





FY 2021/22 2022/23

Biennial Budget in Brief

MISSION

Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential services in a regionally planned and cost effective manner while safeguarding public health, promoting economic development and protecting the environment.

Key Areas of Service:

| | | | |
|---|--|---|--|
|  <p>Securing and supplying imported water.</p> |  <p>Collecting and treating wastewater.</p> |  <p>Producing high-quality, renewable resources such as recycled water, compost and energy.</p> |  <p>Promoting sustainable use of groundwater and development of local water supplies.</p> |
|---|--|---|--|

VISION

To become a world class leader in water management and environmental stewardship, including water quality, water-use efficiency, recycled water, and renewable energy, in order to enhance and preserve the quality of life throughout the region.

BUSINESS GOALS

The IEUA Board and management have committed to six broad policy goals designed to move the Agency forward in executing its mission and attaining its vision:

- ▶ Fiscal Responsibility
- ▶ Workplace Environment
- ▶ Business Practices
- ▶ Water Reliability
- ▶ Wastewater Management
- ▶ Environmental Stewardship

IEUA STRUCTURE AND SERVICE AREA

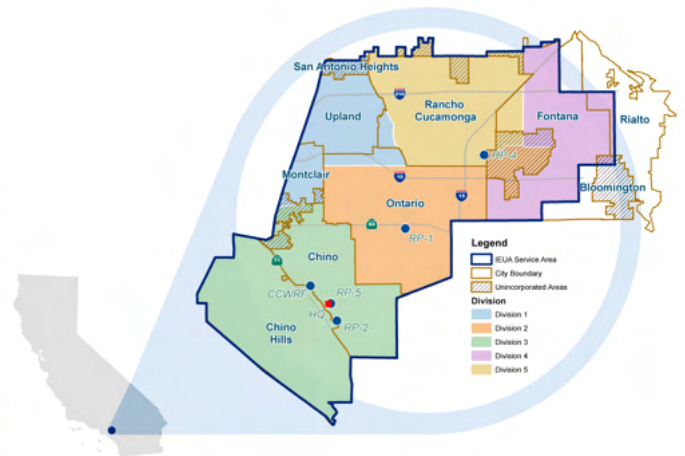
IEUA is led by a Board of Directors elected to represent the five service sectors in its service area. The Agency has five divisions, led by executive management who oversee fifteen department managers that directly manage operations. IEUA is responsible for serving approximately 875,000 residents over 242-square miles in western San Bernardino County.

Board of Directors

- Jasmin A. Hall** - President
Representing Division 4
- Michael Camacho** - Vice President
Representing Division 5
- Steven J. Elie** - Secretary/Treasurer
Representing Division 3
- Paul Hofer** - Director
Representing Division 2
- Marco Tule** - Director
Representing Division 1

Executive Team

- Shivaji Deshmukh, P.E.**
General Manager
- Christiana Daisy, P.E.**
Deputy General Manager
- Kathy Besser**
Executive Manager of External and Government Affairs/Assistant General Manager
- Randy Lee**
Executive Manager of Operations/Assistant General Manager
- Christina Valencia**
Executive Manager of Finance and Administration/Assistant General Manager
- Jean Cihigoyenette**
General Counsel



BUDGET PRIORITIES

- 1 Succession Planning
- 2 Sustainable Cost Containment
- 3 Full Cost of Service Rates
- 4 Timely Upkeep of Agency Assets
- 5 Optimize Low Interest Debt & Grants

Operating and Capital Program Budget

FY 2021/22 and 2022/23

The Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential services in a regionally planned and cost effective manner while safeguarding public health, promoting economic development and protecting the environment.

FY 2020/21 ACCOMPLISHMENTS

1

Approval of an agreement with the U.S. Environmental Protection Agency (EPA) for a Water Infrastructure Finance & Innovation Act (WIFIA) loan for \$196.4 million.



2

Approval by State Water Resources Control Board/Clean Water State Revolving Fund loan application for \$101.5 million.



3

Held the groundbreaking of the Regional Water Recycling Plant No. 5 (RP-5) Expansion Project.



