



Regional Sewerage Program Policy Committee Meeting

**Thursday, May 6, 2021
3:30 p.m.
Teleconference Call**

PURSUANT TO THE PROVISIONS OF EXECUTIVE ORDER N-25-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 12, 2020, AND EXECUTIVE ORDER N-29-20 ISSUED BY GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020 ANY COMMITTEE MEMBER MAY CALL INTO THE COMMITTEE MEETING WITHOUT OTHERWISE COMPLYING WITH ALL BROWN ACT'S TELECONFERENCE REQUIREMENTS.

In effort to prevent the spread of COVID-19, the Regional Sewerage Program Policy Committee Meeting will be held remotely by teleconference.

Teleconference: 1-415-856-9169/Conference ID: 552 973 583#

This meeting is being conducted virtually by video and audio conferencing. There will be no public location available to attend the meeting; however, the public may participate and provide public comment during the meeting by calling into the number provided above. Alternatively, you may email your public comments to the Recording Secretary Sally H. Lee at shlee@ieua.org no later than 24 hours prior to the scheduled meeting time. Your comments will then be read into the record during the meeting.

Call to Order/Flag Salute

Roll Call

Public Comment

Members of the public may address the Committee on any item that is within the jurisdiction of the Committee; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Comments will be limited to three minutes per speaker.

Additions to the Agenda

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted.

1. Technical Committee Report (Oral)

2. Action Item

- A. Meeting Minutes for April 1, 2021

3. Workshop

- A. Regional Contract Negotiations Workshop

4. Informational Items

- A. Review of Proposed Biennial Budget for Fiscal Years 2021/22 and 2022/23 for the Regional Wastewater and Recycled Water Programs
- B. Beneficial Use of Biogas – Cogeneration Update
- C. External Supply Sources

5. Receive and File

- A. Operations Division Quarterly Update
- B. Building Activity Report
- C. Recycled Water Distribution – Operations Summary
- D. Expanded Return to Sewer Study
- E. Regional Contract Negotiations Meeting Notes

6. Other Business

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – June 3, 2021

Adjournment

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Recording Secretary (909) 993-1926, 48 hours prior to the scheduled meeting so that the Agency can make reasonable arrangements.

DECLARATION OF POSTING

I, Sally H. Lee, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted to the IEUA Website at www.ieua.org and posted at the Agency's main office at 6075 Kimball Avenue, Building A, Chino, CA, by Monday, May 3, 2021.



Sally H. Lee

ACTION ITEM

2A



Regional Sewerage Program Policy Committee Meeting

MINUTES OF APRIL 1, 2021 MEETING

CALL TO ORDER

A meeting of the Inland Empire Utilities Agency (IEUA)/Regional Sewerage Program Policy Committee was held via teleconference on Thursday, April 1, 2021. Chair Bill Velto/City of Upland, called the meeting to order at 3:30 p.m.

PLEDGE OF ALLEGIANCE

Committee Member John Dutrey/City of Montclair led the Pledge of Allegiance. Recording Secretary Laura Mantilla took roll call and established a quorum was present.

ATTENDANCE via Teleconference

Committee Members:

Jesse Sandoval	City of Fontana
Debra Dorst-Porada	City of Ontario
John Dutrey	City of Montclair
Randall Reed	CVWD
Peter Rogers	City of Chino Hills
Eunice Ulloa	City of Chino
Bill Velto	City of Upland
Jasmin A. Hall	IEUA

Others Present:

Dave Crosley	City of Chino
Amanda Coker	City of Chino
Keith Kramer	City of Fontana
Noel Castillo	City of Montclair
Scott Burton	City of Ontario
Courtney Jones	City of Ontario
Nicole deMoet	City of Upland
Steve Nix	City of Upland
Eduardo Espinoza	CVWD
Terra Alpaugh	Kearns & West
Michael Harty	Kearns & West

Others Present (continued):

Scott Connor	Unknown
Kathy Besser	IEUA
Christiana Daisy	IEUA
Shivaji Deshmukh	IEUA
Christina Valencia	IEUA
Joshua Aguilar	IEUA
Jerry Burke	IEUA
Javier Chagoyen-Lazaro	IEUA
Denise Garzaro	IEUA
Neetu Gupta	IEUA
Don Hamlett	IEUA
Elizabeth Hurst	IEUA
Laura Mantilla	IEUA
Jason Marseilles	IEUA
Scott Oakden	IEUA
Cathleen Pieroni	IEUA
Jesse Pompa	IEUA
Jeanina Romero	IEUA
Daniel Solorzano	IEUA
Wilson To	IEUA
Jeff Ziegenbein	IEUA

PUBLIC COMMENTS

There were no public comments.

ADDITIONS/CHANGES TO THE AGENDA

There were no additions or changes to the agenda.

1. TECHNICAL COMMITTEE REPORT

Nicole deMoet/City of Upland stated that at the March 25, 2021 Technical Committee meeting there was one action item: the approval of the February 25, 2021 Technical Committee meeting minutes. IEUA presented the following five information items: Return to Sewer Study update, Grants Department Semi-Annual update, FY 2021/22-2030/31 Ten Year Forecast, External Supply Sources, and Operations and Compliance update. She shared that Michael Harty/Kearns & West will be presenting the Regional Contract Negotiations Update.

2. ACTION ITEMS**A. APPROVAL OF THE MARCH 4, 2021 POLICY COMMITTEE MEETING MINUTES**

Motion: By Eunice Ulloa/City of Chino and seconded by Jesse Sandoval/City of Fontana to approve the meeting minutes of the March 4, 2021 Regional Policy Committee meeting.

Motion carried by roll call vote: Ayes: 7; Abstain: 0; Absent: 0; Noes: 0

With the following roll call vote:

Ayes:	Ulloa, Sandoval, Dorst-Porada, Dutrey, Reed, Rogers, Velto
Noes:	None
Absent:	None
Abstain:	None

3. INFORMATIONAL ITEMS

A. REGIONAL CONTRACT NEGOTIATIONS UPDATE

Michael Harty/Kearns & West gave an update on the Regional Contract Negotiations. He stated that future negotiations meetings will be focused to the topic of governance. He shared that the group has vetted whether the procedures and steps described in the current contract are consistent with the actual practice under the contract. Representatives have been asked for their suggested modifications. He continued that the Technical and Policy Committee member roles as described in the contract and in practice were discussed. The table of contents, scoping documents, term sheets, were also discussed. He stated that future governance discussion will address three significant matters: the budgeting process, approach to rate setting, and uses of property taxes. Representatives will be negotiating agreements on the role and authority of IEUA, its Board of Directors, and the contract agencies through the Technical and Policy Committees as these topics are covered. Based on interest from the Policy Committee, a possibility of a workshop at a future Policy Committee meeting has been discussed. Randall Reed/CVWD asked if the timing of completion for the negotiations can be clarified. Mr. Harty stated that all parties have the guidance from the Policy Committee to make as much progress by June 2021 in mind and that is the schedule they are aiming for. Mr. Harty stated that the topic of governance is the main area that the group is looking to complete. Debra Dorst-Porada/City of Ontario stated that she would like the member agencies to get together to review the regional contract and ensure that it suits all their needs. She stated that their Utilities General Manager Scott Burton will reach out to each of the Policy members to coordinate this meeting. John Dutrey/City of Montclair asked for a discussion regarding the governance portion of the contract to take place and the importance for Policy members to understand the contract. Ms. Dorst-Porada agreed with holding a workshop at the Policy Committee meeting in May.

B. GRANTS DEPARTMENT SEMI-ANNUAL UPDATE

Jesse Pompa/IEUA provided the semi-annual update of the Grants department. He gave an overview on the grant and loan funding programs for the last two decades, status of grants and loans, Water Infrastructure Finance and Innovation Act (WIFIA) funding, WIFIA Letter of Interest (LOI) – Regional Wastewater System Improvements Program, and low-interest loan savings.

C. FY 2021/22 – 2030/31 TEN YEAR FORECAST

Jerry Burke/IEUA and Javier Chagoyen-Lazaro/IEUA provided information on the FY 2021/22-2030/31 Ten Year Forecast. Mr. Chagoyen-Lazaro and Mr. Burke gave an overview on the Agency's programs focusing on the Recycled Water and Regional Wastewater Programs, Capital Improvement Projects needed to support asset management, regulatory compliance, and member agency growth projections, and proposed ten-year capital improvement plan (TYCIP) for these projects.

Mr. Randall Reed asked for the criteria in deciding when a supervisory control and data acquisition (SCADA) system has reached its useful life. Mr. Burke stated that for this situation, the replacement of the SCADA system was due to the existing SCADA Foxboro system no longer being supported by the manufacturer. There also was not one uniform SCADA system for all facilities for the groundwater, recharge, and recycled water systems at the Agency and this update unified all systems under Rockwell. Ms. Dorst-Porada asked if there was a plan for the Advance Water Purification (AWP) system. Mr. Burke stated that staff has been working with the planning department to determine the most efficient way to build an AWP plant. Ms. Dorst-Porada asked if staff will be bringing more information regarding this item to the Policy committee. General Manager Shivaji Deshmukh/IEUA stated that an AWP system is being evaluated within the Water Storage Infrastructure Program | Chino Basin Program (CBP | WSIP). Should the Agency and the region not move forward with the WSIP | CBP, the Agency will continue discuss the need for AWP systems with member agencies and other retailers. The pre-design and early planning have been in progress. Mr. Reed asked what the Agency is doing with the methane produced from the various digesters. Mr. Burke stated that the energy produced is used partially in the boiler hot water system and some is emitted through the flare. Mr. Reed asked if any of the co-generators are run to produce power. Mr. Burke stated that the co-generator is not operating at RP-1 as there was an issue with the filter with the production system and is in the process of being removed. He stated the co-generators at the Agency are not yet producing energy. Ms. Dorst-Porada asked if the Agency is receiving a refund for the nonfunctioning co-generator. Mr. Burke stated that the Agency did not pay for the co-generator, it was completed through a power purchase agreement. General Manager Deshmukh stated that staff is working on providing the Policy Committee with an energy update soon. Ms. Dorst-Porada asked if the new power center at RP-5 will be able to use methane. Mr. Burke stated that this power center will be one of the feeds received by Southern California Edison that will go through transformers and transmitted to various parts of the plant. The two existing co-generator engines are in the Renewable Energy and Efficiency Project (REEP) building and part of the project is to pump digester gas there to generate electricity. Ms. Dorst-Porada asked regarding the projected rate increases for these projects. Mr. Chagoyen-Lazaro stated that the information requested will be brought to the next Policy Committee meeting.

Mr. Reed asked regarding the discrepancy in FY 2020/21-2029/30 proposed TYF from last year to this year. Mr. Chagoyen-Lazaro stated that only capital projects were included in this year graph. Mr. Dutrey asked if the RP-1 Capacity Recovery and AWP costs listed are soft costs and hard costs will occur post 10 year to this plan. Mr. Chagoyen-Lazaro stated that these costs will be for pre-design and design phases of the project rather than for construction. Mr. Dutrey asked when the RP-2 plant needs to be decommissioned. Mr. Chagoyen-Lazaro stated that the lease ends in 2035.

Chair Velto left the meeting at 4:28 p.m.

Mr. Chagoyen-Lazaro also gave an overview of the projected debt service until 2050 and the timeline for the ten-year forecast process. Discussion ensued regarding the project debt service, rate structure and studies, and sewage and connection fees.

General Manager Deshmukh stated that staff agrees that it is important to determine the timing of which projects need to be completed. The Agency aims to practice asset management to

minimize the total cost of owning and operating the same assets while maintaining the desired service level. The asset management program includes examining the current state of assets, critical assets to sustain performance, minimal life cycle costs, and long-term funding strategies. A strong asset management program will result in reduced overall costs and will control rate increases moving forward. Mr. Dutrey requested a tour of all the plants at IEUA with safety precautions as COVID-19 restrictions are slowly lifting to gain a better understanding of IEUA's assets and projects. General Manager Deshmukh stated that staff would like to offer tours to the Policy committee members in smaller groups at this time. He stated that staff will also be planning a group tour in the next few months.

3. RECEIVE AND FILE

A. BUILDING ACTIVITY REPORT

The Building Activity Report for January 2021 was received and filed by the Committee.

B. RECYCLED WATER DISTRIBUTION – OPERATIONS SUMMARY

The Recycled Water Distribution – Operations Summary for February 2021 was received and filed by the Committee.

C. REGIONAL CONTRACT NEGOTIATION MEETING NOTES

The Regional Contract Negotiation meeting notes were received and filed by the Committee.

4. OTHER BUSINESS

A. IEUA GENERAL MANAGER'S UPDATE

General Manager Deshmukh did not have any additional updates.

B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING

Ms. Dorst-Porada stated that she would like to see the rate payer analysis for the next 10 years. Committee members expressed their desire to participate in the tours of IEUA Facilities.

C. COMMITTEE MEMBER COMMENTS

Committee members expressed their concerns with potential future water shortages and regulations.

D. NEXT MEETING – MAY 6, 2021

5. ADJOURNMENT

Co-Chair Reed adjourned the meeting at 4:49 p.m.

Transcribed by:

Sally H. Lee, Executive Assistant

WORKSHOP

3A

POLICY COMMITTEE GOVERNANCE WORKSHOP



Kearns & West Team: J. Michael Harty, Terra Alpaugh

MAY 6, 2021

TODAY'S TOPICS

- » SCN UPDATE
- » GOVERNANCE IN THE CURRENT CONTRACT
- » KEY GOVERNANCE INTERESTS
- » POLICY COMMITTEE PRIORITIES

SCN STATUS REPORT

Sewage Contract Negotiations (SCN)

Completed Term Sheets

- ❖ RECENT JOINT REVIEW OF 7 TERM SHEETS:
 - ❖ Allocation of Regional Wastewater Capital Costs, O&M Costs, Flows
 - ❖ Contract-Required Reports
 - ❖ Process for Capital Calls
 - ❖ Contract audits
 - ❖ Collection of connection fees, monthly billing charges
 - ❖ Wastewater & Recycled Water Forecasting

Recycled Water Issues

- ❖ EXTENSIVE DISCUSSION
- ❖ DRAFT TERM SHEETS
- ❖ LINKAGE TO REGIONAL ISSUES
- ❖ "ON HOLD" WHILE IEUA-CA CONVERSATIONS ON RW STRATEGY ONGOING

Exhibit J (formula for wastewater flow)

- ❖ TECHNICAL STUDY UNDERWAY TO UPDATE FORMULA

Governance

- ❖ CURRENT FOCUS OF DISCUSSIONS
- ❖ TWO CA PROPOSALS: PROPERTY TAXES & THIRD-PARTY AGREEMENTS

GOVERNANCE IN THE CURRENT CONTRACT

- » Contract fundamentals
 - » Purpose
 - » Timeframe: 50 years, expires January 2023
- » Contract governance: Roles, Authority, Systems, Norms
 - » Regional Technical Committee
 - » Regional Policy Committee
 - » IEUA Board
- » Key points and challenges
 - » Unique, contract-based, negotiated arrangement
 - » Significant external changes over time: IEUA level-of-service, regional growth, litigation, use and value of recycled water
 - » Increased difficulty separating wastewater and water issues, resulting in a lack of clarity regarding whether they are inside or outside the contract
 - » Largely successful in achieving its purpose based on 2017 assessment
 - » Disagreements over past 10 years: around rates and process, use of taxes, contract amendment, recycled water

REGIONAL POLICY COMMITTEE ROLE IN THE CURRENT CONTRACT

- » Section 24: The parties **desire to provide for a Regional Policy Committee to advise [IEUA] of the needs and views** of the Contracting Agencies concerning [IEUA]'s policies and activities in the **financing, acquisition, construction, maintenance and operation** of the Regional Sewerage System, to **make reports and recommendations with respect thereto**, and to fully inform the Contracting Agencies concerning such policies and activities.
- » The committee may adopt such procedures and rules as it deems advisable concerning ... the manner and method of making its reviews, reports and recommendations

POLICY COMMITTEE ROLE CONT.

» Ten Year Forecast (p. 31-32)

- » Within 45 days of receiving proposed capital projects, RPC prioritizes them. “The **prioritization of the RPC shall be binding upon [IEUA]**, and [IEUA] shall follow the recommendations of the RPC with respect to scheduling of design and construction of prioritized capital improvement projects **unless** the Board of Directors of [IEUA] determines **based on specific findings**, that the RPC’s recommended schedule for design and construction **would impair its ability to operate the Regional Sewerage System** or would impose unreasonable burdens upon it with respect to construction supervision or administration or financing of Regional Sewerage System capital improvement projects or unless a CA objects in writing to the recommendations of the RPC.”

» Mid-Year Report (p.33-34)

- » Within 45 days of receipt, RPC “may but need not make recommendations of comments to [IEUA] thereto.” “[IEUA]’s Board of Directors **shall follow the recommendations of the RPC** with respect to such reports **unless** it determines, **based on specific findings, that to do so would impair its ability to operate the Regional Sewerage System or impose unreasonable burdens** with respect to the timing of design and construction or financing of design and construction of Regional Sewerage System capital improvement projects or unless a CA objects thereto in writing. In the event of such a determination by said Board of Directors or the filing of such a written objection, the hearing procedures set forth in Section 26A hereof shall apply and [IEUA]’s Board of Directors shall not make a final determination with respect to the RPC’s recommendations until such hearing procedures have been completed.

» Capital Capacity Reimbursement Amount & Exhibit J Formula (p. 23, 34)

- » May determine to increase or decrease Capital Capacity Reimbursement Payment amount or to modify Exhibit J formula. “Upon receiving such a communication, **Board shall adopt a resolution implementing the increase or decrease** in the amount of Capital Capacity Reimbursement Payment and the modification of said table and formulae ... [which] shall be binding on all CAs.”

» **Transfer of Capacity Demand**

- » Will consider recommendations of RTC re: whether to allow a CA to continue to make connections to the Regional Sewerage System even though its capacity demand will exceed its forecast demand and in turn, **make a recommendation to the IEUA Board.**

» **Major Construction Contracts**

- » RPC must **approve** any construction contract above \$2 million.

» **Design Contracts**

- » IEUA cannot award a design contract for any project that was not prioritized by the RPC as part of the TYF.

» **Budget**

- » RPC to provide written report and recommendations on proposed budget. The Board **shall update budget** in accordance with recommendation **unless, based on specific findings,** it “determines **that such alteration impairs [IEUA’s] ability to operate the Regional Sewerage System.**”

» **Capital Improvement Projections**

- » If tax projections adversely impact funding of budgeted capital improvement projects IEUA shall initiate a budget review “through the RPC” and amend the budget as necessary.

» **Grants**

- » IEUA to give PRC **written notice of intention to negotiate** for a grant or financial assistance. RPC to designate one representative to **participate in negotiations** and to keep the RPC and RTC informed.

» **Amendments**

- » If IEUA proposes to amend or rescind any existing Service Contract with a CA or enter a new Service Contract, they will adopt a resolution declaring intention to hold a hearing on the topic. RPC **to submit written report and recommendation,** which the **Board “shall consider”** at the hearing.

REGIONAL TECHNICAL COMMITTEE ROLE IN THE CURRENT CONTRACT

Section 25: The parties **desire to provide for a Regional Technical Committee** ... The committee may, and upon request by the Regional Policy Committee or [IEUA] shall, **review and make recommendations concerning any of the following technical matters:** the acquisition, design, construction, maintenance, operation, or financing of sewer facilities, sewage treatment, reclamation, or disposal facilities, sewage and effluent measuring devices and equipment, Community Sewer Systems and the Regional Sewerage System; sewer user charges; service charges; quality standards for sewage and any effluent; and any other technical matter related to any of the foregoing.

TECHNICAL COMMITTEE ROLE CONT.

» **CA acquisition of a Wastewater Treatment Plant**

- » Technical Committee to provide recommendation to the Board re: whether action will be detrimental to operation of the Regional Sewerage System.

» **IEUA Acquisition of Regional Interceptors**

- » Technical Committee to provide recommendation to the Board as to whether or not it should be acquired

» **Reclaimable Industrial Waste**

- » RTC to review any proposed new connection to determine whether they would meet IEUA's quality standards or adversely affect treatment of forecasted demands.

» **Capital Improvement Projections**

- » If tax projections adversely impact funding of budgeted capital improvement projects IEUA shall initiate a budget review "through the RPC" and amend the budget as necessary

» **Transfer of Capacity Demand**

- » RTC makes recommendation to RPC re: whether to allow a CA to continue to make connections to the Regional Sewerage System even though its capacity demand will exceed its forecast demand.

» **Selection of Design Engineers & Design Review**

- » RTC to review all RFPs and deliver to IEUA unranked recommended list of at least three engineering firms. IEUA to keep RTC fully informed of progress and details of design of all Major Projects.

TECHNICAL COMMITTEE ROLE CONT.

» **Sewage Delivery Points**

- » RTC endorsement of new delivery points requested by any individual CA required for IEUA approval.

» **Sewage Delivery Measurement**

- » IEUA and RTC to agree from time to time on method for determining amounts of sewage deliveries to system

» **Adjustment for Over or Under-payment of Service Charges**

- » In the event of a disagreement between IEUA and a CA, IEUA to notify RTC and request recommendation and report. IEUA to credit or debit a CA's service charge account consistent with RTC written recommendation.

IEUA'S BOARD IN THE CURRENT CONTRACT

- » The contract does not contain a similar provision "providing for" the Board and describing its role
- » Certain Policy Committee recommendations are **binding** on Board (TYF prioritizations, mid-year reports, budgets) **unless** they impair IEUA's ability to operate the regional sewage system or impose unreasonable burdens
- » Section 26A: Board hearings covering determinations, reports, and recommendations of the Policy Committee result in final administrative actions subject to judicial review
- » No memory of a 26A hearing

HIGH LEVEL INTERESTS FOR A GOVERNANCE SOLUTION

USE THESE INTERESTS TO TEST:
Is this a “yes-able” proposal?

» **Shared Governance Interests**

- » Use the existing Contract as a starting point
- » Retain the existing Committee (TC and PC) structure
- » Transparency

» **Key governance interests articulated by IEUA:**

- » Want to maintain the Board’s authority and ability to run a fiscally-responsible organization
- » Maintain an efficient decision-making process
- » Hear CA interests and demonstrate responsiveness to requests

» **Key governance interests articulated by CAs:**

- » Want to be informed and have opportunities for input earlier in the decision-making process
- » Process to ensure IEUA Board is listening to PC input
- » Have a meaningful role in managing costs to ratepayers

SHARING PERSPECTIVES & PRIORITIES

- » **What aspects of the current governance structure work well?**
- » **What concerns do Policy Committee members have about the current governance structure?**

**INFORMATION
ITEM**

4A



Date: April 29,2021/May 6, 2021

To: Regional Committees

From: Inland Empire Utilities Agency *ASP*

Subject: Review of Proposed Biennial Budget for Fiscal Years 2021/22 and 2022/23
for the Regional Wastewater and Recycled Water Programs

RECOMMENDATION

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

BACKGROUND

This item was presented as an information item at the IEUA Board of Directors meeting on April 21, 2021.

Date: April 21, 2021

To: The Honorable Board of Directors

From: Shivaji Deshmukh, General Manager

Committee: Finance & Administration

04/14/21

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

Subject: Review of Proposed Biennial Budget for Fiscal Years 2021/22 and 2022/23 for
Regional Wastewater and Recycled Water Funds

Executive Summary:

The Agency's proposed biennial budget for fiscal year (FYs) 2021/22 and 2022/23 is consistent with the the Agency's long-term planning documents and Board-adopted business goals of fiscal responsibility, work environment, water reliability, and wastewater management. A Board workshop was held on April 7, 2021 on the proposed consolidated biennial budget for all Agency funds. The focus of this review is the proposed biennial budget for the Regional Wastewater and Recycled Water programs. The proposed budget will be presented to the Regional Technical and Regional Policy Committees on April 29, and May 6, 2021, respectively.

As highlighted in the Background document, no changes are proposed to the adopted rates for FY 2021/22. FY 2022/23 assume a minor rate adjustment, between 2 percent - 4 percent, to support projected expenses related to higher utility costs due to rate increases from Southern California Edison, and the implementation of succession planning. The recommendation to adopt rates for FY 2022/23 will be provided to the Board and Regional Committees during the mid-year review cycled of the biennial budget.

Staff's Recommendation:

This is an information item for the Board of Directors to review and provide comments.

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

Account/Project Name:

Fiscal Impact (explain if not budgeted):

Prior Board Action:

On June 17, 2020, the Board approved budget amendments to the Agency's FY 2020/21 adopted budget approved in 2019.

On June 19, 2019, the Board approved the Agency's biennial budget for FYs 2019/20 and 2020/21.

Environmental Determination:

Not Applicable

Business Goal:

The proposed budget for these programs is consistent with the IEUA Business Goals of Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices.

