs in FY 2012/13 are budgeted at \$39.6 million (before allocation to other programs and projects). Miscellaneous expense of 7% includes Federal and State employment tax, director fees, auto allowance, and other miscellaneous benefits.

Figure 8-3: FY 2012/13 Total Employment Cost \$39.6 Million



No cost of living adjustment (COLA) is included in the FY 2012/13 employment budget. Changes in COLA are subject to labor contract negotiations. The Agency will continue to work closely with the various bargaining labor units to jointly develop viable solutions to mitigate some of the challenges brought on by the ongoing difficult economic conditions.

Some of the strategies that have been implemented to contain employment costs include:

- 🍃 Modified Hiring Freeze - only fill positions that satisfy a critical need and will support the Agency's goal of containing operating costs in future years
- 🍃 Evaluation of Organizational Effectiveness - several organizational changes have been implemented to increase operational effectiveness by maximizing staff expertise and Agency resources. The evaluation process and staff reduction through attrition have contributed to cost savings
- 🍃 Reduced authorized full time equivalent positions from 308 to 295 in FY 2010/11;
- 🍃 Cross-trained staff and leveraged enhanced technology to achieve a single shift staffing in all of its facilities and reduced overtime costs by nearly 50%;
- 🍃 Initiated pension reform and other employment cost reduction measures

Benefits

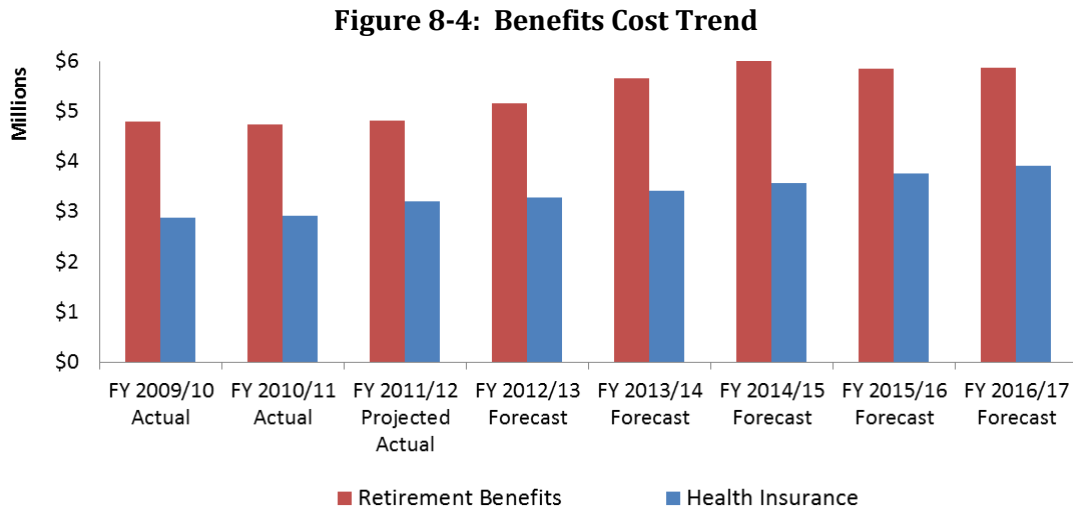
Despite the Agency's commitment to cost containment, annual increases in health insurance premiums and pension contribution rates offset some of the achieved cost reductions. In FY 2012/13 total benefit costs are budgeted at \$13.7 million and make up 35% of the total "gross" employment costs. There is no change in the benefits provided to all full time and limited term employees included in FY 2012/13 budget. These benefits are comprised of:

- 🍃 Insurance (health, dental, vision, life, long term disability and workers' compensation)
- 🍃 Paid leave (i.e., holiday pay, sick leave, vacation leave, executive leave, floating holiday, etc.)
- 🍃 Retirement benefits in the form of participation in the California Public Employees' Retirement System (CalPERS) and Social Security

The Agency contracts with the California Public Employees' Retirement System, (CalPERS) for retirement pension benefits. The combined contribution rate for the Agency's CalPERS 2.5% at 55 years-old Risk Pool Retirement Plan is 23.332% of total covered wages in FY 2012/13. The combined rate and is comprised of an employer contribution rate of 15.332% (increased by 0.6% effective July 1, 2012) and an employee contribution rate of 8%. Beginning in October 2011, employees began funding 2% of the 8% employee contribution rate, reducing the Agency's combined net CalPERS contribution rate to 21.332% in FY 2012/13.

As of January 1, 2012, all new employees are required to contribute 3% of the employee contributions to CalPERS and they are subject to a second tier retirement formula, which provides the 2% at 55 benefit formula, based on three-year final compensation, compared to the current retirement formula of 2.5% at 55.

Figure 8-4 below reflects a slight increase in both health and retirement benefits in FY 2012/13, a combined increase of 2.7% over the prior year. Current forecasts for FY 2013/14 and 2014/15 include a 2% increase in the Agency’s CalPERS employer contribution rate and an average 5% increase in health insurance costs.



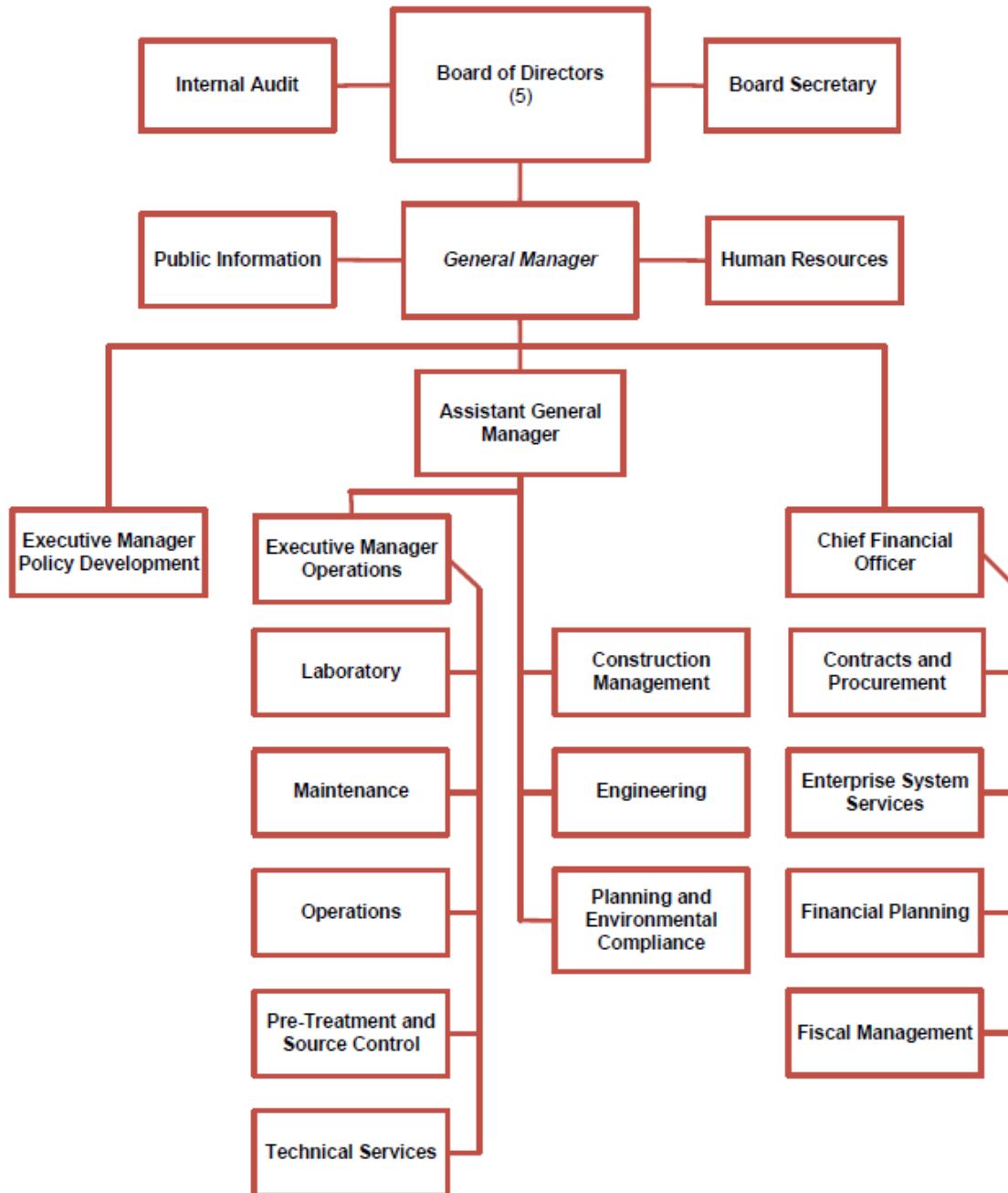
Training and Employee Development Programs

The “Technical Enhancement and Management Succession” (TEAMS) program was developed by the Agency in late 2006 to enhance recruitment, develop and train existing employees, and build a stronger internal leadership pool.

The TEAMS program has evolved and now combines online training, group collaborations, facilitated classes, and external college courses with other public agency employees. This evolution has resulted in a significant savings to the Agency. Consideration in the design of the various TEAMS programs focuses on the balance between both the immediate and future needs of the employees and the Agency.

The current program consists of three certificate programs: Personal Development Program, The Southern California Local Government Supervisory Program, and The Southern California Local Government Leadership Academy. These programs target the developmental needs of the different stages of an employee’s lifecycle. Online e-learning is also available to provide every employee with the resources they need to achieve their performance goals and objectives.

Agency Wide Organizational Chart







Departments



DEPARTMENTS

INLAND EMPIRE UTILITIES AGENCY DEPARTMENTAL EXPENSE - BY PROGRAM

\$ thousands

DIVISION	General Administration	Regional Wastewater	Recycled Water	Recharge Water	Non-Reclaimable Water	Water Fund	Total
Board of Directors	\$142	\$8	\$0	\$0	\$0	\$12	\$162
Internal Audit	362	0	0	0	0	0	362
BOARD OF DIRECTORS	\$504	\$8	\$0	\$0	\$0	\$12	\$524
AGENCY MANAGEMENT DIVISION							
Office of the General Manager	\$1,751	\$630	\$159	\$10	\$3	\$173	\$2,726
Assistant General Manager Administration	2,501	831	0	0	3	2,999	6,334
Policy Development	182	0	0	0	0	0	182
Human Resources	14,770	0	0	0	0	0	14,770
Public Information	620	0	0	0	0	0	620
TOTAL AGENCY MANAGEMENT	\$19,824	\$1,461	\$159	\$10	\$6	\$3,172	\$24,632
FINANCE DIVISION							
Finance and Administration	\$238	\$0	\$0	\$0	\$0	\$0	\$238
Contracts and Procurement	1,246	78	0	0	0	0	1,324
Enterprise System Services	1,044	0	0	0	0	0	1,044
Financial Planning	983	8,410	2,238	573	410	0	12,614
Fiscal Management	1,054	0	0	0	0	70	1,124
TOTAL FINANCE	\$4,565	\$8,488	\$2,238	\$573	\$410	\$70	\$16,344
ENGINEERING DIVISION							
Construction Management	\$1,270	\$0	\$0	\$0	\$0	\$0	\$1,270
Engineering	2,008	0	0	0	0	0	2,008
Recycled Water	0	0	146	0	0	0	146
TOTAL ENGINEERING	\$3,278	\$0	\$146	\$0	\$0	\$0	\$3,424
OPERATIONS DIVISION							
Operations Administration	\$512	\$401	\$0	\$0	\$0	\$0	\$913
Laboratory	1,333	29	110	0	4	0	1,476
Operations & Technical Services	4,672	8,023	316	714	0	0	13,725
Energy Production & Maintenance	7,753	9,980	2,257	0	140	0	20,130
PreTreatment, Source Control & Collections Systems	1,059	894	0	0	4,239	0	6,192
Organics Management	1,746	0	0	0	0	0	1,746
Technical Services	520	40	0	0	0	0	560
TOTAL OPERATIONS	\$17,595	\$19,367	\$2,683	\$714	\$4,383	\$0	\$44,742
TOTAL EXPENSE	\$45,766	\$29,324	\$5,226	\$1,297	\$4,799	\$3,254	\$89,666

Departmental expense shown here includes benefits and operation and maintenance/reimbursable project expense (all inclusive).



AGENCY MANAGEMENT DIVISION

Mission Statement

To manage the activities of the Agency by providing leadership and guidance on all Agency strategic initiatives, projects, planning programs, legislation and outside state/federal grant funding.

Departments

- 🌿 Human Resources
- 🌿 Internal Audit
- 🌿 Office of the General Manager
- 🌿 Planning & Environmental Compliance
- 🌿 Public Information

Executive Summary

The Agency Management Division is responsible for the management and administration of all Agency activities. Its purpose is to establish Agency goals, administer Agency programs, organize efficient delivery of the Agency's services, and implement Agency policies pursuant to the direction of the Board of Directors. The division provides management services on all matters pertaining to the business of the Agency. Agency Management is responsible for directing the research of policy development by staff for the Board of Directors.

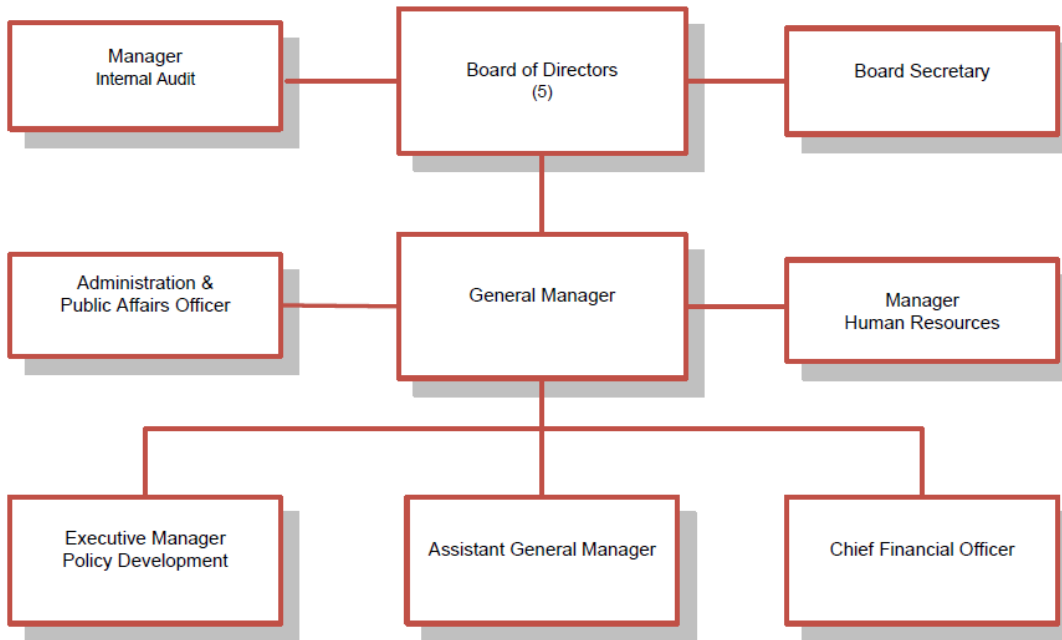
The Agency Management Division has several important objectives striving to accomplish during FY 2012/13. These objectives include cost containment of expenditures within budgeted targets, seeking federal and state grant funding, achieving 100% permit compliance, and providing guidance on new budget performance targets and accountability measures. Total division staffing is budgeted at 35 full time equivalents.

Division Goals

- 🌿 Hold expenditures within budgeted targets (FY 2012/13- FY 2016/17).
- 🌿 Advocate legislation that is consistent with Board policy.
- 🌿 Seek State and Federal grant funding for Recharge Master Plan, Renewable Energy, Optimum Basin Management Plan (OMBP), and Recycled Water Program.
- 🌿 Continue to implement Chino Basin Peace II Program.
- 🌿 Complete Recycled Water projects on schedule and within budget.
- 🌿 Maintain 100% permit compliance.
- 🌿 Coordinate recharge facility operations with San Bernardino County Flood Control District, Chino Basin Water Conservation District and Chino Basin Watermaster to maximize replenishment of storm water, recycled water and imported water supplies.
- 🌿 Provide leadership and training to all employees to meet Agency goals and objectives.
- 🌿 Promote energy and water efficiency strategies.

Organization Chart

Agency Administration



Regional Plant No. 1 Solar Panels - Ontario, CA

OFFICE OF THE GENERAL MANAGER

Mission Statement

To manage the activities of the Agency by providing leadership and guidance on all Agency strategic initiatives, projects, planning, programs, legislation, and funding.

Description and Purpose

The Office of the General Manager is responsible for the overall policy direction and day-to-day management of the Inland Empire Utilities Agency. Under the general direction of the General Manager, the Agency is responsible for a number of programs and services including the wholesale distribution of water and recycled water, regional wastewater treatment for a 242 square mile area of Western San Bernardino County, industrial and municipal wastewater collection through biosolids management and other related utility services.

Accomplishments

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
A1, A2, A4, A6	Water Conservation and Quality	<i>(MI) Expand water conservation programs in coordination with retail agencies to reduce reliance on imported water supply.</i>			
		(A)Identified additional potential markets of recycled water and composting.	✓	On-going	
		(A) Increase overall usage of recycled water by June 30, 2012 from 35,000 AFY to 39,000 AFY		Recycled water is currently at 26,000 AF	
		<i>(MI) Work closely with the Chino Basin Watermaster (CBWM) to implement the Optimum Basin Management Plan (OBMP).</i>			
		(A)Implemented Phase 3 of Chino Basin Desalter’s OBMP and the Hydraulic Control Program.		✓	
		<i>(MI) Coordinate and collaborate with other water agencies on programs within the Santa Ana River Watershed.</i>			
		(A)Actively participated in the “One Water-One Watershed” planning process.	✓	On-going	
		<i>(MI) Actively participates in MWD, SAWPA and trade association activities to ensure IEUA maintains “best practices” in the industry.</i>			
(A)Actively participated in benchmarking and best practice surveys to ensure IEUA keeps pace with water/wastewater trends.	✓	On-going			

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
C4, F5	Technological Innovation	<i>(MI) Implement Asset Management System for all IEUA facilities.</i>			
		(A)Continued to complete business case analysis on all engineering projects and maintenance programs.	✓	On-going	
		<i>(MI) Implement Energy Management Strategy to be self-sufficient by going "gridless" by 2020.</i>			
		(A) Replaced co-generation engines at the RP-1 facility with 2.8 Megawatts (MW) of fuel cell technology.	✓	Operational by June 2012	
		(A)Installed 1.0 (MG) wind turbine at the RP-4 facility.	✓		
C1, C2	Rate Stabilization and Cost Effectiveness	<i>(MI) Direct the efforts of all Agency staff to ensure prudent fiscal practices, efficient operations, and adequate capital planning and implementation.</i>			
		(A)Held quarterly budget variance review with all managers to ensure all cost containment objectives are achieved.	✓		
		(A)Implemented annual, moderate rate increases to support operating and maintenance costs, with the ultimate goal of meeting full cost of service rates for all Agency programs.	✓	Rates adopted for next 3 Fiscal Years	
		(A)Maintained adequate reserves to ensure Agency's credit coverage ratio remains above 1.25 as legally required by bond covenants.	✓		
EI	Strategic Planning and Capital Implementation	<i>(MI)Plan and direct 10-year capital development and implementation activities to ensure that the growing needs of member agencies are adequately addressed.</i>			
		(A)Carefully monitored building activity and real estate development trends throughout the IEUA service area and region.	✓		


Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
G1, G4	Interagency Relationships and Community Partnerships	<i>(MI) Continue to be an active leader in California water policy issues.</i>			
		(A) Maintained leadership roles on various water associations (e.g., ACWA, Water Reuse Association, SCAP, and CASA).	✓		
		<i>(MI) Provide leadership within the industry on legislative solutions and appropriate regulatory standards for wastewater collection, treatment, and reuse.</i>			
		(A) Conducted annual program updates with federal and state legislative delegations.	✓		
		<i>(MI) Process all Board, Committee, and Joint Power Authority (JPA) agendas in an expeditious and efficient manner.</i>			
		(A) Delivered all Board and Committee packages by no later than three (3) business days prior to the scheduled meeting.	✓		
		(A) Prepared Board and Committee Packages in a neat and orderly manner with minimal errors, as determined by survey completed by the Board Members.	✓		
		(A) Distributed "On Tap" Board actions within the same day after the conclusion of the Board meeting.	✓		
		(A) Distributed signed documents within 24 hours of Board approval.	✓		
		(A) Completed meeting minutes within two (2) days after the Board meeting.	✓		
		<i>(MI) Ensure ready accessibility and availability for the Board Members, Executive Management and staff of all agendas and related documentation.</i>			
(A) Ensured that all agendas and related documentation are posted to the Agency's intranet/PIPES within 24 hours after the Board package is distributed.	✓				
H4	Fiscal Accountability and Regulatory Compliance	<i>(MI) Meets all statutory (i.e. Brown Act) and regulatory requirements governing public meetings.</i>			
		(A) Achieved 100 percent compliance at regional water recycling plants for 2011.	✓		
		(A) Attend Special District training for Board Secretaries annually to stay current on Brown Act Requirements and other special districts laws, follow up with General Counsel.			✓
(A) Provide training to at least two (2) other administrative staff on the Brown Act.			✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
I1	Agency Mission, values and goals	<i>(MI) Adhere to the Agency's missions, values, and goals and comply with the Agency's adopted ethics policies.</i>			
		(A)Promoted employee development programs.	✓		
		(A)Required Board of Directors, Agency Management and personnel demonstrate the highest standards of integrity and accountability while serving the public	✓		

Major Initiatives

- 🌱 Coordinate - Recycled Water Business Plan with customer development, marketing and operational start-up with retail water agencies.
- 🌱 Implement - Asset Management Program Implementation with Agency wide, and provide annual work plan updates.
- 🌱 Development - Chino Basin Desalter Authority financial, grant administration, operating, and engineering services for the Chino Basin Desalter Phase 3 Expansion project.
- 🌱 Development - Chino Creek Park/RP-5 property development and Chino Creek Master Plan implementation.
- 🌱 Development - Turner Basin Storm-Water Pilot Project - Implement RW improvements and facilitates Agency coordination.
- 🌱 Development - Implement renewable energy initiative - "Grid less by 2020" work plan.
- 🌱 Development - an updated strategic "risk issues" plan for the organization that has been fully embraced by all facets of the organization on the key business principles of the organization:
 - 🌱 Recycled water
 - 🌱 Compost and other biosolids products
 - 🌱 Renewable energy
 - 🌱 Technical expertise and innovation in developing water related projects that meet the needs of customers and residents within the IEUA service area
- 🌱 Integration - Recharge Program operations and initiation including close coordination with Chino Basin Watermaster on the integration of Chino Basin Conservation District and San Bernardino Flood Control District facilities.
- 🌱 Compliance - Operation of IERCF at 100% capacity and ensuring SCAQMD permit compliance.
- 🌱 Workforce training and diversity - develop an active program of training for all employees to meet our future technology requirements and actively seek a diverse and talented work force.

Major Initiatives (continued)

- 
 Legislation – Actively engage with supporters of federal proposals to develop 1 million acre feet of new water in the next five years in California through Title XVI and conservation, while advocating for improvements to drought mitigation and relief programs. State legislative focus; California budget, net metering, feed-in tariff energy regulations, and water infrastructure financing proposals.

Performance/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Budgeted Operating Expenses	NA	\$74,040,043	\$95,953,004	\$77,644,437
Staffing (Agency-Wide)*	295	280	273	295
Employment Expense Ratio	NA	\$115,541	\$91,457	\$134,132
Public Speeches	48	48	48	48

*Full Time Equivalents

Goals and Objectives FY 2012/2013

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
A2	IEUA shall continue to be an active leader in California water policy issues	<ul style="list-style-type: none"> Maintain leadership roles on various water associations (e.g., ACWA, Water Reuse Association, SCAP, and CASA)
F1	Expand water conservation programs in coordination with retail agencies to reduce dependence on imported supplies	<ul style="list-style-type: none"> Identify additional potential markets of recycled water and composting Increase overall usage of recycled water from to 33,000 AFY
G4	Provide leadership on legislative solutions and regulatory standards for wastewater collection, treatment, and reuse	<ul style="list-style-type: none"> Continue to pursue legislative support for the Agency’s programs Conduct annual program updates with federal and state legislative delegations
A6	Work closely with the Chino Basin Watermaster (CBWM) to implement the Optimum Basin Management Plan (OBMP)	<ul style="list-style-type: none"> Support implementation of Chino Desalter Phase 3 expansion with staff resources and grant support
A4	Coordinate and collaborate with other water agencies on programs within the Santa Ana River Watershed	<ul style="list-style-type: none"> Actively participate in the “One Water-One Watershed” planning process

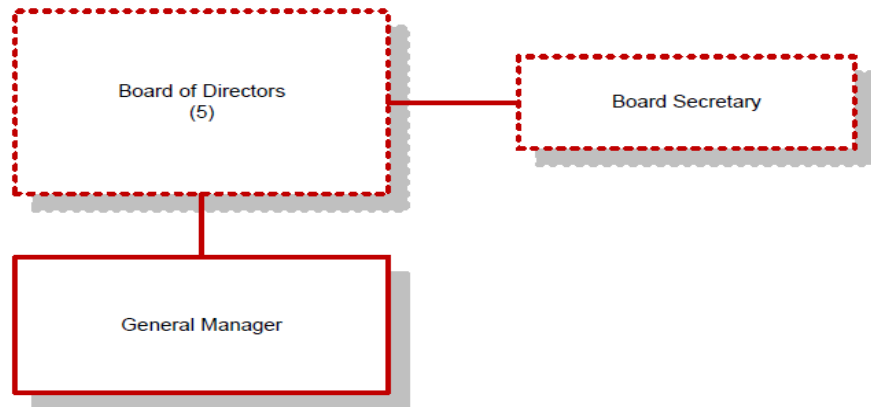
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
C1,C5	In collaboration with our member contracting agencies and consistent with the Agency's Long Range Plan of Finance, moderate rate increases will be imposed to maintain stable revenue basis to meet operating and maintenance requirements, and maintain fund balances at a level that ensures the Agency's financial health	<ul style="list-style-type: none"> • Implement annual moderate rate increases to support operating and maintenance costs for all Agency programs, with the ultimate goal of meeting full cost of service rates for all Agency programs. • Maintain adequate reserves and increase the Agency's debt coverage ratio to achieve IEUA Board's objective of 1.50 and 1.70 by end of FY 2013/14 and 2014/15, respectively in order to maintain the Agency's credit rating. • Develop a dynamic financial model to effectively plan for and better position the Agency to respond to short and long term economic, demographic, and environmental changes.
C2	Directs the effort of all Agency staff to ensure prudent fiscal practices, efficient operations, and adequate capital planning and implementation	<ul style="list-style-type: none"> • Quarterly budget variance review with all managers to ensure all cost containment objectives are achieved • Identify opportunities to streamline the budget process, improve data accuracy, and reduce bureaucracy to expedite approvals while maintaining fiscal control and oversight.
C4	Implement Asset Management System for all IEUA facilities	<ul style="list-style-type: none"> • Continue to complete business case analysis on all engineering projects and maintenance programs • Complete facility condition assessments and utilize SAP plant maintenance equipment master data to monitor critical assets • Continue to refine the "cradle to grave" process to ensure capitalization and disposal of assets is appropriately administered and recorded in the SAP system
E1,E4	Plan and direct 10-year capital development and implementation activities to ensure growing needs of member agencies are adequately addressed	<ul style="list-style-type: none"> • Carefully monitor building activity and real estate development trends throughout the IEUA service area and region • Collaborate with contracting member agencies to standardize and automate tracking and reporting of new or revised EDU connection permits by contracting member agencies currently reported in the monthly Building Activity Report (BAR). • Leverage technology, such as GIS, to better track changes and new development throughout the Agency's service area.

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
F5	Implement Energy Management Strategy to be self-sufficient by going "Gridless" by 2020	<ul style="list-style-type: none"> Administer generation of bio-gas energy from commercial food waste at RP-5 Solids Handling and Renewable Energy Efficiency Project (REEP) facilities. Total energy to be generated is 1.5MW in FY 2012/13 (Phase I) Identify opportunities to implement elements of "Grid less by 2020" work plan
H4	Ensure that all agendas are completed and all meetings are conducted according to state law and Board policy	<ul style="list-style-type: none"> To comply with the Brown Act requirements, and other laws pertaining to special districts, and consult with General Counsel
I1,I3	Adhere to the Agency's mission, values, and goals, and comply with the Agency's adopted ethics policies	<ul style="list-style-type: none"> Require Board of Directors, Agency Management and personnel to demonstrate the highest standards of integrity and accountability Promote employee development programs such as; Southern California Local Government Leadership Academy and Supervisory Program, Teams Phase II, MindLeaders Personal Learning Plans
A1	Actively participate in MWD, SAWPA activities to ensure IEUA maintains "best practices" in the industry	<ul style="list-style-type: none"> Actively participate in benchmarking and best practice surveys to ensure IEUA keeps pace with water/wastewater trends
G1	Ensure ready accessibility and availability for the Board Members, Executive Management and staff of all agendas and documentation	<ul style="list-style-type: none"> Ensure that all agendas and related documentation are posted to the Agency's intranet/PIPES within 24 hours after Board package is distributed
H2	Meet all statutory (i.e., Brown Act) and regulatory requirements	<ul style="list-style-type: none"> Achieve 100 percent compliance at all regional water recycling plants for FY 2012/13 Meet Title 22 water recycling requirements as established by the Department of Health and California Code Regulations. Comply with the Sewer System Management Plan (SSMP) adopted by the IEUA Board in April 2009

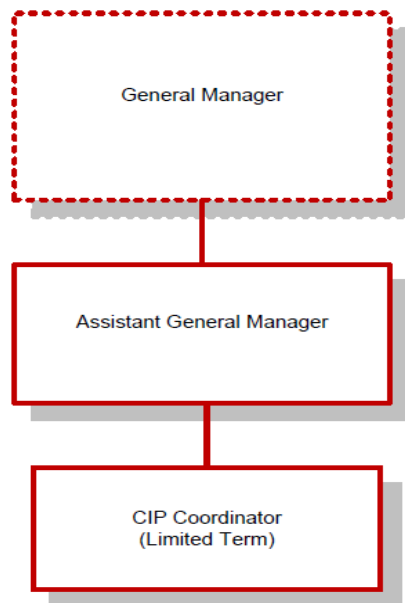
* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description

Organizational Chart

Agency Management



Assistant General Manager



Position Summary

In FY 2010/11 an Assistant General Manager joined the Agency.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
General Manager/CEO	1	1	1	1
Assistant General Manager	0	0	1	1
Manager of Policy Development	1	1	0	0
Board Secretary	1	1	0	0
Administrative Assistant	1	1	1	0
Total	4	4	3	3
Limited Term Positions				
CIP Coordinator-LT	0	0	1	1
Total	0	0	1	1

Expenses

Increases in expense's are due to addition of the Assistant General Manager in FY 2010/11.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$522,096	\$410,551	\$693,265	\$682,406	\$636,490
Administrative Expense	30,241	12,241	44,345	32,005	51,079
Total	\$552,337	\$422,792	\$737,610	\$714,411	\$687,569



IEUA Headquarters – Chino, CA

HUMAN RESOURCES DEPARTMENT

Mission Statement

The Human Resources Department endeavors to assist the Agency in becoming an employer of choice in the Inland Empire by providing effective and efficient support to the Agency’s most valued asset, its employees. The Department strives to ensure: the successful selection and retention of the best qualified candidates; the implementation of valuable benefits; the maintenance and enhancement of staff skills through training; and, the resolution of personnel issues in a timely manner with the highest standards of confidentiality, integrity, courtesy, and respect. The Human Resources Department further endeavors to provide administrative and records management support in a responsive, effective and professional manner.

Description and Purpose

The Human Resources Department strives to promote progressive practices within each respective field. While each field operates independently, together they form a cohesive unit serving Agency staff, while ensuring compliance with respective State and Federal laws and regulations. Several areas served by Human Resources include recruitment and retention; administration of Agency policies and procedures; application of the Memorandums of Understanding and Personnel Manuals for the various bargaining units; management of a large range of benefits options; development of the Agency’s in-house training program, TEAMS; and compliance with State and Federal regulations such as the Family Medical Leave Act, Americans with Disabilities Act, and COBRA. In addition, the Human Resources Department is charged with discovering new ways to motivate staff and provide a rewarding work environment for Agency employees.

The Human Resources Department encompasses a variety of Agency administrative duties including the maintenance and dissemination of Agency policies and procedures; receptionist duties; Agency vehicle and conference room reservations; maintenance of the reprographics center for compiling documentation, point of contact and agency liaisons for agency sponsored meetings, coordination of agendas for various Agency committee meetings, and administration of all official Agency records.

Accomplishments

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
B1	Enhance Agency Productivity by promoting a paperless environment	(A)Eliminated paper request to fill Vacant Position form, by transitioning 100% to an online requisition submission process.		✓	
		(A)Eliminated hardcopy notices/ mailing of applicant status notices by transitioning 100% to electronic notification in the first phase of implementation of the online applicant tracking system.	✓		
		(A)Continued designing and creating HR related forms utilizing software aimed at promoting a paperless environment. In collaboration with ISS developed an InfoPath electronic Request for Leave form with electronic signature/submission capability.	✓		

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
B1 (Cont.)	Enhance Agency Productivity by promoting a paperless environment (Continued)	(A)Continued streamlining the recruitment process to reduce steps, increase use of technology, and increase focus on selection methods.		✓	
		(A)Continued to increase the use of new technologies such as social networking, web 2.0 applications, and web-based testing to expand the Agency's ability to attract, recruit, and hire a high quality workforce by maintaining the Agency's presence on social networking sites through continued use of resources (i.e., jobs available, jobing.com) that extend job ads on twitter at no extra cost.	✓		
		(A)Utilized technology to improve information access and enable employee self-service on the TEAMS and Human Resources website on PIPES by facilitating interactive web access to information, resources, links and documents and adding interactive benefit change forms and other open enrollment materials.	✓		
		(A)Continued to update and improve both the TEAMS and Human Resources website on PIPES for content and design by expanding the benefit information to include dental, vision and Employee Assistance Program (EAP) web pages and continuously updating content and promoting available resources.	✓		
		(A)Assisted in the development and implementation of electronic time sheets.		✓	
		(A)Continued to design and develop a plan to successfully implement an enterprise-wide electronic records management program by research and recommendation for a replacement Enterprise Content Management (ECM) system for LibertyNet.	✓	✓	
		(A)Collaborated with ISS to evaluate and test the integration of SharePoint for use in managing electronic records.	✓	✓	

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal	
B1 (Cont.)	Enhance Agency Productivity by promoting a paperless environment (Continued)	Top Level Categories were developed for implementation of SharePoint that are closely related to the taxonomy plan for managing records.	✓	✓		
		<i>(MI) Develop and implement an agency-wide program to provide efficient records management for the administration of all official agency records</i>				
		(A)Designed and developed four phases for implementation of taxonomy for management of all Agency records, both hardcopy and electronic.	✓	✓		
		(A)Updated and distributed the Records Management Manual.	✓			
D1	Implement a new schedule of fees for public records request	(A)Surveyed, reviewed, revised, designed and presented documentation initiating a new schedule of fees for public records requests.	✓			
	Develop a consensus building approach to the development of effective policies and procedures	(A)As an ongoing process, revised current policies; developed new policies and procedures including but not limited to: A-64 Family and Medical Care Leave, A-58 Confidentiality, Release and Review of Medical and Personnel Records, A-21 Retaliation Free Workplace, A-20 Performance Appraisals, A-43 Personal Appearance of Employees, A-48 Internship Program and A-61 Limited-Term Employment. Developed a new standard operating procedure (SOP) RM-04 for Public Records Request to ensure best practices in Human Resources and Records Management.	✓	✓		
H4	Comply with federal , state and local regulatory mandates and requirements	<i>(MI) Adapt Human Resources processes to comply with new regulatory requirements</i>				
		(A)Navigated and implemented the second phase of regulatory changes as a result of national health care reform.	✓			
		(A)Audited retiree personnel files and electronic records to ensure consistent information.	✓			

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H4 (Cont.)	Comply with federal, state and local regulatory mandates and requirements (Continued)	(A) Conducted a disability benefit audit for FY 2011/2012 and identified \$16,000 in overpayments; several employees received State Disability Insurance (SDI), Paid Family Leave (PFL), and/or Long-Term Disability (LTD) Insurance benefits but did not coordinate their benefits in compliance with Policy A-16. Affected employees were notified and reimbursement to the Agency is in progress.	✓		
		(A) Complied and submitted 2010 compensation information for all Agency employees as well as for Chino Basin Desalter Authority and Inland Empire Regional Composting Authority in accordance with the State Controller's guidelines for the State of California Local Government Compensation Report for Special Districts.	✓		
I2	Maintain a working environment that recognizes a dedicated staff in support of the Agency's mission and goals	<i>(MI) Evaluate the effectiveness and implement new strategies in the TEAMS Program to provide low cost learning and growth opportunities for staff</i>			
		(A) Promoted and sustained open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner.	✓		
		(A) Developed creative and cost-effective ways to reward and recognize outstanding and dedicated staff for their contributions by updating the Agency's various award recognition programs including service awards, STAR awards and employee suggestion program awards.	✓		
(A) Worked collaboratively with staff to successfully coordinate an Employee Picnic and Holiday Luncheon.	✓				








Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
I3	Design, implement, foster and support a learning environment which encourages growth and development of Agency staff	(A)Increased by over 10% the use of Personal Learning Plans (PLPs) into the performance appraisal process starting from the beginning of the 1 st quarter through the 4 th quarter of the fiscal year.	✓		
		(A)Evaluated and reassessed the effectiveness of the Personal Development Program.		✓	
		(A)Developed and facilitated independent developmental workshops on an as needed basis such as business writing, MOU/Personnel Manual rules and timesheet training.	✓		
		(A)Increased the effectiveness of the Agency's front line supervisors with 16 Agency employees participating in the Basic Supervisory Skills for First Time Supervisors by Liebert Cassidy Whitmore.	✓		
		(A)Continued participation, in collaboration with Cal Poly Pomona and other local cities, in the Southern California Local Government Supervisory Program.	✓		
		(A)As an element of succession planning, seven Agency employees participated in the Southern California Local Government Leadership Academy in collaboration with Cal Poly Pomona and other local cities.	✓		
		(A)Evaluated and reassessed the effectiveness of the On-boarding Program for new employees.		✓	
		(A)Trained records management staff on the administrative management, monitoring and upkeep of the LibertyNet system thus reducing cost of outside consultant, enabling better utilization of subfolders, file indexing, and creation of file paths for retrieval of documentation.	✓	✓	
		(A)Continued to train records management staff to be proficient in Versatile Retention utilization. Held training for records liaisons in June 2012. Agency records retention compliance at 100% for FY 2011/12.	✓		





Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
I5	Implement strategies and modern recruitment practices that provide flexible and responsive recruiting solutions that will assist the Agency in filling positions in a timely and effective manner	<i>(MI) Implement Phase II of the online applicant tracking system while continuing to work with management to identify and fill key positions.</i>			
		(A)Economically continued promoting creative approaches to recruitment practices with the implementation of the second phase of the new online applicant tracking system and participation in the April 2012 virtual job fair at the University of LaVerne.	✓		
		(A)Reduced advertising costs by maximizing the use of NEOGOV's job interest/e-mail alerts capabilities, allowing the Agency to create a pool of interested applicants before a position is advertised.	✓		
		(A)As needed, continued to utilize websites, publications, and other resources to increase exposure of employment opportunities as well as attended a Military Job Fair at Camp Pendleton in July 2011 to expand outreach efforts and diversify the applicant pool.	✓		
		(A)Continued to incorporate efficient and cost effective methods of job related testing tools by introducing (CODESP, WRIB, Proveit.com) to further customize testing to fit the specific needs of each hiring manager.	✓		
		(A)Received positive feedback from Hiring Managers on the effectiveness of the overall changes made to the recruitment and selection process.	✓		
I6	Promote IEUA as an Employer of Choice within the Inland Empire	<i>(MI) Develop branding strategies and launch educational campaign on Employee services</i>			
		(A)Continued to develop strategies to brand/advertise IEUA as an employer of choice to potential qualified candidates.	✓		

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
16 (Cont.)	Promote IEUA as an Employer of Choice within the Inland Empire (Continued)	(A)Expanded college recruiting and maintained partnerships with key universities to build on relationships that will identify talent early and expand internship program to create a pool of quality talent.	✓		
		(A)Developed creative communication methods and continued education of employee benefits to increase employee knowledge of benefit programs and services.	✓		
		(A)As a proactive measure and to enhance the onboarding program, formalized the exit interview process into a system that records, stores, and tracks exit information to facilitate and identify trends.	✓		

* Please refer to the Agency Vision/Policy Goals tab for the Agency-wide Goal description.

Major Initiatives

- 
Continue to provide educational sessions on employee benefits –Staff will continue to provide benefit related workshops, webinars and lunch and learn meetings to further educate employees on their benefit options and to allow employees to ask questions and address their concerns.
- 
Compensation Study – Conduct a salary and benefits survey with other comparable local government cities and agencies to develop a fair, consistent, and competitive compensation program.
- 
Human Capital Management (HCM) Implementation –Working with key Agency stakeholders, support the selection of the payroll and time and attendance solution, vendor, and implementation by January 2, 2013.
- 
IEUA Employee Climate Survey – Conduct a survey in 2012 that measures employee views of and attitudes towards their jobs, their management and other matters related to effectiveness and job satisfaction.
- 
Implement Phase III of the online applicant tracking system – Staff will launch the third and final phase of implementation designed to further automate the hiring process, streamline procedures, reduce paperwork, and provide both applicants and hiring managers with up to date information.
- 
National Health Care Reform – Staff will continue to follow, navigate and implement legally mandated federal and state regulatory changes as a result of national health care reform.
- 
Negotiations – Prepare for MOU negotiations by December 2012, initiate negotiations by January 2013 and implement new contracts by July 1, 2013.

- 
Records Management Program – Develop and implement an agency-wide program for the management of all records, including electronic records and e-mails as official agency documents.
- 
Staffing Plan – Staff will be working with the management team to identify and fill key positions which are critical to ensure excellent services are provided to our customers within the Agency’s approved 295 FTE staffing plan.
- 
State of California Local Government Compensation Report for Special Districts – Staff will compile and submit compensation information for 2011 for all Agency employees as well as compensation information for Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA) in accordance with the State Controller’s guidelines ensuring the Agency, CDA and IERCA are in compliance.
- 
Training and Development – Evaluate the effectiveness and implement new strategies in the TEAMS Program to provide low cost learning and growth opportunities for staff.

Performance/Workload Indicators

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Projected Actual	FY 12/13 Target
New Hires	31	14	14	15
Average Recruitment Processing Time (Days)	43	40	40	40
Average New Hire Processing Time (Days)	16	12	13	14
Separations	32	19	30	30
Turnover Ratio	5%	6.9%	5%	5%
Open Enrollment Transactions Processed	167	197 includes 24/hr. fitness open enrollment	150	150
FMLA Requests	41	36	35	35
Customer Satisfaction Surveys	24	8	5	5
Material Content Satisfaction (TEAMS)	91.4%	94%	*	*
Facilitator Rating Satisfaction (TEAMS)	97.2%	92%	*	*
Training Hours per Employee	*	*	20	20
Satisfaction Rating of On-boarding Process	*	*	75%	75%
Personal Learning Plan (PL) Participation	*	*	75%	75%
Public Record Requests	69	90	70	90
Destruction of Records	243	800	400	800
Electronically Stored Information (LibertyNet)	372	230	200	200
Grievances Filed	1	7	1	1
Grievances Resolved at Appeals Committee Level	1	4	1	1
Disciplinary Actions Processed	5	13	4	5
Disciplinary Actions Appealed	0	3	0	0

*Performance/Workload Indicators were not measured in these years

Goals and Objectives

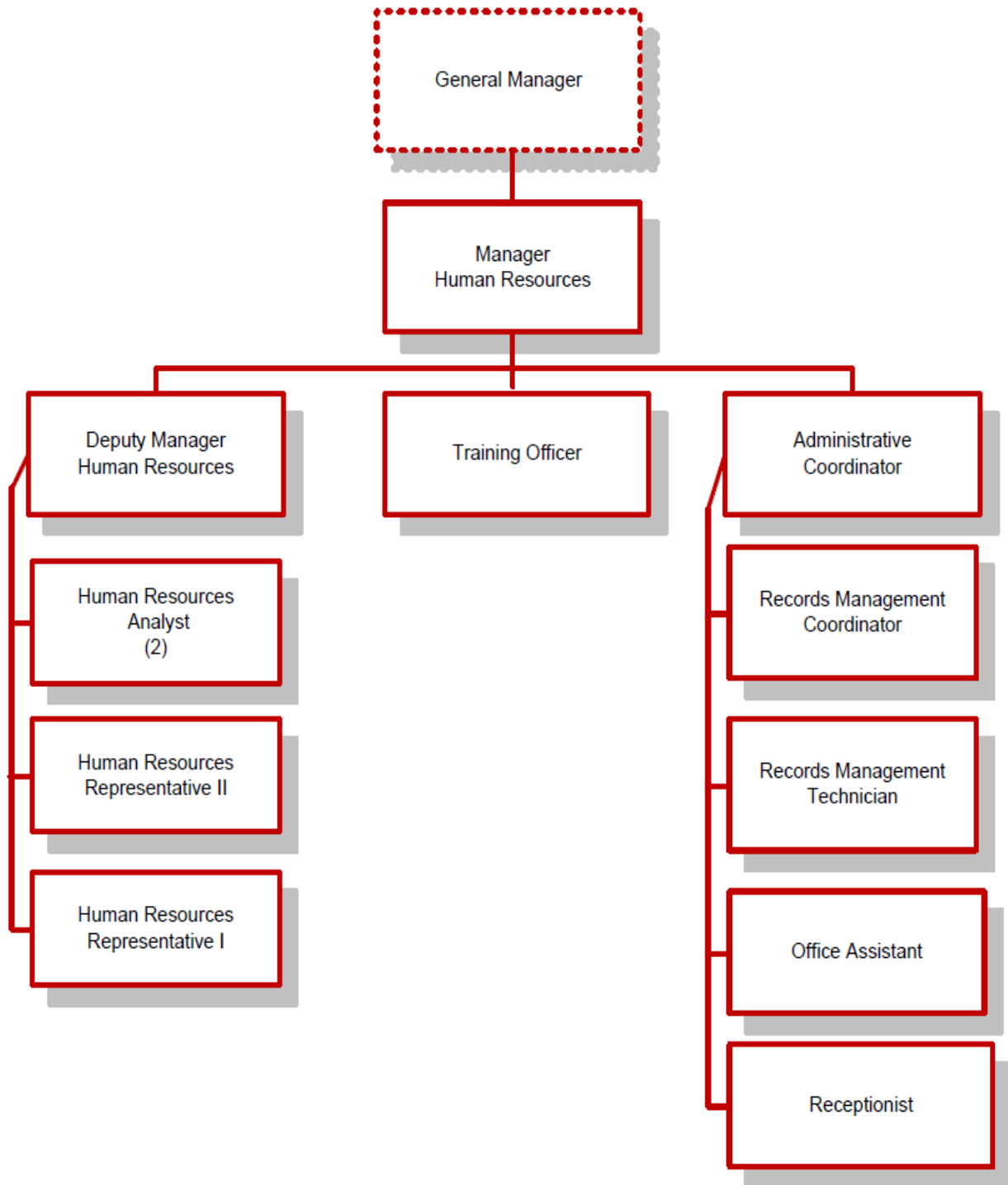
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B1,B2	Enhance Agency productivity by promoting a paperless environment	<ul style="list-style-type: none"> • Continue designing and creating HR related forms utilizing software aimed at promoting a paperless environment • Continue streamlining the recruitment process to reduce steps, increase use of technology, and increase focus on selection methods • Continue to increase the use of new technologies such as social networking, web 2.0 applications, and web-based testing to expand the Agency's ability to attract, recruit, and hire a high quality workforce • Continue to utilize technology to improve information access and enable employee self-service on the TEAMS and Human Resources website on PIPES by facilitating interactive web access to information, resources, links and documents • Implement the Onboarding module in NeoGov to streamline the onboarding process by eliminating new hire paperwork, processes and training • Continue to collaborate with ISS to evaluate and test the integration of SharePoint for use in managing electronic records • Continue to assist in the development and implementation of electronic time sheets • Records management will purge electronic documents from the LibertyNet system according to the records retention schedule
D2	Develop a consensus-building approach to the development of effective policies and procedures	<ul style="list-style-type: none"> • As an ongoing process, revise current policies; develop new policies, procedures, and new standard operating procedures (SOPs) to ensure best practices in Human Resources and Records Management
I2	Maintain a working environment that recognizes a dedicated staff in support of the Agency's mission and goals	<ul style="list-style-type: none"> • Promote and sustain open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner • Continue to develop creative and cost-effective ways to reward and recognize outstanding and dedicated staff for their contributions by updating the Agency's various award recognition programs to reflect the Agency's cost containment strategies

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
I3	Design, implement, foster and support a learning environment which encourages growth and development of Agency staff	<ul style="list-style-type: none"> • Increase by 10% the use of Personal Learning Plans (PLPs) into the performance appraisal process • Develop and facilitate independent developmental workshops on an as needed basis • Increase the effectiveness of the supervisory skills for first time supervisors by continued participation in the Southern California Local Government Supervisory Program, in collaboration with Cal Poly Pomona and other local cities • As an element of succession planning, utilize participation in the Leadership Academy in collaboration with Cal Poly Pomona and other local cities • Evaluate and reassess the effectiveness of the On-boarding Program for new employees • Records management staff will continue the administrative management, monitoring and upkeep of the Liberty Net system • Records management staff will develop a taxonomy for managing all Agency records both hard copy and electronic. The taxonomy will facilitate storage, filing, classifying, indexing, browsing and navigation, search and retrieval of documents.
I5	Implement strategies and modern recruitment practices that provide flexible and responsive recruiting solutions that will assist the Agency in filling positions in a timely and effective manner	<ul style="list-style-type: none"> • Continue exploring NEOGOV's capabilities and functionality to streamline/accelerate data flow for applicants and hiring managers • Continue to promote creative approaches to recruitment practices (i.e., recruitment video, virtual job fairs, etc.) • As needed, continue to utilize websites, publications, and other resources to increase exposure of employment opportunities • Continue to incorporate efficient and cost effective methods of job related testing tools
I2,I6	Promote IEUA as an Employer of Choice within the Inland Empire	<ul style="list-style-type: none"> • Continue to develop strategies to brand/advertise IEUA as an employer of choice to potential qualified candidates • Expand college recruiting and maintain partnerships with key universities to build on relationships that will identify talent early and expand internship program to create a pool of quality talent. • Develop creative communication methods and continue education of employee benefits to increase employee knowledge of benefit programs and services

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart

Human Resources



Position Summary

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Manager of Human Resources	1	1	1	1
Deputy Manager of Human Resources	1	1	1	1
Training Officer	1	1	1	1
Human Resources Analyst	3	2	2	2
Human Resources Representative I	2	1	1	1
Human Resources Representative II	0	1	1	1
Administration Coordinator	1	1	1	1
Office Assistant	1	1	1	1
Record Management Coordinator	2	1	1	1
Record Management Technician	0	1	1	1
Receptionist	1	1	1	1
Total	13	12	12	12

Expenses

The Administrative Expense includes recruitment related expenses, training consulting services, and employees' education reimbursements.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$874,421	\$1,083,060	\$888,860	\$752,472	\$828,211
Administrative Expense	182,604	249,693	335,260	135,067	\$377,369
Total	\$1,057,025	\$1,332,753	\$1,224,120	\$887,539	\$1,205,580

INTERNAL AUDIT DEPARTMENT

Mission Statement

The Internal Audit Department seeks to improve the operations of the Agency by providing unbiased and objective assessments to ensure Agency resources are efficiently and effectively managed in order to achieve Agency goals and objectives. The Internal Audit Department will help the Agency achieve accountability and integrity, improve operations and instill confidence among its employees and the citizens it serves by:

- 🌱 Promoting a sound control environment.
- 🌱 Providing independent, objective assurance and consulting services.
- 🌱 Improving Agency risk management, control and governance.
- 🌱 Promoting the Agency's vision and mission with a high degree of professionalism.

Description and Purpose

The purpose of the Internal Audit Department (Internal Audit) is to assist the Board of Directors and the Audit Committee in fulfilling their oversight responsibilities for financial reporting, internal controls, compliance with legal and regulatory requirements applicable to Agency operations, and to provide objective assurance about the Agency's operations. Additionally, the purpose of Internal Audit is to provide as a service to management, and as a way of adding value to improve the operations of the Agency, consulting services, analyses, recommendations, and information concerning their operations. The Internal Audit Department assists management and staff in achieving its objectives by providing recommendations and consulting services based on an analysis of the Agency's processes, procedures, governance, internal controls, financial reporting, and compliance with applicable laws and regulations.

The Internal Audit Department performs audits and abides by the *International Standards for the Professional Practice of Internal Auditing* and the Code of Ethics issued by the Institute of Internal Auditors (IIA). The Internal Audit Department adopted four values which form the foundation for its purpose: independence, integrity, professionalism and collaboration.

The Internal Audit Department reports to the Board of Directors through the Audit Committee and is an independent function from management. The authority and responsibilities of the Internal Audit Department are specifically defined in the Internal Audit Department Charter approved by the Board.



