

June 2017

Operating and Capital Program Budget

Fiscal Year

2017/18 and 2018/19

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.

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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PRESENTED TO

**Inland Empire Utilities Agency
California**

For the Biennium Beginning

July 1, 2015

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Inland Empire Utilities Agency, California** for its biennial budget (FYs 2015/16 and 2016/17) for the biennium beginning **July 1, 2015**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communication device.

Headquarters



Solar Panels

GENERAL MANAGER'S MESSAGE

The Honorable Board of Directors
Inland Empire Utilities Agency

June 21, 2017

I am pleased to submit the Inland Empire Utilities Agency (IEUA/Agency) biennial budget for Fiscal Years 2017/18 and 2018/19 (FYs 2017/18 & 2018/19 budget) and the Ten-Year Capital Improvement Plan for Fiscal Years 2017/18 – 2026/27 (FY 2018-2027 TYCIP). The FYs 2017/18 & 2018/19 budget and FY 2018-2027 TYCIP include the operational, capital and debt service expenditures necessary to uphold the Agency's commitment to safeguarding and enhancing the quality of life in the Inland Empire in a sustainable and cost-effective manner.

A key focus of the FYs 2017/18 & 2018/19 budget is the continued investment in Agency and regional assets. Over the next 10 years, population in the southern section of the Agency's service area is expected to double, so included in the FY 2018-2027 TYCIP is the expansion and improvement of existing Agency facilities to meet the needs of future growth and optimization of the wastewater collection system, wastewater treatment system and the regional recycled water distribution system (RRWDS). To prepare for the anticipated growth, included in the FY 2018-2027 TYCIP is the RP-5 Liquid and Solids Treatment Expansion project (RP-5 Expansion project) that will double plant capacity from 15 to 30 million gallons per day (MGD), and relocate solids handling processing from Regional Water Recycling Plant No. 2 (RP-2). The RP-2 solids handling facility is in the city of Chino on land leased from the U. S. Army Corps of Engineers (Army Corps). Portions of the RP-2 facility are in the 100-year flood plain. Relocation of the RP-2 facility is being triggered by the proposed raising of the maximum operation water level behind the Prado Dam to allow for greater water storage and conservation by the Army Corps and Orange County Flood Control District by 2021.

Opportunities and Challenges

Over the next 5 years, nearly 45 percent of Agency employees will be eligible to retire. Timely recruitment of skilled personnel is crucial to ensure effective transfer of knowledge and skills to the next generation of Agency employees. Included in the FYs 2017/18 & 2018/19 budget is a succession pool of revolving positions to support timely recruitment of critical positions throughout the organization. Timely upkeep of Agency facilities and equipment is another key objective. Included in the biennial budget is support for the Agency's maintenance department ongoing transition from a corrective to a predictive and preventive maintenance strategy. Over time, the benefit of performing maintenance on equipment only when it is warranted, a proactive versus reactive approach, will result in lower maintenance costs. An important part of the transition is continual investment in training personnel to develop the necessary skills to implement and support this maintenance strategy.

After five years of epic drought, California experienced one of the wettest winter seasons in nearly a century of record-keeping. The final reading of the snow level in the Sierra Nevada mountains on May 1, 2017, reported the snowpack at 190 percent of the historic average; an unprecedented

improvement from zero snow pack reported just two years earlier in May 2015. The damage to the Oroville Dam in northern California in early February 2017 brought to the light the State's aging infrastructure and its ability to handle the vast amount of water expected from the unprecedented rainfall and impending snowmelt as temperatures begin to warm. Since the year 2000, California has experienced four waves of drought; however, no drought in the last 100 years was as severe as the last one. Experts and State water officials expect these extreme cycles of dry and wet weather to continue as global temperatures continue to rise.

Water Reliability

The Sierra Nevada mountain range is a key source of water supply. The ample supply of water expected from the snow melt coupled with the statewide water savings achieved through conservation is anticipated to provide sufficient supplies of water throughout the State. This is good news for IEUA and its retail water agencies. All of the water IEUA imports from the Metropolitan Water District of Southern California (MWD) is delivered through the State Water Project (SWP) system. To mitigate for the uncertainty of the SWP water supplies, over the past 15 years, more than \$500 million was invested by IEUA and its retail agencies to drought-proof the region by expanding groundwater, stormwater, recycled water and conservation programs and facilities. These investments also leveraged the region's ability to secure hundreds of millions of dollars in state and federal grants and loans. As a result, when the record-breaking drought of 2012 began the region was prepared. Throughout this unprecedented time, sufficient water supply was available to meet the water needs of the region without constraining new development or economic growth.

Optimizing beneficial use is also the goal of the Recycled Water Program Strategy (RWPS), one of the Agency's master plans, and a major part of the Agency's integrated water resource management program. Over the next two years, in partnership with Chino Basin Watermaster, Chino Basin Water Conservation District and its member agencies, the Agency is investing approximately \$40 million to improve the Agency's regional recycled water distribution system (RRWDS) and expand capacity of groundwater basins. IEUA remains committed to providing reliable and cost-effective water supplies, and promoting sustainable water use efficiency. The additional water supply is essential in supporting future growth and economic development for the region.

Environmental Stewardship

Making water conservation a way of life and establishing long term water use efficiency standards is a key objective of the Governor. The Agency, in partnership with its member agencies, will continue to invest in a wide range of regional programs to promote water use efficiency, eliminate waste and unreasonable use, and enhance regional water resiliency in alignment with the Governor's long term objective. Many of these projects are part of the Agency's Integrated Water

GENERAL MANAGER'S MESSAGE

Resources Plan (IRP) completed in 2015. The 2015 IRP is intended to anticipate future water supply challenges and to ensure that continued investments in water resources and water use efficiency meet the future water needs of the region.

As one of ten agencies participating in the Santa Ana River Multiple Species Habitat Conservation Plan (HCP), led by the San Bernardino Valley Municipal Water District (SBVMWD), IEUA will work closely with the U. S. Fish and Wildlife Service to mitigate any potential impact to federally-listed endangered, threatened, or special status species from future water projects in the Upper Santa Ana River region. Included in the biennial budget are various projects that pool together multiple agencies in the region to collaborate in large-scale water supply reliability and water use efficiency projects to benefit the entire Santa Ana Watershed.

One such project is the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). IEUA, along with SBVMWD, Eastern Municipal Water District, Western Municipal Water District, and Orange County Water District, comprise the Santa Ana River Watermaster Action Team (Action Team). The primary objective of SARCCUP is to maximize development of local and imported water supplies as equitable partners and not to compete for grants or imported water supplies that can be used to benefit the Santa Ana River Watershed. These projects were the basis for the 2015 One Water One Watershed (OWOW) grant application for \$60 million from the Department of Water Resources (DWR) Proposition 84 grant funding. The Action Team will also work collaboratively on regional water use efficiency programs and habitat restoration/Arundo removal programs.

The Agency is committed to protection of the environment through conservation and sustainable practices implemented on a regional and watershed basis. More information on these programs is provided in the Water Resources program section.

Wastewater Management

As a regional wastewater service provider, the Agency is required to maintain capacity within systems and facilities to meet essential service demands to protect public health and the environment. One of the key objectives included in the IEUA Business Goal Wastewater Management is to ensure systems are managed and constructed so that 90 percent of capacity is never exceeded. The acquisition, construction, improvement, and expansion of the Agency's regional wastewater system are supported by the regional wastewater connection fee. Included in the biennial budget and FY 2018-2027 TYCIP is the continued pace of new development of 3,000 new wastewater connections over the next two years.

The Agency's Wastewater Facilities Master Plan (WFMP), updated in 2015, reported member agencies' forecasts of 40,523 new equivalent dwelling units (EDU) connections through 2025. Most of the new development is anticipated in the cities of Chino, Fontana, and Ontario. The most current forecast provided by member agencies in November 2016 estimates almost 36,500 new connections through 2027.

Fiscal Responsibility

The Operating Budget for FYs 2017/18 – 2018/19 is the Agency’s second biennial budget. An important policy principle of the multi-year rates was the establishment of rates and fees that fully recover the cost of providing the service, as well ensuring rates are reasonable and equitable by establishing a clear nexus between what a customer pays and the benefit of the services received, as legally mandated. Establishing a new regional water connection fee and adjusting the regional wastewater connection fee to adequately fund future capacity expansion and enhancement of existing facilities is consistent with the principle of having “growth pay for growth.” Based on actual and projected expenditures through FY 2016/17 and assumptions in the biennial budget, the Agency is on track to achieving full cost of service rates by FY 2019/20. No adjustment to the adopted multi-year rates and fees were made for FYs 2017/18 and 2018/19.

The Agency continues to be committed to sustainable cost containment as demonstrated in the adopted biennial budget. The number of authorized full time equivalent (FTEs) of 290 is maintained over the two-year budget period, and projected to be sustained over the ensuing three years. Included in the FYs 2018/19 & 2018/19 budget is a succession pool of 10 positions to support timely recruitment of critical positions throughout the organization.

The State Revolving Fund (SRF) loan program is an important source of funding for the RP-5 Expansion and RP-1 Rehabilitation projects. Additionally, the Agency submitted a letter of interest to the U.S. Environmental Protection Agency (EPA) for a Water Infrastructure Finance and Innovation Act (WIFIA) loan. The Agency will continue to aggressively pursue federal, state and regional grants and incentives, including low interest SRF loans and grants, and rebates offered by MWD to support its regional water use efficiency projects. Optimizing low interest loans and grant funding will help reduce the cost of executing the planned programs and projects included in the FY 2017/18 and 2018/19 budget and FY 2018-2027 TYCIP.

Conclusion

The last fiscal year was another successful year for the Agency, its member agencies, and key stakeholders in the region. In addition to meeting the Governor’s mandate to reduce water use by 25 percent and increasing the amount of water stored in the Chino Basin by nearly 100,000 AF during one of the worst drought periods in history, hydraulic control in the Chino Basin was officially achieved in February 2016. After 15 years of collaboration, planning, and investing for Chino Basin Watermaster (Watermaster) Parties and the IEUA, and many other regional stakeholders, achieved a long-standing initiative to Improve the quality of the Chino Basin’s groundwater and outflow to Orange County.

Further advancement to improve water quality in the Chino Basin was achieved following years of collaborative efforts between IEUA, three public agencies, four private companies, and the U.S. Department of Defense regarding historical use of an industrial cleaning solvent that seeped into

GENERAL MANAGER'S MESSAGE


the area's groundwater, creating the South Archibald Plume. IEUA led discussions to plan the implementation of a permanent cleanup solution, which resulted in the development of several agreements and actions between the parties in September 2016 that include cleanup of this longstanding contaminated groundwater.

As part of its ongoing cost containment initiative, the Agency refinanced the 2008A Revenue Bonds in January 2017 resulting in net present value savings of \$37 million over the life of the bonds and a reduction in outstanding debt of over \$57 million. By leveraging historically low market rates, the Agency reduced annual debt service costs by approximately 36 percent resulting in positive cash flow savings averaging around \$3 million per year.

All of IEUA's accomplishments are possible due to the collaboration of our member agencies, stakeholders, and dedicated Agency staff. Most of these milestones will help position the Agency in a more stable fiscal and operational status to more effectively execute the planned initiatives as outlined in the adopted FY 2017/18 and 2018/19 budget and FY 2018-2027 TYCIP.

The Agency is committed to sustainably enhancing the quality of life in the Inland Empire by ensuring that a clean, reliable, and resilient water supply is available now and in the future. These principles will continue to guide the Agency and its member agencies in developing and prioritizing initiatives to effectively address the effects of climate change and its impact to our region's vital water resources and continued economic development.

Respectfully submitted,



P. Joseph Grindstaff
General Manager

EXECUTIVE SUMMARY

The Agency's Operating Budget for Fiscal Year (FYs) 2017/18 – 2018/19 and FYs 2017/18-2026/27 Ten Year Capital Improvement Plan (FY 2018-2027 TYCIP) focuses on the following key areas:

- **Succession planning** – Nearly 45 percent of the Agency's workforce is eligible for retirement over the next five years. Timely recruitment will be essential to the transfer of knowledge and expertise to the next generation of employees. Included in the proposed biennial budget is a succession pool of 10 positions to support timely recruitment of critical positions throughout the Agency;
- **Cost containment** – As part of the Agency's ongoing commitment to sustainable cost containment, the succession pool will be supported under the existing 290 authorized number of full time equivalent positions. Operations and maintenance expenses such as chemicals, operating fees, and utilities remain relatively leveled over the next two fiscal years;
- **Cost of Service**– Continue implementation of multiyear rates and fees approved by the Board of Directors through FY 2019/20 designed to fully recover the cost of providing the Agency services;
- **Upkeep of Agency Assets** – Continue the transition from “corrective” to “predictive and preventative” maintenance of Agency assets to ensure regulatory compliance, avoid costly corrective maintenance, and over time reduce maintenance costs by only performing maintenance on equipment when warranted;
- **Optimize low interest debt and grants** – Continue to secure low cost financing and grants to support capital expansion and improvement of Agency's facilities to meet anticipated growth and increased service demands; and
- **Transparency** – Continue to provide a platform for transparent communication and timely reporting.

The Operating Budget for FYs 2017/18 - 2018/19 is the Agency's second biennial budget. The transition from a single to a two-year budget in FY 2015/16 supports a key objective of the IEUA Business Goal under Fiscal Responsibility to enhance financial planning and fiscal stabilization for IEUA and its customers.

IEUA BUSINESS GOALS

The IEUA Business Goals align with the Agency's mission, vision, and values which are defined by the needs of the Agency's stakeholders and the public value provided to the communities served. The IEUA Business Goals, updated and adopted by the IEUA Board in 2016, are categorized into six main areas as indicated in Figure 1-1:

Figure 1-1: IEUA’s Business Goals



Within each *Business Goal* are key *Objectives* which define the major areas of focus and guide the development of the Agency’s Work Plan. The Work Plan provides Agency departments with clearer direction as they set the goals and objectives included in the Agency’s biennial budget and TYCIP.

The biennial budget and TYCIP also incorporate the various planning documents, amongst them the Facilities Master Plan, Asset Management Plan, Integrated Water Resources Plan (IRP), Recycled Water Program Strategy, Energy Management Plan, and Urban Water Management Plan.

FY 2017/18 – 2018/19 BUDGET OVERVIEW

Total uses of funds for \$236.6 million in FY 2017/18 and \$251.5 million in FY 2018/19 include the operational, capital, and debt service expenditures for all Agency programs necessary to support the Agency’s mission to provide reliable essential services in a regionally planned and cost-effective manner.

Total operating expenses are budgeted at \$145.4 million in FY 2017/18 and \$150.9 million in FY 2018/19, an increase of \$16.0 million compared to \$129.4 million projected in FY 2016/17. The increase is mainly due to higher pass-through purchases of imported water from Metropolitan Water District of Southern California (MWD); higher professional fees and services to support the Agency’s continued transition from a corrective to preventative/predictive maintenance strategy; higher employment costs to support succession planning; higher pension costs due to a reduction in the discount rate by CalPERS beginning in FY 2018/19; and higher non-capital (O&M) project costs which include the South Archibald TCE Plume Clean Up project planned over the next three years.

EXECUTIVE SUMMARY

Non-operating expense, or other uses of funds, of \$91.2 million in FY 2017/18 and \$100.6 million in FY 2018/19 are comprised of debt service and capital improvement plan (CIP) expenditures. The decrease in debt service costs from \$70.7 million in FY 2016/17 to \$22.0 million in FY 2017/18 is due to the partial refinancing of the 2008A Revenue Bonds completed in January 2017 which included a cash repayment of \$50.0 million in outstanding principal. The reduction in debt service costs is partially offset by an increase of \$34.8 million in CIP in FY 2017/18 budgeted at \$69.2 million and \$78.4 million in FY 2018/19, compared to \$34.4 million projected for FY 2016/17. Included in the CIP over the next two years is design of the Regional Water Recycling Plant No. 5 (RP-5) Liquids and Solids Expansion project, continued construction of the Water Quality Laboratory slated for completion in 2018, and capital upgrades and improvements to the various Agency facilities. Projected funding for CIP is evenly split between pay-go and new debt.

Total uses of funds are supported by total revenues and other funding sources of \$223.6 million in FYs 2017/18 and \$248.5 million in FY 2018/19. Included are operating revenues \$139.2 million in FY 2017/18 and \$147.5 million in FY 2018/19 with a projected increase of \$15.0 million in FY 2017/18 compared to projected actuals of \$124.2 million in FY 2016/17 partly due to higher pass-through sales of MWD imported water and rate adjustments for the Regional Wastewater, Recycled Water, and Water Resources programs approved by the IEUA Board and member agencies through FY 2019/20.

Non-operating revenue, or other sources of funds, of \$84.4 million in FYs 2017/18 and \$101.0 million in FY 2018/19 include fees from new connections to the Agency's regional wastewater and regional water systems, property tax receipts, and proceeds from low interest state loans and grants. Higher wastewater and water connection fees account for an increase of \$3.2 million in FY 2017/18 and \$1.2 million in FY 2018/19 due to the rate adjustment effective January 1, 2018, as the number of new connections are expected to remain leveled over the next two years. Additionally, property tax receipts, grant receipts, and proceeds from state loans account for an increase of \$1.4 million in FY 2017/18 and \$15.3 million in FY 2018/19. State Revolving Fund (SRF) loan and grants are the primary funding sources of the Water Quality Laboratory under construction and the South Archibald TCE Plume Clean Up project.

Based on total funding sources and uses of funds budgeted over the next two years, the total ending reserve balance is anticipated to decrease from \$156.7 million projected in FY 2016/17 to \$140.7 million at the end of FY 2018/19. An overview of total revenues and other funding sources, total operating expense and other uses of funds, and estimated ending fund balance beginning FY 2014/15 through FY 2021/22 are provided on Table 1-1.

**Table 1-1: Comparative of Total Sources and Uses of Funds, and Fund Balance
(\$Millions)**

Fiscal Year	Actual	Projected	Biennial Budget		Forecast		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Operating Revenues	\$106.5	\$124.2	\$139.2	\$147.5	\$153.2	\$160.0	\$166.7
Operating Expense	(106.9)	(129.4)	(145.4)	(150.9)	(157.5)	(156.0)	(152.0)
Operating Net Increase (Decrease)	(0.4)	(5.2)	(6.2)	(3.4)	(4.3)	4.0	14.7
Other Sources of Funds	89.2	79.9	84.4	101.0	203.0	191.7	159.6
Debt Service	(20.9)	(70.7)	(22.0)	(22.2)	(32.8)	(40.2)	(45.4)
Capital Program	(23.1)	(34.4)	(69.2)	(78.4)	(123.6)	(187.7)	(130.8)
Non-Operating Increase (Decrease)	45.2	(25.2)	(6.8)	0.4	46.6	(36.2)	(16.6)
Total Increase (Decrease)	44.8	(30.4)	(13.0)	(3.0)	42.3	(32.2)	(1.9)
Beginning Fund Balance	142.3	187.1	156.7	143.7	140.7	183.0	150.8
Ending Fund Balance	\$187.1	\$156.7	\$143.7	\$140.7	\$183.0	\$150.8	\$148.9

Totals may not tie due to rounding

REVENUES AND OTHER FUNDING SOURCES HIGHLIGHTS

Total revenues and other funding sources are budgeted at \$223.6 million in FY 2017/18 and \$248.5 million in FY 2018/19. The increase of \$19.5 million in FY 2017/18 compared to projected to actual of \$204.1 million in FY 2016/17 is mainly due to increase in higher pass-through sales of MWD imported water, higher connection fees to the regional wastewater and regional water systems, and implementation of the multiyear rate adjustments approved through FY 2019/20. An increase of \$24.9 million is budgeted in FY 2018/19 compared to FY 2017/18, mainly due an increase in low interest state loans and grant proceeds associated with the completion of the Water Quality Laboratory, the South Archibald TCE Plume Clean Up project, Recharge Master Plan Update projects, and water resources initiatives. Table 1-2 highlights the major funding sources.

EXECUTIVE SUMMARY

Table 1-2: Total Revenues and Other Funding Sources (\$Millions)

Funding Sources	ACTUAL	PROJECTED	BIENNIAL BUDGET	
	2015/16	2016/17	2017/18	2018/19
User Charges	\$66.4	\$71.5	\$77.8	\$82.9
Property Taxes	45.6	44.7	46.0	47.4
Contract Cost Reimbursement*	5.3	6.6	6.9	6.9
Recycled Water Sales	13.5	15.9	17.2	18.2
Connection Fees	25.9	19.9	23.1	24.3
Water Sales	18.7	27.4	34.2	36.0
State Loans	9.3	3.5	9.3	19.3
Grants	6.2	11.5	6.0	8.2
Other**	4.8	3.1	3.1	5.3
Total	\$195.7	\$204.1	\$223.6	\$248.5

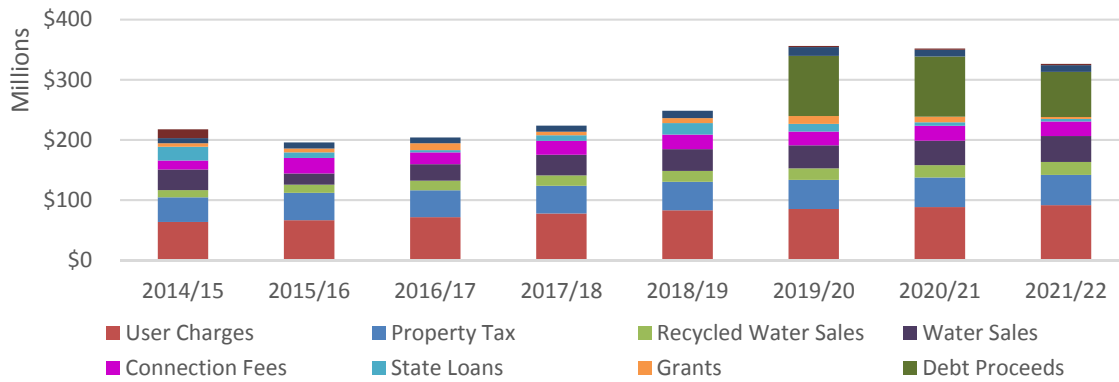
Totals may not tie due to rounding

*Includes reimbursement from Joint Power Authorities (JPAs), Chino Basin Desalter Authority, Inland Empire Regional Composting Authority, and Chino Basin Watermaster.

**Includes capital contract reimbursements from Chino Basin Watermaster for various joint recharge basin improvement projects, and lease revenues.

Projected revenues for FYs 2019/20 through 2021/22 include proceeds from new debt issues necessary to support improvement and expansion of Agency facilities and infrastructure needed to meet increase in service demand from anticipated future growth. The RP-5 Liquids and Solids Expansion project in the Regional Wastewater Capital Improvement fund is a major project included in CIP budgeted over the next two years. Figure 1-2 shows revenue trends from FYs 2014/15 to FY 2021/22.

Figure 1-2: Trend of Revenues and Other Funding Sources (\$Millions)



The primary sources of the \$223.6 million and \$248.5 million total revenues and other funding sources budgeted in FY 2017/18 and FY 2018/19 are summarized in Table 1-3:

Table 1-3: Total Revenues and Other Funding Sources (\$Millions)

Revenues	2017/18	2018/19	Description
User Charges	\$77.8	\$82.9	Regional Wastewater EDU service charges; Non-Reclaimable Wastewater (NRW) pass-through volumetric, capacity and strength charges; Imported potable water surcharge and monthly meter charges.
State and Other Loans	9.3	19.3	State Revolving Fund (SRF) loan proceeds for Recharge Water and Regional Wastewater projects.
Property Tax	46.0	47.4	San Bernardino County ad-valorem property taxes and pass-through incremental taxes.
Grants	6.0	8.2	Federal, state and local grants for regional recycled water distribution system, South Archibald TCE Plume Clean Up and support of water resource programs.
Recycled Water Sales	17.2	18.2	Direct and groundwater recharge recycled water sales and Metropolitan Water District of Southern California (MWD) Local Program Project (LPP) rebate.
Connection Fees	23.1	24.3	New connection fees for the Regional Wastewater and Regional Water systems.
Water Sales	34.2	36.0	Sales of pass-through MWD imported potable water budgeted at 50,000 acre feet per year (AFY).
Other Revenues	10.0	12.2	Reimbursements for operational and administration support from Chino Basin Watermaster (CBWM), Chino Basin Desalter Authority (CDA), Inland Empire Regional Composting Authority (IERCA), lease revenues, and interest earnings.
Total Revenues & Other Funding Sources	\$223.6	\$248.5	

Totals may not tie due to rounding

EXECUTIVE SUMMARY

EXPENSES AND OTHER USES OF FUNDS HIGHLIGHTS

Total uses of funds are \$236.6 million in FY 2017/18 and \$251.5 million in FY 2018/19, compared to projected actuals of \$234.5 million for FY 2016/17. The increase of \$2.1 million in FY 2017/18 is mainly due to higher capital expenditures and operating expenses offset by lower debt service costs. A comparison of the biennial budget major uses of funds to FY 2015/16 actuals and FY 2016/17 projected actuals is shown on Table 1-4.

Table 1-4: Total Uses of Funds (\$Millions)

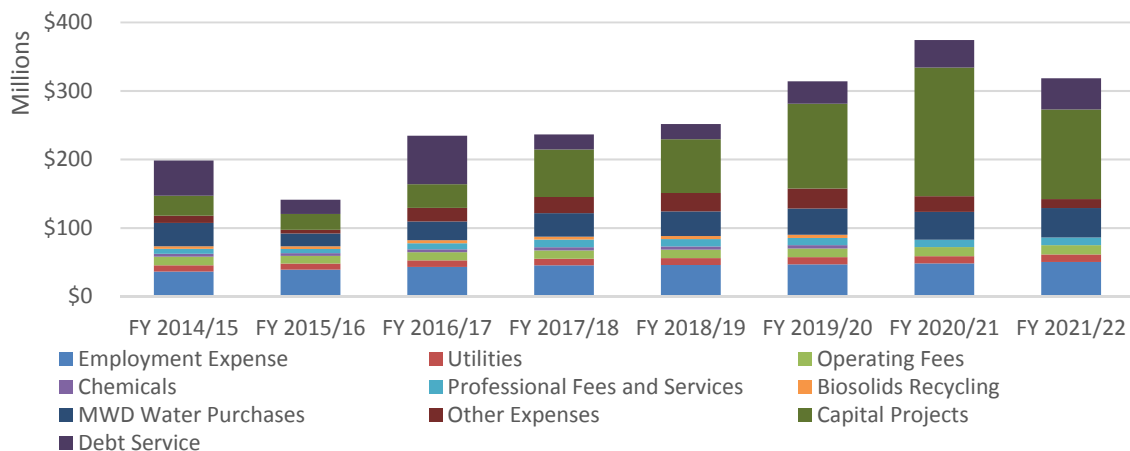
Uses of Funds	Actual	Projected	Biennial Budget	
	2015/16	2016/17	2017/18	2018/19
Operational Expenses*	\$106.8	\$129.4	\$145.4	\$150.9
CIP	23.1	34.4	69.2	78.4
Debt Service	21.0	70.7	22.0	22.2
Total	\$150.9	\$234.5	\$236.6	\$251.5

Totals may not tie due to rounding

*Includes employment, chemicals, utilities, materials and supplies, biosolids recycling, operating fees, professional fees, office & admin, and water purchases.

Forecasted total expenses and other uses of funds for fiscal years subsequent to FY 2017/18 remain relatively stable, consistent with the Agency’s continued commitment to sustainable cost containment. Overall, total uses of funds average \$300.0 million between FY 2017/18 and FY 2021/22. One exception is capital projects (CIP) which will average \$74.0 million over the next two fiscal years and are projected to increase to \$187.7 million in FY 2020/21, as indicated in Figure 1-3. The increase in capital expenditures is primarily due to the RP-5 Liquids and Solids Expansion project planned to begin construction in 2020.

Figure 1-3: Trend of Expenses and Other Uses of Funds (\$Millions)



The major expenses and other uses of funds budgeted in FYs 2017/18 and 2018/19 are summarized on Table 1-5.

Table 1-5: Total Expenses and Other Uses of Funds (\$Millions)

Expense Category	BIENNIAL BUDGET		Description
	2017/18	2018/19	
Employment Expenses	\$45.5	\$46.0	Includes wages and benefits, net of the Capital Improvement Plan (CIP) allocation. Maintain 290 authorized full time equivalent (FTE) positions.
Utilities	9.8	10.1	Includes electricity, natural gas, telephone, potable water, and renewal energy costs.
Operating Fees	12.0	12.2	Includes pass-through charges from Sanitation District of Los Angeles County (SDLAC) and Santa Ana Watershed Project Authority (SAWPA) for volumetric charges, capacity, excess strength, and biochemical oxygen demand (BOD) / chemical oxygen demand. (COD)
Chemicals	4.5	4.7	Chemicals necessary to meet the wastewater treatment process compliance and sustainment of the high quality recycled water.
Professional Fees	11.2	10.6	Includes contract services such as legal, external auditing, training, landscaping, security, janitorial services, etc.
Biosolids Recycling	4.4	4.5	Includes hauling costs and Inland Empire Regional Composting Authority (IERCA) tipping fees for biosolids recycling.
MWD Water Purchase	34.2	36.0	Pass-through purchase of imported potable water from Metropolitan Water District of Southern California (MWD).
Other Expenses	23.8	26.8	Includes non-capital (O&M) projects, office and administration expenses, contract services, and materials and supplies.
Capital Project	69.2	78.4	Capital improvement plan (CIP) expenditures consistent with the Ten-Year Capital Improvement Plan (TYCIP).
Debt Service	22.0	22.2	Includes principal, interest and financial payments of outstanding bonds, SRF loans and notes payable.
Total Expenses and Other Uses of Funds	\$236.6	\$251.5	

Totals may not tie due to rounding

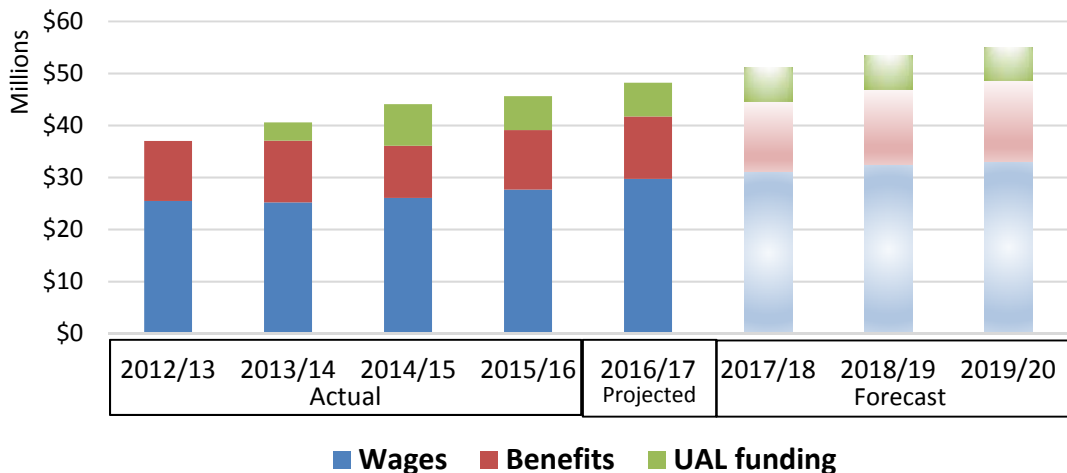
EMPLOYMENT EXPENSES

Total employment expenses of \$45.5 million in FY 2017/18 and \$46.0 million in FY 2018/19 (net of labor allocation to capital projects) make up about 30 percent of total operating expenses. Employment expenses include wages, benefits, and additional contributions to unfunded accrued

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liabilities for pension and other postemployment benefits (OPEB). Employment costs for FY 2017/18 are projected to be 5.0 percent, or \$2.3 million higher than projected for FY 2016/17, as shown in Figure 1-4. Included in FY 2017/18 employment budget is a cost of living adjustment (COLA) of 3.5 percent as negotiated in the five-year Memorandums of Understanding (MOUs) with the various employee bargaining units in 2013. Partially offsetting the COLA is the employee pick up of the final 1 percent employer paid member contribution (EPMC). The EPMC is the employee's contribution portion paid to CalPERS to support future pension retirement benefits. Effective July 1, 2018, all employees will be paying 100 percent of the EPMC previously paid by the Agency. The estimated 2 percent COLA and 7 percent increase in medical and pension benefit costs included in the FY 2018/19 employment budget of \$46.0 million is subject to renegotiation of the MOUs set to expire on June 30, 2018. The 7 percent increase in benefit costs includes the reduction of the CalPERS discount rate beginning in FY 2018/19 from 7.50 percent to 7.0 percent by 2020. Also included is the Agency's continued funding of \$6.5 million in additional annual UAL contributions consistent with the IEUA Business Goal to be fully funded over a 10-year period.

Figure 1-4: Total Employment Costs (\$Millions)



Over the next 5 years, approximately 45 percent of the current workforce is eligible for retirement. Included in the FY 2017/18 budget is establishment of a succession pool of revolving positions and reclassification of existing positions to streamline operations, and more effectively support the areas of technology, finance, grants administration, and enhancement of the Agency's safety program. Consistent with the Agency's commitment to sustainable cost containment, the succession pool is supported by a reduction in the vacancy factor. There is no change in the 290 full time equivalent (FTE) authorized level included in the biennial budget. In addition to the 290 FTE staffing level, included in the FY 2017/18 is an estimated 23 intern and 20 limited-term positions primarily to support engineering, construction management, accounting, and grants administration activities. Approximately \$6.5 million in total employment costs annually are allocated to support CIP activities.

CAPITAL IMPROVEMENT PROGRAM (CIP)

FY 2018 – 2027 Ten Year Capital Improvement Plan (TYCIP)

The purpose of the capital improvement plan is to catalog and schedule capital improvement projects over a multi-year period to effectively and efficiently meet the service needs of the region, comply with statutory requirements, and appropriately maintain Agency assets. Each year, pursuant to the Regional Sewage Service Contract (Regional Contract), member agencies provide a ten-year forecast of expected growth in their area. The member agencies forecast, presented to the Board of Directors on November 16, 2016, estimated about 36,500 new connections over the next ten years. Approximately 70 percent of the new connections are anticipated in the southern portion of the Agency's service area. Based on these member agency forecasts, the Agency prepares a ten-year projection of capacity demands and identifies capital projects needed to meet the service demand from future growth. Pursuant to the Regional Contract, the TYCIP is updated annually and presented to the Regional Technical and Policy Committees for review and comment, prior to approval by the IEUA Board of Directors.

The rehabilitation, replacement, improvement, and expansion of the Agency's facilities continue to be the key drivers for the proposed FY 2018-2027 TYCIP. These drivers are consistent with the Agency's long-term planning documents approved by the Board of Directors, amongst them:

- 2015 Wastewater Facilities Master Plan Updated flow factors and concentrations
- Asset Management Plan
- 2015 Recycled Water Program Strategy Update
- 2015 Energy Management Plan
- 2016 Integrated Water Resources Plan
- 2016 Water Use Efficiency Business Plan

The FY 2018 - 2027 TYCIP of \$832.9 million is higher than the current 2017 TYCIP of \$746.1 million by approximately \$86.8 million for both capital and operational and maintenance projects. Projects in the Regional Wastewater and Recycled Water programs account for nearly 88 percent, or \$732.6 million. About 80 percent of the \$732.6 million, or \$584.5 million, is scheduled within the first five fiscal years (2018-2022) as shown by fund in Table 1-6.

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Table 1-6: Ten Year Capital Improvement Plan by Fund (\$Millions)

Fund (\$Millions)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 through 2026/27	TOTAL
*Wastewater Capital	\$27.4	\$26.6	\$82.2	\$167.7	\$107.8	\$77.1	\$488.8
**Wastewater Operations	30.0	32.8	22.1	10.4	9.3	53.0	157.6
Recycled Water	14.3	13.0	12.2	12.6	16.1	18.0	86.2
Non-Reclaimable Wastewater	1.2	1.9	1.0	0.3	0.3	7.7	12.4
Water Resources	5.8	8.1	17.2	10.2	1.7	9.5	52.5
Recharge Water	2.1	13.1	7.7	0.0	0.0	0.0	22.9
Administrative Services	3.8	1.1	1.8	0.9	0.8	4.1	12.5
Total	\$84.6	\$96.6	\$144.2	\$202.1	\$136.0	\$169.4	\$832.9

Totals may not tie due to rounding

*Regional Wastewater Capital Improvement Fund (excludes \$2.5 million capital investment in the IERCA)

**Regional Wastewater Operations & Maintenance Fund

A more detailed discussion on the CIP and major projects of the FY 2017/18 – 2026/27 TYCIP is provided under the Capital section.

DEBT SERVICE COSTS

Debt service costs are comprised of principal, interest, and financial expenses related to outstanding bonds, low interest State Revolving Fund (SRF) loans, and note payables. Debt service costs are budgeted at \$22.0 million in FY 2017/18 and \$22.2 million in FY 2018/19 and are primarily funded by property tax receipts, new connection fees and rates, consistent with the Agency’s debt management policy adopted in May 2016. Table 1-7 shows the estimated biennial debt service costs by program.

Table 1-7: Debt Service Costs by Program (\$Millions)

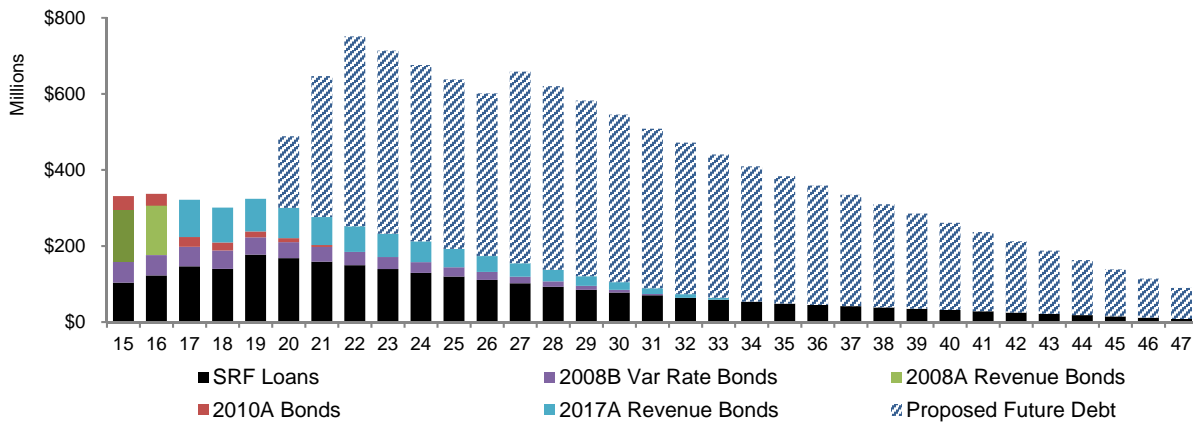
Program Fund	2017/18	2018/19
Non-Reclaimable Wastewater	\$0.8	\$0.6
Regional Wastewater Capital	12.1	12.2
Regional Wastewater Operations	0.4	0.4
Recharge Water	1.0	1.2
Recycled Water	7.7	7.8
Total Debt Service Costs	\$22.0	\$22.2

Totals may not tie due to rounding

Consistent with the Agency’s commitment to sustainable cost containment, the refinancing of the high interest 2008A Revenue Bonds was completed in January 2017. The use of \$50.0 million in available cash reserves and a portion of the premium realized from a historically low interest rate market resulted in a reduction of \$57.4 million in outstanding debt. The remaining amortization period was also reduced with the 2017A Revenue Bonds maturing five years earlier in 2033.

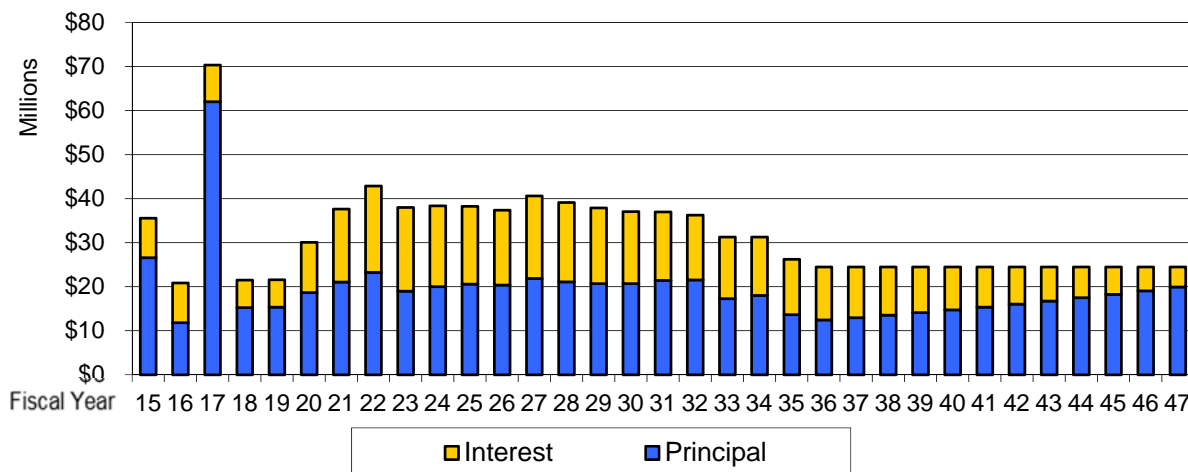
Total outstanding debt, exclusive of inter fund loans, at the end of FY 2017/18 is projected at \$306.7 million. Included are \$161.1 million in bond indentures, \$139.8 million in low interest SRF loans, and \$5.8 million in other notes payable. It is anticipated that the Agency will need to issue new debt to support major capital project expansions necessary to meet service demands associated with the anticipated growth over the next 10 years. Two major expansion projects included in the FY 2018-2027 TYCIP, the RP-5 Liquids Expansion and the RP-5 Solids Treatment Expansion, are scheduled to begin construction in FY 2019/20 with projected costs of over \$330.0 million. Projections for total outstanding debt, including both principal and interest, and annual service payments are shown in Figure 1-5 and Figure 1-6 below, respectively.

Figure 1-5: Total Outstanding Debt with Projected Future Debt (\$Millions)



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Figure 1-6: Debt Service Costs with Projected Future Debt (\$Millions)



RESERVES

Reserves are a strong indicator of the Agency’s financial health. Reserve balances are maintained at the Agency-wide level and at the individual fund level. The aggregate ending reserve fund balance in FY 2017/18 is estimated to be \$143.7 million, a decrease of \$13.0 million compared to the projected ending balance of \$156.7 million in FY 2016/17, and an additional \$3.0 million decrease in FY 2018/19 to \$140.7 million, as indicated on Table 1-8. The estimated drop is primarily due to the uncertainty of SRF loan and grant funding over the next two years. Capital projects planned over the next two years to enhance recycled water and groundwater basin facilities are assumed to be financed on a pay-go basis. Partially offsetting the use of fund reserves to support capital expenditures is an increase in operating revenues from the multiyear rate adjustments and higher volume of recycled water deliveries.

Table 1-8: Reserve Fund Balance (\$Millions)

Description	Actual	Projected	Biennial Budget	
	2015/16	2016/17	2017/18	2018/19
Net Increase (Decrease) in Fund Balance	\$44.8	(\$30.4)	(\$13.0)	(\$3.0)
Beginning Fund Balance, July 1	142.3	187.1	156.7	143.7
Ending Fund Balance, June 30	\$187.1	\$156.7	\$143.7	\$140.7

Totals may not tie due to rounding

Table 1-9 below provides an overview of estimated reserve balances by fund for FYs 2016/17 through 2018/19.

Table 1-9: Ending Reserve Balance by Fund (\$Millions)

Fund	Projected 2016/17	Biennial Budget	
		2017/18	2018/19
Administrative Services	\$17.4	\$17.1	\$16.6
Regional Wastewater Capital Improvement	38.2	39.3	43.1
Regional Wastewater Operation & Maintenance	64.3	57.2	54.8
Non-Reclaimable Wastewater	6.7	6.3	5.7
Recharge Water	3.4	3.4	3.6
Recycled Water	19.3	14.3	10.9
Water Resources	7.4	6.1	6.0
Total	\$156.7	\$143.7	\$140.7

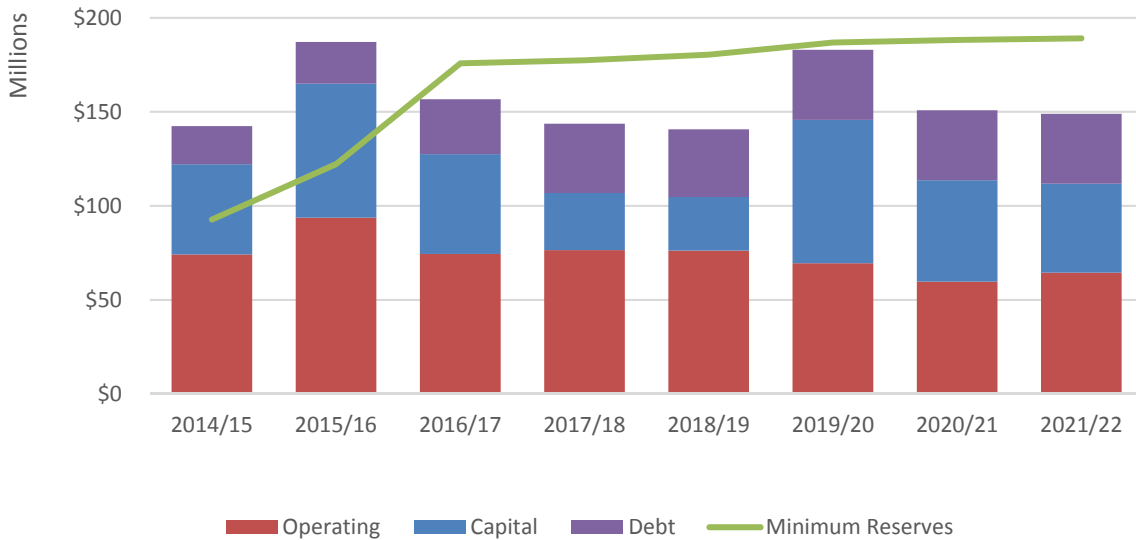
Totals may not tie due to rounding

Fund reserves are designated for specific purposes, as defined in the Agency's Reserve Policy updated in May 2016. The primary designations include: an operating contingency of a minimum of four months and a target of six months; debt service minimum as required by bond covenants and loan agreements with a target amount equal to the highest annual cost in the ensuing five years; capital construction and improvement minimum equal to total CIP for the following fiscal year and a target equal to the total CIP requirements for the following three fiscal years; replacement and rehabilitation (R&R) minimum and target criteria equal to capital construction and improvement; supplemental water resources with a minimum of \$10.0 million and target of \$30.0 million; excess workers' compensation and liability insurance to support the Agency's self-insurance programs with a target of \$6.0 million; and employee and other postemployment benefits (OPEB) benefits at a minimum of \$6.0 million. OPEB benefit is limited to medical insurance coverage.

A comparison of the Agency's actual and projected total fund reserves to the minimum and target levels from FY 2014/15 through FY 2021/22 is provided in Figure 1-7. The declining trend beginning in FY 2016/17 through FY 2018/19 reflects the use of reserves to support planned capital project expenditures on a pay-go basis. The projected increase in FY 2019/20 is due to debt proceeds needed to support expansion and improvement of regional wastewater and recycled water facilities and infrastructure to meet anticipated future growth.

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Figure 1-7: Trend of Operating, Capital, and Debt Reserve Balances (\$Millions)



A forecast summary on the estimated fund balance is provided under the Programs/Fund section of this budget book. The criterion for each minimum and maximum target level by category varies by Agency fund and are further defined in the Agency's Reserve Policy included in the Appendix.

DEBT COVERAGE RATIO (DCR)

The Debt Coverage Ratio (DCR) is the measurement of an entity's ability to generate enough cash to cover debt payments (principal and interest). Credit agencies, such as Moody's Investor Services (Moody's) and Standard & Poors (S&P), assign credit ratings to organizations and specific debt issues to reflect their credit worthiness and serve as a notable reference to the investment community. The DCR is one of the financial ratios applied in the evaluation of an organization's overall credit rating that can affect market accessibility and the cost of future borrowings. In May 2016, S&P Global Ratings raised its long-term rating and underlying rating to AA+ from 'AA' for the Agency's outstanding revenue bonds. Moody's maintained the Agency rating at Aa2.

The Agency's bond covenants require a legal DCR of at least 1.20 times for senior bonds and a coverage ratio of at least 1.25 times or higher for senior and subordinate debt combined. A DCR of 1.25 means the Agency will generate a minimum of 1.25 times more (or 25 percent more) net operating cash flow than is required to pay annual debt service costs. Net operating cash flow is the amount remaining after payment of operating expenses. The Agency has no senior debt currently outstanding, nor any legal debt limits imposed by state legislation. As indicated in Table 1-10, the favorable trend of the Agency's DCR projected through FY 2018/19 is primarily driven by a combination of higher system revenues and the partial refinancing of 2008A Revenue Bond completed in January 2017. The projected decline in DCR beginning in FY 2019/20 through FY

2021/22 is due to projected new debt issues needed to finance planned capital improvements and expansion of the Agency’s regional wastewater and recycled water systems. New debt is assumed as a combination of bonds and low interest state loans to support future capital investments. The corresponding annual debt service cost is included in the calculation of the DCR as shown in Table 1-10 below.

Table 1-10: Debt Coverage Ratio Projected Trend

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	<i>Projected</i>	<i>Biennial Budget</i>		<i>Forecast</i>		
DCR	2.72x	2.86x	3.15x	2.48x	2.08x	1.87x

LONG-RANGE PLAN OF FINANCE

In addition to the adoption of the biennial Operating Budget and Ten-Year Capital Improvement Plan (TYCIP), the Agency is also in the process of updating the Long-Range Plan of Finance (LRPF). The LRPF aligns the Agency’s long-term service objectives with financial requirements to ensure long term sustainability. By analyzing the financial environment, economic conditions, and revenue and expenditure forecasts, the LRPF provides the most cost-effective funding strategy to support the operations and capital requirements in line with established policies and goals.

Development of the LRPF is supported by the Agency’s financial model which has been enhanced to support a timeline of 50 years, multiple “what if” scenarios to highlight the fiscal impact of a variation of inputs, and on-screen graphic presentations to more effectively communicate scenario alternatives and outcomes. The Agency’s long range financial model will allow integration of the Agency’s various long-term planning initiatives, some of which include the Ten-Year Capital Improvement Plan, Facilities Master Plan Update, Recycled Water Program Strategy, Integrated Water Resources Plan, Energy Management Plan, and Asset Management Plan. Integrating these critical initiatives into the financial planning process will help ensure the Agency has the appropriate funding, fund reserves, and other essential resources necessary to fulfill its mission, vision, and values.

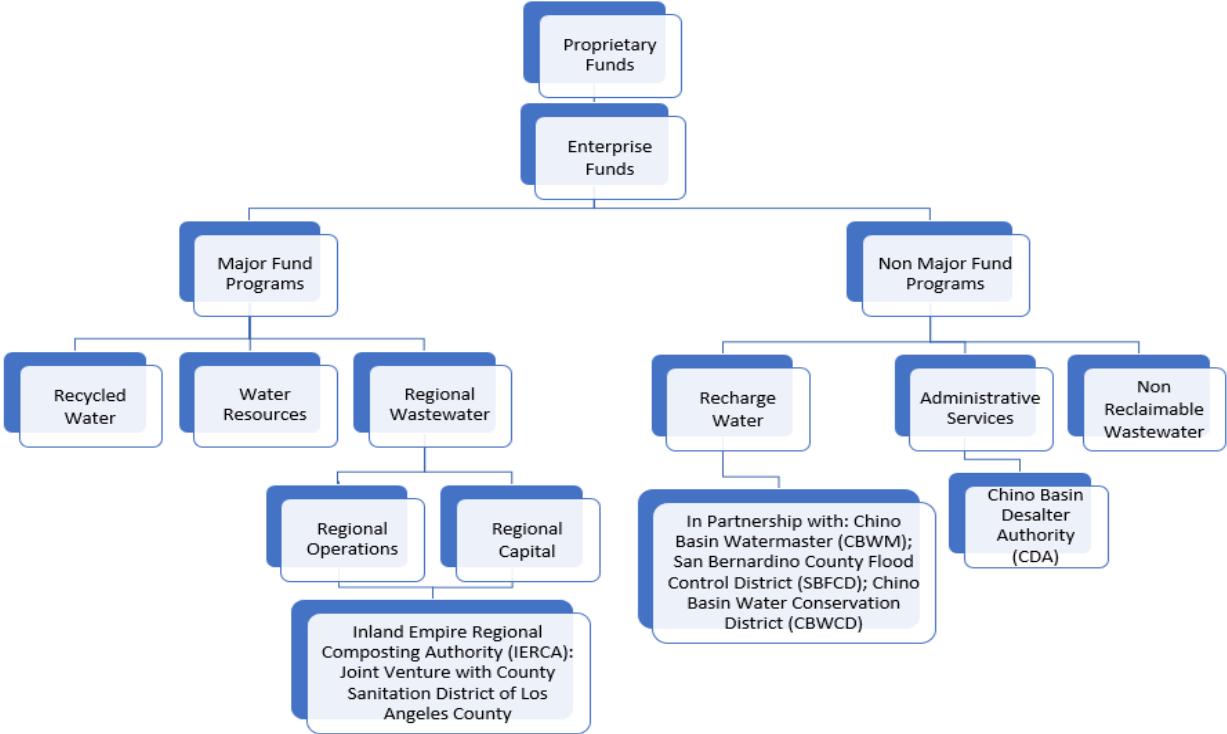
PROGRAMS

As a municipal water district, the Agency engages in primarily enterprise operations supported by user charges and fees, which are recorded in enterprise funds. In some cases, a program consists of a group of enterprise funds, such as the Regional Wastewater program comprised of the Regional Wastewater Operations & Maintenance (Regional Operations) and Regional Wastewater Capital Improvement (Regional Capital) funds and by extension the Inland Empire

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Regional Composting Authority. Figure 1-8 below provides an overview of the Agency’s fund structure.

Figure 1-8: Inland Empire Utilities Agency (IEUA) Fund Structure



Each individual enterprise fund is classified in either a Major Fund or Non-Major Fund group. Each fund group is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, including related liabilities and residual equities or balances. Changes in the fund group are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Table 1-11 contains definitions of Major and Non-Major Fund groups. The definitions are consistent with the Agency’s audited FY 2015/16 Comprehensive Annual Financial Report (CAFR).

Table 1-11: Definition of Major and Non-Major Fund Groups

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

Details of each programs’ purpose, initiatives, rates, biennial budget, and forecasts for the next three fiscal years, as well as the programs’ reflection of the Agency’s mission, goals, and objectives to service the region are included in the Program/Fund section of this document.

PROGRAM RATES AND FEES

In 2015, Carollo Engineering completed a comprehensive analysis of the Agency’s Regional Wastewater, Recycled Water, and Water Resources user charges and fees. A key objective of the engineering study was to ensure user charges and fees were structured to equitably recover costs from those benefiting from the services, as legally mandated. Another key objective, and key policy principal for the Agency’s Board of Directors, was to set rates and fees that fully recover the cost of providing the service. Historically, the Agency has used property tax receipts to subsidize the cost of providing services and supporting capital investments needed to maintain and improve existing facilities and infrastructure not recovered by rates and fees. Completion of the engineering studies by Carollo in 2015 resulting in the adoption of multiyear rates for the Agency’s Regional Wastewater, Recycled Water, and Water Resources programs, including the

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establishment of a water connection fee for new connections or upgrades to the Agency’s regional water system. Another significant change was the restructuring of the potable water rates to equitably recover associated costs, including the pass-through charges from the Metropolitan Water District of Southern California (MWD). In collaboration with member agencies and the building industry, rate adjustments were implemented over a multiyear period to lessen the impact to ratepayers. Following is a summary of the major user charges and fees that support the Agency’s various programs.

Wastewater Volumetric Rates

The Agency’s wastewater volumetric rates support the operations and maintenance of the regional wastewater system which includes the collection, treatment, and disposal of municipal wastewater. The Agency utilizes equivalent dwelling units (EDUs) as a unit of measure and for forecasting the amount of water used by an average household.

The Agency’s Board of Directors adopted five-year EDU volumetric rates in 2015 intended to achieve full cost of service by FY 2018/19 based on certain key assumptions. Table 1-12 shows the FY 2017/18 and FY 2018/19 adopted rates of \$18.39 and \$19.59 per EDU effective July 1, are the third and fourth year rates of the five-year period. Based on actual costs in FY 2015/16 and projected actuals for FY 2016/17, the Agency is on track to meet its cost of service objective at the end of the 5-year period. Projected growth in number of monthly EDUs is estimated at 0.25 percent each year.

Table 1-12: Adopted EDU Volumetric Rates FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
EDU Volumetric Rate	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
Effective Date	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19
EDU Units	3,215,268	3,281,664	3,289,868	3,298,092	3,306,338

Wastewater Connection Fees

The wastewater connection fee is restricted to support the acquisition, construction, improvement, and expansion of the Agency’s regional wastewater system. System growth and available capacity are measured by Equivalent Dwelling Units (EDUs). Revenues from wastewater connection fees in FY 2017/18 are estimated to be to \$18.9 million and increase just under \$1.0 million to \$19.9 million in FY 2018/19. Table 1-13 shows the adopted multi-year fees through FY 2019/20 and projected number of new connections per fiscal year.

Table 1-13: Adopted Wastewater Connection Fees FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Wastewater Connection Fee	\$5,338	\$5,712	\$6,309	\$6,624	\$6,955
Effective Date	1/01/16	1/01/17	7/01/17	7/01/18	7/01/19
Wastewater Connection Units	4,774	3,000	3,000	3,000	2,700

Water Connection Fee

A water connection fee was established in 2015 to support future capital investment and expansion of the Agency's regional water system. The Agency's regional water system is comprised of potable water, recycled water, and groundwater recharge facilities. Included in IEUA's long term planning documents is the expansion of the Agency's regional recycled water distribution system and groundwater recharge facilities, as well as continual development of local water supplies.

Water connection fee revenue for FY 2017/18 is projected to be \$4.2 million and \$4.4 million for FY 2018/19. 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 size of a residential meter). Shown in Table 1-14 are the adopted water connection fees through FY 2019/20 and the number of new connections projected by fiscal year.

Table 1-14: Adopted Water Connection Fees FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Water Connection Fee (for 5/8" and 3/4" meter size)	\$693	\$1,455	\$1,527	\$1,604	\$1,684
Effective Date	1/01/16	1/01/17	7/01/17	7/01/18	7/01/19
New Meter Equivalent Units (MEUs)	985	2,730	2,730	2,730	2,457

Recycled Water Program Rates

The recycled water volumetric rates support the costs associated with the operations and maintenance of the Agency's water recycling facilities, operating costs for the groundwater recharge basins not reimbursed by Chino Basin Watermaster (Watermaster), including the Agency's pro-rata share for basins recharged with recycled water, and debt service costs related to the financing of existing facilities and infrastructure. Total recycled water sales in FY 2017/18 are projected to be \$17.2 million and \$18.2 million in FY 2018/19. Adopted recycled water rates through FY 2019/20, along with historical, budgeted, and forecasted deliveries by fiscal year are summarized on Table 1-15.