Attachments:

Attachment 1 - Background

Attachment 2 - Powerpoint

Background

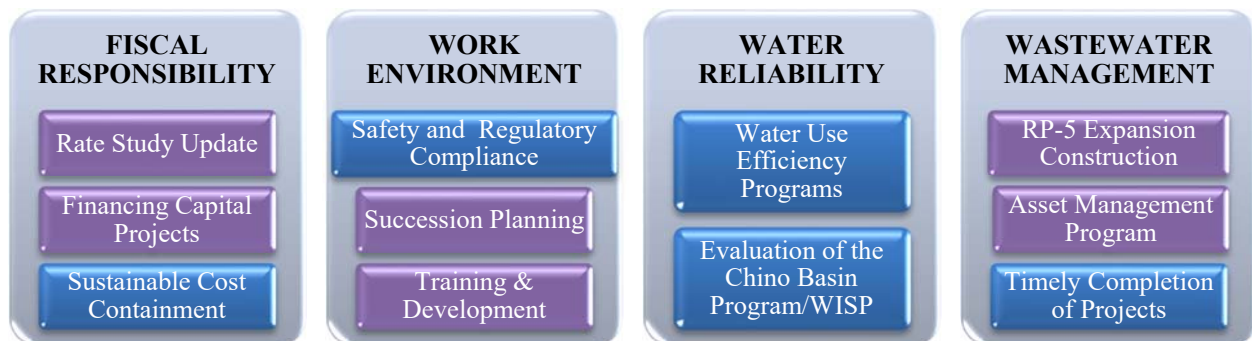
Subject: Review of Proposed Biennial Budget for Fiscal Years 2021/22 and 2022/23 for the Regional Wastewater and Recycled Water Programs

No one could have predicted the impact of the COVID-19 pandemic to our communities and our day-to-day lives. In response to Governor Newsom's Order issued on March 17, 2020, swift changes had to be implemented to keep our employees and our communities safe. More than half of our employees, our operators, maintenance staff, laboratory staff, project managers, and other Agency staff continued to come to work under stringent COVID-19 guidelines. The remainder of the employees successfully transitioned to remote work status. Decades of fiscal discipline positioned the Agency well to successfully deal with such an unprecedented event and continue to provide high quality critical services to our customers and the communities that we serve.

The successful mobilization and transition of many of our employees to remote work status has provided management an opportunity to adjust business processes to further leverage online services where it is practical to do so. While the pace of economic activity has moderated in the recent months, a return to pre-pandemic levels will depend significantly on the course of the virus and the progress on vaccinations. One year later, we remain committed to safeguarding the health of our employees and our community.

The proposed biennial budget for Fiscal Years (FYs) 2021/22 and 2022/23 (Proposed Budget) and the Ten-Year Capital Improvement Plan (TYCIP) for FYs 2021/22 – 2030/31 are based on cautious optimism of a return to new "normal" conditions. The proposed TYCIP was presented to the IEUA Board of Directors (Board) on March 3, 2021. The capital projects planned over the next ten fiscal years for the Regional Wastewater and Recycled Water programs were presented to the Regional Technical and Regional Policy Committees on March 25, 2021, and April 1, 2021, respectively as part of the Ten Year Forecast (TYF) consistent with the Regional Sewerage Service Contract (Regional Contract).

The proposed Budget and TYCIP are consistent with the Agency's long-term planning documents, and the Board-adopted 2016 Business Goals of fiscal responsibility, work environment, water reliability, and wastewater management. Some of the key objectives of the proposed biennial budget include:



Key Objective Highlights

Succession Planning: In the last seven years, an average of almost 10 employees have retired each year. The trendline is steadily increasing with 13 retirements in FY 2019/20. Today, 25 percent of full-time employees (FTEs) will be eligible to retire. The number jumps to 41 percent by 2025. Collectively, these employees have hundreds of years expertise and vast institutional knowledge that will take years to replace.

To preserve institutional knowledge, the Agency's succession planning supports the early recruitment of critical positions. Some of these critical positions include operators, electrical and instrumentation technicians, mechanics, control system analysts, and groundwater recharge/recycled water operators. For certain critical positions, such as operators, it takes between one to four years to attain an Operator Grade III certification and between four and ten years for a Grade V depending on experience and education. State regulations require a minimum Grade III certification to serve as the Designated Operator-in-Charge and a Grade V to serve as the Chief Operator based on the size of our treatment plants. Of the Agency's 28 Operators, 26 hold a Grade III or higher Operator certification and approximately 31 percent are eligible to retire within the next three years.

The percentage of operators who are eligible to retire is not unique to IEUA, as other water/wastewater agencies across the State are dealing with the same challenge. Early recruitment of such critical positions is essential to ensure the sustainable operation of the Agency facilities and service our community. However, due to two primary factors, early recruitment has only been possible on a limited basis.

One factor is the shrinking pool of qualified candidates due to industry wide retirements and pension reform which disincentivizes experienced candidates from moving to another agency due to a loss in benefits. Agencies across state are competing for the same pool of limited qualified candidates.

The second factor is the currently authorized number of 290 FTEs. The authorized number of 290 FTEs has remained unchanged since FY 2013/14 when it was reduced from 295 as part of the Agency's cost containment efforts. While the average number of active FTEs is usually below the authorized level, all 290 authorized positions are either filled or currently in recruitment, making it difficult to fully engage in succession planning by recruiting early for positions that we know will soon be vacated, such as operators, beyond the authorized 290 FTEs level.

In some cases, limited term (LTs) employees, contracted workers, and interns have been retained to provide needed resources when an FTE position is not available. In addition to the authorized 290 FTEs, the adopted budget for FY 2020/21 includes 18 LTs, for a total of 308 positions. However, the limited nature of the LT position diminishes interest of qualified candidates who prefer the security of a full-time position. Additionally, reliance on LT positions, contracted workers, and interns for non-project work hinders the Agency's ability to engage in long-term, strategic planning.

In order to secure the critical resources needed to support continuity of critical Agency operations through the ability to engage in the necessary succession planning over the next five years, an increase in total staffing from 308 (290 FTEs + 18 LTs) to 312 (302 FTEs + 10 LTs) is proposed

for FY 2021/22. The proposed staffing level will provide management more flexibility and allow for early recruitment of certain critical positions to support preservation of critical skills and institutional knowledge transfer needed to support operations.

The focus of this review is the proposed biennial budget for the Regional Wastewater and the Recycled Water programs. These will be presented to the Regional Technical and Regional Policy Committees on April 29, and May 6, 2021, respectively.

Property Tax Re-Allocation

The current allocation of property taxes amongst Agency funds was adopted by the Board in 2016. At that time, funding was needed to support investments in regional water resource projects consistent with the Integrated Water Resources Plan (IRP) approved by the Board in November 2015 and developed in collaboration with regional member agencies. The IRP supported water supply strategies, including:

- **Groundwater:** Acquire additional supplemental water to enhance groundwater recharge, sustain production, and reduce basin salinity.
- **Imported Water:** Strategically maximize the purchase of imported water for recharge or in-lieu when available.
- **Supplemental Water:** Pursue external water supplies including exchanges, storage, and water transfers to augment groundwater recharge and recycled water programs. External supplies include surface, imported, and non-potable water.

As summarized in Table 1, the 65 percent allocation for the Regional Wastewater Capital Improvement (Wastewater Capital) fund remained unchanged. An annual fixed amount was set for the Regional Wastewater Operations and Maintenance (Wastewater Operations), the Recycled Water, and Administrative Services funds. The remaining balance was re-allocated to the Water Resources fund to support the IRP strategies not supported by the monthly meter equivalent unit (MEU) rate.

Over the last five years, the property tax allocated to the Water Resources fund has helped to support various project costs, including some at the request of member agencies:

- Seven-year phase in of the MWD Readiness-to-Serve (RTS) pass-through costs to member agencies as part of the Water Resources program rate restructuring (FYs 2016/17 – 2022/23),
- SARCCUP participation to complete the CEQA evaluation.
- Purchase of supplemental water from Cucamonga Valley Water District, and
- Evaluation of the Chino Basin Program.

While regional water resource programs continue to be a key initiative, the expansion and upkeep of Agency facilities and infrastructure will be a primary focus over the next few years. The capital projects included in the proposed TYCIP of \$837 million are needed to support an increase in services from future growth as projected by member agencies, asset management for timely upkeep and improvement of aging assets, and to maintain compliance with changing regulatory and safety requirements. Nearly 74 percent of the proposed capital projects are planned for the

first four years. The financing plan for proposed TYCIP is almost evenly supported by new debt borrowings of 48 percent and pay-go of 51 percent which includes connection fees, rates, and property taxes. The remaining one percent is a conservative estimate in grant funding.

The proposed re-allocation of property taxes is summarized in Table 1.

Table 1: Property Tax Allocation by Fund (\$ Millions)

Fund	Purpose	Current Allocation	FY 2020/21 Projections	Proposed Re-Allocation	FY 2021/22 Projections
Regional Wastewater Capital Improvement	Supports debt service costs for acquisition, improvement, replacement and expansion of regional wastewater facilities.	65% of total tax receipts	\$36.8	No Change 65% of total tax receipts	\$37.4
Regional Wastewater Operations & Maintenance	Supports capital replacements and rehabilitation cost and any operation costs not fully recovered by rates.	Fixed Annual Amount	\$9.5	23%	\$13.2
Recycled Water	Supports debt service costs for acquisition, improvement, replacement and expansion of regional recycled water facilities.	Fixed Annual Amount	\$2.2	4.0%	\$2.3
Administrative Services	Supports agency-wide costs not allocated to other Agency funds.	Fixed Annual Amount	\$2.0	4.5%	\$2.6
Water Resources	Supports regional water supply strategies.	Net remaining balance	\$6.1	3.5%	\$2.0
TOTAL			\$56.6		\$57.5

Regional Wastewater Program

In accordance with the Regional Contract, the Regional Wastewater Program is comprised of two funds; the Regional Wastewater Capital Improvement (Wastewater Capital) fund and the Regional Wastewater Operations and Maintenance (Wastewater Operations) fund, components of each fund are shown below in Table 2.

Table 2: Regional Wastewater Program Components

Description	Wastewater Capital	Wastewater Operations
Accounts for the Agency's regional wastewater systems	Acquisitions, construction, improvement, and expansion.	Collection, treatment, and disposal of domestic sewage treatment for the contracting agencies, capital replacement and rehabilitation costs, and organics management.
Primary Revenues & Other Funding Sources	New EDU* connection fees, property taxes, debt proceeds, and grant receipts.	Monthly EDU* sewer rate, property taxes, and contract reimbursements.
Primary Expenses and Other Uses of Funds	Capital project costs, debt service, and program support.	O&M costs including employment, chemicals, utilities, materials & supplies, etc.

*EDU = Equivalent dwelling unit is the estimated volumetric impact of a single residence.

Regional Wastewater Capital Improvement Fund (Wastewater Capital Fund)

Total revenues and other funding sources in the Wastewater Capital fund are estimated at \$77.3 million and \$124.9 million for FYs 2021/22 and 2022/23, respectively. State Revolving Fund (SRF) and WIFIA loan proceeds of \$0.7 million in FY 2021/22, and \$44.7 million in FY 2022/23 are projected. The proceeds are to support construction of the RP-5 Expansion and other Regional Capital projects. Table 3 below summarizes the major funding sources for the Regional Wastewater Capital Improvement Fund.

Wastewater Connection Fee

New equivalent dwelling unit (EDU) connections are projected to be 4,000 each year. This projection is lower than the member agencies forecast of 8,992 and 8,563 units for FY 2021/22 and FY 2022/23, respectively. Projected connections and rates are shown in Appendix Table A3. While the Agency applies member agencies growth forecasts to plan expansion of its facilities, a lower growth forecast is applied to revenue forecasts. This conservative approach ensures facilities are ready to meet the increased service demands from future growth and provides flexibility in financing options. Revenues from wastewater connection fees are estimated at \$29.5 million in FY 2021/22, and \$30.4 million in FY 2022/23.

Wastewater Property Tax Receipts

Property tax receipts allocated to the Wastewater Capital fund first support annual debt service costs, then capital project expenditures. An increase of two percent in assessed valuations is assumed for property tax receipts projected for each of the next two fiscal years. FYs 2021/22 and 2022/23 projected property tax receipts are \$37.4 million and \$38.0 million, respectively.

Table 3: Wastewater Capital Fund Major Funding Sources

Major Funding Sources (\$Millions)	FY 2021/22	FY 2022/23	Key Assumptions
Wastewater Connection Fees	\$29.5	\$30.4	4,000 new EDU connections at an adopted fee of \$7,379 per EDU in FY 2021/22 and 4,000 new EDU connections at a projected fee of \$7,600 for FY 2022/23.
Property Tax	37.4	38.0	Annual allocation of total property taxes to the Wastewater Capital fund will continue at 65% of total property tax receipts.
Debt and Grant Proceeds	0.8	44.7	SRF and WIFIA loan proceeds for the RP-5 Liquid and Solid Treatment capacity expansion and various other projects.
Inter-Fund Transfers and Other	9.6	11.8	Interfund transfer from Wastewater Operations fund to support the RP-5 Solids Treatment expansion and the CCWRF* Asset Management Improvement project, inter-fund loan reimbursement and interest revenues.
Total	\$77.3	\$124.9	

*CCWRF- Carbon Canyon Water Recycling Facility

As reported in Table 4, a major expenditure in the Wastewater Capital fund is the capital investment plan (CIP) which accounts for approximately 88 percent of proposed budget. A total of \$202.3 million in capital project costs is budgeted in FY 2021/22 and \$154.7 million in FY 2022/23. The main driver of the proposed CIP budget is construction of the RP-5 Expansion project. Other major projects are summarized in Table 5.

Table 4: Wastewater Capital Fund Major Expenses and Other Uses of Funds

Major Uses of Funds (\$Millions)	FY 2021/22	FY 2022/23	Key Assumptions
Program Support	\$6.8	\$6.9	Includes employment, professional services, etc. in support of CIP.
Capital Improvement Plan (CIP)	202.3	154.7	Major capital projects and the Agency's share of capital investment in IERCA as summarized in Table 5.
Debt Service	7.2	7.0	Includes principal and interest for the 2017A, and 2020A bonds, 2020B Revenue Notes and various SRF loans.
Investment in IERCA	1.0	0.8	Includes the Agency's share of capital investment in the Inland Empire Regional Composting Authority (IERCA).
Other	13.3	8.1	Inter-fund transfers for capital and debt service support to other funds.
Total	\$230.6	\$177.5	

Table 5: Wastewater Capital Fund Major Capital Projects

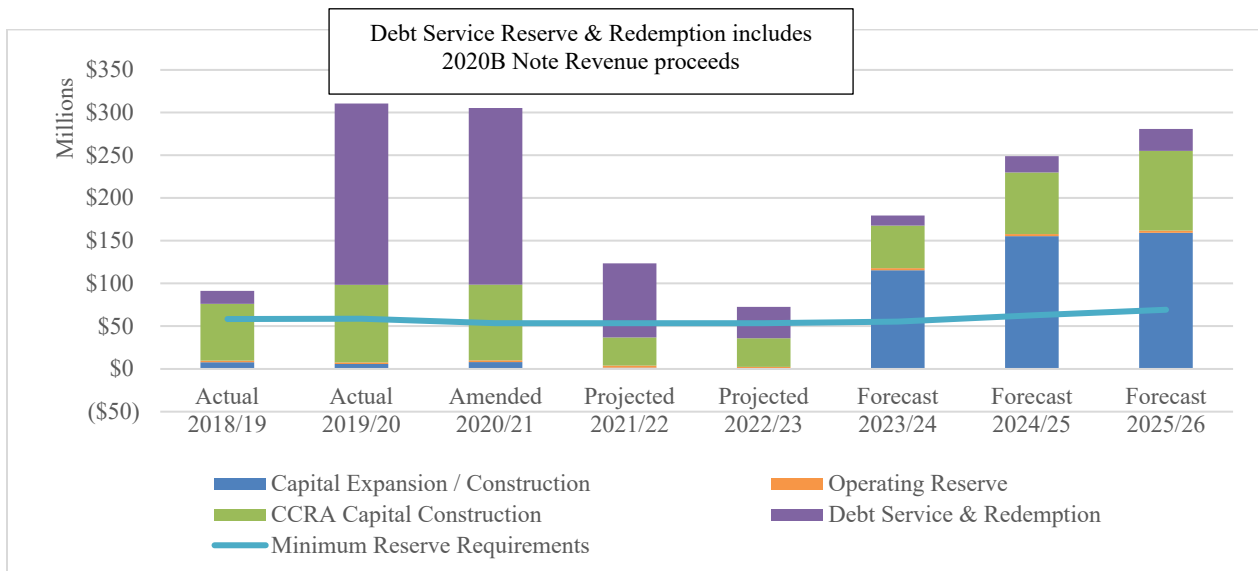
Major Projects (\$Millions)	FY 2021/22	FY 2022/23	FY 2023/24 to FY 2030/31	TYCIP Total
RP-5 Expansion Construction	\$177.0	\$113.0	\$60.2	\$350.2
RP-1 Thickening Bldg. & Acid Phase Digester	12.0	13.0	75.0	100.0
Asset Management Improvements	0.2	0.3	50.6	51.1
*CCWRF Asset Management Improvements	3.0	13.0	0.7	16.7
RP-1 Solids & Liquid Treatment Expansion			55.0	55.0
All Other Capital Projects	9.1	14.6	13.8	37.5
Investment in IERCA**	1.0	0.8	6.7	8.5
Total Capital Projects	\$202.3	\$154.7	\$262.0	\$619.0

*CCWRF- Carbon Canyon Water Recycling Facility

**IERCA – Inland Empire Regional Composting Authority

Wastewater Capital Fund Balance

The Wastewater Capital ending fund balance for FY 2021/22 is estimated at \$123.4 million, and \$71.5 million for FY 2022/23 as shown in Figure 1. The estimated decrease for both fiscal years is the use of bond proceeds, included in Debt Service & Redemption reserves, to support construction of the RP-5 Expansion projects.

Figure 1: Wastewater Capital Fund Reserve by Type

Regional Wastewater Operations & Maintenance Fund (Wastewater Operations)

Total revenues and other funding sources in the Wastewater Operations fund are estimated at \$102.6 million and \$98.3 million for FYs 2021/22 and 2022/23, respectively. This includes \$5.8 million of grant receipts in FY 2021/22 for the South Archibald Trichloroethylene (TCE) Plume Clean-Up project. Table 6 summarizes the Wastewater Operations fund proposed major revenues and other funding sources for FYs 2021/22 and 2022/23. Starting in FY 2021/22 the proposed amount of property taxes allocated to the Wastewater Operations & Maintenance Fund increased from a fixed amount of \$9.5 million to 23 percent of the property taxes collected by the Agency. The additional property taxes will support the implementation of additional replacement and rehabilitation projects that are not covered with the current rates.

Table 6: Wastewater Operations Fund Major Revenues and Other Funding Sources

Major Funding Sources (\$Millions)	FY 2021/22	FY 2022/23	Key Assumptions
Monthly EDU	\$73.0	\$76.2	Includes EDU rate of \$21.22 in FY 2021/22 and \$22.07 or 4% increase in FY 2022/23.
Grants	5.8	0.3	Grant proceeds for the South Archibald TCE Plume Clean-Up project.
Property Tax	13.2	13.4	Annual allocation of property taxes increased from a fixed annual amount of \$9.5 million to 23% of total property tax receipts starting in FY 2021/22.
Cost Reimbursement from IERCA*	4.5	4.6	Reimbursement of the IERCA labor costs.
Other	6.1	3.8	Includes interfund-transfers from water connection fees to support capital projects; interest revenue, contract cost reimbursement, and lease revenue.
Total	\$102.6	\$98.3	

*Inland Empire Regional Composting Authority

Total expenses and other uses of funds are \$103.2 million in FY 2021/22 and \$96.7 million in FY 2022/23. Proposed expenses and other uses of funds for FYs 2021/22 and 2022/23 are shown in Table 7.

Major expenses in the Wastewater Operations fund include operating and maintenance (O&M) expenses, capital R&R project costs, organic management activities, and debt service costs. Included in O&M expenses are employment costs which include the proposed staffing plan to support early recruitment of critical positions. The projected O&M expenses also include anticipated increases in electricity rates from Southern California Edison.

Table 7: Wastewater Operations Fund Major Expenses & Other Uses of Funds

Major Uses of Funds (\$Millions)	FY 2021/22	FY 2022/23	Key Assumptions
Operations & Maintenance (O&M)	\$68.5	\$71.7	Includes employment, chemicals utilities, professional and contract labor costs, and other O&M costs.
O&M project costs	6.9	4.2	Includes the South Archibald TCE Plume Clean-Up project.
Capital Rehabilitation & Replacement (R&R) project costs	16.3	9.6	Major R&R projects summarize in Table 8.
Debt Service	1.4	1.4	Includes principal and interest for the 2017A bonds and SRF loan for the water quality laboratory.
Other	10.1	9.8	Inter-fund transfers for capital project support to the Administrative. Services and share of the RP-5 Expansion project and CCWRF Asset Management Improvement project.
Total	\$103.2	\$96.7	

A total of \$16.3 million in capital project costs is budgeted in FY 2021/22 and \$9.6 million is projected for FY 2022/23. Major capital projects are listed in Table 8.

Table 8: Wastewater Operations Fund Major Capital Projects

Major Projects (\$Millions)	FY 2021/22	FY 2022/23	FY 2023/24 to FY 2030/31	TYCIP Total
RP-4 Process Improvements	\$5.0			\$5.0
RP-4 Primary Clarifier Rehabilitation	3.5			3.5
Digester 6 and 7 Roof Repairs	2.5	0.3		2.8
SCADA Enterprise System	1.3	5.3	3.4	10.0
North Major Facilities Repair	0.6	0.6	4.8	6.0
RP-1 Effluent Structure Rehabilitation	0.4	1.0		1.4
Advanced Water Purification Facility			21.3	21.3
RP-4 Process Improvement Phase II			8.3	8.3
All Other Capital Projects	3.0	2.4	28.7	34.1
Total	\$16.3	\$9.6	\$66.5	\$92.4

Monthly EDU Sewer Rate

At the request of member agencies, and as unanimously recommended by the Regional Committees, the Board adopted the monthly Wastewater Equivalent Dwelling Unit (EDU) Rate of \$20.60 and \$21.22 for Fiscal Years 2020/21 and 2021/22, respectively on November 20, 2019.

On May 6, 2020 the Board approved the deferral of the increase to the monthly EDU sewer rate, from \$20.60 to \$20.00, for FY 2020/21 in an effort to mitigate the fiscal impact of the COVID-19 pandemic to our ratepayers, and address concerns raised by some of our member agencies.

Shown on Table 9 is the adopted rate for FYs 2020/21, and projected rates for FYs 2022/23 thru 2024/25 subject to completion of the Return to Sewer Rate Study and development of a new EDU methodology which is the basis for the monthly sewer rates and wastewater connection fees. Based on the current timeline, the development of the new EDU methodology is not anticipated to be completed until April 2023. Given the recently announced increase in electricity rates by Southern California Edison (SCE) and the proposed increase in staffing to support early recruitment of critical positions, an adjustment to the monthly EDU rate may be needed for FY 2022/23. Based on current assumptions, an adjustment of four percent may be needed to support higher operating costs as shown in Table 9. Should an adjustment to the EDU rate be needed for FY 2022/23, a recommendation for approval will be provided to the IEUA Board and the Regional Committees.

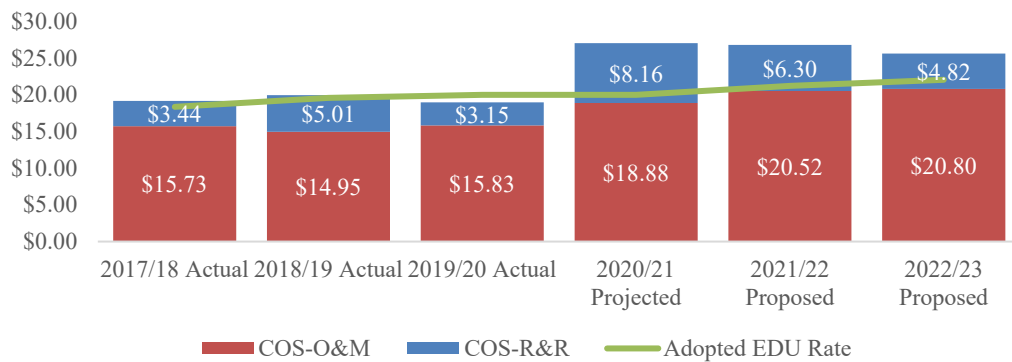
Table 9: Adopted Monthly EDU Sewage Rates

Rate Description	FY 2020/21 Adopted	FY 2021/22 Adopted	FY 2022/23 Projected	FY 2023/24 Projected	FY 2024/25 Projected
EDU Volumetric Rate	\$20.00	\$21.22	\$22.07	\$22.95	\$23.87
Effective Date	7/01/21	7/01/22	To be reviewed based on sewer use evaluation results		

The key Board objective is to establish rates that fully recover the cost of providing the service. Pursuant to the Regional Contract, the monthly EDU rate supports O&M costs, repair and replacement of assets, and fund reserves.

Figure 2 shows actual cost of service for the Wastewater Operations fund and projections when the FY 2020/21 budget was adopted. The proposed rates for FY 2021/22 at \$21.22 will partially support capital replacements and rehabilitation cost and operational costs. Property taxes will be used to subsidize for costs not fully recovered by the rates.