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Accomplishments

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3,H4, H5, H6	Develop Internal Audit plans and procedures	<i>(MI) Develop the FY 2011/12 Audit Plan using appropriate risk-based methodology for Audit Committee review and approval</i>			
		(A)Updated the Risk Assessment of Agency operations by September 2011.	✓		
		(A)Develop the FY 2011/12 Audit Plan based on the Risk Assessment and presented to the Audit Committee and Board of Directors for approval.	✓		
		(A)Revised as deemed necessary the Internal Audit Department Policies and Procedures and submitted for Audit Committee review.	✓		
		(A)Revised and updated the Audit Committee Charter and the Internal Audit Department Charter as required by the IAD and AC Charters. The Charters updates were approved by the Audit Committee and the Board of Directors in December 2011. The annual review is required to ensure compliance with best practices, industry standards and incorporate any required policy changes.	✓		
		<i>(MI) Conduct audits in accordance to International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, as required by the Annual Audit Plan and using an appropriate risk-assessment approach during each audit and to assure best business practices are employed and assist the Agency achieve organizational goals and objectives</i>			
		(A)Formulated the FY 2011/12 Audit Plan approved by the Audit Committee and the Board of Directors in September 2011 and supported by an Agency-wide Risk Assessment. As part of the FY 2011/12 Audit Plan was the originally proposed five year Audit Plan which is intended to cover all Agency operations. During audits, recommendations are provided to assure policies and procedures are followed and Agency goals and objectives are achieved.	✓		

Agency Wide Goal*	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3,H4, H5,H6 (Cont)	Develop Internal Audit plans and procedures	<i>(MI) Coordinate with Fiscal Management to complete CAFR review by December 2011 to meet the December 31, 2011 deadline mandated by the Agency's Fiscal Ordinance.</i>			
		(A)Assisted the Fiscal Management Department in reviewing the FY 2010/11 CAFR to assist with and ensure the professional presentation of the Agency's financial statements.	✓		
		(A)Assisted with coordinating efforts with External Auditors for interim financial audit and final audit work and related work.	✓		
	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations	<i>(MI) Promote a sound control environment for IEUA by conducting independent, objective audits, reviews and analysis of Agency operations according to the FY 2011/12 Board-approved Annual Audit</i>			
		(A)Completed the RCA Accounts Receivable Audit - to determine whether the RCA has paid IEUA for all costs incurred on behalf of operating the RCA and providing administrative support for FY 2009/10. The audit focused on whether accounts receivable functions are performed timely and effectively and according to the requirements of the agreement.	✓		
		(A)Completed the Warehouse Follow-Up audit to evaluate the changes and recommendations implemented since 2006. The purpose of the original and follow-up audits were to assist the Warehouse in achieving its goals of providing effective and efficient service to meet the maintenance and repair parts needs of the Maintenance and Operations clients. The scope of the audit included only inventory maintained at the RP-1 warehouse facility and covered operations in effect in FY 2009/10 and FY 2010/11 through March 2011, this audit also followed-up on the original evaluated the implementation status of the 15 recommendations provided in the original 2006 audit report.	✓		

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
<p>H3,H4, H5,H6 (Cont)</p>	<p>Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations</p>	<p><i>(MI) Promote a sound control environment for IEUA by conducting independent, objective audits, reviews, and analysis of Agency operations according to the FY 2011/12 Board-approved Annual Audit Plan.</i></p>			
		<p>(A)Completed the Accounts Payable Follow-Up Audit. The audit covered transactions from July 2010 through April 2011. The audit evaluated corrective actions taken to implement the original 18 recommendations from the May 2010 audit, and to evaluate the effectiveness in payment/disbursement services to the Agency. Audit procedures were also designed to determine if appropriate internal controls exist to ensure payment transactions are adequately authorized, paid timely, prevent duplicate payments, and ensure discounts are taken and sales taxes are paid. Additional audit steps were taken to evaluate internal controls for adding and modifying vendor information in the accounts payable system, to determine if bank accounts are reconciled timely and open items resolved.</p>	<p>✓</p>		
		<p>(A)Completed the Environmental Compliance Audit which was under the Planning and Environmental Compliance Department. The audit was conducted to determine whether environmental compliance reporting functions are performed timely and effectively by department staff and according to the specifications of the permits and mandates.</p>	<p>✓</p>		
		<p>(A) Completed training and discussions at monthly Manager’s Meetings on Agency Policies A-14 Agency Vehicle Use Policies and Procedures, A-50 Non-Purchase Order Invoice Approval Procedures, and A-37 Attendance/Reimbursements for Conferences, Seminars, Training, or Meetings. This project involved coordination of policy review between the policy administrator, Human Resources, and Internal Audit. Presented audit findings to managers during the discussions.</p>	<p>✓</p>		

Agency Wide Goal*	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3,H4, H5,H6 (Cont)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations (Cont.)	<p>(A)Completed the Pre-Treatment and Source Control Audit. Audit procedures were applied to evaluate whether pretreatment standards are followed and reported according to the Agency's Ordinance and applicable Code of Federal Regulations. Specifically, the audit evaluated the Significant Industrial Users' Self-Monitoring Reports reporting processes for the Non-Reclaimable Wastewater System and the Regional Sewer System. The audit also evaluated whether the Agency's Pre-Treatment and Source Control Department took the required actions (enforcement, inspection, reporting, etc.) when necessary to ensure continuance compliance by the SIUs.</p>	✓		
		<p>(A)Completed the Chino Basin Watermaster Inter-Company Receivables Audit The audit was conducted at the request of the IEUA Board of Directors to ensure IEUA recovers all costs incurred for providing administrative support to Watermaster. The audit evaluated financial transactions for FYs 2007/08 through FY 2009/10 and the existing agreements between IEUA and Watermaster. operations and maintenance of facilities to implement the Chino Basin Recharge Master Plan, as required per the agreements. The objective was to determine whether accounts receivable functions are performed timely and effectively by IEUA staff and according to the specifications of the agreement, and to identify opportunities to improve the accounts receivable processes. The audit evaluated financial transactions for FYs 2007/08 through FY 2009/10 and the existing agreements between IEUA and the Chino Basin Watermaster.</p>	✓		

Agency Wide Goal*	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3,H4, H5,H6 (Cont)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations (Cont.)	<p>(A)Completed the Information Technology Equipment Audit. The audit evaluated the physical control and accountability of computer equipment (servers, routers, desktop computers, laptops, tablet computers, monitors, printers, etc.), physical security and accesses, and internal controls as they relate to procurement and capitalization processes and practices. The audit reviewed the tracking and accountability, reports, inventory records, process of assigning equipment, transfers, loss and thefts. The audit included observations of storage locations. Audit procedures were applied to reconcile of ISS records and financial records, including the capitalization of equipment according to the Agency's policy.</p>	✓		
		<p>(A)Completed the Chino Basin Watermaster Inter-Company Receivables Audit The audit was conducted at the request of the IEUA Board of Directors to ensure IEUA recovers all costs incurred for providing administrative support to Watermaster. The audit evaluated financial transactions for FYs 2007/08 through FY 2009/10 and the existing agreements between IEUA and Watermaster. operations and maintenance of facilities to implement the Chino Basin Recharge Master Plan, as required per the agreements. The objective was to determine whether accounts receivable functions are performed timely and effectively by IEUA staff and according to the specifications of the agreement, and to identify opportunities to improve the accounts receivable processes. The audit evaluated financial transactions for FYs 2007/08 through FY 2009/10 and the existing agreements between IEUA and the Chino Basin Watermaster.</p>	✓		

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3,H4, H5,H6 (Cont)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations (Continued)	(A) Completed the Human Resources Follow-Up Audit to determine the implementation status of the 13 recommendations which remain open as of the 2010 follow-up evaluation. The open recommendations relate to the areas of ensuring the performance appraisal forms and rating categories are consistent with the MOU's, the need to document Standard Operating Procedures and providing training to HR staff on the SOPs, providing training to Agency supervisors and managers on performance appraisals, specifying the FLSA classification in offer letters, calculating the appraisal due dates based on MOUs, and ensuring Separation Checklists are completed for all employees terminating service with the Agency and that they are offered the opportunity to complete an exit survey.	✓		
		(A)Completed the Laboratories Follow-up Audit. Based on the results of the follow-up review, of the 18 recommendations provided during the original audit, the Lab fully implemented 12 recommendations, and 6 are in progress. Final report was issued June 2010.	✓		
		(A)Completed the Payroll Follow-Up Audit which included one recommendation to ensure all employees in roles where they review, deal with, and handle sensitive, and confidential Agency or personnel information are required to sign a Confidentiality Agreement. This are is coordination between Human Resources and Fiscal Management.	✓		

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3,H4, H5, H6 (Cont.)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations (Continued)	<i>(MI) Follow Up Audits Completed: to determine if business units effectively implemented recommendations resulting from the original audit and/or if alternate controls satisfy the recommendations provided</i>			
		(A) * Materials Management/Warehouse Follow Up *Human Resources Follow-up *Laboratories Follow-up Audit *Payroll Follow-Up *Contracts and Procurement Follow-up *Accounts Receivable Follow-Up *Construction Management Follow-Up *Grants Follow-Up Audit	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	
		<i>(MI) Promote a sound control environment to help the Agency achieve goals and promote the Agency's vision and mission by keeping audit staff abreast of auditing trends and developments:</i>			
		(A)Maintained and updated the Internal Audit Department's web-page. Located under "Services" in the Agency's intranet PIPES.	✓		
		(A)Attended workshops provided by the Institute of Internal Auditors (IIA), Government Finance Officer's Association (GFOA) and the Association of Government Accountants (AGA) to ensure continuing professional development and to stay abreast of best practices and changes.	✓		
		(A)Attained several hours of professional development and a higher degree as required by the Institute of Internal Auditors <i>Standards</i> to ensure staff is continually improving and maintains current and abreast of new auditing trends and best practices.	✓		

* Please refer to the Agency Vision/Policy Goals tab for the Agency-wide Goal description.

Major Initiatives

- 🍌 **Develop the Fiscal Year 2011/12 Audit Plan** - using an appropriate risk-based methodology and present to the Audit Committee and Board of Directors for review and approval in September 2011.
- 🍌 **Coordinate efforts with Fiscal Management during the preparation and review of the CAFR**- coordinate with department staff to insure the Comprehensive Annual Financial Report (CAFR) is reviewed by Internal Audit staff by December 2011. Timely completion and review of the CAFR will allow the Audit Committee and Board of Directors time to approve release of the CAFR in time to meet the December 31 date mandated by the Agency's Fiscal Ordinance. This was the first year working with the new audit firm White, Nelson, Diehl, Evans and coordination worked well.
- 🍌 **Information Technology Equipment Audit** - The audit evaluated the physical control and accountability of computer equipment (servers, routers, desktop computers, laptops, tablet computers, monitors, printers, etc.), physical security and accesses, and internal controls as they relate to procurement and capitalization processes and practices. The audit reviewed the tracking and accountability, reports, inventory records, process of assigning equipment, transfers, loss and thefts. The audit included observations of storage locations. Audit procedures were applied to reconcile of ISS records and financial records, including the capitalization of equipment according to the Agency's policy. The audit found various opportunities to improve the accountability of computer equipment, including tracking issuances, transfers, disposals, and storage of equipment. The current databases relied upon to track the equipment assigned to employees could be improved to ensure all equipment is tracked and traceable. The audit also revealed the need to improve capitalization procedures to ensure those items that fall within the Agency's capitalization threshold are actually capitalized as necessary. The audit revealed several instances where storage and disposal of assets need to be tighter to prevent theft of computer equipment.
- 🍌 **Pre-Treatment and Source Control Audit** - Audit procedures were applied to evaluate whether permit self-monitoring requirements are being met by the industries discharging their waste water into the non-reclaimable wastewater system (NRWS) or the Regional Sewer System (RSS) and to ensure pretreatment standards are followed and reported according to the Agency's Ordinance and applicable Code of Federal Regulations. Specifically, the audit evaluated the Significant Industrial Users' Self-Monitoring Reports reporting processes for the Non-Reclaimable Wastewater System and the Regional Sewer System. The audit also evaluated whether the Agency's Pre-Treatment and Source Control Department took the required actions (enforcement, inspection, reporting, etc.) when necessary to ensure continuance compliance by the SIUs. Audit procedures revealed various exceptions in regards to the industry SMRs. Some of the exceptions noted in the test-work include Maximum holding times were exceeded, Chain of custody forms were missing, chain of custody was missing preservation for samples (i.e. containers, temp, preservatives), Testing methods used were not listed on 40 CFR 136, and Monitoring requirements were not reported, monitoring practices do not correspond to what is stipulated in permits. While these exceptions do not present an immediate danger to the public, these are considered exceptions under the permit requirements and require immediate resolution. The audit found that those items that could pose a great danger or red-flag items are handled appropriately, timely, and resolved by staff.

- 🍃 **Warehouse Operations Follow-Up Audit** - To evaluate actions taken to address the original 15 recommendations provided in the July 2006 audit report. In the 2006 audit, IA concluded that opportunities exist to better meet the department's demands for material availability through better business practices rather than expanding warehouse space and staff. New observations and opportunities to further increase efficiencies have been identified during this follow-up and are being evaluated and discussed with warehouse staff/management.
- 🍃 **Chino Basin Watermaster Inter-Company Receivables Audit** - The audit was conducted at the request of the IEUA Board of Directors to ensure IEUA recovers all costs incurred for providing administrative support to Watermaster. The audit evaluated financial transactions for FYs 2007/08 through FY 2009/10 and the existing agreements between IEUA and Watermaster, operations and maintenance of facilities to implement the Chino Basin Recharge Master Plan, as required per the agreements. The objective was to determine whether accounts receivable functions are performed timely and effectively by IEUA staff and according to the specifications of the agreement, and to identify opportunities to improve the accounts receivable processes. The audit evaluated financial transactions for FYs 2007/08 through FY 2009/10 and the existing agreements between IEUA and the Chino Basin Watermaster. The audit identified opportunities for improvements in the timeliness of receivables and the reconciliation process. IA provided six recommendations to tighten controls and improve billing and receivable functions. For example, IA found that annual reconciliations for debt service were incorrect in FY 2005/06, FY 2006/07, and FY 2009/10, resulting in Watermaster being shorted a total of \$85,030 for the three years. Additionally, Watermaster is not remitting payment to IEUA in accordance with the time frames specified in the applicable agreements, averaging 36 days after each quarterly payment is due for the O&M expense, and 15 to 90 days after the due date for annual debt service payments. One of the reasons for the late payments is that Watermaster relies on IEUA invoices that are not sent in enough time for payment in accordance with the agreement.
- 🍃 **Human Resources Follow-Up Audit** - to determine the implementation status of the 13 recommendations which remain open from the 2007 and the 2010 audits. The open recommendations relate to the areas of ensuring the performance appraisal forms and rating categories are consistent with the MOU's, the need to document Standard Operating Procedures and providing training to HR staff on the SOPs, providing training to Agency supervisors and managers on performance appraisals, specifying the FLSA classification in offer letters, calculating the appraisal due dates based on MOUs, and ensuring Separation Checklists are completed for all employees terminating service with the Agency and that they are offered the opportunity to complete an exit survey. The follow-up audit revealed that Human Resources implemented most recommendations, where some required labor union discussions and negotiations.
- 🍃 **Management Requests/Special Projects** - Assist Agency managers with requests for analysis, evaluations and verification of information, assist with the interpretation of policies and procedures or providing review and feedback on new policies or procedures. Most importantly, special projects are accepted where auditor independence is not impaired.
- 🍃 **Continued update and revision to the Audit Committee Charter, the Internal Audit Department Charter and the Standard Operating Procedures** - to ensure compliance with required professional mandates and recommended best practices.

- **Continuous Professional Development** - as required under by the Institute of Internal Auditors and the *International Standards for the Professional Practice for Internal Auditing* to stay abreast of emerging auditing trends and best practices.

Performance/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Audit Plan completion	September 2010	September 2011	September 2011	September 2012
Scheduled audits completed		2 of 2	2 of 2	4
Follow up of completed audits		4 of 4	4 of 4	4
Audits completed within Budgeted Time		6 of 6	6 of 6	7
Special Projects Completed		1 of 1	1 of 1	2

As discussed above, the Internal Audit Department’s Major Initiatives during FY 2011/12 included the completion of the Information Technology Audit, the Pretreatment and Source Control Audit, the Chino Basin Watermaster Inter-Company Receivables Audit, the Warehouse Follow-up Audit, and the Human Resources Follow-up audit. All of these audits and follow-up audits provided valuable recommendations to Agency management, some of which have a quantifiable value as identified differences/discrepancies, or opportunities for cost-recovery/savings to the Agency, and noted in the corresponding audit reports. IA strives to work cooperatively in a non-threatening and with the highest degree of professionalism while maintaining independence. IA works with Agency Management during all audits, requesting feedback, ideas, and concerns to ensure audit projects add value to the organization and assists management in achieving the organizational mission.

Goals and Objectives

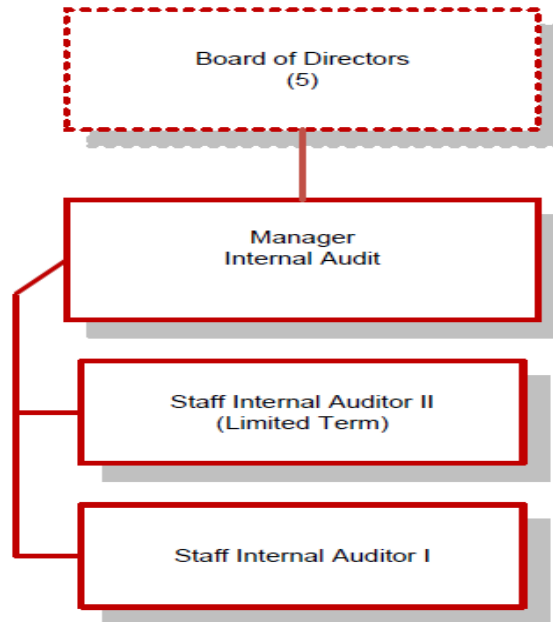
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H3,H4	Develop Internal Audit plans and procedures.	<ul style="list-style-type: none"> Update the Risk Assessment of Agency operations by September 2012 Develop the FY 2012/13 Audit Plan based on the Risk Assessment and present to the Audit Committee for approval and submission to the Board of Directors Complete all projects proposed in the Board-approved Annual Audit Plan Amend as deemed necessary the Annual Audit Plan when higher priority projects arise or are assigned to and communicate to the Audit Committee for Board approval Revise as deemed necessary the Internal Audit Department Policies and Procedures and submit for Audit Committee evaluation

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H3,H4 (continued)	Develop Internal Audit plans and procedures.	<ul style="list-style-type: none"> • Revise and update the Audit Committee Charter and the Internal Audit Department Charter by December 2012, to ensure compliance with best practices, industry standards and required policy changes • Revise as appropriate all IAD SOP's.
H3	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.	<ul style="list-style-type: none"> • Provide a Report for the Audit Committee on the status of all outstanding recommendations after all Follow-Up reviews have been completed • Provide on-going support and incorporate audit procedures during operational audits to review security configuration of SAP • Assist Fiscal Management Department by reviewing the CAFR to ensure accurate and professional presentation • Assist Agency management and department managers with reviewing contracts or performing special projects or analysis as requested so long as independence is not compromised and resources allow • Conduct internal projects/reviews or investigations requiring audit services by the Internal Audit Department • Prepare reports and documents for the Audit Committee as required under the Internal Audit Department and the Audit Committee Charters • Maintain professional, independent and objective staff
H5	Require the highest levels of fiscal accountability for all Agency financial transactions and records	<ul style="list-style-type: none"> • Annually coordinate efforts between the External Auditors and Agency staff to ensure the required annual financial audits are in time for Board review and approval by December 2012 • Conduct audits identified in the FY 2012/13 Annual Audit Plan. It is anticipated that the proposed plan will include: <ul style="list-style-type: none"> • On-going Petty Cash Audits • Follow-up audits of previously audited business units • Provide on-going feedback and support when requested, and called upon • All major projects • Ensure IA managed contracts are current and adequate procurement/contracting processes occur timely and presented to the Audit Committee for Board approval, this includes the current contract with the external auditors for financial audit services, the Audit Committee Advisor and the EthicsPoint contracts.

* Please refer to the Agency Vision/Policy Goals tab for the Agency-wide Goal description.

Organizational Chart

Internal Audit



Position Summary

No change in budgeted FTE for FY 2012/13.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Manager Internal Audit	1	1	1	1
Staff Internal Auditor I	1	1	1	1
Total	2	2	2	2
Limited Term Positions				
Staff Internal Auditor II	0	1	1	1
Total	0	1	1	1

Expenses

In FY 2012/13 expenses remain consistent with prior years.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$181,491	\$153,888	\$178,548	\$155,003	\$240,063
Administrative Expense	100,797	121,200	126,970	122,599	121,735
Total	\$282,288	\$275,088	\$305,518	\$277,602	\$361,798

PLANNING AND ENVIRONMENTAL COMPLIANCE

Mission Statement

Plan and implement projects and programs to cost effectively meet future regional water and wastewater management needs through enhanced partnerships with various regional stakeholders. Promote and monitor Agency programs to maintain compliance with all applicable federal, state and local environmental and workplace requirements while minimizing Agency liability.

Description and Purpose

The Planning and Environmental Compliance Department includes the following three groups: Planning and Water Resources, Environmental Compliance, and Safety & Risk.

The Planning and Water Resources group is responsible for the development of environmental and feasibility reports, plans, and programs to meet and sustain the region's existing and future water supply and wastewater management needs in an integrated manner.

The Environmental Compliance group is responsible for monitoring the Agency's water and wastewater facilities, air pollution control systems, bio-solids treatment and composting facilities to ensure compliance with all local, state and federal regulations governing Publically Owned Treatment Works (POTW).

The Safety and Risk group is responsible for the promotion of a safe, hazard free working environment through the monitoring of the Agency's Safety programs, initiatives and policies, designed to ensure compliance with all applicable local, state and federal regulations governing the workplace and its employees.

Accomplishments

Planning and Water Resources

Agency Wide Goal	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
A2, A3	Actively support the implementation of local and regional water supply planning, projects, and programs	<i>(MI) Implement local regional water supply planning projects and programs</i>			
		(A) Effectively coordinated and interacted with MWD staff.	✓		
		(A) Effectively implemented and managed the Dry Year Yield program.	✓		
		(A) Established/maintained strong coordination and partnerships with all regional stakeholders			
		(A) Developed, maintained, or improved the reliability and availability of local water supplies.	✓		
		(A) Actively participated in the development of enhanced groundwater recharge within the Chino Basin.	✓		

Agency Wide Goal	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
A5, E4	Ensure Agency readiness through effective monitoring and planning for regional growth and resultant capital expansion	(MI) Implement effective regional growth and capital expansion strategies			
		(A)Effectively coordinated with member agencies to develop a detailed and accurate Ten Year Capital Improvement Plan.	✓		
		(A)Maintained an accurate tracking report of service area building activity (projected vs. actual) report.	✓		
		(A)Appropriately tracked and coordinated all Agency environmental permitting (CEQA/NEPA, 401, 404 and 1600.	✓		
A1	Support, promote, and participate in local and regional water conservation programs	(MI) Engage in Water Conservation promotional campaigns and apply for grant-funded water-conservation programs			
		(A)Coordinated and promoted IEUA and MWD water conservation programs with member agencies.	✓		
		(A)Maintained IEUA grant eligibility through reporting and compliance with AB 1420 and SBx77.	✓		
		(A)Tracked and Implemented impending conservation legislation as it impacts IEUA grant compliance and water reduction requirements.	✓		
		(A)Pursued and coordinated various other conservation grant programs previously not explored.	✓		

Environmental Compliance

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H2, I4	Proactively promote and maintain Compliance related to environmental protection and the Agency and public's health and safety	(MI) Achieve 100% compliance with all applicable federal, state, and local laws, rules, orders, ordinances, and requirements (RWQCB,SWRCB, DHS, SCAQMD, EPA, ACOE, DF&G, etc.) .			
		(A)Ensured appropriated identification and timely reporting of all compliance requirements.	✓		
		(A)Administered and monitored required internal and external staff training.	✓		
		(A)Remained current with industry standards and new/proposed regulatory requirements through networking and personal study.	✓		
		(A)Obtained necessary permits for compliance (Water Quality, Air Quality, Fish and Game).	✓		

Safety and Risk

Agency Wide Goal	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3, I4	Minimize Agency and public liability through comprehensive risk management practices	<i>(MI) Conduct analysis and evaluation of Agency insurance programs to ensure maximum coverage and minimal liabilities</i>			
		(A)Analyzed Agency insurance programs to ensure proper and adequate coverage is provided to both the Agency and the public.	✓	✓	
		(A)Evaluated the Agency’s vendor insurance program requirements in efforts to increase efficiencies with certificate receipt.	✓		
		(A)Effectively managed the Agency’s workers’ compensation program through continuous comprehensive review and monitoring of open claims and new workplace activity.	✓	✓	
		<i>(MI) Provide detailed safety analysis to reduce incidents at all Agency facilities</i>			
		(A)Conducted root cause analysis for safety incidents to identify commonalities.	✓	✓	
		(A)Inspected and updated safety documents (Safety Manual, Emergency Manual, and Confined Space Manual) on an annual basis.	✓		
		(A)Conducted annual environmental and safety audits for each facility.	✓		

Major Initiatives




Planning and Water Resources

- 🌿 Optimize Agency participation and support for local and regional water conservation and recycled water programs.
- 🌿 Enhance Agency partnerships with all regional stakeholders through increased regional water management and conservation efforts.
- 🌿 Ensure Agency sustainability through proactive program, policy and reporting initiatives in cooperation with regional stakeholders.




Environmental Compliance

- 🌿 Continue internal training within the department to provide support and ensure Agency compliance with regulatory permitting and reporting requirements for all Agency facilities.

Major Initiatives Continued...

-  Provide training to external departments to foster awareness and involvement throughout the Agency in efforts to proactively address topics related to environmental compliance during the different phases (design, construction, and operation) of Agency projects and facilities.
-  Proactively research and monitor changes in regulations necessary to support the Operations Division in achieving current and future compliance with regulatory requirements that impact the day to day operation of the facilities.
-  Continue to issue wastewater discharge permits to industries discharging wastewater to the North/South Non-Reclaimable Wastewater System (NRWS) and Regional Sewer System and provide support to the Pre-Treatment and Source Control Department.

Safety & Risk

-  Increase awareness of safety related programs and work practices throughout Agency facilities in support of reducing safety related incidents.
-  Enhance involvement throughout the Agency in efforts to proactively address safety compliance related items in the design, construction and operation of Agency projects and facilities.
-  Maximize Agency compliance with federal, state and local regulatory requirements through increased customer service and use of safety resources.

Performance/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Active Water Conservation in AF/YR	545	737	500	500
Value of Water Conserved \$/AF	\$202.00	\$459,151	\$400.00	\$400.00
# of Rebates/Incentives Distributed /YR	9882	8,000	8104	8000
# of Direct Installed HET Toilets	1428	3500	3000	1000
RWQCB/SWRCB Reports	48	48	79	79
CDPH	13	13	13	13
EPA	3	3	7	7
SCAQMD Reports	37	30	35	37
Breakdown Reports /Incident Reports	7	13	5	0
SCE Annual Efficiency Report	2	2	2	2
NRWS Industrial Wastewater Discharge	25	14	8	27
Regional Industrial Wastewater Discharge	13	5	14	11
Domestic Waste Hauler Discharge Permits		N/A	11	3
Workplace Safety/Lost Time Accidents	1	3	1	1
Workers' Compensation Claims	11	11	11	10
Vehicle Accidents	6	10	5	5

Goals and Objectives

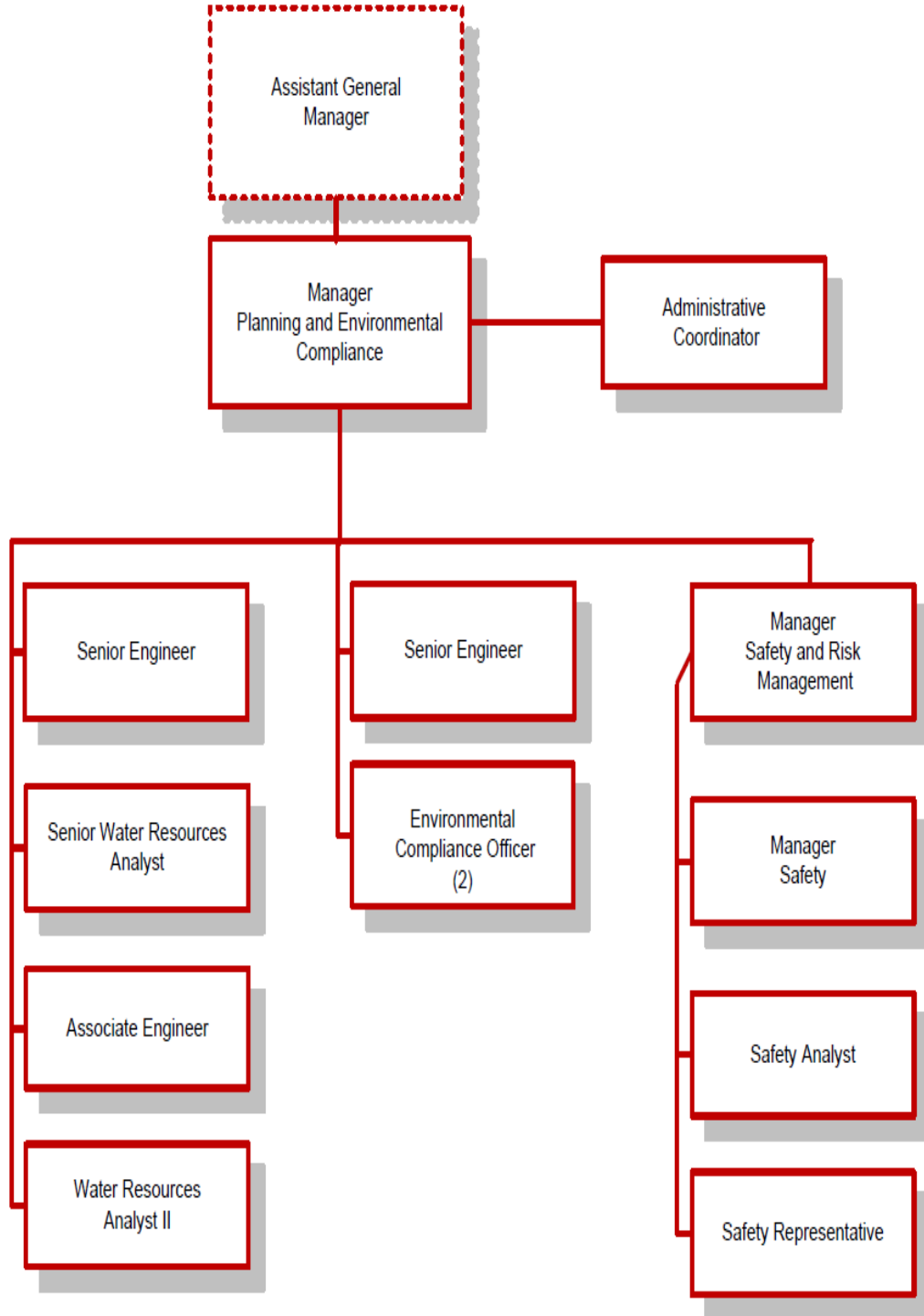
AGENCYWIDE GOAL	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H4, I4	Proactively promote and maintain compliance related to the protection of the environment and the Agency and public's health and safety	<ul style="list-style-type: none"> • Appropriate identification and timely reporting of all compliance requirements • Administer and monitor required staff training (safety and regulatory tailgates and training sessions) • Through personal study and industry networking, maintain current with new and proposed regulatory requirements • Conduct regular and annual environmental and safety audits for each facility • Obtain necessary permits for compliance (Water Quality, Air Quality, Fish and Game) • Ensure safety documents (Safety Manual, Emergency Manual and Confined Space Manual) are reviewed and updated on an annual basis
A3	Actively support the implementation of local and regional water supply planning, projects and programs	<ul style="list-style-type: none"> • Effectively coordinate and interact with MWD staff • Effectively implement and manage the Dry Year Yield program • Establish and/or maintain strong coordination and partnerships with all regional stakeholders • Maintain, develop and/or improve the reliability and availability of local water supplies • Actively participate in the development of enhanced groundwater recharge within the Chino Basin

AGENCYWIDE GOAL	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
E1, H2	Ensure Agency readiness through effective monitoring and planning for regional growth and resultant capital expansion	<ul style="list-style-type: none"> Effectively coordinate with member agencies to develop a detailed and accurate Ten Year Capital Improvement Plan Maintain an accurate tracking report of service area building activity (projected vs. actual) report Ensure track and coordinate all agency environmental permitting (CEQA/NEPA, 401, 404 and 1600)
A1	Support, promote and participate in local and regional water conservation programs	<ul style="list-style-type: none"> Effectively coordinate and promote IEUA and MWD water conservation programs with member agencies Maintain IEUA grant eligibility through reporting and compliance with AB 1420 and SBx77 Track and implement impending conservation legislation as it impacts IEUA grant compliance and water reduction requirements Pursue and coordinate conservation grant programs
H3	Minimize Agency and public liability through comprehensive risk management and security practices	<ul style="list-style-type: none"> Ensure Agency insurance programs provide proper and adequate coverage to protect both the Agency and the public Enhance the vendor insurance tracking program to ensure appropriate coverage is maintained Effectively manage the Agency's workers' compensation program through continuous comprehensive review and monitoring of open claims and new workplace activity Enhance Agency-wide security programs through technological improvements

** Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.*

Organization Chart

Planning and Environmental Compliance



Position Summary

Budgeted FTE's remain the same as prior year.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Executive Manager of Policy Development	0	0	0	0
Manager of Planning and Water Resources	0	0	0	0
Manager of Planning and Environmental Compliance	1	1	1	1
Manager of Technical Services and Env. Compliance	0	0	0	0
Manager of Safety and Risk Management	1	1	1	1
Manager of Safety	1	1	1	1
Senior Environmental Compliance Officer	1	1	1	1
Environmental Compliance Officer	1	1	1	1
Senior Water Resource Analyst	1	1	1	1
Water Resources Analyst II	1	1	1	1
Safety Analyst	1	1	1	1
Safety Representative	1	1	1	1
Senior Engineer	1	1	1	1
Administrative Coordinator	1	1	1	1
Associate Engineer	1	1	1	1
Assistant Engineer	1	1	1	1
Total	13	13	13	13

Expense

Insurance expense includes workers' compensation, liability, casualty, vehicle and claims management. Administrative expense includes professional fees for legal settlements, safety consulting and supplies. Operating expense includes environmental compliance permits.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$1,283,737	\$1,175,341	\$1,173,633	\$1,158,163	\$1,162,314
Administrative Expense	293,653	133,198	580,251	417,801	541,090
Insurance Expense	654,038	400,333	453,500	430,352	523,500
Operating Expense	265,482	318,357	425,516	427,967	514,342
Total	\$2,496,910	\$2,027,229	\$2,632,900	\$2,434,283	\$2,741,246

PUBLIC INFORMATION DEPARTMENT

Mission Statement

To establish and strengthen relations with news media, elected officials, business, civic organizations, and general members of the public in order to enhance public awareness of the Agency’s programs, projects, and services.

Description and Purpose

The Public Information Department is a liaison between the Agency and its stakeholders. The department is responsible for developing and directing the Agency’s community relations and public outreach programs. The Public Information Officer plans and coordinates informative events and promotions for the public as well as representing the Agency during such community projects and public gatherings.




Accomplishments

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
G1	Improve relations with Agency Stakeholders	<i>(MI)Strengthen relationships and improve upon communication with Agency’s stakeholders</i>			
		(A)Finalized Agency branding with Human Resources and Engineering then updated IEUA’s website to be more “user-friendly”.	✓		
		(A)Expanded community and K-6 th grade schools water education outreach with our conservation partners - Held 4 Garden in Every School garden dedications, plus the dedication of the Garden in the Park.		✓	
		(A)Continued hosting IEUA’s Water Leadership Breakfast, distribution of IEUA newsletters and host water facility tours in coordination with the Metropolitan Water District.		✓	
		(A)Scheduled plant tours and IEUA Open Houses during the month of April and during the Annual Water Fair in October.		✓	
		(A)Promoted awareness of water conservation, recycled water, and annual compost week in the month of May.		✓	
		(A)Represented the Agency at local chamber, government agencies and professional/ community groups and organizations and provided montly reports to technical and policy committees.		✓	
		(A)Provided quarterly reports to Executive Management and Board of Directors.		✓	

Agency Wide Goal*	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
G4	Further develop media relations	(MI) Cultivate positive relationships with local and regional media			
		(A)Circulated regular press releases on Agency accomplishments and milestones.		✓	
		(A)Scheduled meetings with editorial boards for the Inland Valley Daily Bulletin and provided oral reports to the Board of Directors and Executive Management.		✓	
G2	Increase Public Recognition	(MI) Increase IEUA's identity through public recognition			
		(A)Produced 29 full page ads as part of our 2012 community outreach campaign with Chino Basin Watermaster, Chino Basin Water Conservation District, Three Valleys Municipal Water District, and Western Municipal Water District in the Inland Valley Daily Bulletin newspaper.		✓	
		(A)Produced the monthly Water Conservation ad campaign in the Inland Valley Daily Bulletin newspaper.		✓	

* Please refer to the Agency Vision/Policy Goals tab for the Agency-wide Goal description.

Major Initiatives

- 
 Communication - Enhanced external communications will remain a top Agency priority. Media relations will continue to be cultivated, and press releases will remain a major effort, along with the Agency internal newsletter and external E-Basin update.
- 
 Seek Opportunities - The Public Information Department will continue to seek local community opportunities with our chambers and water conservation partners to expand outreach regarding conservation.
- 
 Coordinate - with the Agency's Site Administrator to enhance and expand on annual Earth Day activities and school programs in the Garden. Work with outside water agencies, Cal State San Bernardino Water Resource Institute, and Home Depot on the Inland Empire Garden Friendly program.

Performance / Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Project Actual	FY 12/13 Target
No. of Agency Tours	72	52- 60	72	48
No. of Agency Brochures Produced	1	2	1	1
No. of Press Releases	18	24-30	Numerous	As needed
Circulation of Annual Reports	14,000	1,500	Annual Report goes out in the Inland Valley Daily Bulletin, Chino Champion and Fontana Herald News	Annual Report goes out in the Inland Valley Daily Bulletin, Chino Champion and Fontana Herald News
Circulation of newspaper inserts	29	29	29	29
Speeches	6	24	12	As many as needed



Meet Ally, Chino Creek Park Mascot - Chino, CA

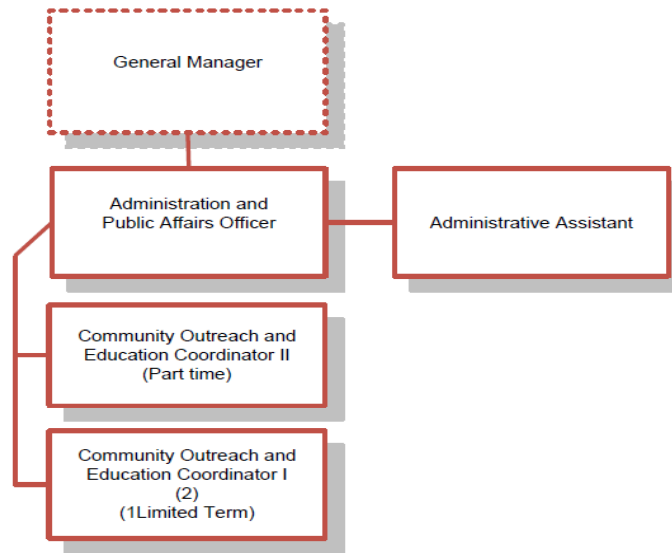
Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
G1	Strengthen relationships and improve upon communication with Agency's stakeholders	<ul style="list-style-type: none"> • Expand community and K-6th grade schools water education outreach GIES with our conservation partners to include Jr. High and High Schools • Provide a monthly written report to stakeholders (Chino e-Basin update) • Schedule plant tours and plan IEUA open house during the month of April (Earth Day Event) and the annual Water Fair that is held in October each year. Provide written reports to the Board of Directors and Executive Management • Working with Agency's departments to promote awareness of water conservation, recycled water and compost. For example, prepare public service announcements for annual compost week scheduled for the first week each May. Provide quarterly report (oral or written) to Executive Management • Continue hosting IEUA's Water Leadership Breakfast, distribution of IEUA news releases, and host water facility tours in coordination with the Metropolitan Water District • Represent the Agency at local chamber, government agencies and professional/community groups and organization
G2	Increase IEUA's identity through public recognition	<ul style="list-style-type: none"> • Produce 29 full page ads as part of our 2013 community outreach campaign with Chino Basin Watermaster and Chino Basin Water Conservation District in the Inland Valley Daily Bulletin newspaper • Produce the monthly Water Conservation Ad campaign in the Inland Valley Daily Bulletin newspaper
G1	Cultivate positive relationships with local and regional media	<ul style="list-style-type: none"> • Circulate regular press releases on Agency accomplishments and milestones • Schedule meeting with editorial boards for the Inland Valley Daily Bulletin and provide an oral report to the Board of Directors and Executive Management

* Please refer to the Agency Vision/Policy Goals tab for the Agency-wide Goal description.

Organizational Chart

Public Information



Position Summary

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Administration and Public Information Officer	1	1	1	1
Community Outreach and Education Coordinator I	1.5	1.5	1.5	1.5
Community Outreach and Education Coordinator II	.5	.5	.5	.5
Administrative Assistant	0	0	1	1
Total	3	3	4	4

Expenses

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	Projected Actual	FY 12/13 Budget
Employment Expense	\$238,500	\$240,154	\$243,883	\$269,614	\$362,169
Administrative Expense	157,853	208,711	353,371	197,340	258,274
Total	\$396,353	\$448,865	\$597,254	\$466,954	\$620,443



FINANCE DIVISION

Mission Statement

To provide quality, cost effective and efficient service to all stakeholders and doing so with excellence, responsiveness, and reliability while safeguarding and sustaining Agency resources to ensure current and long term needs are appropriately met.

Departments

- 🌿 Contracts and Procurement
- 🌿 Enterprise Systems Services
- 🌿 Financial Planning
- 🌿 Fiscal Management

Executive Summary

Services provided include; acquisition of equipment, materials, supplies and services, contract administration and management, enhancement and support of the Agency's core SAP ERP and GIS application systems; fiscal accountability and financial regulatory compliance; internal and external financial reporting; budgetary preparation, control, and analysis; grant application, reporting and continuing compliance; and cash and debt management. Total staffing is budgeted at 39 full time equivalents (FTEs).

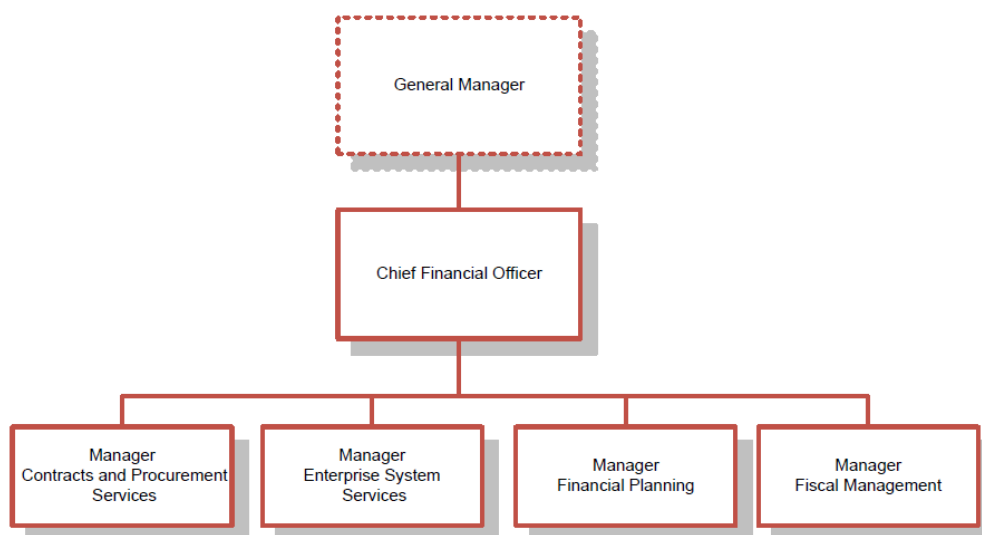
Division Goals

- 🌿 Drive continuous improvement of efficient procurement business practices for Agency-wide cost savings and strive to identify economically feasible "green" sources of supply in support of the Agency's vision of promoting sustainability, conservation and environmental protection.
- 🌿 Strengthen customer service and support to internal customers with timely, efficient, cost effective and expeditious service delivery.
- 🌿 Deliver and support dependable, high performance, easy-to-use information system solutions, including web-based solutions, and provide advisory and application development services to further streamline Agency-wide business processes and enhance overall effectiveness and efficiencies.
- 🌿 Continue functional support of SAP and non-SAP business application systems to identify opportunities for improvement in reporting, data analysis, business process performance improvement, and providing users with training materials and services.
- 🌿 Provide stakeholders timely and reliable financial information, including the full financial and accounting services to the two JPAs, and communicate Agency financial status accomplishments by means of various reports.
- 🌿 Develop a dynamic financial model to support long term planning of potential economic and demographic changes and identify the impact to Agency revenue sources, operating costs, capital investment, future borrowing needs, fund reserves. Sound planning will help the Board of Directors and management position the Agency finances and reserves to more effectively respond to change.

- 🍃 Ensure the Agency’s financial condition by refining financial policies and fund reserve levels to support the Agency’s short term and long term key initiatives and maintain service levels during changes in environmental factors, such as economic conditions, regulatory constraints, unplanned significant events and community needs.
- 🍃 Manage fiscal responsibility by improving budget preparation, budget accuracy, budget monitoring, controlling costs and improving internal controls.
- 🍃 Analyze and evaluate the cost center structure in the SAP ERP system to streamline budgetary and financial activities and improve overall effectiveness.
- 🍃 Seek and secure grant funding to support Agency initiatives, including capital investment, water reliability and sustainability, and renewal energy generation.
- 🍃 Ensure compliance with federal and state laws and regulations for financial and administrative activities.
- 🍃 Assist department manager in further developing key performance indicators (KPIs) that provide reliable historical trends that can be used to analyze and evaluate financial and operational assumptions applied to budgetary projections and forecasts, and measure accomplishment of the Agency’s goals and objectives.
- 🍃 Provide regular and effective internal and external training to promote and develop staff knowledge, capabilities, and skills in overall business processes and the SAP ERP financial core functions.

Organization Chart

Finance Division



CONTRACTS AND PROCUREMENT DEPARTMENT

Mission Statement

Provide cost-effective, responsive, and environmentally-friendly purchasing, contract administration and customer support to all Agency Departments in a professional and ethical manner.

Description and Purpose

The Contracts and Procurement Department (CAP) is responsible for the acquisition of equipment, materials, supplies, and services. This is accomplished through business practices as outlined in the Procurement Ordinance as well as associated policies and procedures. Department ethic guidelines have been established and adhered to in conducting business on behalf of the Agency. CAP collaborates with user departments to provide procurement support, and contract administration and management.

Accomplishments

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H6	Drive continuous improvement of best value procurements for Agency-wide cost reduction.	<i>(MI) In collaboration with Maintenance staff, establish master contracts for the following by April 30, 2012.</i>			
		(A) Establish master contracts for equipment rebuilds.	✓		
		(B) Master contracts for roofing services & asphalt work.	✓		
		(C) Heavy equipment rentals & equipment repair services.		✓	
H6	Drive continuous improvement of efficient and effective procurement business practices	<i>(MI) In collaboration with ES, enhance the business system and reporting to identify PO delivery receipt and material ship date by June 30, 2012.</i>			
		(A) Expediting report established to track info for follow-up action by Buyer.	✓		
		(B) Buyer outreach and expediting resulted in majority of items being delivered on time.	✓		
G1	Drive continuous improvement of efficient and effective procurement business practices	<i>(MI) Optimize customer service by processing approved purchase requisitions (PRs) within the CAP published Service Level Objectives</i>			
		(A) Meet CAP published Service Level Objectives.	✓		
		(B) Increased the cost savings by 5% over the dollars reported during FY 2010/11 by June 30, 2012.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
G1 (cont.)	Drive continuous improvement of efficient and effective procurement business practices (continued)	(MI) Streamline purchasing processes through increased technology applications.	✓		
	Optimize customer service both internally and externally	(MI) Process approved PR's within the CAP published Service Level Objectives	✓		
		(A)Prioritized purchase requisitions (PR) in queue to meet CAP published Service Level Objective as well as customer schedules whenever possible.	✓		
		(B)Demonstrated an increase in service level as measured by the Customer Satisfaction Survey results over the previous survey.			
	Increase competition to exercise fiscal responsibility and control of Agency expenses	(MI) Through the competitive solicitation process, award to the best value source of supply, thus reducing overall cost to the Agency.		✓	
		During first six months of fiscal year cost savings through competition resulted in excess of \$1.4 million.	G1, G3	Establish a Small Business Outreach Program	(MI) Increase outreach to the Small Business Community
Conduct presentations to the Small Business Community	✓				
Conduct at least two Small Business Workshops by March 1, 2012	✓				

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B2	Decrease the turnaround time for completing CAP-IT work orders	<i>(MI) increase customer service for processing CAP-IT requests</i>			
		CAP-IT requests decreased due to requests being issued through the work order system. CAP-IT requests processed within service level objectives.	✓		
		Train users on use of work orders and CAP-IT requests		✓	
B1	Reduce the Agency's cost for cell phones Agency-side by at least 10 percent.	<i>(MI) Review Divisions cell phone usage and cost. Conduct cost analysis of the program and review program guidelines.</i>			
		(A) Identify changes to the Cell Phone Program that will result in cost containment.	✓		
		(B) Audited transaction activity and provided monthly management reports on usage and trends.		✓	

Major Initiatives

- 🍃 **Customer Service**–CAP is committed to strengthening our customer service and support to our internal customers.
- 🍃 **Best Practices** – CAP is committed to continuous improvement by ensuring that processes and procedures are in line with industry best practices, ensuring staff is trained accordingly and resources are correctly allocated.
- 🍃 **Environmental Purchasing and Programs** – CAP will strive to identify economically feasible “green” sources of supply in support of the Agency’s vision of promoting sustainability, conservation and environmental protection.
- 🍃 **Cost Containment** – CAP staff is committed to keeping cost at or below market through competitive sourcing and best value negotiations.
- 🍃 **Small Business Outreach** – CAP will contain cost by maximizing competition through outreach to the Small Business Community.

Performance/Workload Indicators

	FY 10/01 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
AEP Award*	N/A	N/A	Yes	Yes
<ul style="list-style-type: none"> - Staff training - Vendor training/workshops - Electronic commerce; vendor registration, solicitations, web page - Centralized procurement based in law - Managed spend 				
% Customer Satisfaction \geq Good/Exceeds	87%	N/A	88%	90%
PR's processed within Service Level Objectives	95%	N/A	95%	95%

*The AEP Award measures both the effectiveness and efficiency of a procurement organization at the national and state level. It recognizes organizational excellence as demonstrated by achievement of a high score based on best practices' standardized criteria. It measures innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization.

Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B1,B2	Identify new contracting and cost containment opportunities through streamlined procurement business processes.	<ul style="list-style-type: none"> • In collaboration with ESS, implement a business process enhancement to streamline the process by November 1, 2012, thus reducing the cost to process procurements • Further automate online solicitation and administrative processes that capture all critical steps, from posting to award
	Provide timely, efficient, and cost effective management of supply, service and support requirements.	<ul style="list-style-type: none"> • Maintain Average processing time within CAP's published service levels objectives > 95% • Materials are received on or before the Requestor's need-by date > 80% of time • Contracts are within audit compliance >95%

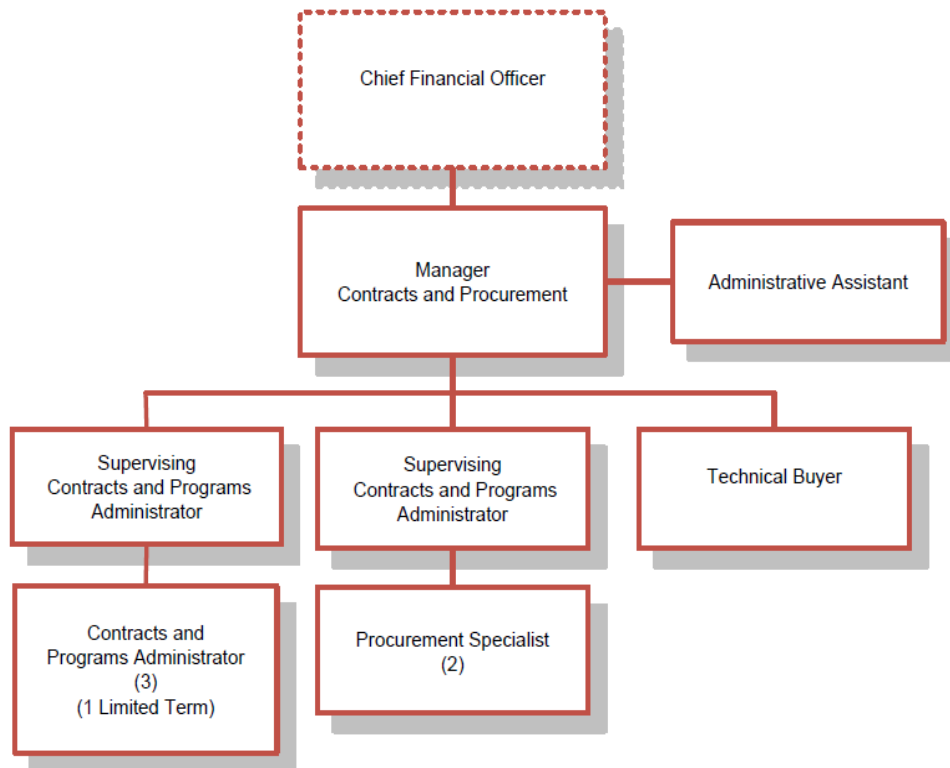
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B2 (Cont.)	Further streamline the business process and achieve greater compliance with requisitioning requirements.	<ul style="list-style-type: none"> Enhance end user training to improve the quality of purchasing data entered for a 15% reduction in process exceptions for follow-up Investigate new technologies that will further streamline the business process within the established process rules
G1,E5	Optimize customer service by ensuring alignment and management of core procurement business functions, roles and responsibilities	<ul style="list-style-type: none"> Establish a strategic plan and obtain executive leadership and stakeholder buy-in Demonstrate an increase in service level as measured by the Customer Satisfaction Survey results over the previous year, as well as ongoing customer feedback Enhance interdepartmental outreach by increasing the frequency and time spent in the field by management and supervision
	Increase competition to exercise fiscal responsibility and control of Agency expenses	<ul style="list-style-type: none"> Through the competitive solicitation process, award to the best value source of supply, thus reducing overall cost to the Agency
G1, G3,E5	Actively market the “Small Business Program.”	<ul style="list-style-type: none"> Conduct at least two IEUA Small Business Workshops by May 30, 2013 Collaborate with MWD, the SBA and/or other member agencies with Small Business Vendor Fairs, symposiums, & business strategies workshops, that directly benefit small businesses in the Agency’s service area Conduct at least three outreach presentations to professional associations within the Agency’s service area
H6	Provide effective administration of assigned contracts, ensuring compliance with terms and conditions.	<ul style="list-style-type: none"> As required, facilitate contract kickoff meetings with key (internal/external) stakeholders Routinely solicit stakeholder feedback to gauge satisfaction with contractor performance, identify problems requiring corrective action, etc. Perform quarterly field inspections to ensure performance standards are adhered to. Provide quality assurance reports, as required

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H3	Commensurate with the number of assigned cellular and smart phones, decrease expenditures for service by at least 5%	<ul style="list-style-type: none"> • Conduct periodic analysis of individual plans, identifying opportunities to make changes commensurate with usage • Review monthly statements to ensure accuracy, identifying exceptions • Keep abreast of promotional opportunities offered • Provide quarterly and annual reports to executive management and the Board, respectively

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart

Contracts and Procurement



Position Summary

FY 2012/13 staffing remains at 10 FTE.

Full Time Equivalent Positions	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Budget	FY 12/13 Budget
Manager of Contracts and Procurement	1	1	1	1
Supervising Contracts & Program Administrator	2	2	2	2
Contracts & Programs Administrator	2	2	2	2
Technical Buyer	1	1	1	1
Procurement Specialist	2	2	2	2
Administrative Assistant	1	1	1	1
Total	9	9	9	9
Limited Term Position				
Contracts & Programs Administrator- LT	1	1	1	1
Total	10	10	10	10

Expenses

Expense for FY 2012/13 remains on target due to overall cost containment measures.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12		FY 12/13 Budget
			Amended Budget	Projected Actual	
Employment Expenses	\$850,961	\$832,692	\$825,885	\$775,767	\$825,786
Administrative Expenses	17,161	6,968	21,205	4,853	11,205
Total	\$869,119	\$839,660	\$847,090	\$786,667	\$836,991

ENTERPRISE SYSTEM SERVICES



Mission Statement

Provide dependable, easy-to-use information system solutions, as well as related advisory and application development services, to optimize Agency-wide business processes, enabling staff to efficiently and effectively achieve their objectives. Use evolving information technology and methods to provide greater return on investment from the Agency's staff, core business systems, and information assets.

Description and Purpose

The Enterprise System Services (ESS) Department supports the Agency's business system solution needs, including enhancement and support of the Agency's core SAP ERP and Geographical Information Services application systems, development of custom applications and reports, and integration of Agency systems and data.

The ESS Department contains two teams: Applications Team and Business Systems Analyst Team.

-  The Business Systems Analysts perform functional support of SAP and non-SAP business application systems, identifying opportunities for reporting, data analysis, and business process performance improvement, and providing users with training materials and services.
-  The Applications Team administers the Agency's core SAP ERP system and develops technical solutions in response to unique Agency requirements. They are responsible for planning, designing, implementing, and supporting system application development and integration.