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Table 1-15: Recycled Water Program Rates FYs 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
Direct Delivery/Acre Foot (AF)	\$350	\$410	\$470	\$480	\$490
Groundwater Recharge/Acre Foot (AF)	\$410	\$470	\$530	\$540	\$550
Effective Date	10/01/15	7/01/16	7/01/17	7/01/18	7/01/19
AF Deliveries	32,331	32,400	35,500	36,700	37,800

Non-Reclaimable Wastewater (NRW) Rates

The Agency operates a non-reclaimable wastewater system (NRWS) collections system which includes pipelines and pump stations to export the high-salinity industrial wastewater generated within the Agency’s service area for treatment and eventual discharge to the Pacific Ocean. The NRWS is comprised of two separate collection systems independent of the Agency’s regional wastewater system: The North System which discharges to the Sanitation District of Los Angeles County (SDLAC) treatment facility in the city of Carson, and the South System which discharges to the Santa Ana Watershed Project Authority (SAWPA) and the Orange County Sanitation District (OCSD) facility in Fountain Valley. The treated brine is then discharged to the Pacific Ocean. The NRW rates are primarily based on pass-through charges from SDLAC and SAWPA for volumetric, capacity, and strength as summarized in Table 1-16.

Table 1-16: NRW System Rates FYs 2016/17 and 2017/18

Rate Description	2016/17	2017/18
Effective Date	7/1/2016	07/01/17
North System SDLAC	13,505 CU	14,252 CU
Flow/mg	\$915	\$919
COD/klb	\$180	\$172
TSS/klb	\$436	\$446
Peak/mg	\$348	\$349
South System (SAWPA)		
Capacity/cu	\$368.76	\$387.24
Flow/mg	\$858.00	\$901.00
BOD/klb	\$307.00	\$307.00
TSS/klb	\$429.00	\$429.00

Potable Water Rates

A comprehensive analysis of the potable water rates was a key part of the engineering rate study completed by Carollo Engineering in 2015. The IEUA 2015 Water Rate Study issued in March 2015 identified some structural deficiencies in the existing rate structure and recommended significant restructuring of the rates to better align the collection and incurrence of program costs.

Following a year of close collaboration with water member agencies, in June 2016 the IEUA Board of Directors approved changes in water rates structure and adopted a seven-year implementation period for the full recovery of the MWD Readiness to Serve (RTS) pass-through fees. The new water rates are applied to monthly meter equivalent units (MEUs), similar to the structure used by water member agencies. The Readiness to Serve (RTS) Pass-Through costs are prorated amongst the water agencies based on their average water use over the last ten years, consistent with the methodology used by MWD. Revenue generated from these rates is recorded in the Agency's Water Resources fund. Some of the significant changes include:

- MEU rate will support the water resource program costs,
- A seven-year phased implementation of the Metropolitan Water District (MWD) readiness to serve Ten Year Rolling Average (RTS TYRA) direct charge to member agencies, and
- Use of property taxes to support pass-through RTS fees not recovered through the TYRA direct charge during the seven-year implementation period.

The adopted MEU rate through FY 2019/20 and the RTS Recovery percentage rate through FY 2022/23 are summarized on Table 1-17.

Table 1-17: Water Rates Multi-Year Rates

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
RTS Recovery	15%	30%	45%	60%	75%	90%	100%
Effective Date	10/01/16	07/01/17	07/01/18	07/01/19	07/01/20	07/01/21	07/01/22
Meter Equivalent Units (MEU)	\$0.90	\$0.95	\$0.99	\$1.04	Adjustments based on CPI		

Total imported water deliveries of 50,000 AF are budgeted in FY 2017/18 and FY 2018/19. The “pass-through” sale of imported water deliveries is estimated at \$34.2 million in FY 2017/18 and \$36.0 million in FY 2018/19.

EXECUTIVE SUMMARY

DEPARTMENTS

The Agency's Work Plan serves as the basis for the goals and objectives developed by each department and included in the FYs 2017/18 and 2018/19 biennial Operating Budget. Each department updates their respective goals and objectives and develops measurable Key Performance Indicators (KPIs). These departmental KPIs serve as criteria for policy makers, management, and other stakeholders to measure the degree of goal attainment. The departmental budgets delineate the assignment and management of responsibilities and the human, financial, and capital resources necessary to support the Agency's mission, vision, and policy goals. Details on department budgets, goals and objectives, staffing, major initiatives, and performance and workload indicators are presented by division and department in the Department section.

JOINT POWERS AUTHORITIES (JPAS)

Inland Empire Regional Composting Authority

The Inland Empire Regional Composting Authority (IERCA) was formed February 2002 as a Joint Power Authority (JPA) to divert organic solids from landfill disposal and to become a consumer of recycled organic products generated from within the community. The JPA was entered into by the Agency and the Sanitation District No. 2 of Los Angeles County (SDLAC) to implement their shared goal of developing a sustainable biosolids management project.

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

In 2013, IERCF was honored with the Governor's Environmental and Economic Leadership Award (GEELA) award for the design and construction of North America's largest, fully enclosed composting facility, which produces approximately 230,000 cubic yards of compost per year. The facility utilizes aerated static pile composting technology to process a mixture of biosolids, green waste, and wood waste to generate Class A exceptional quality compost for use in local agriculture and/or horticulture markets. All of the facility's emissions are processed through a biofilter to meet air quality requirements.

The Agency is responsible for the operational and administrative activities of the IERCF and employs all of the staff assigned to the facility. Employment costs for IERCF staff are recorded in the Agency's Regional Wastewater Operations and Maintenance Fund. Labor costs are fully reimbursable to the Agency. IERCA costs by and equally shared by the JPA partners.

Starting in FY 2010/11, the IERCA Board implemented a tipping fee revenue base in lieu of partner contributions to cover operations and maintenance expenses for the IERCF. The tipping fee for FY 2017/18 will be \$56.0 per wet ton of biosolids, and is budgeted to pay for operating expenses and a portion of capital replacement and rehabilitation (R&R) costs. The fee is projected to generate revenue of \$9.7 million based on budgeted tonnage of 145,000. The Agency's share of the IERCA tipping fee revenue is budgeted in the Regional Wastewater Operations & Maintenance fund under biosolids recycling costs. The annual budget of nearly \$4.5 million assumes that 100 percent of the biosolids generated from the Agency's regional water recycling plants will be transported to the IERCA composter for processing.

Chino Basin Desalter Authority

The Chino Basin Desalter Authority (CDA) was formed in September 2001 as a Joint Power Authority (JPA) to manage and operate the Chino Desalter No. 1 (CDA 1). Chino Desalter No. 2 (CDA 2) is being managed and operated by Jurupa Community Services District (JCSD). The members of the JPA include the cities of Chino, Chino Hills, Ontario and Norco, the JCSD, the Santa Ana River Water Company, the Inland Empire Utilities Agency, and the Western Municipal Water District. There are eight directors, one from each entity, on the CDA Board. As an ex-officio member of the JPA, the Agency has appointed one of its Board of Directors to sit on the JPA Board as a non-voting member to participate in all discussions concerning issues before the CDA Board of Directors.

The Agency manages the day to day operations of the Chino Desalter No. 1 facility (CDA 1) located in the southern part of the city of Chino. Since it started operations in September 2000, CDA 1 is designed to produce 9,200 acre feet per year (AFYI) of desalinated water. The Agency also administers some grants related to the CDA Expansion Projects which include a \$52.0 million grant awarded by the California Department of Public Health (CDPH), \$26.0 million United States Bureau of Reclamation Title XVI grants for the Lower Chino Dairy Area Desalination Demonstration, and Reclamation Project, and other future state and federal grants that IEUA receives on behalf of the CDA.

The Agency's CDA 1 related costs, primarily comprised of employment costs, are recorded in the Administrative Service fund. Included in the FY 2017/18 Administrative Services Fund budget is an estimated CDA contract cost reimbursement budget of approximately \$1.5 million.

EXECUTIVE SUMMARY

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
SOURCES AND USES OF FUNDS - BY PROGRAM FUND (In Thousands)

	FY 2014/15 ACTUAL	FY 2015/16 ACTUAL	FY 2016/17 PROJECTED ACTUAL	FY 2017/18 ADOPTED BUDGET							TOTAL	FY 2018/19 ADOPTED BUDGET
				Administrative Services Program	Non- Reclaimable Wastewater Program	Regional Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program		
REVENUES												
User Charges	\$63,557	\$66,355	\$71,466	\$0	\$11,810	\$0	\$60,634	\$0	\$0	\$5,312	\$77,755	\$82,885
Property Tax	1,828	1,943	1,972	1,972	0	0	0	0	0	0	1,972	1,972
Cost Reimbursement JPA	5,256	5,258	6,078	1,473	0	0	3,825	1,058	0	0	6,355	6,460
Contract Cost reimbursement	273	79	576	0	0	0	93	38	0	390	521	493
Interest Revenue	436	762	835	130	143	226	454	15	140	54	1,162	1,492
Recycled Water Sales	12,047	13,468	15,891	0	0	0	0	0	17,245	0	17,245	18,188
Water Sales	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
TOTAL REVENUES	\$117,544	\$106,519	\$124,246	\$3,575	\$11,953	\$226	\$65,006	\$1,110	\$17,385	\$39,923	\$139,178	\$147,530
OTHER FINANCING SOURCES												
Property Tax - Debt and Capital	\$39,118	\$43,688	\$42,733	\$0	\$0	\$29,930	\$9,549	\$0	\$2,170	\$2,425	\$44,074	\$45,455
Regional System Connection Fees	15,074	25,907	19,875	0	0	18,927	0	0	4,169	0	23,096	24,251
State Loans	22,714	9,330	3,519	0	0	0	7,901	1,414	0	0	9,314	19,251
Grants	5,918	6,208	11,507	0	0	0	3,389	0	388	2,194	5,970	8,244
Capital Cost Reimbursement	1,193	1,841	1,330	0	0	0	0	772	345	0	1,117	2,903
Other Revenues	1,330	2,009	915	2	100	1	776	0	0	0	879	898
Sale of Capacity	0	215	0	0	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$100,155	\$89,199	\$79,879	\$2	\$100	\$48,858	\$21,614	\$2,186	\$7,071	\$4,619	\$84,450	\$101,002
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$217,698	\$195,719	\$204,125	\$3,577	\$12,053	\$49,084	\$86,619	\$3,296	\$24,456	\$44,543	\$223,628	\$248,533
EXPENSES												
Employment Expenses	\$36,510	\$39,300	\$43,150	\$1,545	\$2,391	\$4,157	\$30,052	\$592	\$4,257	\$2,462	\$45,457	\$46,046
Contract Work/Special Projects	5,045	9,596	14,709	1,407	125	900	5,971	325	2,151	5,829	16,708	19,415
Utilities	9,064	8,837	9,585	772	71	0	6,671	72	2,182	0	9,768	10,053
Operating Fees	12,599	11,290	11,863	21	6,639	246	2,018	7	10	2,968	11,908	12,215
Chemicals	4,192	3,943	4,407	0	130	0	4,419	0	0	0	4,549	4,681
Professional Fees and Services	7,133	6,083	8,702	4,847	130	364	4,089	877	686	242	11,234	10,630
Office and Administrative expenses	1,615	1,798	1,884	2,320	23	0	4	16	4	60	2,427	2,593
Biosolids Recycling	3,800	3,798	4,486	28	25	0	4,307	0	0	0	4,360	4,462
Materials & Supplies	2,273	2,817	2,963	674	104	0	2,161	68	218	0	3,225	3,191
MWD Water Purchases	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
Other Expenses	1,454	775	221	(6,322)	471	1,591	4,410	54	1,142	290	1,638	1,650
TOTAL EXPENSES	\$117,832	\$106,892	\$129,399	\$5,292	\$10,109	\$7,258	\$64,103	\$2,011	\$10,650	\$46,019	\$145,441	\$150,976
CAPITAL PROGRAM												
CSDLAC 4Rs	\$658	\$673	\$689	\$0	\$705	\$0	\$0	\$0	\$0	\$0	\$705	\$721
IERCA investment	0	0	0	0	0	500	0	0	0	0	500	500
Capital Construction and Expansion	53,161	22,420	33,747	2,476	1,094	26,450	24,063	1,729	12,134	0	67,945	77,150
TOTAL CAPITAL PROGRAM	\$53,819	\$23,094	\$34,435	\$2,476	\$1,799	\$26,950	\$24,063	\$1,729	\$12,134	\$0	\$69,150	\$78,371
DEBT SERVICE												
Financial Expenses	\$257	(\$100)	\$246	\$31	\$0	\$175	\$0	\$89	\$2	\$0	\$297	\$296
Interest	9,616	9,234	8,507	0	341	3,140	179	259	2,568	0	6,487	6,508
Principal	26,655	11,827	61,999	0	454	8,791	172	683	5,159	0	15,259	15,360
Short Term Inter-Fund Loan	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$51,336	\$20,961	\$70,753	\$31	\$796	\$12,105	\$352	\$1,031	\$7,729	\$0	\$22,043	\$22,164
TRANSFERS IN (OUT)												
Capital Contribution	\$0	\$0	\$0	\$1,065	(\$36)	\$2,954	(\$3,947)	\$288	(\$324)	\$0	\$0	\$0
Debt Service	0	0	0	0	0	(2,914)	0	515	2,399	0	0	0
Operation support	0	0	0	1,407	(48)	0	(1,311)	628	(676)	0	0	0
Capital - Connection Fees Allocation	0	0	0	1,378	293	(1,671)	0	0	0	0	0	0
One Water	0	0	0	32	0	0	0	56	(352)	264	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	\$0	\$3,883	\$208	(\$1,631)	(\$5,259)	\$1,487	\$1,047	\$264	\$0	\$0
FUND BALANCE												
Net Increase (Decrease)	(\$5,289)	\$44,772	(\$30,461)	(\$339)	(\$442)	\$1,140	(\$7,157)	\$13	(\$5,009)	(\$1,212)	(\$13,007)	(\$2,978)
Beginning Fund Balance July 01	147,632	142,343	187,114	17,397	6,742	38,172	64,316	3,397	19,274	7,355	156,653	143,646
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669
RESERVE BALANCE SUMMARY												
Operating Contingencies	\$31,316	\$34,561	\$34,648	\$2,446	\$3,635	\$0	\$20,093	\$2,327	\$3,550	\$5,678	\$37,728	\$37,863
Capital Expansion & Replacement	6,989	10,813	10,440	0	1,358	1,894	0	500	2,119	0	5,871	4,372
CCRA Capital Construction	41,023	55,201	18,337	0	0	11,514	0	0	0	0	11,514	14,386
Water Connection	0	0	501	0	0	0	0	0	0	0	0	0
Rehabilitation/Replacement	26,490	43,327	19,527	0	0	0	22,895	0	0	0	22,895	22,895
CSDLAC Prepayment	658	673	689	0	705	0	0	0	0	0	705	721
Water Resource Capital	0	0	3,682	0	0	0	0	0	0	464	464	0
Debt Service & Redemption	20,169	22,173	29,199	0	602	25,904	1,169	583	8,596	0	36,854	35,945
Self Insurance Program	6,000	5,675	6,000	6,000	0	0	0	0	0	0	6,000	6,000
Employee Retirement Benefit	9,696	9,491	9,887	8,612	0	0	0	0	0	0	8,612	8,698
Sinking Fund	0	5,200	23,742	0	0	0	13,003	0	0	0	13,003	9,788
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669

*Numbers may not total due to rounding

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST	FORECAST	FORECAST
REVENUES									
User Charges	\$63,557	\$66,355	\$71,876	\$71,466	\$77,755	\$82,885	\$85,165	\$88,286	\$91,508
Property Tax - O&M	1,828	1,943	1,972	1,972	1,972	1,972	1,972	1,972	1,972
Cost Reimbursement from JPA	5,256	5,258	5,913	6,078	6,355	6,460	6,599	6,742	6,887
Contract Cost reimbursement	273	79	1,618	576	521	493	493	493	493
Interest Revenue	436	762	609	835	1,162	1,492	1,621	1,548	1,381
Recycled Water Sales	12,047	13,468	17,814	15,891	17,245	18,188	19,100	20,266	21,486
Water Sales	34,147	18,654	28,671	27,429	34,167	36,040	38,250	40,710	42,980
TOTAL REVENUES	\$117,544	\$106,519	\$128,473	\$124,246	\$139,178	\$147,530	\$153,200	\$160,016	\$166,708
OTHER FINANCING SOURCES									
Property Tax - Debt , Capital, Reserves	\$39,118	\$43,688	\$42,733	\$42,733	\$44,074	\$45,455	\$46,404	\$47,371	\$48,358
Connection Fees	15,074	25,907	20,068	19,875	23,096	24,251	22,916	24,921	24,322
Debt Proceeds	0	0	0	0	0	0	100,000	100,000	75,000
State Loans	22,714	9,330	14,406	3,519	9,314	19,251	12,798	5,785	4,261
Grants	5,918	6,208	10,715	11,507	5,970	8,244	13,159	9,218	3,130
Capital Contract Reimbursement	1,193	1,841	5,675	1,330	1,117	2,903	4,787	1,520	1,517
Other Revenues	1,330	2,009	875	915	879	898	919	939	961
Sale of Capacity	0	215	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	0	3,200	0	0	0	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$100,155	\$89,199	\$97,671	\$79,879	\$84,450	\$101,002	\$202,982	\$191,753	\$159,549
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$217,698	\$195,719	\$226,144	\$204,125	\$223,628	\$248,533	\$356,182	\$351,770	\$326,256
EXPENSES									
Employment Expense	\$36,510	\$39,300	\$43,335	\$43,150	\$45,457	\$46,046	\$47,024	\$48,283	\$50,494
Contract Work/Special Projects	5,045	9,596	30,931	14,709	16,708	19,415	21,784	14,960	5,210
Utilities	9,064	8,837	11,596	9,585	9,768	10,053	10,353	10,663	10,983
Operating Fees	12,599	11,290	11,453	11,863	11,908	12,215	12,559	12,918	13,280
Chemicals	4,192	3,943	4,674	4,407	4,549	4,681	4,822	4,966	5,115
Professional Fees and Services	7,133	6,083	10,725	8,702	11,234	10,630	10,611	10,808	11,125
Office and Administrative Expense	1,615	1,798	2,501	1,884	2,427	2,593	2,549	2,905	2,689
Biosolids Recycling	3,800	3,798	4,415	4,486	4,360	4,462	4,596	4,733	4,875
Materials & Supplies	2,273	2,817	3,055	2,963	3,225	3,191	3,293	3,392	3,493
MWD Water Purchases	34,147	18,654	31,856	27,429	34,167	36,040	38,250	40,710	42,980
Other Expenses	1,454	775	1,853	221	1,638	1,650	1,652	1,689	1,725
TOTAL EXPENSES	\$117,832	\$106,892	\$156,394	\$129,399	\$145,441	\$150,976	\$157,492	\$156,028	\$151,969
CAPITAL PROGRAM									
CSDLAC 4Rs	\$658	\$673	\$689	\$689	\$705	\$721	\$737	\$0	\$0
IERCA investment	0	0	500	0	500	500	500	500	0
Capital Construction & Expansion	53,161	22,420	59,725	33,747	67,945	77,150	122,397	187,165	130,778
TOTAL CAPITAL PROGRAM	\$53,819	\$23,094	\$60,914	\$34,435	\$69,150	\$78,371	\$123,634	\$187,665	\$130,778
DEBT SERVICE									
Financial Expenses	\$257	(\$100)	\$349	\$246	\$297	\$296	\$415	\$300	\$296
Interest	9,616	9,234	9,638	8,507	6,487	6,508	11,710	16,829	19,886
Principal	26,655	11,827	11,999	61,999	15,259	15,360	18,651	21,065	23,238
Short Term Inter-Fund Loan	14,808	0	3,216	0	0	0	2,000	2,000	2,000
TOTAL DEBT SERVICE	\$51,336	\$20,961	\$25,201	\$70,753	\$22,043	\$22,164	\$32,776	\$40,193	\$45,420
FUND BALANCE									
Net Increase (Decrease)	(\$5,289)	\$44,772	(\$16,365)	(\$30,461)	(\$13,007)	(\$2,978)	\$42,280	(\$32,116)	(\$1,910)
Beginning Fund Balance July 01	\$147,632	\$142,343	\$187,114	\$187,114	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$170,749	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832	\$148,922
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$31,316	\$34,561	\$37,360	\$34,648	\$37,728	\$37,863	\$37,097	\$41,099	\$43,635
Capital Expansion & Replacement	6,989	10,813	30,854	10,440	5,871	4,372	43,092	11,090	11,120
CCRA Capital Construction	41,023	55,201	21,587	18,337	11,514	14,386	33,165	42,823	36,160
Water Connection	0	0	1,088	501	0	0	0	0	0
Rehabilitation/Replacement	26,490	43,327	19,527	19,527	22,895	22,895	17,383	5,175	2,059
CSDLAC Prepayment	658	673	689	689	705	721	737	0	0
Water Resource Capital	0	0	0	3,682	464	0	0	0	5,603
Debt Service & Redemption	20,169	22,173	31,770	29,199	36,854	35,945	37,212	37,204	37,211
Self Insurance Program	6,000	5,675	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Employee Retirement Benefit	9,696	9,491	7,314	9,887	8,612	8,698	8,262	7,441	7,132
Sinking Fund	0	5,200	14,559	23,742	13,003	9,788	0	0	0
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$170,749	\$156,653	\$143,646	\$140,669	\$182,948	\$150,832	\$148,922

*Numbers may not total due to rounding

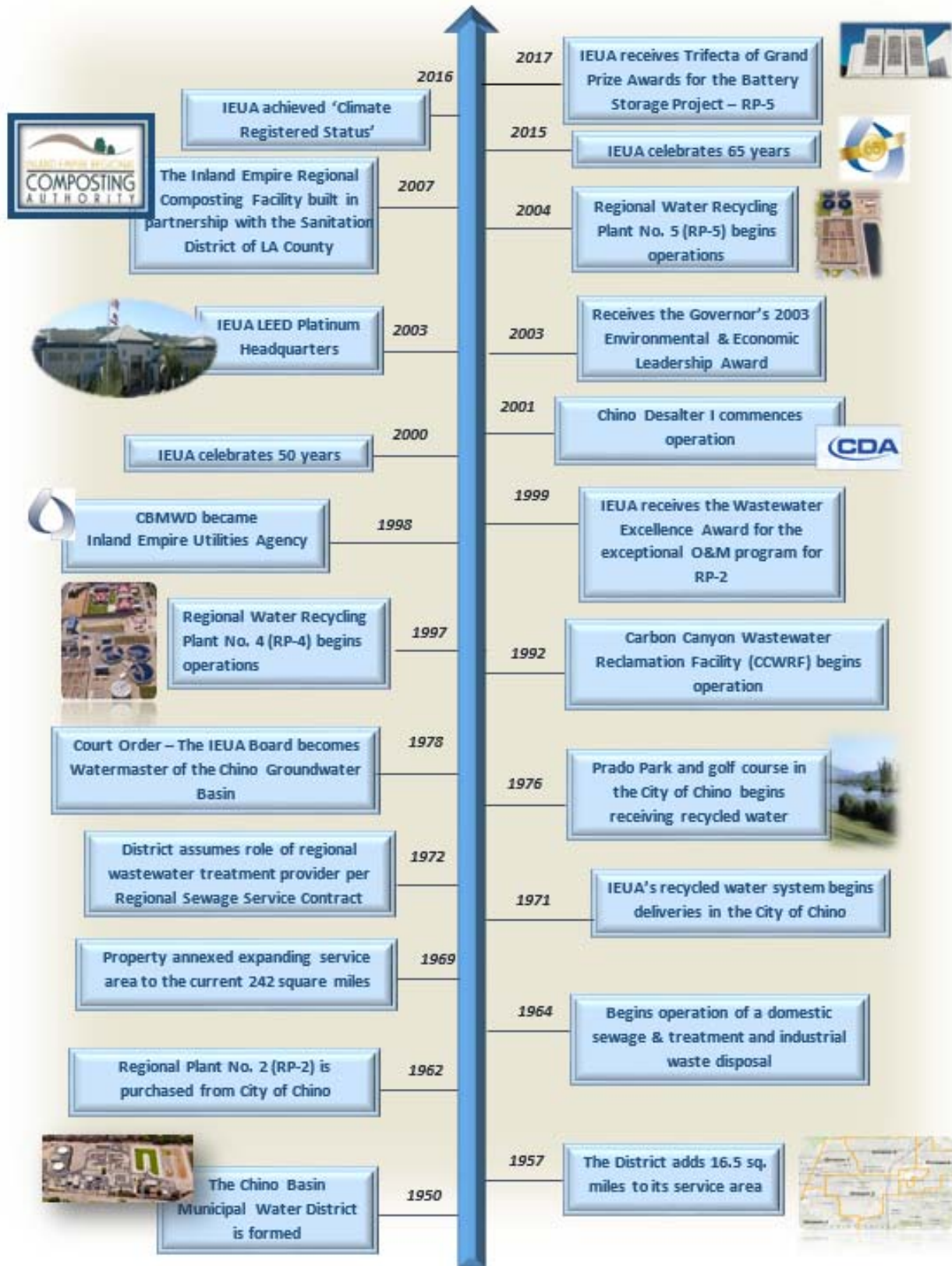
RP-5 Battery Storage

AGENCY PROFILE AND POLICY GOALS



AGENCY PROFILE AND POLICY GOALS

Agency Milestones





Pursuant to the Regional Sewage System Contract, IEUA provides regional wastewater-related services to seven contracting agencies:

- City of Chino
- City of Chino Hills
- Cucamonga Valley Water District
- City of Fontana
- City of Montclair
- City of Ontario
- City of Upland

2015

IEUA has continued to expand its mission as a supplemental water supplier to a regional wastewater treatment agency with domestic and industrial disposal systems, a generator of renewable energy and high quality biosolids compost materials, and a regional purveyor of recycled water. IEUA continues to take the lead in regional water development, protection, conservation, and sustainability. The Agency operates five regional water recycling plants (RWRPs), four of which generate recycled water. The Agency's regional water and wastewater services are essentially wholesale services provided to its member agencies. Today the Agency serves approximately 850,000 residents through its member agencies.

Completion of the regional recycled water distribution system.

2015

2013

Historic milestone in recycled water sales achieved the 38,000 acre-feet in total direct and groundwater recharge deliveries.

The Inland Empire Utilities Agency, in partnership with the Sanitation Districts of Los Angeles County (SDLAC), formed the Inland Empire Regional Composting Authority to construct the Inland Empire Regional Composting Facility, a state-of-the-art fully enclosed compost manufacturing facility designed to meet strict air quality standards.

2007

2004

Major milestone achieved with the opening of the outfall gate at IEUA's RP-5, allowing discharge to the Chino Creek Wetlands Park for the first time. The first phase of the RP-5 facility was designed to treat 15 million gallons per day of municipal wastewater.

AGENCY PROFILE AND POLICY GOALS

IEUA became the first public agency in the United States to receive the Platinum rating from the U.S. Green Building Council's Leadership in Environmental and Energy Design LEED™ for its new headquarters facility. IEUA built an environmentally friendly headquarters that takes water and energy conservation to new levels. The Agency also received the prestigious Governor's 2003 Environmental and Economic Leadership Award.

2003

2001

The Agency partnered with the Chino Basin Watermaster (CBWM) on the CBWM's Optimum Basin Management Program Recharge Master Plan Phase II, which was designed to artificially increase groundwater recharge within the Chino Basin using storm water, recycled water, and imported water.

Completed construction of the first regional pipeline; the beginning of the backbone distribution system for the Agency's regional recycled water distribution system.

2000

1997

Located in Rancho Cucamonga, RP-4 serves areas of Fontana, Rancho Cucamonga, and San Bernardino County [A Conservation Partnership Award for technical innovation for the ultraviolet disinfection project at the Agency's RP-4 facility.

Began the design and construction of an outdoor composting facility to co-compost the municipal sludge from the Agency's wastewater treatment plants with dairy manure from the Chino Agricultural Preserve.

1990

1972

Completed negotiations to purchase three domestic wastewater treatment plants, pursuant to the Regional Sewerage Service Contract. The District assumed the role of regional wastewater treatment provider.

1970

Adopted the General Plan for Water and Wastewater Systems to improve water management in the Chino Basin as mandated by the Orange County Water District vs. City of Chino (Case No. 117628, Judgement: April 17, 1969 effective October 1, 1970

Began construction of a non-reclaimable wastewater system (NRWS) for the collection of high-salinity industrial wastewater generated within the District's service area. The NRWS is physically separated from the regional wastewater system and provides a means for segregating poor quality saline wastewater and enhancing the quality of the recycled water generated by the treatment of municipal wastewater flows. The District's service area expands to 242 square miles.

1969

1964

Entered into the domestic sewage collection and industrial waste business resulting in the construction of the Southwest Chino Truck Sewer to transport collected wastewater to the treatment plants owned by the cities.

Contracted with the Metropolitan Water District of Southern California (MWD) to import potable water to its service area. MWD is a public agency that provides supplemental imported water from northern California (State Water Project) and the Colorado River (Colorado River Aqueduct) to 26 member agencies located in Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura counties. The District's original source of imported water was the Colorado River. Today all MWD imported water is delivered via the State Water Project (SWP) and makes up about one-third of the water distributed by IEUA.

1951

1950

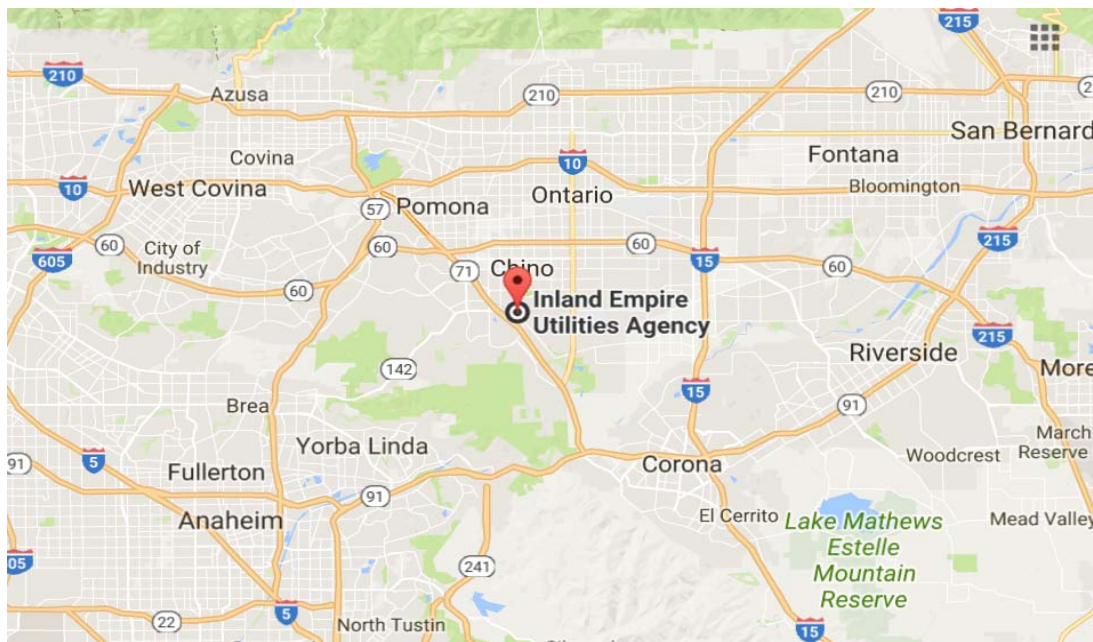
The Chino Basin Municipal Water District was formed on June 6, 1950, with the mission to supply supplemental water to the Chino Basin. The first organized meeting of the Board of Directors was called to order on December 7, 1950. The District provides service to approximately 80,000 residents in a 92 square mile area.

AGENCY PROFILE AND POLICY GOALS

AGENCY PROFILE REGION

All Roads lead to the Inland Empire. The Inland Empire Utilities Agency (IEUA) is located approximately 35 miles east of Los Angeles in San Bernardino County in an area referred to as the Inland Empire (IE). The Agency's service area is settled in a well-developed transportation center consisting of three major transportation systems: the Metrolink Railway system, the Chino Airport, and the Ontario International Airport. The IE is accessibly connected to Los Angeles County, Orange County, San Bernardino County, and Riverside County through the major freeway systems: Interstate 10, State Route 60, State Route 71, State Route 91, State Route 210, and Interstate 15 (Figure 2-1).

Figure 2-1: State and Interstate Routes in Inland Empire



With easy access to the ports of Los Angeles and Long Beach, the IE is also a gateway to Asia. As a result of relatively low-cost land, it has emerged as a significant big-box and warehouse distribution hub for the greater Southern California region (with nearly 24 million residents). Between 2001 and 2016, the IE added 237,000 jobs, of which 55,000, or about 22 percent, were in the transportation and warehousing (logistics) sector. This proportion illustrates the importance of logistics and industrial real estate to the region's economy.

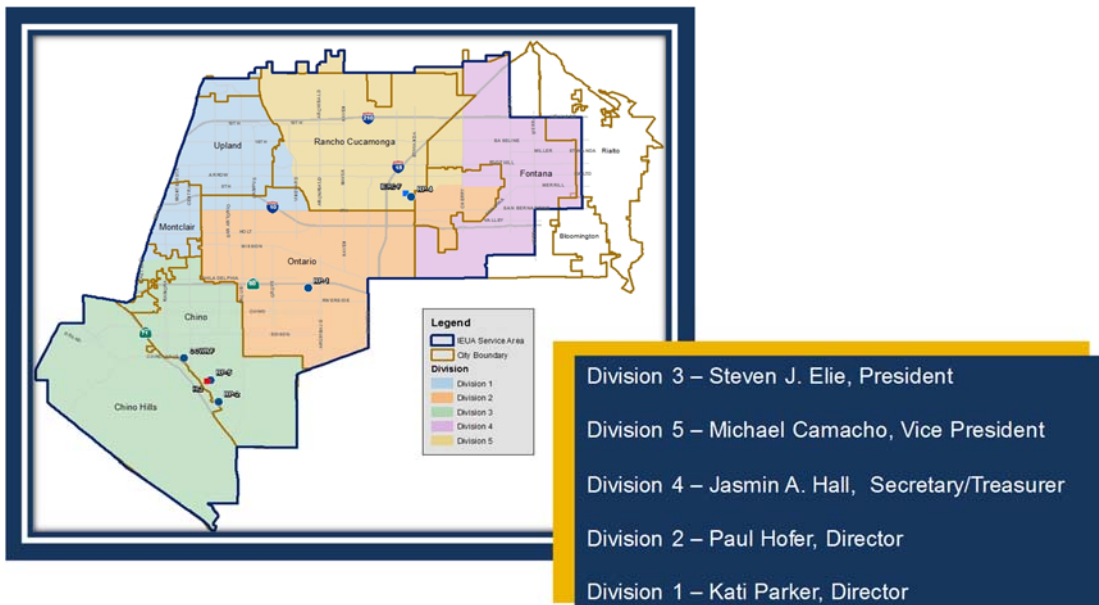
Many of southern California's recreational and cultural attractions – including Disneyland, J. Paul Getty Museum, Universal Studios, and the Long Beach Aquarium and the coastal beaches – are approximately one hour drive away.

Year round the region has moderate temperatures and low humidity. In winter, the average temperatures range from 45 to 70 degrees; the average temperature in summer is around 90

degrees. The region receives, on average, 312 days of sunshine per year and the average rainfall is 17 inches per year.

Governance

IEUA is governed by a five-member Board of Directors, elected to represent individual areas or Divisions for a four-year term.



IEUA has one representative on the Metropolitan Water District of Southern California (MWD) Board of Directors and two representatives on the Santa Ana Watershed Project Authority Commission (SAWPA).

Organization and Purpose

The Chino Basin Municipal Water District was established by a majority vote in a special election on June 6, 1950, for an original population of approximately 80,000 people. In an effort to more accurately identify both the current and future functions of the entity, the Board of Directors of the Chino Basin Municipal Water District approved the name change to the Inland Empire Utilities Agency (IEUA or Agency) effective on July 1, 1998.

In 1951, the Agency annexed to the Metropolitan Water District of Southern California (“MWD”). The original boundaries of the Agency encompassed 92 square miles. Three subsequent annexations added land to the Agency, and the current Agency boundaries encompass approximately 242 square miles with a current population of more than 875,000. The boundaries of the Agency encompass the urban west end of San Bernardino County, immediately east of the Los Angeles County line and includes the cities of Ontario, Upland, Montclair, Chino, Chino Hills,

AGENCY PROFILE AND POLICY GOALS

Fontana, and Rancho Cucamonga. The Agency boundaries extend from the Los Angeles County line to a point near the eastern boundary line of the City of Fontana and from the base of the San Gabriel Mountains, south to the Riverside County line and west to the Orange County line.

When formed in 1950, the Agency only operated a water system which delivered over 50,000,000 gallons per day of imported water from the Colorado River as a member of the Metropolitan Water District of Southern California. During the mid-1960s, the Agency began a domestic sewage collection system (the “Wastewater System”).



In 1969, the Agency started construction of a non-reclaimable wastewater system (the “NRW System”) to curtail groundwater pollution from existing industry and to provide for new industrial development within the Agency’s service area. In 1990, the Agency began the design and construction of a facility (the “1990 Co-Composter Facility”) to co-compost the municipal sludge for the Agency’s treatment plants together with dairy manure from the agricultural preserve, which is located in the southeastern section of the City of Chino.

The Agency began producing recycled water in the early 1970’s as a low-cost alternative to potable water. In 2001, the Agency and the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, and the Santa Ana River Water Company, formed the Chino Basin Desalter Authority (“CDA”), a joint powers authority, to acquire all assets and liabilities from Santa Ana Watershed Project Authority (“SAWPA”) Project #14. Such acquisition was completed in February 2002. The Agency serves as a non-voting member and provides finance and administration support for CDA, as well as operational support for the CDA Desalter 1 facility. In August 2008, Western Municipal Water District was added as an additional member of CDA.

In 2002, the Agency and the Sanitation Districts of Los Angeles County (the “SDLAC”) formed the Inland Empire Regional Composting Authority (the “IERCA”), a joint powers authority, to construct a regional composting facility in Rancho Cucamonga. The fully enclosed composting facility opened for operations in 2007 replacing the composter facility which had been in operation since 1990.



Also in 2002, the Agency expanded the scope of operations of the Agency by financing the design and construction, along with the Chino Basin Watermaster, of facilities to replenish the Chino Groundwater Basin by recharging potable water, storm water, and recycled water through regional conveyance systems and infrastructure.

Further development of the regional recycled water system and related services have been the focus of the Agency over the past decade. In 2016, the final phase of a regional recycled water distribution backbone system was completed.

Recycled water is produced at four regional water recycling plants (“RWRPs”):

- Regional Water Recycling Plant No. 1 (“RP-1”) in the City of Ontario,
- Regional Water Recycling Plant No. 4 (“RP-4”) in the City of Rancho Cucamonga,
- Carbon Canyon Water Recycling Plant (“CCWRF”) in the City of Chino, and
- Regional Water Recycling Plant No. 5 (“RP-5”) in the City of Chino.



Recycled water sales were approximately 32,400 acre-feet (“AF”) in Fiscal Year 2017, for both direct use deliveries and a record amount of groundwater recharge deliveries of 13,934 AF.

In addition, the Agency has three facilities which handle biosolids produced at the water recycling plants: RP-1 Solids Handling Facility, RP-2 Solids Handling Facility, and the IERCA composting facility. The Agency also has a solids handling facility at RP-5, which is leased to a private enterprise that produces biogas and energy from food waste.

The non-reclaimable wastewater system operated by the Agency to export high salinity industrial wastewater is comprised of two independent collection systems, the North and South Systems which serve different patrons. The north system is owned by the Sanitation District of Los Angeles County (SDLAC), while the South System, which serves approximately 15 industries, truckers, and the Chino Basin Desalter Authority, and conveys wastewater to the Inland Empire Brine Line (IEBL), is owned by the Santa Ana Watershed Project Authority (SAWPA) and the Orange County Sanitation District (OCSD) facility in Fountain Valley for treatment and ocean discharge. The Agency works closely with both SDLAC and SAWPA in addressing salinity issues, encouraging better use of groundwater resources, and expanding the ability to reclaim water.

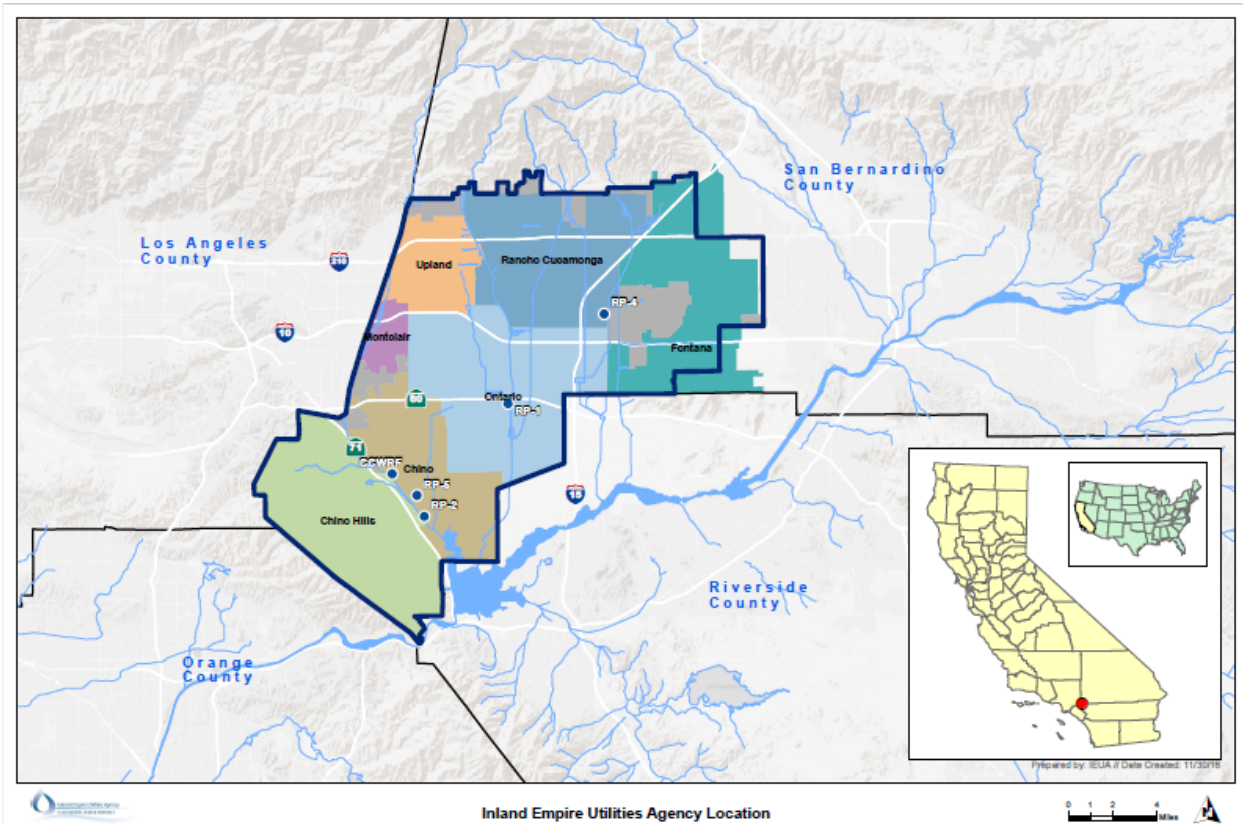
Contracting Agencies

IEUA coordinates its activities with contracting agencies in the region, to determine capital spending requirements needed to meet future wastewater service needs, and to set priorities for future water supplies, recycling, and wastewater capital projects. IEUA provides regional wastewater-related services to seven contracting agencies, as shown on Figure 2-2.

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Figure 2-2: Contracting Agencies and Service Area

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



Anticipated Growth

The Agency's service area, located in the Inland Empire (IE), is considered as one of the fastest growing regions in the United States. According to the forecasting center at UC Riverside's School of Business, the major growth sectors are transportation (logistics), government, education and health services, as well as the construction industry.

A recent highpoint for the region anticipated to drive local economic activity was the City of Ontario's recovery of local control of the Ontario International Airport after decades under Los Angeles jurisdiction. According to John Husing, an economist for the Inland Empire Economic Partnership, the IE economy is expected to gain 46,600 jobs (3.3 percent) in 2017, after adding 47,500 in 2016 (3.5 percent). The job expansion will continue partly because of the area's traditional advantages, including available land, modestly priced labor, growing population, as

well as continued growth in health care, and a small addition of jobs in higher paying private and public sectors such as management and professions, government, colleges, and utilities.

The IE population continued to grow throughout the recession at an average rate of 1 percent between 2008 to 2017. As shown on the table 2-1, the estimated population in the San Bernardino county are expected to slightly increase by 1 percent in 2017.

Table 2-1: San Bernardino County Population Estimates

	2016	2017
Total Population	2,137,101	2,158,076
Male	49.77%	49.76%
Female	50.23%	50.24%
0 to 19 years	29.44%	29.08%
20 to 34 years	22.88%	22.88%
35 to 49 years	18.84%	18.76%
50 to 64 years	17.80%	17.84%
65 years and older	11.04%	11.45%

The population in the Agency’s service area is projected to surpass 875,000 in 2018. According to the State’s labor market information, the IE, along with the Central Valley, San Francisco Bay area, and greater Sacramento region are all expected to grow faster than the statewide average, increasing their share of the state population through 2060, by 1 to 2 percent. With that growth rate, the IE population may reach 1 million by 2030. Population and demographics within the service area are show on Figure 2-3 and 2-4 below, respectively.

Figure 2-3: Service Area Population

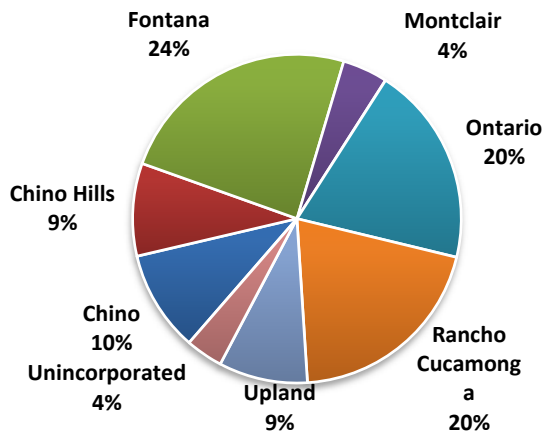
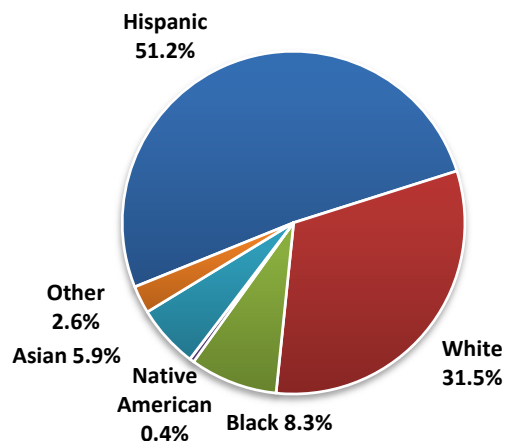


Figure 2-4: Service Area Demographics



Source: Department of Finance Demographic Reports – www.dof.ca.gov/research

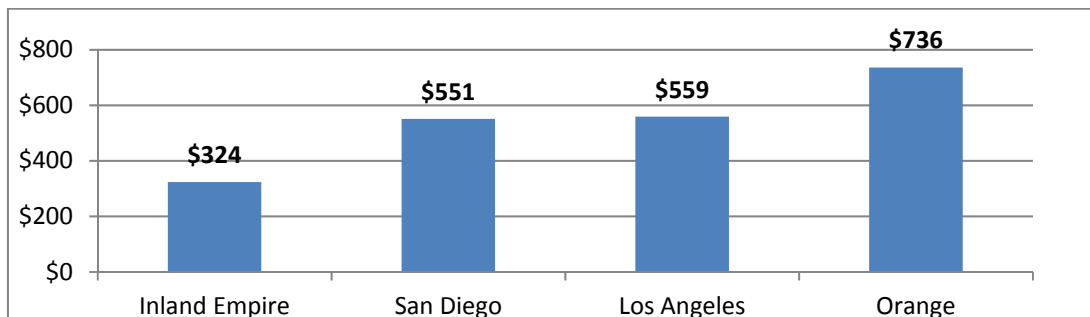
AGENCY PROFILE AND POLICY GOALS

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Housing Market

The Inland Empire's housing market appears to be slowly moving into expansion mode, as the region's residential prices have increased in 2017 significantly, up 101.5 percent (existing) and 59.0 percent (new) from the all-time lows in 2009. Existing median home prices (\$324,000) remain -19.7 percent below their highest price, but many of the homes sold at that high price have long since been lost to foreclosures. Looking ahead, with the lack of supply of homes to sell, this translates into the demand of more new home construction. The low median home prices for Inland Empire makes it affordable and is a key incentive for expected growth. (Figure 2-5)

Figure 2-5: Southern California Median Home Prices by County (\$Thousands)



Source: John Husing, April 2017 Inland Empire Quarterly Economic Report

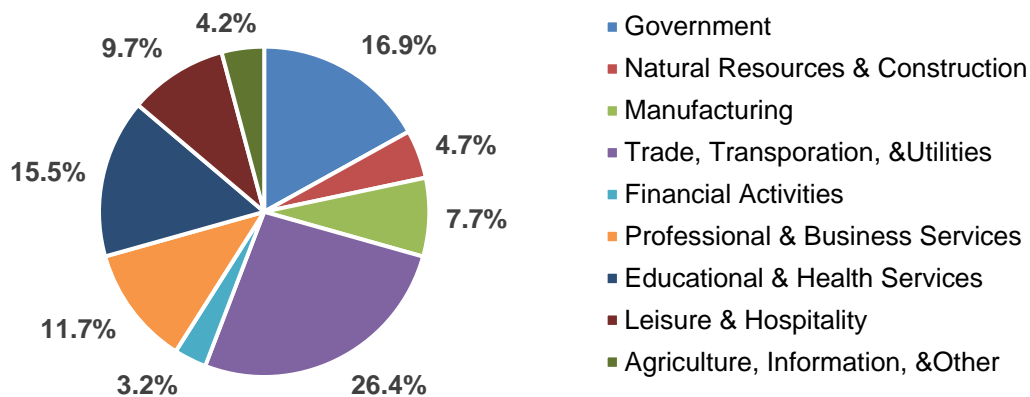
Employment

California posted the nation's second biggest year-over-year employment gain in May 2017 and the state's unemployment rate dipped to 4.2 percent, its lowest reading since 2001, according to data released by the Employment Development Department in June 2017. The unemployment rate in the IE was 4.5 percent, down from 4.7 percent in April 2017, and below the year ago estimate of 5.4 percent. The unemployment in the region is getting closer in meeting the state average.

As the IE economy continues to recover, not only has it recovered all of the job losses relative to the pre-recession level in 2007, it has added some at an accelerated pace. The economic recovery has also altered the industrial and employment composition in the IE. Construction and manufacturing industry which were traditionally a driving force within the IE economy has barely recovered half of the job lost since the onset of the recession. The sector that has come out as one of the winners from recession is the Transportation and Warehousing (logistics) industry. As shown below in Figure 2-6, the three largest employers by industry are logistics, government, and educational and health services, which represent nearly 60 percent of the labor market in San Bernardino. The value of US dollar continues to remain strong leading to a record high volume of imports through Southern California ports. This combined with an increase in the demand for larger warehouses and fulfillment centers by conventional and online retailers has resulted in a surge of logistics related jobs in the region.

As the lower housing prices in the region continue to entice people moving out of the more expensive areas of Southern California, the need for educators and health care professionals continues to grow to support the moving population. This sector already supplies over 15 percent of the county’s jobs. IE has one health care worker for every 34.0 residents is still lagging behind the state average of one per every 26.8 residents. This factor points to likely continued growth in this sector in the future.

Figure 2-6: San Bernardino County Jobs by Industry

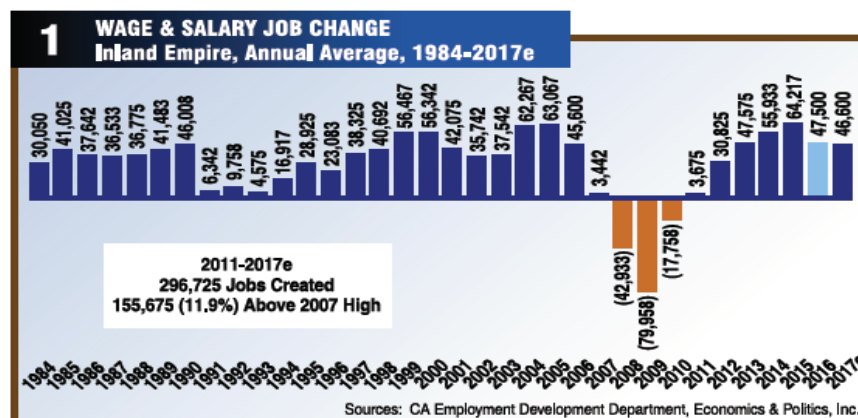


Source: Department of Finance Demographic Reports – www.dof.ca.gov/research

In 2017, the Inland Empire will continue the expansion that has been underway since 2011. Through 2016, 249,725 jobs have been created. The 2017 gain is forecasted to add another 46,600 jobs, up 3.3 percent. The expansion will continue partly because of the area’s traditional advantages for blue collar/technical sectors (available land, modestly priced labor, growing population), as well as continued growth in health care, and a small addition of jobs in higher paying sectors.

Figure 2-7 shows the region’s job trend from 1984 through a projected estimate for 2017.

Figure 2-7: Inland Empire’s Job Trend



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According to John Husing, “Job growth in the IE for 2017 is forecasted to favor moderate and high paying jobs over low paying jobs, 67 percent to 33 percent. While this will bring an inflow of additional cash to the service area, it may not be paralleled by an increase in consumer spending. This is due to a shift towards conservative consumerism as the effects of the recent recession still linger in the minds of the hard-hit Inland Empire population. Regardless, the economic outlook for the region is bright because if job growth for 2017 performs as expected, the number of jobs created since 2011 will have surpassed the number of jobs lost as a result of the most recent recession.”

Table 2-2 below shows the region’s ten largest employers. Majority of the companies fall under the region’s three largest employer categories as mentioned above: logistics, government, and educational and health services.

Table 2-2: Ten Largest Public and Private Employers in the IEUA Service Area

Employer	Location	Number of Employees
Ontario International Airport	Ontario	7,510
Kaiser Hospital & Medical Group	Fontana	5,682
Fontana Unified School District	Fontana	3,953
Chino Valley Unified School District	Chino	3,200
California Institute for Men	Chino	2,327
San Antonio Community Hospital	Upland	1,900
Chaffey Community College	Rancho Cucamonga	1,385
North American Medical Management	Ontario	1,304
City of Ontario	Ontario	1,075
California Steel Industries, Inc.	Fontana	956

Source: San Bernardino Area Chamber of Commerce

Median Income

Median annual income is estimated to be \$70,129 in the Agency’s service area, \$53,803 in San Bernardino County, and \$64,500 in the State of California. Table 2-3 illustrates how the average annual incomes for the cities within the Agency’s service area compare to the county and state annual average.

Table 2-3: Comparison of the Average Annual Median Income for the Agency’s Service Area to the County and State Annual Average

Median Annual Income	
Chino Hills	\$102,890
Chino	\$ 72,155
Upland	\$ 63,771
Montclair	\$ 49,708
Ontario	\$ 57,361
Fontana	\$ 64,297
Rancho Cucamonga	\$ 80,720
Agency Service Area Average	\$ 70,129
San Bernardino County Average	\$ 53,803
State of California Average	\$ 64,500

Source: www.city-data.com/city/California.html (2015)

Table 2-4 below shows the ten largest colleges and universities and their number of students, located within or near the IEUA service area.

**Table 2-4: Colleges and Universities Nearest to IEUA
With Over 2,000 Students Enrolled in fall 2016**

College	Total Number of Students
Mt. San Antonio College	28,991
California State Polytechnic University, Pomona	23,717
Chaffey College	21,054
Citrus College	12,999
Azusa Pacific University	9,975
Norco College	9,662
University of La Verne	8,334
Claremont Colleges	7,700
DeVry University	6,166
La Sierra University	2,476

Source: National Center for Educational Statistics

AGENCY PROFILE AND POLICY GOALS

Agency's Mission, Vision, Values, and Business Goals

Mission Statement

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:

- Securing and supplying imported water
- Collecting and treating wastewater
- Producing high-quality renewable products such as recycled water, compost, and energy
- Promoting sustainable use of groundwater and development of local water supplies

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.

Values

Leading the way. Planning for the future. Protecting the resources of the communities we serve. The Inland Empire Utilities Agency is:

- Committed to applying ethical, fiscally responsible, transparent, and environmentally sustainable principles to all aspects of business and organizational conduct
- Working with integrity as one team, while celebrating the region's diversity
- Staying in the forefront of the industry through education, innovation, efficiency, and creativity

Business Goals

The IEUA Business Goals, updated and adopted by the Board in December 2016, align with the Agency's Mission, Vision, and Values which are defined by the needs of our stakeholders and the public value provided to the community. Within each Business Goal category, several Objectives were established to support the Business Goal. These Objectives are evaluated and derived into work plans to ensure that current and future needs of the Agency and region are appropriately met. The IEUA Strategic Business Plan (Plan) developed in 2015, which serves as the basis for the framework for decision making over a five-year period (2015-2019), outlines fundamental decisions that shape what the Agency plans to accomplish and sets a rational course of action.

The IEUA Business Goals are categorized into six primary areas:



IEUA Business Goal Overview

A. Fiscal Responsibility

IEUA is committed to safeguarding the Agency's fiscal health to effectively support short term and long-term needs, while providing the best value for our customers.

Key Objectives

Funding and Appropriation – <i>IEUA will fund operations and capital investments by maintaining reasonable service rates and fees that fully support the costs of service.</i>	Budget Planning – <i>IEUA will plan for multi-year budgets and rate requirements in support of maintaining fiscal stability for IEUA and the member agencies.</i>	Reserves – <i>IEUA will maintain fund reserves, which can withstand significant changes to the economy and funding sources.</i>	Credit Worthiness – <i>IEUA will improve its credit rating, with the goal of reinstating the AAA rating, to reduce IEUA's future borrowing costs.</i>
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Work Plan

1. Monitor the Agency's cost of service for key Agency programs to ensure rate efficiency related to Non-Reclaimable Wastewater (NRW) System, Regional Wastewater, Recycled Water, Water Resources.
2. Continue commitment to sustainable cost containment for operating and capital costs.
3. Fully fund the pension unfunded accrued liability by July 2024
4. Integrate projects identified in the long range financial planning documents, such as the Asset Management Plan, Facilities Wastewater Master Plan, Technology Master Plan, Energy Plan, and the Integrated Resources Plan, into the operating and capital budgets.
5. Optimize the Agency's investment of surplus funds in accordance with the Agency's investment policy.
6. Complete a rate study for wastewater EDU allocation.

AGENCY PROFILE AND POLICY GOALS

7. Continue to monitor market opportunities to reduce the debt service costs.
8. Annually, review and update the Agency's reserve policy to ensure sufficient funding to meet operating, capital, debt service, obligations, unforeseen events, and comply with legally mandated requirements.
9. Reinstate the Agency's long-term credit rating to AAA and maintain a debt coverage ratio to support such rating.
10. Monitor the performance of deferred contribution programs.
11. Expand dashboard development to enhance financial reporting.