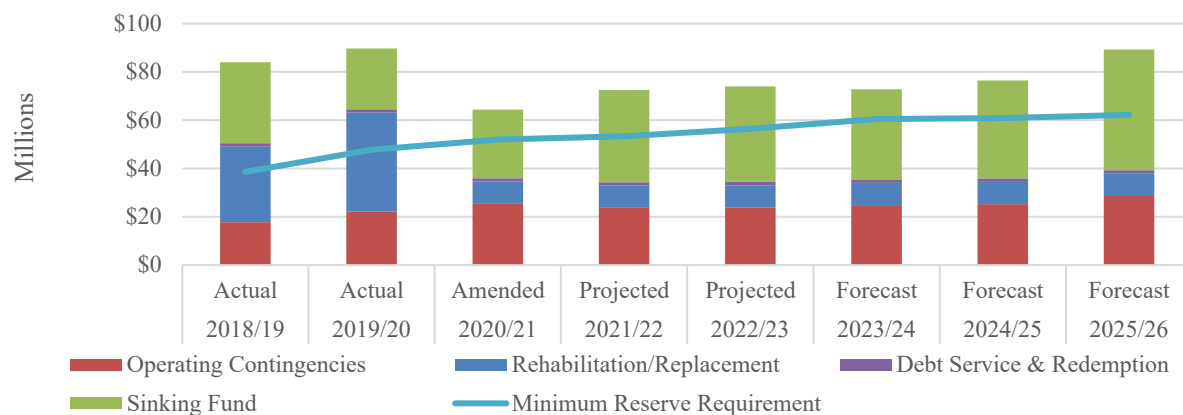
Figure 2: Monthly EDU Sewage Cost of Service



Wastewater Operations Fund Balance

The projected Wastewater Operations fund ending fund balance is estimated at \$72.5 million and \$74.0 million for FYs 2021/22 and 2022/23, respectively. The projected change in fund balance is due to the re-allocation of property tax receipts and contributions (inter-fund transfers) to the Wastewater Capital fund to support the for the Wastewater Operations fund share of the RP-5 Expansion and planned R&R projects, such as the CCWRF Asset Management and Improvements project costs.

Figure 3: Wastewater Operations Fund Reserves by Type



Recycled Water Fund

Total revenues and other funding sources in the Recycled Water fund are estimated at \$31.1 million and \$31.8 million for FYs 2021/22 and 2022/23, respectively. The Recycled Water fund receives a portion of Agency property tax receipts. The proposed re-allocation of property taxes to the Recycled Water fund from a fixed annual amount to 4 percent of total property tax receipts is projected to increase annual allocations going forward. Other sources of funds include interest earnings, miscellaneous reimbursements, and inter-fund debt service support for the 2017A Revenue bonds. Revenues and other funding sources of the Recycled Water fund are summarized in Table 10.

Recycled Water Rates

A conservative projection of 32,000-acre feet (AF) of regional recycled water deliveries are projected for each budget year. Recycled Water sales is estimated to generate revenues of \$17.3 million and \$17.6 million, respectively. A rate study is currently underway to evaluate recycled water program requirements, alternate rate structures, and long-term program sustainability. The rate study is projected to be complete by April 2022. Budgeted acre-feet and rates are summarized in Appendix Table A5.

One Water Connection Fee

Water connection fee revenues, collected to support capital investments in the Agency's regional water distribution system for FY 2021/22, are projected to be \$8.4 million and \$8.7 million for FY 2022/23. Water connection fee rates are set per meter equivalent unit (MEU). One MEU is equivalent to a 5/8" and 3/4" meter size (standard residential meter size). One Water Connection Fee rates are reported in Appendix Table A6.

Table 10: Recycled Water Fund Major Revenues & Other Funding Sources

Major Funding Sources (\$Millions)	FY 2021/22	FY 2022/23	Key Assumptions
Recycled Water Sales	\$17.3	\$17.6	FY 2021/22 adopted direct rate of \$520/AF and Groundwater Recharge (GWR) rate of \$580/AF FY 2022/23 projected direct rate is \$530/AF and GWR projected rate is \$590/AF.
Water Connection Fees	8.4	8.7	4,700 new MEU connections are projected for FY 2021/22 and FY 2022/23. The adopted rate is \$1,787/MEU and \$1,841/MEU for FY 2021/22 and 2022/23 respectively.
Property Tax	2.3	2.3	Projected property tax receipts increased from a fixed annual amount of \$2.2 million to 4% of total property tax receipts starting in FY 2021/22.
Other	3.1	3.2	Includes interest, miscellaneous reimbursements, and inter-fund debt service support for the 2017A Revenue bonds.
Total	\$31.1	\$31.8	

Total expense in FY 2021/22 and FY 2022/23 are projected to be \$31.7 and \$37.0 million, respectively. Major expenses for the Recycled Water fund include debt service, operating costs, and capital project expense. Operating costs include employment, pumping costs, O&M projects, and a portion of the groundwater recharge O&M costs not reimbursed by Chino Basin Watermaster (CBWM). The projected biennial expense and other uses of funds for the Recycled Water fund are summarized in Table 11.

Table 11: Recycled Water Fund Major Expenses & Other Uses of Funds

Major Uses of Funds (\$Millions)	FY 2021/22	FY 2022/23	Key Assumptions
Operating Expenses	\$13.7	\$13.9	Includes employment, professional fees, materials and supplies, pumping costs, a portion of the groundwater recharge operations expense, and O&M project costs.
Capital Improvement Plan (CIP)	2.5	5.6	See Table 11 for a summary of major capital projects.
Debt Service	12.2	14.3	Includes principal and interest costs for outstanding bonds and SRF loans and interfund loan repayments to the Non-Reclaimable Wastewater fund.
Other	3.3	3.2	Inter-fund transfers for water connection fees in support of the RRWDS*, and capital and operating support to the Administrative Services and Recharge Water funds.
Total	\$31.7	\$37.0	

*Regional Recycled Water Distribution System

Annual debt service costs include principal, interest, and financial fees for SRF loans, 2017A and 2020A Revenue Bonds, and interfund loan repayment to the Non-Reclaimable (NRW) and Regional Wastewater Capital funds. Debt service is estimated to be \$12.2 million in FY 2021/22 and \$14.3 million in FY 2022/23. The annual interfund loan repayment, which began in FY 2018/19, will first be applied to the \$6 million due to the NRW fund. Payments towards the \$13.5 million due to the Regional Wastewater Capital fund are budgeted to begin in FY 2022/23. The final re-payment of inter-fund loans is scheduled for FY 2024/25. A summary of inter-fund loans and repayment schedules is provided in Appendix Table A7.

Table 12: Recycled Water Fund Major Capital Projects

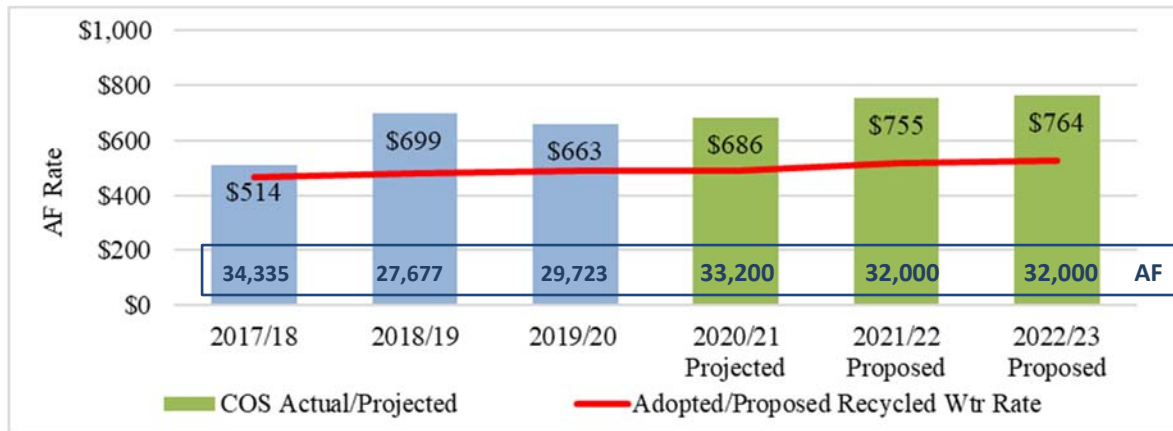
Major Projects (\$Millions)	FY 2021/22	FY 2022/23	FY 2023/24 to FY 2030/31	TYCIP Total
Asset Management Projects	\$0.5	\$1.0	\$52.6	\$54.1
RP-4 Contact Basin Cover & Wet Well Pass	0.7	3.5	-	4.2
8 th Street Recycled Water Turnout Connection	0.6	0.9	-	1.5
All Other Capital Projects	0.7	0.2	0.1	1.0
Total	\$2.5	\$5.6	\$52.7	\$60.8

Cost of Service Review

A key objective of the Board is to establish rates that fully recover the cost of providing the service. The 2022 Rate Study currently underway includes a comprehensive analysis of the Recycled Water program requirements to evaluate funding strategies that will provide long-term fiscal sustainability, including modification of the current rate structure.

As shown in Figure 4 the estimated cost of service of \$755/AF in FY 2021/22 is projected to exceed the adopted rate of \$520/AF. A key driver for the higher projected AF cost of service rate are the lower recycled water deliveries. Projections and underlying assumptions are reviewed and updated each year as part of the budget process.

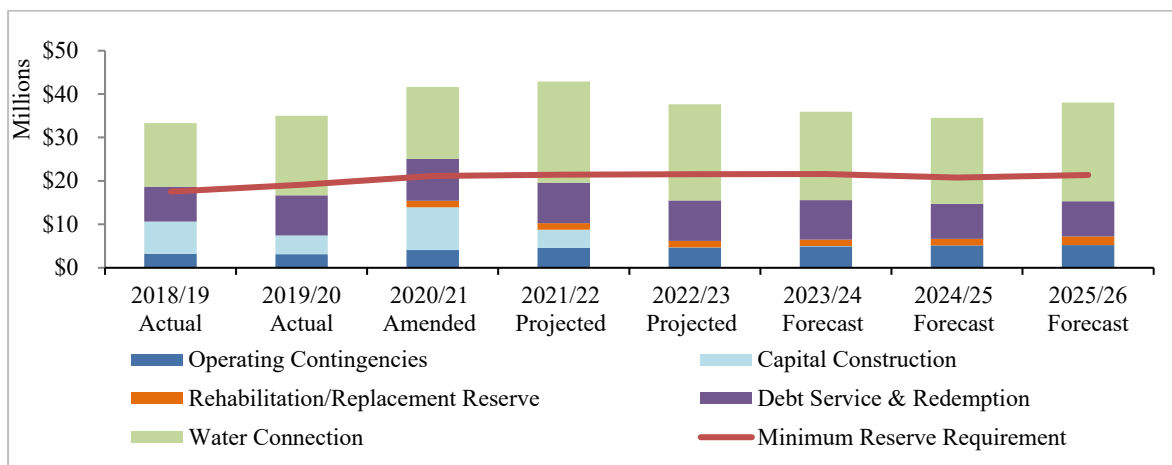
Figure 4: Recycled Water Cost of Service



The Recycled Water fund projected ending fund balances for FY 2021/22 and FY 2022/23 is \$42.8 million and \$37.6 million, respectively. The projected reserve balance decrease is largely due to increasing debt service costs, primarily repayment of the inter-fund loans to the Regional Capital and Non-Reclaimable Wastewater funds. Projected ending fund balances are reported below in Figure 5.

Recycled Water Fund Reserves

Figure 5: Recycled Water Fund Reserve by Type



Conclusion

Over the next two fiscal years the proposed budget reflects a cautious optimism of a return to normal. One of the main drivers of the budget is the implementation of the capital program with

the execution of critical projects, like the RP-5 Expansion, supported with low interest federal and state loans as the main financing strategy. During this period the Agency will work to complete the return to sewer study that will set up the parameters to adjust EDU monthly rate and the wastewater connection fees, and the evaluation of the Recycled Water Program to create a sustainable rate structure. The budgets also support the implementation of succession planning for timely recruitment to fill in critical positions ensuring timely transfer of knowledge and expertise to the next generation of Agency employees. Achieving these objectives will ensure the Agency is positioned to continue its commitment to delivering essential high-quality services in a cost-effective manner, supporting the region's economic development and maintaining the Agency's fiscal health.

Additional Background Information

Appendix A – Sources and Uses of Funds: Regional Wastewater Capital, Regional Wastewater O&M, and Recycled Water funds.

Appendix Table A1 – Acronyms

Appendix Table A2 – Key assumptions for FYs 2021/22 and 2022/23 budget

Appendix Table A3 – Wastewater connection fees

Appendix Table A4 – EDU volumetric rates

Appendix Table A5 – Recycled water rates

Appendix Table A6 – Water connection fees

Appendix Table A7 – Inter-fund loan repayment schedule

Appendix A

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2021/22 & 2022/23 BIENNIAL BUDGET
REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2018/2019	2019/2020	2020/2021	2021/22	2022/23	2023/24	2024/25	2025/26
	ACTUAL	ACTUAL	AMENDED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES								
Interest Revenue	\$838	\$836	\$826	\$592	\$700	\$838	\$721	\$436
TOTAL REVENUES	\$838	\$836	\$826	\$592	\$700	\$838	\$721	\$436
OTHER FINANCING SOURCES								
Property Tax - Debt and Capital	\$34,476	\$36,148	\$35,058	\$37,366	\$37,991	\$38,628	\$39,275	\$39,935
Regional System Connection Fees	22,435	24,259	27,820	29,514	30,400	31,312	32,251	33,219
Debt Proceeds	0	196,436	0	761	13,807	33,046	31,000	198,508
State Loans	0	0	65,293	0	30,906	108,988	23,750	4,776
Grants	0	123	0	0	0	0	0	0
Other Revenues	23	1,052	1	1	1	1	1	1
Inter Fund Loan	0	0	0	0	2,000	6,000	5,500	0
TOTAL OTHER FINANCING SOURCES	\$56,938	\$258,018	\$128,172	\$67,643	\$115,105	\$217,974	\$131,777	\$276,439
EXPENSES								
Employment Expenses	\$3,899	\$3,452	\$3,743	\$4,016	\$4,183	\$4,330	\$4,476	\$4,624
Contract Work/Special Projects	134	253	0	0	0	0	0	0
Operating Fees	263	267	275	281	289	298	307	316
Professional Fees and Services	295	821	420	654	546	605	615	624
Other Expenses	969	879	1,535	1,869	1,889	2,127	2,094	2,191
TOTAL EXPENSES	\$5,560	\$5,672	\$5,973	\$6,820	\$6,907	\$7,360	\$7,491	\$7,755
CAPITAL PROGRAM								
Work In Progress	\$24,845	\$13,813	\$98,645	\$201,296	\$153,927	\$96,608	\$49,583	\$21,850
IERCA investment	0	0	500	1,000	750	750	750	750
TOTAL CAPITAL PROGRAM	\$24,845	\$13,813	\$99,145	\$202,296	\$154,677	\$97,358	\$50,333	\$22,600
DEBT SERVICE								
Financial Expenses	\$211	\$316	\$256	\$9	\$8	\$9	\$14	\$10
Interest	2,786	3,360	2,656	2,669	2,350	1,965	3,076	7,552
Principal	8,922	9,370	9,630	4,540	4,672	4,988	5,566	204,762
TOTAL DEBT SERVICE	\$11,919	\$13,046	\$12,543	\$7,219	\$7,030	\$6,962	\$8,656	\$212,324
TRANSFERS IN (OUT)								
Capital Contribution	\$4,426	(\$1,062)	(\$737)	\$7,601	\$8,385	\$6,847	\$8,114	\$2,295
Debt Service	(3,174)	(3,119)	(3,192)	(3,138)	(3,136)	(3,268)	(2,886)	(2,886)
Capital - Connection Fees Allocation	(5,008)	(2,938)	(12,501)	(8,679)	(4,295)	(2,740)	(1,835)	(1,680)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$3,755)	(\$7,119)	(\$16,430)	(\$4,217)	\$954	\$839	\$3,392	(\$2,271)
FUND BALANCE								
Net Income (Loss)	\$11,697	\$219,204	(\$5,093)	(\$152,318)	(\$51,856)	\$107,971	\$69,411	\$31,925
Beginning Fund Balance July 01	79,611	91,308	106,523	275,709	123,392	71,536	179,507	248,918
ENDING FUND BALANCE AT JUNE 30*	\$91,308	\$310,512	\$101,429	\$123,392	\$71,536	\$179,507	\$248,918	\$280,843
RESERVE BALANCE SUMMARY								
Capital Construction	\$9,539	\$7,608	\$13,018	\$3,722	\$1,403	\$117,807	\$157,734	\$161,899
CCRA Capital Construction	66,474	90,733	73,114	33,067	33,467	49,778	72,029	93,248
Debt Service & Redemption	15,295	212,171	15,298	86,603	36,666	11,922	19,154	25,696
ENDING BALANCE AT JUNE 30	\$91,308	\$310,512	\$101,429	\$123,392	\$71,536	\$179,507	\$248,918	\$280,843

*Numbers may not tie due to rounding

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2021/22 & 2022/23 BIENNIAL BUDGET
REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	ACTUAL	ACTUAL	AMENDED BUDGET	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES								
User Charges	\$66,499	\$68,506	\$68,327	\$72,924	\$76,203	\$79,618	\$83,203	\$86,927
Cost Reimbursement JPA	4,024	4,269	4,227	4,461	4,595	4,733	4,875	5,021
Contract Cost Reimbursement	111	92	66	75	75	75	75	75
Interest Revenue	1,667	1,791	1,300	1,200	1,200	1,100	1,300	1,400
TOTAL REVENUES	\$72,301	\$74,658	\$73,920	\$78,660	\$82,073	\$85,526	\$89,453	\$93,423
OTHER FINANCING SOURCES								
Property Tax Revenues - Debt/Capital	\$9,549	\$9,549	\$9,549	\$13,222	\$13,443	\$13,668	\$13,897	\$14,131
State Loans	2,519	217	0	0	0	0	0	0
Grants	712	3,597	3,794	5,793	283	0	0	0
Other Revenues	385	281	909	80	80	80	80	80
TOTAL OTHER FINANCING SOURCES	\$13,164	\$13,643	\$14,252	\$19,095	\$13,806	\$13,748	\$13,977	\$14,211
EXPENSES								
Employment Expenses	\$28,726	\$33,497	\$35,261	\$35,662	\$37,142	\$38,455	\$39,759	\$41,072
Contract Work/Special Projects	4,744	13,075	14,483	6,942	4,220	4,385	3,600	5,289
Utilities	5,318	5,224	6,616	8,283	9,288	9,567	9,854	10,149
Operating Fees	1,613	1,499	2,114	2,404	2,497	2,597	2,674	2,776
Chemicals	4,572	5,074	5,284	6,004	6,184	6,369	6,560	6,757
Professional Fees and Services	2,971	2,698	5,612	4,233	4,463	4,784	4,903	5,043
Biosolids Recycling	4,305	4,604	4,723	4,733	4,875	5,022	5,172	5,327
Materials & Supplies	2,074	2,185	2,188	2,010	2,048	2,110	2,173	2,238
Other Expenses	2,728	2,532	3,962	5,170	5,233	5,876	5,792	6,058
TOTAL EXPENSES	\$57,052	\$70,400	\$80,246	\$75,446	\$75,954	\$79,168	\$80,490	\$84,712
CAPITAL PROGRAM								
Capital Construction & Expansion (W/	\$20,629	\$13,352	\$40,689	\$16,292	\$9,610	\$13,847	\$8,364	\$6,426
TOTAL CAPITAL PROGRAM	\$20,629	\$13,352	\$40,689	\$16,292	\$9,610	\$13,847	\$8,364	\$6,426
DEBT SERVICE								
Financial Expenses	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$1
Interest	819	593	627	614	591	568	543	517
Principal	728	755	754	784	806	849	874	900
TOTAL DEBT SERVICE	\$1,548	\$1,349	\$1,381	\$1,398	\$1,398	\$1,417	\$1,417	\$1,417
TRANSFERS IN (OUT)								
Capital Contribution	(\$3,559)	\$132	(\$1,368)	(\$9,056)	(\$9,056)	(\$7,056)	(\$8,497)	(\$3,120)
Debt Service	306	250	110	114	114	114	(265)	(265)
Operation Support	(320)	(277)	(298)	(1,092)	(744)	(1,035)	(1,627)	(39)
Capital - Connection Fees Allocation	4,481	2,419	10,378	4,769	2,291	1,969	875	1,108
TOTAL INTERFUND TRANSFERS IN (OUT)	\$909	\$2,524	\$8,822	(\$5,264)	(\$7,394)	(\$6,007)	(\$9,515)	(\$2,316)
FUND BALANCE								
Net Income (Loss)	\$7,163	\$5,724	(\$25,322)	(\$645)	\$1,522	(\$1,166)	\$3,644	\$12,764
Beginning Fund Balance July 01	76,837	84,000	89,725	73,118	72,472	73,995	72,829	76,473
ENDING FUND BALANCE JUNE 30*	\$84,000	\$89,725	\$64,403	\$72,472	\$73,995	\$72,829	\$76,473	\$89,236
RESERVE BALANCE SUMMARY								
Operating Contingies	\$17,701	\$22,097	\$25,340	\$23,662	\$23,786	\$24,812	\$25,205	\$28,583
Rehabilitation/Replacement	27,331	41,004	9,236	9,236	9,236	9,236	9,236	9,236
Debt Service	1,412	1,398	1,398	1,398	1,417	1,417	1,417	1,417
Sinking Fund	37,557	25,226	28,429	38,176	39,555	37,364	40,614	50,000
ENDING BALANCE AT JUNE 30	\$84,000	\$89,725	\$64,403	\$72,472	\$73,995	\$72,829	\$76,473	\$89,236

* Numbers may not tie due to rounding

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2021/22 & 2022/23 BIENNIAL BUDGET
RECYCLED WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	ACTUAL	ACTUAL	AMENDED MID-YEAR	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES								
Interest Revenue	\$769	\$452	\$708	\$533	\$540	\$554	\$573	\$620
Water Sales	13,902	15,349	16,155	17,290	17,610	17,962	18,564	18,916
TOTAL REVENUES	\$14,670	\$15,800	\$16,863	\$17,823	\$18,150	\$18,516	\$19,137	\$19,536
OTHER FINANCING SOURCES								
Property Tax - Debt/Capital	\$2,170	\$2,170	\$2,170	\$2,299	\$2,338	\$2,377	\$2,417	\$2,458
Connection Fees	5,916	8,048	7,915	8,399	8,653	8,911	9,179	9,363
State Loans	2,373	10,954	5,554	0	0	0	0	0
Grants	753	156	3,120	0	0	0	0	0
Capital Contract Reimbursement	88	4,038	1,875	92	93	94	96	97
Other Revenues	24	10	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$ 11,324	\$ 25,377	\$ 20,633	\$ 10,790	\$ 11,084	\$ 11,383	\$ 11,692	\$ 11,918
EXPENSES								
Employment Expenses	\$4,451	\$5,060	\$5,370	\$6,034	\$6,284	\$6,506	\$6,727	\$6,949
Contract Work/Special Projects	1,333	621	1,990	1,215	710	840	1,050	820
Utilities	2,240	1,944	2,885	3,554	4,086	4,208	4,334	4,464
Operating Fees	3	2	10	10	10	11	11	11
Professional Fees and Services	641	814	632	1,322	1,348	1,502	1,531	1,562
Office and Administrative expenses	4	1	3	38	39	40	41	42
Materials & Supplies	141	209	174	109	113	116	120	123
Other Expenses	805	698	1,106	1,382	1,404	1,565	1,548	1,617
TOTAL EXPENSES	\$9,619	\$9,349	\$12,170	\$13,664	\$13,993	\$14,788	\$15,362	\$15,589
CAPITAL PROGRAM								
Work In Progress	\$6,636	\$19,298	\$3,570	\$2,480	\$5,550	\$2,150	\$3,000	\$5,000
TOTAL CAPITAL PROGRAM	\$6,636	\$19,298	\$3,570	\$2,480	\$5,550	\$2,150	\$3,000	\$5,000
DEBT SERVICE								
Financial Expenses	\$2	\$66	\$3	\$5	\$5	\$5	\$7	\$6
Interest	2,870	3,747	2,933	3,231	3,011	2,673	2,301	1,925
Principal	5,256	5,076	6,309	6,025	6,200	6,596	6,744	6,118
Short Term Inter-Fund Loan	3,000	2,000	3,000	3,000	5,000	6,000	5,500	0
TOTAL DEBT SERVICE	\$11,129	\$10,890	\$12,245	\$12,261	\$14,216	\$15,274	\$14,552	\$8,049
TRANSFERS IN (OUT)								
Capital Contribution	(\$1,873)	(\$170)	(\$517)	(\$291)	(\$362)	(\$323)	(\$206)	(\$223)
Debt Service	2,394	2,392	2,547	2,546	2,546	2,675	2,673	2,673
Operation support	(526)	(1,471)	(533)	(1,213)	(1,137)	(1,261)	(1,320)	(1,303)
Water Connection Allocation	(454)	(703)	(1,473)	(1,802)	(1,655)	(484)	(430)	(392)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$459)	\$47	\$24	(\$760)	(\$608)	\$608	\$717	\$756
FUND BALANCE								
Net Income (Loss)	(\$1,848)	\$1,687	\$9,536	(\$553)	(\$5,133)	(\$1,705)	(\$1,369)	\$3,571
Beginning Fund Balance July 01	35,135	33,287	32,064	43,416	42,863	37,730	36,025	34,656
ENDING BALANCE AT JUNE 30	\$33,287	\$34,974	\$41,600	\$42,863	\$37,730	\$36,025	\$34,656	\$38,227
RESERVE BALANCE SUMMARY								
Operating Contingency	\$3,206	\$3,116	\$4,057	\$4,555	\$4,664	\$4,929	\$5,121	\$5,196
Capital Construction	7,439	4,303	9,853	4,302	7	48	31	47
Water Connection	14,615	18,311	16,548	23,291	22,284	20,495	19,955	22,931
Rehabilitation/Replacement (R&R)	0	0	1,500	1,500	1,500	1,500	1,500	2,000
Debt Service	8,027	9,245	9,643	9,216	9,274	9,052	8,049	8,052
ENDING BALANCE AT JUNE 30	\$33,287	\$34,974	\$41,600	\$42,863	\$37,730	\$36,025	\$34,656	\$38,227

