



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT



**Fiscal Year 2013/14 Operating and Capital Program Budget
Volume 1 - June 2013**

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-1 AERIAL VIEW

BOARD OF DIRECTORS	
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July 1, 2012

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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, 2012. 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 19, 2013

Although a few favorable economic indicators have begun to surface in the Agency's service area over the last two fiscal years, the Nation's economic recovery remains sluggish and still vulnerable to international economic factors. Still to be determined is the fiscal impact to California and local government agencies as a result of the U.S. Federal sequestration targeting cuts of \$1.2 trillion over a ten-year period. The potential cuts to defense related jobs could dampen California's fragile economic recovery which is still struggling with one of the highest unemployment rates in the country. As we have seen in the past, fiscal deficits at the State level may potentially impact regional and local agencies if their funding sources are shifted away to balance the State budget.

As a result, the Inland Empire Utilities Agency's (Agency) Fiscal Year (FY) 2013/14 Budget is based on cautious optimism toward progressive economic recovery and its ongoing commitment to cost-containment initiatives. The Budget also continues to support the Agency's pledge to its customers to deliver reliable, high quality services in a regional and cost-effective manner through prudent financial planning and strategic resource management.

Included in the FY 2013/14 Budget (Volume I) are the operations and capital improvement plan (CIP) for all of the Agency's funds comprised of; the Regional Wastewater Capital and Operations and Maintenance, Recycled Water, Non-Reclaimable Wastewater (NRW), Water Resources, Recharge Water, and Administrative Services. The Agency's Ten Year Capital Improvement Plan (TYCIP) is also updated each fiscal year in conjunction with the annual budget. The FY 2013/14 – FY 2022/23 TYCIP is reported in Volume II.

Operating Results of FY 2012/13

Preliminary net operating results for fiscal year 2012/13 were more favorable than projected; indicative of the progressive economic recovery making its way throughout the Agency's service area. The Agency's total operating revenues of \$71.4 million were approximately 5% higher than the projected revenues of \$67.6 million as reported in Table 1. The major drivers included user charges of \$52.5 million and recycled water sales of \$5.9 million. Also operating revenue estimates from cost reimbursements, and property tax receipts to support operations and maintenance exceeded expectations.

FY 2013/14 Operating Budget Highlights

Fiscal Year 2013/14 is the second year of a three-year rate increase adopted by the Agency's Board of Directors in February 2012 for the Regional Wastewater and Recycled Water programs. The multi-year rate increases were necessary to address a persistent net operating deficit resulting from rates not fully recovering program operating (O&M) costs. Historically, the Agency's operating revenues (net of property tax supplement) have been lower than operating expenses (i.e., services provided by the Agency do not generate revenues needed to pay for total cost of operations). Over the years, a combination of property tax receipts and fund reserves has been used to cover the operating shortfall. The continuous rise in property tax receipts, (from \$7 million in FY 1985/86 to \$33 million projected in FY 2013/14), facilitated the Agency's decision to use property taxes to support operating costs and minimize the upward pressure to increase rates over the years.

By not having rates that fully recovered operating costs, an operating structural deficit was created that persists to date. Additionally, the use of property tax receipts and fund reserves to support the operating shortfall reduced the amount of property taxes available to support capital projects, and over time,

diminished the Agency’s fund reserve balances. Recognizing this was not sustainable; in February 2012, the Board adopted multi-year rate increases beginning in FY 2012/13 and committed to ultimately having rates that fully recover O&M and replacement and repair (R&R) costs.

The adopted rate increases and spur of economic recovery are the primary drivers for the estimated increase of \$10 million in operating revenues to \$77.4 million in FY 2013/14 compared to the FY 2012/13 Amended Budget of \$67.3 million (Table 1). However, despite the 15% increase in operating revenues, a net operating deficit of \$3 million is still projected for FY 2013/14. While the adopted multi-year rate increases will help to narrow the net operating gap, more rate increases beyond FY 2014/15 will be necessary to ultimately achieve the Board’s goal of having full cost recovery rates for all of the Agency’s programs.

The major operating revenue sources include: user charges of \$57.4 million for collection, treatment and disposal of municipal and industrial wastewater; recycled water sales of \$9.2 million for both direct and groundwater recharge deliveries; and contract reimbursements of \$5.3 million from the Joint Power Authorities (JPAs) comprised of the Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA) and also from Chino Basin Watermaster (Watermaster). The reimbursements for operation are from the CDA Desalter 1 and the IERCA composter facilities, and the reimbursement for administrative support includes Chino Basin Watermaster. Nearly \$3 million in property tax receipts, or 8 percent of total property tax receipts, are also included in operating revenues to support Agency-wide operating (O&M) costs.

Total operating expenses of \$80.4 million budgeted in FY 2013/14 also show an increase of approximately \$3 million compared to FY 2012/13 Amended Budget of \$77.3 million (Table 1). The increase is primarily due to higher anticipated contract work and O&M projects in support of the Agency’s Asset Management initiatives targeting R&R maintenance projects, some of which had been previously deferred as part of the Agency’s Cost Containment Plan implemented in response to the 2008 economic recession.

There is no change in the 295 authorized full time equivalent (FTE) positions in FY 2013/14. A vacancy factor of 5 percent, or the equivalence of 15 FTE positions, is once again assumed in net employment costs of \$35.2 million, which represent about 44 percent of total operating costs. Another 37 percent, or \$29.7 million, of total operating expenses is comprised of utilities, operating fees, chemicals, materials and supplies and biosolids recycling.

**Table 1: Operating Revenues and Expenses
(\$ Millions)**

	2010/2011	2011/2012	2012/2013	2012/2013	2013/2014
DESCRIPTION	Actual	Actual	Amended Budget	Projected Actual	Adopted Budget
Operating Revenues	\$62.6	\$64.6	\$67.3	\$67.6	\$77.4
Operating Expenses	65.2	69.5	77.4	68.3	80.4
Operating Income/(Loss)	(\$2.6)	(\$4.9)	(\$9.9)	(\$0.7)	(\$3.0)

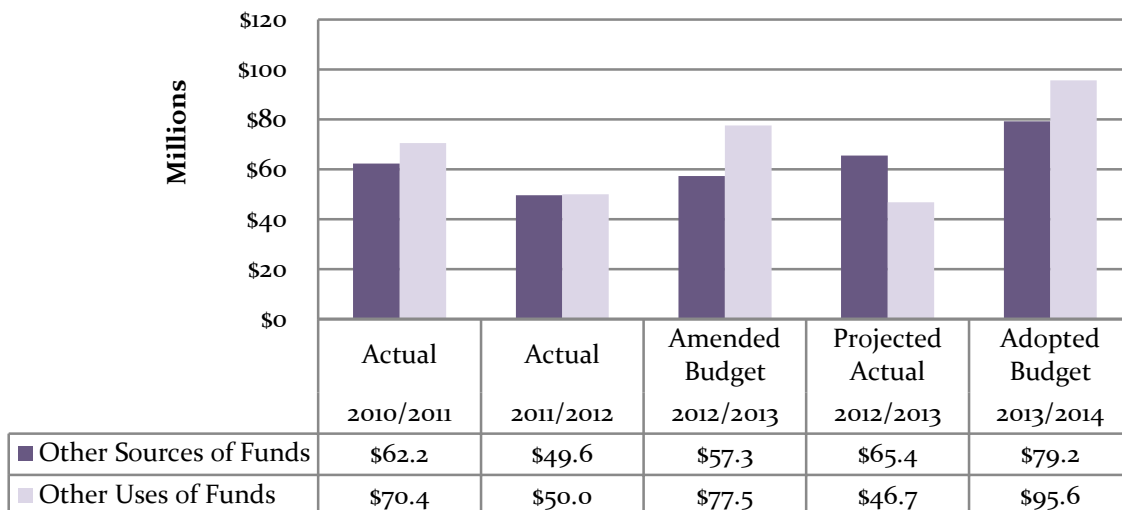
FY 2013/14 Other Funding Sources and Uses Highlights

A shortfall of nearly \$16 million is also estimated for Other Funding Sources and Uses in FY 2013/14. The estimated shortfall is primarily due to higher capital improvement plan (CIP) expenditures funded on a pay-go basis. Included in Other Funding Sources of \$79.2 million in FY 2013/14 is \$31.8 million in State Revolving Fund (SRF) low interest loan proceeds and grant receipts from the State Water Resources Control Board, the primary funding source of the Recycled Water CIP. Also included is \$30.7 million in property tax receipts, net of the \$2.7 million allocated to support O&M costs. A positive indicator of economic recovery is the San Bernardino County Tax Assessor’s estimated assessment roll increase of 1.25 percent for FY 2012/13; a slight improvement from 0.8 percent for the prior fiscal year. Included in the Agency’s assumption is a 1 percent increase in property receipts in FY 2013/14 compared to the prior year Amended Budget. The one-time redevelop (RDA) increment taxes of approximately \$10 million received by the Agency during FY 2012/13 accounted for the projected increase in Other Sources of Funds for FY 2012/13.

Another favorable economic indicator is a spur in new development throughout the Agency’s service area which has resulted in the number of new EDU connections to the Agency’s Regional Wastewater system significantly outpacing budgeted projections over the last two fiscal years. The final number of new connections of nearly 3,000 units in FY 2012/13 was approximately three times higher than budget and higher than the 1,700 units reflected in the projected actual amount. This trend is assumed to continue in FY 2013/14 resulting in \$9 million in new EDU connection fees, an increase of nearly \$4 million compared to FY 2012/13 Amended Budget.

A key component of the \$95.6 million estimated for Other Uses of Funds in FY 2013/14 is \$68 million budgeted for CIP (Figure 1). About \$30 million of the \$68 million is a carry forward from the prior fiscal year, primarily due to lengthy bid processes, and prolonged approval process by the SWRCB Board related to the Southern Area and Central/Wineville Area recycled water capital construction projects. Another key component is debt service costs of \$22.1 million, which includes principal and interest for all outstanding bond issues, SRF loans and notes payable. Consistent with Agency policy, debt services costs are fully funded by property tax receipts.

Figure 1: Other Funding Sources and Uses of Funds (\$ Millions)



Major Challenges and Initiatives

Sustainability of Water Supplies. As a regional water distributor, sustainability of water supplies continues to be an ongoing challenge for the Agency. As member of the Metropolitan Water District of Southern California (MWD), the Agency's source for imported water supplies is the State Water Project (SWP). On March 28, 2013, the Department of Water Resources (DWR) decreased its water delivery allocation for the SWP from 40 to 35 percent of requested amounts. The reduced allocation is due to water content in California's snowpack measuring only 52% of normal, with the spring melt season already under way. Despite November and December 2012 being unusually wet, pumping restrictions between November 1 and February 28 to protect the Delta smelt and salmon prevented DWR from pumping more than 550,000 acre-feet (AF). The Agency is a strong supporter, and has played an active role in development of the Bay Delta Conservation Plan (BDCP) which is designed to protect both the Delta's ecosystem health and safeguard water supply reliability with the construction of improved conveyance facilities.

Water Use Efficiency. Given the unreliability, and at times scarcity, of imported water supplies, coupled with the Water Conservation Act of 2009 (Senate Bill X7-7) requirement to increase water use efficiency and reduce per capita water consumption by 20 percent by December 2020, a major initiative for the Agency is its continual development of local water supplies and advancement of water conservation ethic throughout the Chino Basin region. Optimizing beneficial use of recycled water continues to be a major initiative for the Agency. Included in the FY 2013/14 capital improvement plan (CIP) are the Southern Area and Central/Wineville Area recycled water construction projects which will complete the Agency's backbone Recycled Water Distribution System connecting the four major geographic quadrants in its service area; Northeast, Northwest, Central and Southern, as defined in the Recycled Water Business Plan (RWBP) adopted by the Board of Directors in December 2007. Over the next fiscal year, staff will continue to collaborate closely with member agencies and Chino Basin Watermaster in updating the Recharge Water Master Plan for the Chino Basin, and shifting the primary focus of the RWBP from direct user connection to optimization of groundwater recharge deliveries.

Efficiency and Effectiveness. Another major initiative for the Agency is its ongoing assessment of business processes and asset management strategies to enhance efficiencies and effectiveness (E&E) throughout the organization. Implementation of the Human Resource Capital and Payroll modules in April 2013 as part of the Enterprise Resource Planning (ERP) system will support the Agency's E&E initiative by streamlining the recording, tracking and reporting of integrated data. This further enhancement of the ERP system will help the Agency's transition from a reactive to a condition based monitoring (CBM) maintenance philosophy strategy. Under CBM, the 45 percent of resources currently allocated to reactive maintenance (unplanned or emergency repairs) will shift to support a predictive strategy denoted by improved planning and scheduling and more effective diagnosis of equipment functionality (repairs will only be performed when needed).

The same integrated enterprise concept is being applied to the Agency's existing Supervisory Control & Data Acquisition (SCADA) System network which is currently comprised of a wide variety of equipment located throughout the various facilities. Significant effort went into documenting the current state and analyzing the Agency's SCADA systems resulting in the 2012 Board adoption of the Recycled Water, Groundwater Recharge and Facilities SCADA Master Plans (Plans). The Plans outline a strategy to modify, upgrade, and to migrate the Agency's SCADA System from its current state to the desired uniformed and integrated state over the next five years beginning in FY 2013/14.

Efficiency is a key driver for many of the Agency's CIP projects budgeted in FY 2013/14. Leveraging new technology and replacement of inefficient equipment as part of the Asset Management strategy is essential to containing operating costs. One example of this would be the headworks gates at the Regional Water

Recycling Facility (RP-1) which were found to be significantly deficient and in need of replacement following a full condition assessment valuation in July 2009. Replacement of the gates is scheduled to commence in FY 2013/14 and is expected to substantially contribute to improved and more cost-effective operations.

Over the last two years, we have begun to see a spur of new development throughout the Agency's service area; a positive signal of economic recovery. However, recognizing the economy's sensitivity to global, national, state, and regional factors, the FY 2013/14 Budget is based on the Agency's continual commitment to cost containment through prudent planning, implementation of asset management strategies, leveraging enhanced technology to streamline operations, and optimizing efficiencies. I want to commend Agency staff for their staunchness to these critical initiatives, as well as their collaboration in putting together a budget that is reflective of the Agency's mission and vision and the Board of Director's continual commitment to delivering high-quality, essential services in a cost-effective, environmentally friendly, and regional manner.

Respectfully submitted,



P. Joseph Grindstaff
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**.*

VALUES

The success of the Inland Empire Utilities Agency depends on teamwork, mutual trust and respect, and commitment to the highest standards of quality, responsibility, accountability, and dedication.

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

Policy Goals

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*. The nine broad policy goals are: (1) conservation and water quality; (2) technological innovation; (3) rate stabilization and cost effectiveness; (4) operational and maintenance efficiency; (5) strategic planning and capital implementation; (6) waste management and resource utilization; (7) interagency relationships and community partnerships; (8) fiscal accountability and regulatory compliance; and (9) staff training, development, and well-being.

In support of the policy goals are the following major initiatives that shape the FY 2013/14 Budget:

- Operate in an ethical, transparent, accountable, 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 while ensuring that defined levels of service are not compromised.
- Continue to develop and protect local water supplies in an effort to "drought-proof" the Chino Basin region and promote water reliability by:
 - Expanding use of recycled water in irrigation, landscaping and industrial uses in lieu of more costly imported water;
 - Maintain groundwater recharge basins in order to optimize the recharge of storm water, recycled water and replenishment imported water supplies;
 - Protect the quality of local water supplies by reducing salt and other emerging contaminants; and

- Promote water conservation and water use efficiency through education and outreach programs that 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 that include solar, wind, fuel cells, and bio-gas as part of the Agency's *Peak Power Independence by 2020* Initiative.
- Control chemical costs through application of Key Performance Indicators (KPIs) that monitor consumption and aggressively compete and negotiate chemical 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 technologies 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; and
 - Transition from Preventive to condition based monitoring to optimize asset life cycles and more effectively utilize resources.

Agency's Service Area occupies 242 square miles and stretches 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.

Governance

The Agency's governing body is comprised of five elected 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 Directors. Each Director serves a four year term. Board member elections are conducted every two years on a staggered basis with two seats becoming vacant in an even year and the other three seats becoming vacant in the subsequent even year. The Board of Directors meets twice a month and decisions are by majority vote.

The Agency's staff is led by a Board-appointed General Manager; as well as an 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 percent vacancy factor.

Service Area

Based on a 1972 Regional Sewage Service Contract, the Agency contracts with seven local jurisdictions (contracting member agencies) to collect, treat, and dispose an average of 53.2 million gallons a day (MGD) of untreated wastewater. The untreated wastewater is directed to five water recycling plants located throughout its service area. The seven local jurisdictions which are listed below serve a population of approximately 850,000 residents.








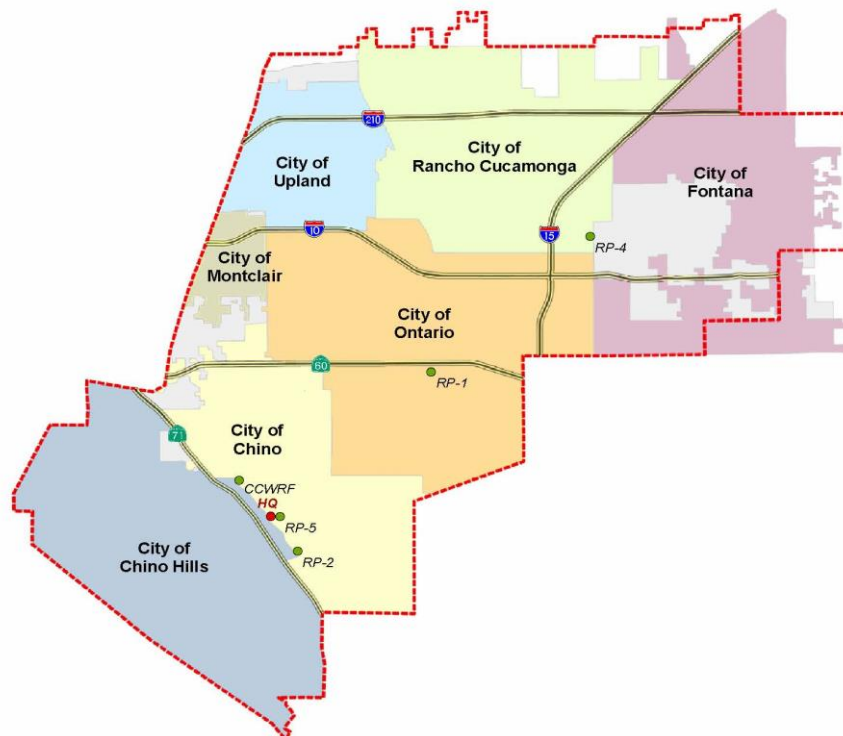
 City of Chino	 City of Montclair
 City of Chino Hills	 City of Ontario
 Cucamonga Valley Water District (CVWD)	 City of Upland
 City of Fontana	

Figure 1-1: IEUA's Service Area and Contracting Member Agencies



FY 2013/14 Budget Overview

The economic recession of 2007-2009 was long and deep and turned out to be the most severe economic contraction since the 1930s. Since the official end of the economic recession in December 2009, the growth domestic product (GDP) growth has been positive but slow and significant economic weakness remains evident particularly in household consumption spending, labor market, and the housing sector. Current macro-economic concerns include whether the economy can have a sustained recovery that will lead to reduction in unemployment, a return to normal output that will result in growth in employment, and if long-term government's debt problem¹ can be resolved.

Given the fragile state of the global economy, and uncertainty about the US fiscal policy, projections of near-term path of the US economy carry a higher than normal uncertainty. Most economic forecasters have trimmed down growth projections as it becomes more evident the economy is recovering at a very slow pace. In April 2013, the International Monetary Fund (IMF) saw real GDP for the United States increasing from 1.9 percent in 2013 to 3 percent in 2014. The GDP growth projections by IMF are below growth experiences from previous recoveries².

In consideration of the aforementioned economic challenges, the Agency took take a conservative view of revenues and expenditure as it prepared the FY 2013/14 Budget. The budget is based on an ongoing commitment to cost containment efforts without compromising the Agency's pledge to its customers to deliver reliable, high quality services in a regional and cost-effective manner. This pledge is achieved through prudent financial planning and strategic resource management.

Overview of Revenues, Expenditures, and Fund Balance

Table 1-1 below provides a comparative overview of total revenues and other funding sources, total operating expenses and other uses of funds, and ending fund balance for fiscal years beginning FY 2010/11 (actual) through FY 2017/18 (forecast), including the FY 2012/13 amended budget and projected actual.

The estimated decline in the FY 2013/14 fund balance is due to use of fund reserves to support capital improvement projects (CIP) and service rates and charges for some of the Agency's core program still do not fully support the total cost of service.

¹ Congressional Research Service, April 18, 2013

² Congressional Research service, April 18, 2013

Table 1-1: Comparative Overview of Historic, Projected and Forecasted Total Revenues, Total Expenses and Fund Balance (\$millions)

Fiscal Year	Actual		Amended	Projected	Adopted	Forecast			
	2010/11	2011/12	Budget 2012/13	Actual 2012/13	Budget 2013/14	2014/15	2015/16	2016/17	2017/18
Operating Revenues	\$62.6	\$64.6	\$67.3	\$67.6	\$77.4	\$85.8	\$89.4	\$92.7	\$94.5
Operating Expense	65.2	69.5	77.3	68.3	80.4	80.2	81.1	82.8	84.5
Operating Net Increase (Decrease)	(\$2.6)	(4.9)	(10.0)	(0.7)	(3.0)	5.6	8.3	9.9	10.0
Other Funding Sources	\$62.2	49.6	57.2	65.4	79.2	61.9	56.8	61.4	56.2
Debt Service	21.8	17.6	21.6	21.1	27.6	24.0	26.3	28.3	29.5
Capital Program	48.6	32.3	55.9	25.6	68.0	37.8	33.3	42.2	31.2
Non-Operating Increase (Decrease)	(\$8.2)	(\$0.4)	(\$20.3)	\$18.7	(\$16.4)	\$0.1	(\$2.8)	(\$9.1)	(\$4.5)
Total Increase (Decrease)	(10.8)	(5.3)	(30.3)	18.0	(19.4)	5.7	5.5	0.8	5.5
Beginning Fund Balance	118.5	107.7	102.4	102.4	120.4	101.0	106.7	112.2	113.0
Ending Fund Balance	\$107.7	\$102.4	\$72.3	\$120.4	\$101.0	\$106.7	\$112.2	\$113.0	\$118.5

Based on current assumptions of higher user charges and growth in EDU volumetric, new EDU connection units and recycled water acre feet (AF), total ending fund balance begins to show a gradual improvement in FY 2014/15 and continues to improve in ensuing years. The projected improvements in the ending fund balance are based on cautious optimism that is pegged on actual current year outcomes which are coming in better than original projections. For example, new EDU connections in FY 2012/13 are estimated to reach 1,700 units compared to the adopted FY 2012/13 Budget of 1,100 units. Likewise, EDU volumetric units initially budgeted at 3.1 million are estimated to increase by 2 percent to 3.2 million by the end of FY 2012/13.

Revenues Highlights

Total revenues of \$151.1 million (excludes inter-fund transfer of \$5.5 million) budgeted in FY 2013/14 are approximately \$18 million, or 14 percent higher than the \$133 million projected in FY 2012/13. The primary drivers for the increase in revenues and other funding sources include higher revenues from user charges, contract reimbursements, recycled water sales, and grants and loans.

Table 1-2 below shows the increase in revenues for each primary driver between the FY 2012/13 projected and FY 2013/14 Adopted Budget. The largest changes of \$19.2 million and \$7.2 million in state loans, and grants, respectively, are funds earmarked for the Southern and Central/Wineville recycled water projects. User charges and recycled water increases of \$7.2 million and \$2.1 million can be attributed to the three-year rate increases adopted by the Board in FY 2011/12 as well as higher estimates of EDU volumetric units, and higher new EDU connections.

The increase in revenues indicated above is partially offset by lower than expected contract reimbursements for operational and administrative services from the Chino Basin Desalter Authority (CDA) as the CDA transitions its administrative support from IEUA.

Table 1-2: Primary Drivers of Increase in Revenues (\$millions)

Revenue Category	Type	FY	FY	FY	FY	Adopted Minus Projected
		2011/12 Actual	2012/13 Amended Budget	2012/13 Projected Actual	2013/14 Adopted Budget	
User Charges	Operating	\$45.6	\$50.4	\$50.2	\$57.4	\$7.2
Contract Cost Reimbursement*	Operating	\$5.8	\$5.9	\$5.6	\$7.1	\$1.5
Recycled Water Sales	Operating	\$6.0	\$7.8	\$7.1	\$9.2	\$2.1
Regional Connection Fees	Other Sources	\$7.7	\$5.4	\$8.3	\$9.0	\$0.7
State Loans	Other Sources	\$7.0	\$13.3	\$3.7	\$22.9	\$19.2
Grants	Other Sources	\$4.7	\$3.5	\$1.7	\$8.9	\$7.2
Other**	Mixed	\$37.4	\$38.3	\$56.4	\$36.6	-\$8.3
Total		\$114.2	\$124.6	\$133.0	\$151.1	\$29.7

*includes reimbursement from JPA

**includes property taxes, capital contract reimbursements, and other revenues

Total Revenues and Other Funding Sources

The primary sources of the \$151 million in total revenues and other funding budgeted in FY 2013/14 are summarized in table 1-3 below:

Table 1-3: FY 2013/14 Total Revenues & Other Funding Sources

Revenues*	Amount \$Millions	% of Total	Description
User Charges	\$57.4	38%	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	22.9	15%	State revolving fund loans for the Recycled Water program
Property Tax	33.4	22%	Share of the San Bernardino County-wide secured property tax levy and RDA incremental taxes
Grants	8.9	6%	Various Federal, State and Local grants primarily in support of the Agency's Recycled Water Distribution System construction
Recycled Water Sales	9.2	6%	Recycled water sales and MWD Local Project Program (LPP) rebate
Connection Fees	9.0	6%	New EDU connection fees to the Regional Wastewater sewer system
Other Revenues	10.2	7%	Comprised of various reimbursements for operational and capital expenses, program rebates, and interest earnings
Total Revenues & Other Funding Sources	\$151.0	100%	

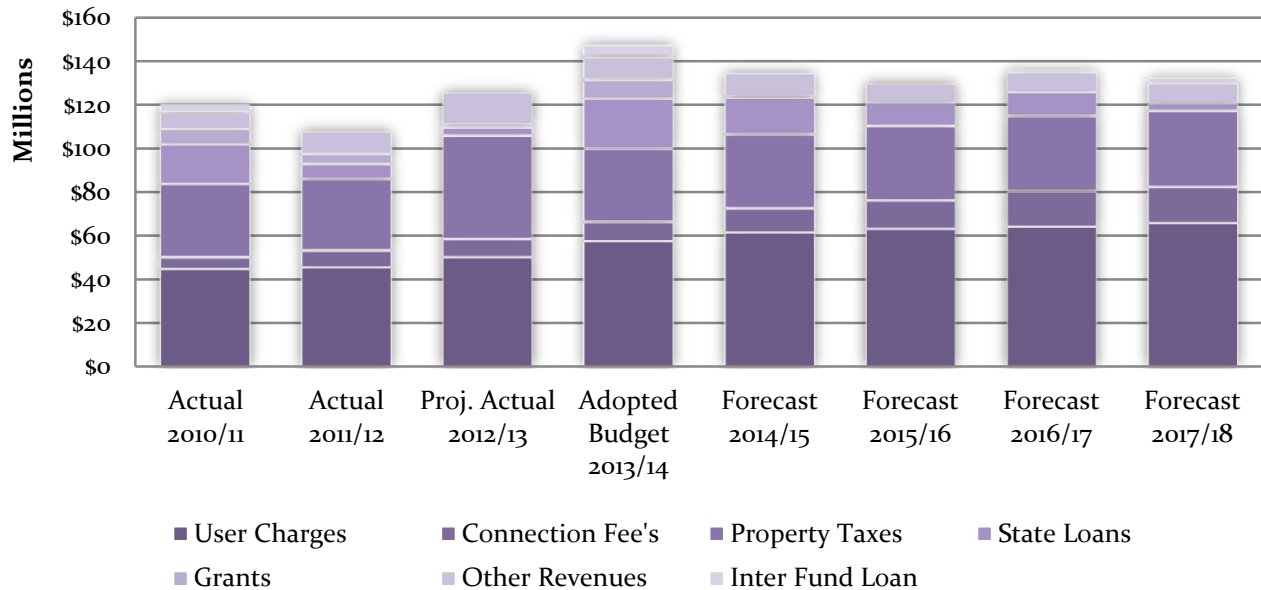
*Excludes \$5.5 million inter-fund transfer

Fiscal Year 2013/14 is the second year to benefit from the three-year rate increases adopted by the IEUA Board in February 2012 and took effect on July 1, 2012. A combination of operating revenues of \$77.3 million and other funding sources of \$73.7 million combined add up to the Agency's total revenues budgeted at \$151 million in FY 2013/14. The impact of the slow economic recovery on the Agency's primary revenues, such as connection fees and property taxes, is still unclear; expectation is that normal economic growth will be attained within the next three years.

Trend of Total Revenues and Other Funding Sources

Figure 1-2 below shows actual revenues for FY 2010/11, FY 2011/12, projected actuals for FY 2012/13, FY 2013/14 adopted budget, and revenues forecast for FY 2014/15 through FY 2017/18. A comparison of FY 2010/11 revenues with FY 2011/12 shows a decline which was the result of lower proceeds from SRF loans, property taxes, and other revenues. Projected revenues from FY 2012/13 and thereafter are higher primarily due to higher user charges derived from the IEUA Board adopted multi-year rate increases for FY 2013/14 and FY 2014/15 and the anticipated improvements of economic activity in the IEUA service area. Also, based on actual results of FY 2012/13, the Agency is estimating better results in the number of units of EDU Volumetric units, new EDU connections, and recycled water AF which are key drivers to system generated revenues.

Figure 1-2: Trend of Revenues & Other Funding Sources



Expenses Highlights

The total FY 2013/14 Agency expenditure budget of \$170.5 million (excludes inter-fund transfer of \$5.5 million) is 49 percent higher than the FY 2012/13 projected actual of \$115.1 million. The projected increase of approximately \$56 million is primarily due to carry forward of the Southern Area and Central/Wineville recycled water projects; contract work/special projects increase of approximately \$4 million due to reinstatement of R&R; and maintenance work in the Regional Wastewater and Recycled Water programs as noted in Table 1-2.

Table 1-4 below shows the increase in expenditures by primary driver between FY 2012/13 projected and FY 2013/14 Adopted Budget.

Table 1-4: Primary Drivers of Increase in Expenditures (\$millions)						
Expenditure Category	Type	FY 2011/12	FY 2012/13	FY 2012/13	FY 2013/14	Adopted Minus
		Actual	Amended Budget	Projected Actual	Adopted Budget*	Projected
Employment Expenses	Operating	\$32.6	\$35.2	\$32.7	\$35.2	\$2.5
Contract Work/Special Projects	Operating	\$5.6	\$3.1	\$1.0	\$5.0	\$4.0
Operating Fees	Operating	\$7.2	\$8.2	\$7.3	\$9.3	\$2.0
Professional Fees and Services	Operating	\$5.5	\$7.5	\$6.3	\$7.5	\$1.2
Work In Progress	Capital	\$33.9	\$53.9	\$23.7	\$65.3	\$41.6
Other**	Mixed	\$34.7	\$46.9	\$44.1	\$48.2	\$4.1
Total		\$119.5	\$154.8	\$115.1	\$170.5	\$55.4

*Net of \$5.5 million inter-fund loan transfer from RC to WC fund

**includes utilities, chemicals, materials and Supplies, biosolids recycling, 4Rs, IERCA contribution, debt service and other expenses,

Total Expenses & Other Uses

Total FY 2013/14 expenses and other uses of funds of approximately \$171 million are higher than FY 2012/13 projected actuals of \$121 million by approximately \$50 million due to carry forward of capital improvement projects, primarily the Southern Area and Central/Wineville area recycled water construction projects. Comparatively, total operating expenses of \$80.4 million are 18 percent higher than the \$68.3 million expenses in the FY 2012/13 projected budget; debt service costs of \$27.6 million are 31 percent higher than the \$21.1 million costs in the FY 2012/13 projected actual; and capital expenditure of \$68.0 million are 166 percent higher than FY 2012/13 projected budget of \$25.6 million. The capital budget includes approximately \$30 million or 44 percent of carry forward projects from FY 2012/13.



LOWER DAY BASIN

Table 1-5 lists the major expenses and other uses of funds categories in dollar and percentages as budgeted in FY 2013/14.

Table 1-5: FY 2013-14 Total Expenses and Other Uses of Funds by Category

Major Expense Category	Amount \$Millions	% of Total	Description
Employment Expenses*	\$35.2	20%	Includes wages, retirement, insurance, Federal and State employment taxes, director fee's, vehicle allowances, and other miscellaneous benefits
Utilities	9.6	5%	Includes electricity, natural gas, fuel cell, telephone, and water fees
Operating Fees	9.3	5%	Includes Los Angeles County Sanitation District (LACSD) and Santa Anna Watershed Project Authority (SAWPA) renewable energy fees on volumetric charges, capacity, excess strength, and Biochemical Oxygen Demand/Chemical Oxygen Demand fees
Chemicals	4.5	3%	Include chemicals necessary to meet the wastewater treatment process, compliance, performance goals and to sustain the high-quality of recycled water
Professional Fees & Services	7.5	4%	Includes legal fees, contract services such as landscaping, security, and janitorial services, et cetera
Biosolids Recycling	3.5	2%	Includes tipping fees at \$52 per ton payable to IERCF for biosolids processing, transportation costs and state land application hauling costs
Other Expenses	10.8	6%	Includes contract work/special projects, office and administrative expenses, and materials and supplies
Capital	68.0	39%	Includes over \$30 million of capital construction projects carried forward from FY 2012/13. Also, includes a capital call investment of \$0.5 million to support IERCF capital projects
Debt Service**	22.1	12%	Includes principal and interest for SRF loans and bonds
Total Expenses	\$170.5	100%	

*Excludes approximately \$7 million allocated to the CIP

**Excludes \$5.5 of Short-Term Inter-Fund Loan

The FY 2013/14 Budget demonstrates the Agency's commitment to deliver the intended levels of services in a cost-effective and efficient manner. 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 2013/14 Budget are:

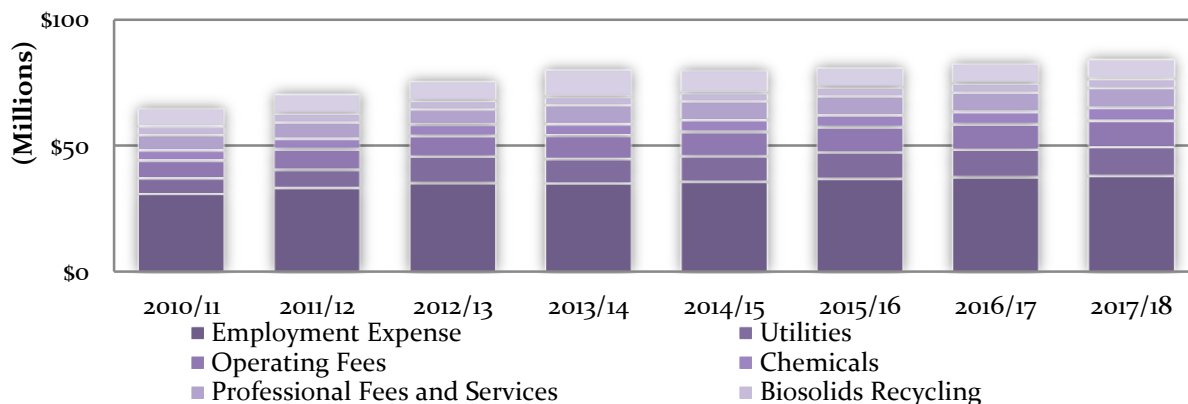
- **Employment** – maintain an average vacancy factor of 5 percent, equivalent to 15 FTEs, and continue to hold a “hiring freeze” only filling critically necessary positions as determined by the General Manager.
- **Professional Services** – continue to maximize utilization of in-house resources in lieu of outside contractors and consultants when it is economically feasible.
- **Biosolids Recycling** – decrease biosolids processing costs by increasing solids contents from 18 percent to 24 percent per wet ton of biosolids due to projected efficiencies of the new centrifuge technology at the Regional Water Recycling Plant (RP-1) Dewatering Facility.
- **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** – optimize utilization of solar, wind, fuel cell, and bio-gas energy generation technologies to further diversify the Agency’s renewable energy portfolio consistent with *Peak Power Independence by 2020* Initiative adopted by the Board in April 2012.

Trend in Total Operating Expenses and Other Uses of Funds

Figure 1-3 below shows actual total operating expenses for FY 2010/11 and FY 2011/12, projected actuals for FY 2012/13, adopted budget for FY 2013/14 and forecasted results for FY 2014/15 through FY 2017/18. Compared to the FY 2012/13 projected actual operating expenses of \$68.3 million, the increase to \$80.4 million in FY 2013/14 adopted budget is attributed to: (1) higher employment costs higher employment expenses (from \$32.7 million to \$35.2 million) due to an increase in pension contribution rates, health insurance premiums, and partial funding of Other Post Employment Benefit Obligations (OPEB); (2) an increase in pass-through operating fees for the Non-Reclaimable Wastewater program; (3) higher professional fees and services due to acceleration of maintenance of IEUA facilities previously deferred a part of cost containment; and (4) higher utility fees due to increased estimates of electricity usage.

Forecasted operating expenses for fiscal years subsequent to FY 2013/14 as indicated in Figure 1-3, are relatively stable as a result of the Agency’s continuing commitment to cost containment.

Figure 1-3: Total Operating Expenses



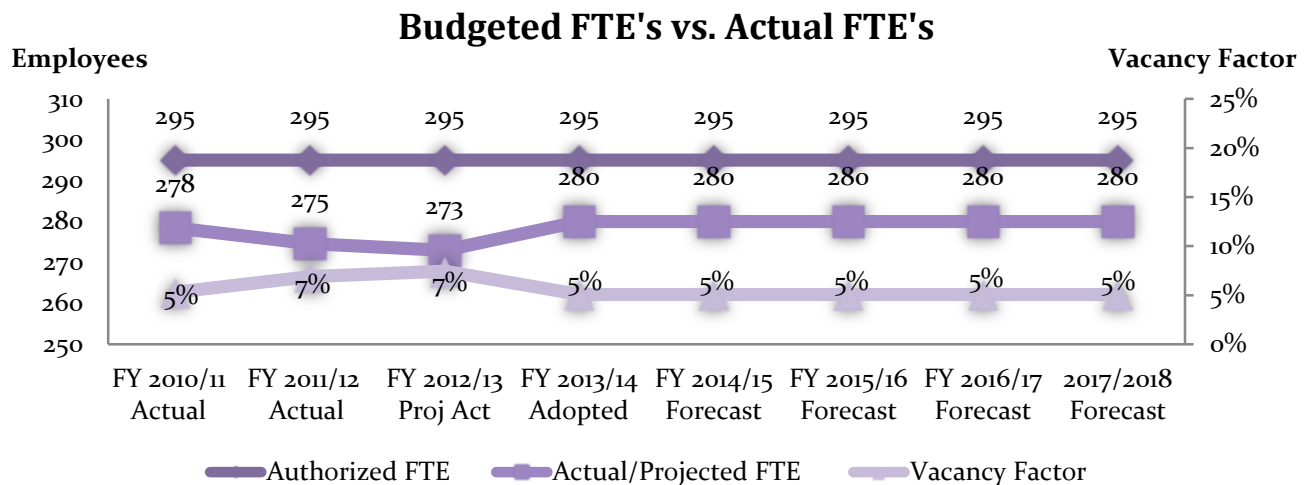
Staffing

As part of the Agency's FY 2009/10 Cost Containment Plan, the Board approved a 4 percent reduction or 13 FTEs in the number of authorized positions from 308 to 295. The Agency also committed to maintaining a weighted average vacancy factor of up to 5 percent or 15 FTE positions. As vacant positions arise, the Agency only fills positions deemed critical to operations and business enterprises. By following this policy, the Agency has achieved substantial saving in employment expenses as the vacancy factor remains above 5 percent. Through prudent planning, since FY 2007/08, the Agency has reduced staffing levels by 66 positions that include limited term, interns and FTEs, primarily through attrition.

Total employment costs are comprised of wages and benefits and are estimated at \$35 million, net of approximately \$7.0 million of labor charges allocated to the Agency's capital investment program (CIP). Employment costs (net of CIP) represent approximately 20 percent of the Agency's total FY 2013/14 Budget of \$171 million (excludes \$5.5 million of inter-fund transfer). Included in the FY 2013/14 Budget is an increase of 10 percent in health insurance premiums and 0.77 percent CalPERS rate increase.

Of the total 295 authorized FTE positions, only 280 positions are budgeted in the FY 2013/14 Budget (net of a 5 percent average vacancy factor). Additionally, 15 intern and 9 limited-term positions are budgeted primarily to support Construction Management and Grants Administration activities. Figure 1-4 below shows actual, projected, adopted and forecast staffing trend through FY 2017/18, including the related vacancy factor.

Figure 1-4: Comparison of Authorized, Actual and Forecasted Staffing Trend and Vacancy Factor

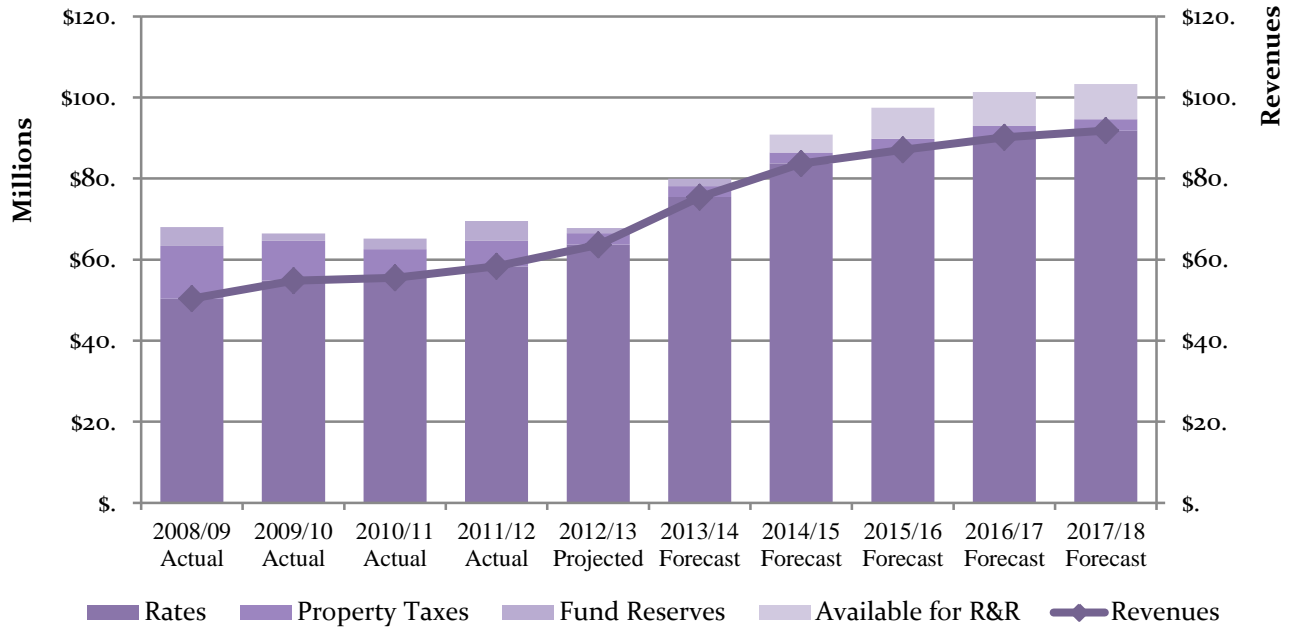


Use of Fund Balance to Support Operating Imbalance

The ultimate goal of the Agency is to have service rates and charges that fully cover the cost of service for the key programs. As illustrated in Figure 1-5 below, revenues generated from rates (line graph) do not adequately cover the cost of services (bar graph) provided by the Agency. As such the Agency has been using fund balances to cover operating costs not covered by rates which, was the case in FY 2008/09, FY 2009/10, FY 2010/11, FY 2011/12 and the projected results for FY 2012/13. In FY 2013/14, the Agency projects a continuing decrease in the gap between revenues and expenses which is the result of a combination of multi-year rate increases adopted by the Board in FY 2011/12 as well as a more optimistic forecast of increasing operating activity within the service area. Improved operating activity in the service

area is expected to derive an increase in EDU volumetric units, new EDU connections, and a high volume of recycled water AF deliveries.

Figure 1-5: 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 percent 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, with the first increase effective July 1, 2012, is evidenced by the reversal from an operating deficit of approximately -7 percent in FY 2012/13 to the net income position forecasted in FY 2013/14. Beginning in FY 2014/15, funding of Agency operations begin to cover R&R costs partly due to a combination of the additional revenues expected from rate increases, optimism in the service area economic activity resulting in increased estimate of recycled water deliveries, number of EDU volumetric units, new connections, and continuing commitment to cost containment.

Capital Investment Program (CIP)

The FY 2013/14 Capital Improvement Program (CIP) budgeted at \$68 million is primarily funded by new EDU connection fees of \$9.0 million, approximately \$8.6 million of property tax receipts, supplemented by SRF loans (\$22.9 million), grants (\$8.9 million) and Pay-Go (\$18.6 million). The adopted CIP in FY 2013/14 is approximately 166 percent higher than FY 2012/13 projected actual of \$25.6 million primarily due to the carry forward of two major capital construction 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 the 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 76 percent over the ten year planning period as stated in the FY 2013/14 – 2022/23 TYCIP.

A summary of the Agency’s CIP by fund for the next 10 fiscal years is summarized in Table 1-6 below. A more detailed discussion on the CIP and major projects is provided under the Capital section and in the FY 2013/14 – 2022/23 TYCIP and Volume II.

Table 1-6: FY 2013/14 – FY 2022/23 Capital Improvement Budget by Fund (\$Millions)

Fund	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 18/19 through FY 2022/23
Regional Wastewater Capital (RC Fund)	\$10.4*	\$7.6	\$6.3	\$24.5	\$10.8	\$95.9
Regional Wastewater Operations (RO Fund)	10.1	6.7	14.8	10.6	10.8	62.1
Recycled Water (WC Fund)	41.1	19.4	8.9	3.9	4.5	30.3
Non-Reclaimable Wastewater (NC Fund)	3.4	2.5	1.9	2.2	2.2	11.2
Recharge Water (RW Fund)	0.6					
Admin Services (GG Fund)	2.4	1.5	1.3	1.0	0.8	3.8
Total	\$68.0	\$37.7	\$33.2	\$42.2	\$31.2	\$203.3

* Excludes 0.5 million capital outlay for IERCA

Debt Service Costs

The Agency’s outstanding principal and interest in the FY 2013/14 Budget is \$477.8 million is comprised of \$370.4 million in bond indentures, \$123.3 million in low interest State Revolving Fund (SRF) loans, and \$8.0 million in other notes payable. In FY 2013/14, total debt service costs, including principal and interest, are budgeted at \$22.1 million or 13 percent of the total expenditures. The inter-fund loan transfer of \$5.5 million is excluded from debt service. 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 1-7 below shows the estimated FY 2013/14 debt service cost by program.

Table 1-7: FY 2013/14 Debt Service Costs by Program (\$Thousand)

	Administrative Services	Regional Wastewater*	Non-Reclaimable Wastewater	Recharge Water	Recycled Water	Total
Principal	\$0	\$8,165	\$141	\$585	\$2,738	\$11,638
Interest	0	7,312	401	156	2,269	10,131
Financial Expense	14	221	0	105	1	342
Total	\$14	\$15,698	542	\$846	\$5,010	\$22,111

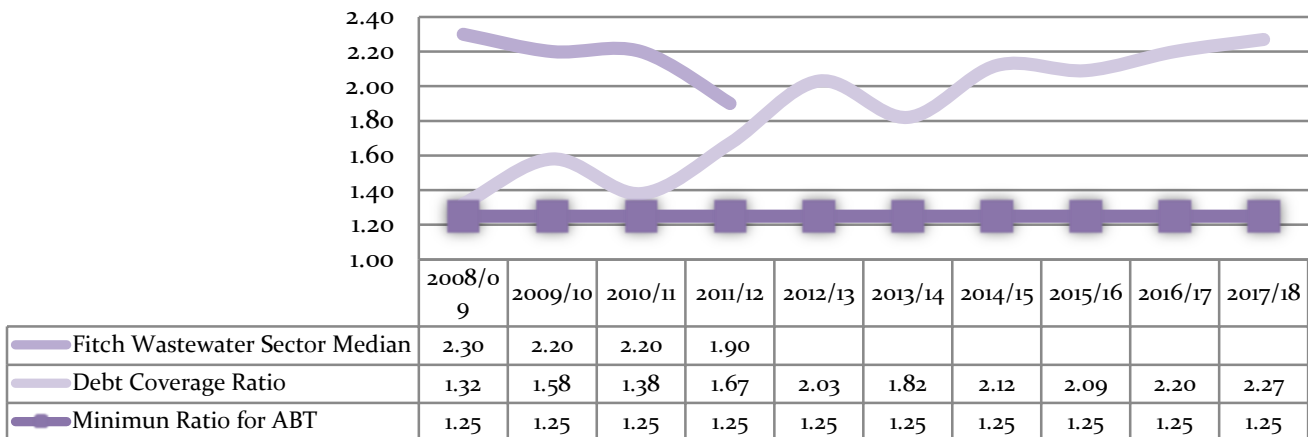
*Excludes inter-fund loan of \$5.5M

Debt Coverage Ratio (DCR)

A key objective of the Board is to raise the Agency’s total debt coverage ratio (DCR) over the next two years. Over the years, the shortfall between total revenues and total expenses, 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. The inability to meet the minimum debt covenant requirements can result in potentially severe financial consequences, including a possible downgrade by the major credit rating agencies of the Agency’s AA- long-term credit rating. In recognition of such consequences, 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 the 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. Based on current assumptions and measured optimism of improving economic conditions in the Inland Empire, the Agency’s estimated DCR for FY 2013/14 and subsequent years is estimated to exceed the targets set by the Board.

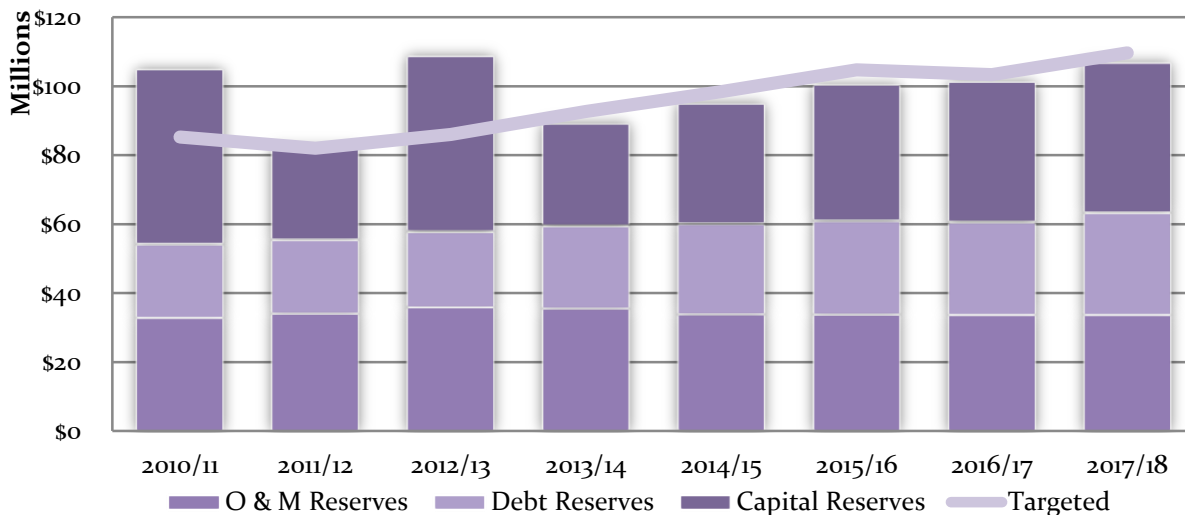
Figure 1-6: Total Debt Coverage Ratio Trend



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 balances at the individual program level. The fund balance reserves are designated for specific purposes, and include 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 1-7 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 as defined in the Agency’s 2012 LRPF is the sum of 50 percent of operating revenues, and total fund balance reserves designated to support debt service costs.

Figure 1-7: Trend of Operating, Capital, and Debt Fund Balances



The aggregate ending fund balance in FY 2013/14 is estimated to be \$101 million; a decline of 16 percent compared to the FY 2012/13 projected ending fund balance of \$120.4 million. The estimated fund balance decline of \$19.4 million is primarily due to CIP funded on a pay-go basis. Table 1-8 below provides an overview of changes in fund balances by fund with the Regional Capital Improvement program showing the largest decline of \$10.2 million.

Table 1-8: Changes in Fund Balances by Fund

Fund	Projected FY 2012/13	FY 2013/14	Increase (Decrease) \$Millions
Administrative Services (GG)	\$15.7	\$14.3	(\$1.4)
Regional Capital Improvement (RC)	54.4	44.2	(10.2)
Regional Operation & Maintenance(RO)	29.4	25.6	(3.8)
Non-Reclaimable Wastewater (NRW)	3.3	2.7	(0.6)
Recharge Water (RW)	2.2	2.1	(0.1)
Recycled Water (WC)	13.7	11.0	(2.7)
Water Resources (WW)	1.7	1.0	(0.7)
Total	\$120.4	\$100.9	(\$19.4)*

* may be slightly off due to rounding

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.

Fund Balance Highlights

The aggregate ending fund balance in FY 2013/14 is estimated to be \$101 million, a decline of \$19.4 million, or 16% relative to the FY 2012/13 projected ending balance of \$120.4 million, as shown in Table 1-9. The estimated decline in total ending fund balance is primarily due budgeted CIP of 65.3 million of which approximately \$33.5 million or 51% is funded on a pay-go basis.

Table 1-9: Fund Balance Position

Description	FY 2011/12	FY 2012/13	FY 2012/13	FY 2013/14
	Actual	Amended Budget	Projected Actual	Adopted Budget
Net Increase (Decrease) in Fund Balance	-\$5.3	-\$30.2	\$18.0	-\$19.4
Beginning Fund Balance, July 01	\$107.7	\$102.4	\$102.4	\$120.4
Ending Fund Balance, June 30	\$102.4	\$72.3	\$120.4	\$101.0

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 LRPF aligns the Agency’s financial capacity with long-term service objectives. The LRPF uses forecasts to provide insight into the Agency’s future financial capacity so that Agency strategies can achieve long term sustainability of financial and service objectives. It provides the most cost-effective funding strategy to support the 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:

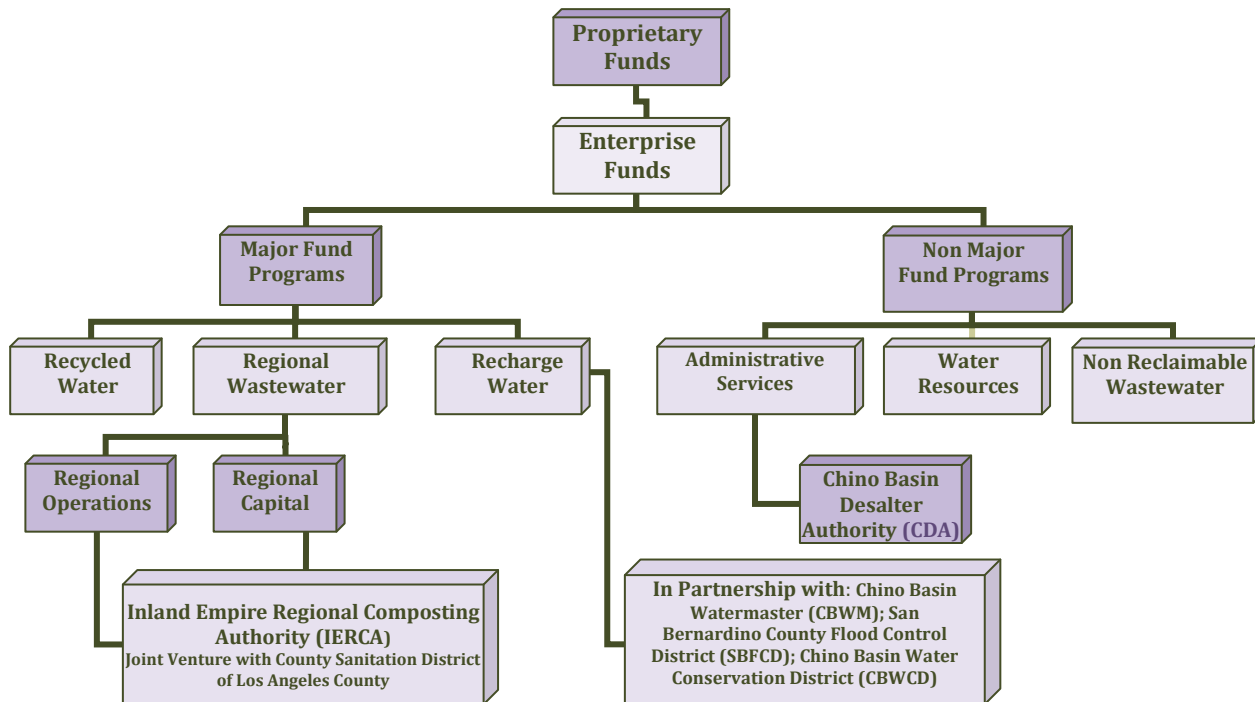
- ❑ Maintain programs that are self-supported through user fees and charges;
- ❑ Levy reasonable rate increases to support program requirements;
- ❑ Employ cost containment measures that will ensure achievement of debt coverage ratio targets recommended by the Board of Directors;
- ❑ Maintain adequate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

Development of the FY 2013/14 LRPF is ongoing and it is anticipated that a robust and dynamic LRPF model will be completed in the fall of 2013. Some of the proposed features of the new financial model include an extended scope from 10 to 50 years, multiple “what if” scenarios to highlight the impact of variation of inputs, and on-screen graphic presentations to more effectively communicate the alternatives and outcomes.

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 1-8 below.

Figure 1-8: 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 1-10 contains definitions of Major and Non-Major Funds groups. The definitions are consistent with the Agency’ audited FY 2011/12 Comprehensive Annual Financial Report (CAFR).

Table 1-10: 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 operating, capital and debt service costs associated with the operation, asset acquisition, capital construction, improvement, and expansion 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 2013/14 is projected to be \$1.2 million and is recorded in the GG fund.

As shown on Table 1-11, total revenues including transfers from other Agency funds in FY 2013/14 are estimated at \$6.4 million. Total expenses are estimated at \$7.8 million (include \$14,000 in financial expenses) resulting in a net loss of \$1.4 million. This loss is projected to reduce the ending fund balance from \$17.7 million to \$13.4 million.

Approximately \$12.0 million of the fund balance is designated to support the Agency’s self-insured workers’ 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.

Table 1-11: Administrative Services Fund Summary

Description	FY 2012/13 Amended	FY 2012/13 Projected	FY 2013/14 Adopted	Adopted minus Projected	Projected vs. Adopted (% Change)
Revenues	\$4.1	\$5.2	\$4.0	-\$1.2	-23%
Expenditures*	\$9.7	\$6.0	\$7.8	\$1.5	24%
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	0%
Transfer (out) in	\$3.8	\$2.2	\$2.4	\$0.2	9%
Income (Loss)	-\$1.8	\$1.4	-\$1.4	-\$0.0	0%
Beginning Fund Balance	\$14.3	\$14.3	\$15.7	\$0.4	3%
Ending Fund Balance	\$12.4	\$15.7	\$14.3	-\$1.4	-9%

* Includes O&M and capital expenditures

Regional Wastewater Program (RC and RO Funds)

The Regional Wastewater Program accounts for 56 percent, or \$96 million, of the Agency’s total FY 2013/14 Budget of \$171 million (excludes \$5.5 million of inter-fund transfers). The FY 2013/14 expenses of \$95.8 million include operating costs of \$54 million, a capital program of \$20.5 million, and debt service payments of \$21.2 million (excludes \$5.5 million of inter-fund transfers). Also, the program has an inter-fund transfers of \$4.2 million; \$2.3 million for capital contribution; and \$1.9 million for debt service.

Table 1-12: Regional Wastewater (RO and RC) Fund Summary

Description	FY 2012/13 Amended	FY 2012/13 Projected	FY 2013/14 Adopted	Adopted minus Projected	Projected vs. Adopted (% Change)
Revenues	\$78.7	\$99.0	\$86.0	-\$13.0	-14%
Expenditures*	\$74.8	\$62.1	\$74.6	-\$12.5	-21%
Debt Service	\$15.0	\$15.0	\$21.2	-\$6.2	-42%
Transfer (out) in	-\$5.7	-\$5.4	-\$4.2	-\$1.2	23%
Income (Loss)	-\$16.9	\$16.5	-\$14.0	-\$30.5	-185%
Beginning Fund Balance	\$67.3	\$67.3	\$83.8	\$16.5	25%
Ending Fund Balance	\$50.4	\$83.8	\$69.8	\$14.0	-17%

* Includes capital expenditures

Table 1-12 above shows the financial summary of the Regional Wastewater program. Compared to the FY 2012/13 projected budget, the fund balance in the adopted FY 2013/14 Budget declines by \$14.0 million or 21 percent. The decline in reserves is the result of the Agency's decision to reinstate essential repairs and rehabilitation projects that had been previously deferred due to budget constraints. Debt service costs are higher by \$6.2 million or 41 percent relative to the FY 2012/13 projected budget due to a \$5.5 million inter-fund transfer to fund capital projects in the Recycled Water program.

In FY 2011/12, the Board adopted three-year rate increases for the Regional Wastewater program for EDU volumetric service charge and new EDU connection fees, effective July 01, 2012. The Board adopted Regional Wastewater rates are shown in Table 1-13 below.

Table 1-13: Multi-Year Adopted Rates for Regional Wastewater Program

Regional Wastewater Program (Fund)	FY 2012/13	FY 2013/14	FY 2014/15
Regional Wastewater Operations & Maintenance Fund (per EDU)	\$12.39	\$13.39	\$14.44
Regional Wastewater Capital Improvement Fund (Per Connection)	\$4,909	\$5,007	\$5,107

The RC fund ending fund balance for FY 2013/14 is projected to be \$44.2 million, reflecting a 19 percent decrease compared to the FY 2012/13 projected ending fund balance of \$54.4 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 an SRF loan related to the completion of the RP-1 Dewatering facility. Debt service reserves as mandated by bond covenant make up approximately \$17.4 million of the estimated ending fund balance, with the remaining balance reserved for capital investment. The higher fund balance in FY 2012/13 was due to additional tax receipts for RC Fund. The Agency received approximately \$10 million of one-time redevelopment (RDA) incremental taxes during FY 2012/13, and based on the Regional Sewage contract, 65% of the additional RDA tax receipts, or \$6.4 million was allocated to RC Fund.

The RO Fund ending fund balance for FY 2013/14 is \$25.6 million reflecting a decrease of 13 percent compared to FY 2012/13 projected fund balance of \$29.4 million. In spite of the \$3.2 million of additional revenues from rate increases, the fund balance still shows a decline due to higher costs of employment, utilities, and CIP. Of the estimated ending fund balance, approximately \$16.2 million is reserved for

operating contingencies in accordance with bond covenants, and the balance is reserved to support capital replacement of the Agency’s regional facilities.

Non-Reclaimable Wastewater (NRW or NC) Fund

The FY 2013/14 Budget does not propose any changes in the rate structure of the Non-Reclaimable Wastewater (NRW) program. The Agency will continue to pass through interagency charges from LACSD and SAWPA and continue to add an IEUA administrative surcharge, to support the Agency’s operations costs associated with the NRW program. No change in the Agency’s operations surcharge is proposed in FY 2013/14.

The following elements which are updated annually make up the NRWS rate structure:

- Capacity
- Volumetric
- Strength (Biochemical Oxygen Demand [BOD]/Chemical Oxygen Demand [COD], Total Suspended Solids [TSS])
- Operations Surcharge

Table 1-14 below shows the FY 2013/14 rate for operations charges on volumetric, capacity and strength (TSS/COD/BOD) charges will remain at 50 percent for non-recycled water users and 10 percent for recycled water users. The discounted 10 percent operations surcharge supports the Agency’s initiative to promote the use of recycled water. To date six industries are benefiting from the discounted surcharge rate.

Table 1-14: Operations Surcharge for users and Non-users of Recycled Water

Description	FY 2011/12	FY 2013/14
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%

Table 1-15 below shows the financial status of the Non-Reclaimable Wastewater Fund, including the ending fund balance for FY 2013/14. Revenues in the FY 2013/14 Adopted Budget are \$3 million or 44 percent higher due to higher capacity and strength fees which results in higher administrative service charges. Expenditures for FY 2013/14 are higher by \$2.9 million or 42 percent mainly due to higher operating fees (pass through) and capital projects. The ending fund balance of \$2.7 million for FY 2013/14 is \$0.7 million or 20 percent lower relative to the FY 2012/13 projected ending fund balance of \$3.3 million. The decrease in fund reserves is due to CIP funded on a pay-go basis.

Table 1-15: Non-Reclaimable Wastewater (NC) Fund Summary

Description	FY 2012/13 Amended	FY 2012/13 Projected	FY 2013/14 Adopted	Adopted versus Projected	Adopted vs. Projected (% Change)
Revenues	\$8.8	\$6.9	\$10.0	\$3.0	44%
Expenses*	\$10.3	\$7.1	\$10.0	\$2.9	41%
Debt Service	\$0.5	\$0.5	\$0.5	\$0.0	0%
Transfer (out) in	-\$0.1	-\$0.1	-\$0.1	\$0.0	0%
Income (Loss)	-\$2.2	-\$0.7	-\$0.7	\$0.1	
Beginning Fund Balance	\$4.1	\$4.1	\$3.3	-\$0.8	-20%
Ending Fund Balance	\$1.9	\$3.3	\$2.7	-\$0.6	-19%

* Includes capital expenditures

Recharge Water Program (RW Fund)

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. FY 2013/14 Budget for groundwater recharge operations of \$2.8 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 annual budget. The Agency and CBWM equally share the budgeted CIP expenditures related to the enhancement and optimization of ground water basin facilities. 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 anticipated volume of recharge water in FY 2013/14 is approximately 20,000 acre-feet (AF) which includes 10,000 AF of storm water, 10,000 AF of recycled water. The FY 2013/14 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.

Table 1-16 shows the financial position of the Recharge Water Fund. The fund receives an inter-fund transfer of \$1.2 million: \$0.3 million from the Recycled Water fund to supplement capital costs; \$0.5 million from the Recycled Water fund for operations support; and \$0.5 million from Regional Wastewater Capital Improvement Fund to fund the debt service. The FY 2013/14 ending fund balance is projected at \$2.1 million which is \$0.1 million or 5 percent lower than the projected FY 2012/13 ending fund balance of \$2.2 million.

Table 1-16: Recharge Water Fund Summary

Description	FY 2012/13 Amended	FY 2012/13 Projected	FY 2013/14 Adopted	Adopted Versus Projected	Adopted vs. Projected (% Change)
Revenues	\$1.2	\$1.3	\$1.4	\$0.1	8%
Expenditures*	\$1.8	\$1.7	\$1.9	\$0.2	12%
Debt Service	\$1.1	\$0.7	\$0.8	\$0.1	15%
Transfer (out) in	\$0.9	\$0.9	\$1.2	\$0.3	34%
Income (Loss)	-\$0.8	-\$0.2	-\$0.1	\$0.1	
Beginning Fund Balance	\$2.5	\$2.5	\$2.2	-\$0.2	-8%
Ending Fund Balance	\$1.6	\$2.2	\$2.1	-\$0.1	-5%

* Includes capital expenditures

Recycled Water Program (WC Fund)

The Agency's recycled water program has become a national leader in the use and production of high quality recycled water. The implementation of the Recycled Water Business Plan (RWBP) adopted in December 2007 resulted in acceleration of investments in recycled water infrastructure. Six years after the implementation of the RWBP, the program has significantly increased recycled water usage and connected demand.

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 for irrigation 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 member 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. Connected demand and sales for recycled water have more than tripled since FY 2006/07.

Approximately 60 percent or \$41.1 million of the Agency's total FY 2013/14 capital expenditures are designated for the Recycled Water Program. The primary funding sources of the Recycled Water Capital Projects includes \$22.9 million of SRF loans, \$8.6 million in grants, \$5.5 million from inter-fund loan from the RC fund, 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 from the sale of recycled water delivered to municipalities in the service area and rebates provided by the Metropolitan Water District of Southern California (MWD).

In FY 2013/14, recycled water direct sales are budgeted at 20,000 AF and groundwater recharges sales are budgeted at 11,400 AF for a total 31,400 AF an increase of 1,400 AF compared to FY 2012/13 Projected Budget.

Table 1-17 below shows an increase of over 200 percent for both budgeted FY 2013/14 revenues and expenses when compared to FY 2012/13 projected results. Included in revenues is an SRF loan of \$22.9 million and grants of \$8.9 million to fund the Central/Wineville area recycled water projects. FY 2013/14 revenues of \$49.7 million fall short of total expenditures resulting in a net loss of \$2.6 million. The net loss

will be funded from fund reserves, thus reducing the ending fund reserves from \$13.1 million to \$10.4 million. A total of \$2.1 million of MWD LPP rebate revenues are included as part of total operating revenues.

Description	FY 2012/13 Amended	FY 2012/13 Projected	FY 2013/14 Adopted	Adopted vs. Projected	Adopted vs. Projected (% Change)
Revenues*	\$27.1	\$15.7	\$49.7	\$35.0	223%
Expenses**	\$31.0	\$12.6	\$48.0	-\$35.4	281%
Debt Service	\$5.0	\$4.8	\$5.0	\$0.2	5%
Transfer (out) in	\$1.3	\$2.6	\$0.7	\$1.9	73%
Income (Loss)	-\$7.6	\$0.9	-\$2.6	-\$3.5	-389%
Beginning Fund Balance	\$12.7	\$12.7	\$13.6	\$0.9	7%
Ending Fund Balance	\$5.1	\$13.6	\$11.0	-\$2.6	-20%

* Includes SRF Loans (\$22.9) and grants (\$8.9 million) to support Central/Wineville recycled water projects

**Includes capital expenditures

In FY 2011/12, IEUA Board adopted three-year rate increases per acre foot (AF) for the Recycled Water program for both the direct and recharge recycled water rates. The Board adopted Regional Wastewater rates are shown in Table 1-18 below.

Recycled Water Type	FY 2012/13	FY 2013/14	FY 2014/15
Direct Recycled Water/AF	\$155	\$215	\$290
Recharge Recycled Water/AF	\$195	\$255	\$335

During the previous three years, approximately 5 percent of property tax receipts have been temporarily allocated to the Recycled Water fund to support debt service costs. The 5 percent temporary allocation will terminate on June 30, 2014 and revert to the Regional Wastewater Operations and Maintenance (RO) fund to support R&R costs.

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 \$13 per AF on deliveries of imported potable water from MWD. An increase of \$0.20 per meter/per month in the monthly water meter service charge, increasing the rate from \$1.555 to \$1.755 is included in FY 2013/14 Budget to support higher pass through Readiness-to-Serve (RTS) fees from MWD.

Approximately 84 percent or \$3.0 million of the meter charge revenues supports the MWD RTS pass through fees. The remaining 16 percent 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.

Table 1-19: WW Fund Summary

Description	FY 2012/13 Amended	FY 2012/13 Projected	FY 2013/14 Adopted	Adopted vs. Projected	Adopted vs. Projected (% Change)
Revenues	\$4.9	\$4.7	\$5.6	\$0.8	17%
Expenditures*	\$5.5	\$4.4	\$6.1	-\$1.7	39%
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	0%
Transfer (out) in	-\$0.2	-\$0.2	-\$0.1	\$0.1	50%
Income (Loss)	-\$0.8	\$0.1	-\$0.7	-\$0.8	-800%
Beginning Fund Balance	\$1.6	\$1.6	\$1.7	\$0.1	7%
Ending Fund Balance	\$0.7	\$1.7	\$1.0	-\$0.7	-42%

* Includes capital expenditures

The FY 2013/14 ending fund balance for the WW Fund is expected to decrease by approximately \$0.5 million. 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 projected 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 the City of 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 RP-4 provides opportunities to improve staffing options and optimize energy usage.

The IERCF is a fully enclosed bio-solids processing plant that has capacity to 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.

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.

Starting 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. The tipping fee for FY 2013/14 is \$52 per wet ton of Biosolids and it is budgeted to pay for operating expenses and a portion of capital replacement costs.

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 percent 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 2013/14 RC fund budget is a capital contribution of \$500,000 to support the IERCA's capital improvement projects.

Chino Basin Desalter Authority

Beginning in FY 2013/14, the Board of Chino Basin Desalter Authority (CDA) decided to transition most of administrative and financial reporting functions from IEUA and assume these responsibilities. However, IEUA will continue to operate the Chino Desalter No. 1 and Chino Desalter No. 2 facilities and manage the administration of the \$52 million grant awarded by the California Department of Public Health (CDPH) on behalf of the CDA.

The 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 members of the JPA include the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District (JCSJ), the Santa Ana River Water Company, Inland Empire Utilities Agency, and Western Municipal Water District.

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 (AFYI) of desalinated water. The Agency's CDA-1 related costs, primarily comprised of employment costs, are recorded in the Administrative Service (GG) fund. Included in the FY 2013/14 GG Fund budget is an estimated CDA contract cost reimbursement budget of \$1.2 million.

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/2014 BUDGET (REVISED)
SOURCES AND USES OF FUNDS - BY PROGRAM FUND
(Thousands)**

	2009/2010	2010/2011	2011/2012	2012/2013	FY 2013/14 ADOPTED BUDGET							TOTAL
	ACTUAL	ACTUAL	ACTUAL	PROJECTED ACTUAL	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	
REVENUES												
User Charges	\$44,044	\$44,852	\$45,588	\$50,224	\$	\$9,028	\$	\$43,469	\$	\$	\$4,905	\$57,403
Property Tax	9,766	7,065	6,277	3,775	2,668							2,668
Cost Reimbursement JPA	4,239	4,263	4,584	5,167	1,194			3,262	795			5,251
Contract Cost reimbursement	460	855	1,198	364				93		1,324	389	1,806
Interest Revenue	1,912	1,912	1,179	985	145	251	201	245	20	129	10	1,001
Recycled Water Sales	4,162	4,162	4,353	7,129						9,230		9,230
Gas Sales	7	7										
TOTAL REVENUES	\$64,590	\$62,567	\$64,620	\$67,643	\$4,007	\$9,280	\$201	\$47,070	\$815	\$10,683	\$5,304	\$77,359
OTHER FINANCING SOURCES												
Property Tax - Debt and Capital	\$24,589	\$26,354	\$26,417	\$43,412	\$	\$	\$21,679	\$7,337	\$	\$1,668	\$	\$30,684
Regional System Connection Fees	7,753	5,398	7,686	8,345			9,013					9,013
State Loans	19,436	18,273	7,017	3,690						22,881		22,881
Grants	9,909	7,048	4,682	1,688				47		8,587	250	8,883
Sale of Assets	4		22	4,679								
Capital Cost Reimbursement	986	608	639	709					548	253		801
Other Revenues	2,149	701	2,942	2,654	2	718	6	637		100		1,463
Sale of Capacity	600	150	215	215								
Loan Transfer from Internal Fund	25,500	3,700								5,500		5,500
TOTAL OTHER FINANCING SOURCES	\$90,925	\$62,233	\$49,620	\$65,392	\$2	\$718	\$30,697	\$8,021	\$548	\$38,988	\$250	\$79,224
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$155,516	\$124,800	\$114,240	\$133,035	\$4,009	\$9,998	\$30,898	\$55,091	\$1,363	\$49,671	\$5,554	\$156,583
EXPENSES												
Employment Expenses	\$33,055	\$31,184	\$32,578	\$32,713	\$807	\$1,745	\$4,083	\$25,322	\$494	\$2,074	\$698	\$35,223
Contract Work/Special Projects	1,919	2,398	5,618	1,049	120	170	310	1,989		1,075	1,297	4,961
Utilities	6,032	6,225	6,991	9,110	543	64		6,696	96	2,196		9,595
Operating Fees	7,677	6,904	7,197	7,312	7	4,003	479	782	4	206	3,810	9,290
Chemicals	3,963	3,926	3,440	3,785		216		4,278				4,494
Professional Fees and Services	5,795	6,103	5,462	6,306	2,758	164	326	2,678	604	870	102	7,502
Office and Administrative expenses	1,385	1,534	1,256	1,728	1,852			434	14		60	2,359
Biosolids Recycling	3,646	3,629	3,961	3,501		25		3,458	15			3,498
Materials & Supplies	2,143	2,746	2,455	2,371	540	151		1,761	67	256		2,775
Other Expenses	859	551	555	460	-1,268	120	317	1,143		255	146	713
TOTAL EXPENSES	\$66,473	\$65,202	\$69,513	\$68,334	\$5,358	\$6,658	\$5,515	\$48,541	\$1,294	\$6,931	\$6,113	\$80,410
CAPITAL PROGRAM												
CSDLAC 4Rs	\$1,089	\$697	\$2,700	\$1,430	\$	\$1,008	\$	\$	\$	\$	\$	\$1,008
IERCA Investment	1,500			500			500					500
Work In Progress	45,905	46,374	33,953	23,714	2,412	2,363	9,880	6,730	610	43,297		65,292
Work In Progress Adjustments		1,500	-4,305					3,400		-2,218		1,182
TOTAL CAPITAL PROGRAM	\$48,494	\$48,571	\$32,349	\$25,644	\$2,412	\$3,371	\$10,380	\$10,130	\$610	\$41,079	\$	\$67,982
DEBT SERVICE												
Financial Expenses	\$411	\$245	\$156	\$23	\$14	\$	\$221	\$	\$105	\$2	\$	\$343
Interest	12,022	8,146	7,515	9,753		402	7,098	214	156	2,270		10,140
Principal	9,954	9,728	9,960	11,307		141	8,165		585	2,738		11,629
Short-Term Inter-Fund Loan	25,500	3,700					5,500					5,500
TOTAL DEBT SERVICE	\$47,887	\$21,819	\$17,631	\$21,083	\$14	\$543	\$20,985	\$215	\$846	\$5,010	\$	\$27,612
TRANSFERS IN (OUT)												
Capital Contribution	\$	\$	\$	\$	\$2,412	-82	-\$2,248	\$	\$305	-\$387	\$	\$
Debt Service							-1,940		476	1,465		
Operation support									464	-364	-100	
Property Tax Transfer												
TOTAL INTERFUND TRANSFERS IN (OUT)	\$	\$	\$	\$	\$2,412	-82	-\$4,188	\$	\$1,245	\$713	-\$100	\$
FUND BALANCE												
Increase (Decrease) in Fund Balance	-\$7,339	-\$10,793	-\$5,254	\$17,975	-\$1,363	-\$657	-\$10,170	-\$3,794	-\$142	-\$2,636	-\$659	-\$19,421
Beginning Fund Balance July 01	125,812	118,474	107,681	102,427	15,655	3,342	54,404	29,437	2,222	13,655	1,686	120,402
ENDING BALANCE AT JUNE 30	\$118,474	\$107,681	\$102,427	\$120,402	\$14,292	\$2,685	\$44,234	\$25,643	\$2,080	\$11,019	\$1,027	\$100,981
RESERVE BALANCE SUMMARY												
Operating Contingencies	\$25,962	\$20,902	\$24,151	\$21,133	\$1,586	\$828	\$	\$16,180	\$1,074	\$1,781	\$1,027	\$22,477
Capital Expansion & Replacement	44,689	40,112	30,643	45,670		134	9,469	9,248	500	4,219		23,571
CCRA Capital Construction	15,115	13,446	13,641	15,986			16,999					16,999
CSDLAC Prepayment	1,089	1,089	1,430	1,008		1,179						1,179
Debt Service & Redemption	20,970	20,268	23,098	21,991		544	17,766	215	506	5,019		24,049
Insurance & Other	7,622	5,236	3,047	3,014	3,026							3,026
Retirement reserves	3,028	6,628	6,417	11,600	9,680							9,680
ENDING BALANCE AT JUNE 30	\$118,474	\$107,681	\$102,427	\$120,402	\$14,292	\$2,685	\$44,234	\$25,643	\$2,080	\$11,019	\$1,027	\$100,981

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/2014 ADOPTED BUDGET
ALL FUNDS - SOURCES AND USES OF FUNDS
(Thousands)

	2010/2011	2011/2012	2012/2013	2012/2013	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	ADOPTED BUDGET	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST	FORECAST	FORECAST	FORECAST
REVENUES										
User Charges	\$44,852	\$45,588	\$50,423	\$50,423	\$50,224	\$57,403	\$61,348	\$63,018	\$64,071	\$65,617
Property Tax - O&M	7,065	6,277	3,080	2,303	3,775	2,668	2,695	2,722	2,749	2,776
Cost Reimbursement from JPA	4,263	4,584	5,443	5,297	5,167	5,251	5,328	5,449	5,581	5,716
Contract Cost reimbursement	855	1,198	621	611	364	1,806	1,832	343	343	343
Interest Revenue	1,179	963	968	960	985	1,001	1,380	1,596	1,869	1,893
Recycled Water Sales	4,353	6,009	7,754	7,754	7,129	9,230	13,206	16,350	18,072	18,068
TOTAL REVENUES	\$62,567	\$64,620	\$68,289	\$67,348	\$67,643	\$77,359	\$85,788	\$89,477	\$92,685	\$94,413
OTHER FINANCING SOURCES										
Property Tax - Debt, Capital, Reserves	\$26,354	\$26,417	\$29,527	\$30,304	\$43,412	\$30,684	\$30,990	\$31,300	\$31,613	\$31,929
Regional System Connection Fees	5,398	7,686	5,400	5,400	8,345	9,013	11,235	13,087	16,175	16,660
Debt Proceeds										
State Loans	18,273	7,017	13,332	13,332	3,690	22,881	16,908	10,898	11,104	3,600
Grants	7,048	4,682	3,530	3,530	1,688	8,883	640			
Sale of Assets		22	2,339	2,339	4,679					
Capital Contract Reimbursement	608	639	1,072	795	709	801	639	718	736	737
Other Revenues	701	2,942	1,560	1,560	2,654	1,463	1,531	785	805	824
Sale of Capacity	150	215			215					
Loan Transfer from Internal Fund	3,700					5,500			1,000	2,500
TOTAL OTHER FINANCING SOURCES	\$62,233	\$49,620	\$56,759	\$57,260	\$65,392	\$79,224	\$61,945	\$56,789	\$61,433	\$56,251
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$124,800	\$114,240	\$125,048	\$124,609	\$133,035	\$156,583	\$147,733	\$146,266	\$154,118	\$150,664
EXPENSES										
Employment Expense	\$31,184	\$32,578	\$35,300	\$35,200	\$32,713	\$35,223	\$35,871	\$37,008	\$37,573	\$38,177
Contract Work/Special Projects	2,398	5,618	2,233	3,083	1,049	4,961	2,534	1,680	1,585	1,515
Utilities	6,225	6,991	10,384	9,684	9,110	9,595	9,981	10,388	10,812	11,255
Operating Fees	6,904	7,197	8,139	8,151	7,312	9,290	9,602	9,865	10,028	10,372
Chemicals	3,926	3,440	4,575	4,475	3,785	4,494	4,648	4,788	4,931	5,079
Professional Fees and Services	6,103	5,462	6,046	7,458	6,306	7,502	7,422	7,572	7,689	7,872
Office and Administrative Expense	1,534	1,256	2,376	2,082	1,728	2,359	2,985	2,540	2,713	2,459
Biosolids Recycling	3,629	3,961	3,557	3,660	3,501	3,498	3,572	3,647	3,725	3,847
Materials & Supplies	2,746	2,455	2,480	2,833	2,371	2,775	2,843	2,928	3,012	3,186
Operation Contribution to IERCA										
Other Expenses	551	555	678	635	460	713	724	732	742	753
TOTAL EXPENSES	\$65,202	\$69,513	\$75,768	\$77,261	\$68,334	\$80,410	\$80,183	\$81,148	\$82,812	\$84,514
CAPITAL PROGRAM										
CSDLAC 4Rs	\$697	\$2,700	\$1,430	\$1,430	\$1,430	\$1,008	\$1,179	\$1,089	\$1,400	\$1,400
IERCA investment			500	500	500	500	285			
Work In Progress	46,374	33,953	41,380	53,942	23,714	65,292	34,032	28,185	40,840	28,916
WIP Adjustment	1,500	-4,305				1,182	2,258	4,019	-88	875
TOTAL CAPITAL PROGRAM	\$48,571	\$32,349	\$43,310	\$55,871	\$25,644	\$67,982	\$37,754	\$33,292	\$42,153	\$31,191
DEBT SERVICE										
Financial Expenses	\$245	\$156	\$388	\$397	\$23	\$343	\$343	\$543	\$343	\$343
Interest	8,146	7,515	11,153	11,246	9,753	10,140	11,006	11,610	12,038	11,626
Principal	9,728	9,960	11,415	10,002	11,307	11,629	12,716	14,184	14,928	15,000
Inter-Fund Loan	3,700					5,500			1,000	2,500
TOTAL DEBT SERVICE	\$21,819	\$17,631	\$22,955	\$21,645	\$21,083	\$27,612	\$24,065	\$26,336	\$28,310	\$29,469
FUND BALANCE										
Net Increase (Decrease)	-\$10,793	-\$5,254	-\$16,985	-\$30,168	\$17,975	-\$19,421	\$5,731	\$5,490	\$844	\$5,490
Beginning Fund Balance July 01	118,474	107,681	91,928	102,427	102,427	120,402	100,981	106,712	112,202	113,046
ENDING BALANCE AT JUNE 30	\$107,681	\$102,427	\$74,943	\$72,259	\$120,402	\$100,981	\$106,712	\$112,202	\$113,046	\$118,537



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 organization 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.