FISCAL RESPONSIBILITY

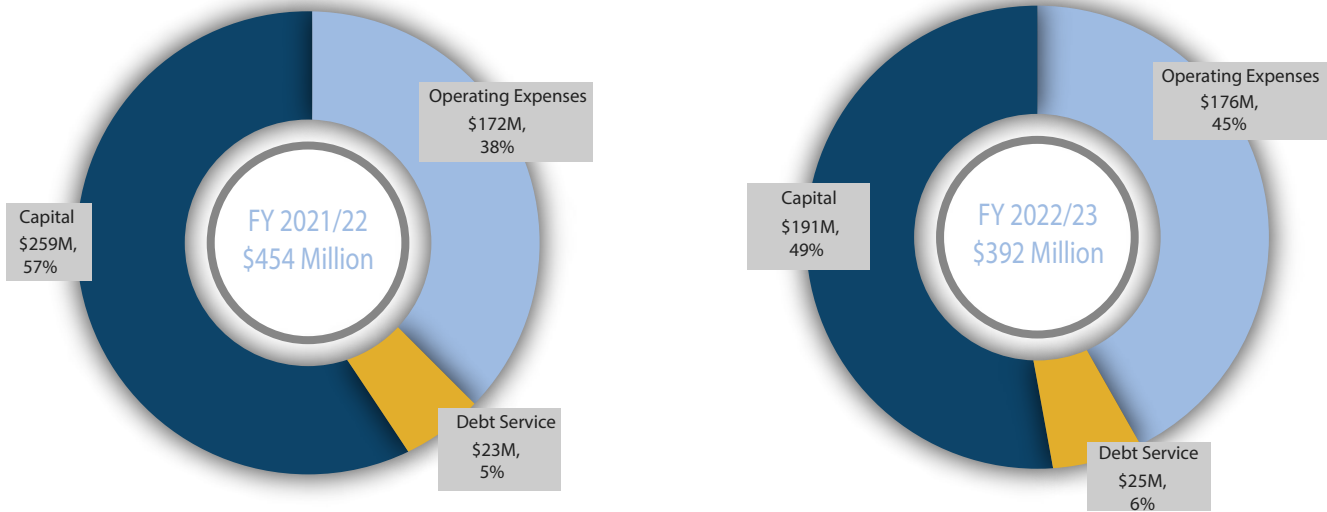
To mitigate future rate increases, the Agency remains committed to sustainable cost containment and optimizing grant funding and low-interest loans to support capital investments in the region. The Agency is committed to safeguarding its fiscal health through organizational efficiency and the adoption of balanced multi-year budgets and rates. The Agency supports open and transparent communication with its partner agencies and the communities it serves.

ADOPTED RATES

| Adopted Rates | Units | FY 2021/22 Adopted | FY 2022/23 Projected |
|--|-------|--------------------|----------------------|
| Wastewater | | | |
| EDU Volumetric Rate | EDU | \$21.22 | \$22.07 |
| Connection Fee | EDU | \$7,379 | \$7,600 |
| Recycled Water | | | |
| Direct Sales | AF | \$520 | \$530 |
| Recharge Sales | AF | \$580 | \$590 |
| Water Resources | | | |
| Tier 1 Untreated Water | AF | \$777 | \$799 |
| Connection Fee | MEU | \$1,787 | \$1,841 |
| Water Resources and Water Use Efficiency | MEU | \$1.08 | \$1.10 |

FYs 2021/22 AND 2022/23 BIENNIAL BUDGET

Operating and debt service costs are projected to remain relatively stable over the next two fiscal years, averaging \$174.5 million and \$24 million, respectively. The most significant change is in capital project expenditures which account for over fifty percent of the biennial budget. In June 2020, the Agency issued short term financing to support construction costs for the Regional Water Recycling Plant No. 5 Expansion Project.