* Numbers may not total due to rounding

Appendix Table A1: Acronyms

Acronyms	
AF	Acre Foot
CBFIP	Chino Basin Facilities Improvement Project
CBP	Chino Basin Program
CBWM	Chino Basin Water Master
CCWRF	Carbon Canyon Wastewater Reclamation Facility
CIP	Capital Improvement Plan
EDU	Equivalent Dwelling Unit
FTE	Full Time Equivalent
FY	Fiscal Year
GG	Administrative Services Program
GWR	Groundwater Recharge
IERCA	Inland Empire Regional Composting Authority
kWh	Kilowatt hour
MEU	Meter Equivalent Unit
NC	Non-Reclaimable Wastewater Program
NRW	Non-Reclaimable Wastewater
O&M	Operations & Maintenance
R&R	Replacement & Rehabilitation
RC	Regional Wastewater Capital Improvement Program
RMPU	Recharge Master Plan Update
RO	Regional Wastewater Operations and Maintenance Program
RP-1	Regional Water Reclamation Facility (Plant) in the City of Ontario
RP-2	Regional Water Reclamation Facility (Plant) in the City of Chino
RP-3	Old Regional Water Reclamation Facility (Plant) in the City of Fontana rebuilt into a recharge facility with 4 recharge basins or cells.
RP-4	Regional Water Reclamation Facility (Plant) in the City of Rancho Cucamonga
RP-5	Regional Water Reclamation Facility (Plant) in the City of Chino
RRWDS	Regional Recycled Water Distribution System
RW	Recharge Water Program
SBCFCD	San Bernardino County Flood Control District
SCADA	Supervisory Control and Data Acquisition
SRF	State Revolving Fund
TCE	Trichloroethylene
TYCIP	Ten Year Capital Improvement Plan
WW	Water Resources Program

Appendix Table A2: Key Assumptions for FYs 2021/22 and 2022/23 Budget

Revenues and Other Funding Sources	Expenses and Other Uses of Funds
4,000 new wastewater connections per year	3% average CPI for O&M expenses
4% increase in EDU rate starting in FY 2022/23 and 3.4 million volumetric EDU @ 0.50% annual growth	Eliminates vacancy factor in staffing to support succession plan
Recycled Water Deliveries: FY 2019/20 35,800 AF FY 2020/21 36,000 AF	Addition of several major construction projects within the next two-year period
4,700 and 4,630 new water connections (MEU) for FY 2019/20 & FY 2020/21, respectively	Leverage professional services to achieve effective maintenance approach
2% average growth in property tax receipts. The property tax allocated to Regional Capital fund remains at 65% of total property tax. Allocation from “fixed amount” to “fixed percentage” of the total property tax receipts will change for Regional O&M at 23%, Recycled Water at 4%, Water Fund at 3.5% and Administrative Service at 4.5% funds effective in FY 2021/22.	
Capital Improvement Plan (CIP) partially funded by low interest SRF loans and grants	

Appendix Table A3: Wastewater Connection Fees

Rate Description	FY 2020/21 Adopted	FY 2021/22 Adopted	FY 2022/23 Projected	FY 2023/24 Projected	FY 2024/25 Projected
Projected New Connections	4,000	4,000	4,000	4,000	4,000
Wastewater Connection Fee	\$6,955	\$7,379	\$7,600	\$7,828	\$8,063
Rate change	0%	3%	3%	3%	3%
Effective Date	7/01/21	7/01/22	7/01/23	7/01/24	7/01/25

Appendix Table A4: Monthly EDU Sewage Rates

	FY 2020/21 Adopted	FY 2021/22 Adopted	FY 2022/23 Projected	FY 2023/24 Projected	FY 2024/25 Projected
EDU Volumetric Rate	\$20.00	\$21.22	\$22.07	\$22.95	\$23.87
Rate Change	\$0	\$1.22	\$0.85	\$0.88	\$0.92
Effective Date	7/01/21	7/01/22	To be reviewed based on sewer use evaluation results		

Appendix Table A5: Recycled Water Rates

Rate Description	FY 2020/21 Adopted	FY 2021/22 Proposed	FY 2022/23 Projected	FY 2023/24 Projected	FY 2024/25 Projected
Projected Acre Feet (AF)	33,200	32,000	32,000	32,000	32,000
Direct AF Rate	\$490	\$520	\$530	\$540	\$550
Groundwater Recharge AF Rate	\$550	\$580	\$590	\$600	\$610
Effective Date	7/01/21	7/01/22	Rates and effective dates to be determined by rate study		

Appendix Table A6: Water Connection Fees

Rate Description	FY 2020/21 Adopted	FY 2021/22 Adopted	FY 2022/23 Projected	FY 2023/24 Projected	FY 2024/25 Projected
Projected Meter Equivalent Units (MEUs)	4,700	4,700	4,700	4,700	4,700
One Water Connection Fee (for 5/8" and 3/4" meter size)	\$1,684	\$1,787	\$1,841	\$1,896	\$1,953
Effective Date	7/01/20	7/01/21	7/01/22	7/01/23	7/01/24

Appendix Table A7: Inter-Fund Loan Repayment Schedule

Inter Fund Loans Issued	Due to	Loan Amount (\$Millions)	Repayment Schedule (\$ Millions)
FY 2007/08	Regional Wastewater Capital (RC) Fund	3.0	2022/23 \$1.0 2023/24-2024/25 \$2.0 Total \$3.0
FY 2009/10	Non-Reclaimable Wastewater (NRW) Fund	6.0	2021/22 \$3.0 2022/23 \$3.0 Total \$6.0
FY 2014/15	Regional Wastewater Capital Improvement (RC) Fund	10.5	2022/23 \$1.0 2023/24 \$5.0 2024/25 \$4.5 Total \$10.5
Total	Grand Total	\$19.5	\$19.5

Inland Empire Utilities Agency
Ten Year Forecast (TYF) Fiscal Year
2021/22 - 2030/31

Project		Project Description											Total TYCIP
Fund	Number		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2022-2031
Recycled Water Fund	EN14042	1158 RWPS Upgrades	20,000	-	-	-	-	-	-	-	-	-	20,000
	EN15002	1158 Reservoir Site Cleanup	100,000	-	-	-	-	-	-	-	-	-	100,000
	EN20022	1299 Reservoir Paint/Coating Repairs and	200,000	-	-	-	-	-	-	-	-	-	200,000
	EN21041	RP-4 Contact Basin Cover & Wet Well Pass	700,000	3,500,000	-	-	-	-	-	-	-	-	4,200,000
	EN21050	8th Street RW Turnout Connection to the	600,000	900,000	-	-	-	-	-	-	-	-	1,500,000
	EN22009	WC Asset Management Project	500,000	1,000,000	2,000,000	3,000,000	5,000,000	7,000,000	8,900,000	8,900,000	8,900,000	8,900,000	54,100,000
	EN22023	Prado Dechlor Sump Pump Replacement	360,000	-	-	-	-	-	-	-	-	-	360,000
	EN24005	1630 West Reservoir Paint/Coating Repair	-	150,000	-	-	-	-	-	-	-	-	150,000
EN24006	930 Reservoir Paint/Coating Repairs and	-	-	150,000	-	-	-	-	-	-	-	150,000	
Recycled Water Fund Total			2,480,000	5,550,000	2,150,000	3,000,000	5,000,000	7,000,000	8,900,000	8,900,000	8,900,000	8,900,000	60,780,000
Regional Wastewater Operations & Maintenance Fund	EN13016	SCADA Enterprise System	1,300,000	5,250,000	3,350,000	-	-	-	-	-	-	-	9,900,000
	EN17042	Digester 6 and 7 Roof Repairs	2,500,000	300,000	-	-	-	-	-	-	-	-	2,800,000
	EN17043	RP4 Primary Clarifier Rehab	3,500,000	-	-	-	-	-	-	-	-	-	3,500,000
	EN17110	RP-4 Process Improvements	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000
	EN18025	RP-1 Secondary System Rehabilitation	-	-	250,000	1,100,000	1,950,000	2,000,000	1,000,000	1,000,000	1,000,000	-	8,300,000
	EN19009	RP-1 Energy Recovery	200,000	-	-	-	-	-	-	-	-	-	200,000
	EN20041	RP-1 TP-1 Bleach Mixing Repairs	150,000	-	-	-	-	-	-	-	-	-	150,000
	EN20044	RP-1 Plant 3 Primary Cover Replacement	-	200,000	400,000	-	-	-	-	-	-	-	600,000
	EN20045	RP-1 TP-1 Level Sensor Replacement	-	500,000	-	-	-	-	-	-	-	-	500,000
	EN20051	RP-1 MCB and Old Lab Building Rehab	506,000	110,000	1,905,000	-	-	-	-	-	-	-	2,521,000
	EN20057	RP-4 Process Improvements Phase II	-	500,000	4,000,000	3,500,000	-	-	-	-	-	-	8,000,000
	EN21042	RP-1 East Influent Gate Replacement	400,000	-	-	-	-	-	-	-	-	-	400,000
	EN21044	RP-1 Dewatering Centrate and Drainage Va	320,000	-	-	-	-	-	-	-	-	-	320,000
	EN21053	RP-1 Old Effluent Structure Rehabilitati	400,000	1,000,000	-	-	-	-	-	-	-	-	1,400,000
	EN21056	RP-1 Evaporative Cooling for Aeration Bl	400,000	50,000	-	-	-	-	-	-	-	-	450,000
	EN22005	RO Asset Management	50,000	50,000	50,000	300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,450,000
	EN22021	RP-1 Digester Area Utility Water (UW) Li	100,000	-	-	-	-	-	-	-	-	-	100,000
	EN22025	RP-1 Dump Station	-	-	64,000	95,400	1,855,600	106,100	-	-	-	-	2,121,100
	EN22027	RP-1 Repurpose Lab	-	-	228,400	1,619,000	-	-	-	-	-	-	1,847,400
	EN22031	RP-1 Influent Pump Station Electrical Im	200,000	400,000	1,400,000	-	-	-	-	-	-	-	2,000,000
	EN23024	RP-1 TP-1 Stormwater Drainage Upgrades	-	250,000	1,000,000	50,000	-	-	-	-	-	-	1,300,000
	EN24020	RP-1 Dewatering Centrate Pumps	-	-	200,000	500,000	120,000	-	-	-	-	-	820,000
	EN25020	RP-1 Digester Cleaning Lagoon (DCL) Lini	-	-	-	200,000	-	-	-	-	-	-	200,000
	EN26021	Regional Conveyance AMP	-	-	-	-	500,000	-	-	-	-	-	500,000
	EN27001	RP-1 Equilization Basin #1 Access Ramp	-	-	-	-	-	35,000	106,500	300,000	-	-	441,500
	EN22033	RP-5 Emergency Generator Load Bank Installation	120,000	-	-	-	-	-	-	-	-	-	120,000
	EN22034	Generator Retrofit RP-1	85,000	-	-	-	-	-	-	-	-	-	85,000
	EN22035	Generator Retrofit RP-4	50,000	-	-	-	-	-	-	-	-	-	50,000
	EN22036	RP-1 Centrate Pipeline Assessment	11,000	-	-	-	-	-	-	-	-	-	11,000
	EP21002	North Major Facilities Repair/Replacemnt	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	6,000,000
	EP21003	South Major Facilities Repair/Replacemen	400,000	400,000	400,000	400,000	400,000	600,000	600,000	600,000	600,000	600,000	5,000,000
	PL26001	Advanced Water Purification Facility	-	-	-	-	-	-	-	5,000,000	5,000,000	11,276,500	21,276,500
Regional Wastewater Operations & Maintenance Fund Total			16,292,000	9,610,000	13,847,400	8,364,400	6,425,600	4,341,100	3,306,500	8,500,000	8,200,000	13,476,500	92,363,500

Inland Empire Utilities Agency
Ten Year Forecast (TYF) Fiscal Year
2021/22 - 2030/31

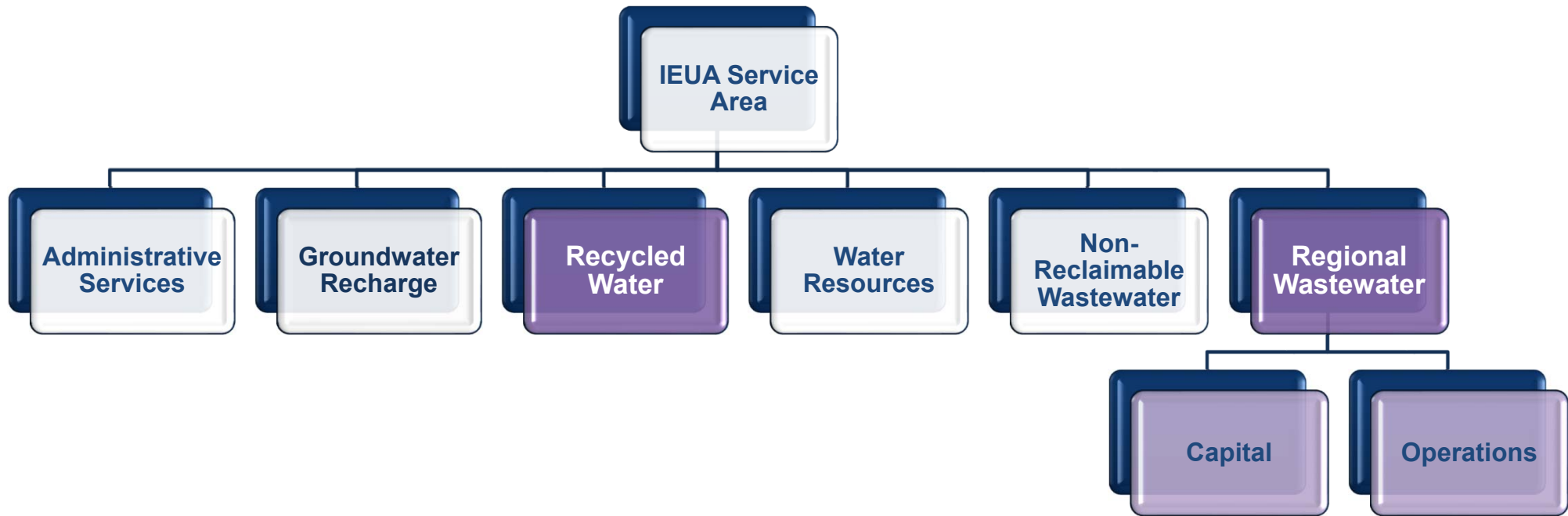
Fund	Project Number	Project Description	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total TYCIP 2022-2031
Regional Wastewater Capital Improvement Fund	EN11039	RP-1 Disinfection Pump Improvements	2,400,000	4,660,000	350,000	-	-	-	-	-	-	-	7,410,000
	EN17006	CCWRF Asset Management and Improvements	3,000,000	13,000,000	50,000	650,000	-	-	-	-	-	-	16,700,000
	EN18006	RP-1 Flare Improvements	2,500,000	100,000	-	-	-	-	-	-	-	-	2,600,000
	EN18036	CCWRF Asset Mgmt and Imprvmt Pkg. III	-	200,000	500,000	300,000	-	-	-	-	-	-	1,000,000
	EN19001	RP-5 Expansion to 30 mgd	72,000,000	50,000,000	37,600,000	7,803,147	-	-	-	-	-	-	167,403,147
	EN19006	RP-5 Biosolids Facility	105,000,000	63,000,000	14,758,090	-	-	-	-	-	-	-	182,758,090
	EN21015	Collection System Upgrades FY 20/21	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	5,000,000
	EN21045	Montclair Force Main Improvements	800,000	5,500,000	-	-	-	-	-	-	-	-	6,300,000
	EN22006	RC Asset Managment	250,000	250,000	250,000	2,400,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	51,150,000
	EN22022	RP-1 Air Compressor Upgrades	250,000	1,500,000	-	-	-	-	-	-	-	-	1,750,000
	EN24001	RP-1 Liquid Treatment Capacity Recovery	-	-	-	-	-	-	-	-	15,000,000	20,000,000	35,000,000
	EN24002	RP-1 Solids Treatment Expansion	-	-	-	4,000,000	8,000,000	8,000,000	-	-	-	-	20,000,000
	EN23025	Agency Power Monitor	-	250,000	280,000	-	-	-	-	-	-	-	530,000
	EN22039	RP4 SCADA Improvements	100,000	912,000	-	-	-	-	-	-	-	-	1,012,000
	EN22040	NFPA 70E required labels	105,000	105,000	-	-	-	-	-	-	-	-	210,000
	EN22041	RP-1 Aeration Basins UW System Improvements	141,000	-	-	-	-	-	-	-	-	-	141,000
	EN22042	RP-4 Ammonia Analyzers and Support System	500,000	-	-	-	-	-	-	-	-	-	500,000
	EN22043	Chemical Contrainment Area Rehab Phase 2	505,000	-	-	-	-	-	-	-	-	-	505,000
	EN24021	Chemical Contrainment Area Rehab Phase 3	-	-	870,000	-	-	-	-	-	-	-	870,000
	EN25001	TP-1 Wire ReplacementT PLANT	-	-	-	80,000	-	-	-	-	-	-	80,000
	EN22044	RP-1 Thickening Building & Acid Phase Digester	12,000,000	13,000,000	40,000,000	30,000,000	5,000,000	-	-	-	-	-	100,000,000
	EN22045	New Regional Project PDR's	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000
	EN22046	New NRW Project PDR's	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
	EN22047	New NRW Project PDR's	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
	IS22006	SCADA Network Infrastructure Replacement	335,000	300,000	-	-	-	-	-	-	-	-	635,000
	IS22007	RP-1 and RP-2 DCS Upgrade	420,000	-	-	-	-	-	-	-	-	-	420,000
	IS22008	Operation Electronic Log Book	140,000	-	-	-	-	-	-	-	-	-	140,000
	PL17002	HQ Solar Photovoltaic Power Plants Ph. 2	-	300,000	1,100,000	-	-	-	-	-	-	-	1,400,000
	PL19001	Purchase Existing Solar Installation	-	-	-	3,500,000	-	-	-	-	-	-	3,500,000
Regional Wastewater Capital Improvement Fund Total			201,296,000	153,927,000	96,608,090	49,583,147	21,850,000	16,850,000	8,850,000	8,850,000	23,850,000	28,850,000	610,514,237

FY 2021/22 and 2022/23 Biennial Budget Overview Regional Wastewater and Recycled Water Programs



Christina Valencia
Exec. Manager of Finance & Accounting/AGM
May 2021

Fund Structure

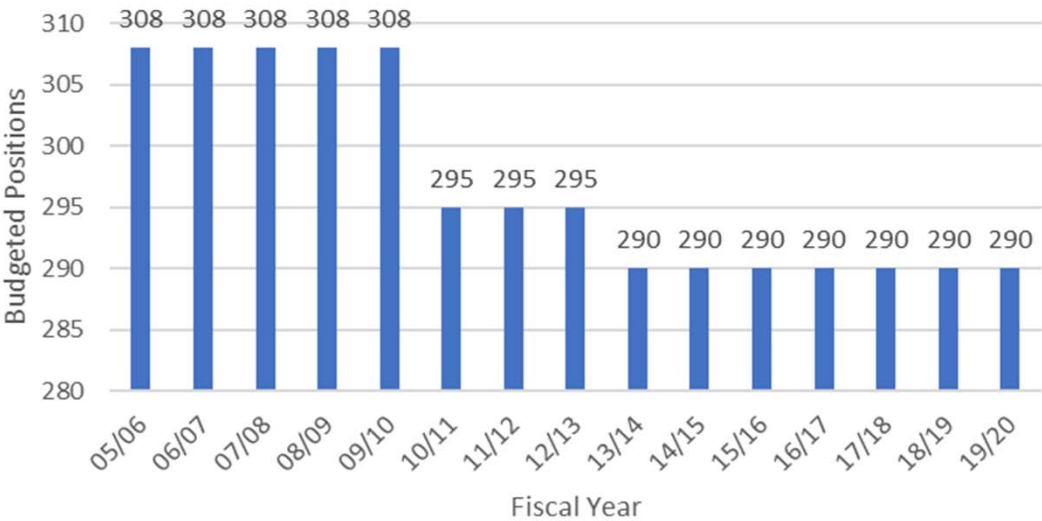


Key Assumptions

- Cautious optimism of a return to more “normal conditions”
- Increase in staffing to support early recruitment of critical positions
- Re-allocation of property taxes to support regional wastewater capital investments
- Capital projects based on the Proposed Ten-Year Forecast (TYF) FYs 2022- 2031
 - Support growth, asset management and regulatory compliance
 - Financing with low interest federal and state loans, while pursuing grant opportunities

Staffing: Current State

Authorized Full Time Positions History



290 Full-Time Employees (FTEs)

- 27 Vacancies
 - 22 Positions in Recruitment
 - 5 Positions Pending Recruitment

11 Limited-Term Employees

10 Contracted Workers

22 Interns

It takes 311 individuals and 22 interns to operate the Agency in the current state.



Proposed Positions FY 2021/22 and FY 2022/23

Type	Current Approved Level	Proposed Level
FTEs	290	302
LTEs	18	10
Total	308	312



Continuity of Agency Operations

Aging Assets and Infrastructure

Planned Projects

Regulatory Compliance

Preservation of Critical Skills and Knowledge

Impending Retirements

Employee Engagement

Long-Term Departmental Planning

Staffing: Risks and Challenges

Succession Planning



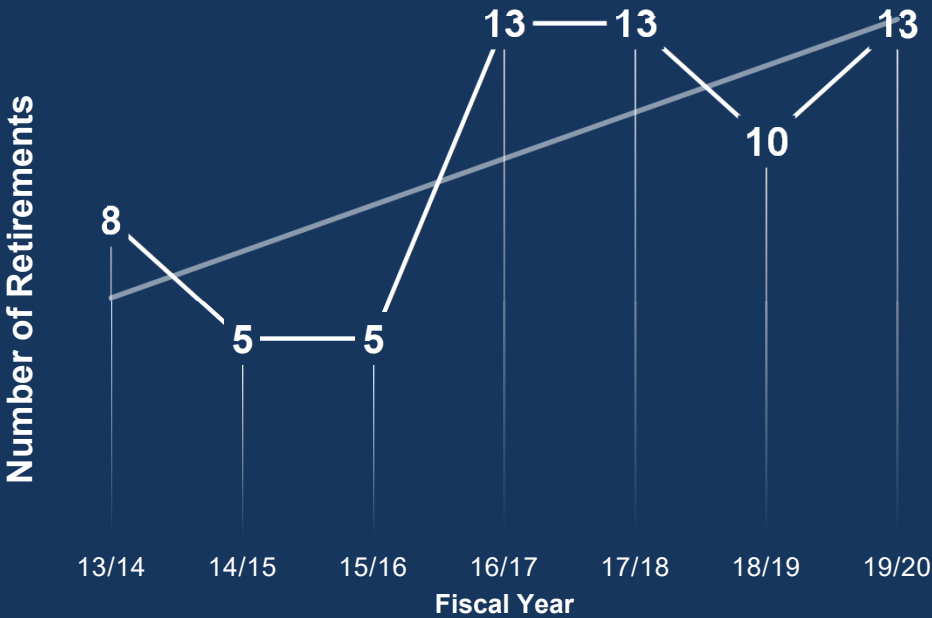
25% of FTEs are currently eligible to retire

41% of FTEs will be eligible to retire in 2025



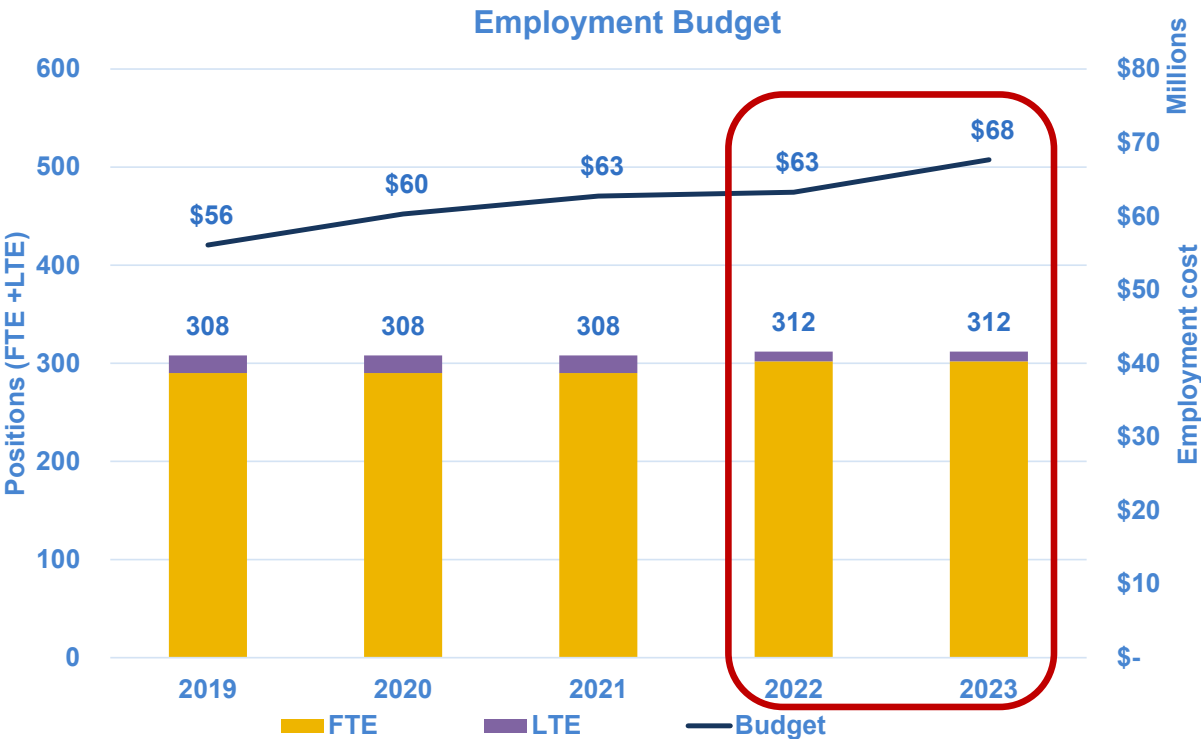
Yearly retirements have increased by 62%