IEUA Business Goal Overview

B. Workplace Environment

IEUA is committed to providing a dynamic work environment with a highly skilled and dedicated workforce.

Key Objectives

Mission, Vision, & Values – <i>IEUA will adopt Business Goals and Objectives that support and advance the Agency's Mission, Vision and Values, ensuring the highest standard of conduct throughout the Agency by promoting values of leadership, integrity, collaboration, open communication, accountability, and respect for each other.</i>	Agency Culture – <i>IEUA will foster a collaborative work environment that values communication, innovation and work-life balance, adheres to the Agency's policies and procedures, and respects all aspects of diversity.</i>	Training – <i>IEUA will maintain a highly skilled workforce to meet current and anticipated Agency and industry needs by facilitating and providing opportunities for staff to further their professional development.</i>	Staff Safety – <i>IEUA will promote and ensure a safe and healthy work environment, exceeding industry best practices in support of achieving the CalOSHA Star Voluntary Protection Program (CAL/VPP) certification</i>
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Work Plan

1. Ensure staff upholds their role in achieving the Agency's Mission, Vision, and Values.
2. Develop and implement a plan to mentor and prepare the next generation of the IEUA team
3. Conduct a feedback study to measure employee satisfaction in areas including benefits, work life balance, training, job satisfaction, etc. in 2017 and every two years thereafter.
4. Draft a new consolidated Personnel Rules and Regulations for the Agency across all bargaining units, streamlining individual Unit MOUs by December 2017.
5. Review and update the employee recognition program by December 2017.
6. Uphold a strong internal control environment by conducting independent objective internal and external audits of the Agency's business practices
7. Promote positive labor relations by conducting routine informal labor/management meetings with unit representatives
8. Review and update the Disaster Preparedness Plan and conduct periodic emergency response drills every two years.

9. Prepare a plan and timeline to meet the standards of the Cal Star Award program from OSHA.
10. Annually, review and revise the Workplace Injury Illness Prevention Program to prevent work related injuries/illness and reduce loss of time worked.
11. Promote a safer work environment by administering and monitoring required safety and regulatory trainings and increase field presence of Safety staff.
12. Ensure staff is fully trained on administrative functions and policies included in the Administrative Code.

IEUA Business Goal Overview		
C. Business Practices		
<i>IEUA will be ethical, cost-effective, and apply environmentally sustainable regional planning principles in all aspects of business and public service.</i>		
Key Objectives		
Efficiency & Effectiveness – <i>IEUA will apply best industry practices in all processes to maintain or improve the quality and value of the services we provide to our member agencies and the public.</i>	Customer Service – <i>IEUA will provide outstanding service that supports our member agencies and region in a cost effective, efficient and reliable manner.</i>	External Affairs and Government Relations – <i>IEUA will support effective public outreach and education, and advocate for the development of policies, legislation and regulations that benefit the region.</i>
Work Plan		
1. Conduct lessons learned sessions to evaluate key program implementation.		
2. Utilize green procurement and reuse of surplus materials, equipment and parts, when possible.		
3. Leverage private/public partnership opportunities.		
4. Develop a Lean Management Workplan which identifies core business functions that need to be for streamlining and efficiencies.		
5. Annually update Emergency Response and Operational Plans for all facilities.		
6. Develop an Administrative Code to provide a platform for transparent communication with member agencies on key activities, issues, policies, and key documents.		
7. Collaborate with and support local businesses and economic development in the region through regional programs.		
8. Evaluate cutting-edge, innovative projects to ensure the implementation will benefit customers, water supplies and environmental stewardship.		
9. Translate complex water/environmental regulations and the IEUA role in protecting regional programs, economy and environment for the general public and elected officials.		
10. Provide support for positions that would enable the implementation of the Agency's goals.		

AGENCY PROFILE AND POLICY GOALS

IEUA Business Goal Overview

D. Water Reliability

IEUA is committed to providing a reliable and cost-effective water supply and promoting sustainable water use throughout the region.

Key Objectives

<p>Water Use Efficiency- IEUA will promote water conservation, education and incentive programs to assist the region in safeguarding water sustainability.</p>	<p>Water Supplies- IEUA will support the region with the development of reliable, resilient and sustainable water supplies from diverse sources.</p>	<p>Recycled Water IEUA will maximize the use of recycled water to enhance regional water reliability.</p>	<p>Groundwater Recharge- IEUA will maximize groundwater recharge projects in the region through strategic, cost-effective partnerships and development.</p>
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Work Plan

1. Implement programs across all sectors, residential, commercial and agricultural, to make outdoor water use efficient, helping to maintain groundwater levels, eliminate waste and promote efficient use of water to meet and exceed state regulatory requirements.
2. Develop resilient water supplies for the region to mitigate climate change and catastrophic infrastructure failures.
3. Develop regional collaboration for groundwater storage programs.
4. Develop plans for regional low-impact development.
5. Identify opportunities to augment the regional recycled water system.
6. Meet basin plan requirements and objectives in support of the recycled water program.
7. Maintain water quality to meet customer needs, optimize recycled water use and minimize service interruptions and complaints (fruit labels, debris, etc.).
8. Maximize the recharge of all sources of water.
9. Develop a plan to improve recharge capacity within our service area boundaries.
10. Work to change landscape and agricultural practices of high chemical use to increase use of compost to improve groundwater quality.

IEUA Business Goal Overview

E. Wastewater Management

IEUA is committed to meeting regional demands in an environmentally responsible and cost-effective manner.

Key Objectives

Water Quality-	Asset Management-	Organics Management-	Energy Management-
<i>IEUA will ensure that Agency systems are planned, constructed and managed to protect public health, the environment, and meet anticipated regulatory requirements.</i>	<i>IEUA will ensure the regional sewer system and treatment facilities are well maintained, upgraded to meet evolving requirements, sustainably managed, and can accommodate changes in regional water use.</i>	<i>IEUA will manage organics to meet regulatory compliance standards in a fiscally prudent and environmentally sustainable manner.</i>	<i>IEUA will effectively manage energy resources including renewable energy initiatives and programs to achieve statewide environmental and renewable energy goals, and stabilize future costs.</i>

Work Plan

1. Continue the process of collaborative negotiations in support of reaching mutually agreeable terms for the new Regional Contract.
2. Monitor treatment plant performance to meet regulatory requirements.
3. Establish Agency benchmarks for treatment processes for cost and quality evaluations.
4. Develop and analyze processes related to salinity management.
5. Develop a plan to continue maximizing recycled water use by meeting Basin Plan and regulatory water quality requirements such as TOC and, TIN objectives.
6. Proactively track and manage constituents of emerging concerns.
7. Operate effective pre-treatment programs to minimize treatment plant upsets.
8. Ensure timely expansion of Agency facilities to prepare for anticipated regional growth.
9. Develop a monitoring and assessment program to support the implementation of the Asset Management Plan.
10. Pursue opportunities for renewable energy development and interconnection with grid.
11. Implement projects in a timely and cost-effective manner.
12. Maximize the use of bio-solids, including methods of expanding the use of compost by validating safety and productivity of the wastewater bi-product.
13. Help position IEUA as a recognized leader in organics management through study, demonstration and application of wastewater organics in landscapes and agriculture.
14. Implement energy efficient projects and efficiencies into existing facilities and equipment.
15. Optimize daily operations to reduce energy costs.
16. Implement long term projects in support of long term renewable energy goals and minimize carbon footprint.

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IEUA Business Goal Overview

F. Environmental Stewardship

IEUA is committed to enhancing and promoting environmental sustainability and the preservation of the region's heritage.

Key Objectives

Regulatory Compliance	Good Neighbor Policy –	Environmental Responsibility	Regional Habitat Management –
<i>-IEUA will comply with all federal, state, local, and environmental laws and regulations.</i>	<i>IEUA will foster positive relationships within the region, and develop and implement projects that minimize impacts to the community and environment.</i>	<i>– IEUA will provide regional leadership to implement environmentally sustainable business practices and promote the preservation of the region's cultural and ecological heritage.</i>	<i>IEUA will promote the preservation of regional habitat and implement the development and use of appropriate mitigation measures on all projects.</i>

Work Plan

1. Comply with all regulatory requirements.
2. Develop and update logical, technically-based and defensible local limits for regional significant industrial users.
3. Develop response plans to minimize impacts to affected communities related to stormwater LID, odor surveys, drought planning, project construction etc.
4. Conduct educational and outreach programs and activities related to the Agency's key areas of business.
5. Develop plans to support environmental stewardship in support of the Agency's key business areas.
6. Design and construct projects with sustainable green building standards.
7. Incorporate sustainable standards in to the long-term maintenance and operation of facilities.
8. Participate and develop regional plans that provide a long-term habitat conservation plan.

Budget Priorities

The Operating Budget for Fiscal Years 2017/18 and 2018/19 is the Agency's second biennial budget. Throughout the budget process key areas of focus are identified and used to shape the

allocation of resources within the budget. Operating revenues in the biennial budget are based on the multi-year rates adopted for the Agency's Regional Wastewater, Recycled Water, and Water Resources programs through FY 2019/20. Additionally, the biennial budget presents operating expenses for all Agency programs, and investment in Agency assets necessary to meet the demand of current and future growth projected by member agencies.

The biennial budget supports the Agency's business goal of fiscal responsibility by demonstrating sound financial planning. Key areas addressed in the development of the budget for Fiscal Years 2017/18 and 2018/19 are:

- **Succession planning** – Timely recruitment will be essential to the transfer of knowledge and expertise for the next generation of employees. A succession pool of 10 positions has been included in the proposed biennial budget to support timely recruitment of critical positions throughout the Agency;
- **Cost containment** – Operations and maintenance expenses such as chemicals, operating fees, and utilities are projected to remain relatively stable over the next two fiscal years. In an effort of continued cost containment, the succession planning pool will be supported under the existing 290 authorized number of full time equivalent positions;
- **Cost of Service** – Continued implementation of multiyear rates and fees as approved by the Board of Directors through FY 2019/20. An important policy principle of the multi-year rates was the establishment of rates and fees that fully recover the cost of providing the service, the Agency is on track to achieve full cost of service by FY 2019/20;
- **Upkeep of Agency Assets** – A transition from “corrective” to “predictive and preventative” maintenance of Agency assets will help to ensure regulatory compliance, avoidance of costly corrective maintenance, and over time a reduction of ongoing maintenance costs can be realized;
- **Optimize low interest debt** – Continuing to secure low-cost financing to finance capital expansion and improvement of Agency's facilities needed to meet anticipated growth and increased service demands; and
- **Transparency** – The Agency is committed to the highest standards of communication and fiscal responsibility by providing a platform for transparent communication and timely reporting. This document serves as an important tool for understanding the Agency's policies, programs and activities, and short and long-term goals.

The biennial Operating Budget and the Ten-Year Capital Improvement Plan (TYCIP) continue to demonstrate the Agency's commitment to deliver reliable, high quality essential services to its customers in a regionally planned, cost effective manner. The projects included in the Agency's FY 2017/18 – 2026/27 TYCIP are necessary to accomplish the Agency's goals based on the physical condition of assets and forecasted regional projections of water and wastewater needs.

AGENCY PROFILE AND POLICY GOALS

Financial Policies

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

Policies	Description	Achievements
A. Operating Budget	1. The Agency will budget revenues and expenditures on the basis of a fiscal year that begins on July 1 and ends on the following June 30	Adoption of amendments to FY 2016/17 (second year of the FYs 2015/16 and 2016/17 biennial budget) in June 2016. Adoption of the FYs 2017/18 and 2018/19 biennial budget in June 2017.
	2. The Agency's budget is designed to provide meaningful, comprehensive and user-friendly data and information on Agency activities and programs; to that end, the Agency will produce a budget document based on national best practices as defined in the budgetary award guidelines established by nationally recognized organizations, such as the Government Finance Officers Association (GFOA)	The Agency's biennial FY's 2015/16 and 2016/17 budget received GFOA's Distinguished Budget for the twelfth year, and the fifteenth consecutive California Society of Municipal Finance Officers (CSFMO) Operating Budget award.
	3. The operating budget is the short-term action plan for development and execution of the Agency's strategic plan, consistent with the Agency's long-range plan of finance (LRPF). The LRPF is updated every two to three years with corresponding adjustments to the operating budget to assure continual alignment of short-term budgetary goals with the long-term strategic plan	A Long-Range Plan of Finance workshop is scheduled in August 2017, with a complete updated plan scheduled for the fall of 2017.
	4. The budget, is useful for measuring performance and providing for a strong level of transparency to regional partners and local constituencies. The budget must be timely in the reporting of resource availability and allocation; the Agency's budget will allow for public participation prior to its adoption and will ensure timely availability of information prior to commencement of the new fiscal year	Budget workshops were held with the Agency's Board of Directors and the regional partners providing an opportunity for input throughout the budget development process.
	5. Successful budgets are developed using an iterative and inclusive process that	A budget calendar was developed and issued in December 2016.

Policies	Description	Achievements
B. Balanced Budget	<p>solicits input from all levels of the organization and allows time for a deliberative and careful review of all relevant factors impacting budgetary estimates and projections; the Agency establishes an annual budget calendar complete with key milestone dates for budgetary workshops for staff and policy makers, and submittal of capital, operating, and labor estimates</p>	<p>Meetings were held with all departments to compile budgetary, statistical, and descriptive information; budget training sessions were facilitated, and review and discussion of budget with the Board and member agencies were scheduled throughout the budgetary process.</p>
	<p>1. The budget should be balanced with the current revenues equal to or greater than current expenses</p>	<p>Budgets are balanced using a combination of current revenues and reserves, and the budget is monitored regularly throughout the year. Budget variance analysis reports are prepared and presented to the Agency’s Board quarterly.</p>
	<p>2. Any fund, when operating or capital expenses exceed revenues, will utilize the respective fund reserves to meet the shortfall</p>	<p>Reserves were used to balance any projected shortfall in net revenues. A use of reserves is projected for the two adopted budget years.</p>
C. Revenues	<p>1. The Agency’s various programs are supported by a combination of user fees and property taxes. Both sources of revenues must be evaluated annually to ensure appropriate cost recovery and adequate delivery of services. The Agency strives for a stable and consistent revenue base without wide fluctuations from year to year; consistent rate increases based on the rate of inflation (as measured by a relevant and widely used index such as the CPI) and adjusted when necessary for other relevant factors</p>	<p>The Agency has adopted a multi-year rate structure for three core programs: Regional Wastewater, Recycled Water, and Water Resources. The adopted multi-year rates achieve full cost of service, meaning revenues generated are sufficient to meet that program’s cost of delivery service including replacement and rehabilitation (R&R) costs. This reduces the need for fund transfers between programs, and minimizes reliance on property taxes.</p>

AGENCY PROFILE AND POLICY GOALS

Policies	Description	Achievements
D. Debt Management	<ol style="list-style-type: none"> The agency will manage its debt portfolio as part of an asset/liability matching strategy, in that context, debt term should match the useful life of the capital project funded; variable rate debt may be used as long as it is sufficiently hedged with cash reserves; interest rate swaps and other derivative products will be considered when the risks are manageable as determined by staff, the financial advisor, and the Board of Directors 	<p>The Agency continues to pursue low interest State Revolving Fund (SRF) loans, grants, and rebates when applicable. Securing federal and state grants and SRF loans will continue to be an important part of the overall financing strategy. In April 2017, the Agency submitted a letter of interest to the Water Infrastructure Finance and Innovation Act (WFA) program for the RP-1 and RP-5 expansion projects. The Agency refinanced the 2008A Revenue bonds (2017A) in January 2017, resulting in a net present value of \$37 million over the life of the bonds.</p>
E. Capital Planning	<ol style="list-style-type: none"> The Ten-Year Capital Improvement Plan (TYCIP) will be reviewed and adjusted annually 	<p>The FY 2017/18 – 2026/27 TYCIP was adopted by the Board in June 2017. The next planned TYCIP review and update is scheduled in early 2018.</p>
	<ol style="list-style-type: none"> Support the TYCIP in meeting service area growth through various funding alternatives including revenue bonds and short-term borrowings 	<p>Successfully secured with state grants and loans to support major capital projects; water quality laboratory, SCADA system, and recycled water projects.</p>
	<ol style="list-style-type: none"> Future operating, maintenance and replacement costs associated with new capital improvements will be forecasted and included in future year projected costs 	<p>The Agency’s FYs 2017/18 and 2018/19 biennial operating budget supports the continuing need for maintenance and repair for facilities and equipment as identified in the Asset Management Plan. The 2018-2037 TYCIP supports facilities expansion of the regional wastewater system to meet anticipated future growth.</p>
F. Long Range Planning and Forecasting	<ol style="list-style-type: none"> Long-term planning uses trends and projected changes in population growth, service levels, property assessment values, new development, and general economic conditions to forecast future revenues and expenditures in the near term of 5 to 10 fiscal years and long term up to 30 years 	<p>The biennial budget document includes a ten-year forecast of future revenues and expenses. The Long-Range Plan of Finance (LRPF) model is used as a planning tool to project revenues and expenditures up to 30 years.</p>

Policies	Description	Achievements
G. Auditing, Accounting and Financial Reporting	1. Integrity of the Agency’s financial data is vital for the reputation and success of the Agency; stewardship of the Agency’s assets is of paramount importance to ensure confidence of stakeholders that tax collections and user fees are being wisely invested and soundly managed; the quality of accounting and financial reporting are crucial to instilling that confidence and strengthening that reputation and the Agency will use widely recognized and accepted accounting standards including GAAP and guidance issued by the Government Accounting Standards Board (GASB); practical guidance to enhance the quality of the Agency’s accounting will be sought from Publications such as the GAAFR as published by the GFOA	For fiscal year ended June 30, 2016, the Agency received an unmodified opinion from its external auditors: financial statements are free of any material misstatement, are presented fairly in conformity with generally accepted accounting principles, and there was no finding of significant deficiencies or material weaknesses.
	2. Annual audits from an independent firm in conformity with GAAP will be performed on all of the Agency’s financial records and those of entities the Agency for which the accounting and financial reporting services are provided; as part of the annual audit, a single audit in conformity with federal guidelines for all grant funded programs will be conducted	The single audits performed by external auditors on the Agency was completed with no findings noted.
	3. Regular reporting of financial results will be accomplished through issuance of a Comprehensive Annual Financial Report based on the guidelines as published by the California Society of Municipal Finance Officers (CSMFO) and the Government Finance Officers Association (GFOA) of the United States and Canada; prior to issuance of the CAFR, the internal audit department will perform a review to ensure industry standards and reasonable accuracy of reporting has been achieved	The Agency received the GFOA Award for Excellence in Financial Reporting for 19th consecutive year. Internal Audit provided a quality review prior to adoption by the Board of Directors and submission to GFOA and CSMFO.
H. Fund Reserve Balances	1. The Agency will maintain fund reserves to ensure sufficient funding is available to meet its operating, capital and debt	An updated Reserve Policy governing all Agency funds was

AGENCY PROFILE AND POLICY GOALS

Policies	Description	Achievements
	<p>service obligations, comply with legally mandated requirements, and could respond to unforeseen events. As a regional provider of public services with an extensive investment in public infrastructure, operating facilities, other related assets; the Agency must establish and maintain a prudent level of reserves to meet its commitment to deliver reliable and high quality essential services to its customers</p>	<p>adopted by the Board of Directors in May 2016.</p>
<p>I. Debt Ratio</p>	<p>1. As required by Agency bond covenants, the Agency seeks to maintain a legally required debt coverage ratio (DCR) of at least 1.25 times debt service costs due in any given year. The Agency applies ceilings on the amount of long-term debt that can be issued as these policies are designed to maintain the Agency's credit strength</p>	<p>Annual fluctuations in the DCR are primarily driven by changes in funding sources. A combination of higher system revenues and the partial refinancing of 2008A Revenue Bonds in January 2017 accounted for a projected DCR of 2.72 at fiscal year-end. For more information and future projections see the Debt Management section of this document.</p>
<p>J. Cash Management/ Investment Policies</p>	<p>1. The Agency shall invest idle cash in a prudent manner according to established investment policy consistent with state laws and regulations, ensuring the Agency's cash flow requirements are met while meeting the objectives of safety, liquidity, and return on investment; the Agency will strive to maximize the return on investment without sacrificing preservation of principal and daily cash requirements</p>	<p>The Agency's Investment Policy is updated annually. The Investment Policy for FY 2017/18 was presented for review and approval to the Board of Directors in April 2017. Investments are made in conformity with Agency policy and within the guidelines of the California Government Code and applicable California law.</p>
	<p>2. The Agency will accelerate cash collections and carefully manage disbursements to maximize cash balances; disbursements will be timely to maintain public trust and productive relations with employees, contractors, suppliers, and other government entities</p>	<p>Accounts payable and receivables are collected within an average 30-day billing cycle. The Agency implemented new vendor rebate programs; the Purchase Card and E-Payable programs which provide rebates to the Agency.</p>
	<p>3. Cash flow projections will be updated on a weekly basis accounting for all daily receipts and disbursements, and will serve as the baseline for determining cash liquidity needs and funds available</p>	<p>Cash flows are maintained through collaborative efforts with various departments in forecasting and verifying sources and uses of funds. Cash flow projections are updated</p>

Policies	Description	Achievements
K. Human Resource Management	for investment; cash balances of the Agency's various funds will be pooled to maximize investment opportunities with interest earnings allocated in a rational manner consistent with generally accepted accounting principles	on a daily basis and respective meeting meetings are held bi-weekly to discuss current cash position and investment opportunities.
	1. The Agency will determine staffing levels consistent with budgetary authority, available resources, and operating needs; the Agency will strive to achieve cost effectiveness without sacrificing employee morale and productivity	The average vacancy factor for FY 2016/17 is 8 percent, based on authorized staffing of 290. the Agency will reduce the projected budgeted vacancy factor in next two years to support succession planning.
	2. Staffing projections and authorized levels will be based on production levels, (i.e., annual flow projections) number of facilities, and number and duration of capital projects; temporary and contract staff will be used to meet peak demands	Limited term employees (LT) positions have increased in the last two fiscal years in an effort to support long-term planning initiatives and grant administration. In FY 2016/17, the Agency averaged 19 limited term employees.
L. Risk Management	3. In its commitment to provide a dynamic work environment with a highly skilled and dedicated workforce, the Agency will maintain a competitive compensation package; The various Memorandum of Understanding will be negotiated cost-effectively and align with the Agency's current and anticipated economic conditions.	Completed an Agency wide Classification and Compensation study to ensure a competitive compensation program. As of June 2017, four of the five bargaining units ratified.
	1. Risk Management policies are designed to protect against losses that would affect its assets and hence, its ability to provide ongoing services	Promoted a safe, hazard free working environment through the monitoring of the Agency's Safety programs as well as initiatives and policies which are designed to ensure compliance with all applicable local, state, and federal regulations governing the workplace and its employees.

Recycled Pump Station Surge Protection



Surge Tank Installed on Pad

BUDGET PROCESS

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



Strategic Planning

In June 2017, the Agency adopted its biennial operating budget for Fiscal Years (FYs) 2017/18 – 2018/19. Both the biennial budget and the FYs 2018 – 2027 Ten Year Capital Improvement Plan (TYCIP) are guided by the 2015 Strategic Plan which identifies the major initiatives to be accomplished over a five-year period (2014 - 2019). The basis for the Agency’s Strategic Plan are the IEUA Business Goals (Business Goals) which guide the Agency’s decisions and actions in fulfilling its mission, vision, and values. In 2016, the Business Goals were modified in structure and updated to more clearly define the Agency-wide policy principles. The updated Business Goals were approved by the Board in December 2016. The updated 2016 Business Goals and corresponding objectives are provided in the Agency Profile and Policy Goals section.

These updates are integrated in the Agency’s long term planning documents, including the Asset Management Plan, TYCIP, Long Range Plan of Finance (LRPF), and master plans, such as the Facilities Master Plan, Recycled Water Program Strategy, Energy Management Plan, and Integrated Water Resources Plan. The four strategic planning documents provide a systemic and disciplined approach in mapping out the Agency’s service area growth and determining the financial requirements necessary to support future growth. The financial requirements involved include maintaining rates to support the cost of service and capital improvement plan for the region, sustaining reserve levels to safeguard the Agency’s fiscal health, and maintaining a debt coverage ratio that preserves market access and ensures a low cost of future borrowing.

Budget Preparation Process and Timeline

The preparation of the Operation and Maintenance (O&M) budget and Ten-Year Capital Improvement Plan (TYCIP) begins in December with the issuance of the General Manager’s (GM) budget message. The GM budget message communicates the guidelines and Agency’s key business goals and objectives for the preparation of the Five-Year Business Plan (operation budget) and the TYCIP to all Department Managers and Supervisors.

With support from the Board of Directors, Executive Management, Department Managers, and staff, the budget preparation process plays an important role in the Agency’s strategic financial planning and adheres to the timeline reflected in Figure 3-1.

Figure 3-1: Budget Process Timeline



BUDGET PROCESS

On July 1, 2017, the Agency will be implementing its second biennial budget for FYs 2017/18 and 2018/19. A mid-year budget review process will be scheduled in the spring of 2018 to determine whether any adjustments pertinent to the FY 2018/19 O&M budget or the TYCIP are necessary. Recommended changes to the FY 2018/19 O&M budget and TYCIP will be presented to the Board as budget amendments for review and approval in May/June 2018.

Executive Management Responsibilities

During the budget preparation process, Executive Management meets with staff to review and evaluate both O&M and capital budget requests to ensure that they align with the Agency's goals and objectives. A key objective is sustaining high quality services while simultaneously aiming for greater operating efficiencies to minimize service rate impact. Executive Management closely monitors fund balance reserves and key financial ratios to guarantee that the Agency's financial position can effectively withstand economic variability and unplanned events. In some cases this means re-examining operating priorities and costs, streamlining procedures, consolidating or realigning resources, updating policies, and/or adjusting service rates and fees. Public budget workshops are held to inform the IEUA Board, contracting member agencies, and key stakeholders of the major drivers, objectives, budget assumptions, proposed rate structures, capital programs, and relevant policy issues.

Subsequently, the proposed budget and rates as recommended by Executive Management are presented to the Board's Finance and Administration Committee for review and recommendation in April and May.

The Regional Wastewater and Recycled Water Program budgets and their respective service rates are presented to the Regional Committees, which are comprised of representatives from the Agency's contracting agencies. Upon the Regional Committees' review and recommendation, in accordance with the Regional Sewage Service Contract, the Agency's Board of Directors approves and adopts the final budget document, rate resolutions, and TYCIP before June 30th each year.

Department Responsibilities

Each department is tasked to develop qualitative, quantitative, and justifiable departmental goals and objectives, key performance measures, staffing plans, capital budget requests, and O&M budget requests that are pertinent to the department's goal performances and consistent with the IEUA Business Goals and objectives.

Budget Preparation Training

To assist Agency staff with the budget preparation process, Finance and Accounting staff conduct training sessions for key staff from other departments on the O&M and capital budget during

December and January. Open houses are also held to further assist staff in the budgeting and reporting process. Reference materials, such as labor rates, staffing plans, project lists, and instructions for budget preparation are posted in the Agency's intranet website. In addition, "subject matter experts", a group of staff trained on budget preparation, are available to assist staff throughout the budget preparation cycle. One-on-one sessions are offered by Finance and Accounting staff to Department Managers throughout the process to ensure key priorities and assumptions are properly accounted for in the budget.

Balanced Budget

The Agency's budget is aggregated from itemized budgets for each fund within each program. The budget is balanced with current revenues equal to or greater than current expenses using the following strategies: improve work flow efficiency; ensure effective pricing on materials and contracts; pursue federal and state grants and low interest financing to support capital projects; adjust user charges and service fees based on cost of services and replacement and rehabilitation (R&R) requirements. In any fund, when operating or capital costs exceed revenues, the respective fund reserves will be used to meet the shortfall.

The biennial budget is balanced with a combination of service rates and fees, property taxes, grants and state loans, conservative expense forecasts that sufficiently support capital and O&M costs, and fund reserves. The capital program will be funded by regional connection fees, federal and state grants and loans, a portion of property taxes, and fund reserves. The projected net shortfall in Agency funds of \$13 million in FY 2017/18 and \$3 million in FY 2018/19 will be supported by fund reserves.

Budgetary Control

The Agency maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the IEUA Board. The Agency's Fiscal Control Ordinance establishes the Agency's basic principles of financial control and provides the General Manager (GM) and the Chief Financial Officer/Assistant General Manager (CFO/AGM) the authorization to approve the transfer of appropriations among departments and expense categories within a single fund's budget. An increase in appropriation in any fund budget, whether accomplished through a change in anticipated revenues or increase in total project budget, requires Board approval. The only exception is the GM contingency account controlled by the GM. Based on the Fiscal Ordinance, the GM is authorized to transfer GM Contingency account budget between funds within the operating budget as needed to support unplanned costs. Information on all budget transfers is presented to the Board as part of the quarterly variance reporting.

BUDGET PROCESS

Budget Variance Monitoring and Reporting

Budget-to-actual reports on O&M and capital activities are available on a real-time basis through the Agency's Enterprise Resource Planning (ERP) financial system. The financial system monitors budget consumption and notifies Department Managers and the Budget Officer via email of any budgetary control issues. Department Managers are required to prepare and submit a budget variance analysis to their Divisional (Executive) Managers on a quarterly and specific reporting period basis, in accordance with the budget variance guidelines. Subsequently, staff presents the Agency's quarterly budget-to-actual variances to the Finance and Administration Committee and the Board of Directors, along with a report on budgetary fund transfers and the status of departmental goals and objectives. The on-going budget review process is essential in monitoring year-to-date operational and capital expenditures. This proactive approach serves as an early warning mechanism to Department Managers of any substantial variance in actual spending compared to the budgeted amount.

In the event that the overall adopted O&M Budget or CIP budget appropriation needs to be amended, a presentation to the Finance and Administration Committee is required. The Board takes the Committee's recommendation into account as they consider the merits of the additional requested appropriation. A majority approval by the Board is required to amend the budgeted appropriation.

Financial Policies

The Agency's budget is guided and developed in accordance with the following financial policies and ordinances, which support the IEUA Business Goal of fiscal accountability on funding and appropriation, as well as in compliance with legal requirements.

Debt Management Policy. This policy establishes the conditions for the use of debt and creates procedures and policies that minimize the Agency's debt service and issuance costs, retain a high-quality credit rating, and maintain full and complete financial disclosure and reporting. It provides comprehensive guidelines for the use of debt financing and prepayment or refunding of outstanding debt.

Investment Policy. This policy establishes procedures and guidelines by which surplus funds can be managed in a prudent and fiscally-sound manner. It encompasses those funds over which the Agency exercises fiscal control, stipulates allowable and unallowable investment alternatives, and establishes parameters for selecting broker/dealers and financial institutions with which the Agency may do business. It also prioritizes the Agency's public funds management objectives of safety, liquidity, and yield. This policy is reviewed periodically, or whenever there are recommended changes, whichever occurs first.

Reserve Policy. This policy establishes appropriate fund reserves by category, identified purpose for each category, appropriate target levels, funding sources, and conditions under which

each is to be used and replenished. It is consistent with sound, prudent fiscal practices, compliant with legal requirements, and essential to ensure that the Agency can effectively address economic and environmental variability. Periodic review of this policy is performed to ensure it remains relevant and aligns with Agency policies and strategic goals.

Fiscal Ordinance. This ordinance provides a system of financial administration, accounting, and fiscal budgetary control. It also defines the parameters of budget adjustments in operating and non-operating expenditures as well as the approval requirements. It is periodically reviewed and updated to reflect necessary changes in the IEUA Business Goals and supporting policies.

Procurement Ordinance. This ordinance establishes procurement thresholds, expenditure (approval) limits, delegated authority, solicitation requirements, and protocols to ensure adequate fiscal controls and transparency of the Agency's expenditures. This ordinance is reviewed and updated periodically to address changes in the procurement or contracting process, or authorization limit.

Budget Basis

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

The Agency operates and reports all activities as proprietary funds (Enterprise funds), which are used to account for operations that are financed and operated in a manner similar to a private business enterprise. Enterprise funds account for operations that provide essential services on a continuous basis and are substantially financed by revenue derived from user charges and fees.

The budgets for all the Agency's proprietary funds are prepared using the accrual basis of accounting; budgeted and actual revenues are recognized when earned, and expenses are recognized as they are incurred, conforming to the recommended best practices for budgeting according to the Government Finance Officers Association of the United States of America and Canada and consistent with the Agency's Comprehensive Annual Financial Report (CAFR). The only exceptions are those listed below:

- Capital outlay is budgeted as an expenditure
- Capitalized interest is budgeted as interest expense
- Principal payments are shown as expenditures rather than reductions to liabilities and accounted for on a payment due date basis
- Contributions toward the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses
- Debt proceeds are accounted for as other funding sources

BUDGET PROCESS

- Grant receipts are recorded as other funding sources rather than contributions in aid
- Payments on long-term receivables are recorded as other funding sources
- Proceeds from the sale of assets are recognized as other funding sources
- Depreciation and amortization are not budgeted
- Losses from sale of assets are not budgeted
- Deferred costs, such as debt issuance costs which are expensed over the duration of the related debt.

RP-1 Flare System Improvements



RP-1 Flare

REVENUES AND FUNDING SOURCES

Revenues and Other Funding Sources

The Agency is working towards maintaining a rate structure where revenues generated by a specific program are sufficient to meet that program’s cost of service, including necessary fund reserves, and rehabilitation and replacement (R&R) costs. This provides the basis for specific program rate setting, and reduces the reliance on property taxes which have historically been used to support costs not recovered by rates and charges.

The Agency’s FY 2017/18 total revenues and other funding sources of \$223.6 million represent an increase of \$19.5 million over the FY 2016/17 projected actual of \$204.1 million. FY 2018/19 total revenues and other funding sources are projected to be \$248.5 million, an increase of \$24.9 million over FY 2017/18. Revenue increases can be attributed to a combination of factors, such as increases in new connection fee rates to the regional wastewater system and water system, increases in volume of imported and recycled water sales, and implementation of multiyear rates. In addition, SRF loan proceeds are projected to be high in FY 2017/18 and FY 2018/19 for the construction of the Water Quality Laboratory and various other planned recharge water projects.

Table 4-1: Total Revenues and Other Sources of Funds* (\$Millions)

Revenues	2017/18 Budget	2018/19 Budget	Description
User Charges	\$77.8	\$82.9	Regional Wastewater monthly EDU sewer charges; Non-Reclaimable Wastewater (NRW) pass-through volumetric, capacity and strength charges; Monthly water meter equivalent charges.
Property Tax	46.0	47.4	San Bernardino County-wide ad-valorem property taxes and pass-through incremental taxes.
Water Sales	34.2	36.0	Sales of pass-through MWD imported potable water budgeted at 50,000 acre feet per year (AFY).
Connection Fees	23.1	24.3	New connection fees for the Regional Wastewater and Water systems.
Recycled Water Sales	17.2	18.2	Direct use and groundwater recharge recycled water sales.
State and Other Loans	9.3	19.3	State Revolving Fund (SRF) loan proceeds for Recharge Water and Regional Wastewater projects.
Grants	6.0	8.2	Federal, state and local grants for regional recycled water distribution system, Regional Wastewater maintenance and construction, and support of Water Resource programs.
Other Revenues	10.0	12.2	Reimbursements for operational and administrative support from Chino Basin Watermaster (CBWM), Chino Basin Desalter

Revenues	2017/18 Budget	2018/19 Budget	Description
			Authority (CDA), Inland Empire Regional Composting Authority (IERCA), inter-fund loans, lease revenues, and interest earnings.
Total	\$223.6	\$248.5	

* Excludes Inter-fund Transfers In as Transfers In and Out net to zero on a consolidated fund level.

Table 4-2 shows FYs 2017/18 and 2018/19 revenues and funding sources by program fund, including inter-fund transfers and percent change relative to prior fiscal years.

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

Program	FY 2016/17 Projected Actual	FY 2017/18 Budget	% Change FY 2017/18 vs. FY 2016/17	FY 2018/19 Budget	% Change FY 2018/19 vs. FY 2017/18
Administrative Services					
Property Tax	\$1,972	\$1,972	0%	\$1,972	0%
Cost Reimbursement*	1,439	1,472	2%	1,502	2%
Other Revenue**	89	132	48%	173	31%
Inter-fund Transfers In	2,465	3,883	58%	1,052	(73%)
Total	\$5,965	\$7,459	25%	\$4,699	(37%)
Non-Reclaimable Wastewater (NRW)					
User Charges	\$10,532	\$11,810	12%	\$12,122	3%
Other Revenue**	246	243	(1%)	280	15%
Inter-fund Transfers In	246	293	19%	456	56%
Total	\$11,024	\$12,346	12%	\$12,858	4%
Regional Wastewater					
User Charges	\$56,381	\$60,634	8%	\$64,743	7%
Property Tax	38,607	39,478	2%	40,376	2%
Cost Reimbursement*	3,843	3,918	2%	3,994	2%
State Loans and Grants	11,906	11,289	(5%)	12,428	10%
Connection Fees	17,136	18,927	10%	19,872	5%
Other Revenue**	1,249	1,457	17%	1,711	17%
Inter-fund Transfers In	896	4,153	364%	2,827	(32%)
Total	\$130,018	\$139,856	8%	\$145,951	4%
Recharge Water					
Cost Reimbursement*	\$1,830	\$1,867	2%	\$3,887	108%
State Loans and Grants	60	1,414	2256%	10,653	653%
Other Revenue**	10	15	50%	20	33%
Inter-fund Transfers In	1,317	1,487	13%	1,626	9%
Total	\$3,217	\$4,783	49%	\$16,186	238%
Recycled Water					
Property Tax	2,170	2,170	0%	2,170	0%

REVENUES AND FUNDING SOURCES

Program	FY 2016/17 Projected Actual	FY 2017/18 Budget	% Change FY 2017/18 vs. FY 2016/17	FY 2018/19 Budget	% Change FY 2018/19 vs. FY 2017/18
Cost Reimbursement*	389	345	(11%)	72	(79%)
State Loans and Grants	2,856	387	(86%)	62	(84%)
Connection Fees	2,739	4,169	52%	4,379	5%
Water Sales	15,891	17,245	9%	18,188	5%
Other Revenue**	113	140	24%	139	(1%)
Inter-fund Transfers In	1,103	2,399	117%	2,400	0%
Total	\$25,261	\$26,855	6%	\$27,410	2%
Water Resources					
User Charges	\$4,553	\$5,312	17%	\$6,020	13%
Property Tax	1,956	2,425	24%	2,909	20%
Cost Reimbursement	482	390	(19%)	400	3%
State Loans and Grants	204	2,194	975%	4,351	98%
Water Sales	27,429	34,168	25%	36,040	5%
Other Revenue**	43	54	26%	68	26%
Inter-fund Transfers In	245	264	8%	371	41%
Total	\$34,912	\$44,807	28%	\$50,159	12%
All Fund Total	\$210,397	\$236,106	12%	\$257,263	9%

*Includes cost reimbursements from JPAs, contract cost reimbursements, and capital contract reimbursements.

**Includes interest revenue, other revenue, and inter-fund loan proceeds.

User Charges

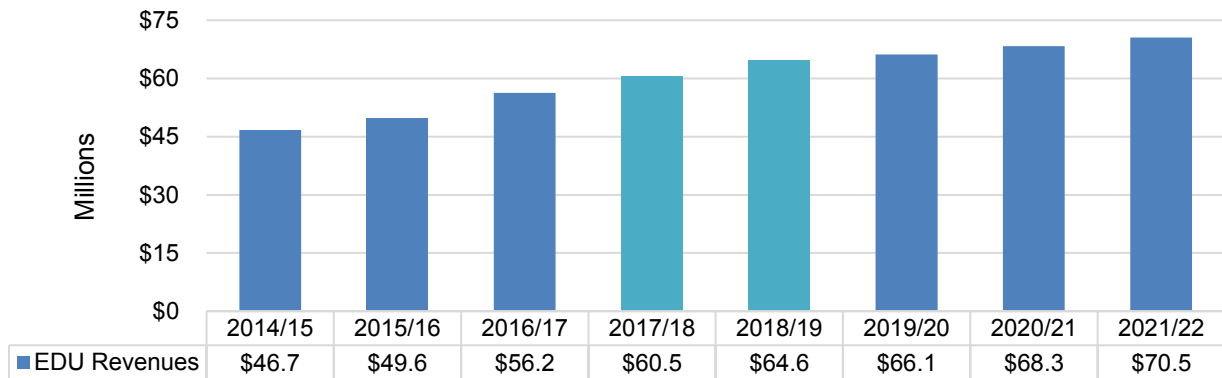
User charges are comprised of three primary user fees: Equivalent Dwelling Units (EDU) monthly sewer fees paid by users discharging to the Agency’s regional wastewater system, NRW fees paid by industrial and commercial users connected to the Agency’s brine line system, and meter equivalent unit (MEUs) and Metropolitan Water District readiness-to-serve (RTS) charges paid by users connected to the potable water system.

EDU Service Charges

The regional wastewater system growth and available wastewater capacity is reported by Equivalent Dwelling Units or EDUs. EDUs are based on the measurement of wastewater flow equivalent in quantity and strength to the daily flow of an average single-family residential household. EDU service charges support the operations and maintenance of the Regional Wastewater Program and are recorded in the Regional Wastewater Operations & Maintenance (Wastewater Operations) fund.

Total FYs 2017/18 and 2018/19 EDU service charges budgeted in the Wastewater Operations fund are estimated to be \$60.5 million and \$64.6 million respectively, as shown in Figure 4-1. Future year forecasts include adopted rates through FY 2019/20 and a forecasted 3 percent change per year FYs 2020/21 and 2021/22. An additional \$0.1 million of user charge revenue due to tipping fees is expected for FYs 2017/18 and 2018/19 in the Wastewater Operations fund.

Figure 4-1: Total EDU Service Charge Revenues



In 2015, the Agency’s Board of Directors adopted five-year EDU volumetric rates, as shown in Table 4-3. FY 2017/18 will be the third year of the rates adopted in 2015. On July 1, 2017, the effective EDU rate will be \$18.39 per EDU. This rate will change to \$19.59 for FY 2018/19 starting on July 1, 2018.

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

	2015/16	2016/17	2017/18	2018/19	2019/20
<i>Effective Date</i>	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19
EDU Connection Fee	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00

A conservative growth rate of 0.25 percent in the number of billable volumetric EDUs is projected for FYs 2017/18 and 2018/19 as well as the ensuing fiscal years as shown below on Table 4-4.

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

	2017/18	2018/19	2019/20	2020/21	2021/22
Growth Rate	0.25%	0.25%	0.25%	0.25%	0.25%
Estimated No. of Billable Volumetric EDUs	3,289,868	3,298,092	3,306,338	3,314,604	3,322,890

REVENUES AND FUNDING SOURCES

NRW User Charges

Revenues for the Non-Reclaimable Wastewater (NRW) program consist of cost recovery and user fees in the form of pass-through charges, capital surcharge, and operating fees. The NRW program pass-through rate structure was initially implemented in FY 2004/05. This pass-through approach allows the Agency to fully recover capacity, volumetric, and strength fees billed by the Sanitation Districts of Los Angeles County (SDLAC) for the North system and the Santa Ana Watershed Project Authority (SAWPA) for the South system. Different rates apply to the northern and southern systems. The Pass-through rates for both systems are listed on Table 4-5.

Table 4-5: NRW North and South Systems Pass-Through Rates

Rate Description	2016/17	2017/18 Adopted
North System	13,505 CU	14,252 CU
Flow/mg	\$915	\$919
COD/klb	\$180	\$172
TSS/klb	\$436	\$446
Peak/gpm	\$348	\$349
CU Purchase	\$4,172	\$4,172
CU Lease	\$208.60/CU/Yr.	\$208.60/CU/Yr.
South System		
Capacity/cu	\$368.76	\$387.24
Flow/mg	\$858.00	\$901.00
BOD/klb	\$307.00	\$307.00
TSS/klb	\$429.00	\$429.00

In addition to the pass-through rates, the user charges include the Agency’s operating and capital costs associated with the operations, maintenance, replacement, and improvement of the NRW system (NRWS). These Agency program costs are recovered as follows:

- North System – prorated based on the number of capacity units issued per customer
- South System – a 50 percent operating surcharge is imposed on volumetric, capacity, and strength charges

To promote the use of recycled water throughout the Agency’s service area, a discount to the Agency operating surcharge was offered to customers who converted to recycled water. Beginning in FY 2014/15, the Agency began phasing out the discount with a decline of 5 percent each fiscal year until it expires on June 30, 2024. FY 2017/18 NRW Recycled Water Credit will be \$311.52. Additional information on the Non-Reclaimable Wastewater program can be found in the Program section of this document.

Meter Equivalent and RTS Cost Recovery Charges

The Agency Board adopted changes in the potable water rate structure on June 15, 2016 to more sustainably support the Water Resources program costs and provide for a more equitable recovery of these costs. Table 4-6 shows the adopted FY 2017/18 and FY 2018/19 rates for the:

- Seven-year phased implementation of the MWD readiness-to-serve (RTS) direct charge to member agencies.
- Monthly meter equivalent unit (MEU) charges to support program costs based on meter size consistent with member water agencies structure.

Table 4-6: Meter Equivalent and RTS Cost Recovery Charges

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Effective Date	10/01/16	7/01/17	7/01/18	7/01/19	7/01/20	7/01/21	7/01/22
RTS Recovery	15%	30%	45%	60%	75%	90%	100%
Meter Equivalent Units (MEU)	\$0.90	\$0.95	\$0.99	\$1.04	Adjustments based on CPI		

The MEU charges support the Water Resources fund program costs including the Agency's regional conservation and water use efficiency programs, employment costs, professional fees, and office and administration expenses. As the RTS recovery from member agencies is being phased in over the next seven years, the revenue will be supplemented by property tax receipts to make up the shortfall.

Property Tax Receipts

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

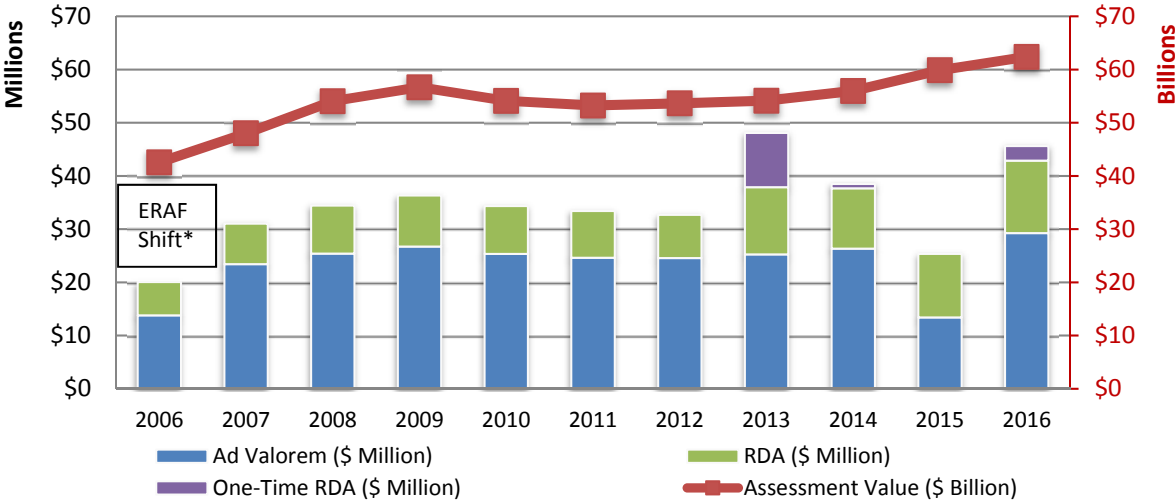
A key assumption in the Agency's long-term planning is the continual receipt of property taxes. Although the significant improvement in the State's fiscal position has lessened the risk of shifts of local revenues to support budget deficits, significant downturns in economic conditions may once again trigger such shifts in the future. Given this uncertainty, the Board is committed to reducing reliance on property taxes to support operating costs and other recurring costs which are more appropriately supported by service charges and fees. A key objective for the Agency is

REVENUES AND FUNDING SOURCES

to have full cost of service rates for all programs (Business Goal Fiscal Responsibility). The multi-year rates adopted by the Board for the Regional Wastewater and Recycled Water programs achieve this objective and will allow the investment of property taxes for capital initiatives/projects that support continual economic development in the region and safeguard the quality of life of the residents served through the Agency’s water and sewer member agencies (Business Goal Water Reliability).

Figure 4-2 shows the historical trend of property tax receipts and assessed property values for the Agency service area.

Figure 4-2: Comparative of Property Tax Receipts and Assessed Property Values (\$Millions)



*ERAF Shift: State shift of local taxes to Education Revenue Augmentation Fund (ERAF)

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

- General – 1 percent of general property taxes applied to assessed property values within the Agency’s service area and paid directly by the County Tax Assessor, including Improvement District “C” (“IDC”). The formation of the “IDC” by the Agency, (under the provisions of Part 8, [commencing with section 72000] of Division 20 of the Water Code), was solely for acquiring, enhancing, and expanding wastewater treatment facilities in the Agency’s service area and is allocated 100 percent to the Regional Wastewater Capital Improvement (Wastewater Capital) Fund. Passage of Proposition 13 in 1978 limited the property tax rate to one percent of full market value, including special assessments.
- “Pass Through” Taxes – As an affected taxing entity, the Agency receives 1 percent of tax increment applied to the redevelopment areas covered under the pass-through agreement

established prior to the passage of SB1290 (1994) between the Agency and the former Redevelopment Agencies (RDA) and upheld under ABX1 26 (RDA Dissolution Act).

The rapid growth of the Inland Empire since the 1970’s has significantly increased property values throughout the Agency’s service area. Property tax revenues peaked in FY 2008/09 and then began to decline in response to the 2008 economic downturn. The slow and steady recovery of the housing market and improvement of assessed property values has stabilized property tax receipts and, to some degree, facilitated the Agency’s ability to better forecast future trends.

One uncertainty is the distribution of “unobligated funds,” from the successor agencies as they wind down the affairs of the former RDAs. In FY 2012/13, the Agency received an additional \$10.2 million in property taxes related to the due diligence reporting (DDR) mandated by the Department of Finance, which required successor agencies to submit any excess or “unobligated” funds not needed to meet the Recognized Obligation Payment schedule (ROPs) to their respective county tax assessor. Although it is anticipated that these types of distributions will continue as successor agencies continue to wind down, it is highly unlikely that future distributions will be of a similar magnitude. Since the timing and the amount of these receipts is difficult to forecast, the Agency’s FYs 2017/18 and 2018/19 budget does not include these types of receipts.

The San Bernardino Tax Assessor assessed value increased by more 4.2 percent in 2016. Primary reasons for the increase include the sustained recovery of real estate values, increased sales activity, Prop 13 inflationary adjustments, and the restoration of assessed values previously reduced under Prop 8 decline in market value provisions. New construction activity remained low but there is renewed interest in San Bernardino County. The Agency projected a steady growth in property tax receipts for FYs 2017/18 and 2018/19 of 3 percent based on projected receipts for FY 2016/17, followed by 2 percent increase in the future years (Table 4-7). Property tax receipts are projected at \$46.0 million in FY 2017/18 which equates to 3 percent more than the FY 2016/17 projection.

Table 4-7: Historic and Projected Property Tax Growth Rate

2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
3%	3%	3%	2%	2%	2%

Beginning in FY 2014/15, a portion of property taxes was re-allocated from the Administrative Services fund to the Water Resources fund to support program costs not covered by existing rates and charges. Effective starting FY 2016/17, any growth in property tax receipts, apart from the 65 percent allocation reserved for the Wastewater Capital fund, will be transferred to the Water Resources fund to support the seven-year phased implementation of the Readiness-to-Serve Ten Year Rolling Average. Table 4-8 provides a summary of projected property tax transfers to all funds.

REVENUES AND FUNDING SOURCES

No change is proposed for the allocation to the Wastewater Capital fund. Consistent with past practice, the annual allocation of total property taxes to the Wastewater Capital fund will continue at 65 percent, including related growth. The 65 percent relates to the portion of Improvement District “C” (IDC) taxes collected prior to the adoption of Proposition 13 in 1978.

Table 4-8: Property Tax Allocation by Fund (\$Millions)

Fund	Percent	2017/18	2018/19
Wastewater Capital	65%	\$29.9	\$30.8
Wastewater Operations	Fixed Amount	9.5	9.5
Recycled Water	Fixed Amount	2.2	2.2
Water Resources	Excess	2.4	2.9
Administrative Services	Fixed Amount	2.0	2.0
Total	100%	\$46.0	\$47.4

Regional Wastewater System Connection Fees

The Agency levies a fee on all new connections that connect to its regional sewer system. The regional wastewater connection is planned and designed using a raw wastewater generation factor of 270 gallons per day per equivalent dwelling unit (GPD/EDU) as specified in Exhibit J of the Regional Sewage Service Contract (Regional Contract). One EDU is equivalent to one new connection unit. Connection fees are restricted to finance capital acquisition, construction, equipment, and process improvement costs for the Agency’s regional wastewater system. Pursuant to the Regional Contract, new EDU connection fees are collected by each of the Agency’s contracting member agencies and held in trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or “called”, by the Agency. Capital calls, or connection fee payments of CCRA funds, are based on the identified and projected capital needs of the Agency over the ensuing nine months, as calculated and reported by IEUA each quarter. Capital calls are calculated based on the percentage of each contracting agency’s CCRA account balance relative to the aggregate amount.

In 2015, following an extensive rate study the Agency’s Board of Directors approved the adoption of a five-year regional connection fee rates for Fiscal Years 2015/16 through 2019/20. Table 4-9 shows the adopted multi-year fees.

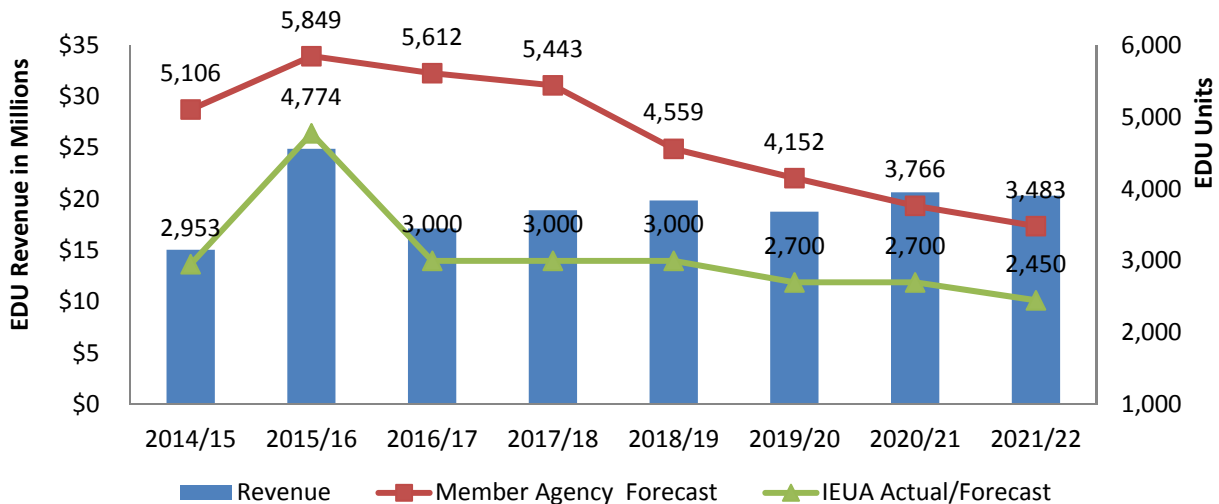
Table 4-9: Adopted Multi-Year Regional Wastewater Connection Fees

	2015/16		2016/17		2017/18	2018/19	2019/20
<i>Effective Date</i>	7/01/15	1/01/16	7/01/16	1/01/17	7/01/17	7/01/18	7/01/19
Wastewater Connection Fee / EDU	\$5,107	\$5,415	\$5,415	\$6,009	\$6,309	\$6,624	\$6,955

In FY 2017/18 connection fee revenues are projected to be approximately \$18.9 million with an estimated 3,000 new EDU connections at an adopted fee of \$6,309. FY 2018/19 budgeted revenues are estimated at \$19.9 million with a total of 3,000 new connections projected.

In accordance with the Regional Contract, the Agency conducts a survey of member agencies to determine the number of new wastewater connections expected for the next ten years. While the Agency applies conservative assumptions in forecasting the number of new connections for budgeting purposes, member agency forecasts are used for planning capacity expansion of existing facilities. Figure 4-3 shows a comparison of historical and forecasted new wastewater connections between FY 2014/15 and FY 2021/22 by IEUA and its contracting agencies.

**Figure 4-3: Historical and Projected Wastewater Connections
FY 2014/15 to FY 2021/22**



Water Connection Fee

In FY 2015/16 a water connection fee was established to support future capital investment and expansion of the Agency’s regional water system. The Agency’s regional water system is comprised of potable water, recycled water, and groundwater recharge facilities. Included in IEUA’s long term planning documents is the expansion of the Agency’s regional recycled water distribution system (RRWDS) and groundwater recharge facilities, as well as continual development of local water supplies.

REVENUES AND FUNDING SOURCES

The Agency's Board adopted five-year water connection fees. These fees are set per meter equivalent unit (MEU) per residential unit (based on 5/8" and 3/4" meter sizes). Table 4-10 shows the adopted multi-year fees.

Table 4-10: Multi-Year Adopted Water Connection Fee

	2015/16	2016/17		2017/18	2018/19	2019/20
<i>Effective Date</i>	1/01/16	7/01/16	01/01/17	7/01/17	7/01/18	7/01/19
Water Connection Fee /MEU	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684

FY 2017/18 water connection fee revenues are projected to be \$4.2 million for a total of 2,730 new connections. In FY 2018/19 a total of 2,730 new connections are projected with connection fee revenues budgeted at \$4.4 million. The water connection fee supports capital investment projects in the Recycled Water, Recharge Water, and Water Resources programs for projects that improve and expand the Agency's RRWDS, groundwater recharge facilities, development of regional water supplies, and support of regional resiliency projects.

Recycled Water Sales

IEUA began producing recycled water in the 1970s as a low-cost alternative to potable water for large irrigation customers. Expansion and improvements of the RRWDS increase the water supply that can be used to meet water demands of current and future residents in the service area. In FY 2017/18, recycled water deliveries are projected to be 35,500 acre feet (AF), direct use deliveries are budgeted at 22,000 AF, and groundwater recharge deliveries at 13,500 AF. Direct use and groundwater recharge deliveries in FY 2018/19 are budgeted at 23,000 AF and 13,700 AF, respectively, for a total of 36,700 AF. Total recycled water sales are estimated to be \$17.2 million in FY 2017/18 and \$18.2 million in FY 2018/19. Recycled water volumetric rates support costs associated with operations and maintenance of the Agency's water recycling facilities.

In May 2015, the Agency's Board of Directors approved five-year recycled water rates, for both direct use and recharge recycled water sales as indicated in Table 4-11.