A. Conservation & Water Quality

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Continue to encourage efficient use of water supplies and demonstrate best practices throughout the Agency</p>	<ul style="list-style-type: none"> ■ Actively participate in benchmarking and best practice surveys to ensure IEUA keeps pace with water/wastewater trends ■ Support, promote, and participate in local and regional water conservation programs 	<p>Agency Management (AM), Public Information (PI)</p>
<p>2. Encourage local and regional agencies to promote efficient use of water and to assist in meeting the region's future water requirements</p>	<ul style="list-style-type: none"> ■ Maintain leadership roles on various water associations 	<p>Agency Management (AM)</p>
<p>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</p>	<ul style="list-style-type: none"> ■ Establish and/or maintain strong coordination and partnerships with all regional stakeholders ■ Establish and/or maintain strong coordination and partnerships with all regional stakeholder 	<p>Planning & Environmental Compliance (PEC), Public Information (PI)</p>
<p>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</p>	<ul style="list-style-type: none"> ■ Coordinate and collaborate with other water agencies on programs within the Santa Ana River Watershed 	<p>Agency Management (AM)</p>
<p>5. Operate treatment facilities that meet all required environmental laws and standards and produce beneficially reusable commodities where possible</p>	<ul style="list-style-type: none"> ■ Effective and accurate sample analysis and data collection ■ Maintain 100 percent compliance with all permits 	<p>Planning & Environmental Compliance (PEC), Laboratory (LAB) Operations (OPS)</p>
<p>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</p>	<ul style="list-style-type: none"> ■ Work closely with the Chino Basin Watermaster (CBWM) to implement the Optimum Basin Management Plan (OBMP) ■ Track and effectively communicate availability and use of the State Water Project water to CBWM and MWD 	<p>Agency Management (AM), Operations (OPS)</p>

B. Technological Innovation

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Explore, pursue and implement innovative technology with a cost effective approach to operating practices and administrative functions</p>	<ul style="list-style-type: none"> ■ Provide Engineering Department team member support and perspective for ERP procurement module upgrades and e-catalogue implementation ■ Automate low-dollar flipping of POs ≤ \$1,000 from established OCI catalogs for MRO supplies ■ Enhance Agency productivity by promoting a paperless environment ■ Collaborate with BIS for smooth functioning of the new payroll system, and to implement enhancements to the payroll system ■ Utilize Public Cloud computing services to host the Agency’s external website ■ Actively participate in design review meetings and workshops ■ Evaluate emerging technologies by participating in a Technology Approval Group (TAG) with other agencies 	<p>Engineering (ENG), Contracts & Procurement CAP), Human Resources (HR), Accounting & Fiscal Management (AFM), Operations (OPS), Technical Services (TS) Maintenance(MNT)</p>
<p>2. Ensure the workforce is productive and efficient --“works smarter”-- by employing current technological enhancements including use of the internet and web based products</p>	<ul style="list-style-type: none"> ■ Implement CIPO enhancements for daily logs and reporting ■ Establish OCI catalogs for self-service user functionality with primary vendors ■ Assess and developing reporting solutions in support of end user budget reporting requirements ■ Continue to evaluate the SAP Grants Management (GM) module ■ Utilize mgmt. tools to maintain 99.99 percent availability for critical network services 	<p>Engineering (ENG), Contracts & Procurement CAP), Business Information Services (BIS), Financial Planning (FP), Maintenance(MNT)</p>
<p>3. Utilize IT-rich equipment and devices for asset management strategies, operating and maintenance practices which result in cost containment and improved customer service</p>	<ul style="list-style-type: none"> ■ Review SAP system performance, growth, & system capacity status. Identify risks and mitigation plans. Develop performance analysis reports ■ Improve the reliability of Agency’s IT infrastructure and support new technology, such as mobile devices 	<p>Business Information Services (BIS)</p>
<p>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</p>	<ul style="list-style-type: none"> ■ Monitor system environment to ensure that access to sensitive data stored on non-production systems is either protected by user access controls or the masked to ensure privacy 	<p>Business Information Services (BIS)</p>

C. Rate Stabilization and Cost Effectiveness

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Establish financial targets and policies on rates and charges to ensure the Agency's financial health</p>	<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 in order to maintain the Agency's credit rating 	<p>Agency Management (AM)</p>
<p>2. Strive to maintain a stable rate structure while ensuring that rate increases are reasonable and justified</p>	<ul style="list-style-type: none"> ■ Directs the effort of all Agency staff to ensure prudent fiscal practices, efficient operations, and adequate capital planning and implementation 	<p>Agency Management (AM)</p>
<p>3. Aggressively seek grant funding and State Revolving Fund low interest loans as a supplementary revenue sources to finance capital projects</p>	<ul style="list-style-type: none"> ■ Secure and negotiate grant and SRF loan funding for Central/Wineville project ■ Prepare grant and SRF loan application for IEUA Water Quality Laboratory ■ Prepare grant and SRF loan application for recycled water projects 	<p>Financial Planning (FP)</p>
<p>4. Efficiently manage Agency's assets to ensure optimal productivity and cost effective operating and maintenance strategies and practices</p>	<ul style="list-style-type: none"> ■ Complete facility condition assessments and utilize SAP plant maintenance equipment master data to monitor critical assets ■ Provide value engineering services during design reviews to maximize quality and minimize cost ■ 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 	<p>Agency Management (AM), Engineering (ENG), Financial Planning (FP), Maintenance</p>
<p>5. Ensure that rates and other sources of revenue meet Bond coverage covenants and Board policies for reserves</p>	<ul style="list-style-type: none"> ■ In collaboration with our member contracting agencies and consistent with the Agency's Long Range Plan of Finance, ultimately achieve full cost recovery rates for all Agency programs and maintain fund balances at a level that ensures the Agency's financial health 	<p>Agency Management (AM) Financial Planning</p>

D. Operational and Maintenance Efficiency

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Design and implement programs which improve the knowledge and skill levels of the Agency's workforce</p>	<ul style="list-style-type: none"> ❑ Conduct laboratory interdepartmental training ❑ Define and implement a Construction Staff Development Program ❑ As an ongoing process, revise current policies; develop new policies, procedures, and new standard operating procedures (SOPs) to ensure best practices in Human Resources ❑ Develop plan for cross-training BIS Dept. support staff in the human capital management, payroll, security, and forms development applications ❑ Maintain 80 percent of certified operations staff trained to operate more than 1 facility ❑ Conduct training for Operations staff on the proper use of O&M Manuals 	<p>Laboratory (LAB), Engineering (ENG), Human Resources (HR), Business Information Services (BIS), Operations (OPS), Technical Services (TS)</p>
<p>2. Devise and implement operating strategies which minimize costs and optimize productivity</p>	<ul style="list-style-type: none"> ❑ Improve the Agency-wide as-built process to ensure accurate, up to date drawings for all departments ❑ Establish cost-effective service/contracts for new and existing facilities ❑ Track all support and development issues and requests, documenting findings and root-cause analysis for key issues ❑ Evaluate the labor and expense allocation process to simplify the process and leverage system functionality where available ❑ Identify the current efficiencies of all motors above 50HP and conduct a business case evaluation (BCE) to explore replacement options ❑ Implement an Asset Health Management Program 	<p>Engineering (ENG), Safety, Risk, & Support Services, Business Information Services (BIS), Financial Planning (FP), Maintenance, Pretreatment & Source Control (PSC)</p>
<p>3. Develop and implement best maintenance management practices that ensure optimal reliability, efficiency and safety at all facilities</p>	<ul style="list-style-type: none"> ❑ Conduct annual review of laboratory SOP's and quality control procedures ❑ Implementation of Agency-wide Lubrication Management Program ❑ Reduce after hour facility call-outs by 5 percent 	<p>Laboratory (LAB), Maintenance, Operations (OPS)</p>

E. Strategic Planning and Capital Implementation

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Implement and maintain state of the art infrastructure to maximize efficiency and productivity while meeting needs of area constituencies</p>	<ul style="list-style-type: none"> ■ 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). ■ Effectively coordinate with member agencies to develop a detailed and accurate Ten Year Capital Improvement Plan. 	<p>Agency Management (AM), Planning & Environmental Compliance (PEC)</p>
<p>2. Maintain long-term and strategic planning and policy development in support of the Agency’s mission and goals</p>	<ul style="list-style-type: none"> ■ Provide high quality project management for the completion of Capital Improvement Projects ■ Revise the 10 year financial model to a 50 year model to streamline the Long Range Plan of Finance revision process 	<p>Engineering (ENG), Financial Planning (FP)</p>
<p>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</p>	<ul style="list-style-type: none"> ■ Extend the current 10 year financial model to a 50 year model, to support long term financial planning and to streamline the Long Range Plan of Finance revision process. ■ Plan integration into SAP of long range asset plans, including identification of both capital projects and refurbishments. Address in plan the viewing of long range asset information via GIS. 	<p>Financial Planning (FP), Business Information Services (BIS)</p>
<p>4. Promote and support a regional approach to community wastewater collection and management</p>	<ul style="list-style-type: none"> ■ Revise the Regional and the NRWS Ordinances. ■ Enhance Agency partnerships with all regional stakeholders through increased regional water management and conservation efforts. 	<p>Planning & Environmental Compliance (PEC), Pretreatment & Source Control (PSC)</p>

F. Waste Management and Resource Utilization

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Provide for the maximum public benefit from the use of recycled water supplies produced by IEUA</p>	<ul style="list-style-type: none"> ❑ Expand water conservation programs in coordination with retail agencies to reduce dependence on imported supplies ❑ Implement planning projects and capital projects to address the changing needs of the region in terms of the recycled water. ❑ Implementation of RW pipeline asset management and RW transmission system preventive maintenance programs ❑ Achieve 10,000 AF of RW recharge during dry years 	<p>Agency Management (AM), Engineering (ENG), Operations (OPS)</p>
<p>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</p>	<ul style="list-style-type: none"> ❑ Continue to work with contracting agencies to maximize Recycled Water use and implement demand management strategies ❑ Appropriately track and report RW use through recurring RW reports 	<p>Engineering (ENG), Operations (OPS)</p>
<p>3. Maximize Agency revenue potential through the effective use and/or marketing of wastewater residual products</p>	<ul style="list-style-type: none"> ❑ Develop and foster professional relationships with Contracting Agency's assigned RW staff on ongoing basis ❑ Market 100 percent of compost produced ❑ Achieve 142,500 wet/year biosolids throughput at IERCF ❑ 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 	<p>Operations (OPS) Engineering (ENG)</p>
<p>4. Optimize and maximize power generation using renewable energy sources at Agency facilities</p>	<ul style="list-style-type: none"> ❑ Implement Energy Management Strategy to be "Peak Power independent" by 2020 ❑ Develop and implement a peak period Recycled Water (RW) management plan 	<p>Agency Management (AM), Operations (OPS)</p>

G. Interagency Relationships and Community Partnerships

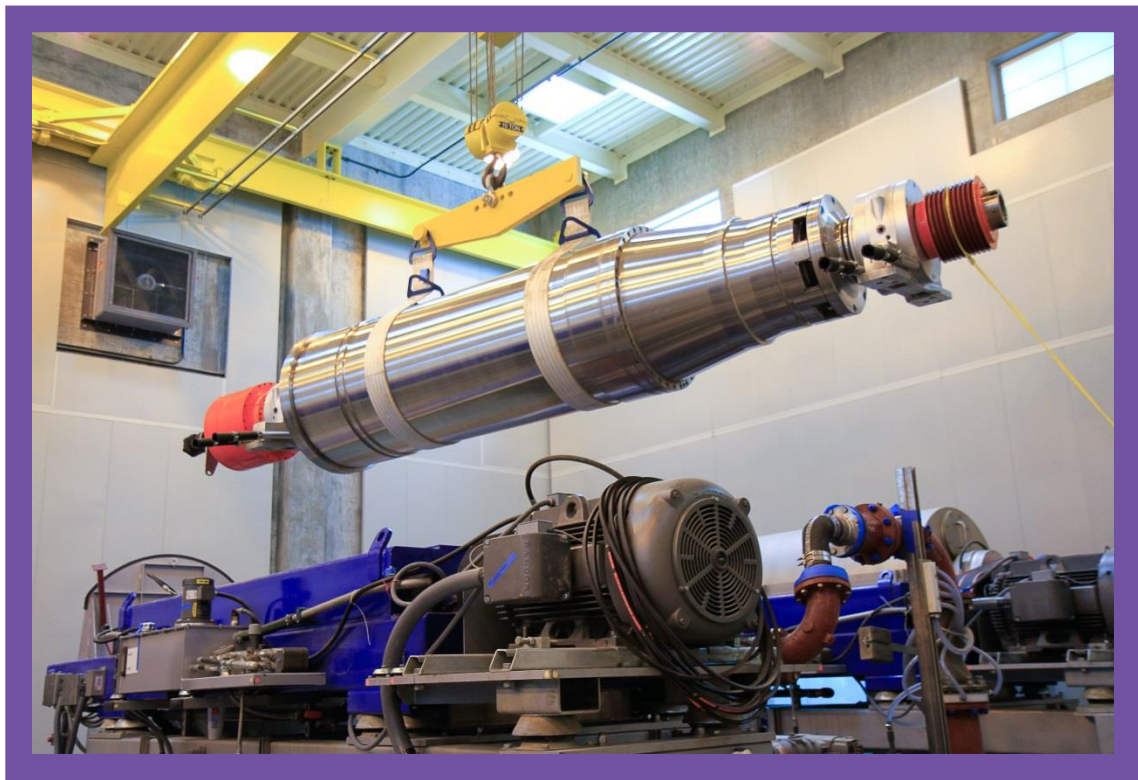
Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Promote and sustain effective communication between the Agency and its stakeholders through use of various media, including the Agency's website</p>	<ul style="list-style-type: none"> ■ Ensure that all agendas and related documentation are posted to the Agency's intranet/AIM within 24 hours after Board package is distributed ■ Work in collaboration with Agency's conservation partners and education coordinators to outreach to educators while providing programs, grants, and educational opportunities. ■ Optimize customer service by ensuring alignment and management of core procurement business functions, roles and responsibilities ■ External Financial and Accounting Services – provide full financial, accounting, and grants administrative services to two Joint Powers Authorities 	<p>Agency Management (AM), Public Information (PI), Contracts & Procurement (CAP), Financial Planning (FP), Accounting & Fiscal Management (AFM)</p>
<p>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</p>	<ul style="list-style-type: none"> ■ Work with Agency staff to Incorporate Agency's branding initiatives presence into both internal and external communication to incorporate a standard recognizable presence to the public. 	<p>Public Information (PI)</p>
<p>3. Partner with the cities, local and regional agencies and the broader community on common issues to create integrated and innovative solutions</p>	<ul style="list-style-type: none"> ■ Review and update the "No Drugs Down the Drain" program and conduct public outreach 	<p>Pretreatment & Source Control (PSC)</p>
<p>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</p>	<ul style="list-style-type: none"> ■ Provide leadership on legislative solutions and regulatory standards for wastewater collection, treatment, and reuse ■ Circulate regular press releases that focus on Agency accomplishments and community information. Circulate media alerts that focus on Agency events. 	<p>Agency Management (AM), Public Information (PI)</p>

H. Fiscal Accountability and Regulatory Compliance

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
1. Maintain adequate reserves to meet financial short and long term obligations	<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. 	Financial Planning (FP)
2. Maintain a safe and healthy work environment for all employees consistent with federal and state laws and regulations	<ul style="list-style-type: none"> ■ Meet all statutory (i.e., Brown Act) and regulatory requirements ■ Ensure tracking and coordination of all agency environmental permitting ■ Maintain Environmental Laboratory Certification Program Accreditation 	Agency Management (AM), Planning & Environmental Compliance (PEC), Laboratory (LAB), Technical Services (TS)
3. Safeguard Agency assets with prudent risk management policies and strategies	<ul style="list-style-type: none"> ■ Update the Risk Assessment of Agency operations ■ Through aggressive oversight, ensure the most cost-effective plans are in effect, ■ Ensure Agency insurance programs provide proper and adequate coverage to protect both the Agency and the public commensurate with call activity and data usage. 	Internal Audit (IA), Contracts & Procurement(CAP), Safety, Risk & Support Services (SRSS)
4. Operate all facilities in compliance with Federal and State rules and regulations	<ul style="list-style-type: none"> ■ Comply with the Brown Act requirements, and other laws pertaining to special districts, and consult with General Counsel ■ Obtain necessary permits for compliance (Water Quality, Air Quality, Fish and Game) ■ Revise and update the Audit Committee Charter and the Internal Audit Department Charter ■ Continuously monitor CDPH and NPDES regulations for changes. ■ Navigate and implement the regulatory changes as a result of pension reform. ■ Maintain 100 percent compliance with all permits 	Agency Management (AM), Planning & Environmental Compliance (PEC), Internal Audit (IA), Laboratory (LAB), Human Resources (HR), Operations (OPS)

H. Fiscal Accountability and Regulatory Compliance (Continued)

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>5. Require the highest levels of fiscal accountability for all Agency financial transactions and records</p>	<ul style="list-style-type: none"> ■ Coordinate efforts between the External Auditors and Agency staff to ensure the required annual financial audits are timely ■ Confirm account balances are accurately reported in the Treasurer’s Report of Financial Affairs ■ Complete FY 2013/14 audit of IEUA 	<p>Internal Audit (IA), Financial Planning (FP), Accounting & Fiscal Management (AFM)</p>
<p>6. Promote effective and ethical contract and procurement processes, procedures, and practices consistent with Agency policy and public law</p>	<ul style="list-style-type: none"> ■ Continue to improve contract and procurement processes and procedures to ensure they are in line with industry best practices, and ensuring staff is trained accordingly and resources are correctly allocated. 	<p>Contracts & Procurement (CAP)</p>



REGIONAL WATER RECYCLING PLANT NO. 1 DEWATERING

I. Staff Training, Development, and Wellbeing

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>1. Require and maintain highest standards of ethical conduct from Directors, Executive Management, Managers and all Agency staff</p>	<ul style="list-style-type: none"> ■ Adhere to the Agency’s mission, values, and goals, and comply with the Agency’s adopted ethics policies 	<p>Agency Management (AM)</p>
<p>2. Reward employees for participation, initiative, and performance resulting in significant contribution to Agency goals</p>	<ul style="list-style-type: none"> ■ 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 	<p>Human Resources (HR)</p>
<p>3. Encourage and maintain a highly motivated and trained staff</p>	<ul style="list-style-type: none"> ■ Promote employee development programs such as; Southern California Local Government Leadership Academy and Supervisory Program and MindLeaders Personal Learning Plans ■ Design, implement, foster and support a learning environment which encourages growth and development of Agency staff ■ Continue participation in collaboration with Cal Poly Pomona and other local cities, in the Southern California Local Government Supervisory Program ■ Identify back-up for critical functions, complete cross-training by November 30, 2013 	<p>Agency Management (AM), Safety, Risk & Support Services (SRSS), Human Resources (HR), Accounting & Fiscal Management (AFM)</p>
<p>4. Sustain a clean, safe, and healthy working environment for all Agency employees</p>	<ul style="list-style-type: none"> ■ Administer and monitor required staff training (safety and regulatory tailgates and training sessions) ■ Conduct intra-departmental annual safety audits ■ Conduct annual emergency response drills ■ No lost time accidents 	<p>Planning & Environmental Compliance (PEC), Operations (OPS), Technical Services (TS), Pretreatment & Source Control (PSC)</p>

I. Staff Training, Development, and Wellbeing (Continued)

Agency Wide Objectives	Program/Initiative Highlights	Responsible Department(s)
<p>5. Recruit, retain, and promote a diverse and qualified workforce committed to the Agency’s mission</p>	<ul style="list-style-type: none"> 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 	<p>Human Resources (HR)</p>
<p>6. Create and sustain a working environment that recognizes a dedicated staff and attracts qualified individuals to the Agency as an “Employer of Choice”</p>	<ul style="list-style-type: none"> Develop creative communication methods and continue education of employee benefits to increase employee knowledge of benefit programs and services 	<p>Human Resources (HR)</p>



REGIONAL WATER RECYCLING PLANT NO. 4

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) 2013/14 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 2013/14 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 2013/14, as part of the Recycled Water (WC) fund, is \$125,000 for its rebate program to support the removal of self-regeneration water softeners in its service area. By May, 2013, the Agency has removed a total of 593 units; equivalent to removing more than 130 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 percent 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 31,400 AF is budgeted in FY 2013/14 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), 13 percent lower than the peak use year, 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 2013/14 Budget as part of the Water Resources (WW) fund.

BUDGET PRIORITIES

- **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 and Chino Basin Watermaster have been working together to develop the Chino Basin Recharge Master Plan Update, to evaluate potential stormwater and supplemental water (ie. Recycled Water & Imported Water) recharge projects and improvements. This Update is on schedule to be complete by the court required deadline of October 2013.

Included in the FY 2013/14 Budget as part of the Recharge Water (RW) fund, is \$1.3 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 2013/14 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 dissolution of the Redevelopment Agencies in February 2012. The RDA tax receipts that were 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.

- **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 2013/14 – 2022/23 TYCIP is budgeted at \$415 million, with nearly 92 percent budgeted in the Regional Wastewater (66 percent) and Recycled Water (26 percent) 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 2013/14, the estimated costs, comprised primarily of employment expenses, \$3.3 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 renewable energy portfolio included: 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 and 3.0MW in the second phase. 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

BUDGET PRIORITIES

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 2013/14.

- **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 2013/14 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, such as RP-1 Dewatering Facility and RP-1 Secondary Clarifier Asset Rehabilitation. Examples of asset management related projects include; RP-2 Digester No.4 Dome Replacement, CCWRF Secondary Clarifier No.2 Rehabilitation, and RP-1 Recycled Water Electrical Feed Upgrade projects.
 - **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.

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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 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 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 	<ul style="list-style-type: none"> ■ The Agency's Fiscal Year 2012/13 budget received GFOA's distinguished Budget Award for the eighth consecutive year; the Budget for Fiscal Year 2013/14 has been prepared based on GFOA's Distinguished Budget Award criterion ■ In February 2012, a three-year rate adoption was successfully adopted for the Regional Wastewater and Recycled Water Program rates ■ The Agency prepared the current year budget and the Ten Year Capital Improvement Plan (TYCIP) on parallel tracks, thereby ensuring consistency of the short-term budget goals with the overall long range financial goals ■ 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 December 2012. A budget overview workshop was presented to the board of directors on FY 2013/14 budget and TYCIP in March 2013 ■ Presentation, financial reports and corresponding staff reports were posted to the Agency's website

FINANCIAL POLICIES

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 April 2013 on the proposed budget for FY 2013/14 and FY 2014-2023 TYCIP. ■ The budget was fully reviewed by regional partners by means of the Regional Technical and Policy Committees and a public hearing was held in May 2013 to afford the public the opportunity to comment on the proposed budget.
	<p>5. 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>	<ul style="list-style-type: none"> ■ The budget calendar was developed and issued in December 2012 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>6. 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>	<ul style="list-style-type: none"> ■ The TYCIP was completed in parallel with the budget. In efforts to re-instate several previously deferred projects, the FY 2014-2023 TYCIP proposes an increase of \$187 million from the prior year amended TYCIP of \$228 million. The Agency continues to shift its focus from expansion to the replacement and improvement of existing facilities

Policies	Description	Achievements
B. Balanced Budget	<ol style="list-style-type: none"> <li data-bbox="407 300 1008 405">1. The budget should be balanced with the current revenues equal to or greater than current expenses <li data-bbox="407 562 1008 699">2. Any fund, when operating or capital expenses exceed revenues, will utilize the respective fund reserves to meet the shortfall 	<ul style="list-style-type: none"> <li data-bbox="1040 300 1508 510">■ 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 <li data-bbox="1040 562 1508 730">■ Use of reserve to balance the projected \$5 million shortfall in net revenues for FY 2011/12. A surplus of \$6 million is projected for FY 2012/13
C. Revenue	<ol style="list-style-type: none"> <li data-bbox="407 789 1008 1335">1. 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 <li data-bbox="407 1398 1008 1808">2. 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 	<ul style="list-style-type: none"> <li data-bbox="1040 789 1508 1230">■ 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 five percent or higher, reducing number of limited contract and internship staff, as well as the curtailed professional services <li data-bbox="1040 1398 1508 1703">■ 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

FINANCIAL POLICIES

Policies	Description	Achievements
D. Debt Management	<ol style="list-style-type: none"> <li data-bbox="391 247 1024 1081"> <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> <li data-bbox="391 1081 1024 1845"> <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 percent, unless the refunding was initiated for purposes other than debt service savings. Additionally, costs of issuance will be limited to no more than 2 percent</p> 	<ul style="list-style-type: none"> <li data-bbox="1024 247 1521 1081"> <p>■ Projections indicate that in order to fund aggregate capital expenses of \$415 million over the next 10 years, the Agency will require borrowing of approximately \$67 million in SRF loans to support recycled water projects, \$13.5 million SRF loans and a \$40 million bond issues to support various Regional capital projects. The application for SRF loans reflects the Agency’s goal to fund capital investment on a pay-as-you go basis, or utilize the lowest cost of financing, and minimize the use of bonds. Securing federal and state grants and SRF loans will continue to be an important part of the overall financing strategy</p> <li data-bbox="1024 1081 1521 1845"> <p>■ The Agency has maintained its investment grade ratings with all three major rating agencies. As of May 2013, Moody’s gave the Agency’s 2010A bonds which were a refunding of the 1994 senior debt issue, a rating of Aa2, and gave a rating of Aa1 for the 2008A revenue bond. Aside from the SRF loans for \$67 million for the Regional Recycled Water Program and \$13.5 million for Regional New Laboratory, a new debt issuance for \$40 million for various Regional Capital Projects is anticipated in the Agency’s FY 2013/14 budget</p>

Policies	Description	Achievements
D Debt Management	<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>	<ul style="list-style-type: none"> ■ As of the end of FY 2012/13, 14 percent of the Agency’s debt portfolio is variable rate debt. Interest rate for variable debt averaged approximately 0.15 percent compared to the average fixed rate of 4 percent, resulting in total cost savings of approximately \$2 million in interest expense
E. Capital Planning and Programming	<p>1. The Ten Year Capital Improvement Plan (TYCIP) will be reviewed and adjusted annually</p> <p>2. Support the TYCIP for meeting service area’s growth through various funding alternatives including revenue bonds and short term borrowings</p> <p>3. Future operating, maintenance and replacement costs associated with new capital improvements will be forecasted and included in future year projected costs</p>	<ul style="list-style-type: none"> ■ The 2013/14 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 ■ 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 ■ \$104.2 million of SWRCB loans for the Regional Recycled Water Distribution System and RP-1 Dewatering Improvements Project ■ Additional funding for Regional Recycled Water Distribution projects includes a \$4 million SWRCB grant and a USBR Title XVI grant of \$17.2 million ■ 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 2013/14

FINANCIAL POLICIES

Policies	Description	Achievements
F. Long Range Planning and Forecasting	<ol style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Development and completion of the Agency's Long Range Plan of Finance (LRPF) model began in October 2012. The project is expected to be completed in June 2013, at which time the LRPF for 2013 will be updated
G. Auditing, Accounting, and Financial Reporting	<ol style="list-style-type: none"> 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 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 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 	<ul style="list-style-type: none"> 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 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 The agency received the GFOA Award for Excellence in Financial Reporting for fourteenth consecutive year and the Distinguished Budget award from CSMFO for the last eleven consecutive years; Internal Audit provided a quality review prior to adoption by the Board and submission to GFOA

Policies	Description	Achievements
H. Fund / Reserve Balances	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	<ul style="list-style-type: none"> ■ The Agency's aggregate fund balances projected for fiscal year end 2013/14 meet the targeted reserves level, which is calculated using 50 percent of operating revenue plus debt service requirements
I. Debt Ratio	1. 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	<ul style="list-style-type: none"> ■ The DCR targets are maintained at the total aggregate program level, which includes all Agency funds except the Water Resources (WW) fund. The adopted multi-year rates for FY 2012/13 through FY 2014/15 are projected to help improve the Agency's debt coverage ratios (DCR). The projected FY 2013/14 DCR at 1.82x would meet and exceed the DCRs of 1.5x in FY 2013/14 and 1.70x in FY 2014/15, as targeted by the IEUA Board

FINANCIAL POLICIES

Policies	Description	Achievements
J. Cash Management/ Investment Policies	<ol style="list-style-type: none"> <li data-bbox="402 275 1040 611">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 <li data-bbox="402 821 1040 1052">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 <li data-bbox="402 1094 1040 1430">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 	<ul style="list-style-type: none"> <li data-bbox="1068 275 1507 611">■ 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 <li data-bbox="1068 653 1507 810">■ In FY 2012/13 the Agency further diversified its portfolio by investing in the State of California and other local agency municipal bonds <li data-bbox="1068 821 1507 1052">■ Nearly 100 percent of accounts receivable are collected within the average billing cycle of 30 days. 99 percent of grant reimbursement billings and subsequent receipt averaged 45 days <li data-bbox="1068 1094 1507 1388">■ 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 <li data-bbox="1068 1430 1507 1556">■ Identified available surplus funds are invested in compliance with the Agency’s investment policy
K. Human Resources Management	<ol style="list-style-type: none"> <li data-bbox="402 1566 1040 1766">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 	<ul style="list-style-type: none"> <li data-bbox="1068 1566 1511 1766">■ In The Agency achieved an average vacancy factor of 5 percent (equivalent to 15 FTE positions of the 295 authorized FTEs) for the fourth consecutive year

Policies	Description	Achievements
K. Human Resources Management (continued)	<p>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> <p>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>	<ul style="list-style-type: none"> ■ Limited term employees, who are primarily dedicated to completing engineering, construction, and special projects, have averaged approximately 14 positions in the last five years ■ 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 ■ 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.
L. Risk Management	<p>4. Risk Management policies are designed to protect against losses that would affect its assets and hence, its ability to provide ongoing services</p>	<ul style="list-style-type: none"> ■ Safety and Risk department analyzes all Agency insurance programs to ensure proper and adequate coverage is provided to both the Agency and the public



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 Operation and Maintenance (O&M) and Capital Improvement Plan (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 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 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

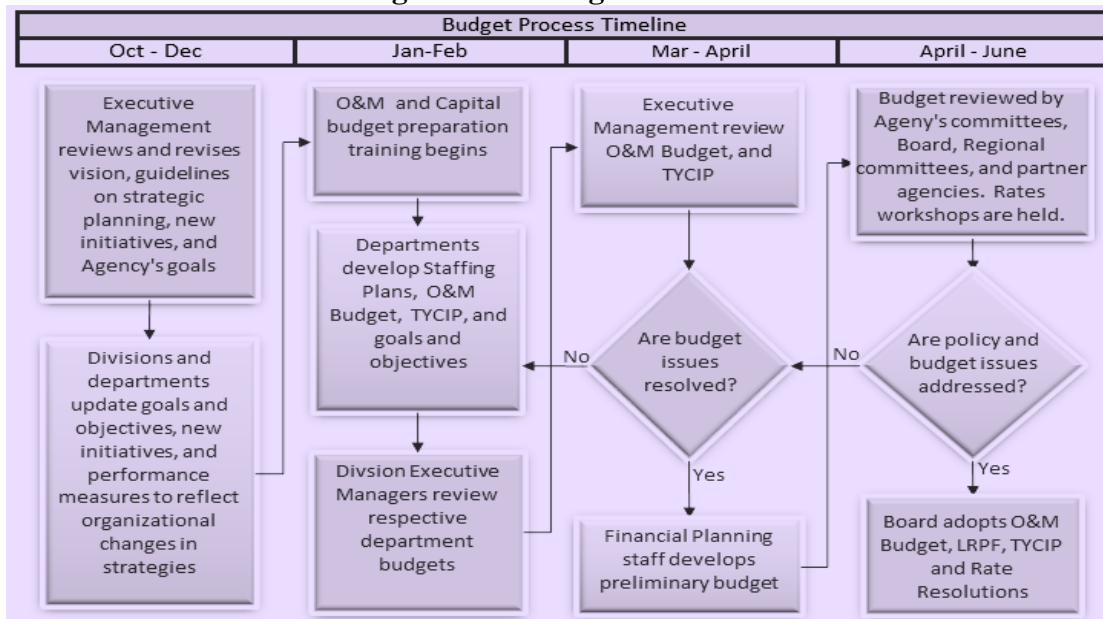
Executive Management meets with staff to review and evaluate both O&M and capital budget requests over several sessions to ensure sustainability of highly quality services while simultaneously aiming for greater operating efficiencies to minimize service rate impact. To ensure long term reliability, Executive Management closely monitors fund balance reserves to ensure the Agency's financial position can effectively address economic variability. In some cases, this means re-examining operating priorities and costs, streamlining procedures, consolidating or realigning resources, updating policies, and adjusting service rates and fees. Public budget workshops are held to inform the IEUA Board, the contracting member agencies, and key stakeholders of the major drivers, objectives, budget assumptions, proposed rate structures, capital programs, and respective policy issues.

Subsequently, the Board's Finance, Legal and Administration Committee review 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 Timeline



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 lists, 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 costs exceed revenues, the respective fund reserves will be used to meet the shortfall.

The FY 2013/14 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 FY 2013/14 capital program of \$67.5 million will be funded by connection fees, federal and state grants and loans, a portion of property taxes, and fund reserves. The total projected shortfall of \$19 million for O&M and capital will be supported by fund balance reserves, as over \$20 million of capital expenditures are projected to come in lower than the FY 2012/13 budget.

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. The only exception is the GM contingency account controlled by the GM. As per the Fiscal Ordinance, the GM is authorized to transfer GM Contingency account budget between account categories and funds as needed to support unplanned costs. Information on all budget transfers is presented to the Board as part of quarterly variance reporting..

Budget Variance Monitoring

Budget-to-actual reports on O&M and capital activities are available online and on a real time basis. The Agency's Enterprise Resource Planning (ERP) system monitors budget consumption and notifies Department Managers and the Budget Officer via email of any budgetary control issues. 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, Assistance General Manager (AGM), 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 budgetary fund transfers, and the status of departmental goals and objectives. 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 O&M Budget or CIP 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 all activities as proprietary funds (Enterprise funds), which are 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. A key financial policy for the Agency is to ultimately recover the full-cost of O&M, capital replacement and repair, and debt service costs through user charges and fees. Achieving full cost of service rates will allow the Agency to minimize its reliance on property taxes to support some of these costs.

The budgets for all of the Agency's proprietary funds are prepared using the accrual basis of accounting; budgeted and actual revenues are recognized when earned, and expenses are recognized as they are incurred, in conformity with Generally Accepted Accounting Principles (GAAP) and consistent with the Agency's Comprehensive Annual Financial Report (CAFR). The only exceptions are those listed below:

- ❑ Capital outlay is budgeted as an expenditure.
- ❑ Depreciation and amortization are not budgeted.
- ❑ Capitalized interest is budgeted as interest expense.
- ❑ Debt proceeds are accounted for as other funding sources.
- ❑ Principal payments are shown as expenditures rather than reductions to liabilities.
- ❑ Grants are recorded as revenues rather than contributions in aid.
- ❑ Payments on long-term receivables are recorded as other funding sources.
- ❑ Proceeds from the sale of assets are recognized as other funding sources
- ❑ Losses from sale of assets are not budgeted.
- ❑ Deferred costs, such as bond financing costs premiums or discounts are fully expensed at point of debt issuance and not amortized.



REVENUES

REVENUES AND OTHER FUNDING SOURCES

Revenues and Other Funding Sources

Total Revenues and other funding sources are \$151.1 million (excluding \$5.5 million from inter-fund transfers) for FY 2013/14 as presented in Table 4-1 and in Figure 4-1 below.

Table 4-1: Sources of Revenues

Revenues	FY 2013/14 (\$Millions)	% of Total	Description
User Charges	\$57.4	37%	Includes Regional Wastewater Program EDU service charges, NRW program pass through volumetric, capacity and other user charges, surcharges for imported water deliveries and monthly meter fees
State and Other Loans	22.9	15%	Proceeds from State Revolving Fund (SRF) loans for the Recycled Water program
Property Tax	33.4	21%	Share of the San Bernardino County-wide secured property tax levy and redevelopment tax increment "pass through"
Grants	8.9	6%	Various federal, state and local grants primarily in support of the Agency's Recycled Water Distribution System construction
Recycled Water Sales	9.2	6%	Recycled water sales and MWD Local Project Program (LPP) rebate
Connection Fees	9.0	6%	New EDU connection fees to the Regional Wastewater sewer system
Inter-Fund Loan*	5.5	3%	Inter-fund loan from Regional Wastewater Capital Improvement Fund to the Recycled Water Fund
Other Revenues	10.3	6%	Various reimbursements for operational and capital expenses, program rebates, and interest earnings
Total Revenues & Other Funding Sources	\$156.6	100%	

*Not included as part of total revenues and other funding sources

Changes in Total Revenues & Other Funding Sources

The FY 2013/14 total Revenues and other funding sources of \$151.1 million are forecasted to increase by \$18.1 million over the FY 2012/13 projected actual of \$133.0 million. Table 4-2 shows Revenues by funding source including percent change relative to FY 2012/13 projected actuals.

**Table 4-2: Total Revenues and Funding Sources
(\$Thousands)**

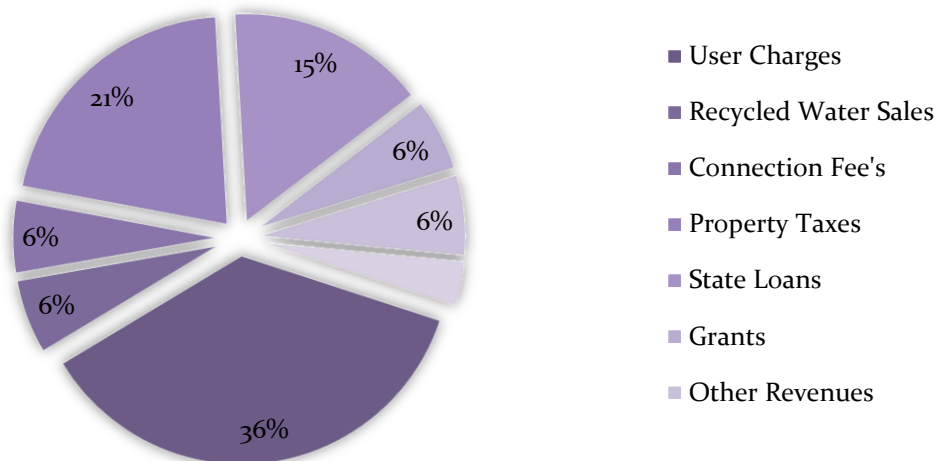
	Admin. Services Program	Non-Reclaimable Wastewater Program	Wastewater Program	Recharge Water Program	Recycled Water Program	Water Resources Program	Total FY 2013/14	Projected Actual FY 2012/13	Increase/ (Decrease) from Prior Year	% Change
User Charges	\$0	\$9,028	\$43,469	\$0	\$0	\$4,905	\$57,403	\$50,224	7,179	14.29%
Property Tax	2,668	0	29,016	0	1,668	0	33,352	47,187	(13,836)	-29.32%
Cost Reimbursement (JPA)	1,194	0	3,262	795	0	0	5,251	5,167	85	1.64%
Regional System Connection Fees	0	0	9,013	0	0	0	9,013	8,345	667	8.00%
Grants	0	0	47	0	8,587	250	8,883	1,688	7,196	426.39%
State and Other Loans	0	0	0	0	22,881	0	22,881	3,690	19,191	520.13%
Water Sales	0	0	0	0	9,230	0	9,230	7,129	2,101	29.47%
Other Revenues:	147	969	1,182	568	1,805	399	5,071	9,606	(4,535)	-47.21%
Interest Revenue	145	251	446	20	129	10	1,001	985	16	1.62%
Debt Proceeds	0	0	0	0	0	0	0	0	0	0.00%
Sale of Assets/Capacity Fees	0	0	0	0	0	0	0	4,894	(4,894)	-100.00%
Contract Cost Reimbursement	0	0	93	0	1,324	389	1,806	364	1,442	396.62%
Misc. Revenue	2	718	643	548	353	(0)	2,264	3,364	(1,100)	-32.70%
Total	\$4,009	\$9,998	\$85,989	\$1,363	\$44,171	\$5,554	\$151,083	\$133,035	\$18,048	13.57%

*excluded Inter-Fund loan of \$5.5 million from the Regional Wastewater to Recycled Water Program

The projected increase of \$18.1 million is due to other funding sources that include State SRF loan receipts, grants, and other miscellaneous Revenues. Increases in operating Revenues can be attributed to increased user charges, recycled water sales and contract cost reimbursement for labor and other O&M costs.

The increase in user charges of over 14 percent 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 operating and repair & replacement 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 4-1: FY 2013/14 Total Revenues and Other Funding Sources
\$156.6M**



Service Charges

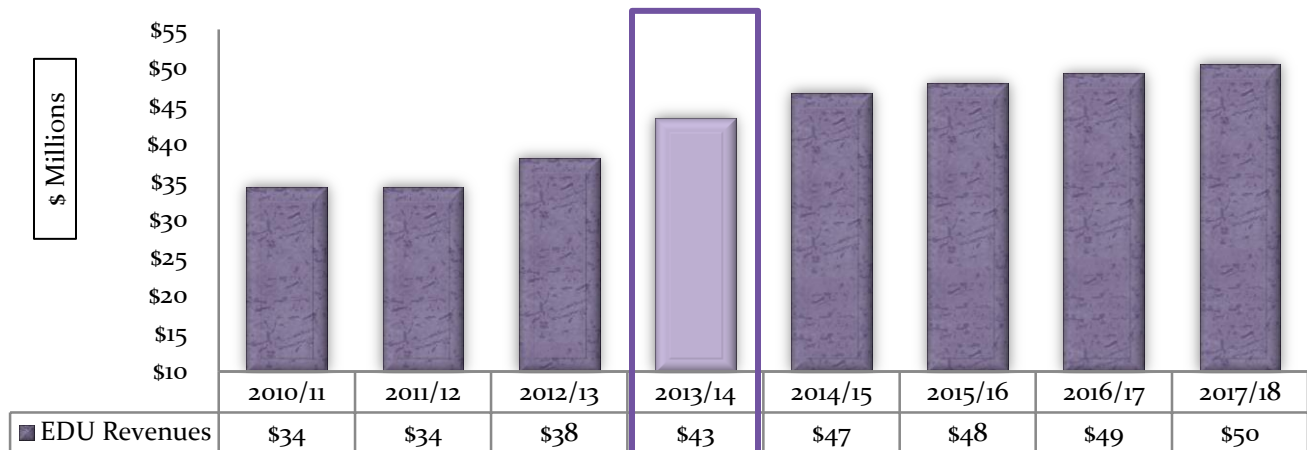
Service charges are comprised of two primary user fees; Equivalent Dwelling Units (EDU) volumetric fees paid by users discharging to the Agency’s regional wastewater system and NRW fees paid by industrial and commercial users connected to the Agency’s brine line system.

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 2013/14 are estimated to be \$43.5 million, as shown in Figure 4-2. Future year forecasts include rate increases through FY 2018/19.

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



The Agency’s FY 2013/14 EDU volumetric rate is \$13.39 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 the adopted rate for the RO fund are reported in Table 4-3.

Table 4-3: Multi-Year Adopted EDU Volumetric Rate

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

A conservative growth rate of 0.50 percent in the number of billable EDUs is projected for the FY 2013/14, followed by a moderate increase of 0.25 percent starting in FY 2014/15. The current and projected EDU volumetric flow growth rates are shown below on Table 4-4.

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

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Growth Rate	.50%	.25%	.25%	.25%	.25%
Estimated Billable EDU (in thousands)	3.2	3.2	3.2	3.3	3.3

IEUA's service area overall water use has declined since FY 2006/07 leading to a decrease in the Agency's wastewater flows of approximately 10 percent (similar to other local agencies). Even though wastewater flows declined, the Agency has been able to increase the amount of recycled water supplied to users by using the San Bernardino Avenue Lift Station and the Montclair Lift Station to route more raw wastewater to the recycling plants in the northern service area. There is a high demand for recycled water in the northern service area because the recycled water system has been expanded greatly in the north and the recycled water recharge basins are in the north.

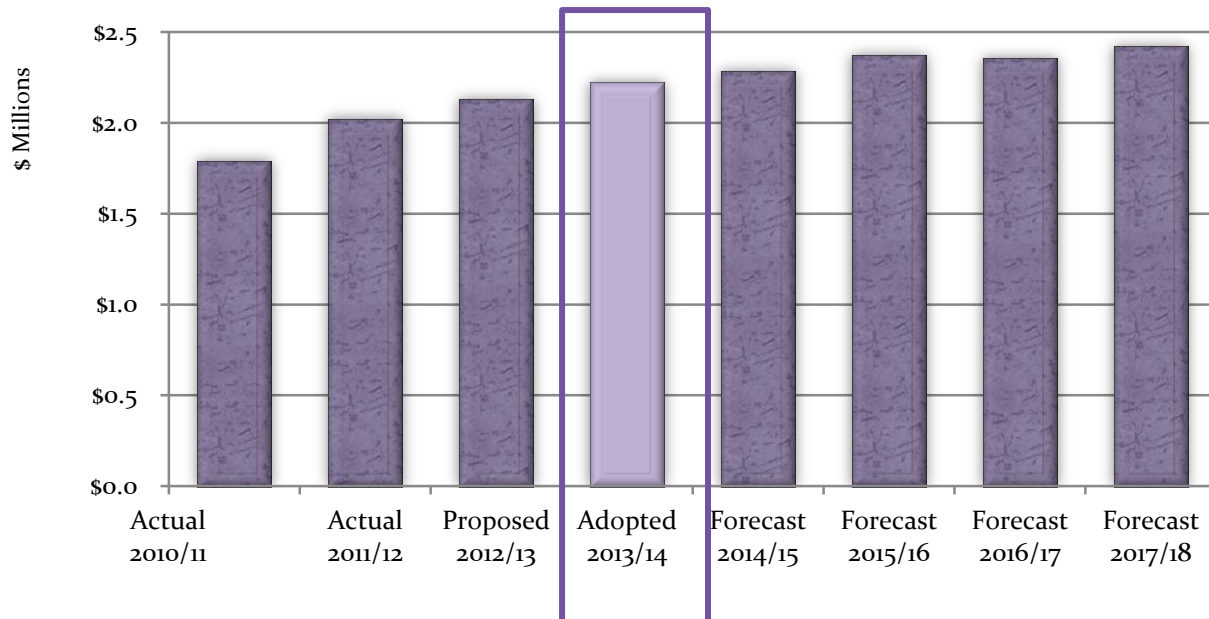
NRW User Charges

Revenues for the Non-Reclaimable Wastewater (NRW) system consist of cost recovery and user fees in the form of pass through charges, capital surcharge, and operations fee.

- The NRW program rate structure is based on the pass through rates initially adopted in July 2005. This allows the Agency to recover rates billed by LACSD (Northern) and SAWPA (Southern) for capacity, volumetric, and strength fees.
- Capacity fee of \$319 per capacity unit was adopted in October 2012. The capacity fee supports the LACSD 4Rs (Repair, Replacement, Refurbishment, and Relocation) capital capacity costs that are passed through to the customers. Included in these pass-through charges is the carryover of \$1.5 million for 4R charges related to FY 2011/12. The 4R costs for FY 2011/12 of \$2.7 million, billed to the Agency in October 2012, exceeded the annual average of \$1.5 million. In order to mitigate the impact to the NRW customers, the Agency's Board approved amortizing \$1.5 million of the \$2.7 million over the next two fiscal years (FY 2013/14 – FY 2014/15).
- The monthly capacity improvement program (CIP) fee in FY 2013/14 will remain at \$90 per unit and will support debt service costs for the NRW's share of the 2008A Bonds issued in February 2008.
- In addition to the pass through rates, the user charges include the Agency's operating and capital costs associated with the operation, maintaining and improvement of the NRWS system. The FY 2013/14 operations fee for volumetric, capacity and strength (TSS/COD/BOD) charges will remain at 50 percent for non-recycled water users and 10 percent for recycled water users. The discounted operations fee acts as an incentive to promote use of recycled water in the Agency's service area.

Total Revenues of approximately \$10.0 million in FY 2013/14 results in a net increase of \$3.1 million compared to FY 2012/13 projected Revenues of \$6.9 million. The increase is primarily due to higher capacity and excess user fees which ultimately result in higher operating fees. The trend of Revenues from NRW volumetric charge between FY 2009/10 actual and FY 2017/18 forecast is show in Figure 4-3.

Figure 4-3: Trend of NRW Volumetric Charges



State Loans

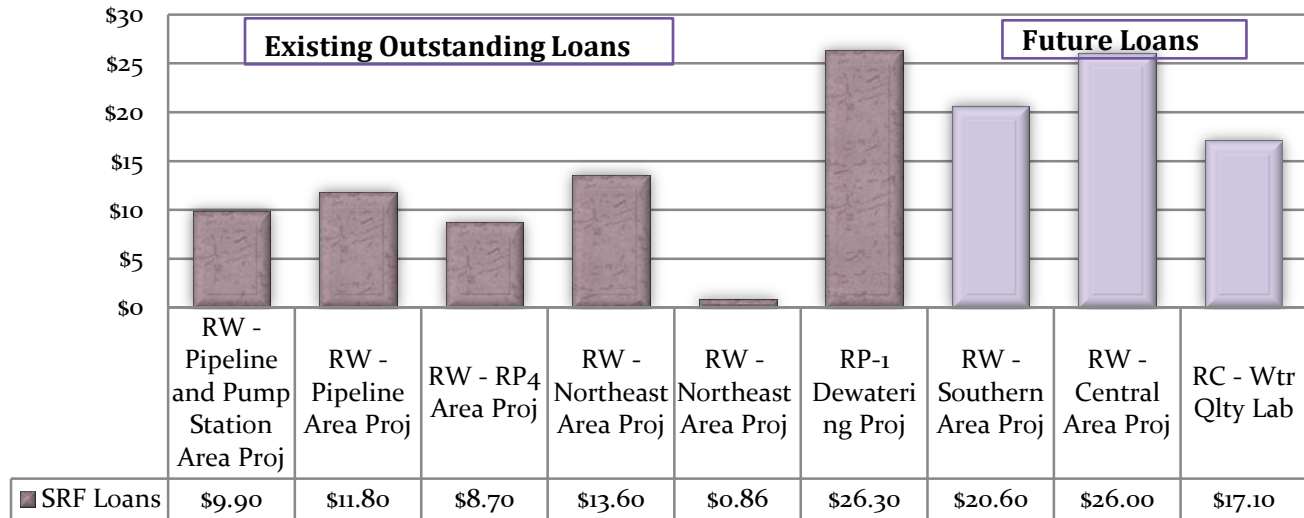
Proceeds from state loans are projected to be \$22.9 million in FY 2013/14 or 15 percent of the Agency’s total Revenues. The Clean Water Act (CWA) of 1987 authorized the use of federal money to create a State Revolving Fund (SRF) loan program that is administered by State Water Resources Control Board (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 to promote the use of recycled water, water reuse, and water reclamation.

The SRF loan repayment period is 20 years and effective interest rates is half of State General Obligation Bond interest rate. Repayments begin one year after the completion of construction. More details on the financing terms and debt service are provided in the Debt Management section.

IEUA currently has a number of outstanding SRF loans with interest rates ranging from 0 percent to 2.5 percent for phases 1 through 6 for 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 \$71.1 million for existing loans and approximately \$63.7 million for future loans.

Figure 4-4: Agency SRF Loans (\$millions)



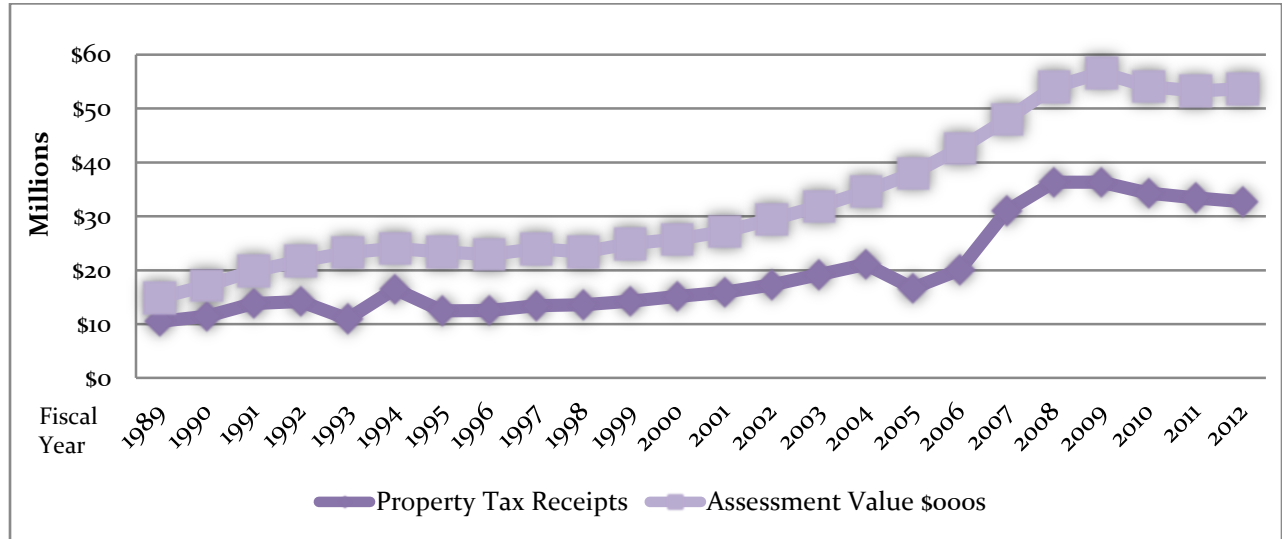
The Agency anticipates additional SRF loans for the Recycled Water distribution system for the Southern (construction to begin early FY 2013/14) and Central/Wineville area (construction estimated to begin mid to late FY 2013/14) projects. The Agency will also apply for SRF funding for construction of a Water Quality Laboratory estimated to begin in FY 2015/16. It should be noted however, that there is no guarantee that the Agency will receive an SRF loan in any given year due to the complexity of the loan application process and timing of approvals.

Property Tax Receipts

The Agency receives an allocated share of the San Bernardino County secured property tax levy, pursuant to the California Revenues and Taxation Code. Payments from the County are regulated by the California Teeter Plan which allows taxing agencies to collect 100 percent of assessed taxes each year in lieu of receiving only those taxes actually collected by the County.

It is the Agency's policy to use 100 percent of property tax receipts to support debt service and capital costs. During the past several years, the Agency has used property taxes to supplement operating costs not covered by rates and fees. The agencies ultimate goal is to have full cost of service rates and minimize reliance on property taxes to fund operating and capital repair and replacement costs. Beginning in FY 2013/14, only 8% of property tax receipts is being allocated to O&M to cover administrative costs. Figure 4-5 shows the historical trend of property tax receipts and assessment values.

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



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

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

- General - 1 percent 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 percent 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) and upheld under ABX1 26 (RDA Dissolution Act).
- IDC - 1 percent 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 percent to the Regional Wastewater Capital Improvement (RC) Fund.

Property tax Revenues peaked in year FY 2008/09 and then began to decline in response to the 2008 economic downturn. The Inland Empire in particular experienced significant declines in assessed property values; similarly the Agency’s property tax receipts followed the same trend of declines. Economic recovery from the end of the recession in December 2009 has been slow with the labor force, capital stock, and productivity growing less rapidly than normal. Improving job prospects will encourage more buyers into the housing market. The Inland Empire continues to have the advantage of more affordable housing prices than the coastal and Los Angeles areas. Another positive sign of recovery is the projected increase in property valuation for FY 2013/14 of 1.25 percent by the San Bernardino County Assessor. This compares favorably to the 0.8 percent assessment roll of FY 2012/13. As a result, the Agency conservatively projected a 1 percent annual growth in property tax receipts for FY 2012/13 through FY 2022/23.

In the FY 2013/14 Adopted Budget, property tax receipts are projected at \$33.4 million representing a 1 percent increase relative to the FY 2012/13 Amended Budget. In the FY 2013/14 budget property taxes contribute approximately 22 percent of the Agency’s revenues of \$151.1 million.

Table 4-5 – Historic and Projected Property Tax Growth Rate Forecasts

FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
-2.65%	-2.17%	1%	1%	1%	1%	1%

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 Regional Wastewater Operations & Maintenance (RO) fund to support debt service costs. A key change in FY 2011/12 was a reduction in this temporary allocation to the Recycled Water Program from 8 percent to 5 percent. The 5 percent allocation is currently scheduled to be returned to the RO fund, restoring its allocation back to 27 percent beginning in FY 2014/15. The Agency allocates property taxes as follows:

- 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 Contract.
- 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 temporary allocation 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 revenues, they are also the most uncertain as evidenced by prior action by the State through legislation that shifted property taxes revenues away from local agencies to balance the state budget. For example, in June 2012, as the State of California legislators struggled to close a budget deficit of nearly \$16 billion, a trailer bill was introduced targeting cancellation of pass-through agreements between special districts and the dissolved RDA agencies. After intense challenge by the special districts and also, opposition by the Governor’s office, the State was forced to find other means of closing the deficit gap. If the legislative action had prevailed, it would have shifted over \$250 million previously earmarked as pass-through to the State. It is this kind of unknown that makes property taxes such uncertain funding source to the Agency.

The Agency received over \$10 million in one-time RDA tax increment receipts in FY 2012/13. These unexpected funds were the result of the dissolution of the RDAs. The Department of Finance (DOF) requires all Oversight Agencies (primarily the cities that assumed the winding down of RDA business) to conduct audits in order to identify uncommitted or unobligated funds. Once funds are declared unobligated by the DOF, they are returned to the County for distribution to the taxing agencies. As RDA activities continue to

pay down debt and dispose of assets, the Agency may continue to receive more unexpected one-time payments. Since the timing and the amount of these receipts is difficult to forecast, the Agency's FY 2013/14 Budget does not include these one-time receipts.

Grant Revenues

The FY 2013/14 grant revenues are projected to be \$8.9 million, or 6 percent, of the Agency's total Revenues. Table 4-6 shows the list of active grants in FY 2013/14.

Table 4-6: Active Grants and Budget Receipts for FY 2013/14

State Grants	Fund	Program	Purpose	FY 2013/14 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	\$5,737,000
Santa Ana Watershed Project Authority (SAWPA)	Recycled Water	Recycled Water Distribution Systems	Construction of recycled water pump stations and pipelines, and groundwater basin improvements to provide recycled water to the Agency's service area	1,750,000
United States Bureau of Reclamation (USBR)	Recycled Water	Recycled Water Distribution System	Construction of recycled water pump stations and pipelines to provide recycled water to the Agency's service area	1,100,000
United States Bureau of Reclamation (USBR)	Water Resources	Residential Landscape Installation	Partial reimbursement for providing residential landscape services throughout the IEUA service area	200,000
United States Bureau of Reclamation (USBR)	Water Resources	Water Use Efficiency	The project will update the Agency's Regional Water Use Efficiency Business Plan developed in 2010. The update is needed for filing the 2015 Urban Water Management Plan.	50,000
CA Dept. of Parks and Recreation (DPR)	Regional Operations	Habitat \$44,050 Earth Day \$2,500	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	46,500
Total Grant Funding				\$8,883,500

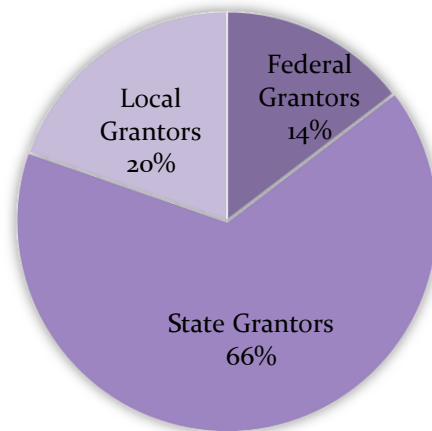
SWRCB grant reimbursement receipts are based on a percentage of total eligible capital project expenses incurred. The receipts shown above are estimated based on Recycled Water program capital expenditures projected for FY 2013/14.

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)
- California Department of Water Resources (DWR),
- California Department of Parks and Recreation (DPR)
- State Water Resources Control Board (SWRCB)
- Santa Ana Watershed Project Authority (SAWPA)
- Metropolitan Water District (MWD)

Figure 4-6 below shows that 66 percent of grant funds are from state grantors with 34 percent being funded by federal and local sources.

Figure 4-6: Grant Revenue Sources (\$8.9 Million)



The Agency has been actively participating in grant programs since FY 2000/01 and grants are an important source of funding Agency projects. Current active grants include:

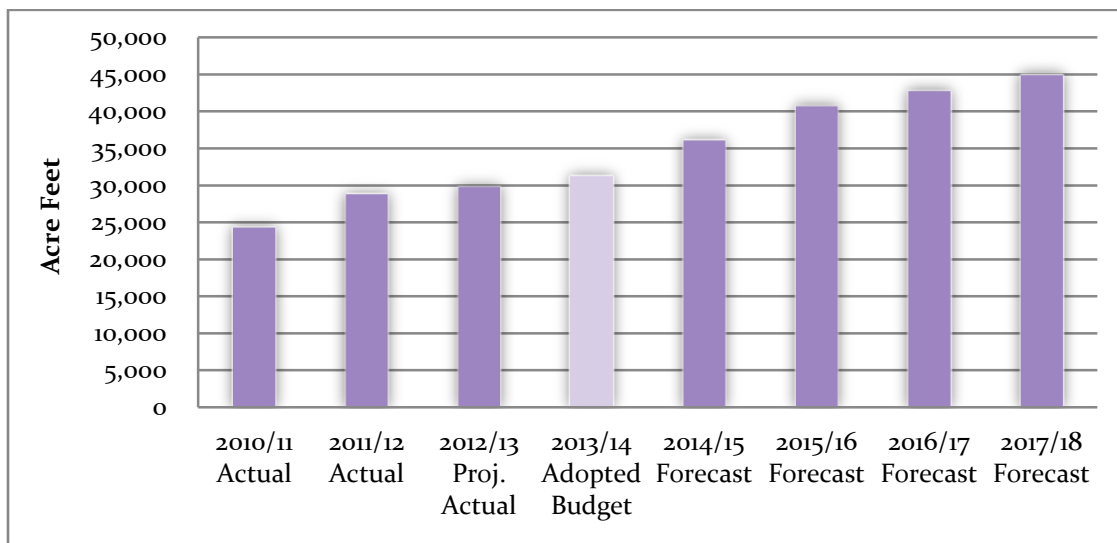
- US Bureau of Reclamation (USBR) - In 2008, the Agency was awarded a \$20 million federal Cooperative Agreement for the Recycled Water Program. Since then time total funds received through FY 2012/13 are approximately \$19 million. USBR has also awarded the Agency \$0.4 million for the Turner Basin Project of which \$112,400 has been received through FY 2012/13.
- Department of Water Resources (DWR) - DWR has awarded the Landscape Audit and Training grant to IEUA for \$0.2 million which will be received through FY2013/14.
- 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 \$68,000 has been received through FY2012/13.
- State Water Resources Control Board (SWRCB) – The Agency was awarded \$8 million in grants for the Recycled Water Program through FY 2012/13 approximately \$4.8 million has been received.

Recycled Water Sales

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. In addition, 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 percent of IEUA's water requirement by 2025.

With implementation of the RWBP, the Agency's recycled water usage continues to grow steadily. In FY 2013/14 recycled water direct sales are budgeted at 21,400 AF (acre feet) and groundwater recharge sales are budgeted at 10,000 AF for a total of 31,400 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 4-7 below shows the recycled water rates adopted by the Board and also, the rates that was effective in FY 2011/12.

Table 4-7: 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 \$7.2 million in FY 2013/14. 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 from CCRA funds, are based on identified and projected costs for capital acquisition, construction, and improvement of regional facilities. These costs are 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 Capital Improvement (RC) Fund Program for Fiscal Years 2012/13 through 2014/15. Table 4-8 shows the Board adopted multi-year rates and the rate effective in FY 2011/12.

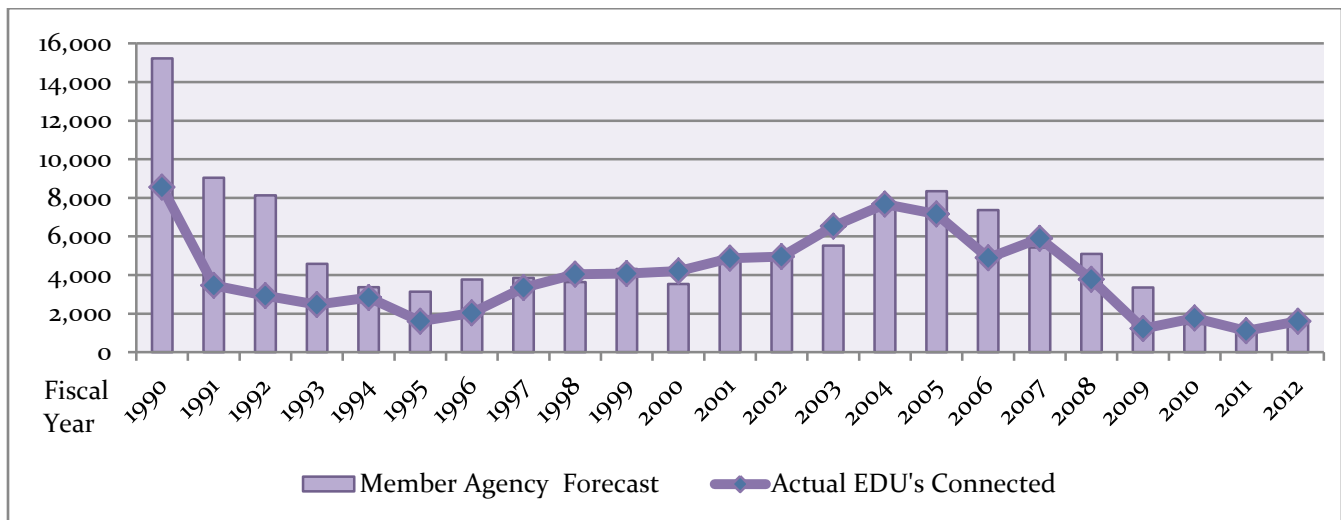
Table 4-8: Multi-Year Adopted Regional New EDU Connection Fees

Program	Rate/ Per EDU	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 Connection Fee	\$4,766	\$4,909	\$5,007	\$5,107

The FY 2013/14 connection fee revenues are projected to be approximately \$9.0 million, or 1,800 EDUs at an adopted fee of \$5,007 per EDU. Based on the 1,527 new EDU connections reported through March 2013, a total of 1,700 new EDU connections are projected through the end of the current FY 2012/13. This is slightly higher than the actual for FY 2011/12 at 1,614 EDU. The annual estimates of connection fees are conservatively aligned to the historical Construction Cost Index (CCI), which has an average growth rate of 2 percent, and incorporate the Agency's Board of Director's February 1, 2012 rate increases for FY 2012/13 through FY 2014/15.

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 2011/12 forecasts from member agencies 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: Member Agency Forecast and Actual EDU Connections
FY 1989/90 to FY 2011/12**



Although projections from the member agencies have historically been considerably more optimistic, the Agency took a conservative approach to forecast the number of new EDU connections for FY 2013/14 at 1,800 EDUs and a minimal growth of between 200 and 500 EDUs for ensuing years. Historical data supports the Agency’s more conservative approach. Table 4-9 shows a comparison of member agencies and IEUA new EDU connections forecasts between FY 2013/14 and FY 2017/18. Member agencies forecasts are significantly higher than IEUA’s forecasts for each fiscal year shown.

Table 4-9: Number of New EDU Connection Forecasts

	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
IEUA Forecasts	1,800	2,200	2,500	3,000	3,000
Member Agency Forecasts	2,827	4,146	4,774	4,716	4,261

Inter-Fund Loans

The Recycled Water Program will receive an Inter-Fund Loan of \$5.5 million from the Regional Wastewater Capital Program in FY 2013/14 to support capital expenditures not funded by SRF loans and grants. The

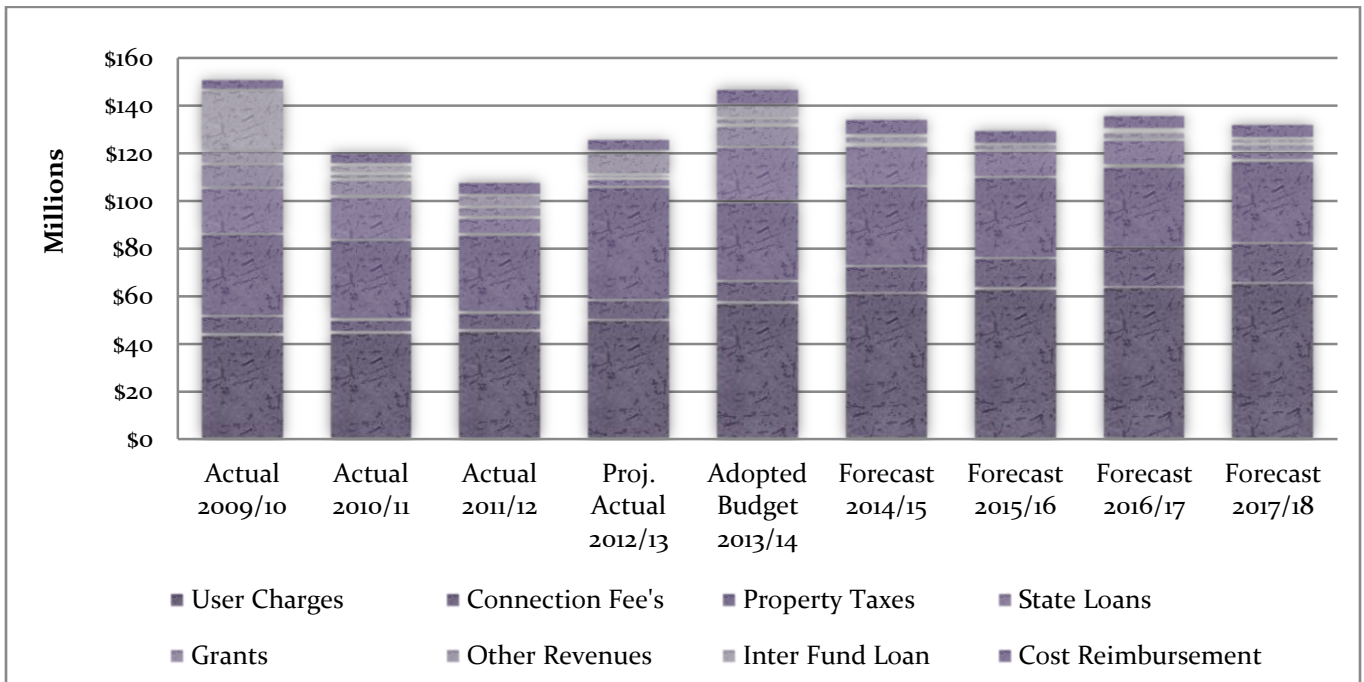
inter-fund loan repayment from Recycled Water fund to the Non-Reclaimable Wastewater fund is projected to start in FY 2015/16. Inter fund loan receipts will be offset by the corresponding payments for the same amount reported as part of debt service costs. Table 4-10 summarizes the future repayment schedule for the existing inter-fund loans.

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

Inter Fund Loan Issued	From	To	Loan Amount (\$Millions)	Proposed Repayment Amount FY 2013/14	Repayment Schedule (\$Millions)
FY 2007/08	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$9	\$0	2016/17 \$1.0
					2017/18 \$1.5
					2018/19 \$1.0
					2019/20 \$3.5
					2020/21 \$2.0
					Total \$9.0
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled Water	\$3	\$0	2017/18 \$1.0
					2018/19 \$1.0
					2019/20 \$1.0
					Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$6	\$0	2020/21 \$1.0
					2021/22 \$3.0
					2020/21 \$2.0
					Total \$6.0
FY 2013/14	Regional Wastewater Capital (RC) Fund	Recycled Water	\$5.5	\$0	2021/22 \$3.0
					2022/23 \$2.5
					Total \$5.5
Grand Total			\$23.5	\$0	\$23.5

Figure 4-9 shows the actual Revenues by source for FY 2009/10 through FY 2011/12 and projected total Revenues for FY 2012/13 through FY 2017/18.

Figure 4-9: Historic and Projected Trend of Total Revenues & Other Funding Source by Type



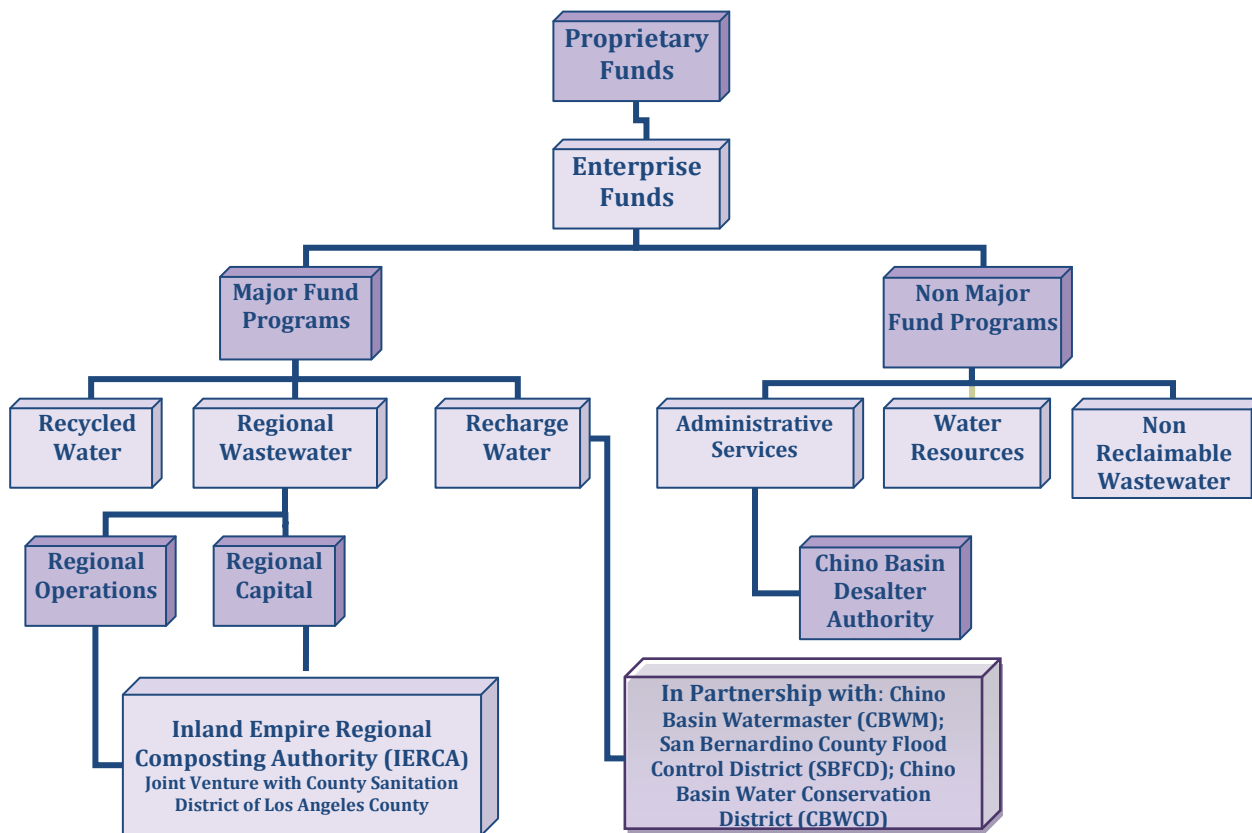
Other Revenues include: Sale of Assets and Capacity, interest Revenues, and miscellaneous reimbursements.



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) collaboration 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. Enterprise fund records 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. These funds 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. These funds 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 and 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 support 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 2013/2014 BUDGET
 SOURCES AND USES OF FUNDS - BY PROGRAM FUND

	2010/2011	2011/2012	2012/2013	FY 2013/14 BUDGET							TOTAL
	ACTUAL	ACTUAL	PROJECTED	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	
REVENUES											
User Charges	\$44,882,238	\$45,587,846	\$50,223,882	\$0	\$9,028,293	\$0	\$43,469,257	\$0	\$0	\$4,905,300	\$57,402,850
Property Tax	7,095,348	8,277,352	3,774,990	2,868,134	0	0	0	0	0	0	2,868,134
Cost Reimbursement JPA	4,262,949	4,584,291	5,186,578	1,194,000	0	0	3,282,445	794,776	0	0	5,251,221
Contract Cost reimbursement	854,924	1,198,232	363,635	0	0	0	93,000	0	1,324,144	388,750	1,805,884
Interest Revenue	1,912,374	1,178,505	985,101	145,024	251,307	201,000	245,000	20,000	128,551	10,150	1,001,032
Recycled Water Sales	4,182,140	4,352,802	7,129,000	0	0	0	0	0	9,230,000	0	9,230,000
Gas Sales	6,824	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	\$62,596,761	\$64,620,188	\$67,642,986	\$4,007,158	\$9,279,600	\$201,000	\$47,069,702	\$814,776	\$10,682,695	\$5,304,200	\$77,359,131
OTHER FINANCING SOURCES											
Property Tax - Debt and Capital	\$26,353,680	\$26,417,154	\$43,412,387	\$0	\$0	\$21,878,590	\$7,337,369	\$0	\$1,667,594	\$0	\$30,683,543
Regional System Connection Fees	3,398,048	7,888,126	8,345,300	\$0	\$0	\$9,012,600	\$0	\$0	\$0	\$0	9,012,600
State Loans	18,273,368	7,018,587	3,889,884	\$0	\$0	\$0	\$0	\$0	\$22,880,783	\$0	22,880,783
Grants	7,048,148	4,882,229	1,887,836	\$0	\$0	\$0	\$48,550	\$0	\$8,588,923	\$250,000	8,883,473
Sale of Assets	225	21,848	4,876,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
Capital Cost Reimbursement	607,888	638,535	709,179	\$0	\$0	\$0	\$0	\$547,873	\$262,674	\$0	800,547
Other Revenues	701,253	2,942,362	2,854,495	\$2,000	\$718,012	\$8,000	\$837,200	\$0	\$100,000	\$0	1,463,212
Sale of Capacity	150,000	215,000	215,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
Loan Transfer from Internal Fund	3,700,000	0	0	\$0	\$0	\$0	\$0	\$0	\$5,500,000	\$0	5,500,000
TOTAL OTHER FINANCING SOURCES	\$62,232,806	\$49,619,822	\$65,392,191	\$2,000	\$718,012	\$30,897,190	\$8,021,119	\$547,873	\$38,987,934	\$250,000	\$79,224,127
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$124,799,568	\$114,240,010	\$133,035,176	\$4,009,158	\$9,997,612	\$30,898,190	\$55,090,821	\$1,362,649	\$49,670,629	\$5,554,200	156,583,258
EXPENSES											
Employment Expenses	\$31,184,327	\$32,578,449	\$32,712,648	\$807,135	\$1,744,983	\$4,083,214	\$25,321,594	\$494,464	\$2,073,688	\$697,995	\$36,223,023
Contract Work/Special Projects	2,398,288	5,817,546	1,048,684	120,000	170,000	310,000	1,989,050	0	1,075,000	1,297,250	4,961,300
Utilities	6,224,951	6,991,468	9,110,393	542,848	84,192	0	6,896,490	96,000	2,195,556	0	9,594,886
Operating Fees	6,904,315	7,197,109	7,311,604	6,827	4,002,647	479,070	782,059	3,640	205,836	3,809,989	9,290,067
Chemicals	3,925,797	3,440,012	3,784,686	0	218,000	0	4,277,683	0	0	0	4,493,663
Professional Fees and Services	610,103	5,481,978	6,306,515	2,757,793	184,222	328,170	2,878,175	603,800	870,112	101,780	7,002,032
Office and Administrative expenses	1,534,344	1,255,597	1,726,029	1,851,655	0	0	433,684	14,098	0	60,058	2,359,473
Biosolids Recycling	3,829,019	3,960,325	3,501,380	0	25,000	0	3,458,068	14,951	0	0	3,498,017
Materials & Supplies	2,746,247	2,454,989	2,370,665	539,684	150,700	0	1,761,278	67,100	258,000	0	2,774,742
Other Expenses	551,381	555,425	460,398	(1,287,578)	120,498	316,639	1,142,713	0	254,980	145,720	712,972
TOTAL EXPENSES	\$65,201,701	\$69,513,366	\$68,333,879	\$5,358,143	\$6,658,222	\$5,515,093	\$48,540,752	\$1,294,051	\$6,931,190	\$6,112,762	\$80,410,173
CAPITAL PROGRAM											
CS/DIAC 4Rs	\$697,113	\$2,700,257	\$1,429,818	\$0	\$1,008,323	\$0	\$0	\$0	\$0	\$0	\$1,008,323
IERCA Investment	0	0	500,000	0	0	500,000	0	0	0	0	500,000
Work In Progress	46,374,317	33,953,422	23,714,223	2,412,006	2,363,160	9,879,711	6,729,724	610,000	43,297,353	0	66,291,964
Work In Progress Adjustments	1,500,000	(4,304,547)	0	0	0	0	3,400,000	0	(2,218,343)	0	1,181,657
TOTAL CAPITAL PROGRAM	\$48,571,430	\$32,349,132	\$25,644,041	\$2,412,006	\$3,371,483	\$10,379,711	\$10,129,724	\$610,000	\$41,079,010	\$0	\$67,981,934
DEBT SERVICE											
Financial Expenses	\$244,967	\$156,172	\$23,225	\$14,000	\$400	\$220,880	\$300	\$105,405	\$1,686	\$0	\$342,870
Interest	8,145,742	7,514,989	9,752,803	0	401,545	7,098,427	214,285	158,000	2,269,825	0	10,140,082
Principal	9,728,458	9,980,222	11,306,555	0	141,091	8,165,374	0	584,746	2,738,130	0	11,629,341
Short Term Inter-Fund Loan	3,700,000	0	0	0	0	5,500,000	0	0	0	0	5,500,000
TOTAL DEBT SERVICE	\$21,819,167	\$17,631,333	\$21,082,583	\$14,000	\$543,036	\$20,984,681	\$214,585	\$846,151	\$5,009,640	\$0	\$27,612,083
TRANSFERS IN (OUT)											
Capital Contribution	(\$1)	(\$1)	\$1	\$2,412,006	(\$82,008)	(\$2,247,990)	\$0	\$305,000	(\$387,008)	\$0	\$0
Debt Service	1	1	(1)	0	0	(1,940,495)	0	478,673	1,484,622	0	(1)
Operational Support	0	0	0	0	0	0	0	484,324	(364,324)	(100,000)	0
TOTAL INTER-FUND TRANSFERS IN (OUT)	\$0	\$0	\$0	\$2,412,006	(\$82,008)	(\$4,188,485)	\$0	\$1,245,197	\$713,290	(\$100,000)	(\$1)
FUND BALANCE											
Net Income (Loss)	(\$10,792,730)	(\$5,253,822)	\$1,974,871	(\$1,362,985)	(\$667,138)	(\$10,169,780)	(\$3,794,240)	(\$142,357)	(\$2,635,881)	(\$658,562)	(\$19,420,943)
Beginning Fund Balance July 01	118,473,638	107,880,904	102,427,081	15,665,120	3,341,817	54,403,991	29,437,381	2,222,318	13,855,306	1,855,835	120,401,747
ENDING BALANCE AT JUNE 30	\$107,680,906	\$102,427,082	\$120,401,752	\$14,292,135	\$2,684,679	\$44,234,211	\$25,643,121	\$2,079,961	\$11,019,424	\$1,027,273	\$100,980,804
RESERVE BALANCE SUMMARY											
Operating Contingencies	\$20,901,778	\$24,150,774	\$21,133,200	\$1,588,048	\$827,691	\$0	\$18,180,253	\$1,074,389	\$1,781,089	\$1,027,274	\$22,476,893
Capital Expansion & Replacement	40,111,998	30,643,278	45,899,870	0	134,410	9,469,491	9,248,283	500,000	4,219,277	0	23,571,461
CCRA Capital Construction	13,446,472	13,640,824	15,395,924	0	0	16,999,524	0	0	0	0	16,999,524
CS/DIAC P payment	1,088,854	1,429,818	1,006,323	0	1,179,082	0	0	0	0	0	1,179,082
Debt Service & Redemption	20,267,773	23,099,390	21,990,898	0	543,515	17,768,196	214,585	505,593	5,019,087	0	24,048,978
Insurance & Other	5,236,308	3,047,466	3,013,758	3,026,308	0	0	0	0	0	0	3,026,308
Retirement reserves	6,627,755	6,416,742	11,599,794	9,879,779	0	0	0	0	0	0	9,879,779
ENDING BALANCE AT JUNE 30	\$107,680,906	\$102,427,082	\$120,401,752	\$14,292,135	\$2,684,678	\$44,234,211	\$25,643,121	\$2,079,961	\$11,019,424	\$1,027,274	\$100,980,804

ADMINISTRATIVE SERVICE PROGRAM

Programmatic Overview

The Administrative Services Program (GG fund) serves as the Agency’s general fund. 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 an 8 percent allocation of total property tax receipts and reimbursement for services provided to the Chino Basin Desalter Authority (CDA). Additionally, inter-fund transfers from the Regional Wastewater Capital (RC), Recycled Water (WC) and Non-Reclaimable Wastewater (NRW) funds provide funding for capital acquisition costs of general use assets.

The Agency’s general and administrative costs and 100 percent 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.

The Agency first budgets all employment related expenses in the GG fund. As a second step, these employment costs are hence distributed to the various programs through an allocation process. The GG fund retains approximately 4% of the employment expenses and approximately 96% of the costs are allocated out. Table 5-1 below shows the percent allocation of the employment costs by program for FY 2012/13 and FY 2013/14. 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 2012/13	FY 2013/14
Regional Wastewater	73.0%	74.0%
Recycled Water	6.0%	6.0%
Administrative Services/Chino Basin Desalter Operations	4.0%	3.0%
Organics Management/IERCA Operations	10.0%	9.0%
Non-Reclaimable Wastewater System	5.0%	5.0%
Water Resources	1.0%	2.0%
Recharge Water	1.0%	1.0%
Total	100%	100%

The Agency provides contract services to other agencies in the form of financial, treasury, debt management, grants administration, accounts payable and accounts receivable processing, program/project management, and plant operations. Table 5-2 shows the expected reimbursements from other agencies for outsourcing of staff support and associated administrative activities. Reimbursements from the CDA remain in the GG fund but those from the Inland Empire Regional Composting Authority and the Chino Basin water master are distributed to the RO fund and Recharge Water (RW fund), respectively.

Table 5-2: Cost Reimbursements by Agency

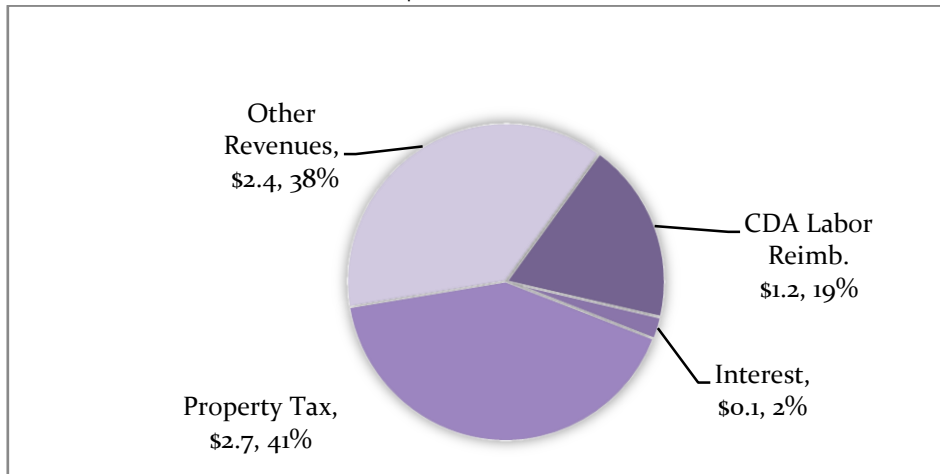
Agency	Expenses	FY 2013/14 Budget \$ Million
Chino Basin Desalter Authority	IEUA staff labor and overall administrative support for the operation & maintenance of Chino Desalter Plant 1 located in Chino, CA	\$1.2
Inland Empire Regional Composting Authority	IEUA staff labor and overall administrative support for the operation & maintenance of the composting facility in Rancho Cucamonga, CA (labor allocation reimbursement is recorded in RO fund)	3.3
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)	0.5
Total		\$5.0

Revenues and Other Funding Sources

The FY 2013/14 GG fund budget projects \$6.4 million of revenue and other funding sources; property tax receipts of \$2.7 million, operations and labor cost reimbursement from the CDA of \$1.2 million, and interest income and miscellaneous receipts of \$0.1 million. Other funding sources include inter-fund transfers of \$2.4 million for capital replacement support from the Regional Wastewater, Non-Reclaimable Wastewater, and Recycled Water Programs.

The GG fund receives 8 percent of the Agency’s total property tax receipt. In FY 2013/14 total property tax receipts are projected to increase 1 percent compared to the prior year amount due to improved economic conditions and the slight increase in property assessment values throughout San Bernardino County. Figure 5-2 below shows the sources of revenues for the GG fund.

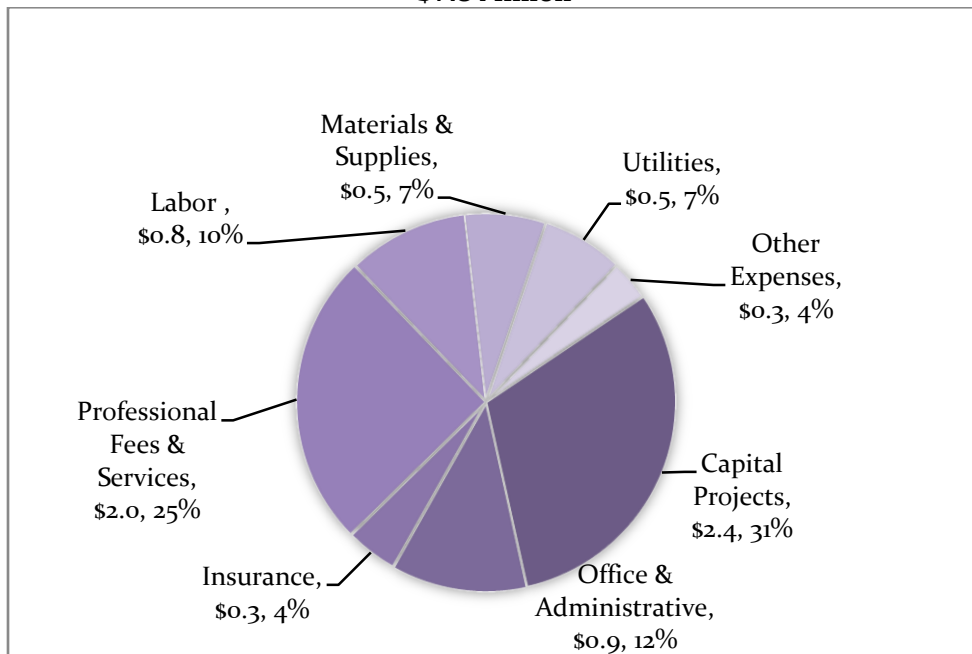
Figure 5-2: GG Fund Revenue & Other Funding Sources
\$6.4 Million



Expenses and Other Uses of Funds

A total of \$47.5 million in Agency-wide administrative and employment expenses are budgeted in the GG fund in FY 2013/14. Over 88 percent or \$42.1 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 costs of \$5.4 million and capital expenditures of \$2.4 million for a total net budget of \$7.8 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 net expenditure categories in the GG fund.

Figure 5-3: GG Fund Expenses & Other Uses of Funds
\$7.8 Million



Capital Expenditures

Capital expenditures 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 percent of the capital funding. The remaining 7 percent is funded by the Non-Reclaimable Wastewater and Recycled Water Programs through inter-fund transfers.

Total capital costs for FY 2013/14 are budgeted at \$2.4 million. Major projects in the GG fund capital program for FY 2013/14 include: eProcure-to-Pay, maintenance mobility project, headquarter buildings improvements, acquisition of network servers, and replacement of business network workstations.

Employment Expense

Total full time equivalent (FTE) positions authorized for FY 2013/14 remains unchanged at 295. Over the past seven fiscal years, the Agency has maintained an average vacancy factor of 5 percent, equivalent to 15 FTE's. As part of ongoing cost containment efforts, the Agency is committed to maintaining an average vacancy factor of up to 5 percent in FY 2013/14. Management will continue to fill only those vacant positions deemed essential to the effective operation of the Agency.

Total net employment costs of \$35.2 million (net of the allocation to CIP of approximately \$7.0 million) include wages, benefits and administrative overhead expenses. Allocation of employment costs by agency program is shown in Table 5-3 below.

Table 5-3: Net Employment Costs Allocation by Program FY 2013/14
\$ Millions

Programs	FY 2012/13	FY 2013/14	% Change Inc/(Dec)
RO - Regional Operations and Maintenance	\$21.70	\$22.10	1.8%
RC - Regional Capital Improvement	3.5	4.1	17.1%
IERCA Facilities (Reimbursed to the RO fund)	3.2	3.2	0.0%
WC - Recycled Water Program	2.0	2.1	5.0%
NC - Non-Reclaimable Wastewater Program	1.6	1.7	6.2%
Chino Basin Desalter Operations (Reimbursement to the GG fund)	1.3	1.2	-7.7%
GG - Administrative Services	0.2	-0.4	-300.0%
WW - Water Resources , including Conservation Programs	0.5	0.7	40.0%
RW - Recharge Water Program	0.4	0.5	25.0%
Total	\$34.40	\$35.20*	2.3%

*Employment expense of \$35.2 million is net of approximately \$7.0 million of Agency's capital program

Administrative Expense

Administrative expense includes costs for general office administration, materials and supplies, insurance, professional and contract services, and operating fees. In FY 2013/14 total program expenses of \$4.6 million (net of allocations to other programs, JPAs and projects) reflects an increase of 50 percent compared to the projected actual for FY 2012/13.

Office and Administrative

Total office and administrative expenses of \$2.5 million increased by \$0.9 million compared to FY 2012/13 projected actual due to higher general office supplies, equipment supplies, and employee training and related expenses.

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 \$2.7 million; an increase of \$0.5 million over the FY 2012/13 projected expense of \$2.2 million mainly due to higher contract services for computer system related maintenance to support the Agency's newly implemented Payroll/Human Capital Resource Management system.

Contract Work/Special Projects

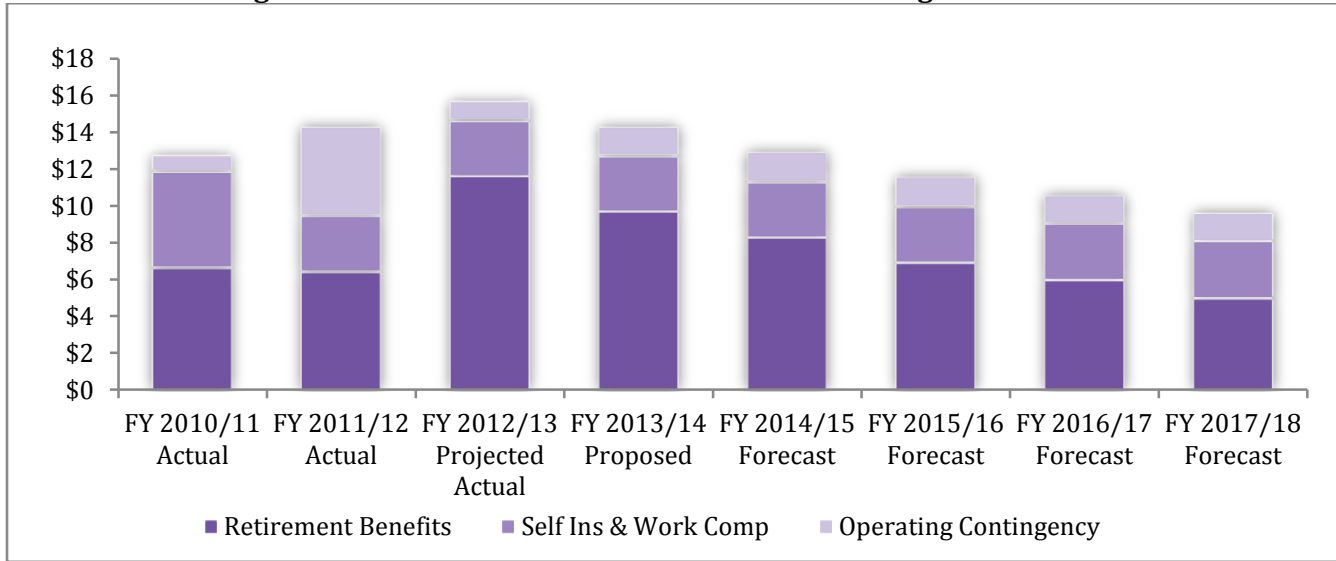
Scheduled special O&M project expenses for FY 2013/14 are \$120,000. The special project addresses repair and replacement for the Agency's headquarters building and equipment.

Fund Balance

The reserves for GG fund program are projected to decrease by \$1.4 million resulting in an estimated ending balance of \$14.3 million in FY 2013/14. The decrease is due to higher administrative and operating expenses. The designation of the estimated fund balance is comprised of: four month operating contingency of \$1.6 million as mandated by bond covenant; \$3 million in support of the Agency's self-insured general liability workers compensation programs; and \$9.7 million for the Agency's retiree health benefit obligation. A self-insurance program was established for risks associated with general liability, property and equipment, and 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 (OPEB) and the Agency's unfunded accrued liability (UAL) for its retiree pension programs. Currently the Agency has opted for a pay-go method for its OPEB liability, 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 2017/18.

Figure 5-4: Trend of Administrative Services Ending Fund Balance



FY 2014/15 to FY 2017/18 GG Fund Forecast

Over the next four years the GG fund reserve balance is projected to decrease to \$9.6 million by FY 2017/18 from \$14 million in FY 2013/14. Growth in property tax receipts is projected at a 1 percent steady increase in the ensuing years. The majority of expenses are projected to increase by an estimated inflation rate of 2 to 3 percent.