RETIREMENTS PER FISCAL YEAR



Staffing: Future State

- ~85% of employment budget supports Regional Wastewater and Recycled Water Programs



Minimal Fiscal Impact

- Prudent Vacancy factor
FY 2022 5%
FY 2023 3%
- Hiring at lower salary step
- Utilizing lower classification, where appropriate

Rates and Fees

Fund	Wastewater Operations	Wastewater Capital	Recycled Water			Water Resources	
As of July 1	Monthly Sewer (EDU)	Wastewater Connection Fee (EDU)	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)	One Water Connection Fee (MEU)	Meter Equivalent Units (MEU)	MWD RTS Pass-through
FY 2019/20	\$20.00	\$6,955	\$490	\$550	\$1,684	\$1.04	60%
FY 2020/21	\$20.00	\$6,955	\$490	\$550	\$1,684	\$1.04	75%
FY 2021/22	\$21.22	\$7,379	\$520	\$580	\$1,787	\$1.08	90%
FY 2022/23	To be reviewed based on the sewer use evaluation results		To be determined after additional evaluation to ensure long-term program sustainability		\$1,841	\$1.10	100%
FY 2023/24					\$1,896	\$1.12	100%
FY 2024/25					\$1,953	\$1.14	100%

Adopted

Estimated Projections

Proposed Re-Allocation of Property Taxes

- Re-allocation needed to support capital investment in regional facilities

Fund	Prior to 2016 Fixed %	Since 2016 Fixed %, Fixed \$, Balance	Proposed for 2022 Fixed %
Regional Wastewater Capital	65%	65%	65%
Regional Wastewater Operations	22%	\$9.5M	23%
Recycled Water	5%	\$2.2M	4%
Administrative Services	8%	\$2.0M	4.5%
Water Resources	0%	Balance	3.5%
Total			

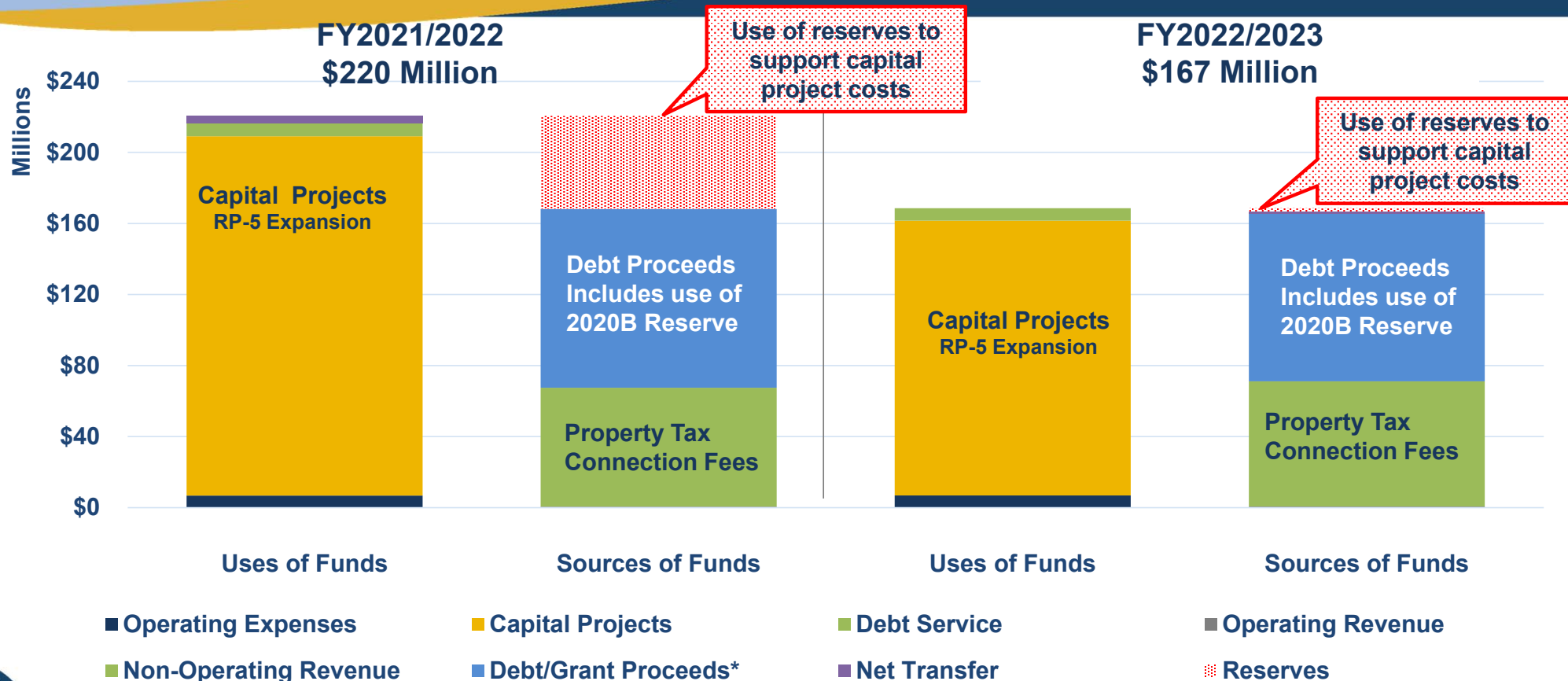
- Timely expansion, improvement, and upkeep of regional facilities to meet customer needs:
 - RP-1 Thickening
 - RP-5 Expansion
 - Asset Management
 - Advance Water Purification Facility
- Increasing debt service costs to support capital investment
- Completion of Chino Basin Program evaluation
- Completion of 7-year phase-in recovery of MWD RTS pass-through
- Sustainability of Recycled Water program
- Maintain fund reserve levels as required by the with Board-adopted Reserve Policy

Proposed Re-Allocation of Property Taxes

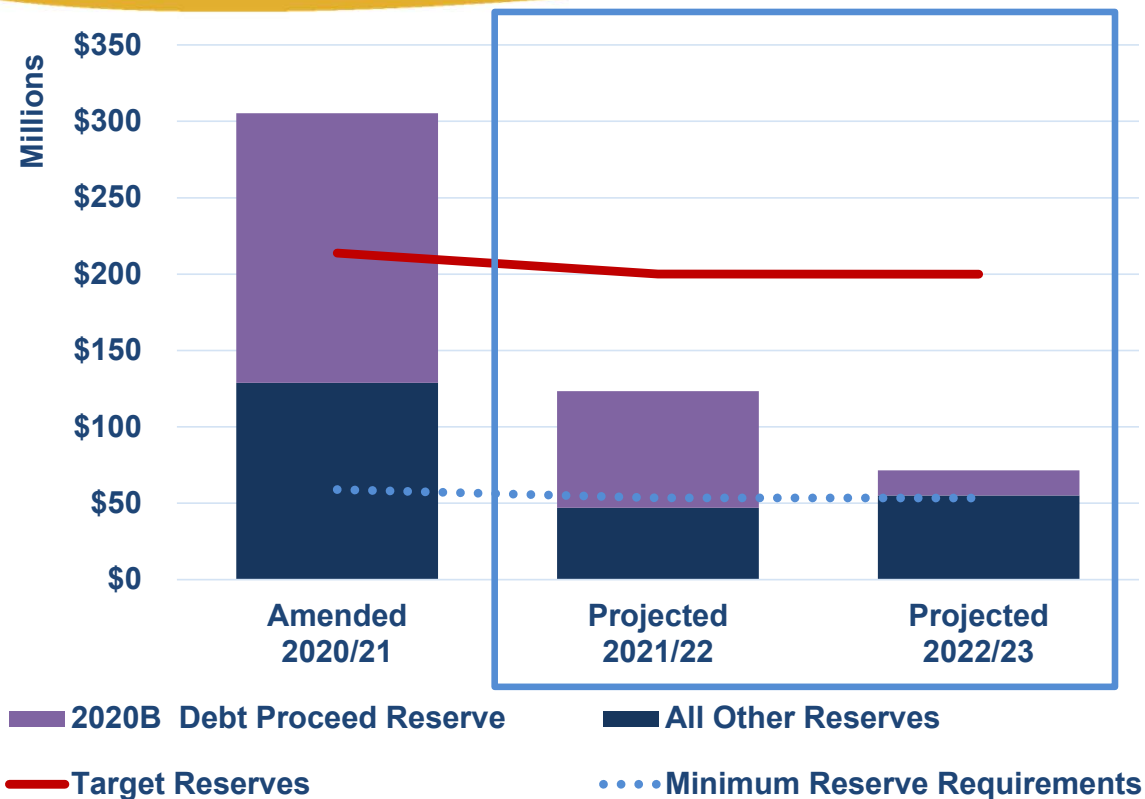
Fund	Prior to 2015 Fixed %	Since 2016 Fixed %, Fixed \$, Balance	FY 2020/21 Projected Allocation	Proposed for 2022 Fixed %	FY 2021/22 Projected Allocation
Regional Wastewater Capital	65%	65%	\$36.8M	65%	\$37.4M
Regional Wastewater Operations	22%	\$9.5M	\$9.5M	23%	\$13.2M
Recycled Water	5%	\$2.2M	\$2.2M	4%	\$2.3M
Administrative Services	8%	\$2.0M	\$2.0M	4.5%	\$2.6M
Water Resources	0%	Balance	\$6.1M	3.5%	\$2.0M
Total			\$56.6M		\$57.5M

Wastewater Capital Improvement Fund

Total Sources and Uses of Funds



Wastewater Capital Improvement Fund Reserves

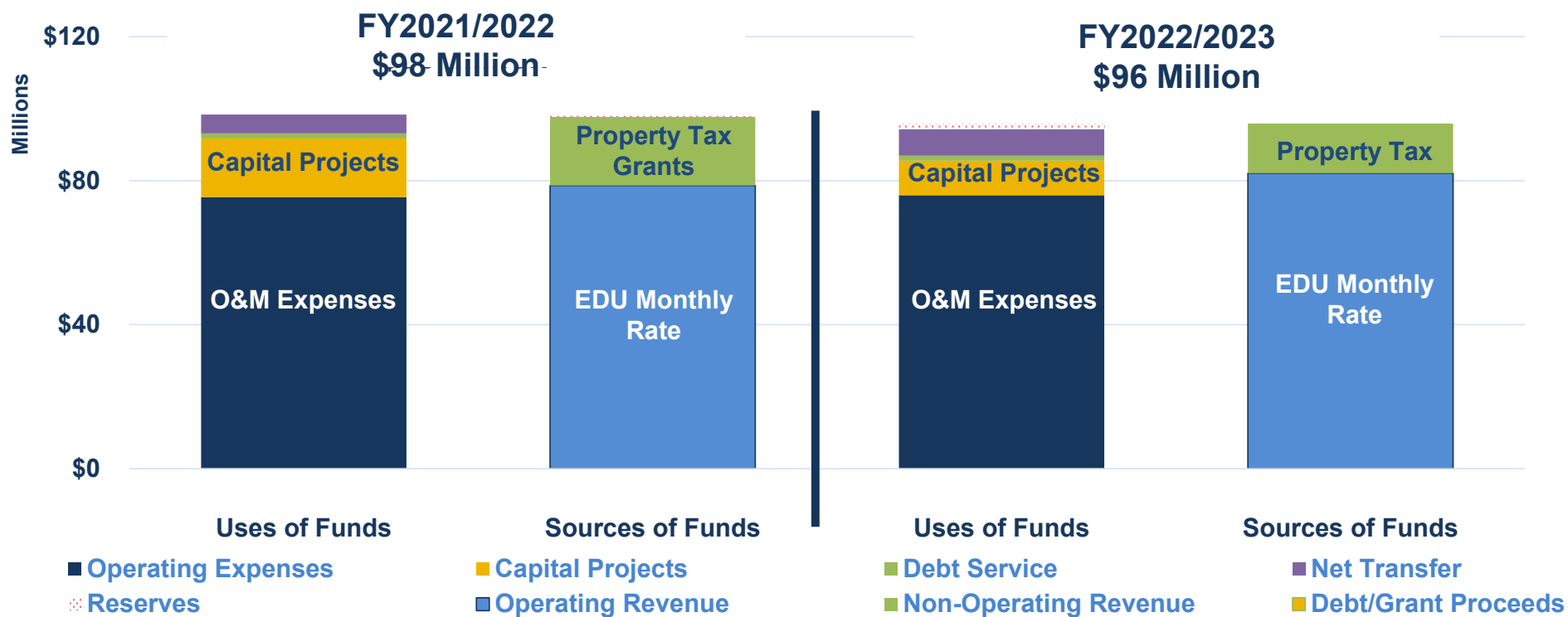


Projected decrease from planned capital project expenditures:

- Use of 2020B Revenue Notes (RP-5 Expansion)
- Use of connection fees

Wastewater Operations & Maintenance Fund

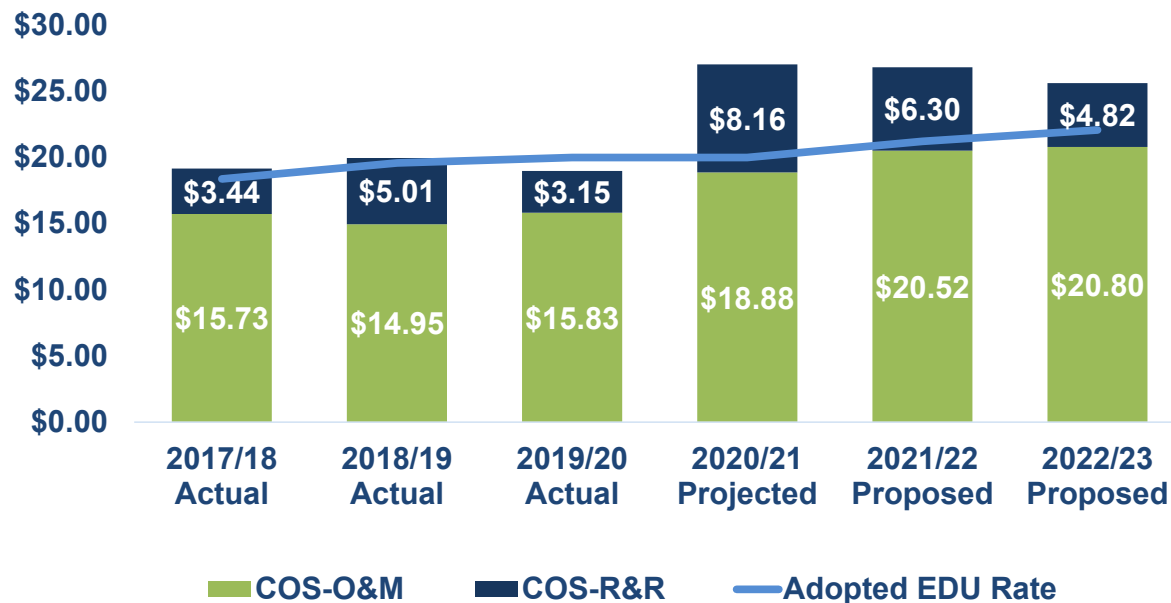
Total Sources and Uses of Funds



Wastewater Operations & Maintenance Fund

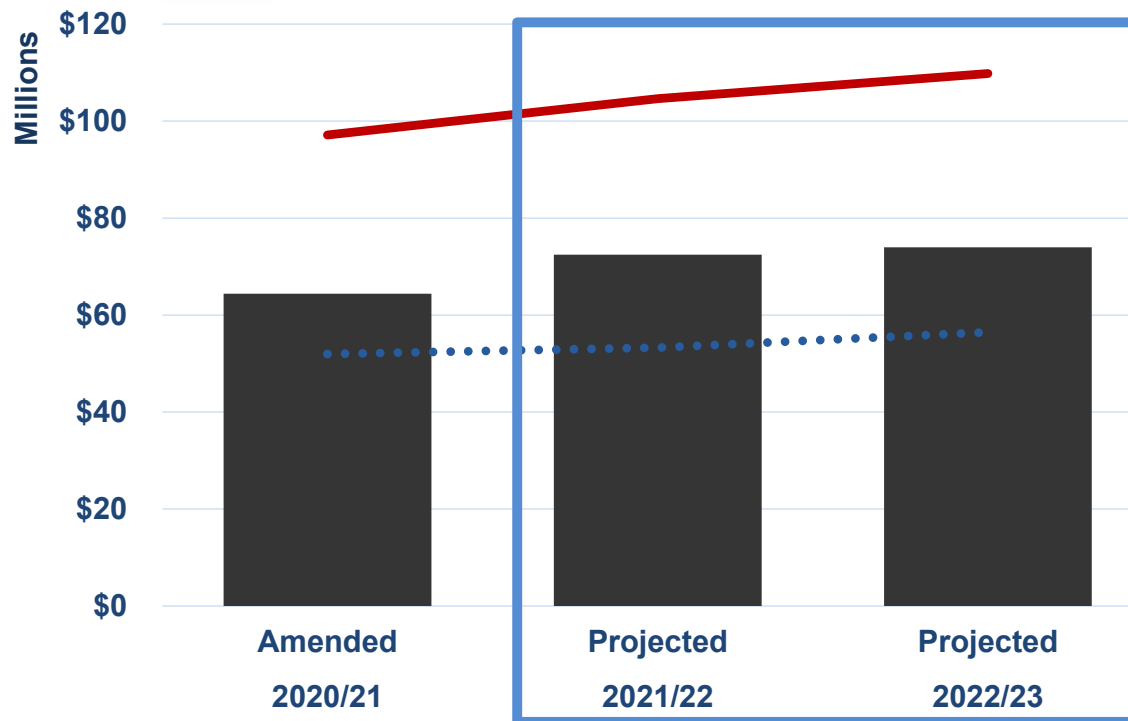
Cost of Service/EDU

	2020/21 Adopted	2021/22 Adopted	2022/23 Proposed
Monthly EDU Rate	\$20.00	\$21.22	\$22.07



- COS components include O&M, R&R Projects, and Debt Service
- Sewer use study underway
- Replacement and rehabilitation (R&R) project costs not recovered by rates will be supported by property taxes and reserves

Wastewater Operations & Maintenance Fund Reserves

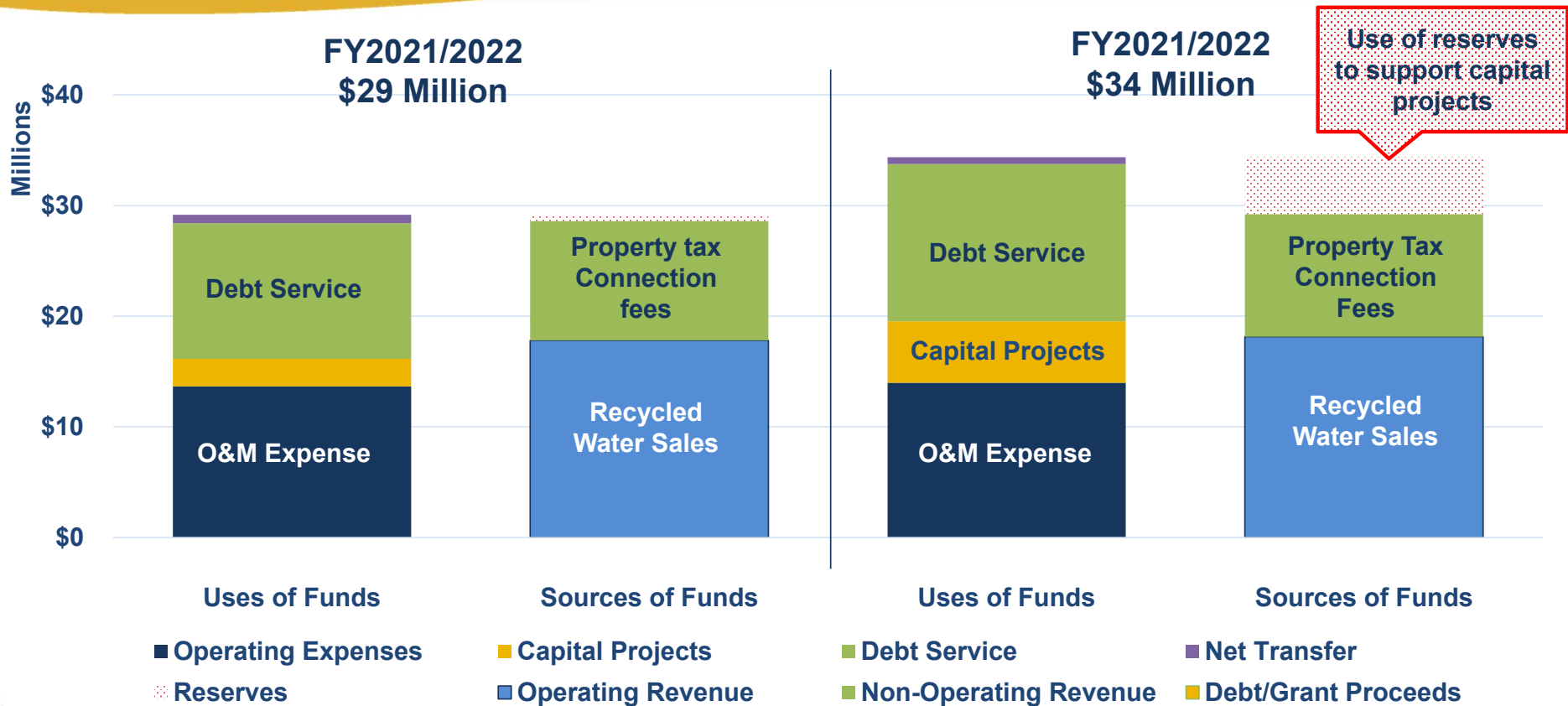


Stable reserves after reallocation of property taxes to support planned capital (R&R) projects

■ Fund Balance •••• Minimum Reserve Requirement — Target Reserves

Recycled Water Fund

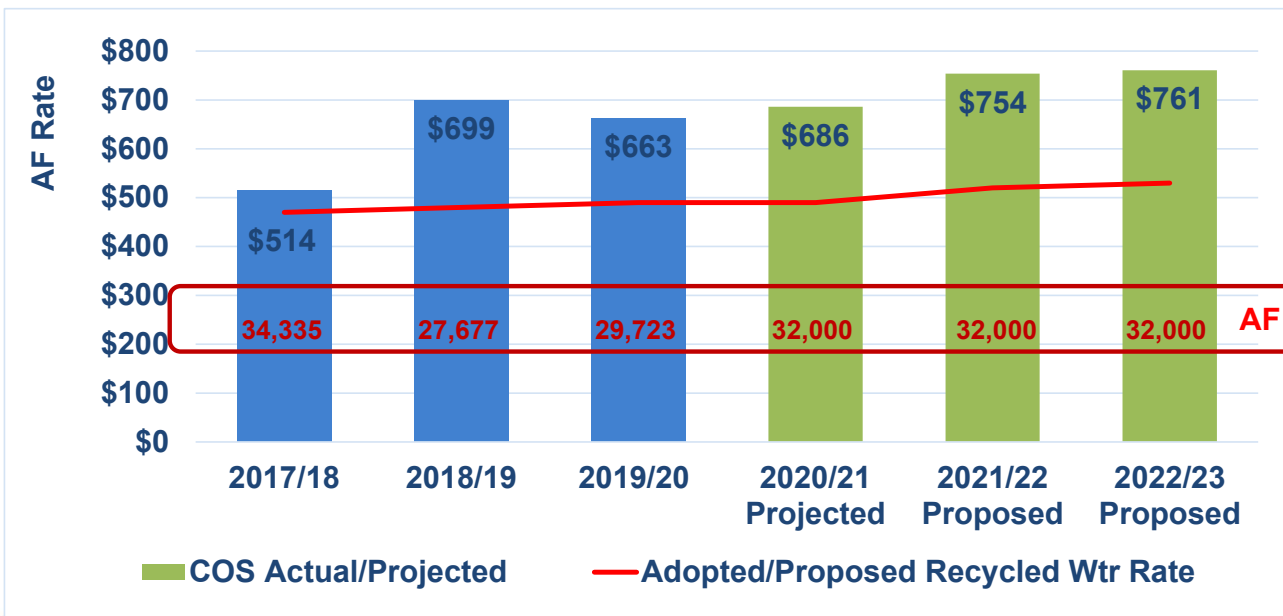
Total Sources and Uses of Funds



Recycled Water Fund

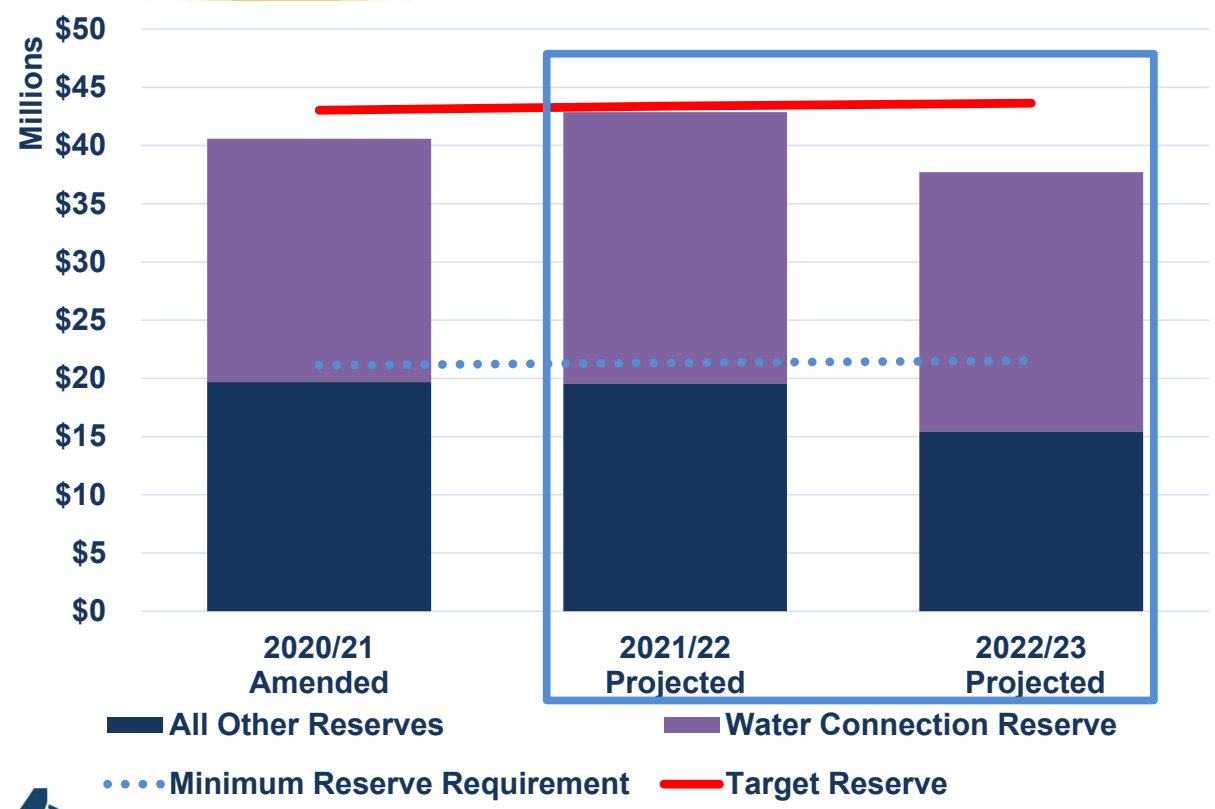
Cost of Service/AF

Recycled Water Acre Foot Rate	2020/21 Adopted	2021/22 Adopted	2022/23 Projected
Direct Delivery	\$490	\$520	\$530
Groundwater Recharge	\$550	\$580	\$590



- COS components include O&M, R&R projects, and Debt Service
- 2022 Recycled Water Rate study underway to evaluate
 - Program requirements
 - Alternate rate structures
 - Long-term fiscal sustainability
- COS shortfall is supported by property taxes, grants, connection fees reserves

Recycled Water Fund Reserves



Projected decrease to support planned capital and debt service costs

Take-Away

Expectation of return to “normal” conditions in FY 2021/22.