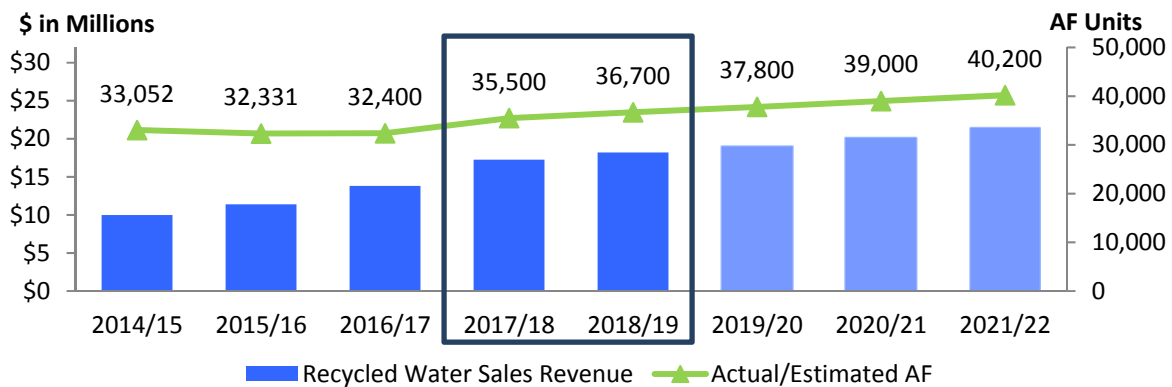
Table 4-11: Recycled Water Multi-Year Rates

	Effective 7/1/15	Effective 10/1/2015	Effective 7/1/2016	Effective 7/1/2017	Effective 7/1/2018	Effective 7/1/2019
Direct Delivery Sales AF Rate	\$290	\$350	\$410	\$470	\$480	\$490
Recharge Delivery Sales AF Rate	\$335	\$410	\$470	\$530	\$540	\$550

The recycled water groundwater recharge rate includes a \$60/AF surcharge to support a portion of groundwater recharge basin maintenance and operation costs not reimbursed by Chino Basin Watermaster (CBWM).

Figure 4-4 shows the historical, budgeted, and forecasted recycled water deliveries by AF and the respective revenues by fiscal year.

Figure 4-4: Total Recycled Water Sales by Fiscal Year (\$Millions)



State Loans

The State Revolving Fund (SRF) Loan Program provides low interest loans and other types of assistance for the construction of publicly owned wastewater treatment works and water reclamation facilities to promote the use of recycled water, water reuse, and water reclamation. Historically, the Agency has leveraged SRF loans and grants to finance construction of the Regional Recycled Water Distribution System and other major regional wastewater projects.

In FY 2017/18 proceeds from state loans are projected to be \$9.3 million and in FY 2018/19 state loan proceeds are projected to be \$19.3 million. Loan proceeds are anticipated for the Water Quality Laboratory Project in the Wastewater Operations fund, and projects related to the Recharge Master Plan Update (RMPU) in the Recharge Water fund. SRF loans offer favorable financing terms making them a lower cost alternative to market debt.

California's epic drought has resulted in an unprecedented number of SRF loan applications and an oversubscription of available funding. The preliminary Intended Use Plan for FY 2017/18 published by the State Water Resources Control Board (SWRCB), administrator of the SRF program, estimates an additional \$2.5 billion in new bond issuances is needed to fund all the applications currently in the pipeline. This is significantly above the annual amount historically authorized by the SWRCB Board.

REVENUES AND FUNDING SOURCES

While the Agency will continue to pursue SRF loans and grants to support recycled water and expansion projects, due to the uncertainty of available SRF funding, new projects planned over the next two fiscal years are assumed to be funded on a pay-go basis.

Additional details of outstanding Agency debt service are provided in the Debt Management section.

Grant Revenues

Grants are an important source of funding for Agency projects. Historically, the Agency has been successful in securing grant funding for major regional investments, to support the growth of the regional wastewater, recycled water, and groundwater recharge facilities improvement projects. Regional investments funded through grants have:

- Enabled the region to develop a sustainable local water supply to better prepare the region for drought, support economic growth, and reduce reliance on more costly and uncertain imported water sources from the Bay-Delta.
- Increased local water supplies by over 80,000 acre-feet (AF).
- Increased regional water use efficiency and conservation programs instrumental in lowering demand of imported water despite a growing population.

As a municipal water district, the Agency is eligible to receive grant funding from various federal, state, and local grantors. The United States Bureau of Reclamation (USBR) has awarded the Agency \$1.2 million grant funding for projects that will expand and improve major recharge basin facilities to capture and increase storm water and recycled water conservation storage. Funding will also contribute to projects to develop drought response planning and other drought resiliency programs. In 2009, the United States Bureau of Reclamation (USBR) authorized \$26 million in Title XVI grant funding for the Lower Chino Dairy Area Desalination Demonstration and the Reclamation Project to the Inland Empire Utilities Agency (IEUA). A portion of this grant, \$6 million, will be applied to a multiple agency joint effort to clean contaminated groundwater in the Chino Groundwater Basin (South Archibald TCE Plume Cleanup Project).

The Santa Ana Watershed Project Authority (SAWPA) has allocated \$9 million dollars to IEUA for a portion of the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) projects that will be developed by the Agency. SARCCUP is a collaboration between the SAWPA member agencies to identify large-scale water supply reliability and water use efficiency projects that benefit the Santa Ana River Watershed. The project received \$55 million in grants for the \$100 million project through the Department of Water Resources (DWR) allocation of Proposition 84 funding. Each of the five SAWPA member agencies received equal \$9 million dollar shares of the grant funding. Projected completion of the SARCCUP project is July 2021.

The State Water Resources Control Board (SWRCB) has awarded grant funding, in conjunction with and SRF loan, for the Agency's Water Quality Laboratory currently under construction. The

SRF loan package is comprised of a 2.1 percent, thirty-year loan with a \$1.05 million principal forgiveness grant. The laboratory will be approximately 17,000 square feet, located at the Agency’s Regional Water Recycling Plant No. 5 in the City of Chino.

Additionally, the Agency was awarded \$11.4 million for the South Archibald TCE Plume Cleanup Project under the State Water Resources Control Board Proposition 1 Groundwater Grant Program. The project is a joint effort of various public agencies and stakeholder groups committed to promoting the long-term sustainability of the local watershed. The Agency and the Cities of Ontario and Upland, have collaborated with the Chino Basin Desalter Authority (CDA), under the oversight of the Chino Basin Watermaster (CBWM), to develop a remedy to return the Chino Basin groundwater to its highest quality.

Since FY 2010/11, the Agency has been awarded grant funding from the California Department of Parks and Recreation for the Wastewater Operations’ Water Discovery Field Trip & Bus Transportation project. The project covers the cost of bussing for low-income neighborhood schools so the children have the opportunity to visit the Chino Creek Wetlands and Educational Park in the city of Chino and learn about water use efficiency. To date, the Agency has received over \$150,000 of grant funding from the California Department of Parks and Recreation, with additional funds anticipated through FY 2019/20. The Water Discovery Program provided field trips to approximately 3,850 students in FY 2016/17.

The Agency also provides grant administration services to its member agencies and JPA partners. The Agency’s grant administration staff is currently managing the CDA Phase III Expansion project. This project was awarded a combination of five grants from the SWRCB and USBR, with the largest being \$52.0 million, awarded by the SWRCB Drinking Water Division. Grant funds will enable CDA to meet safe drinking water standards and reduce demand on the State Water Project (SWP).

FYs 2017/18 and 2018/19 grant receipts are projected to be \$5.9 million and \$8.2 million, respectively. Table 4-12 below is a listing of grant receipts for FYs 2017/18 and FY 2018/19.

Table 4-12: Projected Grant Receipts by Grantor (\$Millions)

Grantor	Fund	Project	Description	FY 2017/18	FY 2018/19
USBR	Regional Wastewater Operations	Groundwater Supply Wells	Project consists of pipelines, wells, and TCE mitigation	\$3.00	\$3.41
	Recycled Water	San Sevaine Basin Improvements	For increased infiltration of recycled water, 4,500 AFY, and storm water runoff	0.35	0.02

REVENUES AND FUNDING SOURCES

Grantor	Fund	Project	Description	FY 2017/18	FY 2018/19
SWRCB			capture of 2,000 AFY in the Basin		
	Regional Wastewater Operations	Water Quality Operations Laboratory	Construction of a 16,000 sq. ft. water quality laboratory	0.37	0.40
SAWPA	Water Resources	Regional Drought and Water Conservation	Water Use Efficiency Programs	2.19	4.35
	Recycled Water	San Sevaive Basin Improvements	For increased infiltration of recycled water, 4,500 AFY, and storm water runoff capture of 2,000 AFY in the Basin	0.04	0.04
California Department of Parks and Recreation	Regional Wastewater Operations	Water Discovery Field Trip & Bus Transportation	Project provides free environmental education programs to elementary school students	0.02	0.02
Total Grant Funding:				\$5.97	\$8.24

Inter-Fund Loans

Inter-fund loans are used as needed to supplement capital costs, debt service costs, or operating costs not supported by rates or fund reserves. Proceeds from inter-fund loan receipts are reported as part of other funding sources in the receiving fund and the fund issuing the inter-fund loan reports the corresponding amount as part of its debt service cost. Payments are recorded in reverse in future years. There are no new inter-fund loans projected in the two budgeted years. Payments from the Recycled Water fund for outstanding inter-fund loans to the Non-Reclaimable Wastewater fund are projected to begin in FY 2019/20.

Table 4-13: Repayment Schedule of Inter-Fund Loans (\$Millions)

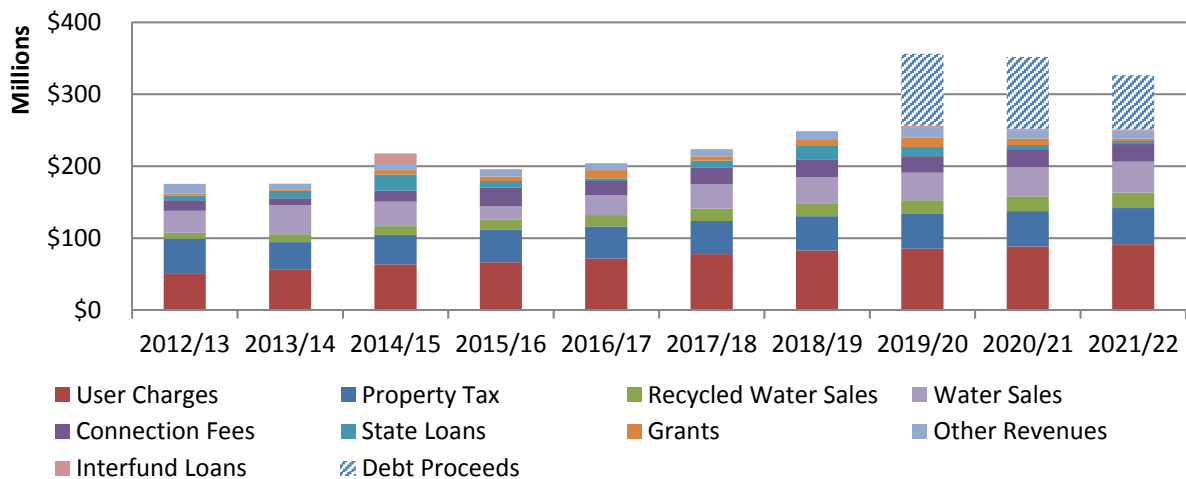
Inter Fund Loan Issued	From	To	Loan Amount	Repayment Schedule
2007/08	Non-Reclaimable Wastewater Fund	Recycled Water	\$9.0	2019/20 \$2.0 2020/21 \$2.0 2021/22 \$2.0 2022/23 \$2.0 2023/24 \$1.0 Total \$9.0

Inter Fund Loan Issued	From	To	Loan Amount	Repayment Schedule
2007/08	Regional Wastewater Capital Fund	Recycled Water	\$3.0	2022/23 \$1.0
				2023/24 \$1.0
				Total \$3.0
2009/10	Non-Reclaimable Wastewater Fund	Recycled Water	\$6.0	2023/24 \$1.0
				2024/25 \$2.0
				Total \$6.0
2014/15	Regional Wastewater Capital Fund	Recycled Water	\$10.5	2022/23 \$1.0
				2023/24 \$5.0
				2024/25 \$4.5
				Total \$10.5
		Grand Total	\$28.5	\$28.5

Total Revenues and Other Funding Sources

Total revenue and other funding sources, as shown in Figure 4-5, are projected to steadily increase mainly due to a combination of the adopted multi-year rates and growth projected for EDU volumetric, new EDU wastewater and water connections, and recycled water sales. Beginning FY 2019/20, proceeds from new debt needed for major expansion projects in the Regional Wastewater program accounts for the increase.

Figure 4-5: Historic and Projected Trend of Total Revenues & Other Funding Source by Type (\$Millions)



*Other revenues include: reimbursements from JPAs, contract costs, or capital contracts, and interest revenue.

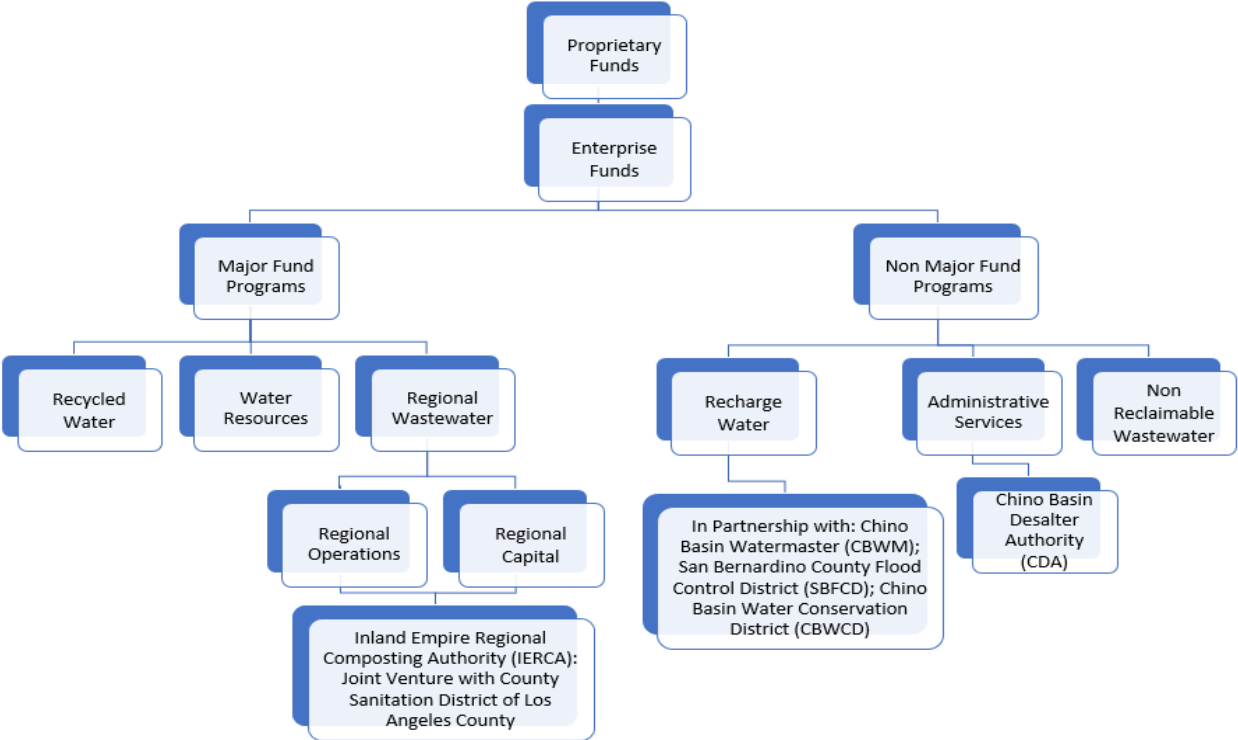
RP-5 Lawn Conversion



Examples of Turf Removal

FUND STRUCTURE

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



As a municipal water district, the Agency engages in enterprise operations in various separate and distinct activities as indicated in Figure 5-1, including:

- Wholesale distribution of imported potable water delivered by the Metropolitan Water District of Southern California (MWD) and regional planning, management, and execution of water use efficiency programs
- Collection and treatment of domestic wastewater and the construction, improvement, replacement, and repair of regional conveyance and water recycling plant facilities
- Purveyor of recycled water and construction of the Regional Recycled Water Distribution System, including support of the related retrofits and lateral construction
- Maintenance of regional groundwater recharge basins in collaboration with Chino Basin Watermaster (CBWM) to increase artificial groundwater recharge within the Chino Basin using storm water, recycled water, and imported water
- Organics management through effective operation of the Inland Empire Regional Composting Authority (IERCA) indoor composting facility designed to produce high-quality compost, in partnership with the County Sanitation District No. 2 of Los Angeles County (CSDLAC). These costs are recorded in the Regional Wastewater Operations & Maintenance Fund

- Ongoing expansion of the Agency's renewable energy portfolio to continue towards the goal of achieving energy independence by 2020 through solar, wind, fuel cells, and bio-gas renewable energy generation
- Operations and maintenance of the non-reclaimable wastewater system to export high-salinity industrial wastewater generated within the IEUA service area for discharge to the Pacific Ocean, and to protect the quality of the Agency's recycled water, and
- Operations and maintenance support of the Chino Desalter No. 1 facility and grants administration on behalf of the Chino Basin Desalter Authority (CDA). Reimbursements of related costs from CDA are recorded in the Administrative Services Fund.

The Agency's budget is organized on the basis of enterprise funds, each of which is considered a separate budgetary and accounting entity and reported on a full accrual accounting basis, with the exceptions summarized in section 3 Budget Process, pages 3-5. The Agency develops its sources and uses of funds estimates for the annual budget in a manner consistent with Generally Accepted Accounting Principles (GAAP). Financial resources are allocated to and accounted for in individual funds based upon the purposes of which they are to be spent and the means by which spending activities are controlled. In some cases, fund use will cross agency/organizational lines when resources from various areas are applied to, or support of a particular program or activity is necessary. All of the programs' (funds') budgets are appropriated upon approval and adoption of the annual budget by the Agency's Board of Directors.

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

Major Funds

The Regional Wastewater, Recycled Water, and Water Resources funds make up the major fund group. These funds account for the resources devoted to funding the capital and operating costs associated with the acquisition, construction, improvement, expansion, and operation of the Agency's domestic wastewater treatment facilities, the recycled water distribution system, the distribution of wholesale of potable water, the development and implementation of regional water conservation initiatives, and the planning for water resources.

FUND STRUCTURE

Non-Major Funds

The Non-Reclaimable Wastewater Program, Administrative Services, and Recharge Water funds are designated as the non-major funds. These funds record capital and operating costs associated with: the acquisition, expansion, and construction of the interceptors and appurtenant facilities and treatment capacity of non-reclaimable wastewater processing plants, the administrative and overhead expenses for the various departments, the operational and administrative support for the Chino Basin Desalter, the purchase of common Agency assets, the operations and maintenance of ground water recharge basins.

Details on each program fund's initiatives, activities, and budget are provided in the individual program fund section. A summary of the Agency's various program budgets is provided in the following schedule, Sources and Uses of Funds – By Program Fund.



Regional Water Recycling Plant No. 1 (RP-1)

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
SOURCES AND USES OF FUNDS - BY PROGRAM FUND (In Thousands)

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18 ADOPTED BUDGET							FY 2018/19	
				Administrative Services Program	Non-Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance	Recharge Water Program	Recycled Water Program	Water Resources Program		TOTAL
	ACTUAL	ACTUAL	PROJECTED ACTUAL									
REVENUES												
User Charges	\$63,557	\$66,355	\$71,466	\$0	\$11,810	\$0	\$60,634	\$0	\$0	\$5,312	\$77,755	\$82,885
Property Tax	1,828	1,943	1,972	1,972	0	0	0	0	0	0	1,972	1,972
Cost Reimbursement JPA	5,256	5,256	6,078	1,473	0	0	3,825	1,058	0	0	6,355	6,460
Contract Cost reimbursement	273	79	576	0	0	0	93	38	0	390	521	493
Interest Revenue	436	762	835	130	143	226	454	15	140	54	1,162	1,492
Recycled Water Sales	12,047	13,468	15,891	0	0	0	0	0	17,245	0	17,245	18,188
Water Sales	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
TOTAL REVENUES	\$117,544	\$106,519	\$124,246	\$3,575	\$11,953	\$226	\$65,006	\$1,110	\$17,385	\$39,923	\$139,178	\$147,530
OTHER FINANCING SOURCES												
Property Tax - Debt and Capital	\$39,118	\$43,688	\$42,733	\$0	\$0	\$29,930	\$9,549	\$0	\$2,170	\$2,425	\$44,074	\$45,455
Regional System Connection Fees	15,074	25,907	19,875	0	0	18,927	0	0	4,169	0	23,096	24,251
State Loans	22,714	9,330	3,519	0	0	0	7,901	1,414	0	0	9,314	19,251
Grants	5,918	6,208	11,507	0	0	0	3,389	0	388	2,194	5,970	8,244
Capital Cost Reimbursement	1,193	1,841	1,330	0	0	0	0	772	345	0	1,117	2,903
Other Revenues	1,330	2,009	915	2	100	1	778	0	0	0	879	898
Sale of Capacity	0	215	0	0	0	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$100,155	\$89,199	\$79,879	\$2	\$100	\$48,858	\$21,614	\$2,186	\$7,071	\$4,619	\$84,450	\$101,002
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$217,698	\$195,719	\$204,125	\$3,577	\$12,053	\$49,084	\$86,619	\$3,296	\$24,456	\$44,543	\$223,628	\$248,533
EXPENSES												
Employment Expenses	\$36,510	\$39,300	\$43,150	\$1,545	\$2,391	\$4,157	\$30,052	\$692	\$4,257	\$2,462	\$45,457	\$46,046
Contract Work/Special Projects	5,045	9,596	14,709	1,407	125	900	5,971	325	2,151	5,829	16,708	19,415
Utilities	9,064	8,837	9,585	772	71	0	6,671	72	2,182	0	9,768	10,053
Operating Fees	12,599	11,290	11,863	21	6,639	246	2,018	7	10	2,968	11,908	12,215
Chemicals	4,192	3,943	4,407	0	130	0	4,419	0	0	0	4,549	4,681
Professional Fees and Services	7,133	6,083	8,702	4,847	130	364	4,089	877	686	242	11,234	10,630
Office and Administrative expenses	1,615	1,798	1,884	2,320	23	0	4	16	4	60	2,427	2,583
Biosolids Recycling	3,800	3,798	4,498	28	25	0	4,307	0	0	0	4,360	4,462
Materials & Supplies	2,273	2,817	2,963	674	104	0	2,161	68	218	0	3,225	3,191
MWD Water Purchases	34,147	18,654	27,429	0	0	0	0	0	0	34,167	34,167	36,040
Other Expenses	1,454	775	221	(6,322)	471	1,591	4,410	54	1,142	290	1,638	1,650
TOTAL EXPENSES	\$117,832	\$106,892	\$129,399	\$5,292	\$10,109	\$7,258	\$64,103	\$2,011	\$10,650	\$46,019	\$145,441	\$150,976
CAPITAL PROGRAM												
CSDLAC 4Rs	\$658	\$673	\$689	\$0	\$705	\$0	\$0	\$0	\$0	\$0	\$705	\$721
IERCA Investment	0	0	0	0	0	500	0	0	0	0	500	500
Capital Construction and Expansion	53,161	22,420	33,747	2,478	1,094	26,450	24,063	1,729	12,134	0	67,945	77,150
TOTAL CAPITAL PROGRAM	\$53,819	\$23,094	\$34,435	\$2,478	\$1,799	\$26,950	\$24,063	\$1,729	\$12,134	\$0	\$69,150	\$78,371
DEBT SERVICE												
Financial Expenses	\$257	(\$100)	\$246	\$31	\$0	\$175	\$0	\$89	\$2	\$0	\$297	\$296
Interest	9,616	9,234	8,507	0	341	3,140	179	259	2,568	0	6,487	6,508
Principal	26,655	11,827	61,999	0	454	8,791	172	683	5,159	0	15,259	15,360
Short Term Inter-Fund Loan	14,808	0	0	0	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$51,336	\$20,961	\$70,753	\$31	\$796	\$12,105	\$352	\$1,031	\$7,729	\$0	\$22,043	\$22,164
TRANSFERS IN (OUT)												
Capital Contribution	\$0	\$0	\$0	\$1,065	(\$36)	\$2,964	(\$3,947)	\$288	(\$324)	\$0	\$0	\$0
Debt Service	0	0	0	0	0	(2,914)	0	515	2,399	0	0	0
Operations support	0	0	0	1,407	(48)	0	(1,311)	628	(676)	0	0	0
Capital - Connection Fees Allocation	0	0	0	1,378	293	(1,671)	0	0	0	0	0	0
One Water	0	0	0	32	0	0	0	56	(352)	264	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$0	\$0	\$3,883	\$208	(\$1,631)	(\$5,259)	\$1,487	\$1,047	\$264	\$0	\$0
FUND BALANCE												
Net Increase (Decrease)	(\$6,289)	\$44,772	(\$30,461)	(\$339)	(\$442)	\$1,140	(\$7,167)	\$13	(\$6,009)	(\$1,212)	(\$13,007)	(\$2,978)
Beginning Fund Balance July 01	147,632	142,343	187,114	17,397	6,742	38,172	64,316	3,397	19,274	7,355	156,653	143,646
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669
RESERVE BALANCE SUMMARY												
Operating Contingencies	\$31,316	\$34,561	\$34,648	\$2,446	\$3,635	\$0	\$20,093	\$2,327	\$3,550	\$5,678	\$37,728	\$37,863
Capital Expansion & Replacement	6,989	10,813	10,440	0	1,368	1,894	0	500	2,119	0	5,871	4,372
CCRA Capital Construction	41,023	55,201	18,337	0	0	11,514	0	0	0	0	11,514	14,386
Water Connection	0	0	501	0	0	0	0	0	0	0	0	0
Rehabilitation/Replacement	26,490	43,327	19,527	0	0	0	22,895	0	0	0	22,895	22,895
CSDLAC Prepayment	658	673	689	0	705	0	0	0	0	0	705	721
Water Resource Capital	0	0	3,682	0	0	0	0	0	0	464	464	0
Debt Service & Redemption	20,169	22,173	29,199	0	602	25,904	1,169	583	8,596	0	36,854	35,945
Self Insurance Program	6,000	5,675	6,000	6,000	0	0	0	0	0	0	6,000	6,000
Employee Retirement Benefit	9,696	9,491	9,887	8,612	0	0	0	0	0	0	8,612	8,698
Sinking Fund	0	5,200	23,742	0	0	0	13,003	0	0	0	13,003	9,788
ENDING BALANCE AT JUNE 30	\$142,343	\$187,114	\$156,653	\$17,058	\$6,299	\$39,312	\$57,159	\$3,410	\$14,265	\$6,142	\$143,646	\$140,669

*Numbers may not total due to rounding

ADMINISTRATIVE SERVICES PROGRAM

Programmatic Overview

The Administrative Services fund serves as the Agency's general fund. Expenses for employment, general and administrative services, capital acquisitions for items such as computers, printer copiers, pooled vehicles, and non-capital and non-project related materials, supplies, tools, and contract services, including landscaping, janitorial, external auditing, etc. are recorded in the administrative services fund.

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

Fund Description

The primary funding sources for the Administrative Services fund are property tax receipts, reimbursement for services provided to the Chino Basin Desalter Authority (CDA), and inter-fund transfers from Regional Wastewater Capital Improvement, Regional Wastewater Operations and Maintenance, Recycled Water, and Non-Reclaimable Wastewater funds for capital and non-capital acquisition costs of general-use assets.

Cost Allocation

All of the Agency's general and administrative costs and 100 percent of employment costs are initially recorded in the Administrative Services fund. Throughout the year, pertinent expenses such as employment, general equipment, and facilities maintenance expenses are allocated to the Agency's various programs and projects.

The Administrative Services fund retains approximately 3 percent of unallocated employment expenses and approximately 4 percent of the Agency-wide costs. Table 5-1 shows a slight change in percent allocation of the employment costs by program from FY 2016/17 to FYs 2017/18 and 2018/19 as the Agency continue to refine the methodology of labor allocation to various programs. The Personnel section includes a more detailed discussion of the Agency's staffing plan and related cost analysis.

Table 5-1: Net Employment Costs Allocation by Fund/Program

Program	Allocation Percentage		
	2016/17	2017/18	2018/19
Regional Wastewater	76.1%	75.3%	75.3%
Recycled Water	8.0%	9.2%	9.2%
Administrative Services/Chino Basin Desalter Operations (CDA)	5.0%	3.4%	3.4%
Non-Reclaimable Wastewater System	5.0%	5.3%	5.3%
Water Resources	4.3%	5.5%	5.5%
Recharge Water	1.6%	1.3%	1.3%
Total	100%	100%	100%

**Includes Organics Management/Inland Empire Regional Composting Authority Operations (IERCA)*

The Agency provides contract services to other agencies in the forms of financial, treasury and debt management, grants administration, accounts payable and accounts receivable processing, program/project management, and plant operations. Table 5-2 shows the projected costs reimbursements from other agencies for providing IEUA staff support and associated administrative expenses. Reimbursements from CDA are recorded in the Administrative Service fund. Other reimbursements from the Inland Empire Regional Composting Authority (IERCA) and the Chino Basin Water Master (CBWM) are recorded in the Regional Wastewater Operations and Maintenance fund and Recharge Water fund, respectively.

Table 5-2: Cost Reimbursements by Agency (\$Millions)

Agency	Expenses	2017/18	2018/19
Chino Basin Desalter Authority (CDA)	IEUA staff support for the operation & maintenance of the Chino Desalter Plant No. 1 located in Chino, CA, and administration for CDA grants. Labor cost reimbursement is recorded in Administrative Service fund.	\$1.5	\$1.5
Inland Empire Regional Composting Authority (IERCA)	IEUA staff labor and overall administrative support for the operation & maintenance of the composting facility in Rancho Cucamonga, CA. Labor cost reimbursement is recorded in Regional Wastewater Operations and Maintenance fund.	3.8	3.9
Chino Basin Watermaster (CBWM)	IEUA staff labor and administrative costs for the operation & maintenance of groundwater recharge basins and debt service costs associated with the certain improvements to groundwater recharge	0.6	0.6

ADMINISTRATIVE SERVICES PROGRAM

Agency	Expenses	2017/18	2018/19
	facilities. Labor cost reimbursement is recorded in the Recharge Water fund.		
	Total	\$5.9	\$6.0

Revenues and Other Funding Sources

The FY 2017/18 Administrative Service fund budget projects \$7.5 million of total revenues and other funding sources which includes: property tax receipts of \$2.0 million, operations and labor cost reimbursement from the CDA of \$1.5 million, interest income \$0.1 million, and an inter-fund transfer of \$3.9 million for non-capital projects and capital acquisition and replacement support from the Regional Wastewater programs, Non-Reclaimable Wastewater, and Recycled Water funds. The FY 2018/19 total revenue and other funding sources are estimated at \$4.7 million. The decrease is primarily due to lower inter-fund transfers for project contribution as a result of lower capital improvement plan (CIP). Table 5-3 provides a summary of Administrative Service fund revenue and other funding sources, as well as budget assumptions.

Table 5-3: Revenues & Other Sources of Funds (\$Millions)

Sources of Funds	2017/18	2018/19	Key Assumptions
Property Tax	\$2.0	\$2.0	Fixed allocation amount to support general administrative costs
Cost Reimbursement from CDA	1.5	1.5	Operations and labor costs reimbursement from the CDA for operation of the Chino 1 Desalter
CIP Contribution	3.9	1.1	Inter-fund transfers from Regional Wastewater programs, Non-Reclaimable Wastewater, and Recycled Water funds to support Agency-wide capital and non-capital expenditures
Interest Revenue	0.1	0.1	Interest earned on reserve balance
Total	\$7.5	\$4.7	

Expenses and Other Uses of Funds

A total of \$65.6 million in Agency-wide administrative and employment expenses are budgeted in the Administrative Service fund in FY 2017/18. Approximately 88 percent, or \$57.8 million, of total expenses are allocated to the other Agency programs/funds, Joint Power Authority (JPAs), and labor related expenses to projects.

The FY 2017/18 total net expenses and uses of funds in the amount of \$7.8 million, includes \$3.9 million in capital and non-capital projects that is fully supported by inter-fund transfers from the Regional Wastewater programs, Non-Reclaimable Wastewater, and Recycled Water funds, \$1.5 million of net employment cost, and \$2.4 million of administrative expenses. The FY 2018/19 total net expenses and uses of funds are estimated at \$5.1 million. The decrease from FY 2017/18 is mainly due to lower project costs, as shown in Table 5-4.

Table 5-4: Expenses & Other Uses of Funds (\$Millions)

Expense Category	2017/18	2018/19	Key Assumptions
Administrative & Operations	\$5.3	\$4.2	Includes Agency employment, material & supplies, professional fees, utilities, and other operating costs, net of allocation to other agency programs and capital projects.
CIP Projects	\$2.5	\$0.9	Includes various capital information system projects, business network improvements, and replacement of aging fleet maintenance vehicles.
Total	\$7.8	\$5.1	

Employment Expense

Total employment costs for FY 2017/18 are projected to be \$45.4 million and includes wages and benefits (net of labor allocated to projects estimated at \$6.2 million), IEUA staff support for the operation & maintenance of the Chino Basin Desalter Plant No. 1 located in Chino, CA, and administration for CDA grants are recorded in the Administrative Service fund. Employment costs by program fund and JPA's are shown in Table 5-5.

There is no increase in the number of authorized full-time equivalent (FTE) positions which is maintained at 290. The biennial budget includes utilization of the Agency's vacancy factor beginning in FY 2017/18 to support the succession planning, as approximately 45 percent of the current workforce is eligible for retirement over the next 5 years.

ADMINISTRATIVE SERVICES PROGRAM

Table 5-5: Net Employment Costs Allocation by Program (\$Millions)

Programs	2017/18	2018/19
Regional Operations and Maintenance	\$26.2	\$26.7
Regional Capital Improvement	4.1	4.1
Recycled Water Program	4.3	4.3
Non-Reclaimable Wastewater Program	2.4	2.4
Recharge Water Program	0.6	0.6
Water Resources Program	2.5	2.5
Inland Empire Regional Composting Authority (IERCA) /JPA	3.8	3.9
Chino Basin Desalter Authority (CDA) / JPA	1.5	1.5
Total	\$45.4	\$46.0

Unfunded Accrued Liabilities for Retirement and Other Post-Employment Benefits

The Agency implemented Government Accounting Standard Board (GASB) Statement 68 - Accounting and Financial Reporting for Pensions in FY 2014/15. Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. As of June 30, 2016, the Agency's unfunded accrued liability (UAL) was estimated to be \$38.4 million.

FYs 2017/18 and 2018/19 employment cost budget includes contributions towards retirement UAL and Other Post-Employment Benefits (OPEB) consistent with the funding plan approved by the Agency's Board of Directors in May 2014 as shown in Figure 5-2.

Figure 5-2: Funding Plan for Healthcare and Pension Unfunded Liabilities (\$Millions)

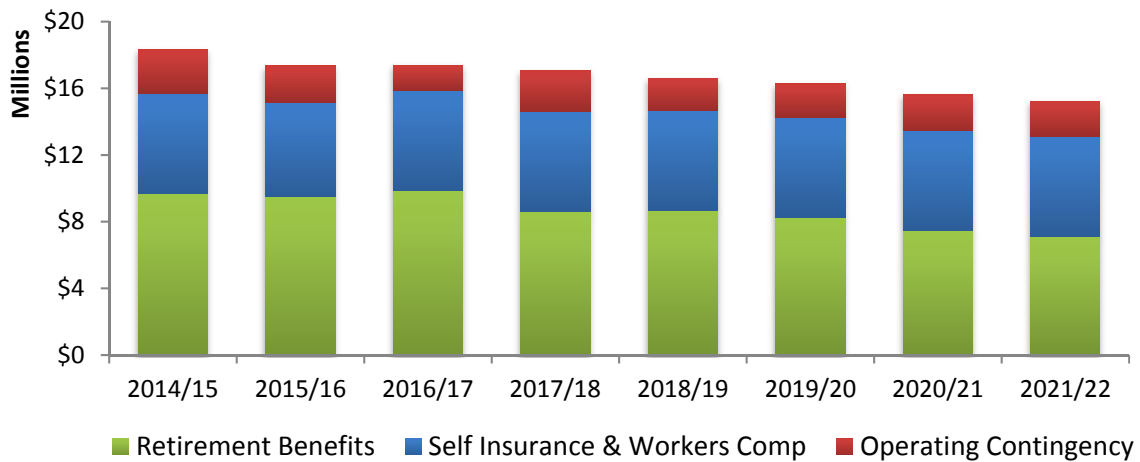
	Fiscal Year	Healthcare	Pension	Annual	inception to date
PAID	2013/14	\$3.5	\$ -	\$3.5	\$3.5
	2014/15	3.5	4.5	8.0	11.5
	2015/16	2.0	4.5	6.5	18.0
	2016/17	2.0	4.5	6.5	24.5
	2017/18	2.0	4.5	6.5	31.0
PLANNED	2018/19	2.0	4.5	6.5	37.5
	2019/20		4.5	4.5	42.0
	2020/21		4.5	4.5	46.5
	2021/22		4.5	4.5	51.0
	2022/23		4.5	4.5	55.5
	2023/24		4.5	4.5	60.0
	TOTAL	\$15	\$45	\$60	

Fund Balance

The estimated fund balance for FYs 2017/18 and 2018/19 are projected to be \$17.1 million and \$16.6 million, respectively. Figure 5-3 shows historical, budgeted, and forecasted fund balance reserves through FY 2021/22. The slight decrease projected through FY 2021/22 is primarily due to a projected increase in administrative costs. The Administrative Service fund maintains the Agency’s reserves for employee retirement benefits and self-insurance programs, including general liability and worker’s compensation.

The Administrative Services minimum reserves are comprised of a four-month operating contingency as mandated by bond covenants, \$6.0 million in support of the Agency’s self-insurance programs in accordance with the Agency’s reserve policy, and the Agency’s retirement obligations. The self-insurance program was established for risks associated with general liability, property and equipment, and worker’s compensation since FY 1993/94. The respective reserve balance is adjusted annually per the estimated required level as determined by risk management.

Figure 5-3: Trend of Administrative Services Ending Fund Balance (\$Millions)



FY 2019/20 to FY 2020/21 Forecast

For the three years following the biennial budget, the fund balance is projected to average \$16 million per year. The slight decline in the fund balance can be attributed due to an estimated 3 percent increase in operations and maintenance (O&M) costs coupled with no change in the allocation of property taxes in the Administrative Service funds as approved by the Board in 2016.

ADMINISTRATIVE SERVICES PROGRAM

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 and FISCAL YEAR 2018/19 BIENNIAL BUDGET
ADMINISTRATIVE SERVICES FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES									
Property Tax	\$1,828	\$1,943	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972	\$1,972
Cost Reimbursement from JPA	1,238	1,370	1,473	1,439	1,473	1,502	1,532	1,563	1,594
Interest Revenue	87	118	100	87	130	171	209	243	274
TOTAL REVENUES	\$3,153	\$3,431	\$3,545	\$3,498	\$3,575	\$3,645	\$3,713	\$3,778	\$3,840
OTHER FINANCING SOURCES									
Other Revenues	\$157	\$360	\$2	\$2	\$2	\$2	\$2	\$2	\$2
TOTAL OTHER FINANCING SOURCES	\$157	\$360	\$2	\$2	\$2	\$2	\$2	\$2	\$2
EXPENSES									
Employment Expenses	\$1,319	\$370	\$1,472	\$1,504	\$1,545	\$1,577	\$1,609	\$1,643	\$1,680
Contract Work/Special Projects	387	399	1,793	921	1,407	179	437	400	400
Utilities	438	406	703	430	772	787	808	832	857
Operating Fees	7	6	10	18	21	21	21	21	21
Professional Fees and Services	2,651	2,631	4,883	4,237	4,847	4,906	4,788	4,894	5,013
Office and Administrative expenses	1,537	1,744	2,126	1,817	2,320	2,485	2,440	2,794	2,577
Biosolids Recycling	33	21	25	28	28	28	29	30	31
Materials & Supplies	418	653	488	515	674	593	617	636	654
Other Expenses	(1,103)	(1,472)	(7,662)	(6,050)	(6,322)	(6,338)	(6,299)	(6,456)	(6,625)
TOTAL EXPENSES	\$5,686	\$4,758	\$3,838	\$3,421	\$5,292	\$4,236	\$4,449	\$4,794	\$4,608
CAPITAL PROGRAM									
Capital Expansion & Construction	\$1,098	\$918	\$2,855	\$2,465	\$2,476	\$873	\$1,350	\$500	\$400
TOTAL CAPITAL PROGRAM	\$1,098	\$918	\$2,855	\$2,465	\$2,476	\$873	\$1,350	\$500	\$400
DEBT SERVICE									
Financial Expenses	\$3	\$27	\$21	\$27	\$31	\$32	\$33	\$34	\$36
TOTAL DEBT SERVICE	\$4,311	\$27	\$21	\$27	\$31	\$32	\$33	\$34	\$36
TRANSFERS IN (OUT)									
Capital Contribution	\$1,098	\$384	\$2,487	\$1,676	\$1,065	\$454	\$637	\$301	\$240
Operation support	0	0	0	0	1,407	179	437	400	400
Capital - Connection Fees Allocation	0	527	355	770	1,378	410	697	195	156
One Water	0	6	13	19	32	9	16	5	4
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,098	\$918	\$855	\$2,465	\$3,883	\$1,052	\$1,787	\$900	\$800
FUND BALANCE									
Net Income (Loss)	(\$6,688)	(\$994)	(\$2,312)	\$52	(\$339)	(\$442)	(\$330)	(\$648)	(\$401)
Beginning Fund Balance July 01	25,028	18,340	17,345	17,345	17,397	17,058	16,616	16,286	15,638
ENDING FUND BALANCE AT JUNE 30*	\$18,340	\$17,345	\$15,033	\$17,397	\$17,058	\$16,616	\$16,286	\$15,638	\$15,236
RESERVE BALANCE SUMMARY									
Operating Contingency	\$2,643	\$2,179	\$1,719	\$1,511	\$2,446	\$1,918	\$2,025	\$2,197	\$2,104
Self-Insurance Program	6,000	5,675	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Employee Retirement Benefit	9,696	9,491	7,314	9,887	8,612	8,698	8,262	7,441	7,132
ENDING BALANCE AT JUNE 30	\$18,340	\$17,345	\$15,033	\$17,397	\$17,058	\$16,616	\$16,286	\$15,638	\$15,236

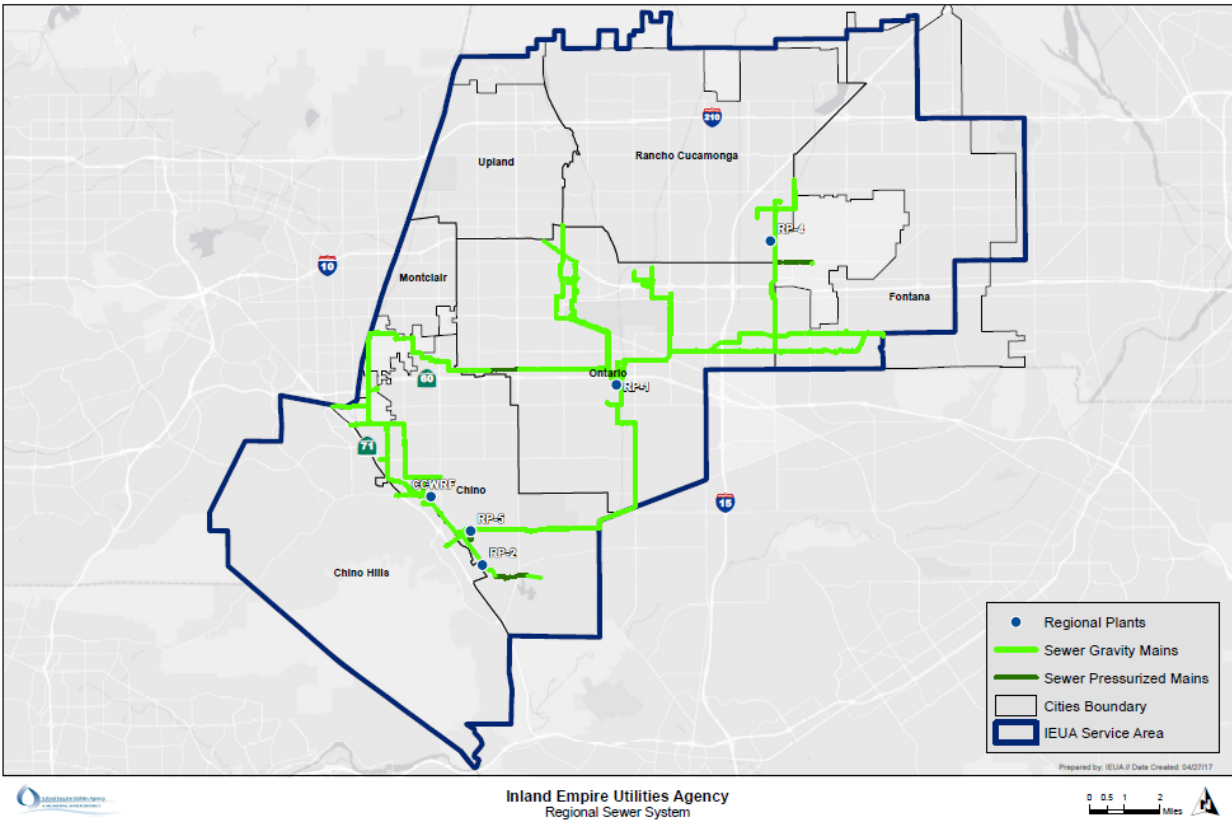
*Numbers may not total due to rounding

REGIONAL WASTEWATER PROGRAM

Programmatic Overview

The Regional Wastewater program accounts for the collection, treatment, and disposal of municipal wastewater, as well as the acquisition, expansion, improvement, and upkeep of the regional wastewater system. On average the Agency collects, treats, and disposes of 50 million gallons per day (MGD) of untreated municipal wastewater. The Agency operates five treatment facilities, four of which produce recycled water. The Agency’s service area (see Figure 5-4) encompasses a 242-square mile area of the western San Bernardino County of more than 875,000 residents throughout its seven contract member agencies: cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Cucamonga Valley Water District in the city of Rancho Cucamonga.

Figure 5-4: Agency Water Recycling Treatment Facilities Service Area Boundaries



The Agency receives significant benefits from the three bi-products generated from its Regional Wastewater program:

- ❖ Recycled water – local water supply not impacted by drought
- ❖ Biosolids compost – a premium soil additive for wholesale and retail distribution in partnership with SDLAC (Sanitation Districts of Los Angeles County)

- ❖ Renewable energy – biogas used to generate power for the Agency’s regional wastewater facilities.

Total raw wastewater flow treated at the Agency’s facilities was 48.4 MGD in FY 2015/16 (FY 2016/17 data not available at the time of budget document release). Approximately 61 percent of the Agency’s 288.2 miles of pipeline infrastructure is designated for the collection of regional municipal and industrial wastewater.

Program Fund Description

In accordance with the Regional Sewage Service Contract (Regional Contract) established in 1992, the Regional Wastewater Program is comprised of two funds: Regional Wastewater Capital Improvement (Wastewater Capital) and Regional Wastewater Operations and Maintenance (Wastewater Operations). Components of each fund are shown below in Table 5-6.

Table 5-6: Regional Wastewater Program Funds

Description	Wastewater Capital	Wastewater Operations
Component Activities	Records capital, debt, and administration activities related to the acquisition, construction, expansion, improvement, and financing of the Agency’s regional water recycling plants, large sewer interceptors, energy generation, and solids handling facilities.	Accounts for the revenue and operating cost directly related to the collection, treatment, and disposal of domestic sewage treatment service for the contracting agencies, capital replacement, and organic management activities, including labor costs to operate and support the Inland Empire Regional Composting Authority (IERCA) facility.
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, and biosolids recycling.

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

Table 5-7 shows total revenue, total expense, and beginning and ending fund balances for the Regional Wastewater program. Additional detail on the revenues and expenses follow the table.

REGIONAL WASTEWATER PROGRAM

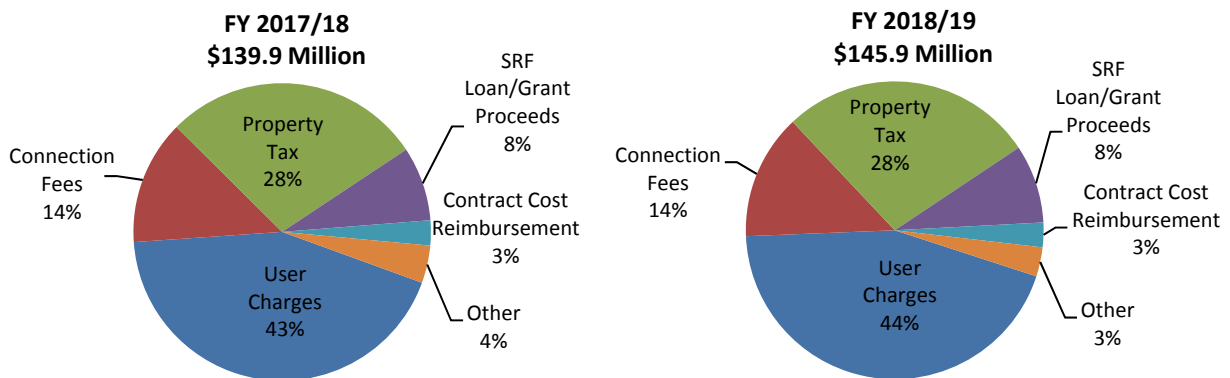
Table 5-7: Consolidated Regional Wastewater Program Fund Summary (\$Millions)

	2016/17 Projected	2017/18	2018/19	2019/20	2020/21	2021/22
Total Revenue & Other Funding Sources	\$130.0	\$139.9	\$145.9	\$253.7	\$260.4	\$229.4
Total Expenses & Other Uses of Funds	(161.8)	(145.9)	(144.5)	(214.7)	(300.7)	(238.1)
Net Increase (Decrease)	(31.8)	(6.0)	1.4	39.0	(40.3)	(8.7)
Beginning Fund Balance	134.3	102.5	96.5	97.9	136.9	96.6
Ending Fund Balance	\$102.5	\$96.5	\$97.9	\$136.9	\$96.6	\$87.9

Primary Revenues and Other Funding Sources

The total Regional Wastewater program revenue and funding sources budget is \$139.9 million in FY 2017/18 and \$145.9 million in FY 2018/19. Revenues include user charges, property tax receipts, connection fees, contract cost reimbursement from the Inland Empire Regional Composting Authority (IERCA), interest, and other miscellaneous revenues. Figure 5-5 below shows the percentage share of revenue and other funding sources for the Regional Wastewater program.

Figure 5-5: Regional Wastewater Program Revenues & Other Funding Sources (\$Millions)

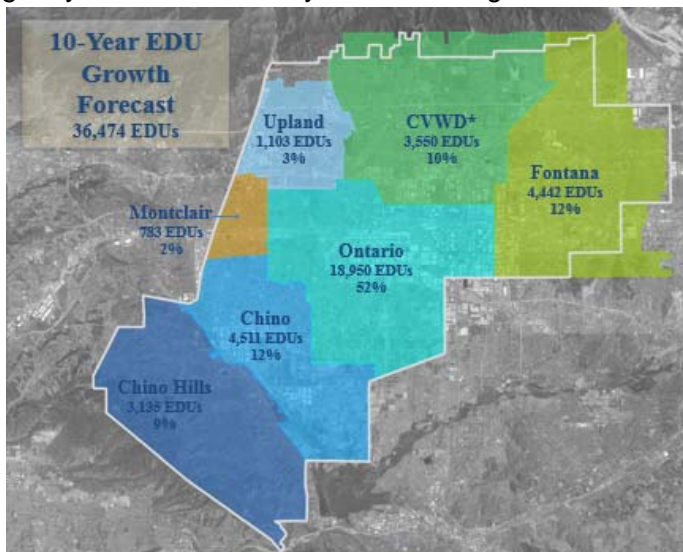


The following sections discuss the primary revenues and other funding sources of the Regional Wastewater program.

Connection Fees

The Agency levies a fee to connect to its regional wastewater system. These connection fees, similar to “development impact fees” levied by cities for new development, are collected by each of the Agency’s contracting member agencies, in accordance with the Regional Contract. Each member agency holds these funds in trust in a Capital Capacity Reimbursement Account (CCRA) until requested, or “called”, by the Agency. Connection fees support finance capital acquisition, construction, expansion, equipment purchase, and process improvement costs of the Agency’s regional wastewater system. Capital calls, member agency payments of connection fees in their respective CCRA accounts, are based on the Agency’s planned capital projects over the ensuing nine months, as calculated and reported on a quarterly basis.

The Agency utilizes equivalent dwelling units (EDUs) as a unit for measuring and forecasting the amount of water used by an average household in its service area. As defined in the Regional Contract, an EDU is equivalent to 98,550 gallons per year, or 270 gallons per day. Each year the Agency conducts a survey of member agencies to determine the number of new EDU connections



expected for the next ten years. The forecasts are essential in planning facility and infrastructure expansion and improvements to support anticipated future growth. Recent member agencies’ forecasts indicate 36,474 new EDU connections are expected over the next 10 years. Over 70 percent of the growth is predicted to occur in the Agency’s southern portion of its service area.

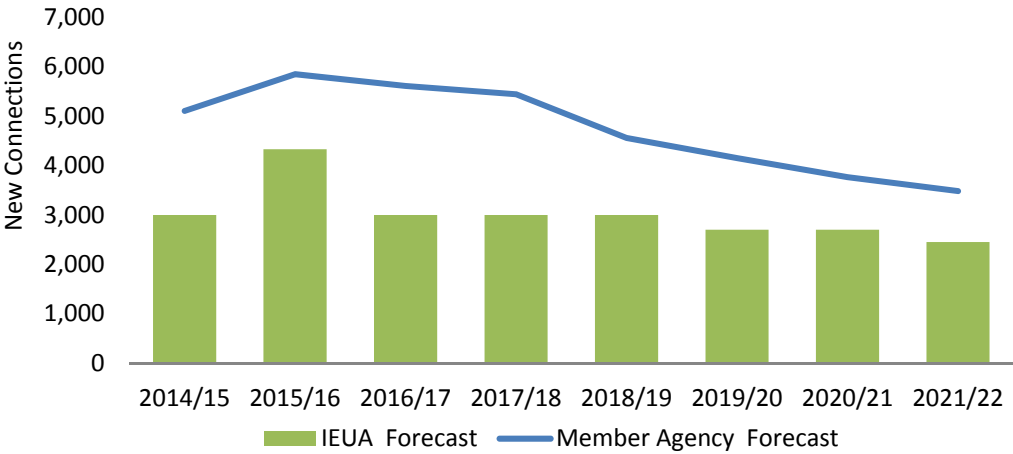
As a regional provider of wastewater and water services, it is IEUA’s responsibility to ensure the regional

wastewater and regional water systems’ capacity is expanded in a timely and cost-effective manner to support future growth.

While member agency forecasts typically represent the high end of future growth in their respective areas, the Agency has historically applied a more conservative growth factor for budgeting, which is more in line with actual activity. This more conservative approach is illustrated in Figure 5-6, with the Agency’s forecast of new connections for the next five years as considerably lower than those projected by the member agencies. Even at the lower projection, steady growth is anticipated over the next five years.

REGIONAL WASTEWATER PROGRAM

**Figure 5-6: Trend of New EDU Connections
FY 2014/15 to FY 2021/22**



A key assumption is the continued pace of new development in the Agency’s service area with 3,000 new EDU wastewater connections projected for each budget year. Based on the five-year rates adopted by the Board in June 2015 for FYs 2015/16 through 2019/20, regional connection fee revenues in the Wastewater Capital fund are projected to increase by approximately 10 percent in the proposed biennial budget over the current year projections. Revenues from wastewater connection fees are estimated to increase by \$1.8 million in FY 2017/18 to \$18.9 million and by just under \$1 million to \$19.9 million in FY 2018/19.

Property Taxes

In FYs 2017/18 and 2018/19, the Agency is anticipated to receive \$46.0 million and \$47.4 million, respectively, of one percent general property tax receipts. Property tax receipts for the Regional Wastewater program are budgeted at \$39.5 million in FY 2017/18 and \$40.4 million in FY 2018/19. A two percent growth is projected for each of the budgeted years.

In FY 2017/18, \$29.9 million, or 65 percent of the Agency’s total property tax receipts, are allocated to the Wastewater Capital fund to help support \$27.0 million of capital projects for the acquisition, construction, and improvement of wastewater facilities, and \$12.1 million in debt service costs. The Wastewater Operations fund receives a fixed allocation of \$9.5 million of total property tax receipts, which partially supports capital replacement and rehabilitation (R&R) costs and operation costs not fully recovered by rates. A key priority of the Agency’s financial policy is to utilize property tax receipts to support debt service and capital costs.

User Charges

The collection and treatment of municipal wastewater flows is billed in terms of EDUs. On March 18, 2015 following numerous workshops with member agencies and key stakeholders, the IEUA Board adopted five-year volumetric rates for the Regional Wastewater program for FYs 2015/16 through 2019/20. Table 5-8 shows the adopted monthly EDU sewer rates and projected annual EDU units for the five fiscal years of adopted rates:

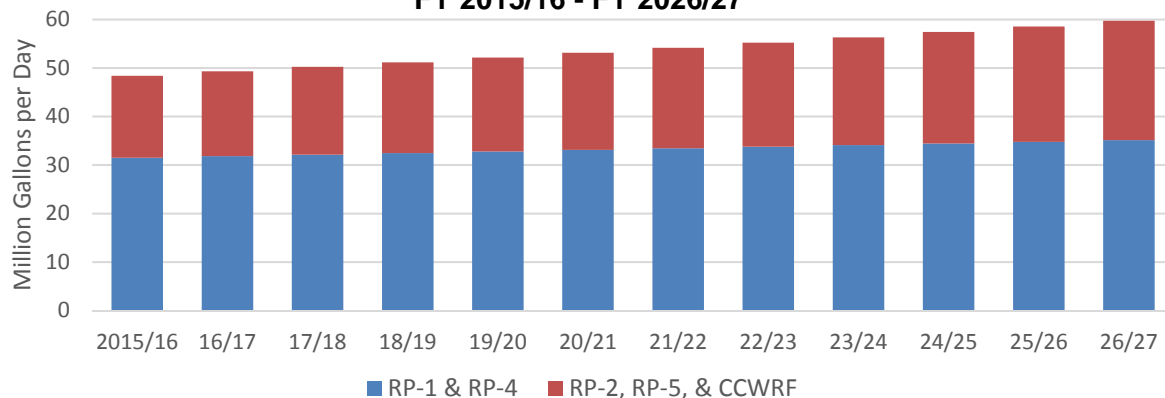
Table 5-8: Adopted EDU Volumetric Rates

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20
EDU Volumetric Rate	\$15.89	\$17.14	\$18.39	\$19.59	\$20.00
Effective Date	10/1/15	7/1/16	7/1/17	7/1/18	7/1/19
EDU Units	3,215,268	3,281,664	3,289,868	3,298,092	3,306,338

Wastewater flow forecasts are conducted annually and are based on three components: (1) historical wastewater flow trends; (2) per dwelling unit wastewater generation factors; and (3) expected future growth numbers provided by contracting agencies. Then projections, coupled with growth forecasts from member agencies, are used to determine future demands on the Agency's facilities and need for modifications to the Regional Water Recycling Plants (RWRP) and Solids Handling facilities.