Agency Wide Goal	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B3	Provide Agency users reliable information systems, providing high performance applications and data integrity	<i>(MI) Based on FY 2010/11 IS User Survey, identify key opportunities for improvement and implement corrective action</i>			
		(A)Improved User Survey scores for key areas identified by June 30, 2012.		✓	
		<i>(MI) Review and refine master data change control process implemented in Spring/Summer 2010 and recommend changes for lower priority master data types for change control process analysis.</i>			
		(A)Audited master data control documentation to ensure compliance, interviewed key stakeholders to assess process effectiveness and efficiency, identified possible improvement recommendations by June 30, 2012.		✓	
		(A)Working with key Agency stakeholders, reached agreement on master data management roles, responsibilities, and process by June 30, 2012.		✓	

Agency Wide Goal	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B4	Ensure that the Agency's information assets and systems are properly safeguarded from inappropriate use and access, protected from disasters, and available to conform to public information access rights	<i>(MI) Provide technical support to departmental efforts against detrimental uses of Agency systems and information assets</i>			
		(A)Supported the Agency's Disaster Recovery Planning process, driven by the Safety and Risk Department.		✓	
		(A)Supported Internal Audit (IA)'s review and evaluation of functions performed by each application user role.	✓		
		(A)Supplied user roles' authorization information and educated IA on functionality inherent in each transaction.	✓		
D2	Provide exceptional and responsive customer service	<i>(MI)Implement support upgrades, evolve and enhance system functions, employ consistent change and request management processes</i>			
		(A)Tracked all support and development issues/requests; documented findings and root-cause analysis for key issues.	✓		
		(A)Discussed proposed changes at weekly Change and Request Management (ChARM) status meetings. Performed required preparation to support changes moved into the production environment.	✓		
		<i>(MI) Review FY 2009/10 IS User Survey data and feedback</i>			
(A)Developed and executed SAP user training, improved User Survey scores for key areas, and achieved or exceeded Overall User Satisfaction scores identified on the BIS User Survey.		✓			

Agency Wide Goal	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B3,D1, D2	Control the cost of supporting the Agency's increasingly complex information systems	<i>(MI) Minimize external and internal support costs</i>			
		(A)Developed BIS Department skills to enable greater self-sufficiency in core technology areas.	✓		
		(A)Controlled external expenditures for consultant support by staying within the FY 2011/12 professional services budget (demonstrating a >40% reduction from FY 2010/11).	✓		
		(A)Developed and implemented a cross-training plan to distribute the Senior Systems Administrator's support responsibilities to other department staff in expectation of the position's vacancy in the 3 rd quarter of FY 2011/12.	✓		
B2,D3, D6, E2	Facilitate Agency operational performance through appropriate and cost-effective use of evolving information technologies and practices	<i>(MI) Work with key user groups to develop and maintain roadmaps to enhance business system functionality, process performance, reporting, and analytics to support group business plans and priorities</i>			
		(A)Maintained roadmaps and supporting schedule for system requirements.	✓		
		(A)Executed roadmap schedules as agreed upon with user groups.	✓		
		(A)Met quarterly with key process owners and participants to review the status of key issues, solution development work, discussed new requirements, and reached agreements on priorities, responsibilities, and due dates.	✓		
		<i>(MI) Work to identify vital information required from SAP and other Agency systems; create reports and queries for users/departments and train select users to access and manipulate information directly</i>			

Agency Wide Goal	Departmental Wide Goal	FY 2011/12 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal		
B2,D3, D6,E2 (Cont.)	Facilitate Agency operational performance through appropriate and cost-effective use of evolving information technologies and practices (Cont.)	(A)Implemented business intelligence functions, designed queries/reports and trained power users in at least 2 areas. Based upon successful piloting of business intelligence functions, moved pilots into production environment.		✓			
		(A)Investigated business information tools to support executive and managers, improving ease of access to key information and analytical tools to support decision making by June 30, 2012.		✓			
		<i>(MI) Improve system ease-of-use</i>					
		(A)Identified and deployed one solution to serve as a test case for improving SAP ease-of-use. Planned for further enhancements, such as SAP web-based NetWeaver Business Client interface, Adobe Interactive Forms, and GIS.		✓			
B2, D4	Provide information technology and business systems solution consulting services that address user's unique business information requirements	<i>(MI)Integrate and leverage the Agency's information and technology assets</i>					
		(A)Employed User Groups in assessing and proposing improvements to systems ease-of-use, process efficiency and effectiveness, and reporting, and identified and proposed other key process user groups (ongoing).	✓				
(A)Working with key business process owners, performed assessments of key processes, e.g., Accounts Payable, Maintenance & Inventory Management, Project and Asset Lifecycle, Payroll and Labor Resource Tracking. Used assessments to develop user training plans, process and system improvement proposals. Completed assessment and improvement plans for key process areas identified by executive management by June 30, 2012.	✓						

Major Initiatives

- 🌿 **Process Improvement Initiative** – Leveraging the Agency’s core information systems and data, work with user groups to assess and develop improvement recommendations for core Agency business processes and information access. Conduct surveys, regular meetings with business process owners and key process constituents. Deploy new technologies to improve process efficiency and effectiveness, and integration of Agency systems and tools. Key focus areas for process improvement in FY 2012/13 include labor (labor recording, reporting, payroll), procurement (integration with vendors, procurement status visibility), and moving design data
- 🌿 **Business Intelligence & Analytics (Reporting) Initiative** - Employ business reporting tools to enhance information value and analysis, and increase user self-sufficiency in accessing and using information. Work with key user groups to develop processes and procedures for effective maintenance of master data, with the objective of ensuring data quality.
- 🌿 **User Productivity Initiative** - Introduce tools to make Agency’s systems easier to use, resulting in demonstrable improvement in staff system acceptance and business process efficiency and effectiveness. The key focus areas for user productivity in FY 2012/13 include implementing web-based access to SAP, setting up role and business activity focused work centers (e.g., maintenance planner and goods receipt work centers), and providing “dashboards” of business data.
- 🌿 **Service Excellence Initiative** - Ensure that user application and training needs are identified and responded to in a professional and timely manner. Work with Agency management and users to identify system enhancements that will deliver operational performance improvements, and align business information services resources to deliver the required capabilities based on user priorities and business needs. In FY 2012/13 this includes continued work with user groups focused on the Procure-to-Pay Process, Finance & Budget, Asset Management & Maintenance, and GIS. In addition, an Agency user group focused on Project Management & Accounting will be established.



CCWRF – Chino, CA

Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B3	Provide Agency users reliable information systems, providing high performance applications and data integrity	<ul style="list-style-type: none"> Review SAP system performance, growth, & system capacity status. Identify risks and mitigation plans. Develop quarterly performance analysis reports. Monitor system for compliance with security and system management best practices. Develop quarterly assessment and action plan. Ensure system stability, ongoing vendor product support, and enable Agency to take advantage of new product enhancements and functionality. Perform periodic (typically 1-2 per year) vendor version upgrades to SAP & ESRI/GIS. Develop assessment of data base growth and put in place a management plan, including considering implementation of an archiving project plan. Develop a data governance business case and plan.
B4	Ensure that the Agency's information assets and systems are properly safeguarded, protected from disasters, and available to conform to public information access rights	<ul style="list-style-type: none"> Develop analysis and implement safeguards to limit access to sensitive human resources information as part of the implementation of the new human capital management and payroll systems (by January 2013). Develop new SAP user roles in order to create a more focused set of required transactions (project to be done incrementally and completed by June 2013).
D2	Provide exceptional and responsive service	<ul style="list-style-type: none"> Track all support and development issues and requests, documenting findings and root-cause analysis for key issues. (Ongoing) All proposed changes are documented in a Change & Request Management (ChARM) request and required preparation is performed per plan to support changes prior to being moved into the production environment. Utilize ChARM requests to identify business issue, proposed improvements, and value proposition. Report on resulting value generated from projects. (Ongoing)

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D1	Control the cost of supporting the Agency's increasingly complex information systems	<ul style="list-style-type: none"> Develop ESS staff skills to enable greater self-sufficiency in core technology areas, with the objective of minimizing external support costs, while getting optimal value from Agency ESS staff. Leverage user groups and social networking technologies to research business challenges, solution options, and best practice opportunities with other organizations. Control external expenditures for consultant support by staying within the FY 2012/13 professional services budget
E3	Facilitate Agency operational performance improvement through appropriate and cost effective use of evolving information technologies, functionality, and practices	<ul style="list-style-type: none"> Lead Agency-wide team to implement a Human Capital Management solution to perform labor data capture, time management (compliance with Agency MOU and regulations), staff scheduling, and payroll processing. Implement solution by January 2013 to enable elimination of the legacy IFAS and ABRA systems and their related costs Support implementation of the Long Range Financial Planning Model project
B2,C3	Facilitate Agency operational performance through appropriate and cost effective use of evolving information technologies and practices	<ul style="list-style-type: none"> Roll out SAP NetWeaver Business Client technology Agency-wide to provide an easier to use interface to SAP Implement enhancements to streamline Grants expense certification function



1630 West Reservoir – Rancho Cucamonga, CA

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
<p>B2, D4</p>	<p>Provide information technology and business solution consulting services that address users' unique business function and information requirements, while integrating and leveraging the Agency's information and technology assets</p>	<ul style="list-style-type: none"> • Lead Agency-wide team to research and implement supplier network collaboration to speed delivery of POs, vendor product delivery date status, maintenance of vendor master data (e.g., shipping/billing address, contact name), enhance warehouse efficiency, and reduce manual administrative activities using options such as eCatalogue integration, eInvoice processing, and Vendor Self-Service • Work with Financial Planning & Fiscal Management to evaluate restructuring of the Agency's cost centers • Work with the Financial Planning & Fiscal Management to evaluate restructuring of the labor burden and overhead cost allocation method in SAP • Working with key user groups (Maintenance, Procure-to-Pay, Projects, Finance & Accounting, and GIS) develop and maintain roadmaps to enhance business system functionality, process performance, and reporting and analytics to support those group business plans and priorities. Execute roadmap schedules as agreed upon with users groups. (Ongoing) • Meet quarterly with key process owners and participants to review status of development roadmaps and key issues, discuss new requirements, and reach agreement on priorities, responsibilities, and due dates. (Ongoing) • Facilitate organization of Projects User Group, and develop roadmap for enhancements • Create draft Business Intelligence (BI) roadmaps and schedule for one or more key function or process, e.g., Finance/Budgeting, Maintenance/Inventory, Project Management, and Procurement (Execute roadmaps per identified schedule.)

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Performance/Workload Indicators

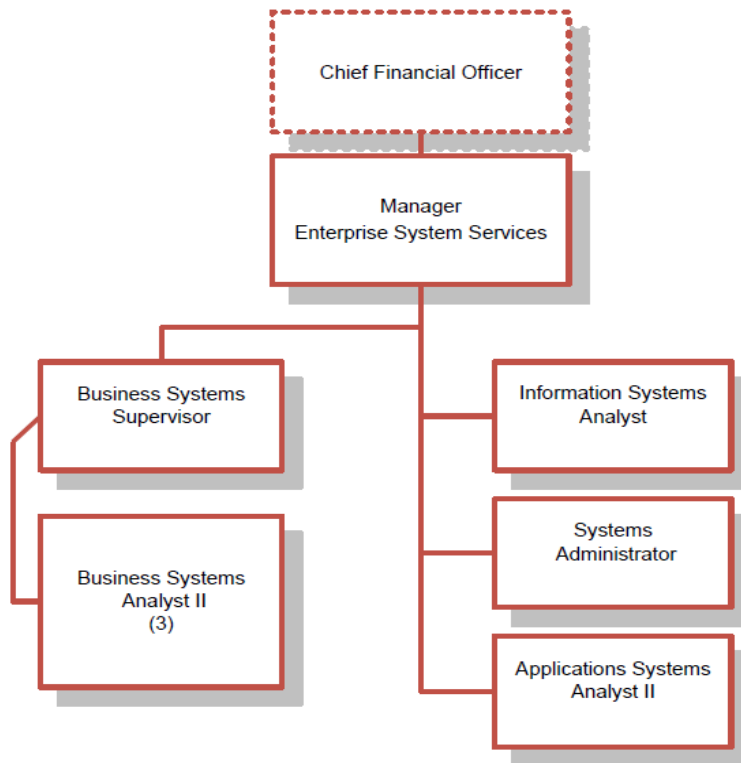
	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Keep average time spent performing maintenance per year below 40%	*	35%	20%	30%
Refresh the SAP QA environment with new test data at least twice per year	*	2	1	2
Keep system to no more than five support packs behind the vendor's current version	*	<5	<5	<5

*Not measured in this year

The second refresh will occur during the annual upgrade. This year, this is being performed in July 2012 (i.e. FY2012/13). It was delayed to allow for the vendor's delivery of new functions, which will not ship until roughly May 2012.

Organizational Chart

Enterprise System Services





Position Summary

FY 2012/13 staffing remains at 8 FTE.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Full Time Equivalent Positions				
Manager of Enterprise System Services	1	1	1	1
Senior Systems Administrator	1	0	1	1
Systems Administrator	1	1	1	1
Information Systems Analyst	1	1	1	1
Business Systems Analyst II	3	3	3	3
Application Systems Analyst II	0	0	0	1
Application Systems Analyst	1	1	1	0
Total	8	7	8	8
Limited Term Position				
Business Systems Analyst II	1	1	0	0
Total	9	8	8	8

Expenses

The decrease in FY 2009/10 and FY 2010/11 budget and actual expense reflects the Information Services department separation into the Enterprise System Services and Integrated Systems Service departments. The majority of the operating expense is now budgeted in the Operations Division.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expenses	\$1,184,649	\$816,336	\$743,206	\$707,132	\$760,841
Administrative Expenses	61,648	39,596	36,032	31,482	42,510
Operating Expenses	742,492	162,662	312,413	222,000	240,826
Total	\$1,988,789	\$1,018,594	\$1,091,651	\$960,614	\$1,044,177




FINANCIAL PLANNING DEPARTMENT

Mission Statement

To develop and oversee a budget process that provides the Board of Directors, management and stakeholders with strategic planning and identification of financial resources to meet the Agency’s long range financial needs; evaluate financing options to effectively meet future capital requirements consistent with the Agency’s Long Range Plan of Finance (LRPF), including securing local, state and federal grants; managing the Agency’s investments to secure the safety of principal, optimize earnings, and meet operating needs.

Description and Purpose

The Financial Planning Department consists of the Financial Planning and Grants Administration groups that:

- 
 Oversee the administration of the Agency’s budget to ensure appropriations comply with those approved by the Board of Directors; support the development and enhancement of the SAP financial and budget applications that facilitate the planning, monitoring and reporting of the budgetary process.
- 
 Manage the Agency’s investment portfolio to ensure the safety of principal, while optimizing investment earnings; monitor daily cash activities to fund operating requirements in a timely manner and sustain the Agency’s credit standing; administer outstanding debt to ensure timely payment and compliance with respective bond covenants; evaluate different financing options to fund future capital replacement and improvement requirements consistent with the Agency’s Long Range Plan of Finance.
- 
 Proactively identify and secure grant opportunities in conjunction with Executive Management and Project Managers to fund capital projects throughout the Agency; oversee the Agency’s grants management; provide centralized Agency grant administrative oversight to ensure regulatory compliance, cost eligibility, and accurate and timely reporting in accordance with grantor compliance requirements.

Accomplishments

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
E1, E3	Strategic Financial Planning	<i>(MI) Update the Long Range Plan of Finance to reflect current assumptions and conditions</i>			
		(A)Further developed the 10 year financial model to streamline the Long Range Plan of Finance revision process.		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
C2,C5, H3	Budgeting and Budgetary Control	<i>(MI) Assume lead role and ensure timely completion and adoption of the Agency's annual budget, and monitoring of budget control and reporting</i>			
		(A) Coordinated, prepared, and reviewed the Agency's consolidated annual budget by programs, departments, and divisions by May 2012	✓		
		(A) Monitored and maintained budget controls through regular budget variance reporting and analysis, and work in collaboration with Management to continue cost management practices	✓		
		(A) Facilitated quarterly sessions with the General Manager, Assistant General Manager, Chief Finance Officer and department managers to review actual to budget variances and report on the progress and status of cost management practices	✓		
		(A) Continued to work with key staff in developing more in depth analytical methods and processes for major expense categories such as labor, utilities, chemicals, biosolids, and professional services	✓		
		(A) Receive "Outstanding" rating in the GFOA Budget Presentation award, on at least two overall categories and receive budget award from the CSMFO for the FY 2011/12 IEUA budget document	✓		
H5	Banking and Cash Management	<i>(MI) Monitor all bank and investment accounts to ensure accurate recording and timeliness of transactions</i>			
		(A) Monitored daily cash balances to minimize bank service charges and maximize interest earnings.	✓		
		(A) Ensured monthly reconciliations are performed on all bank accounts.	✓		
		(A) Confirmed account balances are accurately reported in the Treasurer's Report of Financial Affairs.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B2	Financial System Enhancements	<i>(MI) Work in collaboration with Information Services department to complete significant enhancements to increase efficiencies and performance</i>			
		(A)Worked with Enterprise System Services staff to develop additional financial reports through Crystal Report software as a supplement to the standard SAP reports to provide end users with more effective analytical tools; sample reports to develop includes: labor distribution summary, budget summary by cost center or by cost elements, weekly cash summary, plan vs. actual comparison, etc. (The above supports the Agency's Financial Policy, under the sub-section of Auditing, Accounting, and Financial Reporting)		✓	
H1	Financial Policies	<i>(MI) Refine and monitor Reserve Balance Policies to ensure a prudent level of reserves is maintained to protect against a reduction of service due to unforeseen events</i>			
		(A)Worked with Board of Directors and Executive Management to update target reserve levels and report status on a quarterly basis.	✓		
H5	External Financial and Accounting Services	<i>(MI) Provide full financial and accounting services to two Joint Powers Authorities</i>			
		(A)Worked in collaboration with Fiscal Management in the preparation of the Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA) budget process for FY 2011/12.	✓		
		(A)Monitored and maintained budget controls through regular budget variance reporting and analysis for the CDA and IERCA.	✓		
C3	Funding Opportunities	<i>(MI) Focus on American Recovery and Reinvestment Act (ARRA) Grant and SRF loan funding opportunities for Agency Capital projects, and ensure compliance, accurate record keeping, and timely submittal of applications and invoices</i>			
		(A)Continued monitoring the performance of ARRA grant and SRF loan funding to ensure full grant compliance with State and Federal grantor agencies.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
C3(cont.)	Funding Opportunities	(A) Provided notification to Executive Management, Department Managers, and Project Managers for possible ARRA grant funding sources.	✓		
		(A) Assisted Agency management and staff to understand ARRA compliance requirements such as Buy American and Davis Bacon Act.	✓		
		(A) Functioned as the lead group in billing and collection tasks of the MWD LPP Rebate program and the DWR Urban Drought Assistance Grant program.		✓	
		(A) Maintained a grant management database, updated the grant status report monthly, and prepared a monthly General Manager's Report on current grant status.	✓		
B2	Strategic Planning	<i>(MI) Strengthen the Grant Management Process</i>			
		(A) Continued to evaluate the SAP Grants Management (GM) module to prepare for full implementation starting July 2013.		✓	
		(A) Established a focus task team to assist in the evaluation of the GM module and overall grants administration process; the task team will consist of key stakeholders from project management, contract management, accounting and billing, and IS Business Analysts to ensure key integration points are addressed effectively.		✓	
		(A) Documented grants administration SOP by June 2012 following the completion of the GM module implementation.		✓	
		(A) Maintained centralized grant contract filing system for both the hard copy and electronic versions of grant documents.		✓	

Major Initiatives

- 🍃 **Work in collaboration** with ERP Business Analyst and key stakeholders to continue system enhancements that will better streamline business processes and provide end users more effective analytical tools and reports.
- 🍃 **Work with Executive Management** to establish a grant application request and approval process policy to evaluate the cost benefit of potential grant opportunities and how they support the Agency's goals and objectives.
- 🍃 **Complete development** of the Grants Administration module to automate and streamline the grant recording, billing, reporting and record keeping process.
- 🍃 **Assist** department managers in further developing key performance measures that are consistent with Agency wide goals and objectives and effectively monitor results and outcomes for their departments.

Performance Measures/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Average Size of Investment Portfolio*	\$185,000,000	\$85,000,000	\$63,000,000	\$75,622,310
Average Rate of Return on Investments	2.10%	1.25%	1.4%	1.0%
Budget Preparation and Report related:				
Training (O&M/Capital) sessions	11	10	8	8
Open Houses	5	4	4	2
Workshops	3	4	4	7
Grant/ Loan applications submitted	8	9	8	8
Grants awarded national average rate/IEUA rate	30% / 50%	30%/50%	30% / 50%	30% / 50%
Grant/ Loan Billings	\$21,000,000	\$30,000,000	\$32,000,000	\$32,000,000
Grant / Loan billings and status reports submitted by the due date	71	200	85	187
Average number of days to file grant/loan billing	30	30	30	30
Average number of days to collect grant/loan billings	120	120	120	120
Amount of stimulus funding received under ARRA	N/A	N/A	\$63,000,000	\$0
On time submittal of Quarterly Budget Variance report	75%	100%	100%	100%
On time submittal of Treasurer's Report of Financial Affairs	67%	100%	100%	100%
On time submittal of Quarterly Capital Call	100%	100%	100%	100%

* Includes proceeds from 2008A Revenue Bonds

Goals and Objectives

AGENCY WIDE GOAL*	DEPARTMENTAL GOAL	DEPARTMENT OBJECTIVE
C4	Budgeting and Budgetary Control – the department will continue to assume the leading role and ensure budget monitoring, timely completion and adoption of the Agency’s annual budget	<ul style="list-style-type: none"> • Coordinate, prepare, and review the Agency’s consolidated annual budget by programs, departments, and divisions by May 2013 • Monitor and maintain budget controls through regular budget variance reporting and analysis, and work in collaboration with Management to continue cost management practices • Facilitate quarterly sessions with the General Manager, Assistant General Manager, Chief Finance Officer and department managers to review actual to budget variances and report on the progress and status of cost management practices • Continue to work with key staff in developing more in depth analytical methods and processes for major expense categories such as labor, utilities, chemicals, biosolids and professional services • Receive “Outstanding” rating in the GFOA Budget Presentation award, on at least two overall categories and receive budget award from the CSMFO for the FY 2012/13 IEUA budget document
H5	Banking and Cash Management Services – monitor all bank and investment accounts to ensure accurate recording and timeliness of transactions	<ul style="list-style-type: none"> • Monitor daily cash balances to minimize bank service charges and maximize interest earnings • Ensure monthly reconciliations are performed on all bank accounts • Confirm account balances are accurately reported in the Treasurer’s Report of Financial Affairs
H1	Financial Policies – refine and monitor Reserve Balance Policies to ensure a prudent level of reserves is maintained to protect against a reduction of service due to unforeseen events	<ul style="list-style-type: none"> • Work with Board of Directors and Executive Management to update target reserves levels and report status on a quarterly basis
C2,E2	Strategic Financial Planning – update the Long Range Plan of Finance to reflect current assumptions and conditions	<ul style="list-style-type: none"> • Further develop the 10 year financial model to streamline the Long Range Plan of Finance revision process • Identify a rate structure that ensures rate increases are equitable and supports the Agency’s level of service

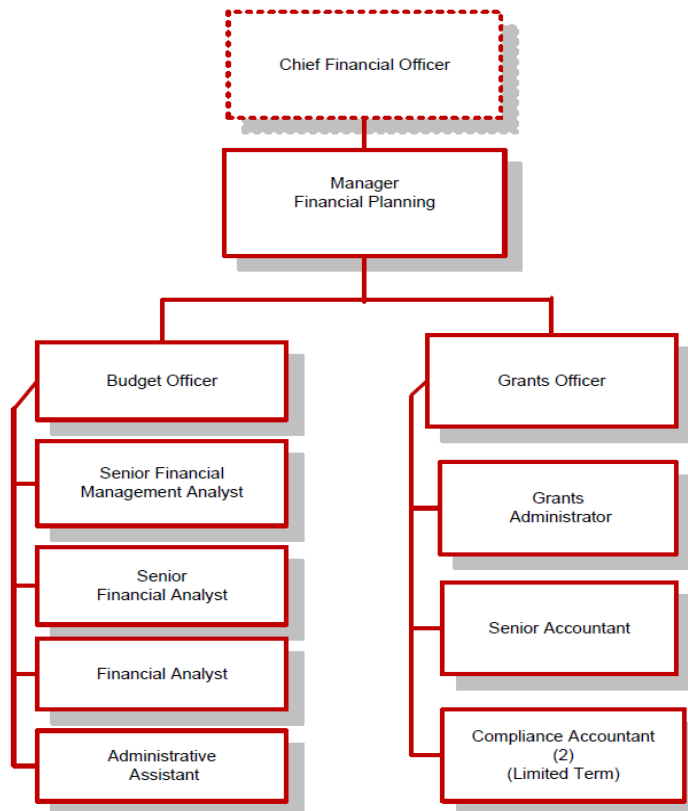
AGENCY WIDE GOAL*	DEPARTMENTAL GOAL	DEPARTMENT OBJECTIVE
G1	External Financial and Accounting Services – provide full financial and accounting services to two Joint Powers Authorities	<ul style="list-style-type: none"> • Work in collaboration with Fiscal Management in the preparation of the Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA) budget process for FY 2012/13 • Monitor and maintain budget controls through regular budget variance reporting and analysis for the CDA and IERCA
B2	Financial System Enhancements – work with Enterprise System Services department to complete significant enhancements to increase efficiencies and performance	<ul style="list-style-type: none"> • Work with Enterprise System Services staff to develop additional financial reports through Crystal Report software as a supplement to the standard SAP reports to provide end users with more effective analytical tools; sample reports to develop includes: labor distribution summary, budget summary by cost center or by cost elements, weekly cash summary, plan vs. actual comparison, etc. (The above supports the Agency’s Financial Policy, under the sub-section of Auditing, Accounting, and Financial Reporting)
D2	Enhance the Budget Preparation process	<ul style="list-style-type: none"> • Work with Business Analyst and key subject matter experts to improve functionality and reporting of the Budget Preparation module • Evaluate the labor and expense allocation process to simplify the process and leverage system functionality where available • Evaluate the assessment cycle process to incorporate statistical data in the distribution of expense allocation
C3	Pursue Grant and SRF loan funding opportunities for Agency capital projects, ensure compliance, accurate record keeping and timely submittal of applications and invoices	<ul style="list-style-type: none"> • Monitor the performance of grant and SRF loan funding to ensure full grant compliance with State and Federal grantor agencies • Provide notification to Executive Management, Department Managers, and Project Managers for possible grant funding sources • Assist Agency management and staff to understand grant compliance requirements • Function as the lead group in billing and collection tasks of the MWD LPP Rebate program and the DWR Urban Drought Assistance Grant program • Maintain a grant management database, update the grant status report monthly, and prepare a monthly General Manager’s Report on grants

AGENCY WIDE GOAL*	DEPARTMENTAL GOAL	DEPARTMENT OBJECTIVE
B2	Strengthen the Grant Management process	<ul style="list-style-type: none"> • Continue to evaluate the SAP Grants Management (GM) module to prepare for full implementation starting July 2013 • Establish a focus task team to assist in the evaluation of the GM module and overall grants administration process; the task team will consist of key stakeholders from project management, contracts management, accounting and billing, and ESS Business Analysts to ensure key integration points are addressed effectively • Document grants administration SOP by June 2013 following the completion of the GM module implementation • Continue to maintain centralized grant contract filing system for both the hard copy and electronic version grant documents

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organization Chart

Financial Planning



Position Summary

9 FTE staffing will remain the same in FY 2012/13.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Full Time Equivalent Positions				
Manager of Financial Planning	1	1	1	1
Budget Officer	1	1	1	1
Grants Officer	1	1	1	1
Senior Financial Management Analyst	1	1	1	1
Grants Administrator	1	1	1	1
Senior Financial Analyst	0	0	0	1
Financial Analyst	2	2	2	1
Senior Accountant	1	1	1	1
Administrative Assistant	0	1	1	1
Total	8	9	9	9
Limited Term Position				
Compliance Accountant-LT	1	2	2	2
Total	9	11	11	11

Expenses

Historically low interest rates that directly impact the Agency's outstanding variable demand bonds can be attributed for projected lower debt service costs in FY 2011/12. For a complete review of Agency's debt, visit the Debt Management section of the budget document.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$967,811	\$887,964	\$834,270	\$845,358	\$942,477
Administrative Expense	5,843	11,555	26,530	6,000	26,530
Interest and Financial Exp	10,399,615	8,328,203	12,039,297	10,186,292	11,966,277
Total	\$11,373,269	\$9,227,722	\$12,900,097	\$11,037,650	\$12,935,284

FISCAL MANAGEMENT DEPARTMENT

Mission Statement

To safeguard the Agency’s resources effectively and efficiently; and, to maintain accountability and equity to the public, their elected officials and Agency personnel by providing accurate and clear financial statements and records. Provide cost effective and timely fiscal and accounting services to the Agency departments including payroll, billing, revenue collection, and general accounting and financial reporting in a professional manner.

Description and Purpose

The Fiscal Management Department is responsible for the recording, maintaining, and safe-keeping of the Agency's financial information, and safeguarding of the Agency’s assets. The department has a staff of 12 full-time personnel who handle segregated functions in the areas of general accounting and financial reporting. Responsibilities include accounts payable and receivable, cash applications, fixed asset accounting, payroll, financial reporting, and various financial analyses.

Accomplishments

The Agency’s Comprehensive Annual Financial Report (CAFR) has been consistently awarded the prestigious award of excellence in financial reporting from the Government Finance Officers Association (GFOA). The most recent award was for the Fiscal Year 2011/12.

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H4, H5	Financial and Accounting Services Financial and Accounting Services	<i>(MI) Provide accounting services to all agency departments</i>			
		(A)Completed FY 2011/12 audit of Inland Empire Utilities Agency by November 30, 2011 and receive GFOA, CAFR award for FY 2011/12.	✓		
		(A)Completed and issued Comprehensive Annual Financial Report by December 31, 2011.	✓		
		<i>(MI)External Financial and Accounting Services – provide full financial and accounting services to two Joint Powers Authorities</i>			
		(A)Completed annual audit of both Chino Basin Desalter Authority and Inland Empire Regional Composting Authority by January 31, 2012.	✓		
		(A)Completed Annual Financial Reports for both entities by February 29, 2012.	✓		
		(A)Developed disaster recovery plan for key functional area by December 2011.		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
I3	Staff Training, Development, and Wellbeing	<i>(MI) Staff Training to Develop a Diverse and Qualified Work Force</i>			
		(A)Identified back-up for critical functions, completed cross-training by September 30, 2011.		✓	
		(A)Worked with staff to develop individualized training program using Mindleader Program by March 31, 2012.		✓	
		(A)Completed cross-training plan by March 2012.		✓	

Major Initiatives

- 🌱 Work with the SAP Business Analyst Group to complete several critical tasks related to the major functions of Fiscal Management, such as: Month-end closing processes; critical financial reports; Time and Attendance implementation, etc.
- 🌱 Complete implementation of Time Entry and Payroll System.
- 🌱 Organize a project team to evaluate and streamline the creation, reporting, closing, and capitalization and closing of capital and O&M projects.
- 🌱 Support P2P (Procurement to Pay) initiation spear headed by Contract and Procurement and Enterprise System Services , intended to automate the procurement process by leveraging new technology.
- 🌱 Direct resources to form master data administration and archiving of finance data to improve and user system performance.

Performance Measures/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Accounts Payable Transactions	80,735	84,000	78,000	75,000
Accounts Payable Checks /ACH / Wires	9,478	9,400	9,470	9,500
Accounts Receivable Transactions	13,001	15,000	12,800	12,900
Cash Receipts Transactions	33,264	33,000	32,500	33,000
Fixed Asset Transactions	11,439	14,000	10,000	11,000
General Ledger Transactions	548,833	380,000	480,000	500,000
Payroll and Secondary Labor	897,516	605,500	800,000	800,000
General Ledger # of Account Analysis	640	780	640	640
Payroll Processing - # of Employees	306	310	306	306

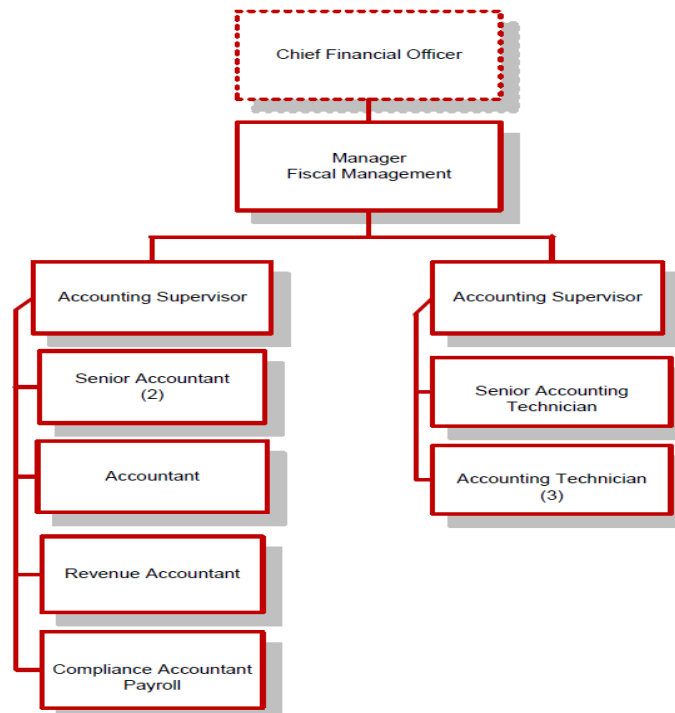
Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H5	Financial and Accounting Services – provide accounting services to all agency departments	<ul style="list-style-type: none"> Complete FY 2011/12 audit of Inland Empire Utilities Agency by November 30, 2012 Complete and issue Comprehensive Annual Financial Report by December 21, 2012 Receive GFOA CAFR award for FY 2012/13
G1	External Financial and Accounting Services – provide full financial and accounting services to two Joint Powers Authorities.	<ul style="list-style-type: none"> Complete annual audit of both Chino Basin Desalter Authority and Inland Empire Regional Composting Authority by November 30, 2012 Complete Annual Financial Reports for both entities by January 31, 2013
B1	Replace the current payroll system	<ul style="list-style-type: none"> Develop a plan to successfully replace the legacy payroll system by April, 2013
I3	Staff Training to Develop a Diverse and Qualified Work Force.	<ul style="list-style-type: none"> Leverage SAP and other technology to enhance business processes Continue cross training plan Complete each staff’s individualized training program using Mindleader program by November 30, 2012

* Please refer to the Agency Vision/Policy Goals tab for the Agencywide Goal description

Organization Chart

Fiscal Management



Position Summary

FY 2012/13 staff remains at 12 FTE.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Manager of Fiscal Management	1	1	1	1
Accounting Supervisor	2	2	2	2
Senior Accountants	3	2	2	2
Accountants	1	2	3	3
Senior Accounting Technician	1	1	1	1
Accounting Technician	4	4	3	3
Total Fiscal Management	12	12	12	12

Expenses

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$912,295	\$889,777	\$905,260	\$839,572	\$900,807
Administrative Expense	10,621	11,516	22,642	21,521	27,100
Total Expenses	\$922,916	\$901,293	\$927,901	\$861,093	\$927,907



Regional Plant No. 5 Recycled Water Pump Station

ENGINEERING DIVISION

Mission Statement

To engineer and construct state of the art facilities and infrastructure to meet the dynamic and growing water importation, recycled water demand, wastewater collection, treatment and disposal needs of the Agency's service area, and to implement the Capital Improvement Program (CIP) with well managed and cost effective solutions.

Departments

- 🌱 Construction Management
- 🌱 Engineering Administration
- 🌱 Engineering

Executive Summary

The Engineering Division continues to address cost containment within the Agency's CIP. FY 2012/13 projects in the Regional Wastewater Program has been reduced to \$16.4 million compared to FY 2011/12 Amended Budget of \$28.8 million, due to deferred growth in the Agency's service area, lower construction bids received, and a move to in-house design. The implementation of the Recycled Water Business Plan is nearing completion, with \$20.6 million budgeted for the Recycled Water fund. The Engineering Division continues to meet the needs of the current capital budget program, maintain high quality and low cost in the facilities produced, provide value engineering for all projects, and respond rapidly to emergencies, if needed. Total budgeted resources for the division amount to \$3.5 million. For FY 2012/13 staffing is budgeted at 34 positions.

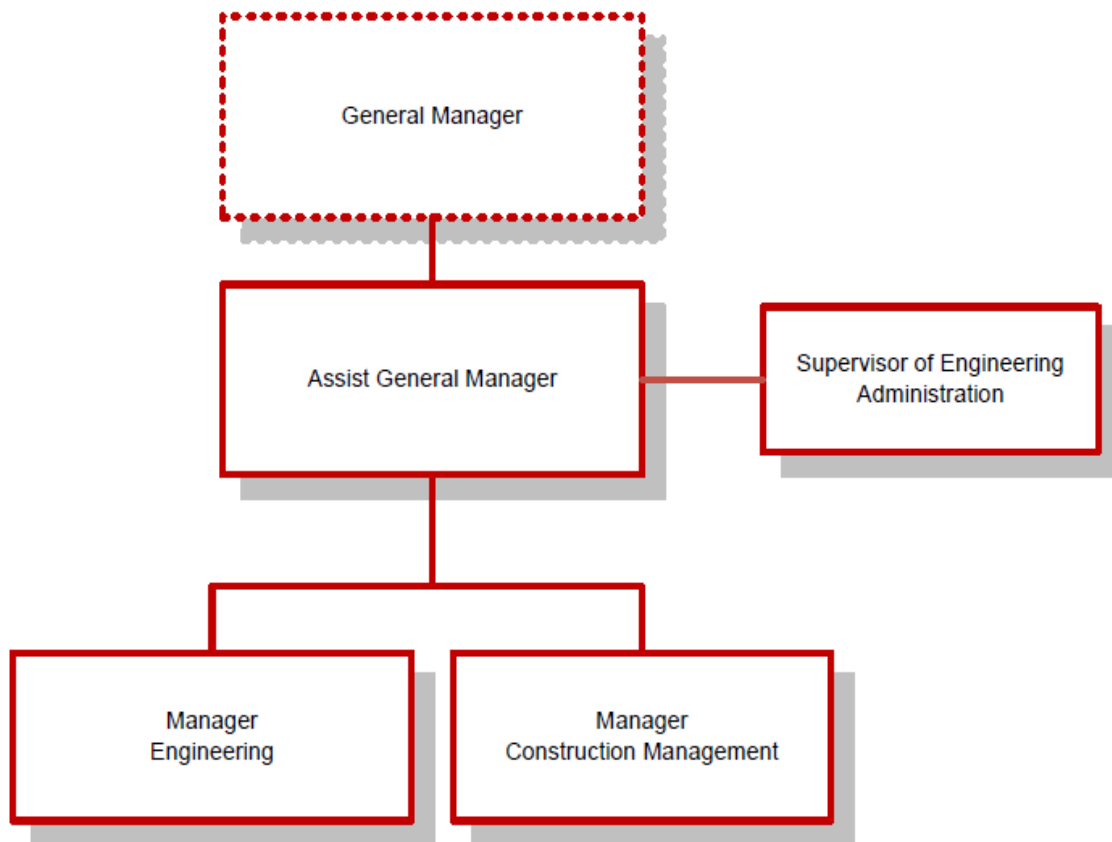
Division Goals

- 🌱 Evaluating and positioning staff to maintain accurate ratios to support design and construction demands.
- 🌱 Transition of in-house design to maximize in-house resources and reduce construction costs.
- 🌱 Utilization of contract staff for project management and effectively enhancing the department's resources to meet the short term needs.
- 🌱 Focusing attention on the implementation of administrative projects that have a direct impact on the productivity of the department. Most significant are the implementation and tracking of administrative, engineering, and construction metrics; integrating asset management principles into planning and strategic business processes; and Operations & Maintenance (O&M) electronic manuals.
- 🌱 Continuously focus on the implementation of the Recycled Water Business Plan adopted in December 2007.
- 🌱 Provide resources and technical expertise in assisting member agencies to increase recycled water customers and deliveries.

- Identifying and obtaining state and federal grant and loan funds for Recycled Water Program to meet the goal of no regional capital funds used.
- Continuation of the Communications Plan to increase, generate and distribute consistent public information prior to and throughout the construction phase of a project. The plan will provide specific communication procedures and safety guidelines to be followed.

Organization Chart

Engineering Division



CONSTRUCTION MANAGEMENT DEPARTMENT

Mission Statement

To construct state of the art facilities and infrastructure to meet the dynamic and growing water importation, recycled water demand, wastewater collection, treatment, and disposal needs of the Agency's service area with well managed and cost effective solutions.

Description and Purpose

To provide project management services to oversee construction of water, wastewater, and energy projects that implement the Agency's Capital Improvement Program. Management, inspection and construction of the designs integrate the latest, most cost-effective technologies into the IEUA service area.

Currently, a total of 13 staff contributes to the success of the department, providing many diversified tasks such as:

- 🌱 Capital facilities construction and budgeting
- 🌱 Grants, permits, and environmental compliance reporting
- 🌱 Coordination of construction projects with those of other Agency departments
- 🌱 Updating project schedules
- 🌱 Preparation of requests for proposals and replies to project information requests from contractors
- 🌱 Construction management support for construction work in progress, including field inspections, to ensure compliance with approved plans, specifications, and standards
- 🌱 Interfacing with contractors and suppliers to clarify project specifications
- 🌱 Coordination with Member Agencies to develop the recycled water customer connections strategic plan
- 🌱 Bi-weekly and monthly reports which track schedules, plan vs. budget, resource hours, General Managers Report, Bi-Annual Project Summary Report, and various budget reports.

Accomplishments

FY 2011/12 continued to be another significant year for Construction. Construction projects completed include the 1630 West Pipeline Segment A, B, C, Reservoir and Pump Station, Northwest Recycled Water Communication Towers, Installation of PRV Between 1158 & 1050/930 Pressure Zones, RP-1 Recycled Water Pump Station Improvements, Headquarter Building Crack Repairs, RP-1 Outdoor Lighting Improvements, Prado Lake Discharge Modification & TP-1 SBS Pump Improvements, RP-1 Condensate Sump Improvements, Magnolia Channel, RP-1 Dewatering Facility Expansion, RP-4 Odor Control Backup Blower, IERCF Install Backup Generator, IERCF Amendment Hopper Sliding Plates, Prado Dechlor Station Drainage Repair, HQ Perimeter Drainage Improvements, CCWRF Tertiary Filter Media Replacement and 12 kV Switchgear Repair, CCWRF Aeration Basin Air Ducting Replacement, RP-1 930 PS Fifth Pump, RP-1 Outfall Modifications, RP1 Dechlor/Solids Upgrades, RP-1 60-Inch Pipeline Asset Condition, RP-4 Pond Repair, SARI Line Cleaning (Chino 1 Desalter), and RP-2 Dewatering Drainage Repair.

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
E2	Provide high quality project management and design for the completion of Capital Improvement Projects	<i>(MI) Continue implementing effective project management protocols and focusing on meeting schedules and budgets</i>			
		(A)Minimized the cost of change orders for construction contracts by performing thorough cost analysis.	✓		
		(A)Kept the number of request-for-information (RFI's) less than 25 for every million spent.	✓		
		(A)Managed projects to levels which maximize quality and operational effectiveness.	✓		
		(A)Held construction management costs below 10% of total construction costs (excluding outside consulting).	✓		
		(A)Provided in-house construction management quality design reviews while holding added or omitted change orders below 10% of original construction contract amount. Non added or omitted change orders will be held under 10% of original construction contract amount.	✓		
		(A)Transferred as-built drawings and complete project close out procedures including project acceptance within 60 days of completion of construction.	✓		
		(A)Completed all training and transfer all O&M manuals to operations and maintenance prior to facility start-up on all projects. (A)Provided seamless project transfers to Operations.	✓ ✓		
D2	Improve and streamline the design process	<i>(MI)Continue to improve the Engineering design process to increase efficiency</i>			
		(A)Provided engineering support by attending project design meetings.	✓		
		(A)Provided value engineering services during design reviews to maximize quality and minimize cost.	✓		
		(A)Continued to work with the Engineering Department on the as-built process.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
B3, D1	Expand knowledge of current technologies and engineering practices	(MI) Increase development and training on current industry practices and new technologies			
		(A)Continued to provide workshops, presentations, and meetings.	✓		
		(A)Implemented the Web Based Document Control Construction Program.	✓		
		(A)Conducted department SOP Training.	✓		

Major Initiatives

The following list represents major projects for FY2012/13. Over \$10 million is expected to be expended on these projects this fiscal year:

Headquarters Central Plant Improvements

The scope includes the headquarters building and central plant air conditioning system upgrades and modifications. This includes the installation of backup equipment for the existing chiller system along with a new 150 electric chiller system. The project will provide provisions for the future Central Lab Building which will be located south of HQ Building B. Control integration will also be part of the project.

Turner Basin Turnout Capacity Improvements

The existing turnout at the Turner Basins is undersized and utilizes a drop inlet at a low elevation. The smaller size and the low elevation of the turnout and basin inlet result in the basins being underutilized. This project will install a new, larger turnout to take full advantage of the recharge capacity at the Turner Basins. To eliminate the low elevation limitation, a bypass will be installed under Day Creek Channel. The turnout will include a pressure sustaining ClaVal PRV with dual solenoid flow control, a magnetic flow meter and will be fully automated.

RP-1 Flare & RP-1/RP-2 Boiler Replacement

The project scope includes the replacement of RP-1 gas flare and the two hot water boilers as well as one hot water boiler at RP-2. The exiting gas flare at RP-1 will be replaced with a Title V gas flare while boiler replacements at RP-1 and RP-2 are necessary to meet the near future stringent regulatory requirements.

NRW System Upgrades

The scope of work contains multiple projects that will upgrade the NRW system including Philadelphia pump station upgrades, repair/rehabilitation of NRW pipelines and manholes based on the initial NRW master plan study conducted by PBS&J in 2005.

930 W. Reservoir & Pipeline

This project is the backbone of the Chino Hills Recycled Water system and consists of a 5 MG reservoir located within the corporate limits of Chino Hills and the feeder line approximately 12,500 feet in total length from the proposed reservoir to an existing connection point located at the northwest quadrant of the San Antonio Channel Crossing and Chino Hills Parkway.

Major Initiatives (Continued)

RP-1 Asset Replacement

The RP-1 Condition Assessment project was developed as a result of the 2005 study conducted by Metcalf and Eddy. The study evaluated all the major equipment, and provided a prioritized list of improvements that needs to be completed for the facility over a ten year time period. Improvements included repairs, rehabilitation, or studies to assess the condition of the equipment and devise a proper response as needed.

Wineville Ext Recycled Water Pipeline

This project involves construction of a 24 and 20 inch recycled water pipeline from the Wineville Recycled Water Pipeline at Jurupa and Wineville to the RP-3 basins at Beech and Jurupa. The pipeline is located in the cities of Ontario and Fontana. The project consists of approximately 24,000 lineal feet of pipe and will serve recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez Basins.

Performance / Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target Projects Over 2 Million	FY 12/13 Target Projects Under 2 Million
Capital Spending (\$Millions)	\$42	\$39	\$32	\$36	
Added or Omitted Change Orders (b), (d)	4.85%	≤10%	8.16%	≤7%	≤10%
Non Added or Omitted Change Orders (b), (e)	3.69%	≤10%	3.52%	≤7%	≤10%
Actual Expenditures as a Percentage of Forecasted Expenditures	83%	≥80%	82%	≥80%	≥80%
Construction Management Costs (a), (b), (c)	5.24%	≤10%	5.61%	≤10%	≤20%

(a) This indicator will measure IEUA construction staff only

(b) Beginning FY 2011/12 includes completed projects only

$$(c) \quad \% \text{ of Construction Management Costs} = \frac{\text{Total Construction Management Costs}}{\text{Total Construction Costs}}$$

$$(d) \quad \% \text{ Added/Omitted Change Orders} = \frac{\text{Total Added/Omitted Change Orders}}{\text{Original Construction Contract Amount}}$$

$$(e) \quad \% \text{ of Non-Added/Omitted Change Orders} = \frac{\text{Total Non-Added/Omitted Change Orders}}{\text{Original Construction Contract Amount}}$$

Goals and Objectives

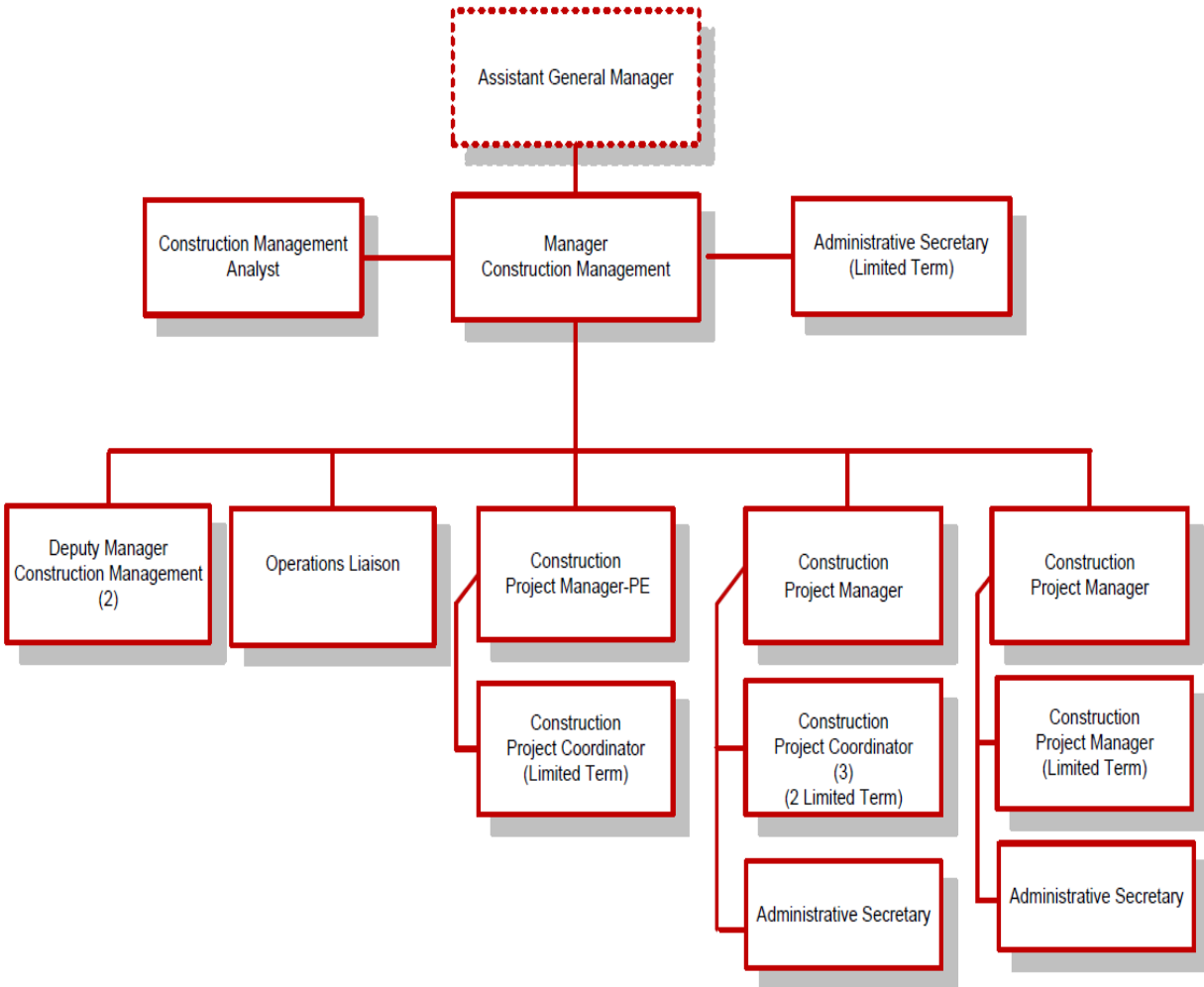
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
E2	Provide high quality project management for the completion of Capital Improvement Projects	<ul style="list-style-type: none"> • Continue to implement effective project management protocols and focus on meeting schedules and budgets • Minimize the cost of change orders for construction contracts by performing thorough cost analysis • Hold construction management costs below 10% of total construction costs (excluding outside consulting) for projects over \$2 million; hold construction management costs below 20% of total construction costs (excluding outside consulting) for projects under \$2 million • Manage projects to levels which maximize quality and operational effectiveness, by providing in-house construction management quality design reviews while holding added or omitted change orders below 10% of original construction contract amount; Non added or omitted change orders will be held under 10% of original construction contract amount for projects with a total budget of under two million dollars and added or omitted change orders below 7% of original construction contract amount; Non added or omitted change orders will be held under 7% of original construction contract amount for projects with a total budget of over two million dollars. • Transfer as-built drawings and complete project close out procedures including project acceptance within 60 days of completion of construction • Provide seamless project transfers to Operations • Complete all training and transfer all O&M manuals to operations and maintenance prior to facility start-up on all projects
B3, D1	Expand knowledge of current technologies and construction management practices	<ul style="list-style-type: none"> • Continue to provide staff workshops, presentations, and meetings • Expand the Web Based Document Control Construction Program • Continue to conduct department SOP Training

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D2	Improve and streamline the design process	<ul style="list-style-type: none"> • Provide engineering support by attending project design meetings • Provide value engineering services during design reviews to maximize quality and minimize cost • Continue to work with the Engineering Department on the as-built process

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart

Construction Management



Position Summary

In FY 2012/13 three vacant positions were permanently moved to the Organics Management Department

Full Time Equivalent Positions	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Manager of Construction Management	1	1	1	1
Manager of Energy Production & Maintenance	1	N/A	N/A	N/A
Deputy Manager of Construction Management	1	1	2	2
Construction Project Manager PE	1	1	1	1
Construction Project Manager	2	2	2	2
Construction Project Coordinator	8	4	6	3
Operations Liaison	1	0	1	1
Construction Management Analyst	N/A	N/A	1	1
Administrative Secretary	2	1	2	2
Total	17	10	16	13
Limited Term Positions				
Construction Project Manager	1	1	0	2
Construction Project Coordinator	1	2	1	1
Administrative Assistant	1	1	0	0
Administrative Secretary	1	1	1	1
Total	4	5	2	4

Expenses

Reduction in employment expense is projected, based on a 5% vacancy factor to be maintained Agency-wide in FY 2011/12. Deferral and reduction in capital expenditures account for some of the positions on hold for the fiscal year.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expenses	\$1,638,549	\$1,235,401	\$871,980	\$1,440,945	\$1,237,136
Administrative Expenses	20,797	24,915	34,797	24,227	33,346
Total	\$1,659,346	\$1,260,316	\$906,777	\$1,465,172	\$1,270,482

ENGINEERING ADMINISTRATION DEPARTMENT

Mission Statement

To provide effective and efficient administrative services that support the Agency's Capital Improvement, Asset Management, and Recycled Water Programs while fostering cooperation and information exchange between Agency departments.

Description and Purpose

The Engineering Administration Department provides daily administrative services to the Engineering and Construction Management Departments' and program administrative services for several Agency wide programs including the Capital Improvement, Asset Management, and Recycled Water programs.

Currently, a total of 10 personnel contribute to the success of the department, supporting functional areas such as:

- 🍃 Asset Management
 - 🍃 Agency lead for the Asset Management Program; development of the programs, processes, and training required to maintain a comprehensive Asset Management Program including condition assessment, Levels of Service, asset value and disposition, and associated operational and financial reports
- 🍃 Operational and Capital Budgeting and Reporting
 - 🍃 Coordination of the capital projects process to produce the Ten Year Capital Improvement Plan; maintenance of budget transfers and account reclassifications
 - 🍃 Preparation of Operating, Capital, and Technology Master Plan Budgets for all departments within the Engineering Division
 - 🍃 Quarterly reporting on Goals and Objectives, and variance reporting
 - 🍃 Production of monthly metrics for the Engineering Division
 - 🍃 Development and maintenance of the Division's PIPES intranet web page
- 🍃 Technology Support
 - 🍃 Functional lead for the development and modification of the Project Systems module for the Agency's Enterprise Software System
 - 🍃 Administration and development of the Agency's Primavera software to create and track capital projects
 - 🍃 Database maintenance and report generation for the Recycled Water Program
 - 🍃 Access database development and maintenance to support business processes within the Engineering Division
- 🍃 Computer Aided Design (CAD)
 - 🍃 Development and maintenance of Computer Aided Design (CAD) drawings for the Agency, including in-house design, as-builts, mylars, site maps, distribution system maps, and ad-hoc drawings.
 - 🍃 3D modeling of facility sites and projects

Grants

- Liaison for the Engineering Division and Grants Department to ensure on-time and comprehensive grant reporting

Administration

- Administration of the construction bid and award process; annual review, update and maintenance of the Construction Plans and Specifications document
- General administrative project support for Engineering staff including copying, binding, meeting arrangements, travel arrangements, typing, filing, and timecard submission
- Creating purchase requisitions and processing subsequent invoices and account reclassifications
- Maintenance of the Engineering Division's Standard Operating Procedures
- Filing and maintenance of project files including yearly adherence to record retention guidelines; upkeep of the Engineering Library
- Petty cash distribution and reconciliation

Accomplishments

During Fiscal Year 2011/12 the Engineering Administration Department emphasized the Agency's Asset Management Levels of Service to guide and facilitate the completion of 5 facilities condition assessment reports (RP-1, RP-2, RP-4, RP-5, and CCWRF) and identify 12 capital projects for review.