Increase in staffing level to support early recruitment of critical positions.

Proposed re-allocation of property tax to support Regional Wastewater capital improvements.

No change in adopted rates for FY 2021/22. Projected rates for FY 2022/23 adjusted by 2% - 4% to support increasing costs.

CIP emphasis on RP-5 Expansion and R&R of aging assets, partly financed with low interest federal and state loans. Continual pursuit of grants opportunities.

Biennial Budget Review and Approval Timeline

Month	Budget Item	IEUA Committee	IEUA Board	Regional Technical	Regional Policy
Dec 2020	Staffing workshop		12/02/20		
Mar 2021	TYCIP Workshop TYF Presentation		3/03/21	3/25/21	
Apr 2021	TYF Presentation Budget Workshop		4/7/21		4/01/21
	Regional Program Budgets (Wastewater and Recycled Water)	4/14/21	4/21/21	4/29/21	
May 2021	Regional Programs Non-Reclaimable Wastewater, Groundwater Recharge, Water Resources, and Administrative services Budgets Regional Programs	5/12/21	5/19/21	05/27/21	5/6/21
Jun 2021	Regional Programs Biennial Budget, Rate Resolutions, and TYCIP	6/9/21	6/16/21		6/3/21



Questions



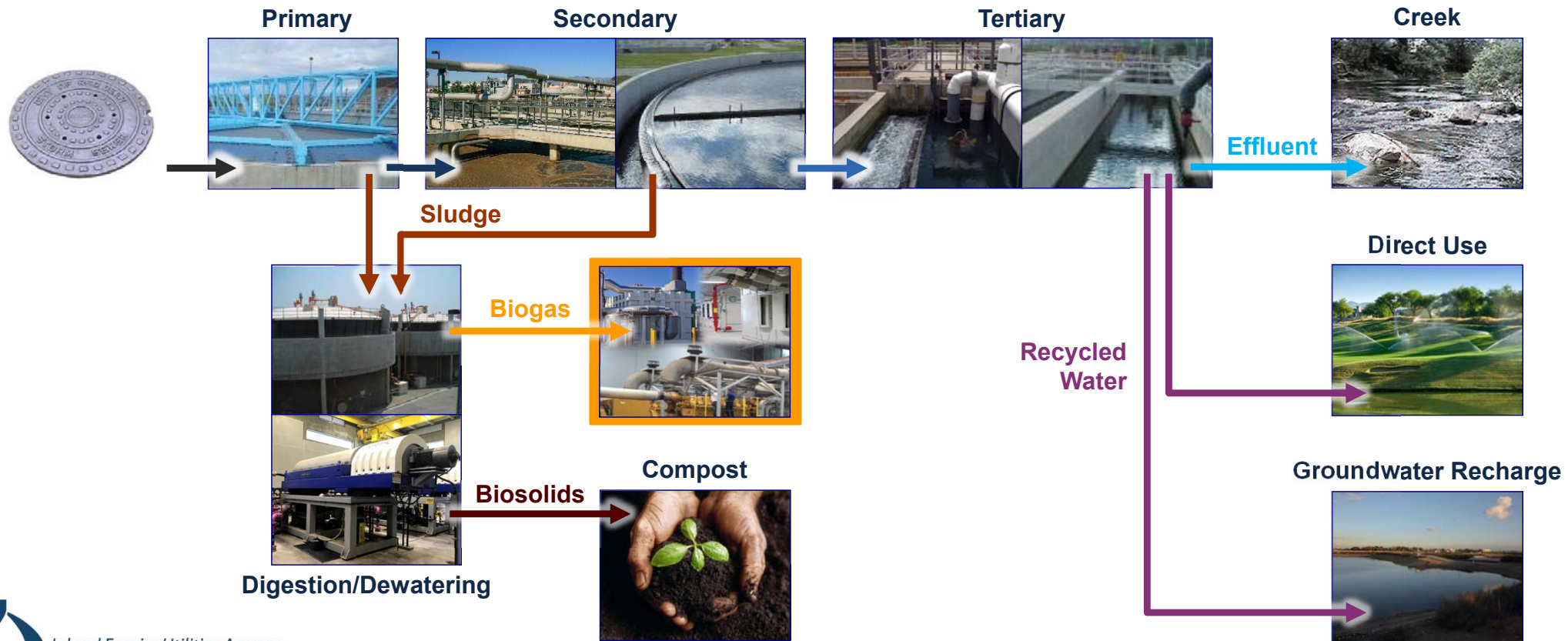
**INFORMATION
ITEM**

4B

Beneficial Use of Biogas - Cogeneration Update



IEUA Water Resource Recovery Facility



Beneficial Use of Biogas Goals

- Fiscal responsibility
 - Cost savings
 - Project funding
 - Available incentives and grants
 - Staffing
 - Operations and maintenance costs
 - Long-term electricity cost stability and predictability
- Regulatory compliance
 - Air quality
 - Interconnection to the electric grid
 - Greenhouse gas emissions



Regional Water Recycling Plant No.1

- Existing boilers
 - Fulfill digester heat requirements
 - 54% beneficially used – 46% to flare
- Future electricity generation
 - Reduce electricity import from the grid
 - Heat recovery
 - Reduce biogas flaring



Regional Water Recycling Plant No.2

- Existing boilers
 - Fulfill digester heat requirements
 - 26% beneficially used – 74% to flare
- Future solids treatment relocation to RP-5
 - RP-2 decommissioning

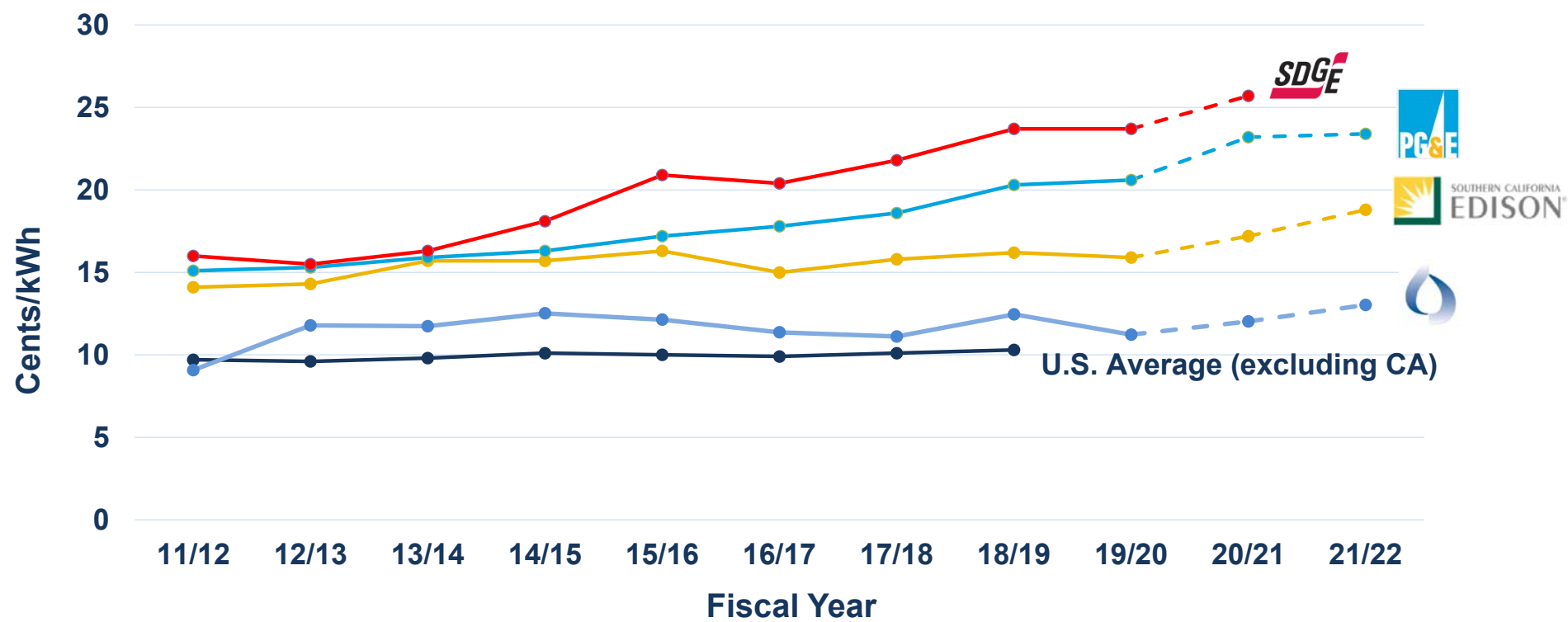


Regional Water Recycling Plant No.5

- Biogas not currently produced
- New solids treatment construction and future beneficial use of biogas
 - Existing internal combustion engines retrofit (2 x 1.5 MW)
 - Electricity generation
 - Heat recovery
 - Future boilers
 - Fulfill digester heat requirements



Electricity Rate Trends



Renewable Energy Portfolio



**INFORMATION
ITEM**

4C



Date: May 6, 2021

To: Regional Policy Committee

From: Inland Empire Utilities Agency *SSD*

Subject: External Supply Sources

RECOMMENDATION

This is an informational item.

BACKGROUND

IEUA's Regional Contracting Agencies have expressed interest in securing additional supplies from outside of the Chino Basin that would provide reliability in meeting the collective demands of the region, in particular to supplement the existing recycled water supplies. These external supplies would augment IEUA's recycled water supplies during the summer months when the recycled water demands are greater than available supplies. IEUA staff has been in negotiations with two entities to develop two different sources of water: Western Riverside County Regional Wastewater Authority (WRCRWA) JPA and City of Rialto.

Supplies from WRCRWA:

Since 2014, IEUA has been working with Jurupa Community Services District (JCSD) and Western Municipal Water District (Western) through a Memorandum of Understanding to develop a regional recycled water interconnection (WRCRWA RW Intertie). JCSD has indicated an interest in pursuing other opportunities in lieu of the regional interconnection concept that has been developed in the MOU; however, Western along with the remaining members of the WRCRWA JPA are interested in a regional partnership and started discussions in mid-2020.

WRCRWA received the approval of their Change of Use Petition from the State Water Resources Control Board which allows for the diversion of 100% of its recycled water for beneficial reuse. Its NPDES permit limit for TDS is 620 mg/L which is higher than IEUA's permit limit of 550 mg/L. Currently, the WRCRWA agencies do not have a recycled water distribution and discharge all effluent to the Santa Ana River; therefore, Western's portion of the supply is available to meet IEUA's objectives. The draft/conceptual terms resulting from the discussions are attached and was discussed previously with the Regional Technical Committee on March 16 and March 25, 2021.

In 2019, the WRCRWA RW Intertie project was awarded \$2.6 million in grant funding from Department of Water Resources through the Santa Ana Watershed Project Authority (SAWPA). Based on the interest developed to date, IEUA is proposing to execute the grant funding with SAWPA in May 2021 to secure the monies. This action does not result in a commitment from the interested agencies in executing the project or approval of the conceptual terms for either project.

Supplies from the City of Rialto:

City of Rialto (Rialto) currently discharges all its treated effluent to the Santa Ana River and does not have a recycled water system within its service area. The Santa Ana River Multi-Species Habitat Conservation Plan (MSHCP) has identified that the Rialto wastewater treatment plant (WWTP) effluent during summer months has an adverse impact on native species. By removing this flow from the river, this adverse impact can be mitigated. Its NPDES permit limit for TDS is 490 mg/L which is lower than IEUA's limit of 550 mg/L. The draft/conceptual terms resulting from the discussions are attached and was discussed previously with the Regional Technical Committee on March 16 and March 25, 2021.

Rialto and Western are interested in marketing their unused recycled water supply through a regional partnership. IEUA and its agencies are interested in securing supplemental supplies during the summer months to maximize the use of its recycled water throughout the year. At the March 25, 2021 Regional Technical Committee, Cities of Montclair and Ontario and Cucamonga Valley Water District expressed support in continuing the development of the project and discussions, while the remaining agencies expressed potential interest in the future with reservation on how their respective agency may be affected with rates to support the development of these external supplies. IEUA will continue to refine the terms of an agreement, determine next steps to implement the project, and update the Regional Contracting Agencies.

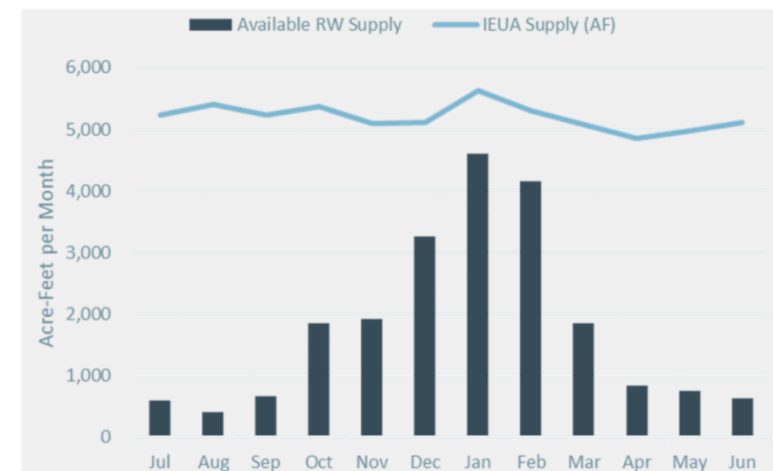
External Supply Sources

Western Municipal Water District & City of Rialto



Water Resources Partnership Objectives

- **IEUA**
 - Secure additional local reliable water supplies
 - Maximize use of recycled water within the watershed
- **City of Rialto**
 - Market its recycled water, diversify its water resources and seek financial security
- **Western Municipal Water District [Western]**
 - Market its recycled water for beneficial reuse from Western Riverside County Regional Wastewater Authority [WRCRWA]

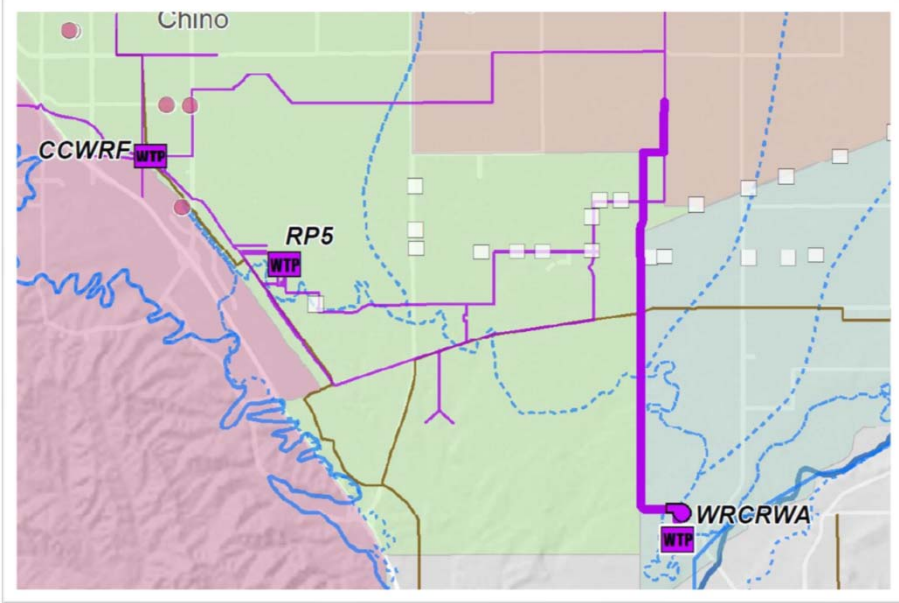


IEUA RW Supply
vs.
Seasonal Unused [Available] RW Supply

External Supply Sources: WRCRWA | Western

- Memorandum of Understanding executed in 2014 between IEUA, JCSD and Western
- **WRCRWA RW Supply Available: 8 TAFY**
 - Currently 100% of RW is discharged to SAR
 - NPDES Permit Limit TDS: 620 mg/L
 - Change in water use diversion permit completed
- **Project Components:**
 - (1) pump station and 5 miles of pipeline for interconnection
 - 4.5 MGD for 6 months [May – Oct] | 2,500 AFY
 - Capital Cost: \$26M | Pending grants: \$5.1 M

Application Year	Agency	Amount	Status
2015	SWRCB	\$29.5M SRF loan @ 0.65% \$2.5M grant	2018 - Fundable list
2018	USBR Title XVI	Pending	Reapply when details are known
2019	DWR SAWPA	\$2.6M grant	Pending agreement language



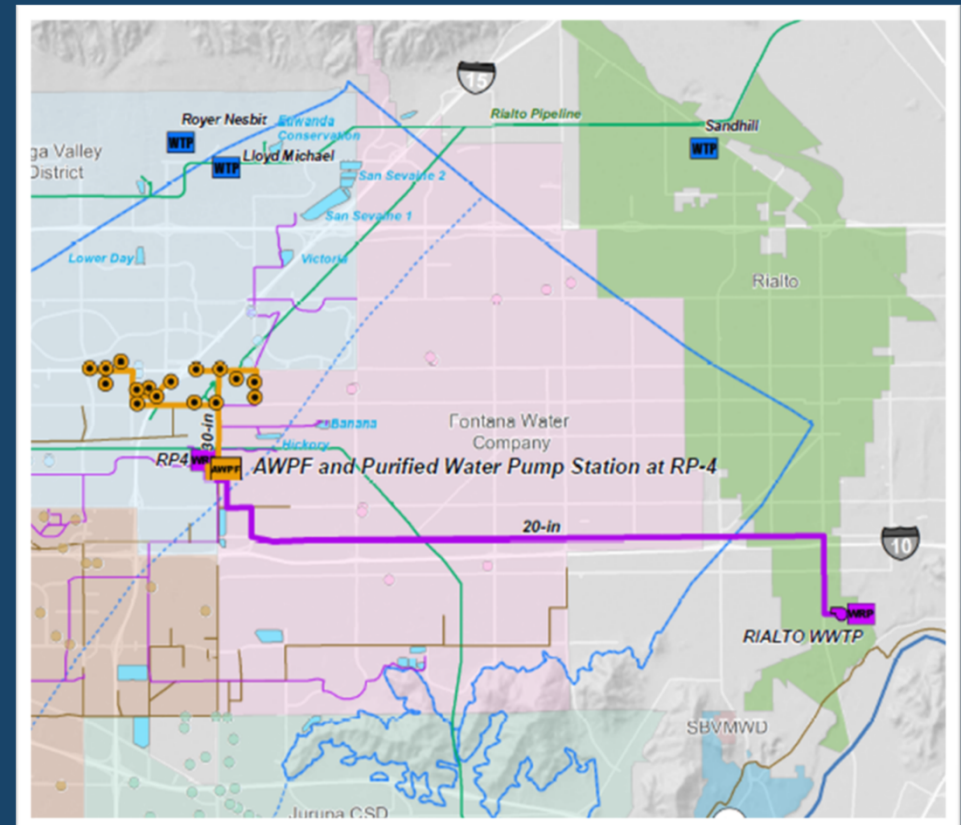
External Supply Sources: WRCRWA | Western

Term [Years]	Commodity Rate With Treatment & Injection
50	\$225/AF
45	\$190/AF
40	\$150/AF
35	\$120/AF

- **Treatment:** Advanced Water Purification Facility treatment will reduce the recycled water TDS (620 mg/L) to meet IEUA's permit requirements.
- **Injection:** Surface spreading basin capacity is not practical when this recycled water supply is available. Injection facilities are recommended to ensure groundwater storage of this secured supply.
- The **commodity rate** includes O&M costs associated with the treatment and injection facilities to meet permit compliance requirements.