Rising water costs and increased water use efficiency is expected to lessen the effect of new development in the service area. Continued conservation efforts by the state, new homes built with efficiency in mind, and installation of more efficient appliances in older homes all contribute to the very gradual increase in projected wastewater flows, as shown in Figure 5-7 below.

Figure 5-7: Wastewater Flow Trend
FY 2015/16 - FY 2026/27



Statistics derived from IEUA FY 2016/17 Ten Year Capital Plan

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Based on the recent flow trend, a conservative growth rate of 0.25 percent is assumed for the number of billable EDUs in FYs 2017/18 through 2021/22.

Debt Proceeds

The Regional Wastewater program's expansion and improvements are traditionally funded by a combination of system revenues (pay-go basis), debt, grants and low interest state loans. The capital requirements projected for the wastewater program in the next five years will require new borrowing. State Revolving Fund (SRF) loans are the lowest costing financing option, and are used whenever possible to finance capital construction. Currently the Agency has SRF loans for two capital projects in the Regional Wastewater program – the Water Quality Laboratory currently under construction, and the Regional Water Recycling Plant No. 1 (RP-1) Dewatering Facility completed in FY 2014/15. In FY 2017/18 proceeds from state loans are projected to be \$7.9 million and \$8.6 million in FY 2018/19 for the Water Quality Laboratory. Repayment of SRF loan begins one year after the completion of construction. Water Quality Laboratory Repayment is projected to begin in FY 2019/20. More details on the financing terms and debt service are provided in the Debt Management section of the budget.

Inland Empire Regional Composting Authority (IERCA)

IERCA is a Joint Powers Authority (JPA) formed between IEUA and Sanitation Districts of Los Angeles County (SDLAC) as a 50/50 partnership with a shared goal to develop a sustainable biosolids management program. IERCA was established in 2002 and operates the Inland Empire Regional Composting Facility (IERCF), the nation's largest indoor biosolids composting facility. The IERCF, located in the city of Rancho Cucamonga, is currently operating at design capacity, receiving nearly 550 wet tons per day of biosolids and recycled waste additive products. The composting facility produces over 220,000 cubic yards of high-quality wood based compost each year for local landscaping and horticultural use, which is sold on a wholesale basis.

In FY 2009/10, a tipping fee was implemented to support the operations and maintenance costs of the IERCF in lieu of equally shared partner contributions. The FY 2017/18 tipping fee is \$56 per wet ton, an increase of \$1 per ton from the FY 2016/17 rate. Each partner's funding contribution is determined by the quantity of wet tons shipped to the IERCF for processing. Projected tonnage is 145,000 each year for FYs 2017/18 and 2018/19. All of the Agency's biosolids are transported to the IERCF facility for processing. These costs are recorded as part of biosolids recycling expense in the Wastewater Operations fund.

Expenses and Other Uses of Funds

The total Regional Wastewater program expenditures budget is \$145.9 million in FY 2017/18 and \$144.5 million in FY 2018/19. Expenses include operating expense, capital costs, debt service, and inter-fund transfers to support debt service costs in the Recharge Water and Recycled Water

funds, capital expenditures for the Administrative Services fund, and expansion projects (funded by connection fees) in the Administrative Services and Non-Reclaimable Wastewater funds. Total expenses and other uses of funds are summarized in Table 5-9. Operating costs are explained in more detail in the following sections.

Table 5-9: FYs 2017/18 and 2018/19 Regional Wastewater Program Expenses and Other Uses of Funds (\$Millions)

Uses of Funds	2017/18	2018/19	Key Assumptions
Operating Expenses	\$71.4	\$73.9	Includes labor, utilities, operating fees, chemicals, materials and supplies, Operation & Maintenance related project expense, and other administrative costs to support the Regional Wastewater program
Debt Service Costs	12.5	12.5	Includes principal & interest for bonds, SRF loans and other notes payable
Capital Improvement Plan (CIP)	51.0	50.8	Includes capital project expense and investment in the IERCA. See Table 5-10 for summary of major capital projects
Inter-Fund Transfers	11.0	7.3	Includes: capital, debt service, and capital connection fee support to Agency's other funds
Total	\$145.9	\$144.5	

Operating Expenses

Employment Expenses

As the Agency's core program, approximately 75 percent, or \$34.2 million, of the \$45.5 million FY 2017/18 employment costs (net of \$6 million labor costs allocated to support the Agency's capital program) are allocated to the Regional Wastewater program. The labor budget in the Regional Wastewater program increases from \$32.6 million in FY 2016/17 to \$34.2 million in FY 2017/18 and \$34.8 million in FY 2018/19. Increasing employment costs are attributed to higher pension costs due to increasing employer contribution rates and a reduction in the vacancy factor to support a "ramp up" of succession planning. There is no change in the total number of 290 authorized full-time equivalent (FTE) positions.

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Included in the Wastewater Operations fund employment expenses are the 25 FTEs assigned to the IERCF. Employment costs for operating the IERCA facility of approximately \$3.8 million in FY 2017/18 and \$3.9 million in FY 2018/19 are fully reimbursed to the Agency.

Utilities

Utilities represent the highest operating cost to the Regional Wastewater program after employment expenses. A total of \$6.7 million is budgeted for utilities in FY 2017/18, and \$6.9 million is budgeted for FY 2018/19. Utility expense includes the purchase of electricity from Southern California Edison (or the grid), use of natural gas, and the purchase of renewable energy generated on site from solar, and wind. In FY 2017/18, blended rates for electricity and natural gas are budgeted at \$0.125 per kilowatt hour (kWh) and \$0.80 per therm, respectively.

The Agency is committed to the efficient use of utilities, as outlined in the Agency's Energy Management Plan (Plan), developed in 2015. The Plan includes the Agency's goal of achieving peak power independence by 2020. In addition, the Agency is committed to procuring 100 percent of its electricity needs from carbon neutral sources by the year 2030, as outlined in the Plan.

Chemicals

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

Chemical costs represent approximately three percent, or \$4.4 million, of total operating costs in the Regional Wastewater program for FY 2017/18. The FY 2017/18 budget is three percent higher than the FY 2016/17 projected total of \$4.3 million thigh prices. Forecasts also assume an average of 3 percent increase per year. In FY 2018/19 chemical costs are budgeted at \$4.5 million.

Chemicals are essential in meeting regulatory requirements, treatment process performance goals, and sustainment of high quality recycled water that meets Title 22 requirements. The major chemicals used for wastewater treatment are:

- Polymer: (41 percent of budget) may be added to the primary clarifier to enhance solids settling and to the sludge to enhance the thickening and dewatering process.
- Sodium Hypochlorite: (33 percent of budget) used primarily for disinfection; also used for odor control, in primary, secondary treatment, and solids thickening to improve the process of performance.
- Ferric chloride: (14 percent of budget) used to optimize treatment performance and meet compliance with South Coast Air Quality Management District (SCAQMD).

Biosolids Recycling

The cost of biosolids recycling is budgeted at \$4.3 million in FY 2017/18 and \$4.4 million in FY 2018/19. The biosolids budget includes costs for hauling and disposal of biosolids and non-biological materials. The IERCA composter processes 100 percent of the Agency's biosolids generated from all of its water recycling facilities. The processing rate of \$56 per ton was established by the IERCA effective July 1, 2017. Despite reduced wastewater flows due to the effect of water use efficiency efforts, the amount of organic matter and suspended solid materials has remained stagnant. However, a notable change has been the higher strength characteristic in the solid content which has a direct impact on the treatment process and related costs. While lower water consumption reduces the "liquid" in wastewater flows, it does not impact the "solids" content, an issue that will be addressed by the RP-1 Mixed Liquor Return Pumps project planned for execution in FY 2017/18 as part of the Wastewater Capital fund.

Capital Improvement Plan

Expansion, rehabilitation, replacement, and improvement of the Agency's facilities are key components of the Regional Wastewater program capital improvement plan. In FY 2017/18, the Regional Wastewater capital budget is \$51.0 million and \$50.8 million in FY 2018/19. The Wastewater Capital fund projects focus on expansion and process improvements for the regional wastewater system to meet anticipated growth and increased service demands projected for the region. The Wastewater Operations fund projects primarily focus on maintenance, rehabilitation, and replacement of aging equipment and facilities.

Capital projects in the Regional Wastewater program accounts for \$604 million of the Agency's FY 2018 – 2027 Ten Year Capital Improvement Plan (TYCIP) of \$833 million. Approximately \$493 million of the Regional Wastewater Program capital project spending is scheduled within the first five fiscal years (2018-2022). Such high capital and R&R expenditures in the Regional Wastewater program are necessary to account for projects that were deferred during the most recent economic downturn. The major wastewater capital projects are listed in Table 5-10.

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Table 5-10: Major Regional Wastewater Program Projects (\$Millions)

Project Title	2017/18	2018/19	FY 2019/20 to FY 2021/22	TYCIP Total
RP-5 Liquid and Solids Treatment Expansion	\$4.9	\$6.8	\$320.3	\$338.3
RP-1 Liquid and Solids Treatment Expansion	4.0	0.0	0.0	54.8
RP-5 Regional Wastewater Asset Management Project	0.0	0.0	12.0	42.0
CCWRF* Asset Management Improvements	2.8	1.7	22.0	26.6
RP-1 Solids Thickening Expansion	0.3	1.1	8.0	20.0
RP-4 Process Improvements	3.1	6.3	7.9	17.3
Water Quality Laboratory	11.3	4.0	0.0	15.3
SCADA** Enterprise System	1.7	2.6	5.7	10.0
RP-4 Primary Clarifier Rehabilitation	0.8	2.8	2.9	6.5
RP-1 Headworks Primary and Secondary Upgrade	5.3	0.6	0.0	5.9

*CCWRF- Carbon Canyon Water Recycling Facility

**SCADA – Supervisory Control and Data Acquisition

More information on the Agency’s capital program is available in the Capital section.

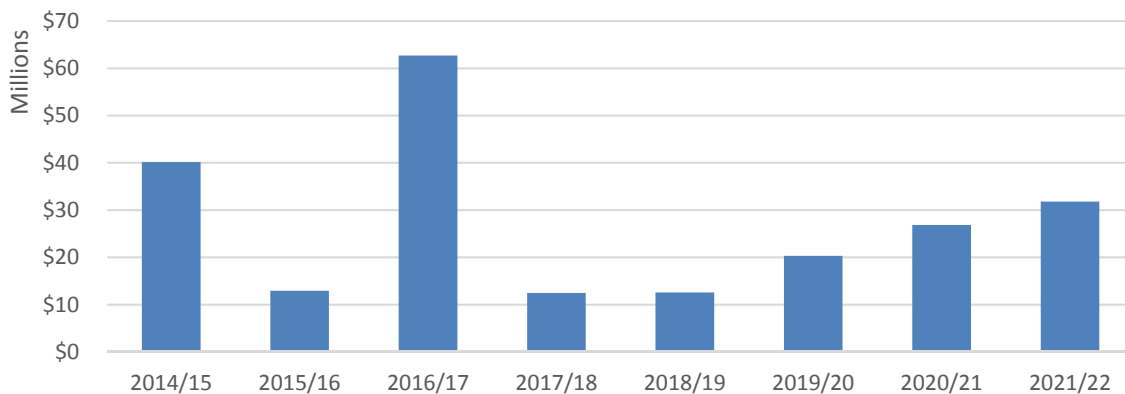
Debt Service

The Regional Wastewater program’s FY 2017/18 and FY 2018/19 debt service payments are \$12.5 million per year. Debt service includes financial expense, principal, and interest for three outstanding bond issues, one SRF loan, and two notes payable. Details for the Agency’s outstanding debt can be found in the Debt Management section.

Figure 5-8 below represents historical and projected debt service expense through FY 2021/22. In FY 2014/15, in accordance with the Agency’s Business Goal of Fiscal Responsibility, debt service increased due to the full refunding of the remaining 2005A outstanding bonds. In January 2017 (FY 2016/17), \$50 million of available cash reserves were used to pay down a portion of the 2008A bonds. The remaining bonds were refinanced with the issuance of the 2017A bonds. This was executed in commitment to cost containment with the goal to reduce debt service costs through the early repayment or refunding of high interest debt in order to realize available present value savings of \$36.8 million. Going forward, debt service continues to escalate as the Regional Wastewater’s SRF loan for the Water Quality Laboratory debt service payments begin in FY

2019/20 and new debt will be issued to fund major Regional Wastewater expansion projects included in the TYCIP.

Figure 5-8: Historical and Projected Annual Debt Service Expense



Inter-fund Loans

Inter-fund loans are used as needed to support capital expenditures, debt service costs, or operating expense not fully supported by rates or fund reserves. They are recorded as loans to be repaid and subject to interest. Inter-fund loan activities are reported as part of other funding sources by the receiving fund and other uses of funds by the lending fund.

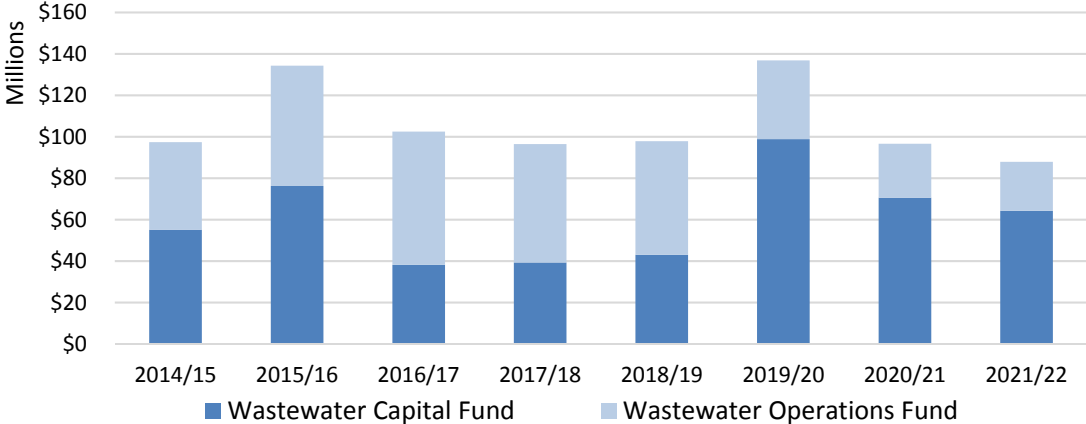
The Wastewater Capital fund currently has two outstanding inter-fund loans totaling \$13.5 million due from the Recycled Water fund: \$3.0 million from FY 2007/08, and \$10.5 from FY 2014/15. Repayment of the outstanding inter-fund loans is scheduled over a three year period starting in FY 2022/23 with the final payment planned in FY 2024/25. A summary of inter-fund loans and repayment schedules is provided in the Revenue and Debt Management sections.

Regional Wastewater Program Fund Balance

The Regional Wastewater program projects an ending fund balance of \$96.5 million in FY 2017/18 and \$97.9 million in FY 2018/19. The estimated increase in FY 2019/20, as shown in Figure 5-9, is due to anticipated debt proceeds needed to support construction of the RP-5 Liquids and Solids Treatment Expansion projects. Spending of the bond proceeds accounts for the projected decrease in FYs 2020/21 and 2021/22.

REGIONAL WASTEWATER PROGRAM

Figure 5-9: Trend of Regional Wastewater Program Fund Balance



FY 2019/20 – FY 2021/22 Forecast

Over the next three fiscal years, the Regional Wastewater program’s key areas of focus will be completing the RP-5 Expansion projects’ design and award of related construction contracts, securing funding for the expansion, and execution of the R&R projects for appropriate upkeep of Agency facilities and infrastructure. Program rates and fees will be evaluated and updated in FY 2019/20, the final year of the five year adopted rates. Achieving these objectives will ensure the Agency can continue to support the region’s economic development by providing essential services in a regionally planned and cost-effective manner.

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 and 2018/19 BIENNIAL BUDGET
REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/15	2015/2016	2016/2017	2017/18	2018/19	2019/20	2020/21	2021/22
	ACTUAL	ACTUAL	ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES								
Interest Revenue	\$94	\$135	\$187	\$226	\$357	\$547	\$547	\$364
TOTAL REVENUES	\$105	\$135	\$187	\$226	\$357	\$547	\$547	\$364
OTHER FINANCING SOURCES								
Property Tax - Debt and Capital	\$26,414	\$27,659	\$29,058	\$29,930	\$30,828	\$31,444	\$32,073	\$32,715
Regional System Connection Fees	15,074	24,910	17,136	18,927	19,872	18,779	20,658	20,337
Debt Proceeds	0	0	0	0	0	100,000	100,000	75,000
Other Revenues	0	10	1	1	1	1	1	1
TOTAL OTHER FINANCING SOURCES	\$41,538	\$52,579	\$46,195	\$48,858	\$50,701	\$150,224	\$152,732	\$128,053
EXPENSES								
Employment Expenses	\$3,230	\$4,248	\$3,995	\$4,157	\$4,155	\$4,243	\$4,478	\$4,682
Contract Work/Special Projects	1,007	1,253	795	900	800	300	800	300
Operating Fees	233	240	242	246	254	261	269	277
Professional Fees and Services	312	234	329	364	365	372	377	382
Other Expenses	1,457	509	1,899	1,591	1,596	1,588	1,627	1,668
TOTAL EXPENSES	\$6,240	\$6,484	\$7,260	\$7,258	\$7,170	\$6,765	\$7,551	\$7,310
CAPITAL PROGRAM								
IERCA investment	\$0	\$0	\$0	\$500	\$500	\$500	\$500	\$0
Work In Progress	4,318	6,057	10,737	26,450	25,793	81,875	166,955	107,500
TOTAL CAPITAL PROGRAM	\$4,318	\$6,057	\$10,737	\$26,950	\$26,293	\$82,375	\$167,455	\$107,500
DEBT SERVICE								
Financial Expenses	\$207	(\$203)	\$140	\$175	\$174	\$280	\$175	\$173
Interest	6,204	5,882	5,064	3,140	3,114	7,792	12,581	15,793
Principal	23,083	7,074	57,274	8,791	8,922	10,875	12,716	14,450
Short Term Inter-Fund Loan	10,500	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$39,994	\$12,753	\$62,479	\$12,105	\$12,211	\$18,947	\$25,472	\$30,415
TRANSFERS IN (OUT)								
Capital Contribution								
RO to RC -RP-5 Solids Treatment	\$0	\$0	\$0	\$1,350	\$1,715	\$3,472	\$3,472	\$3,472
RO to RC -CCWRF Asset Management Improvem	0	0	195	2,700	1,020	7,700	10,800	1,000
RO to RC -RP-5 Expansion Maintenance Building	0	0	0	0	0	5,000	5,000	5,000
RC to GG - Agency-wide Projects	(1,023)	(358)	(1,562)	(993)	(423)	(594)	(280)	(224)
RC to RO - Water Quality Laboratory	0	(11)	(103)	(103)	(92)	0	0	0
RO to RC - RP-5 Expansion Debt Funding	0	0	0	0	0	1,736	3,472	4,774
RC to RW - 2008B Bond Debt	(350)	(382)	(402)	(515)	(583)	(592)	(644)	(641)
RC to RO - Water Quality Lab SRF Loan	0	0	0	0	0	(253)	(253)	(253)
RC to WC - 2017A Bond Debt	0	(1,390)	(1,103)	(2,399)	(2,400)	(2,400)	(2,400)	(2,399)
Capital - Connection Fee Allocation to GG	0	(527)	(770)	(1,378)	(410)	(697)	(195)	(156)
Capital - Connection Fee Allocation to RO	0	(3,545)	0	0	0	0	0	0
Capital - Connection Fee Allocation to NC	0	(123)	(246)	(293)	(456)	(245)	(72)	(72)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$1,373)	(\$6,335)	(\$3,990)	(\$1,631)	(\$1,630)	\$13,127	\$18,900	\$10,501
FUND BALANCE								
Net Income (Loss)	(\$10,282)	\$21,083	(\$38,085)	\$1,140	\$3,754	\$55,810	(\$28,298)	(\$6,306)
Beginning Fund Balance July 01	65,455	55,173	76,257	38,172	39,312	43,066	98,877	70,578
ENDING FUND BALANCE AT JUNE 30*	\$55,173	\$76,257	\$38,172	\$39,312	\$43,066	\$98,877	\$70,578	\$64,272
RESERVE BALANCE SUMMARY								
Capital Construction	\$31	\$240	\$0	\$1,894	\$2,514	\$39,494	\$1,542	\$1,895
CCRA Capital Construction	41,023	55,201	18,337	11,514	14,386	33,165	42,823	36,160
Debt Service & Redemption	14,119	15,615	19,835	25,904	26,166	26,218	26,213	26,217
Sinking Fund	0	5,200	0	0	0	0	0	0
ENDING BALANCE AT JUNE 30	\$55,173	\$76,257	\$38,172	\$39,312	\$43,066	\$98,877	\$70,578	\$64,272

*Numbers may not total due to rounding

REGIONAL WASTEWATER PROGRAM

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 AND 2018/19 BIENNIAL BUDGET
REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2014/2015	2015/16	2016/17	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	PROJECTED ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES								
User Charges	\$46,965	\$49,958	\$56,381	\$60,634	\$64,743	\$66,260	\$68,422	\$70,653
Cost Reimbursement JPA	3,423	3,403	3,750	3,825	3,902	3,980	4,059	4,140
Contract Cost Reimbursement	123	79	93	93	93	93	93	93
Interest Revenue	195	284	305	454	557	462	319	247
TOTAL REVENUES	\$50,706	\$53,724	\$60,529	\$65,006	\$69,294	\$70,794	\$72,893	\$75,133
OTHER FINANCING SOURCES								
Property Tax Revenues - Debt/Capital/Reserves	\$9,140	\$9,573	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549	\$9,549
State Loans	0	1,480	1,779	7,901	8,598	2,606	0	0
Grants	332	445	10,128	3,389	3,830	1,037	900	958
Other Revenues	763	972	757	776	795	816	836	858
TOTAL OTHER FINANCING SOURCES	\$10,235	\$12,470	\$22,212	\$21,614	\$22,772	\$14,007	\$11,285	\$11,365
EXPENSES								
Employment Expenses	\$24,338	\$25,644	\$28,590	\$30,052	\$30,601	\$31,359	\$32,026	\$33,531
Contract Work/Special Projects	1,053	3,595	10,500	5,971	8,265	2,447	1,850	1,600
Utilities	6,398	5,828	6,761	6,671	6,872	7,078	7,290	7,509
Operating Fees	1,819	1,807	1,848	2,018	2,073	2,133	2,199	2,260
Chemicals	4,092	3,895	4,277	4,419	4,547	4,684	4,824	4,969
Professional Fees and Services	2,979	1,969	2,612	4,089	3,358	3,438	3,523	3,622
Office and Administrative expenses	20	7	1	4	4	4	5	5
Biosolids Recycling	3,755	3,777	4,433	4,307	4,408	4,540	4,676	4,816
Materials & Supplies	1,621	1,927	2,080	2,161	2,200	2,266	2,333	2,404
Other Expenses	741	951	2,634	4,410	4,427	4,407	4,514	4,628
TOTAL EXPENSES	\$46,815	\$49,401	\$63,736	\$64,103	\$66,755	\$62,356	\$63,241	\$65,343
CAPITAL PROGRAM								
Capital Construction & Expansion (WIP)	\$9,336	\$7,814	\$13,000	\$24,063	\$24,506	\$19,662	\$8,500	\$7,718
TOTAL CAPITAL PROGRAM	\$9,336	\$7,814	\$13,000	\$24,063	\$24,506	\$19,662	\$8,500	\$7,718
DEBT SERVICE								
Financial Expenses	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0
Interest	159	162	206	179	175	638	619	599
Principal	0	0	0	172	177	726	744	765
Short Term Inter-Fund Loan	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$159	\$163	\$207	\$352	\$352	\$1,364	\$1,364	\$1,364
TRANSFERS IN (OUT)								
Capital Contribution								
WC to RO - SCADA Enterprise SRF Loan	\$1,274	\$3,430	\$598	\$0	\$0	\$0	\$0	\$0
RC to RO - New Water Quality Laboratory SRF Loan	0	11	103	103	92	0	0	0
RO to RC - CCWRF Asset Management and Improvement	0	0	(195)	(2,700)	(1,020)	(7,700)	(10,800)	(1,000)
RO to RC - RP-1 Maintenance Facility Cost Share	0	0	0	0	0	(5,000)	(5,000)	(5,000)
RO to RC - RP-5 Solids Handling Facility Cost Share	0	0	0	(1,350)	(1,715)	(3,472)	(3,472)	(3,472)
RC to RO - New Water Quality Laboratory SRF Loan	0	0	0	0	0	253	253	253
RO to WC - SCADA Enterprise SRF Loan	0	0	0	0	0	(149)	(149)	(149)
RO to RC - RP-5 Solids Handling Facility SRF Loan	0	0	0	0	0	(1,736)	(3,472)	(4,774)
Operation support to GG for Non-Capital Projects	0	0	0	(1,311)	(167)	(407)	(373)	(373)
Capital - Connection Fees Allocation	0	3,545	0	0	0	0	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,274	\$6,985	\$506	(\$5,259)	(\$2,810)	(\$18,211)	(\$23,013)	(\$14,515)
FUND BALANCE								
Net Income (Loss)	\$5,905	\$15,801	\$6,304	(\$7,157)	(\$2,357)	(\$16,792)	(\$11,939)	(\$2,442)
Beginning Fund Balance July 01	36,306	42,211	58,012	64,316	57,159	54,803	38,011	26,071
ENDING FUND BALANCE JUNE 30*	\$42,211	\$58,012	\$64,316	\$57,159	\$54,803	\$38,011	\$26,071	\$23,629
RESERVE BALANCE SUMMARY								
Operating Contingies	\$15,605	\$14,969	\$19,995	\$20,093	\$20,951	\$19,459	\$19,727	\$20,401
Rehabilitation/Replacement	26,390	42,827	19,527	22,895	22,895	17,383	5,175	2,059
Debt Service	216	216	1,051	1,169	1,169	1,169	1,169	1,169
Sinking Fund	0	0	23,742	13,003	9,788	0	0	0
ENDING BALANCE AT JUNE 30	\$42,211	\$58,012	\$64,316	\$57,159	\$54,803	\$38,011	\$26,071	\$23,629

* Numbers may not total due to rounding

NON-RECLAIMABLE WASTEWATER PROGRAM

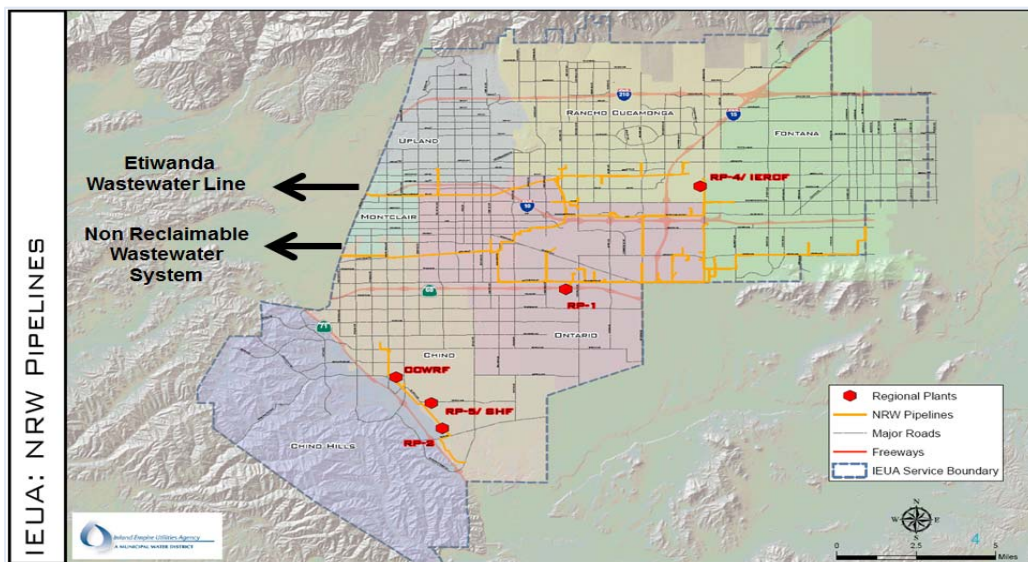
Programmatic Overview

The Non-Reclaimable Wastewater System (NRWS) provides a collections system which includes pipelines and a pump station to export the high-salinity industrial wastewater generated within the Agency's service area for treatment and eventual discharge to the Pacific Ocean. The wastewater discharged to the NRWS is primarily comprised of industrial and groundwater treatment brines.

The NRWS is physically separated from the Agency's Regional Wastewater System, ensuring further compliance with the California Regional Water Quality Control Board and state regulations related to environmental criteria, and improving the quality of recycled water for local use. Maximizing the use of the NRW system helps ensure that the Agency complies with the final effluent total dissolved solids (TDS) limits which are required under the National Pollutant Discharge Elimination System (NPDES) permits.

The NRWS operated by the Agency is comprised of three independent collection systems, the North NRWS (NRWS), the Etiwanda Wastewater Line (EWL), and the Inland Empire Brine Line (IEBL), also known as the South NRWS.

The IEBL is also an independent collections system that serves the southern portion of the Agency's service area. The highest and best use of the brine line is the removal of salts from the watershed to keep them from degrading water quality within the watershed, thereby allowing better use of groundwater resources and expanding the ability to reclaim water. The long-term goal of achieving salt balance within the region depends on the ability to remove salts from the watershed via the brine line.



The North and South Systems serve different patrons:

- The North NRWS serves approximately 39 industries and municipalities for brine groundwater treatment facilities. The North NRWS also collects wastewater from the Agency's Regional Water Recycling Plant No. 1 (RP-1) belt press filtrate and centrate. The wastewater results from the dewatering of biosolids generated within the facility and from residential areas without sewer service located in the Agency's service area. The North NRWS conveys the non-reclaimable wastewater to the Sanitation District of Los Angeles County (SDLAC) treatment facility in Carson, where it is treated and discharged to the ocean. The North NRWS also has an independent and small system known as the Etiwanda Wastewater Line (EWL) exclusively utilized for groundwater treatment plants operated by the City of Ontario and City of Chino-Monte Vista Water District and governed under a separate agreement with SDLAC.
- The South NRWS serves approximately 15 industries, wastewater hauling truckers, and the Chino Basin Desalter Authority, and conveys wastewater to the IEBL, which is owned by the Santa Ana Watershed Project Authority (SAWPA), and the Orange County Sanitation District (OCSD) facility in Fountain Valley for treatment and ocean discharge.

The Agency and SDLAC entered into an agreement dating back to 1966 under which SDLAC agreed to accept the Agency's industrial wastewater flows from the North NRWS. This agreement that was set to expire in May 2018 was replaced by the new NRWS Wastewater Disposal Agreement between the Agency and SDLAC effective July 1, 2014. Under the new Agreement, the pass-through rates from SDLAC are more stable and predictable, making it easier for users of the NRWS to effectively plan for their annual budgets. The ability to acquire wastewater discharge rights as capacity units and connect to the system are more attractive to new industries as they now have the option to acquire or lease discharge rights rather than make a mandatory acquisition as required under the prior agreement. The key terms of the new agreement included the following:

- 30-year term with up to four additional five year extensions for a total of up to 50 years
- 15,000 initial Baseline Capacity Units for allocation amongst current customers
- Adjustment of Baseline Capacity Units allocation through June 30, 2018
- Additional Capacity available for purchase or lease
- Issuance of Wastewater Discharge Permit to the Agency from SDLAC
- Payment of Repair, Relocation, Reconstruction, and Rehabilitation (4Rs) capital charges of \$4.1 million to be paid over 6-years term (started in FY 2014/15 and ends FY 2019/20)
- Annual management meetings to review and discuss any modifications to this Agreement to accommodate financial, operational or environmental changes
- The FY 2017/18 SDLAC annual rate structure was revised based on the new agreement

NON-RECLAIMABLE WASTEWATER PROGRAM

Beginning in FY 2004/05, a pass-through rate structure was implemented to allow the Agency to recover operating and capital fees billed by SDLAC and SAWPA for the North and South Systems, respectively. These charges are comprised of volumetric, peaking factor and strength fees for the North System; capacity, volumetric, and strength fees for the South System. Different rates apply to the North and South Systems.

In addition to the pass-through rates which fully recover operating and capital costs from SDLAC and SAWPA, the Agency collects agency program charges based on the number of capacity units from the NRW industries in the north system. A 50 percent operating surcharge on the volumetric, capacity and strength charges for non-recycled water users is collected from NRW industries in the south system. The Agency’s program charges and operating surcharge support the Agency’s program costs.

Aside from moderate rate increases, no change in SAWPA’s agreement for the south NRWS was proposed for FY 2017/18. NRW rates effective July 1, 2017 are based on the current “pass-through” rate structure (Table 5-11).

Table 5-11: North and South System Pass-Through Rates

Rate Description	2016/17	2017/18 Adopted	Change
North System	13,505 CU	14,252 CU	5.5%
Flow/mg	\$915	\$919	0.4%
COD/klb	\$180	\$172	-4.4%
TSS/klb	\$436	\$446	2.3%
Peak/gpm	\$348	\$349	0.3%
CU Purchase	\$4,172	\$4,172	
CU Lease	\$208.60/CU/Yr.	\$208.60/CU/Yr.	
South System			
Capacity/cu	\$368.76	\$387.24	5.0%
Flow/mg	\$858.00	\$901.00	5.0%
BOD/klb	\$307.00	\$307.00	
TSS/klb	\$429.00	\$429.00	

To promote the use of recycled water throughout the Agency’s service area, the NRW recycled water users were provided a 50 percent discount off of the Agency’s direct recycled water rate. The discount will be decreased by 5 percent each fiscal year thereafter until it sunsets on June 30, 2024.

The FY 2014/15 Agency’s direct recycled water rate of \$890.04 per million gallons (mg) serves as the baseline with NRW recycled water users only paying \$445.02 (mg). The recycled water credit for FY 2017/18 is \$311.52 per million gallons (Table 5-12).

Table 5-12: NRW Recycled Water Credit

Fiscal Year	% of Recycled Water Credit	Credit per mg (Base \$890.04)
2014/15	50%	\$445.02
2015/16	45%	\$400.52
2016/17	40%	\$356.02
2017/18	35%	\$311.52
2018/19	30%	\$267.02
2019/20	25%	\$222.51
2020/21	20%	\$178.01
2021/22	15%	\$133.51
2022/23	10%	\$89.01
2023/24	5%	\$44.51

Fund Description

The Non-Reclaimable Wastewater (NRW) fund records the transactions for the acquisition, construction, expansion, replacement, and operation of the Agency’s non-reclaimable wastewater sewer lines, interceptors, and appurtenant facilities.

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

Revenues and Other Sources of Funds

The Non-Reclaimable Wastewater program has budgeted total revenues and other funding sources of \$12.3 million and \$12.8 million for FYs 2017/18 and 2018/19, respectively (Table 5-13). The primary funding source for the Non-Reclaimable Wastewater fund are the pass-through rates from the Sanitation District of Los Angeles County (SDLAC) for the north system and the Santa Ana Watershed Project Authority (SAWPA) for the south system. Revenues also include fees for Agency program charges, capacity fees (CIP), wastewater connection fees transferred from Regional Wastewater Capital Improvement fund, and interest income.

NON-RECLAIMABLE WASTEWATER PROGRAM

Table 5-13: Revenues and Other Sources of Funds (\$Millions)

Sources of Funds	2017/18	2018/19	Key Assumptions
Volumetric Fees	\$2.1	\$2.2	Monthly pass-thru charges based on adopted fees and metered wastewater flow.
Excess User Fees	4.1	4.2	Pass-thru fees for wastewater strength composition*.
Agency Program Charges	5.0	5.1	Program support, operational, and capacity surcharges.
Capacity Fees	0.6	0.6	Monthly fee charged to the holders of capacity rights in the southern system from industries, Regional program; and CIP fees to cover for the debt cost.
Contributions and Other	0.5	0.7	Wastewater connection fee from the Regional Wastewater Connection fund and interest earned on reserve balance.
Total	\$12.3	\$12.8	

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

Expenses and Other Uses of Funds

The Non-Reclaimable Wastewater Program accounts for operating and capital expenses associated with the North and South Systems. These expenses include construction and acquisition of capital assets, equipment purchases, process modifications and upgrades necessary to comply with the environmental and regulatory increased standards and to support the growth in the Agency’s service area and the demand it places on the NRW program.

Total expenditures and other uses of funds for \$12.8 million are \$13.4 million is budgeted in FYs 2017/18 and 2018/19. As reported in Table 5-14, the major expenses in the Non-Reclaimable Wastewater fund are the operating “pass-through” fees from SDLAC and SAWPA which account for 50 percent of the proposed budget.

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

Uses of Funds	2017/18	2018/19	Key Assumptions
Operating Fees	\$6.6	\$6.8	SDLAC and SAWPA pass through fees
Capital Project	\$1.8	\$2.5	Includes \$0.7M SDLAC *4R's outstanding SRF loan installment payment and capital project costs as listed in Table 5-15 and appendices.
Administration & Operations	3.5	3.5	Employment, chemicals, materials & supplies, professional fees, utilities, and other operating costs. It also includes Regional Brine Management pipe cleaning, and meter maintenance costs.
Debt Service	0.8	0.6	Principal and interest payments for the Inland Empire Brine Line loan and share of the 2017A Bonds.
Contributions & Other	0.1	0.0	Inter-fund transfers to Administrative Services funds to support Agency-wide capital and non-capital costs.
Total	\$12.8	\$13.4	

*4Rs= Repair, Relocation, Reconstruction, and Rehabilitation

Capital Projects

A total of \$1.8 million in capital project costs is budgeted in FY 2017/18 and \$2.5 million is projected in FY 2018/19 (Table 5-15).

Table 5-15: Capital Projects

Project Name	2017/18 (\$ Millions)	2018/19 (\$ Millions)
San Bernardino County Flood Control District (SBCFCD) Easement	\$0.6	
Philadelphia Pump Station Upgrades	0.2	
NRW Manhole Upgrade	0.2	0.2
East End Flowmeter Replacement	0.1	1.2
San Bernardino Lift Station Facility Improvement		0.4
SDLAC Capital Replacement 4Rs SRF Installment	0.7	0.7
Total	\$1.8	\$2.5

NON-RECLAIMABLE WASTEWATER PROGRAM

The East End flowmeter replacement project will design and construct a new flowmeter replacing the existing flume flowmeter located in the 42 inch NRW North system central trunk line. During the design alternative analysis, if it is concluded that the proposed flowmeter shall be constructed parallel to the existing flowmeter, then the consultant shall design a diversion structure with a gate system for tie-in and bypass of the existing flowmeter.

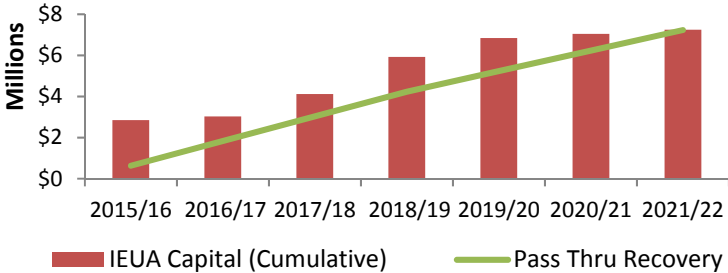
The SDLAC Capital Replacement 4Rs (Repair, Relocation, Reconstruction, and Rehabilitation) installment is the Agency’s annual share of capital improvement costs financed by the state revolving fund (SRF) loan for a total of \$4.4 million. Under the agreement with SDLAC the Agency is to pay the existing SRF loan of \$4.4 million with an annual interest rate of 2.3 percent over a six-year term as reported on Table 5-16.

Table 5-16: SDLAC SRF Loan Installment Schedule (\$Millions)

Due Dates	Balance Principal +Interest	Annual Payment	Principal Balance
7/15/2014	\$4.2	\$0.74	\$3.5
7/15/2015	3.5	0.74	2.8
7/15/2016	2.8	0.74	2.1
7/15/2017	2.2	0.74	1.4
7/15/2018	1.5	0.74	0.7
7/15/2019	0.7	0.7	
Total		\$4.4	

In addition to the SDLAC 4Rs SRF installment mentioned above, on October 2012, the Board agreed to defer the FY 2011/12 SDLAC 4Rs capital costs for \$2.6 million to mitigate the fiscal impact to the North system customers. As a consequence, recovery of the Agency’s capital expenditures has been deferred until the FY 2011/12 SDLAC 4Rs capital costs were fully paid in FY 2015/16. At the same year, the Agency started to recover its deferred capital costs, as shown in Figure 5-10. Full recovery of the Agency’s capital cost is projected to be reached in FY 2021/22.

Figure 5-10: Recovery of Cumulative IEUA Capital Costs (\$Millions)



Debt Service

On December 21, 2016, the IEUA Board authorized the issuance of the 2017A Refunding Revenue Bonds (2017A Bonds) to refund a portion of the 2008A Revenue Bonds. Sale of the 2017A Bonds was completed on January 19, 2017, resulting in gross savings of \$129 million and net present value savings of \$36.8 million (net of the \$50 million cash pay down) through the life of the bonds. The 2017A Bond is reported and proportionately distributed amongst the Regional Wastewater Capital Improvement (RC), Regional Wastewater Operations & Maintenance (RO), Recycled Water (WC), and Non-Reclaimable Wastewater (NRW) funds.

Debt service costs remain minimal in FY 2017/18 and FY 2018/19; \$0.8 million and \$0.6 million projected over the next two years. These costs include principal and interest for the Santa Ana Watershed Project Authority (SAWPA) note payable and the Non-Reclaimable Wastewater Fund's share of 2017A Revenue Bonds. Debt service costs are recovered from both North and South system customers.

Inter-Fund Loan

A total of \$15 million in inter-fund loans have been issued from the NRW fund to the Recycled Water fund beginning with \$9.0 million in FY 2007/08 and \$6.0 million in FY 2009/10. Repayment is scheduled to start in FY 2019/20, as indicated in Table 5-17.

Table 5-17: Inter-Fund Loan (\$Millions)

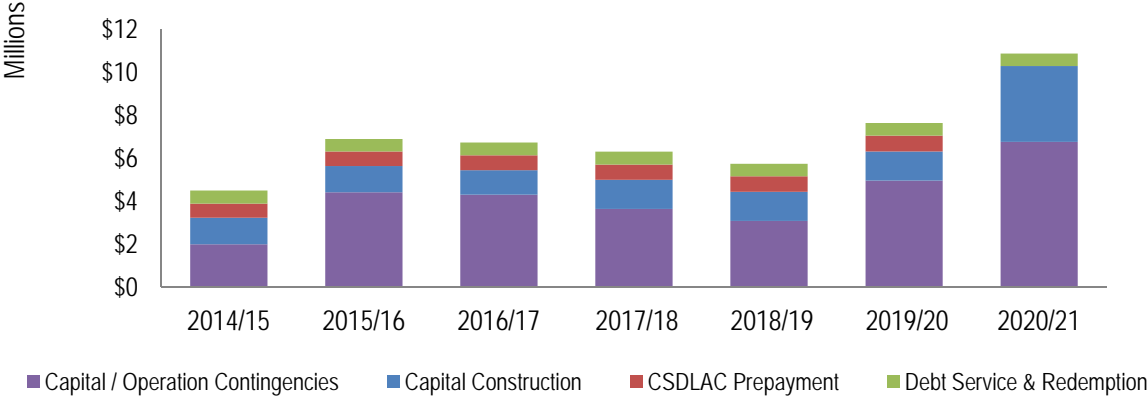
Fiscal Year Issued	Issued to	Inter-Fund Loan Amount	Repayments Scheduled to Begin	Repayments Scheduled to End
2007/08	WC Fund	\$9 .0	2019/20	2023/24
2009/10	WC Fund	\$6.0	2023/24	2025/26

Fund Balance

The Non-Reclaimable Wastewater ending fund balance for FY 2017/18 is estimated at \$6.3 million, and \$5.7 million for FY 2018/19. The increase in fund balance starting in FY 2019/20 as shown in Figure 5-11 is due to the start of the loan repayment from Recycled Water fund. A total of \$15 million in inter-fund loan were issued to the Recycled Water fund in FY 2007/08 and FY 2009/10.

NON-RECLAIMABLE WASTEWATER PROGRAM

Figure 5-11: Trend of NRW Program Ending Fund Balance (\$Millions)



FY 2020/21-FY 2021/22 Forecast

The first repayment installment of \$2 million for the \$15 million inter-fund loans due from the Recycled Water (WC) fund is scheduled to begin in FY 2019/20. Thereafter, the NRW fund reserve balance is anticipated to increase to \$14.1 million in FY 2021/22.

The Agency continues the implementation of the NRWS Condition Assessment recommendations for capital improvements. The relatively good condition of the NRWS allowed improvements to be completed sooner, reducing the annual capital expenditure. An aggressive cleaning and on-going system maintenance program is in progress with the goal to clean every segment of the NRWS over the next several years. This cleaning effort will be supplemented with closed circuit television (CCTV) inspection of the pipe after cleaning. If any damages are identified, a capital project will be initiated to refurbish or replace the pipeline or infrastructure as needed. The on-going system maintenance program will help meet the requirements of the Agency’s *Sanitary Sewer Management Program (SSMP)*, a State mandated Order under the *Wastewater Discharge Requirements*.

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

- Future Brine Line Alternatives Evaluation - identify and evaluate various brine-concentrate treatment technologies and disposal options for the NRWS in lieu of current arrangement.
- Reducing salinity contributions from the Agency’s water recycling facilities and sustaining the high quality of its recycled water.
- Promoting economic development in the Agency’s service area by sustaining a cost effective NRW program.

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2017/18 and FISCAL YEAR 2018/19 BIENNIAL BUDGET
NON-RECLAIMABLE WASTEWATER FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES									
User Charges	\$10,902	\$11,083	\$11,052	\$10,532	\$11,810	\$12,122	\$12,142	\$12,469	\$12,803
Interest Revenue	35	65	90	90	143	180	190	180	180
TOTAL REVENUES	\$10,938	\$11,148	\$11,142	\$10,622	\$11,953	\$12,302	\$12,332	\$12,649	\$12,983
OTHER FINANCING SOURCES									
Other Revenues	\$355	\$592	\$110	\$156	\$100	\$100	\$100	\$100	\$100
Sale of Capacity	0	215	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	0	0	2,000	2,000	2,000
TOTAL OTHER FINANCING SOURCES	\$355	\$807	\$110	\$156	\$100	\$100	\$2,100	\$2,100	\$2,100
EXPENSES									
Employment Expenses	\$2,195	\$1,931	\$2,121	\$2,179	\$2,391	\$2,395	\$2,399	\$2,438	\$2,549
Contract Work/Special Projects	55	21	210	22	125	100	100	100	100
Utilities	83	78	86	76	71	73	75	78	80
Operating Fees	6,662	5,635	6,074	6,562	6,639	6,812	7,016	7,227	7,444
Chemicals	101	48	175	130	130	134	138	142	146
Professional Fees and Services	33	63	173	143	130	133	136	139	143
Office and Administrative expenses	0	0	0	0	23	24	24	25	26
Biosolids Recycling	12	0	25	25	25	26	27	27	28
Materials & Supplies	53	56	107	104	104	107	110	114	117
Other Expenses	93	67	562	450	471	472	471	481	495
TOTAL EXPENSES	\$9,288	\$7,899	\$9,534	\$9,691	\$10,109	\$10,275	\$10,497	\$10,771	\$11,127
CAPITAL PROGRAM									
CSDLAC 4Rs SRF Loan	\$658	\$673	\$689	\$689	\$705	\$721	\$737	\$0	\$0
Capital Expansion/Construction	2,356	490	1,040	177	1,094	1,802	923	200	200
TOTAL CAPITAL PROGRAM	\$3,015	\$1,163	\$1,729	\$866	\$1,799	\$2,523	\$1,660	\$200	\$200
DEBT SERVICE									
Financial Expenses	(\$8)	(\$8)	\$1	\$2	\$0	\$0	\$0	\$0	\$0
Interest	473	450	425	411	341	307	280	268	253
Principal	150	159	159	158	454	294	305	317	332
TOTAL DEBT SERVICE	\$615	\$601	\$584	\$570	\$796	\$602	\$585	\$585	\$586
TRANSFERS IN (OUT)									
Capital Contribution	(\$37)	(\$13)	(\$85)	(\$57)	(\$36)	(\$15)	(\$21)	(\$10)	(\$8)
Operation support	0	0	0	0	(48)	(6)	(15)	(14)	(14)
Connection Fee	0	123	134	246	293	456	245	72	72
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$37)	\$110	\$50	\$189	\$208	\$435	\$209	\$48	\$50
FUND BALANCE									
Net Income (Loss)	(\$1,662)	\$2,401	(\$545)	(\$162)	(\$442)	(\$564)	\$1,899	\$3,241	\$3,221
Beginning Fund Balance July 01	6,163	4,502	6,903	6,903	6,742	6,299	5,736	7,635	10,876
ENDING FUND BALANCE AT JUNE 30*	\$4,502	\$6,903	\$6,358	\$6,742	\$6,299	\$5,736	\$7,635	\$10,876	\$14,097
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$1,993	\$4,420	\$3,737	\$4,311	\$3,635	\$3,071	\$4,954	\$6,756	\$9,977
Capital Construction	1,241	1,226	1,136	1,140	1,358	1,358	1,358	3,535	3,535
CSDLAC Prepayment	658	673	689	689	705	721	738	0	0
Debt Service	609	584	796	602	602	585	585	585	585
ENDING BALANCE AT JUNE 30	\$4,502	\$6,903	\$6,358	\$6,742	\$6,299	\$5,736	\$7,636	\$10,876	\$14,097

* Numbers may not total due to rounding

RECHARGE WATER PROGRAM

Programmatic Overview

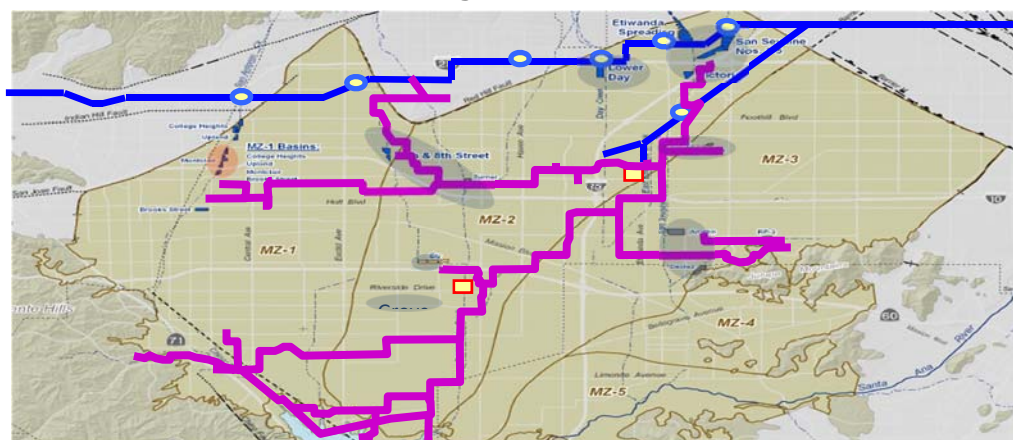
The Recharge Water program is a comprehensive program designed to increase artificial groundwater recharge within the Chino Basin using storm water, recycled water, and imported water. Through the development of increased recharge capacity in the Chino Basin, greater quantities of high quality water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

The groundwater infrastructure consists of a network of pipelines that direct storm water run-off, imported water from the State of California Water Project and IEUA recycled water to recharge sites most of which consist of multiple recharge basins. These recharge basins are located throughout the IEUA service area (approximately 245 square miles) and are designed to hold the water so that it can percolate into the ground and replenish the alluvial aquifers and groundwater supply.

The Chino Basin Groundwater Recharge (GWR) Program is jointly sponsored by the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino Flood Control District (SBFCD) and IEUA. The GWR Program will assist in mitigating future water shortages in California caused by future limitations for importing water supplies from the California State Water Project and provides a subsurface reserve of groundwater for local use. The GWR Program enhances the current reliability and resiliency of regional groundwater supplies for a rapidly growing population and is an integral part of the regional water supply planning.

The FYs 2017/18 and 2018/19 biennial budget for GWR operations of the recharge basins and pertinent facilities is based on the costs to operate and maintain active recharge sites in the Chino Basin. Annual recharge varies due to weather patterns and the availability of supplemental water supplies (imported and recycled water). Since 2005/06, the Agency has recharged up to 34,000 acre-feet (AF) of imported water from Northern California; up to 17,000 acre-feet of storm water; and up to 14,000 acre-feet of recycled water. An acre-foot of water is equal to 325,900 gallons of water, the equivalent of filling a one acre one foot deep with water.

Recharge Facilities



The recharge basin capacity projections assume:

- Minimal downtime during basin improvement projects.
- Average rainfall available for storm water capture.
- Continued development of basin enhancements to increase recharge capacity and reliability.

Reuse of recycled water for groundwater recharge is a critical component of the Optimum Basin Management Plan (OBMP) and water supply plans for the region as it will increase the reliability and resiliency of water supplies during dry years. The OBMP was put in place to enhance water supply reliability and improve drinking water quality throughout the greater Chino Basin region.

The GWR Program is an important part of the overall basin program and serves as a long-term solution to the water supply and water quality issues facing the greater Chino Basin. The production of IEUA's recycled water have been captured and recharged by downstream water agencies for decades. It is now being utilized by the IEUA member agencies and is in accordance with requirements of court-approved basin management plans and peace agreements.

In August 2016, a Cost Sharing Letter Agreement was entered between IEUA, Cucamonga Valley Water District, City of Ontario, and Monte Vista Water District (CBWB Parties) to fund the initial steps in the formation of the Chino Basin Water Bank (CBWB). The CBWB's primary objective is to coordinate the development of groundwater storage within the Chino Basin. The CBWB will be open for other interested parties within the Chino Basin to join later. The Chino Basin Water Bank will apply to the Chino Basin Watermaster for the right to create a comprehensive storage and recovery program under existing basin rules and with a dedicated quantity of basin storage. The CBWB would then make this quantity of storage available to outside parties, who would pay for this access by "leaving behind" a certain quantity of water they place in storage. CBWB parties would benefit directly through increased groundwater supplies, and the Chino Basin would generally experience improved groundwater levels and water quality. Additionally, the CBWB would facilitate the Chino Basin's participation in the Santa Ana Regional Conservation and Conjunctive Use Program (SARCCUP), a watershed-wide conjunctive use program that has received \$54 million in state Proposition 84 funds.

Fund Description

The Recharge Water fund accounts for the revenues and expenses associated with the groundwater recharge operations and maintenance through the joint effort of the Chino Basin Watermaster (CBWM), the Chino Basin Water Conservation District (CBWCD), the San Bernardino County Flood Control District (SBCFCD), and the Inland Empire Utilities Agency.

Expenses include general basin maintenance or restoration costs, groundwater administration (e.g. labor, utilities, equipment, and tools), contracted services (e.g. weeding and vector control),

RECHARGE WATER PROGRAM

and compliance reporting and environmental documentation fees for the program’s Fish & Game Permit. The operations and maintenance budget is funded by both Chino Basin Watermaster and the Agency.

Debt service costs are for the Chino Basin Facilities Improvement Project (CBFIP) funded by the 2008B Variable Rate Bonds (refinancing the 2002A Bonds in May 2008). Debt principal and interest costs are equally shared by CBWM and the Agency. The Agency’s portion is supported by an inter-fund transfer from the Regional Wastewater Capital Improvement (RC) fund.

Groundwater Recharge Pro-Rata Cost Sharing Methodology

In year 2008, a memorandum was issued to document the agreed upon administrative methodology for calculating pro-rata cost sharing for the groundwater recharge (GWR) operations and maintenance (O&M) costs based upon Peace II language. This method of calculation became effective July 1, 2008, and is renewable through mutual agreement every three years between Chino Basin Watermaster and IEUA. The calculation methodology is still in effect for FYs 2017/18 and 2018/19.

The pro rata cost-sharing for basins recharged with recycled water is determined annually. IEUA’s pro rata share of O&M costs is determined based on the proportion of recycled water to the total water recharged in a basin in the prior fiscal year.

Revenues and Sources of Funds

FYs 2017/18 and 2018/19 total budgeted revenues, other funding sources and inter fund contributions and support are \$4.8 million and \$16.2 million, as indicated in Table 5-18. The budget is comprised of reimbursements from CBWM for groundwater recharge facilities’ operations and maintenance (O&M), capital and non-capital project support, and debt service costs. Also included is the contribution from IEUA for its portion of capital and debt service (50/50 shared with CBWM), and pro-rata share of O&M cost.

Table 5-18: Revenue and Other Sources of Funds (\$Millions)

Sources of Funds	2017/18	2018/19	Key Assumptions
Watermaster Operating Cost Reimbursement	\$1.0	\$1.0	Reimbursement of groundwater recharge operations & maintenance (GWR O&M) and facilities.
Watermaster Debt Service	0.5	0.6	Reimbursement for its share of debt service costs for the 2008B bonds, estimated interest rates are 2% and 3% for each fiscal year respectively.
Watermaster Project Reimbursement	0.4	2.2	Capital project costs funded by Watermaster.

Sources of Funds	2017/18	2018/19	Key Assumptions
State Revolving Fund Loan	1.4	10.7	Loan proceeds to support Recharge Master Plan Update (RMPU) projects.
Inter Fund Transfer/ Other Revenues	1.5	1.7	Interest revenue and Inter-fund transfer for the Agency's operating support for the pro-rata share of groundwater basin maintenance; capital projects; non-reimbursable labor; and debt service, from the Recycled Water and Wastewater Capital funds.
Total	\$4.8	\$16.2	

Expenses and Other Uses of Funds

Total Recharge Water Program expenses for FYs 2017/18 and 2018/19 are \$4.7 million and \$16.1 million respectively, as shown in Table 5-19 below. The key expenses include capital costs related to the Recharge Master Plan Update (RMPU) projects; debt service costs for the Chino Basin Facilities Improvement Project (CBFIP); and groundwater operations and maintenance costs. As indicated on Table 5-19, the higher capital costs accounts for the increase in total expenses in FY 2018/19.

The FYs 2017/18 and 2018/19 groundwater operations and maintenance (O&M) expense budget includes utilities, general groundwater basin maintenance costs for infiltration restoration and slope repairs on three groundwater basins: Declez, Eight Street, and Ely Basins. The Agency's O&M pro-rata share for FYs 2017/18 and 2018/19 is estimated at \$519,368 and \$662,000 respectively.

Table 5-19: Expenses & Other Uses of Funds (\$Millions)

Uses of Funds	2017/18	2018/19	Key Assumptions
Operating Expense	\$2.0	\$2.0	Program support and maintenance, utilities, *specialty O&M, Watermaster and SBCFCD costs, and IEUA's pro-rata share.
Debt Service	1.0	1.2	Principal, interest and financial expense for the 2008B bonds.
Capital Project	1.7	12.9	Capital project costs shared with Watermaster for RMPU projects.
Total	\$4.7	\$16.1	

**specialty O&M includes contract labor and materials to address theft, vandalism & repairs, SCADA tower wires.*

RECHARGE WATER PROGRAM

Capital Projects

The FYs 2017/18 and 2018/19 capital project costs for the Recharge Program mainly involve modifications, improvements and refurbishment of selected basins for \$1.7 million and \$12.9 million, respectively (Table 5-20).