The Agency's Smart Tag process for asset identification was reviewed and revised to ensure its' integration with the Agency's ERP system. Smart Tag usage facilitates lifecycle tracking of an asset including operational, maintenance, and financial data. The revised format was implemented for 12 capital projects.

Computer Aided Design (CAD) personnel completed drawings for 22 in-house designs, three 3-D models, and 19 project as-builts.

The revised format for project closures focusing on identifying specific assets as line items was implemented and over 260 projects (80% of qualified projects) were closed out, reducing the Agency's work in progress by approximately 65 million dollars.

An electronic bid process for the announcement of public works construction projects was introduced with much success, eliminating the labor intensive paper production of plans and specifications while providing bid documents free of charge to contractors.

Twenty-seven public works projects were advertised for bid, with the first electronic bids being advertised in January 2012.

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
B1	Explore, pursue and implement innovative technology with a cost effective approach to operating practices and administrative functions	<i>(MI) Implement the electronic posting of public works construction projects</i>	✓		
		Modify TheNetwork electronic bid system to accept public works construction bids, revise the business process to support electronic postings			
B2	Ensure the workforce is productive and efficient – “works smarter” – by employing current technological enhancements including use of the internet and web based products	<i>(MI) Revise Division PIPES web page to meet new Agency standard</i>	✓		
		(A)Understand new format, map existing data to meet new standards			
		(A)Maintain monthly / quarterly / annual postings of Division metrics	✓		
		(A)Maintain postings for knowledge based documents including SOP's, conference papers, financial and reporting documents	✓		
		<i>(MI) Transition monthly and ad-hoc production of recycled water reports from Engineering to Engineering Administration</i>	✓		
(A)Review and learn monthly protocol for production of recycled water reports					
E2	Provide high quality project management administrative support for the completion of CIP	<i>(MI) Continue implementing effective project management support protocols</i>	✓		
		(A) Coordinate and complete annual update for standard boilerplates including Request for Proposal and Plans and Specifications			
		(A) Maintain appropriate documentation and production schedules for all bid and award notifications	✓		
		(A)Provided high quality CAD support for in-house designs that meet or exceed project schedules.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
D2	Improve and streamline the design process	<i>(MI) Continue to improve the design process by increasing efficiency</i>			
		(A)Attend project transfer meetings to ensure appropriate budgets, purchase orders and contracts are identified.	✓		
		(A)Developed design standards for engineering projects.	✓		
		<i>(MI) Maintain a 30 day completion of as-built drawings</i>			
		(A)Processed all newly completed project as-built drawings within 30 days of receipt.	✓		
		<i>(MI) Meet the Agency goal of a 30 day invoice processing cycle time</i>			
		(A)Processed for approval/rejection all invoices received in the department within 14 calendar days.		✓	
C4	Manage projects to levels which maximize quality and operational effectiveness	<i>(MI) Integrate E&CM needs into the Enterprise Resources Planning software (SAP)</i>			
		(A)Reviewed E&CM reporting requirements and developed Asset Management within SAP for condition assessment and asset disposal	✓		
		(A)Develop Asset Management within SAP specifically for condition assessment and asset disposal.		✓	
		(A)Coordinate the project closure process to ensure timely recording of assets, including attributes and financial valuation		✓	
		(A)Implement a condition assessment strategy for all IEUA facilities		✓	
		(A)Develop and implement a strategy for tagging the Agency's assets at the field level	✓		

Major Initiatives

🌿 Asset Management

- 🌿 Complete the condition assessment reports for IERCF and CDA; create an internal web site for the Asset Management Program focusing on education and training; create a 10 year report for fund usage; and formalize the draft Asset Management Plan.

🌿 Agency Technology Support

- 🌿 Provide team member support for the Agency's ERP Payroll implementation, re-evaluation of on-going e-bid procurement tools, and Construction Management CIPO upgrades.

🌿 Recycled Water Database

- 🌿 Review data and report structure to identify appropriate methods to improve the relationship between assignment of customer meters and intended usage reporting.

Performance / Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Invoices Processed	59%	70% ≤ 14 days	64%	70% ≤ 14 days
Administrative Quality Survey	*	≥90%	90%	≥90%
As-builts Processed within 30 Days of Receipt.	95%	100%	95%	100%

*Indicators were not measured at this time

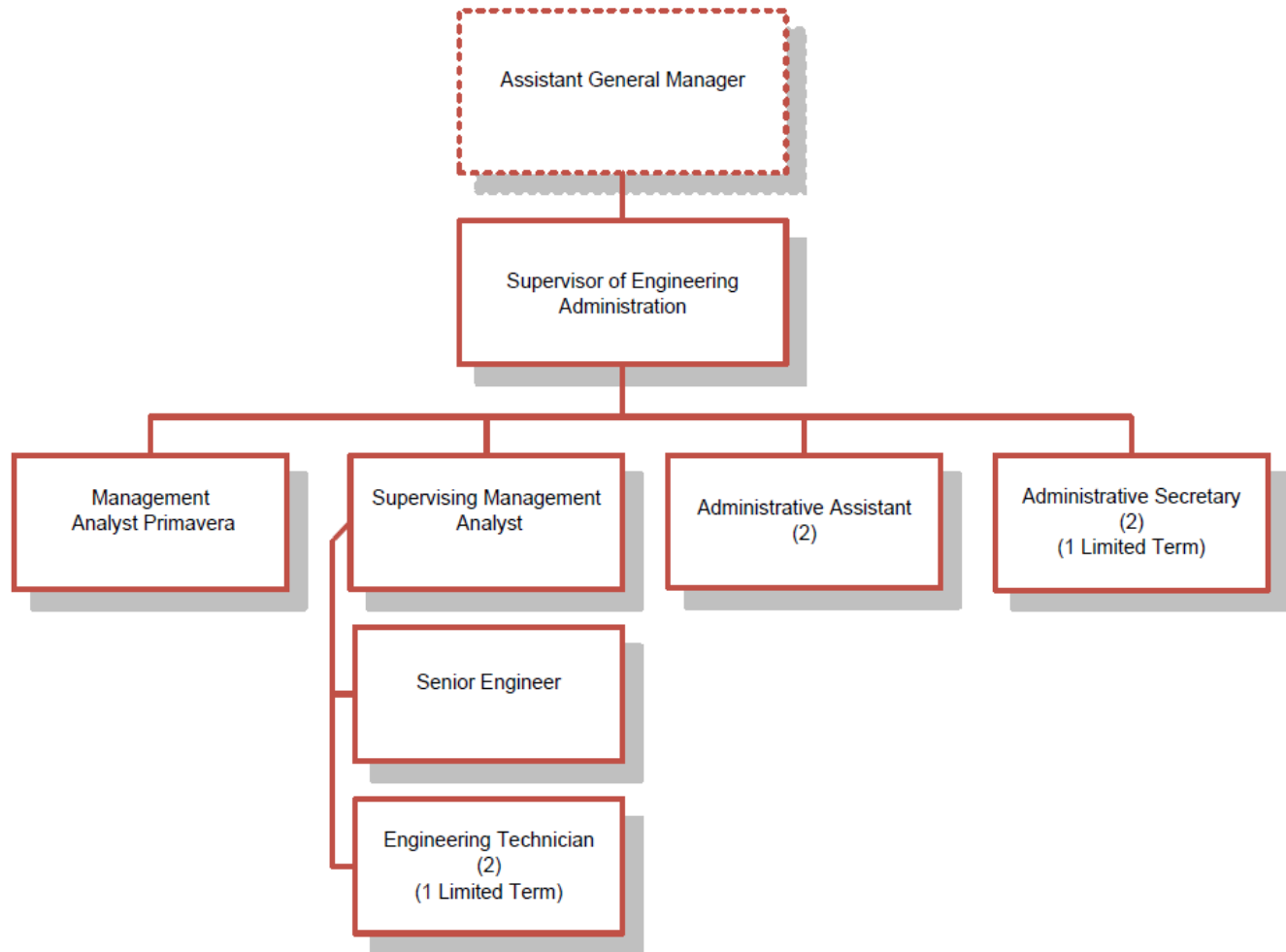
Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B1	Explore, pursue and implement innovative technology with a cost effective approach to operating practices and administrative functions	<ul style="list-style-type: none"> • Provide Engineering Division team member support and perspective for ERP Payroll implementation • In association with CAP, review The Network electronic bid system for renewal or replacement

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B2	Ensure the workforce is productive and efficient – “works smarter” – by employing current technological enhancements including use of the internet and web based products	<ul style="list-style-type: none"> • Create Asset Management web site for internal Agency staff • Complete gap analysis for Recycled Water Database meter connections vs. report parameters and implement enhancements • Implement CIPO enhancements for daily logs and reporting • Maintain monthly / quarterly / annual postings of Division metrics • Maintain postings for knowledge based documents including SOP’s, conference papers, financial and reporting documents • Maintain monthly protocol for production of recycled water invoicing and reports
D2	Manage projects to levels which maximize quality and operational effectiveness	<ul style="list-style-type: none"> • Coordinate the project closure process to ensure timely recording of assets, including attributes and financial valuation • Complete critical condition assessment reports for IERCF and CDA facilities • Complete Agency’s Asset Management Plan by January 2014
G1	Improve and streamline the design process	<ul style="list-style-type: none"> • Survey the effectiveness and responsiveness of Engineering Administration to respond and comply to administrative issues for other Agency departments; issue survey to CAP, Financial Planning, Fiscal Management and Human Resources; target goal is >=90% rating on surveys • Process all newly completed project as-built drawings within 30 days of receipt • Process for approval / rejection, 70% of all invoices received in the department within 14 calendar days • Attend project transfer meetings to ensure appropriate budgets, purchase orders and contracts are identified.
D2	Provide high quality project management administrative support for the completion of CIP	<ul style="list-style-type: none"> • Coordinate and complete annual update for standard boilerplates including Request for Proposal and Plans and Specifications • Maintain appropriate documentation and production schedules for all bid and award notifications

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart Engineering Administration



Position Summary

The Engineering Administration Department is new department created in FY 2012/13, staff prior to FY 2012/13 includes administrative personnel assigned in the Engineering Department.

Full Time Equivalent Positions	FY 09/10 Actual*	FY 10/11 Actual*	FY 11/12 Amended Budget*	FY 12/13 Budget
Supervisor of Engineering Administration				1
Supervising Management Analyst				1
Senior Engineer				1
Management Analyst - Primavera				1
Engineer Technician				1
Administrative Assistant				2
Administrative Secretary				1
Total				8
Limited Term Positions				
Engineer Technician				1
Administrative Secretary				1
Total				2

*Assigned to Engineering Department

Expenses

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expenses	\$2,377,535	\$2,188,357	\$2,153,227	\$2,089,238	\$1,959,065
Administrative Expenses	17,428	17,768	47,123	33,145	48,488
Total	\$2,394,963	\$2,206,125	\$2,200,350	\$2,122,383	\$2,007,553

ENGINEERING DEPARTMENT

Mission Statement

To engineer state of the art facilities and infrastructure to meet the dynamic and growing water importation, recycled water demand, wastewater collection, treatment, and disposal needs of the Agency's service area with well managed and cost effective solutions.

Description and Purpose

The Engineering Department provides design and program management services for water, wastewater, and energy projects that implement the Agency's Capital Improvement Program (CIP). The department also provides management of the designs and integration of the latest and most cost-effective technologies into the IEUA service area along with development of the Regional Recycled Water Program, in partnership with the Chino Basin Watermaster, the cities, and agencies served by IEUA.

Currently, a total of 13 personnel contribute to the success of the department, providing many diversified tasks such as:

- 🌱 Administration of regional and non-reclaimable pipeline plan checks and permits
- 🌱 Capital facilities planning and budgeting
- 🌱 Administration of grants, permits, and environmental compliance reports
- 🌱 Master plan, design and coordinate implementation of the Agency's Supervisory Control & Data Acquisition system (SCADA)
- 🌱 Provide in-house design services
- 🌱 Coordination of engineering design projects with those of other Agency departments and external Member Agencies. Maintain a list of projects that have to be done and work with Compliance, Operations, and Maintenance to prioritize the list.
- 🌱 Development of plans and specifications for the bid process and preparation of the project budgets and schedules
- 🌱 Preparation of Requests for Proposals and replies to project information requests from prospective consultants and contractors
- 🌱 Review and check of design reports, proposals, and specifications submitted by consulting engineers and subsequent management of those consultant services
- 🌱 Engineering support for construction work in progress, including field inspections, to ensure compliance with approved plans, specifications, and standards
- 🌱 Interfacing with contractors and suppliers to clarify project specifications
- 🌱 Coordination with Member Agencies to develop the recycled water customer connections strategic plan
- 🌱 Develop plans and specifications and Engineering Reports for the recycled water customer retrofits
- 🌱 Provide site supervisor training to Member Agencies and recycled water customers to promote the proper use of recycled water and the necessary training to manage a site with recycled water
- 🌱 Provide support to Operations and Member Agencies in the coordination and development of demand management strategies for recycled water
- 🌱 Provide Engineering support to the Agencies Operations and Maintenance Departments

🌱 Developing and performing condition and risk assessments for the Asset Management Program

Accomplishments

During FY 2011/12, the Engineering Department managed 63 Capital Improvement Projects with a total value of over \$128 million.

Design projects completed include the CCWRF Recycled Water Pump Station Expansion , 930 W. Recycled Water Pipeline and Reservoir, Turner Basin Temporary Improvements, RP-1 Boiler Replacement, HQ Central Plant Improvements, Facilities SCADA Master Plan, CCWRF Secondary Rehabilitation, IERCF Process Improvements, RP-1 Digester Gas Condensate Sump Improvements, RP-1 Fuel Cell (PPA), RP-5 SHF/REEP lease, and the CCWRF Aeration Basin Air Duct Replacement.

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
E2	Provide high quality project management and design for the completion of CIP	<i>(MI) Begin implementing effective project management protocols and focusing on meeting schedules and budgets</i>			
		(A)Minimized the number and cost of change orders for construction contracts by performing high quality designs.	✓		
		(A)Kept the number of request-for-information (RFI's) less than 25 for every million spent during the construction process.	✓		
		(A)Provided high quality designs to ensure cost effective, efficient and ease of operations.	✓		
		(A)Implemented in-house design for nine new projects.	✓		
D2	Improve and streamline the design process	<i>(MI) Continue to improve the design process by increasing efficiency</i>			
		(A)Understood operation and maintenance, and construction management needs through design sessions and post project implementation feedback sessions to identify and incorporate improvements.	✓		
		(A)Developed design standards for engineering projects.	✓		
		<i>(MI) Maintain a 30 day completion of as-built drawings</i>			
		(A)Processed all newly competed project as-built drawings within 30 days of receipt.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
D2 (cont.)	Improve and streamline the design process (continued)	(MI) Meet the Agency goal of a 30 day invoice processing cycle time			
		(A)Processed for approval/rejection all invoices received in the department within 14 calendar days.		✓	
D4	Expand knowledge of current technologies and engineering practices	(MI) Increase conference attendance and present papers on IEUA engineering activities at both national and state conferences			
		(A)Presented two papers on IEUA engineering activities at conferences.	✓		
		(A)Increased attendance at local professional group meetings.	✓		
		(A)Continued to provide technology transfer workshops, presentations, and meetings with other Southern California public agencies.	✓		
C4	Manage projects to levels which maximize quality and operational effectiveness	(MI) Ensure maximum quality and operational effectiveness			
		(A)Provided value engineering services during design review.	✓		
		(A)Held added or omitted change orders below 7% of total construction costs. Non added or omitted Change Orders were held under 3% of total construction costs. Total of all Change Orders should be held under 10% of Total Construction Costs.	✓		
		(A)Provided seamless project transfers to Construction Management.	✓		
		(MI) Integrate E&CM needs into the Enterprise Resources Planning software (SAP)			
		(A)Reviewed E&CM reporting requirements and developed Asset Management within SAP for condition assessment and asset disposal.		✓	
		(A)Developed Asset Management within SAP specifically for condition assessment and asset disposal.		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
F1,F2	Provided the maximum benefits from the use of Recycled Water	<i>(MI) Increase the use, availability, and reliability of Recycled water from supplies available from wastewater treatment facilities owned by the Agency</i>			
		(A)Increased recycled water connected demand to 50,000 AF during FY 2010/11.		✓	
		(A)Completed the Recycled Water Business Plan on schedule and within budget.	✓		
		<i>(MI) Continue to expand the Recycled Water System</i>			
		(A)Obtained SRF Loan funding for the Southern area of the Recycled Water Business Plan.	✓		
		(A)Worked with contracting agencies to maximize Recycled Water use and implement demand management strategies.	✓		

Major Initiatives

The following list represents major projects for FY2012/13. Over \$23 million is expected to be expended on these projects this fiscal year:

NRW System Upgrades

The scope of work contains multiple projects that will upgrade the NRW system including Philadelphia pump station upgrades, repair/rehabilitation of NRW pipelines and manholes based on the initial NRW Asset Management Plan conducted by PBS&J in 2005.

RP-5 SHF/REEP Lease Implementation

On March 17, 2010, the Agency signed a multi-year agreement with Environ Strategy Consultants, Inc. (ESCI), by which ESCI will lease, operate and maintain the RP-5 Solids Handling Facility (RP-5 SHF) for ten years subject to extension. ESCI will be processing food waste using the two existing vertical digesters at RP-5 SHF with the purpose of generating digester gas. The digester gas will be conveyed to the REEP facility for power generation using the two REEP engines (1,500 kW each). ESCI will complete Phase I using one digester and one REEP engine. Phase II will follow after two years. Total food waste processed will be about 150 and 300 tons per day for Phases I & II respectively. The Agency will be purchasing power and heat from ESCI at the agreed upon price in the Agreement.

RP-1 Fuel Cell Implementation

The scope of work includes providing technical support and supervision during construction of the fuel cell as well as reviewing the design submittals. The scope also includes third party evaluation of the current and future SCAQMD regulations and their impact on the fuel cell project in addition to evaluating the Agency's Business Case Evaluation and performing sensitivity analysis.

Major Initiatives Continued

General Asset Management Projects at all Plants

This includes replacing critical assets at all Agency plants that are at the end of their useful life.

Plant Improvements

This project will improve certain areas of all Agency plants for safety, reliability and cost savings.

930 W. Reservoir & Pipeline

This project is the backbone of the Chino Hills Recycled Water system and consists of a 5 MG reservoir located within the corporate limits of Chino Hills and the feeder line approximately 12,500 feet in total length from the proposed reservoir to an existing connection point located at the northwest quadrant of the San Antonio Channel Crossing and Chino Hills Parkway. The project will also include the expansion of the water pump station at Carbon Canyon Water Reclamation Facility.








Central Area

The Central Area Recycled Water Project includes 4.6 miles of 24/36-inch pipe which will primarily build the Regional Recycled Water distribution system in the southern part of the City of Fontana and the eastern part of the City of Ontario. The pipeline will allow for the connection of commercial, industrial customers, parks and schools within the cities of Ontario and Fontana and also utilize RP-3 and Declez Basins for Recycled Water recharge. The project will approximately connect 3,000-4,000 AFY of recycled water.

Turner Basin Turnout Projects

The Turner Basins are capable of receiving up to 10 cubic feet per second of recycled water flow for ground water recharge. The existing recycled water recharge facilities at the Turner Basins are not capable of fully utilizing the basins potential. The basin improvement projects will enable the full recharge capacity of the basin. The project will be completed in-house.

In FY 2012/2013 the Engineering Department will complete in-house design for the following 16 projects:

-  Plant Asset Management (4)
-  Plant Improvement (6)
-  Agency-wide SCADA Enterprise System Design
-  NRW System Asset Management (2)
-  Montclair LS Asset Management Phase I
-  Recycled Water Asset Management
-  Turner Basin Improvements

The Recycled Water Program has a goal of increasing recycled water sales from the current 25,000 AFY to 50,000 AF in FY 2021/22.

Performance / Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Capital Spending (\$Millions)	\$42.3	\$39	\$32	\$36
Recycled Water Sales (AFY)	24,684	28,000	26,000	33,000
# of RFI's Generated/ \$1 Million Spent	13.73	≤25	16.94	≤25
Added or Omitted Change Orders ^(a)	4.85%	≤7%	8.16%	≤7%
Non Added or Omitted Change Orders ^(a)	3.69%	≤3%	3.52%	≤3%
Actual Expenditures as a Percentage of Forecasted Expenditures	83%	≥80%	82%	≥80%
Project Quality Survey	*	≥90% rating on 90% of projects completed	94%	≥90% rating on 90% of projects completed

(a) Both of these indicators combined should not exceed 10%

**Indicators were not measured at this time*

Goals and Objectives

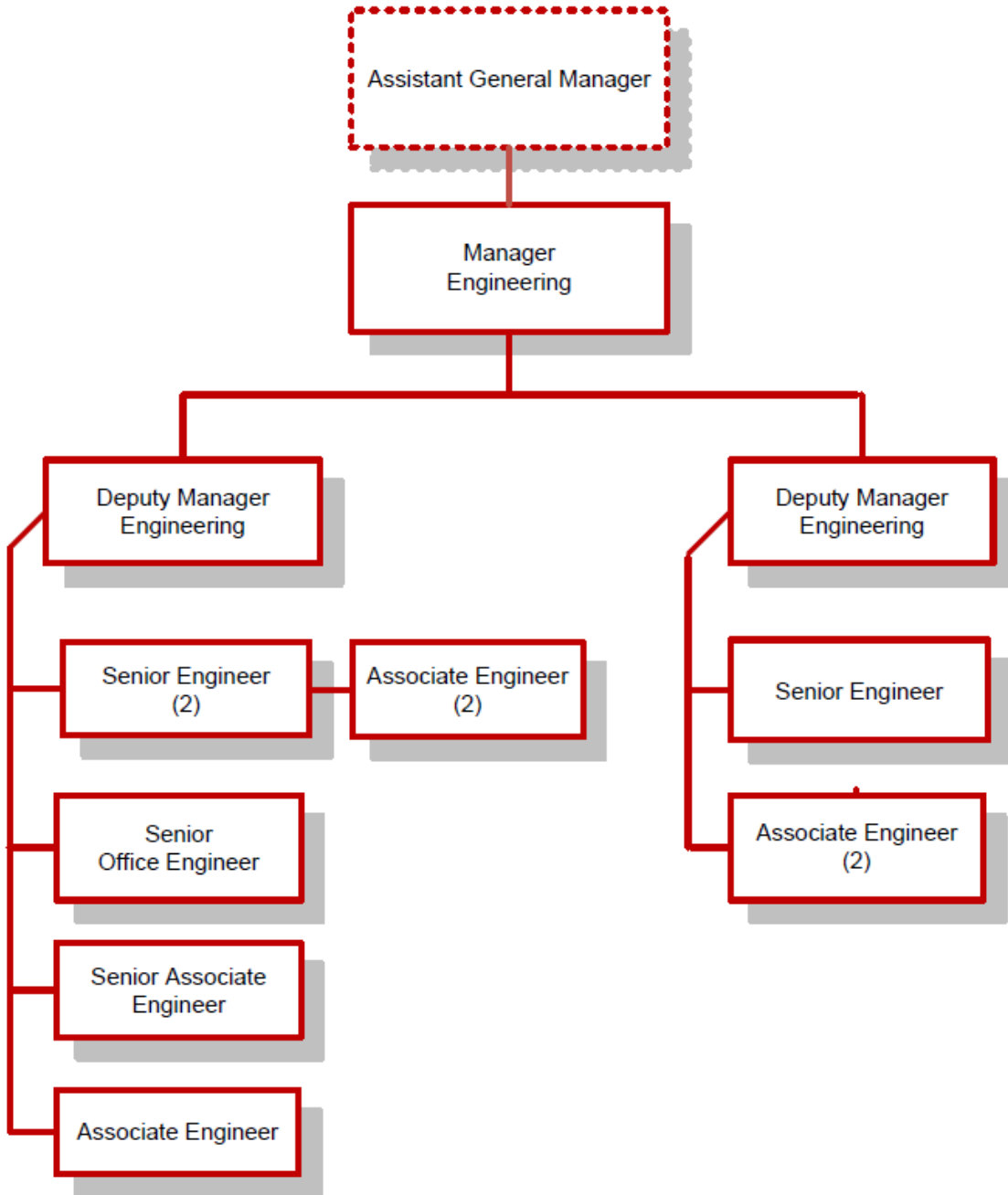
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
E2	Provide high quality project management and design for the completion of Capital Improvement Projects	<ul style="list-style-type: none"> • Currently implementing effective project management protocols and remaining focused on meeting schedules and budgets • Minimize the number and cost of change orders for construction contracts by performing high quality designs • The number of request-for-information (RFI's) less than 25 for every million spent during the construction process • Provide high quality designs to ensure cost effective, efficient, and ease of operations • Implementing in-house design for new projects based on staff availability

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D2	Improve and streamline the design process	<ul style="list-style-type: none"> • Work with operation and maintenance, and construction management through design sessions and post project implementation feedback sessions to identify and incorporate improvements • Develop design standards for engineering projects • Minimize paper copies and improve electronic filing systems
D4	Expand knowledge of current technologies and engineering practices	<ul style="list-style-type: none"> • Present two papers on IEUA engineering activities at conferences • Increase attendance at local professional group meetings • Continue to provide technology transfer workshops, presentations, and meetings with other Southern California public agencies
C4	Manage projects to levels which maximize quality and operational effectiveness	<ul style="list-style-type: none"> • Provide value engineering services during design reviews to maximize quality and minimize cost • Holding added or omitted change orders below 7% of total construction cost. Non added or omitted Change Orders will be held under 3% of total construction cost. Total of all Change Orders should be held under 10% of total Construction Cost • Provide seamless project transfers to Construction Management • Design a project quality survey to measure the effectiveness of completed projects; issue survey to internal project clients; target goal is 90% rating on 90% of the projects completed.
F1	Recycled Water: Provide the maximum public benefits from the use of recycled water supplies available from wastewater treatment facilities owned by the Agency	<ul style="list-style-type: none"> • Contribute to obtaining SRF Loan funding for the Central Area of the Recycled Water Business plan • Complete the Recycled Water Business Plan on schedule and within budget
F2	Continue to expand Recycled Water System to increase use and reliability	<ul style="list-style-type: none"> • Increase recycled water connected usage to 50,000 AF by FY 2021/22 • Continue to work with contracting agencies to maximize Recycled Water use and implement demand management strategies

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart

Engineering



Position Summary (following page)

FY 2012/13 reflects Agency-wide cost containment efforts to eliminate positions through attrition and reduction of limited term positions.

Full Time Equivalent Positions	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Manager of Engineering	1	1	1	1
Manager of Program Funding	1	N/A	N/A	N/A
Deputy Manager of Engineering	2	2	2	2
Senior Engineer*	5	4	4	3
Senior Office Engineer	1	1	1	1
Senior Associate Engineer	1	1	1	1
Associate Engineer	5	5	5	5
Assistant Engineer	1	N/A	N/A	N/A
Engineer Technician*	2	1	1	
Supervisor of Engineering Administration*	1	1	1	
Supervising Management Analyst*	1	1	1	
Management Analyst - Primavera*	1	1	1	
Administrative Secretary *	1	1	1	
Administrative Assistant*	2	2	2	
Total	28	24	21	13
Limited Term Positions				
Senior Engineer	1	1	N/A	N/A
Engineer Technician*	1	1	1	
Administrative Secretary *	1	1	1	
Total	3	3	2	0

* FY 2012/13 one or more positions has moved to the Engineering Administration department

Expenses

The reduction in employment expense in FY 2009/10 can be attributed to the reorganization of the department in October 2008. Reduction of employment expense is related to cost containment efforts and the reduction of the overall capital budget. The reduction in staff from 24 in FY 2011/12 to 13 in FY 2012/13 reflects administrative personnel transferring to the newly created Engineering Administration Department.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expenses	\$2,377,535	\$2,188,357	\$2,153,227	\$2,089,238	\$1,959,065
Administrative Expenses	17,428	17,764	47,123	33,145	48,488
Total	\$2,394,963	\$2,206,121	\$2,200,350	\$2,122,383	\$2,007,553

OPERATIONS DIVISION

Mission Statement

To manage and maintain Agency assets efficiently and cost-effectively, to safely meet all regulatory standards, and to protect public health and the environment while producing renewable energy, high quality recycled water and organic compost.

Departments

- 🌱 Operations Administration
- 🌱 Laboratory
- 🌱 Maintenance
- 🌱 Operations
- 🌱 Pre-Treatment, Source Control & Collections System
- 🌱 Technical Services

Executive Summary

The Operations Division, comprised of 184 employees in 6 departments, is responsible for the day-to-day operation of the Agency's 7 facilities which include 5 wastewater treatment and recycling plants, Regional Water Recycling Plant No. 1 (RP-1), Regional Water Recycling Plant No. 4 (RP-4), Regional Water Recycling Plant No. 5 (RP-5), Carbon Canyon Water Recycling Facility (CCWRF), and a biosolids treatment-only plant at Regional Water Recycling Plant No. 2 (RP-2), the Inland Empire Regional Composting Facility (IERCF) and the Chino 1 Desalter.

Regional Water Recycling Plant No. 1 (RP-1) – Wastewater Treatment Facility- 44 MGD tertiary water reclamation and solids handling facility located in the City of Ontario. Treatment processes include screening, primary sedimentation, activated sludge, secondary sedimentation, filtration and chlorination/de-chlorination. Solids handling processes include sludge thickening, anaerobic digestion and centrifuge dewatering.

Regional Water Recycling Plant No. 2 (RP-2) Biosolids Treatment Facility - Solids handling facility located in the City of Chino. Solids handling processes include sludge thickening, anaerobic digestion and belt press and centrifuge dewatering.

Regional Water Recycling Plant No. 4 (RP-4) – Wastewater Treatment Facility - 14 MGD tertiary water reclamation facility located in the City of Rancho Cucamonga. Treatment processes include screening, primary sedimentation, activated sludge, secondary sedimentation, filtration and chlorination/de-chlorination.

Regional Water Recycling Plant No. 5 (RP-5) – Wastewater Treatment Facility - 16.3 MGD tertiary water reclamation facility located in the City of Chino. Treatment processes include screening, primary sedimentation, activated sludge, secondary sedimentation, filtration and chlorination/de-chlorination.

Carbon Canyon Water Recycling Facility (CCWRF) – Wastewater Treatment Facility - 11.4 MGD tertiary water reclamation facility located in the City of Chino. Treatment processes include screening, primary sedimentation, activated sludge, secondary sedimentation, filtration and chlorination/de-chlorination.

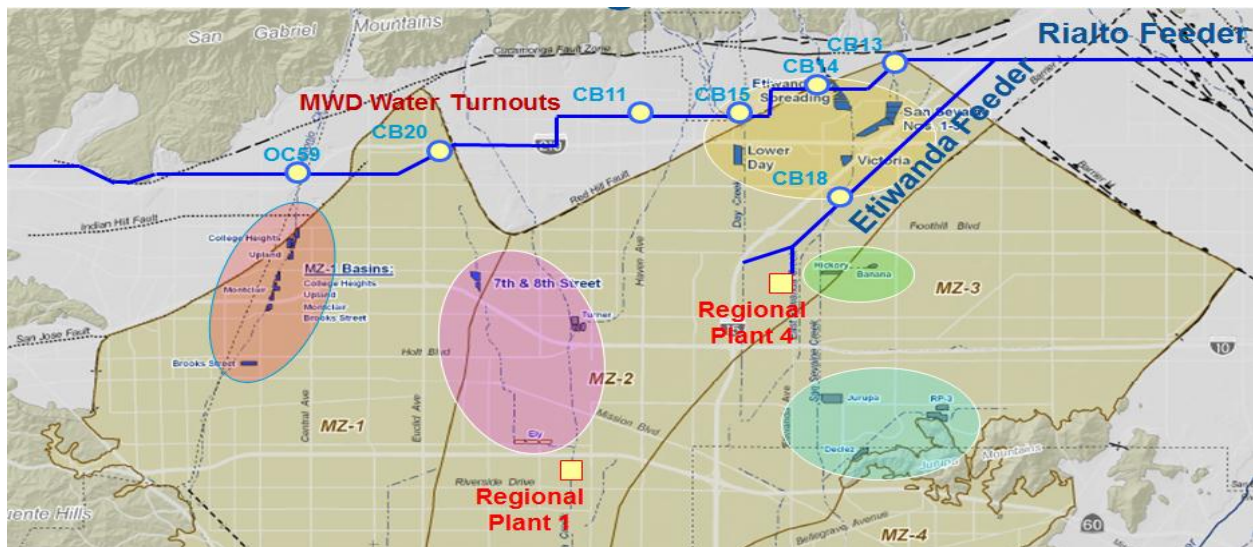
Inland Empire Regional Compost Facility (IERCF) – Biosolids Treatment Facility - 205 wet ton/day biosolids composting facility. Biosolids and wood amendment are processed in a fully enclosed, state of the art, compost facility. Treatment processes include mixing, aeration, screening, curing and storage.

Chino I Desalter (CDA) – Water Treatment Facility - 14.2 MGD groundwater desalination facility located in the City of Chino. High salt and nitrate groundwater receives advanced treatment prior to being sent to local potable water systems. Treatment processes include ion exchange, reverse osmosis and chemical injection.

Areas of responsibility include water and wastewater treatment, organics and energy management, production and distribution of recycled water, groundwater recharge program with recycled water and stormwater, compliance with various governmental regulations regarding the treatment of water, wastewater, asset management, air quality, building and plant maintenance, laboratory services, collections systems, source control, acquisition of materials, supplies and services; security management, and support of the Agency’s business systems applications.

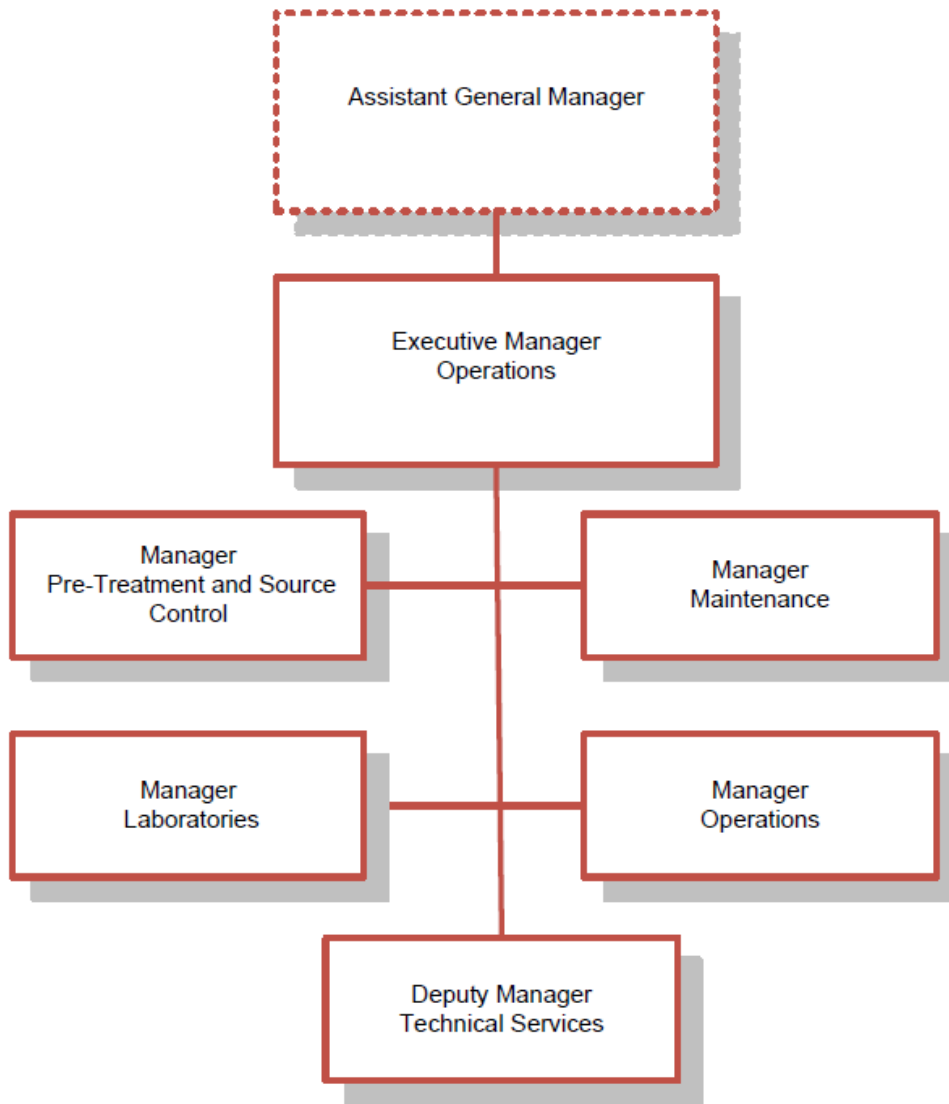
Division Goals

- 🌿 Protect public health and the environment.
- 🌿 Achieve full regulatory compliance with local, state and federal requirements.
- 🌿 Develop and implement “Go Gridless” by 2020 plan.
- 🌿 Provide staff with a safe work environment.
- 🌿 Develop and implement an effective asset management plan.
- 🌿 Beneficial reuse of the biosolids, recycled water and biogas generated by Agency facilities.
- 🌿 Provide Agency-wide operational and technical support.
- 🌿 Develop and implement a comprehensive facility management program.
- 🌿 Develop and implement a cost containment strategic plan.
- 🌿 Develop and implement a strategic plan for optimal information technology systems.



Organization Chart

Operations and Maintenance Division



LABORATORY DEPARTMENT

Mission Statement

Provide high quality, reliable analytical support to the Agency in its efforts to protect the public's health and environment in accordance with Environmental Laboratory Accreditation Program (ELAP) Quality Assurance/Quality Control requirements.

Description and Purpose

The laboratory provides the analytical support to allow efficient operation of the Agency's four recycling facilities, Regional Water Recycling Plant No. 1 (RP-1) in Ontario, Carbon Canyon Water Recycling Facility (CCWRF) and Regional Water Recycling Plant No. 5 (RP-5) located in Chino, and Regional Water Recycling Plant No. 4 (RP-4) located in Rancho Cucamonga, support for our groundwater recharge monitoring efforts, and verification of their compliance with State and Federal discharge limits. The Agency laboratory is a modern, full service laboratory certified by the State of California Environmental Laboratory Accreditation Program (ELAP) for wastewater and drinking water testing. It follows the strict guidelines for the production of quality results required by the Environmental Protection Agency (EPA) and California Department of Public Health (CDPH). The Laboratory analyzes approximately 16,000 samples, and performs 55,000 various tests per year.

Accomplishments





Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
D6	Effective monitoring and refinement of established Laboratory Key Performance Indicators (KPIs)	<i>(MI) Achieve >90% laboratory KPIs</i>			
		(A) KPIs were met at 95% or greater.	✓		
		<i>(MI) Conduct monthly KPI reviews</i>			
		(A) KPI's are monitored and reviewed monthly.	✓		
A5	Effective and accurate sample analysis and data collection	<i>(MI) Achieve less than 1% quality control failure rate</i>			
		(A) Laboratory QC failures in which data was unable to be reported occurred for 0.05% of the samples analyzed.	✓		
		<i>(MI) Meet established turnaround times >95% of the time</i>			
		(A) Sample reports were processed and data was submitted to requesters or for monthly and quarterly regulatory reports within the laboratories established turnaround times 99% of the time. Process sample reporting meets established turnaround times 95% of the time.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H4	Maintain Compliance and Protect Public Health	<i>(MI) Conduct annual review of protocols for immediate notification of non-compliance with permit</i>			
		(A)Laboratory SOP for data reporting was reviewed and contact list was updated to reflect changes due to operation supervision rotations.	✓		
		<i>(MI) Conduct annual reviews of sampling/testing requirements</i>			
		(A)New CDPH Notification levels were updated in the LIMs database.			
		(A)Meetings were held with operations staff to review required and process sampling needs, minor modifications were made for process control sampling at the plants.	✓		
		<i>(MI) Review data daily/weekly/monthly to ensure all required analyses are performed as required</i>			
		(A)Reviews taking place have ensured samples are analyzed as required per permits, sample holding times and turnaround times are meeting regulatory and IEUA established time.	✓		
		<i>(MI) Coordinate monitoring of Constituents of Emerging Concern (CECs)</i>			
		(A)Annual sampling of CECs for GWR permit occurred in November 2011 and April 2012 per the permit.	✓		
		(A)SAWPA sampling event completed in June 2011 and data was reviewed with the SAWPA EC Task Force in the fall of 2011.			
<i>(MI) Monitor CDPH and NPDES regulations for changes</i>					
(A)Reviewing new policies by the SWRCB for toxicity monitoring and CEC monitoring.	✓				

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
A5, H4	Maintain Environmental Laboratory Certification Program (ELAP) Accreditation	(MI) 100% compliance with Performance Evaluation samples			
		(A) 100% acceptable rating for all unknowns.	✓		
		(MI) Conduct annual internal audit of procedures and documentation			
		(A) All SOPs were reviewed and updated as necessary.	✓		
		(MI) Incorporate new ELAP certified analysis methods by Oct. 31, 2011			
		(A) Laboratory is not yet certified for any new methods, certification is pending an ELAP site visit, ELAP inspectors are significantly behind schedule.		✓	
D1	Conduct laboratory interdepartmental training	(MI) Conduct annual sample collection training sessions to Operations and Pretreatment and Source Control staff in May 2012			
		(A) All staff completed required training.	✓		
		(MI) Conduct annual microbiology training			
		(A) Microbiology training classes were held for interested operations staff.	✓		
		(MI) Conduct annual Laboratory Information Management System (LIMS) training for all users			
		(A) Training occurred for all interested and new users of LIMS	✓		
B3	Develop electronic data transfer from LIMS to CDPH database	(MI) Coordinate with ISS staff to create Electronic Data Transfer (EDT) files from LIMS database by Sept. 1, 2011			
		(A) Query was created in July 2011 and has been in use to electronically transfer data to CDPH every month since that time.	✓		
D1	Effectively develop and conduct documented procedures and technology training	(MI) Conduct 5 specific procedures and technology training tailgates per year			
		(A) Training occurred for the new TOC instrumentation, and various reviews of instrument maintenance procedures were completed, and a training session on significant figures occurred.	✓		
		(MI) Conduct annual review of laboratory SOPs and QC procedures			
		(A) Annual reviews and updates of SOPs and the laboratory QA manual were completed.	✓		

Major Initiatives

Maintain Compliance and Protecting Public Health

-  Continue to produce high quality data for Agency requirements based on NPDES and CDPH permits as well as the Pretreatment program for Regional and Non-Reclaimable Wastewater System (NRWS) sewage systems.
-  Improve customer service by improving sample report turnaround times through use of automated reports and training of non-laboratory staff in the use of the Laboratory Information Management System (LIMS).
-  Coordinate testing for Chemicals of Emerging Concern (CECs) with other local Agency's through SAWPA, the State and Regional Water Quality Control Boards as well as through Agency supported research studies.
-  Support Operations and Environment Compliance with the review and possible implementation of new regulations such as the SWRCB proposed regulations for CECs and Toxicity, and the anticipated new EPA regulations for Perchlorate and Hexavalent Chromium.

Performance/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Average Turnaround Time (Compliance Samples)	25 days	N/A	21 days	20 days
Meeting Established Turnaround Times (Compliance Samples).	97.5%	N/A	98.8%	>99%
Quality Control Failures	<1%	<1%	<1%	<1%
ELAP Performance Evaluation Repeats per Calendar Year	2	0	0	0
Safety- Lost Time Accidents	0	0	0	0
Samples Completed Within Regulatory Holding Times	100%	100%	100%	100%

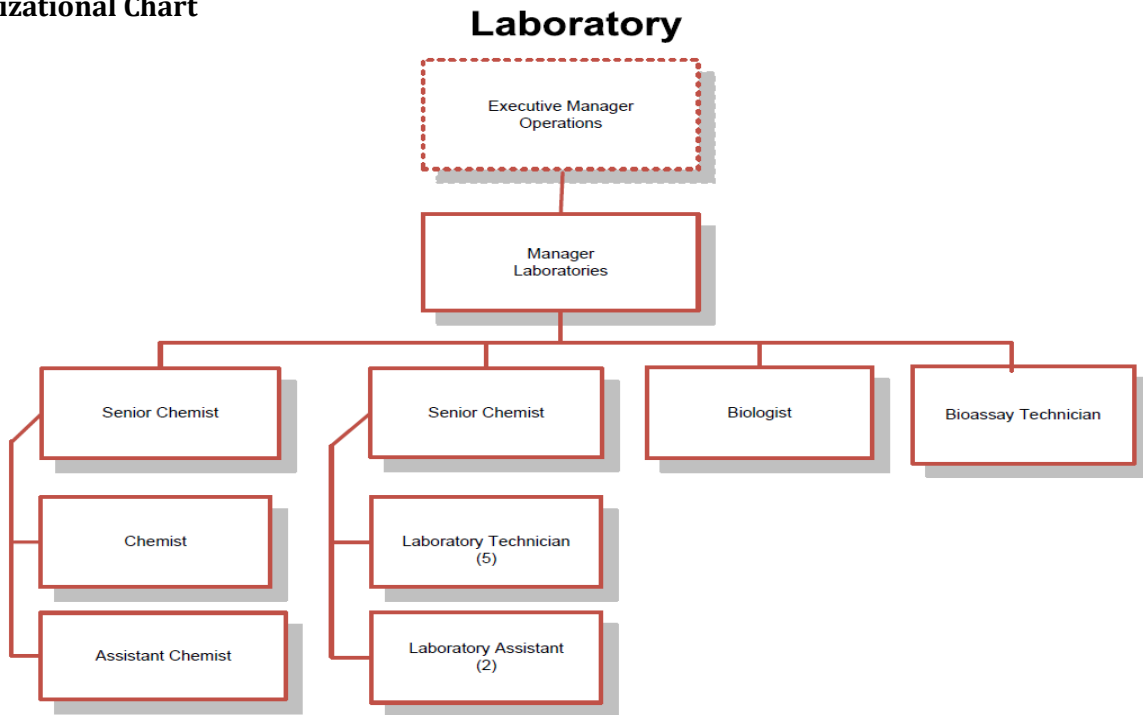
New in FY 2012/13

Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D6	Effective monitoring and refinement of established Laboratory Key Performance Indicators (KPI's)	<ul style="list-style-type: none"> • Achieve >90% laboratory KPIs • Conduct monthly KPI reviews
A5	Effective and accurate sample analysis and data collection	<ul style="list-style-type: none"> • Achieve less than 1% quality control failure rate • Meet established turnaround times >99% of the time for compliance and >95% of the time for process control samples.
H4	Maintain Compliance and Protect Public Health	<ul style="list-style-type: none"> • Conduct annual review of protocols for immediate notification of non-compliance of permit by Jan. 1, 2013 • Conduct annual reviews of sampling/testing requirement by Mar. 1, 2013 • Review data daily/weekly/monthly to ensure all required analyses are performed as required • Coordinate monitoring of Constituents of Emerging Concern (CECs) • Continuously monitor CDPH and NPDES regulations for changes
D2	Maintain Environmental Laboratory Certification Program (ELAP) Accreditation	<ul style="list-style-type: none"> • 100% compliance with Performance Evaluation samples by study closing date • Conduct annual internal audit of procedures and documentation by Jan. 1, 2013 • Incorporate new analysis methods to the IEUA laboratories ELAP certification, in order to perform additional testing in house by Oct. 31, 2012
D1	Conduct laboratory interdepartmental training	<ul style="list-style-type: none"> • Conduct annual sample collection training sessions to Operations and SC&PT in May 2013 • Conduct annual Laboratory Information Management System (LIMS) training for non-laboratory users in February 2013
D3	Effectively develop and conduct documented procedures and technology training	<ul style="list-style-type: none"> • Conduct 5 specific procedures and technology training tailgates per year • Conduct annual review of laboratory SOP's and quality control procedures by Jan. 1, 2013

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart



Position Summary

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Manager of Laboratories	1	1	1	1
Senior Chemist	2	2	2	2
Chemist	0	0	1	1
Assistant Chemist	2	2	1	1
Biologist	1	1	1	1
Bioassay Technician	1	1	1	1
Laboratory Technician	5	5	5	5
Laboratory Assistant	2	2	2	2
Total	14	14	14	14

Expenses

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$1,140,302	\$1,103,016	\$1,063,759	\$981,284	\$1,047,574
Administrative Expenses	427,656	428,201	517,546	425,184	422,384
Operating Expense	8,114	5,975	5,975	5,975	5,975
Total	\$1,576,072	\$1,537,192	\$1,587,280	\$1,412,443	\$1,475,933

MAINTENANCE DEPARTMENT

Mission Statement

Provide cost effective asset management and facility reliability, in addition to maximizing the production of on-site energy from renewable fuel sources.

Description and Purpose

The Inland Empire Utilities Agency (IEUA) currently owns and/or operates and maintains 5 Wastewater treatment facilities, 125 miles of collection system, a Desalter facility, 14 supply water well sites, 3 sewage lift stations, a recycled water distribution and storage system, 19 groundwater recharge basins, 12 megawatts of diesel fueled emergency generation, a 400,000 square foot indoor composting facility and a 66,000 square foot Headquarters building.







The Maintenance Department is responsible for providing the Operations Division with the level of equipment reliability required to maintain regulatory compliance at all facilities. There are currently 76 employees in this department which comprise the Energy Production, Electrical, Instrumentation, Process Control, Mechanical & General Maintenance, Technology Services, Planning, Warehouse and Inventory Control sections. In addition to providing the required preventative and corrective maintenance activities, this department also operates the Agency's Cogeneration facilities.

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
D2	Optimize energy usage at all facilities	<i>(MI) Optimize Energy management</i>			
		(A) Implement sub-metering on all equipment with high energy usage		✓	
		(A) Assess the effectiveness of the lighting control systems at HQ-A & B	✓		
		(A) Optimize the setting for all the HVAC thermometers at all the Agency's facilities	✓		
		(A) Develop a single line diagram for all facilities that identifies all the motors above 50HP		✓	
		(A) Complete 144 panel replacements at RP-1	✓		
		(A) Identify the current efficiencies of all motors above 50HP and conduct a business case evaluation (BCE) to explore replacement options		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
D3	Increase the reliability of the Agency's assets	<i>(MI) Conduct efficiency studies on high energy systems</i>			
		(A) Optimize the maintenance strategy of critical assets	✓		
		(A) Develop and implement a Motor Circuit Analysis (MCA) program	✓		
		(A) Implement Phase II of the Vibration Analysis program	✓		
		(A) Develop a comprehensive Lubrication Management program	✓		
		(A) Perform oil analysis on all the Agency's transformers	✓		
	Provide technical support for the Agency's renewable energy project	(A) Provide technical support for the fuel cell and wind power projects	✓		
C4	Provide support to the Agency's Asset Management Program	(A) Align asset hierarchy in SAP with Agency's asset management goals	✓		
		(A) Ensure that all non-linear assets are in SAP	✓		
		(A) Assist the Engineering Department with the development of smart tags	✓		
		(A) Develop and implement a strategy for tagging the Agency's assets at the field level	✓		
		(A) Maintain the asset registry within the Plant Maintenance Module in SAP	✓		
	Improve the availability of the ICE engines at RP-1 and RP-2 and the recycled water pumps at all facilities	(A) Increase the reliability of the biogas compressors	✓		
		(A) Develop a proactive maintenance strategy for the recycled water pumps	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
B1, B3	Leverage investment in Microsoft products, Microwave technology, and virtualization software to provide an efficient infrastructure which can be centrally and proactively managed	(A) Develop a plan for migrating Agency gate access to an Active Directory-based solution which provides a single directory for account creation and the ability to remotely manage gates		✓	
		(A) Improve the Agency's current disaster recovery plan by utilizing Agency Data Centers and high speed microwave connections to "clone" virtualized systems to remote locations	✓		
		(A) Monitor networked devices from a centralized location	✓		

Major Initiatives

- 
Implementation of Sub-Metering – Sub-metering will be implemented at all major motor control centers throughout the Agency. This will allow the Agency to increase operating efficiency by understanding load patterns and identifying malfunctioning equipment.
- 
Aeration Panel and Digester Cleaning – Replace all the membrane panels RP-1 and clean Digester #4 at RP-2.
- 
Prado Lift Station Upgrade – Install a new back-up generator and local control panel to improve reliability of the lift station.
- 
Implement Asset Condition Monitoring Program – Perform vibration, lube oil, and motor circuit analysis on the Agency's critical equipment.
- 
Implement Sharepoint with new electronic forms and document management functionality.
- 
Identify and eliminate old files and photos from Agency file servers.

Performance/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
PM Schedule Compliance	N/A	>95%	96%	>95%
CM Schedule Compliance	N/A	>90%	99.5%	>90%
Emergency Work Order Hours	11.9%	<10%	12.7%	<10%
Overtime Labor Cost	3.95%	<5%	6.5%	<5%
Safety - Lost Time Accidents	0	0	0	0
Agency-wide Area network Availability During Business Hours (by location)	99%	99%	99%	99%

The maintenance Key Performance Indicators (KPIs) serve as a barometer for measuring the effectiveness of the different maintenance strategies that have been developed for the Agency's assets. They also measure the efficiency of the maintenance work force. The calculations of the KPIs are based on the following:

- **Preventive Maintenance** – Volume of preventive work orders that are open more than four weeks past their scheduled completion date, divided by the total amount of preventive work orders completed during the same period of time. This information is gathered by using transaction IW37n in SAP on a quarterly basis.

$$\frac{\text{Preventive Maintenance work orders} \geq 4 \text{ week backlog}}{\text{Total preventive maintenance work order completed}}$$

- **Corrective Maintenance** – Volume of corrective work orders that are open more than six weeks past their scheduled completion date, divided by the total amount of corrective work orders completed during the same period of time.

$$\frac{\text{Corrective Maintenance work orders} \geq 6 \text{ week backlog}}{\text{Total corrective maintenance work order completed}}$$

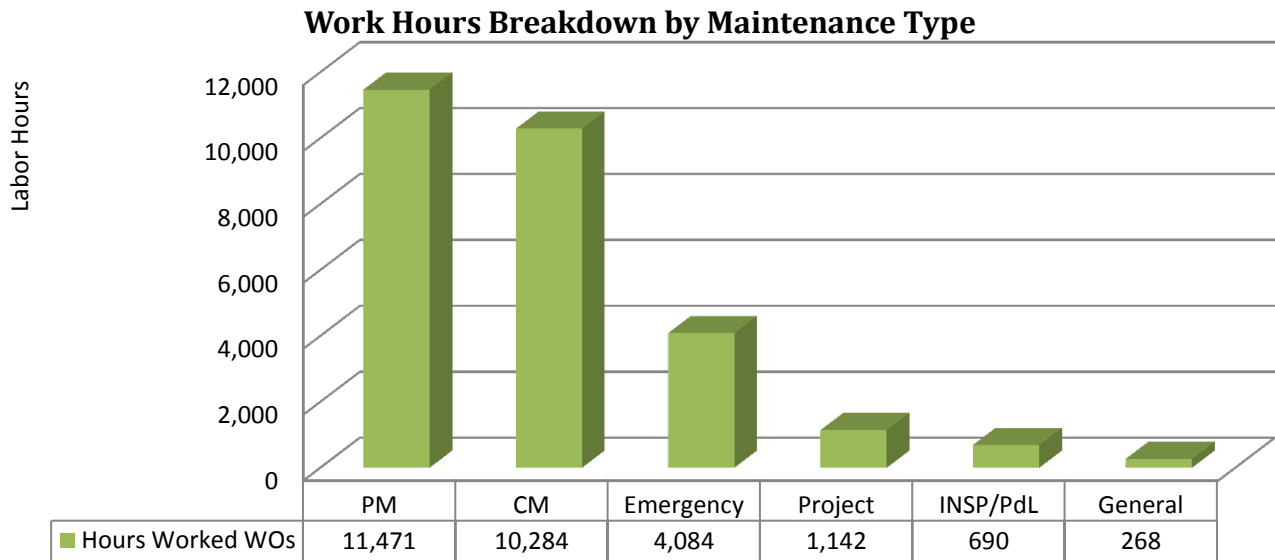
- **Emergency Maintenance** – Hours charged to emergency work, divided by the total amount of maintenance hours charged to work orders during the same period of time. This information is gathered using transaction IW47 in SAP on a quarterly basis.

$$\frac{\text{Emergency work order hours}}{\text{Total work order hours}}$$

- **Overtime Cost** – NE employee overtime hours paid, divided by the total NE employee hours worked. This information is gathered using transaction ZFM_BUDGET_VAR report in SAP on a quarterly basis.

$$\frac{\text{Overtime Cost}}{\text{Total labor cost "wrench time cost"}}$$

The following graph shows the maintenance hours spent on various work order activities:



The Maintenance Department is aggressively moving towards condition-based maintenance in order to optimize the maintenance strategy for the Agency assets, reduce the costs associated with corrective and preventive maintenance, and improve the efficiency of the department.

Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D3	Increase the reliability of the Agency's assets	<ul style="list-style-type: none"> Optimize the maintenance strategy of critical assets Implement Phase II of the Vibration Analysis program Develop a comprehensive Lube Oil Management and Oil Analysis program
D2	Optimize energy usage at all facilities	<ul style="list-style-type: none"> Implement sub-metering on all equipment with high energy usage Replace all the membranes at the RP-1 aeration basins
C4	Provide support to the Agency's Asset Management Program	<ul style="list-style-type: none"> Ensure that all non-linear assets are in SAP Tag all the Agency's assets at the field level with their SAP numbers
D4	Provide technical support for the Agency's renewable energy project	<ul style="list-style-type: none"> Provide technical support for the Agency's "Go Gridless" project

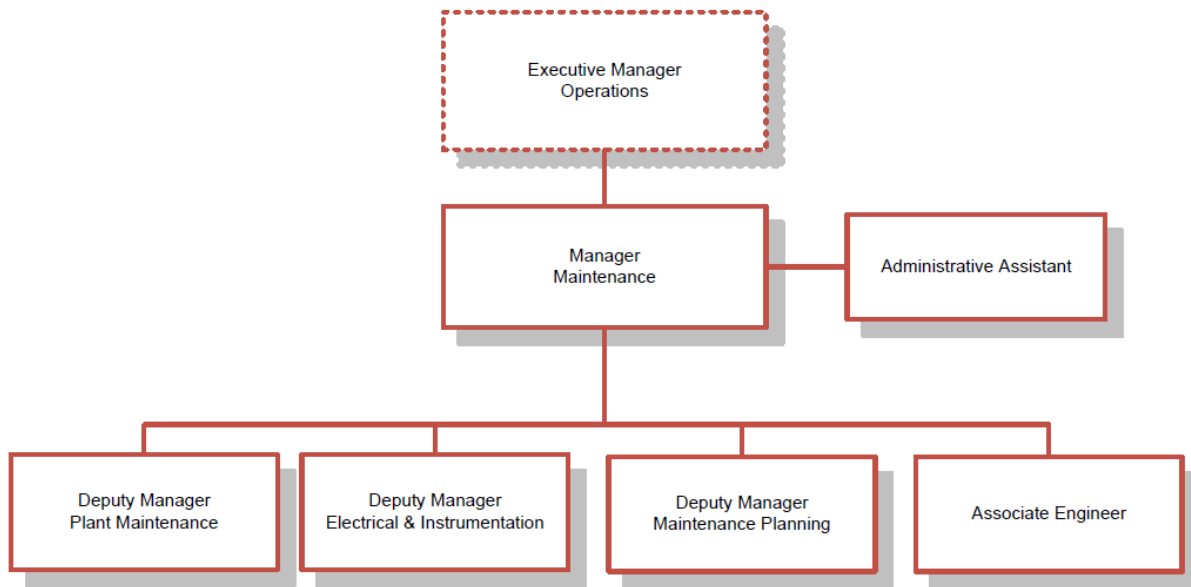
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B1,B2	Leverage investment in Microsoft products, Microwave technology, and virtualization software to provide an efficient infrastructure which can be centrally and proactively managed	<ul style="list-style-type: none"> • Migrate Agency’s electronic gates and doors to a single sign-on solution • Utilize VM Ware cloning capabilities for disaster recovery • Begin implementation of Sharepoint, the Agency’s replacement to the current intranet site PIPES. Phase 1 will add new electronic forms to enhance document functionality. Phase 1 to be completed by December 2012

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart

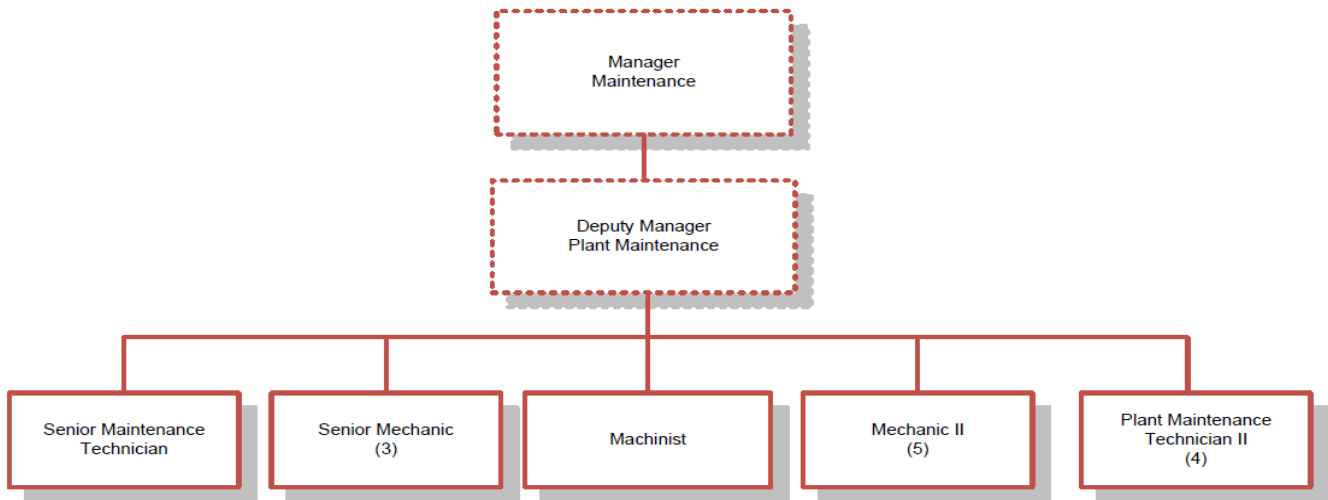
140151 - Maintenance

Maintenance



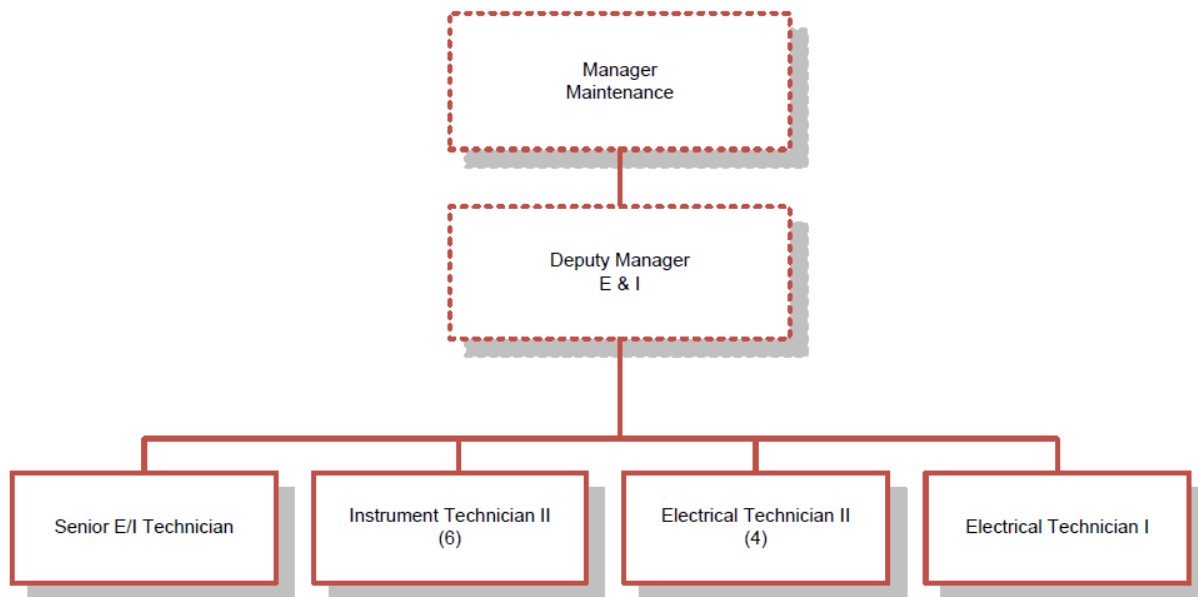
141000 – Plant Maintenance RP1 & RP4

RP-1, RP-4 Plant Maintenance



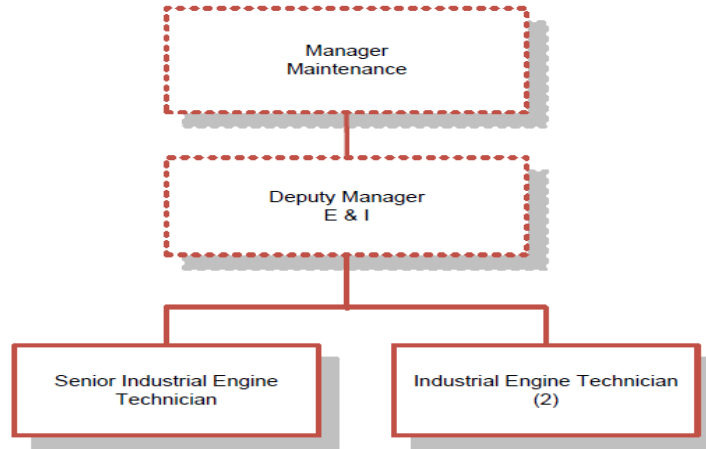
142000 – Electrical/Instrument Maintenance RP1 & RP4

RP-1, RP-4 Electrical & Instrumentation Maintenance



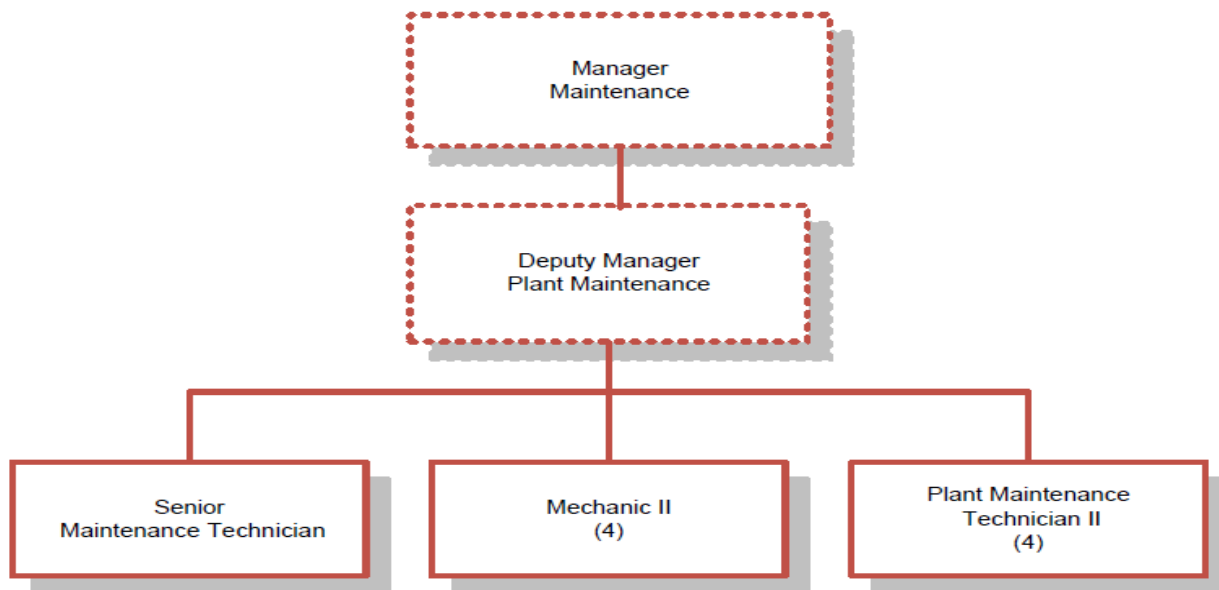
143151 - Energy Conservation & Administration

Energy Conservation and Administration

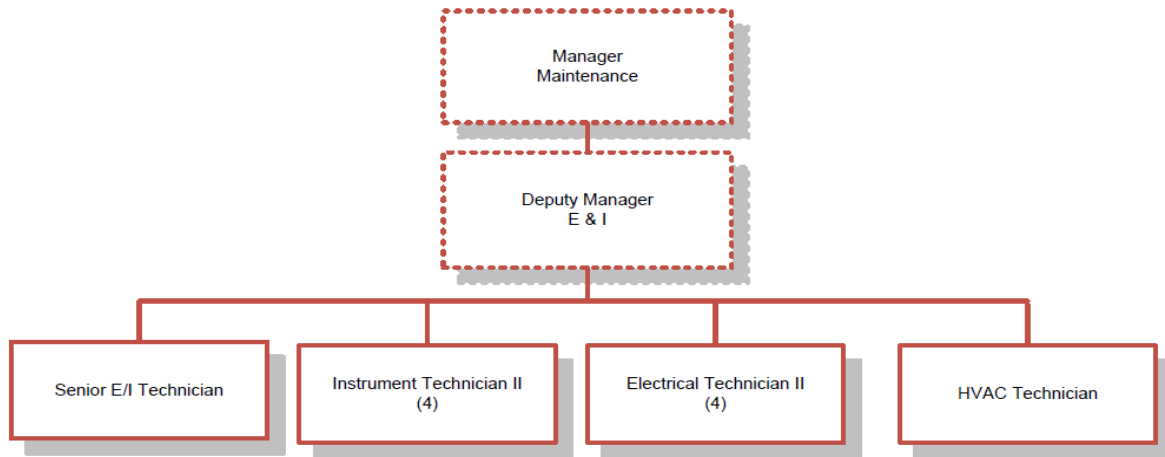


144000 - Plant Maintenance RP2/CCWRF

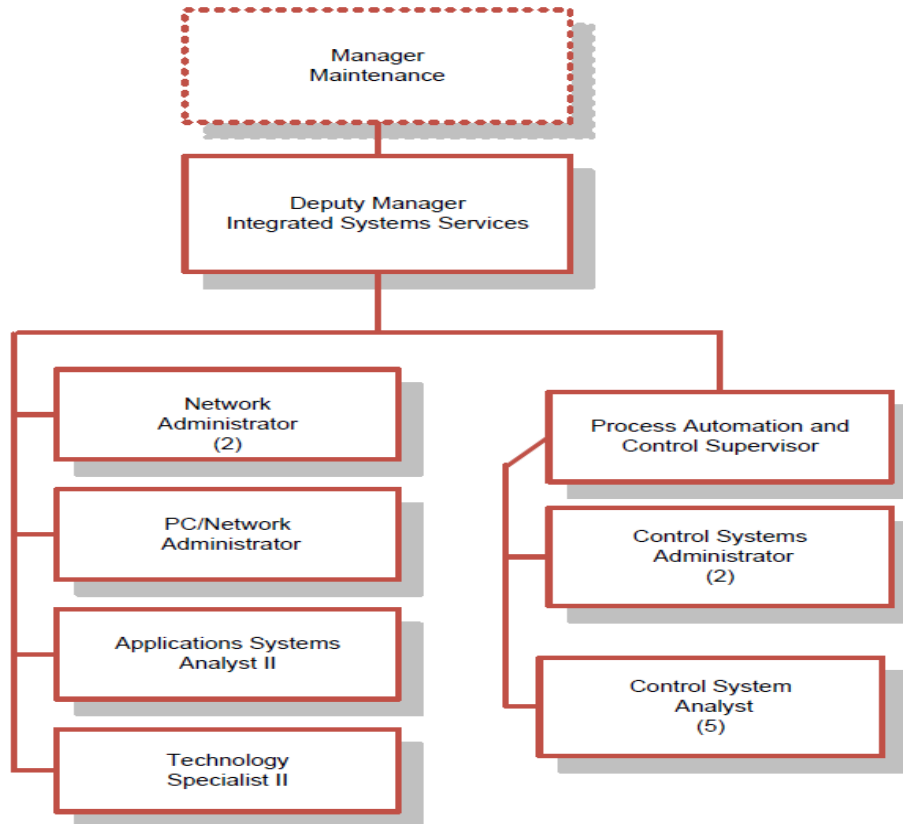
RP-2/ CCWRF Plant Maintenance



145000 - Electrical/Instrument Maintenance RP2/CCWRF/RP5
RP-2/ CCWRF Electrical & Instrumentation Maintenance

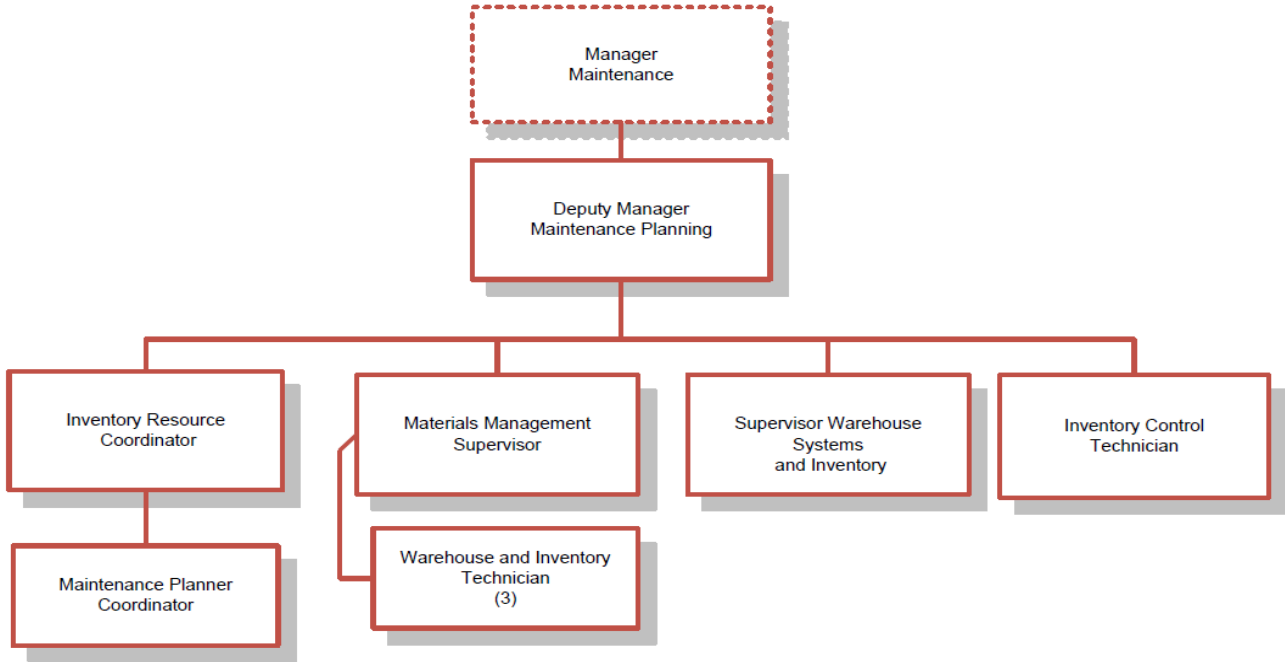


146000 - Integrated Systems Services
Integrated Systems Services



156000 – Maintenance Planning & Materials Management

Maintenance Planning & Materials Management



Position Summary

By Department	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
140 - Maintenance	5	5	6	6
141 - RP1/RP4 Plant Maintenance	12	12	14	14
142 - RP1/RP4 E&I Maintenance	12	12	12	12
143 - Energy Conservation and Admin.	4	3	3	3
144 - RP5/Carbon Canyon Plant Maintenance	9	9	9	9
145 - RP5/Carbon Canyon E&I Maintenance	10	10	10	10
146 - Integrated Systems Services	14	14	14	14
156 - Maintenance Planning & Material Mgmt	8	7	8	8
Total	74	72	76	76

140- Maintenance	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Manager of Maintenance	1	1	1	1
Deputy Manager E/I	1	1	1	1
Deputy Manager Plant Maintenance	1	1	1	1
Deputy Manager Maintenance Planning	1	1	1	1
Associate Engineer	0	0	1	1
Administrative Assistant	1	1	1	1
Total	5	5	6	6

141 - RP-1/RP-4 Plant Maintenance	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Plant Maintenance Technician II	4	4	4	4
Senior Maintenance Technician	0	1	1	1
Senior Mechanic	2	2	3	3
Mechanic II	5	4	5	5
Machinist	1	1	1	1
Total	12	12	14	14

142 - RP-1/RP-4 E&I Maintenance	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Senior E&I Technician	1	1	1	1
Electrical Technician II	5	5	4	4
Instrument Technician II	6	6	6	6
Electrical Technician I	0	0	1	1
Total	12	12	12	12

143- Energy Conservation & Administration	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Senior Industrial Engine Technician	1	1	1	1
Industrial Engine Technician	3	2	2	3
Total	4	3	3	3

144 - RP-2/Carbon Canyon Plant Maintenance	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Senior Maintenance Technician	1	1	1	1
Plant Maintenance Technician II	4	4	4	4
Mechanic II	4	4	4	4
Total	9	9	9	9

145 - RP-2/Carbon Canyon E&I Maintenance	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Senior E&I Technician	1	1	1	1
Electrical Technician II	4	4	4	4
Instrumentation Technician II	4	4	4	4
HVAC Technician	1	1	1	1
Total	10	10	10	10

146 - Integrated Systems Services	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Deputy Manager of Integrated Systems Svc.	1	1	1	1
Applications Systems Analyst II	1	1	1	1
Network Administrator	1	1	2	2
PC/Network Administrator	1	1	1	1
Technology Specialist II	1	1	1	1
Process Control Systems Supervisor	1	1	1	1
Control Systems Administrator	2	2	2	2
Control Systems Analyst	6	6	5	5
Total	14	14	14	14

156 - Maintenance Planning & Materials Management	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Supervisor Warehouse Systems & Inventory	1	1	1	1
Materials Management Supervisor	1	1	1	1
Maintenance Planner Coordinator	1	1	1	1
Warehouse & Inventory Technician	3	2	3	3
Inventory Control Technician	1	1	1	1
Inventory Resource Coordinator	1	1	1	1
Total	8	7	8	8

Expenses

The FY 2012/13 increase of approximately \$2 million in utilities is due to a combination of higher utility rates and the impact of AQMD regulation leading to the replacement of internal combustion engines (ICE with state of the art fuel cell technology).

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12		FY 12/13 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$5,704,516	\$5,981,492	\$6,113,088	\$5,877,997	\$6,161,416
Administrative Expense	159,048	283,533	196,939	179,506	206,604
Operating Expense	8,810,435	9,567,758	12,568,215	11,464,089	13,763,307
Total	\$14,673,99	\$15,732,783	\$18,878,242	\$17,521,592	\$20,131,327



Regional Plant No. 1 – Ontario, CA

OPERATIONS DEPARTMENT

Mission Statement

Provide quality water and wastewater treatment; maximize the continued availability of high quality recycled water; manage groundwater recharge and biosolids composting in the safest, most efficient, cost effective and environmentally compliant manner.

Description and Purpose

The Operations Department includes the following three groups; Facility Operations, Groundwater Recharge and Organics Management. These groups are responsible for potable water treatment and distribution; treatment of wastewater and distribution of recycled water for groundwater recharge and irrigation including agricultural crops, municipal parks and landscaping, and other types of reuse; maximizing production of biogas as a fuel source for energy generation through digestion of biosolids; dewatering of biosolids for subsequent disposal and production of high quality compost. In order to provide these services, IEUA operates a regional wastewater collection system; 5 water reclamation treatment facilities; a regional recycled water distribution system; groundwater recharge basins; and the Inland Empire Regional Composting Facility (IERCF) for organics management and composting of biosolids.

Accomplishments

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
D6	Efficient tracking and modifications of Key Performance Indicators (KPI's) as necessary to promote focus on established operational goals and targets	<i>(MI) Effectively monitor and refine established facility Key Performance Indicators (KPI's)</i>			
		(A)Achieved >90% KPIs.	✓		
		(A)Conducted monthly KPI review meetings.	✓		
F3	Maximize Agency revenue potential through the effective use and/or marketing of wastewater residual products	<i>(MI) Achieve cost effective biosolids management</i>			
		(A)Achieved 142,000 wet/year biosolids throughput at IERCF.		✓	
		(A)Increased Total Solids (TS) percentage in biosolids produced at RP-1 and RP-2.		✓	
		(A)Maintained biosolids production to less than 73,000 wet ton/year through efficient dewatering and sludge drying bed management.		✓	
		<i>(MI) Recycle all Agency biosolids at IERCF</i>			
		(A)Marketed 100% of compost produced.		✓	
		(A)Obtained long term, high value contract(s) for finished compost.		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
F5	Optimize and maximize power generation using renewable energy sources at Agency facilities	<i>(MI) Achieve effective energy management</i>			
		(A)Developed and implemented a peak period recycled water (RW) management plan.	✓		
		<i>(MI) Maximize digester gas production</i>			
		(A)Optimized digester loading, mixing, and heating operation through routine inspection and maintenance.		✓	
B1,B4	Implement a innovative and strategic technology plan to stay abreast of new developments in key operating practices and administrative functions	<i>(MI) Promote optimized use of automation within all facilities</i>			
		(A)Conducted annual alarm historian audits by June 2012.		✓	
		(A)Identified automation opportunities; documented and provided to Maintenance Department by December and June 2012.		✓	
H4	Maintain Compliance and protect public health and the environment	<i>(MI) Maintain 100% compliance with all Permits</i>			
		(A)Conduct annual reviews of sampling/testing requirements by January 2012.	✓		
		(A)Conducted annual reviews of AQMD permit compliance with Environmental Compliance Department by June 2012.	✓		
D5	Promote ideas for improving efficiencies by recognizing and rewarding staff for implemented suggestions	<i>(MI) Ensure accurate and efficient data collection and management</i>			
		(A)Conducted annual round and spreadsheet review and updates by June 2012.		✓	
		(A)Conducted annual laboratory analysis schedule/needs assessment by January 2012.	✓		
D3	Develop and implement best maintenance practices that ensure optimal reliability, efficiency, and safety	<i>(MI) Provide excellent customer service</i>			
		(A)Had no RW interruptions due to lack of transmission line preventive maintenance.		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal		
D3 (Cont)	Develop and implement best maintenance practices that ensure optimal reliability, efficiency, and safety (Continued)	(A)Developed and fostered professional relationships with Member Agency have assigned RS staff on an ongoing basis.		✓			
		(A)Provided timely and professional emergency assistance to Contracting Agencies and documented through recurring recycled water reports.		✓			
		(A)Provided a minimum of 7-day written notice to all contracting Agencies for any scheduled service interruption.		✓			
		(A)Appropriately tracked and reported RW use through recurring RW reports.		✓			
		<i>(MI) Achieve effective basin maintenance</i>					
		(A)Developed annual Basin Maintenance Plan by April 1, 2012, and clearly identified, prioritized, and estimated costs for recommended basin maintenance activities for FY 2011/12.		✓			
F1, F4	Provide the maximum public benefit from recycled water produced by IEUA while supporting a regional approach to community wastewater collection and management	<i>(MI) Maintain maximum system designed reliability</i>					
		(A) Supplied 40,000 AF of recycled water.		✓			
		(A)Developed and implemented a phased RW demand management plan from May through September 2011.	✓				
		(A)Implemented RW pipeline asset management and RW transmission system preventive maintenance programs.		✓			
D4	Continually review and assess industry practices to keep the Agency on the cutting edge of operational and maintenance efficiency	<i>(MI) Effectively develop and conduct documented process and industry training</i>					
		(A)Conducted 20 facility specific process, technology, or equipment training tailgates per year.		✓			
		(A)Conducted annual review of facility O&M manual; provided documented deficiencies to Technical Services by March 2012.		✓			

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
D3,D6	Develop maintenance management practices that maximize efficiency including effective management of UPC computation and tracking	(MI) Minimize overtime use			
		(A)Reduced after hour facility call-outs by 10%.	✓		
		(A)Conducted daily reviews of the automated on-call tracking report to reduce unnecessary call-outs.		✓	
I4		(MI) Achieve zero employee work related accidents			
		(A)Conducted all required safety tailgate trainings.	✓		
		(A)Conducted intradepartmental annual safety audits.	✓		
		(A)Conducted annual emergency response drills.	✓		
D1	Design and implement programs which improve the knowledge and skill levels of the Agency's workforce	(MI) Maximize staff cross-training			
		(A)Continued to implement the cross training plan for each facility, RW distribution and GWR.	✓		
		(A)Achieved 75% of certified operations staff trained to operate more than 1 facility by January 2012.	✓		
E3	Maintain long-term and strategic planning in support of the Agency's mission and goals	(MI) Establish and monitor staff performance objectives			
		(A)Developed Staff Objective matrix to support established Division/Department goals& objectives.	✓		
F2	Provide for and encourage the use of recycled water for uses permitted by California Law	(MI) Maximize Recycled Water Recharge			
		(A) Achieved 15,000 AF of RW recharge.		✓	
		(A)Submitted one complete Start-Up Protocols at least one month prior to infrastructure completion.	✓		
		(A)Maintained RWC Management plan, updated on a monthly basis, and adjusted RW recharge as necessary.		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
A6	Partner with local and regional agencies to implement groundwater programs to increase operational yield and protect the integrity of the groundwater basin	<i>(MI) Maximize diluent water recharge</i>			
		(A)Tracked and effectively communicated availability and use of the State Water Project water to CBWM and MWD.		✓	
		(A)Prepared pre-storm forecasts and post storm summaries by 3-days prior and 2-days after, respectively.		✓	
		(A)Conducted pre-storm planning and storm response site inspections, sample collections, and post-storm data interpretation.		✓	
		<i>(MI) Effectively and appropriately administer all Groundwater Recharge O&M Agreements</i>			
		(A)Supported Financial Planning in the development of a draft budget for CBWM by March 1, 2012.	✓		
		(A)Prepared accurate quarterly variance reports to GRCC.		✓	
E2	Implement and maintain state of the art infrastructure to maximize efficiency and productivity while meeting needs of area constituencies	<i>(MI) Provide Support to Construction Management to ensure appropriate and timely equipment/process start-up</i>			
		(A)Attended weekly construction management meetings.		✓	
		(A)Processed all Shut-Down Tie-In requests within 14 days.		✓	
		(A)Attended all appropriately scheduled, contract required equipment training.		✓	
C4	Efficiently manage Agency's assets to ensure optimal productivity and cost effective operating and maintenance strategies and practices	<i>(MI) Effectively support the development of Project Scope and Design</i>			
		(A) Completed timely and thorough review of design documentation.		✓	
		(A) Actively participated in design review meetings and workshops.		✓	

Major Initiatives

Facility Operations Group

- Establish effective monitoring and refinement of existing facility Key Performance Indicators (KPI's).
- Through process optimization and the addition of biosolids to the digestion system, Operations staff will increase the reliability, quality and production of biogas to reduce the Agency dependence on other costly fuel alternatives.
- Achieve cost effective biosolids management by increasing efficiency of dewatering and sludge drying processes.
- Maintain consistent supply of high quality recycled water to all users.
- Maintain complete permit compliance at each facility.
- Continued optimization of chemical use through effective implementation of KPI's and tracking of Unit Production Costs.
- Effective recycled water pumping and distribution management.

Groundwater Recharge (GWR) Group

- Coordinate and implement Phase II Recycled Water Groundwater Recharge Programs.
- Initiate recycled water Start-up Protocols for basins having Recycled Water available.
- Maximization of groundwater recharge imported and storm water sources through effective basin maintenance. Develop annual basin maintenance plan which clearly identify, prioritize, and estimate costs for recommended basin maintenance.
- Meet the FY 2012/13 recharge goals of the Chino Basin Watermaster that include maximum storm water capture, minimal use of import water and maximized Recycled Water use commensurate with a recharge site's management plan.

Organics Management Group (IERCF)

- Sustain self-reliance in organics and biosolids management by beneficially reusing 100% of Agency generated organic solids and sell 100% of the compost produced at the IERCF.
- Achieve cost effective biosolids management by maintaining 138,000 wet ton/year biosolids throughput.
- Obtain long term, high value contracts for all IERCF compost.
- Obtain long term, high value contracts for end product compost.

Performance / Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Major Capital Projects Commissioned	6	5	7	4
No. of Workplace Safety/Lost Time Accidents	0	0	0	0
Agency Wide Chemical Expenditures	\$4,920,843	\$4,459,389	\$4,561,355	\$4,580,925
Groundwater Recharge (AF)	34,581	25,000	38,000	25,000
Compost Production (Cubic Yards)	189,477	240,000	190,000	240,000

Major Capital Projects Commissioned - The Agency has commissioned the following projects during Fiscal Year 2011/12:

- 🌱 TP-1 and Prado Dechlorination Station Sodium Bisulfite Pump Modifications
- 🌱 IERCF Backup Generator
- 🌱 RP-4 Wind Turbine

It is anticipated the following projects will be commissioned by the close of this fiscal year:

- 🌱 RP-1 Dewatering Building
- 🌱 RP-1 and RP-2 Boiler Replacement
- 🌱 RP-1 Fuel Cell
- 🌱 1630 West Recycled Water Pump Station and Pipelines

Workplace Safety/Lost Time Accidents - Operations has continued an exceptional track record of no workplace safety/lost time accidents for this fiscal year. It will be an objective for next fiscal year to continue safe work practices to ensure this KPI is continued to be met.

Agency Wide Chemical Expenditures - The Fiscal Year 2011/12 Target for chemical expenditures is \$4,459,389. As of March 31, 2012 the chemical expenditures for the Agency were \$3,421,016; therefore, the projected fiscal year chemical expenditure total is \$4,561,355. Multiple capital construction projects resulted in modified facility operations resulting in additional chemical costs. Operations of the facilities have returned to normal and staff is aggressively limiting chemical expenditures to meet the Fiscal Year Target.

Groundwater Recharge - It is anticipated that by the end of the fiscal year, the Agency will have recharged a total of 38,000 AF into the Chino Groundwater Basin, which is above the fiscal year target of 25,000 AF. From May 2011 through October 2011, MWD created a program to sell 50,000 AF of imported water for recharge purposes at the Tier 1 rate. During this fiscal year, the Agency recharged 22,560 AF of imported water. For next fiscal year, no imported water recharge is anticipated; therefore, the Fiscal Year 2012/2013 Target will remain at 25,000 AF.

Compost Production - As of March 31, 2012, IERCF has delivered 138,705 CY of compost to end users; therefore, the projected fiscal year compost delivery will be 190,000 CY. IERCF continues to seek new compost markets to increase the facilities compost delivery to the full production of 240,000 CY.

Goals & Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
A6	Maximize Diluents Water Recharge	<ul style="list-style-type: none"> • Track and effectively communicate availability, demand, and use of the State Water Project water to CBWM and MWD • Prepare pre-storm forecasts 3 days prior to each event and post storm summaries 2-days after each event • Conduct pre-storm planning and storm response site inspections, sample collection and post-storm data interpretation
	Effectively and appropriately administer all Groundwater Recharge O&M agreements	<ul style="list-style-type: none"> • Support Financial Planning in the development of a draft budget for CBWM by March 1, 2013 • Prepare accurate quarterly variance reports to GRCC
B1	Promote optimized use of automation within all facilities	<ul style="list-style-type: none"> • Conduct annual alarm historian audits by June 1, 2013 • Provide identification of automation opportunities, document and provide information to the Maintenance Department by June 2013
	Effectively support the development of Project Scope and Design	<ul style="list-style-type: none"> • Complete timely and complete review of design documentation • Actively participate in design review meetings and workshops
D1	Maximize staff cross training	<ul style="list-style-type: none"> • Continue to implement the cross training plan for each facility, Recycled Water (RW) distribution and Ground Water Recharge (GWR) • 90% of certified operations staff trained to operate more than 1 facility by June 2013
D3	Minimize overtime use	<ul style="list-style-type: none"> • Reduce after hour facility call-outs by 5% • Conduct a daily review of the automated on-call tracking report to reduce unnecessary call-outs
F2,F3	Provide excellent customer service	<ul style="list-style-type: none"> • No RW interruptions due to lack of transmission line preventive maintenance • Develop professional relationships with Contracting Agency's assigned RW staff • Provide timely and professional emergency assistance to Contracting Agencies • Provide a minimum of 7-day written notice to all Contracting Agencies for any scheduled service interruption • Appropriately track and report RW use, emergency response, and maintenance activities through recurring RW reports

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D3	Effective basin maintenance	<ul style="list-style-type: none"> • Develop annual Basin Maintenance Plan by April 1, 2013. Clearly identify, prioritize and estimate costs for recommended basin maintenance activities for FY 2013/14
D4	Effectively develop and conduct documented process and industry training	<ul style="list-style-type: none"> • Conduct 10 facility specific process, technology or equipment training tailgates per year • Conduct annual review of facility O&M manual - provide documented deficiencies to TS by March 1, 2013
D1	Accurate and efficient data collection and management	<ul style="list-style-type: none"> • Conduct annual operator rounds and spreadsheet reviews and updates by March 1, 2013 • Conduct annual laboratory analysis schedule/needs assessment by February 1, 2013
D6	Effective monitoring and refinement of established facility Key Performance Indicators (KPIs)	<ul style="list-style-type: none"> • Achieve >90% facility KPIs • Conduct monthly KPI review meetings
E2	Provide support to Construction Management to ensure appropriate and timely equipment/process start-up	<ul style="list-style-type: none"> • Attend appropriate weekly construction management meetings • Process all Shut-Down Tie-In requests within 14-days • Attend all appropriately scheduled, contract required equipment training
E3	Establishment and monitoring of staff performance objectives	<ul style="list-style-type: none"> • Develop a Staff Objective matrix to support established Division/ Department goals & objectives
F1	Maintain maximum system designed reliability	<ul style="list-style-type: none"> • Supply 33,000 AF of recycled water • Develop and implement a phased RW demand management plan from May thru September • Implementation of RW pipeline asset management and RW transmission system preventive maintenance programs
F1	Maximize RW Recharge	<ul style="list-style-type: none"> • Achieve 10,000 AF of recycled water recharge during dry years • Maintain Recycled Water Management plan - update on a monthly basis and adjust recycled water recharge as necessary
F3	Recycle all Agency biosolids at IERCF	<ul style="list-style-type: none"> • Market 100% of compost produced • Obtain long term, high value contract(s) for finished compost

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
F3	Cost effective biosolids management	<ul style="list-style-type: none"> • Achieve 138,000 wet/year biosolids throughput at IERCF • Increase Total Solids (TS) percentage in biosolids produced at RP-1 and RP-2 • Maintain biosolids production to less than 65,000 wet ton/year through efficient dewatering and sludge drying bed management
F5	Effective energy management	<ul style="list-style-type: none"> • Develop and implement a peak period Recycled Water Management Plan
	Maximize digester gas production.	<ul style="list-style-type: none"> • Optimize digester loading, mixing and heating operation through routine inspection and maintenance
H4	Maintain 100% compliance with all Permits.	<ul style="list-style-type: none"> • Conduct annual reviews of sampling/testing requirements by February 1, 2013 • Conduct annual reviews of AQMD permit compliance with Environmental Compliance Department by November 1, 2012
I4	No employee work related accidents.	<ul style="list-style-type: none"> • Conduct all required safety tailgate trainings • Conduct intra-departmental annual safety audits • Conduct annual emergency response drills

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

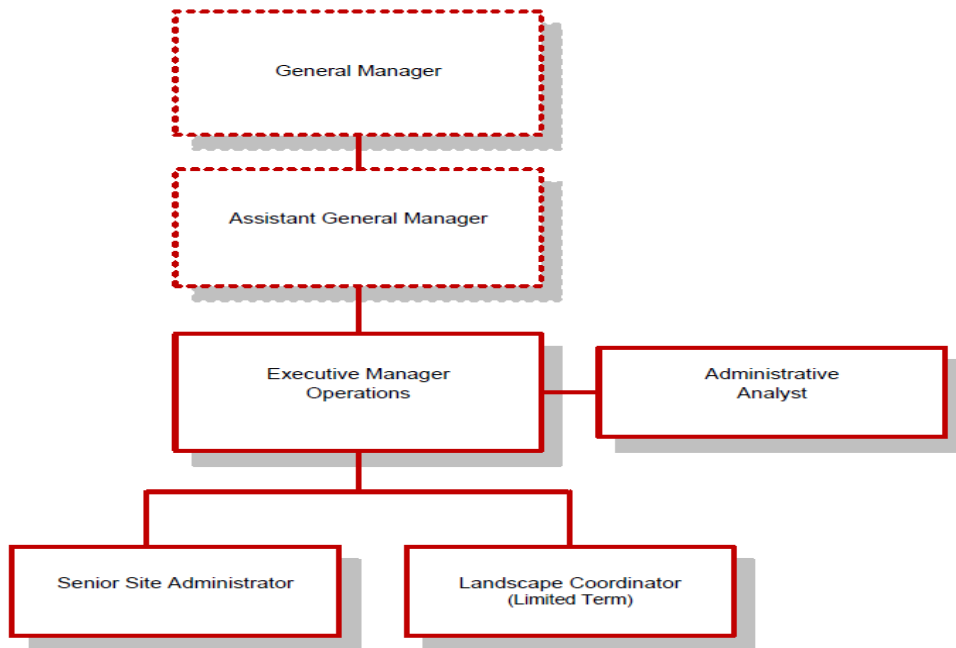


Top of Primary Clarifiers RP-1 – Ontario, CA

Organizational Structure

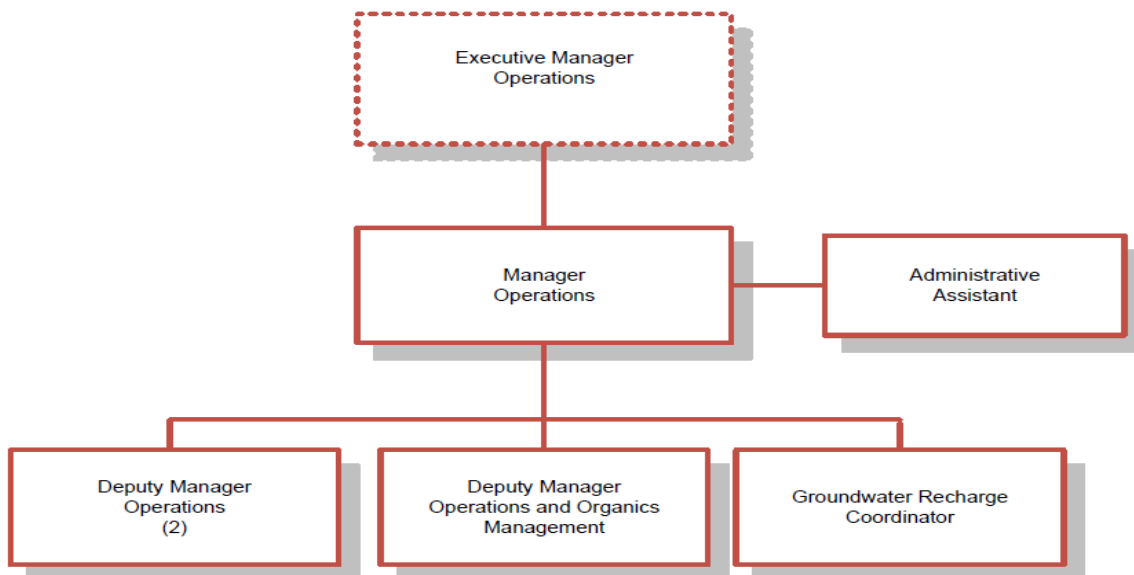
Operations Administration

Operations Administration



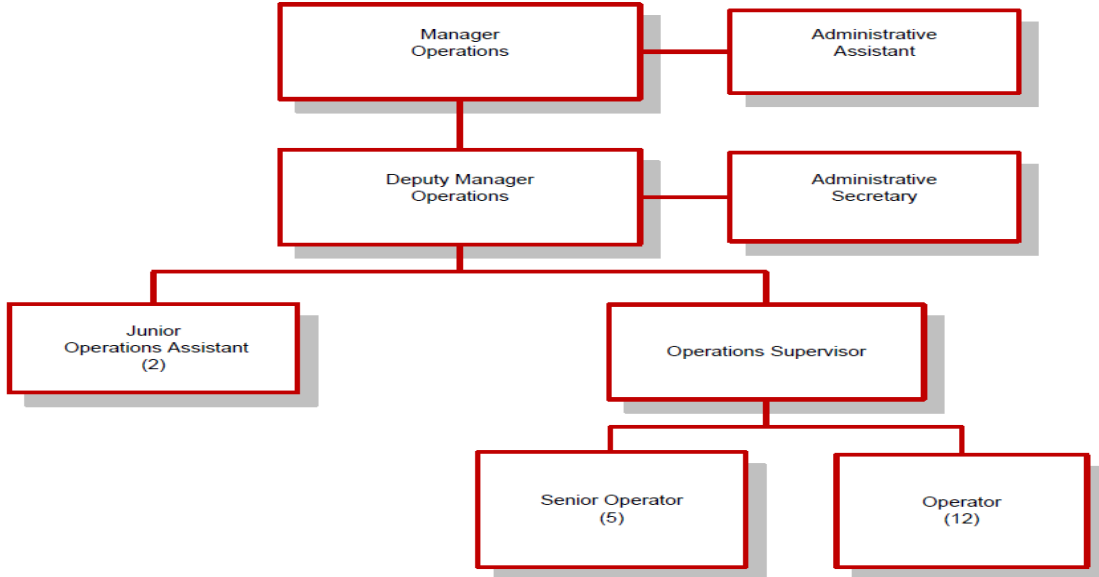
150000 - Operations

Operations



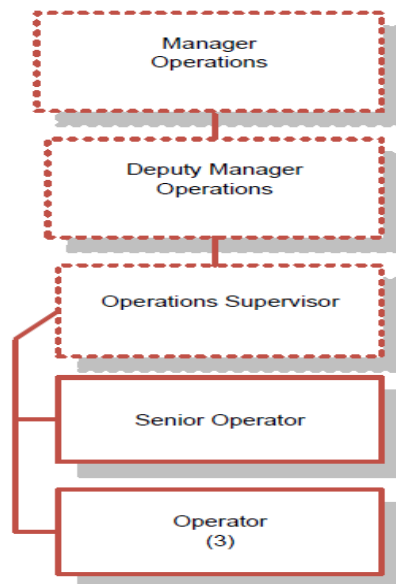
151000 - RP1 Operations

RP-1 Operations



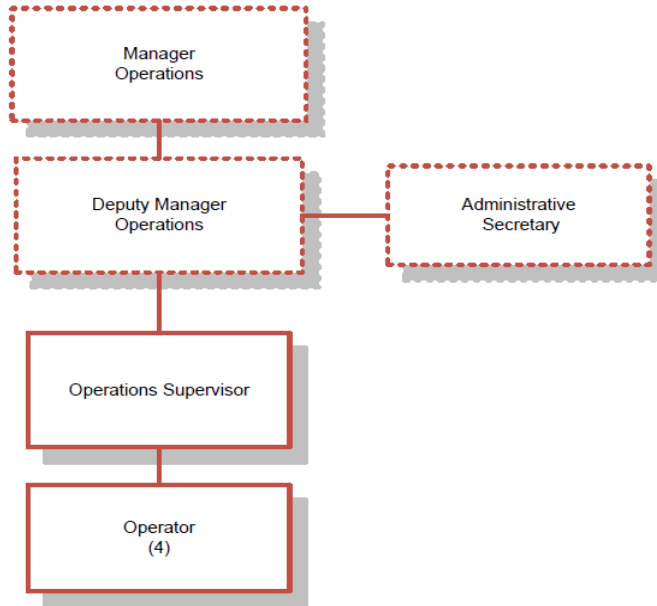
152000 - Carbon Canyon Water Recycling Facilities Operations

Carbon Canyon Operations



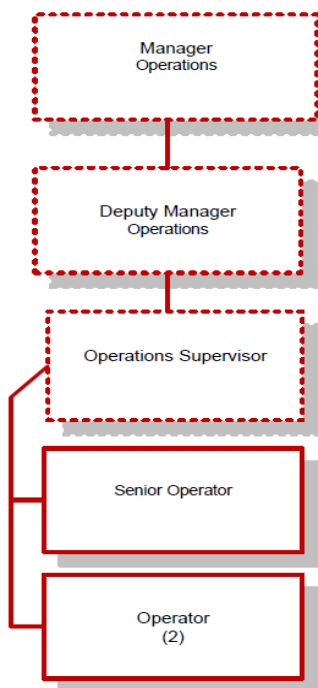
153000 - RP4 Operations

RP-4 Operations



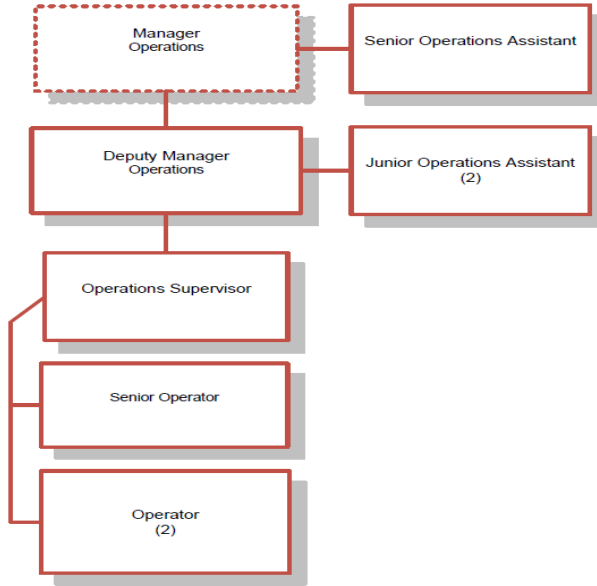
154000 - RP2 Operations

RP-2 Operations



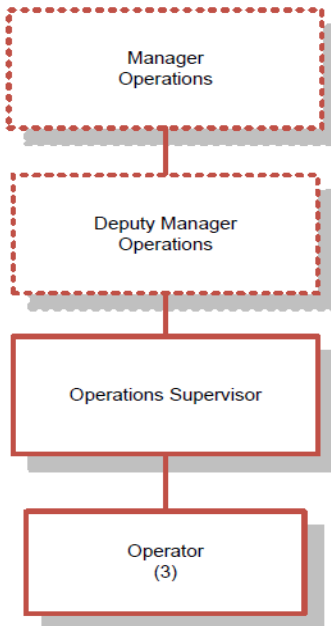
157000 - RP5 Operations

RP-5 Operations



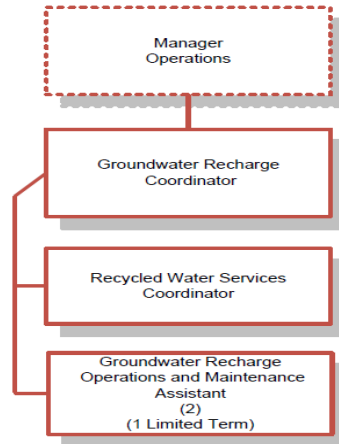
157000 - Desalter Operations

Chino Desalter



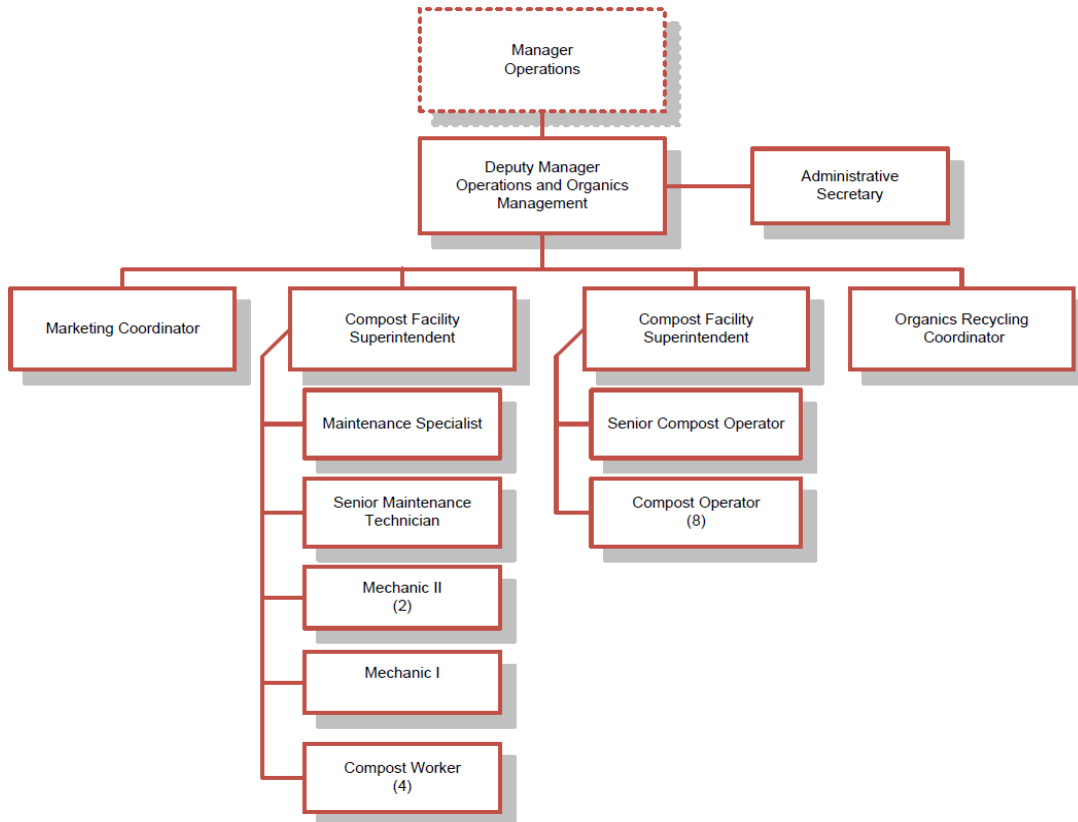
161000 - Groundwater Recharge

Groundwater Recharge



161000 - Organics Management

Organics Management



Position Summary

Operations Administration				
	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Full Time Equivalent Positions	Actual	Actual	Amended Budget	Budget
Executive Manager of Operations	1	1	1	1
Administrative Analyst	1	1	1	1
Senior Site Administrator	1	1	1	1
Total	3	3	3	3
Limited Term Position				
Landscape Coordinator – Contract LT	1	1	1	1
Total	4	4	4	4

151000-RP-1 Operations				
	FY 09/10	FY 10/11	FY 11/12	FY 12/13
	Actual	Actual	Amended Budget	Budget
Manager of Operations	1	1	1	1
Deputy Manager of Operations	1	1	1	1
Operations Supervisor	1	1	1	1
Senior Operations Assistant	1	0	0	0
Junior Operations Assistant	2	2	2	2
Senior Operator	7	6	5	5
Recycled Water Service Coordinator	1	0	0	0
Operator (including operator in training)	13	11	12	12
Administrative Assistant	1	1	1	1
Administrative Secretary	1	1	1	1
Total	29	24	24	24

152000- Carbon Canyon Operations				
	FY 09/10	FY 10/11	FY 11/12	FY 12/13
	Actual	Actual	Amended Budget	Budget
Senior Operator	2	0	1	1
Operator	2	2	3	3
Total	4	2	4	4

153000-RP-4 Operations	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Operations Supervisor	1	1	1	1
Operator III & V (including operator in training)	3	3	4	4
Total	4	4	5	5

154000-RP-5 Operations	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Deputy Manager of Operations	1	1	1	1
Operations Supervisor	1	1	1	1
Senior Operator	3	3	2	2
Senior Operations Assistant	0	1	1	1
Junior Operations Assistant	0	2	2	2
Operator (including operator in training)	6	5	4	4
Total	12	13	11	11

157000-Desalter Operations	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Operations Supervisor	1	1	1	1
Senior Operator - Dual Certified	0	1	1	0
Operator - Dual Certified	3	3	0	1
Operator	0	0	2	2
Total	4	5	4	4

161000-Groundwater Recharge Operations	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Full Time Equivalent Employees				
Groundwater Recharge Coordinator	1	1	1	1
Groundwater Maintenance Supervisor	1	1	0	0
Groundwater Recharge O & M Assistant	0	1	1	1
Recycled Water Services Coordinator	0	1	1	1
Total	2	4	3	3
Limited Term Position				
Groundwater Recharge O&M Assistant- LT	0	0	1	1
Total	2	4	4	4

180100-RP-2 Operations*	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Senior Operator	0	0	0	1
Operator	0	0	0	2
Total	0	0	0	3

*New in FY 2012/13

132000-Organics Management	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Deputy Manager of Ops & Organics Management	1	1	1	1
Maintenance Specialist	1	1	1	1
Marketing Coordinator	1	1	1	1
Organics Recycling Coordinator	1	1	1	1
Compost Facility Superintendent	2	2	2	2
Senior Compost Operator	1	1	1	2
Senior Maintenance Technician	1	1	1	1
Mechanic II	2	2	2	2
Mechanic I	1	1	1	1
Compost Operator	6	7	7	7
Compost Worker	2	2	2	4
Administrative Secretary	1	1	1	1
Total	20	21	21	24

Expenses

Operating expense includes contract labor and materials and other professional fees, materials and supplies, bio-solids recycling, utilities and chemicals.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	Projected Actual	FY 12/13 Budget
Employment Expense	\$6,487,238	\$6,532,169	\$5,428,127	\$5,741,696	\$5,502,459
Administrative Expenses	98,177	82,516	124,839	109,111	124,839
Operating Expense	8,191,371	8,291,590	9,388,027	8,233,641	9,378,527
Total	\$14,776,786	\$14,906,275	\$14,940,993	\$14,084,448	\$15,005,825

PRE-TREATMENT, SOURCE CONTROL & COLLECTION SYSTEMS

Mission Statement:

Implement an effective Pre-Treatment and Source Control (PT & SC) Program that protects the integrity of the water reclamation process, ensures compliance with all applicable Federal, State, and local regulatory requirements, and maintains the collection systems to prevent sewer system overflows.