In accordance with the Governmental Accounting Standards Board (GASB), public employers are required to measure and report the future cost of OPEB obligations. OPEB benefits are benefits paid directly to former employees (primarily 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.

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/2014 ADOPTED BUDGET
GG FUND - SOURCES AND USES OF FUNDS

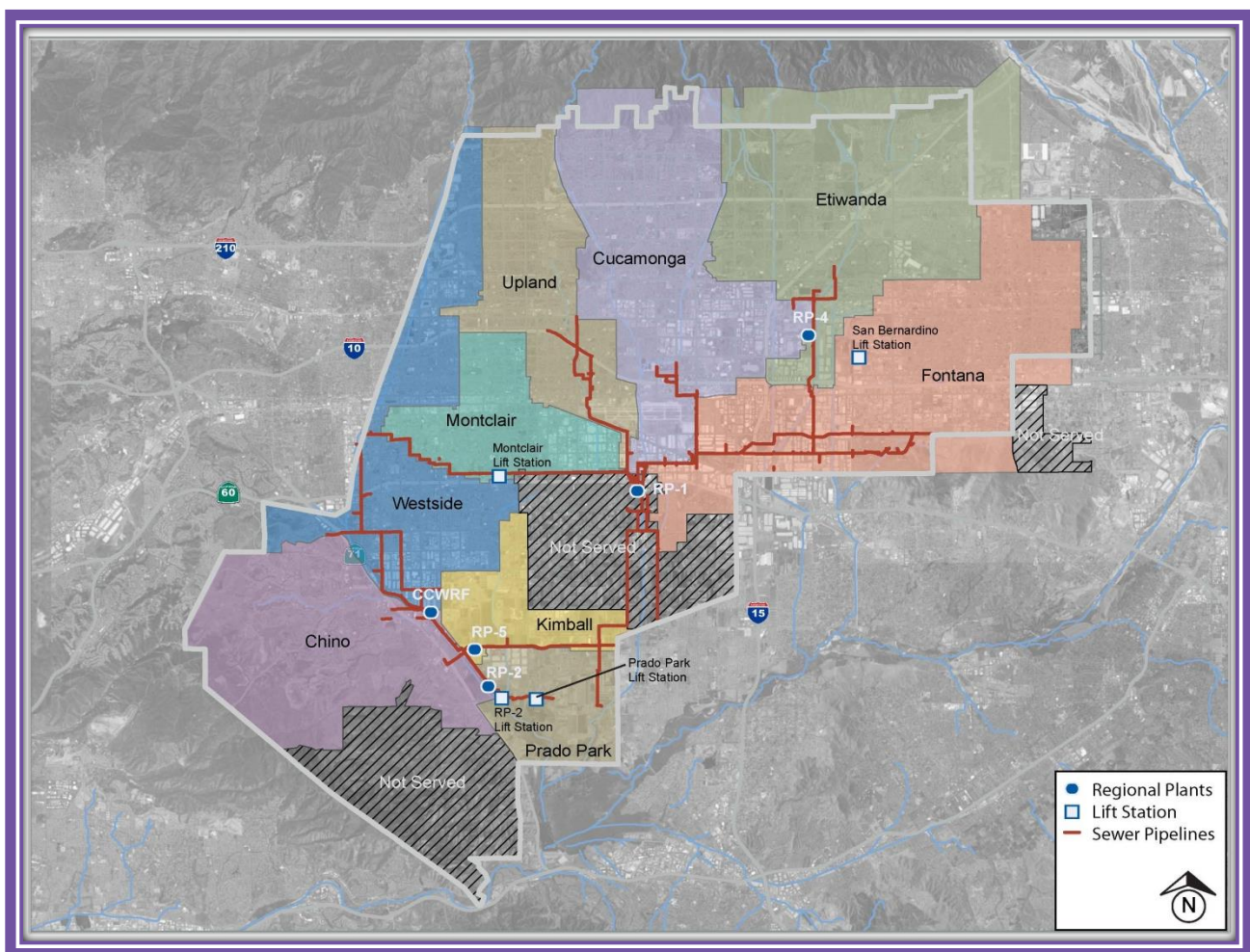
	2010/2011	2011/2012	2012/2013		2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
User Charges									
Property Tax	\$2,695,614	\$2,650,374	\$2,608,580	\$3,774,990	\$2,668,134	\$2,694,815	\$2,721,764	\$2,748,981	\$2,776,471
Cost Reimbursement from JPA	1,079,177	\$1,257,623	1,348,696	1,348,696	1,194,000	1,225,320	1,257,462	1,290,446	1,324,296
Interest Revenue	206,668	123,344	99,527	110,516	145,024	197,101	206,462	212,832	193,391
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$4,015,377	\$4,216,113	\$4,056,803	\$5,234,202	\$4,007,158	\$4,117,236	\$4,185,687	\$4,252,259	\$4,294,159
OTHER FINANCING SOURCES									
Grants	7,683	140,013	0	1,047	0	0	0	0	0
Other Revenues	250,350	112,596	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$258,033	\$252,609	\$2,000	\$3,047	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
EXPENSES									
Unallocated Employment Expenses	(\$1,168,471)	(\$64,667)	\$2,011,961	\$694,056	\$807,135	\$830,346	\$848,107	\$672,301	\$520,597
Contract Work/Special Projects	30,175	33	50,000	1,834	120,000	0	20,000	0	0
Utilities	425,586	386,209	531,691	496,935	542,648	562,499	582,875	604,143	626,338
Operating Fees	2,967	5,975	6,375	5,975	6,827	6,839	6,851	6,864	6,877
Professional Fees and Services	2,356,306	2,101,407	2,981,839	2,213,269	2,757,793	2,734,551	2,780,220	2,788,747	2,850,549
Office and Administrative expenses	1,366,119	1,156,267	1,789,155	1,460,542	1,851,655	2,475,767	2,028,874	2,201,057	1,944,602
Materials & Supplies	675,435	607,550	559,171	455,565	539,664	543,330	561,840	576,622	678,942
Other Expenses	(1,023,594)	(1,441,542)	(2,038,519)	(1,603,473)	(1,267,578)	(1,681,432)	(1,325,844)	(1,612,548)	(1,384,863)
TOTAL EXPENSES	2,664,523	\$2,751,232	\$5,891,673	\$3,724,703	\$5,358,143	\$5,471,899	\$5,502,922	\$5,237,185	\$5,243,043
CAPITAL PROGRAM									
Work In Progress	\$363,311	\$728,715	\$3,838,701	\$2,304,944	\$2,412,006	\$1,524,500	\$1,305,500	\$950,000	\$750,000
TOTAL CAPITAL PROGRAM	\$363,311	\$728,715	\$3,838,701	\$2,304,944	\$2,412,006	\$1,524,500	\$1,305,500	\$950,000	\$750,000
DEBT SERVICE									
Financial Expenses	\$25,996	\$14,766	\$14,000	\$13,900	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
TOTAL DEBT SERVICE	\$25,996	\$14,766	\$14,000	\$13,900	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
TRANSFERS IN (OUT)									
Capital Contribution	\$363,311	\$560,229	\$3,838,700	\$2,174,945	\$2,412,006	\$1,524,500	\$1,305,500	\$950,000	\$750,000
Operation support	(245,750)	0	0	0	0	0	0	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$117,561	\$560,229	\$3,838,700	\$2,174,945	\$2,412,006	\$1,524,500	\$1,305,500	\$950,000	\$750,000
FUND BALANCE									
Increase/(Decrease)	\$1,337,141	\$1,534,238	(\$1,846,871)	\$1,368,645	(\$1,362,985)	(\$1,366,664)	(\$1,329,235)	(\$996,926)	(\$960,884)
Beginning Fund Balance July 01	\$11,415,096	\$12,752,237	\$14,286,475	\$14,286,475	\$15,655,120	\$14,292,135	\$12,925,472	\$11,596,237	\$10,599,311
ENDING FUND BALANCE AT JUNE 30	\$12,752,237	\$14,286,475	\$12,439,604	\$15,655,120	\$14,292,135	\$12,925,471	\$11,596,237	\$10,599,311	\$9,638,427
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$888,174	\$4,822,267	\$1,763,893	\$1,041,570	\$1,586,048	\$1,623,966	\$1,634,306	\$1,545,728	\$1,547,681
Insurance & Other	5,236,308	3,047,466	3,030,674	3,013,756	3,026,308	3,036,944	3,055,289	3,081,549	3,108,335
Retirement reserves	6,627,755	6,416,742	7,645,037	11,599,794	9,679,779	8,264,562	6,906,641	5,972,033	4,982,411
ENDING BALANCE AT JUNE 30	\$12,752,237	\$14,286,475	\$12,439,604	\$15,655,120	\$14,292,135	\$12,925,471	\$11,596,237	\$10,599,311	\$9,638,427

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 the western San Bernardino County. Through the Regional Sewerage Services Contract (Regional 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 an average of 53.2 million gallons a day (MGD) of untreated municipal wastewater.

Figure 5-5: Agency Water Recycling Treatment Facilities Service Area Boundaries

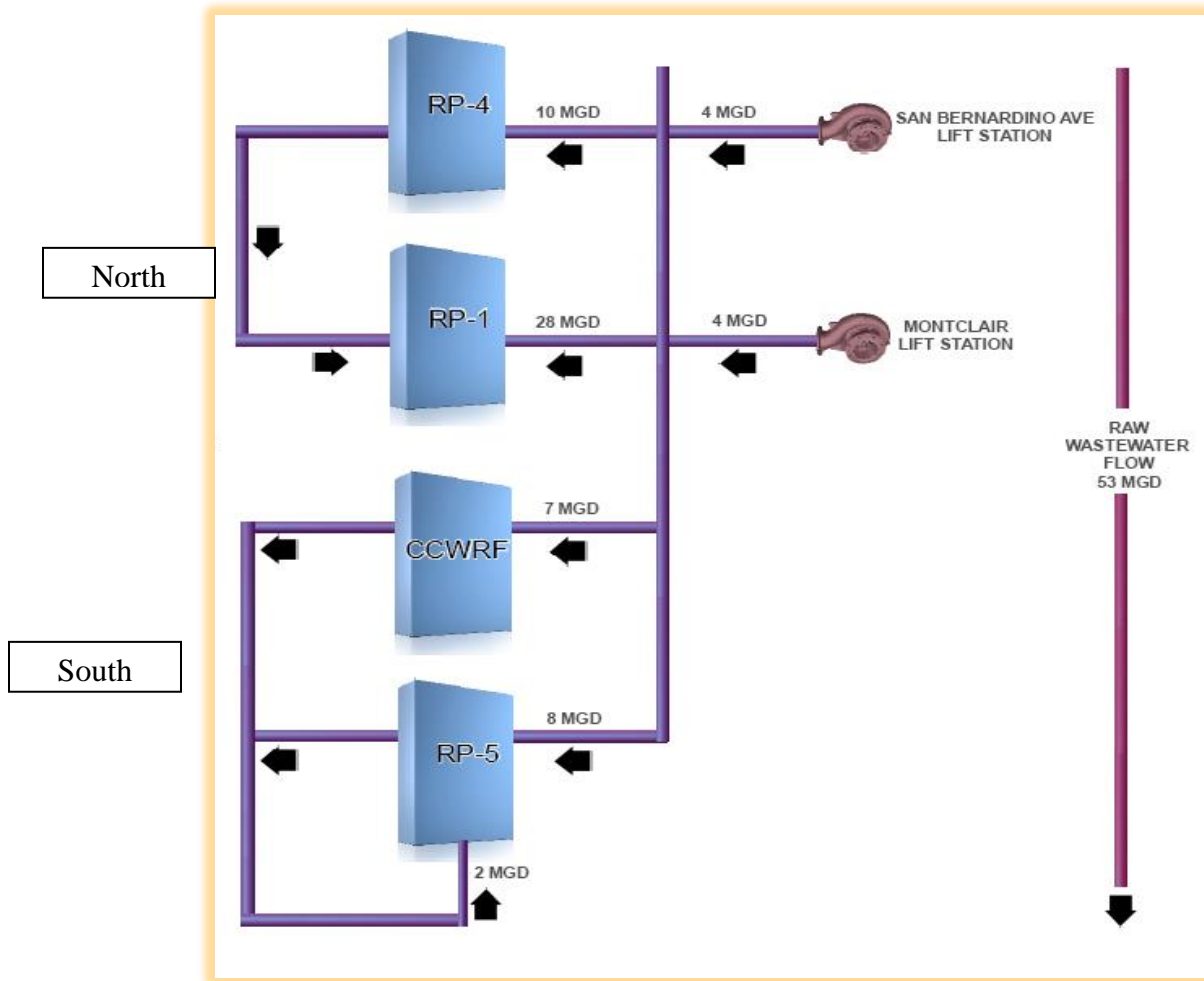


The Agency's Regional Wastewater program receives significant benefits from the three bi-products generated from the treatment of wastewater flows namely:

- 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 shows the current flows being treated at each of the Agency’s recycled water facilities. The “northern service area” includes RP-1 and RP-4, while the “southern service area” includes CCWRF and RP-5. Total raw wastewater flow treated at the Agency’s facilities is 53.2 MGD as an annual average.

Figure 5-6: Current Wastewater Flows by Facility



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, improvement 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), capital replacement and organic management activities, including labor costs to operate and support the Inland Empire Regional Composting Facility.

The total FY 2013/14 Regional Wastewater Program revenue budget is \$86.0 million which includes \$43.5 million in user charges, \$29.0 million in property taxes, \$9.0 million in connection fees, \$3.3 million contract cost reimbursement from Inland Empire Regional Composting Authority (IERCA) and other revenues for \$1.2 million.

The total FY 2013/14 Regional Wastewater Program expenditures budget is \$100.0 million which includes \$54.1 million in operating costs, \$20.5 million in capital costs, \$21.2 million in debt service cost, and \$4.2 million inter-fund transfers to support debt service costs in the Recycled Water and Recharge Water Programs, and capital support for the Administrative Services (GG) fund. The FY 2013/14 expenditures budget is \$17.5 million higher compared to FY 2012/13 projected expenditures of \$82.5 million. The primary reasons for the increase can be attributed to increased labor costs; higher capital and special project costs; and an inter-fund loan to the Recycled Water program to support of capital construction projects for \$5.5 million.

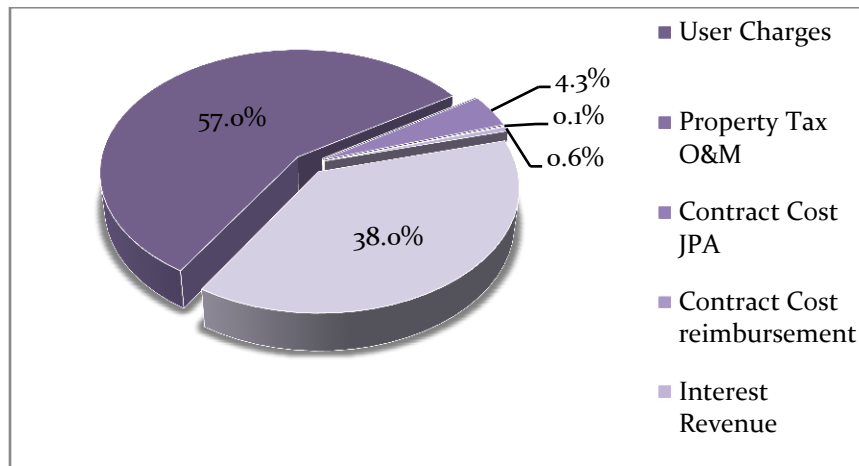
Table 5-4: Consolidated Regional Wastewater Program Fund Summary (\$Millions)

	2012/13 Amended Budget	2012/13 Projected Actual	2013/14 Budget	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Total Revenue & Other Funding Sources	\$78.7	\$99.0	\$86.0	\$93.9	\$98.4	\$111.3	\$109.1
Total Expenses & Other Uses of Fund	(\$95.5)	(\$82.5)	(\$100.0)	(\$87.9)	(\$96.2)	(\$111.6)	(\$101.0)
Net Increase (Decrease)	(\$16.9)	\$16.5	(\$14.0)	\$6.0	\$2.2	(\$0.3)	\$8.1
Beginning Fund Balance	\$67.3	\$67.3	\$83.8	\$69.8	\$75.8	\$78.0	\$77.7
Ending Fund Balance	\$50.4	\$83.8	\$69.8	\$75.8	\$78.0	\$77.7	\$85.8

Total Revenue and Other Funding Sources

Figure 5-7 below shows the percentage share of revenue and other funding sources for the Regional Wastewater Program with a total budget of \$86 million.

Figure 5-7: FY 2013/14 Regional Wastewater Revenue & Other Funding Sources (\$86 Million)



Primary Revenues and Other Funding Sources

The following section discusses the primary revenues and other funding sources of the Regional Wastewater program.

Connection Fees

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 improvement 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.

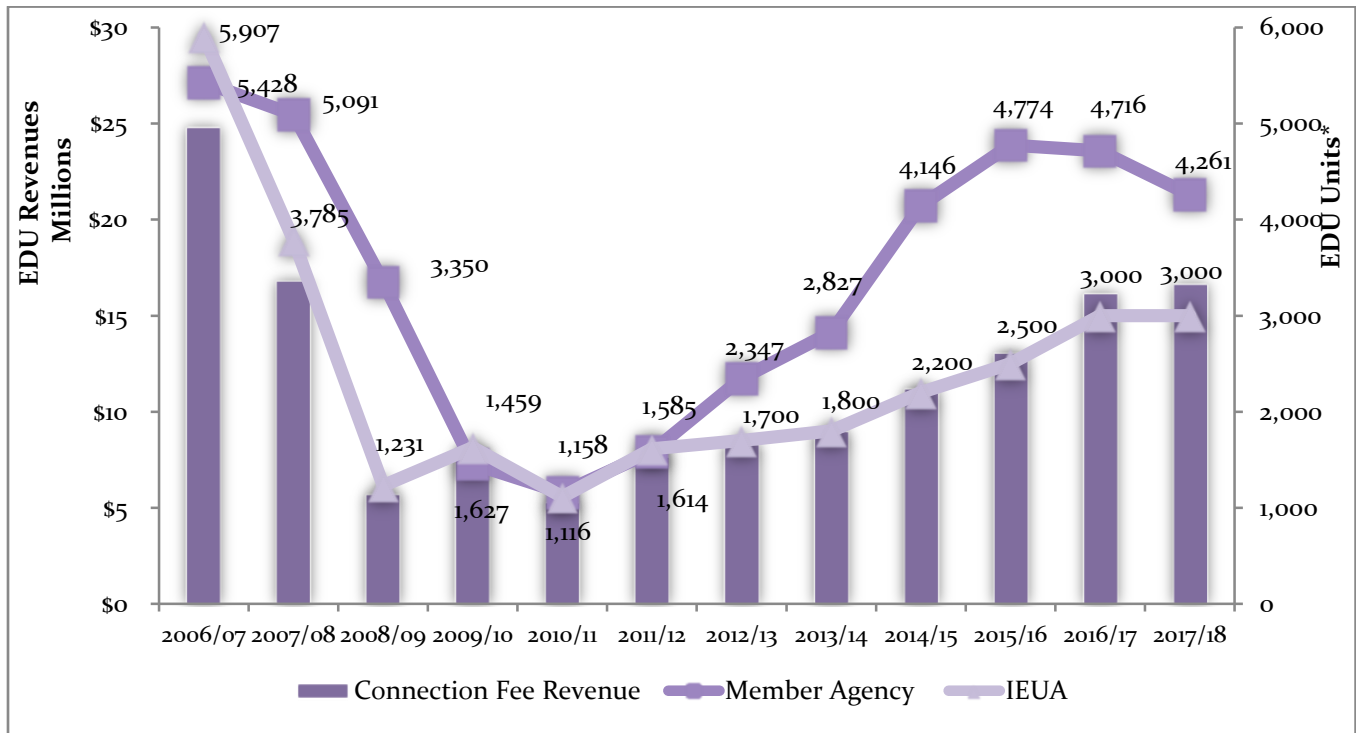
The Agency’s connection fee rate for FY 2013/14 is \$5,007 per EDU (equivalent dwelling unit) effective July 1, 2013; reflecting an increase of 3 percent to the FY 2012/13 rate. The increase is the second of a three-year rate increase approved by the IEUA Board in February 2012 for the Regional Wastewater 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

Each year the Agency conducts a survey of member agencies to determine the number of new EDU connections expected for the next ten years. These projections are used by the Agency 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. Included in the Agency’s FY 2013/14 - 2012/23 is the expansion of the Southern Service Area to meet projected growth increases.

As illustrated in Figure 5-8 below, although the Agency’s forecast of new connections for the next five years is considerably lower than those projected by the member agencies steady growth is anticipated over the next five to ten years. 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 as actual activity can vary significantly.

**Figure 5-8: Comparative Trend of New EDU Connections
FY 2006/07 to FY 2017/18**



*EDU unit is equivalent to 270 gallons per day

Property Taxes

Total property tax receipts are budgeted at \$33.3 million for FY 2013/14, of which \$29.0 million is allocated the Regional Wastewater Program.

In accordance with the Regional Contract, 65 percent or \$21.7 million of the total property tax receipts are allocated to the Regional Wastewater Capital Improvement (RC) fund to partially support \$10.4 million projects for the acquisition, construction and improvement of wastewater facilities and \$21.0 million in debt service costs. Allocated to the Regional Wastewater Operations and Maintenance (RO) fund is 22 percent or approximately \$7.3 million, which partially supports capital replacement costs of \$10.1 million fully, with no remaining funds to supplement operating costs. A key financial policy of the Agency is to utilize property tax receipts to support debt service and capital 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 percent to 5 percent. The 5 percent allocation, or approximately \$1.6 million, is scheduled to be returned to the RO Fund in FY 2014/15

restoring its allocation back to 27 percent. The temporary allocation to the Recycled Water Program to support debt service costs is consistent the Agency policy.

Table 5-5: FY 2013/14 Property Tax Allocation by Fund (\$Millions)

Fund	Percentage	Property Tax Allocation
Regional Wastewater Capital Improvement (RC) Fund	65%	\$21.7
Regional Wastewater Operations & Maintenance (RO) Fund	22%	7.3
Recycled Water (WC) Program	5%	1.7
Administrative Services (GG) Fund	8%	2.6
Total	100%	\$33.3

A cumulative decline of over 10 percent in property tax receipts was realized in FY's 2009/10 through FY 2011/12 due to impacts from the "Great Recession" (see Table 5-6).

Improved economic conditions are noticeable throughout the Agency's service area and property values in the Agency's service area are also on the rise, as indicated by the San Bernardino County Tax Assessor's estimated assessment roll increase of 1.25 percent for FY 2012/13. Projected actual and future year forecasts are developed with a cautious optimism of continual progressive economic recovery. A one percent increase in total property tax receipts is assumed for FY 2013/14 with a one percent increase for each fiscal year thereafter as indicated in Table 5-6.

Table 5-6: Property Tax Growth Rate Actual and Forecasts

Property Tax Growth Rate								
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	FY 2016/17 Forecast	FY 2017/18 Forecast
-5.5%	-2.65%	-2.17%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Total property taxes are anticipated to slightly increase to \$33.3 million in FY 2013/14 compared to \$33.0 million projected in FY 2012/13 (net of \$9.9 million one-time RDA payment received in FY2012/13).

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 (gpd), 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 FY 2011/12, the average wastewater flow treated was 53.1 MGD, as reported in Table 5-7, indicating a decline of approximately 10 percent (similar to other local regions). Even though wastewater flows have declined, the Agency has been able to increase the amount of recycled water supplied to users by using the San Bernardino Avenue Lift Station and the Montclair Lift Station to route more wastewater flows to RP-1 and RP-4.

Table 5-7: Average Annual Flow in MGD ⁽¹⁾ – FY 2011/12

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	79,873	50.5	0.1	2.1		1.6	3.8
Chino Hills	76,033	46.0		2.0		3.2	5.2
CVWD	171,058	39.0	7.6		4.6		12.2
Fontana	200,974	36.0	6.8		5.5		12.3
Montclair	37,311	5.2	0.2	2.1			2.1
Ontario	166,866	50.0	8.8			3.5	12.3
Upland	74,907	15.3	4.0	1.0			5.0
Total	807,022	242.0	27.5	7.2	10.1	8.3	53.1

(1) MGD Million Gallons per day

(2) Based California Department of Finance, State of California, Price and Population Information, May 2013

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

Due to the recent effects of the economic recession and effective water conservation efforts, overall water consumption has decreased and Agency wastewater flows have 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 percent to 10 percent reduction in flows.

Based on this recent trend, a conservative growth rate is assumed for the number of billable EDUs over the ensuing fiscal years. As illustrated in Table 5-8 below, a moderate increase of 0.50 percent is assumed in FY 2013/14 and 0.25 percent the ensuing years.

Table 5-8: Monthly EDU Volumetric Revenue

Monthly EDU Volumetric Revenue Growth Rate				
FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
0.50%	0.25%	0.25%	0.25%	0.25%

Debt Proceeds

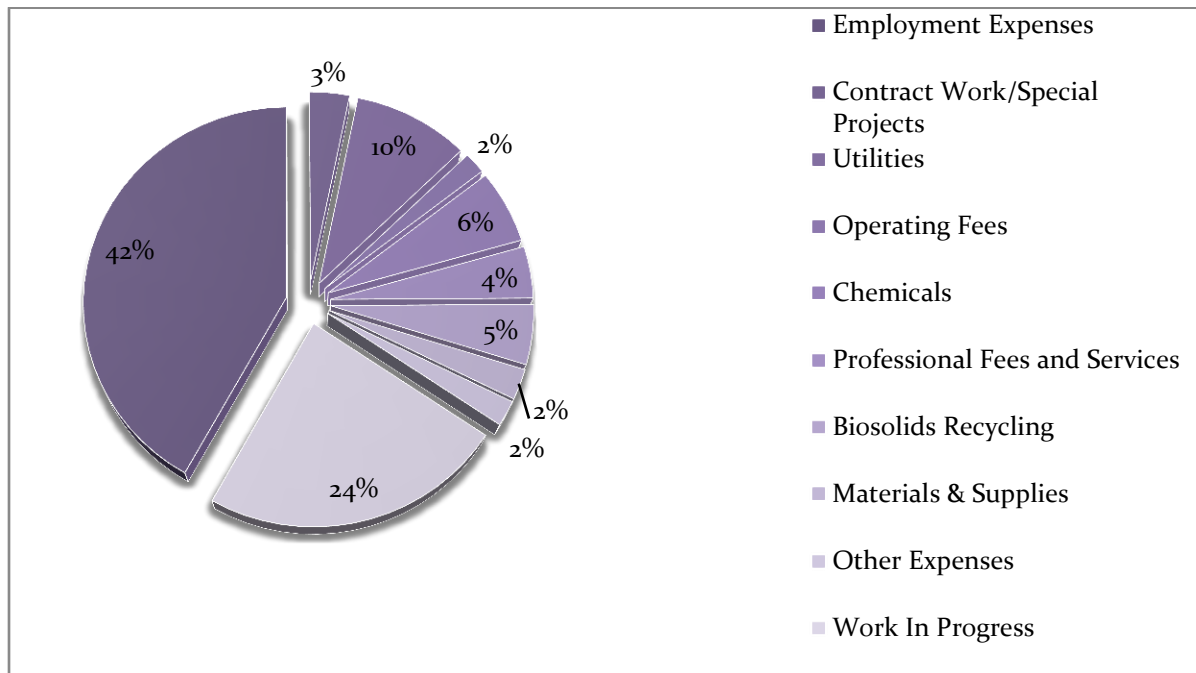
In addition to paying for capital projects with grants and low interest state loans, the Agency seeks to pay for capital projects first with system revenues (pay-go basis) whenever possible and pursue various forms of debt financing only when net revenues are insufficient.

Low interest SRF loans have been used to finance capital construction in the Recycled Water Program, and the Regional Wastewater Program. Issuance of long term bonds may be required to support the Southern Area Wastewater Expansion project of \$90 million slated to begin in FY 2018/19.

Expenses and Other Uses of Funds

Figure 5-9 shows percent of Total Expenses and Other Uses of Funds in the Regional Wastewater Program, which has a total budget of \$100 million.

Figure 5-9: FY 2013/14 Regional Wastewater Expenses and Other Uses of Funds



Operating Expenses

Total operating costs for the Regional Wastewater Program are budgeted at \$54.1 million in FY 2013/14.

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 four years. The cost containment measures include:

- 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
- Deferral of repair and replacement projects determined to be non-critical

Employment Expenses

As the Agency's core program, approximately 84 percent, or \$29.4 million, of the \$35.2 million net employment costs (net of \$6.3 million allocated to the Agency's capital program), are allocated to the Regional Wastewater Program. The \$29.4 million budgeted in FY 2013/14 is slightly higher than FY 2012/13 projected expense of \$27.2 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 percent of the \$3.3 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 2013/14, the tipping fee rate was increased from \$50 to \$52 per wet ton and supports both operating and capital replacement costs for the IERCF. 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 the biosolids recycling expense in the RO fund.

Utilities

A total of \$6.7 million is budgeted for utilities in FY 2013/14, reflecting an increase of \$109 thousands from FY 2012/13. Utilities expenses includes electricity purchases from the grid, natural gas, and purchase of renewable energy generated on site from solar, wind power, and fuel cells.

Regarding 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 by utilizing direct access (DA) agreements.

The FY 2013/14 blended rates for electricity and natural gas are budgeted at \$.120 per kWh and \$0.80 per therm, respectively, compared to FY 2012/13 rate of \$0.125 per kWh and \$0.80 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 Peak Performance Independence Initiative by 2020. 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 Peak Performance Independence Initiative by 2020, the Agency completed the installation of 3.5 megawatts (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
 - Installation of 3.5 MW of solar power at four Agency facilities in 2008: CCWRP, RP-5, IERCF and two areas at RP-1. The project was financed through a PPA, with the provider responsible for the design, installation and ongoing maintenance of the solar panels in 2008. As part of the PPA, the provider will operate and maintain the solar system, while IEUA buys 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 average annual escalation rate of 2 percent which helps to hedge the effects of price swings by our local power utility.
- 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 percent for the first four years and 3 percent 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,

■ Fuel Cell (continued)

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 percent for the first ten years and a negotiated escalator thereafter. Operation of the fuel cell plant was started in January 2013.

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 Peak Performance Independence Initiative 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

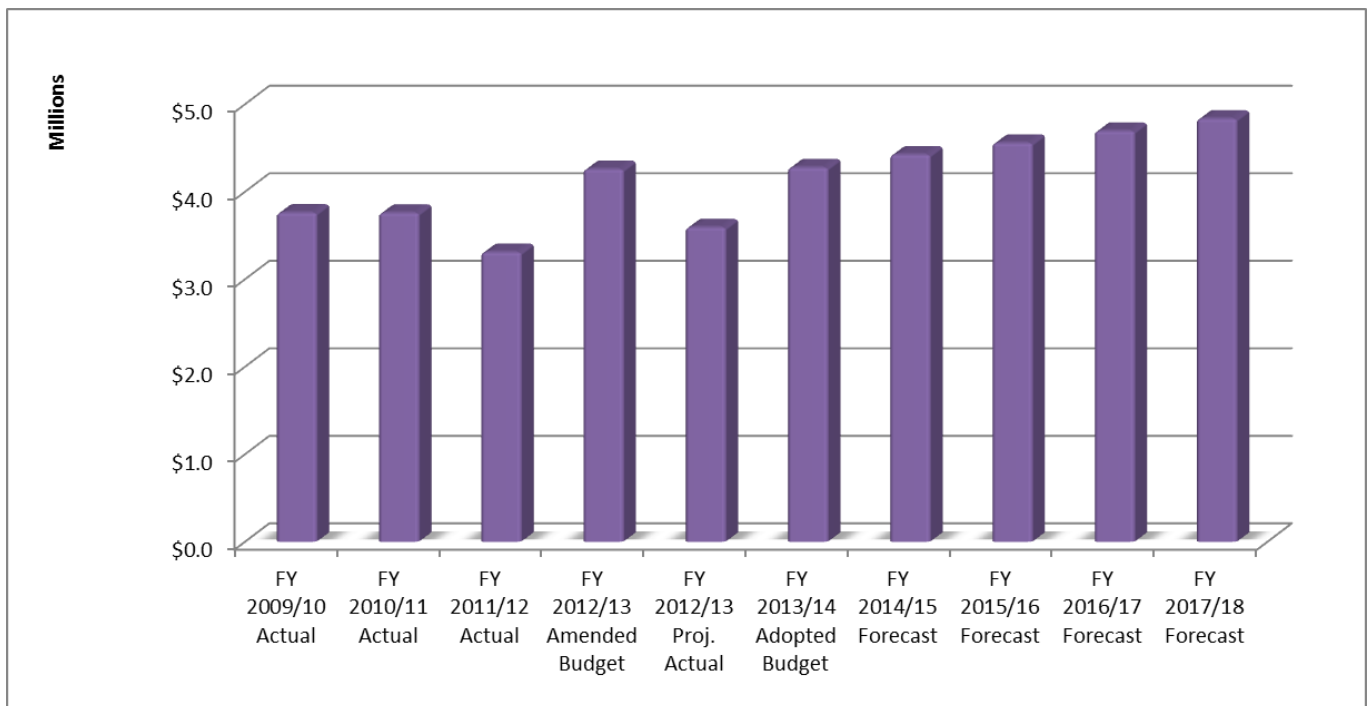
Chemical costs represent approximately 8 percent, or \$4.3 million of total operating costs in the Regional Wastewater Program in FY 2013/14. The addition of chemicals during the wastewater treatment is essential to meeting treatment process performance goals and compliance, and to sustain the high quality of recycled water generated from the process.

- Sodium Hypochlorite (34 percent 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 percent 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 (21 percent 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 stabilizing the chemical usage and the costs over the past years, as illustrated in Figure 5-10. The higher dosage of polymer due to RP-1 Dewatering centrifuge and increase in ferric chloride to maintain digester gas H₂S concentration compliance account for the increase in chemical costs in FY 2013/14. The future year costs assume an average of 3 percent CPI increase.

Figure 5-10: Trend of Chemical Costs



Biosolids Recycling

The cost of biosolids recycling is budgeted at \$3.5 million in FY 2013/14, based on a processing rate of \$52 per ton as established by the IERCA effective July 1, 2013 (an increase of \$2 per ton from FY 2012/13 rate of \$50 per ton). The IERCA composter processes 100 percent 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 percent, 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 Agency’s Dewatering Facility Expansion Project (Dewatering facility) at RP-1 is anticipated to be operational by August 2013. This project that uses centrifuge technology in place of belt press process to dry bio-solids is expected to reduce the percent moisture in RP-1 biosolids by approximately 25 percent, which will result 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.

Regional Wastewater Capital Projects

A total of \$20.5 million for capital investment is budgeted for FY 2013/14 in the Regional Wastewater Program; \$10.4 million in the Regional Wastewater Capital Improvement (RC) fund and \$10.1 million in the Regional Wastewater Operations and Maintenance (RO) fund.

Table 5-9 below is a listing of the major Regional Wastewater capital projects budgeted in FY 2013/14:

Table 5-9: FY 2013/14 Major Regional Wastewater Capital Projects (\$ Millions)

Project Title	FY 13/14 Adopted Budget	Total TYCIP FY2013/14-FY2022/23
HVAC & Server Room Fire Suppression Improvement	\$1.2M	\$2.1
SCADA Enterprise System	0.9	9.9
RP-1/RP-2 Flare Replacement	0.6	1.6
RP-2 Digester #4 Dome Replacement	1.8	1.8
CM Miscellaneous RC Const. and Emergency. Projects	0.3	2.5
RP-2 Drying Beds Rehabilitation	0.5	0.5
RP-4 Process Improvements	0.2	1.6
RP-1 Headworks Gate Replacement	0.8	10.8
RP-1 Secondary Clarifier Asset Rehab	0.8	5.3
RP-1 Sludge Thickening System Improvements	0.3	8.5
Miscellaneous RO Construction and Emergency Project	0.3	2.5
Total of Major RC/RO Projects above	\$8.2	\$47.1
Total of All RC/RO Projects in TYCIP Budget	\$20.5	\$272.8

Reinstatement of Repair and Replacement (R&R)

A significant component of the proposed budget and TYCIP is the reinstatement of Repair and Replacement (R&R) projects previously deferred as part of the Agency’s cost containment plan. Between FY 2013/14 and FY 2017/18, the Agency plans to spend an average of \$16 million annually in R&R projects which is approximately double the average amount the Agency has spent annually since the economic downturn of FY 2007/08. Another key component is the expansion and improvement of the Agency’s Southern Service Area to meet the expected future growth and increased service demands.

More information on the Agency’s capital program is available in Capital Section of this document and the FY 2013/14 through FY 2022/23 Ten Year Capital Improvement Plan (TYCIP) Volume II. 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 increased 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.

Inland Empire Regional Composting Authority (IERCA)

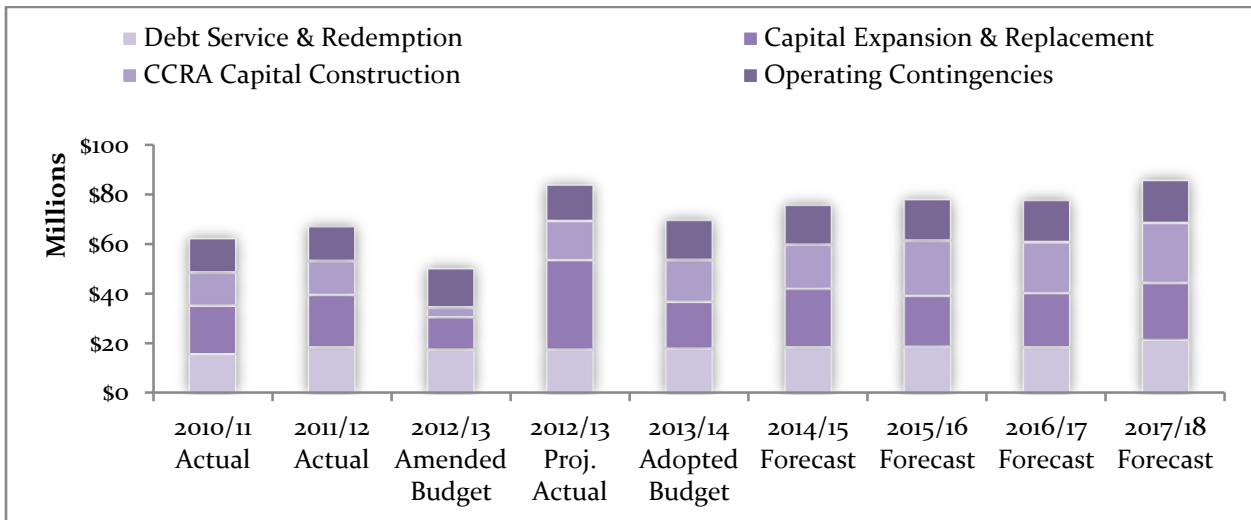
The IERCA is a Joint Powers Authority (JPA) formed between IEUA and CSDLAC (50/50 partnership) as part of their shared goal to develop a sustainable biosolids management program. The facility is currently operating at its design capacity, receiving nearly 600 wet tons per day of biosolids and recycled 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 Agency’s RP-1 Dewatering Facility and use of centrifuges to dry solids to a higher percentage is projected to free up 50 wet tons per day of additional capacity at the IERCF. It is anticipated that the available capacity will be filled by CSDLAC to make up for the Agency’s capacity reduction due to the Dewatering facility efficiencies in order to maintain 95 percent capacity utilization of the IERCA facility.

Regional Wastewater Program Fund Balance

The Regional Wastewater Program projected ending fund balance of \$69.8 million in FY 2013/14 is \$14.0 million lower than the projected ending fund balance of \$73.7 million in FY 2012/13. 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 \$41.1 million exceed revenues of \$30.9 million by \$10.2 million. In addition, the RO fund expenditures of \$58.9 million exceeds revenues of 55.1 million by \$3.8 million. The primary causes of the \$14.0 million decline in combined fund balance are higher capital expenditures, debt service costs and interfund loan of \$5.5 million from the RC fund to the WC fund to support capital investment.

Figure 5-11 shows a gradual increase in the Regional Wastewater Program fund balance, from \$59.7 million in FY 2013/14 to \$75.7 million in FY 2017/18.

Figure 5-11: Trend of Regional Wastewater Program Fund Balance



FY 2014/15 - FY 2017/18 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, the assumptions of 1% growth in property tax receipts, 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. For the next ten years, the member agencies are projecting 33,495 new EDU connections. The Agency projects a more conservative estimate of 21,700 new EDU connections based on historical trend and in line with the service area economic outlook. Based on current flow projections, the Agency's projection for treatment capacity utilization of existing facilities is expected to reach 76 percent, or 64.7 million gallons per day (MGD), by 2023. Included in the Agency's Adopted FY 2013/14 - 2022/23 TYCIP is the expansion of the Southern Service Area facilities where the majority of the future growth is anticipated.

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 WATER RECYCLING PLANT NO. 4

REGIONAL WASTEWATER CAPITAL IMPROVEMENT (RC) FUND

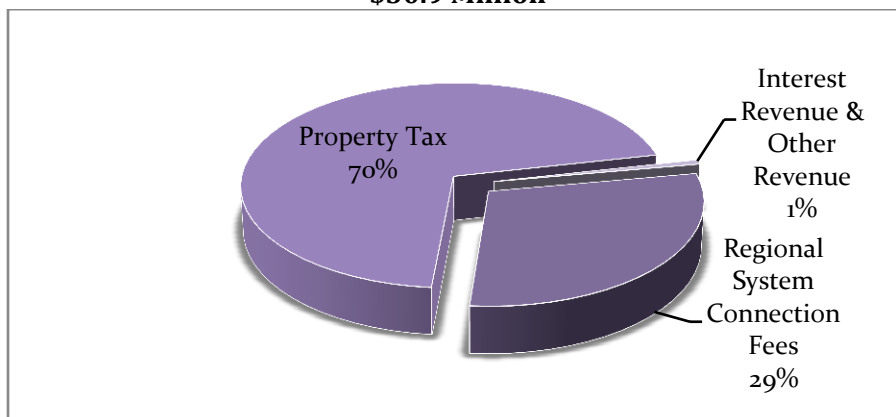
RC Fund Description

The Regional Wastewater Capital Improvement (RC) fund records the activities associated with the acquisition, construction, improvement, 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.

Revenue and Other Funding Sources

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

**Figure 5-12: FY 2013/14 RC Fund Revenue & Other Funding Sources
\$30.9 Million**



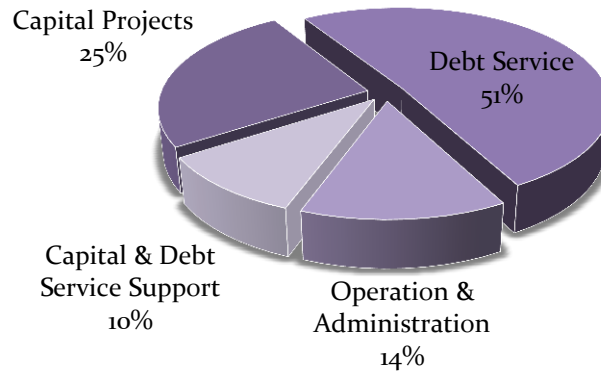
Total revenue and other funding sources of \$30.9 million budgeted in FY 2013/14 are summarized below in Table 5-10.

Table 5-10: FY 2013/14 RC Fund Revenue & Other Funding Sources (\$Millions)

Revenue Sources	Amount	Description
Property Tax Receipts	\$21.7	Assumes a 1 percent increase in FY 2013/14. Allocation of 65 percent of total property tax receipts to RC fund are designated for debt service costs in FY 2013/14.
Connection Fees	9.0	1,800 new EDUs connections compared to 1,700 units originally projected for FY 2012/13. New EDU connection fee to increase from \$4,909 per EDU to \$5,007/EDU effective 7/1/13.
Interest Income & Other	0.2	Interest earnings, lease revenues, and miscellaneous other receipts.
Total Revenue & Other Funding Sources	\$30.9	

Figure 5-13 shows percent of each cost component of the \$41.1 million budgeted expense in the RC fund.

**Figure 5-13: RC Fund Expenses and Other Uses of Funds
\$41.1 Million**



Total expenditures and other funding uses budgeted in FY 2013/14 are \$41.1 million as shown below in Table 5-11.

Table 5-11: FY 2013/14 RC Fund Expenses and Other Uses of Funds (\$Millions)

Expenses Category	Amount	Description
Capital Projects	\$10.4	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 Service	21.0	Includes principal and interest payments and financial expenses, and a \$5.5 million loan to Recycled Water fund to support capital expenditures
Operation & Administration	5.5	Includes labor, contract work, professional fees, allocated expenses, and NRW capacity fees
Inter-Fund Transfer (Debt Service & Capital Support)	4.2	Includes inter-fund transfers out to support Recycled Water and Recharge Program's debt service and Administrative Service Program's capital costs
Total Expenses	\$41.1	

RC Fund Capital Improvement Project Costs

The current RC program continues to emphasize improvement and enhancement of existing facilities and structures, providing system redundancy where needed to guarantee performance and compliance, and achieving energy efficiency and modernization of facilities. The Agency has invested significant resources in each of its facilities. With this investment, the Agency places the highest importance on maintaining

established “Levels of Service” and preserving asset reliability while protecting the health and safety of the public and the employees.

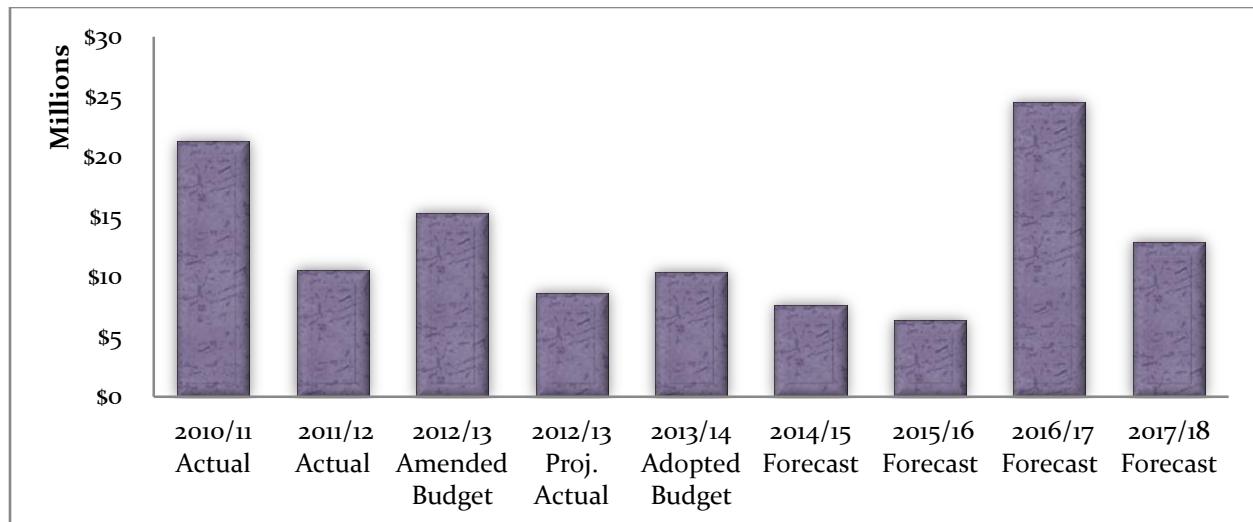
Listed in Table 5-12 are the major capital projects budgeted in FY 2013/14. For a complete listing of projects and descriptions, refer to the Capital section (Chapter 6).

Table 5-12: FY 2013/14 Major RC Fund Capital Projects (\$Millions)

Project Name	Budget
HVAC and Server Room Fire Suppression Improvements	\$1.2
RP-1 Aeration Ducting	0.8
Central Plant for New Operations Lab	0.7
RP-1 Headworks Rehabilitation Project	0.7
RP-1/RP-2 Flare Replacement	0.6
RP-5 Flow Equalization and Effluent Monitors	0.6
Investment in IERCA	0.5
All Other Regional Capital (RC) Projects	5.3
Total Regional Wastewater Capital (RC) Projects	\$10.4

Figure 5-14 shows actual and projected capital project costs between FY 2010/11 and FY 2017/18 in the Regional Wastewater Capital Program. Projects budgeted in FY 2016/17 include \$10 million for construction of a new Operations laboratory and \$12 million for several large improvement and enhancement projects.

Figure 5-14: Trend of RC Fund Capital Project Costs

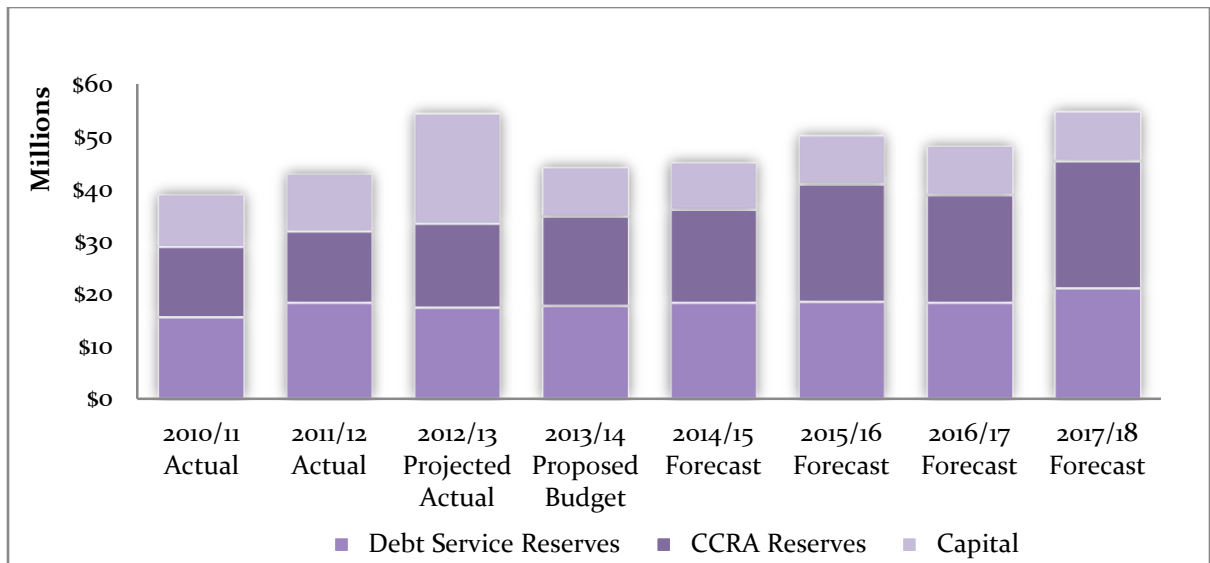


Regional Wastewater Capital Improvement (RC) Fund Balance

The RC ending fund balance in FY 2013/14 is projected to be \$44.2 million, a decrease of \$10.2 million from the \$54.4 million projected for FY 2012/13. The decrease in the RC fund balance is partly due to a \$5.5 million inter-fund loan to the WC fund and which will be repaid in the subsequent years.

Figure 5-15 below provides the current and forecasted trend of the changes in fund balances in the RC program.

Figure 5-15: Trend of RC Fund Balance



FY 2014/15- FY 2017/18 Forecast

The FY 2014/15 – FY 2017/18 Regional Wastewater Capital Program proposes five-year budget of approximately \$51.3 million for asset improvement projects. Based on current assumptions, the RC program ending fund balance is estimated to be \$44.2 million at the end of FY 2013/14. Thereafter, the fund balance is expected to increase an average of \$2.5 million each year 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 an improved economic forecast in the Agency’s service area resulting in increased connection fee revenue in the RC Fund.

The Operations Laboratory project is scheduled from FY 2015/16 through FY 2017/18, with most of the construction expected in FY 2016/17. Current laboratory testing technologies continue to advance and regulations continue to change requiring laboratories to detect parameters at lower levels, and test for additional chemicals of emerging concern (CECs). In order to accommodate these needs, maintain certification and continue to be a leader in the industry, a new laboratory needs to be constructed. The Agency has submitted an updated project scope and cost estimates to the State Water Resources Control Board for SRF loan request of \$13.6 million.

The Agency will continue to implement the Asset Management Program that began in 2004, focusing on solutions to meet regulatory, safety and capacity requirements to preserve asset reliability and protecting the health and safety of the public and employees. 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.

REGIONAL WASTEWATER OPERATIONS AND MAINTENANCE (RO) FUND

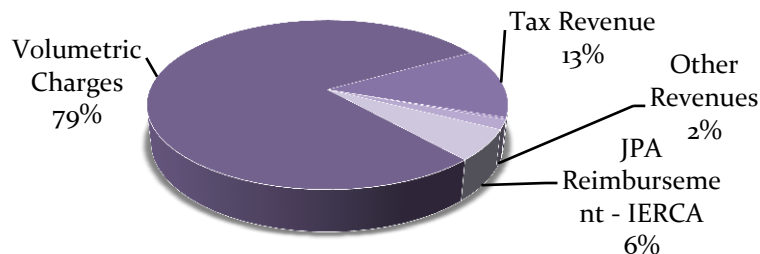
RO Fund Description

The Regional Wastewater Operations and Maintenance (RO) fund accounts for the revenue and operating costs directly related to the Agency’s domestic sewage treatment service program. The major sources of revenues are the service charges applied to the regional municipal wastewater flows from contract member agencies and billed on EDU volumetric basis. Another source of revenue is property tax receipts from San Bernardino County.

RO Fund Revenues and Other Funding Sources

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

Figure 5-16: FY 2013/14 RO Fund Revenue & Other Funding Sources (\$55.1 Million)



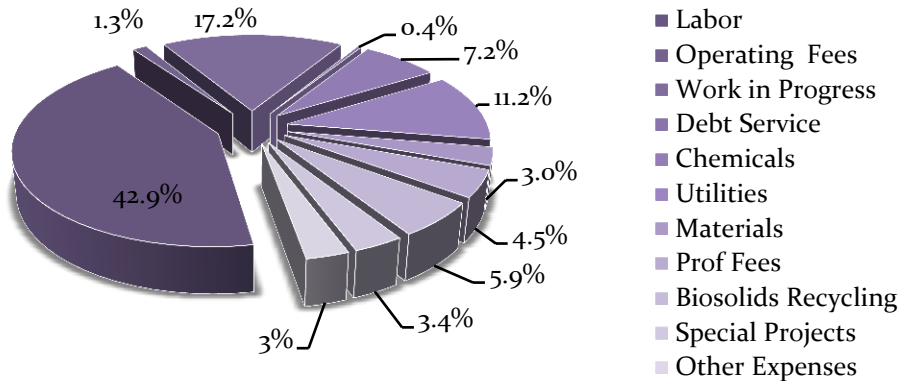
The primary elements of the \$55.1 million in total revenues and other funding sources budgeted in FY 2013/14 are summarized in Table 5-13.

Table 5-13: FY 2013/14 RO Fund Revenue & Other Funding Sources (\$Millions)

Revenue Sources	Amount	Description
Volumetric Charges	\$43.3	Projected growth of 0.50 percent in the number of over billable EDUs compared to FY 2012/13 adopted budget. EDU Volumetric rate to increase from \$12.39/EDU to \$13.39/EDU effective 7/1/13
Property Tax Receipts	7.3	Assumes a 1 percent increase in FY 2013/14. Allocation of 22 percent of total property tax receipts to RO Fund are designated to support debt service and capital investment. .
RCA Reimbursement	3.2	Reimbursement of employment costs from the IERCA for operational and administrative support.
Other User Charges, Contract Cost	1.1	Includes user charges from the regional owned non-reclaimable wastewater system, lease revenues, contract cost reimbursement, grant receipts, and laboratory service fees.
Interest Revenue	0.2	Interest income yield on the average fund balances.
Total Revenues	\$55.1	

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

Figure 5-17: FY 2013/14 RO Fund Expenses and Other Uses of Funds (\$58.9 Million)



The major categories of \$58.9 million in total expenditures and other funding uses budgeted in FY 2013/14 are summarized in Table 5-14.

Table 5-14: RO Fund Expenses and Other Uses of Funds (\$Millions)

Expense Category	FY 2013/14	Description
Employment	\$25.3	Regional Operations employment is 88 percent of the total Wastewater Program expenses and 75 percent of the total Agency's employment costs.
Utilities	6.7	No change in total consumption as budgeted in FY 2013/14, assume \$0.12 kWh electricity rate for direct access; renewal energy rates based PPA contracts and annual CPI increase.
Capital Replacement	10.1	Facilities and equipment condition assessment, maintenance, cleaning, and repairs related projects.
Chemicals	4.3	Higher dosage of polymer due to RP-1 Dewatering centrifuge, and ferric chloride to maintain digester gas H ₂ S concentration compliance.
Biosolids Recycling	3.5	Includes operating/tipping fees at \$52 per ton, transportation cost, and state land application hauling costs payable to the IERCF
Professional Fees & Services	4.7	Includes contract work and materials to maintain facility equipment
Materials & Supplies	1.7	Operations and maintenance supplies maintained at prior year level
Operating Fees	0.8	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	1.6	Includes office and administration, leases and rentals, and allocated expenses for operation facilities
Total Expenses	\$58.9	

RO Fund Capital Replacement Costs

The capital program for the Regional Wastewater Operations and Maintenance (RO) fund budgeted for FY 2013/14 is \$10.1 million, which is supported by the \$7.3 million in property tax receipts and fund reserves.

Table 5-15 lists the major projects for FY 2013/14.

Table 5-15: Major RO Fund Capital Replacement Costs (\$Millions)

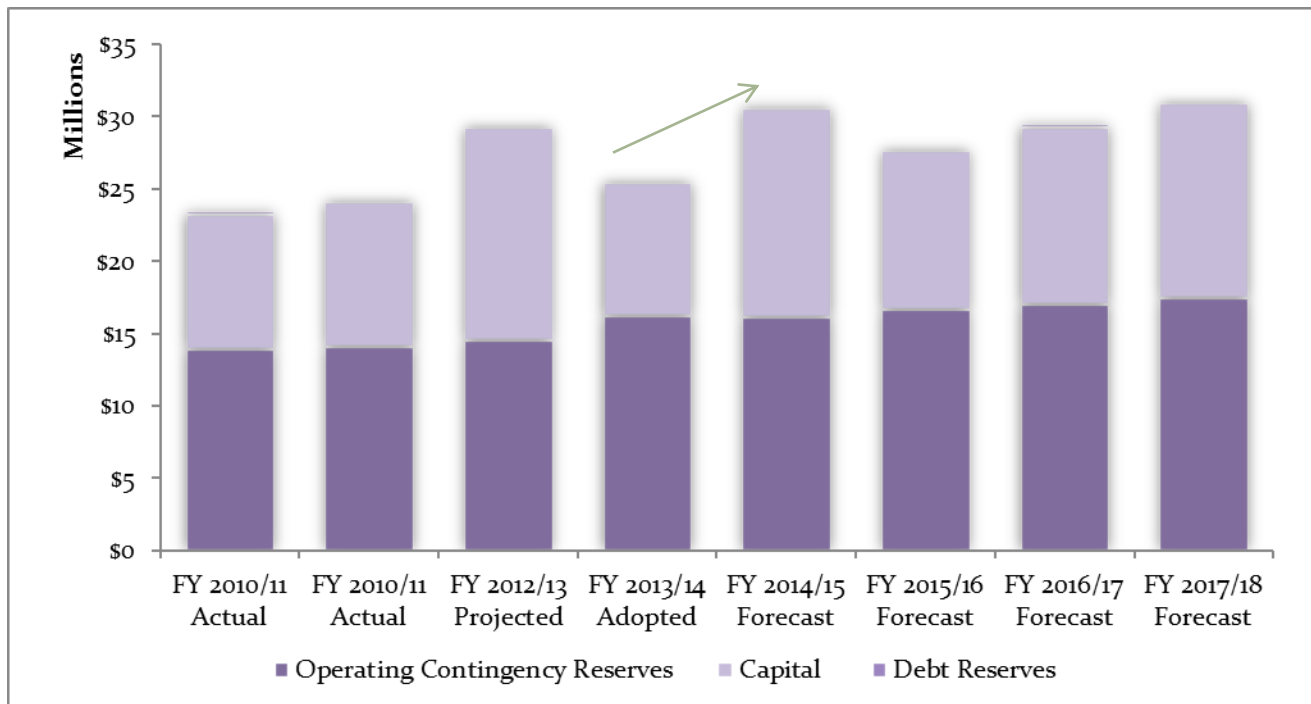
Project Name	FY 2013/14 Budget
RP-2 Dome Replacement	\$1.8
Montclair Lift Station Upgrades	1.6
SCADA Enterprise System Upgrade	0.9
RP-1 Secondary Clarifier Asset Rehab	0.8
CCWR Secondary Clarifier Rehab	0.7
RP-1 Asset Replacement	0.5
All Other Regional O&M (RO) Projects	3.8
Total	\$10.1

For a complete listing of projects and descriptions, refer to the Capital section (Chapter 6).

RO Fund Balance

The Regional Wastewater Operations and Maintenance (RO) fund balance for FY 2013/14 is projected to be \$25.6 million, a decrease of approximately \$3.8 million from the \$29.4 million projected for FY 2012/13. The decrease is primarily due to increased R&R project costs. Despite the Agency’s continual efforts to contain costs, rising rate from third party providers for electricity, health insurance and pension benefits also continue to drive up the operating costs. Figure 5-18 below provides current and forecasted trend fund balance in the RO fund.

Figure 5-18: Trend of Regional Wastewater Operations and Maintenance Ending Fund Balance



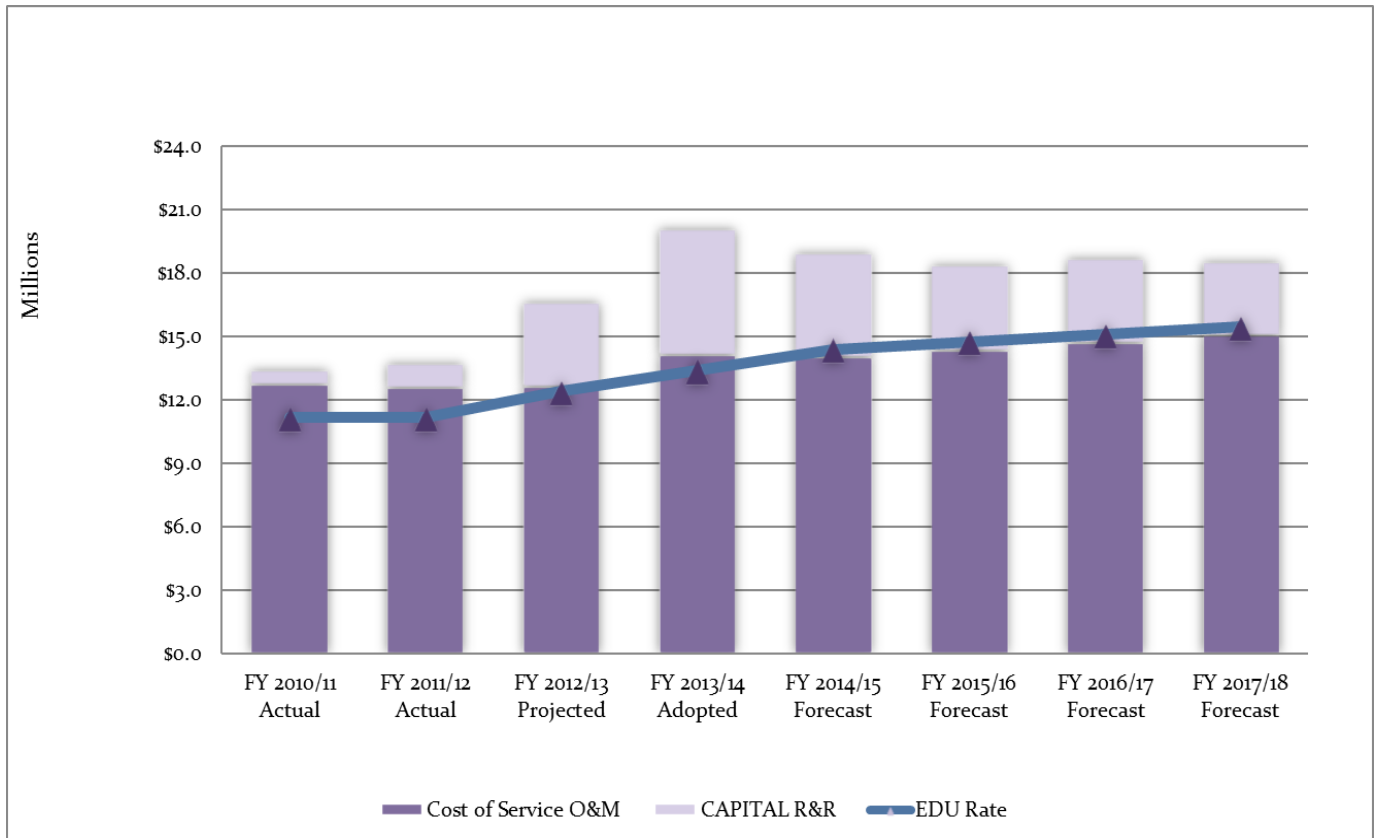
FY 2014/15- FY 2017/18 Forecast

The adopted multi-year rate increases will begin to replenish a portion of the RO fund reserves that over the years have been used to cover program 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 (which includes O&M and repair and replacement costs) 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 project projected to be completed in FY 2017/18 is 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 began in FY 2012/13 will be followed by 5 projects over 5 years for a total budget of \$10 million. A total of \$0.9 million is budgeted for this project in FY 2013/14.

Based on current assumptions for projected wastewater flows and operating costs, even after the three-year rate increases, the monthly EDU volumetric rate is not projected to fully cover future operating and capital replacement costs. O&M costs projected are to be fully covered beginning FY 2014/15, but rate increases in the future will be necessary in order to fully support the R&R costs, as illustrated in Figure 5-19 below.

Figure 5-19: Comparison of per EDU Volumetric rates to Cost of Service Includes O&M and R&R Costs



INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/14 BUDGET
REGIONAL CAPITAL (RC) FUND - SOURCES AND USES OF FUNDS

	2010/2011	2011/2012	2012/13	2012/13 PROJECTED ACTUAL	2013/2014 ADOPTED BUDGET	2014/2015	2015/2016	2016/2017	2017/18
	ACTUAL	ACTUAL	AMENDED			FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
Contract Cost reimbursement	\$19,246	\$14,299	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	461,557	473,708	373,500	309,126	201,000	272,000	300,000	355,000	385,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$480,803	\$488,007	\$373,500	\$309,126	\$201,000	\$272,000	\$300,000	\$355,000	\$385,000
OTHER FINANCING SOURCES									
Property Tax - Debt and Capital	\$21,584,498	\$21,118,918	\$21,194,716	\$30,671,795	\$21,678,590	\$21,895,376	\$22,114,329	\$22,335,473	\$22,558,827
Regional System Connection Fees	5,398,048	7,686,126	5,399,900	8,345,300	9,012,600	11,235,400	13,086,688	16,175,146	16,660,400
State Loans	13,477,209	5,461,495	0	807,430	0	0	990,000	9,000,000	3,600,000
Grants	784,566	1,067,648	0	0	0	0	0	0	0
Sale of Assets	225	21,848	2,339,250	4,678,500	0	0	0	0	0
Other Revenues	115,572	562,765	7,000	7,000	6,000	6,000	6,000	6,000	6,000
Loan Transfer from Internal Fund	3,700,000	0	0	0	0	0	0	0	1,000,000
TOTAL OTHER FINANCING SOURCES	\$45,060,118	\$35,918,801	\$28,940,866	\$36,158,725	\$30,697,190	\$33,136,776	\$36,197,017	\$47,516,619	\$43,825,227
EXPENSES									
Employment Expenses	\$3,854,506	\$3,581,441	\$3,524,299	\$3,524,299	\$4,083,214	\$4,168,798	\$4,320,589	\$4,413,368	\$4,510,226
Contract Work/Special Projects	607,407	1,652,783	180,557	75,000	310,000	210,000	60,000	60,000	60,000
Operating Fees	564,549	413,482	328,137	328,137	479,070	493,442	508,245	523,493	539,198
Professional Fees and Services	197,123	395,427	521,728	506,890	326,170	342,892	345,139	347,445	354,812
Other Expenses	430,958	503,734	533,208	584,029	316,639	514,939	329,432	463,998	342,741
TOTAL EXPENSES	\$5,654,544	\$6,546,867	\$5,087,929	\$5,018,355	\$5,515,093	\$5,730,071	\$5,563,405	\$5,808,304	\$5,806,977
CAPITAL PROGRAM									
IERCA investment	\$0	\$0	\$500,000	\$500,000	\$500,000	\$285,000	\$0	\$0	\$0
Work In Progress	21,246,888	10,511,280	14,788,256	8,098,649	9,879,711	7,320,000	6,315,000	24,500,000	12,895,998
TOTAL CAPITAL PROGRAM	\$21,246,888	\$10,511,280	\$15,288,256	\$8,598,649	\$10,379,711	\$7,605,000	\$6,315,000	\$24,500,000	\$12,895,998
DEBT SERVICE									
Financial Expenses	\$59,349	\$21,897	\$257,400	(\$129,000)	\$220,880	\$220,880	\$353,880	\$220,880	\$220,880
Interest	6,201,471	6,246,504	7,938,191	6,997,956	7,098,427	7,186,815	7,223,965	7,277,587	6,964,744
Principal	6,407,995	6,632,651	6,636,418	7,906,265	8,165,374	8,388,286	8,663,478	8,934,140	9,050,712
Short Term Inter-Fund Loan	0	0	0	0	5,500,000	0	0	0	0
TOTAL DEBT SERVICE	\$12,668,815	\$12,901,052	\$14,832,009	\$14,775,221	\$20,984,681	\$15,795,981	\$16,241,323	\$16,432,607	\$16,236,336
TRANSFERS IN (OUT)									
Capital Contribution	(\$338,604)	(\$522,133)	(\$3,577,668)	(\$3,198,208)	(\$2,247,990)	(\$1,420,834)	(\$1,216,726)	(\$885,400)	(\$699,000)
Debt Service	3,750,186	(2,008,328)	(2,131,750)	(1,830,928)	(1,940,495)	(1,970,215)	(2,081,426)	(2,131,054)	(2,130,850)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$3,411,582	(\$2,530,461)	(\$5,709,418)	(\$5,029,136)	(\$4,188,485)	(\$3,391,049)	(\$3,298,152)	(\$3,016,454)	(\$2,829,850)
FUND BALANCE									
Net Income (Loss)	\$9,382,256	\$3,917,148	(\$11,603,246)	\$11,397,790	(\$10,169,780)	\$886,675	\$5,079,137	(\$1,885,746)	\$6,441,066
Beginning Fund Balance July 01	29,706,797	39,089,053	43,006,201	43,006,201	54,403,991	44,234,211	45,120,886	50,200,023	48,314,277
ENDING FUND BALANCE AT JUNE 30	\$39,089,053	\$43,006,201	\$31,402,955	\$54,403,991	\$44,234,211	\$45,120,886	\$50,200,023	\$48,314,277	\$54,755,343
RESERVE BALANCE SUMMARY									
Capital Expansion / Construction	\$10,031,823	\$11,030,077	\$9,937,255	\$20,963,171	\$9,469,491	\$9,064,213	\$9,315,750	\$9,451,333	\$9,502,472
CCRA Capital Construction	13,446,467	13,640,624	4,040,524	15,985,924	16,998,524	17,733,924	22,320,612	20,495,758	24,156,158
Debt Service & Redemption	15,610,763	18,335,500	17,425,176	17,454,896	17,766,196	18,322,749	18,563,661	18,367,186	21,096,713
ENDING BALANCE AT JUNE 30	\$39,089,053	\$43,006,201	\$31,402,955	\$54,403,991	\$44,234,211	\$45,120,886	\$50,200,023	\$48,314,277	\$54,755,343

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/2014 BUDGET
REGIONAL OPERATIONS & MAINTENANCE (RO) FUND - SOURCES AND USES OF FUNDS

	2010/2011 ACTUAL	2011/2012 ACTUAL	2012/13 AMENDED BUDGET	2012/2013 PROJECTED ACTUAL	2013/2014 PROPOSED BUDGET	2014/15	2015/16	2016/17	2017/18
	FORECAST								
REVENUES									
User Charges	\$35,027,609	\$35,573,096	\$38,291,573	\$40,064,913	\$43,469,257	\$46,817,680	\$48,071,174	\$49,330,644	\$50,596,113
Property Tax- O&M	4,369,732	3,626,978	(305,254)	0	0	0	0	0	0
Cost Reimbursement JPA	2,496,771	2,607,121	3,225,907	3,060,793	3,262,445	3,327,694	3,394,248	3,462,133	3,531,375
Contract Cost Reimbursement	245,310	279,346	93,000	62,448	93,000	93,000	93,000	93,000	93,000
Interest Revenue	174,474	131,196	150,000	190,000	245,000	370,000	438,000	500,000	520,000
TOTAL REVENUES	\$42,313,895	\$42,217,737	\$41,455,226	\$43,378,154	\$47,069,702	\$50,608,374	\$51,996,422	\$53,385,777	\$54,740,488
OTHER FINANCING SOURCES									
Property Tax Revenues - Debt/Capital/Reserves	\$2,107,578	\$3,651,586	\$7,478,850	\$10,381,223	\$7,337,369	\$9,095,002	\$9,185,952	\$9,277,812	\$9,370,590
Grants	22,439	47,344	49,250	49,250	46,550	0	0	0	0
Other Revenues	72,154	814,561	360,000	434,350	637,200	745,416	764,178	783,504	803,409
TOTAL OTHER FINANCING SOURCES	\$2,202,171	\$4,513,491	\$7,888,100	\$10,864,823	\$8,021,119	\$9,840,418	\$9,950,130	\$10,061,316	\$10,173,999
EXPENSES									
Employment Expenses	\$23,227,410	\$23,673,521	\$25,011,035	\$23,652,197	\$25,321,594	\$25,764,968	\$26,574,222	\$27,110,410	\$27,640,597
Contract Work/Special Projects	610,454	982,890	200,027	156,793	1,989,050	730,000	730,000	670,000	670,000
Utilities	4,546,884	4,903,594	6,894,660	6,587,605	6,696,490	6,959,283	7,235,831	7,524,065	7,824,505
Operating Fees	1,439,603	1,235,967	854,602	855,104	782,059	804,268	824,229	847,401	874,611
Chemicals	3,760,188	3,310,504	4,259,080	3,594,686	4,277,663	4,425,815	4,558,590	4,695,347	4,836,207
Professional Fees and Services	1,575,471	1,604,098	2,702,834	2,045,318	2,678,175	2,710,717	2,777,031	2,847,111	2,923,736
Office and Administrative expenses	142,880	24,820	218,939	193,405	433,664	434,674	435,713	436,785	437,889
Biosolids Recycling	3,613,410	3,915,085	3,626,523	3,486,380	3,458,066	3,531,200	3,605,196	3,682,301	3,802,660
Materials & Supplies	1,940,661	1,673,006	1,962,640	1,689,500	1,761,278	1,817,373	1,870,114	1,924,424	1,980,342
Other Expenses	799,289	866,927	1,422,656	1,272,455	1,142,713	1,273,913	1,188,693	1,284,681	1,236,560
TOTAL EXPENSES	\$41,656,249	\$42,190,411	\$47,152,995	\$43,533,443	\$48,540,752	\$48,452,211	\$49,799,619	\$51,022,525	\$52,227,107
CAPITAL PROGRAM									
Work In Progress	\$2,024,855	\$4,011,385	\$7,264,215	\$4,951,511	\$6,729,724	\$6,104,200	\$10,814,000	\$10,590,000	\$9,270,000
Capital Adjustment	0	(359,800)	0	0	3,400,000	584,356	4,000,000	0	1,550,000
TOTAL CAPITAL PROGRAM	\$2,024,855	\$3,651,586	\$7,264,215	\$4,951,511	\$10,129,724	\$6,688,556	\$14,814,000	\$10,590,000	\$10,820,000
DEBT SERVICE									
Financial Expenses	\$36,968	\$259	\$350	\$250	\$300	\$300	\$300	\$300	\$300
Interest	45,755	4,992	214,285	214,285	214,285	214,285	214,285	214,285	214,285
TOTAL DEBT SERVICE	\$82,723	\$5,251	\$214,635	\$214,535	\$214,585	\$214,585	\$214,585	\$214,585	\$214,585
TRANSFERS IN (OUT)									
Capital Contribution	\$0	\$0	\$0	(\$400,000)	\$0	\$0	\$0	\$0	\$0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	\$0	(\$400,000)	\$0	\$0	\$0	\$0	\$0
FUND BALANCE									
Net Income (Loss)	\$752,239	\$883,980	(\$5,288,519)	\$5,143,487	(\$3,794,240)	\$5,093,440	(\$2,881,652)	\$1,619,983	\$1,652,795
Beginning Fund Balance July 01	22,657,655	23,409,894	24,293,874	24,293,874	29,437,361	25,643,121	30,736,561	27,854,909	29,474,892
ENDING FUND BALANCE AT JUNE 30	\$23,409,894	\$24,293,874	\$19,005,355	\$29,437,361	\$25,643,121	\$30,736,561	\$27,854,909	\$29,474,892	\$31,127,687
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$13,885,419	\$14,063,469	\$15,717,665	\$14,511,150	\$16,180,253	\$16,150,739	\$16,599,876	\$17,007,510	\$17,409,038
Capital Expansion / Construction	9,309,840	10,015,770	3,073,105	14,711,626	9,248,283	14,371,237	11,040,448	12,252,797	13,504,064
Debt Service & Redemption	214,635	214,635	214,585	214,585	214,585	214,585	214,585	214,585	214,585
ENDING BALANCE AT JUNE 30	\$23,409,894	\$24,293,874	\$19,005,355	\$29,437,361	\$25,643,121	\$30,736,561	\$27,854,909	\$29,474,892	\$31,127,687

NON-RECLAIMABLE WASTEWATER PROGRAM

Programmatic Overview

The Non-Reclaimable Wastewater System (NRWS) is a key element of the Chino Basin Watermaster Optimum Basin Management Plan (OBMP) strategy. The NRWS provides a collections system which includes pipelines and pump stations 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 NRWS is physically separated from the Agency's Regional Wastewater System, ensuring further compliance with the California Regional Water Quality Control Board and state regulations related to environmental criteria and improving the quality of recycled water for local use. Maximizing the use of the NRW system helps ensure that the Agency complies with the final effluent total dissolved solids (TDS) limits which is listed in the National Pollutant Discharge Elimination System (NPDES) permits.

The NRW system is operated by the Agency and is comprised of two separate collection systems, the Northern and Southern systems.

- The North System serves approximately 47 industries, truckers, and municipalities for groundwater treatment facilities for brines and conveys wastewater to adjoining interceptor sewer lines owned and operated by the County Sanitation Districts of Los Angeles County (CSDLAC).
- The South System serves approximately 13 industries and the Chino Basin Desalter Authority, conveys wastewater to the Inland Empire Brine Line (IEBL), which is owned by the Santa Ana Watershed Project Authority (SAWPA). The wastewater is diverted to the Orange County Sanitation District (OCSD) facility in Fountain Valley for treatment and ocean discharge.

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

Fund Description

The Non-Reclaimable Wastewater (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, wastewater conveyance/transport, and wastewater treatment.

Funds are budgeted for the design, construction, management, and administration costs 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 2013/14 Non-Reclaimable Wastewater Program has budgeted total revenues and other funding sources of \$10.0 million. Revenues include fees for volumetric, capacity, strength, administrative and operations, capital improvement program (CIP), other services, and interest income.

The NRW program rate structure is based on the pass through rates initially adopted in July 2005. Pass through rates allow the Agency to recover rates billed by CSDLAC (North) and SAWPA (South) for capacity, volumetric, and strength fees. As a result, the North and South systems have different rate structures, as shown in Table 5-16. As the current agreement between the Agency and CSDLAC for the North NRW system is set to expire in May 2018, the Agency has initiated discussions with CSDLAC with a goal to have a new contract by late summer 2013. Concurrently, the Agency is evaluating the pass-through rate structure and the Agency's operating fees in an effort to achieve more stable regional rates that fully cover program costs.

Table 5-16: NRW Rates

Rate Description	FY 2012/13	FY 2013/14	FY 2014/15
	Adopted	Adopted	Proposed
Monthly Capital Improvement Fee (CIP)	\$90.00	\$90.00	\$90.00
Monthly Capacity Unit Fee - North	\$123.27 / \$319.00	\$319.00	\$319.00
Monthly Capacity Unit Fee - South	\$277.17	\$318.49	\$334.43
Volumetric Fee - North	\$1,437.26	\$1,437.49	\$1,437.49
Volumetric Fee -South	\$794.00	\$736.00	\$777.00
Strength Charges - North*			
Total Suspended Solids (TSS)	\$294.21	\$294.21	\$294.21
Chemical Oxygen Demand (COD)	\$110.81	\$110.81	\$110.81
Strength Charges - South			
Total Suspended Solids (TSS)	\$376.00	\$395.00	\$415.00
Biochemical Oxygen Demand (BOD)	\$253.00	\$266.00	\$280.00
Operations Fee			
Non-Recycled Water User	50%	50%	50%
Recycled Water User (Pro-rated)	10% - 50%	10% - 50%	10% - 50%

*North System threshold limits for TSS (308 mg/L) and COD (725 mg/L)

In addition to the pass through rates, the user charges include the Agency's operating and capital costs associated with the operations, maintenance, replacement, and improvement of the NRWS system. The FY 2013/14 operations fee for volumetric, capacity and strength (TSS/COD/BOD) charges will remain at 50 percent for non-recycled water users and 10 percent (pro-rated) for recycled water users. The discounted operations fee acts as an incentive to promote the use of recycled water throughout the Agency's service area.

There is no change in the current capacity fee of \$319 per capacity unit adopted in October 2012. Capacity fees support the CSDLAC Repair, Replacement, Refurbishment and Relocation (4Rs) capital pass-through charge. Included in these pass-through charges is the carryover of \$1.5 million for 4R charges related to FY 2011/12. The 4R costs for FY 2011/12 of \$2.7 million, billed to the Agency in October 2012, well exceeded the annual average of \$1.5 million. In order to mitigate the impact to the NRW customers, the Agency's Board approved amortizing \$1.5 million of the \$2.7 million over the next two fiscal years (FY 2013/14 – FY 2014/15).

Total revenues of \$10.0 million in FY 2013/14 indicate an increase of \$3.1 million compared to FY 2012/13 projected revenues of \$6.9 million. The increase is primarily due to higher capacity fees and strength fees which results in higher administrative service charges. Table 5-17 below shows the source of total revenues.

Table 5-17: FY 2013/14 Total NRW Revenues

Revenues Sources	FY 2013/14 Budget \$Million	% of Total	Description
Volumetric Fees	\$2.2	22%	Monthly fee based on adopted fees and metered wastewater flow
Capacity Fees	2.6	26%	Monthly fee to the holders of capacity rights which includes a portion of the recovery of CSDLAC 4Rs charges carried over in FY 2011/12.
Excess User Fees	1.2	12%	Fee for wastewater strength composition*
Other Users IEUA User Fees	3.0	30%	Administrative, operational, and capacity surcharges
Other Revenues	1.0	10%	Annual lease for NRWS capacity rights from GenOn; reimbursement from special projects; interest earned on reserve balance and amount loaned to Recycled Water.
Total Revenues	\$10.0	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 North and South 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 FY 2013/14 expenditures of \$10.7 million are \$3.0 million higher compared to FY 2012/13 Projected Actual of \$7.7 million. The increase is mainly due to higher pass-through operating fees and capital projects. Table 5-18 below shows the expense categories of the NRW program.

Table 5-18: FY 2013/14 Total NRW Expenses

Expense Categories	FY 2013/14 Budget \$Million	% of Total	Description
Capital Projects	\$3.4	32%	Includes \$1.0M CSDLAC 4R's and capital project costs as listed in Table 5-20 and appendices section
Operating Fees	4.0	37%	Includes CSDLAC and SAWPA pass through fees
Administration & Operations	2.4	22%	Includes Agency employment, chemicals, materials & supplies, professional fees, utilities, and other operating costs.
Debt Service	0.5	5%	Includes 2008A Bond and IEBL Loan principal and interest payments
Special Projects	0.2	2%	Includes Regional Brine Management study, pipe cleaning, and meter maintenance costs to support the Agency's NRW system
Other Expense	0.2	2%	Includes NRW portion of expense allocation and capital transfers to support Agency wide asset acquisition
Total Expenses	\$10.7	100%	

Capital Expense

The NRW Program's total capital project expenditures for FY 2013/14 are budgeted at \$3.4 million and include 1.0M for the CSDLAC Capital Replacement charges (4Rs), as noted in Table 5-19.

Table 5-19: FY 2013/14 NRW Capital Expenditures by Major Project

Major Capital Projects	FY 2013/14 \$Million
CSDLAC Capital Replacement (4R's)	\$1.0
Philadelphia Pump Station Upgrades	0.8
NRW Collection System Repairs Phase 3	0.5
CM Misc. NRW Construction & Emergency Projects	0.3
Cleanouts for Philadelphia Pump Station Force Main	0.3
Philly Pump Station Communication System	0.2
NRWS Connections & Emergency Pipeline Repairs	0.1
Other Projects	0.2
Total	\$3.4

Debt Service

In FY 2013/14, \$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, and \$440 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 Loan

A total of \$15 million in inter fund loans have been issued to the Recycled Water (WC) Program beginning with \$9.0 million in FY 2007/08 and \$6.0 million in FY 2009/10. Repayment of the two loans is indicated in Table 5-20.

Table 5-20: Inter-fund Loan Repayment Schedule to NRW Program

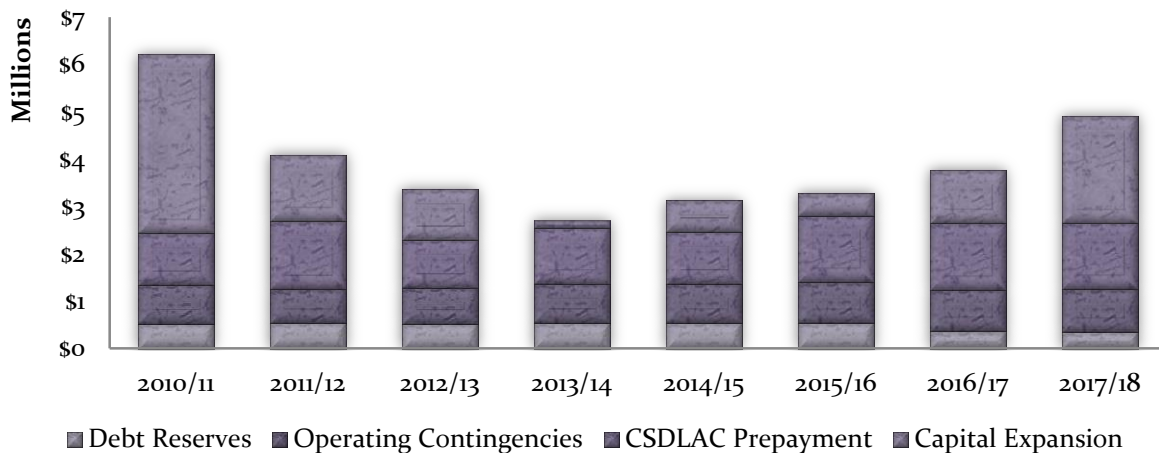
Fiscal Year Issued	Issued to	Inter-Fund Loan Amount	Repayments Scheduled to Begin	Repayments Scheduled to End
FY 2007/08	WC Fund	\$9 M	FY 2016/17	FY 2020/21
FY 2009/10	WC Fund	\$6 M	FY 2022/23	FY 2020/21

Fund Balance

The FY 2013/14 fund balance is projected to be \$2.7 million. Figure 5-20 illustrates the trend of both historical and projected NRW ending fund balances through FY 2017/18. The incremental loan repayments from WC fund starting FY 2016/17 accounts for the increase in fund balances.

The Ending Fund Balance decline in FY 2011/12 was due to significantly higher 4Rs capital charges of \$2.7 million from Los Angeles County Sanitations District. Since these capital charges were above normal and could not all be passed through to the industries in full due to the financial strain, the Agency paid the a portion of the charges from fund reserves. The portion the Agency paid will be recovered from the industries over a period of 2.5 years based on a per capacity unit charge of \$478.50.

Figure 5-20: Trend of Non-Reclaimable Wastewater Program Ending Fund Balance by Category



FY 2014/15 to FY 2017/18 Forecast

The first repayment installment on the \$15 million inter-fund loans due from the Recycled Water (WC) Fund (\$9 million in FY 2007/08 and \$6 million in FY 2009/10) is slated to begin in FY 2016/17. Thereafter, the NRW fund reserve balance is anticipated to increase from \$4.8 million in FY 2017/18 to \$15.1 million in FY 2020/23 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 to divert high Total Dissolved Solids (TDS) toxicity wastewater flows from the Agency's regional wastewater system.
- ❑ Reducing salinity contributions from the Agency's water recycling facilities and sustaining the high quality of its recycled water.
- ❑ Promote economic development in the Agency's service area by sustaining a cost effective NRW program.



PHILADELPHIA LIFT STATION

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/14 ADOPTED BUDGET
NON-RECLAIMABLE WASTEWATER SYSTEM (NC) FUND**

	2010/2011	2011/2012	2012/2013	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
User Charges	\$6,593,042	\$5,756,361	\$7,849,136	\$5,876,743	\$9,028,293	\$9,153,135	\$9,237,141	\$8,916,208	\$9,060,999
Contract Cost reimbursement	1,645	0	0	0	0	0	0	0	0
Interest Revenue	128,907	89,830	225,123	225,123	251,307	302,965	350,000	397,500	420,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$6,723,594	\$5,846,191	\$8,074,259	\$6,101,866	\$9,279,600	\$9,456,100	\$9,587,141	\$9,313,708	\$9,480,999
OTHER FINANCING SOURCES									
Other Revenues	\$125,675	\$721,332	\$691,391	\$630,845	\$718,012	\$777,753	\$13,000	\$13,000	\$13,000
Sale of Capacity	150,000	215,000	0	215,000	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	0	0	0	1,000,000	1,500,000
TOTAL OTHER FINANCING SOURCES	\$275,675	\$936,332	\$691,391	\$845,845	\$718,012	\$777,753	\$13,000	\$1,013,000	\$1,513,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	6,999,269	6,782,523	8,765,650	6,947,711	9,997,612	10,233,854	9,600,141	10,326,708	10,993,999
EXPENSES									
Employment Expenses	\$2,022,853	\$1,756,082	\$1,664,561	\$1,664,100	\$1,744,963	\$1,781,537	\$1,846,405	\$1,886,054	\$1,941,977
Contract Work/Special Projects	8,589	39,833	60,000	25,301	170,000	60,000	60,000	60,000	60,000
Utilities	61,848	56,719	67,771	64,594	64,192	66,118	69,279	72,595	76,072
Operating Fees	2,715,110	2,721,974	3,833,268	3,049,783	4,002,647	4,122,103	4,270,603	4,316,795	4,445,690
Chemicals	165,609	129,508	216,000	190,000	216,000	222,480	229,154	236,029	243,110
Professional Fees and Services	19,258	37,293	84,951	86,754	164,222	134,358	136,339	138,380	140,479
Biosolids Recycling	15,609	45,740	33,460	15,000	25,000	25,750	26,523	27,318	28,138
Materials & Supplies	47,243	29,049	61,017	61,700	150,700	155,221	159,879	164,673	169,614
Other Expenses	153,309	242,879	181,250	(258,786)	120,498	141,179	125,417	140,117	130,539
TOTAL EXPENSES	\$5,209,428	\$5,059,176	\$6,202,278	\$4,898,446	\$6,658,222	\$6,708,746	\$6,923,600	\$7,041,961	\$7,235,619
CAPITAL PROGRAM									
CSDLAC 4Rs	\$697,113	\$2,700,257	\$1,429,818	\$1,429,818	\$1,008,323	\$1,179,062	\$1,088,575	\$1,400,000	\$1,400,000
Work In Progress	722,531	1,129,134	2,627,970	752,054	2,363,160	1,350,000	850,000	850,000	850,000
WIP Adjustment	0	(332,818)	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAM	\$1,419,644	\$3,496,573	\$4,057,788	\$2,181,872	\$3,371,483	\$2,529,062	\$1,938,575	\$2,250,000	\$2,250,000
DEBT SERVICE									
Financial Expenses	(\$5,938)	(\$5,951)	\$550	(\$7,425)	\$400	\$400	\$400	\$400	\$400
Interest	208,412	201,678	409,080	409,081	401,545	393,559	385,094	376,120	366,609
Principal	118,463	125,570	125,570	133,105	141,091	149,556	158,530	168,041	0
TOTAL DEBT SERVICE	\$320,937	\$321,297	\$535,200	\$534,761	\$543,036	\$543,515	\$544,024	\$544,561	\$367,009
TRANSFERS IN (OUT)									
Capital Contribution	(\$12,353)	(\$19,048)	(\$130,516)	(\$78,368)	(\$82,008)	(\$51,833)	(\$44,387)	(\$32,300)	(\$25,500)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$12,353)	(\$19,048)	(\$130,516)	(\$78,368)	(\$82,008)	(\$51,833)	(\$44,387)	(\$32,300)	(\$25,500)
FUND BALANCE									
Increase/(Decrease)	\$36,907	(\$2,113,572)	(\$2,160,132)	(\$745,736)	(\$657,138)	\$400,697	\$149,555	\$457,886	\$1,115,870
Beginning Fund Balance July 01	6,164,218	6,201,125	4,087,553	4,087,553	3,341,817	2,684,679	3,085,376	3,234,931	3,692,816
ENDING BALANCE AT JUNE 30	\$6,201,125	\$4,087,553	\$1,927,421	\$3,341,817	\$2,684,679	\$3,085,376	\$3,234,931	\$3,692,817	\$4,808,686
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$815,390	\$715,316	\$768,683	\$753,479	\$827,691	\$841,356	\$863,448	\$887,479	\$909,037
Capital Expansion & Replacement	3,761,681	1,399,684	(555,524)	1,044,815	134,410	611,421	426,922	1,038,329	2,142,723
CSDLAC Prepayment	1,088,854	1,429,818	1,179,062	1,008,323	1,179,062	1,088,575	1,400,000	1,400,000	1,400,000
Debt Service & Redemption	535,200	542,735	535,200	535,200	543,515	544,024	544,561	367,009	356,926
ENDING BALANCE AT JUNE 30	\$6,201,125	\$4,087,553	\$1,927,421	\$3,341,817	\$2,684,678	\$3,085,376	\$3,234,931	\$3,692,817	\$4,808,686

RECHARGE WATER 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, stored during wet years and be made available during drought years and times of imported water supply shortages.