Table 5-20: Recharge Program Capital Projects (\$Millions)

Capital Projects	2017/18	2018/19	2019/20 to 2021/22	TYCIP Total
Recharge Master Plan Update	\$1.2	\$0.5	\$0.0	\$1.7
Lower Day Recharge Master Plan Update	0.3	2.2	1.1	3.7
Recharge Master Plan Update – Construction	0.2	10.2	6.6	17.0
Total	\$1.7	\$12.9	\$7.7	\$22.4

As the CBWM has updated the Recharge Master Plan, IEUA staff is taking the lead and working closely with CBWM staff to ensure that the planning efforts, execution and administration of the projects on the master plan are coordinated for the Agency’s service area. The Recharge Master Plan Update (RMPU) is slated to begin construction in FY 2018/19 and will require new borrowings. New debt is assumed to be funded by State Revolving Fund (SRF) loan however due to the uncertainty of available funds over the next two years, other finance mechanism may need to be considered.

Debt Service

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

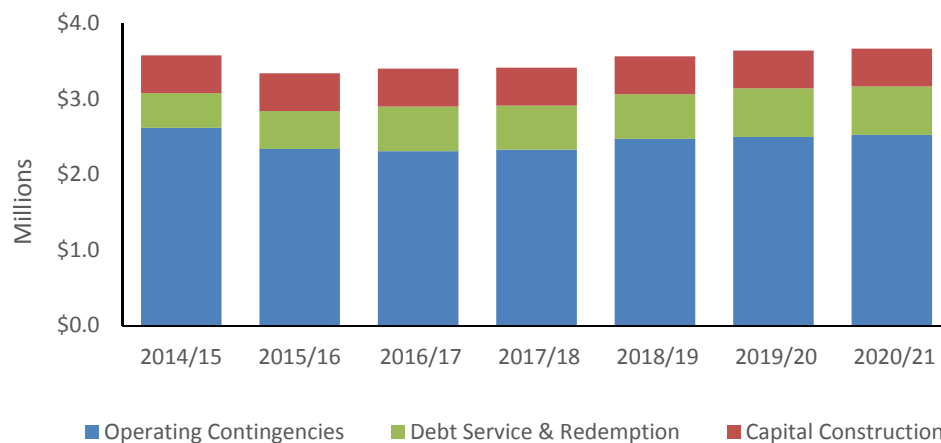
To finance the CBFIP effort, the Agency issued a \$59 million revenue bond in July 2002. A portion of the net bond proceeds, \$19.7 million, combined with \$19 million Prop 13 grant provided most of the funding for the CBFIP. The 2002 Bond was refinanced in April 2008 by the issuance of a Variable Rate Demand Revenue Bond, Series 2008B for \$55.7 million set to mature on FY 2031/32.

FYs 2017/18 and 2018/19 debt service expenses of \$1.0 million and \$1.2 million for the 2008B Variable Rate Bond principal and interest debt payments are equally shared by CBWM and IEUA. The variable interest rate for FY 2017/18 is projected to be 2 percent and 3 percent for FY 2018/19.

Fund Balance

The ending fund balance for FYs 2017/18 and 2018/19 is projected to be \$3.4 million and \$3.6 million, respectively. Throughout the subsequent years, ending fund balances are estimated to average \$3.7 million as majority of the operating expenditures and capital costs are fully reimbursable by CBWM and IEUA. Figure 5-12 below shows the trend of ending fund balances through FY 2020/21.

Figure 5-12: Trend of Recharge Water Program Ending Fund Balance (\$Millions)



FY 2019/21-FY 2021/22 Forecast

Currently, the recharge basins are not expected to require significant capital expense beyond the completion of refurbishment at selected basins. Enhancements to existing facilities and development of additional recharge facilities will occur as opportunities arise.

Recycled water recharged has become a key component of the regional water supply portfolio: the more water recharged into the Chino Groundwater Basin, the more self-reliant and less dependent the region is on imported water supplies. To maximize past investments, projects planned over the several years are primarily focused on increasing recharge area and pumping capacity. These and other investigative projects will be explored and funded in the future years as a mean to further diversify the water supply for the region and maximize the beneficial reuse of recycled water.

RECHARGE WATER PROGRAM

In August 2016, a Cost Sharing Letter Agreement was entered between IEUA, Cucamonga Valley Water District, City of Ontario, and Monte Vista Water District (CBWB Parties) to fund the initial steps in the formation of the Chino Basin Water Bank (CBWB). The agreement is consistent with the Agency’s Business Goal of increasing Water Reliability by meeting the region’s need to develop reliable, drought-proof and diverse local water resources to reduce dependence on imported water supplies.

Table 5-21 shows the potential monthly recharge capacities for the recharge active sites.

Table 5-21: Chino Basin Potential Monthly Recharge Capacities

Recharge Active Sites	Recharge Capacity Acre Feet per Month
7 th & 8 th Street Basins	170
Banana Basin	117
Brooks Basin	188
College Heights Basins*	457
Declez Basins	151
Ely Basins	193
Etiwanda Debris Basin*	263
Grove Basin*	38
Hickory Basin	136
Lower Day Basin	340
Montclair Basins*	559
RP-3 Basins	760
San Sevaine Basins	108
Turner Basins	161
Upland Basin*	187
Victoria Basin	160
Wineville Basin*	TBD
Total	3,988

*Basin not permitted for recycled water recharge

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/2018 AND 2018/2019 BIENNIAL BUDGET
RECHARGE WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES									
Cost Reimbursement from JPA	\$595	\$486	\$915	\$889	\$1,058	\$1,056	\$1,087	\$1,120	\$1,153
Contract Cost reimbursement	0	0	60	0	38	0	0	0	0
Interest Revenue	13	14	10	10	15	20	25	25	25
TOTAL REVENUES	\$608	\$499	\$985	\$899	\$1,110	\$1,076	\$1,112	\$1,145	\$1,178
OTHER FINANCING SOURCES									
State Loans	\$0	\$0	\$0	\$0	\$1,414	\$10,653	\$6,554	\$9	\$0
Grants	70	0	60	60	0	0	0	0	0
Capital Contract Reimbursement	604	1,080	4,539	941	772	2,831	1,700	1,453	1,449
Other Revenues	23	34	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$697	\$1,115	\$4,599	\$1,001	\$2,186	\$13,485	\$8,254	\$1,461	\$1,449
EXPENSES									
Employment Expenses	\$398	\$444	\$679	\$539	\$592	\$593	\$594	\$603	\$631
Contract Work/Special Projects	0	37	120	0	325	250	0	0	0
Utilities	112	92	104	122	72	74	76	79	81
Operating Fees	4	7	7	5	7	7	7	7	7
Professional Fees and Services	183	511	752	650	877	904	930	957	985
Office and Administrative expenses	8	9	16	16	16	16	17	17	18
Expense Allocation	0	76	65	52	54	55	54	56	57
Materials & Supplies	67	75	86	74	68	70	72	74	76
Other Expenses	0	0	0	15	0	0	0	0	0
TOTAL EXPENSES	\$772	\$1,249	\$1,828	\$1,473	\$2,011	\$1,968	\$1,751	\$1,794	\$1,856
CAPITAL PROGRAM									
Capital Expansion/Construction	\$758	\$2,064	\$5,223	\$880	\$1,729	\$12,902	\$7,662	\$10	\$0
TOTAL CAPITAL PROGRAM	\$758	\$2,064	\$5,223	\$880	\$1,729	\$12,902	\$7,662	\$10	\$0
DEBT SERVICE									
Financial Expenses	\$86	\$114	\$92	\$76	\$89	\$88	\$100	\$89	\$86
Interest	7	17	205	80	259	368	346	853	811
Principal	607	632	647	647	683	710	739	1,155	1,193
TOTAL DEBT SERVICE	\$700	\$764	\$945	\$803	\$1,031	\$1,166	\$1,185	\$2,097	\$2,091
TRANSFERS IN (OUT)									
Capital Contribution	\$338	\$1,291	\$457	\$287	\$288	\$250	\$0	\$0	\$0
Debt Service	350	382	472	402	515	583	592	644	641
Operation support	400	466	506	506	628	662	664	674	703
Property Tax Transfer	0	86	96	122	56	131	53	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,088	\$2,225	\$1,531	\$1,317	\$1,487	\$1,626	\$1,309	\$1,318	\$1,344
FUND BALANCE									
Net Income (Loss)	\$162	(\$238)	(\$879)	\$61	\$13	\$151	\$78	\$25	\$24
Beginning Fund Balance July 01	3,413	3,575	3,337	3,337	3,397	3,410	3,561	3,638	3,663
ENDING FUND BALANCE AT JUNE 30*	\$3,575	\$3,337	\$2,457	\$3,397	\$3,410	\$3,561	\$3,638	\$3,663	\$3,687
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$2,614	\$2,337	\$1,374	\$2,305	\$2,327	\$2,469	\$2,494	\$2,522	\$2,543
Capital Expansion / Construction	500	500	500	500	500	500	500	500	500
Debt Service & Redemption	460	500	583	592	583	592	644	641	644
ENDING BALANCE AT JUNE 30	\$3,575	\$3,337	\$2,457	\$3,397	\$3,410	\$3,561	\$3,638	\$3,663	\$3,687

* Numbers may not total due to rounding

RECYCLED WATER PROGRAM

Programmatic Overview

IEUA owns and operates five water recycling treatment facilities, four of which produce recycled water. These facilities receive an average of 48 million gallons per day (MGD) of wastewater from its member agencies which is treated to Title 22 regulations set forth by the California Department of Health Services. The use of recycled water provides a high quality alternative water source to the Agency, its seven member agencies (Cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Cucamonga Valley Water District) commercial customers, and recharge basins for groundwater storage which helps to improve the resiliency of the region's water supply.

IEUA began producing recycled water in the 1970's as a low-cost alternative water supply for large irrigation customers. In 2000, the region identified recycled water as a critical component in drought-proofing the region and essential to sustaining economic growth. With imported water rates increasing and its long-term supply reliability in decline, the region committed to aggressively and proactively developing local water supplies. This set the path for the development of a regional recycled water system.

In 2007, Southern California was experiencing one of its driest years with the potential for entering an extended period of severe drought. In response, the State of California made water recycling an important element of the state's water supply policy and adopted a statewide goal of achieving 1,000,000 acre-foot (AF) of reuse by 2010. By 2007 IEUA in partnership with its seven member agencies had unanimously adopted and committed to implement the Recycled Water Business Plan (RWBP) which laid out a focused and cost-effective approach to rapidly expand the availability and use of recycled water throughout the Agency's service area.

By 2014, IEUA and its member agencies had invested over \$250 million in the construction of the Regional Recycled Water Distribution System (RRWDS) to expand delivery of high quality recycled water. The RRWDS consists of over 89 miles of pipeline, 4 reservoir storage tanks with storage capacity between 2 and 5 million gallons, and multiple pump stations. Today over 800 users have connected to the RRWDS.

Investments in the RRWDS, along with development of 19 ground water recharge basins, have significantly helped the Agency and its member agencies to develop and maintain a reliable local water supply. These investments have helped the region effectively mitigate the recent drought and the Governor's 2015 Executive Order mandating statewide water use cutback of 25 percent.

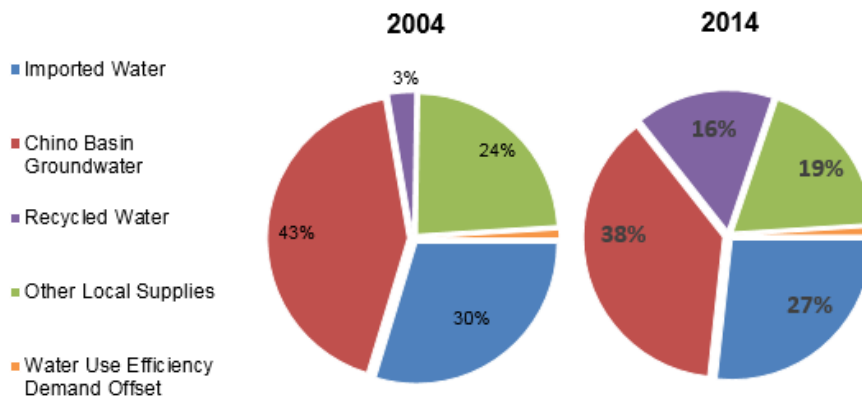
A key water supply source for the region is State Water Project (SWP) water from Northern California. IEUA and its member agencies have recognized that future economic development will be dependent on having a reliable and sustainable water supply. Given the uncertainty of SWP water due to environmental and operational constraints, IEUA's long term planning documents focus on the expansion of the RRWDS, groundwater recharge facilities, and continued development of the region's local water supplies. On average, the Recycled Water program has

been able to utilize approximately 90 percent of the regions recycled water supply. Major benefits of the regional Recycled Water program include:

- New water supply – delivery of over 32,000-acre foot per year of a local water supply
- Enhanced water quality – improves the quality of the Chino Basin aquifer
- Reliable supply – not directly impacted by drought or climate change and helps mitigate the impacts of regional and statewide water supply limitations
- Reduces greenhouse gas emissions – requires less energy to deliver to customers than imported water

The use of recycled water increases local water supply and reliability, and reduces reliance on water imports from the State Water Project. Figure 5-13 below, illustrates the regions water supply by source.

Figure 5-13: Regions Water Supply by Source



In recent years, with unanimous regional support from IEUA’s seven member agencies, annual recycled water use has expanded from approximately 5,000 AF in FY 2004/05 to an average of over 32,000 AF per year. Critical to the economical and efficient operation of the system, each member agency committed to increase direct reuse within their service area. Recycled water is a cost effective, dependable, and environmentally friendly water supply that is safe for a variety of uses including landscape and agricultural irrigation, groundwater recharge, construction and industrial process water. Figure 5-14 lists the FY 2015/16 recycled water demand use by type.

RECYCLED WATER PROGRAM

Figure 5-14: Recycled Water Demand Use by Type

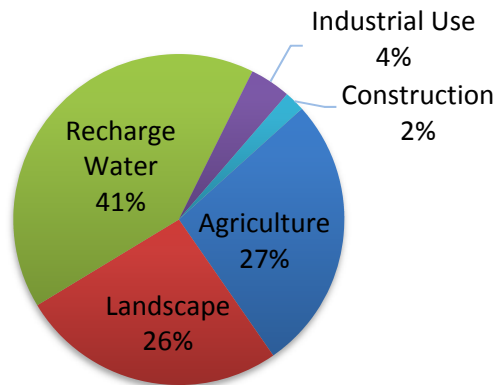


Table 5-22 below shows the acre foot per year (AFY) projections for current FY 2016/17, the short-term demand (use within the next five years), and long-term demand (use projection through 2035) of direct and groundwater recharge of the RRWDS.

Table 5-22: Recycled Water Deliveries

Recycled Water User Type	Projected FY 2016/17 (AFY)	Short Term Demand (AFY)	Long Term Demand (AFY)
Direct Use	19,400	28,000	36,000
Groundwater Recharge	13,000	15,000	18,500
Total Recycled Water Demand	32,400	43,000	54,500

Planning for the RRWDS is aimed toward the ability to adapt and provide beneficial use focused on strengthening the region’s base water supply by shifting towards groundwater recharge, direct injection, and eventually direct potable reuse. This long-term strategy is necessary to effectively address the region’s water resource priorities, including maintaining the water quality in the Chino Basin.

Fund Description

The Recycled Water fund records the revenues and expenses associated with the operations and maintenance of the facilities used to distribute recycled water supplied from Agency’s four Agency water recycling plants, and a portion of groundwater recharge operating expense not funded by Chino Basin Watermaster. Additionally, the Recycled Water fund records all revenues and costs related to capital construction, improvement and financing of the RRWDS.

Revenues and Other Funding Sources

Total revenues and other funding sources of the Recycled Water fund are budgeted at \$26.9 million in FY 2017/18 and \$27.4 million in FY 2018/19. Revenues and other funding sources for the Recycled Water fund are shown below in Table 5-23.

The Recycled Water fund generates operating revenue from the sale of recycled water to the Agency's member agencies and other industries. In FY 2017/18, direct deliveries are budgeted at 22,000 AF with groundwater recharge deliveries at 13,500 AF a total of 35,500 AF. An increase in total deliveries is expected in FY 2018/19 to 36,700 AF, direct deliveries of 23,000 AF and 13,700 AF of groundwater recharge deliveries. Related revenues are \$17.2 million and \$18.2 million, respectively.

The recycled water AF delivery rate for FY 2017/18 is \$470 and \$480 for FY 2018/19. The groundwater recharge rate includes an additional \$60/AF surcharge, for each fiscal year. The surcharge supports a portion of groundwater recharge basin maintenance operating and maintenance costs not covered by Chino Basin Watermaster, including the Agency's pro rata share of operating costs for recharge basins recharged with recycled water.

In January 2016, the Agency established a water connection fee to support capital improvement and expansion of IEUA's regional water system, which is comprised of potable water, recycled water, and groundwater recharge. A portion of these revenues is transferred to the Administrative Services, Recharge Water, and Water Resources funds to support capital projects that contribute to improvement and expansion of the system.

Water connection fee revenue for FY 2017/18 is projected to be \$4.2 million and \$4.4 million for FY 2018/19. For each year 2,730 new meter equivalent unit (MEU) connections are projected. Water connection fee rates are set per MEU, one MEU is equivalent to a 5/8" and 3/4" meter size (standard size of a residential meter). The adopted rate in FY 2017/18 is \$1,527 and \$1,604 in FY 2018/19 per MEU.

Table 5-23: Revenues and Other Funding Sources (\$Millions)

Sources of Funds	2017/18	2018/19	Key Assumptions
Recycled Water Sales	\$17.2	\$18.2	FY 2017/18 and FY 2018/19 deliveries are 35,500 and 36,700 AF respectively
Connection Fee	4.2	4.4	2,730 MEUs projected for each fiscal year
Property Tax	2.2	2.2	Property tax allocation of \$2.2 million per year to support debt service costs

RECYCLED WATER PROGRAM

Sources of Funds	2017/18	2018/19	Key Assumptions
Grant Proceeds	0.4	0.0	Grants for various recycled water projects
Inter Fund Transfer/Other Revenues	2.9	2.6	Includes interest, other reimbursements, and inter-fund transfer support of debt service costs
Total	\$26.9	\$27.4	

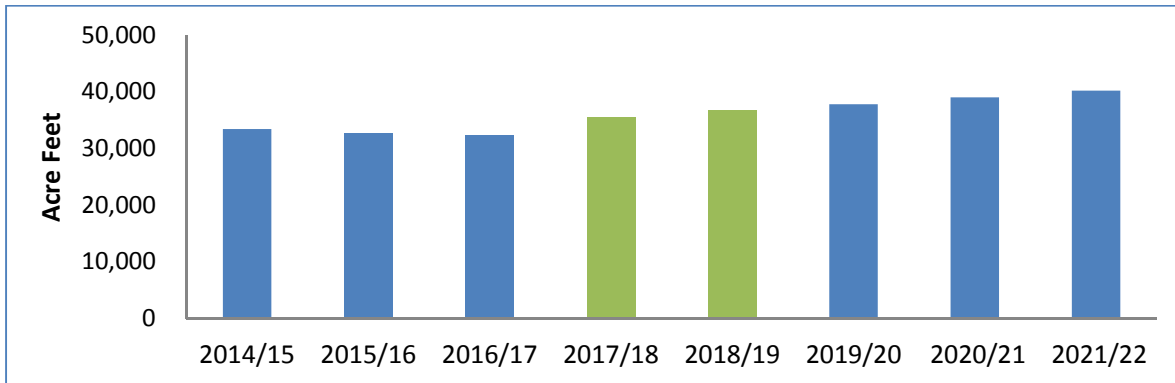
A recycled water rate survey was conducted during FY 2016/17 and indicated the Agency's FY 2016/17 recycled water rate ranks amongst the lowest wholesale rate in southern California as shown in Table 5-24.

Table 5-24: FY 2016/17 Recycled Water Rate Survey

Wholesale Agencies			
Agency	Type	Notes	Rate \$/AF
Central Basin Municipal Water District	Wholesale	Tiered Rates	507- 556
Inland Empire Utilities Agency	Wholesale	Base Rate	470 - 530
Calleguas Municipal Water District	Wholesale	Base Rate	1,006
West Basin Municipal Water District	Wholesale	Tiered Rates	1029 -1,069
Retail Agencies			
Agency	Type	Notes	Rate \$/AF
<i>Irvine Ranch Water District</i>	<i>Retail</i>	<i>Base Rate</i>	<i>636</i>
<i>Long Beach Water Department</i>	<i>Retail</i>	<i>Average Rate</i>	<i>717</i>
<i>Inland Empire Utilities Agency's Member Agencies</i>	<i>Retail</i>	<i>Average Base Rate</i>	<i>746</i>
<i>Monte Vista Water District</i>	<i>Retail</i>	<i>Base Rate</i>	<i>854</i>
<i>Otay Water District</i>	<i>Retail</i>	<i>Base Rate</i>	<i>1,337</i>
<i>Santa Fe Irrigation District</i>	<i>Retail</i>	<i>Base Rate</i>	<i>1,390</i>
<i>City of Encinitas</i>	<i>Retail</i>	<i>Base Rate</i>	<i>1,816</i>

Figure 5-15 illustrates the trend of both historical and projected annual AF sales through FY 2021/22.

Figure 5-15: Acre Feet Sales Trend by Fiscal Year



In addition to the water connection fee, a primary source of funding for Recycled Water program capital expenditures is State Revolving Fund (SRF) loans. The Recycled Water program has been using various forms of SRF loans and related grants since 2003, as well as other grant funding from various federal, state, and local sources. A complete listing of the Recycled Water program SRF loans is shown below in Table 5-25.

Table 5-25: Recycled Water SRF Loan Proceeds (\$Millions)

Service Areas	Fiscal Year Received/Expected	Phases	Received/Estimated*
<i>Awarded Funding</i>			
Southern, Central, and Northeastern Areas	FY 2000/01 thru FY 2010/11	Phases I - V	\$57.1
Southern Area	FY 2013/14 thru FY 2014/15	Phase VI	26.6
Central /Wineville Areas	FY 2014/15 thru FY 2016/17	Phase VII	22.2
Sub-Total			105.9
<i>Projected Funding</i>			
Drought Relief Recycled Water Supply Optimization Projects	FY 2019/20 thru FY 2022/23	n/a	17.5*
Total Recycled Water SRF Loan Proceeds			\$123.4

*Amounts are not final as applications are currently pending. The loan amount noted here does not include potential principal forgiveness grants of up to \$13.8 million.

RECYCLED WATER PROGRAM

Extension of the loan repayment period from 20 to 30 years coupled with the Proposition 1 funding at a rate of 1 percent to support recycled water projects during California’s epic drought, has resulted in an unprecedented number of SRF loan applications and an oversubscription of available SRF funding.

While the Agency will continue to pursue SRF loans and grants to support recycled water projects, due to the uncertainty of available SRF funding, projects planned over the next two fiscal years are assumed to be funded on a pay-go basis.

Expenses and Other Uses of Funds

Total Recycled Water fund expenses and other uses of funds are budgeted at \$31.8 million in FY 2017/18 and \$30.9 million in FY 2018/19 as noted in Table 5-26.

Table 5-26: Expenses and Other Uses of Funds (\$Millions)

Uses of Funds	2017/18	2018/19	Key Assumptions
Capital Projects	\$12.1	\$11.3	See the Capital section (Chapter 6) for detailed listing of Recycled Water Capital Projects
Debt Service	7.7	7.8	Includes repayment of principal, interest and financial fees
Operations	4.7	4.8	Includes labor, utilities (pumping costs), chemicals and materials, and supplies.
Administrative	2.4	2.4	Includes labor, professional fees and services, and other allocated expenses
Ground Water Recharge	1.4	1.4	Includes the Agency’s pro-rata share of O&M costs not covered by CBWM
Other	3.5	3.1	Includes O&M project costs and inter-fund transfers for operating and capital support including water connection fees to support capital investments in integrated water resource management
Total	\$31.8	\$30.8	

Each year the Recycled Water fund transfers funds to support other program costs. Transfers to the Recharge Water fund support operating and capital costs not reimbursed by Chino Basin Watermaster. Connection fee transfers to the Administrative Services, Recharge Water, and Water Resource funds support capital expansion of regional integrated water resources. These inter-fund transfers are included in “other” expenses reported in Table 5-26.

Capital Project Costs

The major focus of the Recycled Water capital program in FY 2017/18 and FY 2018/19 will be improvements of the RRWDS, expansion of groundwater recharge facilities, and rehabilitation and replacement (R&R) of infrastructure. Listed in Table 5-27 are the major recycled water capital construction projects budgeted in FYs 2017/18 and 2018/19. For a complete listing of projects and descriptions, refer to the Recycled Water project list in the Capital section of this document.

Table 5-27: Major Recycled Water Capital Construction Projects (\$Millions)

Major Capital Projects	2017/18	2018/19
San Sevaire Basin Improvements	\$4.3	\$0.5
Napa Lateral/San Bernardino Speedway	2.7	1.4
RP-5 Recycled Water Pipeline Bottleneck	2.1	0.3
Basin Recycled Water Pipeline Extension	0.3	3.0
Recycled Water System Cathodic Improvements	0.2	2.2
RP-4 1158 Recycled Water Pump Station upgrades	0.2	2.4
Total	\$9.8	\$9.8

Debt Service Costs

Debt service costs are comprised of principal, interest, and financial fees. FY 2017/18 debt service costs are projected to be \$7.7 million, and \$7.8 million in FY 2018/19 as shown in Table 5-28. The debt service increase in FY 2017/18 is due to the partial refunding and refinancing of the 2008A bonds completed in January 2017. The newly issued 2017A bonds have a shorter amortization period which resulted in a higher debt service cost for the Recycled Water fund. Debt service costs for the 2017A bonds is supported by an inter-fund transfer from the Regional Wastewater Capital Improvement fund.

Table 5-28: Total Debt Service Costs by Fiscal Year (\$Millions)

	2016/17 Projected	2017/18	2018/19	2019/20	2020/21	2021/22
Inter-Fund Loans	\$0.1	\$0.2	\$0.3	\$2.3	\$2.3	\$2.2
Bonds	1.4	2.4	2.4	2.4	2.4	2.4
SRF Loans*	5.1	5.1	5.1	6.0	6.0	6.3

RECYCLED WATER PROGRAM

	2016/17 Projected	2017/18	2018/19	2019/20	2020/21	2021/22
Total	\$6.6	\$7.7	\$7.8	\$10.7	\$10.7	\$10.9

*SRF Loan increase beginning FY 2019/20 is due to the addition of principal and interest payments for the Wineville Area and projected future SRF loans.

In FY 2019/20, annual debt service costs are projected to increase by approximately 37 percent over the prior year as repayment of the Central/Wineville area SRF loan begins. SRF loans were used to finance the Wineville improvements to groundwater recharge basins and upgrade the recycled water Supervisory Control and Data Acquisition (SCADA) system.

Another key funding source for the construction of the RRWDS are inter-fund loans. Inter-fund loans are used as needed to support capital and operating costs not recovered through the recycled water rates. The use of the inter-fund loans has helped to mitigate upward pressure on direct and recharge recycled water rates.

Also, beginning in FY 2019/20 the first repayment to the Non-Reclaimable Wastewater fund towards an outstanding \$15.0 million inter-fund loan begins. Table 5-29 below summarizes the future repayment schedule for Recycled Water fund outstanding inter-fund loans.

Table 5-29: Recycled Water Fund Repayment of Inter-Fund Loans (\$Millions)

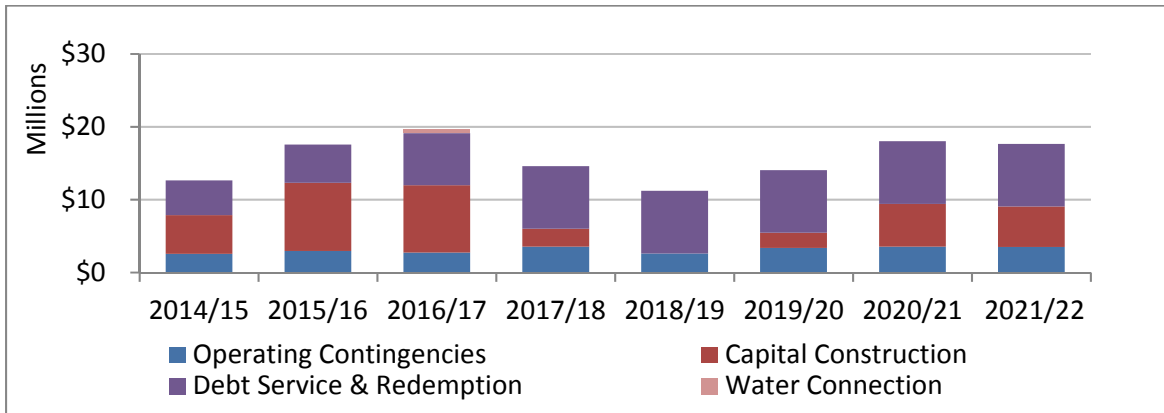
Inter Fund Loans Issued	Due to	Loan Amount	Repayment Schedule
FY 2007/08	Non-Reclaimable Wastewater Fund	\$9	2019/20-22/23 \$8.0 2023/24 \$1.0
FY 2007/08	Regional Wastewater Capital Improvement Fund	3	2022/23 \$1.0 2023/24 \$1.0 2024/25 \$1.0
FY 2009/10	Non-Reclaimable Wastewater Fund	6	2023/24 \$1.0 2024/25 \$2.0 2025/26 \$3.0
FY 2014/15	Regional Wastewater Capital Improvement Fund	10.5	2022/23 \$1.0 2023/24 \$5.0 2024/25 \$4.5
Total		\$28.5	

Fund Balance

The Recycled Water fund FY 2017/18 ending fund balance is estimated to be \$14.3 million and \$10.9 million in FY 2018/19. The projected decrease in FY 2018/19 is mainly due to planned capital expenditures. Over the following three years, the fund balance is projected to increase

moderately each year primarily due to anticipated proceeds from SRF loan and capital contract reimbursements. Figure 5-16 shows historical and projected ending fund reserves.

Figure 5-16: Trend of Recycled Water Fund Ending Fund Reserve (\$Millions)



FY 2019/20 – FY 2021/22 Forecast

For the three years following the biennial budget, the fund balance is projected to average \$17.5 million annually. Steady recycled water sales and adopted rates through FY 2019/20 are expected to support repayment of \$6.0 million inter-fund loans due to the Non-Reclaimable Wastewater system beginning in FY 2019/20. Capital improvements and expansion of the RRWDS is will be supported by water connection of SRF loans and grants.

fees and continued use



Wineville recycled water pipeline air release valve and blow-off assembly at Chaparral Park in Fontana, CA

RECYCLED WATER PROGRAM

**INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2017/18 and 2018/19 BIENNIAL BUDGET
RECYCLED WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)**

	2014/15	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES									
Interest Revenue	\$0	\$106	\$84	\$113	\$140	\$139	\$135	\$168	\$184
Water Sales	12,047	13,468	17,814	15,891	17,245	18,188	19,100	20,266	21,486
TOTAL REVENUES	\$12,047	\$13,574	\$17,898	\$16,004	\$17,385	\$18,327	\$19,235	\$20,433	\$21,670
OTHER FINANCING SOURCES									
Property Tax - Debt/Capital	\$2,064	\$2,162	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170	\$2,170
Connection Fees	0	997	2,932	2,739	4,169	4,379	4,138	4,263	3,984
State Loans	22,714	7,851	6,749	1,740	0	0	3,638	5,776	4,261
Grants	4,901	4,371	6,265	1,116	388	63	1,262	2,172	2,172
Capital Contract Reimbursement	590	761	1,136	389	345	72	3,087	67	68
Other Revenues	32	13	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	10,500	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$40,800	\$16,153	\$19,252	\$8,155	\$7,071	\$6,683	\$14,294	\$14,448	\$12,655
EXPENSES									
Employment Expenses	\$4,080	\$4,412	\$3,653	\$4,099	\$4,257	\$4,258	\$4,349	\$4,586	\$4,796
Contract Work/Special Projects	343	1,023	4,537	637	2,151	1,681	1,360	1,610	1,110
Utilities	2,033	2,433	3,026	2,195	2,182	2,248	2,315	2,385	2,456
Operating Fees	159	3	10	3	10	10	11	11	11
Professional Fees and Services	737	480	929	511	686	722	698	667	725
Office and Administrative Expense	0	1	2	0	4	4	4	4	4
Materials & Supplies	114	106	236	190	218	222	228	235	242
Other Expenses	197	415	1,493	926	1,142	1,147	1,143	1,170	1,199
TOTAL EXPENSES	\$7,662	\$8,874	\$13,887	\$8,562	\$10,650	\$10,292	\$10,107	\$10,667	\$10,543
CAPITAL PROGRAM									
Work In Progress	\$35,295	\$5,077	\$13,576	\$6,487	\$12,134	\$11,274	\$10,926	\$11,000	\$14,960
TOTAL CAPITAL PROGRAM	\$35,295	\$5,077	\$13,576	\$6,487	\$12,134	\$11,274	\$10,926	\$11,000	\$14,960
DEBT SERVICE									
Financial Expenses	(\$31)	(\$31)	\$1	\$1	\$2	\$1	\$1	\$1	\$1
Interest	2,773	2,722	2,803	2,746	2,568	2,543	2,654	2,508	2,430
Principal	2,815	3,962	3,919	3,919	5,159	5,256	6,007	6,133	6,499
Short Term Inter-Fund Loan	0	0	0	0	0	0	2,000	2,000	2,000
TOTAL DEBT SERVICE	\$5,557	\$6,653	\$6,722	\$6,666	\$7,729	\$7,801	\$10,662	\$10,642	\$10,930
TRANSFERS IN (OUT)									
Capital Contribution	(\$1,649)	(\$4,734)	(\$1,941)	(\$942)	(\$324)	(\$265)	(\$22)	(\$10)	(\$8)
Debt Service	0	1,390	1,465	1,103	2,399	2,400	2,550	2,549	2,548
Operation support	(400)	(466)	(506)	(506)	(676)	(668)	(679)	(688)	(717)
One Water	0	(386)	(378)	(387)	(352)	(512)	(843)	(464)	(80)
TOTAL INTERFUND TRANSFERS IN (OUT)	(\$2,049)	(\$4,197)	(\$1,361)	(\$733)	\$1,047	\$955	\$1,006	\$1,388	\$1,743
FUND BALANCE									
Net Income (Loss)	\$2,285	\$4,927	\$1,604	\$1,712	(\$5,009)	(\$3,401)	\$2,841	\$3,960	(\$364)
Beginning Fund Balance July 01	10,351	12,636	17,563	17,563	19,274	14,265	10,864	13,705	17,665
ENDING BALANCE AT JUNE 30*	\$12,636	\$17,563	\$19,166	\$19,274	\$14,265	\$10,864	\$13,705	\$17,665	\$17,301
RESERVE BALANCE SUMMARY									
Operating Contingency	\$2,554	\$2,958	\$4,629	\$2,854	\$3,550	\$3,431	\$3,369	\$3,556	\$3,514
Capital Construction	5,217	8,847	6,330	8,800	2,119	(0)	1,739	5,513	5,190
Water Connection	0	0	1,088	501	0	0	0	0	0
Rehabilitation/Replacement (R&R)	100	500	0	0	0	0	0	0	0
Debt Service	4,765	5,258	7,119	7,119	8,596	7,433	8,596	8,596	8,596
ENDING BALANCE AT JUNE 30	\$12,636	\$17,563	\$19,166	\$19,274	\$14,265	\$10,864	\$13,705	\$17,665	\$17,301

* Numbers may not total due to rounding

WATER RESOURCES PROGRAM

Programmatic Overview

Water demand within the Agency's service area has changed significantly over the years, shifting the majority of water use throughout the region from agricultural to urban (residential, commercial, industrial, and institutional). IEUA and its member agencies work collaboratively to develop, deliver, and preserve safe and reliable water supplies while employing technologies and activities that maintain and improve region-wide water use efficiencies.

Demand management and the efficient use of water remains a long-term priority in meeting water supply reliability that is unpredictable from year to year. Historically, drought is cyclical and produces lower than average precipitation, however, over the last 10 years, the region has experienced extended periods of below average rainfall with increased temperatures. Water shortages are occurring more often due to a higher frequency of "dry year" weather events, a growing population and the disruption to imported water deliveries from the State Water Project (SWP) due to environmental regulations and operational restraints. As a result, IEUA has put in place imported water policies, practices, and programs that encourage the development and full utilization of local water resources that include water use efficiency measures, recycled water production, groundwater recharge, and storm-water capture.

IEUA's water use efficiency programs are fundamental in managing region-wide demand and are a significant impact to sustaining regional water supplies. The Agency's service area experienced water demand declines over three consecutive years during the period of FY 2014/15 through FY 2015/16. The regional water use for FY 2015/16 was 168,799 acre foot (AF), the lowest water use for the region since 1995. The water demand in FY 2016/17 is projected to reach approximately 175,000 AF as a result of economic recovery and population growth. The service area's overall water demand still remains approximately 32 percent lower than the peak water use year of 260,000 AF in FY 2006/07 despite continued population growth. The sustained reduction in water use can largely be attributed to the Agency and its member agencies public education, water use efficiency programs, and ordinance enforcement supporting the Governor's executive order to reduce overall water use.

The worst of the drought is over for California, as Governor Jerry Brown lifted the drought emergency executive order as of April 2017, following one of the wettest winters in years. This ends Governor Brown's 2014 emergency declaration during California's driest four-year period on record but water restrictions continue. Executive Order B-37-16 is the Governor's drought-related executive order which established a new water use efficiency framework for California, and remains in effect.

During the coming years, water use efficiency programs in the IEUA service area will continue to play a vital role in stretching existing water supplies and minimizing the economic impact from reduced imported water deliveries. IEUA works in partnership with its member agencies, Chino Basin Watermaster (CBWM), Chino Basin Water Conservation District (CBWCD), and other

agencies to implement regional water use efficiency programs. The programs primarily focus on activities that encourage the efficient use of outdoor water, promote public and school education, and provide incentives for high efficiency appliances and devices including weather-based irrigation controllers, and high efficiency sprinkler nozzles.

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

In FY 2016/17, major initiatives implemented in the Water Resources Program include:

- ***IEUA Integrated Water Resources Plan*** – Through a collaborative process, the Inland Empire Utilities Agency and the retail water service providers developed the first Integrated Water Resources Plan (IRP) for the Chino Basin region. This is the first time the combined planning efforts went beyond the development of individual and regional Urban Water Management Plans. The goals of the IRP were to integrate and update past water resource planning efforts in a focused and holistic manner with the collective goal of improving the long-term management of water resources within the region.
- ***IEUA Long-Term Water Use Efficiency Business Plan Update*** – The Plan will continue to guide water use efficiency programs over the next three years by implementing core initiatives that will ensure a sustainable reduction in water use to meet and exceed the goals and targets set forth under SBX 7 7 and the State’s new framework of “Making Water Conservation a California Way of Life”. Based on the Plan, the five-year water use reduction goal for IEUA’s service area is 16,095 AF by the year 2020 and 31,446 AF lifetime savings from new programmatic activities. An additional 3,150 AF is projected to be achieved through passive water conservation savings. In 2015, IEUA, in partnership with the members, regionally exceeded the requirements of SBX 7 7 by achieving more than a 20 percent reduction in per capita water use before 2020.
- ***Water Use Efficiency Programs*** – IEUA and its member agencies will continue to allocate funds to targeted programs, such as residential, commercial, industrial, institutional, and landscaping, and to seek grant funding whenever applicable in order to maintain programs identified in the Water Use Efficiency Business Plan. IEUA will continue to offer an expanded array of options to increase and sustain demand reductions, and to provide public awareness, education, and participation.
- ***Santa Ana Watershed Project Authority (SAWPA) Planning Initiatives*** – During the development of the IRP, the region, along with other retail and wholesale water agencies within the larger Santa Ana River Watershed, collaborated to develop its first watershed-wide conjunctive use program. The Santa Ana River Conservation and Conjunctive Use

WATER RESOURCES PROGRAM

Project (SARCCUP) is a watershed-wide program that will improve the Santa Ana River Watershed's water supply resiliency through development of additional dry-year yield supply. The primary goal of the conjunctive use element is to maximize the development and use of imported water supply and to conjunctively manage local and imported water supplies in such a way to increase reliability and resilience. IEUA is very involved in assisting SAWPA with education on rates, expertise in aerial imaging and advisement on technology-based conservation products. IEUA, as a key SAWPA member/stakeholder, participated in the development of a SAWPA sponsored, Prop 84 grant application. The grant was successfully awarded by Department of Water Resources in fall 2014. The grant funds were allocated and member agencies provide matching funds for the following projects:

- Turf removal rebates - \$5.2 million divided between the 5 SAWPA member agencies
- Technology-based conservation tools - \$1.5 million allocated to identification and use of a drought response program for 20-30 SAWPA agencies
- Efficiency-based water rate assistance - \$2.3 million allocated to assisting agencies
- Aerial imaging to calculate landscape square footage - \$1.5 million allocated for this assessment

- **Local Supply Resilience Projects** – IEUA will continue to evaluate local and regional water supply projects that provide resiliency and will participate with member agencies to enable preparation of planning and environmental review documents for soliciting outside funding sources.

Fund Description

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

Within the Water Resources Program, the regional water use efficiency program receives dedicated funding, including a portion of the Meter Equivalent Unit (MEU) charge, property tax allocation, and program grants and reimbursements from the state, federal, and local agencies.

Revenues and Other Funding Sources

On June 15, 2016, changes in the imported water rate structure were adopted to more sustainably support the Water Resources program costs and provide for a more equitable recovery of these costs. Some of the significant changes included:

- Monthly meter equivalent unit (MEU) charges to support program costs based on meter size consistent with member water agencies structure.
- Seven-year phased implementation to obtain full recovery of the MWD readiness-to-serve through direct charge to member agencies. The cost recovery will be based in the ten-year average imported water consumption by water agencies.
- Use of property taxes to support the RTS fees not recovered through direct charges during the seven-year implementation period.
- Removal of direct costs associated with the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) and Integrated Water Resources Plan (IRP) Phase II projects from program costs to be supported by the MEU charges. The intended primary funded sources include grants, contributions and property taxes.
- Allocation of property tax receipts to the Water Resources fund in excess of \$13.7 million from the Regional Wastewater Operations and Maintenance, Recycled Water and Administrative Services funds.

Summarized below are the two adopted rates that best meet the key objectives of equity, cost/benefit nexus and revenue stability.

Meter Equivalent Unit (MEU) Rate

The Meter Equivalent Unit (MEU) charges support the Water Resources fund program costs. These include the Agency's regional conservation and water use efficiency programs, employment costs, professional fees, and office and administration expenses. The Agency adopted an extended phase-in period of a four (4) year rate for the MEU and shall be charged to the member agencies as follows:

- a. October 1, 2016 for Fiscal Year 2016/17, that the rate for each active retail water meter shall be \$0.90 per MEU per month.
- b. July 1, 2017 for Fiscal Year 2017/18, that the rate for each active retail water meter shall be \$0.95 per MEU per month.

WATER RESOURCES PROGRAM

- c. July 1, 2018 for Fiscal Year 2018/19, that the rate for each active retail water meter shall be \$0.99 per MEU per month.
- d. July 1, 2019 for Fiscal Year 2019/20, that the rate for each active retail water meter shall be \$1.04 per meter equivalent unit per month.

Readiness to Serve (RTS) Recovery Rate

MWD bills Readiness-to-Serve (RTS) based on water use over a ten-year rolling average. The Agency adopted this methodology as of October 2016 which shifted recovery of RTS pass through fees amongst the water member agencies.

To mitigate the fiscal impact, the Board approved the member agencies request to phase-in the RTS recovery in alignment with the implementation of the recycled water surcharge for use over entitlement. Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) pass-through shall be charged to the water member agencies to recover their share of total RTS charge imposed by MWD, and will be phased-in over a period of seven (7) years as follows:

- a. October 1, 2016 through June 30, 2017 of Fiscal Year 2016/17, the RTS charge shall be 15 percent of the MWD RTS charge
- b. July 1, 2017 for Fiscal Year 2017/18, the RTS charge shall be 30 percent of the MWD RTS charge.
- c. July 1, 2018 for Fiscal Year 2018/19 the RTS charge shall be 45 percent of the MWD RTS charge.
- d. July 1, 2019, for Fiscal Year 2019/20 the RTS charge shall be 60 percent of the MWD RTS charge.
- e. July 1, 2020 for Fiscal Year 2020/21 the RTS charge shall be 75 percent of the MWD RTS charge.
- f. July 1, 2021, for Fiscal Year 2021/22 the RTS charge shall be 90 percent of the MWD RTS charge.
- g. July 1, 2022, for Fiscal Year 2022/23 the RTS charge shall be 100 percent of the MWD RTS charge.

Total funding sources for the Water Resources fund are \$44.8 million and \$50.2 million for FYs 2017/18 and 2018/19, respectively. The FY 2017/18 revenues are comprised of \$34.2 million, or 76 percent of the budget for the pass-through sales of MWD potable imported water, \$4.4 million or 10 percent of the budget for the estimated Meter Equivalent Unit (MEU), \$0.9 million from MWD RTS pass through recovery costs, \$2.6 million in grant and reimbursements for water use

efficiency and sustainability programs, and \$2.4 million in property tax allocation to support the seven-year phased implementation of the RTS TYRA and regional water resources initiatives not supported by the adopted rates, such as SARCCUP, water banks, local resilience projects.

The FY 2018/19 revenues are comprised of \$36.0 million, or 72 percent of the budget for the pass-through sales of MWD potable imported water, \$4.6 million or 9 percent estimated from the Meter Equivalent Unit (MEU), \$1.4 million MWD RTS pass through recovery costs, \$4.8 million in grant and reimbursements for water use efficiency and sustainability programs, and \$2.9 million in property tax allocation to support program cost. Table 5-30 provide a summary of Water Resources fund's revenues and other sources of funds, as well as budget assumptions.

Table 5-30: Revenues & Other Sources of Funds (\$Millions)

Sources of Funds	2017/18	2018/19	Key Assumptions
Imported Water Sales	\$34.2	\$36.0	Pass through sales of MWD potable imported water at 50,000 Acre Feet per Fiscal Year
Meter Equivalent Units (MEU)	4.4	4.6	Based on 388,625 MEU per month in FY 2017/18
MWD RTS pass through recovery	0.9	1.4	Seven-year phased implementation of the MWD readiness-to-serve ten year rolling average direct charge to member agencies. MWD RTS recovery will be 30% for FY 2017/18 and 45% for FY 2018/19
Property Tax Allocation	2.4	2.9	Allocation of property tax receipts to support program costs
Grants/Reimbursements	2.6	4.8	Continue to leverage grants to support water use efficiency and sustainability projects. See table 5-38 for specific project eligible for grants and/or reimbursements
Inter-fund transfer and Interest	0.3	0.5	Connection fee transfer from recycled water fund based on 2,730 new water connection and Interest revenue
Total	\$44.8	\$50.2	

Table 5-31 below enumerates the anticipated reimbursements projects which are primarily funded by MWD, SAWPA Proposition 84 grant, and Chino Basin Water Conservation District (CBWCD):

WATER RESOURCES PROGRAM

Table 5-31: Project Reimbursements (\$Thousands)

Reimbursements	2017/18	2018/19
Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)	\$2,169	\$4,339
Residential Pressure Regulation Program	200	0
Free Sprinkler Nozzle Voucher Program (MWD)	80	0
Residential Landscape Device Retrofit Program	80	0
Water Resource Planning Documents	25	12
Residential Small Site Controller	20	0
Landscape Transformation and Rebate Incentives	10	0
Total	\$2,584	\$4,351

Expenses and Other Uses of Funds

Total expenditures in FYs 2017/18 and 2018/19 are projected to be \$46.0 and \$50.3 million, respectively. As summarized on Table 5-32, major expenses for the Water Resources fund are comprised of pass-through purchases of imported water, regional water use efficiency and sustainability projects and program costs.

For FY 2017/18, expense includes \$34.2 million or 74 percent of budget for purchases of imported water, \$3.0 million or 7 percent for MWD readiness-to-serve pass through costs; \$5.8 million or 13 percent of budget for projects; \$2.1 million or 5 percent of budget for program support costs which include labor, professional fees and services, and office and administrative expenses.

For FY 2018/19, expense includes \$36.0 million or 72 percent of budget for purchases of imported water, \$3.0 million or 6 percent for MWD readiness-to-serve pass through costs; \$8.1 million or 16 percent of budget for projects; \$3.2 million or 6 percent of budget for program support costs which include labor, professional fees and services, and office and administrative expenses.

Table 5-32: Expenses & Other Uses of Funds (\$Millions)

Uses of Funds	2017/18	2018/19	Key Assumptions
Imported Water Purchases	\$34.2	\$36.0	Pass-through purchases of MWD imported water.
Operating Expense	3.0	3.2	Includes labor, professional fees and services, materials and supplies.
Special Projects	5.8	8.1	See Table 5-40 for summary of major projects.
MWD Readiness to Serve	3.0	3.0	MWD Readiness to Serve obligation (pass through costs)
Total	\$46.0	\$50.3	

A list of the conservation projects budgeted in FY 2017/18 is provided in Table 5-33.

Table 5-33: Water Resources Projects (\$Millions)

Projects	2017/18	2018/19
Santa Ana River Watershed Action Team Conjunctive Use Project (SARCCUP)	\$3.0	\$6.0
Regional Water Use Efficiency Programs and Local Supply Resiliency Projects	1.5	1.6
Water Bank	0.7	0.2
Water Resource Planning Documents	0.5	0.3
All Other	0.1	0.0
Total Projects	\$5.8	\$8.1

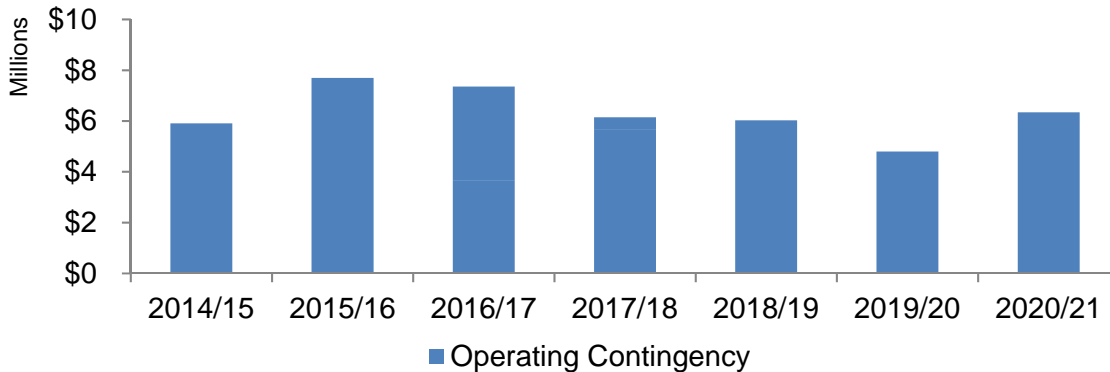
The amount of full service imported water to be purchased over the next few years is expected to be lower than the previous years. Total imported water deliveries of 50,000 acre-feet per year are budgeted in FYs 2017/18 and 2018/19. Historically, IEUA has relied on additional purchases of replenishment water. IEUA does not anticipate any replenishment water purchases in the next two years.

Fund Balance

The estimated fund balances for FYs 2017/18 and 2018/19 are projected to be \$6.1 million and \$6.0 million, respectively. As shown in Figure 5-17, the fund balance is projected to decline slightly over the ensuing three fiscal years. A primary driver is the use of property taxes to support the shortfall in RTS fees which would have otherwise been available to support SARCCUP and other regional water resources initiatives beginning in FY 2017/18.

WATER RESOURCES PROGRAM

Figure 5-17: Trend of Water Resources Program Fund Balance (\$Millions)



FY 2019/20 – 2021/22 Forecast

The fund balance is projected to decline in FY 2019/20 due to higher project expenditures such as the SARCCUP and other regional water resources initiatives. Thereafter, the Water Resource fund balance is anticipated to increase to \$10.7 million in FY 2021/22 due to higher revenues coupled with lower project expenditures and the recovery of RTS pass through cost.

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

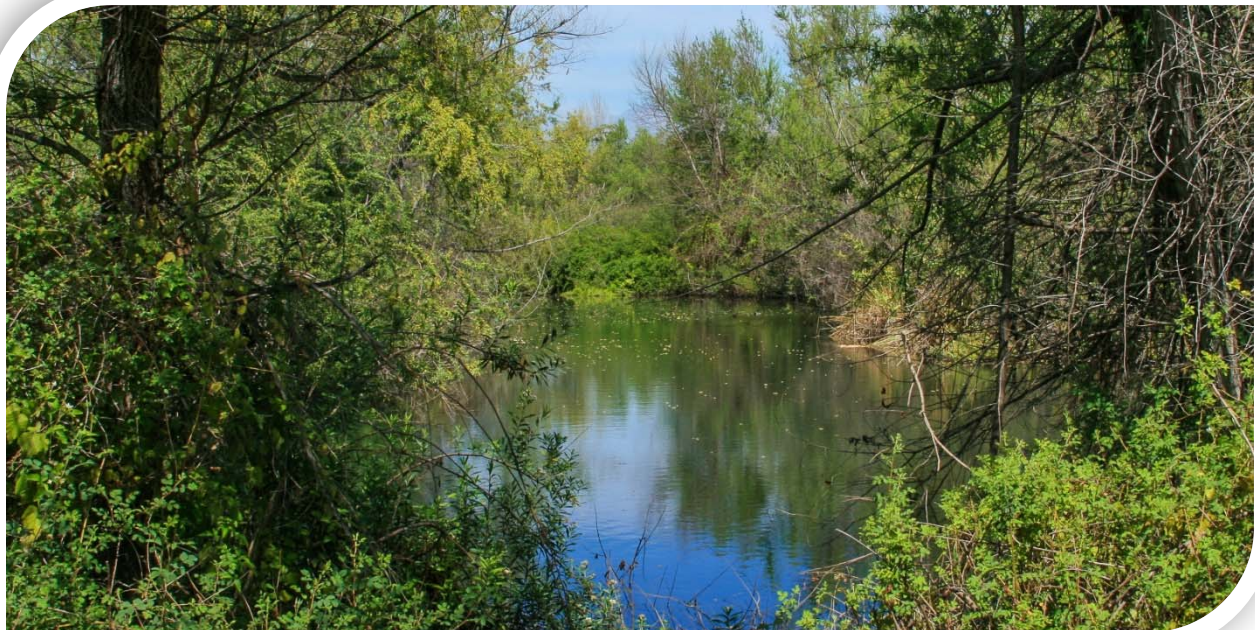
The Agency has established an aggressive goal to increase regional resiliency against droughts, reduce dependence on imported water and develop programs for long term water efficiency. These measures include development of a water use efficiency data infrastructure with and for Member Agencies.

Approximately \$250 million of local supply resiliency projects that can provide relief from drought or other water shortages were identified by member agencies in 2014 in response to the water restrictions. The development of the Integrated Resources Plan (IRP) will help to prioritize these projects and to identify funding sources, including Agency contributions, and assess the viability of these projects.

The Agency is committed to assist agencies secure funding for these projects through a combination of member agency contributions, SRF loans, and grants. Likewise, water use

efficiency programming to decrease the region's reliance on imported water supplies, assumes a 50 percent cost share through MWD reimbursable conservation programs and grant funds.