Description and Purpose:

IEUA operates two sewage collection systems: the Non-Reclaimable Wastewater System (NRWS), which is designed to collect non-reclaimable wastewater, and the Regional System, designed for domestic sewage and/or reclaimable wastewater generating from the local businesses and industries.

The NRWS collects and conveys high saline wastewater outside the Chino Groundwater Basin area due to the restrictive salinity requirements imposed upon IEUA's regional wastewater recycling facilities. Wastewaters containing high levels of dissolved salts or other chemicals that may degrade or limit the use of recycled water are collected from the NRW industrial users. This flow is conveyed to 1) the County Sanitation District of Los Angeles County's (CSDLAC) wastewater sewerage system for treatment and ultimate disposal in the Pacific Ocean, and 2) through the Inland Empire Brine Line (IEBL) Sewer to the County Sanitation Districts of Orange County (CSDOC) for treatment and ultimate disposal into the Pacific Ocean. The Regional Recycling Plants discharge effluents to natural surface waters or to systems that serve to recharge the Chino Groundwater Basin. Presently, the North NRWS has approximately 75 miles of line varying in size from 12 inches to 36 inches in diameter of primarily clay pipeline. IEUA owns approximately 3.1 miles of pipeline in the South NRWS System. The NRWS currently has 55 industries connected to the system. The benefit of having the NRWS in the IEUA service area is huge. It enables IEUA to export high strength wastes generated from these large industries, thus eliminating the impact from their wastewater on the IEUA Regional Water Recycling Plants.

IEUA operates and maintains 92 miles of Regional Sewer System pipelines. There are currently 30 permitted Significant Industrial User's (SIUs) that discharge wastewater as part of their normal operations. Non-SIUs such as commercial and light industrial are permitted and inspected through the Regional Contracting Agencies (RCA) source control programs.










The IEUA pretreatment group works in concert with the industries and RCAs to determine the best method of wastewater disposal. If the SIUs wastewater is suitable for recycling, the industry can be permitted to discharge flow via the regional sewer pipelines that lead to one of the four Regional Recycling Plants currently operated by IEUA. The industry must abide by strict permit discharge standards the Pre-Treatment Department has developed so the treatment plants operate smoothly and do not violate their NPDES discharge requirements. It is the responsibility of both the Pre-Treatment group and SIUs to monitor pollutant concentrations in the industrial discharges so that IEUA plant operations are not impacted.

Accomplishments

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On going	Unable to Meet Goal
A5, C3, D4, H4	Implement a cost effective pretreatment program that complies with all applicable Federal, State, and local requirements for Regional and NRWS sewage systems	<i>(MI) Implement a Federal Pretreatment Program streamlining regulations when applicable</i>			
		(A)Amended the Regional Wastewater Ordinance No. 87 to prohibit the installation of new residential self-regenerating water softeners.	✓		
		(A)Revised NRWS Ordinance No. 62 with expected adoption date of June 2012.	✓		
		<i>(MI) Effectively develop and conduct documented procedures and technology training</i>			
		(A)Conduct annual review of PT&SC SOP's and quality control procedures.		✓	
A5, C3, D4, H4	Implement a cost effective pretreatment program that complies with all applicable Federal, State, and local requirements for Regional and NRWS sewage systems (continued)	<i>(MI)Maintain 100% compliance with established Pre-Treatment Regulations and Permits</i>			
		(A)Conducted bi-annual EPA mandated inspections and compliance monitoring activities.	✓		
		(A)Processed late notices, deficiency letters and reporting violations as necessary.	✓		
		(A)Reviewed and updated the "No Drugs Down the Drain" program and conducted public outreach.	✓		
		<i>(MI) No Sanitary Sewer Overflows (SSO) due to lack of maintenance</i>			
		(A)Populate all collection system PMs into CMMS by December 2012.		✓	
		(A)Conducted all routine and on-demand cleaning of the Regional and NRW sewer system and treatment plants.		✓	
		(A)Responded to all Sanitary Sewers Overflows (SSO) and treatment plant emergencies in a timely manner and provide assistance to other contracting agencies.		✓	
E3	Oversee the CIP developed from the NRWS CCTV and Condition Assessment	<i>(MI) Support and assist the development of Project Scope and Design related to the Regional and NRW sewer system</i>			
		(A)Actively participated in design review meetings, workshops, and assisted during construction.	✓		

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On going	Unable to Meet Goal
D2	Sewer System Management Plan (SSMP)	<i>(MI) Implementation of IEUA Sewer System Management Plan</i>			
		(A)SSMP is implemented within the IEUA service area. The plan consists of 12 elements and was approved by the IEUA Board of Directors in May 2009. The biennial audit was completed prior to May 2011, and no significant issues were identified. A copy of this plan is available for the general public on the IEUA website.	✓		
A4,G3	Continue efforts on the Agency-wide Salinity Reduction Program to help reduce salinity into the Regional Treatment Plants	<i>(MI) Implementation of Agency-wide Salinity Reduction Program</i>			
		(A)Work with the contracting agencies to minimize the salt loading from commercial, industrial, and residential self-regenerating water softeners.	✓		
		(A)Identified Regional industrial users suitable for connection to the NRWS.	✓		
		(A)Implemented Agency Residential Self Regenerating Water Softener Removal Rebate Program.	✓		
A5,H3, D7	Implement a cost effective program that supports IEUA's operations and maintenance activities and complies with all Federal, State and local requirements	<i>(MI) Develop and Implement Key Performance Indicators.</i>			
		(A)Developed and implemented KPI's.	✓		
		(A) Achieved >90% of PT&SC KPIs.	✓		
		(A)Minimized staff emergency response time, from two hours to one hour after business hours and from one hour to 30 minutes during business hours.	✓		
		<i>(MI) Minimize overtime use</i>			
		(A) Reduced after hour call-outs by 10%.	✓		
		<i>(MI) No employee work related accidents</i>			
		(A)Conducted all required safety tailgate trainings.	✓		

Major Initiatives

- 
Renewal of the existing NRWS contract between IEUA and CSDLAC – IEUA will be working with CSDLAC staff to renew the 50 year old NRWS agreements.
- 
Permitting Zero Discharge Industries – Following the guidelines from RWQCB, in cooperation with the contracting agencies, IEUA will identify and permit all zero discharge industries within the IEUA service area.
- 
East End Flow meter Evaluation – Finalize the East End flow meter discrepancy by developing a mutually acceptable flow equation between CSDLAC and IEUA.
- 
SSMP Biennial Audit – Perform the required audit prior to May 2013.
- 
Sanitary Sewer Overflow- Update the existing Sanitary Sewer Overflow Unified Response Guidance Plan by June 2013.
- 
PTSC Department SOP – Review and update as needed.
- 
Public Outreach Program – Continue with public education and outreach programs for *No Drugs Down the Drain* (NDDD) and *Don't Flush Trouble*. NDDD is an outreach program that educates the public on proper handling and disposal of used pharmaceuticals. *Don't Flush Trouble* deals with common household items that could cause a sanitary sewer overflow when flushed down the toilet.
- 
Provide support – Provide support to the Planning and Engineering Departments for new connections and EDU calculations.
- 
Ground Water Recharge Program Support – Proactively support GWR and Operations through enhanced source control activities.

Performance/Workload Indicators

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Processing Time/NRWS Capacity Contracts	90 Days	70 Days	70 Days	60 Days
NRWS Industries Monitoring Events	504	910	840	840
NRWS Industries Inspection Events	90	104	104	110
Regional Contracting Agency Program Audited	2	2	2	2
Regional SIUs Monitoring Events	65	144	140	140
Regional SIUs Inspected	76	80	80	80
NRW System Pipeline cleaned (miles)	6	10	15	20
NRW System Pipeline CCTV (miles)	7	9	18	20
Regional System Pipeline cleaned (miles)	24	10	10	15
Regional System Pipeline CCTV (miles)	18	10	10	15
Safety – Lost Time Accidents	1	0	0	0

* Projected figures under normal conditions.

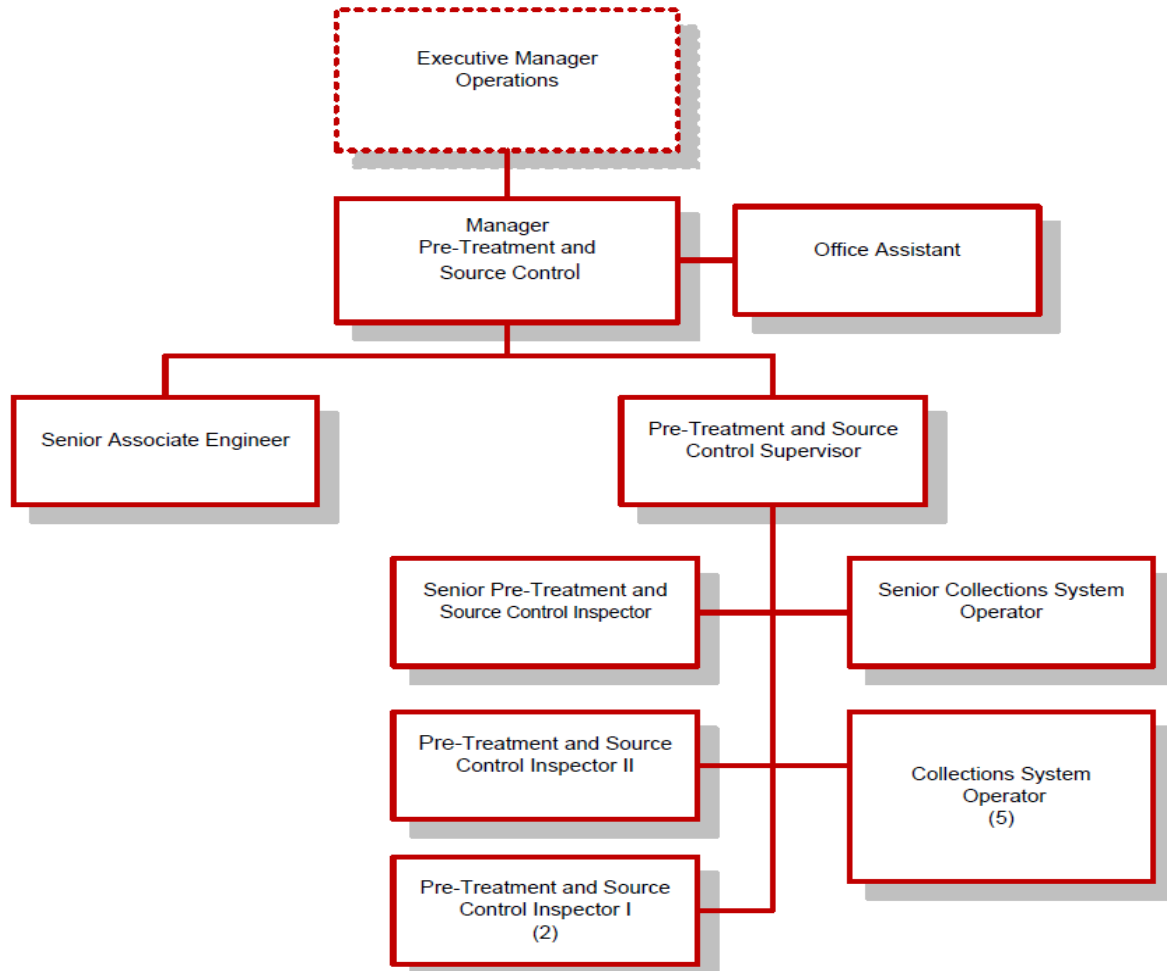
Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D2	Minimize overtime use	<ul style="list-style-type: none"> Reduce after hour call-outs by 10%
I4	No employee work related accidents	<ul style="list-style-type: none"> Conduct all required safety tailgate trainings
G3, H4	Maintain 100% compliance with established Pre-Treatment Regulations and Permits	<ul style="list-style-type: none"> Conduct bi-annual routine, as needed on-demand inspections and sampling activities Process late notices, deficiency letters and reporting violations as necessary Review and update the "No Drugs Down the Drain" program and conduct public outreach No Wipes Flush
F4	No Sanitary Sewer Overflows (SSO) due to lack of maintenance	<ul style="list-style-type: none"> Populate all collection system PM's into CMMS by December 2012 Conduct all routine and on-demand cleaning of the Regional and NRW sewer system and treatment plants Respond to all Sanitary Sewers Overflows (SSO) and treatment plant emergencies in a timely manner and provide assistance to other contracting agencies
D4	Effectively develop and conduct documented procedures and technology training	<ul style="list-style-type: none"> Conduct annual review of PT&SC SOP's and quality control procedures
A4	Implementation of Agency-wide Salinity Reduction Program	<ul style="list-style-type: none"> Work with the contracting agencies to minimize the salt loading from commercial, industrial, and residential self-regenerating water softeners Water Softener Prohibition Ordinance Identify Regional industrial users suitable for connection to the NRWS
E2	Support the development of project scope and design related to the Regional and NRW sewer system	<ul style="list-style-type: none"> Actively participate in design review meetings, workshops, and assist during construction
D5	Improve accuracy of data collection for invoicing and revenue to recover all expenses related to NRW operations	<ul style="list-style-type: none"> Increase calibration frequency of critical flow meters Improve sample collection and analysis for accurate billing of NRW customers

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Chart

Pre-Treatment and Source Control



Position Summary

	FY 09/10 Actual	FY 10/11 Amended Budget	FY 11/12 Budget	FY 12/13 Budget
Mgr. of Pre-Treatment & Source Control	1	1	1	1
Senior Associate Engineer	1	1	1	1
PSC&CS Supervisor	1	1	1	1
PSC Senior Inspector	1	1	1	1
PSC Inspector II	1	1	1	1
PSC Inspector I	2	2	2	2
Sr. Collection System Operator	1	1	1	1
Collection System Operator	5	5	5	5
Office Assistant	1	1	1	1
Total	14	14	14	14

Expenses

Annual operating expense increases are the result of rate increases from CSDLAC and SAWPA for the NRWS. Since the NRWS rates are based on “pass through” charges, the rate increases are offset by corresponding user charges.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12		FY 12/13 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$1,060,628	\$1,051,096	\$1,027,139	\$939,499	\$1,020,919
Operating Expense	6,004,077	4,791,518	6,886,901	5,114,579	5,160,188
Administrative Expenses	7,667	7,771	9,937	7,827	11,162
Total	\$7,072,372	\$5,850,385	\$7,923,977	\$6,093,905	\$6,192,268



IERCF Backup Generator – Rancho Cucamonga, CA

TECHNICAL SERVICES DEPARTMENT

Mission Statement

Provide technical assistance for the Agency’s facilities and systems to maintain and preserve compliant water, wastewater, and air treatment quality in the most reliable and cost-effective manner.

Description and Purpose

The Technical Services Department is responsible for providing needed technical assistance to the Operations, Maintenance, Pre-treatment and Source Control, Engineering, and Construction Management Departments. Key activities of the Technical Service Department include:

- 🍃 Regularly schedule reviews for each facility to discuss Key Performance Indicators (KPI) with focus on deviations from predetermined parameter targets and actions necessary for remediation.
- 🍃 Unit Production Costs (UPC) of operations and maintenance for each facility track audit report on a monthly basis and serve as a primary management tool for ensuring cost-effectiveness.
- 🍃 Provides assistance to other departments; review new project designs, troubleshoot treatment process operations and performance, and conduct special studies and review of new technologies.
- 🍃 Provides capital project startup and transition assistance to the Construction Management and Operations Departments.

Accomplishments

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
D6	Performance Management Process Evaluation and Optimization	<i>(MI) Monitor and refine Unit Production Costs (UPC) data</i>			
		(A)Created and distributed monthly UPC Reports.		✓	
		(A)Addressed adverse process/cost trends, identified any efficiency opportunities, and then documented in a quarterly report to Executive Management.		✓	
D1	Develop and implement high level training programs	<i>(MI) Standardize and update all operating procedures</i>			
		(A) Lead efforts on the in-house updating of the RP-1 O&M Manual		✓	
		(A)Conducted training for Operations staff on the proper use of O&M manuals within two months of the completion of the manuals.		✓	

Agency Wide Goal	Departmental Goal	FY 2011/12 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
B1	Evaluate new and emerging technologies	<i>(MI) Implement new high-tech testing procedures</i>			
		(A) Evaluated emerging technologies for introducing oxygen into the activated sludge process in a more efficient manner than currently used		✓	
I4	Maintain the highest safety standards possible	<i>(MI) Achieve zero no-lost-time accidents</i>			
		(A)Conducted all required safety tailgate trainings.		✓	
D4	Provide resources and trainings for staff to keep abreast of changing rules and regulations	<i>(MI) Ensure staff is fully cognizant of rules and regulations</i>			
		(A)Encouraged staff participation in local water/wastewater/air regulatory and association committee meetings as measured by documented attendance.		✓	
C4	Provide support to Engineering and Construction Management	<i>(MI) During design and construction phases, ensure designs meet operational needs</i>			
		(A)Attended design and construction meetings, provided input and document suggestions for Executive Management review, and lead start-up activities.		✓	
		(A)Assisted in the development of work plans for the replacement of aeration diffusers at CCWRF.	✓		
		(A)Assisted in the development of Key Performance Indicators.		✓	
		(A)Provided analysis and recommendations on projects under construction.		✓	

Major Initiatives

- 🌿 **Technical Assistance Program** - Advise Maintenance, Laboratory, Pre-Treatment and Source Control and Collection System Departments in the development and implementation of their Key Performance Indicators.
- 🌿 **Regulatory Permit Compliance Plan** - Detailed attention to regulatory requirements, continued development and/or updating of Standard Operating Procedures (SOP's), Unit Process Control Procedures (UPCP's) and increased staff development through supervision and training.

Major Initiatives Continued...

- 🌿 **Chemical Optimization Plan** - Optimization of chemical use through effective implementation of Key Performance Indicators and tracking of Unit Production Costs.
- 🌿 **Best Practices and Procedures Implementation Plan** - Preparation of Standard Operating Procedures and Unit Process Control Procedures for the existing wastewater facilities.
- 🌿 **Continued Updates** - Updating existing Facility O&M Manuals.
- 🌿 **Maintenance Department Support** - Provide analysis and recommendations on projects being considered by Maintenance, and assist the Maintenance Department in the development and implementation of their Key Performance Indicators.

Performance/Workload Indicators:

	FY 10/11 Actual	FY 11/12 Target	FY 11/12 Projected Actual	FY 12/13 Target
Number of monthly KPI reports created and distributed	12	12	12	12
Number of quarterly UPC reports created and distributed	4	4	4	4

Goals & Objectives

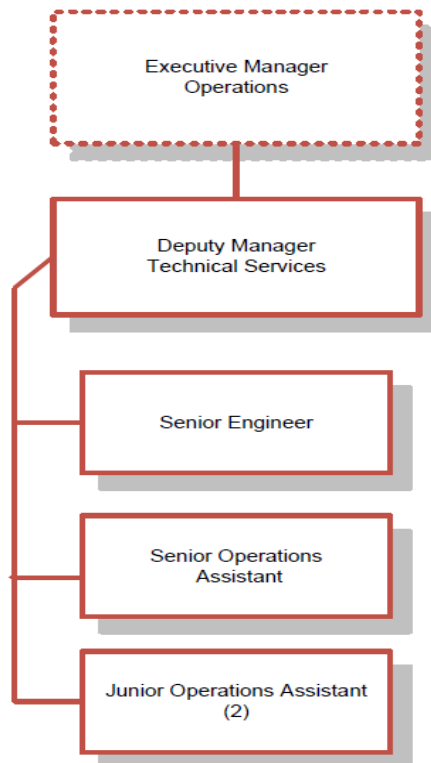
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D5	Monitoring and refinement of Unit Production Costs (UPC) data	<ul style="list-style-type: none"> • Create and distribute monthly UPC reports • Address adverse process/cost trends and identify any efficiency opportunities. Document in a report to Executive Management on a quarterly basis
D1	Standardize and update all operating procedures	<ul style="list-style-type: none"> • Lead efforts on the updating of the RP-1, CCWRF, and RP-2 O&M Manuals • Conduct training for Operations staff on the proper use of O&M Manuals within two months of the completion of the manuals
B1	Evaluate new and emerging technologies	<ul style="list-style-type: none"> • Evaluate emerging technologies for introducing oxygen into the activated sludge process in a more efficient manner than currently used

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
I4	No lost time accidents	<ul style="list-style-type: none"> • Conduct all required safety tailgate training
H2	Ensure staff is fully aware of new rules and regulations	<ul style="list-style-type: none"> • Encourage staff participation in local water/wastewater/air regulatory and association committee meetings as measured by documented attendance
D6	Provide support to Engineering and Construction Management during design and construction phases to ensure designs meet Operational needs	<ul style="list-style-type: none"> • Attend design and construction meetings, provide input and document suggestions for Executive Management review and lead start-up activities • Assist in the development and implementation of Key Performance Indicators • Provide analysis and recommendations on projects under consideration

* Please refer to the Agency Vision/Policy Goals tab for the Agency wide Goal description.

Organizational Structure

Technical Services



Position Summary

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget
Deputy Manager of Technical Services	1	1	1	1
Process Control Coordinator	0	0	0	0
Senior Engineer	2	1	1	1
Senior Operations Assistant	1	1	1	1
Junior Operations Assistant	2	2	2	2
Total	6	5	5	5

Expenses

FY 2012/13 operating expense includes an additional expense for an oxygen transfer study for aeration basins.

	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Amended Budget	FY 11/12 Projected Actual	FY 12/13 Budget
Employment Expense	\$523,783	\$494,376	\$503,256	\$477,235	\$507,454
Administrative Expense	4,010	2,605	6,290	1,893	5,445
Operating Expense	1,240	2,365	46,300	1,941	46,300
Total	\$529,033	\$499,346	\$555,846	\$481,069	\$559,199



Regional Plant No. 1 – Grit Conveyance Modifications





Area Profile



AREA PROFILE/ DEMOGRAPHICS

Region

The Inland Empire Utilities Agency is located in San Bernardino County, approximately 35 miles east of Los Angeles, in an area referred to as the Inland Empire, (IE). The area has moderate temperatures and low humidity year round. The average annual temperatures range from the 40's to 70's in January to the 60's to 90's in July. There are 312 average annual days of sunshine and the average rainfall in the service area is 16 inches per year.

The Agency's service area is uniquely positioned in a well-developed transportation center with three major railroads, the Metrolink Railway system, the Chino Airport and the Ontario International Airport, and four major freeway systems; the Interstate 10 San Bernardino, State Route 60 Pomona, State Route 210 Foothill, and Interstate 15 Ontario/Barstow,. Many of the Southern California's recreational and cultural attractions are less than an hour away, including world renowned attractions such as: Disneyland, J. Paul Getty Museum, Universal Studios, Long Beach Aquarium, the mountains, beaches, and deserts.

History

In the late 1800's a Canadian engineer named George Chaffey and his brother William bought 6,218 acres of land (now a part of the Agency's service area) with water rights for \$60,000. The primary requirement for utilization of the land was water. George Chaffey created a mutual water company and pipe system of irrigation that became the standard for water system management in Southern California.

The Inland Empire Utilities Agency (IEUA), formerly the Chino Basin Municipal Water District, was established by a majority vote in a special election on June 6, 1950, with the mission to supply supplemental water a population of approximately 80,000 residents in the Chino Basin. The first Board of Directors meeting was held on December 7, 1950. The original boundaries of the Agency's service area only encompassed 92 square miles. Today, the Agency's service area has expanded to 301 square miles with a current population of approximately 850,000 residents. The boundary of the Agency's service area encompasses the urban west end of San Bernardino County, immediately east of the Los Angeles County line and encompasses the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland and Rancho Cucamonga.

In 1951, the Agency annexed with the Metropolitan Water District of Southern California (MWD) to import potable water to its service area. MWD is a public agency that provides supplemental imported water from Northern California (State Water Project) and the Colorado River to 26 member agencies located in the coastal plains of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura Counties. The Agency's source of imported water is the State Water Project (SWP).

In the mid-1960's the Agency built the Southwest Chino Trunk Sewer for transport of domestic wastewater. In 1972, following the execution of the Chino Regional Sewage Service Contract (Regional Contract) the Agency assumed the role the regional wastewater service provider with the purchase of three local wastewater treatment plants; construction of new pipelines, regional interceptor sewers and treatment plants throughout its service area. Currently the Agency operates five regional water recycling plants (RWRPs), four of which generate recycled water.

The Agency's regional water and wastewater services are essentially wholesale services provided to the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, the Cucamonga Valley Water District (CVWD), and the Monte Vista Water District (MVWD, collectively known as the "Contracting Agencies".

In 1969, the Agency started construction of a non-reclaimable wastewater system (NRWS), for the collection of high-salinity industrial wastewater generated within the Agency’s service and discharged to the Pacific Ocean. The NRWS is physically separated from the Agency’s Regional Wastewater System and provides a means for segregating poor quality, saline wastewater and enhancing the quality of the recycled water.





In 1990, the Agency began the design and construction of an outdoor composting facility to co-compost the municipal sludge from the Agency’s wastewater treatment plants with dairy manure from the Chino agricultural preserve. In February 2002, the Agency and the County Sanitation Districts of Los Angeles County (CSDLAC), entered into a Joint Power Authority (JPA), the Inland Empire Regional Composting Authority (IERCA), to construct an indoor composting facility in place of the outdoor existing composting site. The Inland Empire Regional Composting Facility (IERCF), located in Rancho Cucamonga, is the nation’s largest indoor biosolids composting facility and has been in operation since 2007. The IERCF is currently operating at its design capacity, receiving nearly 600 wet tons per day of biosolids and recycled waste products. The IERCF produces over 220,000 cubic yards of high-quality compost each year for local landscaping and horticultural use and sold on a wholesale basis. Currently, 100% of the Agency’s biosolids are transported to the IERCF for processing.

In August 2001, the Agency partnered with the Chino Basin Water Master (CBWM) in the CBWM’s Optimum Basin Management Program (OBMP) Recharge Master Plan Phase II designed to artificially increase groundwater recharge within the Chino Basin using storm water recycled water, and imported water. In collaboration with the Chino Basin Water Conservation District (CBWCD) and the San Bernardino County Flood Control District (SBFCD), the Agency and CBWM implemented the \$50 million Chino Basin Facilities Improvement Project to develop recharge facilities from existing flood control basins. The refurbished 19 basins will maximize potential recharge capacity to approximately 110,000 acre feet per year (AFY). Additionally, the increased recharge capacity will protect and increase the yield of the Chino Basin, increase the amount of recycled water that can be recharged and improve groundwater quality

Since its inception, IEUA has continued to expand its mission from a supplemental water supplier to a regional wastewater treatment agency with domestic and industrial disposal systems, to a generator of renewable energy and high quality biosolids compost materials, and a regional purveyor of recycled water. IEUA continues to take the lead in regional water development, protection, conservation and sustainability. IEUA closely coordinates its water resources management program its contracting member agencies, CBWM, SBFCD, CBWCD, and local water retail agencies.

Governance








IEUA is governed by a five-member Board of Directors, elected to represent individual areas or Divisions. Each Board member is elected by Division to serve a four-year term.

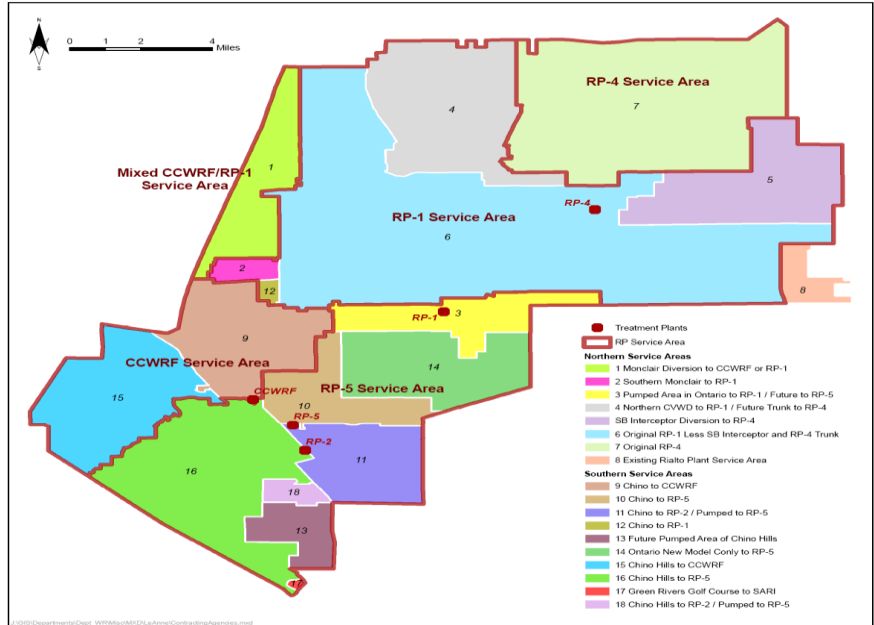
-  Division 1 Upland/Montclair
-  Division 2 Ontario
-  Division 3 Chino/Chino Hills/Montclair
-  Division 4 Fontana/Rialto/Bloomington
-  Division 5 Rancho Cucamonga

IEUA has one representative on the MWD Board of Directors and two representatives on the Santa Ana Watershed Project Authority Commission (SAWPA).

Contracting Agencies

IEUA coordinates its activities with contracting agencies in the region, to determine capital spending requirements needed to meet future wastewater service needs, and sets priorities for future water supplies, recycling, and wastewater capital projects. IEUA provides regional wastewater-related services to seven contracting agencies:

-  City of Chino
-  City of Chino Hills
-  Cucamonga Valley Water District (CVWD)
-  City of Fontana
-  City of Montclair
-  City of Ontario
-  City of Upland



Anticipated Growth

The Agency's service area population is projected to be 850,000 in FY 2012/13. The current economic downturn has reduced the projected future growth rate to only about 1%. Nonetheless, the region's geographic location, rising labor force, outstanding academic resources, and sophisticated logistics infrastructure have allowed the IE to continue to be one of California's fastest growing regions.

Figure 10-1

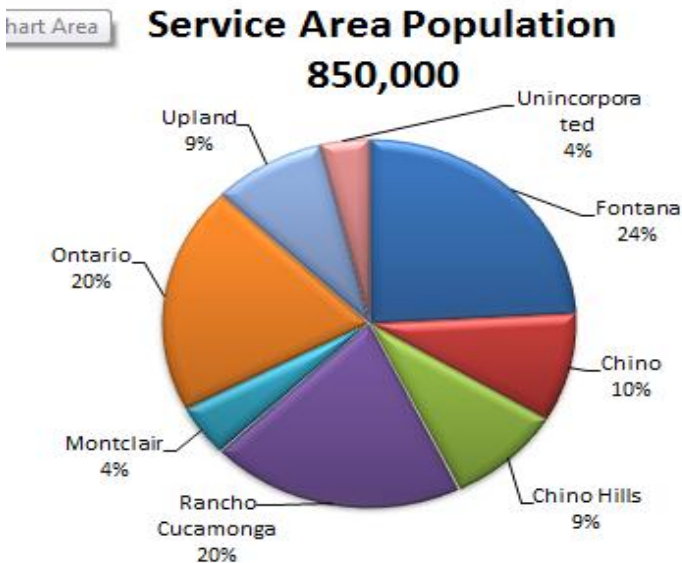
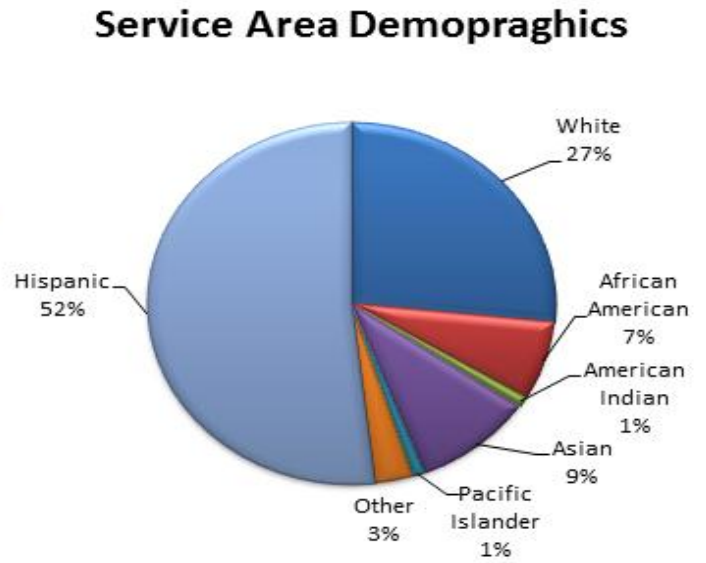


Figure 10-2



Source: State of California, Department of Finance, 3-A

Regional Wastewater Flows

The Agency utilizes *Equivalent Dwelling Units (EDU)* as the unit for measuring and forecasting the amount of water used by an average household. An EDU is equivalent to 98,550 gallons per year, or 270 gallons per day. As a result of the current economic recession and the drastic reduction in new development throughout the Agency’s service areas, the number of new EDU connections has dropped to historic low record levels. As reported in the table below, new EDU connections are anticipated to gradually increase in the ensuing years.

**Table 10-1
New Connection (EDUs) Forecasts**

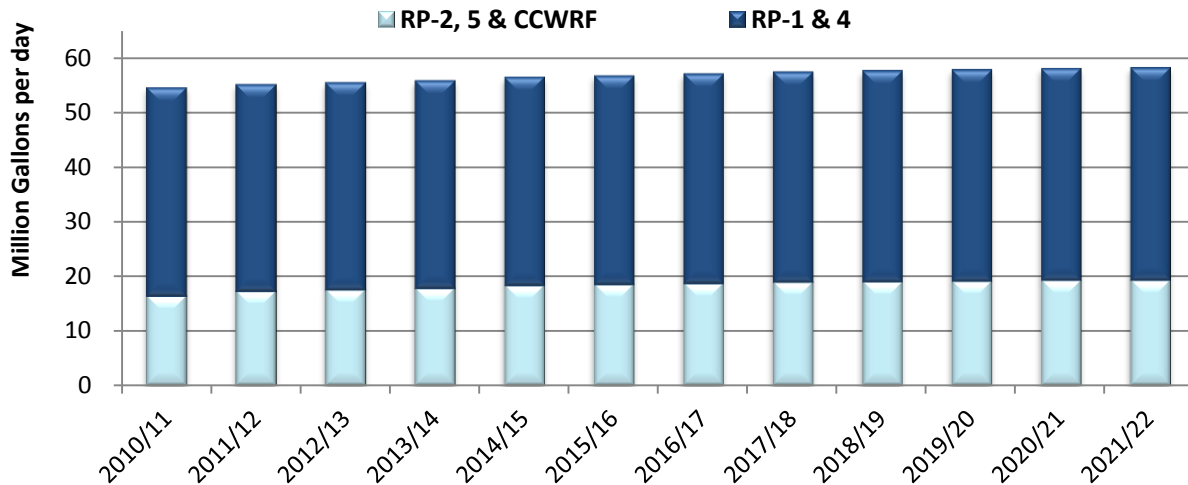
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
IEUA Forecasts	1,100	1,200	1,300	1,400	1,600
Member Agency Forecasts	2,329	3,400	5,237	3,601	3,455

Another downward trend the Agency’ has seen is the decline in total wastewater flows being treated at each of its facilities. Due to the effects of the economic recession with the high number of foreclosures and effective water conservation efforts which have reduced water consumption, the Agency’s wastewater flows been trending downward. This downward trend in wastewater flows is consistent with the Orange County Sanitation District, the Los Angeles County Sanitation Districts and the City of San Bernardino, all of which have reported 5% to 10% reduction in flows.

A key assumption for the next 10 years is the gradual increase in wastewater flows, as economic recovery drives new development throughout the region. The table summarizes the projected total MGD through FY 2021/22.

Figure 10-3

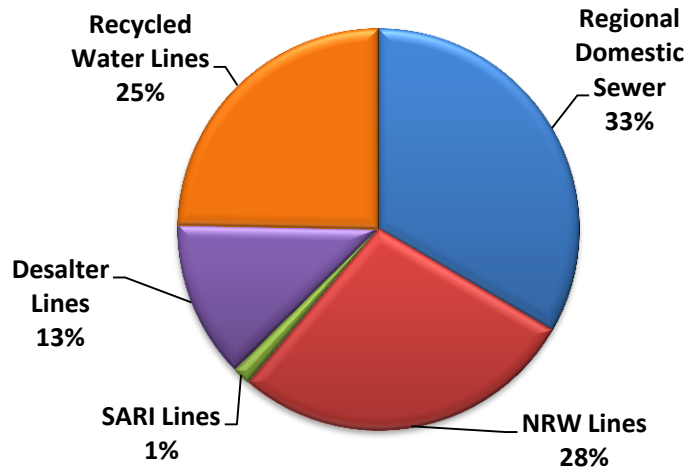
Projected Wastewater Flow For the Ten Fiscal Years Ending June 30, 2011 through June 30, 2022



Source: Statistics were derived from IEUA Ten Year Capital Plan.

Figure 10-4

301 Miles of Pipeline



As shown in the figure 10-4 above, over 60% of the Agency's 301 miles of pipeline infrastructure is designated for the collection of regional municipal and industrial wastewater.

Local Economic Conditions and Outlook

Housing Market - The Inland Empire (IE) economy remains weak in the first quarter of 2012, according to a recent report by Metrostudy, a national housing data and consulting firm that maintains the most extensive primary database on residential construction in the US housing market.

The IE economy continues to struggle with a soft new homes market. Even with a small gain in jobs over last year of 2,800 through March 2012, the Inland Empire's unemployment rate at 12.5% remains higher than both California's 11.5% and the nation's 8.4%.

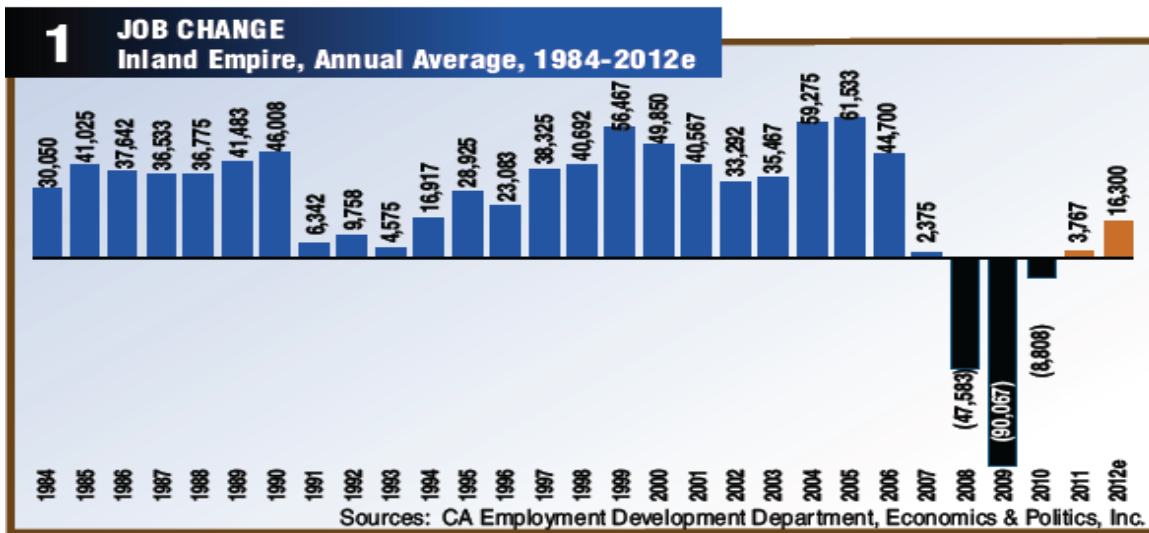
The IE accounts for a 40% market share of the entire Southern California housing market. Starts and closings in the IE housing economy stalled with only 795 homes closed, down 5% from 4th quarter of 2011. Single-family inventory totaled 3,139 units at the end of first quarter of 2012, a decrease of 4% from the prior quarter. The inventory in the resale market remains low with a majority of the product sold being distressed as the federal government begins programs to rent these properties.

Furthermore, IE existing home prices have been essentially flat at an average of \$173,000 for the past 10 quarters and are likely to remain that way until the mortgage issue is resolved with investors and affordable home buyers snapping up homes at the same pace they come on to the market.

Source: Metrostudy Report, April 26, 2012

Employment - The February 2012 IE employment forecast indicates a gain of 16,300 jobs (1.5%) to 1.157.200, after adding just 3,700 jobs during 2011. The turnaround will be modest because the area’s traditional competitive advantages (undeveloped land, modestly priced labor) that have powered its blue collar sectors continue to exist, but are dampened by the legacy of the mortgage crisis. Health care remains a bright spot due to the needs of the area’s population growth. The area’s unemployment rate of 12.5% is projected to drop to 11.5%, partially through local expansion and partly from jobs taken by commuters working in coastal counties. Meanwhile, like the rest of California, the area is being adversely affected by public sector job losses. With these influences impacting its economic base, the population serving portions of the inland economy have begun to modestly grow as well.

Figure 10-5



Manufacturing - Home construction and civil engineering employment could be stronger than expected if serious action is taken to bring down the balances that underwater homeowners owe on their mortgages, allowing construction to return. However, that appears unlikely.

U.S. firms are expanding as they are seeing expanded export sales as well as growing domestic demand. Importantly, despite a production uptick, national inventories remain at near historic lows. As a result, firms have begun hiring more workers and buying more supplies, which translates into growing manufacturing jobs in the inland region.

Inland Empire Economic Base - In 2012, the IE’s population serving sectors like retailing should begin recovering as money is re-spent locally by people involved in sectors like manufacturing, logistics and medical care bringing money to the inland area. However, growth will be muted because of the lack of energy in construction and the extreme difficulties facing local governments and school systems.

Another potential negative for the inland region could be a rise in interest rates if the Federal Reserve sees the need to raise rates due to price increases because of increased gasoline and food costs, which as a result, would cause a general slowing of inland growth. This would be of particular concern for areas like the inland region with large numbers of modest income families. The greatest threat for the Inland Empire and California, if the State’s budgetary problems continue, which will adversely impact the inland area’s local education, state and government sectors.

Sources: John Husing April 2012 Economic Outlook

Median annual income in the Agency’s service area is estimated to be \$67,294, San Bernardino County is \$65,000 and statewide median income is estimated to be \$58,931. The table below illustrates how the average annual income for the Agency’s service area compares to the County and the State annual average.

Table 10-2

Agency Service Area	Average Annual Income
Chino Hills	\$99,172
Chino	68,932
Upland	65,333
Montclair	52,108
Ontario	53,224
Fontana	59,185
Rancho Cucamonga	73,103
Average / 7 Cities	\$67,294
San Bernardino County	\$65,000
State of California	\$58,931

Source: City-data.com/city/California.html (2010)

Listed below are the largest public and private employers in the Agency’s service area:

Table 10-3

Firm	Location	Number of Employees
Ontario International Airport	Ontario	7,690
Kaiser Hospital & Medical Group	Fontana	6,000
Fontana Unified School District	Fontana	4,584
Chino Unified School District	Chino	3,500
California Institution For Men	Chino	2,327
Chaffey community College District	Rancho	1,516
North American Medical Management	Ontario	1,304
City of Ontario	Ontario	1,075
California Steel Industries, Inc.	Fontana	956

Source: *San Bernardino Area Chamber of Commerce*

Colleges and Universities nearest the Agency with more than 2,000 students in FALL 2010

Table 10-4

College or University	Number of Full Time Students
California State University—Fullerton	34,915
Riverside Community College	50,000
Mt. San Antonio College	40,525
California State Polytechnic University—Pomona	21,100
Chaffey Community College	20,304
University of California—Riverside	20,746
California State University—San Bernardino	17,852
Citrus College	14,500
University of La Verne	7,485
DeVry University - California	7,234
University of Redlands	2,410

Source: National Center for Educational Statistics

San Bernardino County Population Data

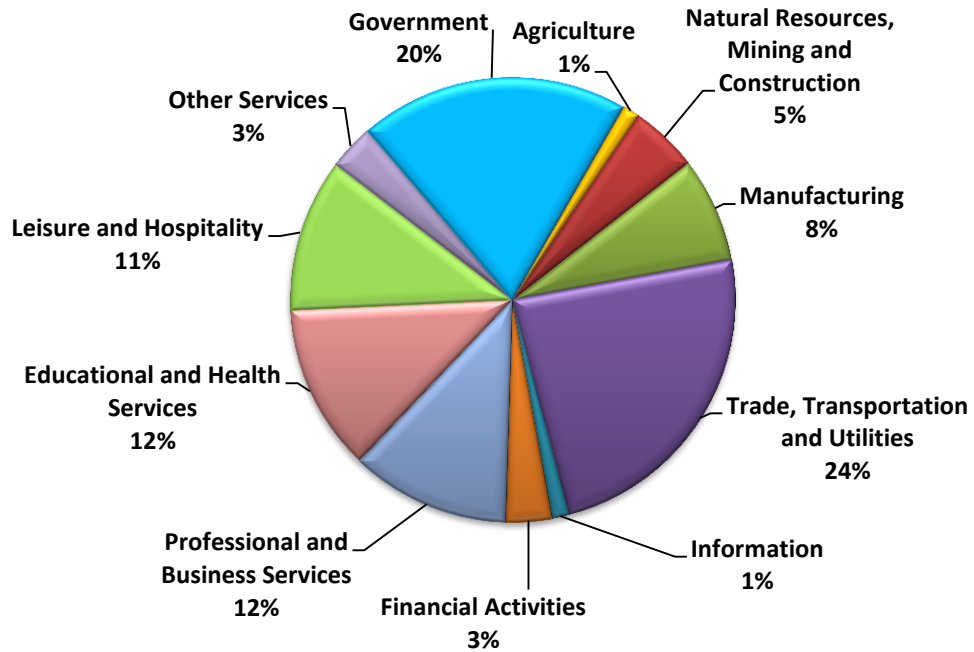
Table 10-5

	2010	2009
Total Population	2,035,210	2,017,673
Male	49.70%	50.20%
Female	50.30%	49.80%
0 to 18 years	32.65%	33.10%
19 to 34 years	21.72%	23.59%
35 to 49 years	20.42%	26.87%
50 to 64 years	16.30%	8.25%
65 years and over	8.91%	8.60%

Source: <http://www.census.gov/popfinder/>

Figure 10-6

San Bernardino County Jobs by Industry



Source: <http://www.labormarketinfo.edd.ca.gov/>
Source: Bureau of Labor Statistics



Regional Plant No. 2 Digester No. 3- Chino, CA

Historic and Projected Population and Assessed Values

The Agency's service area's population in FY 2012/13 is estimated to be approximately 837,000 and its total gross assessed valuation was determined to be \$53.1 billion. The Agency's ten-year historic and projected population and gross assessed valuation totals are presented in the tables below.