FY 2013/14 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 2013/14 is approximately 20,000 acre-feet (AF) which includes 10,000 AF of storm water, 10,000 AF of recycled water, and no imported water (assumes replenishment water will not be available from MWD or purchased by Chino Basin Watermaster).

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 2013/14 includes installation of a new recycled water turnout at 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 the Deer Creek. The turnout is needed as the Deer Creek inlet is too low to allow water to flow into Turner 1 during most of the year.

Reuse of recycled water for groundwater recharge is a critical component of the Optimum Basin Management Plan (OBMP) and water supply plans for the region as it will increase the reliability of water supplies during dry years. As of May 2013, recycled water sales were 28,845 AFY, consisting of 19,440 AFY for direct use and 9,405 AFY for groundwater recharge.

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, utilities, equipment, and tools), contracted services (e.g. weeding and vector control), as well as compliance reporting and environmental documentation for the program's Fish & Game Permit. The operations and maintenance budget is funded by Chino Basin Watermaster 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 reimbursed by the CBWM and the Agency. The Agency's portion is supported by a fund transfer from the Regional Wastewater Capital Improvement (RC) fund.

Revenues and Other Funding Sources

Total budgeted revenues and other funding sources for FY 2013/14 is \$2.6 million, as indicated in Table 5-21. The budget is comprised of reimbursements from the CBWM for groundwater recharge facilities operations and maintenance (O&M) of \$0.8 million, capital support of \$0.3 million, and debt service \$0.2 million for a total of \$1.3 million; and the remaining balance of \$1.3 million will be contributed by IEUA for its portion of capital (50/50 shared with CBWM), debt service, and pro-rata of O&M cost.

Table 5-21: FY 2013/14 Revenue and Other Funding Sources

Revenue Sources	FY 2013/14 Budget (\$Millions)	% of Total	Description
CBWM GWR O&M	\$0.8	31%	Groundwater Recharge Operations & Maintenance (GWR O&M) or facilities reimbursement from CBWM
CBWM Debt Service	0.2	12%	Reimbursement from CBWM for its share of the debt service costs, interest rate estimated at 0.32 percent based on historical performance
CBWM Capital Support	0.3	12%	Capital project (50/50 shared with the Agency) cost share for Hickory Basin \$100,000, Prado Basin Monitoring \$50,000, CB20 Noise Mitigation \$160,000, and Jurupa Pump Station \$300,000.
IEUA Operation Support	1.3	45%	Operating transfer for the Agency's pro-rata share for groundwater basin maintenance and capital project for \$464,000 and \$305,000, respectively from the Recycled Water Fund; and debt service share for \$476,000 from the Regional Wastewater Capital Improvement (RC) Fund and interest income for \$20,000.
Total Revenue	\$2.6	100%	

Groundwater Recharge Pro-Rata Cost Sharing Methodology

In year 2008, a memorandum was issued to document the agreed upon administrative methodology for calculating pro-rata cost sharing for the groundwater recharge (GWR) operations and maintenance (O&M) costs based upon Peace II language. This method of calculation became effective July 1, 2008, and is renewable through mutual agreement every three years between Chino Basin Watermaster and IEUA. The calculation methodology is still in effect in FY 2013/14.

The pro rata cost-sharing for basins utilizing recycled water is determined annually on a basin-by-basin basis. IEUA's pro rata percentage of O&M costs is determined for each basin based on the relative proportion of recycled water to the total water recharged in that basin in the prior fiscal year. That percentage is then multiplied by the projected total O&M costs budgeted for that basin for the following fiscal year to derive an estimate of the pro rata share.

Expenses and Other Uses of Funds

Total Recharge Program expenses for FY 2013/14 are \$2.7 million, as shown in Table 5-22 below. The expenses include \$0.8 million of debt service costs for the Chino Basin Facilities Improvement Project (CBFIP); groundwater operations and maintenance cost for \$1.3 million; and \$0.6 million for capital projects.

Table 5-22: FY 2013/14 Recharge Program Expenses

Expense Categories	FY 2013/14 Budget (\$Millions)	% of Total	Description
Debt Service	\$0.8	30%	Includes payment on bond principal and interest and financial expenses.
Groundwater O&M	1.3	48%	Includes GWR maintenance & administration costs, utilities, specialty O&M, CBWCD, SBCFCD costs, and operating costs for support by IEUA staff
Capital/ Special Projects	0.6	22%	Capital project costs for basin modifications and repairs. Projects: Hickory Basin \$100,000, Prado Basin Monitoring \$50,000, CB20 Noise Mitigation \$160,000, and Jurupa Pump Station \$300,000.
Total Expense	\$2.7	100%	

Capital Projects

The capital project costs for the Recharge Capital Program mainly involve modifications, improvements and refurbishment at selected basins such as Hickory and Prado basins, CB20 Noise Mitigation, and Jurupa Pump Station for a total of approximately \$0.6 million. CBWM is currently updating the Recharge Master Plan and Agency staff is working closely with CBWM staff to ensure that planning efforts are coordinated and appropriate for the Agency's service area.

Debt Service

In January of 2002, the Agency's Board of Directors approved the Recharge Master Plan Implementation Memorandum of Agreement encompassing CBWM, Chino Basin Water Conservation District, San Bernardino (RMPI) County Flood Control District (SBCFCD), and the Agency. The four agencies formed a Groundwater Recharge Coordinating Committee to implement an initial \$40-million program, entitled the Chino Basin Facilities Improvement Project (CBFIP) to develop recharge facilities from existing flood control basins. IEUA served as the lead agency for implementation (design, construction, operation, and maintenance) of this cooperative program. In the summer of 2005, Phase I CBFIP improvements were completed and recharge operations commenced in the upgraded facilities.

To finance the CBFIP effort, the Agency issued \$59 million revenue bond in July 2002 which matures in FY 2031/32. A portion of the net bond proceeds, \$19.7 million combined with \$19 million Prop 13 grant

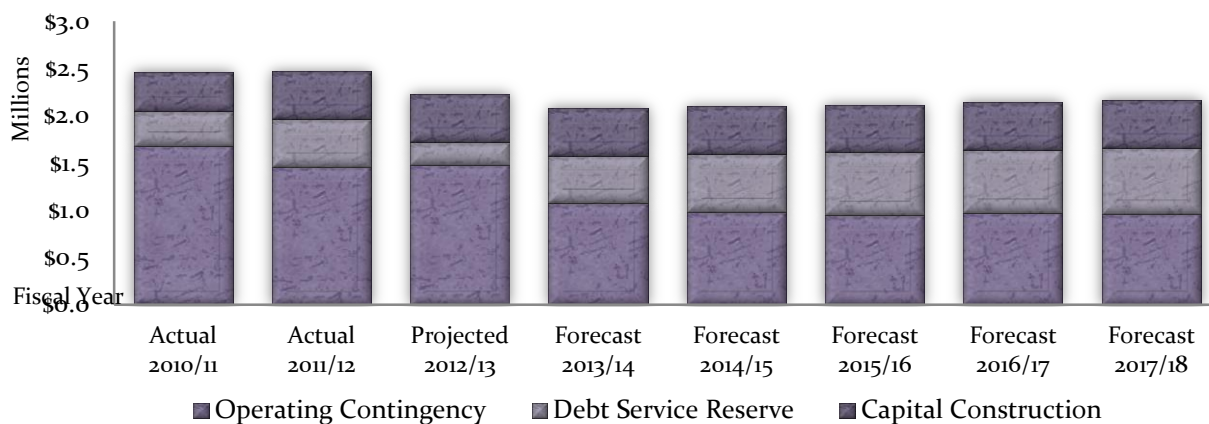
provided most of the funding for the CBFIP. The 2002 Bond was refinanced in April 2008 by the issuance of a Variable Rate Demand Revenue Bonds, Series 2008B for \$55.675 million which matures in FY 2031/32.

Debt service expenses of \$0.8 million for the 2008B Variable Rate Bond principal and interest debt payment is shared by CBWM and IEUA. Variable interest rate for FY 2013/14 is assumed to be 1 percent (slightly higher than the FY 2012/13 projected interest rate of less than 1 percent). For FY 2013/14 lower variable interest rate of 0.32% was assumed for CBWM's share compared to 3%-4% assumed in prior years. Additionally, CBWM's share was reduced by \$127,000 due to actual lower interest rate realized in FY 2012/13.

Fund Balance

The ending fund balance for FY 2013/14 is projected to be \$2.1 million. Ending fund balances are estimated to average \$2.2 million throughout the subsequent years, as the majority of operating expenditures are fully reimbursable by CBWM and IEUA. Figure 5-21 below shows the trend of ending fund balance through FY 2017/18 for the Recharge water program.

Figure 5-21: Trend of Recharge Water Ending Fund Balance



FY 2014/15- FY 2017/18 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.

An updated Recycled Water Program Plan is being developed and will become part of the Agency's FY 2013/14 Integrated Water Resources Plan. The Agency has evaluated seven potential cost sharing projects and identified three projects (San Sevaine Basin, Victoria Basin, and RP-3 Basin Improvements Project) that IEUA will provide shared financial support. The Agency will financially participate in other potential cost-sharing projects that have been identified after the required proof-of-concept or investigation is completed.

Past infiltration rates have been used to update the potential recycled water recharge capacity. Based on updates completed in 2012, Table 5-23 shows the potential monthly recharge capacities of the recharge sites.

Table 5-23: Chino Basin Potential Monthly Recharge Capacities

Recharge Site	Recharge Capacity Acre Feet per Month
Ely Basins	193
Banana Basin	117
Declez Basin 1	83
Declez Basin (2 & 3)	151
Etiwanda Conservation Ponds	**
Hickory Basin	136
Jurupa Basin	117
RP-3 Basins	1,047
Turner Basin (1-4)	443
7 th & 8 th Street Basins	395
Etiwanda Spreading Basins	263
Lower Day Basin	340
Brooks Street Basin	188
College Heights Basins	457
Montclair Basins (1-3)	511
Montclair Basin 4	48
Upland Basin	187
San Sevaine (1-3)	1,235
San Sevaine 5	310
Victoria Basin	212
Wineville Basin	**
Grove Basin	38
Total	6,471

***Data not available*

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/14 ADOPTED BUDGET
RECHARGE WATER (RW) FUND - SOURCES AND USES OF FUNDS**

	2010/2011	2011/2012	2012/2013	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
Cost Reimbursement JPA	\$687,001	\$719,547	\$722,317	\$757,089	\$794,776	\$775,000	\$797,000	\$828,000	\$860,000
Contract Cost reimbursement	0	0	0	300	0	0	0	0	0
Interest Revenue	44,182	20,383	10,420	10,000	20,000	30,000	35,000	40,000	40,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$731,183	\$739,930	\$732,737	\$767,389	\$814,776	\$805,000	\$832,000	\$868,000	\$900,000
OTHER FINANCING SOURCES									
Grants	\$14,890	\$388,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Cost Reimbursement	366,790	175,135	437,387	562,155	547,873	505,593	616,804	666,432	666,228
Other Revenues	36,861	17,135	0	300	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$418,541	\$581,116	\$437,387	\$562,455	\$547,873	\$505,593	\$616,804	\$666,432	\$666,228
TOTAL REVENUES AND OTHER FINANCING SOURCES	1,149,724	1,321,046	1,170,124	1,329,844	1,362,649	1,310,593	1,448,804	1,534,432	1,566,228
EXPENSES									
Employment Expenses	\$366,103	\$383,500	\$394,818	\$394,818	\$494,464	\$496,724	\$498,658	\$508,632	\$518,804
Contract Work/Special Projects	\$0	\$245,750	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	130,724	126,040	141,000	141,000	96,000	98,880	101,846	104,901	108,048
Operating Fees	0	1,740	3,200	3,200	3,640	3,296	3,395	3,497	3,602
Professional Fees and Services	306,347	402,473	494,529	502,300	603,800	498,314	513,264	528,661	544,522
Office and Administrative expenses	2,490	7,569	14,082	14,082	14,096	14,504	14,939	15,388	15,850
Materials & Supplies	33,662	23,274	80,760	88,100	67,100	62,933	64,822	66,767	68,771
Other Expenses	0	0	0	0	14,951	15,250	15,555	15,866	16,183
TOTAL EXPENSES	\$839,325	\$1,190,345	\$1,148,390	\$1,143,500	\$1,294,051	\$1,189,901	\$1,212,479	\$1,243,712	\$1,275,780
CAPITAL PROGRAM									
Work In Progress	\$58,158	\$412,533	\$699,719	\$600,202	\$610,000	\$0	\$0	\$0	\$0
TOTAL CAPITAL PROGRAM	\$58,158	\$205,840	\$699,719	\$600,202	\$610,000	\$0	\$0	\$0	\$0
DEBT SERVICE									
Financial Expenses	\$152,708	\$149,377	\$123,600	\$143,900	\$105,405	\$105,405	\$172,405	\$105,405	\$105,405
Interest	50,739	22,901	426,598	26,000	156,000	299,000	429,000	580,000	544,000
Principal	528,814	528,814	528,814	562,712	584,746	606,780	632,203	647,458	683,051
Short Term Inter-Fund Loan	3,700,000	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$4,432,260	\$701,092	\$1,079,012	\$732,612	\$846,151	\$1,011,185	\$1,233,608	\$1,332,863	\$1,332,456
TRANSFERS IN (OUT)									
Debt Service	\$646,640	\$543,953	\$667,128	\$366,306	\$475,873	\$505,593	\$616,804	\$666,432	\$666,228
Operation support	378,049	236,683	275,048	275,048	464,324	400,000	400,000	400,000	400,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,024,689	\$780,636	\$942,176	\$904,707	\$1,245,197	\$905,593	\$1,016,804	\$1,066,432	\$1,066,228
FUND BALANCE									
Increase/(Decrease)	(\$3,155,330)	\$4,405	(\$814,820)	(\$241,763)	(\$142,357)	\$15,099	\$19,521	\$24,288	\$24,220
Beginning Fund Balance July 01	5,615,006	2,459,676	2,464,082	2,464,082	2,222,318	2,079,961	2,095,060	2,114,581	2,138,869
ENDING BALANCE AT JUNE 30	\$2,459,676	\$2,464,082	\$1,649,261	\$2,222,318	\$2,079,961	\$2,095,060	\$2,114,581	\$2,138,869	\$2,163,089
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$1,683,882	\$1,463,027	\$906,389	\$1,479,446	\$1,074,369	\$978,256	\$948,150	\$972,641	\$963,301
Capital Expansion & Replacement	409,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service & Redemption	366,790	501,055	242,873	242,873	505,593	616,804	666,432	666,228	699,788
ENDING BALANCE AT JUNE 30	\$2,459,676	\$2,464,082	\$1,649,261	\$2,222,318	\$2,079,961	\$2,095,060	\$2,114,581	\$2,138,869	\$2,163,089

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. The arid climate of Southern California makes water conservation and resource management critical; more importantly, because of the 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, it is imperative that the Agency, as a wholesale water distributor, provide a better managed water portfolio for the Chino Basin, and implement programs to optimize the use of recycled water, and reduce reliance on imported water.

The Agency’s 2007 Recycled Water Business Plan (RWBP) prioritized and phased capital construction projects to achieve the steady increase of demand for recycled water. The projects in the RWBP built the regional backbone of the recycled water 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 water demands for green belt irrigation and industrial use applications, and 33,000 AF will be used for groundwater replenishment. The Agency anticipates that by 2025 the recycled water program will provide 20 percent 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. Currently there are approximately 44,320 recycled water connections, total recycled water connections and connections made in the prior fiscal year are summarized in Table 5-24 below:

Table 5-24: Recycled Water Direct Use Connections

Contracting Member Agency	No. of Meters	Demand (AF)
Cumulative Connections 2009-2013	687	43,283
Ontario	3	19
Chino	26	438
Upland	31	578
CVWD	2	2
FY 2012/13 TOTAL	66	1,037
Total Connections and AF Demand	753	44,320

The agency provides recycled water to numerous schools, farmlands, parks, businesses and industries 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. Since the adoption and implementation of the projects in the RWBP, member agencies have reconsidered retrofitting existing customers, and are moving towards a trend of increasing groundwater recharge as the primary means to drought-proof the region. As such, the overall program needs to be reevaluated to address this change in direction, with adoption and implementation appropriate program and funding policies.

Table 5-25: FY 2013/14 Recycled Water Deliveries

Recycled Water User Type	Projected FY 2012/13 (AFY)	Short Term Demand (AF)	Ultimate Demand (AF)
Direct Use	20,000	28,600	64,000
Groundwater Recharge	10,000	16,500	28,000-33,000
Total Recycled Water Demand	30,000	45,100	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 four Agency 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 and other funding sources for the program are projected to be \$51.2 million in FY 2013/14, as noted on Table 5-26 below. Recycled water sales are projected at \$7.1 million and MWD LPP program rebates are expected to be \$2.1 million. Other funding sources include \$22.9 million of loan proceeds from the State Revolving Fund (SRF) and \$8.6 million in State (SWRCB) and Federal (USBR) grants, a temporary property tax allocation of \$1.6 million from the RO fund, fund transfers of \$1.6 million to support debt service and groundwater recharge O & M costs, and \$1.8 million in other revenues, which includes reimbursements from various public and private agencies for lateral/retrofit installations and nominal interest income.

In addition, the Recycled Water Program will receive an inter-fund loan of \$5.5 million from the Regional Wastewater Capital Improvement (RC) fund in FY 2013/14 to support capital expenditures not funded by SRF loans and grants.

Beginning FY 2009/10 and continuing through FY 2013/14, the Recycled Water fund began receiving an allocation of property tax receipts to support debt service costs. The temporary tax allocation to the Recycled Water fund from the Regional Wastewater O&M (RO) fund is consistent with the Agency’s historic usage of these revenues to support debt service and capital costs. The temporary five percent allocation is scheduled to be reinstated to the RO fund in FY 2014/15.



Table 5-26: FY 2013/14 WC Fund Revenue and Other Funding Sources

Revenue	FY 2013/14 Budget		Description
	\$Millions	% of Total	
SRF Loans / Grants	\$31.5	61%	State Revolving Fund loans and State and Federal Grants are the primary funding source for the Southern and Central/Wineville Area Recycled Water capital projects scheduled to begin in FY 2013/14
MWD LPP Program	2.1	4%	Metropolitan Water District LPP program rebate of \$154 per AF. This rebate will expire in June 2017
Recycled Water Sales	7.1	14%	Includes a rate increase effective July 1, 2013 for direct sales of Recycled Water Rate to \$155 per AF and groundwater recharge sales to \$195 per AF
Property Tax	1.6	3%	Temporary allocation of 5 percent property tax receipts from the RO fund to support debt service costs. The temporary allocation is scheduled to end this fiscal year
Inter-Fund Loan	5.5	11%	Inter-Fund loan from Regional Capital program to support capital expenditures not funded by SRF loans and grants
Inter-fund transfers	1.6	3%	Inter-fund transfer from Regional Wastewater Capital Improvement (RC) fund to support a portion of debt service expense
Other Revenues	1.8	4%	Includes various reimbursements for retrofit project expenditures, operating transfers and interest income
Total Revenue	\$51.2	100%	

The WC fund generates revenue from the sale of recycled water to member agencies and industries, such as multiple golf courses throughout the Agency's service area, and Reliant Energy, LLC (a power generation facility). In FY 2013/14, budgeted sales revenue is \$7.1 million; direct deliveries are budgeted at 21,400 AF and groundwater recharges deliveries are budgeted at 10,000 AF.

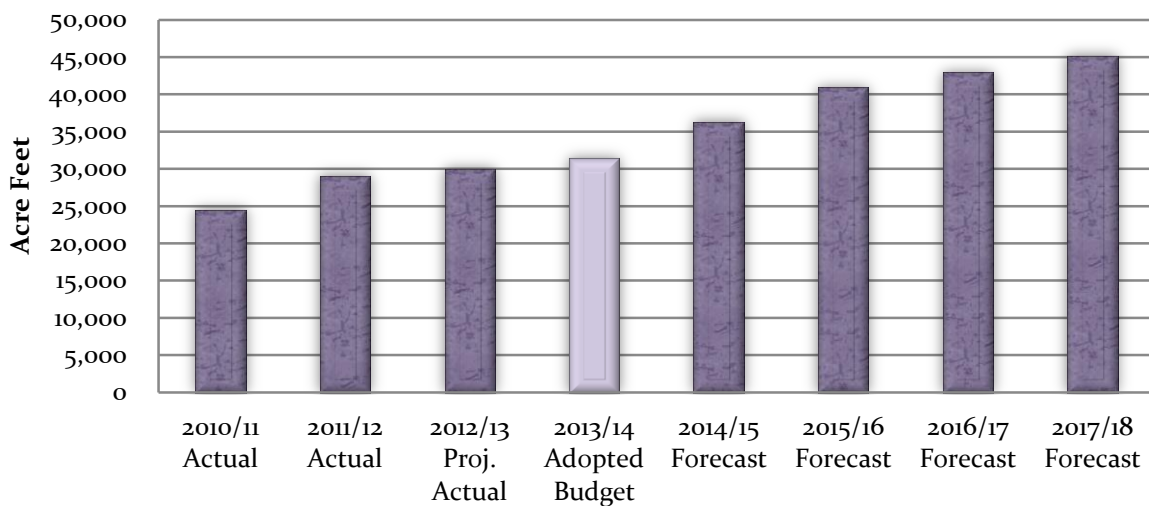
Table 5-27: Recycled Water Rates

	CURRENT	Effective 07/01/2012	BOARD ADOPTED	
	Through 06/30/2012		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 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. The projected recycled water deliveries of 31, 400 AF are shown in Figure 5-22. The increase in sales is attributed to the completion of the Northwest area projects in FY 2011/12 and additional retrofit connections made.

Figure 5-22: Acre Feet Sales Trend by Fiscal Year



The primary source of funding for the Agency’s Regional Recycled Water Capital Program includes SRF loans obtained from the California State Water Resources Control Board (SWRCB) and grant funding from various federal, state and local sources.

The Recycled Water program has been using various forms of SRF loans since 2003 a complete listing is shown in Table 5-28 below. All SRF loans require repayment to begin one year after completion of construction, are due and payable in 20 years with interest rates that vary between 0 percent - 2.6 percent.

Financial Assistance for the Central/Wineville Area projects (Phase VII) in the amount of \$26 million, along with a \$4 million grant are pending approval from the SWRCB, approval is expected to occur by the end of the October 2013. Additionally, the Agency is planning to apply for \$11.8 million in SRF loans in FY 2013/14 to fund Phase VIII projects in the Southern, Central and North Eastern areas primarily to increase groundwater recharge capacity.

Table 5-28: Recycled Water SRF Loan Proceeds History and Projections

Service Areas	Fiscal Year Received/Expected	Phases	Received/ Estimated* (millions)
Southern, Central, and Northeastern Areas	FY 2000/01 thru FY 2010/11	Phases I - V	\$56.8
Southern Area	FY 2013/14 thru FY 2014/15	Phase VI	20.6
Central Area /Wineville Areas	FY 2013/14 thru FY 2015/16	Phase VII	26.0*
Other Misc. RW Projects (Various Areas)	FY 2013/14 thru FY 2015/16	Phase VIII	11.8*
Total Recycled Water SRF Loan Proceeds			\$115.2

*Central/Wineville approval expected October 2013, application and approval for Phase VIII projects also expected to occur in FY 2013/14.

In Addition, the Recycled Water fund will receive an Inter-Fund Loan of \$5.5 million in FY 2013/14 from Regional Wastewater Capital Improvement Program (RC) to support capital construction not funded by SRF loans and grants. The last two major segments of the RWDS; the Southern Area and Central/Wineville Area projects are targeted for completion in August and December 2014, respectively.

Since 2005, the Agency has received federal grant appropriations of over \$19 million for the recycled water program. The remaining federal authorization of the Title XVI funds of \$1 million is expected to be received for the Southern Area projects.

Expenses and Other Uses of Funds

Total Recycled Water program expenses and other uses of funds are budgeted at \$53.8 million in FY 2013/14 as noted in Table 5-29 below. Capital expenditures are projected to be \$41.1 million or 76 percent of the total expense, debt service costs are \$5 million, and \$1.2 million of operating uses are contributions to other programs. Operation and administrative expenses account for \$6.9 million; which consist of \$2.1 million in labor costs (including burden, overhead), \$2.2 million of pumping costs, \$1.1 million of professional fees, services, materials and supplies, and \$1.1 million special project expenses.

Table 5-29: FY 2013/14 Recycled Water Fund Total Expenses and Other Uses of Funds

Expense	FY 2013/14		Description
	Budget \$Millions	% of Total	
Capital Projects	\$41.1	76%	See the Capital section for detailed listing of Recycled Water Capital Projects
Debt Service	5.0	10%	Includes repayment of bonds and state revolving fund loans
Operations	3.6	7%	Includes labor, utilities (pumping costs), chemicals and materials and supplies
Administrative	1.8	3%	Includes professional fees and services
Other Expense	1.8	4%	Includes O & M project costs and fund transfers to the Recharge Water Program to support the Agency's pro-rata share of recharge basin operating costs
Ground Water Recharge	0.5	1%	Includes labor, utilities, chemicals and materials and supplies used to support the Agency's recharge water basins not funded by CBWM
Total Expense	\$53.8	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 were completed in the spring of 2012 and serve the City of Upland as well as portions of the Cucamonga Valley Water District (CVWD) service area with recycled water connections.

The Southern Area projects, a priority in FY 2013/14, will provide the Cities of Chino, Chino Hills and parts of Ontario with recycled water connections. The Central/Wineville Area projects include 4.6 miles of 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 Declerz Basins for Recycled Water recharge.

Table 5-30: Southern and Central/Wineville Area Recycled Water Capital Construction Projects

Project	Design	Targeted Construction Completion	Estimated Project Cost	Status	AF Demand
Southern Area Regional Facilities	Spring 2012	Summer 2014	\$24,000,000	Bid	500
Central Area Regional Facilities	Summer 2013	Winter 2014	\$28,000,000	Final Design	4,000

Listed on Table 5-31 are recycled water capital construction projects budgeted in FY 2013/14. For a complete listing of projects and descriptions, refer to the Capital section (chapter 6) of the budget.

Table 5-31: FY 2013/14 Major WC Fund Recycled Water Capital Construction Projects

Major Capital Projects	FY 2013/14 Budget \$Millions
Wineville Recycled Water Pipeline A and B (Central Area)	\$17.0
930 W. Reservoir and Pipeline (Southern Area)	11.2
Carbon Canyon Water Recycling Facility Pump Station Expansion	3.8
RP-1 Outfall Parallel Line Extension	2.0
San Sevaine Basin Improvements	1.7
RP-1 Electrical Feed Upgrade	1.0
GWR & RW SCADA System Upgrades	1.0
All Other Recycled Water Projects	3.4
Total Projects	\$41.1

Debt Service Costs

To date the Agency has received or been awarded funding contracts from the SWRCB for approximately \$56.8 million in SRF loans for Recycled Water Capital Projects Phase I through Phase V. To support construction of the last two major segments of the Regional Recycled Water Distribution System (RRWDS) and other recycled water projects an additional \$58 million of SRF Loans will be required.

Debt service costs (principal and interest expense only) for FY 2013/14 are projected to be \$5.0 million (as shown on the Table 5-32 below), or 9 percent of \$53.8 million total expenses and other uses of funds. Total annual debt service costs are expected to increase significantly, over 100%, during the next four years due to additional SRF loans and repayment of inter-fund loans.

Table 5-32: Total Debt Service Costs by Fiscal Year

(\$Millions)	FY 2012/13	FY 2013/14	F Y 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Inter-Fund Loans	\$0	\$0	\$0	\$0	\$1.0	\$2.5
SRF Loans*	4.8	5.0	6.5	8.1	8.8	8.8
Total	\$4.8	\$5.0	\$6.5	\$8.1	\$9.8	\$10.7

*Increase in SRF Loan in 2014/15 is due to the addition of principal and interest payments for the Southern Phase 6 loan

The inter-fund loan repayment from Recycled Water fund to the Non-Reclaimable Wastewater fund is projected to start in FY 2016/17, the following year the Recycled Water fund will also begin repayment to the Regional Wastewater Capital Improvement fund. Table 5-33 summarizes the future repayment schedule for the existing inter-fund loans.

Table 5-33: Future Repayment Schedule of Inter-fund Loans

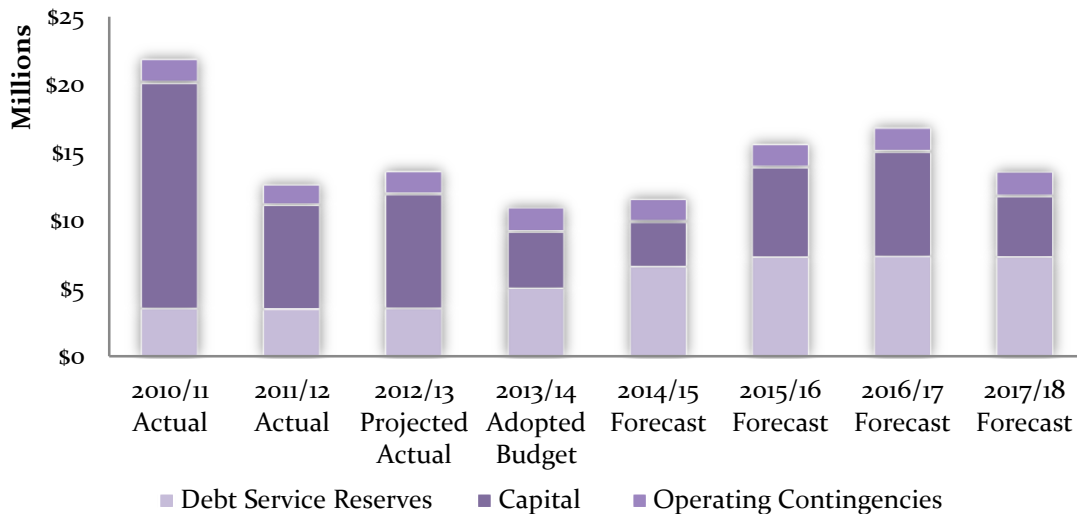
Inter Fund Loan Issued	From	To	Loan Amount (\$Millions)	Proposed Repayment Amount FY 2013/14	Repayment Schedule (\$Millions)
FY 2007/08	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$9	\$0	2016/17 \$1.0
					2017/18 \$1.5
					2018/19 \$1.0
					2019/20 \$3.5
					2020/21 \$2.0
					Total \$9.0
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled Water	\$3	\$0	2017/18 \$1.0
					2018/19 \$1.0
					2019/20 \$1.0
					Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$6	\$0	2020/21 \$1.0
					2021/22 \$3.0
					2022/23 \$2.0
FY 2013/14	Regional Wastewater Capital (RC) Fund	Recycled Water	\$5.5	\$0	2021/22 \$3.0
					2022/23 \$2.5
Grand Total			\$23.5	\$0	\$23.5

Inter-fund loans are used as needed to supplement capital costs not funded by funding sources noted above, debt service costs, and operating costs not supported by recycled water rates. The use of the inter-fund loans helps to mitigate upward pressure on direct and re-charge recycled water rates.

Fund Balance

The FY 2013/14 ending fund balance is estimated to be \$11.0 million, a decrease of 19 percent or \$2.6 million compared to the projected FY 2012/13 ending fund balance of \$13.7 million. Beginning in FY 2014/15 fund balances are projected to increase due to higher recycled water deliveries and declining capital project costs. Figure 5-23 shows ending fund balances for FY 2010/11 actual and forecast through FY 2017/18. The FY 2010/11 ending fund balance included \$13 million unspent bond proceeds and \$6 million of inter-fund loan proceeds from the NC Fund issued the previous year.

Figure 5-23: Trend of Recycled Water Ending Fund Balance



FY 2014/15 – 2017/18 Forecast

Total Recycled Water Program capital project costs during this four year timeline are estimated to be approximately \$37.2 million as shown in the Capital section (chapter 6). The Agency will continue to focus on the completion of its regional the recycled water system in order to achieve the RWBP goal of providing 20 percent of the region’s water requirement by 2025.

Total ten year forecast for the Recycled Water Capital program is projected to be \$108.0 million. As identified in the Business Plan, at the completion of the priority recycled water projects in the southern and central service areas; future projects will focus on capacity improvements such as the RP-1 outfall parallel pipeline and elevating pumping and pipeline capacities as needed to meet increasing connected demand in the system. Other projects will include pipelines and turnouts for added basin groundwater recharge capacity. The Agency will continue to pursue grants and loans to fund future projects.

A Recycled water rate survey was taken by the Agency in April 2013, which indicated the Agency's FY 2013/14 recycled water rate still ranks among the lowest when compared to other local agencies, as shown on Table 5-34.

Table 5-34: Recycled Water Rate Survey

Wholesale Agencies			
Agency	Type	Notes	Rate \$/AF
Central Basin Municipal Water District	Wholesale	Tiered Rates	\$ 488 - \$ 536
Inland Empire Utilities Agency	Wholesale	Base Rate	\$215 - \$245
Irvine Ranch Water District	Retail & Wholesale	Base Rate	\$331 - \$484
West Basin Municipal Water District	Wholesale	Tiered Rates	\$ 800 - \$840

Retail Agencies			
Agency	Type	Notes	Rate \$/AF
Burbank	Retail	Recycled Water Service	\$984
	Retail	School Recycled Water Service	\$492
City of Carlsbad	Retail	Base Rate	\$1,538
City of Escondido	Retail	Base Rate	\$1,186
Las Virgenes Municipal Water District	Retail	Tiered Rates for Las Virgenes Valley Zone	\$466 - \$1,507
	Retail	Tiered Rates for Western / Calabasas Zone	\$566 - \$1,607
City of Poway	Retail	Base Rate	\$1,725
City of San Diego	Retail	Base Rate	\$349
San Dieguito Water District	Retail	Base Rate	\$1,037 - \$1,472
City of Santa Barbara	Retail	All Usage not applicable for irrigation	\$941
Sante Fe Irrigation District	Retail	Base Rate	\$1,176

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/14 ADOPTED BUDGET
RECYCLED WATER (WC) FUND - SOURCES AND USES OF FUNDS

	2010/2011	2011/2012	2012/13	2012/13	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST			
REVENUES									
Contract Cost reimbursement	\$11,892	\$5,877	\$50,000	\$10,000	\$1,324,144	\$1,538,520	\$50,000	\$50,000	\$50,000
Interest Revenue	143,445	112,466	94,585	133,015	128,551	187,493	236,413	321,308	284,180
Water Sales	4,352,802	6,009,469	7,754,000	7,129,000	9,230,000	13,205,750	16,349,500	18,072,000	18,067,500
TOTAL REVENUES	\$4,508,140	\$6,127,812	\$7,898,585	\$7,272,015	\$10,682,695	\$14,931,763	\$16,635,913	\$18,443,308	\$18,401,680
OTHER FINANCING SOURCES									
Property Tax - Debt/Capital	\$2,661,804	\$1,646,650	\$1,630,363	\$2,359,369	\$1,667,584	\$0	\$0	\$0	\$0
State Loans	4,796,157	1,555,072	13,332,000	2,882,264	22,880,753	16,908,295	9,908,155	2,103,851	0
Grants	6,022,279	2,826,279	3,333,000	1,490,000	8,586,923	640,378	0	0	0
Capital Contract Reimbursement	241,098	463,400	357,972	147,024	252,674	133,480	101,548	69,641	70,769
Other Revenues	23,751	660,076	500,000	1,580,000	100,000	0	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	5,500,000	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$13,745,089	\$7,151,477	\$19,153,335	\$8,458,657	\$38,987,934	\$17,682,153	\$10,009,703	\$2,173,492	\$ 70,769
EXPENSES									
Employment Expenses	\$2,087,090	\$2,572,561	\$2,043,879	\$2,234,056	\$2,073,668	\$2,117,132	\$2,194,219	\$2,241,337	\$2,288,957
Contract Work/Special Projects	48,785	930,501	914,020	181,500	1,075,000	984,073	400,000	375,000	300,000
Utilities	1,059,910	1,518,924	2,049,367	1,820,259	2,195,555	2,294,514	2,398,096	2,506,522	2,620,026
Operating Fees	179,891	214,929	151,963	102,078	205,835	247,923	210,298	167,747	215,473
Professional Fees and Services	1,568,667	835,654	521,251	861,546	870,112	889,259	907,373	926,029	945,246
Materials & Supplies	49,246	122,061	169,219	75,700	256,000	263,680	271,590	279,738	288,130
Other Expenses	113,908	309,215	390,054	318,523	254,980	260,080	265,281	270,587	275,999
TOTAL EXPENSES	\$5,107,497	\$6,503,845	\$6,239,753	\$5,593,662	\$6,931,150	\$7,124,237	\$6,646,857	\$6,812,012	\$6,933,832
CAPITAL PROGRAM									
Work In Progress	\$23,458,574	\$13,755,138	\$24,722,647	\$7,006,863	\$41,079,010	\$19,407,044	\$8,919,329	\$3,862,500	\$4,475,000
TOTAL CAPITAL PROGRAM	\$23,458,574	\$13,755,138	\$24,722,647	\$7,006,863	\$41,079,010	\$19,407,044	\$8,919,329	\$3,862,500	\$4,475,000
DEBT SERVICE									
Financial Expenses	(\$24,117)	(\$24,175)	\$1,400	\$1,600	\$1,685	\$1,685	\$1,685	\$1,685	\$1,685
Interest	1,639,366	1,038,863	2,257,988	2,105,481	2,269,825	2,912,483	3,357,272	3,590,365	3,536,687
Principal	2,673,187	2,673,187	2,710,842	2,704,473	2,738,130	3,571,226	4,729,600	5,178,844	5,266,273
Short Term Inter-Fund Loan	0	0	0	0	0	0	0	1,000,000	2,500,000
TOTAL DEBT SERVICE	\$4,288,436	\$3,687,875	\$4,970,230	\$4,811,554	\$5,009,640	\$6,485,394	\$8,088,557	\$9,770,894	\$11,304,645
TRANSFERS IN (OUT)									
Capital Contribution	(\$12,353)	(\$19,048)	(\$130,516)	\$1,238,279	(\$387,008)	(\$51,833)	(\$44,387)	(\$32,300)	(\$25,500)
Debt Service	1,464,622	1,464,375	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622
Operation support	167,701	63,317	(75,048)	(75,048)	(364,324)	(400,000)	(400,000)	(400,000)	(400,000)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,619,970	\$1,508,644	\$1,259,058	\$2,627,853	\$713,290	\$1,012,789	\$1,020,235	\$1,032,322	\$1,039,122
FUND BALANCE									
Increase (Decrease)	(\$12,981,307)	(\$9,158,925)	(\$7,621,652)	\$946,446	(\$2,635,881)	\$610,029	\$4,011,107	\$1,203,716	(\$3,201,906)
Beginning Fund Balance July 01	34,849,092	21,867,784	12,708,859	12,708,859	13,655,305	11,019,424	11,629,453	15,640,560	16,844,276
ENDING BALANCE AT JUNE 30	\$21,867,785	\$12,708,859	\$5,087,207	\$13,655,305	\$11,019,424	\$11,629,453	\$15,640,560	\$16,844,276	\$13,642,370
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$1,727,777	\$1,506,657	\$68,120	\$1,661,714	\$1,781,059	\$1,661,713	\$1,703,001	\$1,733,455	\$1,804,584
Capital Expansion & Replacement	16,599,621	7,697,747	0	8,450,258	4,219,277	3,345,490	6,632,972	7,772,483	4,511,948
Debt Service & Redemption	3,540,386	3,504,455	5,019,087	3,543,333	5,019,087	6,622,250	7,304,587	7,338,338	7,325,838
ENDING BALANCE AT JUNE 30	\$21,867,784	\$12,708,859	\$5,087,207	\$13,655,305	\$11,019,424	\$11,629,453	\$15,640,560	\$16,844,276	\$13,642,370

WATER RESOURCES PROGRAM

Programmatic Overview

Water demand within the Agency's service area has changed significantly over the years shifting the majority of water use from agricultural to urban (residential, commercial, industrial and institutional) uses. In FY 2012/13, about 90 percent of the water demand came from urban users and 10 percent from agriculture. The agricultural demands steadily declined from about 35,000 acre-feet per year in FY 2002/03 to approximately 20,000 acre-feet per year in FY 2012/13, consistent with the conversion of these lands to urban development and converting agricultural demands to recycled water use. The 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.

Demand management and the efficient use of water remains a long-term priority 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 from the State Water Project (SWP). 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 are a significant contributing factor to the recent success in reducing overall water use. The Agency's service area water demand declined for four consecutive years (2006-2010). Water demand for the past two years has seen an increase of approximately 15,000 acre-feet per year (AFY). The service area's overall water use remains approximately 37,000 acre-feet (13 percent) lower than the peak water use year, FY 2006/07. This sustained reduction in water use can be largely attributed to the Agency and its member agencies' public education, water use efficiency programs, ordinance enforcement, and the economic downturn of 2008 which resulted in a high number of foreclosures and vacancies throughout the Agency's service area.

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. Statewide initiatives that include Assembly Bill 1420 (Laird/Feuer), mandatory implementation and full compliance with Demand Management Measures/Best Management Practices, and SBX 77 (Steinburg), that requires a 20 percent reduction in urban per capita water use by 2020, will have a monumental impact on how water is used over the next 7 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, CBWCD, Santa Ana River Water Project Authority (SAWPA), San Bernardino County Flood Control District (SBCFCD), and other agencies.

In FY 2013/14, major initiatives to be implemented in the Water Resources Program include:

- *IEUA Integrated Resources Plan* – This plan will be developed with significant stakeholder involvement and act as the regional water resources guiding document for future cost-effective water supply programs within the region.
- *IEUA Long-Term Water Use Efficiency Business Plan* – This plan continues to guide water use efficiency programs over the next 2 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 77).
- *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, to 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.

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 2013/14 Revenues and Other Funding Sources

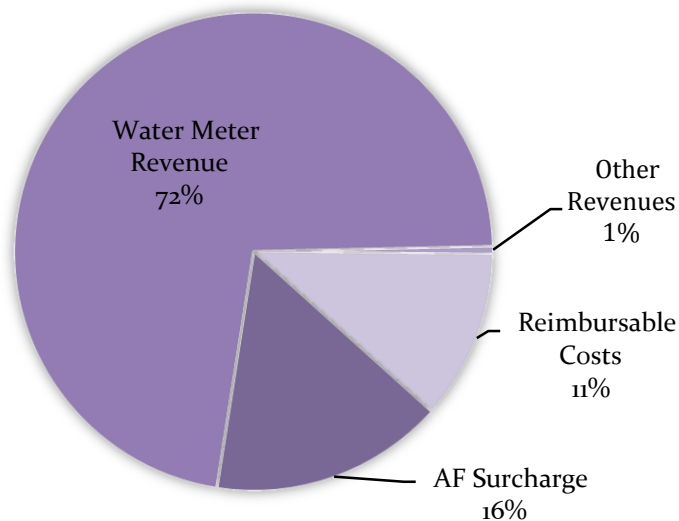
The Agency’s surcharge for imported potable water is \$13 per acre foot (AF) which includes \$4 AF dedicated to water use efficiency programs. In FY 2013/14, the water meter service charge will increase to \$1.755/meter, a \$0.20 increase from FY 2012/13 rate of \$1.555, effective July 1, 2013. Meter 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 a portion of the Agency’s groundwater recharge program operational costs not funded by CBWM.

FY 2013/14 total revenue is projected to be \$5.5 million. As shown in Figure 5-24, revenues are comprised of \$4.0 million or 72 percent of budget for water meter and other miscellaneous revenue; \$0.9 million or 16 percent of budget for acre foot surcharge fees; and \$0.6 million or 12 percent of budget for conservation program project reimbursable costs.

Reimbursable project costs include \$0.3 million for Landscape retrofit, \$0.2 million from MWD for conservation projects, including the Free Nozzle Voucher Program, and \$0.1 million in miscellaneous reimbursement from various agencies. Reimbursements also include grant receipts from the Department of Water Resources for the residential landscape installation and water use efficiency program for \$250 thousand.

**Figure 5 -24: Revenue & Other Funding Sources
\$5.5 Million**



FY 2013/14 Expenses and Other Uses of Funds

Total program expense is projected to be \$6.2 million. As indicated in Figure 5-25, expense includes \$3.8 million or 61 percent of budget for MWD readiness to serve pass through costs; \$1.3 million or 21 percent of budget for conservation project expense; \$0.1 million or 2 percent of budget for fund transfer to the Ground Water Recharge program in support of annual maintenance costs; \$1.0 million or 16 percent of budget for administration costs which includes labor, professional fees and services, and office and administrative expense.

**Figure 5 -25: Expenses & Other Uses of Funds
\$6.2 Million**

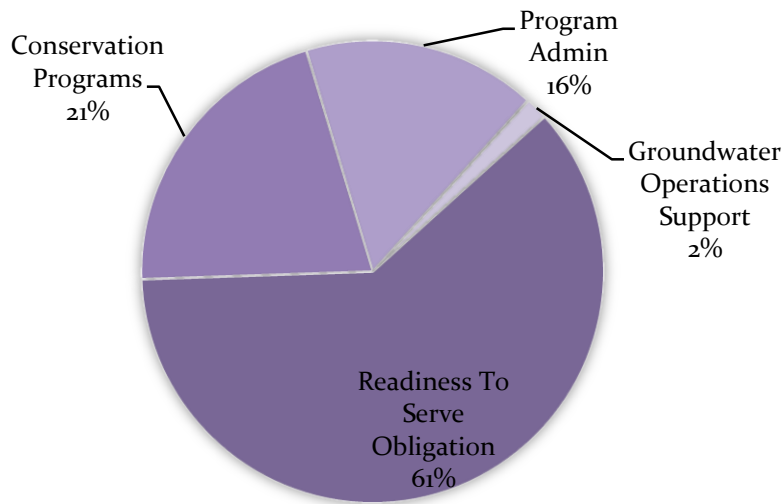


Table 5-35 below enumerates total Conservation Reimbursable Projects and Table 5-36 shows the MWD and Non-MWD Conservation Project costs.

Table 5-35: FY 2013/14 Reimbursable Conservation Projects

Reimbursable Programs Receipts	FY 2013/14 (\$ Thousands)
Free Sprinkler Nozzle Voucher Program (MWD)	\$244
Residential Demonstration Sites	35
Residential Landscape Retrofit Program	300
Water Use Efficiency Business Plan Update (USBR)	50
CBWCD Landscape Audit Program	10
Subtotal	\$639
Chino Basin Green Native Plant Program*	75
Total	\$714

*Reimbursement received in prior year from Lewis homes. This program will be funded through operating fund reserves.

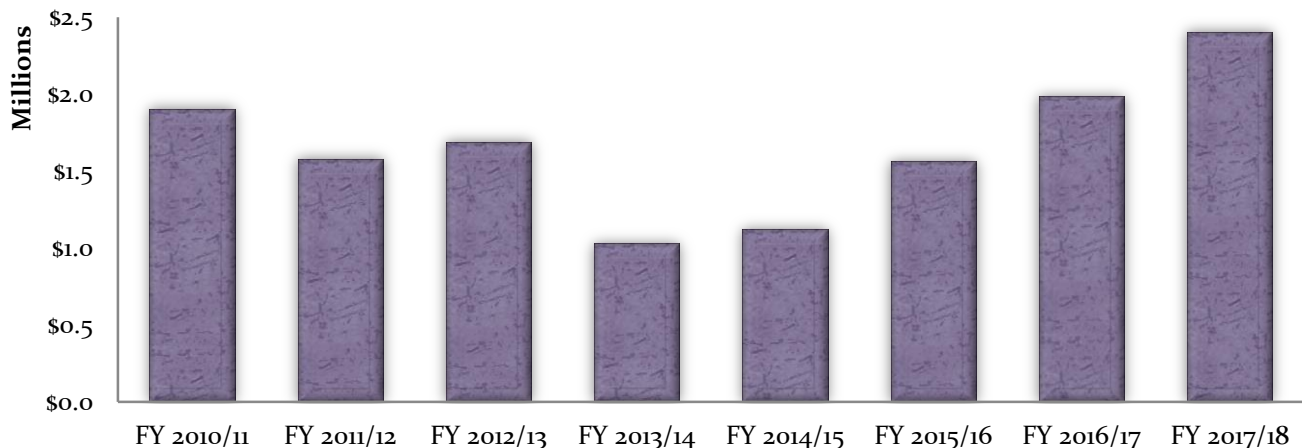
Table 5-36: FY 2013/14 MWD and Non-MWD Conservation Projects

Operations & Maintenance Projects	FY 2013/14 (\$ Thousands)
Residential Demonstration Sites	\$124
Sponsorships and Public Outreach Programs	78
CII Commercial/Industrial/ Institutional Program	60
National Theater for Children	75
MWD Residential Rebate Program	50
Garden In Every School	45
Water Use Efficiency Business Plan Update	50
CBWCD Landscape Audit Program	30
Landscape Training Classes	15
WUE Model Workshops and Update	7
Total	\$534

Fund Balance

The FY 2013/14 Water Resources Program ending fund balance is anticipated to be \$1.0 million. 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 5-26 below shows the trend of fund balances for the Water Resources program.

Figure 5-26: Trend of Water Resources Program Fund Balance



FY 2014/15 -2017/18 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. The Agency will be developing an Integrated Resources Plan with the goal of continuing to develop other local and supplemental water resources as needed to ensure reliability. In addition to the need and development of new local supplies, a specific focus of the Plan will be to develop opportunities to cost-effectively optimize the portfolio of water resource supplies and programs (i.e. imported, recycled, recharge). This will include a detailed review of both the financial and operational opportunities/limitations of the water resource supplies and programs.

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 65,000 to 70,000 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 rate water available in the next two years.

Table 5-37 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 2013/14 water rate surcharge is among the lowest compared to the other local agencies.

Table 5-37: 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	\$13
Three Valleys Municipal Water District	\$10
Municipal Water District of Orange County	\$7

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/14 BUDGET
WW FUND - SOURCES AND USES OF FUNDS**

	2010/2011	2011/2012	2012/2013	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	FORECAST			
REVENUES AND OTHER FINANCING SOURCES									
User Charges	\$3,231,585	\$4,258,189	\$4,282,025	\$4,282,026	\$4,905,300	\$5,377,270	\$5,709,837	\$5,824,403	\$5,959,998
Contract Cost reimbursement	542,912	713,938	467,900	290,887	388,750	200,000	200,000	200,000	200,000
Interest Revenue	19,272	12,271	7,320	7,321	10,150	20,475	30,263	42,622	50,866
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$3,793,769	\$4,984,398	\$4,757,245	\$4,580,234	\$5,304,200	\$5,597,745	\$5,940,100	\$6,067,025	\$6,210,864
OTHER FINANCING SOURCES									
Grants	\$196,289	\$212,099	\$147,339	\$147,339	\$250,000	\$0	\$0	\$0	\$0
Other Revenues	76,890	53,897	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$273,179	\$265,996	\$147,339	\$147,339	\$250,000	\$0	\$0	\$0	\$0
EXPENSES									
Employment Expenses	\$794,835	\$676,011	\$549,117	\$549,122	\$697,985	\$711,945	\$726,184	\$740,707	\$755,521
Contract Work/Special Projects	1,092,877	1,765,756	1,657,943	608,236	1,297,250	550,000	410,000	420,000	425,000
Operating Fees	2,002,195	2,603,043	2,973,326	2,967,327	3,809,989	3,923,929	4,041,287	4,162,165	4,286,670
Professional Fees and Services	79,880	85,626	150,693	89,438	101,760	112,200	112,200	112,200	112,200
Office and Administrative expenses	22,855	66,842	60,058	60,000	60,058	60,258	60,258	60,258	60,258
Other Expenses	77,491	74,213	146,463	147,648	145,720	147,273	148,858	150,473	152,123
TOTAL EXPENSES	\$4,070,134	\$5,271,490	\$5,537,600	\$4,421,771	\$6,112,762	\$5,505,604	\$5,498,786	\$5,645,803	\$5,791,772
TRANSFERS IN (OUT)									
Operation support	(\$300,000)	(\$300,000)	(\$200,000)	(\$200,000)	(\$100,000)	\$0	\$0	\$0	\$0
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$300,000)	(\$300,000)	(\$200,000)	(\$200,000)	(\$100,000)	\$0	\$0	\$0	\$0
FUND BALANCE									
Net Income (Loss)	(\$303,186)	(\$321,097)	(\$833,016)	\$105,802	(\$658,562)	\$92,141	\$441,314	\$421,222	\$419,092
Beginning Fund Balance July 01	2,204,322	1,901,136	1,580,039	1,580,039	1,685,835	1,027,273	1,119,413	1,560,726	1,981,948
ENDING FUND BALANCE AT JUNE 30	\$1,901,136	\$1,580,039	\$747,023	\$1,685,841	\$1,027,274	\$1,119,413	\$1,560,726	\$1,981,947	\$2,401,039
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$1,901,136	\$1,580,039	\$747,023	\$1,685,841	\$1,027,274	\$1,119,413	\$1,560,727	\$1,981,948	\$2,401,040
ENDING BALANCE AT JUNE 30	\$1,901,136	\$1,580,039	\$747,023	\$1,685,841	\$1,027,274	\$1,119,413	\$1,560,727	\$1,981,948	\$2,401,040



CAPITAL

CAPITAL IMPROVEMENT PLAN

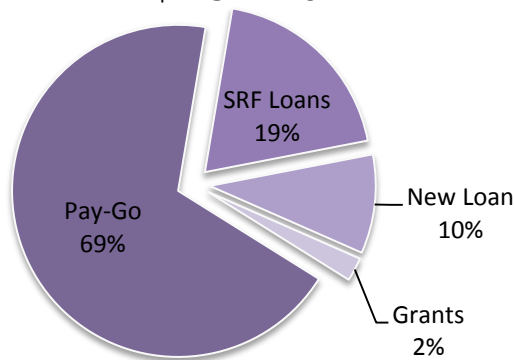
Each year, the Agency develops a Ten-Year-Capital Improvement Plan (TYCIP) based on growth and regulatory requirements, existing asset management needs, and recommendations from the Regional Technical and Policy Committees. Pursuant to the terms of the Regional Sewerage Service Contract, the TYCIP determines the capital spending requirements needed to meet future wastewater service needs and considers factors such as wastewater flow forecasts, a description of the planned capital projects to meet those forecasts, and a summary of the costs associated with the program. The TYCIP also provides a summary of the capital costs and capital financing plans associated with Agency's programs.

The strengthening of local economic conditions makes it even more important for the Agency to proactively improve existing facilities in order to continue to meet the Levels of Service commitments.

The FY 2013/14 - 2022/23 TYCIP of \$415 million (See Figure 6-1) in capital spending is \$198 million higher compared to the prior year TYCIP for \$217 million. Several factors were considered during the TYCIP process such as the age and condition of the Agency's facilities and infrastructure, appropriate funding for Repairs and Rehabilitation (R&R), to ensure the reliability and quality of the services that the Agency is committed to provide to its customers. A major portion of the \$415 million in projected expenditures is for R&R. At the same time, the Agency is preparing for future growth and has budgeted funds for expansion of facilities and capacity in the southern service area, where growth is expected to be the highest. 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 Expansion
- RP-5 Liquids and Solids Processing
- Replacement of Operations Laboratory
- Wineville Extension Recycled Water Pipeline Segment A & B Construction
- Southern Area Projects Segment A & B Construction
- 930 Zone Recycled Water Reservoir & Pipeline Construction
- 1630 East Recycled Water Pipeline Construction, and Miscellaneous Recycled Water Connections

Figure 6-1
FY 2013/14 - FY 2022/23
Ten Year Capital Improvement Plan Funding Sources
\$415 Million



The Capital Improvement Plan (CIP) for FY 2013/14 is \$68 million, \$42.4 million higher than the FY 2012/13 projected CIP budget of \$25.6 million. The increase is primarily due to the addition of new Recycled Water projects such as CCWRF Pump Station Expansion, 930 Zone Reservoir/Pipeline construction and Recycled Water Central Area projects segment B, as well as new projects in the Regional Wastewater program mainly for 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.

As reported in Table 6-1, more than half (61 percent) of the FY 2013/14 CIP is budgeted in the Recycled Water fund primarily for construction of the last two major segments of the Agency's Regional Recycled Water Distribution System.

Table 6-1: FY 2013/14 CIP Budget by Fund

Program	\$ Millions	%
Recycled Water (WC Fund)	\$41.1	61%
Regional Wastewater Operations (RO Fund)	10.1	15%
Regional Wastewater Capital (RC Fund)	10.4	15%
Non-Reclaimable Wastewater (NC Fund)	3.4	5%
Admin Services (GG Fund) & Recharge Water (RW Fund)	3.0	4%
Total	\$68.0	100%

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 from 13,000 AFY in FY 2006/07 to over 43,800 AFY. Recycled water and groundwater recharge sales have nearly tripled as well. Major benefits of the recycled water program include:

- ❑ New Water Supply – 30,000 AFY Increase in Connected Demand since FY 2006/07.
- ❑ Recycled Water Revenues – About \$10 million/year (wholesale rate revenue plus MWD rebate). The goal of the program was to eventually be self-funded through recycled water sales revenue.
- ❑ The recycled water supply is not impacted by drought and will mitigate the impacts of regional or statewide water supply limitations.

The 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 – Completed in the summer of 2012
- ❑ Central/Wineville Area Projects – Scheduled for completion in FY 2014/15
- ❑ Southern Area Projects (Segment A & B) – Scheduled for completion in FY 2013/14 & FY 2021/22

The Central/Wineville and Southern Area projects account for a major portion budgeted in the Recycled Water (WC) fund 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. The Regional Wastewater program projects account for approximately 30 percent of the FY 2013/14 CIP budget as reported in Table 6-1. Major construction projects in FY 2013/14 for the Regional Wastewater Capital program include RP-2 Digester No. 4 Dome Guides repair and Montclair Lift Station Upgrade.

Some repair and replacement of aging equipment and facilities was deferred beginning in FY 2008/09 as part of the Agency's cost containment efforts in light of the economic downturn. However, escalating numbers of failures and emergency repairs has prioritized R&R in the FY 2013/14 TYCIP. The recent increase in building activity and new connections has also introduced the need for expansion and improvement of existing facilities to meet the anticipated higher future wastewater flows. As reported in Table 6-2, equipment and replacement account for \$9.2 million or 14 percent of the total \$68 million CIP budget in FY 2013/14.

Table 6-2: FY 2013/14 CIP Budget by Project Type (\$Millions)

Capital Category	Regional Wastewater Capital (RC)	Regional Wastewater O & M (RO)	Recycled Water (WC)	Non-Reclaim Wastewater (NC)	Admin Service (GG)	Recharge Water (RW)	FY 2013/14 CIP Total
Construction-CC	\$6.1	\$7.4	\$40.0	\$3.4	\$0.8	\$0.6	\$58.3
Equipment-EQ	0.7	1.8	1.0	0.0	0.9	0.0	4.4
Replacement-RP*	3.6	0.9	0.1	0.0	0.7	0.0	5.3
Total	\$10.4	\$10.1	\$41.1	\$3.4	\$2.4	\$0.6	\$68.0

*Includes \$500,000 budgeted in the RC Fund for the Agency's 50% share of the IERCA Capital Investment

The Agency's capital program objectives, justifications, financial resources and project details are provided in the "FY 2013/14 - FY 2022/23 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.

TEN YEAR CAPITAL PROJECTS
By Fund Program and Project Type

Capital Project Funding	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	FY 2022/23	Total TYCIP
Pay Go	\$ 35,717,708	\$ 19,920,489	\$ 22,394,249	\$ 31,048,649	\$ 27,590,998	\$ 18,220,000	\$ 22,871,875	\$ 21,898,750	\$ 41,014,891	\$ 44,632,500	\$ 285,310,109
Grants	8,883,473	640,378	-	-	-	-	-	-	-	-	9,523,851
SRF Loans	22,880,753	16,908,295	10,898,155	11,103,851	3,600,000	-	1,648,125	8,133,750	4,145,625	742,500	80,061,054
New Debt	-	-	-	-	-	4,015,516	4,600,000	29,100,000	2,284,484	-	40,000,000
Total Project Funding	\$ 67,481,934	\$ 37,469,162	\$ 33,292,404	\$ 42,152,500	\$ 31,190,998	\$ 22,235,516	\$ 29,120,000	\$ 59,132,500	\$ 47,445,000	\$ 45,375,000	\$ 414,895,014

\$ in Thousands

Fund Program	Project *Type	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	FY 2022/23	Total TYCIP
Administrative	CC	815	185									1,000
Services	EQ	937	790	556	200							2,482
(GG Fund)	RP	660	550	750	750	750	750	750	750	750	750	7,210
GG Total		2,412	1,525	1,306	950	750	750	750	750	750	750	10,692
Non-Reclaimable	CC	3,365	2,529	1,439	1,750	1,750	1,750	1,750	1,750	1,750	1,750	19,583
Wastewater	EQ	6										6
(NC Fund)	RP			500	500	500	500	500	500	500	500	4,000
NC Total		3,371	2,529	1,939	2,250	2,250	2,250	2,250	2,250	2,250	2,250	23,589
Regional Capital	CC	6,050	5,880	5,065	17,985	7,900	3,600	4,600	29,100	29,100	29,100	138,380
Wastewater	EQ	695	440		15							1,150
(RC Fund)	RP	3,135	1,000	1,250	6,500	4,996	416					17,296
RC Total		9,880	7,320	6,315	24,500	12,896	4,016	4,600	29,100	29,100	29,100	156,826
Regional Operation & Maintenance	CC	7,437	5,964	14,114	9,855	10,120	12,520	16,920	10,070	10,070	9,750	106,820
Water	EQ	1,813	25		35							1,873
(RO Fund)	RP	880	700	700	700	700	700	700	700	700		6,480
RO Total		10,130	6,689	14,814	10,590	10,820	13,220	17,620	10,770	10,770	9,750	115,172
Recharge	CC	610										610
Water	EQ											
(RW Fund)	RP											
RW Total		610										610
Recycled	CC	40,002	17,780	8,894	3,863	4,475	2,000	3,900	16,263	4,575	3,525	105,277
Water	EQ	1,077	1,627	25								2,728
(WC Fund)	RP											
WC Total		41,079	19,407	8,919	3,863	4,475	2,000	3,900	16,263	4,575	3,525	108,005
Grand Total		67,482	37,469	33,292	42,153	31,191	22,236	29,120	59,133	47,445	45,375	414,895

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

CAPITAL PROJECT HIGHLIGHTS

Six (6) FY 2013/14 major non-routine capital projects with a project budget over \$2 million are highlighted in the below. The majority of these non-routine capital projects are for the Recycled Water program. O&M impact is limited to mostly maintenance labor and materials for pipelines and reservoirs.

Project	EN07010 CCWRF Recycled Water Pump Station Expansion			
Program	Recycled Water			
FY2013/14 Budget	\$3,750,000			
Total Project Budget	\$11,217,5000			
Funding Sources	SRF Loan \$4,449,000			
Timeline	Start:	July 2006	Complete:	April 2014
Type	Capital Upgrades at Major Facilities			
Priority	High			
Agency Level of Service Goals	Provide capacity for conveyance and treatment of 100 percent of discharges. Meet 100 percent of planned peak hourly demands for recycled water.			

PROJECT DESCRIPTION

The project will include construction of the Chino Hills reservoir and pipeline to have approximately 9.5 MG capacity and 21,500 linear feet of 36-inch pipeline, respectively.

PROJECT JUSTIFICATION

The project will allow recycled water to be stored and distributed to the City of Chino Hills.

KEY PROJECT BENEFITS

- Increase pumping capacity to operate during peak summer demands.
- An additional fifth pump allows redundancy.

PROJECT LOCATION



O&M Impact	FY 2013/14	FY 2014/15	FY 2015/16	FY2016/17	FY2017/18	Total
Operations & Maintenance	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$70,000
Utilities	500	500	500	500	500	2,500
Parts & Labor	6,500	6,500	6,500	6,500	6,500	32,500
Total Operating Costs	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000	\$105,000

Project	EN13022 930 RW Reservoir			
Program	Recycled Water			
FY2013/14 Budget	\$5,100,000			
Total Project Budget	\$5,687,5000			
Funding Sources	SRF Loan \$6,677,176			
Timeline	Start:	January 2013	Complete	April 2014
Type	Capital Upgrades at Major Facilities			
Priority	High			
Agency Level of Service Goals	Provide capacity for conveyance and treatment of 100 percent of discharges. Meet 100 percent of planned peak hourly demands for recycled water.			

PROJECT DESCRIPTION

The southern area project includes the design and construction of the 930 Reservoir West, Eucalyptus Pipeline, RP-5 Recycled Water Pump Station and 930 West El Prado pipeline. The southern regional system will be designed and constructed in multiple phases based on the regional recycled water priorities.

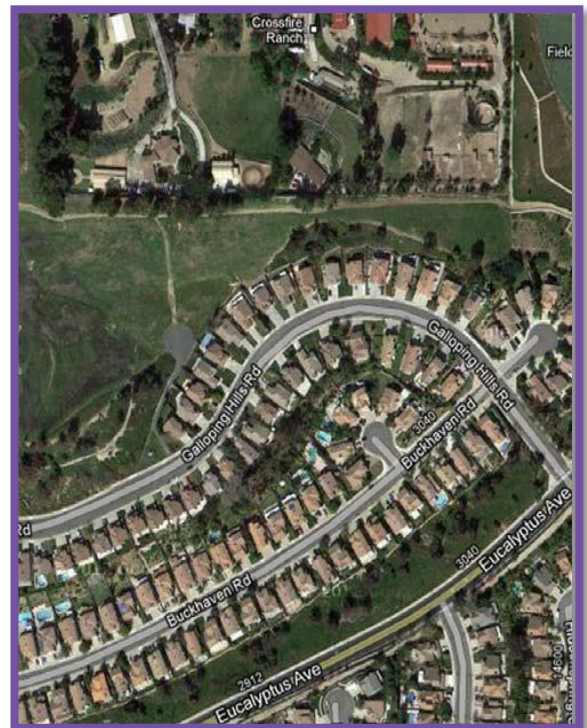
PROJECT JUSTIFICATION

The project will provide storage in the southern service area and increase pump stations capacities. These improvements will enable the southern service area to be more efficient, supply the demands from the southern area instead of pumping from the northern service areas, and allow more ground water replenishment in the northern service area.

KEY PROJECT BENEFITS

- Manage recycled water demands more effectively during peak summer demands.
- Provide storage and increase pump stations capacities.

PROJECT LOCATION



O&M Impact	FY 2013/14	FY 2014/15	FY 2015/16	FY2016/17	FY2017/18	Total
Operations & Maintenance	NO O&M IMPACT					
Chemical						
Parts & Labor						
Total Operating Costs						

Project		EN13023 930 Zone RW Pipeline Construction	
Program	Recycled Water		
FY2013/14 Budget	\$6,100,000		
Total Project Budget	\$6,875,000		
Funding Sources	SRF Loan \$8,207,300		
Timeline	Start:	January 2013	Complete: May 2014
Type	Capital Upgrades at Major Facilities		
Priority	High		
Agency Level of Service Goals	Provide capacity for conveyance and treatment of 100 percent of discharges. Meet 100 percent of planned peak hourly demands for recycled water.		

PROJECT DESCRIPTION

The 930-Zone Recycled Water Pipeline will construct 13,500 feet of 30-inch pipeline, which will connect the 930-Zone Recycled Water Reservoir and the CCWRF RW Pump Station. The pipeline will provide direct recycled connections to serve customers in the cities of Chino and Chino Hills.

PROJECT JUSTIFICATION

The purpose of the project is to provide storage in the southern service area and increase pump station capacities. These improvements will enable the southern service area to be more efficient.

KEY PROJECT BENEFITS

- Manage recycled water demands more effectively during peak summer demands.
- Provide storage and increase pump station capacities.
- Supply demands from southern service area instead of pumping from the northern service area.

PROJECT LOCATION



O&M Impact	FY 2013/14	FY 2014/15	FY 2015/16	FY2016/17	FY2017/18	Total
Operations & Maintenance	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000
Chemical						
Parts & Labor						
Total Operating Costs	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$10,000

Project	EN13038 RP-1 Outfall Relocation		
Program	Recycled Water		
FY2013/14 Budget	\$2,000,000		
Total Project Budget	\$2,000,000		
Funding Sources	Recycled Water		
Timeline	Start: July 2013	Complete:	December 2014
Type	Capital Upgrades at Major Facilities		
Priority	High		
Agency Level of Service Goals	To meet the future demands, overcome existing hydraulic issues, and eliminate the need to build a parallel pipeline in the future.		

PROJECT DESCRIPTION

Approximately 2,600 linear feet of the 30-inch RP-1 Outfall will be relocated from its easement to the San Bernardino County Flood Control District's right-of-way because the layout of proposed lots and streets are in conflict with the 30-inch pipeline and easement. Due to future recycled water demands and hydraulic limitations, the 30-inch pipe will be replaced with a 72-inch pipe. The project will be implemented by the developer, Foremost Communities.

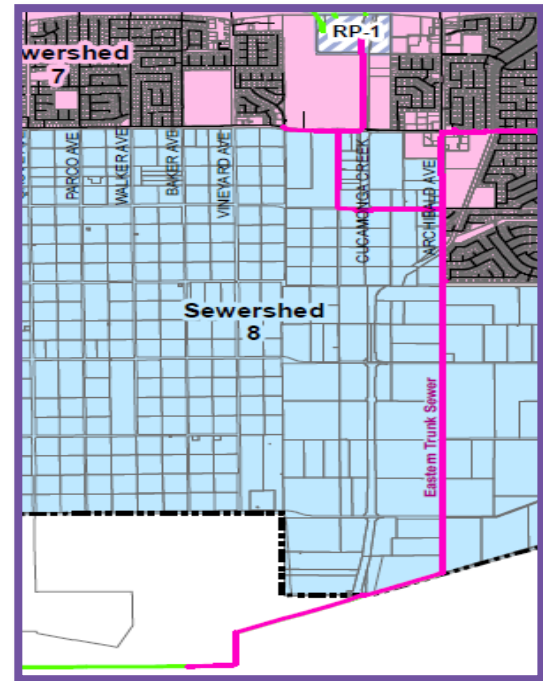
PROJECT JUSTIFICATION

The purpose of this project is to reimburse the developer, Foremost Communities, for the upsizing and installation of the 72-inch pipe.

KEY PROJECT BENEFITS

The upsizing of the RP-1 Outfall pipeline will meet the future demands, overcome existing hydraulic issues, and eliminate the need to build a parallel pipeline in the future.

PROJECT LOCATION



O&M Impact	FY 2013/14	FY 2014/15	FY 2015/16	FY2016/17	FY2017/18	Total
Operations & Maintenance	NO O&M IMPACT					
Chemical						
Parts & Labor						
Total Operating Costs						

Project	EN06025-Wineville Recycled Water Pipeline Segment A		
Program	Recycled Water		
FY2013/14 Budget	\$8,000,000		
Total Project Budget	\$18,235,518		
Funding Sources	SRF Loan		
Timeline	Start:	September 2010	Complete: September 2015
Type	Capital Upgrades		
Priority	High		
Agency Level of Service Goals	Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.		

PROJECT DESCRIPTION

The project involves the plan, design, and construction of a parallel segment of 5,200 linear feet (LF) of 24-inch recycled water pipeline along Wineville Avenue, 28,500 LF of 36-inch recycled water pipeline from Wineville Avenue to the RP-3 and Declez recharge basins and two turnout facilities. The parallel segment was added to the scope of the project and is essential in order to meet the maximum flow and pressure requirements.

PROJECT JUSTIFICATION

The purpose of this project is to provide recycled water to portions of the City of Fontana and Ontario.

KEY PROJECT BENEFITS

Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.

PROJECT LOCATION



O&M Impact	FY 2013/14	FY 2014/15	FY 2015/16	FY2016/17	FY2017/18	Total
Operations & Maintenance						
Chemical						
Parts & Labor		\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
Total Operating Costs		\$5,000	\$5,000	\$5,000	\$5,000	\$20,000

Project		EN13045-Wineville Recycled Water Pipeline Segment B			
Program	Recycled Water				
FY2013/14 Budget	\$7,000,000				
Total Project Budget	\$12,025,000				
Funding Sources	SRF Loan				
Timeline	Start:	February 2013	Complete:	September 2015	
Type	Capital Upgrades				
Priority	High				
Agency Level of Service Goals	Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.				

PROJECT DESCRIPTION

The project will install 2.8 miles of 30-inch RW pipeline in addition to the associated appurtenances.

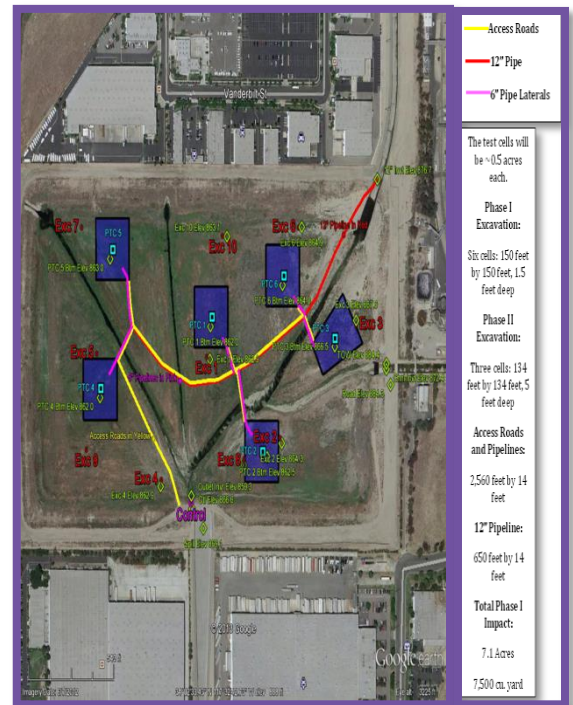
PROJECT JUSTIFICATION

The purpose of this project is to provide recycled water to portions of the City of Fontana and Ontario. The project pertains to the construction of Wineville RW Extension Segment B, which was budgeted for in combination of Segment A. Since both segments will be advertised for construction bids separately and the likelihood of having two different contractors commencing the work on both segments, dividing the project by segment is therefore essential.

KEY PROJECT BENEFITS

Serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.

PROJECT LOCATION



O&M Impact	FY 2013/14	FY 2014/15	FY 2015/16	FY2016/17	FY2017/18	Total
Operations & Maintenance						
Chemical						
Parts & Labor		\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
Total Operating Costs		\$5,000	\$5,000	\$5,000	\$5,000	\$20,000

**Fiscal Year 2013/14
Budgeted Project
Administrative Services Fund – GG**

Below is the list of capital projects included in the Administrative Services fund.

Administrative Services Fund - GG												
Project #	Project Description	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	FY 2022/23	Total TYCIP
Capital Construction												
IS14018	Maintenance Scheduling Optimization Project	145,000										145,000
IS14019	Maintenance Mobility Project	320,000										320,000
IS14020	SCADA/SAP Interface		185,000									185,000
MM14001	Asset Health Monitoring Project	350,000										350,000
Total Capital Construction		815,000	185,000	-	-	-	-	-	-	-	-	1,000,000
Capital Equipment												
EC14005	CCTV Camera Equipment Truck	240,000										240,000
EC14006	Replacement Truck	60,000										60,000
EN14002	Website Enhancements (CIP0)	35,000										35,000
EN14003	MC2 Estimating Software	50,000										50,000
IS10025	SAP Public Sector Budget Prep Application				200,000							200,000
IS13006	eProcure-to-Pay	320,000										320,000
IS14002	Records Management Scanner - Business Network		8,000									8,000
IS14003	Server Replacement Project - Business Network		155,000									155,000
IS14013	Board Room A/V Equipment Replacement			202,000								202,000
IS14014	Replace Sadie RM A/V System			30,500								30,500
IS14015	Replace Event Room DLP			35,500								35,500
IS14016	Wireless Access Points - Business Network	40,000										40,000
IS14017	Switch/router replacement - Business Network	25,000										25,000
IS14021	Workstation Replacement - Business Network	80,000										80,000
IS14022	Software Licenses - Business Network	28,000										28,000
IS14023	Intrusion Prevention System (IPS) for Internet	18,000										18,000
IS14024	Laser Printer Replacement - Business Network	15,000										15,000
IS14025	Finance Process/SAP Functional Analysis & Roadmap	26,000										26,000
IS15001	HCM Phase 2 - Self Service/HR Process Automation		191,000									191,000
IS15002	Document/Records Management Analysis & Roadmap		40,500									40,500
IS15003	Document/Records Management System		350,000									350,000
IS15004	Executive Dashboard Project		45,000									45,000
IS16001	HCM Phase 2 - Position Budgeting & Control			206,000								206,000
IS16002	Project-Grant Process Analysis/Roadmap			31,500								31,500
IS16003	SAP Archiving			50,000								50,000
Total Capital Equipment		937,000	789,500	555,500	200,000	-	-	-	-	-	-	2,482,000
Capital Replacement												
EN11010	Headquarters Central Plant Improvements	312,306										312,306
FP10200	Financial Planning Forecast GG Fund		330,000	630,500	669,000	750,000	750,000	750,000	750,000	750,000	750,000	6,129,500
IS11010	Business Network Tape Drive Replace	40,000										40,000
IS13010	Purchase, configure, and install new laser printers	13,500	13,500	13,500	13,500							54,000
IS13030	Server Replacement - Biz Net Forecast	46,000	82,000									128,000
IS13040	Workstation Replacement Biz Forecast	75,000	72,500	70,000	67,500							285,000
IS13090	Network Switch Replacement Biz Forecast	52,000	52,000	36,000								140,000
IS14101	Event/Sadie Room Replace Projectors	11,200										11,200
IS14102	Board Room A/V Equip Replacement	110,000										110,000
Total Capital Replacement		660,006	550,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	7,210,006
Total Capital Project Costs		2,412,006	1,524,500	1,305,500	950,000	750,000	750,000	750,000	750,000	750,000	750,000	10,692,006
Operations & Maintenance												
EP14003	General Fund Repair/Replace Project	50,000										50,000
IS14001	IEUA Website Consultant	50,000										50,000
WR13023	USBR Vegetative Monitoring	20,000		20,000			20,000			20,000		80,000
Total Operation & Maintenance		120,000	-	20,000	-	-	20,000	-	-	20,000	-	180,000
Total O&M Project Costs		120,000	-	20,000	-	-	20,000	-	-	20,000	-	180,000
TOTAL ADMINISTRATIVE SERVICES FUND - GG		2,532,006	1,524,500	1,325,500	950,000	750,000	770,000	750,000	750,000	770,000	750,000	10,872,006

Fiscal Year 2013/14
 Budgeted Project Description
 Administrative Services Fund - GG

Capital Construction		
IS14018	Maintenance Scheduling Optimization Project	Purchase equipment, tools, software, and services that are required to develop, implement, and maintain the Maintenance Department scheduling solution.
IS14019	Maintenance Mobility Project	Purchase equipment, tools, software, and services that are required to develop, implement, and maintain Maintenance Department mobility solution.
MM14001	Asset Health Monitoring Project	Purchase equipment, tools, software, and services required to develop, implement, and maintain a modern maintenance machinery health program.
Capital Equipment		
EC14005	CCTV Camera Equipment Truck	Purchase a CCTV camera equipment-truck.
EC14006	Replacement Truck	Purchase of ½ ton pickup with extended cab, camper shell, light bar, and bumper mounted hoist.
EN14002	Website Enhancements (CIPO)	Professional services provided for the development of additional modules in CIPO.
EN14003	MC2 Estimating Software	Purchase ICE estimating software that will assist Construction Management and Engineering departments.
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.
IS14016	Wireless Access Points - Business Network	Purchase and install 25 wireless access points in Agency's buildings at CCWF, RP-1, RP-2, and RP-5.
IS14017	Switch/Router Replacement - Business Network	Purchase, configure, and install new network business switches.
IS14021	Workstation Replacement - Business Network	Replace BizNet Workstations
IS14022	Software Licenses - Business Network	Purchase Biz-Net software licenses for infrastructure servers and networks testing.
IS14023	Intrusion Prevention System (IPS) for Internet	Purchase and install Source IPS appliance.
IS14024	Laser Printer Replacement- Business Network	Laser printer replacement project - replace laser printers that are over ten years old.
IS14025	Finance Process/SAP Functional Analysis & Roadmap	Consulting service to provide internal and external financial reporting and analysis requirements in order to determine the best practice method for organizing the cost/labor allocation and cost center structure.

Fiscal Year 2013/14
 Budgeted Project Description
 Administrative Services Fund - GG

Capital Replacement		
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.
IS11010	Business Network Tape Drive Replace	Replace Business Network Tape Drive
IS13010	Purchase, Configure, and Install New Laser Printers	Purchase, configure, and install new laser printers.
IS13030	Server Replacement - Biz Net	Purchase, configure, and install server for Biz Net.
IS13040	Workstation Replacement - Biz	Purchase, configure, and install workstation for- BizNet
IS13090	Network Server Replacement - Biz Net	Purchase, configure, and install all new network switches for Biz Net
IS14101	Event/Sadie Room Replace Projects	Purchase, configure, and install a new Digital Light Projector.
IS14102	Board Room A/V Equipment Replacement	Purchase and coordinate replacement of AV equipment in the Board Room.
Operations & Maintenance		
EP14003	General Fund Repair/Replace Project	Repair and replacement project, primarily for Agency's headquarters.
IS14001	IEUA Website Consultant	The Public Relations and Planning Departments will evaluate the structure and organization of the website along with the key users, goals, and social media.
WR13023	USBR Vegetative Monitoring	This is an ongoing project to be performed by USBR for Prado Basin Habitat vegetation monitoring. The purpose is to monitor any change in riparian habitat as it relates to the desalter program.

**Fiscal Year 2013/14
Budgeted Project
Regional Wastewater Capital Improvement Fund - RC**

Below is the list of capital projects included in the Regional Wastewater Capital Improvement fund.

REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC												
Project#	Project Description	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	FY 2022/23	Total TYCIP
Capital Construction												
EN04018	Engineering As-Builting	156,787										156,787
EN05050	RP2 Digester Gas Sys Modifications	300,000										300,000
EN06015	RP1 Dewatering Facility Expansion	5,207										5,207
EN08009	New Operations Laboratory			1,100,000	10,000,000	4,000,000						15,100,000
EN09023	RP-5 SHF/REEP Independent Review	150,000										150,000
EN11027	Headquarters Repairs and Drainage Improv	20,000	20,000									40,000
EN11031	RP-5 Flow Equalization and Effluent Moni	550,000	50,000									600,000
EN11036	HVAC & Server Room Fire Suppression Impr	1,200,000	600,000	300,000								2,100,000
EN11051	Central Plant for the New Operations Lab	700,000										700,000
EN12021	RP-5 Pond/Drainage Improvements	316,383										316,383
EN13017	RP-2 Drying Beds Drainage Improvements	51,700										51,700
EN13024	Mountain Avenue Improvements	470,000										470,000
EN13043	Montclair Lift Stn Communication System	150,000										150,000
EN13046	RP-1/RP-2 Flare Replacement	600,000	1,000,000									1,600,000
EN13047	RP-5 Standby Generators Control Mods	50,000										50,000
EN13050	RP4 Power Distribution Assessment & Repair	10,000										10,000
EN13053	RP-2 Splitter Box Gate Replacement	30,000										30,000
EN14006	Misc WW Construction & Emergency Projects	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
EN14009	CM Misc. RC Construction & Emergency Proj	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
EN14016	RP-5 New Emergency Basin Pump Station		150,000	800,000	800,000							1,750,000
EN14017	RP-5 Anoxic Mixers, Filter Backwash PS & Alum System Upgrades			315,000	1,785,000							2,100,000
EN14018	RP-4 Process Improvements	240,000	1,360,000									1,600,000
EN14020	RP-1 Sludge Thickening System Improvement	250,000	1,000,000	600,000	3,300,000	3,300,000						8,450,000
EN14037	Fontana Interceptor Relief Sewer Manholes Rehabilitation	200,000		850,000								1,900,000
EN14300	Regional Sewer Special Projects	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
EN16011	Whispering Lakes PS Rehab			500,000	1,500,000							2,000,000
EN18003	RP-2 Flare Replacement						500,000	1,500,000				2,000,000
EN22001	RP-5 Liquids and Solids Processing						2,500,000	2,500,000	28,500,000	28,500,000	28,500,000	90,500,000
MM15002	Purchase & Installation of RP-5 Satellite Warehouse & MM Shop Steel Bldg		250,000									250,000
Total Capital Construction		6,050,077	5,880,000	5,065,000	17,985,000	7,900,000	3,600,000	4,600,000	29,100,000	29,100,000	29,100,000	138,380,077
Capital Equipment												
EP14004	Agency Wide Chlorine Residual Analyzer Replacement	200,000	160,000									360,000
IS10011	Future DCS Initiatives	50,000	150,000									200,000
IS12001	Upgrade DCS Foxboro I/A to Infusion (Won	100,000	100,000									200,000
IS12002	Upgrade DCS AIM Historian to InSQL	100,000										100,000
IS14006	Network Time Appliance - PAC Network				15,000							15,000
LB14001	GC Pesticides Wastewater	100,000										100,000
PA14001	Replace RP-1 East and West Iron Sponge	115,000										115,000
SR12001	Agency Wide Security Equipment Upgrade	30,000	30,000									60,000
Total Capital Equipment		695,000	440,000	-	15,000	-	-	-	-	-	-	1,150,000
Capital Replacement												
EN08002	RP-1,RP-2,Carbonyl O&M Manual				500,000	495,998	415,516					1,411,514
EN11039	TP-1 Disinfection Pump Improvements	531,117										531,117
EN11042	RP1/RP2 Boiler Replacements	300,000										300,000
EN12020	Chino Creek Invert Repair	250,000										250,000
EN12022	RP-1 Aeration Ducting	848,000										848,000
EN12027	Ramona Ave Siphon Lining & Manholes	190,517										190,517
EN13018	CGWRF Odor Control System Replacement	250,000		1,250,000	1,500,000							3,000,000
EN14019	RP-1 Headworks Rehabilitation Project	725,000	1,000,000		4,500,000	4,500,000						10,725,000
PA14002	Replace Two Gas Conditioner Tanks at RP-2 Gas Mixer Room	40,000										40,000
Total Capital Replacement		3,134,634	1,000,000	1,250,000	6,500,000	4,995,998	415,516	-	-	-	-	17,296,148
Total Capital Project Costs		9,879,711	7,320,000	6,315,000	24,500,000	12,895,998	4,015,516	4,600,000	29,100,000	29,100,000	29,100,000	156,826,225
Operations and Maintenance												
CW19014	Sewer OE Projects	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
PL05007	FY04/05 Facility Master Plan	110,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	200,000
WR14003	Wastewater Facilities MP Update & CEQA	150,000	150,000									300,000
Total Operations and Maintenance		310,000	210,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	1,000,000
Total O&M Project Costs		310,000	210,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	1,000,000
TOAL REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC		10,189,711	7,530,000	6,375,000	24,560,000	12,955,998	4,075,516	4,660,000	29,160,000	29,160,000	29,160,000	157,826,225

Fiscal Year 2013/14
 Budgeted Project Description
 Regional Wastewater Capital Improvement Fund – RC

Capital Construction		
EN04018	Engineering-As-Building	This project will perform a complete “as-built” of the Agency’s Regional Water Recycling Plant facilities, including RP1, RP2, RP4, RP5 and CCWRF.
EN05050	RP2 Digester Gas Sys Modifications	This project will include a study to 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).
EN06015	RP1 Dewatering Facility Expansion	This project will expand the dewatering facilities at RP1 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.
EN09023	RP-5 SHF/REEP Independent Review	An independent evaluation of the Regional Plant No. 5 (RP-5) Solids Handling Facility (SHF) and Renewable Energy Efficiencies Project (REEP) has been recommended by the Board of Directors to determine alternative uses for the system components and cost effective decommissioning in the absence of viable alternatives.
EN11027	HQ Repairs and Drainage Improvements	The scope of this project includes the investigation and evaluation of the cracks that have been developing through 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.
EN11031	RP-5 Flow Equalization and Effluent	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.
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.
EN11051	Central Plant for The New Operations Lab	The project’s scope of work includes the central plant air conditioning system upgrades and modifications.
EN12021	RP-5 Pond/Drainage Improvements	Under this project, we will repair the eroded rip-raps, re-grade the site of the RP-5 Emergency Pond, demo and reconstruct the culvert, construct a V-gutter, curb and gutter to redirect the storm water to the emergency pond.

Fiscal Year 2013/14
 Budgeted Project
 Regional Wastewater Capital Improvement Fund - RC

Capital Construction		
EN13017	RP-2 Drying Beds Drainage Improvements	This project will repair area drainage containment to maintain compliance. Necessary repairs and installations of additional curb and gutters will be made for drainage improvement and runoff prevention.
EN13024	Mountain Avenue Improvements	The project will include the design and construction of one lane of street paving to meet existing pavement, striping, curb and gutter, sidewalk, street lighting, fire hydrants, and landscaping and irrigation per City requirements.
EN13043	Montclair Lift Station Communication System	Install a communication system at the Montclair Lift Station site.
EN13046	EN13046 RP-1 Flare System Improvements	The project includes procurement and installation of two (2) new gas flares for 100 percent redundancy at RP-1 facility. The two new flares at RP-1 will operate in parallel with the existing candle flare until it's required to be permanently taken out of service. RP-1 piping system and controls will be upgraded to accommodate and maximize the digester gas usage by the fuel cell and existing boilers
EN13047	RP-5 Standby Generators Control Mods	The project includes the modification of the existing control system to include a new multi-purpose controller which will effectively interface with the two standby diesel generators control and provide necessary alarms if the standby generators failed to start.
EN13050	RP-4 Power Distribution Assessment & Repair	This project will be closed in RC fund and reclassified to a WC fund project (EN13055) due to incorrect set up.
EN13053	RP-2 Splitter Box Gate Replacement	Due to severe erosion, the replacement of the existing slide gates and frames is critical to isolate gravity thickeners for normal operation. New 316 stainless steel gates will be procured by the Agency and installed by a contractor.
EN14006	Misc. WW Construction & Emergency Projects	This project will allow engineering to fund for unforeseen regional capital improvement projects that require immediate attention.
EN14009	CM Misc. RC Construction & Emergency Project	This project will allow Construction Management to fund unforeseen Waste Water Capital Improvement Fund projects that require immediate attention.
EN14018	RP-4 Process Improvements	Relocation of MLSS Wasting flow meter, connection of RW to aeration blower cooling system, modifications of secondary scum piping, and provide an in-plant Recycled Water flow meter.
EN14020	RP-1 Sludge Thickening System Improvement	Prepare a master plan of RP-1 thickening process to determine the require stages in improving the system with current or new thickening systems.
EN14037	Fontana Interceptor Relief Sewer Manholes Rehabilitation	IEUA Collection Crew listed about eighty (80) existing manholes throughout the Agency's Sewer Collection System that require repair and rehabilitation. This includes seventy-two (72) double lid manhole covers throughout the Fontana Interceptor Relief Sewer that need replacement and rehabilitation. Under this project, we will repair and replace the manholes with the highest priority.