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



Chino Creek Wetlands and Educational Park

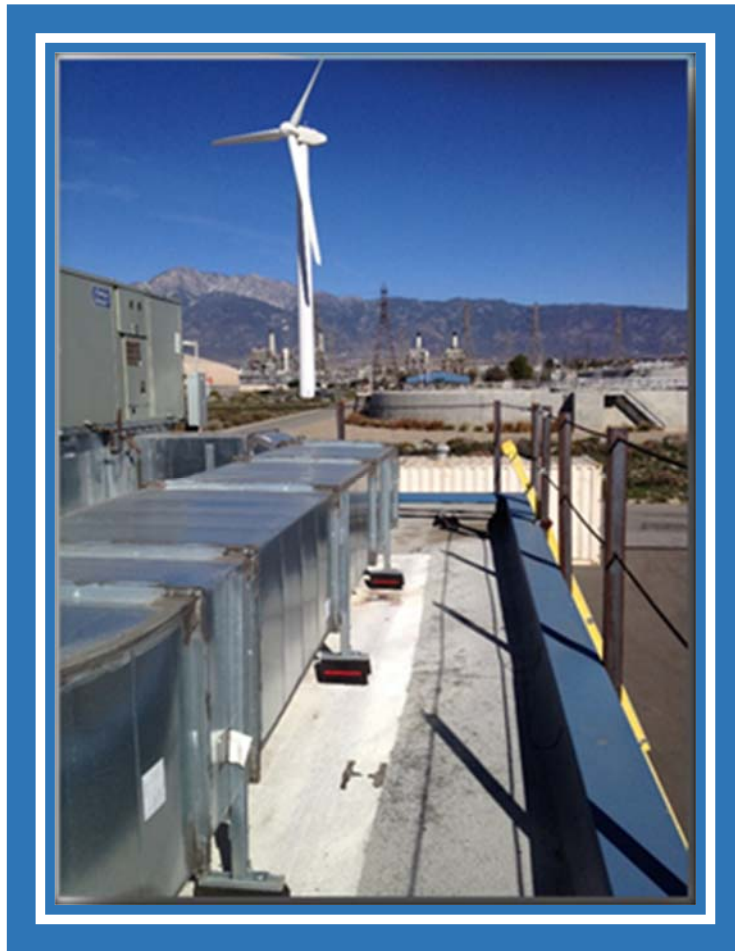
WATER RESOURCES PROGRAM

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2017/18 and FY 2018/19 BIENNIAL BUDGET
WATER RESOURCES FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2014/15	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	FORECAST		
REVENUES									
User Charges	\$5,690	\$5,314	\$4,443	\$4,553	\$5,312	\$6,020	\$6,763	\$7,395	\$8,052
Contract Cost reimbursement	138	0	1,465	483	390	400	400	400	400
Interest Revenue	12	40	8	43	54	68	53	66	106
Water Sales	34,147	18,654	28,671	27,429	34,168	36,040	38,250	40,710	42,980
TOTAL REVENUES	\$39,987	\$24,008	\$34,587	\$32,507	\$39,924	\$42,529	\$45,467	\$48,571	\$51,538
OTHER FINANCING SOURCES									
Property Tax - Debt and Capital	\$1,500	\$4,295	\$1,956	\$1,956	\$2,425	\$2,909	\$3,241	\$3,579	\$3,925
Grants	565	1,393	865	204	2,194	4,351	10,861	6,146	0
Other Revenues	0	27	0	0	0	0	0	0	0
Loan Transfer from Internal Fund	4,308	0	3,200	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$6,373	\$5,715	\$6,021	\$2,159	\$4,619	\$7,260	\$14,101	\$9,725	\$3,925
EXPENSES									
Employment Expenses	\$949	\$2,252	\$1,828	\$2,244.0	\$2,462	\$2,467	\$2,471	\$2,510	\$2,625
Contract Work/Special Projects	2,200	3,268	7,707	1,833	5,829	8,140	17,140	10,200	1,700
Operating Fees	3,715	3,592	3,185	3,185	2,968	3,038	3,110	3,183	3,259
Professional Fees and Services	239	195	157	221	242	242	248	251	255
Office and Administrative expenses	50	38	60	50	60	60	60	60	60
MWD Water Purchases	34,147	18,653	31,856	27,429	34,167	36,040	38,250	40,710	42,980
Other Expenses	69	229	347	294	290	291	290	296	303
TOTAL EXPENSES	\$41,369	\$28,227	\$45,140	\$35,256	\$46,018	\$50,278	\$61,569	\$57,210	\$51,182
CAPITAL PROGRAM									
TOTAL CAPITAL PROGRAM	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DEBT SERVICE									
TOTAL DEBT SERVICE	\$0	\$0	\$16	\$0	\$0	\$0	\$0	\$0	\$0
TRANSFERS IN (OUT)									
One Water	\$0	\$295	\$269	\$245	\$264	\$371	\$774	\$459	\$77
TOTAL INTERFUND TRANSFERS IN (OUT)	\$0	\$295	\$2,269	\$245	\$264	\$371	\$774	\$459	\$77
FUND BALANCE									
Net Income (Loss)	\$4,991	\$1,791	(\$2,279)	(\$343)	(\$1,212)	(\$119)	(\$1,226)	\$1,544	\$4,358
Beginning Fund Balance July 01	916	5,906	7,698	7,698	7,355	6,142	6,023	4,797	6,341
ENDING FUND BALANCE AT JUNE 30*	\$5,906	\$7,698	\$5,418	\$7,355	\$6,143	\$6,023	\$4,797	\$6,341	\$10,699
RESERVE BALANCE SUMMARY									
Operating Contingency	\$5,906	\$7,698	\$5,418	\$3,672	\$5,679	\$6,023	\$4,797	\$6,341	\$5,096
Supplemental Water Resources	0	0	0	3,682	464	0	0	0	5,603
ENDING BALANCE AT JUNE 30	\$5,906	\$7,698	\$5,418	\$7,355	\$6,143	\$6,023	\$4,797	\$6,341	\$10,699

*Numbers may not total due to rounding

RP-4 Power Center Roof Access



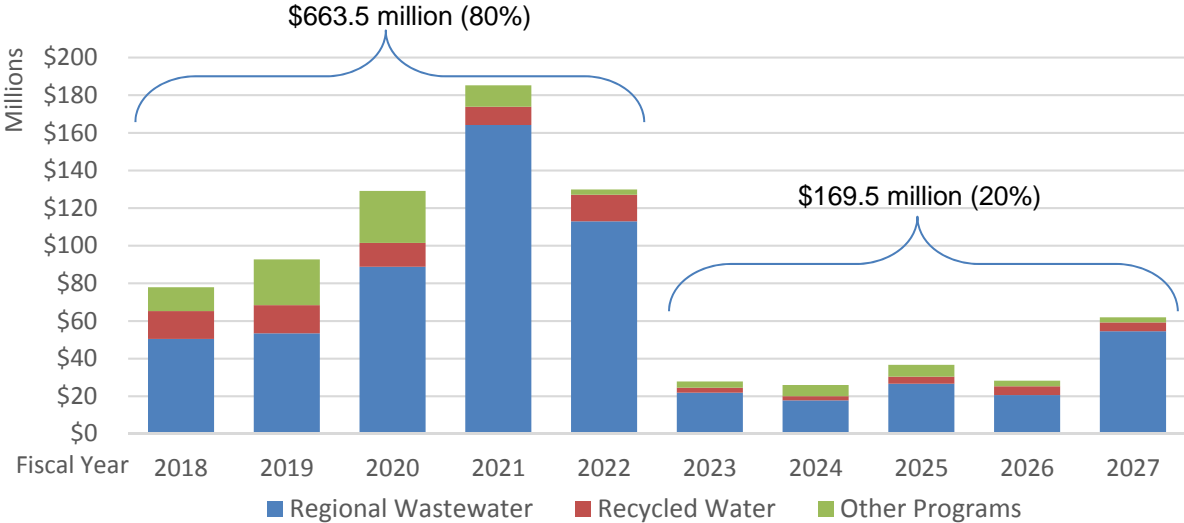
Power Center Five Duct and
A/C Access

CAPITAL IMPROVEMENT PLAN

Each year, the Agency develops a Ten-Year Capital Improvement Plan (TYCIP) based on growth and regulatory requirements, existing asset management needs, and recommendations from the Regional Technical and Policy Committees. Pursuant to the terms of the Regional Sewerage Service Contract (Regional Contract), the TYCIP includes a description of the capital improvement projects planned to meet the wastewater flow and solids concentration forecasts, a summary of the costs associated with the program, and a description of the financing plan to implement the program.

The FY 2017/18 – FY 2026/27 TYCIP was adopted by the Board in June 2017. The TYCIP of \$833 million is comprised of \$717 million for capital projects, and \$116 million for operations and maintenance (O&M) projects. Approximately 80 percent, or \$663.5 million, is scheduled within the first five fiscal years. Projects in the Regional Wastewater and Recycled Water programs account for nearly 88 percent of the TYCIP as shown below in Figure 6-1.

**Figure 6-1: FY 2017/18 – FY 2026/27 Ten Year Capital Improvement Plan
\$833 Million (\$Millions)**



Two major components of the overall TYCIP are the continuing need for maintenance and replacement and rehabilitation (R&R) of aging equipment and facilities, and the expansion of the Regional Wastewater System to meet future growth and support economic development (capital expenditures). Assuming new development continues at the current pace, expansion and improvement of existing facilities (capital outlay) will be necessary to adequately support higher service demands anticipated within the next ten years.

The Capital Improvement Plan (CIP) for FY 2017/18 is \$84.6 million: \$16.7 million of O&M projects, and \$67.9 million of capital projects. The FY 2017/18 budget represents an increase of \$36.1 million from the FY 2016/17 projected CIP of \$48.5 million. The increase is primarily due to construction and planned execution of projects such as the Water Quality Laboratory, Carbon Canyon Wastewater Reclamation Facility (CCWRF) Assets Management and

Improvements, and RP-1 Headworks Primary and Secondary Upgrades. Table 6-1 shows the FYs 2017/18 and 2018/19 CIP by fund.

Table 6-1: FYs 2017/18 and 2018/19 Capital Improvement Plan by Fund (\$Millions)

Fund	2017/18	Percentage of Total Budget	2018/19	Percentage of Total Budget
Wastewater Operations	\$30.0	35.5%	\$32.8	33.9%
Wastewater Capital	27.4	32.4%	26.6	27.5%
Recycled Water	14.3	16.9%	13.0	13.5%
Water Resources	5.8	6.8%	8.1	8.4%
Administrative Services	3.8	4.5%	1.1	1.1%
Recharge Water	2.1	2.5%	13.1	13.6%
Non-Reclaimable Wastewater	1.2	1.4%	1.9	2.0%
Total	\$84.6	100%	\$96.6	100%

As shown on Table 6-1, the Regional Wastewater Program (Wastewater Operations and Wastewater Capital) projects account for over 67 percent of the FY 2017/18 CIP budget. Major construction projects in FY 2017/18 include the Water Quality Laboratory, RP-1 Headworks Primary and Secondary Upgrades, RP-4 Process Improvements, CCWRF Assets Management and Improvements, RP-5 Liquids Treatment Expansion, and relocation of the solids handling facility from RP-2 to RP-5. In FY 2018/19, major construction projects include those listed above as well as the potential purchase of the Agency's existing solar system. Regional Wastewater Capital Improvement (Wastewater Capital) fund projects are primarily supported by wastewater connection fees, new debt, and property taxes. Regional Wastewater O&M (Wastewater Operations) fund projects are funded primarily by user charges (monthly sewer rate) and property taxes.

In addition to construction projects, a key component of the adopted TYCIP across all of the Agency's funds are critical R&R projects, necessary to meet reliability and regulatory requirements. As reported below in Tables 6-2 and 6-3, new equipment and R&R account for \$10.0 million of the total \$84.6 million CIP budget in FY 2017/18 and \$7.6 million of the \$96.6 million CIP budget in FY 2018/19.

Table 6-2: FY 2017/18 Capital Improvement Plan by Project Type (\$Millions)

Fund	Construction (CC)	Equipment (EQ)	R&R	Non-Capital (O&M)	FY 2017/18 CIP Total
Wastewater Operations	\$20.6	\$2.0	\$1.4	\$6.0	\$30.0
Wastewater Capital	22.4	2.3	1.8	.9	27.4
Recycled Water	12.0	0	0.1	2.2	14.3
Water Resources	0	0	0	5.8	5.8
Administrative Services	0.2	0.6	1.6	1.4	3.8
Recharge Water	1.8	0	0	0.3	2.1
Non-Reclaimable Wastewater	0.9	0	0.2	0.1	1.2
Total	\$57.9	\$4.9	\$5.1	\$16.7	\$84.6

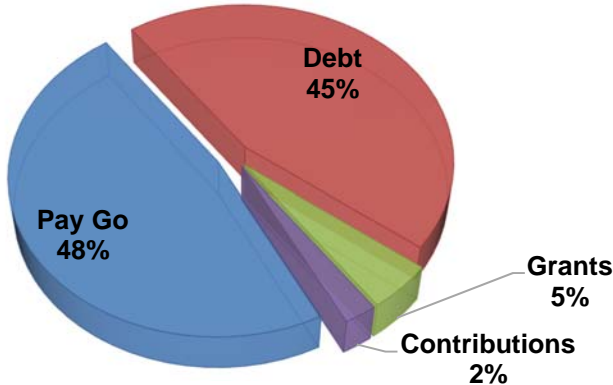
CAPITAL IMPROVEMENT PLAN

Table 6-3: FY 2018/19 Capital Improvement Plan by Project Type (\$Millions)

Fund	CC	EQ	R&R	O&M	FY 2018/19 CIP Total
Wastewater Operations	\$20.6	\$0.7	\$3.3	\$8.2	\$32.8
Wastewater Capital	23.2	0	2.6	0.8	26.6
Recycled Water	11.3	0	0	1.7	13.0
Water Resources	0	0	0	8.1	8.1
Administrative Services	0.1	0.3	0.5	0.2	1.1
Recharge Water	12.8	0	0	0.3	13.1
Non-Reclaimable Wastewater	1.6	0	0.2	0.1	1.9
Total	\$69.6	\$1.0	\$6.6	\$19.4	\$96.6

The Ten-Year Capital Improvement Plan is funded 48 percent on a pay-go basis, 45 percent by debt including State Revolving Fund (SRF) loans and bond proceeds, 5 percent by grants, and the remaining 2 percent by contributions from member agencies and joint power authorities (JPAs).

**Figure 6-2: FY 2017/18 – FY 2026/27
Ten Year Capital Improvement Plan Funding Sources \$833 Million**



The breakdown of the CIP’s funding sources for FY 2017/18 and FY 2018/19 are shown in Figure 6-3. SRF loans and grants are leveraged as an important funding source of the Agency’s CIP in combination with pay-go, comprised of connection fees, user charges, and property taxes.

Figure 6-3: Capital Improvement Plan Funding Sources

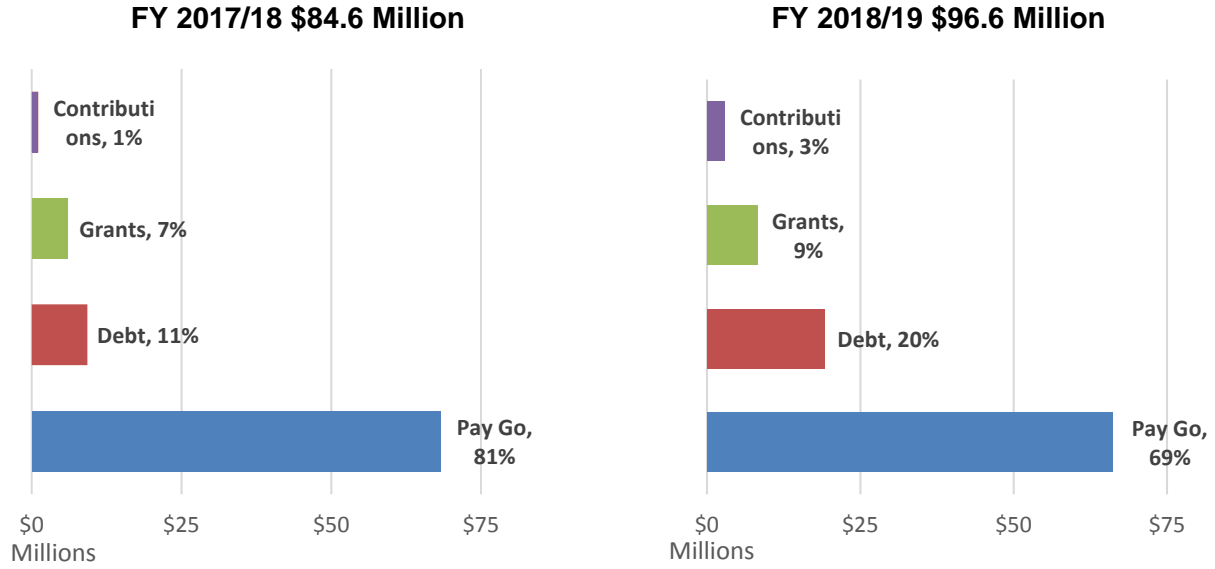


Table 6-4 on the following page shows a summary of the TYCIP budget by Agency fund.

CAPITAL IMPROVEMENT PLAN

**Table 6-4: FY 2017/18 – FY 2026/27 TYCIP
Funding Source and Summary of Project Types by Fund (\$Thousands)**

Project Funding	2017/18	2018/19	2019/20	2020/21	2021/22	Total TYCIP
Pay Go	\$68,252	\$66,167	\$13,437	\$85,602	\$52,080	\$396,584
Debt	9,314	19,251	112,798	105,785	79,261	377,164
Grants	5,970	8,244	13,159	9,218	3,130	39,771
Contributions	1,117	2,903	4,787	1,520	1,517	19,410
Total Project Funding	\$84,653	\$96,565	\$144,181	\$202,125	\$135,988	\$832,928

Fund Program	Project Type*	2017/18	2018/19	2019/20	2020/21	2021/22	Total TYCIP
Regional Wastewater Operations & Maintenance	CC	\$20,596	\$20,576	\$17,502	\$1,900	\$1,118	\$65,792
	EQ	2,022	630	600	600	600	7,452
	RP	1,445	3,300	1,560	6,000	6,000	48,305
	OM	5,971	8,265	2,447	1,850	1,600	36,033
Wastewater Operations Total		\$30,034	\$32,771	\$22,109	\$10,350	\$9,318	\$157,582
Regional Wastewater Capital	CC	\$22,421	\$23,207	\$80,191	\$165,580	\$107,000	\$469,998
	EQ	2,247	0	0	0	0	2,247
	RP	1,782	2,586	1,684	1,375	500	10,427
	OM	900	800	300	800	300	6,100
Wastewater Capital Total		\$27,350	\$26,593	\$82,175	\$167,755	\$107,800	\$488,772
Recycled Water	CC	\$12,014	\$11,274	\$10,926	\$10,970	\$9,960	\$66,103
	EQ	35	0	0	0	0	35
	RP	85	0	0	30	5,000	5,115
	OM	2,151	1,681	1,360	1,610	1,110	14,962
Recycled Water Total		\$14,284	\$12,955	\$12,286	\$12,610	\$16,070	\$86,215
Water Resources	OM	\$5,829	\$8,140	\$17,140	\$10,200	\$1,700	\$52,509
Water Resources Total		\$5,829	\$8,140	\$17,140	\$10,200	\$1,700	\$52,509
Administrative Services	CC	\$223	\$58	\$250	\$100	\$0	\$731
	EQ	630	300	600	250	250	3,180
	RP	1,622	515	500	150	150	3,687
	OM	1,407	179	437	400	400	4,930
Administrative Services Total		\$3,883	\$1,052	\$1,787	\$900	\$800	\$12,529
Recharge Water	CC	\$1,729	\$12,902	\$7,662	\$10	\$0	\$22,302
	OM	325	250	0	0	0	575
Recharge Water Total		\$2,054	\$13,152	\$7,662	\$10	\$0	\$22,877
Non-Reclaimable Wastewater	CC	\$894	\$1,602	\$723	\$0	\$0	\$3,219
	RP	200	200	200	200	200	8,200
	OM	125	100	100	100	100	1,025
Non-Reclaimable Wastewater Total		\$1,219	\$1,902	\$1,023	\$300	\$300	\$12,444
Grand Total		\$84,653	\$96,565	\$144,181	\$202,125	\$135,988	\$832,928

* Type: CC – Capital Construction; EQ – Equipment; RP – Replacement; OM – Operations & Maintenance

CAPITAL PROJECT HIGHLIGHTS

Included in the Ten-Year Capital Improvement Plan are twenty-three non-routine capital projects with annual project budgets over \$2 million in FY 2017/18 and/or FY 2018/19. The majority of these significant non-routine capital projects are included in the Recycled Water and Regional Wastewater Programs.

These twenty-three projects account for \$111 million of the \$181 million budgeted in the TYCIP for fiscal years 2017/18 and 2018/19. Many of these significant, non-routine capital projects will have an impact not only on the capital budget with their annual appropriations and total project budgets, but on the Agency’s operating budget as well after the project has been completed. The impacts on the operating budget can often be classified as an increase in utility or maintenance costs related to capital additions. They can also be offset by an increase in revenues related to increased capacity or cost savings in comparison to current operating procedures. The operating impacts that each of these significant projects will incur after completion are described in Table 6-5 below. The table also includes pertinent information for each project including project type, priority, timeline, and funding source. A description of the purpose of these projects is included in the following pages of this document as part of the “FY 2017/18 and FY 2018/19 Budgeted Projects” under the respective funds of each project.

Table 6-5: Highlights and Operating Impacts of Significant Non-Routine Projects (\$Thousands)

Project Number Project Name	Project Type* Priority Timeline	Capital Budget		Total Project Budget	Funding Source	Operating Budget Impact	
		FY 2018	FY 2019			Annual Cost	Type of Impact
Recharge Water Fund							
EN18007 Recharge Master Plan Update (RMPU) Construction Costs	CC; Medium; July 2017: June 2020	\$210	\$10,137	\$38,623	Pay-go; SRF loan	\$131	Increase maintenance and utility costs for pumps, basins, pipes, and various new items such as gates, valves, and dams.
RW15004 Lower Day Basin RMPU Improvements	CC; High; Sept 2014: June 2020	315	2,248	4,008	Pay-go; SRF loan	37	Increase maintenance costs for basins and miscellaneous items.
Total Recharge Water		\$525	\$12,386	\$42,631		\$167	
Recycled Water Fund							
EN13001 San Sevaine Basin Improvements	CC; High; Oct 2012: June 2020	\$4,320	\$548	\$6,460	SRF loan; Grants; Contributions	\$47	Increase maintenance costs for pumps, basin, pipes, and miscellaneous new items.
EN14042 RP-1 1158 Recycled Water Program Strategy (RWPS) Upgrades	CC; Critical; Feb 2015: June 2020	196	2,354	4,000	Pay-go; SRF loan	327	Increase utility costs due to increased flow.
EN14043 RP-5 Recycled Water Pipeline Bottleneck	CC; High; July 2015: Sept 2018	2,070	330	2,757	SRF loan	0	No significant operating impact.
EN17049 Baseline Recycled Water Pipeline Extension	CC; High; Sept 2016: June 2020	350	3,010	5,000	Pay-go; SRF loan; Grants	5	Increase maintenance costs for extended pipeline.

* CC: Capital Construction; EQ: Capital Equipment; RP: Capital Replacement

(\$Thousands)

Project Number Project Name	Project Type* Priority Timeline	Capital Budget		Total Project Budget	Funding Source	Operating Budget Impact	
		FY 2018	FY 2019			Annual Cost	Type of Impact
Recycled Water Fund							
EN17080 Recycled Water System Cathodic Protection Improvements	CC; High; April 2017: June 2020	210	2,240	3,510	Pay-go	\$0	No significant operating impact.
WR15021 Napa Lateral	CC; High; May 2015: June 2020	2,730	1,400	6,050	Pay-go; SRF loan;	8	Increase maintenance costs for extended pipeline.
Total Recycled Water		\$9,876	\$9,882	\$27,777		\$387	
Regional Wastewater Capital Improvement Fund							
EN14019 RP-1 Headworks Primary and Secondary	CC; Medium; Sept 2013: June 2019	\$5,290	\$588	\$10,440	Pay-go	\$0	No significant operating impact.
EN17006 CCWRF Assets Management and Improvements	CC; Medium; Jan 2016: June 2022	2,700	1,020	23,422	Pay-go	0	No significant operating impact.
EN18006 RP-1 Flare Improvements	CC; Medium; July 2016: June 2020	1,050	2,380	5,380	Pay-go	150	Increase utility and maintenance costs due to larger air fans and gas blowers needed to operate new flares.
EN19001 RP-5 Liquids Expansion	CC; Critical; Mar 2017: June 2023	2,450	3,360	175,000	Pay-go; New debt	3,892	Increase utility, chemical, equipment, and maintenance costs to provide additional treatment capacity.
EN19006 RP-5 Solids Treatment Facility	CC; Critical; Mar 2017: June 2023	2,450	3,430	165,000	Pay-go; New debt	1,358	Increase utility, chemical, equipment, and maintenance costs due to expansion of treatment facility.
EN24001 RP-1 Liquid Treatment Capacity Recovery	CC; Medium; July 2017: June 2032	2,000	-	182,050	Pay-go; SRF loan	0	Operating impact to occur beyond ten-year budget forecast after project completion.
EN24002 RP-1 Solids Treatment Expansion	CC; Critical; July 2017: June 2032	2,000	-	48,050	Pay-go; SRF loan	0	Operating impact to occur beyond ten-year budget forecast after project completion.
PL19001 Purchase Existing Solar Installation	CC; Medium; July 2018: June 2019	-	7,500	7,500	Pay-go	(600)	Increase in maintenance costs offset by decrease in utility cost.
EN16024 RP-1 Mixed Liquor Return Pumps	EQ; Critical; July 2015: June 2018	2,172	-	6,636	Pay-go	26	Increase utility costs due to increased flow.
EN11039 RP-1 Disinfection Pump Improvements	RP; Medium; Oct 2010: June 2021	1,197	2,086	5,700	Pay-go	0	No significant operating impact.
Total Regional Wastewater Capital		\$21,310	\$20,364	\$629,178		\$4,826	
Regional Wastewater Operations & Maintenance Fund							
EN13016 SCADA Enterprise System	CC; Critical; Sept 2012: June 2022	\$1,680	\$2,632	\$15,803	Pay-go; SRF loan	\$0	No significant operating impact.

* CC: Capital Construction; EQ: Capital Equipment; RP: Capital Replacement

CAPITAL PROJECT HIGHLIGHTS

(\$Thousands)

Project Number Project Name	Project Type* Priority Timeline	Capital Budget		Total Project Budget	Funding Source	Operating Budget Impact	
		FY 2018	FY 2019			Annual Cost	Type of Impact
Regional Wastewater Operations & Maintenance Fund							
EN15008 Water Quality Laboratory	CC; High; May 2015: June 2019	11,300	4,000	24,645	SRF loan; Grants	\$205	Increase utility cost for new lab and central plant upgrades.
EN17043 RP4 Primary Clarifier Rehab	CC; Critical; Sept 2016: June 2020	751	2,842	6,561	Pay-go	0	No significant operating impact.
EN17110 RP-4 Process Improvements	CC; High; Jan 2016: June 2020	\$3,087	\$6,252	\$17,522	Pay-go	0	No significant operating impact.
EN18025 RP-1 Secondary System Rehabilitations	RP; Medium; July 2017: June 2020	700	2,940	5,200	Pay-go	0	No significant operating impact.
Total Regional Wastewater Operations &		\$17,518	\$18,665	\$69,731		\$205	
Grand Total		\$49,229	\$61,296	\$769,316		\$5,585	

*CC: Capital Construction; EQ: Capital Equipment; RP: Capital Replacement

Two significant capital projects that will be completed within the span of the FY 2017/18 – 2026/27 TYCIP are RP-5 Liquids Expansion (EN19001), and RP-5 Solids Treatment Facility (EN19006). These Regional Wastewater Capital Improvement projects involve the expansion of Regional Water Reclamation Plant No. 5 (RP-5) for the treatment of both solids and liquids. Figure 6-4 below shows the site of the projects at the RP-5 facility.

Figure 6-5: EN19001 and EN19006 Projects Location



Currently, RP-5 has liquid treatment capacity of 15 million gallons per day (MGD). To meet the future projected wastewater flow for the Agency's service area, the plant capacity needs to increase to 30 MGD. Project EN19001 will address that increase. RP-5 does not currently have any solids treatment capacity, however, solids treatment at RP-5 will soon be necessary. RP-2, another Agency facility, was deemed to be within the 100-year flood level by the U.S. Army Corps of Engineers, so the facility needs to be decommissioned. Solids treatment availability at RP-5 will make up for the loss of capacity at RP-2. This issue will be addressed through project EN19006.

The RP-5 Liquids Expansion and RP-5 Solids Treatment Facility projects both began in March of 2017. The two projects will be completed concurrently, with design completion aimed for June 2019 and construction to start in early 2020 and be completed by December 2022. Because each of these projects will create additional or new service capacity at the plant, they will have a significant impact on the operating budget after the additions are operational. The impacts, caused by increased utility and maintenance costs of the new facilities, are noted in the project list above.

Together, the two projects have a total project budget of \$340 million. They will be funded by a combination of pay-go and new debt. The amount of new debt proceeds needed for EN19001 and EN19006 is estimated to be \$325 million, borrowed in increments throughout the life of the projects. Additional information on the funding of these projects is included in the Debt Management section.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 REGIONAL WASTEWATER OPERATIONS FUND

Table 6-6 shows the capital and O&M projects budgeted in the Regional Wastewater Operations and Maintenance fund, followed by Table 6-7 which provides a description of each of the projects to be executed in FYs 2017/18 and/or 2018/19.

**Table 6-6: Regional Wastewater Operations and Maintenance Fund
 FY 2017/18 – 2026/27 Projects (\$Thousands)**

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Capital Construction								
EN13016	SCADA Enterprise System	\$1,680	\$2,632	\$4,848	\$850	\$10	\$10,020	\$15,803
EN15008	Water Quality Laboratory	11,300	4,000	-	-	-	15,300	24,645
EN15012	RP-1 East Primary Effluent Pipe Rehab	187	1,728	821	-	-	2,735	3,016
EN15013	RP-1 TWAS and Primary Effluent Piping Re	356	40	-	-	-	395	624
EN16070	Agencywide Pumps Efficiencies Improvemen	15	-	-	-	-	15	350
EN17034	Agencywide Lighting Improvements - Phase	15	-	-	-	-	15	1,400
EN17042	RP-1 Digester 6 and 7 Roof Repairs	1,350	1,350	300	-	-	3,000	3,800
EN17043	RP4 Primary Clarifier Rehab	751	2,842	2,868	-	-	6,461	6,561
EN17045	RP-1 Filter Valve Replacement	135	515	-	-	-	650	650
EN17047	RP-1 Dewatering Silo/Conveyor Safety Imp	135	15	-	-	-	150	231
EN17052	RP-1 and RP-4 Safety Improvements	665	74	-	-	-	739	949
EN17059	RP-1 Iron Sponges Installation	315	35	-	-	-	350	600
EN17065	Regional Plant Energy Modifications	150	150	150	150	150	1,350	2,200
EN17082	RP-1 Mechanical Restoration and Upgrades	350	700	450	-	-	1,500	1,515
EN17110	RP-4 Process Improvements	3,087	6,252	7,915	-	-	17,254	17,522
EN18024	RP-1 Civil Restoration and Upgrades	105	245	150	-	-	500	500
EN21002	Chino Creek Wetlands & Educational Park	-	-	-	900	958	1,858	1,858
EN26021	Regional Conveyance AMP	-	-	-	-	-	500	500
PL26001	RP-1 Advanced Water Treatment Facility	-	-	-	-	-	3,000	80,000
Total Capital Construction		\$20,596	\$20,576	\$17,502	\$1,900	\$1,118	\$65,792	\$162,724
Capital Equipment								
EP18002*	Major Facilities Repairs/Replacements	\$1,109	\$600	\$600	\$600	\$600	\$6,509	\$1,109
EP18003	Major Facilities Repairs/Replacements (South)	914	-	-	-	-	914	914
LB19001	TOC Combustion Instrument	-	30	-	-	-	30	30
Total Capital Equipment		\$2,022	\$630	\$600	\$600	\$600	\$7,452	\$2,053
Capital Replacement								
EN18025	RP-1 Secondary System Rehabilitations	\$700	\$2,940	\$1,560	\$0	\$0	\$5,200	\$5,200
EN18029	TP-1 Electrical Distribution Panel Replacement	70	165	-	-	-	235	235
EN18039	RP-1 Lighting Pole Replacement	220	-	-	-	-	220	220
EN18040	RP-1 Maintenance Building HVAC Replacement	455	195	-	-	-	650	650
EN21103	RP-5 Regional Wastewater AMP	-	-	-	6,000	6,000	42,000	50,000
Total Capital Replacement		\$1,445	\$3,300	\$1,560	\$6,000	\$6,000	\$48,305	\$56,305
Total Capital Project Costs		\$24,063	\$24,506	\$19,662	\$8,500	\$7,718	\$121,550	\$221,081
Operations & Maintenance (O&M)								
CP16001	Regional Plant Facilities Aesthetics	\$80	\$80	\$0	\$0	\$0	\$160	\$280
EN13012	Magnolia Channel Monitoring&Maintenance	-	100	-	-	-	100	198
EN16021	South Archibald TCE Plume	1,350	6,120	845	-	-	8,315	17,294
EN17022*	RO On-Call Operations and Maintenance Su	250	250	250	250	250	2,500	250
EN17026*	RO Safety Operations and Maintenance Sup	250	250	250	250	250	2,500	250
EN17040	RP-1 Aeration Basin Panel Repairs	56	-	-	-	-	56	1,346
EN18019*	RO Emergency O&M Projects	250	250	250	250	250	2,500	250
EN26025	RP-2 Decommissioning and PDR	-	-	-	-	-	3,200	12,200
EP17005*	Agency-Wide Condition Assessment	250	250	250	250	250	2,500	250
EP20001*	Digester Cleaning	-	-	500	500	500	4,000	-

*Recurring annual project.

(\$Thousands)

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Operations & Maintenance (O&M)								
IS18008	SCADA Cybersecurity Risk Assessment, Policy Development	125	-	-	-	-	125	125
IS19002	SCADA Cybersecurity Network Vulnerability Assessment	-	75	-	-	-	75	75
PA17006	Agency-Wide Aeration Panel Replacement	3,220	500	-	-	-	7,920	10,120
PA18002*	Agency Wide Coatings and Pavings	100	100	100	100	100	1,000	100
PK11001	Water Discovery Field Trip & Bus Grant	40	40	2	-	-	82	381
PL17001	RO Planning Documents	-	250	-	250	-	1,000	1,200
Total Operations & Maintenance		\$5,971	\$8,265	\$2,447	\$1,850	\$1,600	\$36,033	\$44,319
Total O&M Project Costs		\$5,971	\$8,265	\$2,447	\$1,850	\$1,600	\$36,033	\$44,319
TOTAL REGIONAL WASTEWATER OPERATIONS and MAINTENANCE FUND - RO		\$30,034	\$32,771	\$22,109	\$10,350	\$9,318	\$157,582	\$265,400

*Recurring annual project.

Table 6-7: Regional Wastewater Operations and Maintenance FYs 2017/18 and 2018/19 Project Descriptions

Project Number	Name	Description
Capital Construction		
EN13016	SCADA Enterprise System	Procurement, installation, and programming of new hardware and software for the Supervisory Control and Data Acquisition (SCADA) system.
EN15008	New Water Quality Laboratory	Construction of a new laboratory at headquarters to replace the existing laboratory that meets regulatory requirements.
EN15012	RP-1 East Primary Effluent Pipe Rehabilitation	Rehabilitation of the east primary effluent piping between the rectangular primary clarifiers and the intermediate pump station wet well at RP-1.
EN15013	RP-1 Thickened Waste Activated Sludge (TWAS) and Primary Effluent Piping Replacement	Replacement of piping at RP-1 due to failures in the TWAS and the existing primary effluent piping.
EN16070	Agencywide Pumps Efficiencies Improvements	Improvements to the system efficiencies for various recycled water and sewage pumps and bring the pumps back to the original manufacturers' specifications.
EN17034	Agencywide Lighting Improvements	Replacement of several florescent lights with LED lights and add motion sensors to reduce energy consumption agency wide.
EN17042	RP-1 Digester 6 and 7 Roof Repairs	Repair of cracks to the roof of digesters 6 and 7 to stop and prevent leaking.
EN17043	RP-4 Primary Clarifier Rehab	Repairs to items of significant deterioration as identified during condition assessments for primary infrastructure and primary clarifiers.
EN17045	RP-1 Filter Valve Replacement	Replacement of leaking backwash valves that reduce process efficiencies and overload the secondary system.
EN17047	RP-1 Dewatering Silo/Conveyor Safety Improvements	Improvements within the silo and conveyor areas to prevent unsafe conditions when routinely accessing these areas for maintenance and operation.
EN17052	RP-1 and RP-4 Safety Improvements	Execution of safety improvements related to the block wall at RP-4 and RP-1 that have been identified by the Agency's Health and Safety and Facilities Management groups.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 REGIONAL WASTEWATER OPERATIONS FUND

Project Number	Name	Description
EN17059	RP-1 Iron Sponges Installation	Installation of additional iron sponges to ensure reliable operation and compliance when existing iron sponges are down for maintenance or service.
EN17065	RP-2 Microturbine Design-Build	Installation of a turnkey microturbine solution at RP-2 that will operate on 100% digester gas to generate power and minimize flaring.
EN17082	RP-1 Mechanical Restoration and Upgrades	Repair and replacement of mechanical equipment as needed to assist in the maintenance of the digestion system and limit the amount of clogging material in the digesters and associated piping.
EN17110	RP-4 Process Improvements	Improvements to different processes and operational functional flexibility at Regional Water Recycling Plant No. 4.
EN18024	RP-1 Civil Restoration and Upgrades	Replacement of several RP-1 assets and modify existing assets to provide better maintainability within several of the plant's underground systems.
Capital Equipment		
EP18002	Major Equipment Repairs/ Replacement (North)	Small maintenance repair and replacement projects in the northern plants of the Agency.
EP18003	Major Facilities Repairs/ Replacement (South)	Small maintenance repair and replacement projects in the southern plants of the Agency.
LB19001	TOC Combustion Instrument	Purchase and installation of a Total Organic Carbon (TOC) combustion instrument because the current instrument is nearing its useful life expectancy of 7 years and a reliable instrument is necessary to report accurate data in a timely manner.
Capital Replacement		
EN18025	RP-1 Secondary System Rehabilitations	Rehabilitation of the concrete surfaces and recoat the metal components of the secondary clarifiers of the RP-1 secondary system.
EN18029	TP-1 Electrical Distribution Panel Replacement	Replacement of the main TP-1 electrical panel because it is at risk of failing due to age and use.
EN18039	RP-1 Lighting Pole Replacement	Removal and replacement of 10 light poles that have excessive corrosion.
EN18040	RP-1 Maintenance Building HVAC Replacement	Replacement of the evaporative coolers on the RP-1 Maintenance Building because they have corroded.
Operations and Maintenance		
CP16001	Regional Plant Facilities Aesthetics	Aesthetics improvement of regional treatment plants to ensure buildings and structures are properly maintained.
EN13012	Magnolia Channel Monitoring & Maintenance	Maintenance of the Magnolia Channel including weeding of invasive plants, sediment removal, and upkeep of native habitat per the Habitat Mitigation and Monitoring Plan.
EN16021	South Archibald TCE Plume	Funding of three new groundwater supply wells and approximately 30,000 feet of raw water pipeline to strengthen the Chino Basin Desalter Authority's groundwater supply infrastructure while also acting as a remedial solution to the South Archibald trichloroethylene (TCE) plume.
EN17022	On-Call Operations and Maintenance Support	Funding to support operations and maintenance staff for projects that do not require an emergency call out but do

Project Number	Name	Description
EN17026	RO Safety Operations and Maintenance Support	require prompt attention to maintain compliant, safe, and efficient operations. Funding to support operations and maintenance staff for projects that do not require an emergency call out but do require prompt attention to maintain compliant, safe, and efficient operations.
EN17040	RP-1 Aeration Basin Panel Repairs	Replacement of aeration panels due to decreasing performance and loss of efficiency of existing panels, leading to increased energy consumption throughout the system.
EN18019	Emergency O&M Projects	Provision of Agency funds to allow Engineering and Construction Management to facilitate such activities such as pipeline repairs, property negotiations, and other unforeseen, unbudgeted issues that may arise during the fiscal year budget.
EP17005	Agency-Wide Condition Assessment	Preparation of a thorough condition assessment of critical assets to understand their current condition and to prepare rehabilitation recommendations to ensure reliability of critical process structure and equipment.
IS18008	SCADA Cybersecurity Risk Assessment, Policy Development, and Planning	Consultation and planning for the re-design of the SCADA network to isolate and protect critical assets.
IS19002	SCADA Cybersecurity Network Vulnerability Assessment	Cybersecurity vulnerability assessment to provide detailed information regarding where improvements to the SCADA network should be made.
PA17006	Agency-Wide Aeration Panel Replacement	Aeration panel replacement to improve oxygen transfer efficiency and operational effectiveness of the wastewater treatment process.
PA18002	Agency Wide Coatings and Pavings	Periodic coating and paving repairs as needed to ensure proper maintenance of buildings and structures.
PK11001	Water Discovery Field Trip & Bus Grant	Bussing for low-income neighborhood schools to meet the growing need of integrating children with the natural world by using the wetlands to create real life experiences.
PL17001	Planning Documents	Development of reports and studies pertaining to operational and treatment strategies for wastewater and treated effluent.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND

Table 6-8 shows the capital and O&M projects budgeted in the Regional Wastewater Capital Improvement fund, followed by Table 6-9 which provides a description of each of the projects to be executed in FYs 2017/18 and/or 2018/19.

Table 6-8: Regional Wastewater Capital Improvement Fund FY 2017/18 – 2026/27 Projects (\$Thousands)

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Capital Construction								
EN11031	RP-5 Flow Equalization and Effluent Moni	\$15	\$0	\$0	\$0	\$0	\$15	\$3,397
EN14018	RP-4 Disinfection Facility Improvements	1,620	195	-	-	-	1,815	2,678
EN14019	RP-1 Headworks Primary and Secondary Upg	5,290	588	-	-	-	5,878	10,440
EN15042	SBCFCD Sewer Easement	280	-	-	-	-	280	303
EN16011	Whispering Lakes Pump Station Rehab	-	-	-	-	-	500	5,000
EN17006	CCWRF Assets Management and Improvements	2,700	1,020	7,700	10,800	1,000	23,220	23,422
EN17044	RP-1 Power Reliability Generator Control	1,260	140	-	-	-	1,400	1,500
EN17050	Septic Conversion PDR	35	765	-	-	-	800	1,000
EN18004	RP-1 IPS System Improvements	175	525	300	-	-	1,000	1,000
EN18006	RP-1 Flare Improvements	1,050	2,380	1,470	-	-	4,900	5,380
EN18026	RP-1 Septage Dump Station and Bulk Material Storage	210	1,190	600	-	-	2,000	2,000
EN18027	RP-1 Solids Thickening Expansion	350	1,120	2,000	3,000	3,000	20,000	20,000
EN18028	RP-5 Facilities Improvements	245	105	-	-	-	350	350
EN18036	CCWRF Asset Management and Improvements - Pckg III	105	214	2,087	15	-	2,420	2,420
EN18037	CCWRF Asset Management and Improvements - Pckg II	77	480	379	15	-	950	950
EN18038	RP-4 Disinfection Facility Tenant Improvements	109	196	146	-	-	450	450
EN19001	RP-5 Liquids Expansion	2,450	3,360	34,740	77,250	53,250	174,135	175,000
EN19005	Haven LS SCADA Improvements	-	-	-	-	-	750	3,000
EN19006	RP-5 Solids Treatment Expansion	2,450	3,430	30,770	74,500	49,750	164,135	165,000
EN20006	RP-1 Digester Mixing Upgrade	-	-	-	-	-	750	2,250
EN24001	RP-1 Liquid Treatment Expansion	2,000	-	-	-	-	43,300	182,050
EN24002	RP-1 Solids Treatment Expansion	2,000	-	-	-	-	11,550	48,050
EN26022	RP-4 Tertiary Expansion	-	-	-	-	-	500	5,000
PL17002	HQ Solar Photovoltaic Power Plants Ph. 2	-	-	-	-	-	1,400	1,400
PL19001	Purchase Existing Solar Installation	-	7,500	-	-	-	7,500	7,500
Total Capital Construction		\$22,421	\$23,207	\$80,191	\$165,580	\$107,000	\$469,998	\$669,540
Capital Equipment								
EN16024	RP-1 Mixed Liquor Return Pumps	\$2,172	\$0	\$0	\$0	\$0	\$2,172	\$6,636
IS18001	FY 1718 SCADA Energy Monitoring Project	75	-	-	-	-	75	75
Total Capital Equipment		\$2,247	\$0	\$0	\$0	\$0	\$2,247	\$6,711
Capital Replacement								
EN11039	RP-1 Disinfection Pump Improvements	\$1,197	\$2,086	\$1,184	\$875	\$0	\$5,342	\$5,700
EN18015*	Collection System Upgrades	500	500	500	500	500	5,000	500
IS18009	SCADA Network Infrastructure Replacement	85	-	-	-	-	85	85
Total Capital Replacement		\$1,782	\$2,586	\$1,684	\$1,375	\$500	\$10,427	\$6,285
Total Capital Project Costs		\$26,450	\$25,793	\$81,875	\$166,955	\$107,500	\$482,672	\$682,536
Operations & Maintenance (O&M)								
EN13028*	Preserve Lift Station	\$300	\$300	\$300	\$300	\$300	\$3,000	\$300
EN17055	RC Planning Documents	-	500	-	500	-	2,500	2,750
EN17077	San Bernardino Lift Station Emergency Diversion System	500	-	-	-	-	500	525
WR16021	Prep of TM for IEUA Fac Comp w/Title22	100	-	-	-	-	100	120
Total Operations & Maintenance		\$900	\$800	\$300	\$800	\$300	\$6,100	\$3,695
Total O&M Project Costs		\$900	\$800	\$300	\$800	\$300	\$6,100	\$3,695
TOTAL REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - RC		\$27,350	\$26,593	\$82,175	\$167,755	\$107,800	\$488,772	\$686,231

*Recurring annual project.

**Table 6-9: Regional Wastewater Capital Improvement FYs 2017/18 and 2018/19
Project Descriptions**

Project Number	Name	Description
Capital Construction		
EN11031	RP-5 Flow Equalization and Effluent Monitoring	Design of upgrades at splitter box gates to allow for automation of the equalizing process at RP-5.
EN14018	RP-4 Chlorination Facility Retrofit	Overall improvements to the operation and maintenance of the RP-4 facility to eliminate the need for frequent repairs which can interrupt the facility's operations.
EN14019	RP-1 Headworks Primary and Secondary Upgrades	Replacement of 17 existing headworks gates with new stainless steel gates per the gate condition assessment findings.
EN15042	SBCFCD Sewer Easement	Funding for the acquisition of easements for the regional sewer pipelines located in the San Bernardino County Flood Control District (SBCFCD) right of way.
EN17006	CCWRF Assets Management and Improvements	Upgrade and replacement of odor control equipment at the Carbon Canyon Wastewater Reclamation Facility.
EN17044	RP-1 Power Reliability Generator Control	Upgrade and replacement of out of date power reliability building controls for the emergency generation system at Regional Plant No. 1.
EN17050	Septic Conversion PDR	Creation of the preliminary design report for the creation of more sewers to eliminate the risk to the water supply posed by the user of sewer systems.
EN18004	RP-1 IPS System Improvements	Correction of deficiencies in the intrusion prevention system (IPS) system including minor repairs and replacements.
EN18006	RP-1 Flare Improvements	Upgrade of the gas system and flares as required by the South Coast Air Quality Management District (SCAQMD) requirements.
EN18026	RP-1 Septage Dump Station and Bulk Material Storage	Construction of a formal receiving station for domestic waste haulers to deliver, monitor, and track deliveries for volume and strength.
EN18027	RP-1 Solids Thickening Expansion	Evaluation of available technologies for primary and secondary solids thickening and construct the necessary facilities to increase the solids thickening capacity.
EN18028	RP-5 Facilities Improvements	Update and improvements to various areas of the Regional Plant No. 5 to maintain safety, reliability, function, and efficiency.
EN18036	CCWRF Asset Management and Improvements – Package III	Improvements to the tertiary treatment and lining of the recycled water lagoon.
EN18037	CCWRF Asset Management and Improvements – Package II	Improvements of the existing building, laboratory, and overall storage of the Carbon Canyon Wastewater Reclamation Facility.
EN18038	RP-4 Disinfection Facility Tenant Improvements	Conversion of a portion of the Regional Plant No. 4 to add cubicles, bathrooms, and locker rooms to accommodate Agency staff.
EN19001	RP-5 Liquids Expansion	Expansion of existing RP-5 liquid treatment capacity from 15 to 30mgd to meet the future flow projections.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND

Project Number	Name	Description
EN19006	RP-5 Solids Treatment Facility	Construction of new solids handling facility at RP-5 to meet the Agency's needs throughout the decommissioning of the RP-2 site.
EN24001	RP-1 Liquids Treatment Expansion	Evaluation of treatment options and provide design to upgrade treatment plant to 40 mgd.
EN24002	RP-1 Solids Treatment Expansion	Expansion of treatment plant to match capacity of liquids treatment expansion.
PL19001	Purchase Existing Solar Installation	Evaluation of the economics of procuring the existing solar equipment at each IEUA facility to avoid electricity expenses for the energy generated from the panels moving forward.
Capital Equipment		
EN16024	RP-1 Mixed Liquor Return Pump Improvements	Installation of mixed liquor return pumps to the six aeration trains at RP-1 to facilitate a reduction in the total inorganic nitrogen produced by treating wastewater.
IS18001	FY 17/18 SCADA Energy Monitoring	Installation of a single interface for energy reporting and data entry.
Capital Replacement		
EN11039	TP-1 Disinfection Pump Improvements	Replacement of existing TP-1 disinfection pumps with a more durable system that will also provide automatic stand-by pumps at each delivery point.
EN18015	Collection System Upgrades	Identification of sewer collection manhole covers and frames that need to be repaired or replaced.
IS18009	SCADA Network Infrastructure Replacement	Purchase and installation of new SCADA network uninterruptible power supplies (UPS's).
Operations and Maintenance		
EN13028	Preserve Lift Station	Establishment of a budget against which to charge labor costs for the review of the Preserve Lift Station design for the City of Chino.
EN17055	Planning Documents	Development of design reports to support planning and feasibility studies for minor expansion and modifications to treatment plants.
EN17077	San Bernardino Lift Station Emergency Diversion System	Condition assessments with design recommendations for constructing emergency diversion at the San Bernardino Lift Station.
WR16021	Prep of Technical Memorandum for IEUA Facility Compliance with Title 22	Analysis of design capacity achievable at each Agency facility with focus on the effluent total inorganic nitrogen agency-wide limit of 8mg/L.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 RECYCLED WATER FUND

Table 6-10 lists the capital and O&M projects budgeted in the Recycled Water fund, followed by Table 6-11 which provides a description of each of the projects to be executed in FYs 2017/18 and/or 2018/19.

Table 6-10: Recycled Water Fund FY 2017/18 – 2026/27 Projects (\$Thousands)

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Capital Construction								
EN09007	1630 E Pipeline Seg B & 1630 E Reservoir	\$0	\$0	\$0	\$0	\$0	\$3,400	\$16,400
EN12016	North CIM Lateral	30	50	50	50	50	450	470
EN13001	San Sevaine Basin Improvements	4,320	548	541	-	-	5,408	6,460
EN13045	Wineville RW Extension Segment B	100	-	-	-	-	100	11,865
EN13048	RP-1 Power System Upgrades	280	490	330	-	-	1,100	1,599
EN14042	RP-1 1158 RWPS Upgrades	196	2,354	1,093	-	-	3,643	4,000
EN14043	RP-5 Pipeline Bottleneck	2,070	330	-	-	-	2,400	2,757
EN14047	GWR and Recycled Water SCADA Control Upgrad	282	-	-	-	-	282	932
EN15002	1158 Reservoir Site Cleanup	102	280	864	-	-	1,245	1,300
EN15043	SBCFCD Recycled Water Easement	570	-	-	-	-	570	1,210
EN15055	1630 E & W. Pump Station	11	-	-	-	-	11	1,410
EN16034	Pressure Sustaining Valve Installation	50	-	250	45	-	345	850
EN16060	Recycled Water Connections to City of Pomona	200	200	950	950	950	7,940	70,134
EN16065	Recycled Water Connections to JCSD	-	-	1,500	7,000	7,000	15,500	15,500
EN17007	930 To 800 West CCWRF PRV	76	225	283	-	-	584	600
EN17041	Orchard Recycled Water Turnout Improvements	10	20	70	-	-	100	125
EN17046	1630 East Pump Station Upgrades	203	38	-	-	-	240	300
EN17049	Baseline RWPL Extension	350	3,010	1,440	-	-	4,800	5,000
EN17067	Decluz Monitoring Well Project	176	20	-	-	-	195	360
EN17080	Recycled Water System Cathodic Protection Imp	210	2,240	1,050	-	-	3,500	3,510
EN19003	RP-1 Outfall Parallel Line	50	-	230	1,925	960	3,165	5,700
EN19020	Recycled Water System Migration to PlantPax	-	70	430	-	-	500	500
EN20022	1299 Spot Repair	-	-	75	-	-	75	75
EN21004	1158 West Full Recoat	-	-	-	1,000	-	1,000	1,000
EN22004	1158 East Full Recoat	-	-	-	-	1,000	1,000	1,000
EN24003	Wineville Basin Pipeline	-	-	-	-	-	1,000	1,000
EN24005	1630 West Spot Repair	-	-	-	-	-	75	75
EN24006	930 Spot Repair	-	-	-	-	-	75	75
EN26023	1299 Pressure Zone Pipeline Capacity Upg	-	-	-	-	-	500	500
EN26024	2025-2030 Recycled Water Projects	-	-	-	-	-	1,000	20,000
WR15021	Napa Lateral	2,730	1,400	1,770	-	-	5,900	6,050
Total Capital Construction		\$12,014	\$11,274	\$10,926	\$10,970	\$9,960	\$66,103	\$180,757
Capital Equipment								
LB18003	TOC UV/ Persulfate Instrument	\$35	\$0	\$0	\$0	\$0	\$35	\$35
Total Capital Equipment		\$35	\$0	\$0	\$0	\$0	\$35	\$35
Capital Replacement								
EN17032	RP-4 Outfall Repair from Mission Blvd to	\$0	\$0	\$0	\$30	\$5,000	\$5,030	\$5,300
EN18030	CCWRF Propeller Flowmeter Replacement	60	-	-	-	-	60	70
IS18010	GWR Network Infrastructure Replacement	25	-	-	-	-	25	25
Total Capital Replacement		\$85	\$0	\$0	\$30	\$5,000	\$5,115	\$5,395
Total Capital Project Costs		\$12,134	\$11,274	\$10,926	\$11,000	\$14,960	\$71,253	\$186,187

*Recurring annual project

(\$Thousands)

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Operations & Maintenance (O&M)								
EN16035	WC Planning Documents	\$250	\$250	\$0	\$500	\$0	\$2,500	\$2,772
EN16037*	Recycled Water Asset Management Plan	250	250	250	250	250	2,250	300
EN16039	WRCWRA Intertie	250	250	-	-	-	500	979
EN17020*	WC On-Call Operations and Maintenance Su	250	250	250	250	250	2,500	250
EN17039	8th St. Basin RW Turnout Discharge Retro	191	21	-	-	-	212	275
EN18011*	Recycled Water Hydraulic Modeling	200	200	200	200	200	2,000	200
EN18017*	WC Emergency O&M Projects	250	250	250	250	250	2,500	250
EN18021*	Prado Basin AMP Annual Monitoring	200	100	100	100	100	1,100	200
EN20031	Recycled Water Program Strategy 2020	-	-	250	-	-	250	250
EN25031	Recycled Water Program Strategy 2025	-	-	-	-	-	250	250
PL18002	Basin Plan Amendment	250	50	-	-	-	300	300
WR16001*	Water Softener Removal Rebate Program	60	60	60	60	60	600	60
Total Operations & Maintenance		\$2,151	\$1,681	\$1,360	\$1,610	\$1,110	\$14,962	\$6,086
Total O&M Project Costs		\$2,151	\$1,681	\$1,360	\$1,610	\$1,110	\$14,962	\$6,086
TOTAL RECYCLED WATER FUND - WC		\$14,284	\$12,955	\$12,286	\$12,610	\$16,070	\$86,215	\$192,273

*Recurring annual project.

Table 6-11: Recycled Water FYs 2017/18 and 2018/19 Project Descriptions

Project Number	Name	Description
Capital Construction		
EN12016	North CIM Lateral	Extension of the recycled water service area by providing service to the sites adjacent to the CIM property, which will be utilized for agricultural farming.
EN13001	San Sevaine Improvements	Construction of 6,000 linear feet of pipeline from Basin 5 to Basin 1 to create interconnections between the basins at San Sevaine and allow for maximum capacity.
EN13045	Wineville Extension Pipeline Segment B	Installation of 2.8 miles of 30-inch recycled water pipeline to increase recycled water conveyance capabilities.
EN13048	Second 12kV Feeder to Tertiary Plant No. 1 (TP-1)	Analysis of electrical loads to examine power available and required to run all five pumps at TP-1 simultaneously.
EN14042	RP-1 1158 Pump Station Improvements	Evaluation of the pump station capacities to assess whether the station can meet forecasted future demands.
EN14043	RP-5 Recycled Water PS Pipeline Bottleneck	Upsizing of recycled water pipelines at RP-5 to enable full utilization of the plant and an elimination of the current bottleneck.
EN14047	GWR and Recycled Water SCADA Control Upgrades	Upgrades to the groundwater recharge and recycled water SCADA system to provide support for the continued growth of programs.
EN15002	1158 Reservoir Site Cleanup Project	Removal of old piping associated with the oil tanks at 1158 Reservoir, which involves cutting and capping the lines, and draining and removing oil from the site to prevent any future leaks.
EN15043	SBCFCD Recycled Water Easement	Funding for easement acquisitions for the regional recycled water pipelines located in SBCFCD right of way to

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 RECYCLED WATER FUND

		maximize the beneficial use of recycled water and to increase the recharge of the Chino Groundwater Basin.
EN15055	1630 W PS Improvements (Surge Protection)	Design and construction of a surge tank to dampen the surges in the 1299 recycled water pipeline.
EN16034	Recycled Water Pressure Sustaining Valve	Installation of pressure sustaining valves on high volume users of recycled water to maintain system pressure in the regional recycled water system.
EN16060	Recycled Water Connections City of Pomona	Construction of additional recycled water connections for the City of Pomona.
EN17007	930 to 800 West CCWRF Pressure Reducing Valve (PRV)	Construction of a PRV to send water from the 930 pressure zone to the 800 pressure zone for the CCWRF as needed.
EN17041	Orchard Recycled Water Turnout Improvements	Retrofit to the discharge of the turnout into the channel to eliminate noise and leaks due to complaints from neighbors.
EN17046	1630 East Pump Station Upgrades	Installation of a set of smaller pumps for low flow periods to minimize wear and tear on existing equipment.
EN17049	Baseline Recycled Water Pipeline Extension	Expansion of the recycled water system to customers along Baseline Avenue and future expansion to the northern area of the City of Fontana.
EN17067	Declez Monitoring Well	Building of additional monitoring well to meet regulatory requirements of the California Recycled Water Recharge Regulation to recharge the Declez Basin with recycled water.
EN17080	Recycled Water System Cathodic Protection Improvements	Installation of cathodic protection on the recycled water distribution pipelines and reservoirs identified by the Asset Health Management Program.
EN19003	RP-1 Outfall Parallel Line	Design and construction of a parallel pipeline to maximize the recycled water conveyance to the 930 and 800 pressure zones from RP-1 to meet future demands.
EN19020	Recycled Water System Migration to PlantPax	Migration of the pump stations' system technology to Rockwell Automation Plant Pax to create seamless information flow across the plant.
WR15021	Napa Lateral	Design and construction of approximately 4200 linear feet of 12-inch recycled water pipeline that will convey recycled water from the existing pipeline by RP-4 to California Steel Industries and California Speedway.
Capital Equipment		
LB18003	TOC UV/ Persulfate Instrument	Purchase of a TOC UV/Persulfate instrument to analyze low level TOC samples for recycled water for NPDES and GWR compliance purposes.
Capital Replacement		
EN18030	CCWRF Recycled Water Propeller Flowmeter Replacement	Replacement of existing propeller flowmeter that was installed in 1996 and no longer provides a reliable reading of the amount of water being discharged from the CCWRF chlorine contact basin to the CCWRF pump station.
IS18010	GWR Network Infrastructure Replacement	Replacement of existing and install new firewalls at eight locations in the groundwater recharge network because they will not be supported by Cisco after December 2017.

Project Number	Name	Description
Operations and Maintenance		
EN16035	Planning Documents	Evaluation of the feasibility of multiple projects and concepts including the possibility of conducting recycled water interties from external agencies to the IEUA system, and the construction of new storage facilities and injection walls for recycled water supplies.
EN16037	Asset Management	Replacement and repair of existing capital as needed, defined by the Asset Management Plan document.
EN16039	WRCWRA Recycled Water Intertie Pipeline	Study to determine feasibility of creating a recycled water intertie with Western Riverside County Regional Wastewater Authority (WRCWRA).
EN17020	On-Call Operations & Maintenance Support	Funding to support operations and maintenance staff for projects that arise at the Agency's facilities that do not warrant an emergency call out but do require prompt attention to maintain compliant, safe, and efficient operations.
EN17039	8 th St. Basin Recycled Water Turnout Discharge Retrofit	Retrofit of the unlined portion of the West Cucamonga Creek at the discharge point of the recycled water turnout which is currently causing erosion.
EN18011	Recycled Water Hydraulic Modeling	Funding for ongoing recycled water hydraulic modeling.
EN18017	Emergency O&M Projects	Funding to facilitate Engineering with items such as pipeline repairs, property negotiations, and other unforeseen, unbudgeted issues without requesting additional funds during a given fiscal year.
EN18021	Prado Basin AMP Annual Monitoring	Annual monitoring and reporting of the Prado Basin habitat health as required by CEQA.
PL18002	Basin Plan Amendment	Preparation of an amendment to the existing Basin Plan with Santa Ana Regional Water Quality Control Board to further develop salinity management strategies to mitigate drought-related increases in salinity levels.
WR16001	Water Softener Removal Rebate	Financial support of the rebate program to incentivize residents to take out and destroy existing self-generating water softeners, removing salt from the recycled water supply and improving water quality in the Chino Basin.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 WATER RESOURCES FUND

Table 6-12 is a list of O&M projects budgeted in the Water Resources fund, followed by Table 6-13 which provides a description of each of the projects that will be executed in FYs 2017/18 and/or 2018/19.