Table 10-7

Historic Population and Gross Assessed Values for the Past Ten Fiscal Years

Fiscal Year	Population (thousands)	Assessed Value (\$billion)
2000/01	678	37.8
2001/02	680	41.2
2002/03	691	45.0
2003/04	711	49.5
2004/05	748	51.5
2005/06	766	54.5
2006/07	798	56.8
2007/08	808	59.6
2008/09	815	56.7
2009/10	788	54.1
2010/11	796	53.2

Table 10-8

Projected Population and Gross Assessed Values Fiscal Years Ending June 30, 2012 through June 30, 2022

Fiscal Year	Projected Population* (thousands)	Projected Assessed Value (\$millions)
2011/12**	834	53.7
2012/13	837	53.1
2013/14	844	52.6
2014/15	851	52.6
2015/16	859	52.8
2016/17	867	53.1
2017/18	875	53.6
2018/19	884	54.2
2019/20	892	54.7
2020/21	901	55.3
2021/22	910	55.8

* Population statistics derived from Department of Finance 2011-12 with an estimated 1% increase/yr

**Beginning in FY 2011/12, projected population includes unincorporated areas, estimated around 32,000

Table 10-9

Summary of Assessed Values for the Past Ten Fiscal Years

Assessed Values—Excludes Redevelopment Agency Incremental Value (Dollars in Thousands)

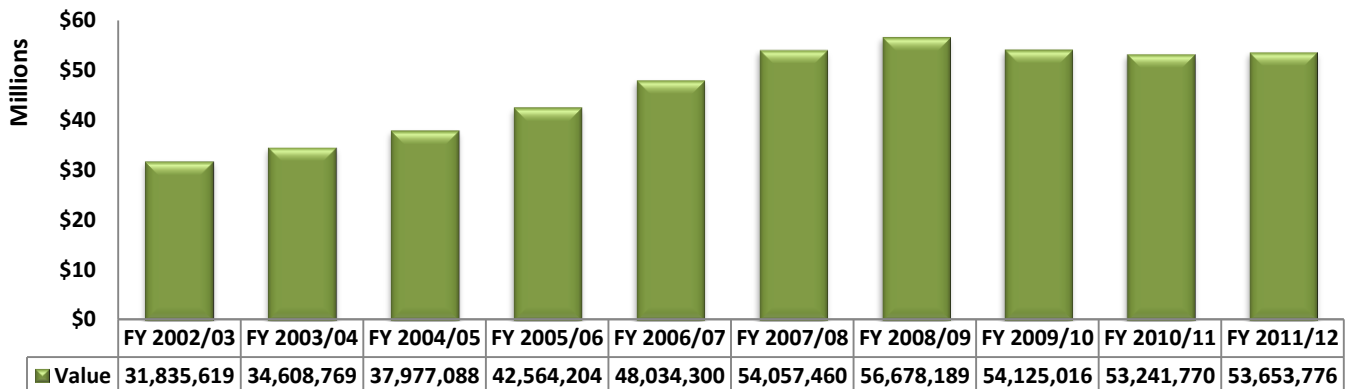
Fiscal Year Actual	Original Area	Mid-Valley Area	Bryant Area	North Perimeter	Total	Annual Increase/ (Decrease)	Annual % Change
2002/03	14,586,122	17,209,045	29,062	11,390	31,835,619	2,364,884	8.02%
2003/04	15,627,835	18,937,535	29,910	13,489	34,608,769	2,773,150	8.71%
2004/05	16,951,298	20,980,992	29,534	15,264	37,977,088	3,368,319	9.73%
2005/06	18,841,618	23,671,021	31,437	20,127	42,564,203	4,587,115	12.08%
2006/07	21,113,133	26,863,628	34,023	23,516	48,034,300	5,470,097	12.85%
2007/08	23,454,004	30,534,586	43,059	25,811	54,057,460	6,023,160	12.54%
2008/09	24,290,032	32,307,275	52,437	28,446	56,678,190	2,620,730	4.85%
2009/10	22,626,054	31,419,205	54,325	25,432	54,125,016	(2,553,173)	(4.50%)
2010/11	22,114,577	31,042,637	54,543	30,013	53,241,770	(883,246)	(1.63%)
2011/12	22,227,821	31,343,589	53,520	28,846	53,653,776	412,013	0.77%

Fiscal Year Forecast	Original Area	Mid-Valley Area	Bryant Area	North Perimeter	*Projected Total	Annual Increase/ (Decrease)	Annual % Change
2012/13	22,005,543	31,030,154	52,985	28,558	53,117,239	(536,537)	-1.00%
2013/14	21,785,488	30,719,852	52,455	28,272	52,586,067	(531,172)	-1.00%
2014/15	21,785,488	30,719,852	52,455	28,272	52,586,067	0	0.00%
2015/16	21,894,415	30,873,451	52,717	28,413	52,848,997	262,930	0.50%
2016/17	22,003,887	31,027,819	52,981	28,555	53,113,242	264,245	0.50%
2017/18	22,223,926	31,338,097	53,511	28,841	53,644,374	531,132	1.00%
2018/19	22,446,165	31,651,478	54,046	29,129	54,180,818	536,444	1.00%
2019/20	22,670,627	31,967,992	54,586	29,421	54,722,626	541,808	1.00%
2020/21	22,897,333	32,287,672	55,132	29,715	55,269,853	547,226	1.00%
2021/22	23,126,307	32,610,549	55,683	30,012	55,822,551	552,699	1.00%

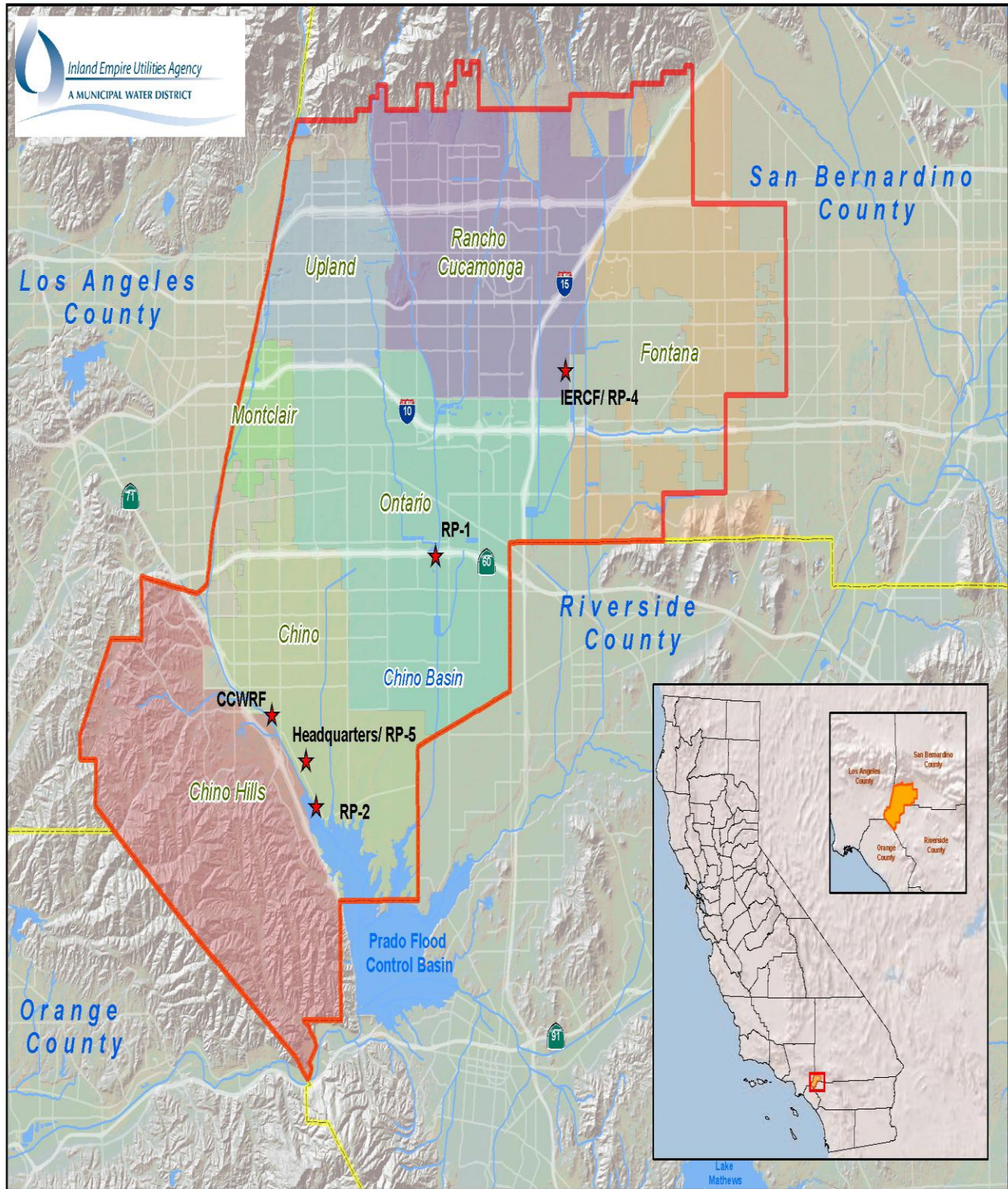
*Based on the FY 2012/13 Property Tax budget assumption

Figure 10-7

Summary of Assessed Values For the Past Ten Fiscal Years



IEUA - Service Area Map





Appendices



APPENDICES

INLAND EMPIRE UTILITIES AGENCY
ADOPTED FY 2012/13 USER FEES FOR IMPLEMENTATION
 July 1, 2012

		ADOPTED RATES FY 2012/13	IMPLEMENTED RATES FY 2011/12
<u>WASTEWATER PROGRAM</u>			
Total Volumetric (EDU) Fee	per equivalent dwelling unit per month per million gallons	\$12.39 \$1,560.89	\$11.14 \$1,713.27
Excess User Charges:			
Suspended Solids in excess of 430 milligrams per liter	per ton dry weight	\$399.49	\$467.77
Biochemical Oxygen Demand in excess of 386 milligrams per liter	per ton dry weight	\$431.26	\$459.74
Domestic Waste Truck Rates(Regional System):			
Initial Permit Application Fee	initial charge	\$163.00	\$155.00
Permit Renewal Fee	renewal fee	\$82.00	\$103.00
Trucked Waste Volumetric Fee	per load up to 2,000 gallons per load over 2,000 gallons	\$64.40 \$0.02	\$62.00 \$0.02
		per one (1) gallon	per one (1) gallon
Fontana Extra-Territorial Sewer Service Charge:			
Monthly Sewer Charge	per equivalent dwelling unit	\$13.03	\$13.28
Regional Capacity Fee	per equivalent dwelling unit	\$4,909.00	\$4,766.00
<u>NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS)</u>			
Initial Capacity fee per unit		\$215,000.00	\$215,000.00
Monthly Capital Improvement Program (CIP) Fee		\$90.00	\$90.00
Monthly Capacity Unit Fee (NRW North System)		\$123.27	\$192.91
Per Capacity Unit			
Monthly Capacity Unit Fee (NRW South System)		\$277.17	\$244.73
Per Capacity Unit			
Excess User Charges (NRW North System)			
Total Suspended Solids in excess (TSS) of 313 milligrams per liter	per 1,000 pounds dry weight	\$268.60	\$268.60
Chemical Oxygen Demand (COD) of 735 milligrams per liter	per 1,000 pounds dry weight	\$101.16	\$101.16
Excess User Charges (NRW South System)			
Total Suspended Solids in excess (TSS)	per 1,000 pounds dry weight	\$376.00	\$335.00
Biochemical Oxygen Demand (BOD)	per 1,000 pounds dry weight	\$253.00	\$225.00
Volumetric Fee (NRW North System)			
Direct Line Deliveries	per million gallons	\$1,465.26	\$1,040.35
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit	\$146.53	\$104.04
Volumetric Fee (NRW South System)			
Direct Line Deliveries	per million gallons	\$794.00	\$862.00
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit	\$79.40	\$86.20
Truck Station Deliveries: (NRW North System)			
Per Load Up to 5,000 gallons		\$159.16	\$175.20
Incremental above 5,000 gallons (unit calculation changed)		\$0.010	\$0.010
		per one (1) gallon	per one (1) gallon

INLAND EMPIRE UTILITIES AGENCY
ADOPTED FY 2012/13 USER FEES FOR IMPLEMENTATION
July 1, 2012

	ADOPTED RATES FY 2012/13	IMPLEMENTED RATES FY 2011/12
<u>NON-RECLAIMABLE WASTEWATER SYSTEM (cont)</u>		
Truck Station Deliveries: (NRW South System)		
	<u>Tier Schedule</u>	<u>BOD or TSS Concentration</u>
	Brine	Less than 100 mg/l per 5,000 gallon truck
	Tier 1 (Non Brine)	100 to 999 mg/l
	Tier 2 (Non Brine)	1,000 to 2,499 mg/l
	Tier 3 (Non Brine)	2,500 mg/l and higher
	\$215.86	\$208.35
	\$240.86 /gallon	\$233.35 /gallon
	\$315.86 /gallon	\$328.35 /gallon
	\$178.86 /gallon	\$170.85 /gallon
	\$0.645 / pound of TSS	\$0.683 / pound of TSS
	\$0.617 / pound of BOD	\$0.672 / pound of BOD
Per Load Up to 5,000 gallons Incremental above 5,000 gallons (unit calculation changed)		
Administrative Surcharge		
Non-Recycled Water Users	% of <i>Capacity and Volumetric</i> charges	50%
Recycled Water Users	% of <i>Capacity and Volumetric</i> charges	10%
All NRW Connected Users	% of <i>Strength</i> charges	50%
Application Fees:		
Capacity Right/Capacity Option agreement	per each agreement	No Charge
Converting a capacity option agreement to a capacity right agreement		No Charge
New Permit Fees:		
For Wastewater Generators who discharge directly through the pipeline connection		
Categorical Industrial User	\$3,264.00	\$2,626.00
with Combined Waste Stream Formula, add	\$816.00	\$656.00
with Production Based Standards, add	\$408.00	\$328.00
with Multiple Categories, add	\$1,632.00	\$1,313.00
Non-Categorical, Significant, Industrial User	\$2,448.00	\$1,969.00
Non-Categorical, Non-Significant Industrial User	\$2,040.00	\$1,641.00
Wastewater Permit Renewal Fees:		
For Wastewater Generators who discharge directly through the pipeline connection		
Categorical Industrial Users	\$2,448.00	\$1,969.00
with Combined Waste Stream Formula, add	\$408.00	\$328.00
with Production Based Standards, add	\$204.00	\$164.00
with Multiple Categories, add	\$816.00	\$656.00
Non-Categorical, Significant Industrial User	\$612.00	\$492.00
Non-Categorical, Non-Significant Industrial User	\$408.00	\$328.00
New Permit Fees:		
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional or NRW sewer system		
Categorical Industrial User	\$2,040.00	\$1,641.00
with Combined Waste Stream Formula, add	\$816.00	\$656.00
with Production Based Standards, add	\$408.00	\$328.00
with Multiple Categories, add	\$1,632.00	\$1,313.00
Non-Categorical, Significant, Industrial User	\$1,224.00	\$985.00
Non-Categorical, Non-Significant Industrial User	\$816.00	\$656.00
Wastewater Permit Renewal Fees:		
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional or NRW sewer system		
Categorical Industrial Users	\$1,632.00	\$1,313.00
with Combined Waste Stream Formula, add	\$408.00	\$328.00
with Production Based Standards, add	\$204.00	\$164.00
with Multiple Categories, add	\$816.00	\$656.00
Non-Categorical, Significant Industrial User	\$612.00	\$492.00
Non-Categorical, Non-Significant Industrial User	\$408.00	\$328.00

INLAND EMPIRE UTILITIES AGENCY
ADOPTED FY 2012/13 USER FEES FOR IMPLEMENTATION
July 1, 2012

	ADOPTED RATES FY 2012/13	IMPLEMENTED RATES FY 2011/12
<u>NON-RECLAIMABLE WASTEWATER SYSTEM (cont)</u>		
Initial Wastewater Hauler Permit Application & Permit Fees (NRWS):		
Permit Application for Wastewater Hauler	\$163.00	\$155.00
Permit Renewal for Wastewater Hauler	\$82.00	\$103.00
Major Permit Modification /Facility Expansion Fee		
Major Permit Modification	\$1,224.00	\$985.00
Facility Expansion	\$1,224.00	\$985.00
Minor Permit Modification Fees:		
Changes of Equipment Maintenance or Monitoring Requirements/Changes of Discharge Limits	\$571.00	\$459.00
Change of Limits/Evaluation of Toxic Organic Management Plan Processing	No Charge	No Charge
Business Name Change/Owner Name Change	\$163.00	\$131.00
<u>RECYCLED WATER SALES</u>		
Sales to Regional Contracting Agencies/certain retail customers		
Direct Sale (All Tertiary Plants)		
7/1/2012 - 6/30/2013 per million gallons	\$475.71	
7/1/2012 - 6/30/2013 per acre foot	\$155.00	
7/1/2010 - 12/31/2011 per million gallons		\$291.50
7/1/2009 - 12/31/2010 per acre foot		\$115.00
1/1/2011 - 06/30/2011 per million gallons		\$353.05
1/1/2011 - 06/30/2011 per acre foot		\$115.00
Recharge Sale (All Tertiary Plants)		
7/1/2012 - 6/30/2013 per million gallons	\$598.47	
7/1/2012 - 6/30/2013 per acre foot	\$195.00	
7/1/2010 - 12/31/2011 per million gallons		\$352.90
7/1/2010 - 12/31/2011 per acre foot		\$145.00
1/1/2012 - 06/30/2012 per million gallons		\$445.15
1/1/2012 - 06/30/2012 per acre foot		\$145.00
<u>IMPORTED (MWD) POTABLE WATER SALES</u>		
Agency Surcharge added to MWD rates per acre foot	\$12.00	\$12.00
Imported Water Rates (including the above surcharges):		
Full Service Untreated Water		
Tier 1 7/1/2012- 12/31/2012 per acre foot	\$572.00	\$539.00
Tier 1 1/1/2013- 12/31/2013 per acre foot	\$605.00	\$572.00
Tier 2 7/1/2012 - 12/31/2012 per acre foot	\$698.00	\$664.00
Tier 2 1/1/2013 - 12/31/2013 per acre foot	\$755.00	\$698.00
MWD Penalty Rates for Exceeding Tier I Allocation		
<i>Water Use</i>	<i>Base Water Rate</i>	<i>Penalty Rates</i>
100% of Allocation	Tier 1	0
Between 100% - 115% of Allocation	Tier 1	2 x Tier 2
Greater than 115% of Allocation	Tier 1	4 x Tier 2
New Connections w/o Tier 1 Allocation		
		Tier 1
		Tier 1 + (2 x Tier 2)
		Tier 1 + (4 x Tier 2)
		Tier 2
		Tier 2
Ground Water Storage Program		
Replenishment Water Untreated		
7/1/2012 - 12/31/2012 per acre foot	\$454.00	\$421.00
1/1/2013 - 12/31/2013 per acre foot	No Rate Available	\$454.00
Capacity Meter Charge per diameter inch of meter per month	\$5.00	\$5.00
Capacity Reservation Charge		
7/1/2012 - 12/31/2012 per cubic foot per second (cfs)	\$7,400.00	\$7,200.00
1/1/2013 - 12/31/2013 per cubic foot per second (cfs)	\$6,400.00	\$7,400.00
Industrial Connection Minimum Charge per connection per month	\$1,000.00	\$1,000.00
Retail Meter Charge per meter per month	\$1.555	\$1.075
(for MWD Readiness-to-Serve Charges)		

(Refer to respective rate resolutions for details)

RESOLUTION NO. 2012-4-1

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, DECLARING ITS INTENT TO ADOPT BUDGETS FOR THE REGIONAL SEWAGE, RECYCLED WATER, NON-RECLAIMABLE WASTEWATER, AND WATER RESOURCES PROGRAMS AND FIXING TIME AND PLACE OF HEARING THEREON

WHEREAS, pursuant to the Chino Basin Regional Sewage Service Contract, this Board of Directors shall adopt its resolution of intent to adopt budgets for its Regional Sewage Program and fix a time and place of hearing thereon.

WHEREAS, this Board of Directors shall also adopt its resolution to hold a public hearing to receive public comments on the proposed 2012/13 budgets and rates for the Recycled Water, Non-Reclaimable Wastewater, and Water Resources Programs.

NOW THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby **RESOLVE, DETERMINE, AND ORDER** as follows:

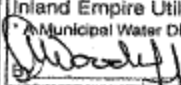
Section 1: That the Board of Directors hereby declares its intent to adopt Regional Sewage and said proposed budgets for Fiscal Year 2012/13,

Section 2: That the Board of Directors hereby fixes a time and place for hearing on said proposed budgets as follows:

Date	Time	Place
June 20, 2012	10:00 a.m.	Office of the Agency 6075 Kimball Ave. Chino, CA 91708

Section 3: That the Secretary is hereby authorized and directed to distribute copies of this resolution. The draft program budget of the Regional Sewage Recycled Water, Non-Reclaimable Wastewater, Water Resources will be distributed following review by the Board of Directors.

Section 4: Upon adoption of this Resolution, Resolution No. 2011-4-6 is hereby rescinded in its entirety.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water District
 Date 4/18/12

Resolution No. 2012-4-1
Page 2 of 3

ADOPTED this 18th day of April, 2012.



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

ATTEST:



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

(SEAL)


* A Municipal Water District

Resolution No. 2012-4-1
Page 3 of 3

STATE OF CALIFORNIA)
COUNTY OF)SS
SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-4-1 was adopted at
a regular Board Meeting on April 18, 2012, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A MUNICIPAL WATER DISTRICT

RESOLUTION NO. 2012-2-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR IMPROVEMENT DISTRICT "C" FOR FISCAL YEAR 2012/13 THROUGH YEAR 2014/15

WHEREAS, pursuant to the Regional Sewage Service Contract, the Regional Contracting Agencies Advisory Committees have received and reviewed the Regional Wastewater Program Budget with an associated service rate for Fiscal Years 2012/13 through FY 2014/15;

WHEREAS, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Years 2012/13 through 2014/15:

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1st of each fiscal year:

Section 1. Effective July 1, 2012, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$12.39 per equivalent service unit (EDU) per month or \$1,560.89 per million gallons.

Section 2. Effective July 1, 2013, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$13.39 per equivalent service unit (EDU) per month or \$1,600.25 per million gallons.

Section 3. Effective July 1, 2014, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$14.39 per equivalent service unit (EDU) per month or \$1,559.45 per million gallons.

Section 4. The provisions of the Regional Sewage Service Contract and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 5. That upon the effective date of this Resolution, Resolution No. 2011-2-2 is hereby rescinded.

ADOPTED this 1st day of February, 2012.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
Municipal Water District

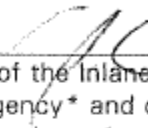
Date 2/29/12

Resolution No. 2012-2-2
Page 2 of 3



President of the Inland Empire
Utilities Agency* and of the
Board of Directors thereof

ATTEST:



Secretary of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

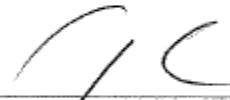
* A Municipal Water District

Resolution No. 2012-2-2
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-2-2 was adopted at a Board Meeting on February 1, 2012, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Secretary/Treasurer of the
Inland Empire Utilities Agency*
and of the Board of Directors
thereof

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2012-2-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
INLAND EMPIRE UTILITIES AGENCY* (IEUA), SAN
BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE
REIMBURSEMENT PAYMENT FOR FISCAL YEAR 2012/13
THROUGH YEAR 2014/15

WHEREAS, the Contracting Agency Advisory Committees have agreed to approve a Reimbursement Payment adjustment prior to adoption of the final Ten-Year CIP and Budget, based on the IEUA's proposed budget for Fiscal Years 2012/13 through 2014/15;

WHEREAS, on behalf of the Contracting Agencies, the Chairman of the Regional Policy Committee has requested in writing that the IEUA Board of Directors adjust the Reimbursement Payment in accordance with Section 9A, Part C of the Regional Sewage Contract;

WHEREAS, the financing of the Ten-Year Capital Improvement Program requires that the Reimbursement Payment will be increased to \$4,909 per Equivalent Dwelling Unit (EDU) effective July 1, 2012; and increased to \$5,007 per EDU effective July 1, 2013; and increased to \$5,107 per EDU effective July 1, 2014; and

NOW THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE AND ORDER the following to be effective on;

Section 1. July 1, 2012 for Fiscal Year 2012/13 the Reimbursement Payment for the Contracting Agencies shall be \$4,909.

Section 2. July 1, 2013 for Fiscal Year 2013/14 the Reimbursement Payment for the Contracting Agencies shall be \$5,007 per EDU.

Section 3. July 1, 2014 for Fiscal Year 2014/15 the Reimbursement Payment for the Contracting Agencies shall be \$5,107 per EDU.

Section 4. That the provisions of the Regional Sewage Service Contract and any amendments thereto, are hereby applicable and will remain in full force and effect.

Section 5. That upon the effective date of this Resolution, Resolution No. 2011-2-1 is hereby rescinded.

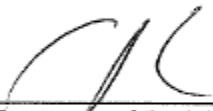
The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water District
Date 2/29/12

RESOLUTION NO. 2012-2-3
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2012-2-3 was adopted at a
regular Board Meeting on February 1, 2012, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

RESOLUTION NO. 2012-6-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, APPROVING AND ADOPTING ITS BUDGET FOR
FISCAL YEAR 2012/13

NOW, THEREFORE, the Board of Directors of the Inland Empire
Utilities
Agency* does hereby RESOLVE, DETERMINE AND ORDER AS FOLLOWS:


Section 1. That this Board of Directors hereby approves and adopts
the budget for Fiscal Year 2012/13, subject to amendment upon receipt from the
County of San Bernardino final data regarding property tax valuations and
allocations and/or loss of tax revenue by action of the State legislature.

ADOPTED this 20th day of June, 2012.

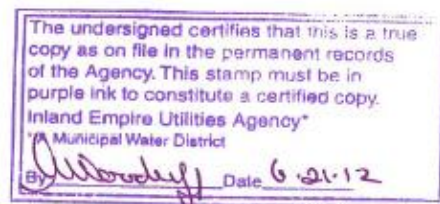


Michael Camacho
Vice President of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

ATTEST:



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



*A Municipal Water District

Resolution No. 2012-6-2
Page 2 of 2

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-6-2 was adopted at a regular meeting on June 20, 2012, of said Agency* by the following vote:

AYES: Santiago, Elie, Camacho
NOES: Koopman
ABSTAIN: None
ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

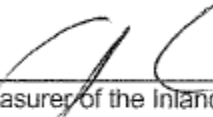
RESOLUTION NO. 2012-2-3
Page 2 of 3

ADOPTED this 1st day of February, 2012



President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of Directors
thereof

RESOLUTION NO. 2012-2-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RATES COVERING THE SALE OF RECYCLED WATER FOR FISCAL YEAR 2012/13 THROUGH YEAR 2014/15

WHEREAS, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Years 2012/13 through 2014/15:

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. That effective July 1, 2012, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$475.71 per million gallons or \$155.00 per acre foot.

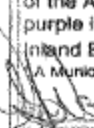
Section 2. That effective July 1, 2013, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$659.86 per million gallons or \$215.00 per acre foot.

Section 3. That effective July 1, 2014, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$890.04 per million gallons or \$290.00 per acre foot.

Section 4. That effective July 1, 2012, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$598.47 per million gallons or \$195.00 per acre foot.

Section 5. That effective July 1, 2013, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$782.62 per million gallons or \$255.00 per acre foot.

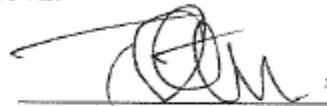
Section 6. That effective July 1, 2014, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,028.15 per million gallons or \$335.00 per acre foot.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water District
 Date 8/29/12

Resolution No. 2012-2-4
Page 2 of 3

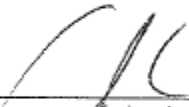
Section 7. Upon the effective date of this Resolution, Resolution No. 2011-2-3 is hereby rescinded in their entirety.

ADOPTED this 1st day of February, 2012.



President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



Secretary/Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

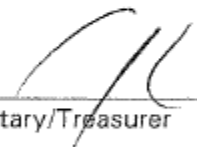
* A Municipal Water District

Resolution No. 2012-2-4
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-2-4, was adopted at a regular meeting on February 1, 2012, of said Agency* by the following vote:

- AYES: Santiago, Elie, Camacho, Koopman, Catlin
- NOES: None
- ABSTAIN: None
- ABSENT: None



Secretary/Treasurer

{SEAL}

* A Municipal Water District

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
* A Municipal Water District
By *[Signature]* Date 6-21-12

RESOLUTION NO. 2012-6-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR WASTEWATER HAULERS TO THE REGIONAL WASTEWATER SYSTEM FOR SEPTAGE, COMMERCIAL OR INDUSTRIAL WASTEWATERS, AND EXCESSIVE STRENGTH CHARGES FOR FISCAL YEAR 2012/2013.

WHEREAS, it is necessary to establish service rates for processing and issuing permits to Domestic and Industrial Wastewater Haulers permitted by IEUA, and service rates for processing and treatment of sanitary, commercial or industrial wastewater deliveries to the Inland Empire Utilities Agency (Agency)'s Regional Wastewater System;

WHEREAS, it is necessary to establish application fees for processing and issuing for Wastewater Discharge Permits for industrial wastewater generators who discharge directly through pipeline connections to the Regional Sewer System;

WHEREAS, the Board of Directors of the Inland Empire Utilities Agency*, pursuant to Ordinance No. 87, may establish said service rates by resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2012:

Section 1 That Wastewater Permit Application for Domestic Wastewater Hauler fees is as follow:

Initial Permit Application Fee	\$ 163.00
Permit Renewal Fee	\$ 103.00

Section 2 That wastewater volumetric fee for domestic and industrial wastewater hauler is as follow:

For each load up to 2,000 gallons	\$ 64.40
Loads in excess of 2,000 gallons	\$ 0.02 per one (1) gallon

Section 3 That a rate schedule effective July 1, 2012, for delivery of domestic and industrial wastewater to regional plants with excessive biochemical oxygen demand and suspended solids is hereby established as follows:

<u>Quantity</u>	<u>Rate</u>
Suspended Solids in excess of 430 mg/L	\$ 431.26 per Ton (dry weight)

Biochemical Oxygen Demand in excess of 386 mg/L \$ 399.49 per Ton (dry weight)

Section 4 A Non-Compliance fee of \$100.00 will be assessed to reinstate elapsed or expired insurance requirements.

Section 5 That Initial Industrial Wastewater Discharge Permit Application and Permit Renewal fees for industrial wastewater generators who discharge directly through pipeline connection to the Regional Sewer System shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$3,264.00
with Combined Waste Stream Formula, add	\$816.00
with Production Based Standards, add	\$408.00
with Multiple Categories, add	\$1,632.00
Non-Categorical, Significant Industrial User	\$2,448.00
Non-Categorical, Non-Significant Industrial User	\$2,040.00

Permit Renewal Fees:

Categorical Industrial User	\$2,448.00
with Combined Waste Stream Formula, add	\$408.00
with Production Based Standards, add	\$204.00
with Multiple Categories, add	\$816.00
Non-Categorical, Significant Industrial User	\$612.00
Non-Categorical, Non-Significant Industrial User	\$408.00

Section 6 That Initial Industrial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the Regional Sewer System shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,040.00
with Combined Waste Stream Formula, add	\$816.00
with Production Based Standards, add	\$408.00
with Multiple Categories, add	\$1,632.00
Non-Categorical, Significant Industrial User	\$1,224.00
Non-Categorical, Non-Significant Industrial User	\$816.00

One-time permit fee for permit term of one year or less shall be equal to one-half of the above applicable permit fee.

Permit Renewal Fees:

Categorical Industrial User	\$1,632.00
with Combined Waste Stream Formula, add	\$408.00
with Production Based Standards, add	\$204.00
with Multiple Categories, add	\$816.00
Non-Categorical, Significant Industrial User	\$612.00
Non-Categorical, Non-Significant Industrial User	\$408.00

Section 7 That initial Industrial Wastewater Hauler Permit application and Permit Renewal fees shall be:

Initial Permit Application for Wastewater Hauler	\$163.00
Permit Renewal for Wastewater Hauler	\$82.00

Section 8 That Major Permit Modification or Facility Expansion fees shall be:

\$1,224.00

Major Permit Modification shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include but are not limited to the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 9 That Minor Permit Modification fees shall be:

\$571.00

That for change of business name or ownership only shall be:

\$163.00

Minor Permit Modification shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include but are not limited to the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 10 Toxic Organic Management Plan (TOMP) Processing

No Charge

Section 11 That IEUA will pass on to wastewater permit holder any other charges, such as, but not limited to, excessive strength, laboratory analysis, inspection activities, etc.

Resolution No. 2012-6-3
Page 4 of 5

Section 12 That all provisions of the *Regional Wastewater Ordinance* and any amendments thereto are hereby applicable and will remain in full force and effect.

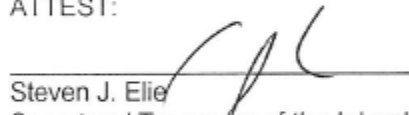
Section 13 That upon the effective date of this Resolution, Resolution No. 2011-6-3 is hereby rescinded in its entirety.

ADOPTED this 20th day of June, 2012.



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

ATTEST:



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

(SEAL)


* A Municipal Water District

Resolution No. 2012-6-3
Page 5 of 5

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2012-06-3, was adopted at a
Board Meeting on June 20, 2012, of said Agency* by the following vote:

AYES: Santiago, Elie, Camacho
NOES: Koopman
ABSTAIN: None
ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2012-6-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2012/13

WHEREAS, it is necessary to establish initial and monthly capacity charges, volumetric flow charges, CIP charges, trucked wastewater delivery charges and excessive strength charges;

WHEREAS, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s NRWS;

WHEREAS, one NRWS Capacity Unit is defined as an equalized discharge at the flow rate of 15 gallons per minute (GPM);

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost;

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 62, Section 601-605, may establish said fees and charges by resolution;

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2012

Section 1 That the Initial Capacity Charge for the purchase of NRWS Capacity Rights shall be set at \$215,000 per Capacity Unit.

Section 2 That the monthly charges for discharge to the NRWS are as follows:

(A) CAPACITY CHARGES:

For discharge to the NORTH NRWS, which reaches jurisdiction of the County Sanitation Districts of Los Angeles County (CSDLAC), the monthly Capacity Charge is \$123.27 per Capacity Unit.

For discharge to the ETIWANDA WASTEWATER LINE, also known as the WEST EDISON LINE, which reaches the jurisdiction of the County Sanitation Districts of Los Angeles County (CSDLAC), the monthly Capacity Charge is \$0.00 per Capacity Unit.



For discharge to the SOUTH NRWS, which reaches jurisdiction of the Santa Ana Watershed Project Authority (SAWPA), the monthly Capacity Charge is \$277.17 per Capacity Unit.

The monthly Capital Improvements Program (CIP) charge for both North and South NRWS is \$90.00 per Capacity Unit per month.

The Agency's capacity charges are summarized in Table 1.

Table 1 – Summary of Monthly Capacity Charges for FY2011-2012

NRWS System	Capacity Charge (\$/Month/Capacity Unit)	Capital Improvement Program (\$/Month/Capacity Unit)
NORTH NRWS	\$123.27	\$90.00
ETIWANDA LINE	\$0.00	
SOUTH NRWS	\$277.17	

(B) VOLUMETRIC CHARGES

For discharge to the NORTH NRWS, the monthly Volumetric Charge is \$1,465.26 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less is \$146.53 per Capacity Unit per month.

The Volumetric Charge is \$912.73 per Million Gallons for the Ion Exchange water treatment plants that discharge to the WEST EDISON LINE in the NORTH NRWS. The minimum Volumetric Charge for discharge of 100,000 gallons or less is \$91.27 per Capacity Unit per month.

For discharge to the SOUTH NRWS, the monthly Volumetric Charge is \$794.00 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less per Capacity Unit per month is \$79.40 per Capacity Unit per month.

The Agency's volumetric charges are summarized in Table 1.

Table 1 – Summary of Volumetric Charges

NRWS System	Volumetric Charge (\$/Million Gallons)	Minimum Volumetric Charge (≤100,000 Gallon Per Month) (\$/Month/Capacity Unit)
NORTH NRWS	\$1,465.26	\$146.53
WEST EDISON LINE	\$912.73	\$91.27
SOUTH NRWS	\$794.00	\$79.40

(C) STRENGTH CHARGES

That Strength Charges are applicable to all discharges to the NRWS, via pipeline or hauled by truck, for excessive Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS). The rates are as follows:

For discharge to the NORTH NRWS:

<u>QUANTITY</u>	<u>RATE</u>
TSS in excess of 313 mg/L	\$268.60 per 1,000 pounds (dry weight)
COD in excess of 735 mg/L	\$101.16 per 1,000 pounds (dry weight)

For discharge to the South NRWS:

<u>QUANTITY</u>	<u>RATE</u>
TSS	\$376.00 per 1,000 pounds (dry weight)
BOD	\$253.00 per 1,000 pounds (dry weight)

Strength charges for the NORTH NRWS discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis.

Strength charges for the SOUTH NRWS discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a monthly basis.

The Agency's strength charges are summarized in Table 2.

Table 2 - Summary of Strength Charges

System	TSS (\$/Per 1,000 lbs dry) (In excess of 313 mg/L)	COD (\$/Per 1,000 lbs dry) (In excess of 735 mg/L)	BOD (\$/Per 1,000 lbs dry)
NORTH NRWS	\$268.60 (In excess of 313 mg/L)	\$101.16 (In excess of 735 mg/L)	N/A
SOUTH NRWS	\$376.00	N/A	\$253.00

(D) Administrative Charges

- (a) Capacity Administrative Charge for industries that use recycled water and those who do not use recycled water shall be 10% and 50%, respectively. The reduced 10% administration charge will be applied based on a pro-rata ratio of the recycled water to total water usage. This charge shall be added to the Capacity Charge of Section 2(A).
- (b) Volumetric Administrative Charge for industries that use recycled water and those who do not use recycled water

shall be 10% and 50%, respectively. The reduced 10% administration charge will be applied based on a pro-rata ratio of the recycled water to total water usage. This charge shall be added to the Volumetric Charge or to the minimum Volumetric Charge of Section 2(B).

- (c) Strength Administrative Charge of 50% shall be applied to the Strength Charges of Section 2(C) for industrial users that discharge to the NRWS via pipeline. This charge shall be added to the Strength Charge of Section 2(C).
- (d) IEUA contracting agencies shall be considered as Recycled Water User for billing purposes.

The Agency's administrative charges are summarized in Table 3.

Table 3 – Summary of Agency's Administrative Charges

Administrative Charge	Recycled Water User	Non-Recycled Water User
Capacity Admin. Charge*	10%	50%
Volumetric Admin. Charge*	10%	50%
Strength Admin. Charge	50%	50%

* Administrative charges are pro-rated for recycled water users

(E) Other Charges

IEUA will pass on any other charges from CSDLAC or SAWPA invoiced to the Agency to dischargers to the NRWS, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 3 For trucked discharges to the NORTH NRWS, the minimum wastewater discharge rate of 5,000 gallons (or less) per trucked load and the incremental rates per one (1) gallon are as follows:

<u>QUANTITY</u>	<u>RATE</u>
Minimum trucked wastewater	\$159.16 per load of 5,000 gallons or less
Incremental above 5,000 gallons	\$0.01 per one (1) gallon

Trucked wastewater charges for this Section include the Agency's capacity and volumetric administrative charges; and are subject to the same strength charges as defined in Section 2(C) and 2(D).

Section 4 For trucked discharges to the SOUTH NRWS, the wastewater discharge rate shall be based on the applicable Tiered Schedule as established by the higher concentration value for BOD or TSS. The South NRWS Tiered Rate Schedule for Trucks is shown in Table 4.

Table 4 – SOUTH NRWS Tiered Rate Schedule for Trucks

Tiered Schedule	BOD or TSS Concentration	Total Volumetric Charge Up to 5,000 gallon	Incremental Charge above 5,000 gallons, \$ per one (1) gallon	BOD Charges	TSS Charges
Brine	Less than 100 mg/L	\$215.86	\$0.010	N/A	N/A
Tier 1 (Non-Brine)	100 to 999 mg/L	\$240.86	\$0.015	N/A	N/A
Tier 2 (Non-Brine)	1,000 to 2,499 mg/L	\$315.86	\$0.030	N/A	N/A
Tier 3 (Non-Brine)	2,500 mg/L and higher	\$178.86	\$0.003	\$0.645 per pound of BOD	\$0.617 per pound of TSS

Section 5 That Application fees for a Capacity Right Agreement shall be: No Charge

Section 6 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$3,264.00
with Combined Waste Stream Formula, add	\$816.00
with Production Based Standards, add	\$408.00
with Multiple Categories, add	\$1,632.00
Non-Categorical, Significant Industrial User	\$2,448.00
Non-Categorical, Non-Significant Industrial User	\$2,040.00

Permit Renewal Fees:

Categorical Industrial User	\$2,448.00
with Combined Waste Stream Formula, add	\$408.00
with Production Based Standards, add	\$204.00
with Multiple Categories, add	\$816.00
Non-Categorical, Significant Industrial User	\$612.00
Non-Categorical, Non-Significant Industrial User	\$408.00

Section 7 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,040.00
with Combined Waste Stream Formula, add	\$816.00
with Production Based Standards, add	\$408.00

with Multiple Categories, add	\$1,632.00
Non-Categorical, Significant Industrial User	\$1,224.00
Non-Categorical, Non-Significant Industrial User	\$816.00

Permit Renewal Fees:

Categorical Industrial User	\$1,632.00
with Combined Waste Stream Formula, add	\$408.00
with Production Based Standards, add	\$204.00
with Multiple Categories, add	\$816.00
Non-Categorical, Significant Industrial User	\$612.00
Non-Categorical, Non-Significant Industrial User	\$408.00

Section 8 That initial Wastewater Hauler Permit application and Permit Renewal fees for the North NRWS shall be:

Initial Permit Application for Wastewater Hauler	\$163.00
Permit Renewal for Wastewater Hauler	\$82.00

South NRWS Wastewater Hauler Permit Application and Permit Renewal are processed and administered by Santa Ana Watershed Project Authority (SAWPA).

Section 9 That Major Permit Modification or Facility Expansion fees shall be: \$1,224.00

Major Permit Modification shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 10 That Minor Permit Modification fees shall be: \$571.00

That for change of business name or ownership only shall be: \$163.00

Minor Permit Modification shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

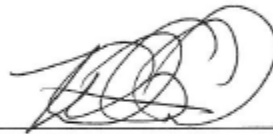
Section 11 Toxic Organic Management Plan (TOMP) Processing No Charge

Resolution No. 2012-06-4
Page 7 of 8

Section 12 That all provisions of the Non-Reclaimable Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 13 That upon the effective date of this Resolution, the Resolution No. 2011-12-1 is hereby rescinded in its entirety.

ADOPTED this 20th day of June, 2012.



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

ATTEST:



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

*A Municipal Water District

Resolution No. 2012-06-4
Page 8 of 8

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-06-4 as adopted at a regular Board meeting on June 20, 2012, of said Agency* by the following vote:

AYES: Santiago, Elie, Camacho
NOES: Koopman
ABSTAIN: None
ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
* A Municipal Water District
By *[Signature]* Date *6.21.12*

RESOLUTION NO. 2012-6-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING IMPORTED WATER RATES AND SUPPLEMENTAL SURCHARGE

WHEREAS, pursuant to Division II, Part II, Section 201 of Ordinance No. 70, the Board of Directors of Inland Empire Utilities Agency* (Agency) establishes, from time to time, rates for water sold or delivered by direct connections to the Rialto Pipeline of the Metropolitan Water District (Metropolitan);

WHEREAS, the Board of Directors of the Agency establishes rates for delivery of imported water supplies; and

WHEREAS, the Board of Directors has determined that the levy of a per acre-foot administrative surcharge is required to maintain sufficient appropriated reserves and to provide for the Agency's administrative and operational costs associated with the delivery of imported water supplies; and

WHEREAS, the Board of Directors has also determined that a local water agency, by written request, could be levied a supplemental per acre foot surcharge for delivered imported water to fund the local cost for water conservation programs; and

WHEREAS, modification of this policy may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective July 1, 2012, and January 1, 2013:

Section 1. That the rates of sales of imported water shall consist of the base rate charged by Metropolitan for each class of water plus a surcharge of twelve dollars (\$12) per acre foot, of which eight dollars (\$8) is used for administration, operation, maintenance, and depreciation expenses of the agency, and four dollars (\$4) is used to support a regional water conservation program. The rates, by class of water, including the surcharge, are as follows:

- (a) FOR TIER 1 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

7/1/2012 – 12/31/2012 (\$560 + \$12)	\$572.00 per acre foot
1/1/2013 – 12/31/2013 (\$593 + \$12)	\$605.00 per acre foot

- (b) FOR TIER 2 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

7/1/2012 – 12/31/2012 (\$686 + \$12)	\$698.00 per acre foot
1/1/2013 – 12/31/2013 (\$743 + \$12)	\$755.00 per acre foot

(c) FOR GROUND WATER STORAGE PROGRAM

REPLENISHMENT WATER UNTREATED – This rate is available contingent upon the requirements of Metropolitan’s Administrative Code, and includes water delivered for groundwater replenishment and storage, by direct or in-lieu methods.

7/1/2012 – 12/31/2012 (\$442 + \$12)	\$454.00 per acre foot
1/1/2013 – 12/31/2013 (NO RATE AVAILABLE)	

(d) METROPOLITAN WATER SUPPLY PLAN PENALTY RATES – these rates will be applied to IEUA and its member agencies if IEUA exceeds its imported water allocation from MWD and is invoiced by MWD for drought or DYY penalty rates, for FY 2012/13. Any such penalty rates shall be “passed through” to the appropriate agency that caused the imposition of a penalty rate by MWD.

Standard MWD Penalty Rates			
Water Use	Base Water Rate	Penalty Rate	Total Rate
100% of Allocation	Tier 1	0	Tier 1
Between 100% and 115%	Tier 1	2 x Tier 2	Tier 1 + (2 x Tier 2)
Greater Than 115%	Tier 1	4 x Tier 2	Tier 1 + (4 x Tier 2)

Section 2. That IEUA will impose any Metropolitan rates and charges, applicable to each service connection, if invoiced by Metropolitan to IEUA during FY 2012/13.

Section 3. That additional charges will also be levied during FY 2012/13 in the form of a capacity meter charge of \$5.00 per diameter inch of meter per month.

Section 4. That the Metropolitan levied Capacity Charge (\$/cfs) shall be as follows:

7/1/2012 – 12/31/2012	\$7,400 per cubic foot per second (cfs)
1/1/2013 – 12/31/2013	\$6,400 per cubic foot per second (cfs)

Section 5. That a minimum charge of \$1,000 per month will be collected from any active Metropolitan full service industrial connection beginning 7/1/2012 through 6/30/2013.

Section 6. That the allocation of Tier I will be:

7/1/2012 – 12/31/2012

• Water Facilities Authority	31,383.7	AF
• Cucamonga Valley Water District	28,368.5	AF
• Inland Empire Utilities Agency	59,752.2	AF

1/1/2013 – 12/31/2013 (NO ALLOCATION AVAILABLE)*

*Above allocation may be subject to change based on Metropolitan purchase order renewal.

Section 7. That water delivered for domestic and municipal purposes through a newly constructed metropolitan service connection that has not been allocated a Tier 1 share of IEUA's 10 year contract for firm water service will be billed at the Tier 2 rate. Any unused portion of Tier 1 will be allocated to new connections at the end of Calendar Year 2013 based on purchases year to date (any Tier 2 purchases will be subject to rate adjustment for the difference between Tier 1 and Tier 2 rates).

Section 8. That upon the effective date of this Resolution, Resolution No. 2011-6-5 is hereby rescinded in its entirety.

ADOPTED this 20th day of June, 2012.



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

ATTEST:



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


*a Municipal Water District

Resolution No. 2012-6-5
Page 4 of 4

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2012-6-5, was adopted at a regular
meeting on June 20, 2012, of said Agency* by the following vote:

AYES: Santiago, Elie, Camacho
NOES: Koopman
ABSTAIN: None
ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2012-6-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RETAIL METER CHARGE RATE COVERING READINESS-TO-SERVE STANDBY CHARGE REVENUE DEBT

WHEREAS, pursuant to Division III, Part III, Section 301(D) of Ordinance No. 70, the Board of Directors of Inland Empire Utilities Agency* (IEUA) is required to establish, annually, a Retail Meter Charge rate to yield revenues sufficient to cover the under collection of IEUA's Readiness-to-Serve charge by Metropolitan Water District's standby charge and the recharge water activities effective July 1, 2012; and

WHEREAS, the Board of Directors of the IEUA shall establish an annual basic charge for each active retail water meter served by an IEUA Local Agency which exists as of April 1 of each year.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS that the following to be effective July 1, 2012:


- Section 1.** That the rate for each active retail water meter shall be \$1.555 per meter per month.
- Section 2.** That upon the effective date of this Resolution, Resolution No. 2011-6-6 is hereby rescinded in its entirety.

ADOPTED this 20th day of June, 2012.



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

ATTEST:



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


*a Municipal Water District

Resolution No. 2012-6-6
Page 2 of 2

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2012-6-6, was adopted at a regular
meeting on June 20, 2012, of said Agency* by the following vote:

AYES: Santiago, Elie, Camacho
NOES: Koopman
ABSTAIN: None
ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2012-6-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR
FISCAL YEAR 2012/13.

WHEREAS, the Board of Directors of Inland Empire Utilities Agency* is required by Agency Ordinance No. 28, Section 3, to establish, from time to time, rates for rental of maintenance and construction equipment.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, pursuant to Ordinance No. 28, that the rates for equipment rental are as shown in Exhibit 1 attached hereto and are effective July 1, 2012.

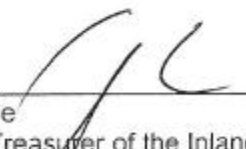
Upon the effective date of this Resolution, Resolution No. 2011-6-7 is hereby rescinded in its entirety.

ADOPTED this 20th day of June, 2012.

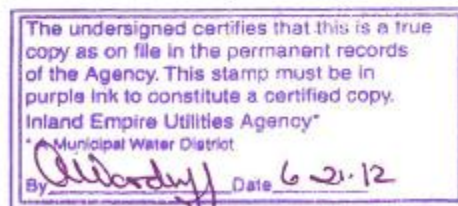


Michael Camacho
Vice President of the Inland Empire Utilities
Agency* and of the Board of Directors thereof

ATTEST:



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



*a Municipal Water District

EXHIBIT 1

**INLAND EMPIRE UTILITIES AGENCY*
MAINTENANCE EQUIPMENT RENTAL RATES
FISCAL YEAR 2012/13**

GOVERNMENTAL AGENCIES WITHIN IEUA SERVICE BOUNDARIES


		RATE IN FORCE
Tractor with or without 25 ton low bed trailer	per mile	\$ 8.46
With one operator	per hour portal-to-portal	62.62
With two operators	per hour portal-to-portal	123.55
Vactor Super Jet Line Cleaner and Equipment		
With one operator	per hour portal-to-portal	113.37
With two operators	per hour portal-to-portal	167.53
Tractor with or without Backhoe	per hour portal-to-portal	61.67
Jetter Vactor		
With one operator	per hour portal-to-portal	160.50
With two operators	per hour portal-to-portal	225.46
Camera Van		
With one operator	per hour portal-to-portal	79.19
With two operators	per hour portal-to-portal	144.19
Gap Vactor Truck		
With one operator	per hour portal-to-portal	166.74
With two operators	per hour portal-to-portal	231.74
Safety Van		
With one operator	per hour portal-to-portal	74.08
With two operators	per hour portal-to-portal	141.78
Water Truck		
With one operator	per hour portal-to-portal	72.18
With two operators	per hour portal-to-portal	137.14

Resolution No. 2012-6-7
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-6-7 was adopted at a
regular meeting on June 20, 2012, of said Agency* by the following vote:

AYES: Santiago, Elie, Camacho
NOES: Koopman
ABSTAIN: None
ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2012-6-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY ANALYSES FOR FISCAL YEAR 2012/13

WHEREAS, The Agency occasionally enters into agreements with other local governmental agencies to perform laboratory analyses; and

WHEREAS, the most efficient and practical method of charging for this work is through the establishment of a price for each analysis.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, that, effective July 1, 2012, the single item prices for laboratory analyses are as shown on Exhibit 1 attached hereto.

Upon the effective date of this Resolution, Resolution No. 2011-6-8 is hereby rescinded in its entirety.

ADOPTED this 20th day of June, 2012.



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

ATTEST:



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

*a Municipal Water District




The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
* A Municipal Water District
By Steven J. Elie Date 6-21-12

Resolution No. 2012-6-8
Page 2 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2012-6-8, was adopted at a
regular meeting on June 20, 2012, of said Agency* by the following vote:

- AYES: Santiago, Elie, Camacho
- NOES: Koopman
- ABSTAIN: None
- ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**INLAND EMPIRE UTILITIES AGENCY
LABORATORY PRICES - FY 2012/13**

Inorganic Chemistry		
Test	Method	Price
Alkalinity, Total	SM 2320B	\$13.50
Ammonia as Nitrogen	EPA 350.1	\$13.50
Ammonia as Nitrogen	EPA 350.3	\$12.50
Anion Sum	SM 1050	\$2.00
BOD, Soluble	SM 5210	\$40.00
BOD, Total	SM 5210	\$35.00
Bromide	EPA 300.0	\$10.00
Cation Sum	SM 1050	\$2.00
Chloride	EPA 300.0	\$8.25
Chlorine Residual	SM 4500-Cl G	\$15.00
COD	SM 5220D	\$30.00
Color	SM 2120B	\$4.50
Conductivity	SM 2510	\$8.00
Corrosivity	SM 2330B	\$37.00
<i>If Alkalinity, Ca, EC or pH are requested on the sample, Corrosivity cost is reduced by their respective prices.</i>		
Cyanide, Total	SM 4500-CN E	\$27.00
Cyanide, Available	EPA 01A-1677	\$40.00
Cyanide, Free	ASTM D7237	\$25.00
Dissolved Organic Carbon	SM 5310B	\$35.00
Dissolved Organic Carbon	SM 5310C	\$30.00
Dissolved Oxygen	EPA 360.1	\$11.00
Fluoride	EPA 300.0	\$8.50
Fluoride	SM 4500-F C	\$15.00
Hardness, Total (Calculation)	EPA 200.7	\$19.35
<i>If Ca & Mg are requested on the sample, Hardness by Calculation cost is reduced by their respective prices.</i>		
Hardness, Total	SM 2340C	\$16.50
Mercury	EPA 245.2	\$36.00
Metals Digestion (liquid)		\$15.00
Metals Digestion (solid)		\$40.00
Metals by ICP	EPA 200.7	\$9.00 ea
Metals by ICP/MS	EPA 200.8	\$9.00 ea
Nitrate as Nitrogen	EPA 300.0	\$8.25
Nitrite as Nitrogen	EPA 300.0	\$8.25
Nitrogen, Organic	Various	\$65.00
Oil & Grease, Non-polar	EPA1664A	\$30.00
Oil & Grease, Total	EPA1664A	\$27.00
pH	SM 4500-H+ B	\$4.50
Phosphorus, Ortho	SM 4500-P E	\$20.00
Phosphorus, Ortho	EPA 300.0	\$8.25
Phosphorus, Total	SM 5400-P E	\$30.00

Inorganic Chemistry		
Test	Method	Price
Silica	EPA 200.7	\$9.00
Sulfate	EPA 300.0	\$8.25
Sulfide, Dissolved	SM 4500-S D	\$20.00
Sulfide, Total	SM 4500-S D	\$16.50
TDS	SM 2540C	\$13.50
TDS, Fixed/Volatile	SM 2540E	\$20.00
TKN	EPA 351.2	\$54.00
TOC	EPA 5310B	\$30.00
TOC	SM 5310C	\$22.50
Total Solids	SM 2540B	\$10.00
TSS	SM 2540D	\$13.50
Turbidity	EPA 180.1	\$8.00
Volatile Solids	SM 2540E	\$15.00
Volatile Suspended Solids	SM 2540E	\$20.00

Bioassay/Microbiology		
Test	Method	Price
Bioassay, C.Dubia, Acute	EPA 2002	\$300.00
Bioassay, C.Dubia, Chronic	EPA 1002	\$900.00
Coliform, Fecal	SM 9221E	\$22.50
Coliform, Total (10 Tube)	SM 9221B	\$20.00
Coliform, Total (15 Tube)	SM 9221B	\$22.50
Heterotrophic Plate Count	SM 9215B	\$18.00

Organic Chemistry		
Test	Method	Price
Acrolein & Acrylonitrile	EPA 624	\$135.00
MTBE	EPA 524.2	\$112.50
Pesticides	EPA 608	\$220.00
Pesticides w/ PCBs	EPA 608	\$280.00
PCBs	EPA 608	\$220.00
Semi-Volatiles (Short list DW)	EPA 525	\$295.00
Semi-Volatiles (Acid Extractables)	EPA 625	\$225.00
Semi-Volatiles (Base/Neutrals)	EPA 625	\$225.00
Semi-Volatiles (BNA)	EPA 625	\$325.00
tert-Butyl Alcohol (TBA)	EPA 524.2 MOD	\$135.00
Thiobencarb	EPA 525	\$270.00
Volatiles, DW	EPA 524.2	\$135.00
Volatiles, WW	EPA 624	\$150.00

RESOLUTION NO. 2012-6-9

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S BOUNDARIES FOR FISCAL YEAR 2012/13

WHEREAS, it is necessary to establish an extra-territorial monthly sewer service charge for system user whose property served is located outside the boundaries of Improvement District "C" of the Inland Empire Utilities Agency (the Agency); and

WHEREAS, the charge shall be "A" dollars per equivalent dwelling unit (EDU) per month. "A" shall be determined annually by the Agency before July 1 and will be set at the amount of certain sewer taxes per EDU being received from the taxable area within Improvement District "C"; and

WHEREAS, these taxes are to be the Improvement District "C" portion of taxes plus the portion of the Agency's General Taxes applied each year to the Regional and Tertiary Wastewater Systems and the General Administrative expenditures for the Regional and Tertiary Wastewater Systems; and

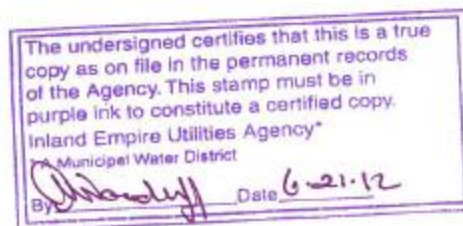
WHEREAS, modification to this resolution may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2012:

Section 1. That the monthly sewer service rate be determined based on the Agency-wide assessed valuation for FY 2011/12 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billed EDU's listed in the Agency's FY 2011/12 Regional Wastewater Operations and Maintenance fund budget, as shown in Exhibit 1; and

Section 2. That the monthly sewer service charge should be set at a rate of \$13.03 per month per Equivalent Dwelling Unit (EDU).

Section 3. That upon the effective date of this Resolution, Resolution No. 2011-6-9 is hereby rescinded in its entirety.



Resolution No. 2012-6-9
Page 2 of 4

ADOPTED this 20th day of June, 2012.



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

ATTEST:



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

*A Municipal Water District

Resolution No. 2012-6-9
Page 3 of 4

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2012-6-9 was adopted at a
Board Meeting on June 20, 2012, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho
NOES: Koopman
ABSTAIN: None
ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**AVERAGE VALUE OF AN EDU FOR FISCAL YEAR 2012/13
CITY OF FONTANA MONTHLY EXTRA-TERRITORIAL USER SURCHARGE**

The information utilized includes the EDU projections identified in the Regional Wastewater Operations and Maintenance (RO) Fund budget and the San Bernardino County Auditors' report which lists the Agency's assessed valuation for FY 2011/12. Based on this information the estimated average value of an EDU within the Agency is as follows:

FY 2011/12 Agency Assessed Value -	= \$	80,327,548,642
FY 2011/12 Projected number of EDU's within Agency =		256,261 EDU per month
<i>\$80,327,548,642 divided by 256,261</i>	= \$	313,460

Annual tax obligation is calculated by:

<i>\$313,460 multiply by 0.000499</i>	= \$	156.42 per year
<i>(adjusted Agency tax rate)</i>	= \$	13.03 per month

RESOLUTION NO. 2012-6-10

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING APPROPRIATION LIMITS FOR FISCAL YEAR 2012/13

WHEREAS, on November 6, 1979, Proposition 4 on the ballot for the Special Election added Article XIII B to the Constitution, effective July 1, 1980, placing various limits on the fiscal powers of state and local governments;

WHEREAS, implementing legislation, Chapter 1205 Statutes of 1980 (SB 1352) became effective January 1, 1981, wherein the appropriation may increase each year by an amount equal to the percentage change in population from January to January each year and the lower of two price changes, i.e., either the U.S. March to March Consumer Price Index (CPI), or the fourth quarter per Capita Personal Income Index;

WHEREAS, Article XIII B and its implementing legislation were modified by Proposition 111 and SB88 (Chapter 60/90) to establish new annual adjustment factors beginning with the 1990/91 Appropriation Limits;

WHEREAS, Inland Empire Utilities Agency*, as a local government, is required under Article XIII B to annually establish an appropriation limit for the following fiscal year;

WHEREAS, Resolution No. 81-6-7 was adopted on June 24, 1981, setting forth definitions, declarations, findings, and determinations concerning the applicability of Article XIII B to the individual funds of the Agency;

WHEREAS, those definitions, declarations, findings, and determinations are modified as specifically provided herein;

WHEREAS, it is Inland Empire Utilities Agency's* intent to establish this year's Appropriation Limits, following the California League of Cities Uniform Guidelines dated March, 1991; and

WHEREAS, except for data on non-residential assessed valuation due to new construction (since 1986/87), data concerning per capita personal income and population changes necessary for determining the Fiscal Year 2012/13 Appropriation Limits are now available.



NOW, THEREFORE, the Inland Empire Utilities Agency* does hereby RESOLVE and DETERMINE as follows:

Section 1. The Board of Directors has determined to select the State of California Per Capita Personal Income as its inflation adjustment factor, in the absence of up-to-date data on non-residential assessed valuation. The Board reserves the right to change its selection of the inflation adjustment factor once the assessment data are available.

Section 2. The Board has determined to select the San Bernardino County's population growth (since 1986/87) as its population adjustment factor.

Section 3. Appropriation Limits. That pursuant to Section 7910 of the Government Code and Exhibits I through IV attached hereto and made a part hereof, the Board of Directors does hereby establish the following Appropriation Limits for Fiscal Year 2012/13:

<u>EXHIBIT</u>	<u>FUND</u>	<u>APPROPRIATION LIMITS</u>
I	Administrative Service Fund	\$16,606,373
II	Regional Wastewater Capital Improvement Fund	\$97,864,598
III	Regional Wastewater Operations and Maintenance Fund	\$22,672,186
IV	Recycled Water Fund	<u>\$3,767,952</u>
	Total	<u>\$140,911,109</u>

Section 4. Publication. Pursuant to Government Code Section 37200 the Appropriation Limits and the Total Appropriation Subject to Limitation will be published in the annual budget.