Fiscal Year 2013/14
 Budgeted Project Description
 Regional Wastewater Capital Improvement Fund – RC

Capital Construction		
EN14300	Regional Sewer Special Projects	The project will allow Engineering and Construction Management to fund contingency small regional sewer repairs, plan checks, construction permits, and inspection of improvement projects requested by contracting agencies.
Capital Equipment		
EP14004	Agency-wide Chlorine Residual Analyzer Replacement	Procurement and installation of 36 chlorine residual analyzers at Agency facilities.
IS10011	Future DCS Initiatives	Future DCS Initiatives TS at RP-1
IS12001	Upgrade DCS Foxboro I/A to Infusion	Upgrade DCS Foxboro I/A to Infusion (WonTS at RP-1)
IS12002	Upgrade DCS AIM Historian to InSQL	Upgrade DCS AIM Historian to InSQL TS at RP-1
LB14001	GC Pesticides Wastewater	Gas Chromatograph for Wastewater pesticides analyses required testing per NPDES permit.
MM15002	Purchase & Installation of RP-5 Satellite Warehouse & MM Shop Steel Bldgs.	Purchase and installation of a steel building approximately 4,000 square feet, partitioned into 3 sections, 12' high with 3 single personnel access doors. This project will include the concrete pad, steel building, assembly, as well as the required electrical and mechanical work.
PA14001	Replace RP-1 East and West Iron Sponges	Replace two iron sponges located at RP-1, south of the Energy Recover Building (ERB).
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		
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.
EN11042	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.
EN12020	Chino Creek Invert Repair	Funds will be used to repair Chin Creek invert.

Fiscal Year 2013/14
 Budgeted Project
 Regional Wastewater Capital Improvement Fund - RC

Capital Replacement		
EN12022	RP-1 Aeration Ducting	Funds will be used for RP-1 Aeration Ducting systems.
EN12027	Ramona Avenue Siphon Lining & Manholes	Under this project, IUEA will perform the following: Lining of the Ramona Ave. Siphon and replacement and repair of the four (4) manholes cover on the Fontana Interceptor Relief Sewer.
EN13018	CCWRF Odor Control System Replacement	The project will start by evaluating available and viable options of both the order systems and the fine screens based on the real estate available and based on evaluating all options using business cases models.
EN14019	RP-1 Headwork's Rehabilitation Project	Replacement of the gate and embedded gate frames at RP-1.
PA14002	Replace Two Gas Conditioner Tanks at RP-2 Gas Mixer Room	Replacement of two gas conditioner tanks located at RP-2 gas mixing room, which have been in service since 1992 and have reached the end of their useful life.
Operation & Maintenance		
CW19014	Sewer OE 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.
PL05007	Facility Master Plan	Mid-term updates to the Agency's 2002 Facilities Master Plan, preceding the next full update in FY2013/14. Will assess progress on projects outlined in the last master plan, outline new initiatives, evaluate capital project needs, and develop a cost and implementation schedule for use in the Ten-Year Capital Improvement Plan. Includes integration with other ongoing planning efforts such as sewer model, energy efficiency research, and integrated water resource planning.
WR14003	Wastewater Facilities MP Update & CEQA	Comprehensive update of the 2002 Wastewater Facilities Master Plan, incorporating previous mid-term updates and new initiatives. Will update the Agency's planning models and sewer model to current flow conditions and growth assumptions, evaluate alternatives for flow routing to maximize the use of existing facilities and the recharge and use of recycled water, develop a phased expansion plan for Agency treatment facilities, define a long-term plan for solids handling in the southern service area, and identify necessary capital projects and budgetary-level cost estimates for inclusion in future Ten-Year Capital Improvement Plans and financing models. Will provide planned capital project descriptions in sufficient detail to support the subsequent preparation of a programmatic CEQA document.

**Fiscal Year 2013/14
Budgeted Project
Regional Wastewater Operations and Maintenance Fund – RO**

Below is the list of capital projects included in the Regional Wastewater Operations and Maintenance fund.

Regional Wastewater - Operations Fund - RO												
Project #	Project Description	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	FY 2022/23	Total TYCIP
Capital Construction												
EN08023	RP-1 Asset Replacement	500,000										500,000
EN09021	RP-4 Headworks Retrofit	650,000										650,000
EN13016	SCADA Enterprise System	850,000	2,000,000	2,500,000	2,500,000	2,000,000						9,850,000
EN13020	RP-2 Digester No. 4 Dome Guides Repair	56,896										56,896
EN13049	RP-2 Digester #4 Dome Replacement	1,800,000										1,800,000
EN13054	Montclair Lift Station Upgrades	1,600,000	584,356									2,184,356
EN14012	RP-2 Drying Beds Rehabilitation	90,000	510,000									600,000
EN14021	RP-1 Secondary Clarifier Asset Rehab	800,000	1,000,000	1,000,000	1,000,000	1,000,000	500,000					5,300,000
EN14024	CM Misc. RO Construction & Emergency Proj	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
EN14025	Misc RO Constr. & Emerg Proj	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
EN14027	CCWRF Secondary Clarifier No. 3 Rehab	100,000	900,000									1,000,000
EN16007	Facility Projects - RO (Previously in RC)			4,000,000		1,550,000	6,450,000	6,850,000				18,850,000
EN16008	Facility Projects - RO			5,200,000	5,475,000	4,750,000	4,750,000	9,250,000	9,250,000	9,250,000	9,250,000	57,175,000
EP13001	RP2 Digester Cleaning	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	2,880,000
IS13050	Network Switch Repl - Fore Plant Net	75,000	75,000	50,000								200,000
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
IS13080	Workstation Replace Fore-PAC Net	16,000	15,500	15,000	14,500							61,000
IS16004	Operations Data Management System			450,000								450,000
Total Capital Construction		7,437,396	5,963,556	14,114,000	9,855,000	10,120,000	12,520,000	16,920,000	10,070,000	10,070,000	9,750,000	106,819,952
Capital Equipment												
EP14002	Major Facilities Repairs/Replacements	1,500,000										1,500,000
IS14004	Server Replacement Project - PAC Network	52,000										52,000
IS14005	Sharepoint - PAC Network		25,000									25,000
IS14007	Software Licenses - PAC Network	28,000										28,000
IS14008	Core Switch RP1 - PAC Network	45,000										45,000
IS14009	SB Lift Panel View (2) Disaster Recovery/Standardization Proj. - PACNet				35,000							35,000
IS14010	Replace PLC-5 rack solution w/ControlLogix Rack and PLCs-PACNet	80,000										80,000
IS14011	PACNet-Replace L55 Processors	22,000										22,000
IS14012	Switch/router replacement - PAC Network	75,000										75,000
IS14026	Workstation Replacement - PAC Network	10,500										10,500
Total Capital Equipment		1,812,500	25,000		35,000							1,872,500
Capital Replacement												
EN10012	RP-1 Fuel Cell	150,000										150,000
EN12018	CCWRF Secondary Clarifier No.2 Rehab.	649,828										649,828
EP13002	Major Facilities Repair/ Replacement		700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	5,600,000
PA14003	Replace Filter Cloth Socks on four Disc Filter Units at RP-4	80,000										80,000
Total Capital Replacement		879,828	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	6,479,828
Total Capital Projects Costs		10,129,724	6,688,556	14,814,000	10,590,000	10,820,000	13,220,000	17,620,000	10,770,000	10,770,000	9,750,000	115,172,280
Operations & Maintenance												
EN13012	Magnolia Channel Monitoring & Maintenance	60,000	60,000	60,000								180,000
EN14004	Asset Management Master Plan	160,000										160,000
EN14005	Asset Management Condition Assessments	150,000										150,000
EN14026	Misc RO O & M Emerg Proj	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
EN14032	CCWRF, RP-4 & RP-5 Blower Analysis	100,000										100,000
EN14033	RP1 IPS System Condition Assessment	100,000										100,000
EN14034	RP1 Aeration Panels Condition Assessment	100,000										100,000
EN14039	Digester Gas Analysis and RP-1 Net Energy Metering App	150,000										150,000
EP14001	Digester Cleaning	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	420,000	4,200,000
EP14006	Replace Bio-Filter Media at RP-5	200,000										200,000
PA14004	Replace RP-1 Headworks Bio-Filter Media	250,000										250,000
Total Operations & Maintenance		1,940,000	730,000	730,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000	8,090,000
Cost Reimbursable												
PK11001	Water Discovery Field Trip & Bus Grant	44,050										44,050
PK11002	Annual Earth Day Event	5,000										5,000
Total Cost Reimbursable		49,050										49,050
Total O&M Projects Costs		1,989,050	730,000	730,000	670,000	670,000	670,000	670,000	670,000	670,000	670,000	8,139,050
TOTAL REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - RO		12,118,774	7,418,556	15,544,000	11,260,000	11,490,000	13,890,000	18,290,000	11,440,000	11,440,000	10,420,000	123,311,330

Capital Construction		
EN08023	RP-1 Asset Replacement	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.
EN09021	RP-Headwork Retrofit	The project entails altering the headworks building to improve accessibility for operation and maintenance and replacing the leaky sluice gates at the bar screens.
EN13016	SCADA Enterprise System	The SCADA Enterprise System will eliminate the multi-vendor platforms currently operating as islands of automation.
EN13020	RP-2 Digester No. 4 Dome Guides Repair	The project will repair the digester dome guides and rollers inside the digester.
EN13049	RP-2 Digester #4 Dome Replacement	The existing digester floating dome will be converted to a fixed dome structurally attached to the digester wall. Associated mechanical gas handling equipment and piping system will be modified and/or replaced as required.
EN13054	Montclair Lift Station Upgrades	Recently Operations diverted additional flow to RP-1 to accommodate additional demand for the recycled water at the southern service area of IEUA. This additional flow also increased the ragging problem at Montclair Pump Station requiring frequent de-ragging of the pumps. Under this project, Agency will replace the existing outdated control system/electrical and replace the pumps/motors with a different type of pumps that are capable of handling the ragging issue more efficiently.
EN14012	RP-2 Drying Beds Rehabilitation	Evaluate drying beds and implement various improvements to allow further usage of the drying beds.
EN14021	RP-1 Secondary Clarifier Asset Rehab	Rehab the remaining 4 Secondary Clarifiers to increase its remaining useful life.
EN14024	CM Misc. RO Construction & Emergency Project	The project will allow the Office Engineer to fund unforeseen Waste Water Capital Improvement Fund projects that require immediate attention.
EN14025	Misc. RO Construction & Emergency Project	Allow the office engineer to fund unforeseen Waste Water Capital Improvement Fund projects that require immediate attention.

Capital Construction		
EN14027	CCWRF Secondary Clarifier No. 3 Rehab	The project will rehabilitate the S.C. No. 3 and replace most of its equipment.
EP13001	RP-2 Digester Cleaning	The project is for a single digester cleaning each year based on cleaning schedule for Agency-wide locations.
IS13050	Network Switch Replace – Fore Plant Net	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.
IS13060	UPS Replacement Forecast - PAC	Purchase and coordinate the installation of UPS units. The Agency has 75 UPS unites and are replacing 5 each year for continued reliability.
IS13070	Server Replace-Plant Auto FORECAST	Purchase and coordinate the installation of server hardware for the plant auto net.
IS13080	Workstation Replace – PAC Network	Purchase and coordinate the installation of new workstations for PAC Network
Capital Equipment		
EP14002	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.
IS14004	Server Replacement Project –PAC Network	PACNet – Server replacement.
IS14007	Software License – PAC Network	PACNet – Purchase software license for infrastructure servers and test network.
IS14008	Core Switch RP1 – PAC Network	Purchase, configure, and install a “core” network switch on the PAC network at RP1.
IS14010	Replace PLC-5 Rack Solution w/Control Logix Rack and PLCs-PACNet	Replace PLC 5 chassis and PLCs with Control Logix at RP1, RP2, and RP5.
IS14011	PACNet-Replace L55 Processors	PACNet – Replace L55 PLC processors using the latest model: L72.
IS14012	Switch/Router Replacement – PAC Network	PACNet – Switch/Router replacement.
IS14026	Workstation Replacement – PAC Network	Purchase, configure, and install new workstations.

Fiscal Year 2013/14
 Budgeted Project
 Regional Wastewater Operations and Maintenance Fund – RO

Capital Replacement		
EN10012	RP-1 Fuel Cell	This project scope includes providing technical support and supervision during construction as well as reviewing the design submittals during the design phase. 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.
EN12018	CCWRF Secondary Clarifier No.2 Rehab	CCWRF Secondary Clarifier No.2 Rehab.
PA14003	Replace Filter Cloth Socks and Four Disc Filter Units at RP-4	Replace 288 filter cloth socks on the four disc filter units located at RP-4.
Operational & Maintenance		
EN13012	Magnolia Channel Monitoring and Maintenance	Monitoring and maintenance/weed removal.
EN14004	Asset Management Master Plan	Utilize IEUA staff and external Asset Management professional services to produce a written document detailing the Agency's commitment to maintaining a defined Asset Management Program.
EN14005	Asset Management Condition Assessments	Perform condition assessments and document finding for the Agency's assets.
EN14026	Misc RO O&M Emergency Project	This project will allow the Office Engineer to fund unforeseen Waste Water Capital Improvement Fund projects (O&M).
EN14032	CCWRF, RP-4 & RP-5 Blower Analysis	Performing the necessary engineering and economic analysis on all the blowers at RO's facilities by consultant.
EN14033	RP1 IPS System Condition Assessment	Provide a life-cycle analysis by comparing the current condition with proposed improvements.
EN14034	RP1 Aeration Panels Condition Assessment	Conduct a detailed condition assessment. Provide a life-cycle analysis by comparing the current condition with proposed improvements.

Fiscal Year 2013/14
 Budgeted Project
 Regional Wastewater Operations and Maintenance Fund – RO

Operational & Maintenance		
EP14039	Digester Gas Analysis and RP-1 Net Energy Metering App	This project is to support RP-1 fuel cell activities.
EP14001	Digester Cleaning	Removal of solids from RP-2 Digester #1. Perform structural analysis, repair/modify as needed and replace valves as required.
EP14006	Replace Bio-Filter Media at RP-5	Replace Bio-Filter Media at RP-5.
PA14004	Replace RP-1 Headwork's Bio-Filter Media	Replace the RP-1 Headwork's Bio-Filter media.
Cost Reimbursement		
PK11001	Water Discovery Field Trip & 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.
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.

**Fiscal Year 2013/14
Budgeted Project
Non-Reclaimable Wastewater (NRW) Fund – NC**

Below is the list of capital projects included in the Non-Reclaimable Wastewater fund.

NON-RECLAIMABLE WASTEWATER FUND - NC												
Project#	ProjectDescription	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	FY 2022/23	Total TYCIP
Capital Construction												
EC14009	CSDLAC Capital Replacement 4Rs	1,008,323	1,179,062	1,088,575	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	13,075,960
EN11034	NRW Collection System Repairs Phase 3	537,533										537,533
EN11035	Philadelphia Pump Station Upgrades	802,654										802,654
EN13021	Philly PS Wet Well Condition Assessment	16,973										16,973
EN13042	Philly Pump Station Communication System	150,000										150,000
EN14008	NRW Conn & Emergency Projects	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
EN14011	CM Misc. NRW's Construction & Emergency Proj	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
EN14035	22 Inch Manholes Along NSNT Rehab	250,000	600,000									850,000
EN14036	Cleanouts for Philadelphia Pump Station Force Main	250,000	400,000									650,000
Total Capital Construction		3,365,483	2,529,062	1,438,575	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	19,583,120
Capital Equipment												
EC14003	Field Tablets & Printers	6,000										6,000
Total Capital Equipment		6,000										6,000
Capital Replacement												
EN07011	NRW System Upgrades			500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,000,000
Total Capital Replacement				500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,000,000
Total Capital Projects Costs		3,371,483	2,529,062	1,938,575	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	23,589,120
Operations & Maintenance												
CW15014	NRW OE Projects	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100,000
EC14001	Linko Special Reports for OSCS/SAWPA	10,000										10,000
EC14002	NRWS Pipeline Cleaning	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
EN14022	NRW Asset Mgmt. Condition Assessment	100,000										100,000
Total Operations & Maintenance		170,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	710,000
Total O&M Projects Costs		170,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	710,000
TOTAL NON-RECLAIMABLE WATERWATER FUND - NC		3,541,483	2,589,062	1,998,575	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	24,299,120



PHILADELPHIA LIFT STATION

Capital Construction		
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.
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.
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.
EN13021	Philadelphia Pump Station Wet Well Condition Assessment	The contractor will pump (bypass) the wastewater from the pump station and will provide confined space entry for the IEUA's consultant to assess the condition of the lining of the Wet Well and level indicator. Additionally, the contractor will clean the Wet Well and dry the waste and haul it outside of IEUA's facility.
EN13042	Philadelphia Pump Station Communication System	The intent of this project is to design, supply and install a communication monopole at the Philadelphia Pump Station and integrate with the existing communication network.
EN14008	NRW Conn & Emergency Projects	The project will allow Engineering and Construction Management to fund unforeseen NRW projects that require immediate attention.
EN14011	CM Mis. NRWs Construction & Emergency Project	The project will allow the Construction Management Department to respond to NRWS construction and emergency projects.
EN14035	22-Inch Manholes Along NRW North System North Truck (NSNT) Rehab	The existing 22 manholes are located along the Flood Control District's Cucamonga Channel and are about 5 feet above grade, making these facilities impossible to maintenance and condition assessment. The project will lower these manholes to the existing

Fiscal Year 2013/14
 Budgeted Project
 Non-Reclaimable Wastewater (NRW) Fund – NC

Capital Construction		
EN14036	Cleanouts for Philadelphia Pump Station Force Main	A total of 13 cleanouts will be installed onto Agency's NRW pipeline to restore its capacity and to provide access for maintenance and condition assessment.
Capital Equipment		
EC14003	Field Tablets & Printers	Purchase of two ruggedized laptops, 2 portable printers, and associated software to synchronize with the departments HQ system for the PT&SC Inspectors.
Operations & Maintenance		
CW15014	NRW OE Projects	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).
EC14001	Linko Special Reports for OSCS/SAWPA	OCSD audit of SAWPA pretreatment requires SAWPA member agencies to provide uniform reports/database formats. These custom reports/database formats will be developed by Linko.
EC14002	NRWS Pipeline Cleaning	The State mandated WDR-SSMP (Sewer System Management Plan) requires that all pipelines are adequately cleaned and maintained, as to minimize the possibility of a Sanitary Sewer Overflow (SSO). This project includes solids removal, profiling, and landfill disposal in the NRW System.
EN14022	NRW Asset Mgmt. Condition Assessment	Perform condition assessments and document findings for Agency manholes approaching 50 years of age.

**Fiscal Year 2013/14
Budgeted Projects
Recharge Water Fund – RW**

Below is the list of capital projects included in the Recharge Water fund.

RECHARGE WATER FUND - RW												
Project#	ProjectDescription	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	FY 2022/23	Total TYCIP
Capital Construction												
EN12025	Hickory Basin - Arizona Crossing	100,000										100,000
EN14038	CB20 Noise Mitigation Measures	160,000										160,000
EN14040	Jurupa Pump Station	300,000										300,000
WR13022	Prado Basin Habitat Well Monitori	50,000										50,000
Total Capital Construction		610,000										610,000
Total Capital Projects Costs		610,000										610,000
TOTAL RECHARGE WATER FUND - RW		610,000										610,000



DEWATERING SILO

**Fiscal Year 2013/14
Budgeted Projects
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.
EN14038	CB20 Noise Mitigation Measures	Funds for project CB20 will used to alleviate noise issues.
EN14040	Jurupa Pump Station	Evaluate electrical room HVAC and provide solutions/upgrades for the Jurupa Pump Station HVAC to improve system reliability, maximize groundwater recharge, increase equipment life, and save energy.
WR13022	Prado Basin Habitat Well Monitoring	As required by the Peace II SEIR, IEUA & Chino Basin Water Master are required to develop a Prado Basin Habitat Sustainability Adaptive Management Plan which includes installing additional groundwater monitoring wells in the Prado Basin.



HICKORY BASIN

**Fiscal Year 2013/14
Budgeted Projects
Recycled Water Fund – WC**

Below is the list of capital projects included in the Recycled Water fund.

RECYCLED WATER FUND - WC												
Project#	Project Description	FY2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	Total TYCIP
Capital Construction												
EN 06025	Wineville Ext Recy Wtr Pipeline Seg A	8,000,000	5,378,155	569,329								13,947,484
EN 07010	CCWRF RW Pump Station Expansion	3,750,000	900,000	400,000	400,000							5,450,000
EN 08018	1630 W. Recycled Water Pipeline Segment	500,000										500,000
EN 09003	1630 W. Recycled Water Pipeline Segment	25,000										25,000
EN 09007	1630 E Pipeline Seg B & 1630 E Reservoir							662,500	3,812,500	925,000		5,400,000
EN 11030	Northwest Communication Towers	10,000										10,000
EN 11048	1630 W. Pump Station Communication Tower	10,000										10,000
EN 11050	Turner Basin Turnout Capacity Improvement	20,000										20,000
EN 12014	East Avenue 1630 E RWP Relocation	470,371										470,371
EN 12016	North CIM Lateral	210,000										210,000
EN 13001	San Seavaine Basin Improvements	1,700,000	777,314	25,000								2,502,314
EN 13022	930 Zone RW Reservoir Construction	5,100,000	2,500,000	25,000								7,625,000
EN 13023	930 Zone RW Pipeline Construction	6,100,000	525,000									6,625,000
EN 13025	800 Zone Flow Meter Installation	25,000										25,000
EN 13029	Turner 1 Turnout & Deer Creek Drop-Inlet	800,000	25,000									825,000
EN 13031	Wineville Proof of Concept	200,000										200,000
EN 13032	1630 E RW Pipeline - Corrosion Repairs	18,000										18,000
EN 13036	Redevelop of the Monitoring Well MW-VCT2	60,000										60,000
EN 13038	RP-1 Outfall Relocation	2,000,000										2,000,000
EN 13040	Prado Dechlor Communication System	150,000										150,000
EN 13041	RP-5 RW PS Process Control Sys Migration	260,000										260,000
EN 13045	Wineville RW Extension Segment B	7,000,000	4,900,000	25,000								11,925,000
EN 13048	RP-1 RW Electrical Feed Upgrade	973,982										973,982
EN 13051	1630 E RW Pipeline Surge Tank Rplcmt	10,000										10,000
EN 14007	Misc Recycled Water Projects	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	2,000,000
EN 14010	CM Misc. RW Construction & Emergency Proj	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
EN 14028	Vulcan Basin Development	100,000	100,000	100,000	887,500	3,525,000	1,050,000	237,500				6,000,000
EN 14041	RP-4 1158 & 1299 RWPS Upgrades	100,000	500,000	2,475,000	925,000							4,000,000
EN 14042	RP-4 1158 RWPS Upgrades	150,000	500,000	3,000,000	350,000							4,000,000
EN 14043	RP-5 Pipeline Bottleneck	150,000	500,000	300,000	350,000							1,300,000
EN 15002	1158 Reservoir Site Cleanup		200,000	25,000								225,000
EN 16009	CCWRF RW Flow Equalization			500,000								500,000
EN 16010	RP-5 RWPS Modification Controls			500,000								500,000
EN 19002	800 Zone Reservoir							500,000	2,500,000	400,000		3,400,000
EN 19003	RP-1 Outfall Parallel Line FY 13/14							500,000	4,000,000	1,200,000		5,700,000
EN 20001	Lower Day Basin Pipeline							300,000	2,000,000	200,000	25,000	2,525,000
EN 20002	Etiwanda Debris Basin Berm							200,000	300,000			500,000
EN 20003	Montclair-Basin Pipeline							200,000	1,000,000	300,000		1,500,000
EN 20004	Brooks Basin Improvements							200,000	700,000			900,000
EN 20005	EN20005 800 P2 Pipeline Bottleneck							150,000	500,000	300,000	350,000	1,300,000
EN 21001	Upland Basin Pipeline								500,000	300,000	2,200,000	3,000,000
WR08020	Recycled Water Misc Connections and Retr	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
WR08032	1630 W. Recycled Water Pump Station	50,000										50,000
WR11017	Turner Basin Recharge Improvements	1,100,000	25,000									1,125,000
WR11018	Northwest Recycled Water SCADA Upgrades	10,000										10,000
Total Capital Construction		40,002,353	17,780,469	8,894,329	3,862,500	4,475,000	2,000,000	3,900,000	16,262,500	4,575,000	3,525,000	105,277,151
Capital Equipment												
EN 12019	GWR and RW SCADA System Upgrades	781,657	1,626,575	25,000								2,433,232
EP 14005	400 HP Variable Frequency Drive (VFD) RP-1 Zone 2B Pump Station	75,000										75,000
LB14002	ICP-MS	220,000										220,000
Total Capital Equipment		1,076,657	1,626,575	25,000								2,728,232
Total Capital Projects Costs		41,079,010	19,407,044	8,919,329	3,862,500	4,475,000	2,000,000	3,900,000	16,262,500	4,575,000	3,525,000	108,005,383
Operation & Maintenance												
CW16014	Recycled Water OE Projects	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
EC14004	Water Softener Removal Relate Program	125,000	125,000	100,000	75,000							425,000
EN 13035	San Antonio & Jurupa Force ARV Rplcmt	200,000										200,000
EN 14023	RW Asset Mgmt. Condition Assessment	100,000										100,000
EN 14029	WC Asset Management Projects	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
WR14020	Recycled Water Interdie & Recharge Regulatory Study	100,000	500,000									600,000
Total Operation & Maintenance		825,000	925,000	400,000	375,000	300,000	300,000	300,000	300,000	300,000	300,000	4,325,000
Cost Reimbursable												
WR13024	Urban Runoff Capture Retrofits at Rechar	200,000	59,073									259,073
WR13025	Wastewater Charge Petition	50,000										50,000
Total Cost Reimbursable		250,000	59,073									309,073
Total O&M Project Costs		1,075,000	984,073	400,000	375,000	300,000	300,000	300,000	300,000	300,000	300,000	4,634,073
TOTAL RECYCLED WATER FUND - WC		42,154,010	20,391,117	9,319,329	4,237,500	4,775,000	2,300,000	4,200,000	16,562,500	4,875,000	3,825,000	112,639,456

Capital Construction		
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 Declez 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.
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.
EN09003	1630 W. Recycled Water Pipeline Segment	The project involves construction of 12,000 feet of 24-inch diameter pipeline within the 1630 Pressure Zone West to serve as an inlet/outlet pipeline to the 1630 Pressure Zone West Reservoir.
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.
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.

Capital Construction		
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.
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.
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.
EN13022	930 Zone RW Reservoir Construction Pipeline	The 13,000 linear feet of 30-ince 930-Zone Recycled Water Pipeline will connect the proposed 5.0 reservoir and the CCWRF RW Pump Station. The transmission line will also have numerous direct connections to serve recycled water to customers, approximately another 300 acre-foot per year (AFY).
EN13023	930 Zone RW Pipeline Construction	A 5-MG storage reservoir will be constructed in the City of Chino Hills. Since the recycled water use has continued to increase throughout the Cities of Chino Hills and Ontario. Additional storage is needed to serve these growing demands more reliably.
EN13025	800 Zone Flow Meter Installation	The project will install a flow metering system at a remote site that does not have access to power supply from SCE. The new system will provide critical data for improved recycled water system flow control.
EN13029	Turner 1 Turnout & Deer Creek Drop-Inlet	Turner 1 Turnout & Deer Creek Drop-Inlet
EN13031	Wineville Proof of Concept	The project will include the construction of testing pits to measure basin infiltration capacity, analyze the soil, and infiltration characteristics to determine if it is feasible to have the basin operated for groundwater recharge operations. The project will develop the design scope to develop the Wineville Basin
EN13032	1630 E RW Pipeline – Corrosion Repairs	Obtain services from a 3rd party services from a Cathodic Protection and Corrosion Control company to determine if stray current still exists at the segment of piping along the 1630E pipeline, that passes under the 210 freeway, has a significant shift in potential of the installed piping is present, recommendations for mitigation and plans shall be provided.
EN13036	Redevelop of the Monitoring Well MW-VCT2	Redevelop of the Monitoring Well MW-VCT2

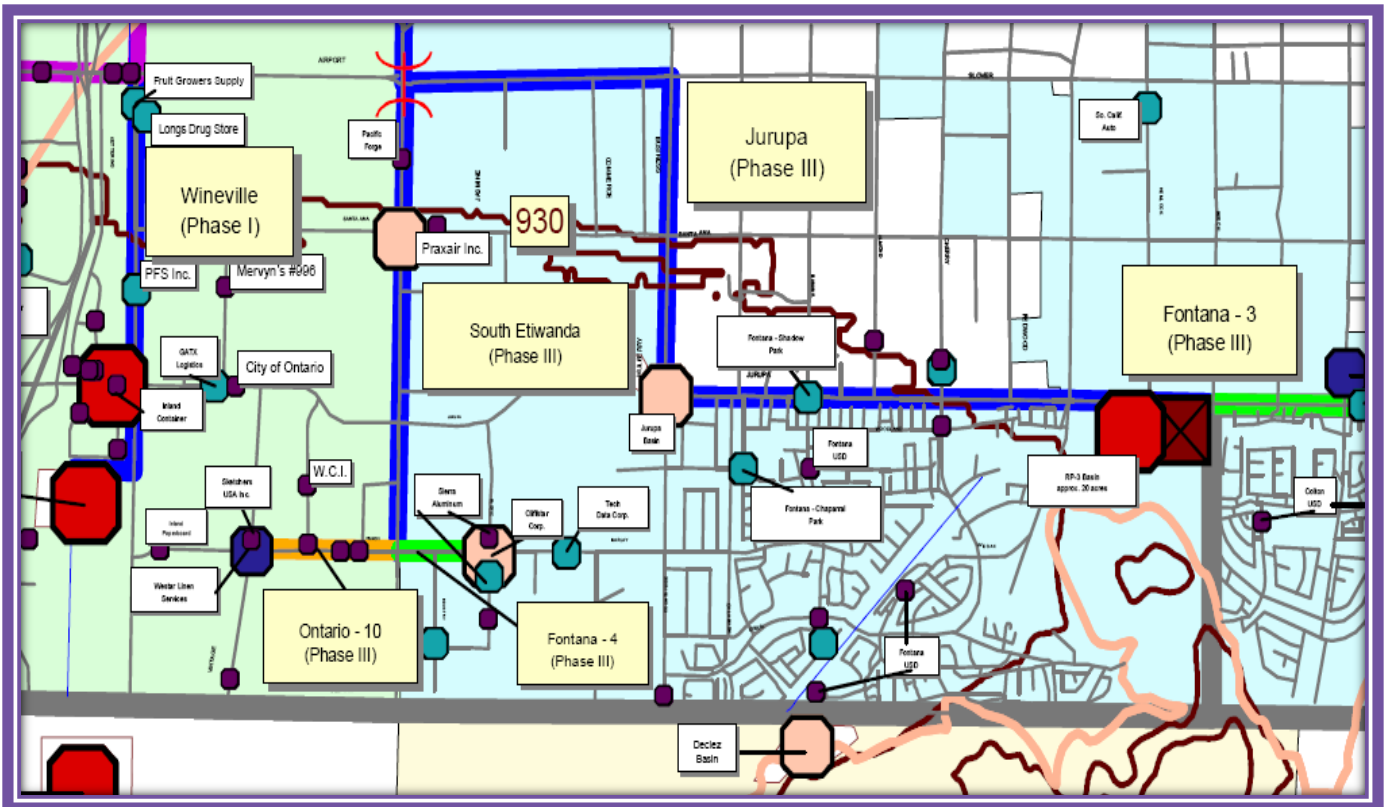
Fiscal Year 2013/14
 Budgeted Projects
 Recycled Water Fund – WC

Capital Construction		
EN13038	RP-1 Outfall Relocation	The funds will be used to relocate RP-1 Outfall project to better meet the Agency’s goals.
EN13040	Prado Dechlor Communication System	The intent of this project is to design, supply, and install a communication monopole in the southern service area to communicate with the RP-5 communication system and become an integral part of the communication network.
EN13041	RP-5 RW PS Process Control Sys Migration	RP-5 RW PS Process Control Sys Migration
EN13045	Wineville RW Extension Segment B	Stands for the Wineville RW Extension Pipeline (Segment B): The project is created to split the total length of the proposed 36” pipeline into two. Specifically, Segment b entails installing 3 miles worth of the RW pipeline within the City of Fontana. The split took place to open the door to more contractors to bid both segments since boding will be less.
EN13048	RP-1 RW Electrical Feed Upgrade	The project will determine the electrical load capacity at TP-1 and RP-1 in order to ensure power availability to run all five pumps (including the newly installed 500 HP one) simultaneously to support dry season recycled water demands. The capacity of power source at TP-1 was not thought out properly. The project scope will include the followings: 1) Conduct electrical loan analysis. 2.0) Bring in new electrical feeds to upgrade the power source and wiring at RP-1 and TP-1. 3) Review the power at the Tertiary Plant & 600KW generator to provide a comprehensive electrical solution. 4) Resolve back-up generator issues at TP-1.
EN13051	1630 E RW Pipeline Surge Tank Replacement	1630 E RW Pipeline Surge Tank Replacement
EN14007	Misc. Recycled Water Projects	This project will allow Engineering and Construction Management to fund unforeseen Recycled Water Capital Improvement projects that require immediate attention.
EN14010	CM Misc. RW Construction & Emergency Project	This project will allow Construction Management to fund unforeseen Recycled Water Capital Improvement Fund projects that require immediate attention.
EN14028	Vulcan Basin Development	The project includes initial site investigation and evaluation to assess the viability of the site as a recharge facility.
EN14041	RP-4 1158 & 1299 RWPS Upgrades	The project will determine the electrical load capacity at RP-4 1158 & 1299 RWPS in order to ensure power availability to run all five pumps (including the newly installed 500 HP one).

Capital Construction		
EN14042	RP-1 1158 RWPS Upgrades	The project will determine the electrical load capacity at RP-1 1158 RWPS RWPS in order to ensure power availability to run all five pumps.
EN14043	RP-5 RW Pipeline Bottleneck	This project will use funds that will be used to eliminate bottlenecks in the RP-5 RW Pipeline system, making it more efficient.
WR08020	Misc. Connections, Retrofits and Laterals	The project encompasses the design and construction for recycled water customer connections, on-site retrofits, services laterals and other related services.
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.
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 Water master. 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.
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.
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.
EP14005	400 HP Variable Frequency Drive (VFD) RP-1 Zone 2B Pump Station	Procure and install a new CPX 9000 model VFD in the recycled water Zone 2B pump station pump #2.

Capital Equipment		
LB14002	ICP - MS	New technology for the instrument will result in more automation during analysis set-up, as well as reduced maintenance overall. New instrument will also for even lower metals detection compared to the labs current ICP-MS, This will insure lab is capable of meeting potentially new reporting limit requirements from CDPH and NPDES.
Operations & Maintenance		
CW16014	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.
EC14004	Water Softener Rebate Program	Funding is required for the reimbursement of the Automatic Water Softeners, plumber to remove the WS Advertising, and to cover IEUA Staff time.
Operations & Maintenance		
EN13035	San Antonio & Jurupa Force ARV Replacement	The funds will be used to replace ARVs in the San Antonio and Jurupa projects.
EN14023	RW Asset Management Condition Assessment	The Asset Management Program has identified the need to regularly perform condition assessments on agency assets to maintain a proper rehabilitation and replacement schedule.
EN14029	WC Asset Management Projects	There have been items that are being identified during the operations of the RW distribution that needs corrective actions, which requires funds to be established in support of completing the design and construction of such items. Replacement of flow meters, valves, air vacuums and other appurtenances due to unforeseen conditions which may require engineering support for design and construction.
WR14020	Recycled Water Intertie & Recharge Regulatory Study	This study will help determine if there is an opportunity to expand recycled water use by intertying with WRCWRA's system, as well as expand recycled water recharge by working with regulatory agencies to enhance the Agency's existing permit to allow more recharge & additional recharge in currently non-permitted basins.
Cost Reimbursable		
WR13024	Urban Runoff Capture Retrofits at Recharger	Feasibility study of increasing recharge at existing basin while water quality using new or retrofitted inlets, rubber dam or gates control and automation, scattered natural pretreatment areas, and other methods. Report will discuss potential applicable techniques for increasing recharge at other sites in the region and also achieving water quality goals to decrease nuisance flow and first flush flow in the channels.

Cost Reimbursible		
WR13025	Wastewater Change Petition	State Water Resource Control Board has approved the water rights determination to receive SRF funding for the Wineville RW pipeline. Project funds will be used for the preparation of a waste water change petition by December 2012.



Map of Local Recycled Water System

**Fiscal Year 2013/14
Budgeted Project
Water Resources Fund – WW**

Below is the list of capital projects included in the Water Resources fund.

RECYCLED WATER FUND - WW												
Project #	Project Description	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	FY 2022/23	Total TYCIP
Operation & Maintenance												
FP10700	Financial Planning Forecast WW Fund		400,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	455,000	3,905,000
WR14004	Garden In Every School	45,000										45,000
WR14007	Residential Rebate Incentives	50,000										50,000
WR14008	National Theater for Children	75,000										75,000
WR14009	CI Rebate Incentives	60,000										60,000
WR14015	Residential Landscape Training Classes	15,000										15,000
WR14018	IEUA WUE Model Update & Workshops	7,000										7,000
WR14019	IEUA Integrated Regional Water Mgmt Plan	50,000	150,000									200,000
Total Operation & Maintenance		302,000	550,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	455,000	4,357,000
Cost Reimbursable												
WR13005	Residential Landscape Installation	300,000										300,000
WR14001	Water Use Efficiency Business Plan Update	100,000										100,000
WR14002	CBWCD Landscape Audit & Monitoring Program	40,000										40,000
WR14010	Chino Basin Green	75,000										75,000
WR14011	Free Nozzle Voucher Program	243,750										243,750
WR14013	Sponsorships & Public Outreach	77,500										77,500
WR14017	Landscape Transformation Program	159,000										159,000
Total Cost Reimbursable		995,250										995,250
Total O&M Projects		1,297,250	550,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	455,000	5,352,250
TOTAL WATER RESOURCES FUND - WW		1,297,250	550,000	410,000	420,000	425,000	435,000	450,000	455,000	455,000	455,000	5,352,250

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

Cost Reimbursement		
WR13005	Residual Landscape Installation	The project provides residential landscape, low-interest financing and/or rebate program.
WR14001	Water Use Efficiency Business Plan Update	The project will update the Agency's Regional Water Use Efficiency Business Plan developed in 2010. The update is needed for filing the 2015 Urban Water Management Plan and meeting regional compliance with Senate Bill X 7-7.
WR14002	CBWCD Landscape Audit & Monitoring Program	Continuation of regional landscape audit and monitoring program.
WR14010	Chino Basin Green	The project is for regional landscape activities sponsored by Lewis Operating Corporation, including staff and labor time.
WR14011	Free Nozzle Voucher Program	Regional residential high-efficiency sprinkler-head nozzle voucher redemption program.
WR14013	Sponsorships & Public Outreach	Funding provides for agency and member agency memberships, public outreach activities, BMP support programs, and special events.
WR14017	Landscape Transformation Program	The program will remove turf and provide design and re-landscaping with low water use plants and irrigation technologies for residential properties.
Operation & Maintenance		
WR14004	Garden in Every School	Garden In Every School program installs up to 7 water efficient gardens featuring California Friendly native plants and efficient irrigation techniques in elementary schools within IUEA's service area. The project will focus on installed gardens, through refurbishment and maintenance.
WR14007	Residual Rebate Incentives	Funding to provide additional rebate incentives.
WR14008	National Theater for Children	Provides live theatre performances to students in grades K-6, educating them on environmental issues and water use efficiency.
WR14009	CII Rebate Incentives	Funding to provide incentives or other funding opportunities for commercial industrial institutional (CII) customers.
WR14015	Residual Landscape Training Classes	The program provides landscape instructors to teach residential landscape workshops that cover design, maintenance, use of water efficient plants, and irrigation management.
WR14018	IEUA WUE Model Update & Workshops	These activities are to keep IEUA's working model updated with up-to-date software and provide training for member agency staff.
WR14019	IUEA Integrated Regional Water Management Plan	This Water Management Planning document is needed to develop the road map for future water supply projects for the IEUA region. This Plan will include strategies for development and use of imported water, recycled water, storm water, and other supplemental supplies for the future.



DEBT MANAGEMENT

DEBT MANAGEMENT

The Agency issues debt to fund the acquisition and/or construction of capital assets, improvements of existing facilities, and to refinance existing long term debt issue to take advantage of lower interest rate that will decrease debt service costs in the future. The Agency applies a priority tiered financing strategy to ensure the lowest cost of borrowing while maximizing flexibility. This tiered financing strategy includes system revenues, grants, fund balance draws, and SRF loans by prioritizing low-cost funds and approaching expensive funding sources last. Table 7-1 shows the Agency's debt service summary.

Table 7-1: Debt Service Summary (\$Millions)

Debt Issue Par			FY 2013/14 Debt Service Payment			FY 2013/14 Outstanding Debt			
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Bonds	\$251.1	\$216.0	\$467.1	\$6.9	\$9.1	\$16.0	\$221.8	\$148.5	\$370.3
SRF Loans	104.2	15.0	119.2	4.0	0.7	4.7	87.8	10.8	98.6
Notes Payable	15.1	1.6	16.7	0.7	0.4	1.1	7.8	1.1	8.9
Fin. Exp.						0.3			
Total	\$370.4	\$232.6	\$603.0	\$11.6	\$10.2	\$22.1*	\$317.4	\$160.4	\$477.8

*Excluding Inter-Fund Loan

Projections indicate that in order to fund aggregate capital expenditures of \$415 million over the next 10 years, the Agency will require borrowing of approximately \$80.0 million in SRF loans to support construction of the last two major segments of the Regional Recycled Water Distribution System (RRWDS) and recycled water projects and the Water Quality Laboratory. Additional bond issue borrowings of \$40 million are projected in FY 2018/19 to support the expansion of the Agency's Southern Service area facility. Table 7-2 shows the Agency's expected borrowing schedule.

Table 7-2: TYCIP Projected Borrowing Requirements (\$Millions)

Projects	Bonds	SRF Loans
Central/Wineville		\$26.0
Recycled Water Distribution Upgrade & Retrofit		\$9.6
Southern Area		\$9.3
Southern Area*		\$16.2
Northeast Area		\$5.3
Subtotal Recycled Water		\$66.4
Regional Capital Projects	\$40.0	
Water Quality Laboratory		\$13.6
Total	\$40.0	\$80.0

*SRF Loan C-06-5319-110 is already approved ~ \$16.2M is part of approved amount \$20,608,638 for Southern Area

Debt Service Costs

Total annual debt service costs are expected to increase from \$21.1 million projected in FY 2012/13 to \$22.1 million in FY 2013/14 (Table 7-3). A \$5.5 million inter-fund loan is added in FY 2013/14, from Regional Wastewater Capital Improvement Program (RC) to Recycled Water Program to support capital construction. The last two major segments of the RRWDS; the Southern Area and Central/Wineville Area projects are targeted for completion in August and December 2014, respectively.

Table 7-3: FY 2013/14 Debt Service Cost by Program (\$Millions)

	Regional Wastewater	Non-Reclaimable Wastewater	Recharge Water	Recycled Water	Total*
Principal	\$8.2	\$0.1	\$0.6	\$2.7	\$11.6
Interest	7.3	0.4	0.2	2.3	10.2
Sub-Total	\$15.5	\$0.5	\$0.8	\$5.0	\$21.8
Financial Expenses	0.2	0.00	0.1	0.00	0.3
Total	\$15.7	\$0.5	\$0.9	\$5.0	\$22.1

*Excluding Inter-Fund Loan

Debt service costs (principal and interest expense only) for FY 2013/14 are projected to be \$21.8 million (as shown on the table 7-4 below), or 13 percent of \$171.0 million total expenses and other uses of funds.

Table 7-4: Total Debt Service Costs by Fiscal Year (\$Millions)

	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	Thereafter
Bonds	\$15.5	\$16.0	\$16.4	\$16.9	\$17.4	\$17.2	\$355.4
Notes/SRF Loans*	5.6	5.8	7.3	8.9	9.6	9.4	158.7
Total	\$21.1	\$21.8	\$23.7	\$25.8	\$27.0	\$26.6	\$514.1

*Increase in SRF Loan in 2014/15 is due to the start of paying principal and interest for the Southern Phase 6 loan

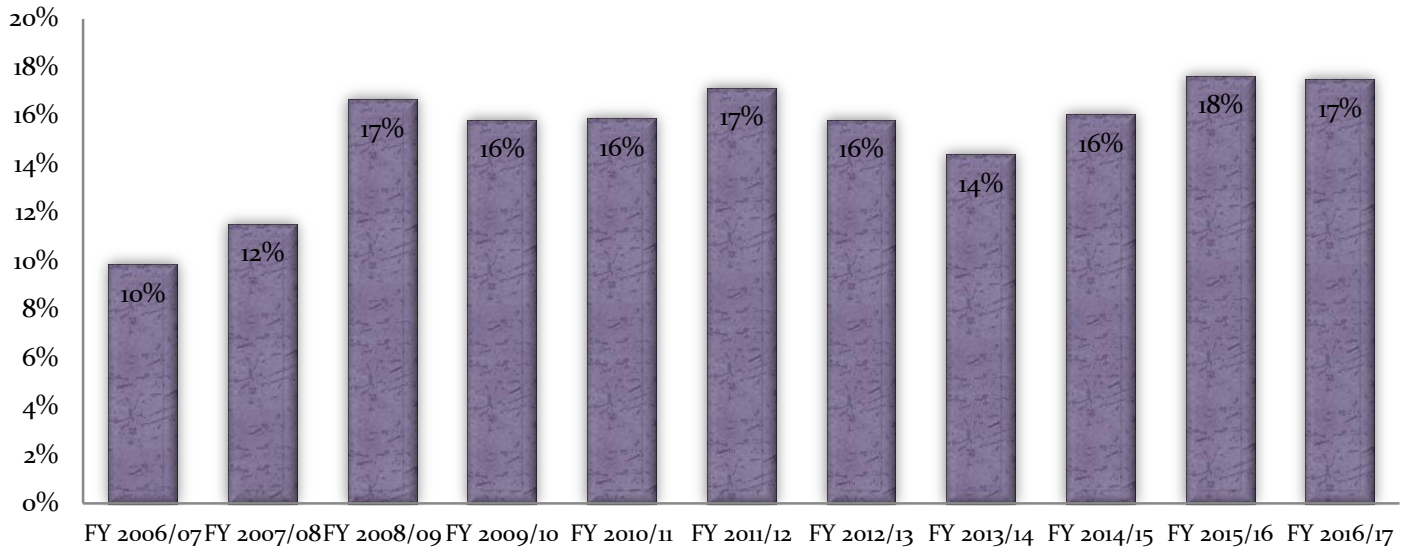
As of June 30, 2014, total outstanding debt, including principal and interest (excluding inter-fund loans) is estimated at \$477.8 million, which includes 78 percent bonds, 21 percent SRF loans, and 1 percent long term notes as reported on the Table 7-5 below.

Table 7-5: Total Outstanding Debt by Fiscal Year (\$Millions)

	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Bonds	\$386.3	\$370.3	\$354.0	\$337.1	\$319.7	\$302.4
SRF Loans	76.6	98.6	123.3	128.2	120.0	127.7
Notes	9.7	8.9	8.0	7.2	6.4	5.8
Total	\$472.6	\$477.8	\$485.3	\$472.5	\$446.1	\$435.9

Figure 7-1 shows how the Agency’s debt service costs relate to total revenues. For example, in FY 2012/13, debt service costs were approximately 16% of total revenues.

Figure 7-1: Debt Ratio (Debt Payment/Total Revenues*)



*Total Revenues excludes bond proceeds and Inter-Fund loan

Increase in debt service costs reduces the Agency’s flexibility to allocate funds to other priority expense needs.

BONDS

Long term principal bond issues for a total of \$251.1 million have been used to finance construction of new and expansion of existing facilities and refinance prior debt issues to reduce debt service costs. In FY 2013/14 bond related debt service payment are estimated to be \$16.0 million; of which \$6.9 million is for principal and \$9.1 million interest expense (Table 7-6).

Table 7-6: FY 2013/14 Bond Debt Service Summary (\$ Millions)

	Original Bonds Issued			FY 2013/14 Bond Payments			FY 2013/14 Outstanding Bond Balance		
	Principa l	Interes t	Total	Principa l	Interest	Tota l	Principal	Interes t	Total
Bonds	\$251.1	\$216.0	\$467. 1	\$6.9	\$9.1	\$16. 0	\$221.8	\$148.5	\$370. 3

Outstanding bond debt balance as of June 30, 2014 is estimated to be \$370.3 million including principal and interest (see Table 7-7).

**Table 7-7: Outstanding Bond Debt Service Schedule
(\$ Millions)**

Bonds	Expected Maturity Date	Rating ⁽¹⁾	Rating ⁽²⁾	Interest Range	Debt Issue at Par	2013/14 Bond Payments	Outstanding Balance As of 6/30/14 ⁽³⁾
2005A Revenue Bonds (1999 Refinancing)	11/1/2022	AAA/Aaa	AA/Aa	3% - 5%	\$24.7	\$2.2	\$19.8
2008A Revenue Bonds	11/01/2038	A1/AA-	AA2/AA-	4.09% - 4.54%	\$125.0	\$6.3	\$245.1
2008B Variable Rate Revenue Bonds (2002A Refinancing)	6/01/2032	Aaa/AA-	Aa1/AAA	Variable	\$55.7	\$2.2	\$63.7
2010A Revenue Bonds (1994 Refinancing) (4)	8/1/2021	Aa2/AA-	Aa2/AA-	1.35% - 5.0%	\$45.7	\$5.3	\$41.7
TOTAL					\$251.1	\$16.0	\$370.3

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

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

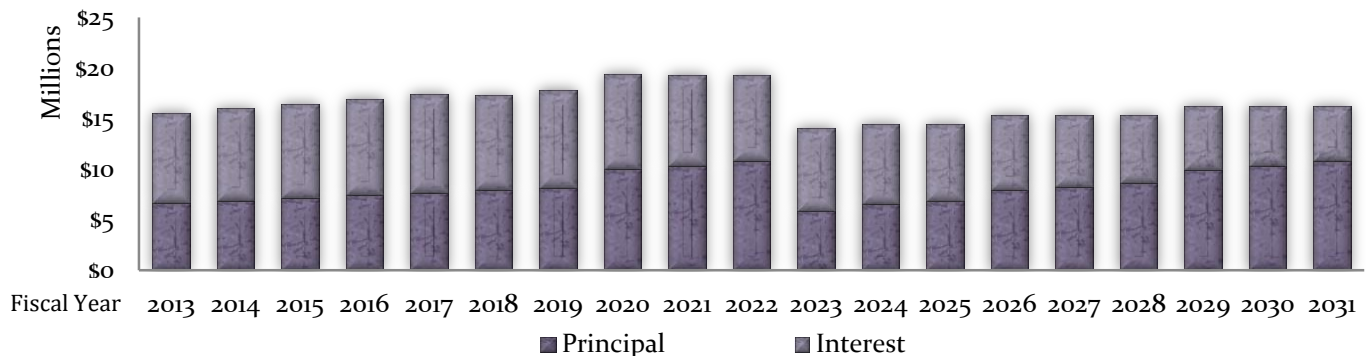
(3) Includes outstanding Principal and Interest

(4) In addition to a dedicated reserve, a Letter of Credit with Union Bank

In FY 2013/14 bond related debt service payment are estimated to be \$16.0 million; of which \$6.9 million is for principal and \$9.1 million interest expense (Table 7-6).

Figure 7-2 below shows the outstanding bond debt service schedule for FY 2012/13 through FY 2030/31. The 2010A and 2005A revenue bonds are scheduled to mature in FY 2021/22 and FY 2022/23, respectively.

**Figure 7-2
Projected Bond Debt Service Payment Schedule**



2010A Defeasance FY 2021/22 – last payment for \$5.2 million
 2005A Defeasance in FY 2022/23 – last payment for \$2.2 million
 2008A FY 2023/24 Start paying for principal for \$2.6 million

State Revolving Fund (SRF) Loans

The Agency has received a total of \$104.2 million of SRF loan funding agreements from the State Water Resources Control Board (SWRCB) for the RRWDS and RP-1 Dewatering Facility Expansion. SRF loan payments are estimated at \$4.7 million including principal payment and \$0.7 million in interest payment (See Table 7-8).

Table 7-8 SRF Loans Summary (\$ Millions)

SRF Loans	Original SRF Loans			2013/14 SRF Loan Payments			2013/14 Outstanding SRF Loans		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	104.2	15.0	119.2	4.0	0.7	4.7	87.8	10.8	98.6

SRF loans are issued by the 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 percent - 2.7 percent annual interest rate.
- Local Match – 20 year term, zero percent (0 percent) annual interest rate. Local match of 20 percent is deducted from loan proceeds during construction.
- Stimulus (only available during the economic downturn is no longer offered) – 20 year term, 0 percent annual interest rate for Clean Water related projects, (recycled water) and approximately 1 percent annual interest rate for wastewater treatment projects.

SRF loans are the primary financing source for the Regional Recycled Water Distribution System as defined in the Recycled Water Business Plan (RWBP) adopted by the IEUA Board in December 2007. Table 7-9 below is a summary of the original SRF loans, expected debt service payment is FY 2013/14 and projected outstanding SRF loans as June 30, 2014.

Table 7-9: Outstanding SRF Loans Debt Service Schedule (\$Millions)

SRF Loan	Interest Rate Range	Original SRF Loan	2013/14 SRF Loan Payments	Outstanding SRF Loans (Principal) As of 6/30/14
Recycled Water Program:				
Phase I (CCWRF)	1.5% - 2.6%	\$15.2	\$1.0	\$9.2
Phase II (RP-1 Area)	2.20%	\$15.0	\$0.9	11.2
Phase III (RP-4 Area)	0%	\$9.8	\$0.5	8.2
Phase IV (Northeast Area)	0.074%-0.214%	\$15.1	\$0.8	\$12.8
Phase V (Northeast Area)	1%	\$1.0	\$0.01	\$0.8
Phase VI (Southern Areas)	2.60%	\$20.6		\$20.6
Subtotal – Recycled Water		\$76.7	\$3.2	\$62.8
Regional Wastewater:				
RP-1 Dewatering Facility Expansion	0.46%	\$27.5	\$1.5	\$25.0
Subtotal – Regional		\$27.5	\$1.5	\$25.0
Total SRF Loans		\$104.2	\$4.7	\$87.8

Recycled Water Distribution System Phases IV & V (Northeast Area) for \$16.1 million, net of grant proceeds, was the first appropriation of American Recovery and Reinvestment Act (ARRA) federal stimulus funds awarded by the SWRCB under the Clean Water Act. The ARRA SRF loans were awarded with a 0 percent interest rate. These ARRA loans include the Recycled Water Phase IV (Northeast Area) loan for \$15.1 million and \$27.5 million SRF loan for the RP-1 Dewatering Facility Expansion.

With the stimulus program being no longer available, SRF loans issued to the Agency are based on standard financing with interest rates ranging between 2 percent and 2.7 percent, payable in 20 years. A \$20.6 million SRF loan agreement was awarded to the Agency for the Southern Area recycled water project which is expected to be completed in August 2014.

Over the next few years, the Agency will apply for approximately \$80.0 million of additional SRF Loans (Table 7-10) from the SWRCB to fund the Recycled Water Distribution System. The Agency is finalizing the Central/Wineville Area System SRF loan funding, which is estimated at \$26.0 million and is eligible for a grant of up to \$4 million. A \$13.6 million SRF Loan for replacement of the Water Quality Laboratory is also included.

Table 7-10: Future SRF Loans (\$Millions)

	Projected Interest Rate	Loan Amount
Central/Wineville	1.7%	\$26.0
Recycled Water Distribution Upgrade & Retrofit	2.6%	\$9.6
Southern	2.5%	\$9.3
Southern*	2.60%	\$16.2
Northeast	2.60%	\$5.3
Subtotal		\$66.4
Water Quality Laboratory	1.7%	\$13.6
Total Future SRF Loans		\$80.0

*SRF Loan C-06-5319-110 is already approved ~ \$16.2M is part of approved amount \$20,608,638 for Southern

Notes Payable

- In FY 1997/98, the Agency signed a 20 year, 0 percent 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 \$267,186 to mature on 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.
- Interest expense for inter-fund loan between Recycled Water Program and Regional Wastewater Capital Improvement fund as well as Non-Reclaimable Wastewater fund for a total of \$270,000 is accounted for in this category.

FY 2013/14 Notes payment is estimated at \$1.1 million and includes \$0.7 million in principal payment and \$0.4 million in interest payment (Table 7-11).

Table 7-11 Notes Payable Summary (\$Millions)

Notes Payable*	Original Note Amount			FY 2013/14 Notes Payment			FY 2013/14 Outstanding Notes		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	15.1	1.6	16.7	0.7	0.4	1.1	7.8	1.1	8.9

*Excludes inter-fund loan principal

Outstanding notes payable including principal and interest as of June 30, 2014, are estimated at \$8.9 million (see Table 7-12).

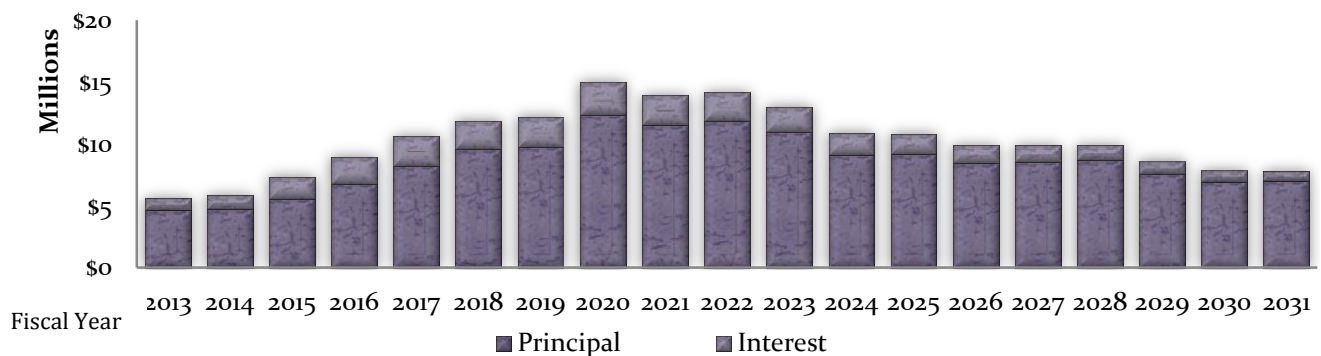
Table 7-12: Outstanding Notes Payable Debt Service Schedule (\$Millions)

Notes Payable	Original Note (Principal)	2013/14 Notes Payment	Outstanding Notes as of June 30, 2014*
SARI Pipeline Capacity 1.5 mgd	\$5.6	\$0.2	\$8.1
City of Fontana	9.5	0.6	0.8
Inter Fund Interest		0.3	
Total Notes Payable	\$15.1	\$1.1	\$8.9

*Includes Principal and Interest

Figure 7-3 below shows notes debt service payments from FY 2012/13 through FY 2030/31 for SRF Loans, Notes Payable and Inter Fund Loans.

Figure 7-3: Notes and SRF Debt Service Payment Schedule



Debt service payments for current and future Recycled Water construction projects will start to commence in FY 2015/16.

Inter-Fund Loans

The Recycled Water Program will receive an Inter-Fund Loan of \$5.5 million from the Regional Wastewater Capital Program in FY 2013/14 to support capital expenditures not funded by SRF loans and grants. 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 7-13 summarizes the future repayment schedule for the existing inter-fund loans.

Table 7-13: Future Repayment Schedule of Inter-fund Loans (\$Millions)

Inter Fund Loan Issued	From	To	Loan Amount	Proposed Repayment Amount FY 2013/14	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$9	\$0	2016/17 \$1.0 2017/18 \$1.5 2018/19 \$1.0 2019/20 \$3.5 2020/21 \$2.0 Total \$9.0
FY 2007/08	Regional Wastewater Capital (RC) Fund	Recycled Water	\$3	\$0	2017/18 \$1.0 2018/19 \$1.0 2019/20 \$1.0 Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NC) Fund	Recycled Water	\$6	\$0	2020/21 \$1.0 2021/22 \$3.0 2020/21 \$2.0 Total \$6.0
FY 2013/14	Regional Wastewater Capital (RC) Fund	Recycled Water	\$5.5	\$0	2021/22 \$3.0 2022/23 \$2.5 Total \$5.5
		Grand Total	\$23.5	\$0	\$23.5

Debt Coverage Ratio

The Debt Coverage Ratio (DCR) is the measurement of an entity's ability to generate enough cash to cover debt payments (principal payments and interest). DCR also serves as a critical financial indicator in determining its overall credit rating, ability to refinance existing debt and issue new debt, and accessibility to lower rates for future borrowing costs.

Current bond covenants requires the Agency to maintain a minimum total debt ratio (DCR) of 1.25 times (x) or higher on total outstanding debt. (The Agency has established a minimum debt coverage ratio target of 1.6x for parity debt).

Improvement of the Agency's DCR was a key driver for the multi-year rate increases adopted by the Board in February 2012 for the Regional Wastewater and Recycled Water programs. The Board established a minimum DCR target of 1.50x and 1.70x to be achieved by the end of FY 2013/14 and FY 2014/15.

Based on current assumptions, and the combined effect of the higher user charges and ongoing cost-containment initiatives, the DCR is projected to improve from 1.82x in FY 2013/14 to 2.12x by FY 2014/15 with a subsequent decline to 2.09x by FY 2015/16 as shown in Table 7-14. The projected DCRs if achieved will exceed the Board targets.

Table 7-14: Debt Coverage Ratio Based on Current Assumptions

	Actual FY 2011/12	Projected Actual FY 2012/13	Estimated FY 2013/14	Forecast FY 2014/15	Forecast FY 2015/16
DCR	1.67x	2.58x	1.82x	2.12x	2.09x

Total targeted DCR for FY 2013/14 is projected to be 1.82x (net of Water Resources program budget and financial expense) and increases to 2.09x by FY 2016/17, as shown in Table 7-14. As indicated in the table, the targeted ratio is projected to remain above the 1.25x legally mandated minimum throughout the 5 year period. The Agency has no legal debt limits imposed by state legislation.

Table 7-15: Calculation of Bond Debt Coverage Ratio (\$ Millions)

Debt Coverage Ratios						
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Revenues (1)	\$106.5	\$102.7	\$111.2	\$114.8	\$118.2	\$120.1
O&M and Admin. Expenses (2)	\$63.9	\$74.7	\$75.0	\$76.2	\$77.5	\$79.1
Revenue to pay Parity Debt	\$42.6	\$28.0	\$36.2	\$38.6	\$40.7	\$41.0
Total Parity Debt Service	\$16.9	\$17.4	\$19.2	\$21.2	\$22.3	\$22.2
Bond Debt Coverage Ratios (\$Millions)						
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Parity DCR	3.22x	2.25x	2.57x	2.50x	2.61x	2.66x
Net Revenues Other Subordinate Debt Service	\$4.1	\$4.1	\$4.1	\$4.1	\$4.1	\$3.8
Total Subordinate DCR	9.09x	5.29x	7.32x	7.72x	8.71x	9.57x
Remaining Net Revenue	\$21.6	\$6.5	\$12.9	\$13.3	\$14.3	\$15.0

(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.

Parity debt includes all of the currently outstanding bonds (2005A, 2008A, 2008B, and the 2010A Refunding the 1994 Bonds), as well as the SRF Loan for the RP1 Dewatering Expansion capital project and any future SRF loans (Central/Wineville Area, Recycled Water Distribution Upgrade & Retrofit, Laboratory, Southern Area, and Northeast Area projects). Subordinate debt consists of SRF loans for CCWRF, RP-1 Area, RP-4 Area, and Northeast Area and the two notes payable (SARI Pipeline Capacity 1.5 mgd and City of Fontana). The Agency has no senior debt.

The Agency has conservatively funded a debt service reserve to cover its debt service obligations. Reserves for debt service are projected to be \$24.0 million by the end of FY 2013/14. In addition, \$4.4 million is deposited in restricted debt service reserve accounts and held by trustees and fiscal agents in accordance with bond covenants resulting to a total debt service coverage reserve of \$28.4 million.

Credit Rating Summary

Although the projected DCR of 1.82x in FY 2013/14 is higher than 1.50x target set by the Agency Board in February 2002 however it is still below the 2.7x average credit rating identified by Fitch for AAA rated medium size wastewater/water agencies. Table 7-15 above shows the Agency's expected DCRs based on current budget and expenditure assumptions. Table 7-16 shows the DCR required by Fitch to improve the Agency's AA- long term credit rating to AAA.

Table 7-16: Fitch Average Credit Rating for medium sized wastewater/water agencies

Rating Agency	AA rating	AAA rating
Fitch	1.9x	2.7x

**Fitch report data (reference)*

Bonds issued by the Agency were rated between AAA/Aaa and A1/AA at the time of issuance. The latest 2010A Bond issue assigned ratings of AA- by Standard & Poor's and Aa2 by Moody's Investors Service. Table 7-17 provides a ratings quality summary for the three major rating agencies. Bonds rated **AAA/Aaa** are evaluated as the best quality. They carry the lowest degree of investment risk.

Table 7-17: Investment Rating Quality by Agencies

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

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 | ■ Debt affordability model |
| ■ Regular economic and revenue reviews | ■ Pay-as-you-go financing |
| ■ Prioritized spending plans and established | ■ Well defined and coordinated economic |
| ■ Contingency plans | ■ development plan |
| ■ Formal capital improvement plan | ■ Multi-year financial plan |
| ■ Long-term planning | ■ 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).



CCWRF Recycled Water Pump Station – Chino, CA

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

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

Principal Issue Amount: \$24,735,000
Issue Date: May 1, 2005
Maturity Date: November 1, 2022
Rating: Moody's Aaa, S&P AAA

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	\$1,285,000	\$972,062	\$2,257,062
2006/07	155,000	1,002,638	1,157,638
2007/08	160,000	997,513	1,157,513
2008/09	165,000	991,825	1,156,825
2009/10	1,320,000	969,138	2,289,138
2010/11	1,290,000	929,988	2,219,988
2011/12	1,325,000	880,825	2,205,825
2012/13	1,390,000	823,213	2,213,213
2013/14	1,445,000	762,900	2,207,900
2014/15	1,505,000	694,644	2,199,644
2015/16	1,585,000	623,238	2,208,238
2016/17	1,655,000	554,475	2,209,475
2017/18	1,720,000	486,975	2,206,975
2018/19	1,790,000	416,775	2,206,775
2019/20	1,860,000	342,613	2,202,613
2020/21	1,935,000	255,875	2,190,875
2021/22	2,030,000	156,750	2,186,750
2022/23	2,120,000	53,000	2,173,000
	\$24,735,000	\$11,914,443	\$36,649,443

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	Projected Variable		Interest	Total Payment
	Principal	Interest Rate		
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	1.00%	459,000	3,622,219
2014/15	1,790,000	2.00%	881,000	3,618,583
2015/16	1,865,000	3.00%	1,266,000	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		\$ 28,622,920	\$ 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 by promoting a value-driven work environment characterized by open communication, accountability, equity, trust, mutual respect, and collaboration. A key objective during the next year will be to address challenging employment-related laws and issues that will have implications for the Agency. For example, maintaining a highly-skilled workforce and promoting creativity as well as innovation are key objectives as we strive 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. Human Resources staff will continue to provide ongoing leadership and support to the organization's succession efforts, as well as promote, support and leverage technology resources and tools to improve and enhance workflow efficiency and improve customer service. Staff is committed to streamlining business processes in order to decrease costs and improve service. The Agency's information technology resources will be fully-leveraged to offer flexible, user-friendly and integrated systems, including the expanded use of employee self-service. This will allow staff to move beyond just transaction processors to become more consultative partners with our customers.

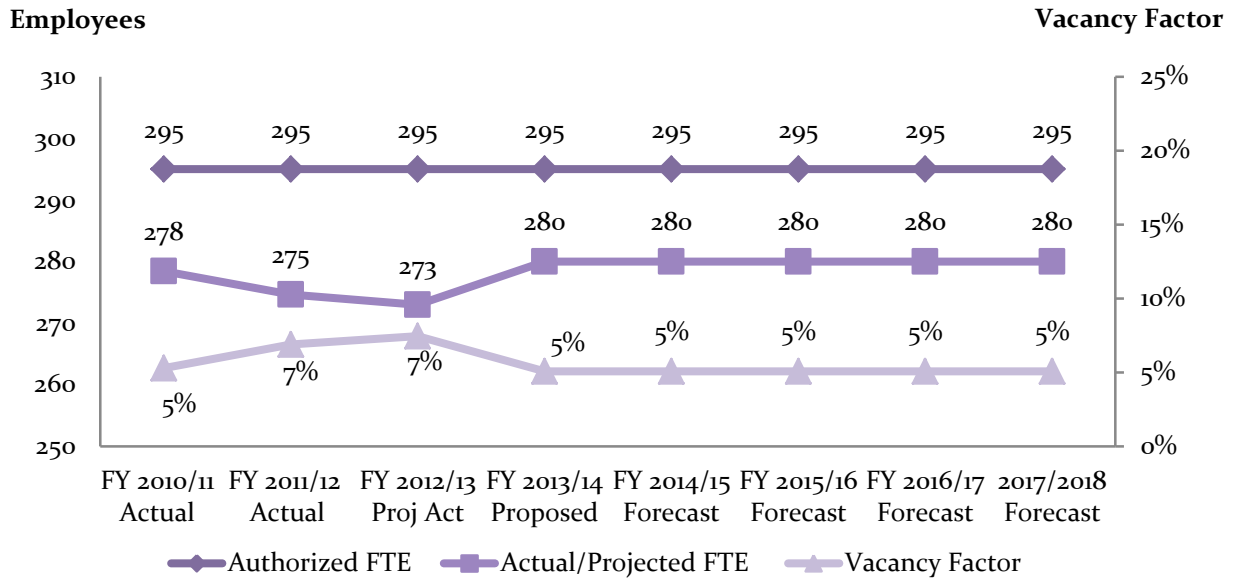
Preparing for a changing workforce will require the delivery of targeted training programs, including the use of e-learning solutions where possible. Demographic shifts within the Agency's geographic area, and within the existing workforce, will require appropriate marketing and communication strategies to attract qualified and diverse candidate pools. The Agency plans to continue the implementation of the current succession planning activities, including the Agency's partnership with the College of Extended University at Cal Poly Pomona for local government agencies and the Employment Relations Consortium (ERC) training for public agencies to offer shared training services thereby providing more cost-effective options over the longer term.

Staffing Plan

The FY 2013/14 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 are budgeted at \$35.2 million (net of the allocation to capital projects), or 44 percent of the total operating costs of \$80.4 million. Employment costs are budgeted with the assumption that the Agency will maintain a weighted average vacancy factor of 5% or 15 FTEs out of the 295 Full Time Equivalent (FTE) authorized positions. The 5 percent vacancy factor is consistent with the Agency's historical average for the past six years. Also included in employment costs are 9 limited term (LTDs) positions primarily dedicated to assist in the areas of engineering, construction management, and grants administration.

The historical peak for the Agency was 352 FTEs achieved in FY 2007/08 but through Board action, the staff size has been reduced to 295 authorized FTEs. Staff reduction initiative has been aided by Departmental efforts in cross-training staff, implementing enhanced technology to reduce shift time and effective allocation of human resources. Figure 8-1 below shows budgeted versus actual FTEs including the vacancy factor.

Figure 8-1: Budgeted FTE's vs. Actual FTE's



The column labeled “Proposed Changes” on Table 8-1 below includes staff realignments which are based on upcoming program activities. The realignments have no effect on the total FTE count.



REGIONAL WATER RECYCLING PLANT NO. 1

Table 8-1

INLAND EMPIRE UTILITIES AGENCY									
STAFFING PLAN									
DIVISION	ADOPTED	AMENDED	PROPOSED	PROPOSED	FORECAST				
Department/Section	2012/13	2012/13	Changes	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18
BOARD OF DIRECTORS									
Internal Audit	2	2	0	2	2	2	2	2	2
AGENCY ADMINISTRATION									
Agency Management	3	7	0	7	7	7	7	7	7
Public Information	4	3	1	4	4	4	4	4	4
Planning & Environmental Compliance	13	10	0	10	10	10	10	10	10
Human Resources & Support Services	12	0	0	0	0	0	0	0	0
Laboratory	0	14	0	14	14	14	14	14	14
Policy Development	1	1	-1	0	0	0	0	0	0
TOTAL AGENCY ADMINISTRATION	35	37	0	37	37	37	37	37	37
FINANCE & ADMINISTRATION DIVISION									
Finance and Administration	1	2	0	2	2	2	2	2	2
Accounting and Fiscal Management (AFM)	12	12	0	12	12	12	12	12	12
Contracts and Procurement	9	8	-1	7	7	7	7	7	7
Business Information Services (BIS)	8	9	0	9	9	9	9	9	9
Financial Planning	9	9	1	10	10	10	10	10	10
Human Resources	0	7	0	7	7	7	7	7	7
Safety, Risk Management & Support Services	0	9	0	9	9	9	9	9	9
TOTAL FINANCE	39	56	0	56	56	56	56	56	56
ENGINEERING DIVISION									
Engineering, Energy & Cons.	13	14	0	14	14	14	14	14	14
Engineering Administration Support	8	7	0	7	7	7	7	7	7
Construction Management	13	12	0	12	12	12	12	12	12
TOTAL ENGINEERING DIVISION	34	33	0	33	33	33	33	33	33
OPERATIONS ADMINISTRATION									
Operations Administration	3	2	0	2	2	2	2	2	2
Pretreatment & Source Control	14	14	0	14	14	14	14	14	14
Technical Services	5	4	0	4	4	4	4	4	4
Ground Water Recharge	3	3	0	3	3	3	3	3	3
Laboratory	14	0	0	0	0	0	0	0	0
RP1 Operations	24	24	0	24	24	24	24	24	24
RP4 Operations	5	4	0	4	4	4	4	4	4
CCWRF Operations	4	3	1	4	4	4	4	4	4
Chino Desalter Operations	4	4	0	4	4	4	4	4	4
RP5 Operations	11	9	-2	7	7	7	7	7	7
RP2 Operations	0	3	1	4	4	4	4	4	4
Maintenance	6	6	0	6	6	6	6	6	6
Plant Maintenance - RP1/RP4	14	14	-1	13	13	13	13	13	13
Electrical/Instrument Maint - RP1/RP4	12	12	1	13	13	13	13	13	13
Energy Conservation and Administration	3	3	-1	2	2	2	2	2	2
Materials Management Warehouse	8	8	0	8	8	8	8	8	8
Integrated Systems Services	14	13	0	13	13	13	13	13	13
Plant Maintenance - RP2/CCWRF/RP5	9	9	0	9	9	9	9	9	9
Electrical/Instrument Maint - RP-2/CCWRF/RP5	10	10	1	11	11	11	11	11	11
Organics Management	24	24	0	24	24	24	24	24	24
TOTAL OPERATIONS	187	169	0	169	169	169	169	169	169
TOTAL AGENCY STAFF POSITIONS	295	295	0	295	295	295	295	295	295
LIMITED TERM POSITIONS									
Limited Term Contract	14	9	0	9	8	5	4	4	4
Intern Positions	17	19	1	20	20	20	20	20	20
SUB TOTAL LIMITED TERM POSITIONS	31	28	1	29	28	25	24	24	24
GRAND TOTAL AGENCY STAFF POSITIONS	326	323	1	324	323	320	319	319	319

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 2013/14 and projected for FY 2012/13. The largest staffing change in FY 2013/14 is the reduction of 3.2 FTEs to the Chino Basin Desalter Authority (CDA) from the Agency's Administrative Services Program. The reason for this change is because accounting and financial administration for CDA has been shifted to CDA staff effective in FY 2013/14. CDA will, however, continue to receive support from IEUA in the areas of grants administration, operations, and maintenance support.

Table 8-2

Allocation of Authorized FTEs by Program			
	FY 2013/14 Budgeted	FY 2012/13 Proj. Actual	Change
Regional Wastewater Operations Program	185.8	185.5	0.3
Regional Wastewater Capital Program	32.3	31.7	0.6
Recycled Water Program	17.7	17.2	0.5
Non-Reclaimable Wastewater Program	14.7	14.2	0.5
Recharge Water Program	3	3	0.0
Water Resources & Conservation Programs	4.9	4	0.9
IE Regional Composting Authority (IERCA) / JPA (1)	27.4	26.4	1.0
Chino Basin Desalter Authority (CDA) / JPA (2)	8	11.2	-3.2
General Administration	1.2	1.8	-0.6
Total Authorized FTEs	295	295	0.0

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

(2) CDA JPA labor costs are 100 percent 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, but eventually allocated to activities in various Agency programs. Labor costs related to staff support to outside agencies such as CDA and IERCA are reimbursable based on specific contract agreements.

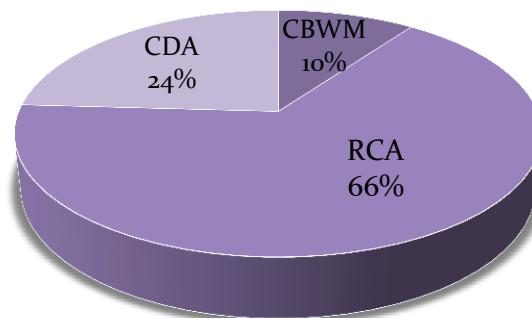
Table 8-3: Allocated Personnel Costs by Program and Division (\$Millions)

Program	Division				Grand Total
	Agency Administration	Finance	Engineering	Operations	
Regional Operations	\$2.68	\$4.18	\$3.03	\$12.17	\$22.06
Regional Capital	0.50	0.77	0.56	2.25	\$4.08
Recycled Water	0.25	0.39	0.28	1.14	\$2.07
Non-Reclaimable Wastewater	0.21	0.33	0.24	0.96	\$1.74
Recharge Water	-	-	-	0.49	\$0.49
Water Conservation	\$0.18	0.13	-	0.39	\$0.70
Regional Composting (JPA)	\$0.84	0.62	-	1.80	\$3.26
Chino Basin Desalter (JPA)	\$0.31	0.23	-	0.66	\$1.19
General Administration*	(\$0.10)	(0.07)	-	(0.21)	(\$0.39)
TOTAL	\$4.88	\$6.57	\$4.12	\$19.66	\$35.22

*Reflects the net allocation to the GG fund, \$1.2M reimbursement for CDA JPA labor and \$253,000 of other labor charges remaining in the fund.

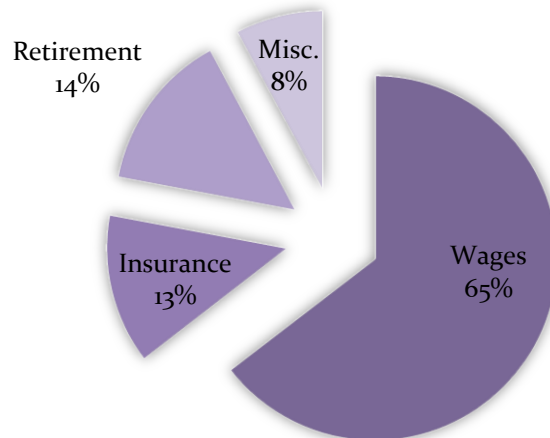
Total labor reimbursements from other agencies in FY 2013/14 are estimated to be \$4.9 million. Approximately \$3.3 million of employment costs are reimbursed to the Agency by the Inland Empire Regional Composting Authority (IERCA) for operation of the facility and are recorded in the Regional Wastewater Operations and Maintenance (RO) Fund. The Chino Basin Desalter Authority (CDA) reimburses the Agency approximately \$1.1 million for operations and administrative support of the CDA1 facility and overall administrative support and is recorded in the GG Fund. The Chino Basin Watermaster (CBWM) partially reimburses labor costs of approximately \$494,000 for recharge water basin maintenance recorded in the Recharge Water (RW) Fund. Figure 8-2 provides the allocation of the cost reimbursements by percentage.

Figure 8-2: Labor Cost Reimbursements



Total “gross” employment costs in FY 2013/14 are budgeted at \$41.0 million (before allocation to other programs and projects). Miscellaneous expense of 8 percent includes Federal and State employment tax, director fees, worker compensation, auto allowance, and other miscellaneous benefits.

Figure 8-3: Total Gross Employment Costs \$41.1 million



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 FTE positions from 308 to 295 in FY 2010/11;
- Cross-trained staff and leveraged enhanced technology to achieve single shift staffing in all of its facilities while reducing overtime costs by nearly 50 percent;
- Continued to comply with health care reform, 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 2013/14, total benefit costs are budgeted at \$14.5 million and make up 35 percent 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 2013/14 budget. These benefits are comprised of:

- Insurance (i.e., health, dental, vision, life, long term disability and workers' compensation)
- Paid leave (e.g., 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

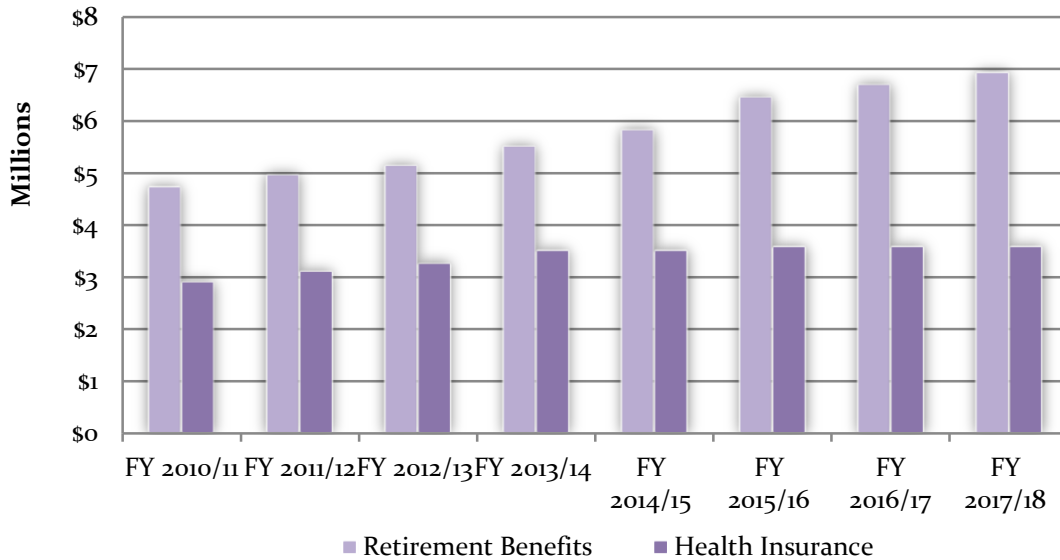
The Agency contracts with the CalPERS for retirement pension benefits. The combined contribution rate for the Agency's CalPERS 2.5 percent at 55 years-old Risk Pool Retirement Plan is 24.11 percent of total covered wages in FY 2013/14. The combined rate and is comprised of an employer contribution rate of 16.11 percent (increased by 5 percent effective July 1, 2013) and an employee contribution rate of 8 percent. Beginning in October 2011, employees began funding 2 percent of the 8 percent employee contribution rate, reducing the Agency's combined net CalPERS contribution rate to 22.112 percent in FY 2013/14.

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

An employee who becomes a "new" member of CalPERS for the first time on or after January 1, 2013 (and who was not a member of another California public retirement system prior to that date) will be enrolled in the CalPERS 2.0 percent @ 62 benefit formula with three year final compensation in accordance with Public Employees' Pension Reform Act of 2013 (PEPRA). New members will be required to pay at least 50 percent of the normal cost [Govt. Code Section. 7522.30(c)].

Figure 8-4 below reflects increases in both health and retirement benefits in FY 2013/14, a combined increase of 10.7 percent over the prior year. Current forecasts for FY 2014/15 and 2015/16 include a 2 percent increase in the Agency's CalPERS employer contribution rate and an average 10 percent increase in health insurance costs.

Figure 8-4: Benefits Cost Trend



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.

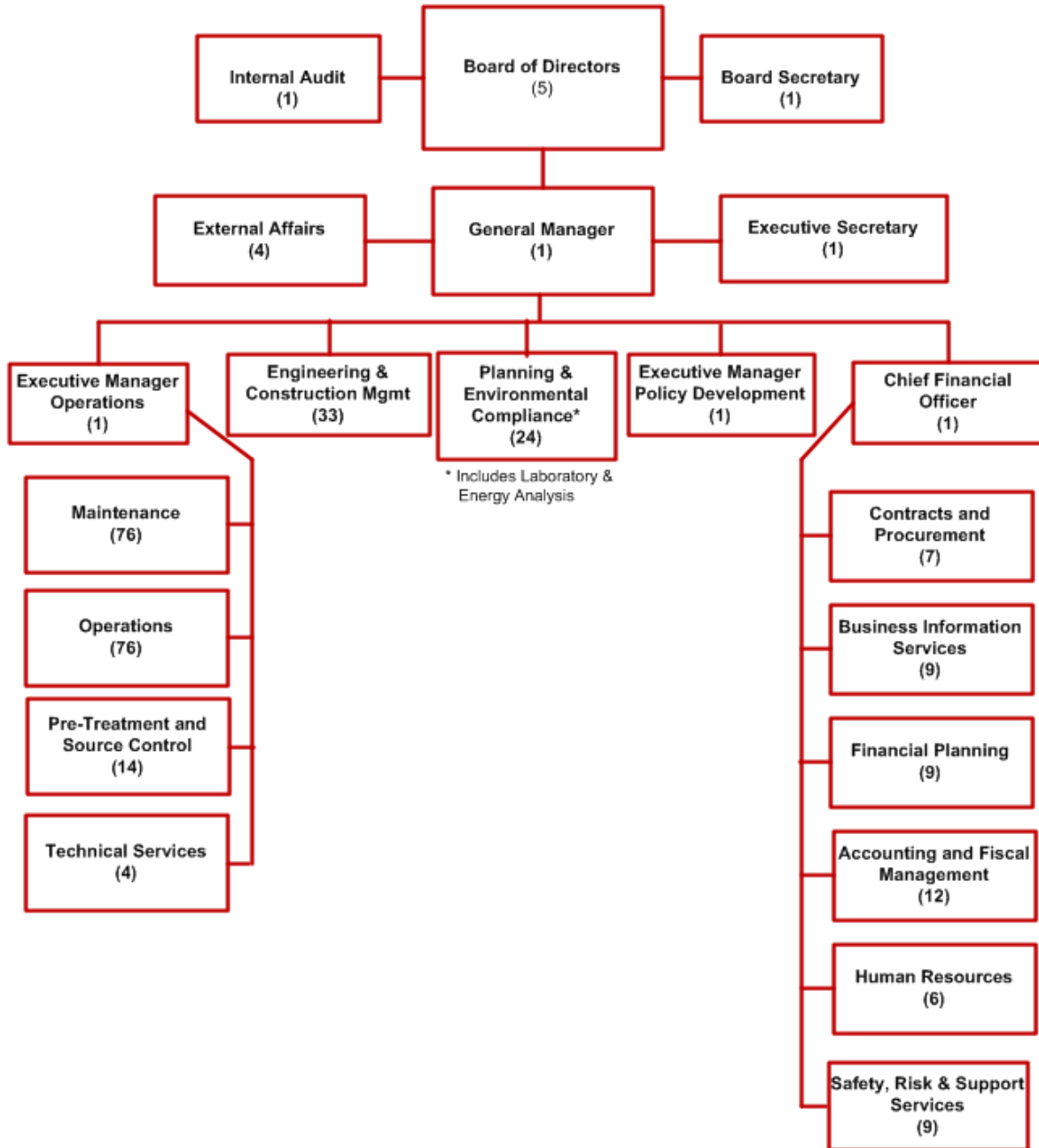
The TEAMS program has evolved and now combines online training, group collaborations, facilitated classes, and external college courses with other public agency employees. This evolution has resulted in a significant savings to the Agency. Consideration in the design of the various TEAMS programs focuses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

The following Agency-wide organizational chart (Figure 8-5) provides an overview of the Agency’s current organizational structure by division and department.

Figure 8-5

Agency Wide Organizational Chart





DEPARTMENTS

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

- Internal Audit
- Office of the General Manager
- Planning & Environmental Compliance
- Public Information
- Engineering

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.

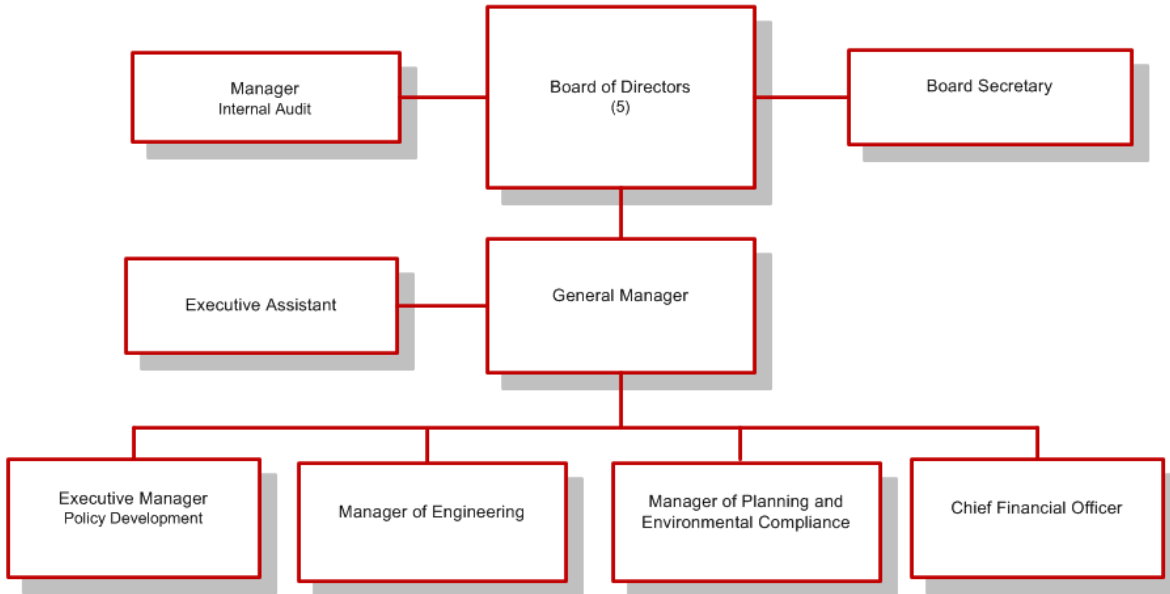
The Agency Management Division has several important objectives to accomplish during FY 2013/14. These objectives include cost containment of expenditures within budgeted targets, seeking federal and state grant funding, achieving 100% permit compliance, and providing guidance on new budget performance targets and accountability measures. Total division staffing is budgeted at 35 full time equivalents.