External Supply Sources: City of Rialto

- IEUA engaged City of Rialto [Rialto] staff in 2019 to discuss mutual interests in developing a water resources partnership
 - Rialto's wastewater treatment plant discharges has adverse impacts to native habitat during the summer months because of the high temperature water
 - IEUA needs to supplement its recycled water supply during peak summer demands in order to maximize groundwater recharge



External Supply Sources: City of Rialto

- **Rialto RW Supply Available: 7 TAFY**
 - NPDES Permit Limit TDS: 490 mg/L
 - Project is considered under Upper SAR MSHCP
 - Project will need to secure water rights diversion permit
- **Project Components:**
 - (1) pump station and 10 miles of pipeline from Rialto to IEUA RP-4
 - 3,500 AFY for 6 months [May – October]
 - Capital Cost: \$53M

Term [Years]	Proposed Commodity Rate
50	\$275/AF

Optional Purchase option beyond 3,500 AF
at \$375 - \$400/AF

External Supply Sources: Summary

Agency	TDS Limit	Quantity	Infrastructure	Capital Cost	* Commodity Rate	Contract Term
Western	620 mg/L	2,500 AF	(1) Pump station 5 miles of pipeline	\$26 million	\$225/AF	50 years
Rialto	490 mg/L	3,500 AF	(1) Pump station 10 miles of pipeline	\$53 million	\$275/AF	50 years

- Factors in Commodity Rate:
Capital cost, O&M cost, MWD Tier 1 rate

External Supply Sources: Next Steps

- March 2021: Regional Tech Committee
- April 2021: Regional Technical Committee
Invite Western MWD and Rialto to discuss the deal points
- Based on discussions with member agencies, provide updates to the IEUA Board

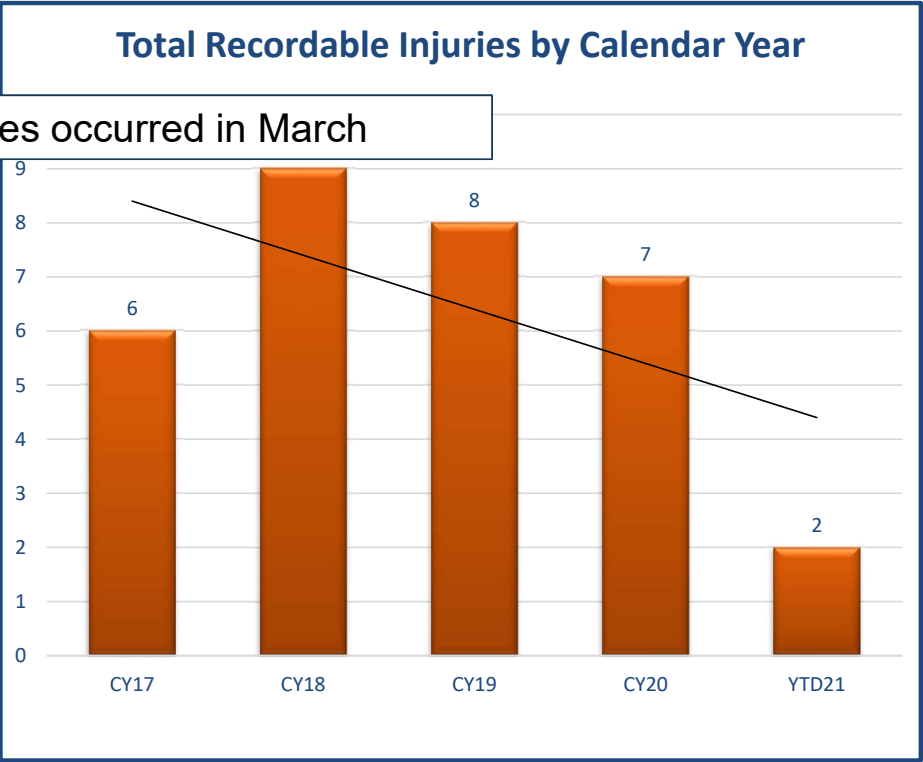
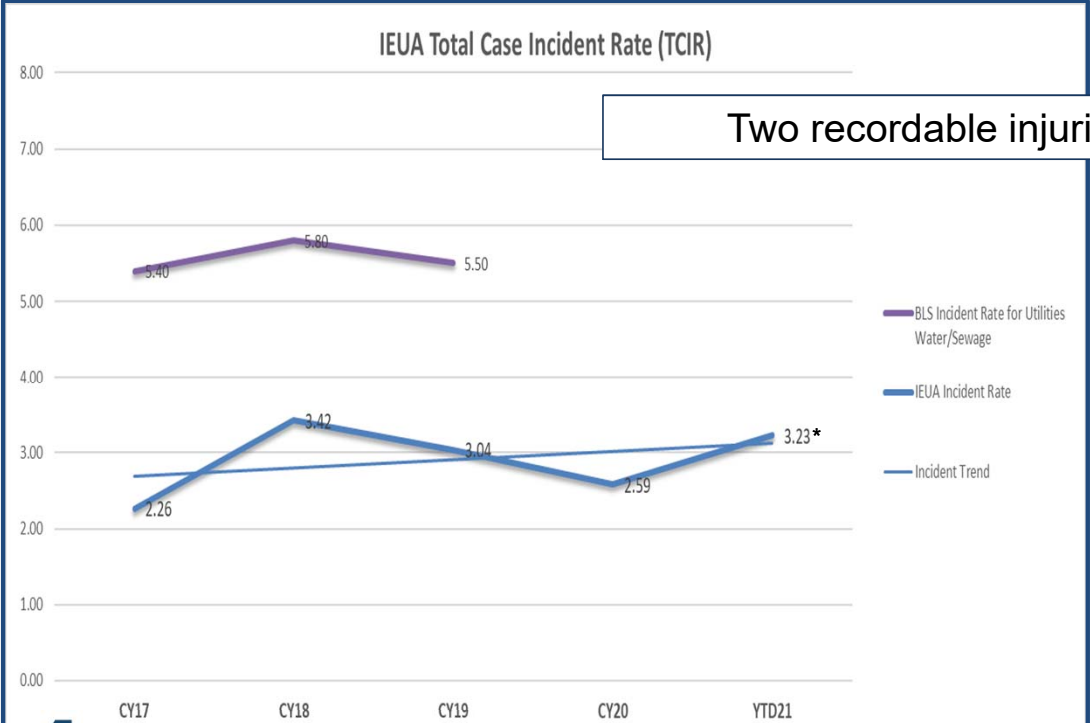
**RECEIVE AND
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5A

Operations Division Quarterly Update



IEUA Incident Rates vs. Industry & Total Recordable Injuries



Two recordable injuries occurred in March

* Estimated incident rate based on past March hours worked

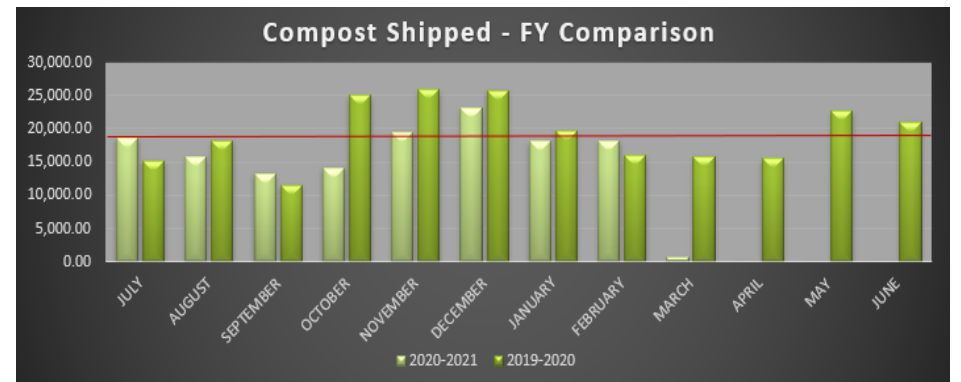
IERCF Risk and Safety



- Over 600 days – no recordable or lost time incidents
 - 22,000 trucks/year over scale
 - >200,000 tons material processed
 - Thousands of wheel loader trips inside tight quarters
 - Mechanics, weld and often work in confined space.

Compost Sales

- Completely sold out of compost (230,000 cubic yards/year)
 - 80% Landscape
 - 15% Agriculture
 - 5% Give back to cities

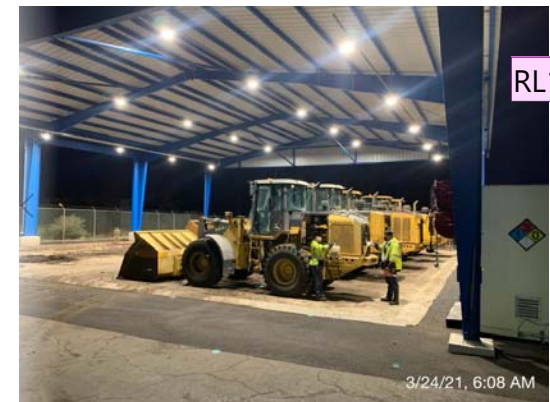
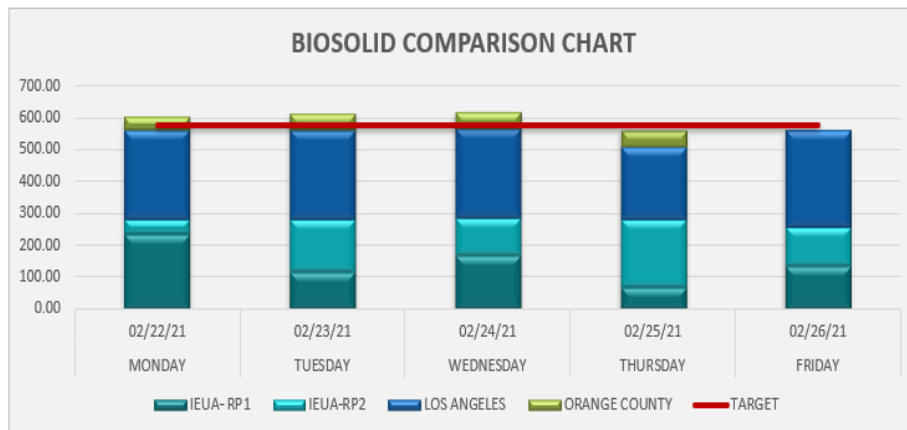


IERCF Operations

Biosolids Received

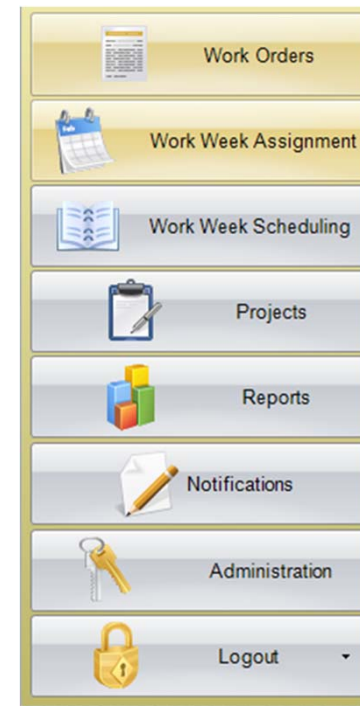
AGENCY/PLANT	MONDAY 02/22/21	TUESDAY 02/23/21	WEDNESDAY 02/24/21	THURSDAY 02/25/21	FRIDAY 02/26/21	TOTAL	%
IEUA- RP1	182.66	183.47	205.08	114.09	165.02	850.32	29%
IEUA-RP2	96.23	88.86	69.18	165.52	115.67	535.46	18%
LOS ANGELES	276.12	276.26	275.33	276.72	277.58	1382.01	47%
ORANGE COUNTY	49.53	49.74	25.01	49.39	0.00	173.67	6%
	604.54	598.33	574.60	605.72	558.27	2941.46	

- Maintaining full capacity
 - 800 tons/day biosolids and green waste
- Perfect environmental compliance
- 25 FTEs



Maintenance Scheduling Software

- IEUA procured scheduling software called PaSTA
- Testing at IERCF – then to all IEUA
- Improves efficiency and transparency
- Supports reliability
- Supports Asset Management



Enhanced Scheduling Views

- SAP 1 Week Schedule

Order	Operation short text	Earl.start date	Earl. fin.
3403942	ACTV BC19 skirting bad	03/05/2021	03/05/2021
3403943	ACTV BC19 scapper bad	03/05/2021	
3407835	LUBRICATION O	03/05/2021	
3402520	AH #1 & #2 Curt	03/08/2021	03/14/2021
3407210	Loader 622 Back	03/01/2021	03/01/2021
3398224	RECV BC 3 Tail p	03/03/2021	03/03/2021
3408462	SCRN BC29 roller	03/01/2021	03/07/2021
3408491	ACT fire sprinkler leak	03/01/2021	
3408555	BAG house sprinkler leak	03/01/2021	
3402520	AH #1 & #2 Curb needs repair	03/08/2021	03/14/2021



Requires daily exporting data to Excel

WO#	Task Description	Scheduled Start	Scheduled Finish	Priority	Scheduled Hours	Status	2/8	2/9	2/10	2/11	2/12
3403937	Replace 2 troughing rollers SCRN BC 23	02/08/2021	02/08/2021	Low	2.0	NTST					
3406386	Replace3 Rollers SCRN BC23	02/08/2021	02/08/2021	Urgent	2.0	NTST					
3406696	ACTIVE OXYGEN SENSORS (2W)	02/08/2021	02/08/2021	Medium	0.5	NTST					
3406781	SKID STEER EQUIPMENT	02/08/2021	02/08/2021	Medium	4.0	NTST					
3406865	BIOFILTER DRAIN PUMPS	02/08/2021	02/08/2021	Medium	2.0	NTST					
3407207	East washpad hose nozzle leaking	02/08/2021	02/08/2021	Medium	1.0	NTST					
3407276	MONDAY'S LOADER PM	02/08/2021	02/08/2021	Medium	2.0	NTST					
3407281	MONDAY ACTIVE PROBE INSPECTION	02/08/2021	02/08/2021	Medium	1.0	NTST					
3407326	ACTV Conveyors unused for	02/08/2021	02/08/2021	Medium	2.0	NTST					
3407327	Loader 0624 LED light bar is fl	02/08/2021	02/08/2021	Medium	2.0	NTST					
3405859	ROOF SUPPLY FANS 5-8 (02/08/2021	02/08/2021	Medium	7.0	NTST					
3406077	SCRN BC20 Return roller	02/08/2021	02/08/2021	Medium	1.0	NTST					
3406226	RECEIVING SCREW PREDICTIV	02/08/2021	02/08/2021	Medium	4.0	NTST					
3406393	Repair Hand-Rail in Receiv	02/08/2021	02/08/2021	Medium	2.0	NTST					
3406582	RECV BC 6 worn return roller on trainer	02/09/2021	02/09/2021	Low	1.0	NTST					
3406765	SOUTH CURING FANS	02/09/2021	02/09/2021	Medium	7.0	NTST					
3407210	Loader 622 Backup camera, Washer fluid,	02/09/2021	02/09/2021	Urgent	4.0	NTST					
3407275	HUMIDIFICATION FILTER CHANGE (TUESDAY)	02/09/2021	02/09/2021	Medium	1.0	NTST					
3407277	TUESDAY'S LOADER PM	02/09/2021	02/09/2021	Medium	2.0	NTST					
3406247	Repair SCRN EFS Dampeners	02/10/2021	02/10/2021	Urgent	4.0	NTST					
3406500	NORTH ACTIVE FANS	02/10/2021	02/10/2021	Medium	7.0	NTST					

- New software 4-week Schedule

- Work order automatically downloaded to software
- Ease of use, drag and drop, auto populate
- Automatic KPI reports

Week of: 03/01/2021 37 records						
WO ID	T	TASK DETAILS	PW Hrs	PROG	EARLIEST_SCHED_START	EARLIEST_FINISH
3407975	1	Remove S. Loadout Door Rubber Stripping	0	C	3/1/2021 12:00:00 AM	3/7/2021
3407970	2	ACTV PF3 Tear Down	1.5	C	3/1/2021 12:00:00 AM	3/7/2021
3407544	2	ACTV-NORTH PF3 belt tension 5 pounds	4	C	3/1/2021 12:00:00 AM	3/7/2021
3408462	1	SCRN BC29 roller is hanging	0	C	3/1/2021 12:00:00 AM	3/7/2021
3408491	1	ACT fire sprinkler leak	0	C	3/1/2021 12:00:00 AM	3/7/2021
3408555	1	BAG house sprinkler leak	0	C	3/1/2021 12:00:00 AM	3/7/2021
3407303	1	ACTV-NORTH PF3 phase 4 checked	3	C	3/1/2021 6:00:00 AM	3/1/2021
3407917	1					
Week of: 03/08/2021 31 records						
WO ID	T	TASK DETAILS	PW Hrs	PROG	EARLIEST_SCHED_START	EARLIEST_FINISH
3400461	1	Replace Gearbox BH1	4		3/8/2021 12:00:00 AM	3/14/2021
3400461	2	Replace Gearbox BH1	4		3/8/2021 12:00:00 AM	3/14/2021
3400461	3	Lift support to replace Gearbox BH1	4		3/8/2021 12:00:00 AM	3/14/2021
3402520	1	AH #1 & #2 Curb needs repair	3		3/8/2021 12:00:00 AM	3/14/2021
3402520	2	AH #1 & #2 Curb needs repair	3		3/8/2021 12:00:00 AM	3/14/2021
340461	1	Install new Directional Plow ACTV BC12	2		3/8/2021 12:00:00 AM	3/14/2021
34077	1	Handrail Repair with MCC	5		3/8/2021 12:00:00 AM	3/14/2021
34077	2					
Week of: 03/15/2021 6 records						
WO ID	T	TASK DETAILS	PW Hrs	PROG	EARLIEST_SCHED_START	EARLIEST_FINISH
3390864	1	SCRN #1 Dis-chute needs UHMW	6		3/15/2021 12:00:00 AM	3/21/2021
3391934	1	RECV BH#3 Build parts list for grate	3		3/15/2021 12:00:00 AM	3/21/2021
3391935	1	RECV BH#2 build parts list for grate	6		3/15/2021 12:00:00 AM	3/21/2021
3402888	1	clean the maintenance shop	5		3/15/2021 12:00:00 AM	3/21/2021
3402888	2	clean the maintenance shop	5		3/15/2021 12:00:00 AM	3/21/2021
3403492	1	OPS front entrance ceiling hole	4		3/15/2021 12:00:00 AM	3/21/2021
3403493	1	ACTV hopper belt 12' infeed	2		3/15/2021 12:00:00 AM	3/21/2021
3403938	1					
Week of: 03/22/2021 6 records						
WO ID	T	TASK DETAILS	PW Hrs	PROG	EARLIEST_SCHED_START	EARLIEST_FINISH
3401437	1	Bag house dust bin tarp redesign	30		3/22/2021 12:00:00 AM	3/28/2021
3404697	1	Load out ceiling hole	2		3/22/2021 12:00:00 AM	3/28/2021
3406261	1	Loader 0626 needs 500/1000 Hour service	4		3/22/2021 12:00:00 AM	3/28/2021
3407458	2	Replace bearings and belt SF17	4		3/22/2021 12:00:00 AM	3/28/2021
3407914	2	ACTV EF 3 Repair	3		3/22/2021 12:00:00 AM	3/28/2021
3407944	1	RECV BC9 drive belt fatigue	1		3/22/2021 12:00:00 AM	3/28/2021

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Building Activity Report - YTD Fiscal Year 2020/21



Legend

- Service Area
- Unincorporated

EDU (YTD)

Residential

- <=1.0
- 1.0 - 10.0
- >10.0

Commercial

- <=1.0
- 1.0 - 10.0
- >10.0

Industrial

- <=1.0
- 1.0 - 10.0
- >10.0

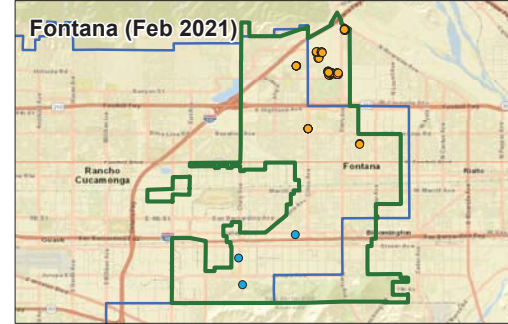
HALF MILE GRID: TOTAL EDU's (YTD)



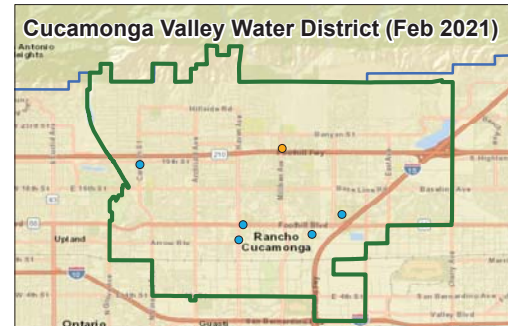
TOTAL EDU BY WASTEWATER CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual				Projected
	Commercial (EDUs)	Industrial (EDUs)	Residential (EDUs)	Total (EDUs)	
Chino	14	0	287	301	430
Chino Hills	18	0	27	45	182
CVWD	26	27	14	66	1650
Fontana	56	7	797	860	2406
Montclair	8	0	0	8	407
Ontario	91	-3	724	811	3865
Upland	18	0	35	53	381
Total	230	31	1884	2145	9321

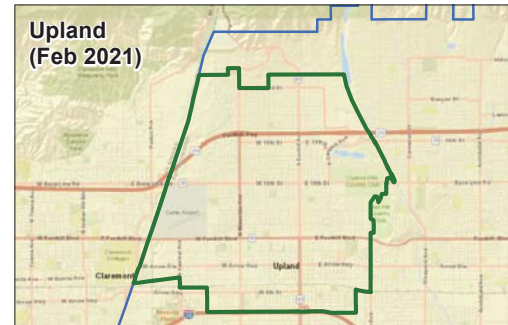
Fontana (Feb 2021)



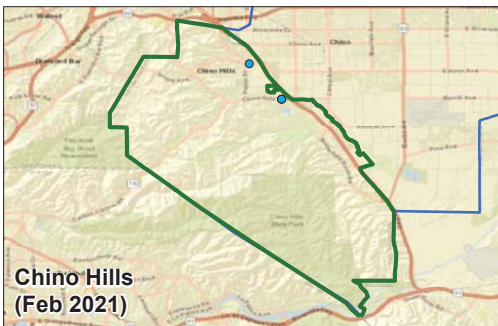
Cucamonga Valley Water District (Feb 2021)



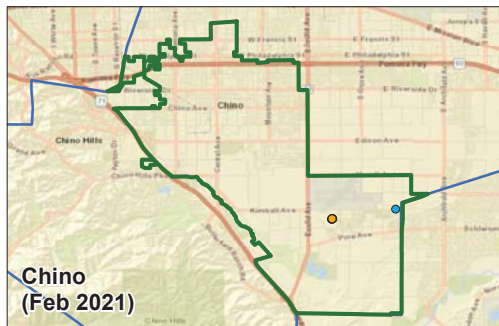
Upland (Feb 2021)



Chino Hills (Feb 2021)



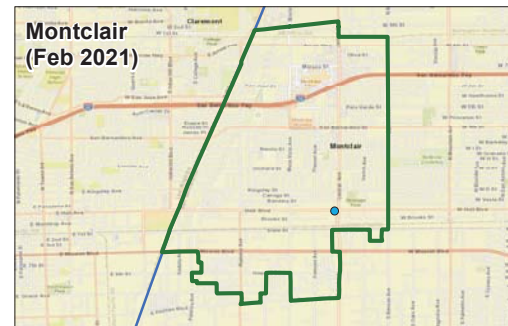
Chino (Feb 2021)



Ontario (Feb 2021)



Montclair (Feb 2021)



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IEUA RECYCLED WATER DISTRIBUTION – MARCH 2021