Section 5. Filing. That after a 45-day period to allow for public review and comment, the Board Secretary is hereby authorized and directed to file a certified copy of this Resolution with the State Auditor Controller.

Section 6. That upon the effective date of this Resolution, Resolution No. 2011-6-11 is hereby rescinded in its entirety.

Resolution No. 2012-6-10
Page 3 of 4

Adopted this 20th day of June, 2012



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

ATTEST:



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

(SEAL)

*A Municipal Water District

Resolution No. 2012 6-10
Page 4 of 4

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

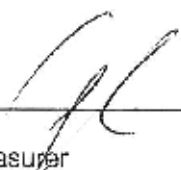
I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2012-6-10, was adopted at a
regular meeting on June 20, 2012, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman

NOES: None

ABSTAIN: None

ABSENT: Catlin



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
General Fund

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation Revenues	\$ 475,362	\$1,964,160
Appropriation Subject to Limitation		(342,172)
		<u>\$1,621,988*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1978-79	\$1,621,988	N/A	N/A	\$1,621,988
1979-80	1,621,988	10.17%	5.97%	1,893,625
1980-81	1,893,625	12.11%	5.56%	2,240,979
1981-82	2,240,979	9.12%	5.50%	2,579,851
1982-83	2,579,851	6.79%	3.85%	2,861,055
1983-84	2,861,055	2.35%	3.17%	3,020,988
1984-85	3,020,988	4.74%	3.08%	3,261,640
1985-86	3,261,640	3.74%	3.66%	3,507,466
1986-87	3,507,466	2.30%	4.94%	3,765,392
1987-88	3,765,392	3.04%	5.19%	4,081,225
1988-89	4,081,225	3.93%	5.58%	4,478,299
1989-90	4,478,299	4.98%	6.18%	4,991,860
1990-91	4,991,860	4.21%	6.70%	5,550,552
1991-92	5,550,552	4.14%	5.46%	6,095,952
1992-93	6,095,952	<.64%>	3.92%	6,294,370
1993-94	6,294,370	2.72%	3.20%	6,672,475
1994-95	6,672,475	.71%	1.56%	6,824,679
1995-96	6,824,679	4.72%	1.62%	7,262,585
1996-97	7,262,585	5.21%	1.02%	7,718,904
1997-98	7,718,904	4.67%	.09%	8,086,648
1998-99	8,086,648	4.15%	.98%	8,504,782
1999-2000	8,504,782	4.53%	1.37%	9,011,740
2000-2001	9,011,740	4.91%	1.82%	9,626,414
2001-2002	9,626,414	7.82%	1.95%	10,581,194
2002-2003	10,581,194	<1.27%>	2.72%	10,730,595
2003-2004	10,730,595	2.31%	2.59%	11,262,814
2004-2005	11,262,814	3.28%	2.52%	11,925,225
2005-2006	11,925,225	5.26%	2.49%	12,864,859
2006-2007	12,864,859	3.96%	2.10%	13,655,168
2007-2008	13,655,168	4.42%	1.86%	14,523,939
2008-2009	14,523,939	4.29%	1.45%	15,366,648
2009-2010	15,366,648	0.62%	0.79%	15,584,070
2010-2011	15,584,070	<2.54%>	0.85%	15,317,335
2011-2012	15,317,335	2.51%	1.05%	15,866,669
2012-2013	15,866,669	3.77%	0.86%	16,606,373

Factor #1 – The change in the California Per Capita Personal Income Index.

Factor #2 – Percent of Increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2011.

* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

EXHIBIT II

APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Capital Improvement Fund (Improvement District C)

	1978-79 Base Year	
	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation		\$17,954,195
Revenues	<u>\$ 2,578,964</u>	<u>(8,395,597)</u>
Appropriation Subject to Limitation		<u>\$ 9,558,698*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
1978-79	\$9,558,698	N/A	N/A	\$9,558,698
1979-80	9,558,698	10.17%	5.97%	11,159,507
1980-81	11,159,507	12.11%	5.56%	13,206,531
1981-82	13,206,531	9.12%	5.50%	15,203,570
1982-83	15,203,570	6.79%	3.85%	16,860,759
1983-84	16,860,759	2.35%	3.17%	17,803,275
1984-85	17,803,275	4.74%	3.08%	19,221,482
1985-86	19,221,482	3.74%	3.66%	20,670,183
1986-87	20,670,183	2.30%	4.94%	22,190,190
1987-88	22,190,190	3.04%	5.19%	24,051,453
1988-89	24,051,453	3.93%	5.58%	26,391,490
1989-90	26,391,490	4.98%	6.18%	29,418,004
1990-91	29,418,004	4.21%	6.70%	32,710,488
1991-92	32,710,488	4.14%	5.46%	35,924,635
1992-93	35,924,635	<.64%>	3.92%	37,093,950
1993-94	37,093,950	2.72%	3.20%	39,322,198
1994-95	39,322,198	.71%	1.56%	40,219,167
1995-96	40,219,167	4.72%	1.62%	42,799,830
1996-97	42,799,830	5.21%	1.02%	45,489,004
1997-98	45,489,004	4.67%	.09%	47,656,192
1998-99	47,656,192	4.15%	.98%	50,120,336
1999-2000	50,120,336	4.53%	1.37%	53,107,938
2000-2001	53,107,938	4.91%	1.82%	56,730,335
2001-2002	56,730,335	7.82%	1.95%	62,357,043
2002-2003	62,357,043	<1.27%>	2.72%	63,237,491
2003-2004	63,237,491	2.31%	2.59%	66,373,962
2004-2005	66,373,962	3.28%	2.52%	70,277,680
2005-2006	70,277,680	5.26%	2.49%	75,815,128
2006-2007	75,815,128	3.96%	2.10%	80,472,573
2007-2008	80,472,573	4.42%	1.86%	85,592,409
2008-2009	85,592,409	4.29%	1.45%	90,558,656
2009-2010	90,558,656	0.62%	0.79%	91,839,969
2010-2011	91,839,969	<2.54%>	0.85%	90,268,045
2011-2012	90,268,045	2.51%	1.05%	93,505,378
2012-2013	93,505,378	3.77%	0.86%	97,864,598

Factor #1 – The change in the California Per Capita Personal Income Index.

Factor #2 – Percent of Increase in San Bernardino County population.

All factors provided by State Department of Finance, May 2011.

* Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Regional Wastewater Operations & Maintenance Fund

	1978-79 Base Year	
	Proceeds of Tax	Non-Proceeds of Tax
Appropriation		\$2,260,247
Revenues	\$ 935,780	(45,794)
Appropriation Subject to Limitation		\$2,214,453*

APPROPRIATION LIMITS

Fiscal Year	At Beginning of Year	Factor #1	Factor #2	At End of Year
1978-79	\$2,214,453	N/A	N/A	\$2,214,453
1979-80	2,214,453	10.17%	5.97%	2,585,311
1980-81	2,585,311	12.11%	5.56%	3,059,543
1981-82	3,059,543	9.12%	5.50%	3,522,195
1982-83	3,522,195	6.79%	3.85%	3,906,114
1983-84	3,906,114	2.35%	3.17%	4,124,466
1984-85	4,124,466	4.74%	3.08%	4,453,020
1985-86	4,453,020	3.74%	3.66%	4,788,639
1986-87	4,788,639	2.30%	4.94%	5,140,777
1987-88	5,140,777	3.04%	5.19%	5,571,974
1988-89	5,571,974	3.93%	5.58%	6,114,008
1989-90	6,114,088	4.98%	6.18%	6,815,237
1990-91	6,815,237	4.21%	6.70%	7,578,003
1991-92	7,578,003	4.14%	5.46%	8,322,621
1992-93	8,322,621	<.64% >	3.92%	8,593,515
1993-94	8,593,515	2.72%	3.20%	9,109,731
1994-95	9,109,731	.71%	1.56%	9,317,531
1995-96	9,317,531	4.72%	1.62%	9,915,390
1996-97	9,915,390	5.21%	1.02%	10,538,388
1997-98	10,538,388	4.67%	.09%	11,040,458
1998-99	11,040,458	4.15%	.98%	11,611,324
1999-2000	11,611,324	4.53%	1.37%	12,303,459
2000-2001	12,303,459	4.91%	1.82%	13,142,656
2001-2002	13,142,656	7.82%	1.95%	14,446,189
2002-2003	14,446,189	<1.27%>	2.72%	14,650,161
2003-2004	14,650,161	2.31%	2.59%	15,376,784
2004-2005	15,376,784	3.28%	2.52%	16,281,154
2005-2006	16,281,154	5.26%	2.49%	17,564,009
2006-2007	17,564,009	3.96%	2.10%	18,642,994
2007-2008	18,642,994	4.42%	1.86%	19,829,101
2008-2009	19,829,101	4.29%	1.45%	20,979,626
2009-2010	20,979,626	0.62%	0.79%	21,276,466
2010-2011	21,276,466	<2.54%>	0.85%	20,912,301
2011-2012	20,912,301	2.51%	1.05%	21,662,290
2012-2013	21,662,290	3.77%	0.86%	22,672,186

Factor #1 - The change in the California Per Capita Personal Income Index.
 Factor #2 - Percent of increase in San Bernardino County population.
 All factors provided by State Department of Finance, May 2011.
 * Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-5-7.

EXHIBIT IV

APPROPRIATION LIMITS UNDER
CALIFORNIA CONSTITUTION AMENDMENT XIII B
Recycled Water Fund

2008-09 Base Year

	<u>Proceeds of Tax</u>	<u>Non-Proceeds of Tax</u>
Appropriation		\$8,824,659
Revenues	<u>\$ 0</u>	<u>(5,337,998)</u>
Appropriation Subject to Limitation		<u>\$3,486,661*</u>

APPROPRIATION LIMITS

<u>Fiscal Year</u>	<u>At Beginning of Year</u>	<u>Factor #1</u>	<u>Factor #2</u>	<u>At End of Year</u>
2009-2010	3,486,661	0.62%	0.79%	3,535,994
2010-2011	3,535,994	<2.54%>	0.85%	3,475,472
2011-2012	3,475,475	2.51%	1.05%	3,600,115
2012-2013	3,600,115	3.77%	0.86%	3,767,952

Factor #1 - The change in the California Per Capita Personal Income Index.
Factor #2 - Percent of increase in San Bernardino County population.
All factors provided by State Department of Finance, May 2011.
* Details for Base Year 2008/09 data are available in FY 2008/09 Adopted Budget.

APPROPRIATION LIMIT

Article XIII B of the California State Constitution, more commonly referred to as the GANN Initiative or GANN Limit, was adopted by California voters in 1980 and placed limits on the amount of taxes that state and local governmental agencies can receive and appropriate (authorize to spend) each year.

The limit is different for each agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in Fiscal Year (FY) 1978-1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 was passed by the State's voters in June 1990. This legislation made changes to the manner in which the Appropriation Limit is to be calculated.

The annual adjustment factors for inflation and population have been changed. Instead of using the lesser of the State of California per capita income or U.S. CPI, each agency may choose either the growth in the State of California per capita income or the growth in assessed valuation due to new non-residential construction within the agency service area. For population, each agency may choose to use the population growth within its county instead of using only the population growth of an agency's service area. These are both annual elections.

An agency which exceeds the limit in any one year may choose to not give a tax refund if they fall below the limit in the next fiscal year. They then have two more years to refund any remaining excess or to obtain a successful override vote. In certain situation, proceeds of taxes may be spent on emergencies without having to reduce the limit in the future years. Each agency must now conduct a review of its Appropriation Limit during its annual financial audits.

The legislation also requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Inland Empire Utility Agency's appropriation limit and annual adjustment factors are adopted at the same meeting as the budget. The two factors used for the Fiscal Year 2012/13 are the change in the State of California per capita personal income and the change in the San Bernardino County population.

The following table shows the annual appropriations limit and the proceeds from taxes for the last four years and for FY 2012/13. The increase in the limit is based upon population change of 0.86% within the county and a per capita personal income change of 3.77%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2008/09	\$126,904,930	\$ 34,106,160
2009/10	\$132,236,499	\$ 34,441,435
2010/11	\$129,973,153	\$ 33,821,422
2011/12	\$134,634,452	\$ 32,965,008
2012/13	\$140,911,109	\$ 32,607,254

Since the implementation of this legislation (effective 1981 then modified in 1990), Inland Empire Utilities Agency has annually established and adopted an appropriation limit and has been in compliance.

Exhibit VI

INLAND EMPIRE UTILITIES AGENCY
ADOPTED BUDGET FISCAL YEAR 2012/2013
SCHEDULE OF APPROPRIATIONS

	ADMINISTRATIVE SERVICES	REGIONAL WASTEWATER	NON-RECLAIMABLE WASTEWATER	RECHARGE WATER	RECYLED WATER	WATER	AGENCY TOTAL
TOTAL EXPENSES	\$3,791,193	\$51,497,394	\$6,165,948	\$1,149,000	\$6,026,630	\$5,188,781	\$73,818,946
NET CHANGES IN - CAPITAL OUTLAY	2,783,050	16,359,865	3,117,402	500,000	20,649,457	0	43,409,774
DEBT PAYMENTS	14,000	16,418,385	542,735	1,168,181	4,970,830	0	23,114,131
NET OTHER (SOURCES)/USES OF FUNDS	(2,783,049)	4,725,552	94,624	(942,176)	(1,294,950)	200,000	0
SUBTOTAL OF APPROPRIATIONS	\$3,805,194	\$89,001,196	\$9,920,709	\$1,875,005	\$30,351,967	\$5,388,781	\$140,342,851
INCREASE (DECREASE) IN WORKING CAPITAL RESERVES	253,609	(10,343,505)	(1,155,059)	(275,498)	(3,300,047)	(484,198)	(15,304,698)
TOTAL APPROPRIATION	\$4,058,803	\$78,657,691	\$8,765,650	\$1,599,507	\$27,051,920	\$4,904,583	\$125,038,154
LESS: NON-TAX PROCEEDS	(1,450,223)	(50,289,380)	(8,765,650)	(1,599,507)	(25,421,557)	(4,904,583)	(92,430,900)
APPROPRIATION SUBJECT TO LIMITATION	\$2,608,580	\$28,368,311	\$0	\$0	\$1,630,363	\$0	\$32,607,254
APPROPRIATION LIMIT	\$16,606,373	\$120,536,784	EXEMPT	EXEMPT	\$3,767,952	EXEMPT	\$140,911,109

☆

☆ By resolution, the Appropriation Limit for Regional Program Funds is established as follows:

Regional Wastewater Capital Improvement	\$97,864,598
Regional Wastewater Operations and Maintenance	<u>22,672,186</u>
Combined Regional Wastewater Appropriation Limit	\$120,536,784



Glossary



GLOSSARY AND GENERAL TERMS

A

ACRE-FOOT (AF) – A unit of measurement equivalent to 325,900 gallons of water, which meets the need of two average families in and around the home for one year.

ACCUAL BASIS ACCOUNTING – Under this accounting method, transactions are recognized when occurred, regardless of the timing of related cash receipts and disbursements.

AD VALOREM TAX – A levy upon the assessed valuation of property within IEUA’s service area. As used in this budget, it represents a limited revenue source for retiring voter-approved general obligation bond indebtedness.

ADMINISTRATIVE SERVICES PROGRAM – A program used to account for financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

AERATED STATIC PILE (ASP) – A composting method that processes 150,000 wet tons of biosolids into high-quality compost annually.

AEROBICALLY - Living, active, or occurring only in the presence of oxygen.

AGENCY WIDE SYSTEMS MANAGEMENT PROJECT (AWSM) – This is an agency-wide project. The purpose of the AWESOME project is to replace all software the Agency uses to run its business and maintain its equipment, while making staff more productive and knowledgeable.

THE AMERICAN RECOVERY AND REINVESTMENT ACT – The American Recovery and Reinvestment Act (ARRA) of 2009 is a stimulus bill that was signed into law by President Obama on February 17, 2009, which will provide approximately \$787 billion of funding to both state and local governments through a series of grants and loans distributed by various federal agencies, or in the case of local governments, sub-allocated by the states. Many of the funds will be distributed only for “shovel ready” projects and must be obligated within a specific time period. In addition, the ARRA sets forth some other broad requirements. First, no funds may be allocated for zoos, aquariums, golf courses, swimming pools, or casinos. Second, contractors and subcontractors working on projects funded by the ARRA must be paid the prevailing wage rate, as set forth in the Davis Bacon Act. Finally, the new law requires that a preference be given to American-made goods in construction and infrastructure projects financed by the Act.

ANIONS – Are Chloride, Fluoride, Nitrate, Nitrite, Phosphate and Sulfate.

ANOXIC – Meaning greatly deficient in oxygen.

APPROPRIATION – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

ASSESSED VALUATION – A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSET – A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

A

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – ACWA was founded in 1910, representing and providing key services to members has been ACWA's most important charge. From legislation, to regulatory activity, to broad policy issues, ACWA is on the front lines in Sacramento and in Washington, D.C. as a constant and respected advocate for California's public water agencies. ACWA's involvement at the state and federal level has helped shape laws and policies that affect ACWA member agencies and their

ASSOCIATION OF COMPOST PRODUCERS – The Association of Compost Producers is a non-profit organization whose members are public agencies and private companies involved in the production and marketing of compost.

AUTOMATED CLEARING HOUSE – A secure, private electronic payment transfer system that connects all US financial institutions.

B

BIOSOLIDS RECYCLING – Removal of sludge from treatment plants for composting.

BOND MARKET ASSOCIATION (BMA) MUNICIPAL SWAP INDEX – The BMA Index is a national rate based on a market basket of (approximately 250) high grade, seven-day tax-exempt variable rate demand obligation issues of \$10 million or more. This index is the principal benchmark for the floating rate interest payments for tax-exempt issuers.

BOND – A written promise to pay a specified sum of money (called principal or face value), at a specified date or dates in the future (called maturity date(s)) along with periodic interest paid at a specified interest rate.

BOND COVENANT – A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution, or indenture. (Example: pledged revenues).

BUDGET – A plan of financial operation embodying an estimate of proposed expenditures for a given period, and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

BUDGETARY CONTROL – The control or management of a government in accordance with an approved budget to keep expenses within the limitations of available appropriations and available revenues.

BUDGET CALENDAR – The schedule of key dates which the Agency follows in the preparation and adoption of the budget.

BUDGET DOCUMENT – The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating governing body.

BUDGET MESSAGE – A written explanation by the General Manager of the proposed budget. The budget message explains principal budget and policy issues and presents an overview of the General Manager's budget recommendations.

C

CALPERS – California Public Employees Retirement System. An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

CALIFORNIA ASSOCIATION OF SANITATION DISTRICTS (CASA) – CASA is a non-profit organization whose members are public agencies involved in wastewater collection, treatment and disposal.

CALIFORNIA WATER ENVIRONMENT ASSOCIATION – A not-for-profit association that train and certify wastewater professionals and disseminate technical information.

CALIFORNIA URBAN WATER CONSERVATION COUNCIL (CUWCC) – The CUWCC was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.

CAPITAL CAPACITY REIMBURSEMENT ACCOUNT – Accounts that are established and maintained by the Contracting Agencies, and to which connection fees are deposited or credited.

CAPITAL OUTLAY – Expenditures resulting in the acquisition of or addition to the government's general fixed assets having a useful life greater than one year.

CAPITAL PROJECT – Major construction, acquisition, or renovation which increases the useful life and value of the asset. It also includes non-routine capital expenditures (maintenance and repair) greater than or equal to \$5,000 and extends the asset's estimated useful life and capabilities. It is also sometimes referred to as Capital Expenditure.

CAPITAL IMPROVEMENT FUND – A fund used to account for costs incurred in acquisition, construction, and expansion of major capital facilities. It also includes expenditures for meeting the debt service obligations and the associated administrative costs.

CATIONS – Are Ammonia, Calcium, Magnesium, Potassium, and Sodium.

CHINO BASIN – An area which is underlain by the Chino and Cucamonga groundwater basins and portion of the Claremont Heights groundwater basins, within San Bernardino County.

CHINO BASIN DESALTER AUTHORITY (CDA) – A joint power authority (JPA) formed in September 2001, which comprises of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, and Inland Empire Utilities Agency (IEUA). IEUA serves as a non-voting member and handles all finance and accounting functions for the JPA. Its main purpose is to manage the production, treatment, and distribution of water produced by the desalination facilities.

CHINO BASIN WATER CONSERVATION DISTRICT (CBWCD) – An agency whose goal is the protection of the Chino Basin in order to guarantee that current and future water needs will be met. The agency's service area includes the cities of Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga, and Upland.

CHINO BASIN WATERMASTER (CBWM) – An organization that consists of various entities pumping water from the Chino Basin including cities, water districts, water companies, agricultural, commercial and other private concerns.

C

CLEAN WATER STATE REVOLVING FUND – Established in 1987 by the Clean Water Act, part of the United States Environmental Protection Agency’s Office of Wastewater Management.

CALIFORNIA CLEAN WATER STATE REVOLVING FUND (CWSRF)- overseen by the State Water Resources Control Board, the fund serves to finance “construction ready” water and wastewater infrastructure projects.

CAP-IT- Contracts and Procurement” work order tracking system used to track miscellaneous requests for building or repairs.

COMPOST – A product resulting from the decomposition and sanitization of organic materials through processes that involve the reactions between controlled aerobic conditions (that require oxygen), temperature, moisture, microbial activity, and time. In this process, microbes (microorganisms which usually include types of bacteria and fungi) break down organic materials into smaller, more useable substances.

CO-COMPOSTING – A process to manufacture compost from biosolids and cow manure that produces a soil amendment/fertilizer product. This process removes large quantities of salt from the Agency’s service area and thus prevents the salt from reaching the underlying groundwater basin.

COLA – Cost of living adjustments, an increase in wages.

CONJUNCTIVE USE – A software program used to inventory, manage, and install software on workstations.

CONJUNCTIVE USE – The planned use of groundwater in conjunction with surface water in overall management to optimize total water resources.

CONNECTION FEES – A deposit or credit made to the Capital Capacity Reimbursement Account of a contracting agency for new connections to the IEUA sewer system

CONTINGENCY – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

CONTRACTING AGENCIES – Any sewage collection agency located, in whole or in part, within the boundaries of IEUA which has entered into a service contract with IEUA. The current contracting agencies with IEUA include Cities of Chino, Chino Hills, Upland, Montclair, Ontario, Fontana, and Cucamonga Valley Water Districts.

COUNTY SANITATION DISTRICT OF LOS ANGELES COUNTY (CSDLAC) – A special district created within Los Angeles County to treat residential and industrial wastewater discharge.

COST CONTAINMENT STRATEGY – An action plan to identify cost reduction opportunities across the Agency by major expense categories and capital expenditures. Progress is monitored and reported as part of the budget to actual variance process.

D

DEBT SERVICE – The current year portion of interest costs and current year principal payments incurred on long-term debt issued by the Agency.

D

DEPARTMENT – An organizational unit comprised of program managers where each unit is managed by a single program manager.

DEPARTMENT OF WATER RESOURCES (DWR) – DWR operates and maintains the State Water Project, including the California Aqueduct. The department also provides dam safety and flood control services, assists local water districts in water management and conservation activities, promotes recreational opportunities, and plans for future statewide water needs.

DENITRIFICATION – is a biological process where the nitrate-nitrogen is converted to nitrogen gas, which can then be liberated into the atmosphere. Denitrification is commonly used to remove nitrogen from sewage and municipal wastewater; it is also an instrumental process in wetlands and riparian for the removal of excess nitrate from groundwater resulting from excessive agricultural or residential fertilizer usage.

DISASTER RECOVERY PLAN – A written plan that describes how to recover systems and/or services in the event of a disaster.

Don't Flush Trouble (DFT) – Public education program to reduce the flushing of wipes and other hazardous items

E

EFFLUENT – Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

ENCUMBRANCES – Commitments related to unperformed contracts for goods or services for which part of an appropriation has been reserved. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

EQUIVALENT DWELLING UNIT (EDU) – EDU is a numerical value designation where 1 EDU represents the sewage flow from a single family residential household and is approximately equal to 270 gallons per day of sewage discharge.

EXPENSES – Charges incurred, whether paid or unpaid, for operation, maintenance, interest and other charges presumed to benefit the current fiscal period.

F

FISCAL YEAR – A 12-month period to which the annual operating budget applies and at the end of which an entity determines its financial position and the results of its operations. Inland Empire Utilities Agency operates on a fiscal year from July 1, through June 30.

FISCAL CONTROL ORDINANCE – The purpose of this ordinance is to provide for a system of financial administration, accounting, fiscal and budgetary control which conforms to generally accepted accounting principles and practices.

FLOATING-TO-FLOATING INTEREST RATE SWAP – One type of interest rate swap structures in which the Agency enters into a receive-floating and pay-floating interest rate swap.

FULL TIME EQUIVALENTS (FTE) – The conversion of a part-time, temporary, or volunteer position to a decimal equivalent of a full-time position based on an annual amount of 2,080 hours worked.

F

FUND – A fiscal and accounting entity with a self-balancing set of accounts in which assets are recorded and segregated to carry on specific activities.

FUND BALANCE – The difference between fund assets and fund liabilities of governmental funds.

FUND TRANSFER – Fund transfer required to maintain a given level of fund balance in accordance with Board policies and bond covenants.

G

GASB 34 – Statement No. 34 issued by the Governmental Accounting Standards Board (GASB) that was implemented by the Commission in FY 2001/02. GASB 34 established new financial reporting standards for state and local governments. Under the new financial reporting model, governmental financial statements include basic financial statements that present both government-wide and fund financial statements and required supplementary information, including Management’s Discussion and Analysis.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES – Minimum standards and guidelines for financial accounting and reporting. GAAP encompass the conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The GASB is the primary authoritative accounting and financial reporting standard-setting body on the application of GAAP to state and local governments.

GOALS AND OBJECTIVES – Specific projects and programs to be undertaken utilizing allocated financial resources, and are designed to further the achievement of the Agency’s vision.

GRANTS MANAGEMENT – The management of contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

GROUNDWATER – Water that occurs beneath the land surface and fills partially or wholly pore spaces of the alluvium, soil or rock formation in which it is situated. Does not include water which is being produced with oil in the production of oil and gas or in a bona fide mining operation.

GROUNDWATER BASIN – A groundwater reservoir defined by the entire overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of successively deeper aquifers may differ and make it difficult to define the limits of the basin.

GROUNDWATER RECHARGE – The action of increasing groundwater storage by natural conditions or by human activity. See also: Artificial recharge.

GROUP POLICIES – centrally managed set of computer-based policies used to manage computer and end user settings.

H

HAZMAT MANAGEMENT PROGRAM – Hazardous material management program that aims to ensure safety compliance.

H

High Temperature Fuel Cell (HTFC)- means of addressing local generation of power and the production and distribution of hydrogen by co-producing hydrogen and electricity.

I

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA) – A joint power authority (JPA) established by IEUA and the County Sanitation District of Los Angeles County (CSDLAC) in February 2002 for recycling biosolids.

INLAND EMPIRE REGIONAL COMPOSTING FACILITY (IERCF) – A fully enclosed, nuisance and odor free composting facility owned by the IERCA, for processing and recycling biosolids, which is located in Rancho Cucamonga, California.

INTEREST – Revenue derived from the investment of idle cash and/or reserves.

INTEREST RATE SWAP – A contractual agreement between two parties who agree to exchange (swap) certain cash flows for a defined period of time. The swap is designed to generate a net change in the interest rate cash flow related to an asset or liability, but neither impacts the principal of that asset or liability nor results in the creation of any new principal.

INSTITUTE OF INTERNAL AUDITORS (IIA)- Established in 1941 as an international professional association and recognized as the internal audit profession's leader in certification, education and technical guidance.

INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP) – The Integrated Regional Water Management planning process is a local water management approach preferred by the Governor, the State Department of Water Resources, and State Water Resources Control Board. It is aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources

L

LIABILITY – Probable future sacrifice of economic benefits, arising from present obligation of a particular entity to transfer asset or provide service to other entities in the future as a result of past transaction or event.

LONDON INTER BANK OFFERED RATE (LIBOR) – The primary fixed income index reference rate used in the European financial markets.

LONG RANGE PLAN OF FINANCE – A report that summarizes the results of a comprehensive financial planning model built to provide a clear funding strategy for the Agency to meet capital and operating requirements.

M

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD) – MWD is one of the world's largest water agencies. It imports almost 60 percent of the water used by more than 15 million people in urban Southern California. MWD wholesales water to its 27 member agencies, including IEUA. Metropolitan is governed by a 51 member Board of Director's representing its member agencies.

M

MEGAWATTS (MG) - One million watts

MILLION GALLONS PER DAY (MGD) – MGD is the term used to represent million gallons per day of sewage discharged to IEUA wastewater treatment facilities.

N

NO DRUGS DOWN THE DRAIN (NDDD) –Program aimed at discouraging residents from flushing expired drugs.

NITRIFICATION – The process by which bacteria in soil and water oxidize ammonia and ammonium ions to form nitrites and nitrates.

NON-RECLAIMABLE WASTEWATER – Any wastewater and any water borne solid, liquid, or gaseous wastes resulting from any producing, manufacturing, or processing operations of whatever nature as defined by federal, state, or regional agencies authorized by law to prescribe quality standards for the discharge of sewage effluent and industrial waste effluent within the Chino Basin.

NON-RECLAIMABLE WASTEWATER (NRW) PROGRAM – The activities of the NRW System, which is owned and operated by the Agency and provides for the export of high-salinity and industrial wastewater generated within the Agency's service area to the Pacific Ocean.

O

ONE WATER ONE WATERSHED PROGRAM (OWOW) – "One Water One Watershed" (OWOW) is a new and innovative planning process being developed within the Santa Ana Watershed. Through collaborative strategic partnerships and building upon the successful watershed planning in the past, the next generation of integrated regional watershed planning is under development to solve problems on a regional scale and give all water interests a voice in the planning process.

OPERATION AND MAINTENANCE BUDGET (OPERATING BUDGET) – Plans of current expenses and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

OPERATING EXPENSES – Proprietary fund expenses related directly to the fund's primary activities.

OPTIMUM BASIN MANAGEMENT PLAN (OBMP) – A comprehensive plan to increase artificial groundwater recharge within Chino Basin using stormwater, recycled water and imported water.

ORANGE COUNTY SANITATION DISTRICT (OCSA) – A public agency located in Fountain Valley, Orange County providing wastewater treatment services for 21 cities and 3 sanitary districts in the Orange County.

ORDINANCE – A law set forth by a governmental or legislative body.

ORGANICS MANAGEMENT PROGRAM – The activities for processing treated water, methane gas and biosolids into useable marketable products, i.e. recycled water, renewable energy, and high quality compost.

P

PAY-AS-YOU-GO (PAYGO) – The practice of funding construction expenditures from current operating revenue in lieu of using debt proceeds.

PEACE II – Approved by the Court on December 2007 as part of the Chino Basin Watermaster’s Optimum Basin Management Plan (OBMP) and provides for the “re-operation” and attainment of “hydraulic control” in the groundwater basins.

P

Personal Learning Plans (PLPs)- identify employee strengths and weaknesses and provide for personal and professional growth

PHASE 2 PERMIT – Issued by the Regional Water Quality Control Board (RWQCB), Santa Ana Region with input from the California Department of Public Health, for Water Recycling Requirements for IEUA and CBWM, Chino Basin Recycled Water Groundwater Recharge Program.

POWER PURCHASE AGREEMENT (PPA) – An agreement that the Agency does not have to provide any capital cost funding, but the Agency agrees to purchase all solar power generated by a provider at a pre-determined rate by the PPA vendor who constructs, at their sole cost a solar power plant.

PRIMARY TREATED WATER – First major treatment in a wastewater treatment facility, usually sedimentation but not biological oxidation.

PROGRAM – Group activities, operations or organizational units directed to attaining specific purposes or objectives.

PROGRAM BUDGET – A budget wherein expenses are based primarily on the functions or activities of a government rather than based on specific items of cost, or specific departments.

PROPOSITION 1A – The proposition is intended to protect revenues collected by local governments from being transferred to the California state government for statewide use. The provisions may be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature approves the suspension.

PROPOSITION 13 – In March 2000, California voters approved Proposition 13 (2000 Water Bond), which authorizes the State of California to sell \$1.97 billion in general obligation bonds to support safe drinking, water quality, flood protection, and water reliability projects throughout the state. The State Water Resources Control Board (SWRCB) was authorized to allocate \$763.9 million of these funds to local projects throughout California. Most of this funding has been awarded to projects through competitive grant selection processes. In the recent years, IEUA received about \$40 million of Proposition 13 funding for Regional Recycled Water Distribution System, Recharge Basin Facilities Improvement Project, etc. The Chino Basin Desalter Authority received \$48 million of Proposition 13 funding for Chino II Desalter Project.

PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS) – An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

Publicly Owned Treatment Works (POTW) – members of the Southern California Alliance of Publicly Owned Treatment Works (SCAP). See SCAP definition.

Q

Quality Improvement Program – Identify high impact or recurring issues, and develop corrective action plans.

R

RAND® – The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing public and private sectors around the world.

READINESS-TO-SERVE (RTS) CHARGE – A Metropolitan Water District charge to its member agencies. The Charge is designed to provide firm revenue for the MWD’s capital improvement program (CIP) and debt service to meet the reliability and quality needs of existing users.

RECHARGE – The physical process where water naturally percolates or sinks into a groundwater basin.

RECHARGE BASIN – A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

RECHARGE WATER PROGRAM – The activities for development of increased recharge capacity within the Chino Basin region using stormwater, recycled water, and imported water.

RECYCLED WATER – Effluent that goes through a process or method for altering its quality to standards superior to those prescribed for treatment.

RECYCLED WATER BUSINESS PLAN (RWBP) - Developed to accelerate the implementation of the 2005 Regional Recycled Water Implementation Plan with a goal of increasing the demand for recycled water connection to 50,000 acre foot per year (AFY) by FY 2011/12.

RECYCLED WATER PROGRAM – The activities for the use of recycled water to meet Southern California’s water demand. Recycled water is a proven technology and implementing its use will provide a more dependable local supply of water, as well as, reduce the likelihood of water rationing during droughts.

RECYCLING – A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term “recycled water” to reclaimed water.

RED TEAM – A group of stakeholders (users and suppliers) that was formed to accelerate recycled water use in the IEUA service areas.

REGIONAL COMPOSTING AUTHORITY – (See Inland Empire Regional Composting Authority)

REGIONAL WASTEWATER PROGRAM – The activities associated with the primary, secondary and tertiary treatments of domestic wastewater delivered by the contracting agencies to the Agency’s interceptors and wastewater treatment facilities.

REGIONAL WATER QUALITY CONTROL BOARD (RWQCB) – An organization with the mission to preserve, enhance and restore the quality of California’s water resources, and ensure their proper allocation and efficient use for the benefit of present and future generations.

RENEWABLE ENERGY – Energy that is produced from clean renewable sources such as solar power, wind power and natural gas produced from the decomposition of organic materials.

R

REQUEST FOR INFORMATION (RFI)- is a standard business process whose purpose is to collect written information about a specific topic.

REQUEST FOR PROPOSAL (RFP)- an early stage in a procurement process, issuing an invitation for vendors, often through a bidding process, to submit a proposal on a project

RESERVE – An account used to indicate that a portion of fund equity is restricted for a specific purpose, or not available for appropriation and subsequent spending.

RESOLUTION – A special or temporary order of a legislative body requiring less formality than a statute or ordinance.

REVENUE – Income generated by taxes, user charges, connection fees, investment income, bonds and leases.

Return on Investment (ROI)- the amount, expressed as a percentage, that is earned on a company's total capital calculated by dividing the total capital into earnings before interest, taxes, or dividends are paid.

S

SALINITY – Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids – TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SAN ANTONIO WATER COMPANY- A Mutual Water Company incorporated in 1882 and serving most residents of the unincorporated area of San Antonio Heights, the entities of Upland and Ontario

SANTA ANA REGIONAL INTERCEPTOR (SARI) – Underground regional wastewater interceptor line owned by Santa Ana Watershed Project Authority.

SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA) – A Joint Exercise of Powers Agency created to implement the regional components for water quality management as set forth in the adopted water quality control plan for the Santa Ana River Watershed. Member agencies include: Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District and Eastern Municipal Water District.

SERVICE AREA – The territory served by IEUA for sewage collection and treatment operations.

SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT (SBCFCD) – An agency whose goal is to intercept and convey flood flows through and away from the major developed areas of the County by a system of facilities, including dams, conservation basins, channels, and storm drains.

SECONDARY TREATMENT – Generally, a level of treatment that produces 85% removal efficiencies for biological oxygen demand and suspend.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCQMD) – This is an air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties.

S

SEWER SYSTEM MANAGEMENT PLAN (SSMP) – IEUA Sewer System Management Plan (SSMP) was adopted by the Board in April 2009 to comply with the State Water Resources Control Board Order No. 2007-003. This Order established the General Waste Discharge Requirements (WDR) for all public entities that own or operate sanitary sewer systems greater than one mile in length of sewer line within the state of California to prevent and minimize sanitary sewer overflows (SSO).

SOUTHERN CALIFORNIA ALLIANCE OF PUBLICLY OWNED TREATMENT WORKS (SCAP) – SCAP is a non-profit corporation organized to help ensure that regulations affecting Publicly Owned Treatment Works (POTWs) and collection systems are reasonable and in the public's best interest and to provide leadership, technical assistance and timely information to promote regulations that focus on the sustainable protection of the environment and public health. As of December 2010, 86 of its 106 POTW members were public wastewater agencies located in seven counties. Collectively, the POTWs members provide over 1 billion gallons per day of wastewater treatment to more than 18 million people in Southern California, and produce over 1.4 million wet tons of biosolids per year.

SPECIAL PROJECTS – Special projects are a collection of operation and maintenance expenses that are incurred by the Agency in pursuit of very specific goals and objectives that are consistent with the Agency's mission. They are, by their nature, a unique form of cost accounting. Special projects may consist of direct labor, materials and supplies, and outside consultant fees, but they may not contain any expenditure for any type of capital asset, such as construction or equipment costs. Example of a special project: a long-term planning or feasibility study that would involve the efforts of several different departments or in partnership with other agencies over a protracted period of time.

STATE REVOLVING FUND (SRF) – The Federal Clean Water Act amendments of 1897 authorized the use of federal money to create an SRF loan program to replace the Federal Clean Water Grant program. SRF loans are used for the construction and upgrade of publicly owned treatment works. SRF loan can also be used to support reclamation nonpoint source pollution, storm drainage, and estuary projects.

STATE WATER RESOURCES CONTROL BOARD (SWRCB) – This is a joint authority of water allocation and water quality protection that provides comprehensive protection for California's waters, enforcing the many uses of water, including the needs of industry, agriculture, municipal districts, and the environment. The SWRCB also administers SRF loans and grants.

SWAP POLICY – A policy to establish guidelines to govern the evaluation, approval, execution, management and monitoring of swaps.

T

TAXES – Compulsory charges levied by a government to finance services performed for the common benefit.

TEETER PLAN – California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies.

TEN YEAR CAPITAL IMPROVEMENT PLAN – Volume II of the Agency's annual budget, this report is prepared each year to identify capital spending requirements, forecasted capacity demands and long term programs.

T

TERTIARY TREATMENT – The treatment of wastewater beyond the secondary or biological stage. Normally implies the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

THREE YEAR BUSINESS PLAN – The Three Year Business Plan (3YBP) was adopted by the Board on December 2007 to accelerate the construction of the Agency’s Regional Recycled Water Distribution System. The ultimate goal of the 3YBP is to increase direct sales of recycled water to 50,000 AFY (Acre Foot per Year) by FY 2012. Activities for the 3YBP are reported in the Recycled Water (WC) Fund.

TIER I/II RATES – Water supply rates charged by MWD to its customers. Tier I rate recovers the cost of maintaining a reliable amount of supply. Tier II rate is set at MWD’s cost of developing additional supply to encourage efficient use of local resources.

TITLE 22 – Regulations set forth by the California Department of Health Services. Required to ensure water quality standards are being met.

U

UNITED STATES BUREAU OF RECLAMATION (USBR) – A public agency whose primary goal is to manage, develop, and protect water as well as related resources in an environmentally and economically sound manner in order to meet the increasing water demands of the Western States.

URBAN WATER MANAGEMENT PLAN - Describes all water supplies and demands within IEUAs service area in accordance with California State Law.

V

VOLUMETRIC FEES – Fees charged to customers for their metered wastewater flows.

W

WASTEWATER – Water that has been previously used by a municipality, industry or agriculture and has suffered a loss of quality as a result of use.

WASTEWATER FACILITIES MASTER PLAN – The primary policy guiding the development of the Agency’s Ten Year Capital Improvement Plan. Used to coordinate an integrated water resources planning framework.

WATER EDUCATION WATER AWARENESS COMMITTEE (WEWAC) - A committee that promotes efficient use of water and public awareness of the importance of water in the Southern California.

WATER FACILITIES AUTHORITY – A public agency that treats and supplies approximately 40,000 acre-feet of imported water each year. This imported water serves as a supplemental source of water for approximately 450,000 residents in the west end of San Bernardino County.

WATER RESOURCES PROGRAM – The activities to support water management and conservation programs to increase the reliability of existing water supplies and reduce the cost of imported water purchases.

W

WATER REUSE ASSOCIATION – The WaterReuse Association is a nonprofit organization whose mission is to advance the beneficial and efficient use of water resources through education, sound science, and technology using reclamation, recycling, reuse and desalination for the benefit of our members, the public, and the environment

WATER SUPPLY ALLOCATION PLAN (WSAP) - developed by the Metropolitan Water District of Southern California's (MWD) for drought management purposes.

WATER USE EFFIEICNEY PLAN (WUE) - Plan designed to supplement existing surface water and groundwater supplies.

ACRONYMS

	3YBP	Three Year Business Plan
	4R	Repair, Relocation, Reconstruction, and Rehabilitation
A	AB939	Assembly Bill for Material Recycling
	ABRA	Human Resources Software
	ACH	Automated Clearing House
	ACOE	Army Corp of Engineers
	ACP	Association of Compost Producers
	ACWA	Association of California Water Agencies
	AF	Acre-Feet
	AFY	Acre-Feet per Year
	AMTA	American Membrane Technology Association
	AQMD	Air Quality Management District
	ARRA	American Recovery Rehabilitation Act
	ASP	Aerated Static Pile
	AWSM	Agency Wide Systems Management Project
	AWWA	American Water Works Association
B	BCE	Business Case Evaluations
	BMA	Bond Market Association
	BMP	Best Management Practice
	BMPTF	Basin Monitoring Program Task Force
	BOD	Biochemical Oxygen Demand
	BPA	Blanket Purchase Agreement
	BUCS	Budget Update and Control System
	BW	Business Warehouse
C	CAFR	Comprehensive Annual Financial Report
	CaLEEP	California Local Energy Efficiency Project
	CalPERS	California Public Employees Retirement System
	CASA	California Association of Sanitation Districts
	CBFIP	Chino Basin Facilities Improvement Project
	CBGRMP	Chino Basin Groundwater Master Plan
	CBWCD	Chino Basin Water Conservation District
	CBWM	Chino Basin Watermaster
	CCMP	Chino Creek Master Plan
	CCMS	Computerized Maintenance Management System
	CCRA	Capital Capacity Reimbursement Account
	CCTV	Closed Circuit Television
	CCW	Carbon Canyon Wastewater
	CCWRF	Carbon Canyon Wastewater Reclamation Facility
	CCWRP	Carbon Canyon Water Recycling Plant
	CDA	Chino Desalter Authority
	CEC	California Energy Commission
	CEMS	Continuous Emission Monitoring System
	CEQA	California Environmental Quality Act
	CFS	Cubic Feet per Second
	ChARM	Change & Request Management
	CHP	Combined Heat and Power
	CIA	Cash In Advance

C	CII	Commercial, Industrial and Institutional
	CIM	California Institute for Men
	CIP	Capital Improvement Program
	CIW	California Institute for Women
	CM	Construction Management
	CMMS	Computerized Maintenance Management System
	COBRA	Consolidated Omnibus Budget Reconciliation Act
	COD	Chemical Oxygen Demand
	CPE	Continuing Professional Education
	CPI	Consumer Price Index
	CPUC	California Public Utilities Commission
	CSI	California Solar Incentive
	CSMFO	California Society of Municipal Finance Officers
	CUPA	Certified Unified Program Agency
	CUWCC	California Urban Water Conservation Council
	CWA	Clean Water Act
CWE	California Water Environment Association	
CWSFR	California Clean Water State Revolving Fund	
D	DAFT	Dissolved Air Flotation Thickener
	DCS	Distribution Control System
	DF&G	Department of Fish and Game
	DFT	Don't Flush Trouble
	DHS	California Department of Health Services
	DOE	Department of Energy
	DWR	Department of Water Resources
	DYY	Dry Year Yield
E	E&I	Electrical and Instrumentation
	EC	Emerging Constituents
	ECOP	Environmental Compliance Operations Program
	EDU	Equivalent Dwelling Unit
	EEO	Equal Employment Opportunity
	EE&CM	Engineering, Energy, & Construction Management
	ELAP	Environmental Laboratory Accreditation Program
	EP	Energy Production
	EPA	Environmental Protection Agency
	ERP	Enterprise Resources Planning
F	FEMA	Federal Emergency Management Agency
	FMLA	Family Medical Leave Act
	FOG	Fats, Oils and Grease
	FTE	Full Time Equivalents
	FY	Fiscal Year
G	GAAP	General Accepted Accounting Principles
	GASB	Governmental Accounting Standards Board
	GCMS	Gas Chromatograph/Mass Spectrometer
	GFOA	Government Finance Officers Association

G	GG	Administrative Services Program
	GIS	Geographic Information System
	GIES	Garden in Every School
	GM	Grants Management
	GPM	Gallons per Minute
	GWR	Groundwater Recharge
	GWRMP	Groundwater Recharge Master Plan
H	H2S	Hydrogen Sulfide
	HCMP	Hydraulic Control Monitoring Program
	HECW	High-Efficiency Clothes Washers
	HET	High-Efficiency Toilet
	HQ	Headquarters
	HR	Human Resources
	HTFC	High Temperature Fuel Cell
	HVAC	Heating/Ventilation/Air Conditioning
I	I&C	Instrumentation & Control
	IAD	Internal Audit Department
	ICE	Internal Combustion Engine
	ICP	Inductively Coupled Plasma
	IDC	Improvement District "C"
	IDS	Intrusion Detection System
	IERCA	Inland Empire Regional Composting Authority
	IERCF	Inland Empire Regional Composting Facility
	IEUA	Inland Empire Utilities Agency
	IFAS	Integrated Financial and Administrative Solution
	IIA	Institute of Internal Auditors
	IPS	Intermediate Pump Station
	IPS	Intrusion Prevention System
	IRP	Integrated Resource Plan
IEBL	Inland Empire Brine Line	
J	JPA	Joint Powers Authority
K	KPI	Key Performance Indicators
	KVM	Keyboard/Video/Mouse
	kWh	Kilowatt hour
L	LACSD	Los Angeles County Sanitation District
	LAN	Local Area Network
	LEED	Leadership in Energy and Environmental Design
	LIBOR	London Inter-Bank Offered Rate
	LIMS	Laboratory Information Management System
	LPP	Local Projects Program
	LRP	Local Resources Program
	LRPF	Long Range Plan of Finance
LS	Lift Station	
M	Mg/L	Milligrams per liter

M

MGD	Million Gallons per Day
MG	Megawatts
MPC	Milk Producer's Council
MOU	Memorandum of Understanding
MSDS	Materials Safety Data Sheets
MW	Megawatts
MWD	Metropolitan Water District of Southern California

N

NAC	Network Access Control
NC	Non-Reclaimable Wastewater Program
NDDD	No Drugs Down the Drain
NDMA	Nitrosodimethylamine
NFPA	National Fire Protection Association
NPDES	National Pollution Discharge Elimination System
NPI	National Purchasing Institute
NRW	Non-Reclaimable Wastewater
NRWS	Non-Reclaimable Wastewater System
NTC	National Theatre for Children
NWRA	National Water Resources Association

O

O&M	Operations & Maintenance
OBMP	Optimum Basin Management Plan
OCSD	Orange County Sanitation District
OCWD	Orange County Water District
OES	Office of Emergency Services
OFA	Office of Finance and Administration
OM	Organics Management Program
OP	Obligation Payment Fund, Wastewater Program, Debt Services
ORC	Organic Rankine Cycle
ORP	Oxidation Reduction Potential
OTDR	Optical Time Domain Reflectometer
OWOW	One Water One Watershed

P

PAY-GO	Pay-As-You-Go
P&ID	Piping and Instrumentation Diagrams
PD	Positive Displacement
PE	Perkin Elmer
PIER	Public Interest Energy Research
PIPES	IEUA's Intranet
PIO	Public Information officer
PLC	Programmable Logic Computer
PLP	Personal Learning Plan
PM	Plant Maintenance
PMT	Plant Maintenance Technician
POTW's	Publically Owned Treatment Works
PPA	Power Purchase Agreement
PTSC	Pretreatment and Source Control
PZ	Pressure Zone

Q	QA/QS	Quality Assurance / Quality Control
R	RAS	Return Activated Sludge
	RATA	Relative Accuracy Test Audit
	RC	Regional Capital Improvement (Wastewater) Program
	RCA	Regional Composting Authority
	RDA	Redevelopment Agency
	REEP	Renewable Energy Efficiency Project
	RFI	Request for Information
	RFP	Request for Proposal
	RO	Regional Operations and Maintenance (Wastewater) Program
	ROI	Return on Investment
	RP-1	Regional Plant No.1 in the City of Ontario
	RP-2	Regional Plant No.2 in the City of Chino
	RP-4	Regional Plant No.4 in the City of Rancho Cucamonga
	RP-5	Regional Plant No.5 in the City of Chino
	RW	Recharge Water Program
	RWBP	Recycled Water Business Plan
	RWC	Recycled Water Contribution
	RWQCB	Regional Water Quality Control Board
S	SAC	San Antonio Channel
	SAP	Systems Applications and Products
	SARDA	Santa Ana River Dischargers Association
	SARI	Santa Ana River Interceptor
	SAWA	Santa Ana Watershed Association
	SAWPA	Santa Ana Watershed Project Authority
	SAWCO	San Antonio Water Company
	SBCFCD	San Bernardino County Flood Control District
	SCADA	Supervisory Control and Data Acquisition
	SCAP	Southern California Alliance of Publicly Owned Treatment Works
	SCAQMD	South Coast Air Quality Management District
	SCE	Southern California Edison
	SDLAC	Sanitation Districts of Los Angeles County
	SE	Sterling Engine
	SEIR	Subsequent Environmental Impact Report
	SIU	Significant Industrial User
	SKU	Stock Keeping Unit
	SOP	Standard Operating Procedures
	SRF	State Revolving Fund
	SRWS	Self Regenerating Water Softener
	SSMP	Sewer Systems Management Plan
	SSO	Sanitary Sewer Overflows
	STA	United States Composting Council's Seal of Testing Assurance
	SWRCB	State Water Resources Control Board
	SWP	State Water Project
T	TDS	Total Dissolved Solids

T

TEAMS	Technical Enhancement and Management Succession
TIN	Total Inorganic Nitrogen
TKN	Total Kjeldahl Nitrogen
TMECC	Testing Methods for Evaluating Compost and Compost Products
TO	Wastewater Program - Tertiary Operations & Maintenance
TOC	Total Organic Carbon
TMDL	Total Maximum Daily Load
TP	Tertiary Plant
TSS	Total Suspended Solids
TYCIP	Ten Year Capital Improvement Plan

U

UA	Unauthorized Activities
ULFT	Ultra Low-Flush Toilets
UPC	Unit Production Cost
UPCP	Unit Process Control Procedure
UPS	Uninterruptible Power Supply
USACOE	US Army Core of Engineers
USBR	United States Bureau of Reclamation
UWMP	Urban Water Management Plan
UWRF	Urban Water Reclamation Facility

V

VFD	Variable Frequency Drives
VOC	Volatile Organic Compound

W

WAN	Wide Area Network
WC	Recycled Water Program
WDR	Wastewater Discharge Requirement
WEF	Water Environment Federation
WEFTEC	Water Environment Federation Annual Technical Exhibition and Conference
WEWAC	Water Education Water Awareness Committee
WFA	Water Facilities Authorities
WFMP	Wastewater Facilities Master Plan
WM	Chino Basin Watermaster
WS	Workstation
WSAP	Water Supply Allocation Plan
WUE	Water Use Efficiency
WW	Water Resources Program

Y

YCF	Youth Correctional Facility
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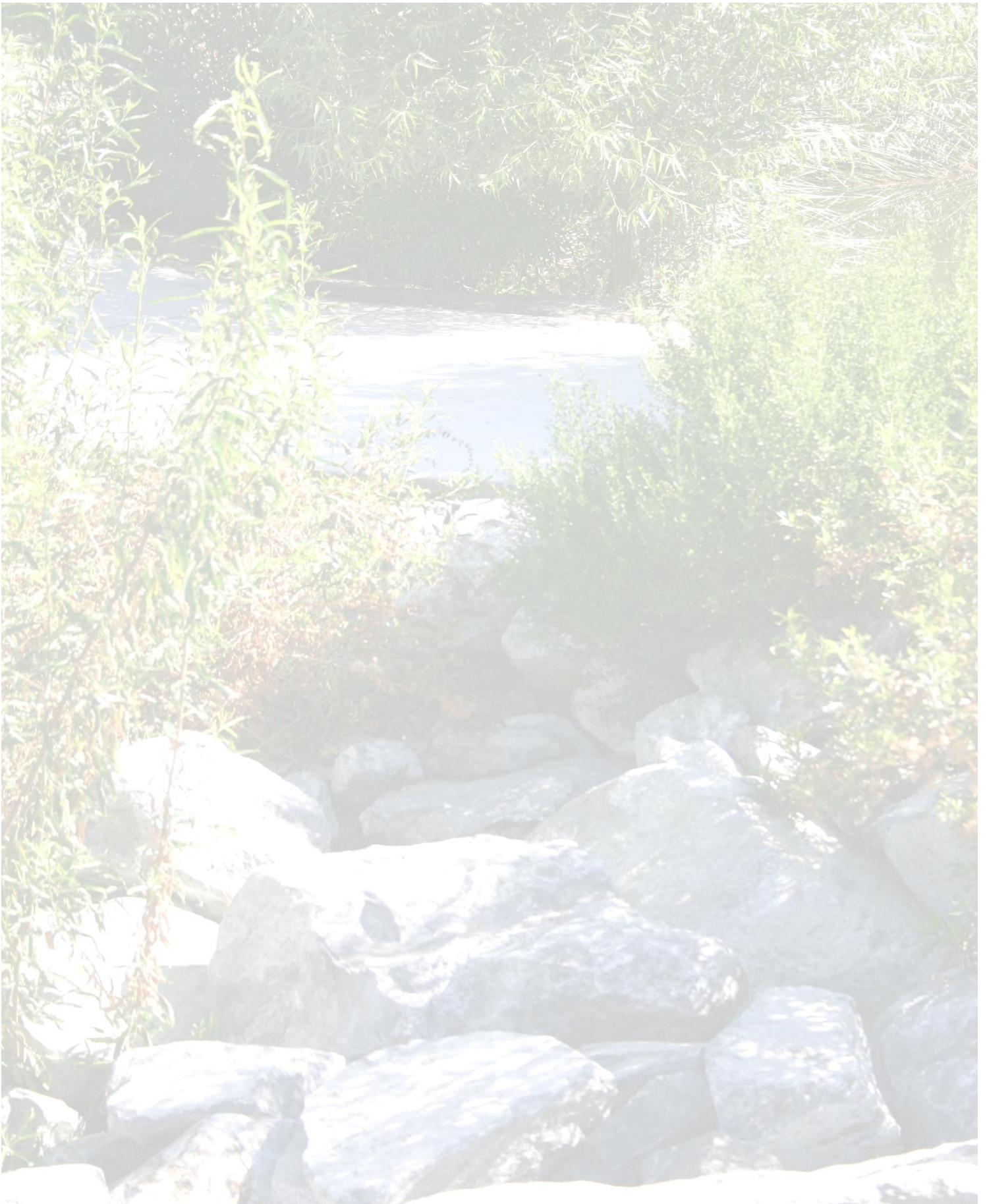
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