Division Goals

- Hold expenditures within budgeted targets (FY 2013/14- 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.
- Update Business Goals, Values and develop Strategic Plan for Agency.
- Provide leadership and training to all employees to meet Agency goals and objectives.
- Promote energy and water efficiency strategies.

Organization Chart

Agency Administration



IEUA HEADQUARTERS – CHINO, 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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
A2	IEUA shall continue to be an active leader in California water policy issues	<p>(MI) Encourage local and regional agencies to promote efficient use of water and to assist in meeting the region's future water requirements</p> <p>(A) Participation in development and completion of the following Planning Documents that promote efficient water use:</p> <ul style="list-style-type: none"> • California Water Plan 2013 • OWOW 2.0 – Water Management Strategies • Chino Basin Recharge Master Plan Update • Draft Bay-Delta Conservation Plan 		✓	
F1	Expand water conservation programs in coordination with retail agencies to reduce dependence on imported supplies	<p>(MI) Coordinate and promote water use efficiency programs throughout the Chino Basin to preserve water resources and comply with AB1420 and SBX 7-7</p> <p>(A) Completed the \$1,650,000 DWR grant funded high efficiency toilet installation program replacing 22,500 ultra-low flush and high efficiency toilets throughout the service area.</p> <p>(A) Secured an additional \$290,050 from MWD for the Agency's locally implemented water use efficiency programs in addition to the annual allocation of \$357,500.</p>		✓	✓

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
A4	Coordinate and collaborate with other water agencies on programs within the Santa Ana River Watershed	<p><i>(MI) 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</i></p> <p>(A) IEUA staff continues to maintain and implement the Regional Pretreatment Program for Significant Industrial Users (SIUs).</p> <p>(A) IEUA continues to meet with Contracting Agency's pretreatment representatives to discuss pretreatment and source control issues affecting the regional wastewater system on a bi-monthly basis.</p> <p>(A) IEUA staff collaborating with SAWPA staff to address OCSD audit concerns of the Brine Line pretreatment program.</p>		<p>✓</p> <p>✓</p>	
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	<p><i>(MI) Establish financial targets and policies on rates and charges to ensure the Agency's financial health; ensure that rates and other sources of revenue meet Bond coverage covenants and Board policies for reserves</i></p> <p>(A) Business Objective Plan (formerly Levels of Service)</p> <ul style="list-style-type: none"> • Operations • Finance • Reporting 		<p>✓</p>	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
C2	Directs the effort of all Agency staff to ensure prudent fiscal practices, efficient operations, and adequate capital planning and implementation	<p>(MI) Develop a Long-Range Plan of Finance (LRPF) that will build a sustainable financial roadmap.</p> <p>(MI) Renewal of the existing NRWS agreement No. 1679 A-D between IEUA and LACSD</p> <p>(A) CSDLAC and IEUA staff are currently working together to develop a detailed term sheet for the new Non-Reclaimable Wastewater System (NRWS) agreement which will expire in May 2018. Staff believes that a new agreement will be finalized by September 2013 for IEUA Board of Directors approval.</p> <p>(A) LRPF Model</p>		✓	
C2	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	<p>(MI) Use Long Range Plan of Finance to identify an equitable rate structure in support of the Agency's level of service.</p> <p>(A) Asset Health Management Program - This program is expected to start before the end of Fiscal Year 12/13 and will reach maturity by end of FY 13/14.Operations</p> <ul style="list-style-type: none"> • The Rehabilitation & Replacement (R&R) Schedules with associated cost estimates for major asset groups have been completed by the Engineering Department. This information will serve as an important input to the Long Range Financial Model that is being developed. • The Long Range Financial Model under development by the Financial Planning Department will provide projected expenditures for the Agency over a 50 year planning period. This model is expected to be completed by May 1, 2013. • The Agency's first Asset Management Plan (AMP) is being developed to provide a single document that accurately describes the Agency's assets, and the future funding requirements for maintaining those assets in a manner appropriate for carrying out the Agency's mission. This AMP will be completed by July 1, 2013. • The Maintenance Department kicked off its Asset Health Management Program in April 2013. This program will utilize workshops to develop scopes of work and schedules for the rehabilitation of process systems at Agency facilities. 		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
E1,E4	Plan and direct 10-year capital development and implementation activities to ensure growing needs of member agencies are adequately addressed	(MI) Implement and maintain state of the art infrastructure to maximize efficiency and productivity while meeting needs of area constituencies;			
		(A) TYCIP – 50 year plan in Fall 2013 (A) Completed FY 13/14 Ten Year Capital Improvement Plan <ul style="list-style-type: none"> Budgeted for a Wastewater Facilities Master Plan Update Budgeted for a Recycled Water Program Update Budgeted for an Integrated Water Resources 		✓	
F5	Implement Energy Management Strategy to be self-sufficient by going “Gridless” by 2020	(MI) Optimize and maximize power generation using renewable sources at Agency facilities			
		(A) Fuel cell fully operational Jan 2013. Achieved goal of energy independence from the grid during the peak energy use/pricing period (noon to 6:00 PM) in multiple facilities.		✓	

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 - "Gridless 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
 -

Major Initiatives (continued)

- 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.
- ▣ 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 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Budgeted Operating Expenses	\$69,513,366	\$77,644,437	\$68,333,879	\$80,410,173
Staffing (Agency-Wide)*	280	295	278	295
Employment Expense Ratio	\$115,541	\$134,132	-	-
Public Speeches	48	48	48	48

*Full Time Equivalents

Goals and Objectives

AGENCY WIDE 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 30,000 to 31,400 AFY • Coordinate and promote water conservation programs throughout the Chino Basin to preserve water resources and comply with AB1420 and SBx7-7

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
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 • Actively participate in the development of enhanced groundwater recharge within the Chino Basin
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
C1,C5	In collaboration with our member contracting agencies and consistent with the Agency’s Long Range Plan of Finance, ultimately achieve full cost recovery rates for all Agency programs 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. • Utilize long term financial modeling to effectively integrate the Agency’s Asset Management Program and Ten Year Capital Improvement Plan
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 Strategy 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

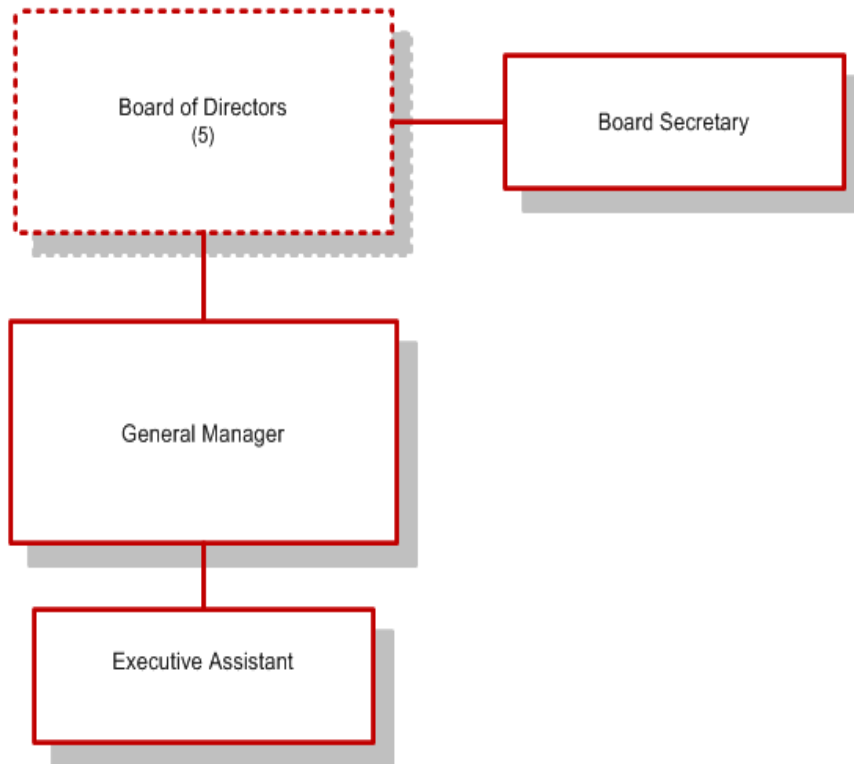
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
E1	Plan and direct 10-year capital development and implementation activities to ensure growing needs of member agencies are adequately addressed	<ul style="list-style-type: none"> • Carefully monitor building activity and real estate development 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.
F5	Implement Energy Management Strategy to be "Peak Power independent" 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 2013/14 (Phase I) • Identify opportunities to implement elements of Energy Management Plan • Complete the installation and commissioning of electrical sub-metering equipment throughout Agency facilities • Identify opportunities to increase energy efficiency
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 and 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/AIM within 24 hours after Board package is distributed

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
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 2013/14 • 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.

Organization Chart

Agency Management



Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
General Manager/CEO	1	1	1	1
Assistant General Manager	0	1	1	0
Executive Manager of Policy Development	1	0	0	1
Board Secretary	1	0	0	1
Executive Assistant	0	0	0	1
Administrative Assistant	1	1	1	1
Office Assistant				1
Receptionist				1
Total	4	3	3	7
Limited Term Positions				
CIP Coordinator-LT	0	1	1	0
Total	0	1	1	0

Expenses

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 12/13 Projected Actual	FY 13/14 Budget
Employment Expense	\$410,551	\$386,302	\$351,593	\$1,034,822	\$829,945
Administrative Expense	12,241	186,352	564,605	577,136	868,153
Total	\$422,792	\$572,654	\$916,198	\$1,611,958	\$1,698,098

PUBLIC INFORMATION DEPARTMENT

Mission Statement

To establish and strengthen relations with the media, elected officials, businesses, 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, public outreach and conservation programs. The Public Information Department 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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
G1	Strengthen relationships and improve upon communication with Agency's stakeholders	(MI) Strengthen relationships and improve upon communication with Agency's stakeholders			
		(A) Developed an Agency website committee to incorporate and revamp Agency website to be more effortless to the end-user		✓	
		(A) Expanded community and K-12 th grade schools water education outreach with our conservation partners – Held two garden workshops and garden dedications. Increased poster contest participation by 25%.	✓		
		(A) Increased school participation in the Annual Earth Day Event by over 50%.	✓		
		(A) Continued hosting IEUA's Water leadership Breakfast, distribution of IEUA newsletters, and hosted water facility tours in coordination with the Metropolitan Water District.		✓	
		(A) Scheduled plant tours and Headquarter tours throughout the year.		✓	
		(A) Promoted awareness of water conservation, rebates, grant programs, recycled water, compost. Promoted "Fix a Leak Week", "Compost Awareness Week", "Water Awareness Month", "Earth Day", and Inland Empire Garden Friendly Plant Sales.		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
G1 (cont.)	Strengthen relationships and improve upon communication with Agency's stakeholders	(A) Represented the Agency at local chamber events, government agencies and professional community groups and organizations.	✓		
G2	Increase IEUA's identity through public recognition	(MI) Increase IEUA's brand through public recognition of Agency mission and Agency goals			
		(A) Produced 22 ads as part of the 2013 community outreach campaign with Chino Basin water Conservation District and Chino Basin Watermaster in the Inland Valley Daily Bulletin. Produced various ads in the Champion, Fontana Herald News, La Opinion, 909 Magazine, and Foothills Magazine.		✓	
		(A) Worked with Agency staff to Incorporate Agency's branding initiatives presence into both internal and external communication.			✓
G4	Cultivate positive relationships with local and regional media	(A) Created and Updated Agency social networking presence for Facebook, YouTube, and Blogging.			✓
		(MI) Cultivate positive relationships and presence with local and regional media by providing consistent and reliable communication			
		(A) Circulated regular press releases that focus on Agency accomplishments and community information. Circulated media alerts that focus on Agency events.			✓
		(A) Scheduled meetings with media to communicate Agency's programs and projects.			✓

Major Initiatives

- Communication - Enhanced external communication 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. Social networking and website maintenance will remain a top priority for Agency communication initiatives.

- 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.
- Collaboration - Coordinate with the Agency's Senior 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. Work with member agencies and local educators to increase awareness of Agency's education programs. Work with conservation members to implement beneficial programs to residents.
- Optimize Agency participation and support for local and regional water conservation programs.

Performance / Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Project Actual	FY 13/14 Target
No. of Agency Tours	72	48	60	40
No. of Agency Brochures Produced	1	1	1	1
No. of Press Releases		As needed	25	As needed
Circulation of Annual Reports			Annual Report goes out in the Inland Valley Daily Bulletin, Chino Champion and Fontana Herald News	Inland Valley Daily Bulletin; Chino Champion (43,200); Fontana Herald News (13,000)
Circulation of newspaper inserts	29	29	22	22
Speeches	12	As many as needed	10	As many as needed
Active Water Conservation in AF/YR	646	500	500	500
Value of Water Conserved \$/AF	\$450,908	\$400	\$400	\$300
# of Rebates/Incentives Distributed /YR	3,046	8,000	2,500	1,500
# of Direct Installed HET Toilets	2,892	1,000	1,550	0

Goals and Objectives

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
G1	Strengthen relationships and improve upon communication with Agency's stakeholders	<ul style="list-style-type: none"> Utilize the Agency website and social networking outlets to provide updated communication on Agency programs, projects, events, and milestones. Work in collaboration with Agency's conservation partners and education coordinators to outreach to educators while providing programs, grants, and educational opportunities. Continue hosting IEUA's Water leadership Breakfast, distribution of IEUA newsletters, and hosted water facility tours in coordination with the Metropolitan Water District. Schedule plant tours and Headquarter tours throughout the year. Promote awareness of water conservation, rebates, grant programs, recycled water, compost. Promote "Fix a Leak Week", "Compost Awareness Week", "Water Awareness Month", "Earth Day", and Inland Empire Garden Friendly Plant Sales. Represent the Agency at local chamber events, government agencies and professional community groups and organizations in order to communicate Agency initiatives.
G2	Increase IEUA's identity through public recognition	<ul style="list-style-type: none"> Produce ads in the Inland Valley Daily Bulletin, Champion, Fontana Herald News, La Opinion, 909 Magazine, Foothills Magazine, and other media publications to promote Agency programs and initiatives. Work with Agency staff to Incorporate Agency's branding initiatives presence into both internal and external communication to incorporate a standard recognizable presence to the public. Create and Update Agency social networking presence for Facebook, YouTube, and Blogging. Utilize email communication outreach through Civic Publications to communicate to end-users who show an interest in environmental activities.
G4	Cultivate positive relationships with local and regional media	<ul style="list-style-type: none"> Circulate regular press releases that focus on Agency accomplishments and community information. Circulate media alerts that focus on Agency events. Schedule meetings with media to communicate Agency's programs and projects.

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
A1	Support, promote, and participate in local and regional water conservation programs	<ul style="list-style-type: none"> • Coordinate and implement IEUA and MWD water use efficiency 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 procure various water use efficiency grant opportunities previously not explored.
A3	Actively support the implementation of local and regional water efficiency projects and programs	<ul style="list-style-type: none"> • Effectively coordinate and interact with MWD staff • Establish and/or maintain strong coordination and partnerships with all regional stakeholder

* Please refer to the Agency Vision/Policy Goals tab for the Agency-Wide Goal description.

Organizational Chart

Public Information



Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
External Affairs Manager	0	0	0	1
Administration and Public Information Officer	1	1	1	0
Community Outreach and Education Coordinator I	1.5	1.5	0	0
Community Outreach and Education Coordinator II	.5	.5	1	1
Water Resources Analyst II	0	0	1	1
Legislative Analyst	0	0	0	1
Administrative Assistant	0	0	0	0
Total	3	3	3	4

Expenses

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$240,154	\$299,912	\$362,169	\$286,596	\$397,664
Administrative Expense	208,711	140,819	282,100	205,963	181,130
Total	\$448,865	\$440,731	\$644,269	\$492,559	\$578,794

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 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.



IEUA Headquarters Bridge - Chino, CA

Accomplishments

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3,H4	Develop Internal Audit plans and procedures.	<p><i>(MI) Develop the FY 2012/13 Audit Plan using appropriate risk-based methodology for Audit Committee review and approval</i></p> <p>(A) Completed and updated the audit Risk Assessment of Agency's operations and submitted with the FY 2013/14 Annual Audit Plan for Audit Committee and Board Approval. ✓</p> <p>(A) Developed the FY 2013/14 Audit Plan of proposed audit projects based on the Risk Assessment and presented to the Audit Committee and Board of Directors for approval. ✓</p> <p>(A) Revised and updated, as necessary, the Internal Audit Department Policies and Procedures and submitted for Audit Committee review. This is completed annually as required by the Charter to ensure these comply with leading practices and guidelines. ✓</p> <p>(A) Revised and updated the Audit Committee Charter and the Internal Audit Department Charter as required by the Charters. The annual review is required to ensure compliance with best practices, industry standards and incorporate any required policy changes. ✓</p> <p>(A) Completed and submitted comprehensive audit reports, including reports on follow-up audits and reviews of prior audits and reported observations and recommendations noted during the scheduled audits and submitted for Audit Committee and Board of Director review. ✓</p>			

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H3, H5	<p>Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.</p> <p>Require the highest levels of fiscal accountability for all Agency financial transactions and records</p>	<p>(MI) Promote a sound control environment for IEUA by conducting independent, objective audits, reviews, and analysis of Agency operations according to the FY 2012/13 Board-approved Annual Audit Plan.</p> <p>(A) Completed the Information Technology Equipment Audit and the Information Technology Equipment Follow-Up Audit which evaluated controls and process for the physical control and accountability of computer equipment. The audit scope included an evaluation of the equipment accountability and tracking, procurement card purchases, security of assets, proper capitalization, and other controls. The audit identified 22 recommendations related to the following:</p> <ul style="list-style-type: none"> • The need for complete and accurate tracking/accountability of computer equipment. • P-card controls, ensuring policy requirements and dollar limits are adhered to. • Storage and server room security • Disposal processes • Accuracy of the capitalization processes • The Audit Committee requested a three-month follow-up audit to determine the progress made to implement the recommendations. The follow-up audit determined that six recommendations were implemented, five are in progress, and 11 required additional time for implementation before follow-up action. 	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H3,H5 (cont.)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.	(A) Completed the Pre-Treatment and Source Control Audit – Interim Audit Report. The interim audit report provides the audit results of the self-monitoring reports, enforcement actions, and Pre-Treatment Compliance Inspection report recommendations. The audit report provides 2 recommendations related to self-monitoring reports and updating the Enforcement Response Plan.	✓		
	Require the highest levels of fiscal accountability for all Agency financial transactions and records	(A) Completed the Medical Payments Audit which evaluated whether amounts paid by IEUA for medical expense are accurate, and whether those receiving benefits are eligible for the benefits. The audit provides four recommendations in the areas of ensuring adequate documentation for dependent coverage is retained, ensuring Board-approved policy documents are documented and match actual, current practice, controls to ensure the reconciliation of the CalPERS invoices is accurate, and ensuring SOP's are documented.	✓		
		(A) Completed the Pre-Treatment and Source Control Audit: Review of Invoicing and Inspection Processes. This was the second audit of PTSC operations. This second audit focused on invoicing processes and inspection operations.	✓		
		(A) Completed the Quality Control Review of the FY 2011/12 CAFR and report filing requirements. IA coordinated with the external auditors and completed a quality control review which included reviewing items totaled and added accurately, and ensured last year's totals transferred accurately. This review did not include a test of transactions as these are performed by the external auditors.	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H3, H5 (cont.)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations. Require the highest levels of fiscal accountability for all Agency financial transactions and records	A) Completed the Human Resources Follow-Up Audit. The audit evaluated corrective actions taken to implement the original 16 recommendation from the July 2007 and May 2010. All previous recommendations were made to assist HR achieve its goals to provide support to employees, ensure compliance with laws and enhance staff skills. Of the 16 outstanding recommendations, 13 were found to be implemented, 3 no longer applicable and 1 new recommendation was provided. The new recommendation provides the benefit and need for documented SOP's for the many functions of HR to ensure consistency in processes when staff changes, during cross-training and absences.	✓		
		A) Completed the Laboratory Department Follow-Up Audit. The audit evaluated effort made to six recommendations from the May 2009 and May 2010 audit reports. The recommendations were designed to assist the Laboratories Department in achieving its goals of providing reliable analytical support to the Agency to protect the public's health and environment ensuring laboratory operations follow laws, and policies. Of the six outstanding recommendations, all six were found to be fully implemented.	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
<p>H3,H5 (cont.)</p>	<p>Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.</p> <p>Require the highest levels of fiscal accountability for all Agency financial transactions and records</p>	<p>(A) Completed the Grant Operations Follow-Up Audit. The audit evaluated corrective actions taken to implement the original 14 recommendations from the 2006 audit. The original audit provided recommendations to assist Grants in achieving its goals to obtain grant and SRF loan funding for Agency capital projects, and ensure compliance, accurate record keeping, and timely submittal of applications, invoices and other reporting requirements. Of the 14 open recommendations, six have been fully implemented, seven are no longer applicable, and one is in progress. This leaves one in progress and it recommends Grants staff prepare and maintain on file a formal, documented risk analysis that includes a list of grant requirements/deliverables on the Agency's part to better enable management to decide whether the Agency should commit both money and resources to the grant.</p>	<p>✓</p>		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H3,H5 (cont.)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations. Require the highest levels of fiscal accountability for all Agency financial transactions and records	(A) Completed the Payroll Follow-Up Audit. The follow-up audit evaluated the implementation status of four outstanding recommendations from August 2010. The original recommendations were provided to ensure employee confidential information is safeguarded and employee personnel information is up to date. The audit also evaluated internal controls over the Agency's payroll bank accounts. Of the four outstanding recommendations, two have been implemented, one is in progress and one is partially implemented. This leaves two recommendations that will require IA follow-up work in the future. One recommendation recommends that the bank account be reconciled monthly and provide evidence of supervisory review and approval. The second recommendation suggests that HR	(E		
		(A) Conducted discussions during the Manager's meetings related to the requirements of selected Agency policies. These policies were selected based on the results of the Accounts Payable Audit: <ul style="list-style-type: none"> • A-14 Vehicle Use • A-50 Non-Purchase Order Invoice Approval Procedures • A-37 Attendance/Reimbursements for Conferences, Seminars, Training, or Meetings 	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H3,H5 (cont.)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.	(A) Started audit procedures for the Construction Management Follow-Up Audit. The purpose is to follow up on the implementation status of the 16 recommendations from the August 2010 audit report. Recommendation related to ensuring accurate budget, change order percentages, and project timelines are presented to the Board. Additionally, recommendations relate to ensuring the Public Contract Code requirements are enforced and ensuring standard operating procedures are documented and		✓	
	Require the highest levels of fiscal accountability for all Agency financial transactions and records	(A) Completed the Contracts and Procurement Follow-Up Audit. The follow-up audit evaluated the corrective actions taken on the five outstanding recommendations from May 2010. The original recommendations were provided to ensure controls over P-Cards, inadequate separations of duties among CAP staff, the lack of supporting documentation for grant related procurements. The follow-up review found that four of the five outstanding recommendations were implemented.	✓		

Major Initiatives

- **Develop the Fiscal Year 2012/13 Audit Plan** - using an appropriate risk-based methodology and presented to the Audit Committee and Board of Directors for review and approval in September 2012. The Audit Plan included audits of high risk areas that should be evaluated to ensure Agency assets are safeguarded, tracked and accounted for appropriately. Additionally, audits selected included most follow-up reviews to ensure follow-up review is performed and evaluate the corrective actions taken to implement recommendations.
- **Coordinate efforts with Fiscal Management and the External Auditors White Nelson Diehl Evans, LLP during the preparation and quality control review of the FY 2011/2012 CAFR**- coordinate with department staff to insure the Comprehensive Annual Financial Report (CAFR) is reviewed by Internal Audit staff by December 2012. 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. IA's quality control review

included reviewing for accuracy of math, transfer of totals, the review does not include a test of transactions. IA also performed the required reporting fillings.

- **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. The audit identified 22 recommendations related to the following:
 - The need for complete and accurate tracking/accountability of computer equipment.
 - P-card controls, ensuring policy requirements and dollar limits are adhered to.
 - Storage and server room security
 - Disposal processes
 - Accuracy of the capitalization processes

- **Information Technology Equipment Follow-Up Audit** – at the request of the Audit Committee, IA performed a follow-up review of the 22 recommendations provided in the original IT Audit issued in August 2012. IA determined that 16 of the 22 original recommendations still require additional time for full implementation. During this fiscal year, IA will plan to readdress and review this area.

- **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 wastewater 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 (SMRs) 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.

- The first audit report issued was the **Pre-Treatment and Source Control Audit – Interim Audit Report**. The interim audit report provides the audit results of the self-monitoring reports, enforcement actions, and Pre-Treatment Compliance Inspection report recommendations. The audit report provides two recommendations related to self-monitoring reports and updating the Enforcement Response Plan.
 - The second audit report was the **Pre-Treatment and Source Control Audit: Review of Invoicing and Inspection Processes**. This was the second audit of PTSC operations. This second audit focused on invoicing processes and inspection operations. In the invoicing processes area, IA identified opportunities where communications between the Financial Planning, Fiscal and Accounting Management, PTSC, and CAP could be improved and benefit the overall internal administration of the NRWS program. Observation noted in the second report include: errors with invoiced amounts from Disposal Agencies, unreliable projected costs from Disposal Agency, IEUA absorbs substantial costs related to owned and unused capacity, and inconsistency in invoicing practices for customers on the South side. We also identified there could be benefits from having Financial Planning staff communicate, discuss, evaluate financial information provided by County Sanitation District of Los Angeles County.
- **Human Resources Follow-Up Audit** – The follow up audit was conducted 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.
- **Medical Payments Audit** – Evaluated whether amounts paid by IEUA for medical expense are accurate, and whether those receiving benefits are Agency employees eligible for the benefits they receive, including retired employees. The audit provides four recommendations in the areas of ensuring adequate documentation for dependent coverage is retained, ensuring Board-approved policy documents are documented and match actual, current practice, controls to ensure the reconciliation of the CalPERS invoices is accurate, and ensuring SOP's are documented.
- **Accounts Payable Audit Follow-Up – Agency Policy Discussions** – As a result of the Accounts Payable Follow-Up Audit, IA determined it was necessary and would be beneficial to conduct discussions during the Manager's meetings related to the requirements of selected Agency policies. These policies were selected based on the results of the findings/observations of the Accounts Payable Audit:
- A-14 Vehicle Use
 - A-50 Non-Purchase Order Invoice Approval Procedures
 - A-37 Attendance/Reimbursements for Conferences, Seminars, Training, or Meetings

- **Contracts and Procurement Follow-Up Audit** - The follow-up audit evaluated the corrective actions taken on the five outstanding recommendations from May 2010. The original recommendations were provided to ensure controls over PCards, inadequate separations of duties among CAP staff, the lack of supporting documentation for grant related procurements. The follow-up review found that four of the five outstanding recommendations were implemented.
- **Payroll Follow-Up Audit** - The follow-up audit evaluated the implementation status of four outstanding recommendations from August 2010. The original recommendations were provided to ensure employee confidential information is safeguarded and employee personnel information is up to date. The audit also evaluated internal controls over the Agency's payroll bank accounts. Of the four outstanding recommendations, two have been implemented, one is in progress and one is partially implemented. This leaves two recommendations that will require IA follow-up work in the future. One recommendation recommends that the bank account be reconciled monthly and provide evidence of supervisory review and approval, this is an internal control recommended to ensure that any unusual items are identified as soon as possible. . The second recommendation suggests that HR work with counsel to update the Agency's Ethics Policy, Resolution No. 2005-2-9 to ensure it is current and the language in the Ethics Policy continues to apply or to update for needed new requirements.
- **Laboratory Department Follow-Up Audit** - The audit evaluated effort made to six recommendations from the May 2009 and May 2010 audit reports. The recommendations were designed to assist the Laboratories Department in achieving its goals of providing reliable analytical support to the Agency to protect the public's health and environment ensuring laboratory operations follow laws, and policies. Of the six outstanding recommendations, all six were found to be fully implemented. Most recommendations were for administrative-related processes.
- **Grant Operations Follow-Up Audit** - The audit evaluated corrective actions taken to implement the original 14 recommendations from the 2006 audit. The original audit provided recommendations to assist Grants in achieving its goals to obtain grant and SRF loan funding for Agency capital projects, and ensure compliance, accurate record keeping, and timely submittal of applications, invoices and other reporting requirements. Of the 14 open recommendations, six have been fully implemented, seven are no longer applicable, and one is in progress. This leaves one in progress and it recommends Grants staff prepare and maintain on file a formal, documented risk analysis that includes a list of grant requirements/deliverables on the Agency's part to better enable management to decide whether the Agency should commit both money and resources to the grant.
- **Continued update and revision to the Audit Committee Charter, the Internal Audit Department Charter and the IA Standard Operating Procedures** - to ensure compliance with required professional mandates and leading 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 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Audit Plan completion	September 2012	September 2012	June 2012	June 2013
Scheduled audits completed	2	4	4	4
Follow up of completed audits	4	4	6	9
Audits completed within Budgeted Time	6	8	10	13
Special Projects Completed	1	undeterminable	2	undeterminable

As discussed above, the Internal Audit Department's Major Initiatives during FY 2012/13 included the completion of the Information Technology Audit, the Pretreatment and Source Control Audits, the Medical Payment Audit, and several Follow-up Audits. 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

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H3,H4,H5	Develop Internal Audit plans and procedures.	<ul style="list-style-type: none"> Update the Risk Assessment of Agency operations by June 2013 Develop the Fiscal Year 2013/14 Audit Plan based on the Risk Assessment and present to the Audit Committee for approval and Board approval Revise as deemed necessary the Internal Audit Department Policies and Procedures and submit for Audit Committee evaluation Revise and update the Audit Committee Charter and the Internal Audit Department Charter by December 2013, as each year, to ensure compliance with best practices, industry standards and required policy changes Revise as appropriate all IAD SOP's.

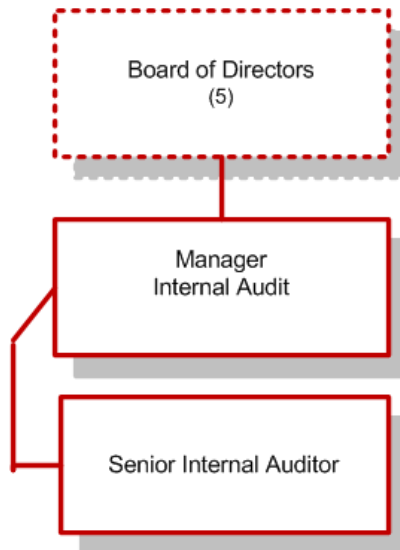
AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H3, H5	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.	<ul style="list-style-type: none"> • Annually coordinate efforts between the External Auditors and Agency staff to ensure the required annual financial audits are in time for Board review and approval by December 2013 • Conduct audits identified in the Fiscal Year 2013/14 Annual Audit Plan. It is anticipated that the proposed plan will include: <ul style="list-style-type: none"> ○ On-going Petty Cash Audits ○ Accounts Receivable Follow-up audit ○ Utility Bills Audit ○ Telephone Expenses Audit ○ Intercompany Receivables Audits ○ Accounts Payable Follow-up audit ○ Several outstanding follow-up audits/recommendations ○ Management Requests/Special Projects ○ 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 a quality control review of the annual CAFR to ensure accurate and professional presentation ○ Administer and manage the contracts for the External Audit Firm and the Independent Audit Committee Advisor, ensuring the review of all invoices and deliverables and securing the appropriate contract extensions when necessary or rebid for new contracts.

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
H3, H5 (cont.)	Promote a sound control environment for IEUA by conducting independent, objective audits of Agency operations.	<ul style="list-style-type: none"> ○ 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. ○ Ensure adequate professional development as required by the internal auditing profession.

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

Organizational Chart

Internal Audit

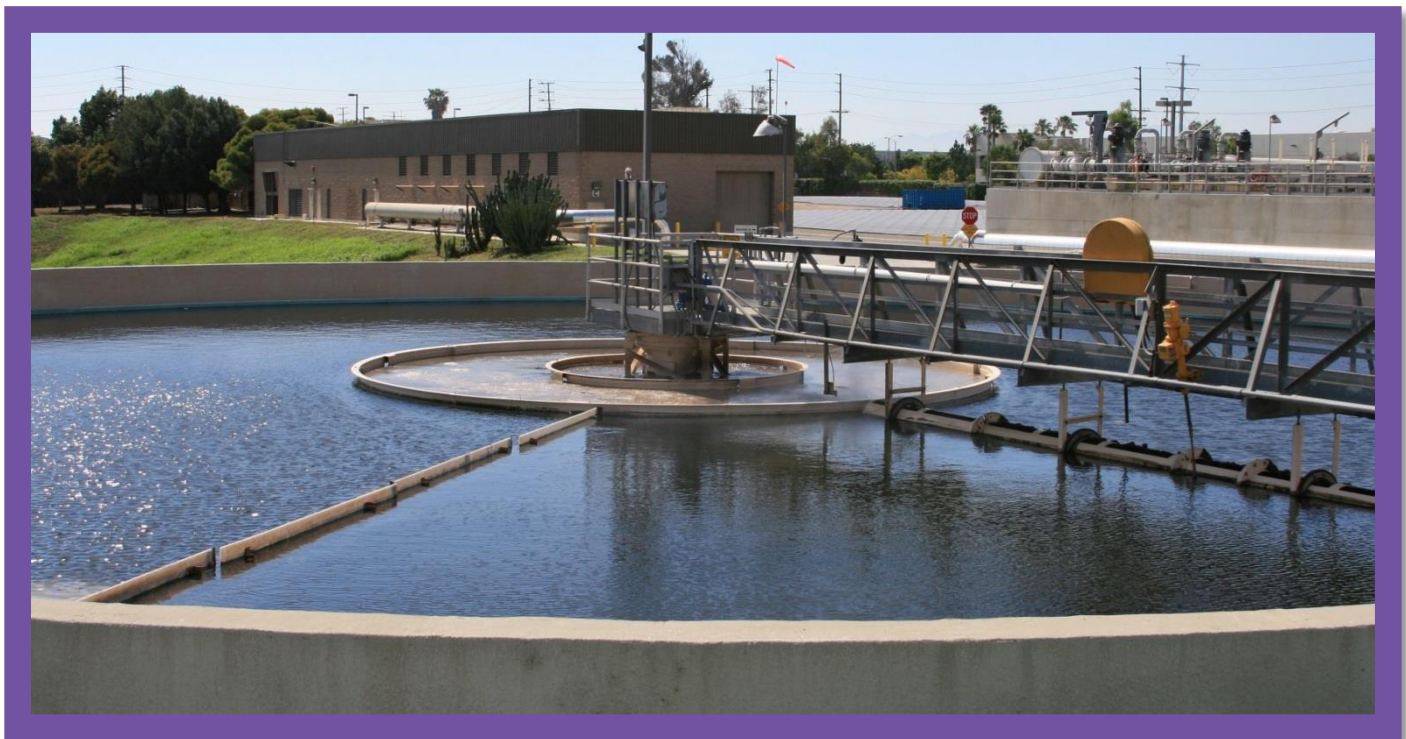


Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 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	1	1	1	0
Total	1	1	1	0

Expenses

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 12/13 Projected Actual	FY 13/14 Budget
Employment Expense	\$153,888	\$299,912	\$240,063	\$175,939	\$151,432
Administrative Expenses	121,200	140,819	121,735	146,000	240,900
Total	\$275,088	\$440,731	\$361,798	\$321,939	\$392,332



CARBON CANYON WATER RECYLING FACILITY

PLANNING AND ENVIRONMENTAL COMPLIANCE

Mission Statement

Plan and implement projects and programs to cost effectively meet future regional water, wastewater and energy 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 two groups: Planning & Water Resources and Environmental Compliance.

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, wastewater and energy 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).

Accomplishments

Planning and Water Resources

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
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) Effectively 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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
E1, H2	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.	✓		
A1	Support, promote and participate in local and regional water conservation programs	(A) Appropriately tracked and coordinated all Agency environmental permitting (CEQA/NEPA, 401, 404 and 1600.	✓		
		(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	✓		
		(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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H4, I4	Proactively promote and maintain compliance related to the protection of the environment 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).	✓		

Major Initiatives

Planning & 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.
- ❑ Implement the Peak Power Independence by 2020 initiative through energy conservation and efficiency, renewable energy, energy procurement, project financing, and regulatory and legislative components.

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.
- ❑ 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.

Performance/Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
RWQCB/SWRCB Reports	79	79	79	91
CDPH	13	13	13	13
EPA	3	7	7	7
SCAQMD Reports	40	37	26	29
SCE Annual Efficiency Report	2	2	2	2
NRWS Industrial Wastewater Discharge	9	27	24	15
Regional Industrial Wastewater Discharge	21	11	8	12

Goals and Objectives

AGENCY WIDE 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 audits for each facility • Obtain necessary permits for compliance (Water Quality, Air Quality, Fish and Game)

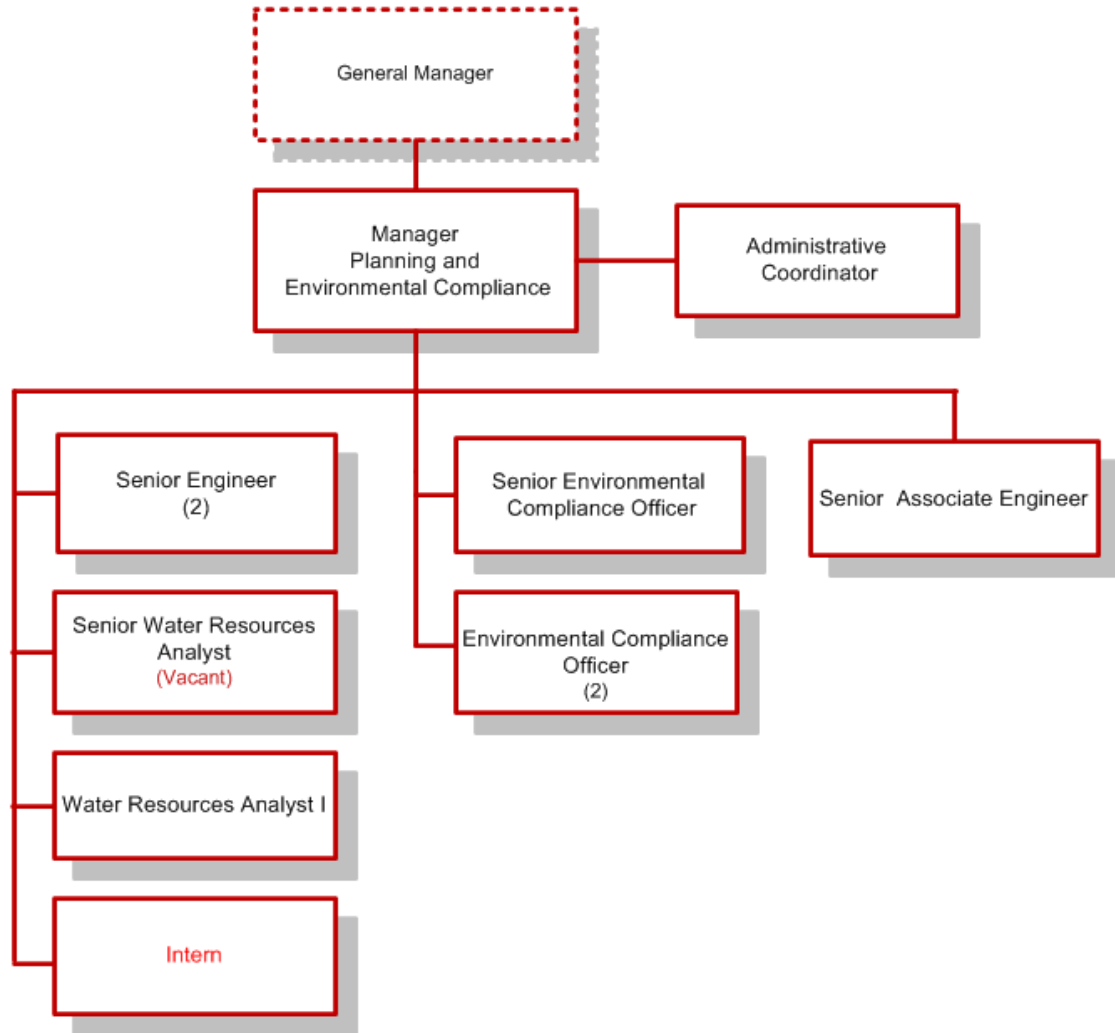
* Please refer to the Agency Vision/Policy Goals tab for the Agency Wide Goal description.

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
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
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 report (projected vs. actual) • Ensure tracking and coordination of all agency environmental permitting (CEQA/NEPA, 401, 404 and 1600)

* 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 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 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
Senior Environmental Compliance Officer	1	1	1	1
Environmental Compliance Officer	1	1	1	2
Senior Water Resource Analyst	1	1	1	1
Water Resources Analyst II	1	1	1	0
Water Resources Analyst I	0	0	0	1
Senior Engineer	1	1	1	2
Senior Associate Engineer	0	0	0	1
Administrative Coordinator	1	1	1	1
Associate Engineer	1	1	1	0
Assistant Engineer	1	1	1	0
Total	9	9	9	10

Expenses

The following are the components of the expenses identified below. 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 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$1,175,341	\$1,836,032	\$1,945,869	\$916,928	\$1,239,063
Administrative Expense	133,198	358,406	363,828	360,439	435,700
Insurance Expense	400,333	0	0	0	0
Operating Expense	318,357	430,185	507,127	503,636	505,867
Total	\$2,027,229	\$2,624,623	\$2,816,824	\$1,781,003	\$2,180,630

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	Department Goal	FY 2012/13 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	<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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
H4	Maintain Compliance and Protect Public Health	<p><i>(MI) Conduct annual review of protocols for immediate notification of non-compliance with permit by Jan. 1, 2013</i></p> <p>(A) Laboratory SOP for data reporting was reviewed and contact list was updated to reflect changes due to operation supervision rotations. ✓</p> <p><i>(MI) Conduct annual reviews of sampling/testing requirements</i></p> <p>(A) Lab testing schedule was updated to reflect the end of the Max Benefit monitory requirements ✓</p> <p>(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.</p> <p><i>(MI) Review data daily/weekly/monthly to ensure all required analyses are performed as required</i></p> <p>(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. Weekly analysis backlog report is generated. ✓</p> <p><i>(MI) Coordinate monitoring of Constituents of Emerging Concern (CECs)</i></p> <p>(A) No annual CEC monitoring was required in FY12/13. ✓</p> <p>(A) SAWPA sampling event completed in June 2013.</p> <p><i>(MI) Monitor CDPH and NPDES regulations for changes</i></p> <p>(A) Reviewing new policies by the SWRCB for toxicity monitoring and Recycle water programs. ✓</p>			

Agency Wide Goal	Department Goal	FY 2012/13 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.	✓		
D1	Conduct laboratory interdepartmental training	(MI) Incorporate new ELAP certified analysis methods by Oct. 31, 2012			
		(A) ELAP inspection occurred Jan 16 & 17 2013, laboratory added 4 tests to certification and changed the Total Cyanide method to a more efficient method.	✓		
		(MI) Conduct annual sample collection training sessions to Operations and Pretreatment and Source Control staff in May 2013			
D1	Effectively develop and conduct documented procedures and technology training	(A) Training was completed in April 2013.	✓		
		(MI) Conduct annual Laboratory Information Management System (LIMS) training for all users			
		(A) Training occurred for all interested and new users of LIMS.	✓		
		(MI) Conduct 5 specific procedures and technology training tailgates per year			
D1	Effectively develop and conduct documented procedures and technology training	(A) Training was held on the new CN procedure, various other refresher training sessions were held, and a review of the new EPA methods update rule.	✓		
		(MI) Conduct annual review of laboratory SOPs and QC procedures			
		(A) Annual reviews and updates of SOPs and the laboratory QA manual were completed in January 2013	✓		

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 Environmental 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

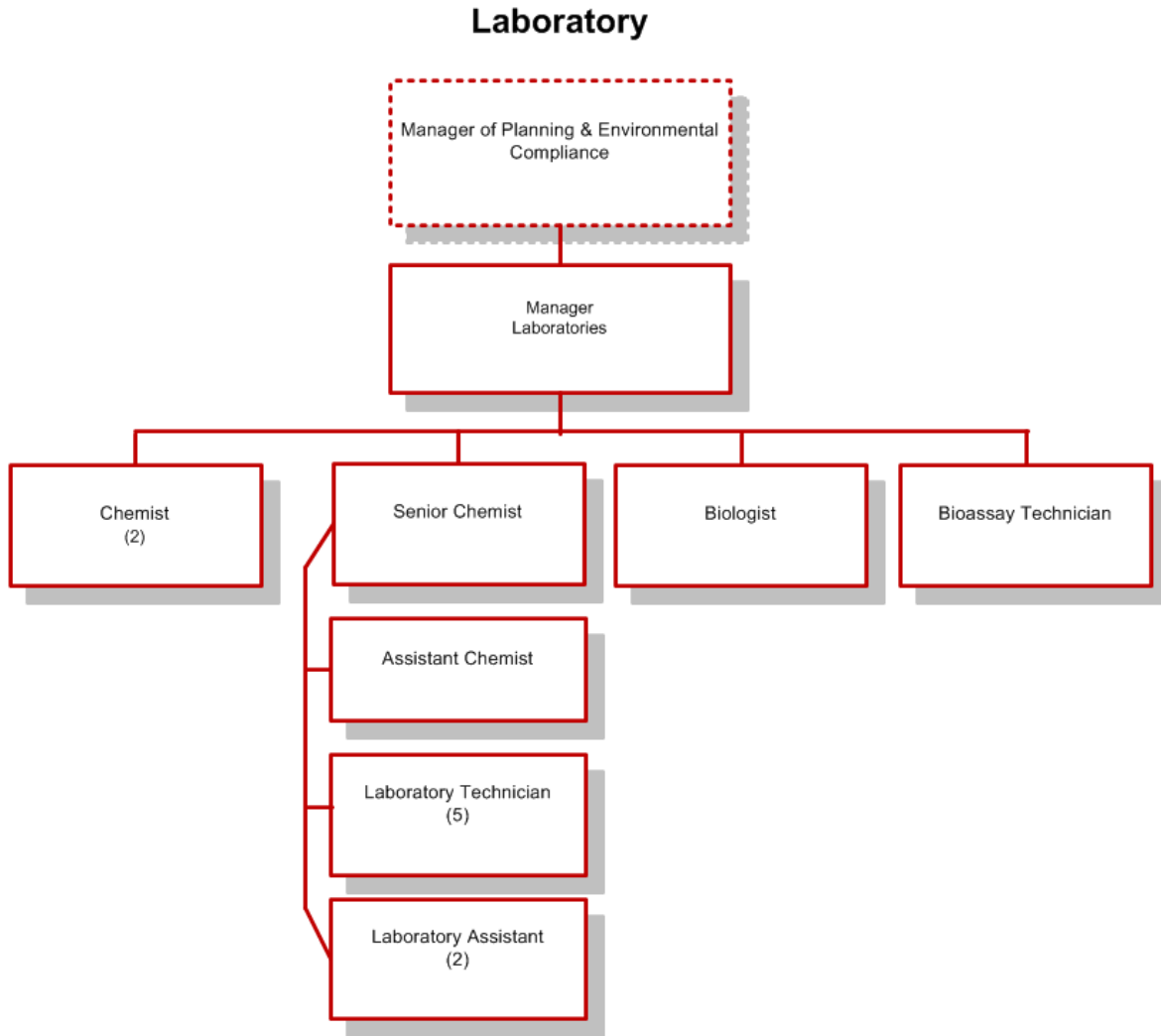
	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Average Turnaround Time (Compliance Samples)	21 Days	20 Days	21 Days	20 Days
Meeting Established Turnaround Times (Compliance Samples).	98.8%	>99%	98%	>99%
Quality Control Failures	<1%	<1%	<1%	<1%
ELAP Performance Evaluation Repeats per Calendar Year	0	0	0	0
Safety- Lost Time Accidents	0	0	0	0
Samples Completed Within Regulatory Holding Times	100%	100%	100%	100%

Goals and Objectives

AGENCYWIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D6 A5 H4 H2 D1 D3	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
	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.
	Maintain Compliance and Protect Public Health	<ul style="list-style-type: none"> • Conduct annual review of protocols for immediate notification of non-compliance with permit by Jan. 1, 2014 • Conduct annual reviews of sampling/testing requirement by Mar. 1, 2014 • 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.
	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, 2014 • Evaluate feasibility of adding additional tests to ELAP certification, MBAS and HAA5 tests to be evaluated by Dec. 1, 2013.
	Conduct laboratory interdepartmental training	<ul style="list-style-type: none"> • Conduct annual sample collection training sessions to Operations and SC&PT by May 2014 • Conduct annual Laboratory Information Management System (LIMS) training for non-laboratory users in February 2014
	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, 2014

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

Organizational Chart



Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Manager of Laboratories	1	1	1	1
Senior Chemist	2	2	1	1
Chemist	0	1	2	2
Assistant Chemist	2	1	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 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$1,103,016	\$1,044,493	\$1,047,574	\$1,001,865	\$1,083,401
Administrative Expenses	428,201	465,262	422,727	422,634	469,935
Operating Expense	5,975	5,975	5,975	5,975	6,427
Total	\$1,537,192	\$1,515,730	\$1,476,276	\$1,430,474	\$1,559,763

ENGINEERING DEPARTMENT

Mission Statement

To engineer and construct state of the art facilities and infrastructure to meet the dynamic and growing needs of 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.

Description and Purpose

The Engineering Department provides design, administration, and construction management services for water, wastewater, and energy projects that implement the Agency's Capital Improvement Program (CIP). The department integrates 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 38 personnel contribute to the success of the department, providing many diversified tasks such as:

- Capital facilities planning, budgeting, design, and construction
- Administration of grants, permits, and environmental compliance reports
- Master plan, design and coordinate implementation of the Agency's Supervisory Control & Data Acquisition system (SCADA)
- In-house design services including development of plans and specifications for the bid process
- 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
- Support to Operations and Member Agencies in the coordination and development of demand management strategies for recycled water and ground water recharge
- Engineering and construction management support to the Agency's Operations and Maintenance Departments
- Coordination of the capital projects process to produce the Ten Year Capital Improvement Plan
- 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 3D modeling of facility sites and projects
- Construction management support for construction work in progress, including field inspections, to ensure compliance with approved plans, specifications, and standards

Accomplishments

During FY 2012/13, the Engineering Department managed 126 Capital Improvement Projects with annual budget allocations totaling \$52.1 million.

Design projects completed include the RP-2 Gas Flare Repair, 800 Zone Flow Meter Installation, Headquarters Central Plant Improvements, HVAC and Server Room Fire Suppression, Turner Basin Turnout Capacity Improvements, Turner Basin Recharge Improvements, IERCF Receiving Building Door Widening, CIM North Lateral, CCWRF Secondary Clarifier No. 2 Rehabilitation, IERCF Belt Conveyor Catwalk Improvements, RP-4 Power Distribution Assessment and Repair, RP-2 Drying Beds Drainage Improvements, RP-2 Digester No. 4 Dome Guide Repairs, Turner 1 Turnout and Deer Creek Drop Inlet Modifications, Redevelopment of Monitoring Well MW-VCT2, Philadelphia Pump Station Force Main Cleanout, Wineville Recycled Water Pipeline Segment A, and RP-1 Headworks Gate Replacement.

Construction projects completed include the RP-1 Dewatering Project, 1630 W. Recycled Water Pipeline Segment A, B and C, RP-4 Odor Control Backup Blower, CCWRF 12kV Switchgear Repair/Replacement, IERCF Belt Conveyor, IERCF Amendment Hopper Upgrades, IERCF Receiving Building Door Widening, 1630 W. Recycled Water Pipeline Segment C, 1630 W. Recycled Water Pump Station, CCWRF Aeration Basin Air Ducting Replacement, NW 1630 W Pump Station & Reservoir Communication Towers, 1630 West Reservoir, CCWRF Rehab of Secondary Clarifier, Phase 1, Hickory Basin Arizona Crossing, RP-4 Power Distribution Assessment and Repair, Turner Basin Turnout Capacity Improvements, Philadelphia Pump Station force main Cleanout Install, and RP-1 Fuel Cell.

Asset Management projects included the completion of the 50-Year Rehabilitation and Replacement Schedule, Philadelphia Pump Station Wet Well Condition Assessment, and critical asset reports for Regional Water Recycling Plant No. 1 and Regional Water Recycling Plant No. 4.

Agency Wide Goal	Department Goal	FY 2012/13 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 thorough cost analysis and 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 ten new projects	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
E2 (cont.)	Provide high quality project management and design for the completion of CIP	(MI) Continue implementing effective project management support protocols			
		(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 with 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) Provide seamless project transfers to Operations			
		(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) 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	✓		
		(A) Coordinate and complete annual update for standard boilerplates including Request for Proposal and Plans and Specifications	✓		
		(A) Presented two papers on IEUA engineering activities at conferences	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
E2 (cont.)	Provide high quality project management and design for the completion of CIP	(A) Increased attendance at local professional group meetings	✓		
		(A) Continued to provide technology transfer workshops, presentations, and meetings with other Southern California public agencies	✓		
		(MI) Maintain a 30 day completion of as-built drawings			
C4	Manage projects to levels which maximize quality and operational effectiveness	(A) Processed all newly competed project as-built drawings within 30 days of receipt	✓		
		(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) Develop Asset Management within SAP specifically for condition assessment and asset disposal		✓	
		(B) 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) 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	✓				

Agency Wide Goal	Department Goal	FY 2012/13 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	<i>(MI) Increase development and training on current industry practices and new technologies</i>			
		(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 FY2013/14. Over \$43 million is expected to be expended on these projects this fiscal year:

Engineering

■ 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.

■ Groundwater Recharge and Recycled Water 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. Under this project, the existing SCADA server system will be upgraded to provide complete control and monitoring of the GWR and RW SCADA System.

■ San Sevaine Basin Improvements

- A geophysical investigative project to determine the cause of poor infiltration at San Sevaine Basin 5, and perform the necessary improvements to potentially increase the basin infiltration. The project will also look into potentially building approximately 3,000 linear feet of 18-inch pipeline from Basin 5 to Basin 3 to deliver storm and recycled water.

■ SCADA Enterprise System

- The SCADA Enterprise System will eliminate the multi-vendor platforms currently operating as islands of automation. The design and construction of a highly-reliable, scalable, Enterprise SCADA system that enables the control of any facility from any location, unattended operation, integration with the Business system, and supports system-wide, wastewater treatment, recycled water and groundwater supply-demand management. The Enterprise will be a highly functional and user-friendly solution, consolidating data from all facilities and providing accessible information.

- **RP-1 Secondary Clarifier Asset Rehabilitation**
 - As per asset system improvements, the remaining 4 Secondary Clarifiers require rehab and replacement of clarifier assembly. The system is over 25-years old and it is listed a critical rehab under the asset management program.

- **RP-1 Aeration Ducting**
 - The scope within this project consists of the replacement of leaking air pipe coupling for the Inland Empire Utilities Agency's RP-1 Aeration Basin. The air leaks are a significant energy loss in regards to the blower system. The replacement will address existing connections which are at the end of its useful life. The replacement will require detailed planning and coordination in order to minimize construction disruption to operation.

- **RP-1 Flare Replacement**
 - SCAQMD recently issued the 2012 Air Quality Management Plan, which includes the District's plan to reduce emissions. This project will include the procurement and installation of a new fully automated gas flare system. The RP-1 piping system and controls will be upgraded to accommodate and maximize the digester gas usage by the fuel cell and existing boilers and minimize flared gas.

- **RP-1 Headworks Gate Replacement**
 - 15 of the 17 gates inspected have significant deficiencies that would justify full replacement of the gate and embedded gate frames. The bar screen system will be replaced with a more effective screening system to reduce unwanted plastics and rags from entering the secondary clarifiers and solids digesters.

- **RP-1 Sludge Thickening System Improvements**
 - Prepare a Master Plan of RP-1 Thickening Process to determine the require stages in improving the system with current or new thickening systems.

Construction

- **CCWRF Recycled Water Pump Station Expansion**
 - The Southern Project Area includes the design and construction of the 930 Reservoir West, Eucalyptus Pipeline, RP-5 Recycled Water Pump Station and 930 West El Prado Pipeline. The Southern Regional System will be designed and constructed in multiple phases, based on the regional recycled water priorities.

- **Wineville Extension Recycled Water Pipeline Segment A and B**
 - The project involves the plan, design, and construction of a parallel segment of 5,200 linear feet (LF) of 24-inch recycled water pipeline along Wineville Avenue, 28,500 LF of 36-inch recycled water pipeline from Wineville Avenue to the RP-3 and Declez recharge basins and two turnout facilities. The project is located in the cities of Ontario and Fontana and will serve both recycled water customers as well as provide recycled water for ground water recharge at the RP-3 and Declez recharge basins.

Construction (cont.)

■ 930 Zone Recycled Water Reservoir

- IEUA has a need for up to 9.5 million gallons (MG) of regional recycled water storage capacity in the west 930 feet elevation pressure zone of its regional distribution system. The construction of the welded steel reservoir will provide a 5.0-MG of recycled water storage in the City of Chino Hills.

■ 930 Zone Recycled Water Pipeline

- The 930-Zone Recycled Water Pipeline will construct 13,500 feet of 30-inch pipeline, which will connect the 930-Zone Recycled Water Reservoir and the CCWRF RW Pump Station. The pipeline will provide direct recycled connections to serve customers in the Cities of Chino and Chino Hills.

■ Turner Basin Recharge Improvements

- The project involves the installation of new pipe/gate within the two new recharge basins east of Basin 4. This project will also connect an existing flood control retention facility, Basin 5, as a new recharge basin. Construction will include running new storm water piping upstream of the Deer Creek Channel to Basin 8 which will convey flow into Basin 5.

■ RP-2 Digester #4 Dome Replacement

- The RP-2 Digester #4 Dome is currently offline. Five of the nine roller support guides are severely damaged along with settling issues caused by the dome's weight to tilt the overall dome. The digester dome's tilted position creates tremendous torsional force acting on the guide rails if the dome is not placed as designed. This project will convert the floating dome to a stationary dome by supporting it with steel beams to repair the dome support in addition to the foundation differential settlement.

■ HVAC Server Room & Fire Suppression

- Evaluate, design and modify existing HVAC systems that serve critical areas that have a high probability of catastrophic failure. Also evaluate the installation new electrical fire suppression system using inert gases such as an Inergen system similar to those installed at the IEUA Headquarter SCADA & Server Rooms. These HVAC and server rooms serve the recycled water and treatment systems.

Performance / Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Capital Spending (\$Millions)	\$32	\$39	\$40	\$59
Total Recycled Water Connected Demand (AFY)	29,239	33,000	30,000	31,400
# of RFI's Generated/ \$1 Million Spent	16.94	< 25	18.0	< 25
Completed Engineering Design Schedule on Time	-	-	-	80%
Completed Construction Schedule on Time	-	-	-	80%
Project Costs within Initial Budget	-	-	-	90%
Added or Omitted Change Orders (b, d)	8.16%	< 7%	7.8	-
Engineering				
Const Mgmt <\$2M / >\$2M	8.16%	< 10% / < 7%	0.5 / 26.0 %	-
Non Added or Omitted Change Orders (b, e)	3.52%	< 3%	3.6%	-
Engineering				
Const Mgmt <\$2M / >\$2M	3.52%	< 10% / < 7%	10.0 / 2.25 %	-
Change Orders	-	-	-	< 10%
Actual Expenditures as a Percentage of Forecasted Expenditures	82%	>80%	84%	>80%
Engineering Project Quality Survey	94%	>90%	90%	>90%
Invoices Processed	64%	70% <= 14 days	66%	70% <= 14 days
Administrative Quality Survey	90%	>= 90%	90%	> 90%
As-builts Processed within 30 Days of Receipt	95%	100%	96%	100%

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Construction Management Costs (a,b,c) <\$2M / >\$2M	5.61%	<20% / <10%	4.00 / 6.95	-
Construction Management Quality Survey	-	-	-	> 80%



REGIONAL WATER RECYCLING PLANT NO. 1
DEWATERING BUILDING PROJECT

Goals and Objectives

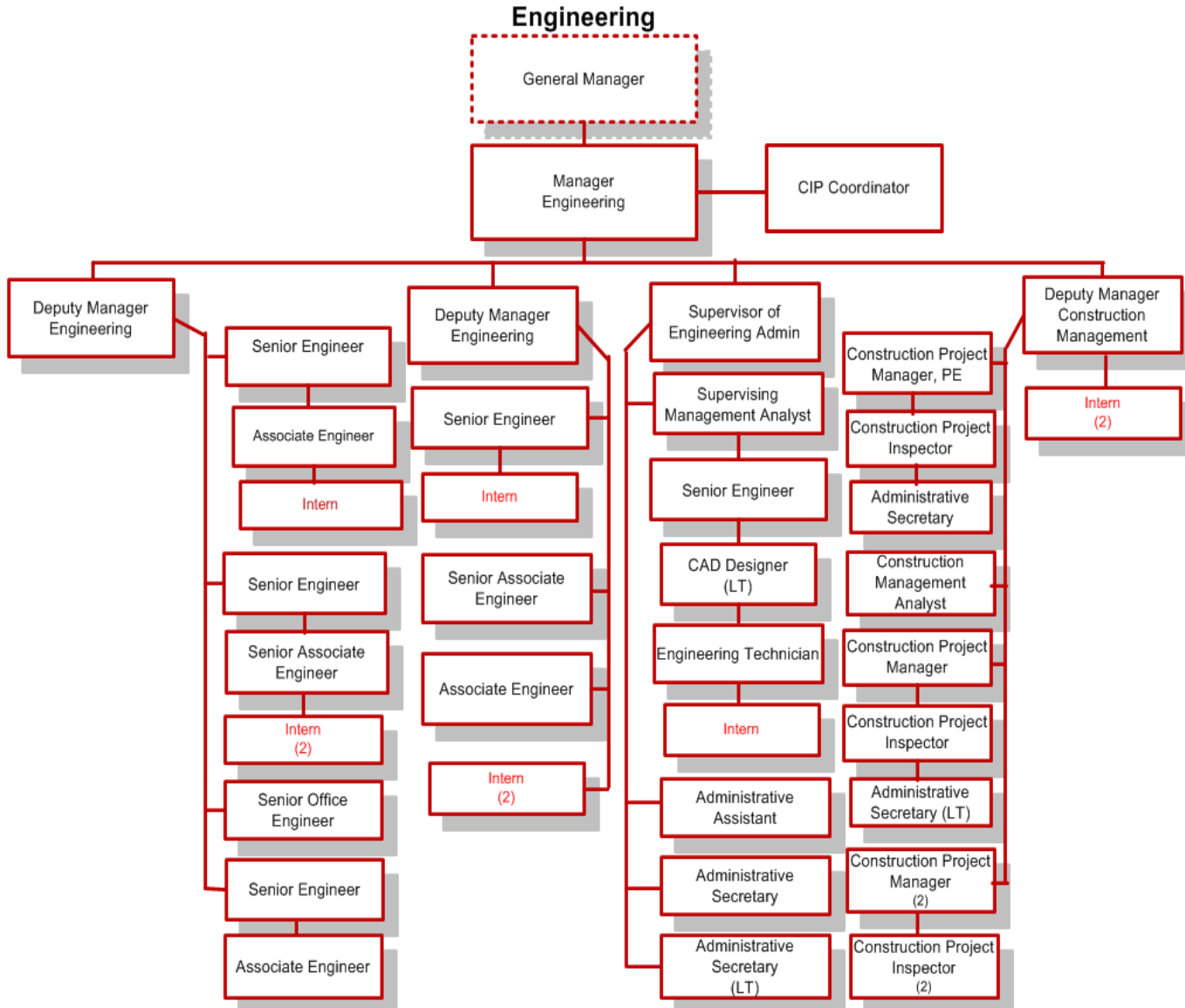
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
E2	Provide high quality project management for the completion of Capital Improvement Projects	<ul style="list-style-type: none"> • Currently implementing effective project management protocols and remaining focused on meeting schedules and budgets • Minimize the number and cost of change orders for construction contracts by performing high quality designs and thorough cost analysis • 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 • Construction Management (CM) to transfer as-built drawings and complete project close out procedures including project acceptance within 60 days of completion of construction • CM to provide seamless project transfers to Operations • CM to complete all training and transfer all O&M manuals to operations and maintenance prior to facility start-up on all projects
D1	Expand knowledge of current technologies and management practices	<ul style="list-style-type: none"> • Continue to provide staff workshops, presentations, and meetings • Continue to conduct department SOP Training • CM to define and implement a Construction Staff Development Program
D2	Provide high quality 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 • Coordinate the project closure process to ensure timely recording of assets, including attributes and financial valuation

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D2	Improve and streamline the design process	<ul style="list-style-type: none"> • CM to complete constructability reviews for all projects in design. • Provide value engineering services during design reviews to maximize quality and minimize cost • Improve the Agency-wide as-built process to ensure accurate, up to date drawings for all departments. • Survey the effectiveness and responsiveness of Engineering Administration to respond and comply to administrative issues for other Agency departments; target goal is $\geq 90\%$ 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
D4	Expand knowledge of current technologies and industry practices	<ul style="list-style-type: none"> • Present two papers on IEUA engineering activities at conferences • Increase attendance at local professional group meetings
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 • Total of all Change Orders should be held under 10% of total Construction Cost. • Design a CM project quality survey to measure the effectiveness of completed projects; issue survey to internal project clients; target goal is 80% rating on projects completed. • Continue Engineering project survey; target goal is 90% rating on 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 • Implement planning projects and capital projects to address the changing needs of the region in terms of the recycled water.

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
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
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 Department team member support and perspective for ERP procurement module upgrades and e-catalogue implementation
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"> • CM to implement CIPO enhancements for daily logs and reporting • Engineering Administration to maintain monthly / quarterly / annual postings of department metrics and knowledge based documents including SOP’s, conference papers, financial and reporting documents

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

Organizational Chart



Position Summary

FY 2013/14 reflects Agency-wide cost containment efforts to eliminate positions through attrition and reduction of limited term positions.

Full Time Equivalent Positions	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Manager of Engineering	1	1	1	1
Deputy Manager of Engineering	2	2	2	2
Senior Engineer	5	5	5	5
Senior Office Engineer	1	1	1	1
Senior Associate Engineer	1	1	2	2
Associate Engineer	5	5	3	3
CIP Coordinator	N/A	N/A	1	1
Engineer Technician	1	1	1	1
Supervisor of Engineering Administration	1	1	1	1
Supervising Management Analyst	1	1	1	1
Management Analyst - Primavera	1	1	1	1
Administrative Assistant	2	2	1	1
Administrative Secretary	2	2	2	2
Manager of Construction Management	1	1	1	0
Deputy Manager of Construction Management	1	2	2	1
Construction Project Manager PE	1	1	1	1
Construction Project Manager	2	2	3	3
Construction Project Coordinator	4	2	0	0
Construction Inspector	NA	NA	2	5
Operations Liaison	1	1	1	0
Construction Management Analyst	N/A	1	1	1
Total	33	33	33	33
Limited Term Positions				
Senior Engineer	1	0	0	0
Engineering Technician	1	1	1	1
Administrative Secretary	1	1	2	2
Construction Project Manager	1	1	1	1
Construction Project Coordinator	2	2	2	0
Administrative Assistant	1	0	0	0
CAD Designer	N/A	N/A	1	1
Sub-Total	7	5	7	5
Total	40	38	40	38

Expenses

During FY 2012/13, the Engineering, Engineering Administration, and Construction Management Departments, while maintaining fiscal identities, consolidated under the direction of the Manager of Engineering. FY 2013/14 budget reflects this consolidation of staff.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expenses	\$2,188,357	\$3,034,680	\$3,196,201	\$2,809,147	\$3,773,949
Administrative Expenses	17,764	24,642	42,604	27,470	36,200
Total	\$2,206,121	\$3,059,322	\$3,238,805	\$2,836,617	\$3,810,149

FINANCE DIVISION

Mission Statement

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
- Business Information Services
- Financial Planning
- Accounting and Fiscal Management
- Human Resources
- Safety, Risk, and Support Services

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; cash and debt management; recruitment and retention; application of the Memorandums of Understanding and Personnel Manuals for the various bargaining units; management of benefits options; training; and compliance with State and Federal regulations. Total staffing is budgeted at 53 full time equivalents (FTEs).

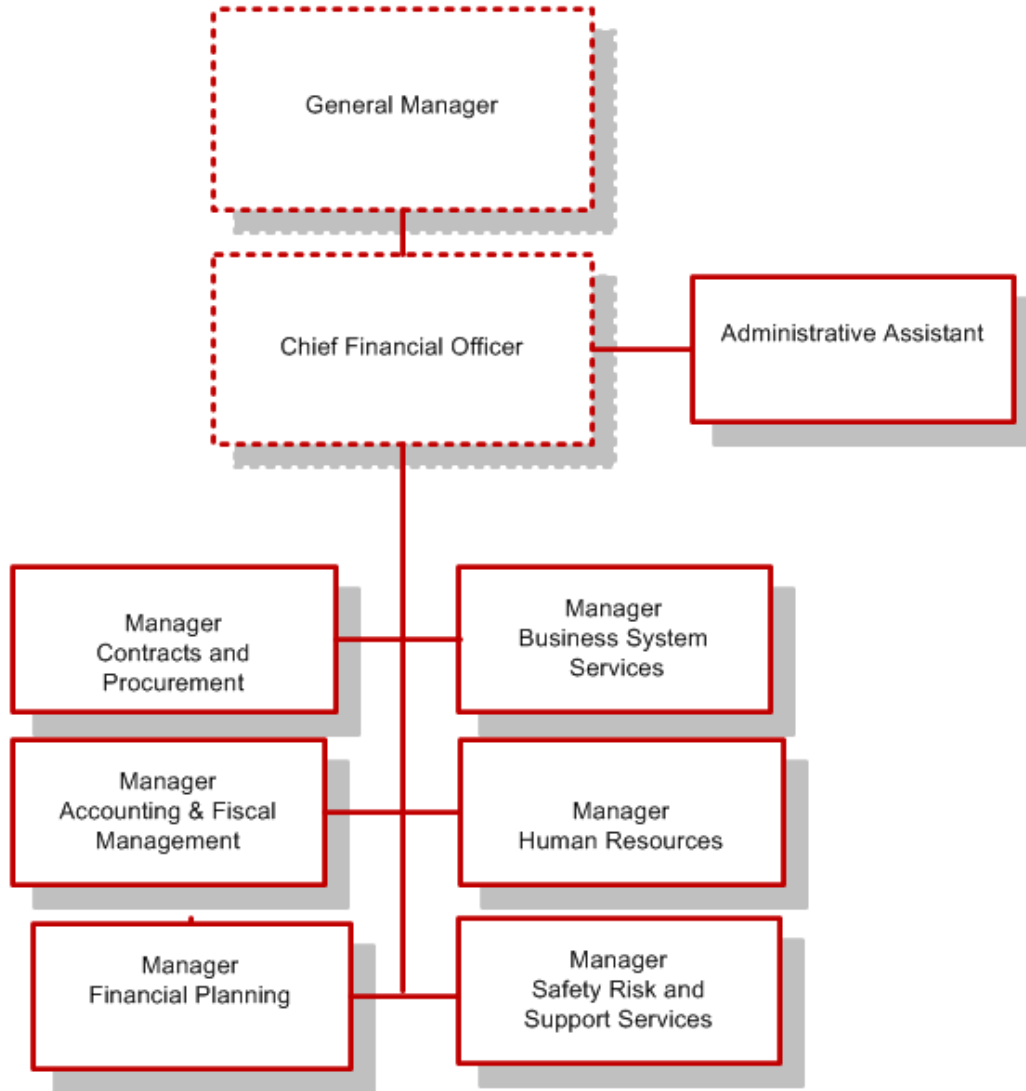
Division Goals

- 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.
- ❑ Manage the successful selection and retention of the best qualified candidates
- ❑ Provide Agency employees with the maintenance and enhancement of staff skills through training.
- ❑ Provide Agency employees with the implementation of valuable benefits.
- ❑ Ensure the resolution of personnel issues in a timely manner with the highest standards of confidentiality, integrity, courtesy, and respect.
- ❑ Provide and promote a safe, hazard free working environment through the monitoring of the Agency's Safety programs.
- ❑ Ensure compliance with recordkeeping laws and regulations.

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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal	
B1,B2	Identify new contracting and cost containment opportunities through streamlined procurement business processes.	(MI) In collaboration with ESS, implement a business process enhancement to streamline the process by November 1, 2012, thus reducing the cost to process procurement.				
		(A) Streamline the printing process from 8 steps to 2 steps.	✓			
		(A) Public works solicitations issued through the electronic online bidding process.	✓			
	Provide timely, efficient, and cost effective management of supply, service and support requirements	(A) Identify SAP improvement opportunities.			✓	
		(MI) Process approved PR's within the CAP published Service Level Objectives (SLO).				
		(A) Prioritize purchase requisitions (PR) in queue to meet CAP published SLO.	✓			
	Further streamline the business process and achieve greater compliance with requisitioning requirements.	(A) Provided timely follow-up on the "waiting-on-parts-report" to ensure parts are received before needed.	✓			
		(MI) Identify P2P opportunities to streamline the business processes and obtain customer compliance with requirements.				
		(A) Update Procurement Ordinance	✓			
		(A) Launch RFP to bring in an outside consultant assess P2P process and identify opportunities for improvement.	✓	✓		
	(A) Implement improvements identified.					

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
G1,E5	Optimize customer service by ensuring alignment and management of core procurement business functions, roles and responsibilities	(MI) Develop a Strategic Plan identifying a roadmap for ensuring customer support in alignment with core procurement business functions, roles and responsibilities.			
		(A) Buyer outreach and customer training	✓		
		(A) Six-point plan focuses on several key initiatives important to internal customers, including revising the Procurement Ordinance, continuous process improvement, ensuring quality control, early planning and coordination, etc.	✓		
		(A) Follow-up customer workshops	✓		
G1,E5	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.			
		(A) Cost savings as of April 12, 2013, through the competitive process \$162,431.	✓		
		(A) Surplus revenue \$116,985.			
G1, G3,E5	Actively market the "Small Business Program."	(MI) Increase outreach to the Small Business Community.			
		(A) Conduct presentations to the small business community.	✓		
H6	Provide effective administration of assigned contracts, ensuring compliance with terms and conditions.	(MI) Ensure that contracts comply with applicable terms and conditions.			
		(A) Random audit of contract files.		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3	Commensurate with the number of assigned cellular and smart phones, decrease expenditures for service by at least 5%	<p>(MI) Review Divisions cell phone usage and cost. Conduct cost analysis of the program and review program guidelines.</p> <p>(A) Identify changes to the Cell Phone Program that will result in cost containment. ✓</p> <p>(A) Audit cell phone transactions and provide reports on monthly management usage and trends. ✓</p>			

Major Initiatives

- **Customer Service** – CAP is committed to strengthening customer service and support to 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 costs at or below market through competitive sourcing and best value negotiations.

Performance/Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
AEP Award*	N/A	N/A	Yes	TBD
<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%

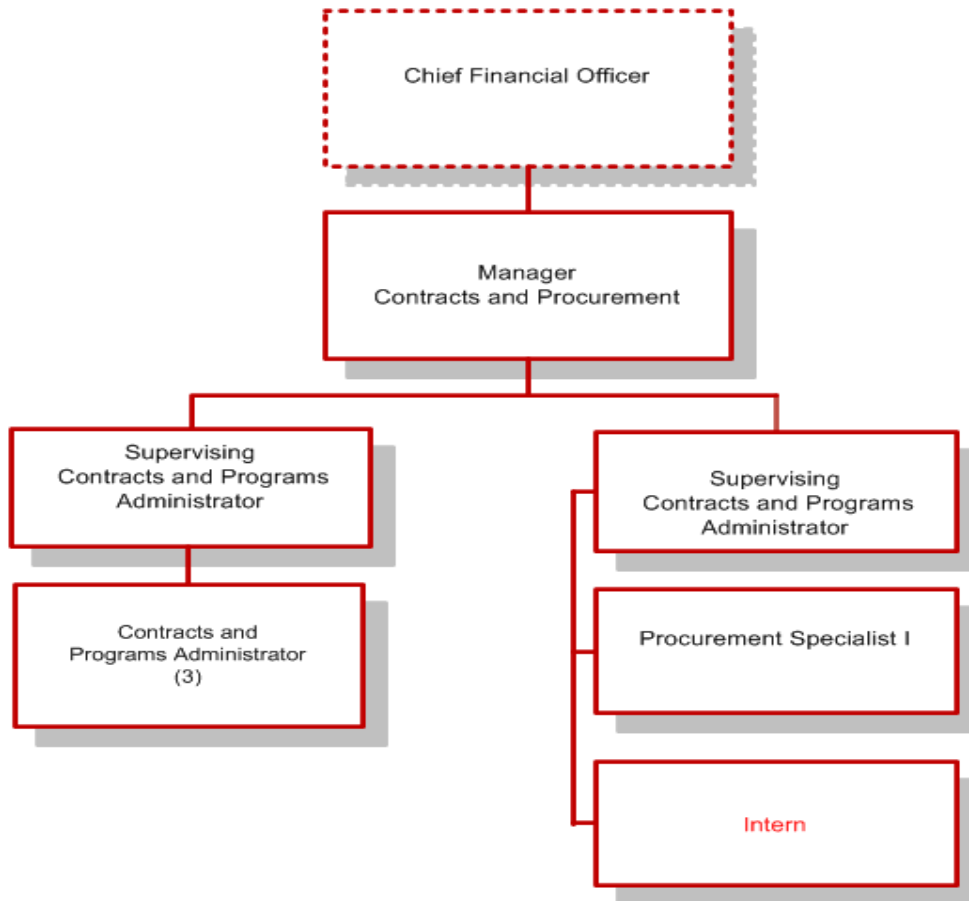
*The AEP Award measures both the effectiveness and efficiency of a procurement organization at the national and state level. It recognizes organizational excellence as demonstrated by achievement of a high score based on best practices' standardized criteria. It measures innovation, professionalism, productivity, e-procurement, and leadership attributes of the procurement organization.



REGIONAL WATER RECYCLING PLANT NO. 5
SECONDARY CLARIFIER

Organizational Chart

Contracts and Procurement



Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Manager of Contracts and Procurement	1	1	1	1
Supervising Contracts & Program Administrator	2	2	2	2
Contracts & Programs Administrator	2	2	2	3
Technical Buyer	1	1	1	0
Procurement Specialist I/II	2	2	2	1
Administrative Assistant	1	1	1	0
Total	9	9	9	7
Limited Term Position				
Contracts & Programs Administrator	1	1	1	0
Total	10	10	10	7

Expenses

Expenses for FY 2013/14 remain on target due to overall cost containment measures.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expenses	\$832,692	\$829,107	\$763,160	\$696,576	\$639,642
Administrative Expenses	6,968	3,922	8,955	10,155	10,100
Total	\$839,660	\$833,029	\$772,115	\$706,731	\$649,742

BUSINESS INFORMATION 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 Business Information Services (BIS) 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, support of departmental and special function systems, development of custom applications and reports, and integration of Agency systems and data.

The BIS 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 & Systems Management 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. This group also includes systems management functions and information security planning and management.

Accomplishments

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (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	(MI) Service Excellence Initiative			
		(A) Review SAP system performance, growth, & system capacity status. Identify risks and mitigation plans. Develop quarterly performance analysis reports.		✓	
		(A) Monitor system for compliance with security and system management best practices. Develop quarterly assessment and action plan.		✓	
		(A) 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.		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B3 (cont.)	Provide Agency users reliable information systems, providing high performance applications and data integrity	(A) Develop assessment of data base growth and put in place a management plan, including considering implementation of an archiving project plan.		✓	
		(A) 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	(MI) Service Excellence Initiative			
		(A) 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).	✓		
D2	Provide exceptional and responsive service	(MI) Service Excellence Initiative			
		(A) Track all support and development issues and requests, documenting findings and root-cause analysis for key issues. (Ongoing)		✓	
		(A) 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)		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
D1	Control the cost of supporting the Agency's increasingly complex information systems	<p>(MI) Service Excellence Initiative</p> <p>(A) Develop BIS 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 BIS 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.</p>		✓	
E3	Facilitate Agency operational performance improvement through appropriate and cost-effective use of evolving information technologies, functionality, and practices	<p>(MI) Process Improvement Initiative</p> <p>(A) 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</p> <p>(A) Support implementation of the Long Range Financial Planning Model project</p>	✓	✓	
B2,C3	Facilitate Agency operational performance through appropriate and cost-effective use of evolving information technologies and practices	<p>(MI) User Productivity Initiative</p> <p>(A) Roll out SAP NetWeaver Business Client technology Agency-wide to provide an easier to use interface to SAP</p>	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B2, D4	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	(MI) Process Improvement Initiative; Business Intelligence & Analytics (Reporting) Initiative			
		(A) 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		✓	
		(A) Work with Financial Planning & Fiscal Management to evaluate restructuring of the Agency's cost centers		✓	
		(A) Implement enhancements to streamline Grants expense certification function			✓
		(A) Work with the Financial Planning & Fiscal Management to evaluate restructuring of the labor burden and overhead cost allocation method in SAP		✓	
		(A) 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)		✓	
		(A) 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	✓		
		(A) Facilitate organization of Project User Group, and develop roadmap for enhancements			✓

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B2, D4 (cont.)	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	(A) 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.)		✓	

Major Initiatives (FOR FY13/14)

- **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 regular meetings with business process owners and key process constituents to assess key business objectives and opportunities for improvement and create enhancement development roadmaps and schedules. Deploy new technologies to improve process efficiency and effectiveness, and integration of Agency systems and tools. Key focus areas for process improvement in FY 2013/14 include maintenance scheduling, and, procurement (tracking of materials purchased, integration with vendors, procurement status visibility) and improvement of the financial cost center structure.

- **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. Key focus areas for improved reporting and analytics include capital project, budget analysis, and labor reporting, as well as updating GIS maps with newly available easement information to increase accuracy.

- **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 2013/14 include implementing web-based access to SAP, setting up role and business activity focused work centers (e.g., maintenance planner, senior, and manager roles), and providing mobile access to field maintenance staff.

- Service Excellence Initiative** - In order to provide optimal system availability and integrity, ensure that systems are properly maintained, including performing system monitoring and maintenance, planning and applying appropriate upgrades and software enhancements, managing information security, and tracking, monitoring and updating users on issue (“break-fix”) status. Utilize formal change and request management procedures to ensure appropriate application problem definition, design, development, testing, and documentation methods are utilized. Include in all enhancement projects planning for relevant staff training on new features, processes, and procedures. 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 2013/14 this includes continued work with user groups focused on the Procure-to-Pay Process, Finance & Budget, Asset Management & Maintenance, and GIS.

Performance/Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Keep average time spent performing maintenance per year below 40%	35%	30%	20%	30%
Refresh the SAP QA environment with new test data at least twice per year	2	2	1	2
Keep system to no more than five support packs behind the vendor’s current version	<5	<5	<5	<5

The second refresh will occur during the annual upgrade. This year, this is being performed in July 2012 (i.e. FY 2012/13). It was delayed to allow for the vendor’s delivery of new functions, which will not ship until roughly May 2012.

Fiscal Year 2013/14 Goals and Objectives

AGENCY WIDE 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 performance analysis reports (Quarterly). • Monitor system for compliance with system management best practices. Develop assessment and action plan (Quarterly). • Ensure system stability, ongoing vendor product support, and enable Agency to take advantage of new product enhancements and functionality. Perform periodic vendor version upgrades to SAP & ESRI/GIS (typically 1-2 per year).
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"> • Review & restructure existing SAP transaction authorization user roles so that they are easier to assign & manage (e.g., position based), compliant with Agency requirements for separation of duties and sensitive information access (by 12/13/13), as well as simplify the user experience by identifying transactions that are relevant to each use's business role (by 6/30/14). • Monitor system environment to ensure that access to sensitive data stored on non-production systems is either protected by user access controls or the masked ("scrambled") to ensure privacy. (Ongoing - included as part of periodic data refresh)

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D2	Provide exceptional and responsive service	<ul style="list-style-type: none"> • Working with key user groups, plan and maintain roadmaps for enhancing reporting and process improvement. Key roadmaps include maintenance & asset management, finance & accounting, procure-to-pay process, and Geographic Information System (GIS). Working with key users (e.g., Engineering & Construction Management, Planning & Environmental Compliance, Financial Planning, and Accounting) consider developing a roadmap for capital and O&M project planning, management & accounting improvements. Meet with key user groups on a monthly or quarterly basis, as appropriate, to plan activities and update roadmaps • 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)
D1	Control the cost of supporting the Agency's increasingly complex information systems	<ul style="list-style-type: none"> • Develop plan for cross-training BIS Dept. support staff in the human capital management, payroll, security, and forms development applications implemented in FY13 (by 12/31/13)

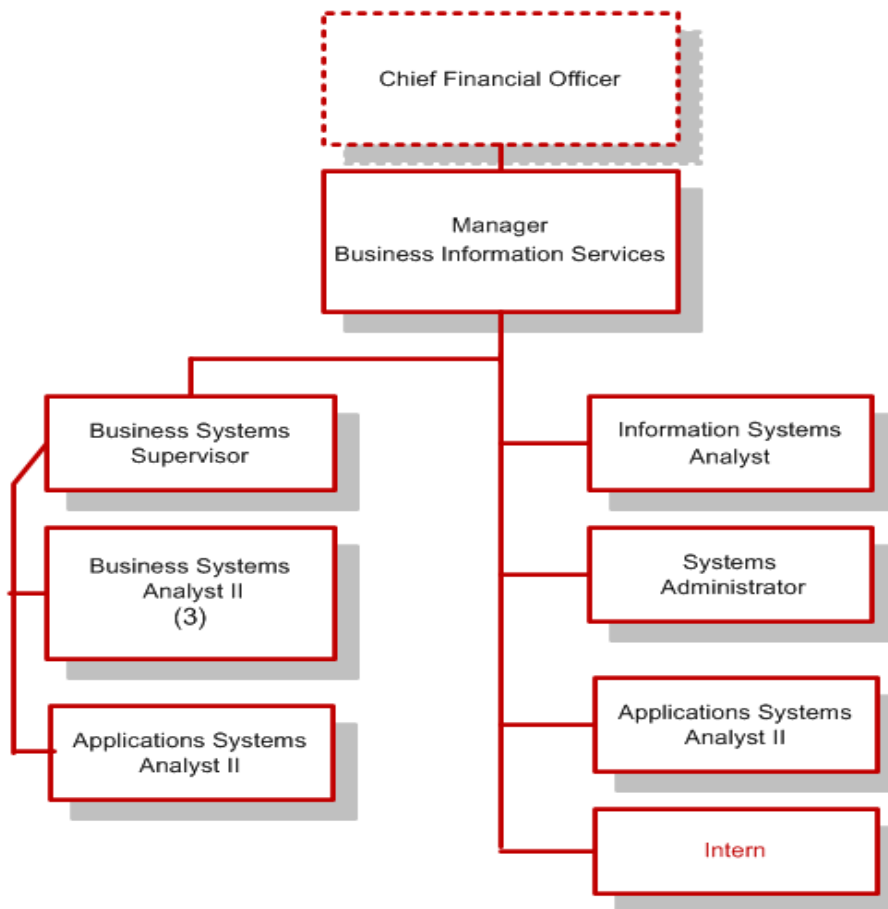
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
<p>B2, D4, E3</p>	<p>Facilitate Agency operational performance improvement and management reporting through appropriate and cost effective use of information management, new system functionality, and industry best practices.</p>	<ul style="list-style-type: none"> • Working with the Maintenance Department, implement a maintenance scheduling solution to more effectively plan and report on schedule compliance on a technician, craft, or field basis (by 12/31/13) • Working with key stakeholders from Maintenance, E&CM, Accounting, and Contracts & Procurement, execute Procure-to-Pay (P2P) process improvements. This is expected to include more accurate tracking of materials & services purchased, improved planning and tracking of deliveries, and improvements in ordering (e.g., vendor catalogue integration with Agency SAP system; purchase order transmission to vendors). A roadmap and master project plan is being developed (by 8/31/13) that will identify schedules of each P2P subproject • Working with Engineering & Construction Management, address reporting & analysis requirements that require data from SAP project accounting and Primavera project management systems. Identify opportunities to provide high level “dashboard” display of project status and plan information (by 12/31/13) • Plan integration into SAP of long range asset plans, including identification of both capital projects and refurbishments. Address in plan the viewing of long range asset information via GIS. (by 6/30/14) • Working with Accounting & Financial Planning, redesign and restructure cost center structure to simplify information management and reporting in preparation for new fiscal year (by 6/30/14) • Identify labor reporting requirements and roll out improved end user access to information to both offload human resource and payroll department staff and provide faster and secure access for Agency supervisors to information. (Ongoing – based upon user requests) • Assess and developing reporting solutions in support of end user budget reporting requirements. (by 12/31/13) • Working with the Operations Department, roll out the existing Operations Database for tracking and reporting, including updating the Unit Production Cost system. (by 9/30/13) • Update Agency GIS maps with more current and accurate property easement data available from the County. (Ongoing – two year project) • Plan restructure of IERCF’s SAP work order, satellite warehouse, and MRO purchasing process. (by 12/31/13)

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B2	Facilitate Agency operational performance through appropriate and cost effective use of evolving information technologies and practices.	<ul style="list-style-type: none"> • Staged roll out of SAP NetWeaver Business Client technology Agency-wide to provide an easier to use, business role-based interface to SAP (by 6/30/14) • Evaluate business case and, if appropriate, migrate Agency GIS data to the ARCGIS Online service in order to more easily share data both within the Agency and with regional partners, while decreasing system management requirements (by 3/31/14) • Plan and implement mobile access to SAP for field maintenance staff (by 6/30/14)

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

Organizational Chart

Business Information Services



Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Manager of Business Information Services	1	1	1	1
Business Systems Supervisor	0	0	1	1
Senior Systems Administrator	1	1	0	0
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	2	2
Application Systems Analyst	1	1	0	0
Total	8	8	9	9
Limited Term Position				
GIS	1	1	1	1
Total	9	9	10	10

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 (renamed in FY13 to current Business Information Services) and Integrated Systems Service departments. The majority of the operating expense is now budgeted in the Finance Division.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expenses	\$816,336	\$748,804	\$833,339	\$797,235	\$886,168
Administrative Expenses	39,596	32,924	42,510	31,878	45,080
Operating Expenses	162,662	186,578	251,526	225,000	531,282
Total	\$1,018,594	\$968,306	\$1,127,375	\$1,054,113	\$1,462,530

FINANCIAL PLANNING DEPARTMENT

Mission Statement

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 seek out grant opportunities in conjunction with Executive Management to fund capital projects throughout the Agency; oversee the Agency’s grants management; provide centralized Agency grant administrative oversight to IEUA and joint power agencies to ensure regulatory compliance, cost eligibility, and accurate and timely reporting in accordance with grantor compliance requirements.