TOTAL ALL PLANTS

Influent: 49.0 MGD

Delivered: 16.5 MGD

Percent Delivered: 34%

Preliminary Deliveries

RW GWR: 9.1 MGD

RW Direct Use: 7.4 MGD

RP-4

Delivered: 7.4 MGD

RP-1

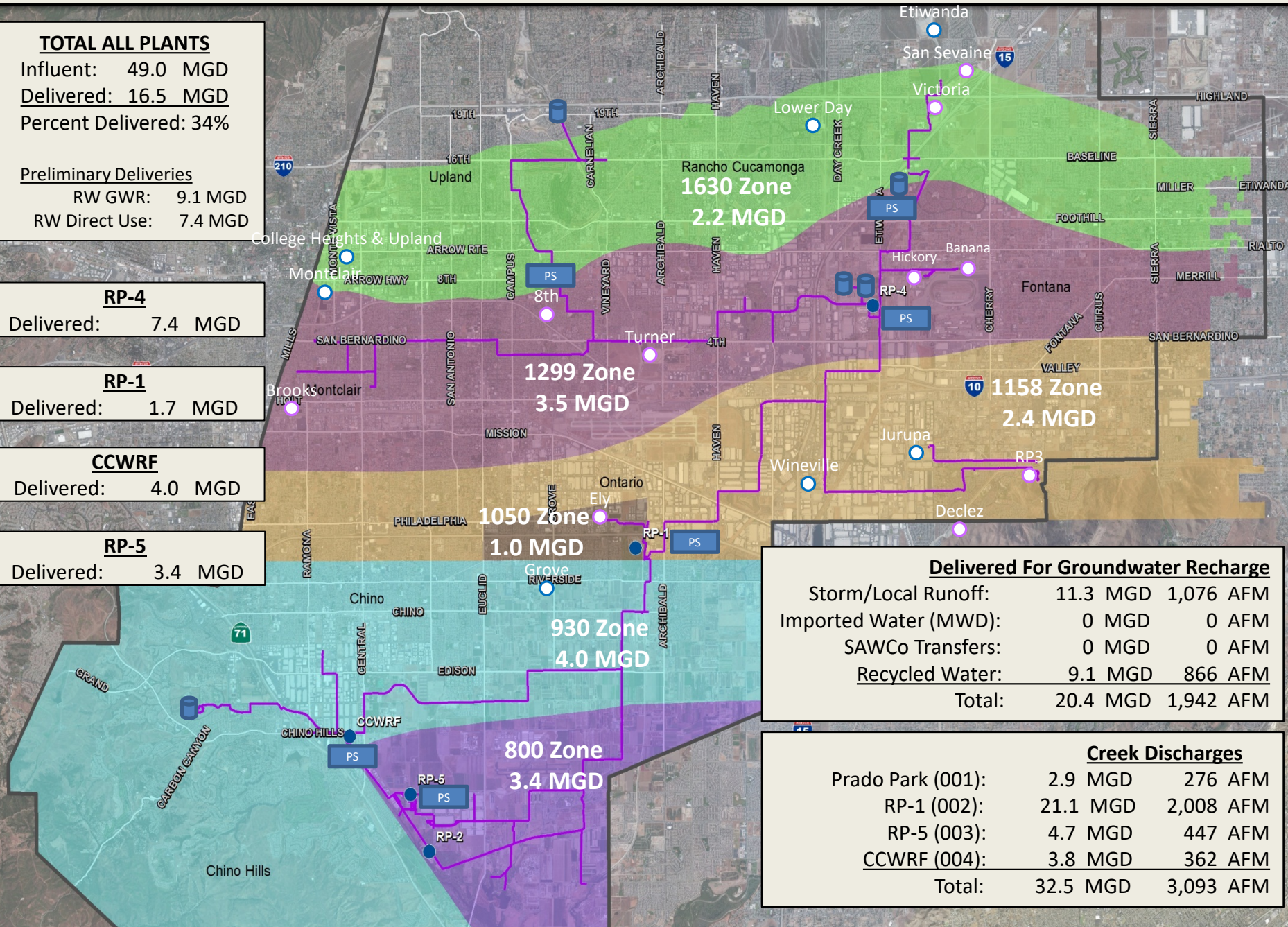
Delivered: 1.7 MGD

CCWRF

Delivered: 4.0 MGD

RP-5

Delivered: 3.4 MGD



Delivered For Groundwater Recharge

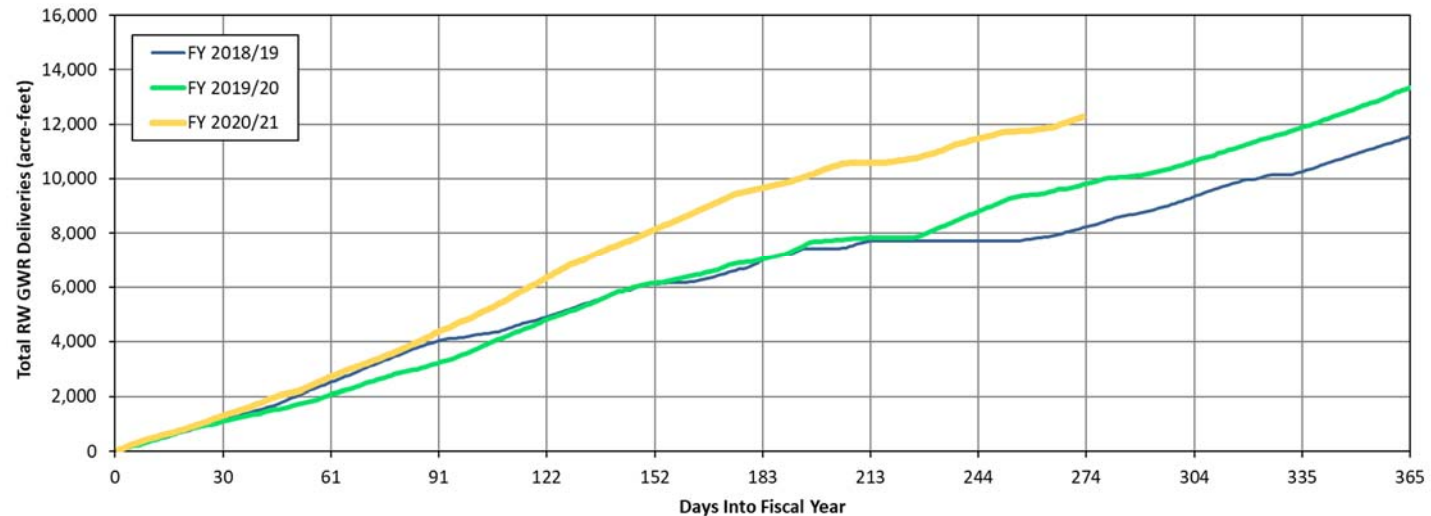
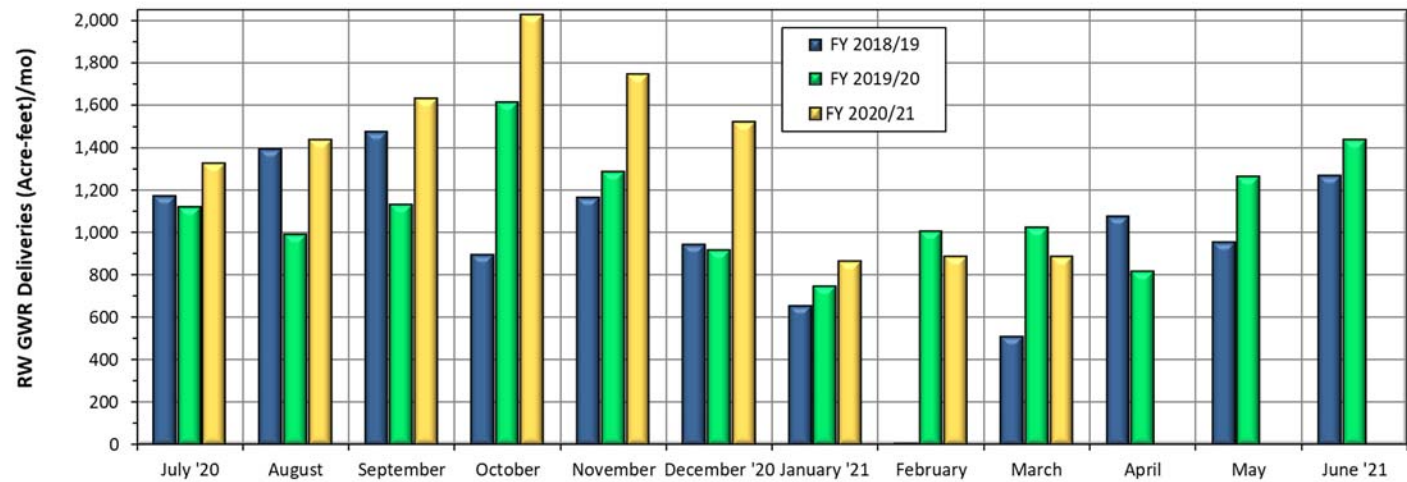
Storm/Local Runoff:	11.3 MGD	1,076 AFM
Imported Water (MWD):	0 MGD	0 AFM
SAWCo Transfers:	0 MGD	0 AFM
Recycled Water:	9.1 MGD	866 AFM
Total:	20.4 MGD	1,942 AFM

Creek Discharges

Prado Park (001):	2.9 MGD	276 AFM
RP-1 (002):	21.1 MGD	2,008 AFM
RP-5 (003):	4.7 MGD	447 AFM
CCWRF (004):	3.8 MGD	362 AFM
Total:	32.5 MGD	3,093 AFM

Recycled Water Recharge Deliveries - March 2021 (Acre-Feet)

Basin	3/1-3/6	3/7-3/13	3/14-3/20	3/21-3/27	3/28-3/31	Month Actual	FY To Date Actual	Deliveries are draft until reported as final and do not included evaporative losses.	
Ely	10.2	5.8	15.3	47.5	27.0	105.8	793		
Banana	7.7	1.4	0.0	18.3	10.2	37.6	543		
Hickory	0.0	0.0	0.0	0.0	0.0	0.0	245		
Turner 1 & 2	0.0	0.0	0.0	0.0	0.0	0.0	494		
Turner 3 & 4	8.7	1.8	11.8	17.4	15.1	54.8			
8th Street	12.4	12.7	0.0	0.0	0.4	25.5	667		
Brooks	0.0	0.0	0.0	0.0	24.6	24.6	686		
RP3	92.7	31.8	43.9	110.9	77.8	357.1	5391		
Declez	0.0	0.0	0.0	2.8	0.0	2.8	623		
Victoria	12.2	2.5	7.1	20.4	10.5	52.7	1061		
San Sevaline	44.3	37.4	37.3	57.0	28.9	204.9	1833		
Total	188.2	93.4	115.4	274.3	194.5	865.8	12,336	8,830	AF previous FY to day actual



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Date: May 6, 2021

To: Regional Policy Committee

From: Inland Empire Utilities Agency *SSD*

Subject: Expanded Return to Sewer Study

RECOMMENDATION

This is an information item for the Regional Policy Committee.

BACKGROUND

In January 2020, the Regional Technical Committee authorized the initiation of the Pilot RTSS as part of the ongoing discussions related to growth forecasting and Exhibit J in the Regional Contract Negotiations. The purpose of the Pilot RTSS was to establish a model that could be used to calculate estimated return to sewer flows for residential and non-residential customer classes based on water consumption in the City of Montclair/Monte Vista Water District service area.

A technical subgroup of Regional Contracting Agency and IEUA representatives was established as a technical subgroup to review updates from the project consultant, Advanced Research in Government Operations (ARGO), for the duration of the project. The project commenced on April 22, 2020 and after six months of data analysis and periodic updates, a draft final report was presented to the technical subgroup on November 5, 2020. On December 7, 2020, the final report and results for the Pilot RTSS were presented to the Regional Technical Committee. During that meeting, two options for next steps were discussed which included moving forward with conducting flow and wastewater monitoring in the pilot study service area or performing an expanded RTSS in other Contracting Agency service area(s) while postponing the flow and wastewater monitoring until after pandemic conditions have eased. IEUA advised the Regional Technical Committee that an action item would be brought back for consideration once the technical subgroup had time to evaluate the scope and costs of an expanded study.

On January 11, 2021, the technical subgroup reconvened to further review the next steps of the RTSS that were discussed at the Technical Committee. The technical subgroup members were in support of an expanded study with three members (City of Chino, City of Ontario, and Cucamonga Valley Water District (CVWD)) interested in participating in the next phase. Over the next few months, ARGO, which has since updated their name to the California Data Collaborative (CaDC), received input from the Technical Subgroup to complete an expanded RTSS scope and study proposal.

Two additional meetings with the technical subgroup were held in March and April 2021 to review the proposal and associated costs. The Cities of Chino and Ontario and Cucamonga Valley Water District agreed to participate in the expanded study. The additional members of the subgroup, Cities of Fontana, Montclair and Upland also support the expanded study.

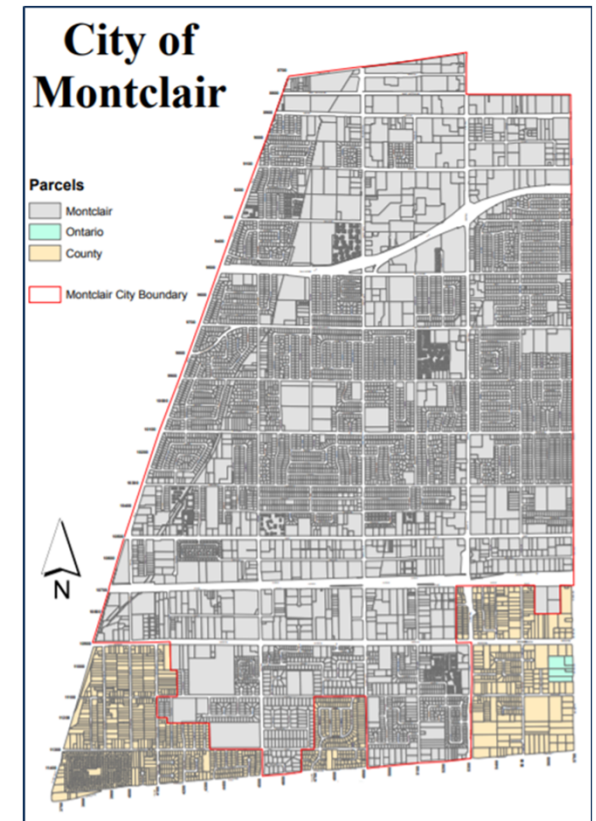
Expanded Return to Sewer Study



Ken Tam
Senior Engineer
Regional Policy Committee
May 2021

Return to Sewer Study

- Pilot Study completed for the Montclair/Monte Vista Water District Service Area (April through November 2020)
- Model Developed to Calculate Return to Sewer Flows
 - Water demands and subtracting estimated outdoor demands
- January 2021 – Path Forward (Technical Subgroup)
 - City of Chino, City of Ontario, and Cucamonga Valley Water District service areas
- March/April 2021 – Expanded Return to Sewer Study
 - Technical Subgroup members agree to expanded study



Project Budget

Description	Flat Cost
Base Costs	\$39,000
Parcel Data Preparation, Data Analysis, Project Management, Communications and Deliverables	\$39,000
Variable Costs	\$45,600
Meter Data Preparation, Integrate and Categorize Commercial Data (dependent on # of connections)	
• City of Chino Service Area	\$12,000
• City of Ontario Service Area	\$15,000
• Cucamonga Valley Water District Service Area	\$18,600
Optional Tasks	\$15,000
Comparison of Return to Sewer Model Flows to Measured Sewer Flows for Chino & Ontario	\$15,000
Total Project Cost:	\$99,600

EDU Evaluation Timeline

		2020												2021												2022												2023											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
CASA Study	Residential Handbook																																																
	Non-Residential Monitoring																																																
	Non-Residential Handbook																																																
IEUA EDU Study	Return to Sewer Pilot Study																																																
	Pilot Study - MVWD/Montclair																																																
	Consideration of Field Verification/Exp. Study																																																
	IEUA Service Area Return to Sewer Study																																																
	Expanded Return to Sewer Study																																																
	Consider monitoring sites																																																
	Field verification																																																
	Data Analysis & Conclusions																																																
	EDU Methodology and Rate Structure																																																
	Retain services for Tech. Eval.																																																
	Develop methodology & Impact to existing users																																																
	Propose Methodology & Rate Str.																																																

Recommendation

It is recommended that the Regional Technical Committee provide its consent for IEUA to initiate expanded Return to Sewer Study with California Data Collaborative.

*The Expanded Return to Sewer Study is consistent with the **IEUA's Business Goal of Fiscal Responsibility & Wastewater Management**. The project will specifically support planning efforts related to Equivalent Dwelling Unit equation in Exhibit J and regional growth forecasting.*

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5E

Sewage Contract Negotiations

March 24 & 25

Session 46 & 47

Key Topics: governance

Objectives

- Explore and clarify the roles and decision-making authorities of the Technical and Policy Committee as outlined in the current contract/proposed for the new contract
- Plan for 4/1 Policy Committee reportback

Attendees

Chino:

Dave Crosley
Amanda Coker

Chino Hills:

Ron Craig

Cucamonga:

Eduardo Espinoza

Fontana:

Armando Martinez

Montclair:

Noel Castillo²

Ontario:

Chris Quach
Courtney Jones²

Upland:

Nicole de Moet
Braden Yu

IEUA:

Shivaji Deshmukh¹
Ken Tam
Christina Valencia
Christiana Daisy
Eddie Lin

Legal Counsel:

Jeff Ferre

Kearns & West Team:

Terra Alpaugh¹
Mike Harty

¹Only attended 3/24

²Only attended 3/25

Action Items

- Mike Harty will report back to PC on a proposed May workshop on governance.

- Christina will review PC upcoming agendas to identify best options(s) for a workshop in light of other items such as budget
- The CAs and IEUA will confer internally about remaining governance topics based on review of the governance matrix in order to continue building agreements

Perspectives & Key Outcomes

The notes below are organized by agenda topic. Contract Agency (CA)/IEUA representatives are not identified individually, but instead by their city/organizational name (e.g. Chino, IEUA). *Tentative or potential agreements among Contract Agencies that emerged from the discussions are italicized.*

Review roles of PC and TC in current contract and confirm current practice and desired future practice

KW observed that the current contract has short sections describing the Technical (TC) and Policy (PC) Committees but that most of the detail related to what they can provide input on is sprinkled throughout the contract. KW shared the descriptions of the TC and PC roles and asked the CAs if they felt they were appropriately characterized.

The role of the Policy Committee:

The parties desire to provide for a Regional Policy Committee to advise CBMWD of the needs and views of the Contracting Agencies concerning CBMWD's policies and activities in the financing, acquisition, construction, maintenance and operation of the Regional Sewerage System, to make reports and recommendations with respect thereto, and to fully inform the Contracting Agencies concerning such policies and activities...

The role of the Technical Committee:

The committee may, and upon request by the Regional Policy Committee or CBMWD shall, review and make recommendations concerning any of the following technical matters: the acquisition, design, construction, maintenance, operation, or financing of sewer facilities, sewage treatment, reclamation, or disposal facilities, sewage and effluent measuring devices and equipment, Community Sewer Systems and the Regional Sewerage System; sewer user charges; service charges; quality standards for sewage and any effluent; and any other technical matter related to any of the foregoing. (Amended April 12, 1984)

Feedback from the CA included:

- Chino stated that based on the two paragraphs, the TC exists for two reasons: first, because IEUA would derive some benefit from technical discussions involving the CAs; second, because the PC would derive some benefit from TC recommendations.
 - KW noted that there appear to be some things in the contract that the PC would not automatically receive a recommendation on from the TC. KW asked what the PC expects with respect to TC involvement. Should all matters be first considered by the TC, since they are essentially the staff for the PC?

ROLES AS DEFINED IN THE CURRENT CONTRACT & TERM SHEETS

KW reviewed the contract for language describing roles for the TC and PC; this information is recorded in the table below. In the meeting, KW reviewed the table and asked CAs and IEUA to compare the roles described with actual practice. Those answers were recorded in the fourth column (far right).

KW also reviewed the existing term sheets to identify any governance provisions that have been tentatively agreed to thus far in the negotiations and recorded the proposed additions they make to TC and PC responsibilities; these are listed in the second half of the table.

Item	Technical Committee Role	Policy Committee Role	In Practice
In Contract <ul style="list-style-type: none"> CA acquisition of WWTP Acquisition of Regional Interceptor Ten Year Forecast Mid-Year Report 	In contract: <ul style="list-style-type: none"> Makes recommendation Makes recommendation Reviews TYF forecast (no action) Reviews mid-year report (no action) 	In contract: <ul style="list-style-type: none"> [Does not go through PC] [Does not go through PC] Provides recommendation on projects in TYF (binding language)¹ Makes recommendation on midyear report (binding language)² 	<ul style="list-style-type: none"> No practice Don't know if went to PC TC provides recommendations; PC? No practice

¹ (Ten Year Forecast binding language) "... shall be binding upon CBMWD, and CBMWD shall follow the recommendations of the Regional Policy Committee unless the Board of Directors of CBMWD determines, based on specific findings, that the Regional Policy Committee's recommended XXX would impair its ability to operate the Regional Sewerage System or would impose unreasonable burdens upon it with respect to construction supervision or administration or financing of Regional Sewerage System capital improvement projects or unless a Contracting Agency objects in writing to the recommendations of the Regional Policy Committee."

² (Mid- Year Report language) "The Board shall follow the recommendations of the Regional Policy Committee with respect to such reports unless it determines, based on specific findings, that to do so would impair its ability to operate the Regional Sewerage System or impose unreasonable burdens with respect to the timing of design and construction or financing of design and construction of Regional Sewerage System capital improvement projects or unless a Contracting Agency objects thereto in writing."

Item	Technical Committee Role	Policy Committee Role	In Practice
<ul style="list-style-type: none"> Capital capacity reimbursement amount 	<ul style="list-style-type: none"> [Does not go through TC] 	<ul style="list-style-type: none"> Makes recommendation on capital capacity reimbursement amount 	<ul style="list-style-type: none"> -part of rate setting; TC and PC for review; PC issues rec to board
<ul style="list-style-type: none"> Reclaimable industrial connections 	<ul style="list-style-type: none"> Reviews any new connection 	<ul style="list-style-type: none"> [Does not go through PC] 	<ul style="list-style-type: none"> -local agency reviews; if significant industrial user, goes to IEUA; currently, does not go to TC
<ul style="list-style-type: none"> Transfer of capacity demand 	<ul style="list-style-type: none"> Reviews any potential transfer of capacity demand and makes recommendation 	<ul style="list-style-type: none"> Makes final recommendation on new connections 	<ul style="list-style-type: none"> -no practice?
<ul style="list-style-type: none"> Major construction contracts 	<ul style="list-style-type: none"> [Does not go through TC] 	<ul style="list-style-type: none"> Approval needed for projects over \$2 million 	<ul style="list-style-type: none"> -TC provides recommendation
<ul style="list-style-type: none"> Prioritized Design contracts 	<ul style="list-style-type: none"> [Does not go through TC] 	<ul style="list-style-type: none"> Prioritizes projects prior to design contract 	<ul style="list-style-type: none"> -goes to neither committee
<ul style="list-style-type: none"> Selection of Design Engineers 	<ul style="list-style-type: none"> Reviews RFPs and recommends engineering firms 	<ul style="list-style-type: none"> [Does not go through PC] 	<ul style="list-style-type: none"> -goes to neither committee; IEUA sometimes has CAs participate
<ul style="list-style-type: none"> Design Review 	<ul style="list-style-type: none"> Are kept updated on progress and design of all major projects 	<ul style="list-style-type: none"> [Does not go through PC] 	<ul style="list-style-type: none"> -both are kept updated
<ul style="list-style-type: none"> Sewage Delivery Points 	<ul style="list-style-type: none"> Provides recommendation on new sewage delivery points 	<ul style="list-style-type: none"> [Does not go through PC] 	<ul style="list-style-type: none"> -yes, current practice

Item	Technical Committee Role	Policy Committee Role	In Practice
<ul style="list-style-type: none"> Sewage Delivery Measurement 	<ul style="list-style-type: none"> Provides recommendation on method for determining amnt of sewage delivered to RSS 	<ul style="list-style-type: none"> [Does not go through PC] 	<p>-method has not changed; but not a regular review</p>
<ul style="list-style-type: none"> Budget 	<ul style="list-style-type: none"> [Does not go through TC] 	<ul style="list-style-type: none"> Provides recommendation on budget (binding language)³ 	<p>-TC is involved; receive same presentations on rates & budgets as PC; has not been example of misalignment on budget</p>
<ul style="list-style-type: none"> Capital Improvement Projections 	<ul style="list-style-type: none"> [Does not go through TC] 	<ul style="list-style-type: none"> Participate in budget review for capital improvement projection needs 	<p>- (TYCIP link) both TC and PC</p>
<ul style="list-style-type: none"> Adjustment of over or under payment of service charges 	<ul style="list-style-type: none"> Provides recommendations on disagreement over under/overpayment of service charges 	<ul style="list-style-type: none"> [Does not go through PC] 	<p>-yes – same practice</p>
<ul style="list-style-type: none"> Grants 	<ul style="list-style-type: none"> To be kept informed on grants 	<ul style="list-style-type: none"> To be provided notice of all grant negotiations; can participate in negotiations 	<p>-provide semi-annual update on grants that are in process; PC not part of negotiations</p>
<ul style="list-style-type: none"> Amendments of this + similar service contracts 	<ul style="list-style-type: none"> [does not go through TC] 	<ul style="list-style-type: none"> Provides recommendation on amendments 	<p>[more discussion needed]</p>

³ (Budget language) “The Board of Directors shall alter or adopt the budget in accordance with the report and recommendations of the Regional Policy Committee, unless the Board of Directors, based on specific findings in said resolution, determines that such alteration or adoption impairs CBMWD's ability to operate the Regional Sewerage System.”

Item	Technical Committee Role	Policy Committee Role	In Practice
In Term Sheets: <ul style="list-style-type: none"> BAR subcommittee Collection of Fees Audits Third Party agreements (pending agreement) Property Taxes (pending agreement) 	In Term Sheets: <ul style="list-style-type: none"> Establish BAR subcommittee that reports to TC (Exhibit J) Provisions for BAR subcommittee to do connection fee audits; will send quarterly report to TC and PC clarifying errors/recommending best practices (Collection of Fees) Will review and approve RCA-led TPAs that would impact regional infrastructure more than if the RCA used that part of the BE themselves (TPAs) Review/approve IEUA-TPA agreements [term sheet does not specify TC role] 	<ul style="list-style-type: none"> [term sheet does not specify PC role] Receive report [term sheet does not specify PC role] Review/approve IEUA/TPA agreements PC reviews PT allotments every 2-5 yrs; submits recommendation. <i>{IEUA comment: We should also highlight the contract only applies to “IDC” taxes” and not all of the property tax receipts for IEUA}</i> 	

The following additional comments were made during the review of the table:

- Chino Hills suggested that the most important role for the CAs is having input on the TYCIP; that role allows them to influence where money is spent and prioritized, which is why the “binding” language with respect to the Board accepting PC recommendations unless they threaten the ability to operate the system that exists in the contract at that point makes sense.
 - IEUA agreed with the importance of communicating the direction of the program, especially for items with high dollar amounts.
 - IEUA also clarified that there is some confusion in terminology, because the TYCIP covers all the funds and programs administered by IEUA, which extends beyond wastewater. The Ten Year Forecast refers to just the items covered by the regional contract.
 - Chino Hills advocated that the new contract recognize that the line between wastewater, recycled water, and potable water will become increasingly blurry in the coming years with wider acceptance of technologies like direct potable reuse (DPR).
 - CVWD noted that in the TYCIP the projects are all mixed up together.
 - CVWD noted that the “binding” language is with respect to prioritization of the projects.
- IEUA noted that there has never been an example of the Board and Policy Committee being misaligned with respect to the final approval of the budget. The example of misalignment most often raised was a disagreement over the term of the rates; the Board preferred a five-year rate period for reasons of fiscal stability and the PC wanted a shorter term. For rate-setting, the contract does not establish “binding” language or the requirement that the Board provide findings.
 - IEUA explained that the proposed budget goes to the Finance Committee and Board first as an information item in case they have changes, then the Technical and Policy Committees as an information item for review and recommendations, and then to the back to the Board as information item updated with TAC and PAC recommendations. The updated proposed budget then goes back to TAC and PAC as an action item recommending approval to the IEUA Board. Every budget is seen at least twice by the Technical and Policy Committees.
- The most recent attempt at a Contract Amendment was not the smoothest process; this needs more discussion.

KW observed that the criteria used for determining which Committees review what items in the current contract are not always clear. KW asked the CAs and IEUA to consider whether current practices seem appropriate, or they would prefer to hew more closely to the contract, or should make additional changes.

Feedback included:

- CVWD noted that almost everything goes through the TC to provide recommendations to the PC; that practice should be codified.
 - IEUA agreed that it has been their practice to bring most items through both Committees, though some items (e.g. pretreatment topics) that only go to the TC.

- CVWD noted that the PC usually takes the TC's recommendation but can also make their own after review. CVWD asked whether everything needs to go to the PC and whether any decisions from the TC are binding.
- IEUA noted that the contract is old and reflects different organizational circumstances. It could be time to revisit some of these roles. For instance, it appears the TC was formed to be more involved in technical decisions, whereas the PC was formed to be involved in financials, budgets, rates, etc. It is possible that the duplicate process creates too much bureaucracy. IEUA noted that the TC has always been very engaged in the budget process.
 - KW asked what PC members see as their role and what they want to focus on.
 - CVWD offered that the contract brings a lot of intention to what the PC should decide, namely high-level topics like budget. They should try to retain and clarify that intent. For instance, maybe new interceptor connections can be decided by the TC.
- Jeff Ferre pointed out that any items that go to the Board with the kind of "binding" language pointed out for the Ten-Year Forecast, mid-year reports, and budget should be clearly identified. He asked if it is clear what that language means (i.e., what is the standard?) and whether it is working today.

Planning for Policy Committee Workshop on Governance

Representatives discussed options for responding to the request from PC members for a discussion of governance as part of a PC meeting.

Important factors to consider include:

- It will be important to highlight for PC representatives differences between contract language related to governance and actual practices as they have evolved over time
- A structured presentation for the PC on actual governance practices could be a useful element of a workshop
- The current practice of routing information through the TC first, and then to the PC, is a variation from contract language that the CAs value and would like to carry forward
- One challenge for scheduling a PC workshop is fitting with upcoming agenda topics including the budget. Christina will review upcoming agendas with this in mind, particularly May and June