TOTAL REVENUES AND OTHER FUNDING SOURCES

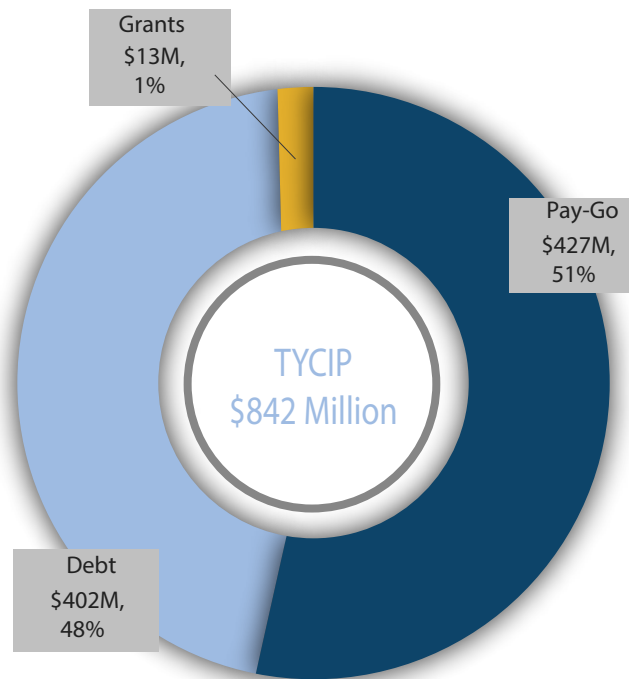
Over the next two fiscal years, revenues remain relatively stable with rate adjustments accounting for the projected increase in FY 2022/23. Grants and loans are projected to increase from \$30 million in FY 2021/22 to \$51 million in FY 2022/23 in alignment with the execution of the Regional Water Recycling Plant No. 5 Expansion Project (RP-5 Expansion Project). Included in the biennial budget is a low interest State Revolving Fund loan for \$101.5 million to support the RP-5 Expansion Project. This project is also funded by short term financing issued in 2020 which accounts for the Use of Reserves of \$155 million in FY 2021/22 and \$60 million in FY 2022/23.

| (\$ Millions) | FY 2021/22 | FY 2022/23 |
|------------------------------|--------------|--------------|
| Operating Revenue | \$94 | \$98 |
| Property Tax | \$58 | \$59 |
| Water Sales | \$47 | \$50 |
| Connection Fees | \$38 | \$39 |
| Grants and Loans | \$30 | \$51 |
| Recycled Water | \$17 | \$18 |
| Other Revenues* | \$15 | \$17 |
| Sub-Total | \$299 | \$332 |
| Use of Reserves | \$155 | \$60 |
| Total Funding Sources | \$454 | \$392 |

*Other revenues include: contract cost reimbursements from Chino Basin Desalter Authority, Inland Empire Regional Composting Authority, and Chino Basin Watermaster; interest revenues; and lease revenues.

CAPITAL IMPROVEMENT PLAN

Capital projects included in the FY 2021/22 – 2030/31 Ten Year Capital Improvement Plan (TYCIP) are needed to support timely replacement and rehabilitation of aging assets, compliance with regulatory requirements, and expansion of existing facilities and infrastructure to meet projected future growth in the Agency's service area. The TYCIP is evenly funded by pay-go and debt. Pay-go funding includes rates, new connections fees, property taxes and fund reserves. Low interest federal and state loans are the primary sources of new debt financing, including a second Water Infrastructure and Financing Innovation Act (WIFIA) for \$94 million for the Regional Wastewater Improvements System projects. The Agency secured a WIFIA loan in 2020 for \$196.4 million to finance a portion of the Regional Water Recycling Plant No. 5 Expansion project.



CAPITAL PROJECTS BY FUND (\$ Millions)

| Program | FY 2021/22 | FY 2022/23 |
|--|--------------|--------------|
| Regional Wastewater Capital | \$202 | \$155 |
| Regional Wastewater Operations and Maintenance | \$16 | \$7 |
| Recycled Water | \$3 | \$6 |
| Administrative Services | \$2 | \$1 |
| Recharge Water | \$12 | \$10 |
| Non-Reclaimable Wastewater | \$19 | \$7 |
| Water Resources | \$5 | \$5 |
| Total | \$259 | \$191 |

MAJOR CAPITAL PROJECTS PLANNED OVER THE NEXT 10 YEARS



**RP-1 Thickening Building
and Acid Phase Digester**
\$100 million

**Advanced Water
Purification Facility**
\$22 million



**CCWRF Asset Management
and Improvements**
\$17 million

RP-5 Expansion *\$350 million*



**RP-1 Solids and Liquid
Treatment Capacity**
\$55 million



Philadelphia Lift Station *\$18 million*

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