Accomplishments

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
E1, E3	Strategic Financial Planning	<p><i>(MI) Update the Long Range Plan of Finance to reflect current assumptions and conditions.</i></p> <p>(A) Further develop the Financial Model to streamline the Long Range Plan of Finance revision process. The 10 year Financial Model is being revised to a 50 year model</p>		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (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) Coordinate, prepare, and review the Agency's consolidated annual budget by programs, departments, and divisions by May 2013	✓		
		(A) Monitor and maintain budget controls through regular budget variance reporting and analysis, and work in collaboration with Management to continue cost management practices	✓		
		(A) Facilitate quarterly sessions with the 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) 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.	✓		
		(A) Receive "Distinguished Award" from the GFOA for Budget Presentation and receive a budget award from the CSMFO for the FY 2012/13 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) Monitor daily cash balances to minimize bank service charges and maximize interest earnings	✓		
		(A) Ensure monthly reconciliations are performed on all bank accounts	✓		
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) Continue monitoring the performance of ARRA grant and SRF loan funding to ensure full grant compliance with State and Federal grantor agencies	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
C3 (cont.)	Funding Opportunities	(A) Provide notification to Executive Management, Department Managers, and Project Managers for possible grant funding sources		✓	
		(A) Assist Agency management and staff to understand ARRA compliance requirements such as Buy American and Davis Bacon Act	✓		
		(A) Function as the lead group in billing and collection tasks of the MWD LPP Rebate program and the DWR Urban Drought Assistance Grant program			
		(A) Maintain a grant management database, update the grant status report monthly, and prepare a monthly General Manager's Report on current grant status	✓		
B2	Strategic Planning	<i>(MI) Strengthen the Grant Management Process</i>			
		(A) Continue to evaluate the SAP Grants Management (GM) module to prepare for full implementation starting July 2013		✓	
		(A) 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, contract management, accounting and billing, and IS Business Analysts to ensure key integration points are addressed effectively	✓		
		(A) Document grants administration SOP by June 2012 following the completion of the GM module implementation		✓	
		(A) Maintain centralized grant contract filing system for both the hard copy and electronic versions of grant documents	✓		
B2	Financial System Enhancements	<i>(MI) Work in collaboration with the Information Services department to complete significant enhancements to increase efficiencies and performance.</i>			
		(A) Grant module enhancements		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B2 (cont.)	Financial System Enhancements	(A) Work with Business Information Services staff to develop additional financial reports through Crystal Reports software and to enhance efficiencies via the BI LaunchPad for easier report access and to supplement 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 subsection 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) Work 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 for two Joint Power Authorities</i> (A) Work in collaboration with Accounting & Fiscal Management department in the preparation of the Chino Basin Desalter Authority (CDA) and Inland Empire Regional Composting Authority (IERCA) budget process for FY 2012/13 (A) Monitor and maintain budget controls through regular budget variance reporting and analysis for the CDA and IERCA	✓	✓	

Major Initiatives

- ❑ **Complete the LRPF Model** which will be updated from the current 10 year financial model to a 50 year model, to support long term financial planning and to streamline the Long Range Plan of Finance revision process.
- ❑ **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 secure external grant and SFR loan funding for IEUA and regional capital improvement and special projects.

- **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 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Average Size of Investment Portfolio	\$63,000,000	\$75,622,310	\$95,106,300	\$98,000,000
Average Rate of Return on Investments	1.4%	1.0%	1.0%	1.25%
Budget Preparation and Report related:				
Training (O&M/Capital) sessions	8	8	6	6
Open Houses	4	2	4	3
Workshops	4	7	1	2
Grant/ Loan applications submitted	8	8	9	6
Grant/ Loan Billings	32,000	32,000	7,400	25,000
Grant / Loan billings and status reports submitted by the due date	85	187	150	130
Average number of days to file grant/loan billing	30	30	30	30
Average number of days to collect grant/loan billings	120	120	60	60
On time submittal of Quarterly Budget Variance report	100%	100%	100%	100%
On time submittal of Treasurer's Report of Financial Affairs	100%	100%	100%	100%
On time submittal of Quarterly Capital Call	100%	100%	80%	100%

Goals and Objectives

AGENCY WIDE GOAL*	DEPARTMENT 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 2014. • 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, Chief Financial Officer, and Department Managers to review actual to budget variances and report on 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 2013/14 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 adequate 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. • Conduct workshops for the Board of Directors and Executive Management on various key financial elements; Agency’s investment portfolio, debt coverage ratios, unfunded retirement liabilities, and their implications to the Agency.
C2,E2	Strategic Financial Planning – update the Long Range Plan of Finance to reflect current and forward looking assumptions and conditions	<ul style="list-style-type: none"> • Revised the 10 year financial model to a 50 year model to streamline the Long Range Plan of Finance revision process. • Identified a rate structure that ensures rate increases are equitable and that supports the Agency’s level of service.

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
G1	External Financial and Accounting Services – provide grants administrative services to two Joint Powers Authorities	<ul style="list-style-type: none"> • Work in collaboration with Accounting & Fiscal Management department on the Inland Empire Regional Composting Authority (IERCA) budget process for FY 2013/14. • Monitor and maintain budget control through regular budget variance reporting and analysis for the IERCA. • Seek new grant funding opportunities for CDA and JPAs. • Prepare and submit grant applications for CDA and JPAs.. • Manage the \$52 million California Department of Public Health grant for CDA. • Monitor compliance with grantor requirements and laws. • Prepare invoices and progress reports for CDA and JPAs.
B2	Financial System Enhancements – work with Business Information Services department to complete significant enhancements to increase efficiencies and performance	<ul style="list-style-type: none"> • Work with Business Information Services staff to develop additional financial reports through Crystal Reports 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). • 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 Business Information Systems 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.

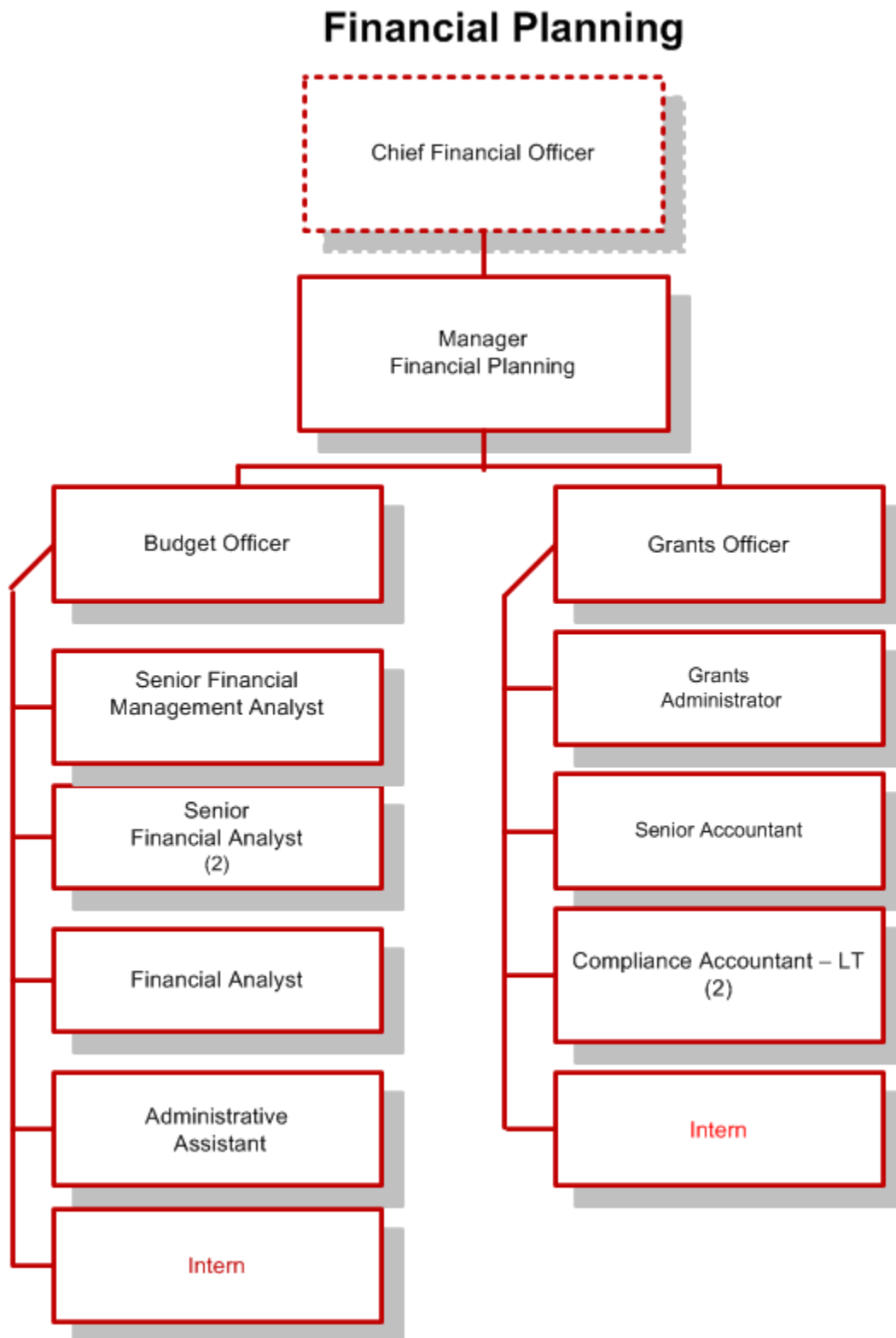
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D2	Enhance the Budget Preparation process	<ul style="list-style-type: none"> • Work with Business Analyst and key subject matter experts to improve functionality and reporting of the Budget Preparation module. • Evaluate the labor and expense allocation 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	Work with Agency Management to secure external grant and SRF loan funding for IEUA regional projects.	<ul style="list-style-type: none"> • Secure and negotiate grant and SRF loan funding for Central/Wineville project • Prepare grant and SRF loan application for IEUA Water Quality Laboratory • Prepare grant and SRF loan application for recycled water projects • Negotiate SAWPA grants contract for OWOW Round 2 funded projects. • Identify and analyze possible projects for OWOW Round 3 funding. • Submit grant applications for SAWPA OWOW Round 3 funding. • Research grants opportunities for Ontario Airport Plume project. • Seek grants and SRF loan for Regional Wastewater Treatment projects.

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



REGIONAL WATER RECYCLING PLANT NO. 4 – WIND TURBINE

Organization Chart



Position Summary

Total number of full time equivalent (FTE) positions for FY 2013/14 will increase to ten positions, including an additional position of Financial Analyst. Two limited term positions of Compliance Accountant for assisting grants administration remained unchanged.

Full Time Equivalent Positions	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
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	1	2
Financial Analyst	2	2	1	1
Senior Accountant	1	1	1	1
Administrative Assistant	1	1	1	1
Total	9	9	9	10
Limited Term Position				
Compliance Accountant-LT	2	2	2	2
Total	11	11	11	12

Expenses

Major expenses are the financial and interest expenses which include the letter of credit fees and interest expenses for the 2008A and 2008B bonds, and state loans on Recycled Water Distribution System (RWDS) and the RP-1 Dewatering project. For details on debt service, refer to Debt Management section of this budget document.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$887,964	\$898,533	\$942,477	\$913,049	\$1,078,548
Administrative Expense	11,555	7,362	26,530	10,685	26,870
Interest and Financial Expense	8,328,203	7,657,361	11,644,041	10,290,880	10,482,753
Total	\$9,227,722	\$8,563,256	\$12,613,048	\$11,214,614	\$11,588,171

ACCOUNTING AND FISCAL MANAGEMENT DEPARTMENT

Mission Statement

Provide accurate, reliable, clear and meaningful financial reports and statements of the multiple Agency activities, to the public, their elected officials and Agency personnel, and to provide timely and cost effective quality customer service to the Agency and its constituents while practicing responsible stewardship of Agency resources.

Description and Purpose

The Accounting and Fiscal Management Department is responsible for the recording and maintaining the Agency's financial information. The department has a staff of 12 full-time personnel providing services to Agency departments that include payroll, billing, revenue collection, cash application, account payable, project and fixed asset accounting, financial reporting and miscellaneous financial analysis and reports

Accomplishments

The Agency's Comprehensive Annual Financial Report (CAFR) has received the prestigious award of excellence in financial reporting from the Government Finance Officers Association (GFOA) for the 14th consecutive year. The most recent award was for the Fiscal Year 2011/12.

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H5	Financial and Accounting Services – provide accounting services to all agency departments	<i>(MI) Provide accounting services to all agency departments</i>			
		(A)Completed FY 2011/12 audit of Inland Empire Utilities Agency by October 31, 2012 and receive GFOA, CAFR award for FY 2011/12.	✓		
G1	External Financial and Accounting Services – provide full financial and accounting services to two Joint Powers Authorities.	<i>(MI) External Financial and Accounting Services – provide full financial and accounting services to two Joint Powers Authorities</i>			
		(A)Completed and issued Comprehensive Annual Financial Report by December 31, 2012.	✓		
B1	Replace the current payroll system	<i>(MI) Implement enhancements to Payroll System to smooth time entry process and enrich reports available for end users.</i>			
		(A)Completed Annual Financial Reports for both entities by January 31, 2013.	✓		
		(A)Completed implementation of new payroll system with SAP	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
I3	Staff Training to Develop a Diverse and Qualified Work Force.	(MI) Staff Training to Develop a Diverse and Qualified Work Force (A)Identified back-up for critical functions, complete cross-training by November 30, 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.
- ❑ Implement enhancements to Payroll System to smooth time entry process and enrich reports available for end users.
- ❑ 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 Business Information 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.
- ❑ Evaluate financial policies and evaluate delivery of service in response to evolving needs of the Agency.

Performance Measures/Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Accounts Payable Transactions	63,521	75,000	56,255	54,565
Accounts Payable Checks /ACH / Wires	9,629	9,500	9,347	9,065
Accounts Receivable Transactions	13,971	12,900	12,860	12,475
Cash Receipts Transactions	32,865	33,000	35,096	31,130
Fixed Asset Transactions	14,505	10,000	10,054	9,750
General Ledger Transactions	498,322	480,000	512,150	496,780
Payroll and Secondary Labor	659,626	800,000	736,475	714,380
General Ledger # of Account Analysis	640	640	665	600
Payroll Processing - # of Employees	300	306	300	300

Goals and Objectives

AGENCY WIDE 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 2013/14 audit of Inland Empire Utilities Agency by November 30, 2013 • Complete and issue CAFR by December 21, 2013 • Receive GFOA CAFR award for FY 2013/14
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, 2013 • Complete Annual Financial Reports for both entities by December 31, 2013 • Complete transition of CDA financial functions by December 30th 2013
B1	Payroll System	<ul style="list-style-type: none"> • Collaborate with BIS for smooth functioning of the new payroll system, and to implement enhancements to the payroll system
I3	Staff Training to Develop a Diverse and Qualified Work Force.	<ul style="list-style-type: none"> • Identify back-up for critical functions, complete cross-training by November 30, 2013

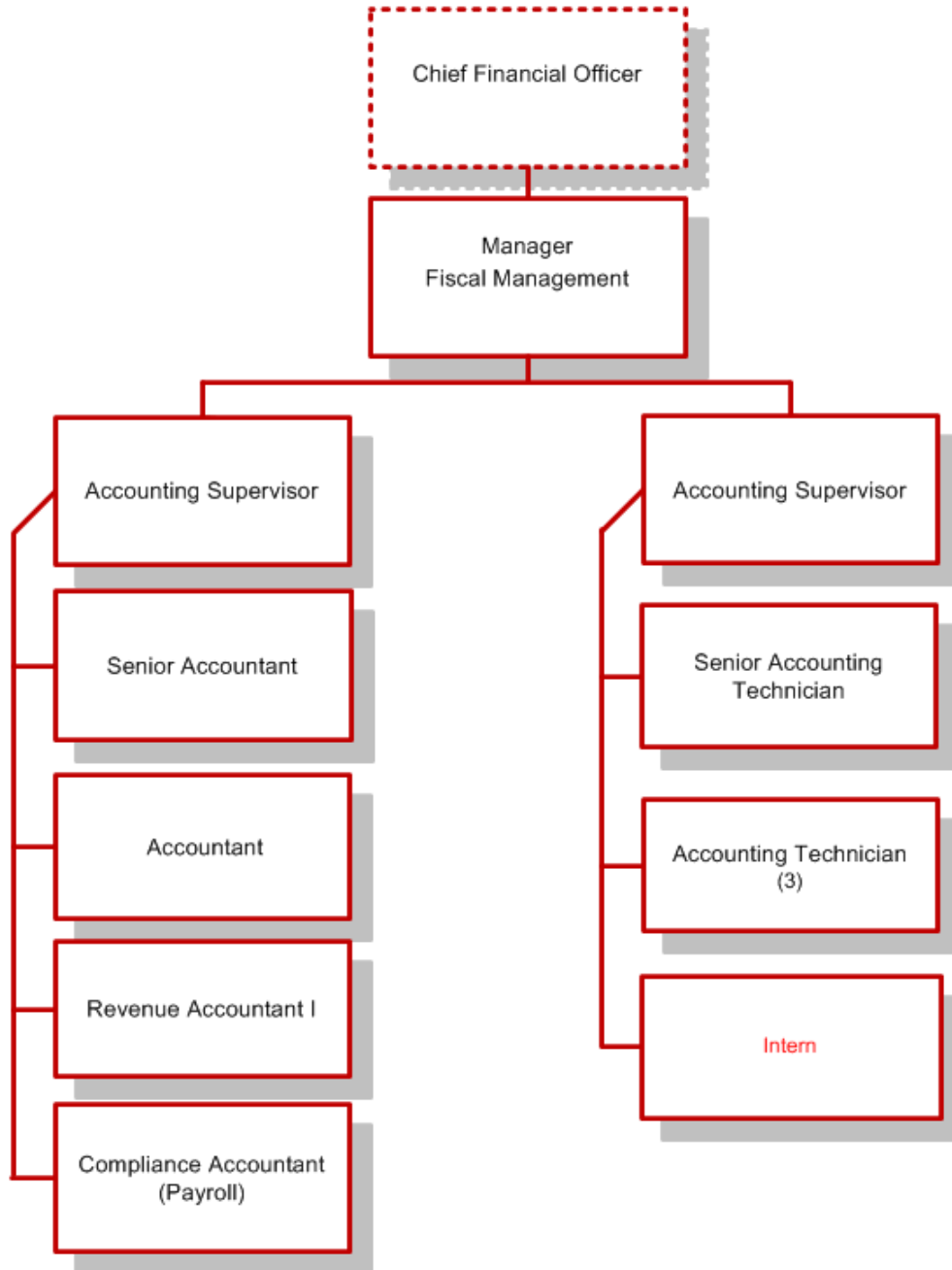
* Please refer to the Agency Vision/Policy Goals tab for the Agency Wide Goal description



REGIONAL WATER RECYCLING PLANT NO. 5 – SOLAR PANELS

Organization Chart

Accounting & Fiscal Management



Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Manager of Accounting & Fiscal Management	1	1	1	1
Accounting Supervisor	2	2	2	2
Senior Accountants	2	2	2	2
Accountants	2	3	1	1
Senior Accounting Technician	1	1	1	1
Accounting Technician	4	3	3	2
Compliance Accountant	0	0	1	1
Revenue Accountant I	0	0	0	1
Revenue Accountant II	0	0	1	1
Total	12	12	12	12

Expenses

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$889,777	\$889,468	\$900,807	\$866,360	\$921,844
Administrative Expense	11,516	9,400	27,100	15,450	17,100
Total	\$901,293	\$898,868	\$927,907	\$881,810	\$938,944



REGIONAL WATER RECYCLING PLANT NO. 5 RECYCLED WATER PUMP STATION

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.

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. The department ensures compliance with respective State and Federal laws and regulations. Several areas served by Human Resources include recruitment and retention; 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.

Accomplishments

Agency Wide Goal	Department Goal	FY 2012/13 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) Continue design and create HR related forms utilizing software aimed at promoting a paperless environment	✓		
		(A) Continue streamlining the recruitment process to reduce steps, increase use of technology, and increase focus on selection methods	✓		
		(A) 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	✓		
		(A) 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	✓		
		(B) Implement the Onboarding module in NeoGov to streamline the onboarding process by eliminating new hire paperwork, processes and training			✓

Agency Wide Goal	Department Goal	FY 2012/13 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	(A) Continue to assist in the development and implementation of electronic time sheets	✓			
	D1	Develop a consensus-building approach to the development of effective policies and procedures	(A) Continue to process, revise current policies; develop new policies, procedures, and new standard operating procedures (SOPs) to ensure best practices in Human Resources	✓		
	I2	Maintain a working environment that recognizes a dedicated staff in support of the Agency's mission and goals	<i>(MI) Prepared for MOU negotiations and initiated the bargaining process</i>			
			(A) Promote and sustain open communication with all levels of staff in order to effectively resolve work related issues in a harmonious manner	✓		
(A) 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			✓			
		(A) Work collaboratively with staff to successfully coordinate the annual Employee Picnic and Holiday Luncheon	✓			
		(A) Employees were publicly recognized at Board meeting for having received a certification, license or degree aimed at enhancing their job knowledge, skills and abilities	✓			

Agency Wide Goal	Department Goal	FY 2012/13 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	<i>(MI) Training and Development</i>			
		(A) Increase by 10% the use of Personal Learning Plans (PLPs) into the performance appraisal process		✓	
		(A) Develop and facilitate independent developmental workshops on an as needed basis	✓		
		(A) As an element of succession planning, utilized participation in the Leadership Academy in collaboration with Cal Poly Pomona and other local cities	✓		
		(A) Evaluate and reassess the effectiveness of the On-boarding Program for new employees		✓	
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 III of the online applicant tracking system</i>			
		(A) Continue exploring NEOGOV's capabilities and functionality to streamline/accelerate data flow for applicants and hiring managers by attending annual User Conference in October 2012		✓	
		(A) Economically continue to promote creative approaches to recruitment practices including advertising on job boards that use social media to promote job opportunities	✓		
		(A) Utilize websites, publications, and other resources to increase exposure of employment opportunities; application source data indicates that 47% of applicants became aware of the job opportunity through the internet , 12.25% selected Agency or Agency Website, and 11.33% selected bcwaterjobs.com	✓		
		(A) Incorporate efficient and cost-effective methods of job related testing tools by introducing multiple resources to assist in customize testing to fit the specific needs of each hiring manager	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
15 (Con't)	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	(A) Receive positive feedback from the New Hire surveys on the overall recruitment and hiring process	✓		
		(A) Reduce 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 total of 1,780 interest cards were submitted this fiscal year	✓		
16	Promote IEUA as an Employer of Choice within the Inland Empire	(MI) Continue to provide educational sessions on employee benefits			
		(A) Continue to develop creative communication methods and continue education of employee benefits to increase employee knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and holding on-site presentations	✓		
		(A) Continue to develop strategies to brand/advertise IEUA as an employer of choice to potential qualified candidates	✓		
		(A) 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	✓		

Major Initiatives

- **California Public Employees' Pension Reform Act (PEPRA)** – Staff will continue to follow, navigate and implement legally mandated state regulatory changes as a result of PEPRA.
- **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.
- **Implement changes to the MOUs and Personnel Manuals as a result of Labor Negotiations** – Train supervisory and management staff on the effects of the 2013 labor negotiations and implement changes to the MOUs and personnel manuals.
- **Continue to provide educational sessions on employee benefits** – Staff will continue to provide benefit related facility visits, coordinate 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.
- **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 2012 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 10/11 Actual	FY 11/12 Actual	FY 12/13 Projected Actual	FY 13/14 Target
New Hires	14	30	35	30
Average Recruitment Processing Time (Days)	40	46.913	50	40
Average New Hire Processing Time (Days)	12	15.759	14	14
Separations	19	32	37	30
Turnover Ratio	6.9%	10.67%	12%	8%
Open Enrollment Transactions Processed	197	60	54	60
	includes 24/hr. fitness open enrollment			
FMLA Requests	36	47	40	40
Customer Satisfaction Surveys	8	5	5	5
Material Content Satisfaction (TEAMS)	94%	*	*	*
Facilitator Rating Satisfaction (TEAMS)	92%	*	*	*
Training Hours per Employee	*	1.7		
Satisfaction Rating of On-boarding Process	*	*	*	*
Personal Learning Plan (PL) Participation	*	33.5%		
Grievances Filed	7	2	5	5
Grievances Resolved at Appeals Committee Level	4	0	0	0
Disciplinary Actions Processed	13	8	10	5
Disciplinary Actions Appealed	3	2	3	0

*Performance/Workload Indicators were not measured in these years

Goals and Objectives

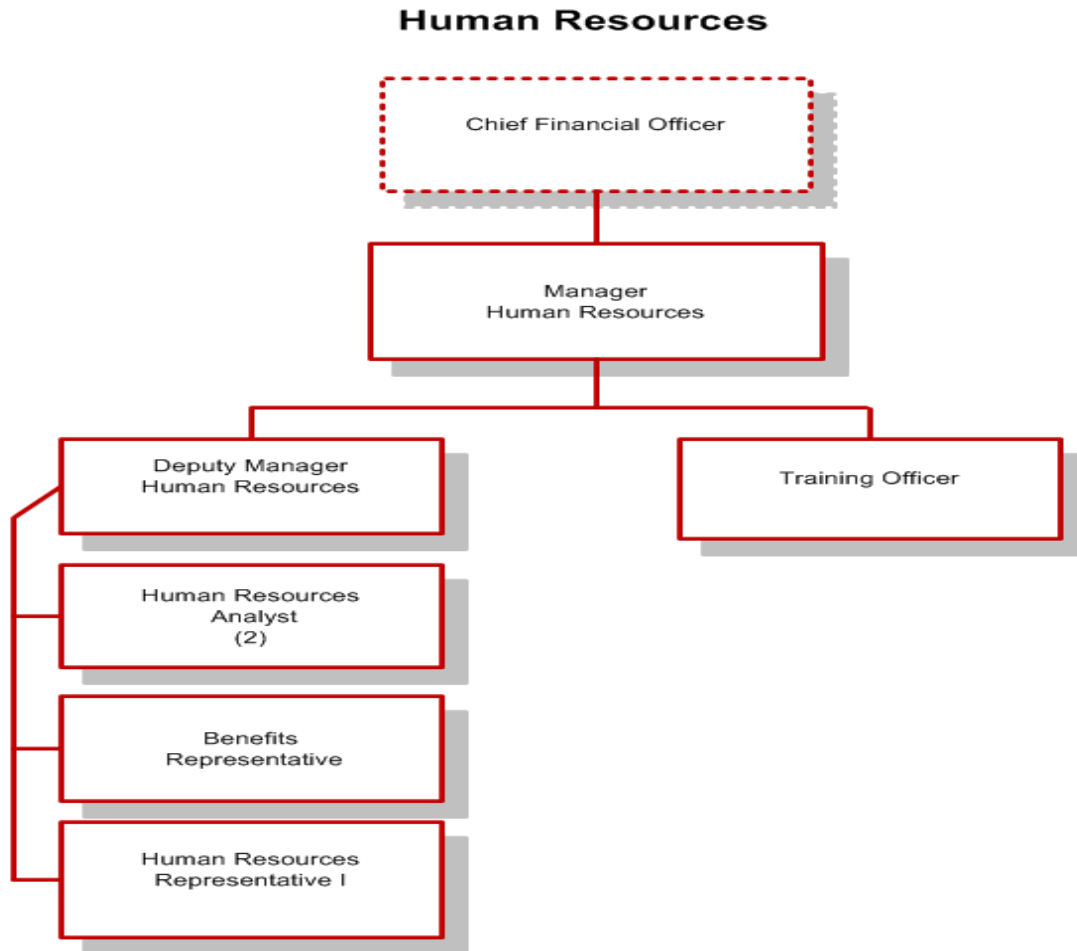
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B1	Enhance Agency productivity by promoting a paperless environment	<ul style="list-style-type: none"> Continue designing and creating HR related forms utilizing software aimed at promoting a paperless environment Continue streamlining the recruitment 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

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
B1	Enhance Agency productivity by promoting a paperless environment	<ul style="list-style-type: none"> Streamline the onboarding process by eliminating new hire paperwork, processes and training and maximizing ONboarding module Continue to utilize technology to improve information access and enable employee self-service on the TEAMS and Human Resources website on AIM by facilitating interactive web access to information, resources, links and documents
D1	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
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 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
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 Evaluate and reassess the effectiveness of the Personal Development Program 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 Continue participation, in collaboration with Cal Poly Pomona and other local cities, in the Southern California Local Government Supervisory Program Continue participation, in collaboration with Cal Poly Pomona and other local cities, in the Southern California Local Government Leadership Academy 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 Onboarding Program for new employees

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
I5	Implement strategies and practices that provide flexible and responsive recruitment solutions that assists the Agency in filling positions in a timely manner	<ul style="list-style-type: none"> • Reduce 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 • 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 • Evaluate the effectiveness of the changes made to the recruitment and selection process by reviewing the survey results from FY12/13 hiring managers
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 • Evaluate the effectiveness of the changes made to the new hire process (ONboarding) by creating a survey to be used in FY 2014/15
H4	Comply with federal, state and local regulatory mandates and requirements	<ul style="list-style-type: none"> • Navigate and implement the regulatory changes as a result of national health care reform. • Navigate and implement the regulatory changes as a result of pension reform.

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

Organizational Chart



Position Summary

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 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	2	1	1	1
Human Resources Representative I	1	1	1	1
Human Resources Representative II	1	1	0	0
Administration Coordinator	1	1	0	0
Benefits Representative	1	0	1	1
Total	12	7	6	6

Expenses

The Administrative Expense includes recruitment related expenses, training consulting services, and employees' education reimbursements.

	FY 10/11	FY 11/12	FY 12/13		FY 13/14
	Actual	Actual	Amended Budget	Projected Actual	Budget
Employment Expense	\$1,083,060	\$980,110	\$683,446	\$519,520	\$1,375,790
Administrative Expense	249,693	272,222	387,981	373,092	597,592
Total	\$1,332,753	\$1,252,332	\$1,071,427	\$892,612	\$1,973,382



REGIONAL WATER RECYCLING PLANT NO. 1 - DEWATERING

SAFETY, RISK, AND SUPPORT SERVICES

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.

Assist the Agency in the rapid, accurate retrieval of information to enhance decision-making processes, provide proof of financial and legal transactions, and capture the Agency’s growth, change, and milestones.

Description and Purpose

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.

The Records Management group is responsible for efficiently and systematically controlling records through organizing of active records for retrieval, ensuring compliance with recordkeeping laws and regulations, determining how long to keep recorded information through retention and disposition, protecting vital records and incorporating their protection into disaster recovery and risk management plans and managing inactive records. Records Management accountability begins with record creation or receipt and continues throughout its lifecycle i.e., maintenance, use, and disposition.

The Facilities Management group is the liaison between Agency staff, the organization and contractors and is responsible for managing an exceptional and cost-effective learning and working environment that will complement the Agency’s buildings and grounds.

Accomplishments

Safety, Risk and Support Services

Agency Wide Goal	Department Goal	FY 2012/13 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) Analyze Agency insurance programs to ensure proper and adequate coverage is provided to both the Agency and the public.	✓		
		(A) Evaluate the Agency’s vendor insurance program requirements in efforts to increase efficiencies with certificate receipt.	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishments (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
H3, I4 (Con't)	Minimize Agency and public liability through comprehensive risk management practices	(A) Effectively manage 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) Conduct root cause analysis for safety incidents to identify commonalities.	✓		
		(A) Inspect and update safety documents (Safety Manual, Emergency Manual, and Confined Space Manual) on an annual basis.	✓		
B1	Enhance Agency productivity by promoting a paperless environment	<i>(MI) Develop and implement an agency-wide program to provide efficient records management for the administration of all official agency records</i>			
		(A) Continue to collaborate with ISS to evaluate and test the integration of SharePoint for use in managing electric records.	✓		
D2	Develop a consensus-building approach to the development of effective policies and procedures	(A) Continue effort to purge electronic documents from the LibertyNet system according to the records retention.		✓	
		(A) Continue effort to purge electronic documents from the LibertyNet system according to the records retention.		✓	
I3	Design, implement, foster and support a learning environment which encourages growth and development of Agency staff	(A) Records management staff will continue the administrative management, monitoring and upkeep of the LibertyNet system.	✓		
		(A) Records management staff will develop a taxonomy for managing all Agency records both paper copy and electronic. The taxonomy will facilitate storage, filing, classifying, indexing, browsing and navigation, search and retrieval of documents.	✓		

Major Initiatives

Safety & Risk

- Increase awareness of safety related programs and work practices throughout Agency facilities in support of reducing safety related incidents.
- Enhance the Agency-wide safety tailgate program with better participation by all employees by adding new topics that are relevant to current incident trends seen within the Agency.
- Ensure safety regulatory compliance for all new Agency projects by participating in the design and construction of the project.
- Maximize Agency compliance with federal, state and local regulatory requirements through increased customer service and use of safety resources.

Records Management

- Develop and implement an agency-wide records management program for the management of all records, including electronic records and e-mails as official agency documents.

Facilities Management

- Develop and implement a comprehensive and cost effective facility management program.

Performance/Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Breakdown Reports /Incident Reports	48	26	26	40
Workplace Safety/Lost Time Accidents	1	0	0	1
Workers' Compensation Claims		10	6	8
Vehicle Accidents	8	3	3	3
Public Records Requests	70	90	90	90
Destruction of Records	400	* 800	**200	500
Electronically Stored Information (LibertyNet)	200	200	200	150
Customer Issues Resolved	N/A	N/A	10	50
Customer Service Satisfaction	N/A	N/A	10	50

* Projection based on destruction of electronic records in the LibertyNet system which is ongoing for FY12/13.

**Actual projection based on current litigation holds (records cannot be destroyed this FY).

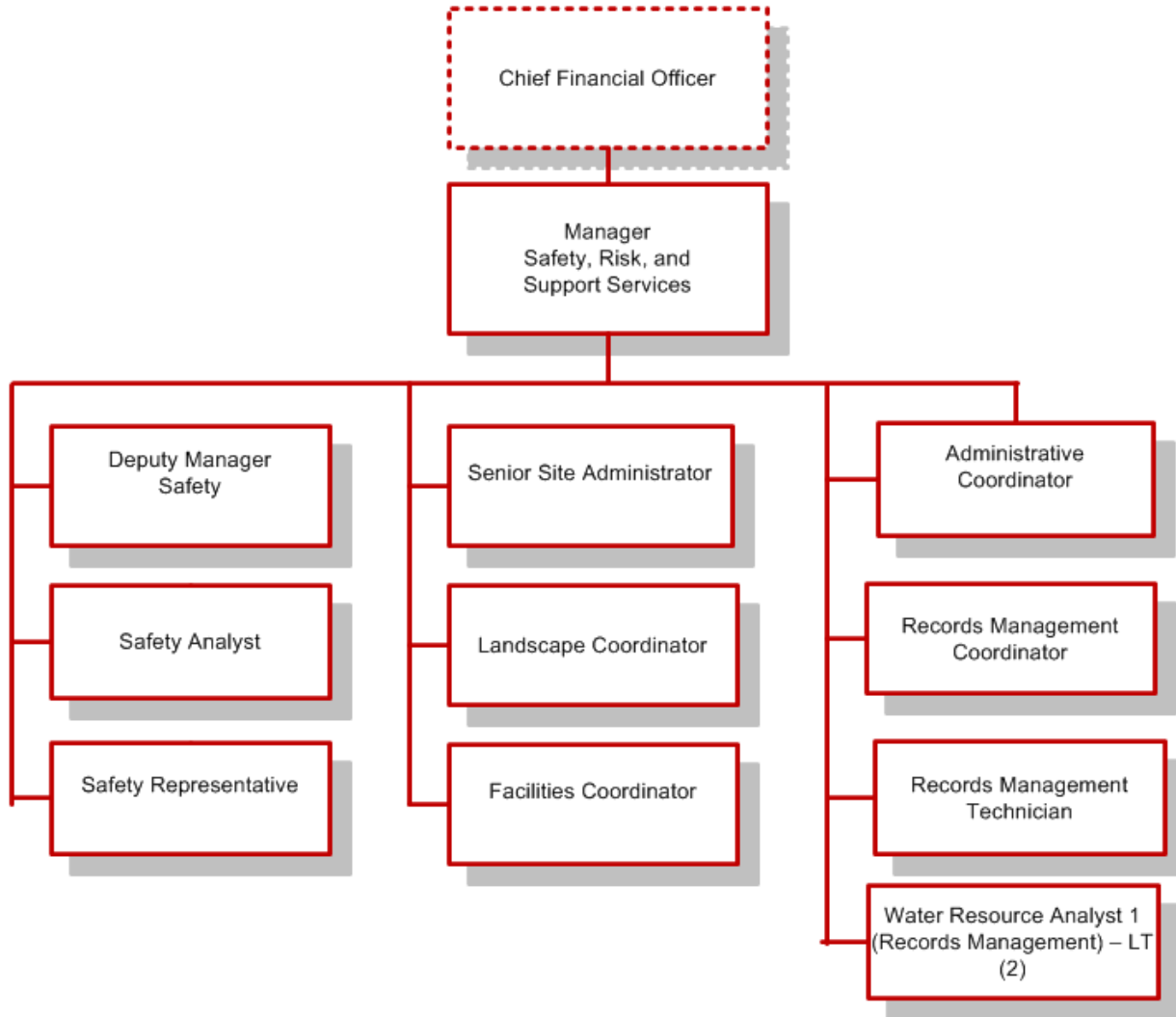
Goals and Objectives

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
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 • Implement new regulatory programs within the timelines given
I3	Design, implement, foster and support a learning environment which encourages growth and development of Agency staff	<ul style="list-style-type: none"> • Continue the process of administrative cleanup of the Agency's LibertyNet system including the purging of obsolete records in the system according to the retention schedule • Continue development of 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 • Sustain the outreach and educational programs that best represent the Agency's mission and goals to the surrounding community
D2	Provide exceptional and responsive customer service	<ul style="list-style-type: none"> • Establish cost-effective service/contracts for new and existing facilities, addressing best practices for environmentally friendly and overall image of the Agency

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

Organization Chart

Safety Risk and Support Services



Position Summary

Budgeted FTE's remain the same as prior year.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Manager of Safety and Risk Management	1	1	1	1
Deputy Manager of Safety	1	1	1	1
Administrative Coordinator	1	1	1	1
Safety Analyst	1	1	1	1
Safety Representative	1	1	1	1
Senior Site Administrator	0	0	1	1
Facilities Coordinator	0	0	1	1
Records Management Coordinator	0	0	1	1
Records Management Technician	0	0	1	1
Total	5	5	9	9
Limited Term				
Water Resource Analyst 1 (Records Mgmt) - LT	0	0	0	1
Landscape Coordinator	0	0	1	1
Total	0	0	1	2

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 Professional Fees & Services, Utilities, and Leases/Rentals.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$371,389	\$380,131	830,442	\$776,277	\$790,203
Administrative Expense	133,198	127,350	171,185	98,830	175,526
Insurance Expense	400,333	407,077	534,621	483,500	568,500
Operating Expense	318,357	434,057	645,091	546,720	1,181,572
Total	\$2,027,229	\$1,348,615	\$2,181,339	\$1,905,327	\$2,715,801

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
- Maintenance
- Operations
- Pre-Treatment, Source Control & Collections System
- Technical Services

Executive Summary

The Operations Division, comprised of 171 employees in five departments, is responsible for the day-to-day operation of the Agency's seven facilities which include five 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.

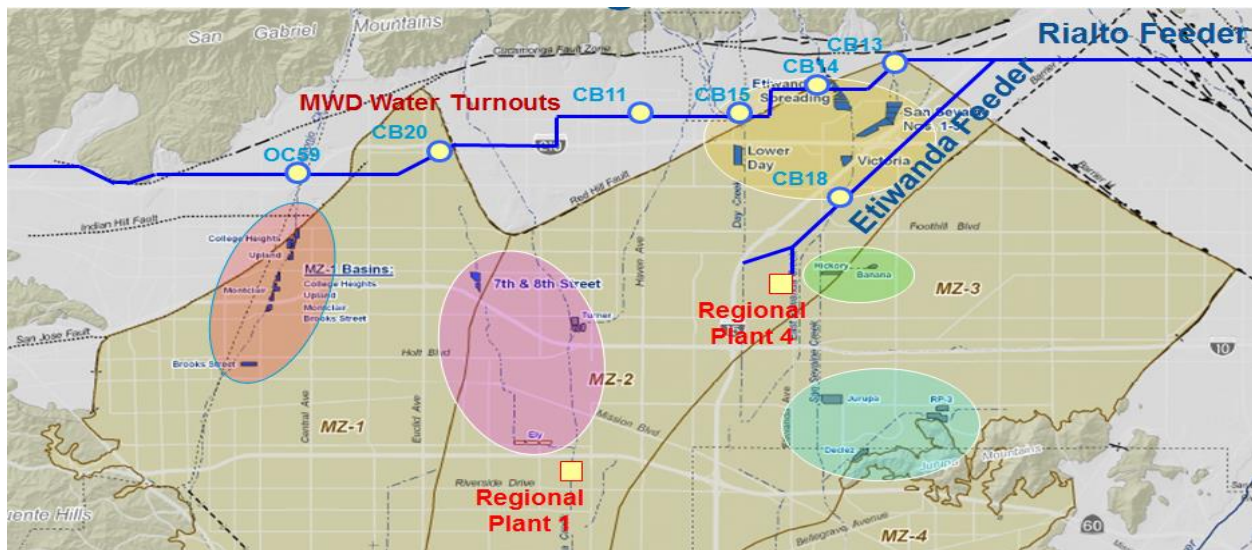
Inland Empire Regional Compost Facility (IERCF) – Biosolids Treatment Facility - 205 wet ton/day biosolids composting facility. Biosolids and wood amendment are processed in a fully enclosed, state of the art, compost facility. Treatment processes include mixing, aeration, screening, curing and storage.

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

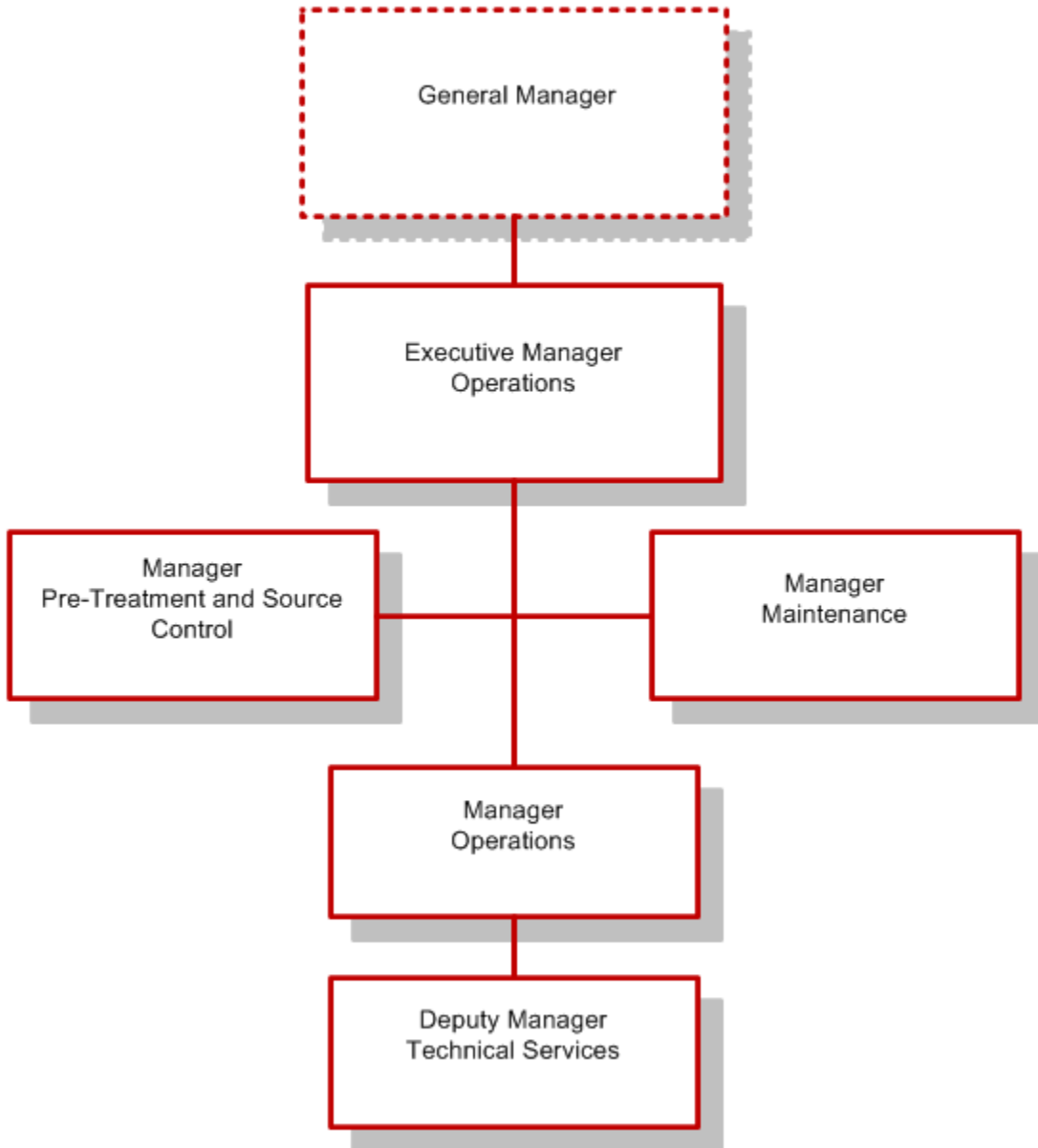
- Protect public health and the environment.
- Achieve full regulatory compliance with local, state and federal requirements.
- Develop and implement “Go Gridless” by 2020 plan.
- Provide staff with a safe work environment.
- Develop and implement an effective asset management plan.
- Beneficial reuse 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.



OPERATIONS DIVISION

Organization Chart

Operations and Maintenance Division



MAINTENANCE DEPARTMENT

Mission Statement

Provide the Operations Division with the level of equipment reliability required to maintain regulatory compliance at all facilities.

Description and Purpose

The Inland Empire Utilities Agency (IEUA) currently owns and/or operates and maintains five Wastewater treatment facilities, 125 miles of collection system, a Desalter facility, 15 supply water well sites, four 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 goals of the department are to:

- ❑ Utilize modern condition monitoring tools to effectively maintain equipment reliability
- ❑ Develop a proactive maintenance culture
- ❑ Provide maintenance related training opportunities to staff
- ❑ Ensure all maintenance work is performed through a work order

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 emergency generators and co-gen facility.

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
D3	Increase the reliability of the Agency's assets	(MI) Conduct efficiency studies on high energy systems			
		(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	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
D2	Optimize energy usage at all facilities	(MI) Optimize Energy management			
		(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 analysis (BCE) to explore replacement options			✓
C4	Provide support to the Agency's Asset Management Program	(MI) Refine the asset hierarchy in SAP			
		(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	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
C4 (Cont)	Improve the availability of the ICE engines at RP-1 and RP-2 and the recycled water pumps at all facilities	(MI) Optimize the maintenance strategy of the Agency's non-linear assets			
		(A) Increase the reliability of the biogas compressors	✓		
		(A) Develop a proactive maintenance strategy for the recycled water pumps	✓		
D4	Provide technical support for the Agency's renewable energy project	(MI) Provide technical support for the Agency's renewable energy projects			
		(A) Provide technical support for the fuel cell and wind power projects	✓		
B1,B3	Leverage investment in Microsoft products, Microwave technology, and virtualization software to provide an efficient infrastructure which can be centrally and proactively managed	(MI) Improve the reliability of the Agency's network			
		(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 Accomplishments

- **Implementation of Sub-Metering** – Sub-metering was implemented at all major motor control centers throughout the Agency to increase operating efficiency by understanding load patterns and identifying malfunctioning equipment.
- **Prado Lift Station Upgrade** – Installed a new back-up generator and local control panel to improve reliability of the lift station.
- **Implement Asset Condition Monitoring Program** – Performed vibration, lube oil, and motor circuit analysis on the Agency’s critical equipment.
- **Implemented SharePoint** with new electronic forms and document management functionality.
- **Identified and eliminated** old files and photos from Agency file servers and uploaded photos to SharePoint.

Major Initiatives

- **Agency-Wide Chlorine Analyzer Replacement Project** – The goal of this project is to procure and install 36 chlorine residual analyzers at Agency facilities. The Agency is required by compliance permit to continuously monitor the chlorine residual levels of its treatment plants’ effluent flows. This is done by using chlorine residual analyzers. Currently, the analyzers that are in service for this purpose, along with other analyzers that are used for process control, are near or beyond their expected life. Extensive testing has been conducted for the purpose of identifying replacement analyzers. The new analyzers utilize the latest technology and require less routine maintenance. The analyzers are very reliable and they require fewer chemicals for operation.
- **Maintenance Scheduling Optimization Project** – Currently, the planning and scheduling function within SAP is non-intuitive and time consuming. This project will provide the required software, hardware, training and other services required to simplify the scheduling function within or on top of the SAP system. This will enable staff to easily schedule and report on schedule compliance on a technician, by craft, or on a facility basis. This tool will improve the overall efficiency of the maintenance department.
- **Asset Health Monitoring Project** – Asset Health Management Program is a cross disciplinary approach to optimize the maintenance strategy of assets and increase their reliability throughout the asset’s life cycle. Although the current maintenance strategy for the Agency’s assets include Preventive Maintenance (PM) and some Condition Based Monitoring (CBM), these strategies are only providing maintenance needs at the equipment level, but they fail to define the best maintenance strategy at the systems level. The Asset Health Management Program is a methodical and comprehensive approach aimed at defining the maintenance strategy of assets at the systems and process levels. The strategy includes the determination of the optimum maintenance strategy, the resource requirements, frequency of tasks and its associated cost. Modern maintenance philosophies such as Reliability Centered Maintenance (RCM), Maintenance Task Analysis (MTA), and Total Productive Maintenance (TPM) will be used to develop and implement the Asset Health Management Program. Some of the advantages of the program include: reduction of current reactive work orders, increased asset availability and reliability, improved budget forecasting, and provision of timely condition assessment information to Engineering to enable them to plan and

prioritize major rehabilitation based on asset's remaining useful life. This program will be completed by the end of FY13/14.

- **Replace RP-1 East/West Iron Sponge** – The two Iron Sponge Scrubber vessels at RP-1 (ERB area) serve as the gas cleaning system for the digester gas, prior to use as fuel source for the boilers. These two vessels are aging, and due to increased gas flow requirements for the new boilers, the iron sponge media on each vessel depletes prematurely that leads to increased maintenance requirements. The two new Iron Sponge Vessels will replace the old vessels and will provide the capacity needed to support the increased gas flow to the gas cleaning system.

- **Wireless Access Points—Business Network** – WiFi in all networked buildings. The Agency is taking advantage of “tablet computing” to reduce costs associated with maintaining and purchasing laptops. To further capitalize on the benefits of using tablets, the installation of wireless “hotspots” throughout the Agency will allow wireless users to connect to applications such as email and SAP while in the field. Operations staff will have access to SCADA/DCS screens from almost any building at IEUA. This project will also position the Agency to take advantage of future wireless applications as they are developed.

Performance/Workload Indicators

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
PM Schedule Compliance	N/A	>90%	75%	>90%
CM Schedule Compliance	N/A	>90%	45%	>90%
Emergency Work Order Hours	N/A	<10%	10%	<10%
Overtime Labor Cost	N/A	<5%	4%	<5%
Safety - Lost Time Accidents	0	0	0	0
Agency-wide Area Network Availability During Business Hours (by location)	99%	99%	99%	99%
SAP Production System Availability	N/A	N/A	N/A	99%
Microwave Availability	N/A	N/A	N/A	99%

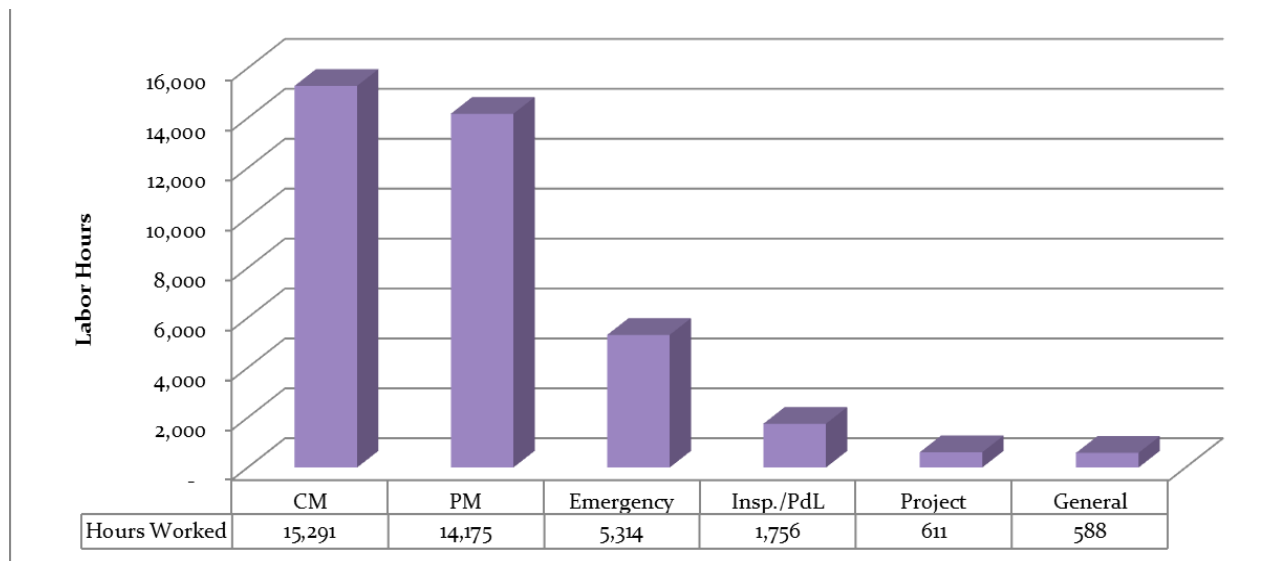
The maintenance Key Performance Indicators (KPIs) serve as a barometer for measuring the effectiveness of the different maintenance strategies that have been developed for the Agency's assets. They also measure the efficiency of the maintenance work force. The calculations of the KPIs are based on the following:

- **Preventive Maintenance Schedule Compliance** – Volume of preventive maintenance work orders completed on or before the scheduled completion date, divided by the total number of preventive maintenance work orders completed during the same period of time.

- **Corrective Maintenance Schedule Compliance** – Volume of corrective maintenance work orders completed on or before the scheduled completion date, divided by the total number of corrective maintenance work orders completed during the same period of time.
- **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.
- **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.

The following graph shows the maintenance hours spent on various work order activities:

Figure 1: Work Hours Breakdown by Maintenance Type - 7/1/12 through 3/31/13



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.

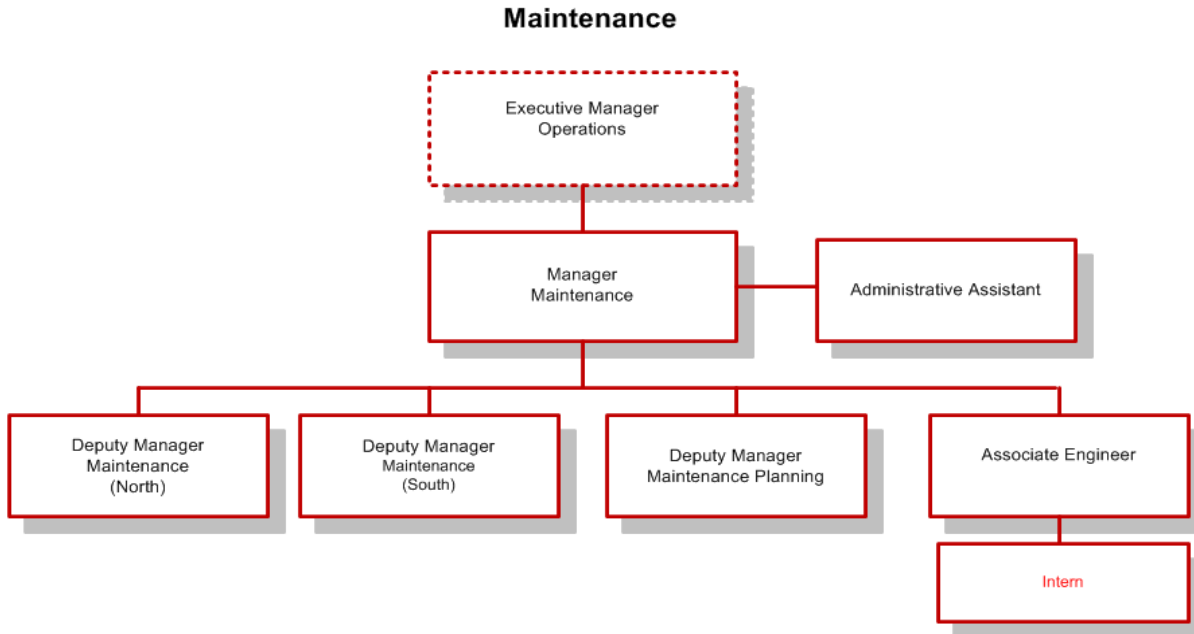
Goals and Objectives

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D3	Increase the reliability of the Agency's assets	<ul style="list-style-type: none"> • Implementation of Agency-wide Lubrication Management Program. This includes completion of Agency-wide equipment list for lube oil analysis and lubricant consolidation. Upgrade of existing lubricant storage and optimize lubricant handling and application program. • Train additional Agency employees on proper lubrication techniques and achieve Level 1 status for Machinery Lubrication Technician certificate. • Upgrade existing vibration analyzer and software to a platform that will integrate vibration and lube oil analysis reports.
D2	Optimize energy usage at all facilities	<ul style="list-style-type: none"> • Develop a single line diagram for all facilities that identifies all the motors above 50HP. • Identify the current efficiencies of all motors above 50HP and conduct a business case evaluation (BCE) to explore replacement options. • Identify and repair leaks on the Agency's compressed air system. • Replace the membranes on trains 2, 5, and 6 at the RP-1 aeration basins.
C4	Provide support to the Agency's Asset Management Program	<ul style="list-style-type: none"> • Implement an Asset Health Management Program. This program will develop a comprehensive scope of work for intermediate rehab of critical systems within each facility. • This program will also provide short term (1-5 years) budget forecast for major maintenance rehab and repair projects.
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.
B1,B2	Improve the reliability of Agency's IT infrastructure and support new technology, such as mobile devices	<ul style="list-style-type: none"> • Utilize management tools to maintain 99.99% availability for critical network services. • Utilize Public Cloud computing services to host the Agency's external website. • Implement Wifi network services in all Agency buildings that have a physical connection to the Agency network (fiber cable). • Develop plan to utilize redundant internet connection for routing external email traffic.

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

Organizational Chart

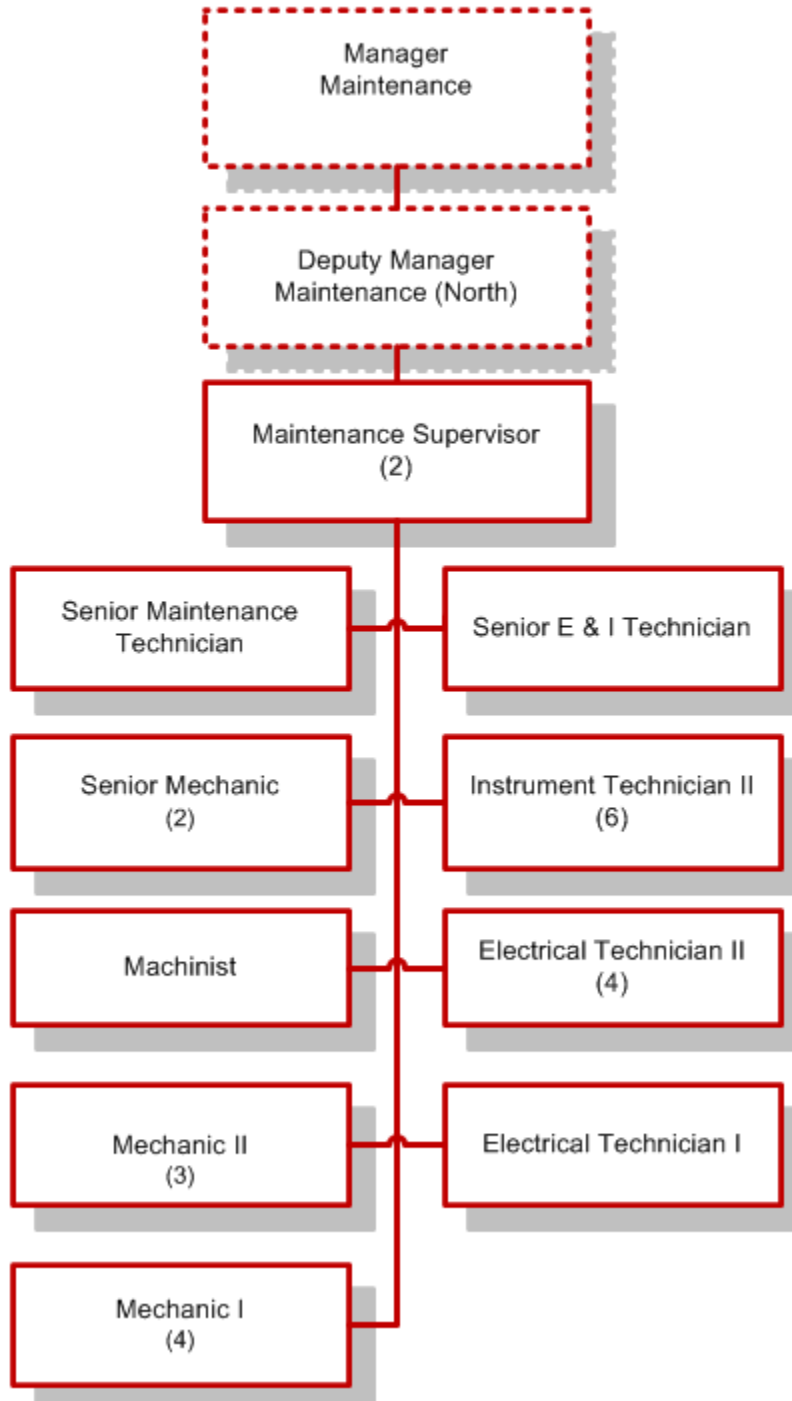
140151 – Maintenance



REGIONAL WATER RECYCLING FACILITY NO. 1 - FUEL CELL

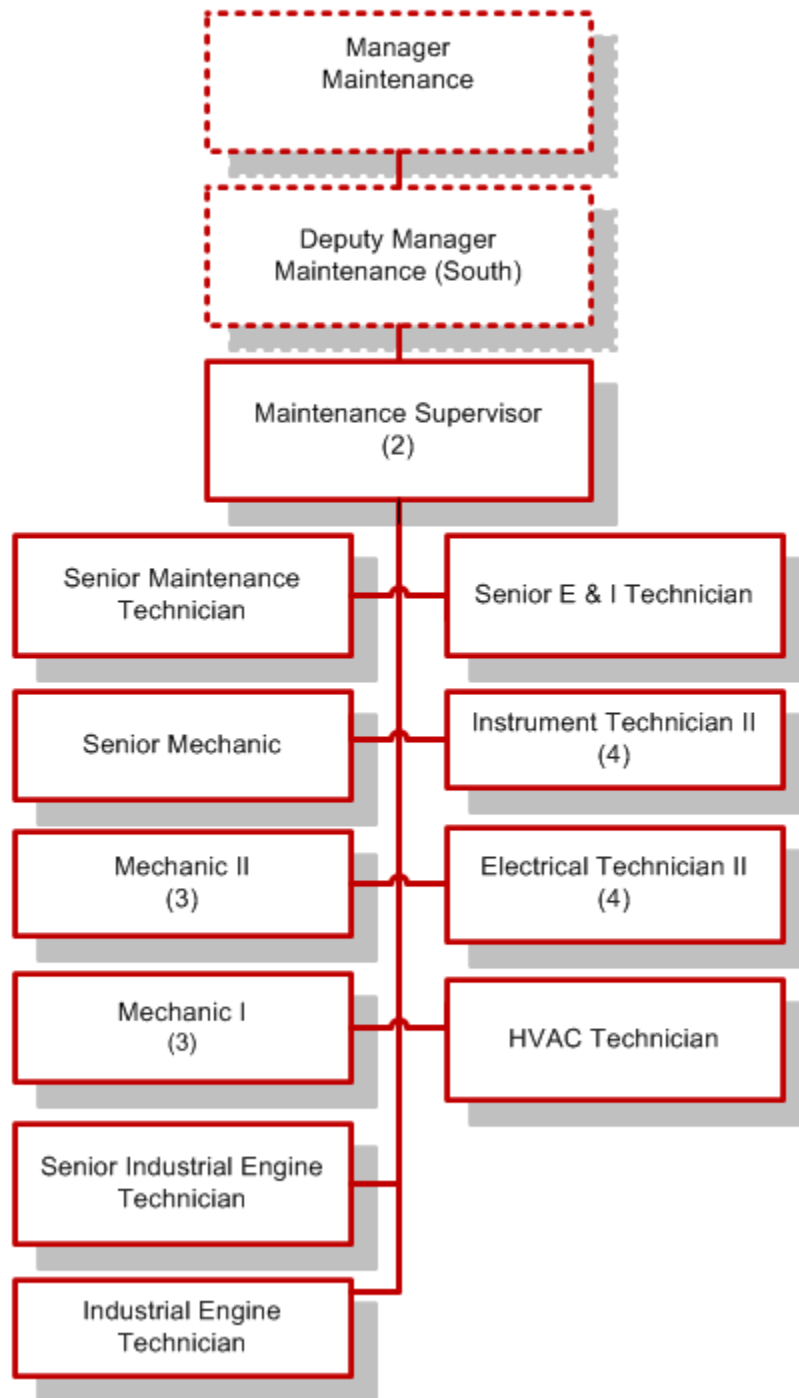
141000 – Plant Maintenance North

Plant Maintenance North



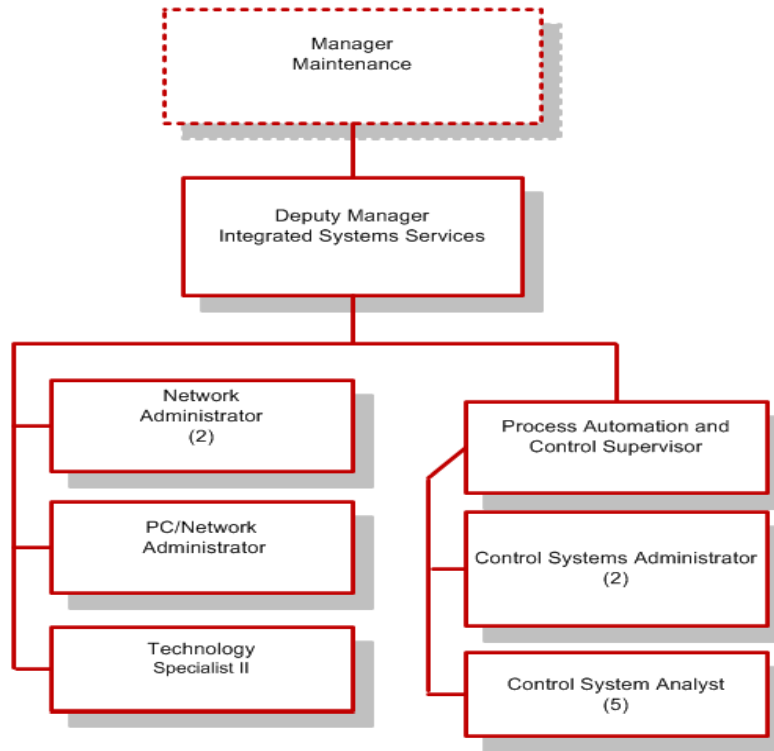
144000 – Plant Maintenance South

Plant Maintenance South



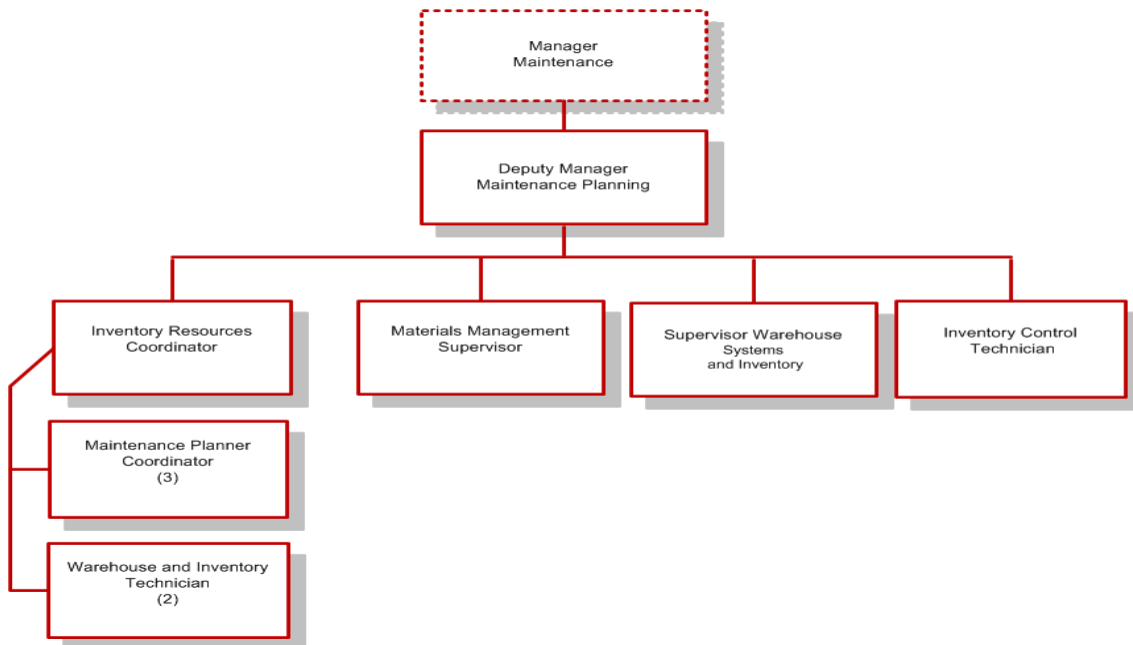
146000 – Integrated Systems Services

Integrated Systems Services



156000 – Maintenance Planning & Materials Management

Maintenance Planning & Materials Management



Position Summary

By Department	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
140 - Maintenance	5	6	6	6
141 - Plant Maintenance North	24	26	26	26
144 - Plant Maintenance South	22	21	21	22
146 - Integrated Systems Services	14	14	13	13
156 - Maintenance Planning & Material Mgmt.	7	8	8	9
Total	72	75	74	76

140- Maintenance	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Manager of Maintenance	1	1	1	1
Deputy Manager of Maintenance North	1	1	1	1
Deputy Manager of Maintenance South	1	1	1	1
Deputy Manager Maintenance Planning	1	1	1	1
Associate Engineer	0	1	1	1
Administrative Assistant	1	1	1	1
Total	5	6	6	6

141 - Plant Maintenance North	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Maintenance Supervisor	0	0	0	2
Senior Maintenance Technician	1	1	1	1
Senior Mechanic	2	3	3	2
Mechanic II	4	5	5	3
Mechanic I	4	4	4	4
Machinist	1	1	1	1
Senior E&I Technician	1	1	1	1
Electrical Technician II	5	4	4	4
Instrument Technician II	6	6	6	6
Electrical Technician I	0	1	1	1
Total	24	26	26	25

144 - Plant Maintenance South	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Maintenance Supervisor	0	0	0	2
Senior Maintenance Technician	1	1	1	1
Senior Mechanic	0	0	0	1
Mechanic II	4	4	4	3
Mechanic I	4	4	4	3
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
Senior Industrial Engine Technician	1	1	1	1
Industrial Engine Technician	2	1	1	1
Total	22	21	21	22

146 - Integrated Systems Services	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Deputy Manager of Integrated Systems Svc.	1	1	1	1
Applications Systems Analyst II	1	1	0	0
Network Administrator	1	2	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	5	5	5
Total	14	14	13	13

156 - Maintenance Planning & Materials Management	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Supervisor Warehouse Systems & Inventory	1	1	1	1
Materials Management Supervisor	1	1	1	1
Maintenance Planner Coordinator	1	1	2	3
Warehouse & Inventory Technician	2	3	2	2
Inventory Control Technician	1	1	1	1
Inventory Resource Coordinator	1	1	1	1
Total	7	8	8	9

Expenses

The FY 2013/14 increase in operating expenses is due to the new recycled water pipeline corrosion management programs, replacement of aging equipment, and intermediate repairs/rehabilitation of various assets in the plant and recycled water systems.

	FY 10/11	FY 11/12	FY 12/13		FY 13/14
	Actual	Actual	Amended Budget	Projected Actual	Budget
Employment Expense	\$5,981,492	\$5,946,137	\$6,088,918	\$5,743,481	\$5,788,527
Administrative Expense	283,533	147,052	228,874	170,000	212,244
Operating Expense	9,567,758	10,251,089	13,889,163	13,146,000	14,342,507
Total	\$15,832,783	\$16,344,278	\$20,206,955	\$19,059,481	\$20,343,278



CARBON CANYON WATER RECYCLING FACILITY

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; five 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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
A6	Maximize Diluents Water Recharge	<i>(MI) 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</i>			
		(A) Track and effectively communicate availability and use of the State Water Project water to CBWM and MWD	✓		
		(A) Prepare pre-storm forecasts and post storm summaries by 3-days prior and 2-days after, respectively	✓		
	Effectively and appropriately administer all Groundwater Recharge O&M agreements	(A) Conduct pre-storm planning and storm response site inspections, sample collection and post-storm data interpretation	✓		
		(A) Support Financial Planning in the development of a draft budget for CBWM by March 1, 2012	✓		
		(A) Prepare accurate quarterly variance reports to GRCC	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
B1, B4	Promote optimized use of automation within all facilities	(MI) Explore, pursue and implement innovative technology with a cost effective approach to operating practices and administrative functions			
		(A) Conduct annual alarm historian audits by June 2012		✓	
B1, B4	Effectively support the development of Project Scope and Design	(A) Identification of automation opportunities. Document and provide to Maintenance Department by June 2012	✓		
		(MI) 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			
D1	Maximize staff cross training	(A) Complete timely and complete review of design documentation	✓		
		(A) Actively participate in design review meetings and workshops	✓		
D1	Maximize staff cross training	(MI) Design and implement programs which improve the knowledge and skill levels of the Agency's workforce			
		(A) Continue to implement the cross training plan for each facility, RW distribution and GWR	✓		
D3	Minimize overtime use	(A) 80% of certified operations staff trained to operate more than 1 facility by June 2012	✓		
		(MI) Develop and implement best maintenance management practices that ensure optimal reliability, efficiency and safety at all facilities			
D3	Minimize overtime use	(A) Reduce after hour facility call-outs by 5%	✓		
		(A) Conduct daily review of the automated On-call tracking report to reduce unnecessary call-outs	✓		
D3	Provide excellent customer service	(A) No RW interruptions due to lack of transmission line preventive maintenance	✓		
		(A) Develop and foster professional relationships with Contracting Agency's assigned RW staff on ongoing basis	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal
D3 (cont.)		(A) Provide timely and professional emergency assistance to Contracting Agencies and document through recurring RW reports	✓		
		(A) Provide a minimum of 7-day written notice to all Contracting Agencies for any scheduled service interruption	✓		
		(A) Appropriately track and report RW use through recurring RW reports	✓		
D4	Effectively develop and conduct documented process and industry training	(MI) Continually review and assess industry practices (both private and public) to keep the Agency on the cutting edge of operational and maintenance efficiency			
		(A) Conduct 10 facility specific process, technology or equipment training tailgates per year	✓		
		(A) Conduct annual review of facility O&M manual - provide documented deficiencies to TS by March 2012	✓		
D1	Accurate and efficient data collection and management	(MI) Design and implement programs which improve the knowledge and skill levels of the Agency's workforce			
		(A) Conduct annual round and spreadsheet review and updates by March 2012	✓		
		(A) Conduct annual laboratory analysis schedule/needs assessment by February 2012	✓		
D6	Effective monitoring and refinement of established facility Key Performance Indicators (KPIs)	(MI) Efficient tracking and modifications of Key Performance (KPI's) as necessary to promote focus on established operational goals and targets			
		(A) Achieve >90% facility KPIs		✓	
		(A) Conduct monthly KPI review meetings	✓		
E2	Strategic Planning and Capital Implementation	(MI) Maintain long-term and strategic planning and policy development in support of the Agency's mission and goals. Provide support to Construction Management to ensure appropriate and timely equipment/ process start-up			

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On Going	Unable to Meet Goal	
E2 (cont.)		(A) Attend weekly construction management meetings	✓			
		(A) Process all Shut-Down Tie-In requests within 14-days	✓			
		(A) Attend all appropriately scheduled, contract required equipment training	✓			
D6	Establishment and monitoring of staff performance objectives	(MI) Efficient tracking and modifications of Key Performance (KPI's) as necessary to promote focus on established operational goals and targets				
		(A) Development of Staff Objective matrix to support established Division/ Department goals & objectives	✓			
E2	Strategic Planning and Capital Implementation	(MI) Maintain long-term and strategic planning and policy development in support of the Agency's mission and goals				
		(A) Development of frequency to review Agency's mission and goals.		✓		
F1	Maintain maximum system designed reliability	(MI) Provide for the maximum public benefit from the use of recycled water supplies produced by IEUA				
		(A) Supply 40,000 AF of Recycled Water		✓		
		(A) Develop and implement a phased RW demand management plan from May thru September 2012			✓	
		(A) Implementation of RW pipeline asset management and RW transmission system preventive maintenance programs	✓			
F3	Recycle all Agency biosolids at IERCF	(MI) Maximize Agency revenue potential through the effective use and/or marketing of wastewater residual products				
		(A) Market 100% of compost produced	✓			
	Cost effective biosolids management	(A) Obtain long term, high value contract(s) for finished compost	✓			
F5	Effective energy management	(MI) Optimize and maximize power generation using renewable energy sources at Agency facilities				
		(A) Develop and implement a peak period Recycled Water (RW) management plan	✓			

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress / On Going	Unable to Meet Goal
F5 (cont)	Maximize digester gas production.	(A) Optimize digester loading, mixing and heating operation through routine inspection and maintenance	✓		
	H4	Maintain 100% compliance with all Permits.	(MI) Operate all facilities in compliance with Federal and State rules and regulations		
		(A) Conduct annual reviews of sampling/testing requirements by February 2012	✓		
		(A) Conduct annual reviews of AQMD permit compliance with Environmental Compliance Department by November 2011	✓		
I4	No employee work related accidents.	(MI) Sustain a clean, safe, and healthy working environment for all Agency employees			
		(A) Conduct all required safety tailgate trainings	✓		
		(A) Conduct intra-departmental annual safety audits	✓		
		(A) Conduct annual emergency response drills	✓		

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.
- ❑ Maintain effective cross training for all wastewater facilities.

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 2013/14 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 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Major Capital Projects Commissioned	7	4	4	6
No. of Workplace Safety/Lost Time Accidents	1	0	0	0
Agency Wide Chemical Expenditures	3,412,777	4,575,080	3,810,250	4,493,663
Groundwater Recharge (AF)	40,460	22,000	16,000	22,000
Compost Production (Cubic Yards)	205,315	230,000	220,000	220,000

Major Capital Projects Commissioned - The Agency has commissioned the following projects during Fiscal Year 2012/13:

- ❑ 1630 West Recycled Water Pump Station
- ❑ 1630 Reservoir Water Pipeline Segment A
- ❑ 1630 Reservoir Water Pipeline Segment B
- ❑ 1630 West Reservoir

It is anticipated the following projects will be commissioned by the close of this fiscal year:

- ❑ RP-1 Fuel Cell
- ❑ RP-1 Dewatering Building
- ❑ RP-1 and RP-2 Boiler Replacement

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 – As of March 31, 2013 the chemical expenditures for the Agency were \$2,451,359; therefore, using our SAP budget projections the projected estimated fiscal year chemical expenditure total is \$3,810,250. The Operations objective will be to continue to review and closely monitor the Agency chemical expenditures during the next fiscal year.

Groundwater Recharge – It is anticipated that by the end of the fiscal year, the Agency will have recharged a total of 16,000 AF into the Chino Groundwater Basin, which is below the fiscal year target of 22,000 AF due to the dry winter. During this fiscal year, the Agency recharged no imported water. For next fiscal year, no imported water recharge is anticipated; therefore, the Fiscal Year 2013/2014 Target will remain at 22,000 AF.

Compost Production – As of March 31, 2013, IERCF has delivered 154,370 CY of compost to end users; therefore, the projected fiscal year compost delivery will be approximately 200,000 CY. IERCF continues to seek new compost markets to increase the facilities compost delivery to the full production of 240,000 CY.



INLAND EMPIRE REGIONAL COMPOSTING FACILITY

Goals & Objectives

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
A6	Maximize Diluents Water Recharge	<ul style="list-style-type: none"> Track and effectively communicate availability and use of the State Water Project water to CBWM and MWD Prepare pre-storm forecasts and post storm summaries by 3-days prior and 2-days after, respectively 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, 2014 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 review audits by end of fiscal year Identification of automation opportunities. Document and provide to Maintenance Department as identified throughout the fiscal year.
	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, RW distribution and GWR Maintain 80% of certified operations staff trained to operate more than 1 facility by end of fiscal year.
D3	Minimize overtime use	<ul style="list-style-type: none"> Reduce after hour facility call-outs by 5% Conduct daily review of the automated on-call tracking report to reduce unnecessary call-outs

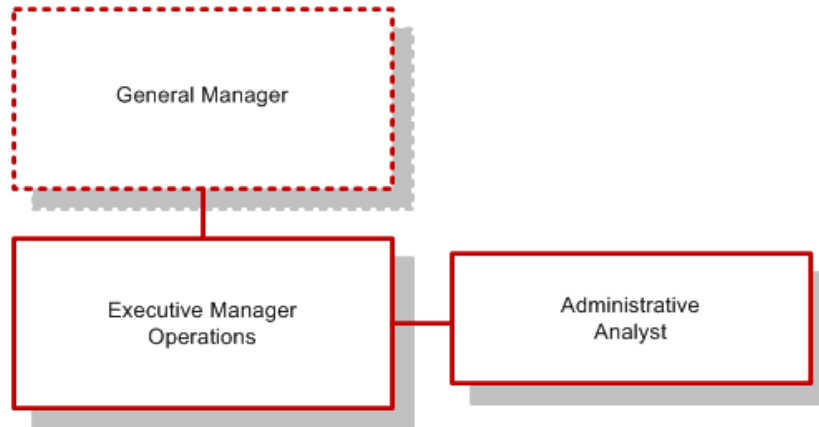
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
F2,F3	Provide excellent customer service	<ul style="list-style-type: none"> No RW interruptions due to lack of transmission line preventive maintenance Develop and foster professional relationships with Contracting Agency's assigned RW staff on ongoing basis Provide timely and professional emergency assistance to Contracting Agencies and document through recurring RW reports Provide a minimum of 7-day written notice to all Contracting Agencies for any scheduled service interruption Appropriately track and report RW use through recurring RW reports
D3	Effective basin maintenance	<ul style="list-style-type: none"> Develop annual Basin Maintenance Plan by April 1, 2014 - 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 end of fiscal year
D1	Accurate and efficient data collection and management	<ul style="list-style-type: none"> Conduct annual round and spreadsheet review and updates by end of fiscal year Conduct annual laboratory analysis schedule/needs assessment by end of fiscal year
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 weekly construction management meetings as needed Process all Shut-Down Tie-In requests within 14-days Attend all appropriately scheduled, contract required equipment training
D3	Establishment and monitoring of staff performance objectives	<ul style="list-style-type: none"> Development of Staff Objective matrix to support established Division/ Department goals & objectives

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
F1	Maintain maximum system designed reliability	<ul style="list-style-type: none"> • Supply 40,000 AF of Recycled Water • Develop and implement a phased RW demand management plan for peak season • 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 RW recharge during dry years • Submit complete Start-Up Protocols at least one month prior to infrastructure completion • Maintain RWC Management plan - update on a monthly basis and adjust RW 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
F3	Cost effective biosolids management	<ul style="list-style-type: none"> • Achieve 142,500 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 (RW) management plan
H4	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 end of fiscal year • Conduct annual reviews of AQMD permit compliance with Environmental Compliance Department by end of fiscal year
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.

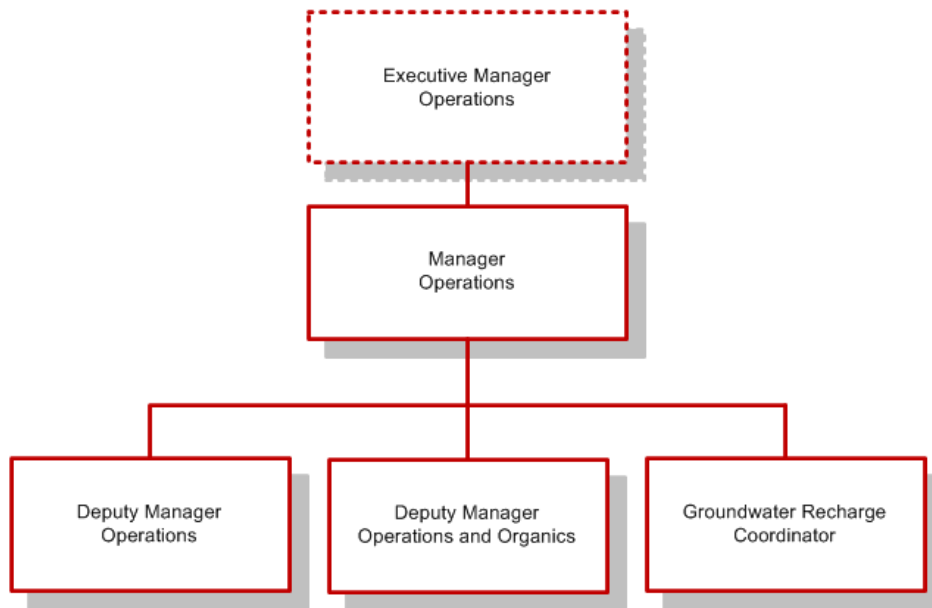
Organizational Structure

Operations Administration



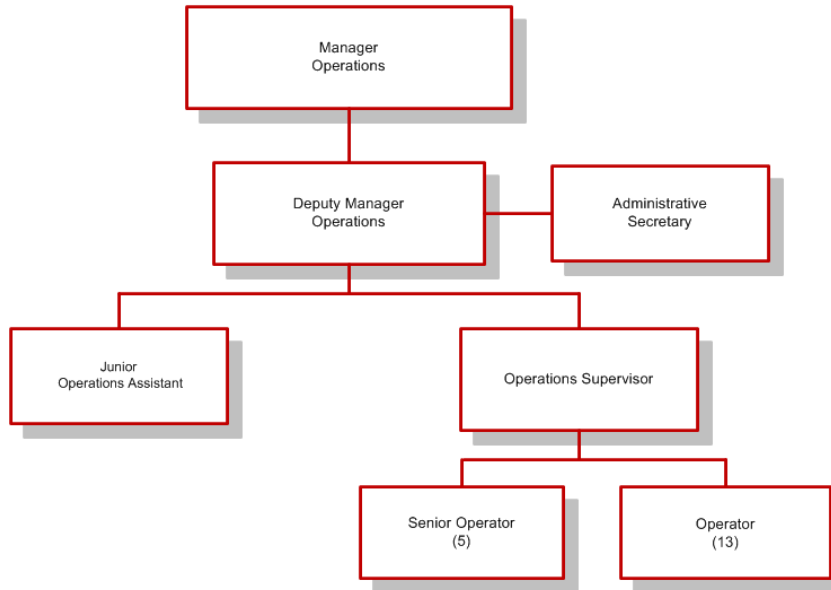
150000 – Operations

Operations



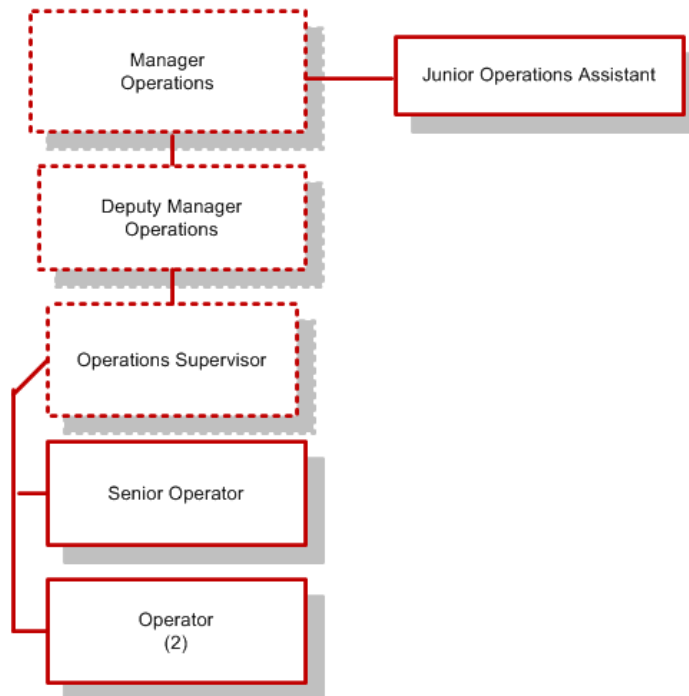
151000 - RP1 Operations

RP-1 Operations



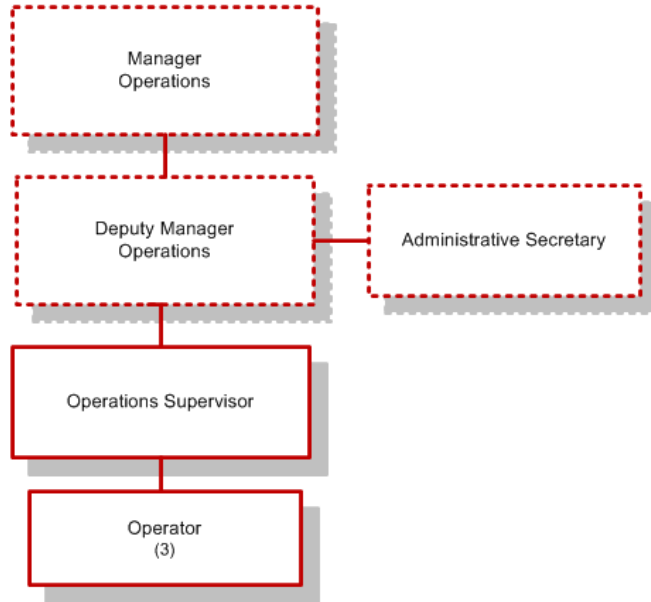
152000 - Carbon Canyon Water Recycling Facilities Operations

Carbon Canyon Operations



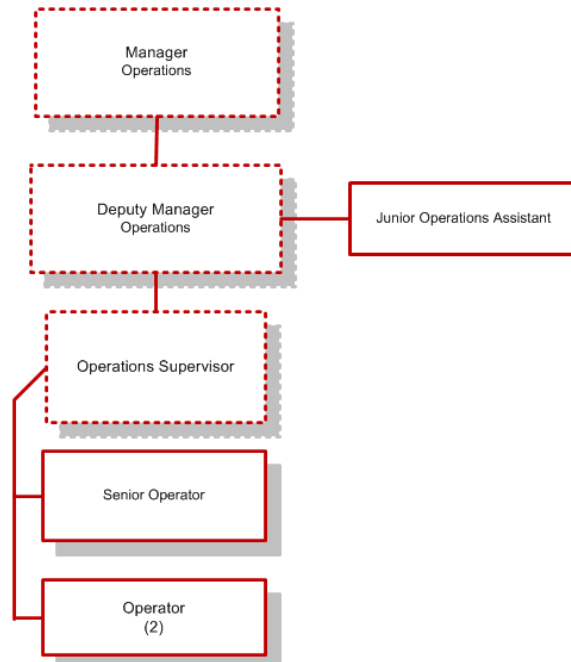
153000 - RP4 Operations

RP-4 Operations



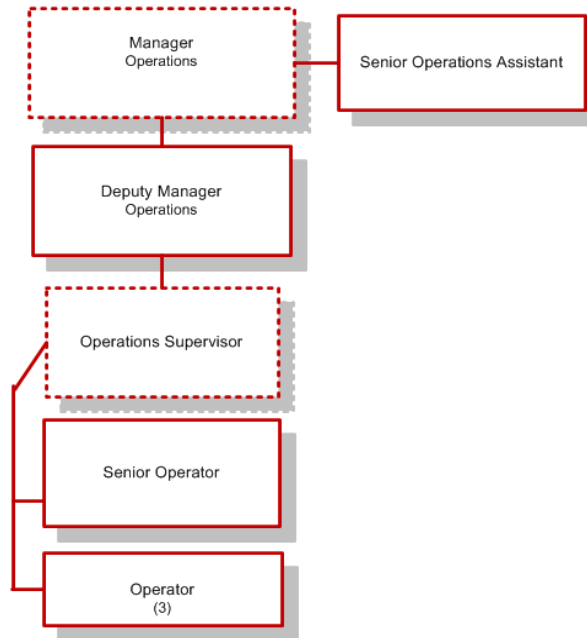
154000 - RP2 Operations

RP-2 Operations



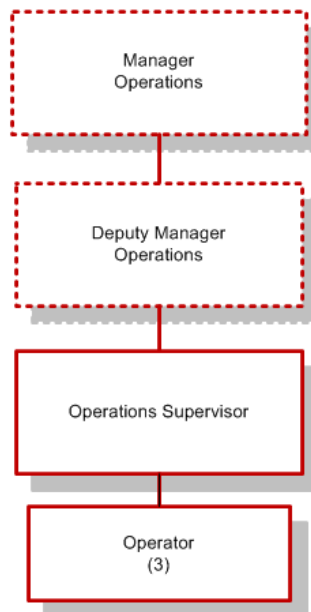
157000 – RP5 Operations

RP-5 Operations



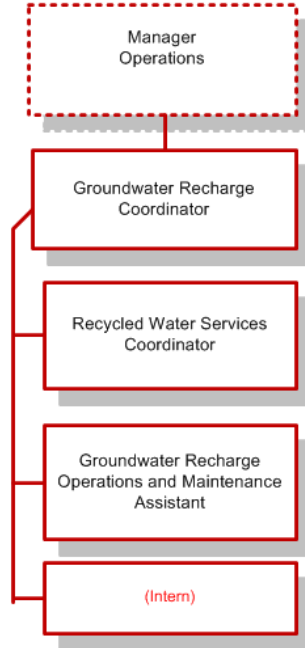
157000 - Desalter Operations

Chino Desalter



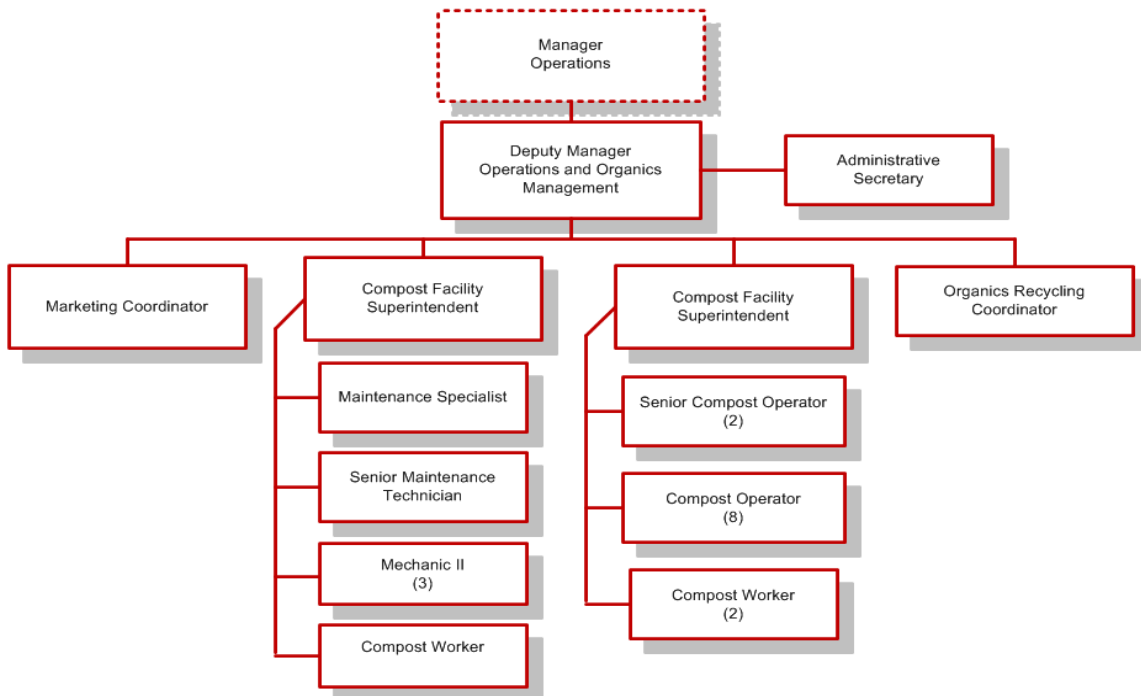
161000 - Groundwater Recharge

Groundwater Recharge



161000 - Organics Management

Organics Management



Position Summary

Operations Administration	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Executive Manager of Operations	1	1	1	1
Administrative Analyst	1	1	1	1
Total	2	2	2	2

151000-RP-1 Operations	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 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	0	0	0	0
Junior Operations Assistant	2	2	2	2
Senior Operator	6	5	5	5
Operator (including operator in training)	11	12	12	13
Administrative Assistant	1	1	1	0
Administrative Secretary	1	1	1	1
Total	24	24	24	24

152000- Carbon Canyon Operations	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Junior Operations Assistant	0	0	1	1
Senior Operator	0	1	1	1
Operator	2	3	3	2
Total	2	4	5	4

153000-RP-4 Operations	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Operations Supervisor	1	1	1	1
Operator III & V	3	4	4	3
Total	4	5	5	4

154000-RP-5 Operations	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Deputy Manager of Operations	1	1	1	1
Operations Supervisor	1	1	1	1
Senior Operator	3	2	2	1
Senior Operations Assistant	1	1	1	1
Junior Operations Assistant	2	2	2	0
Operator (including operator in training)	5	4	4	3
Total	13	11	11	7

157000-Desalter Operations	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Operations Supervisor	1	1	1	1
Senior Operator - Dual Certified	1	1	0	0
Operator - Dual Certified	3	0	1	2
Operator	0	2	2	1
Total	5	4	4	4

161000-Groundwater Recharge Operations	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Groundwater Recharge Coordinator	1	1	1	1
Groundwater Maintenance Supervisor	1	0	0	0
Groundwater Recharge O & M Assistant	1	1	1	1
Recycled Water Services Coordinator	1	1	1	1
Total	4	3	3	3
Limited Term Position				
Groundwater Recharge O & M Assistant- LT	0	1	1	0
Total	0	1	1	0

180100-RP-2 Operations*	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Senior Operator	0	0	1	1
Junior Operations Assistant	0	0	1	1
Operator	0	0	2	2
Total	0	0	4	4

132000-Organics Management	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 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	2	2
Senior Maintenance Technician	1	1	1	1
Mechanic II	2	2	2	3
Mechanic I	1	1	1	0
Compost Operator	7	7	7	8
Compost Worker	2	2	4	3
Administrative Secretary	1	1	1	1
Total	21	21	24	24

Expenses

Operating expense includes contract labor and materials and other professional fees, materials and supplies, bio-solids recycling, utilities and chemicals.

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$6,532,169	\$4,536,709	\$4,620,442	\$4,369,712	\$4,756,106
Administrative Expenses	82,516	56,253	87,093	75,057	87,376
Operating Expense	8,291,590	8,003,955	8,933,059	8,145,564	9,175,791
Total	\$14,906,275	\$12,596,917	\$13,640,594	\$11,590,333	\$14,019,273

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 pipeline 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 88 miles of Regional Sewer System pipelines. There are currently 29 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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On going	Unable to Meet Goal
D2	Minimize overtime use	(MI) Minimize over time use (A) Reduce after hour call-outs and emergencies by improved scheduling and planning for equipment repairs before breakdown. ✓	✓		
I4	No employee work related accidents	(MI) Sustain a clean, safe, and healthy working environment for all Agency employees (A) Conduct all required safety tailgate trainings. ✓	✓		
G3, H4	Maintain 100% compliance with established Pre-Treatment Regulations and Permits	(MI) Partner with the cities, local and regional agencies and the broader community on common issues to create integrated and innovative Solutions. Operate all facilities in compliance with Federal and State rules and regulations (A) Conduct bi-annual routine, as needed on-demand inspections and sampling activities ✓	✓		
F4	No Sanitary Sewer Overflows (SSO) due to lack of maintenance	(MI) Promote and support a regional approach to community wastewater collection and management (A) There were no SSOs during the fiscal year. ✓	✓		
D4	Effectively develop and conduct documented procedures and technology training	(MI) Continually review and assess industry practices (both private and public) to keep the Agency on the cutting edge of operational and maintenance efficiency (A) Conduct annual review of PT&SC SOP's and quality control procedures. ✓	✓		
A4	Implementation of Agency-wide Salinity Reduction Program	(MI) 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 (A) Work with the contracting agencies to minimize the salt loading from residential self-regenerating water ✓ (A) Identify Regional industrial users suitable for connection to the NRWS.	✓		

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress /On going	Unable to Meet Goal
E2	Support the development of project scope and design related to the Regional and NRW sewer system	<i>(MI) Maintain long- term and strategic planning and policy development in support of the Agency's mission and goals</i>			
		(A) Actively participate in design review meetings, workshops, and assisted during construction.	✓		
D5	Improve accuracy of data collection for invoicing and revenue to recover all expenses related to NRW operations	(A) Increase the calibration frequency of the critical flow meters.	✓		
		(A) Conduct a series of workshops for the industrial users to improve industry self-monitoring and reporting requirements.	✓		

Major Initiatives

- ❑ **Renewal of the existing NRWS agreement between IEUA and CSDLAC** – IEUA had already initiated working with CSDLAC staff to renew the 50 year old NRWS agreements. It is expected to finalize this agreement by September 2013.
- ❑ **Revise the NRWS Rate Structure** – Establish a revised NRWS rate structure for the North and South NRWS customers according to the new CSDLAC agreement by January 2014.
- ❑ **East End Flow meter Evaluation** – Finalize the East End flow meter discrepancy by developing a mutually acceptable flow equation between CSDLAC and IEUA. This project might be resolved with CSDLAC contract renewal.
- ❑ **SAWPA Remedial Plan** – Serve as Technical Expert to assist SAWPA with completing the OCSD issued Remedial Plan and pretreatment program requirements by January 2014.
- ❑ **IEUA Pretreatment Ordinances** – Revise the Regional, North and South NRWS Ordinances by June 2014 as required by the OCSD/SAWPA and EPA pretreatment program audits.
- ❑ **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.
- ❑ **Sanitary Sewer Overflow** – Update the existing Sanitary Sewer Overflow Unified Response Guidance Plan by September 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 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Processing Time/NRWS Capacity Contracts	70 Days	60 Days	60 Days	60 Days
NRWS Industries Monitoring Events	840	840	1000	900
NRWS Industries Inspection Events	104	110	110	120
Regional Contracting Agency Program Audited	2	2	2	2
Regional SIUs Monitoring Events	140	140	140	140
Regional SIUs Inspected	80	80	60	80
NRW System Pipeline cleaned (miles)	15	20	20	15
NRW System Pipeline CCTV (miles)	18	20	20	15
Regional System Pipeline cleaned (miles)	10	15	15	10
Regional System Pipeline CCTV (miles)	10	15	15	15
Safety – Lost Time Accidents	0	0	0	0

* Projected figures under normal conditions.

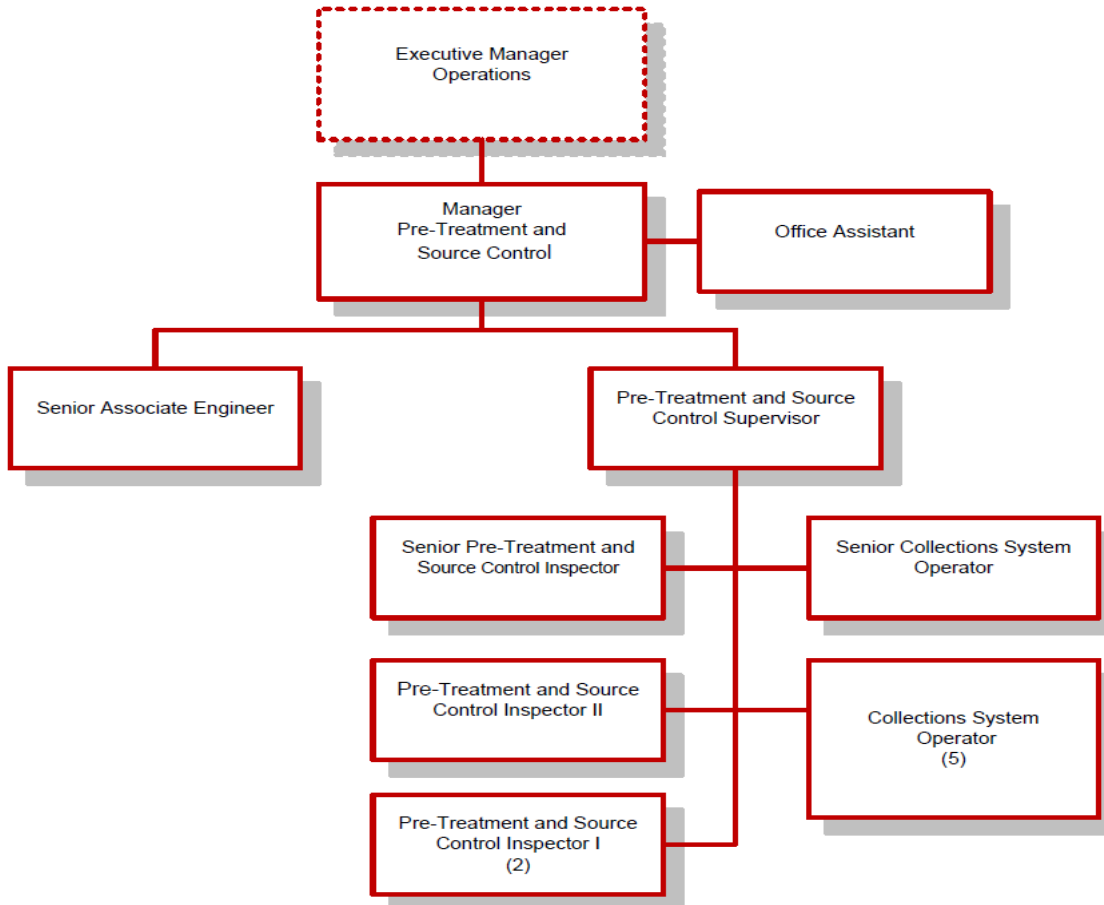
Goals and Objectives

AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
G3, H4	Complete the revisions to the NRWS agreement with CSDLAC.	<ul style="list-style-type: none"> Actively participate in the NRWS agreement negotiation with the CSDLAC and IEUA management staff.
	Establish a revised NRWS rate structure for the North and South NRWS customers.	<ul style="list-style-type: none"> Work with the Fiscal Management to develop and establish a revised NRWS rate structure for North and South NRWS.
	Update and revise the Sanitary Sewer Overflow Unified Response Guidance Plan	<ul style="list-style-type: none"> Complete update the SSO Unified Guidance Plan.
	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
D2	Update and revise the Department SOPs	<ul style="list-style-type: none"> Review the Department SOPs and update as needed.
	Initiate the revisions to the Regional and the NRWS Ordinances.	<ul style="list-style-type: none"> Update NRWS ordinances
I4	Minimize overtime use	<ul style="list-style-type: none"> Reduce after hour call outs by 5%.
I4	No employee work related accidents	<ul style="list-style-type: none"> Conduct all required safety tailgate trainings.
A4	Promote protection of high quality water supplies	<ul style="list-style-type: none"> Implementation of Agency-wide Salinity Reduction Program
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.

* 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 10/11 Actual	FY 11/12 Amended Budget	FY 12/13 Budget	FY 13/14 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 10/11 Actual	FY 11/12 Actual	FY 12/13		FY 13/14 Budget
			Amended Budget	Projected Actual	
Employment Expense	\$1,051,096	\$992,343	\$1,020,919	\$1,071,827	\$1,062,328
Operating Expense	4,385,725	3,947,211	5,052,269	4,260,864	4,557,879
Administrative Expenses	7,771	7,752	11,162	11,162	11,076
Total	\$5,850,385	\$4,947,306	\$6,084,350	\$5,343,853	\$5,631,283



IERCF BACKUP GENERATOR

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	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
D5	Monitoring and refinement of Unit Production Costs (UPC) data	(MI) Chemical Optimization Plan			
		(A) Create and distribute monthly UPC reports			✓
D1	Standardize and update all operating procedures	(A) Addressed adverse process/cost trends, identified any efficiency opportunities, and then documented in a quarterly report to Executive Management.		✓	
		(MI) Continued Updates			
		(A) Lead efforts on the updating of the RP-1, CCWRF, and RP-2 O&M Manuals		✓	
		(A) Conduct training for Operations staff on the proper use of O&M Manuals within two months of the completion of the manuals		✓	

Agency Wide Goal	Department Goal	FY 2012/13 Major Initiatives (MI) & Accomplishment (A)	Met Goal	In Progress/ On Going	Unable to Meet Goal
B1	Evaluate new and emerging technologies	(MI) Best Practices and Procedures Implementation Plan			
		(A) Evaluate emerging technologies for introducing oxygen into the activated sludge process in a more efficient manner than currently used	✓		
I4	No lost time accidents	(MI) Best Practices and Procedures Implementation Plan			
		(A) Conduct all required safety tailgate training		✓	
H2	Ensure staff is fully aware of new rules and regulations	(MI) Regulatory Permit Compliance Plan			
		(A) 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	(MI) Technical Assistance Program			
		(A) Attend design and construction meetings, provide input and document suggestions for Executive Management review and lead start-up activities		✓	
		(A) Assist in the development and implementation of Key Performance Indicators		✓	
		(A) Provide analysis and recommendations on projects under consideration		✓	

Major Initiatives

- ❑ **Asset Management Plan** – Develop an Asset Management Plan by compiling and coordinating the work of various departments to present an overview of Agency assets and the projected expenditures to maintain those assets.
- ❑ **Treatment Process Improvement Plan** – Conduct research, evaluations, and special studies to identify potential improvements to treatment processes. Participate in a Technology Approval Group (TAG) with other wastewater agencies to evaluate emerging technologies that may be relevant to IEUA.

Major Initiatives Continued...

- **Chemical Optimization Plan** – Optimization of chemical use through effective implementation of Key Performance Indicators and tracking of Unit Production Costs.
- **Support Capital Projects** – Provide input and assistance through all phases of capital projects.
- **Continued Updates** – Updating existing Facility O&M Manuals.
- **Technical Support across Agency** – Provide analysis and recommendations to other departments requesting support on tasks, projects, or challenges being faced.

Performance/Workload Indicators:

	FY 11/12 Actual	FY 12/13 Target	FY 12/13 Projected Actual	FY 13/14 Target
Number of monthly KPI reports created and distributed	12	12	12	12
Number of quarterly UPC reports created and distributed	4	4	1	2

The FY 2012/13 target for quarterly UPC reports were not met because the needed data tracking and reporting capabilities were unavailable while the Operations Database project is in progress. It is expected that the reporting capabilities will be available around the third quarter of FY 2013/14.

Goals & Objectives

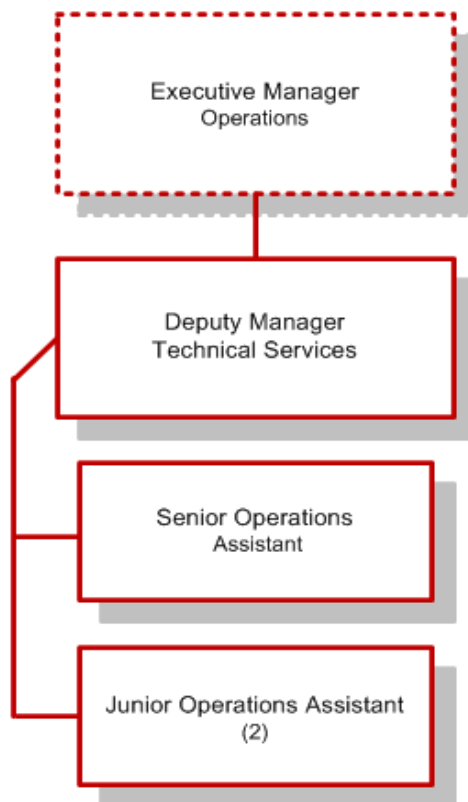
AGENCY WIDE GOAL*	DEPARTMENT GOAL	DEPARTMENT OBJECTIVE
D5	Monitoring and refinement of Unit Production Costs (UPC) data	<ul style="list-style-type: none"> • Create and distribute monthly UPC reports once the Operations Database project is complete • Address adverse process/cost trends and identify any efficiency opportunities.
	D1	Manage project to update facility O&M manuals
B1	Evaluate new and emerging technologies	<ul style="list-style-type: none"> • Evaluate emerging technologies by participating in a Technology Approval Group (TAG) with other wastewater agencies to identify technologies with the potential to improve treatment performance

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	Develop Agency Asset Management Plan	<ul style="list-style-type: none"> Coordinate the work of various departments and compile the information needed to develop an Asset Management Plan that describes the Agency's assets and presents projected expenditures for maintaining those assets
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 analysis, and lead start-up activities 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 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	FY 13/14 Budget
Deputy Manager of Technical Services	1	1	1	1
Process Control Coordinator	0	0	0	0
Senior Engineer	1	0	0	0
Senior Operations Assistant	1	1	1	1
Junior Operations Assistant	2	2	2	2
Total	5	4	4	4

Expenses

	FY 10/11 Actual	FY 11/12 Actual	FY 12/13 Amended Budget	Projected Actual	FY 13/14 Budget
Employment Expense	\$494,376	\$509,917	\$414,935	\$421,028	\$412,198
Administrative Expense	2,605	2,038	5,445	3,460	5,499
Operating Expense	2,365	2,223	5,700	6,000	5,757
Total	\$499,346	\$514,178	\$426,080	\$430,488	\$423,454



**REGIONAL WATER RECYCLING PLANT NO. 1
GRIT CONVEYANCE MODIFICATIONS**



AREA PROFILE/DEMOGRAPHICS

AREA PROFILE/ DEMOGRAPHICS

Region

The Inland Empire Utilities Agency is located in San Bernardino County, which is approximately 35 miles east of Los Angeles, in an area referred to as the Inland Empire (IE). Year round the region has moderate temperatures and low humidity. In winter the average annual temperatures range from 55 to 70 degrees; in summer the average temperature is around 90 degrees. The region receives, on average, 312 days of sunshine per year and the average rainfall is 16 inches per year.

The Agency's service area is settled in a well-developed transportation center consisting of three major transportation systems: the Metrolink Railway system, the Chino Airport, and the L.A./Ontario International Airport. There are also four major freeway systems: Interstate 10, State Route 60, State Route 210, and Interstate 15. Many of the Southern California's recreational and cultural attractions including Disneyland, J. Paul Getty Museum, Universal Studios, and the Long Beach Aquarium—are less than an hour drive away.

History

In the late 1800's a Canadian engineer named George Chaffey, along with 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 to 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 encompassed only 92 square miles. Today, the Agency's service area has grown to 242 square miles. 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 includes the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Rancho Cucamonga.

In 1951, the Agency contracted 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 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 of regional wastewater service provider with the purchase of three local wastewater treatment plants and the construction of new pipelines, regional interceptor sewers, and treatment plants. 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 area. 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 generated by the Agency's treatment of municipal wastewater flows.

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 which is sold on a wholesale basis for local landscaping and horticultural use. Currently, 100 percent 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) on the CBWM's Optimum Basin Management Program (OBMP) Recharge Master Plan Phase II, which was 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 allows for the recharge of recycled water which will protect and increase the yield of the Chino Basin, increasing 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 or recycled water. IEUA continues to take the lead in regional water development, protection, conservation, and sustainability. IEUA closely coordinates its water resources management program with 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

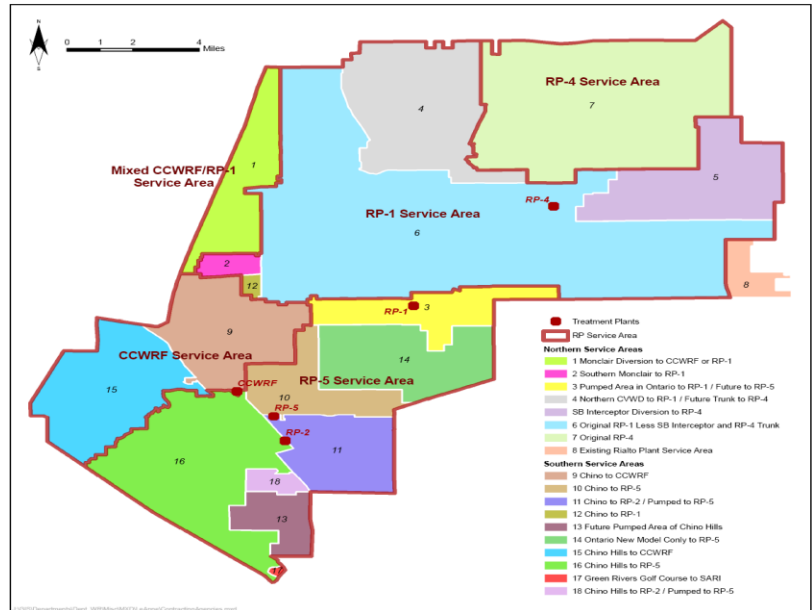
IEUA has one representative on the MWD Board of Directors and two representatives on the Santa Ana Watershed Project Authority Commission (SAWPA).

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 to set 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

Prior to the economic recession, the Inland Empire, the Agency’s service area was one of the fastest growing regions in the United States. The Agency’s service area population is projected to be 844,074 in FY2013/14. Despite the economic downturn in 2008, its geographic location, rising labor force, outstanding academic resources, and sophisticated logistics infrastructure positions the service area with the capacity to effectively handle growth when it returns.

Figure 10-1:

Service Area Population

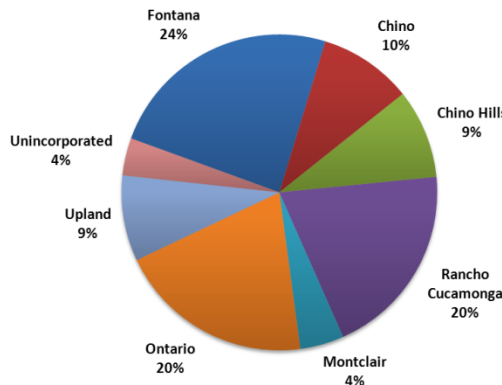
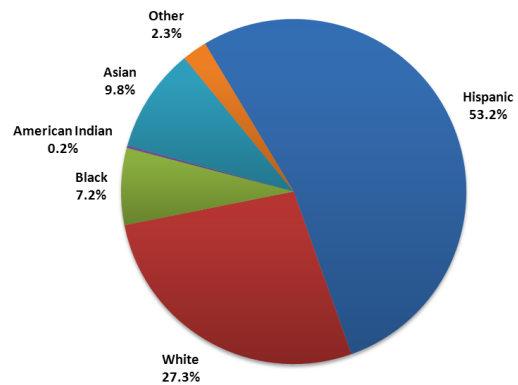


Figure 10-2:

Service Area Demographics



Regional Wastewater Flows

The impact economic recession of 2008 was a drastic reduction in new development throughout the Agency’s service areas, resulting in a significant decrease in the number of new EDU connections. The

Agency utilizes *Equivalent Dwelling Units (EDU)* as a 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 the economy continues a gradual recovery, the Agency estimates also, a gradual growth in new EDU connections as shown in Table 10-1 below.

Table 10-1: New Connection (EDUs) Forecasts

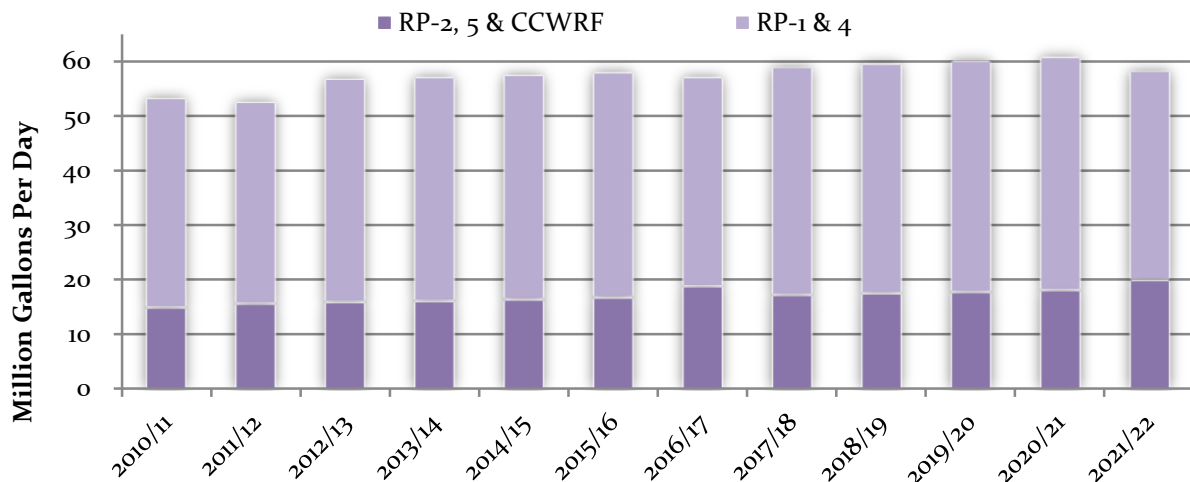
	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17
IEUA Forecasts	1,700	1,800	2,200	2,500	3,000
Member Agency Forecasts	2,347	2,827	4,145	4,774	4,716

Another impact of the economic downturn is downward trend in total wastewater flows treated at each of its facilities. Due to the high number of foreclosures, combined with effective water conservation efforts, the Agency has seen a downward trend in wastewater flows. This downward trend 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 five (5) percent to ten (10) percent reduction in flows.

A key assumption over 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.

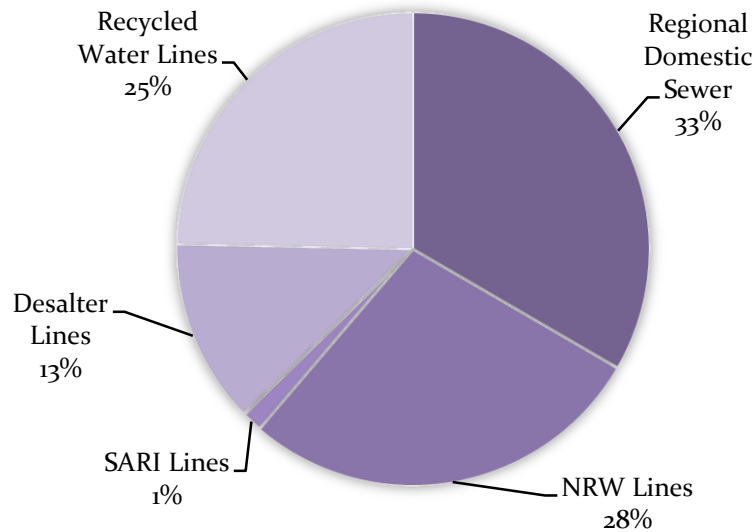
Figure 10-3:

**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: 298.7 Miles of Pipeline



As shown in the figure 10-4, approximately 58 percent of the Agency's 298.7 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 remained weak in 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.

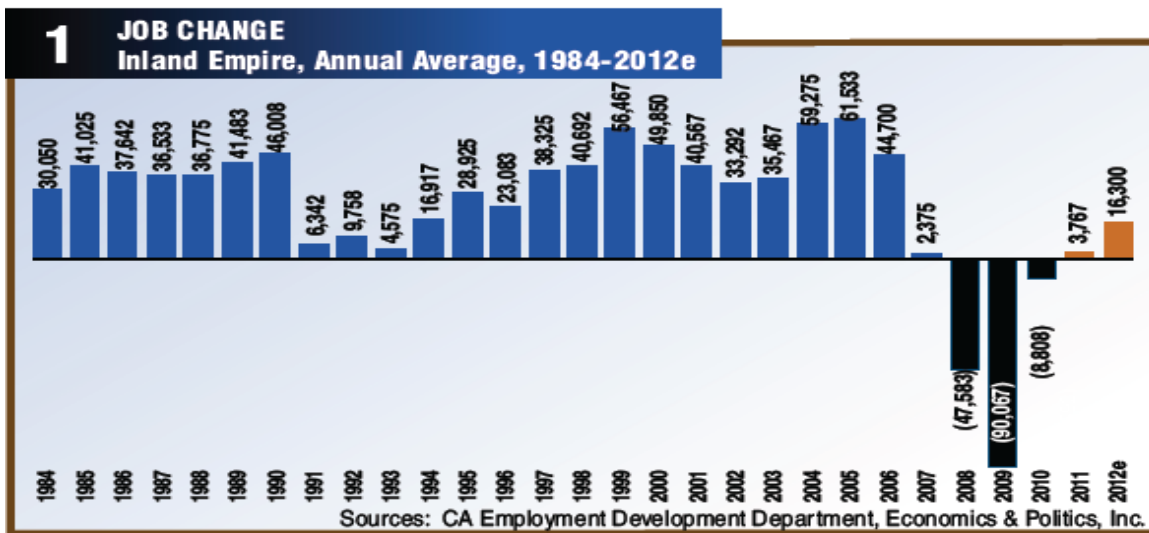
The IE's economy continues to struggle with a sluggish real estate market. Even with 3,700 jobs added last year, its 10.9 percent unemployment rate still remains higher than both California's 9.6 percent and the nation's 7.8 percent.

The IE has a 42 percent market share in Southern California's housing market. Housing starts and escrow closings indicate the service area has turned a corner, with total escrow closings in the 4th quarter increasing by 19 percent over the 3rd quarter. More and more people in the Inland Empire can now afford to buy a median priced home. The only problem is that the inventory of housing is dropping. Most economists and real estate experts expect the U.S. prices to rise in 2013 due to strong investor demand, low interest rates, and shortages in supply. Furthermore, IE's average home price has been essentially flat, and is likely to stay there until the mortgage issue is resolved.

Source: Metrostudy Report, February 05, 2013

Employment – After adding just 3,700 jobs in 2011, the IE gained 16,140 jobs in 2012, which was slightly below the 2012 forecast of 16,300. However, economic recovery has been slow and uneven, and will remain that way because of Inland Empire’s traditional competitive advantages (construction and modestly priced labor) previously powered blue collar sectors were dampened by the downturn of the mortgage crisis. Professional and Business Services, Leisure and Hospitality, Transportation, and Health Care sectors have seen significant improvement since summer 2012. Meanwhile, like the rest of California, the Inland Empire area is being adversely affected by public sector job losses. Figure 10-5 shows the Inland Empire’s job trend from 1984 to year 2012.

Figure 10-5: Inland Empire’s Job Trend



Manufacturing - Employment in home construction and civil engineering could be stronger than expected if serious action is taken to reduce the balances that underwater homeowners owe on their mortgages, allowing construction to grow. However, that appears unlikely.

Inland Empire Economic Base - In 2014 it is expected that the IE’s population service sectors such as retail should begin to recover, as money is re-spent locally by people working in sectors like manufacturing, real estate, logistics, and health care. However, economic growth will be sluggish because of the lack of progress in construction and of slow revenue growth facing local governments and school systems. Another potential negative factor for the IE could be a rise in interest rates. The greatest threat for the Inland Empire and California is that if the State’s budgetary problems continue, this will adversely impact the inland area’s local education, state and government sectors.

Sources: John Husing April 2012 Economic Outlook

Annual Income

Median annual income in the Agency’s service area is estimated to be \$73,530, San Bernardino County is \$65,000, and the State of California is \$58,931. Table 10-2 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: Comparison of the Average Annual Income for the Agency’s Service Area vs. the County and State Annual Average

Agency Service Area	Median Annual Income
Chino Hills	\$101,905
Chino	73,400
Upland	67,449
Montclair	50,959
Ontario	55,902
Fontana	64,058
Rancho Cucamonga	78,782
Average	\$73,530
San Bernardino County	\$65,000
State of California	\$58,931

Source: City-data.com/city/California.html (2010)

Table 10-3: Largest Public and Private Employer’s in the IEUA Service Area

Employer	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	Rancho	1,516
North American Medical Management	Ontario	1,304
City of Ontario	Ontario	1,075
California Steel Industries, Inc.	Fontana	956

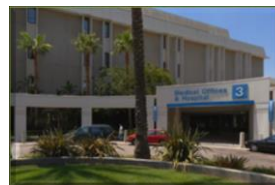
Source: San Bernardino Area Chamber of Commerce, City



City of Ontario



San Antonio
Community Hospital



Fontana Medical
Center



LAX/Ontario
International Airport

Colleges and Universities nearest to the Agency that have more than 2,000 students enrolled in fall 2012.

Table 10-4: College and University Enrollment

College	Total Number of Students
California State University, Fullerton	37,677
Riverside Community College	40,566
Mt. San Antonio College	43,156
California State Polytechnic University, Pomona	22,100
Chaffey Community College	18,192
University of California Riverside	20,956
California State University, San Bernardino	18,234
Citrus College	12,502
University of La Verne	7,500
DeVry University - California	7,550
University of Redlands	3,302

Source: National Center for Educational Statistics

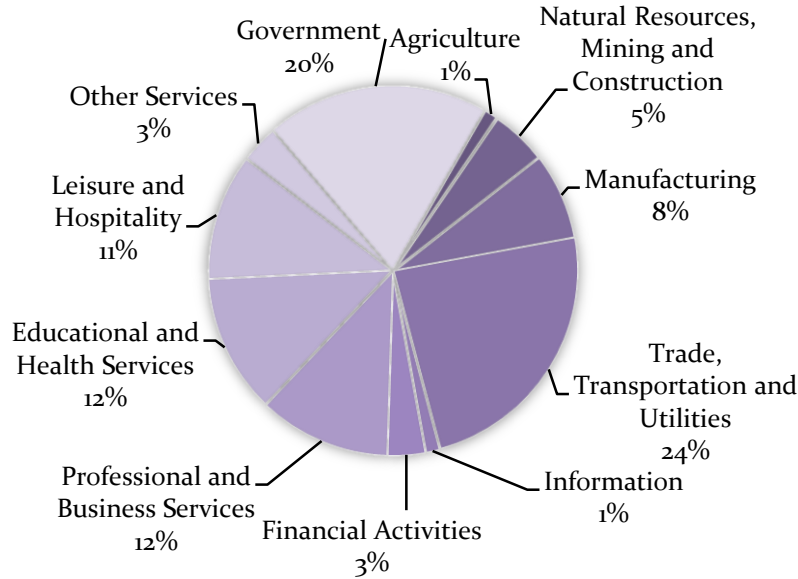
Table 10-5: San Bernardino County Population Data

	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/>

*Census data available only up to 2010

Figure 10-6: San Bernardino County Jobs by Industry



Source: <http://www.labormarketinfo.edd.ca.gov/>
Source: Bureau of Labor Statistics

Historic and Projected Population and Assessed Values

The Agency’s service area population in FY 2012/13 is approximately 837,000 and its total gross assessed valuation is \$53.1 billion. The Agency’s ten-year historical and projected population and gross assessed valuation totals are presented in the tables below.

Table 10-6: 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 10-7: 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 percent increase/yr

**Beginning in FY 2021/22, projected population includes unincorporated areas, estimated around 32,000

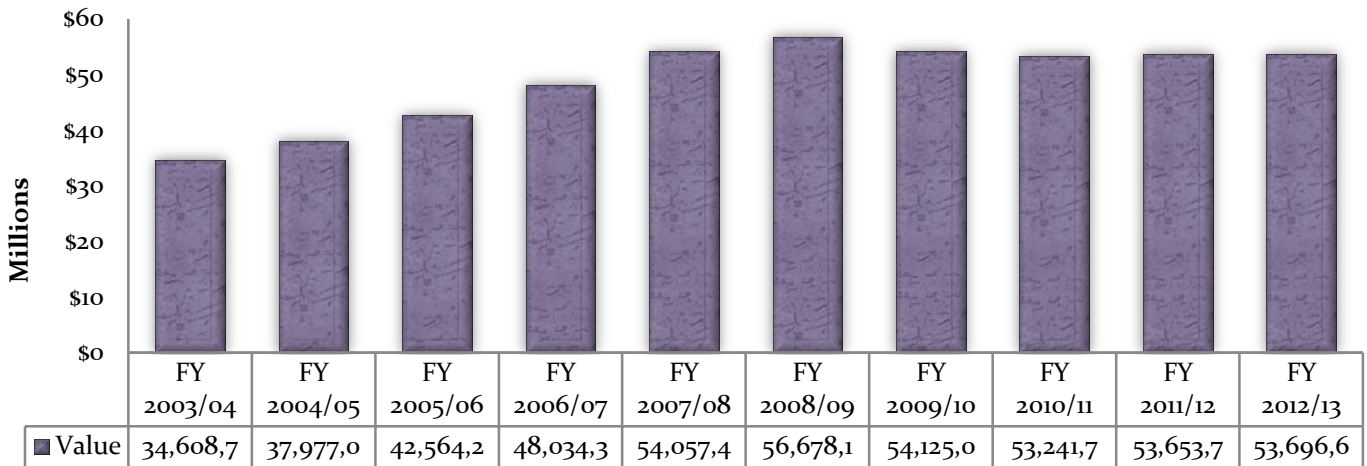
Table 10-8: Summary of Assessed Values for the Past Ten Fiscal Years
Assessed Values—Excludes Redevelopment Agency Incremental Value (Thousands)

Fiscal Year	Original Area	Mid-Valley Area	Bryant Area	North Perimeter	Total	Annual Increase/ (Decrease)	Annual % Change
FY 2002/03	14,586,122	17,209,045	29,062	11,390	31,835,619	2,364,884	
FY 2003/04	15,627,835	18,937,535	29,910	13,489	34,608,769	2,773,150	8.71%
FY 2004/05	16,951,298	20,980,992	29,534	15,264	37,977,088	3,368,319	9.73%
FY 2005/06	18,841,618	23,671,021	31,437	20,128	42,564,204	4,587,116	12.08%
FY 2006/07	21,113,133	26,863,628	34,023	23,516	48,034,300	5,470,096	12.85%
FY 2007/08	23,454,004	30,534,586	43,059	25,811	54,057,460	6,023,160	12.54%
FY 2008/09	24,290,031	32,307,275	52,437	28,446	56,678,189	2,620,729	4.85%
FY 2009/10	22,626,054	31,419,205	54,325	25,432	54,125,016	(2,553,173)	-4.50%
FY 2010/11	22,114,577	31,042,637	54,543	30,013	53,241,770	(883,246)	-1.63%
FY 2011/12	22,227,821	31,343,589	53,520	28,846	53,653,776	412,006	0.77%
FY 2012/13	22,465,965	31,595,529	56,185	26,575	54,144,254	490,478	0.91%

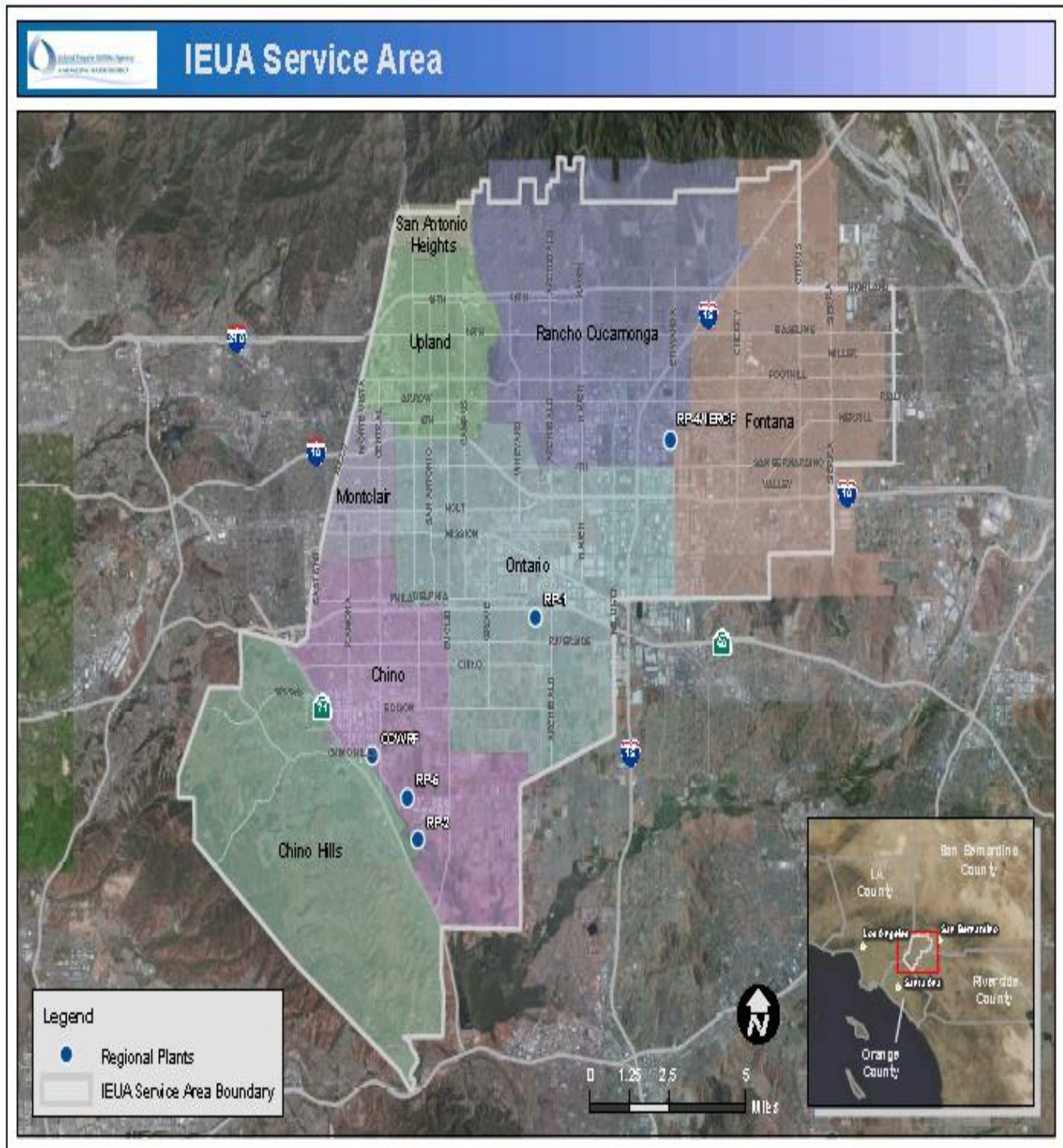
Fiscal Year	Original Area	Mid-Valley Area	Bryant Area	North Perimeter	Total	Annual Increase/ (Decrease)	Annual % Change
FY 2013/14	22,468,059	31,682,351	54,098	29,158	54,233,666	536,967	1.00%
FY 2014/15	22,692,740	31,999,174	54,639	29,449	54,776,003	542,337	1.00%
FY 2015/16	22,919,667	32,319,166	55,186	29,744	55,323,763	547,760	1.00%
FY 2016/17	23,148,864	32,642,357	55,738	30,041	55,877,000	553,238	1.00%
FY 2017/18	23,380,353	32,968,781	56,295	30,342	56,435,770	558,770	1.00%
FY 2018/19	23,614,156	33,298,469	56,858	30,645	57,000,128	564,358	1.00%
FY 2019/20	23,850,298	33,631,453	57,427	30,952	57,570,129	570,001	1.00%
FY 2020/21	24,088,801	33,967,768	58,001	31,261	58,145,831	575,701	1.00%
FY 2021/22	24,329,689	34,307,446	58,581	31,574	58,727,289	581,458	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 2013/14 USER FEES FOR IMPLEMENTATION
 July 1, 2013

		ADOPTED RATES FY 2013/14	IMPLEMENTED RATES FY 2012/13
WASTEWATER PROGRAM			
Total Volumetric (EDU) Fee	per equivalent dwelling unit per month	\$13.39	\$12.39
	per million gallons	\$1,600.25	\$1,560.89
Excess User Charges:			
Suspended Solids in excess of 430 milligrams per liter	per ton dry weight	\$487.89	\$431.26
Biochemical Oxygen Demand in excess of 386 milligrams per liter	per ton dry weight	\$461.38	\$399.49
Domestic Waste Truck Rates(Regional System):			
Initial Permit Application Fee	initial charge	\$164.00	\$163.00
Permit Renewal Fee	renewal fee	\$103.00	\$82.00
Trucked Waste Volumetric Fee	per load up to 2,000 gallons	\$64.80	\$64.40
	per load over 2,000 gallons	\$0.03 per one (1) gallon	\$0.02 per one (1) gallon
Fontana Extra-Territorial Sewer Service Charge:			
Monthly Sewer Charge	per equivalent dwelling unit	\$12.54	\$13.03
Regional Capacity Fee	per equivalent dwelling unit	\$5,007.00	\$4,909.00
NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS)			
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)			
Per Capacity Unit		\$319.00	\$123.27
Monthly Capacity Unit Fee (NRW South System)			
Per Capacity Unit		\$318.49	\$277.17
Excess User Charges (NRW North System)			
Total Suspended Solids in excess (TSS) of 308 milligrams per liter	per 1,000 pounds dry weight	\$294.21	\$268.60
Chemical Oxygen Demand (COD) of 725 milligrams per liter	per 1,000 pounds dry weight	\$110.81	\$101.16
Excess User Charges (NRW South System)			
Total Suspended Solids in excess (TSS)	per 1,000 pounds dry weight	\$395.00	\$376.00
Biochemical Oxygen Demand (BOD)	per 1,000 pounds dry weight	\$266.00	\$253.00
Volumetric Fee (NRW North System)			
Direct Line Deliveries	per million gallons	\$1,437.49	\$1,465.26
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit	\$143.75	\$146.53
Volumetric Fee (NRW South System)			
Direct Line Deliveries	per million gallons	\$736.00	\$794.00
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit	\$73.60	\$79.40
Truck Station Deliveries: (NRW North System)			
Per Load Up to 5,000 gallons		\$210.03	\$159.16
Incremental above 5,000 gallons (unit calculation changed)		\$0.020 per one (1) gallon	\$0.010 per one (1) gallon

INLAND EMPIRE UTILITIES AGENCY
ADOPTED FY 2013/14 USER FEES FOR IMPLEMENTATION
 July 1, 2013

		ADOPTED RATES FY 2013/14	IMPLEMENTED RATES FY 2012/13
NON-RECLAIMABLE WASTEWATER SYSTEM (cont)			
Truck Station Deliveries: (NRW South System)			
<u>Tier Schedule</u>	<u>BOD or TSS Concentration</u>		
Brine	Less than 100 mg/l	\$229.23	\$215.86
Tier 1 (Non Brine)	100 to 999 mg/l	\$254.23 /gallon	\$240.86 /gallon
Tier 2 (Non Brine)	1,000 to 2,499 mg/l	\$334.23 /gallon	\$315.86 /gallon
Tier 3 (Non Brine)	2,500 mg/l and higher	\$193.52 /gallon	\$178.86 /gallon
		\$0.658 / pound of TSS	\$0.645 / pound of TSS
		\$0.636 / pound of BOD	\$0.617 / 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%	50%
Recycled Water Users	% of <i>Capacity and Volumetric</i> charges	10%	10%
All NRW Connected Users	% of <i>Strength</i> charges	50%	50%
Application Fees:			
Capacity Right/Capacity Option agreement	per each agreement	No Charge	No Charge
Converting a capacity option agreement to a capacity right agreement		No Charge	No Charge
New Permit Fees:			
For Wastewater Generators who discharge directly through the pipeline connection			
Categorical Industrial User		\$3,280.00	\$3,264.00
with Combined Waste Stream Formula, add		\$820.00	\$816.00
with Production Based Standards, add		\$410.00	\$408.00
with Multiple Categories, add		\$1,640.00	\$1,632.00
Non-Categorical, Significant, Industrial User		\$2,460.00	\$2,448.00
Non-Categorical, Non-Significant Industrial User		\$2,050.00	\$2,040.00
Wastewater Permit Renewal Fees:			
For Wastewater Generators who discharge directly through the pipeline connection			
Categorical Industrial Users		\$2,460.00	\$2,448.00
with Combined Waste Stream Formula, add		\$410.00	\$408.00
with Production Based Standards, add		\$205.00	\$204.00
with Multiple Categories, add		\$820.00	\$816.00
Non-Categorical, Significant Industrial User		\$615.00	\$612.00
Non-Categorical, Non-Significant Industrial User		\$410.00	\$408.00
New Permit Fees:			
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional or NRWS sewer system			
Categorical Industrial User		\$2,050.00	\$2,040.00
with Combined Waste Stream Formula, add		\$820.00	\$816.00
with Production Based Standards, add		\$410.00	\$408.00
with Multiple Categories, add		\$1,640.00	\$1,632.00
Non-Categorical, Significant, Industrial User		\$1,230.00	\$1,224.00
Non-Categorical, Non-Significant Industrial User		\$820.00	\$816.00
Wastewater Permit Renewal Fees:			
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional or NRWS sewer system			
Categorical Industrial Users		\$1,640.00	\$1,632.00
with Combined Waste Stream Formula, add		\$410.00	\$408.00
with Production Based Standards, add		\$205.00	\$204.00
with Multiple Categories, add		\$820.00	\$816.00
Non-Categorical, Significant Industrial User		\$615.00	\$612.00
Non-Categorical, Non-Significant Industrial User		\$410.00	\$408.00

APPENDICES

INLAND EMPIRE UTILITIES AGENCY
ADOPTED FY 2013/14 USER FEES FOR IMPLEMENTATION
 July 1, 2013

	ADOPTED RATES FY 2013/14	IMPLEMENTED RATES FY 2012/13
<u>NON-RECLAIMABLE WASTEWATER SYSTEM (cont)</u>		
Initial Wastewater Hauler Permit Application & Permit Fees (NRWS):		
Permit Application for Wastewater Hauler	\$164.00	\$163.00
Permit Renewal for Wastewater Hauler	\$82.00	\$82.00
Major Permit Modification /Facility Expansion Fee		
Major Permit Modification	\$1,230.00	\$1,224.00
Facility Expansion	\$1,230.00	\$1,224.00
Minor Permit Modification Fees:		
Changes of Equipment Maintenance or Monitoring Requirements/Changes of Discharge Limits	\$574.00	\$571.00
Change of Limits/Evaluation of Toxic Organic Management Plan Processing	No Charge	No Charge
Business Name Change/Owner Name Change	\$164.00	\$163.00
<u>RECYCLED WATER SALES</u>		
Sales to Regional Contracting Agencies /certain retail customers		
Direct Sale (All Tertiary Plants)		
7/1/2013 - 6/30/2014	per million gallons	\$659.86
7/1/2012 - 6/30/2013	per acre foot	\$215.00
Recharge Sale (All Tertiary Plants)		
7/1/2013 - 6/30/2014	per million gallons	\$782.62
7/1/2013 - 6/30/2014	per acre foot	\$255.00
<u>IMPORTED (MWD) POTABLE WATER SALES</u>		
Agency Surcharge added to MWD rates	per acre foot	\$13.00
Imported Water Rates (including the above surcharges):		
Full Service Untreated Water		
Tier 1 7/1/2013- 12/31/2013	per acre foot	\$606.00
Tier 1 1/1/2014- 12/31/2014	per acre foot	\$606.00
Tier 2 7/1/2013 - 12/31/2013	per acre foot	\$756.00
Tier 2 1/1/2014 - 12/31/2014	per acre foot	\$748.00
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
Ground Water Storage Program		
Replenishment Water Untreated		
7/1/2013- 12/31/2013	per acre foot	\$455.00
1/1/2014 - 12/31/2014	per acre foot	\$454.00
		No Rate Available
Capacity Meter Charge		
	per diameter inch of meter per month	\$5.00
Capacity Reservation Charge		
7/1/2013 - 12/31/2013	per cubic foot per second (cfs)	\$6,400.00
1/1/2014 - 12/31/2014	per cubic foot per second (cfs)	\$8,600
Industrial Connection Minimum Charge		
	per connection per month	\$1,000.00
Retail Meter Charge		
(for MWD Readiness-to-Serve Charges)	per meter per month	\$1.755
		\$1.555

(Refer to respective rate resolutions for details)

RESOLUTION NO. 2013-4-1

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; and

WHEREAS, this Board of Directors shall also adopt its resolution to hold a public hearing to receive public comments on the proposed Fiscal Year 2013/14 budgets 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:

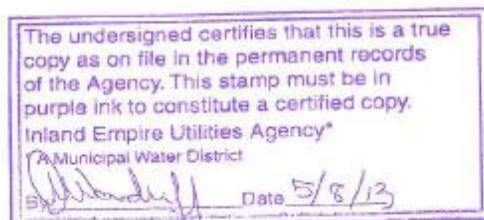
Section 1: That the Board of Directors hereby declares its intent to adopt Regional Sewage and said proposed budgets for Fiscal Year 2013/14,

Section 2: That the Board of Directors hereby fixes a time and place for hearing on said proposed budgets as follows:

Date	Time	Place
<u>May 15, 2013</u>	<u>10:00 a.m.</u>	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. 2012-4-1 is hereby rescinded in its entirety.



APPENDICES

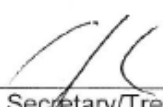
Resolution No. 2013-4-1
Page 2 of 3

ADOPTED this 17th day of April, 2013.



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. 2013-4-1
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. 2013-4-1 was adopted at
a regular Board Meeting on April 17, 2013, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Catlin

NOES: None

ABSTAIN: None

ABSENT: Koopman



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A MUNICIPAL WATER DISTRICT

APPENDICES



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.

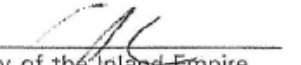
The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
* Municipal Water District
Date 2/09/12

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


APPENDICES

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;

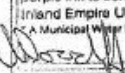
Section 1. July 1, 2012 for Fiscal Year 2012/13 the Reimbursement Payment for the Contracting Agencies shall be \$4,909.

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

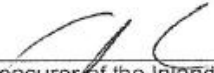
RESOLUTION NO. 2012-2-3
Page 2 of 3

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

APPENDICES

RESOLUTION NO. 2013-6-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING AND ADOPTING ITS BUDGET FOR FISCAL YEAR 2013/2014.

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

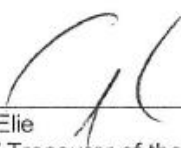
Section 1. That this Board of Directors hereby approves and adopts the budget for Fiscal Year 2013/14, subject to amendment upon receipt from the County of San Bernardino final data regarding property tax valuations and allocations and/or loss of tax revenue by action of the State legislature.

ADOPTED this 19th day of June, 2013.



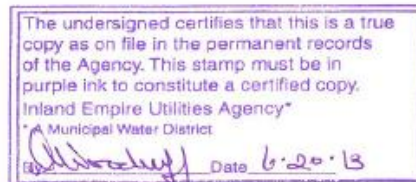
Terry Catlin
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



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

*A Municipal Water District




Resolution No. 2013-6-2
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. 2013-6-2 was adopted at a regular meeting on June 19, 2013, 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

APPENDICES

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.

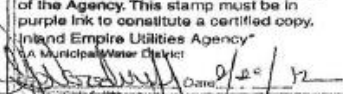
Section 2. That effective July 1, 2013, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$659.86 per million gallons or \$215.00 per acre foot.

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 9/25/12

Resolution No. 2012-2-4
Page 2 of 3

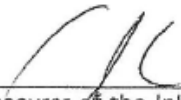
Section 7. Upon the effective date of this Resolution, Resolution No. 2011-2-3 is hereby rescinded in their entirety.

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. 2013-6-3

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 2013/2014.

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, 2013:

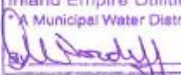
Section 1 That Wastewater Permit Application for Domestic Wastewater Hauler fees is as follow:

Initial Permit Application Fee	\$ 164.00
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	\$ 64.80
Loads in excess of 2,000 gallons	\$ 0.03 per one (1) gallon

Section 3 That a rate schedule effective July 1, 2013, for delivery of domestic and industrial wastewater to regional plants with excessive biochemical oxygen demand and suspended solids is hereby established as follows:

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 6-2013

APPENDICES

Resolution No. 2013-6-3
Page 2 of 5

<u>Quantity</u>	<u>Rate</u>
Suspended Solids in excess of 400 mg/L	\$ 487.89 per Ton (dry weight)
Biochemical Oxygen Demand in excess of 410 mg/L	\$ 461.38 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	\$3,280.00
with Combined Waste Stream Formula, add	\$820.00
with Production Based Standards, add	\$410.00
with Multiple Categories, add	\$1,640.00
Non-Categorical, Significant Industrial User	\$2,460.00
Non-Categorical, Non-Significant Industrial User	\$2,050.00

Permit Renewal Fees:

Categorical Industrial User	\$2,460.00
with Combined Waste Stream Formula, add	\$410.00
with Production Based Standards, add	\$205.00
with Multiple Categories, add	\$820.00
Non-Categorical, Significant Industrial User	\$615.00
Non-Categorical, Non-Significant Industrial User	\$410.00

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	\$2,050.00
with Combined Waste Stream Formula, add	\$820.00
with Production Based Standards, add	\$410.00
with Multiple Categories, add	\$1,640.00
Non-Categorical, Significant Industrial User	\$1,230.00
Non-Categorical, Non-Significant Industrial User	\$820.00

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	\$1,640.00
with Combined Waste Stream Formula, add	\$410.00
with Production Based Standards, add	\$205.00
with Multiple Categories, add	\$820.00
Non-Categorical, Significant Industrial User	\$615.00
Non-Categorical, Non-Significant Industrial User	\$410.00

Section 7 That initial Industrial Wastewater Hauler Permit application and Permit Renewal fees shall be:

Initial Permit Application for Wastewater Hauler	\$164.00
Permit Renewal for Wastewater Hauler	\$82.00

Section 8 That Major Permit Modification or Facility Expansion fees shall be:

\$1,230.00

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:

\$574.00

That for change of business name or ownership only shall be:

\$164.00

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

APPENDICES

Resolution No. 2013-6-3
Page 4 of 5

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.

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. 2012-6-3 is hereby rescinded in its entirety.

ADOPTED this 19th day of June, 2013.



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. 2013-6-3
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. 2013-6-3, was adopted at a Board
Meeting on June 19, 2013, 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

APPENDICES

RESOLUTION NO. 2013-6-4

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 NORTH NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2013/14

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 NORTH NRWS;

WHEREAS, one NORTH 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. 89, Section 6, 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, 2013

Section 1 That the Initial Capacity Charge for the purchase of NORTH NRWS Capacity Rights shall be set at \$215,000 per Capacity Unit.

Section 2 That the monthly charges for discharge to the NORTH 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 \$319.00 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.



The monthly Capital Improvements Program (CIP) charge for NORTH 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

NRWS System	Capacity Charge (\$/Month/Capacity Unit)	Capital Improvement Program (\$/Month/Capacity Unit)
NORTH NRWS	\$319.00	\$90.00
ETIWANDA LINE	\$0.00	

(B) VOLUMETRIC CHARGES

For discharge to the NORTH NRWS, the monthly Volumetric Charge is \$1,437.49 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less is \$143.75 per Capacity Unit per month.

The Volumetric Charge is \$1,007.13 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 \$100.71 per Capacity Unit per month.

The Agency's volumetric charges are summarized in Table 2.

Table 2 – Summary of Volumetric Charges

NRWS System	Volumetric Charge (\$/Million Gallons)	Minimum Volumetric Charge (≤100,000 Gallon Per Month) (\$/Month/Capacity Unit)
NORTH NRWS	\$1,437.49	\$143.75
WEST EDISON LINE	\$1,007.13	\$100.71

(C) STRENGTH CHARGES

That Strength Charges are applicable to all discharges to the NORTH NRWS, via pipeline or hauled by truck, for excessive Chemical Oxygen Demand (COD) 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 308 mg/L	\$294.21 per 1,000 pounds (dry weight)
COD in excess of 725 mg/L	\$110.81 per 1,000 pounds (dry weight)

APPENDICES

Resolution No. 2013-6-4
Page 3 of 7

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.

The Agency's strength charges are summarized in Table 3.

System	TSS (\$/Per 1,000 lbs dry)	COD (\$/Per 1,000 lbs dry)
NORTH NRWS	\$294.21 (in excess of 308 mg/L)	\$110.81 (in excess of 725 mg/L)

(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 4.

Table 4 – 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 invoiced to the Agency to dischargers to the NORTH 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	\$210.03 per load of 5,000 gallons or less
Incremental above 5,000 gallons	\$0.02 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 That Application fees for a Capacity Right Agreement shall be: No Charge

Section 5 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the NORTH NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$3,280.00
with Combined Waste Stream Formula, add	\$820.00
with Production Based Standards, add	\$410.00
with Multiple Categories, add	\$1,640.00
Non-Categorical, Significant Industrial User	\$2,460.00
Non-Categorical, Non-Significant Industrial User	\$2,050.00

Permit Renewal Fees:

Categorical Industrial User	\$2,460.00
with Combined Waste Stream Formula, add	\$410.00
with Production Based Standards, add	\$205.00
with Multiple Categories, add	\$820.00
Non-Categorical, Significant Industrial User	\$615.00
Non-Categorical, Non-Significant Industrial User	\$410.00

Section 6 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators whose

APPENDICES

Resolution No. 2013-6-4
Page 5 of 7

wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the NORTH NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,050.00
with Combined Waste Stream Formula, add	\$820.00
with Production Based Standards, add	\$410.00
with Multiple Categories, add	\$1,640.00
Non-Categorical, Significant Industrial User	\$1,230.00
Non-Categorical, Non-Significant Industrial User	\$820.00

Permit Renewal Fees:

Categorical Industrial User	\$1,640.00
with Combined Waste Stream Formula, add	\$410.00
with Production Based Standards, add	\$205.00
with Multiple Categories, add	\$820.00
Non-Categorical, Significant Industrial User	\$615.00
Non-Categorical, Non-Significant Industrial User	\$410.00

Section 7 That initial Wastewater Hauler Permit application and Permit Renewal fees for the NORTH NRWS shall be:

Initial Permit Application for Wastewater Hauler	\$164.00
Permit Renewal for Wastewater Hauler	\$82.00

Section 8 That Major Permit Modification or Facility Expansion fees shall be:

\$1,230.00

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:

\$574.00

That for change of business name or ownership only shall be:

\$164.00

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 all provisions of the Non-Reclaimable Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 12 That upon the effective date of this Resolution, the Resolution No. 2012-10-4 pertaining to the NORTH NRWS is hereby rescinded in its entirety.

ADOPTED this 19th day of June, 2013.



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

*A Municipal Water District


APPENDICES

Resolution No. 2013-6-4
Page 7 of 7

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. 2013-6-4 as adopted at a regular Board meeting on June 19, 2013, 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. 2013-6-13

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 SOUTH NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2013/14

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 SOUTH NRWS;

WHEREAS, one SOUTH 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. 89, Section 6, 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, 2013

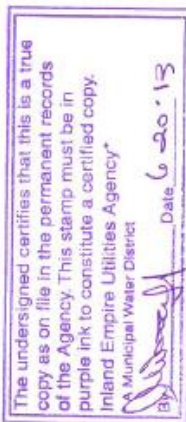
Section 1 That the Initial Capacity Charge for the purchase of SOUTH NRWS Capacity Rights shall be set at \$215,000 per Capacity Unit.

Section 2 That the monthly charges for discharge to the SOUTH NRWS are as follows:

(A) CAPACITY CHARGES:

For discharge to the SOUTH NRWS, which reaches jurisdiction of the Santa Ana Watershed Project Authority (SAWPA), the monthly Capacity Charge is \$318.49 per Capacity Unit.

The monthly Capital Improvements Program (CIP) charge for SOUTH NRWS is \$90.00 per Capacity Unit per month.



APPENDICES

Resolution No. 2013-6-13
Page 2 of 7

The Agency's capacity charges are summarized in Table 1.

Table 1 – Summary of Monthly Capacity Charges

NRWS System	Capacity Charge (\$/Month/Capacity Unit)	Capital Improvement Program (\$/Month/Capacity Unit)
SOUTH NRWS	\$318.49	\$90.00

(B) VOLUMETRIC CHARGES

For discharge to the SOUTH NRWS, the monthly Volumetric Charge is \$736.00 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less per Capacity Unit per month is \$73.60 per Capacity Unit per month.

The Agency's volumetric charges are summarized in Table 2.

Table 2 – Summary of Volumetric Charges

NRWS System	Volumetric Charge (\$/Million Gallons)	Minimum Volumetric Charge (≤100,000 Gallon Per Month) (\$/Month/Capacity Unit)
SOUTH NRWS	\$736.00	\$73.60

(C) STRENGTH CHARGES

That Strength Charges are applicable to all discharges to the SOUTH NRWS, via pipeline or hauled by truck, for excessive Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS). The rates are as follows:

QUANTITY	RATE
TSS	\$395.00 per 1,000 pounds (dry weight)
BOD	\$266.00 per 1,000 pounds (dry weight)

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 3.

Table 3 – Summary of Strength Charges

System	TSS (\$/Per 1,000 lbs dry)	BOD (\$/Per 1,000 lbs dry)
SOUTH NRWS	\$395.00	\$266.00

(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 SOUTH 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 4.

Table 4 – 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 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 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

APPENDICES

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Page 4 of 7

Rate Schedule for Trucks is shown in Table 5.

Table 5 – 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	\$229.23	\$0.010	N/A	N/A
Tier 1 (Non-Brine)	100 to 999 mg/L	\$254.23	\$0.015	N/A	N/A
Tier 2 (Non-Brine)	1,000 to 2,499 mg/L	\$334.23	\$0.031	N/A	N/A
Tier 3 (Non-Brine)	2,500 mg/L and higher	\$193.52	\$0.003	\$0.658 per pound of BOD	\$0.636 per pound of TSS

Section 4 That Application fees for a Capacity Right Agreement shall be:

No Charge

Section 5 That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the SOUTH NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$3,280.00
with Combined Waste Stream Formula, add	\$820.00
with Production Based Standards, add	\$410.00
with Multiple Categories, add	\$1,640.00
Non-Categorical, Significant Industrial User	\$2,460.00
Non-Categorical, Non-Significant Industrial User	\$2,050.00

Permit Renewal Fees:

Categorical Industrial User	\$2,460.00
with Combined Waste Stream Formula, add	\$410.00
with Production Based Standards, add	\$205.00
with Multiple Categories, add	\$820.00
Non-Categorical, Significant Industrial User	\$615.00
Non-Categorical, Non-Significant Industrial User	\$410.00

Section 6 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 SOUTH NRWS sewer system

shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,050.00
with Combined Waste Stream Formula, add	\$820.00
with Production Based Standards, add	\$410.00
with Multiple Categories, add	\$1,640.00
Non-Categorical, Significant Industrial User	\$1,230.00
Non-Categorical, Non-Significant Industrial User	\$820.00

Permit Renewal Fees:

Categorical Industrial User	\$1,640.00
with Combined Waste Stream Formula, add	\$410.00
with Production Based Standards, add	\$205.00
with Multiple Categories, add	\$820.00
Non-Categorical, Significant Industrial User	\$615.00
Non-Categorical, Non-Significant Industrial User	\$410.00

Section 7 That initial Wastewater Hauler Permit application and Permit Renewal fees for the SOUTH NRWS are now set, processed and administered by Santa Ana Watershed Project Authority (SAWPA). N/A

Section 8 That Major Permit Modification or Facility Expansion fees shall be: \$1,230.00

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: \$574.00

That for change of business name or ownership only shall be: \$164.00

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.

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Resolution No. 2013-6-13
Page 6 of 7

Section 10 Toxic Organic Management Plan (TOMP)
Processing

No Charge

Section 11 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 12 That upon the effective date of this Resolution, the Resolution No. 2012-10-4 pertaining to SOUTH NRWS is hereby rescinded in its entirety.

ADOPTED this 19th day of June, 2013.



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

*A Municipal Water District

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. 2013-06-13 as adopted at a regular Board meeting on June 19, 2013, 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

APPENDICES

RESOLUTION NO. 2013-6-5

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 water resource development and planning activities; 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.

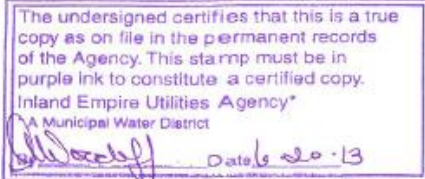
NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective July 1, 2013, and January 1, 2014:

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 thirteen dollars (\$13) per acre foot, of which nine dollars (\$9) 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:

7/1/2013 – 12/31/2013 (\$593 + \$13)	\$606.00 per acre foot
1/1/2014 – 12/31/2014 (\$593 + \$13)	\$606.00 per acre foot

- (b) FOR TIER 2 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:



7/1/2013 – 12/31/2013 (\$743 + \$13) \$756.00 per acre foot
1/1/2014 – 12/31/2014 (\$735 + \$13) \$748.00 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.

7/1/2013 – 12/31/2013 (NO RATE AVAILABLE)
1/1/2014 – 12/31/2014 (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 penalty rates, for FY 2013/14. 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 2013/14.

Section 3. That additional charges will also be levied during FY 2013/14 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:

7/1/2013 – 12/31/2013 \$6,400 per cubic foot per second (cfs)
1/1/2014 – 12/31/2014 \$8,600 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 7/1/2013 through 6/30/2014.

APPENDICES

Resolution No. 2013-6-5
Page 3 of 4

Section 6. That the allocation of Tier I will be:

7/1/2013 – 12/31/2014

Water Facilities Authority	31,383.7	AF
Cucamonga Valley Water District	28,368.5	AF
Fontana Water Company	10,000.0	AF
Inland Empire Utilities Agency	69,752.2	AF

Section 7. IEUA's Tier I allocation for each of the next two calendar year's (2013 and 2014) is 93,283.0 AF. The difference between IEUA's Tier I allocation and the detailed allocations listed above (23,530.8 AF) will be available to IEUA and/or any of IEUA's member agencies (including Chino Basin Watermaster).


Section 8. That upon the effective date of this Resolution, Resolution No. 2012-6-5 is hereby rescinded in its entirety.

ADOPTED this 19th day of June, 2013.



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

*a Municipal Water District

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. 2013-6-5, was adopted at a regular
meeting on June 19, 2013, 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

APPENDICES

RESOLUTION NO. 2013-6-6

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 maintain appropriate reserves to provide for the Agency's administrative and operational costs associated with the delivery of imported water supply and water resource development and planning activities effective July 1, 2013; 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, 2013:


- Section 1.** That the rate for each active retail water meter shall be \$1.755 per meter per month.
- Section 2.** That upon the effective date of this Resolution, Resolution No. 2012-6-6 is hereby rescinded in its entirety.

ADOPTED this 19th day of June, 2013 .



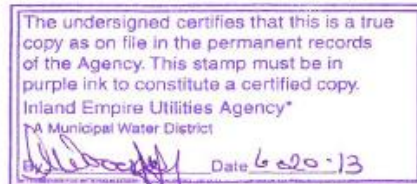
Terry Catlin
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



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


*a Municipal Water District



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. 2013-6-6, was adopted at a regular
meeting on June 19, 2013, 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

APPENDICES

RESOLUTION NO. 2013-6-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR FISCAL YEAR 2013/2014.

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, 2013.


Upon the effective date of this Resolution, Resolution No. 2012-6-7 is hereby rescinded in its entirety.

ADOPTED this 19th day of June, 2013.



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

*a Municipal Water District

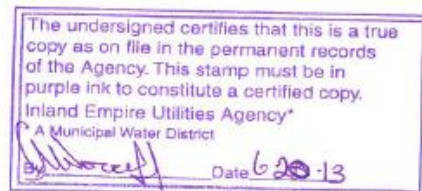


EXHIBIT 1

**INLAND EMPIRE UTILITIES AGENCY*
 MAINTENANCE EQUIPMENT RENTAL RATES
 FISCAL YEAR 2013/14**

GOVERNMENTAL AGENCIES WITHIN IEUA SERVICE BOUNDARIES

		RATE IN FORCE
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
CCTV Camera Equipment Truck		
With one operator	per hour portal-to-portal	90.49
With two operators	per hour portal-to-portal	155.50
Replacement Truck		
With one operator	per hour portal-to-portal	73.19
With two operators	per hour portal-to-portal	138.19
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	72.22
With two operators	per hour portal-to-portal	137.23

APPENDICES

Resolution No. 2013-6-7
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. 2013-6-7 was adopted at a
regular meeting on June 19, 2013, 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. 2013-6-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY ANALYSES FOR FISCAL YEAR 2013/14

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, 2013, the single item prices for laboratory analyses are as shown on Exhibit 1 attached hereto.


Upon the effective date of this Resolution, Resolution No. 2012-6-8 is hereby rescinded in its entirety.

ADOPTED this 19th day of June, 2013.



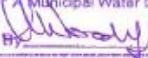
Terry Catlin
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



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

*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  Date 6-20-13

APPENDICES

Resolution No. 2013-6-8
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. 2013-6-8, was adopted at
a regular meeting on June 19, 2013, 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

INLAND EMPIRE UTILITIES AGENCY
LABORATORY PRICES - FY 2013/14

Inorganic Chemistry		
Test	Method	Price
Alkalinity, Total	SM 2320B	\$13.80
Ammonia as Nitrogen	EPA 350.1	\$13.80
Ammonia as Nitrogen	EPA 350.3	\$12.80
Anion Sum	SM 1050	\$2.00
BOD, Soluble	SM 5210	\$40.90
BOD, Total	SM 5210	\$35.80
Bromide	EPA 300.0	\$10.20
Cation Sum	SM 1050	\$2.00
Chloride	EPA 300.0	\$8.40
Chlorine Residual	SM 4500-Cl G	\$15.30
COD	SM 5220D	\$30.70
Color	SM 2120B	\$4.60
Conductivity	SM 2510	\$8.20
Corrosivity	SM 2330B	\$37.90
<i>If Alkalinity, Ca, EC, or pH are requested on the sample, Corrosivity cost is reduced by their respective prices.</i>		
Cyanide, Total	ASTM D72B4	\$27.60
Cyanide, Free	ASTM D7237	\$25.60
Dissolved Organic Carbon	SM 5310B	\$35.80
Dissolved Organic Carbon	SM 5310C	\$30.70
Dissolved Oxygen	EPA 360.1	\$11.30
Fluoride	EPA 300.0	\$8.70
Fluoride	SM 4500-F C	\$15.30
Hardness, Total (Calculation)	EPA 200.7	\$19.80
<i>If Ca or Mg are requested on the sample, cost of Hardness by Calculation is reduced by their respective prices.</i>		
Hardness, Total	SM 2340C	\$16.90
Mercury	EPA 245.2	\$36.80
Metals Digestion (liquid)		\$15.30
Metals Digestion (solid)		\$40.90
Metals by ICP	EPA 200.7	\$9.20
Metals by ICP/MS	EPA 200.8	\$9.20
Nitrate as Nitrogen	EPA 300.0	\$8.40
Nitrite as Nitrogen	EPA 300.0	\$8.40
Nitrogen, Organic	Various	\$66.50
Oil & Grease, Non-polar	EPA1664B	\$30.70
Oil & Grease, Total	EPA1664B	\$27.60
pH	SM 4500-H+ B	\$4.60
Phosphorus, Ortho	SM 4500-P E	\$20.50
Phosphorus, Ortho	EPA 300.0	\$8.40
Phosphorus, Total	SM 5400-P E	\$30.70

Inorganic Chemistry		
Test	Method	Price
Silica	EPA 200.7	\$9.20
Sulfate	EPA 300.0	\$8.40
Sulfide, Dissolved	SM 4500-S D	\$20.50
Sulfide, Total	SM 4500-S D	\$16.90
TDS	SM 2540C	\$13.80
TDS, Fixed/Volatile	SM 2540E	\$20.50
TKN	EPA 351.2	\$55.20
TOC	SM 5310B	\$30.70
TOC	SM 5310C	\$23.00
Total Solids	SM 2540B	\$10.20
TSS	SM 2540D	\$13.80
Turbidity	EPA 180.1	\$8.20
Uranium pCi/L	EPA 200.8	\$25.60
Volatile Solids	SM 2540E	\$15.30
Volatile Suspended Solids	SM 2540E	\$20.50

Bioassay/Microbiology		
Test	Method	Price
Bioassay, C. Dubia, Chronic	EPA 1002	\$920.70
Coliform, Fecal	SM 9221E	\$23.00
Coliform, Total (10 Tube)	SM 9221B	\$20.50
Coliform, Total (15 Tube)	SM 9221B	\$23.00
Heterotrophic Plate Count	SM 9215B	\$18.40

Organic Chemistry		
Test	Method	Price
Acrolein & Acrylonitrile	EPA 624	\$138.10
MTBE	EPA 524.2	\$115.10
Pesticides	EPA 608	\$225.10
Pesticides w/ PCBs	EPA 608	\$286.40
PCBs	EPA 608	\$225.10
Semi-Volatiles (Short list DW)	EPA 525	\$301.80
Semi-Volatiles (Acid Extractables)	EPA 625	\$230.20
Semi-Volatiles (Base/Neutrals)	EPA 625	\$230.20
Semi-Volatiles (BNA)	EPA 625	\$332.50
tert-Butyl Alcohol (TBA)	EPA 524.2 MOD	\$138.10
Thiobencarb	EPA 525	\$276.20
Volatiles, DW	EPA 524.2	\$138.10
Volatiles, WW	EPA 624	\$153.50

APPENDICES

RESOLUTION NO. 2013-6-9

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 2013/14

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

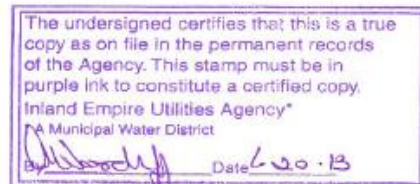
WHEREAS, modification to this resolution may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2013:

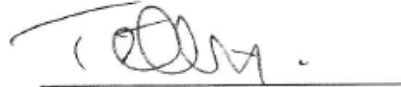
Section 1. That the monthly sewer service rate be determined based on the Agency-wide assessed valuation for Fiscal Year 2012/13 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billed EDU's listed in the Agency's Fiscal Year 2012/13 Regional Wastewater 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 \$12.54 per month per EDU.

Section 3. That upon the effective date of this Resolution, Resolution No. 2012-6-9 is hereby rescinded in its entirety.



ADOPTED this 19th day of June, 2013.



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

*A Municipal Water District


APPENDICES

Resolution No. 2013-6-9
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. 2013-6-9 was adopted at a
Board Meeting on June 19, 2013, of said Agency by the following vote:

AYES: Santiago, Elie, Camacho, Koopman, Catling
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

**AVERAGE VALUE OF AN EDU FOR FISCAL YEAR 2013/14
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 2012/13. Based on this information the estimated average value of an EDU within the Agency is as follows:

FY 2012/13 Agency Assessed Value -	=	\$80,849,626,318	
FY 2012/13 Projected number of EDU's within Agency	=	268,006	EDU per month
<i>\$80,849,626,318 divided by 268,006</i>	=	\$301,671	

Annual tax obligation is calculated by:

<i>\$30,1671 multiply by 0.000499 (adjusted Agency tax rate)</i>	=	\$150.53	per year
	=	\$12.54	per month

APPENDICES

RESOLUTION NO. 2013-6-10

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING APPROPRIATION LIMITS FOR FISCAL YEAR 2013/14

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;

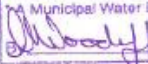
WHEREAS, Inland Empire Utilities Agency*, as a local government, is required under Article XIII B to annually establish an appropriation limit for the following fiscal year;

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 2013/14 Appropriation Limits are now available.

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 6-20-13

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 2013/14:

<u>EXHIBIT</u>	<u>FUND</u>	<u>APPROPRIATION LIMITS</u>
I	Administrative Service Fund	\$17,605,080
II	Regional Wastewater Capital Improvement Fund	\$103,750,175
III	Regional Wastewater Operations and Maintenance Fund	\$24,035,691
IV	Recycled Water Fund	<u>\$3,994,557</u>
	Total	<u>\$149,385,503</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. 2012-6-10 is hereby rescinded in its entirety.

APPENDICES

Resolution No. 2013-6-10
Page 3 of 10

Adopted this 19th day of June, 2013



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

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. 2013-6-10, was adopted at a regular meeting on June 19, 2013, 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

APPENDICES

Resolution No. 2013-6-10
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EXHIBIT I

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	\$1,954,160
Appropriation Subject to Limitation		(342,172)
		<u>\$1,621,988*</u>

APPROPRIATION LIMITS					
Fiscal Year	At Beginning of Year	Factor #1	Factor #2	At End of Year	
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	3.95%	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	
2013-2014	16,606,373	5.12%	0.85%	17,605,080	

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 2013.
* Details for Base Year 1978-79 data are available as attachments to Resolution No. 82-6-7.

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 Revenues	\$ 2,578,964	\$17,954,195
Appropriation Subject to Limitation		<u>(8,395,597)</u>
		\$ 9,558,698*

Fiscal Year	At Beginning of Year	APPROPRIATION LIMITS		At End of Year
		Factor #1	Factor #2	
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%>	0.88%	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
2013-2014	97,864,598	5.12%	0.85%	103,750,175

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 2013.
 * Details for Base Year 1978-79 data are available as attachments to Resolution No. 81-6-7.

APPENDICES

Resolution No. 2013-6-10
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EXHIBIT III

**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 Revenues	\$ 935,780	\$2,260,247 (45,794)
Appropriation Subject to Limitation		<u>\$2,214,453*</u>

Fiscal Year	APPROPRIATION LIMITS			
	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
2013-2014	22,672,186	5.12%	0.85%	24,035,691

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 2013.
* Details for Base Year: 1978-79 data are available as attachments to Resolution No. 81-6-7.

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>(5,337,996)</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
2013-2014	3,767,952	5.12%	0.85%	3,994,557

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 2013.
* Details for Base Year 2008/09 data are available in FY 2008/09 Adopted Budget.

EXHIBIT V

APPENDICES

Resolution No. 2013-6-10
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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 2013/14. The increase in the limit is based upon population change of 0.85% within the county and a per capita personal income change of 5.12%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
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
2013/14	\$149,385,503	\$ 33,351,677

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 2013/2014 SCHEDULE OF APPROPRIATIONS							
	ADMINISTRATIVE SERVICES	REGIONAL WASTEWATER	NON-RECLAIMABLE WASTEWATER	RECHARGE WATER	RECYCLED WATER	WATER	AGENCY TOTAL
TOTAL EXPENSES	\$5,358,143	\$54,055,845	\$6,658,222	\$1,294,051	\$6,931,150	\$6,112,762	\$80,410,173
NET CHANGES IN - CAPITAL OUTLAY	2,412,006	20,505,435	3,371,483	610,000	41,079,010	0	67,981,934
DEBT SERVICE	14,000	21,199,266	543,036	846,151	5,009,640	0	27,612,093
NET OTHER (SOURCES)/USES OF FUNDS	(2,412,006)	4,188,985	82,008	(1,245,197)	(713,290)	300,000	0
SUBTOTAL OF APPROPRIATIONS	\$5,372,143	\$99,953,031	\$10,654,749	\$1,505,005	\$52,306,510	\$6,212,762	\$176,004,200
INCREASE (DECREASE) IN WORKING CAPITAL RESERVES	(1,362,985)	(13,964,020)	(657,138)	(142,357)	(2,635,881)	(658,562)	(19,420,943)
TOTAL APPROPRIATION	\$4,009,158	\$85,989,011	\$9,997,611	\$1,362,648	\$49,670,629	\$5,554,200	\$156,583,257
LESS: NON-TAX PROCEEDS	(1,341,024)	(56,973,052)	(9,997,611)	(1,362,648)	(48,003,045)	(5,554,200)	(123,231,580)
APPROPRIATION SUBJECT TO LIMITATION	\$2,668,134	\$29,015,959	\$0	\$0	\$1,667,584	\$0	\$33,351,677
APPROPRIATION LIMIT	\$17,605,080	\$127,785,866	EXEMPT	EXEMPT	\$3,994,557	EXEMPT	\$149,385,503

☆ By resolution, the Appropriation Limit for Regional Program Funds is established as follows:

Regional Wastewater Capital Improvement	\$103,750,175
Regional Wastewater Operations and Maintenance	24,035,691
Combined Regional Wastewater Appropriation Limit	\$127,785,866



GLOSSARIES/INDEX

GLOSSARY OF 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.

ACCRUAL 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.

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.

F

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.

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.

G

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.

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.

L

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.

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.

O

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 (OCSD) – 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.

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.

P

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.

R

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.

REDEVELOPMENT AGENCY (RDA)- It is a government subdivision created to improve blighted, depressed, deteriorated economically depressed 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.

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.

S

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 suspended solids.

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.

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.

S

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.

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.

U

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.

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 EFFICIENCY 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
CaPERS 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
CDPH California Department of Public Health
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

C	CIA	Cash in Advance
	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
	ESS	Employee Self-Service
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

G	GFOA	Government Finance Officers Association
	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
	HCM	Human Capital Management
	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
	MGD	Million Gallons per Day
	MG	Megawatts
	MPC	Milk Producer's Council
	MOU	Memorandum of Understanding
	MSDS	Materials Safety Data Sheets
	MSS	Manager Self-Service
	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
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

P	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
	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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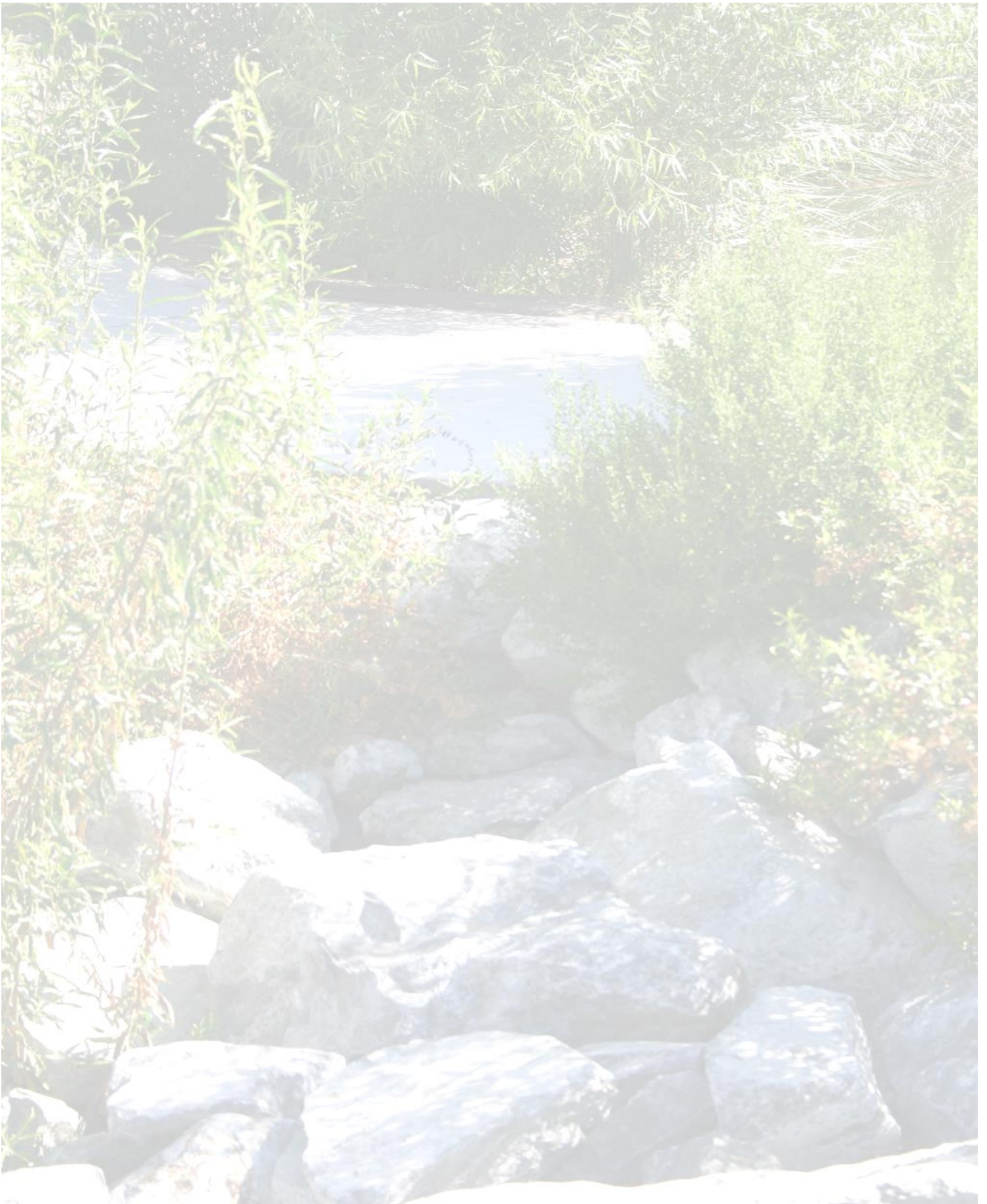
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FUEL CELL LOCATED AT REGIONAL WATER
RECYCLING PLANT NO. 1

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