Table 6-12: Water Resources Fund FY 2017/18 – 2026/27 Projects (\$Thousands)

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Operations & Maintenance (O&M)								
PL18001	California Data Collaborative WUE Data Analytics	\$40	\$40	\$0	\$0	\$0	\$80	\$80
WR16022*	Local Supply Resilience Projects	100	100	100	100	100	1,000	100
WR16024	SAWPA Action Team Conjunctive Use SARCUP	3,000	6,000	15,000	8,500	-	32,500	32,907
WR16025	WW Planning Documents	500	250	290	-	-	2,040	2,090
WR18002	Landscape Audit & Evaluation Program	40	-	-	-	-	40	40
WR18003	Shows that Teach	16	-	-	-	-	16	16
WR18004	Garden in Every School	45	-	-	-	-	45	45
WR18006	Large Landscape Retrofit Program	200	-	-	-	-	200	200
WR18007	Residential Rebate Incentives	100	-	-	-	-	100	100
WR18008	CII Rebate Incentives	100	-	-	-	-	100	100
WR18009	National Theater for Children	57	-	-	-	-	57	57
WR18011	Freesprinklernozzles.com Voucher Program	200	-	-	-	-	200	200
WR18013	Sponsorships & Public Outreach Activities	77	-	-	-	-	77	77
WR18015	Landscape Training Classes	15	-	-	-	-	15	15
WR18017	Residential Pressure Regulation Program	300	-	-	-	-	300	300
WR18018	Member Agency Local Programs Funding	100	-	-	-	-	100	100
WR18020	IEUA WUE Model Update & Workshop	5	-	-	-	-	5	5
WR18021	Regional WUE Support Tools	75	-	-	-	-	75	75
WR18027	Residential Small Site Controller Upgrade Program	200	-	-	-	-	200	200
WR18028	Water Bank	660	150	150	-	-	960	960
WR18XXX*	Conservation Programs	-	1,600	1,600	1,600	1,600	14,400	-
Total Operations & Maintenance		\$5,829	\$8,140	\$17,140	\$10,200	\$1,700	\$52,509	\$37,667
Total O&M Project Costs		\$5,829	\$8,140	\$17,140	\$10,200	\$1,700	\$52,509	\$37,667
TOTAL WATER RESOURCES FUND - WW		\$5,829	\$8,140	\$17,140	\$10,200	\$1,700	\$52,509	\$37,667

*Recurring annual project.

Table 6-13: Water Resources FYs 2017/18 and 2018/19 Project Descriptions

Project Number	Name	Description
Operations and Maintenance		
PL18001	California Data Collaborative WUE Data Analytics	Assistance with the California Data Collaborative to pioneer a new water use efficiency (WUE) data infrastructure non-profit to support water managers in meeting their reliability objectives and serve the public good.
WR16022	Local Supply Resilience Projects	Variety of projects to increase local water supply. Projects range from well head treatments to inter connections between member agencies to augment the regional water supply.

Project Number	Name	Description
WR16024	SARCUP	Santa Ana River Watershed Action Team Conjunctive Use Project to utilize funds from SAWPA Prop 84 grants in conjunction with Eastern Municipal Water District, Western Municipal Water District, Orange County Municipal Water District, and San Bernardino Valley Municipal Water District to develop a watershed-scale conjunctive use program.
WR16025	WW Planning Documents	Evaluation of potential water resources projects to augment water supply, such as supplies from Northern California or other neighboring agencies, as projects are identified.
WR18002	Landscape Audit & Evaluation Program	Continuation of regional landscape evaluations for residential and CII customers and water use monitoring for all IEUA locally administered programs.
WR18003	Shows that Teach	Live theater performances for students in grades K through 6 educating them on environmental issues and water use efficiency.
WR18004	Garden in Every School	Installation of up to four water efficient gardens featuring climate appropriate native plants and efficient irrigation techniques in elementary schools within IEUA's service area.
WR18006	Large Landscape Device Retrofit Program	Installation and retrofitting of existing non-weather-based irrigation controllers with Smart Controllers and high efficiency sprinkler nozzles when compatible on residential properties on a ¼ acre or larger lot size.
WR18007	Residential Rebate Incentives	Supplemental funding for Metropolitan Water District's (MWD) base rebate amount for residential high efficiency water saving devices.
WR18008	Commercial, Industrial, and Institutional (CII) Rebate Incentives	Supplemental funding for MWD's base rebate amounts for CII high efficiency water saving devices.
WR18009	National Theater for Children	Live theater performances, online teaching curriculum, and student and teacher workbooks to assist with education on water use efficiency and environmental issues.
WR18011	Freesprinklernozzles.com	Financial support of the regional residential and commercial high-efficiency sprinkler nozzle voucher redemption program.
WR18013	Sponsorship & Public Outreach	Funding for Agency and member agency memberships, public outreach activities, BMP support programs, California Urban Water Conservation Council (CUWCC) dues, and special events.
WR18015	Landscape Training Classes	Financial support for landscape instructors who teach residential landscape workshops for IEUA's seven member agencies that cover design, maintenance, use of water efficient plants, and irrigation management.
WR18017	Regional Pressure Regulation Program	Identification of residential customers who reside within high pressure water zones and provide free pressure reducing valve assessments to determine efficient water pressure.
WR18018	Member Agency Local Programs Funding	Funding to IEUA member agencies for retail agency specific, locally implemented water use efficiency programs.
WR18020	IEUA WUE Model Update & Workshops	Updates to the Agency's WUE model with prior year fiscal year WUE activities and provision of training for IEUA's member agency staff.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 WATER RESOURCES FUND

Project Number	Name	Description
WR18021	Regional WUE Support Tools	Assistance in implementation of Budget Based Rate Structures by member agencies including activities to establish outdoor water allocations by parcel.
WR18027	Residential Small Site Controller Upgrade Program	Training classes, onsite landscape evaluation, and upgrades of existing standard controller to a weather-based controller for residential customers who reside on a lot smaller than 11,000 square feet.
WR18028	Water Bank	Evaluation to understand institutional agreements and models that will have to be developed to understand how to implement a water bank in the Chino Basin.
(Various)	Conservation Programs	Variety of projects to improve regional water conservation as proposed by the member agencies.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 ADMINISTRATIVE SERVICES FUND

Table 6-14 shows the capital and O&M projects budgeted in the Administrative Services fund, followed by Table 6-15 which provides a description of each of the projects to be executed in FYs 2017/18 and/or 2018/19.

Table 6-14: Administrative Services Fund FY 2017/18 – 2026/17 Projects (\$Thousands)

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Capital Construction								
CP16005	Headquarters LEED OM Certification	\$30	\$38	\$0	\$0	\$0	\$68	\$75
CP17001	Regional Office Furniture	80	20	-	-	-	100	100
CP18001	Security Camera Purchase & Installation HQA & B	113	-	-	-	-	113	113
EN20021	Agency SCADA Integration with SAP	-	-	250	-	-	250	250
EN21020	Primavera Enhancements	-	-	-	100	-	200	200
Total Capital Construction		\$223	\$58	\$250	\$100	\$0	\$731	\$738
Capital Equipment								
IS15001	HCM Phase 2-Self Service/HR Process Auto	\$100	\$0	\$0	\$0	\$0	\$100	\$200
IS15003	Document/Records Management System	30	-	-	-	-	30	687
IS16001	HCM Phase 2 - Position Budgeting & Control	206	-	-	-	-	206	206
IS16003	SAP Archiving	50	-	-	-	-	50	50
IS16021*	SAP Roadmap & Strategy	150	300	400	250	250	2,500	150
IS17030	Raines Conference Room AV Upgrade	2	-	-	-	-	2	2
IS18003	BizNet Email Services Disaster Recovery	25	-	-	-	-	25	25
IS18005	BizNet Network New Workstation	20	-	-	-	-	20	20
IS18007	BizNet Voice Mail Server	17	-	-	-	-	17	17
IS18012	New Scanner Purchase - Records Management	6	-	-	-	-	6	6
LB18001	ICP Power Conditioners	17	-	-	-	-	17	17
LB18002	Spectrophotometer	7	-	-	-	-	7	7
LB20001	ICP Instrument	-	-	200	-	-	200	200
Total Capital Equipment		\$630	\$300	\$600	\$250	\$250	\$3,180	\$1,587
Capital Replacement								
EN16049	Conference Rooms Audio Visual Upgrades	\$452	\$15	\$0	\$0	\$0	\$467	\$1,351
EP17003	RP-1 Training Room	375	-	-	-	-	375	425
EP18004*	Agency-Wide Vehicle Replacement	500	500	500	150	150	2,550	500
IS18004	BizNet Network Infrastructure Replacement Project	240	-	-	-	-	240	240
LB18004	Instrument Software Updates	55	-	-	-	-	55	55
Total Capital Replacement		\$1,622	\$515	\$500	\$150	\$150	\$3,687	\$2,571
Total Capital Project Costs		\$2,476	\$873	\$1,350	\$500	\$400	\$7,599	\$4,897
Operations & Maintenance (O&M)								
CP16003	Headquarters Roofing Replacement	\$1,207	\$104	\$0	\$0	\$0	\$1,311	\$1,396
CP16004	Headquarters LEED OM Certification	25	-	-	-	-	25	108
EN18020	Website Yearly Maintenance	50	-	-	-	-	50	50
EN20008	HQ Parking Lot FY19/20	-	-	437	-	-	437	437
EN24004	HQ Parking Lot FY23/24	-	-	-	-	-	507	507
FP18999*	Non-Capital Project Placeholder	-	-	-	400	400	2,400	400
IS18002	BizNet Cybersecurity Risk Assessment, Policy Development	125	-	-	-	-	125	125
IS19001	BizNet Cybersecurity Network Vulnerability Assessment	-	75	-	-	-	75	75
Total Operations & Maintenance		\$1,407	\$179	\$437	\$400	\$400	\$4,930	\$3,098
Total O&M Project Costs		\$1,407	\$179	\$437	\$400	\$400	\$4,930	\$3,098
TOTAL ADMINISTRATIVE SERVICES FUND - GG		\$3,883	\$1,052	\$1,787	\$900	\$800	\$12,529	\$7,995

*Recurring annual project.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 ADMINISTRATIVE SERVICES FUND – GG

Table 6-15: Administrative Services FYs 2017/18 and 2018/19 Project Descriptions

Project Number	Name	Description
Capital Construction		
CP16005	Headquarters Leadership in Energy & Design (LEED) Certification – Capital	Necessary upgrades to bring the Agency headquarter buildings up to the requirements for LEED certification.
CP17001	Regional Office Furniture	Upgrades to office furniture throughout the Agency as much of it has reached the end of its useful life.
CP18001	Security Camera Purchase & Installation Headquarters (HQ) A & B	Removal of existing analog camera system and installation of new high-definition camera system to help with security of the buildings and Agency staff.
Capital Equipment		
IS15001	Human Capital Management (HCM) Phase 2 HR Process & Automation & ESS/MSS Enhancements	Implementation of additional self-service features, building upon the Human Resources (HR) system and self-service functions implemented as part of the HCM Phase 1 project in FY 2012/13.
IS15003	Document Management System – Implementation	Implementation of a solution to replace the Liberty system and integrate other document management systems or consolidate documents into a single common system.
IS16001	HCM Phase2 – Position Budgeting & Control	Design, development, and implementation of the SAP module for Handling of Personnel Cost Savings to optimize the usage of personnel budgets.
IS16003	SAP Archiving	Identification of documents to archive in SAP to ensure proper records management.
IS16021	SAP Roadmap & Strategy	Assistance to the Agency in the implementation of additional SAP functionalities and capabilities.
IS17030	Raines Conference Room Audio/Visual (AV) Upgrade	Upgrades to the television, cable management, and television bracket in an Agency conference room to enable better viewing from all areas of the room.
IS18003	BizNet Email Services Disaster Recovery	Purchase, configuration, and installation of new server hardware to allow email services to be online within 4 hours if HQ based email services were unavailable for an extended period.
IS18005	BizNet Network New Workstation	Purchase, configuration, and installation of new workstations for new/unplanned IEUA staff.
IS18007	BizNet Voicemail Server	Purchase, configuration, and installation of new voicemail system to allow the Agency to proceed with moving email to a cloud based system in the future.
IS18012	New Scanner Purchase – Records Management	Purchase of a new scanner for the Records Management department to increase scanning capacity and improve operational efficiencies.
LB18001	Inductively Coupled Plasma (ICP) Power Conditioners	Purchase and installation of power conditioners to provide clean, consistent power to sensitive instruments to eliminate fluctuations in the power supply to the laboratory.
LB18002	Spectrophotometer	Purchase of a new spectrophotometer to replace the current, failing, fifteen year old equipment.

Project Number	Name	Description
Capital Replacement		
EN16049	Conference Rooms Audio Visual (AV)	Design and installation of AV upgrades at the Headquarters' conference rooms and Board room to enhance usability and leverage the technological capabilities for conferencing.
EP17003	RP-1 Training Room	Conversion of paint room at Regional Plant No. 1 into a training room and lab to accommodate maintenance training activities.
EP18004	Agency-Wide Vehicle Replacement	Development of a list of vehicles to be replaced based on age, value of repair costs to date, and reliability.
IS18004	BizNet Network Infrastructure Replacement	Purchase, configuration, and installation of new hardware related to the BizNet Network.
LB18004	Instrument Software Updates	Purchase of software updates for laboratory equipment so it can continue to function with the Agency's network.
Operations and Maintenance		
CP16003	Headquarters Roofing Replacement	Replacement of the headquarters' roofs because the current roofs are over twelve years old and have required several repairs and coatings.
CP16004	Headquarters LEED Certification – O&M	Assessment of the Agency's headquarters to determine necessary upgrades to bring the Agency headquarters up to the requirements for LEED certification.
EN18020	Website Yearly Maintenance	Ongoing maintenance of the Engineering and Construction Management website maintained for projects.
IS18002	BizNet Cybersecurity Risk Assessment, Policy Development, and Planning	Development of a request for proposal for cybersecurity program development services; select a consultant; re-design the business network to isolate and protect critical assets.
IS19001	BizNet Cybersecurity Network Vulnerability Assessment	Execution of a cybersecurity vulnerability assessment to provide detailed information regarding where improvements to the Agency's cybersecurity should be made.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 RECHARGE WATER FUND

Table 6-16 shows the capital and O&M projects budgeted in the Recharge Water fund, followed by Table 6-17 which provides a description of each of the projects to be executed in FYs 2017/18 and/or 2018/19.

Table 6-16: Recharge Water Fund FY 2017/18 – 2026/27 Projects (\$Thousands)

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Capital Construction								
EN18007	RMPU Construction Costs	\$210	\$10,137	\$6,554	\$9	\$0	\$16,910	\$38,623
RW15003	Recharge Master Plan Update Projects	1,204	516	-	-	-	1,720	7,491
RW15004	Lower Day Basin RMPU Improvements	315	2,248	1,108	1	-	3,672	4,008
Total Capital Construction		\$1,729	\$12,902	\$7,662	\$10	\$0	\$22,302	\$50,121
Total Capital Project Costs		\$1,729	\$12,902	\$7,662	\$10	\$0	\$22,302	\$50,121
Operations & Maintenance (O&M)								
RW18001	GWR Montclair Basin Gate Rehab	\$75	\$0	\$0	\$0	\$0	\$75	\$75
RW18002	Midgefly Mitigation Project	250	250	-	-	-	500	500
Total Operations & Maintenance		\$325	\$250	\$0	\$0	\$0	\$575	\$575
Total O&M Project Costs		\$325	\$250	\$0	\$0	\$0	\$575	\$575
TOTAL RECHARGE WATER FUND - RW		\$2,054	\$13,152	\$7,662	\$10	\$0	\$22,877	\$50,696

Table 6-17: Recharge Water FYs 2017/18 and 2018/19 Project Descriptions

Project Number	Name	Description
Capital Construction		
EN18007	RMPU Construction Costs	Chino Basin Watermaster contribution and State Revolving Fund loan funding for construction projects that were identified in the Recharge Master Plan Updates (RMPU) and designed in previous years.
RW15003	Recharge Master Plan Update Projects	Preparation of preliminary design reports for projects that are selected for implementation for the first phase of the Recharge Master Plan Update.
RW15004	Lower Day Basin RMPU Improvements	Modification of the existing diversion and basin structures at the Lower Day Basin to increase recharge capacity by approximately 789 acre-feet per year.
Operations and Maintenance		
RW18001	GWR Montclair Basin Gate Rehab	Replacement of existing gate because it has reached the end of its useful life and is necessary for reliable operation of the basin.
RW18002	Midge Fly Mitigation Project	Installation of sprinkler systems at aeration basins to mitigate the nuisance of the midge fly population.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 NON-RECLAIMABLE WASTEWATER FUND

Table 6-18 shows the capital and O&M projects included in the Non-Reclaimable Wastewater (NRW) fund, followed by Table 6-19 which provides a description of each of the projects to be executed in FY 2017/18 and/or 2018/19.

**Table 6-18: Non-Reclaimable Wastewater Fund FY 2017/18 – 2026/27 Projects
 (\$Thousands)**

Project #	Project Name	2017/18 Adopted Budget	2018/19 Adopted Budget	2019/20	2020/21	2021/22	Total Ten Year CIP	2017/18 Total Project Budget
Capital Construction								
EN15044	SBCFCD NRW Easement	\$560	\$0	\$0	\$0	\$0	\$560	\$565
EN18023	NRWS Philadelphia Pump Station Pump 3 Improvements	250	-	-	-	-	250	250
EN19021	San Bernardino Lift Station Facility Improvements	-	420	180	-	-	600	600
EN22002	NRW East End Flowmeter Replacement	84	1,182	543	-	-	1,809	1,987
Total Capital Construction		\$894	\$1,602	\$723	\$0	\$0	\$3,219	\$3,402
Capital Replacement								
EN18014*	NRWS Manhole Upgrades	\$200	\$200	\$200	\$200	\$200	\$2,000	\$200
EN23002	Philadelphia Lift Station Force Main Imp	-	-	-	-	-	6,000	6,000
EN26020	Lift Station AMP Projects	-	-	-	-	-	200	500
Total Capital Replacement		\$200	\$200	\$200	\$200	\$200	\$8,200	\$6,700
Total Capital Project Costs		\$1,094	\$1,802	\$923	\$200	\$200	\$11,419	\$10,102
Operations & Maintenance (O&M)								
EN17074	NRW Pressure Pipeline Condition Assessment	\$25	\$0	\$0	\$0	\$0	\$25	\$75
EN18016*	NRWS Emergency O&M Projects	100	100	100	100	100	1,000	100
Total Operations & Maintenance		\$125	\$100	\$100	\$100	\$100	\$1,025	\$175
Total O&M Project Costs		\$125	\$100	\$100	\$100	\$100	\$1,025	\$175
TOTAL NON-RECLAIMABLE WATER FUND - NC		\$1,219	\$1,902	\$1,023	\$300	\$300	\$12,444	\$10,277

*Recurring annual project.

FY 2017/18 AND FY 2018/19
 BUDGETED PROJECTS
 NON-RECLAIMABLE WASTEWATER FUND

Table 6-19: Non-Reclaimable Wastewater FYs 2017/18 and 2018/19 Project Descriptions

Project Number	Name	Description
Capital Construction		
EN15044	SBCFCD NRW Easement	Acquisition of permanent easements for regional pipelines to settle the dispute of license agreements and SBCFCD annual fees.
EN18023	NRWS Philadelphia Pump Station Pump 3 Improvements	Installation of a variable frequency drive and updated control system to reduce excessive run times required by the lack of variable control at the pump.
EN19021	San Bernardino Lift Station Facility Improvements	Correction of lift station facility including building a bathroom and installing drains and pumps on the force mains to improve the efficiency of the facility.
EN22002	NRW East End Flowmeter Replacement	Replacement of flowmeter as required by the NRWS Agreement.
Capital Replacement		
EN18014	NRWS Manhole Upgrades	Identification of NRW manholes, manhole covers, frames, and lines that need to be repaired or replaced.
Operations and Maintenance		
CW16015	NWRS OE Projects	Budget to cover the labor hours for project evaluation, design review, permit issuance, inspection, and closeout of NRW office engineering projects.
EN16016	NRWS Emergency O&M Projects	Provision of funds for Engineering and Construction Management to facilitate such items such as pipeline repairs, property negotiations, and other unforeseen, unbudgeted issues that may arise during the fiscal year.

Intregrated Regional Water Management



Drought Solicitation
Implementation Program

DEBT MANAGEMENT

Overview

The Agency issues debt to finance the acquisition, construction, and improvement of capital assets, as well as to refinance existing long term debt to take advantage of lower interest rates that will decrease debt service costs in the future. The Agency applies a priority tiered financing strategy to ensure the lowest cost of borrowing while maximizing financial flexibility. This tiered financing strategy includes system revenues, grants, fund balance draws, State Revolving Fund (SRF) loans, and bonds by prioritizing low-cost funds and approaching expensive funding sources last.

Consistent with the Fiscal Responsibility commitment to safeguard the Agency's creditworthiness, a key objective is to leverage low interest debt and pay down higher interest obligations. To accomplish this goal, the Agency has taken the following actions:

- On January 2017, the sale of the 2017A Bond was completed, resulting in gross savings of \$129 million and net present value savings of \$36.8 million (net of the \$50 million cash pay down) through the life of the bonds. The use of the \$50 million in available cash reserves and a portion of the premium realized from the refinancing of the remaining portion of the 2008A Bonds, resulted in a reduction of \$57.4 million in outstanding debt and reduce the repayment period by five years.
- On October 2014, the Agency's Board adopted a Resolution Authorizing the Redemption of Chino Basin Regional Financing Authority Revenue Bond, Series 2005A for \$14,695,000. Cost savings totaled to \$3.2 million in avoided interest payments with the early redemption of the remaining principal amount due after November 1, 2014 of \$14,695,000, excluding the principal and interest payment of \$1,870,194 due on November 1, 2014.
- The State Water Resource Control Board (SWRCB) offers low interest loan opportunities for public agencies through the Clean Water State Revolving Fund (CWSRF). The Agency has nineteen CWSRF loans with an aggregate outstanding balance of \$140 million. It is expected that the Agency would save financing costs based on estimated grant and SRF loan opportunities versus funding through a bond issuance.
- Consistent with the Agency's commitment to a sustainable cost containment, the Agency maintains the Variable Rate Demand Revenue Refunding Bond, Series 2008B as part of the overall portfolio and to take advantage of historically low interest rate below the 4 percent projected interest rate.

Outstanding Debt

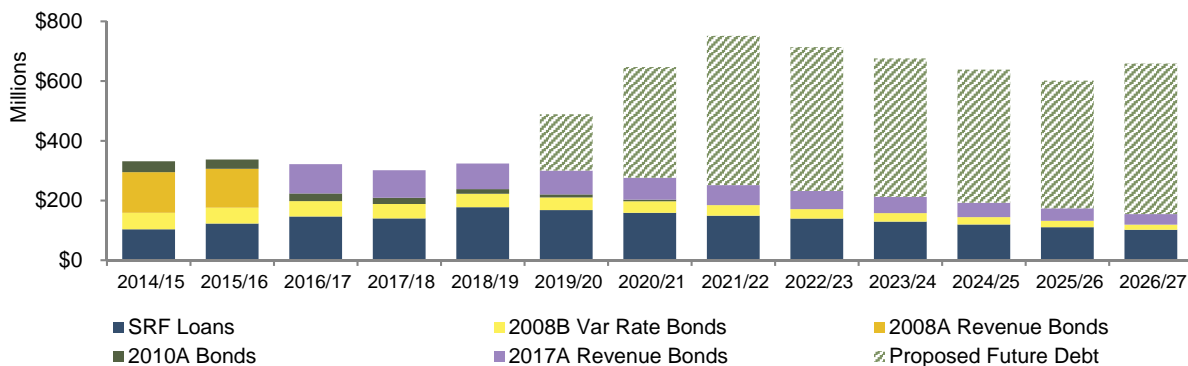
As of June 30, 2018, total outstanding debt (principal and interest), *excluding financial expenses and inter-fund loans*, is estimated at \$306.7 million, as reported in Table 7-1. The fluctuation in the total outstanding amount is due to the projected new loan borrowing requirements anticipated over the next ten years, and annual debt service payments which average about \$34.0 million per fiscal year.

Table 7-1: Total Outstanding Debt by Type (\$Millions)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Bonds	214.3	175.2	161.1	146.6	132.1	117.2
SRF Loans	122.7	146.4	139.8	177.3	168.0	158.8
Notes	7.3	6.4	5.8	5.3	4.7	4.2
Future Bonds	0.0	0.0	0.0	0.0	188.6	370.8
Total	344.2	328.0	306.8	329.2	493.5	651.0

Figure 7-1 below shows the estimated trend in outstanding debt from FY 2014/15 to FY 2026/27.

Figure 7-1: Summary of Agency's Outstanding Principal & Interest Debt (\$Millions)



The Agency's Ten-Year Capital Improvement Plan (TYCIP) is funded by a combination of pay-go, low interest SRF, grants, and reimbursements. Aggregate capital expenditures of \$716.8 million over the next 10 years will require new debt assumed to be a combination of bonds debts for \$325 million and SRF loan for \$52.2 million for a total of \$377.2 million as summarized on Table 7-2. The Agency will continue to aggressively pursue federal, state, and regional grants and incentives, including low interest SRF loans and grants but for budgeting purposes, the Agency is conservatively assuming new bond issue for \$325 million.

Table 7-2: Estimated Source of New Borrowing (\$Millions)

Projects	Fund	Fiscal Year	Estimate
ASSUMED BOND DEBT			
RP-5 Liquids Expansion & RP-5 Solids and Liquid Treatment Expansion	Wastewater Capital	2019/20	\$100
		2020/21	100
		2021/22	75
		2026/27	50
TOTAL			\$325

DEBT MANAGEMENT

Projects	Fund	Fiscal Year	Estimate
ASSUMED STATE REVOLVING FUND LOAN			
Water Quality Laboratory	Wastewater Operations	2017/18	\$7.9
		2018/19	8.6
		2019/20	2.6
San Sevaine Basin Improvements and Drought Relief & Recycled Water Optimization	Recycled Water	2019/20	3.6
		2020/21	5.8
		2021/22	4.3
		2022/23	0.8
Recharge Master Plan Update	Recharge Water	2017/18	1.4
		2018/19	10.7
		2019/20	6.5
TOTAL			\$52.2
TOTAL BOND & SRF PROCEEDS			\$377.2

It is anticipated that the Agency will need to issue new debt to pay for major capital expansions which are necessary to plan for anticipated growth in the Agency’s service area. Two major expansion projects, the RP-5 Liquids Expansion and the RP-5 Solids Treatment Expansion, are scheduled to begin construction in FY 2019/20 with projected costs of over \$330 million. During the next two years, the Agency will further refine the project parameters and funding needs.

Debt Service Costs

Debt service costs are comprised of principal, interest, and financial expenses related to outstanding bonds, low interest State Revolving Fund (SRF) loans, notes, and inter-fund loans. Debt service costs are budgeted at \$22.0 million in FY 2017/18 and \$22.2 million in FY 2018/19.

Table 7-3: Summary of Agency’s Debt Service Payments by Type (\$Millions)

By Type	2017/18	2018/19
Bond Payable	\$14.1	\$14.4
SRF Loan	6.6	6.6
Notes Payable	0.8	0.6
Financial Expenses	0.3	0.3
*Inter fund loan (interest only)	0.2	0.3
Total	\$22.0	\$22.2

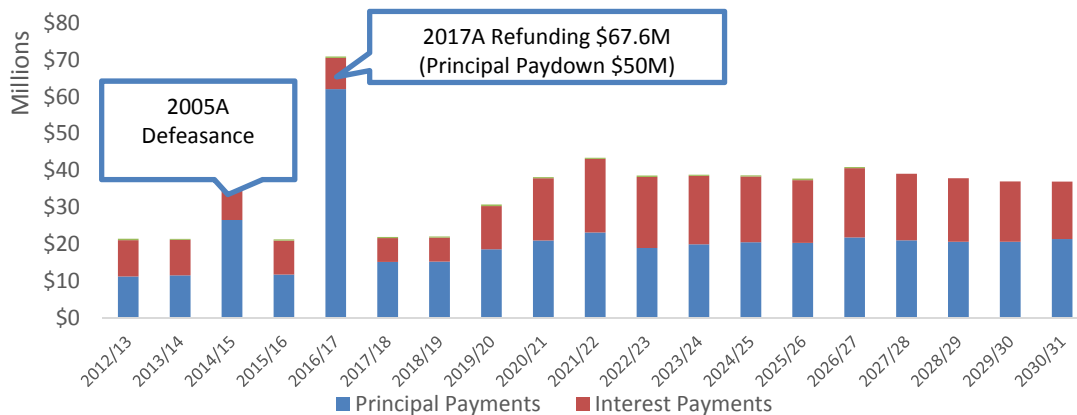
* Principal repayment is planned to begin in FY 2019/20

Table 7-4: Summary of Agency’s Debt Service Payments by Fund (\$Millions)

By Fund	2017/18		2018/19	
	Principal	Interest	Principal	Interest
Regional Wastewater Capital	8.8	3.1	8.9	3.1
Regional Wastewater O&M	0.1	0.2	0.1	0.2
Non-Reclaimable	0.4	0.3	0.3	0.3
Recycled Water	5.1	2.6	5.2	2.5
Recharge Water	0.7	0.2	0.7	0.3
Debt Service <i>exclude Fin. Exp. & Inter-fund</i>	15.1	6.4	15.2	6.4

Figure 7-2 below shows the debt service payment schedule for FY 2012/13 through FY 2030/31.

Figure 7-2: Annual Debt Service Payment Schedule



Bonds

Long term bonds have been used to finance new construction, expansion and improvement of existing, facilities and infrastructure, and refinancing of high interest debt issues to reduce debt service costs. In FY 2017/18 and FY 2018/19 bond related debt service payments are estimated to be \$14.1 million and \$14.4 million, respectively (Table 7-3).

Outstanding bond debt balance as of June 30, 2018 is estimated to be \$161.1 million, including principal and interest, as shown in Table 7-5.

DEBT MANAGEMENT

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

	Maturity Date	Ratings	Interest Range	Bond Par Amount	2017/18 Bond Payments	2018/19 Bond Payments	Outstanding Balance As of 6/30/18
2008B Variable Rate Revenue Bonds (2002A Refinancing)	6/01/2032	AA+ S&P	Variable	\$55.7	\$2.8	\$3.2	\$48.5
2010A Revenue Bonds (1994 Refinancing)	8/1/2021		1.35% - 5.0%	45.7	5.2	5.1	20.7
2017A Revenue Bond (2008A Refinancing)	11/1/2033		2%-5%	67.6	6.1	6.1	91.9
Total				\$169.0	\$14.1	\$14.4	\$161.1

State Revolving Fund (SRF) Loans

SRF loan payments (including principal and interest) for FYs 2017/18 and 2018/19 are projected at \$6.6 million each year, as shown in Table 7-6.

Table 7-6: Outstanding SRF Loans Debt Service Schedule (\$Millions)

SRF Loans by Program	Interest Rate Range	SRF Loan Principal Amount	2017/18 SRF Debt Payments	2018/19 SRF Debt Payments	Outstanding SRF Loans As of 6/30/18 (P+I)
<i>Recycled Water:</i>					
Phase I (CCWRF)	0%-2.6%	\$15.1	\$1.0	\$1.0	\$6.7
Phase II (RP-1 Area)	2.20%	14.8	0.9	0.9	9.4
Phase III (RP-4 Area)	0%	10.9	0.6	0.6	7.0
Phase IV (Northeast Area)	0.074%-0.214%	15.1	0.8	0.8	9.9
Phase V (Northeast Area)	1%	1.0	0.1	0.1	0.6
Phase VI (Southern Areas)	2.60%	26.6	1.8	1.8	29.8
Central Wineville	1%	22.2	0.0	0.0	25.8
Subtotal – Recycled Water		\$105.7	\$5.2	\$5.2	\$89.2
<i>Wastewater Capital (RC):</i>					
RP-1 Dewatering Facility Expansion	0.46%	27.4	\$1.4	1.4	20.3
<i>Wastewater Operations (RO):</i>					
Water Quality Laboratory	2.1%	24.6	\$0.0	0.0	30.3
Subtotal – Regional Wastewater (RC & RO)		\$52.0	\$1.4	\$1.4	\$50.6
Total		\$157.7	\$6.6	\$6.6	\$139.8

Repayment of the principal of each of the respective SRF loan is amortized over a 20 to 30-year period at fixed interest rates ranging from 0.0 percent to 2.6 percent with payments commencing

one year after the completion of the related capital construction projects. State Water Resources Control Board (SWRCB) offers various financing options:

- Standard – 20-year to 30-year term, ranging from 1 percent to 2.6 percent annual interest rate.
- Local Match – 20-year term, zero percent (0 percent) annual interest rate. Local match of 20 percent is deducted from loan proceeds during construction.
- Stimulus (only available during the economic downturn; no longer offered) – 20-year term, 0 percent annual interest rate for Clean Water related projects, (recycled water) and approximately 1 percent annual interest rate for wastewater treatment projects.

The SWRCB offers additional assistance in the form of grants for various water related projects. Grant funding is tied directly to loans and is received in conjunction with loan receipts during the pre-construction and construction phases of the project. Not every loan qualifies for grant funding, although the Agency has been successful in securing SRF related grants for \$8 million to support recycled water capital projects.

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

Over the next ten years, the Agency will continue to submit reimbursements for eligible projects associated with currently approved SRF loans and proactively submit applications for projects that can be funded by SRF loan program (Table 7-7). Included in the CIP over the next two years is the design of the Regional Water Recycling Plant No. 5 (RP-5) Liquids and Solids Expansion project, continued construction of the Water Quality Laboratory, and capital upgrades and improvements to the various Agency facilities.

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

STATE REVOLVING FUND LOAN PROCEEDS				
Water Quality Laboratory	Wastewater Operations	2017/18	\$7.9	Approved/ In Process
		2018/19	8.6	
		2019/20	2.6	
San Sevaine Basin Improvements and Drought Relief & Recycled Water	Recycled Water	2019/20	3.6	New applications
		2020/21	5.8	
		2021/22	4.3	
Recharge Master Plan Update	Recharge Water	2022/23	0.8	
		2017/18	1.4	
		2018/19	10.7	
		2019/20	6.5	
TOTAL			\$52.2	

DEBT MANAGEMENT

Notes Payable

The Agency has two outstanding notes payable; one to the Santa Ana Watershed Project Authority (SAWPA) and another to the City of Fontana:

- On June 19, 1998, the Agency entered into an agreement with SAWPA for the purchase of an additional 1.5 mgd of Inland Empire Brine Line (IEBL) pipeline capacity. The total cost of the purchase was \$5,625,000 payable in 20 annual installments of \$267,186 and matures on July 15, 2017.
- On October 18, 2005, the Agency entered into a reimbursement agreement with the City of Fontana for the design and construction of the San Bernardino Avenue lift station and force main. The City of Fontana received \$9.5 million, 20-year note payable from the SWRCB. The project was completed in June 30, 2010 and title and ownership of the regional lift station and force main was transferred to the Agency from the City of Fontana.

FY 2017/18 and FY 2018/19 note payable payments are estimated at \$0.8 million and \$0.6 million, including principal and interest as shown on Table 7-8.

Table 7-8: Outstanding Notes Payable Debt Service Schedule (\$Millions)

Notes Payable	Note Principal Amount	2017/18 Debt Service Costs	2018/19 Debt Service Costs	Outstanding Notes as of June 30, 2018 (Prin. Only)
*SARI Pipeline Capacity 1.5 mgd	\$5.6	\$0.3		\$0.0
City of Fontana	9.5	0.5	0.6	5.0
Total	\$15.1	\$0.8	\$0.6	\$5.0

*Matures July 15, 2017

Inter-Fund Loans

Inter-fund loans between Agency programs help to support shortfall in debt service, operating and capital requirements. As indicated in Table 7-9, projected total outstanding inter-fund loans are \$28.5 million. The repayments are scheduled to begin in FY 2019/20 and projected to be fully paid by FY 2025/26.

Table 7-9: Future Repayment Schedule of Inter-Fund Loans (\$Millions)

Inter Fund Loans Issued	Due from Recycled Water Fund to:	Loan Amount (Principal)
2007/08	Non-Reclaimable Wastewater Fund	\$9
2007/08	Regional Wastewater Capital Fund	3
2009/10	Non-Reclaimable Wastewater Fund	6
2014/15	Regional Wastewater Capital Improvement Fund	10.5
	Total	\$28.5

Debt Coverage Ratio

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

Credit agencies, such as Moody’s Investor Services (Moody’s) and Standard & Poors (S&P), assign credit ratings to organizations and specific debt issues to reflect their credit worthiness and serve as a notable reference to the investment community. The DCR is one of the financial ratios applied in the evaluation of an organization’s overall credit rating that can affect market accessibility and the cost of future borrowings. In May 2016, S&P Global Ratings raised its long-term rating and underlying rating to AA+ from 'AA' for the Agency’s outstanding revenue bonds. Moody’s maintained the Agency rating at Aa2.

The Agency’s bond covenants require a legal DCR of at least 1.20 times for senior bonds and a coverage ratio of at least 1.25 times or higher for senior and subordinate debt combined. A DCR of 1.25 means the Agency will generate a minimum of 1.25 times more (or 25 percent more) net operating cash flow than is required to pay debt service costs. There is no senior debt currently outstanding. The Agency has no legal debt limits imposed by state legislation.

As indicated in Table 7-10 below, the favorable trend of the Agency’s DCR projected through FY 2018/19 is primarily driven by a combination of higher system revenues and the partial refinancing of 2008A Revenue Bond in FY 2016/17. The projected decline in FY 2019/20 through FY 2021/22 is due to capital expenditures for the wastewater program which will require new borrowing in the future years. The Agency assumes the issuance of bonds and SRF loans to support the future capital needs.

Table 7-10: Total Debt Coverage Ratio Based on Current Assumptions

	Projected Actual 2016/17	Budget 2017/18	Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22
DCR*	2.72x	2.86x	3.15x	2.48x	2.08x	1.87x

*Projected Actual, Budget and Forecasts based on current assumptions

DEBT MANAGEMENT

Chino Basin Regional Financing Authority (Inland Empire Utilities Agency)

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

Principal Issue Amount: \$55,675,000
Issue Date: April 14, 2008
Maturity Date: June 1, 2032
Rating: Standard & Poors AA+

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

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

Fiscal Year	Principal	Interest Rate (Issue)	Actual/ Projected	Interest	Total Payment
2007/08	\$450,000	4.00%	1.60%	\$186,385	\$636,385
2008/09	1,420,000	4.00%	2.80%	1,265,663	2,685,663
2009/10	1,475,000	4.00%	0.48%	156,029	1,631,029
2010/11	1,535,000	4.00%	0.27%	118,321	1,653,321
2011/12	1,560,000	4.00%	0.37%	64,777	1,624,777
2012/13	1,660,000	4.00%	0.16%	73,559	1,733,559
2013/14	1,725,000	4.00%	0.07%	25,186	1,750,186
2014/15	1,790,000	2.00%	0.05%	21,705	1,811,705
2015/16	1,865,000	4.00%	0.12%	53,735	1,918,735
2016/17	1,910,000	4.00%	1.50%	250,000	2,160,000
2017/18	2,015,000	4.00%	2.00%	765,000	2,780,000
2018/19	2,095,000	4.00%	3.00%	1,085,000	3,180,000
2019/20	2,180,000	4.00%		1,441,270	3,621,270
2020/21	2,270,000	4.00%		1,353,332	3,623,332
2021/22	2,355,000	4.00%		1,265,523	3,620,523
2022/23	2,430,000	4.00%		1,192,514	3,622,514
2023/24	2,550,000	4.00%		1,072,573	3,622,573
2024/25	2,650,000	4.00%		970,267	3,620,267
2025/26	2,755,000	4.00%		866,614	3,621,614
2026/27	2,865,000	4.00%		757,005	3,622,005
2027/28	2,970,000	4.00%		652,844	3,622,844
2028/29	3,100,000	4.00%		521,896	3,621,896
2029/30	3,220,000	4.00%		399,487	3,619,487
2030/31	3,350,000	4.00%		271,350	3,621,350
2031/32	3,480,000	4.00%		138,314	3,618,314
	\$ 55,675,000			\$ 14,968,349	\$ 70,643,349

Principal payment due annually, June 1.

Interest payment due first Wednesday of every month.

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

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

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

Principal Issue Amount: \$45,570,000
Issue Date: July 15, 2010
Maturity Date: August 1, 2021
Rating: Standard & Poors AA+

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

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

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

Principal due annually, August 1.

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

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

DEBT MANAGEMENT

Chino Basin Regional Financing Authority (Inland Empire Utilities Agency)

Refunding Revenue Bonds, Series 2017A (Parity Debt)

Principal Issue Amount: \$67,615,000
Issue Date: January 1, 2017
Maturity Date: November 1, 2033
Rating: Standard & Poors AA+

Purpose: The Bonds are issued (i) to provide money, which together with certain other moneys, will refund all of the outstanding Chino Basin Regional Financing Authority Revenue Bonds, Series 2008A (Inland Empire Utilities Agency) (the "2008A Bonds"), and (ii) to pay the costs of issuing the Bonds. To finance the cost of certain replacements of the Agency's wastewater facilities and certain improvements to the wastewater, recycled water and non-reclaimable wastewater facilities of the Agency.

Security: Pursuant to the 2017A Installment Purchase Agreement, the 2017A Installment Purchase Payments are payable by the Agency solely from Net Revenues, excluding revenues recorded in the Water Resources Fund. Net Revenues are considered to be revenues of the Agency for any fiscal year less operational and maintenance costs for such fiscal year.

Fiscal Year	Principal	Interest	Total Payment
2016/17	\$0	\$782,050	\$782,050
2017/18	3,010,000	3,133,250	6,143,250
2018/19	3,090,000	3,056,800	6,146,800
2019/20	3,200,000	2,946,450	6,146,450
2020/21	3,330,000	2,815,850	6,145,850
2021/22	3,480,000	2,662,250	6,142,250
2022/23	3,660,000	2,483,750	6,143,750
2023/24	4,185,000	2,287,625	6,472,625
2024/25	4,395,000	2,073,125	6,468,125
2025/26	4,620,000	1,847,750	6,467,750
2026/27	4,860,000	1,610,750	6,470,750
2027/28	3,595,000	1,399,375	4,994,375
2028/29	3,830,000	1,213,750	5,043,750
2029/30	4,025,000	1,017,375	5,042,375
2030/31	4,235,000	810,875	5,045,875
2031/32	4,500,000	592,500	5,092,500
2032/33	4,680,000	363,000	5,043,000
2033/34	4,920,000	123,000	5,043,000
	\$67,615,000	\$31,219,525	\$98,834,525

Principal due annually, November.

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

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

GWR and RW Communication System Upgrades



Banana Basin Radio Testing

PERSONNEL

The Agency regards human resources as one of its most valuable assets and promotes a value-driven work environment characterized by open communication, accountability, equity, trust, mutual respect, and collaboration. The Human Resources Department (HR) is committed to providing a dynamic work environment with a highly skilled and dedicated workforce through successful selection and retention of the best qualified candidates by promoting creativity, innovation, continual training, and maintaining a safe and healthful environment.

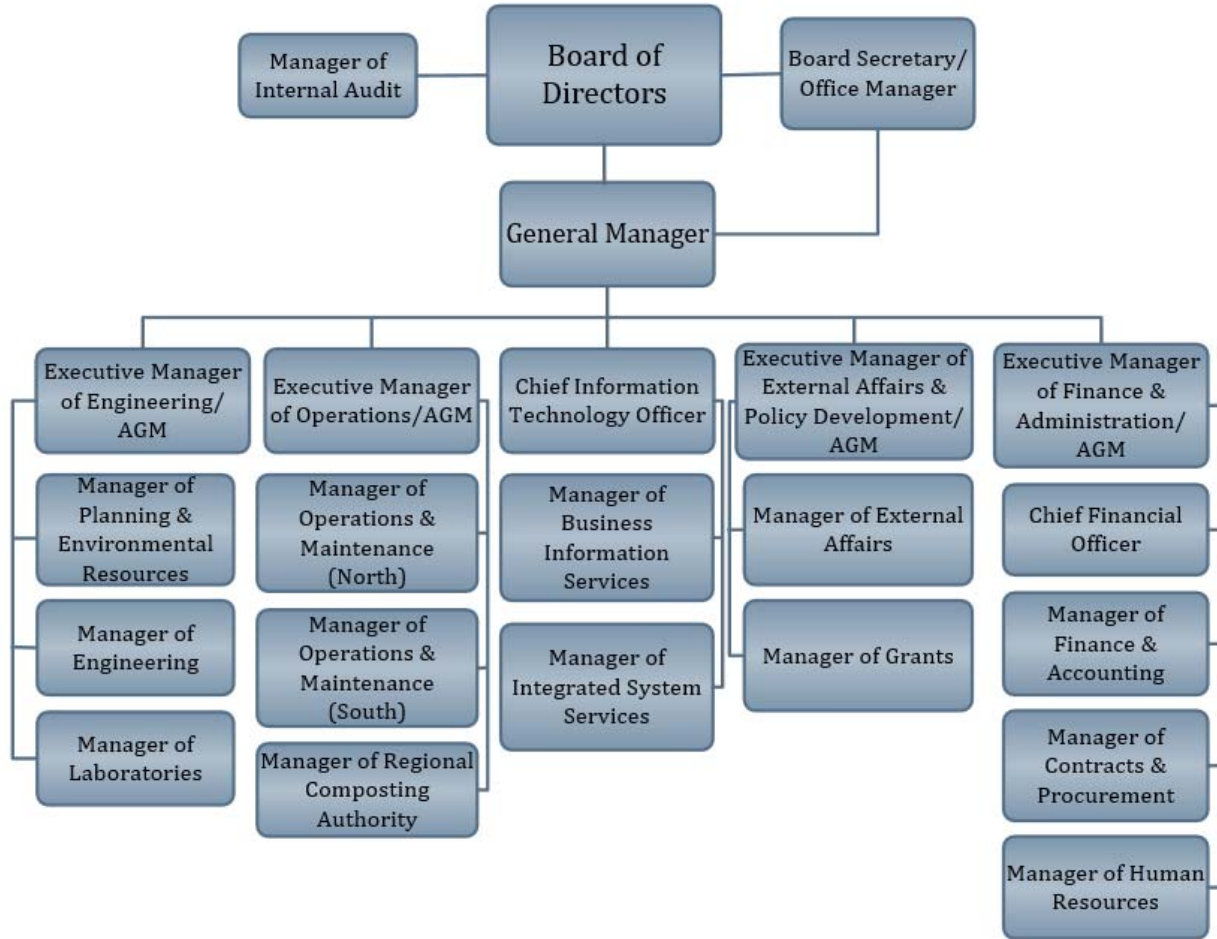
During FY 2017/18, through strategic partnerships and collaboration, the HR department will continue to support the achievement of the workplans outlined in the IEUA Business Goals identified under Workplace Environment. Key objectives include negotiating cost-effective agreements that align with the Agency's current and anticipated economic conditions; streamlining policies and fostering a culture that is both knowledgeable and compliant with all Agency policies; focusing on strengthening our workforce by investing in employee development and promoting continuous learning; further promoting safety; and to improve employee engagement by exploring, developing, and implementing employee engagement strategies and tools.

Like many private and public-sector organizations, the Agency is proactively planning for the impending retirement of its "baby boomers" over the next several years. HR staff will continue to provide ongoing leadership and support to the organization's succession efforts, and commit to promote, support and leverage technology resources and tools to improve and enhance workflow efficiency and improve customer service, including employee self-service. This will allow the HR staff to continue to move beyond managing transaction processes and focus on increasing consultative partnerships with the Agency's customers.

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

The following Agency-wide organizational chart (Figure 8-1) provides an overview of the Agency's current organizational structure by division and department.

Figure 8-1: Agency-Wide Organizational Chart



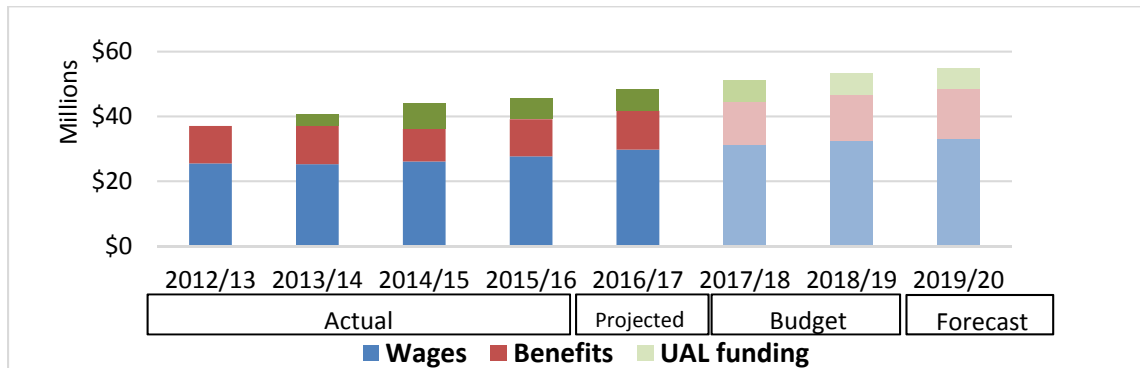
STAFFING PLAN

Over the next 5 years, approximately 45 percent of the current workforce is eligible for retirement. During FY 2017/18 the Agency will support succession planning through the vacancy factor positions and reclassification of existing positions to streamline operations, and more effectively support the areas of technology, finance, grants administration, and enhancement of the Agency’s safety program. Consistent with the Agency’s commitment to sustainable cost containment, the succession pool is supported by a reduction in the vacancy factor. There is no change in the 290 FTE authorized level included in the biennial budget. In addition to the 290 FTE staffing level, included in the FY 2017/18 budget are 35 interns and 18 limited-term positions primarily to support engineering, construction management, accounting, and grants administration activities. Approximately \$6.2 million in total employment costs annually are allocated to support CIP activities.

PERSONNEL

Total employment costs for FY 2017/18 are projected to be \$51.6 million, 7.7 percent or \$3.7 million higher compare to projected for FY 2016/17, as shown in Figure 1. Included in the proposed FY 2017/18 employment budget is a cost of living adjustment (COLA) of 3.5 percent partially offset by the final 1 percent employee pick up of employer paid member contribution (EPMC). The EPMC is the employee’s contribution portion paid to CalPERS to support future retirement benefits. Effective July 1, 2018, all employees will be paying 100 percent of the EPMC previously paid by the Agency. Fiscal Year 2017/18 is the final year of the five-year Memorandums of Understanding (MOUs) negotiated with the various employee bargaining units in 2013. The proposed employment budget of \$53.4 million for FY 2018/19 includes and estimated COLA 2 percent for wages and 7 percent in benefits reflecting the estimated increases in CalPERS rates. Employment cost also includes \$6.5 million for each fiscal year in contributions toward the unfunded liabilities for CalPERS retirement and other post-employment benefits (Figure 8-2).

Figure 8-2 Total Employment Costs (\$Millions)



Total net employment costs as indicated in Figure 8-3, inclusive of wages and benefits, are budgeted at \$45.4 million (net of allocation to capital projects) in FY 2017/18 and \$46.0 million in FY 2018/19.

Figure 8-3: Total Net Employment costs

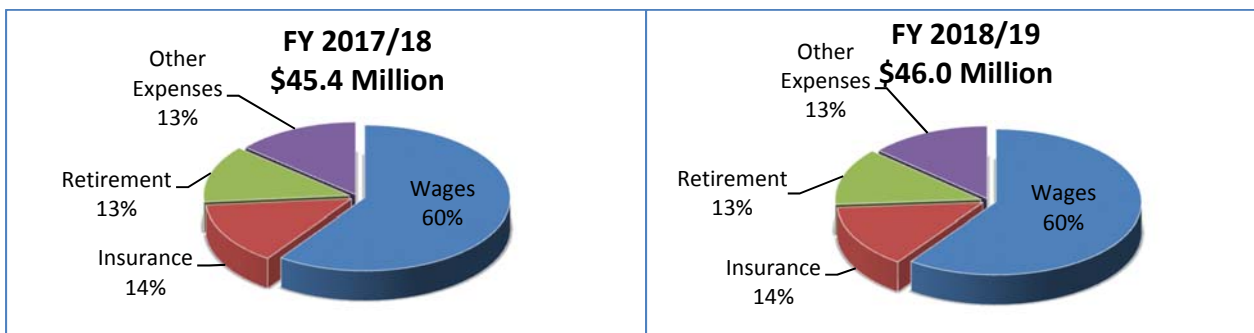


Table 8-1 provides the change in number of positions for each department from FY 2016/17 to FYs 2017/18, and staffing forecast for future years.

Table 8-1: Staffing Plan

INLAND EMPIRE UTILITIES AGENCY								
STAFFING PLAN								
DIVISION	ACTUAL	AMENDED	PROPOSED	ADOPTED	ADOPTED	FORECAST		
Department/Section	2015/16	2016/17	CHANGES	2017/18	2018/19	2019/20	2020/21	2021/22
BOARD OF DIRECTORS								
Internal Audit	2	2	0	2	2	2	2	2
AGENCY MANAGEMENT								
Agency Management	7	6	0	6	6	6	6	6
External Affairs	3	4	(4)	0	0	0	0	0
Business Information Services	0	0	12	12	12	12	12	12
Integrated Systems Services	0	0	14	14	14	14	14	14
Policy Development	1	1	(1)	0	0	0	0	0
TOTAL AGENCY MANAGEMENT DIVISION	13	13	21	34	34	34	34	34
FINANCE & ADMINISTRATION DIVISION								
Finance and Administration	1	1	1	2	2	2	2	2
Business Information Services	11	11	(11)	0	0	0	0	0
Contracts and Facilities Services	13	11	(2)	9	9	9	9	9
Finance and Accounting	18	18	2	20	20	20	20	20
Human Resources	8	8	1	9	9	9	9	9
TOTAL FINANCE & ADMINISTRATION DIVISION	51	49	(9)	40	40	40	40	40
EXTERNAL AFFAIRS & POLICY MANAGEMENT DIVISION								
Policy Development	0	0	1	1	1	1	1	1
External Affairs	0	0	5	5	5	5	5	5
Records Management	0	0	3	3	3	3	3	3
Grants	0	0	7	7	7	7	7	7
TOTAL EXTERNAL AFFAIRS & POLICY MANAGEMENT DIVISION	0	0	16	16	16	16	16	16
ENGINEERING, PLANNING & SCIENCE DIVISION								
Engineering, Planning & Science Administration	1	1	0	1	1	1	1	1
Engineering & Construction Management	28	27	(3)	24	24	24	24	24
Planning & Environmental Compliance	18	18	1	19	19	19	19	19
Grants	3	4	(4)	0	0	0	0	0
Laboratory	14	14	(2)	12	12	12	12	12
TOTAL ENGINEERING, PLANNING & SCIENCE DIVISION	64	64	(8)	56	56	56	56	56
OPERATIONS DIVISION								
Operations Administration	2	2	0	2	2	2	2	2
Technical Services	12	6	(6)	0	0	0	0	0
Integrated Systems Services	13	14	(14)	0	0	0	0	0
Organics Management	25	25	0	25	25	25	25	25
Energy Production & Maintenance	4	2	(2)	0	0	0	0	0
Operations - North System								
RP-1 Operations	22	22	0	22	22	22	22	22
RP-4 Operations	4	4	0	4	4	4	4	4
North Plant Maintenance	22	25	1	26	26	26	26	26
Materials Management Warehouse	10	10	(1)	9	9	9	9	9
Groundwater Recharge	4	4	0	4	4	4	4	4
Operations - South System								
RP-2 Operations	3	3	0	3	3	3	3	3
RP-5 Operations	5	10	0	10	10	10	10	10
CCWRF Operations	3	3	0	3	3	3	3	3
Desalter Operations	5	5	0	5	5	5	5	5
South Plant Maintenance	21	20	1	21	21	21	21	21
Sewer Collections	7	7	0	7	7	7	7	7
Facilities Management	0	2	1	3	3	3	3	3
TOTAL OPERATIONS DIVISION	162	164	(20)	144	144	144	144	144
TOTAL AGENCY STAFF POSITIONS	290	290	(16)	290	290	290	290	290
LIMITED TERM/INTERN POSITIONS								
Limited Term/Contract	18	23	(5)	18	18	18	18	18
Intern Positions	24	28	7	35	35	35	35	35
SUBTOTAL LIMITED TERM/INTERN POSITIONS	42	51	2	53	53	53	53	53
GRAND TOTAL AGENCY STAFF POSITIONS	332	341	(14)	343	343	343	343	343

PERSONNEL

REORGANIZATION

The FY 2017/18 reorganization plan calls for streamlining management of the Agency's operations, technology solutions, integrating the Grants and Records Management sections into the new External Affairs and Policy Development Division, enhancing the Finance Division for critical succession planning, and expanding the Safety section under the Human Resources Department to support efforts to further promote the Agency's safety program.

PERSONNEL COSTS BY PROGRAM

Total net employment costs in FY 2017/18 are budgeted at \$45.4 million (net of \$6.2 million allocation to support the Agency's capital improvement program). The increase of \$2.3 million from FY 2016/17 projected net cost of \$43.1 million includes the negotiated 3.5 percent cost of living adjustments (COLAs) and 5 percent increase in health insurance premiums. FY 2018/19 total net employment costs are budgeted at \$46.0 million (net of a \$7.3 million allocation for capital improvement program labor). The 1.3 percent increase over the FY 2017/18 budget includes the estimated 2 percent COLA and adjustments due to merit increases, and changes in position classification. As indicated in Table 8-2, the employment cost allocation for each fund varies each year, as determined by the anticipated level of staff work for the respective programs.

Table 8-2: Net Employment Costs Allocation by Program

Program	Allocation Percentage		
	2016/17 \$43.1 million	2017/18 \$45.4 million	2018/19 \$46.0 million
Regional Wastewater*	76.1%	75.3%	75.3%
Recycled Water	8.0%	9.2%	9.2%
Administrative Services/Chino Basin Desalter Operations (JPA)	5.0%	3.4%	3.4%
Non-Reclaimable Wastewater System	5.0%	5.3%	5.3%
Water Resources	4.3%	5.5%	5.5%
Recharge Water	1.6%	1.3%	1.3%
Total	100%	100%	100%

*Includes Organics Management/Inland Empire Regional Composting Authority Operations (JPA)

Total employment cost, comprised of wages and benefits, is initially recorded in the Administrative Services (GG) fund. These costs are then allocated to other Agency programs, capital projects, and other agencies/ Joint Power Authorities (JPAs) based on the level of support. Employment costs for staff assigned to support other agencies, such as Chino Basin Desalter Authority (CDA) and the Inland Empire Regional Composting Authority (IERCA) are reimbursed to the Agency based on contractual agreements. Table 8-3 and Figure 8-4 below show the allocation of the Agency's authorized FTEs by program and activities.

Table 8-3: Allocation of Authorized FTEs by Fund/Program

Fund/Program	2016/17	2017/18	2018/19	Average
Regional Wastewater Operations Fund	173	173	173	60%
Regional Wastewater Capital Fund	25	25	25	9%
Recycled Water Fund	23	23	23	8%
Non-Reclaimable Wastewater Fund	14	14	14	5%
Recharge Water Fund	4	4	4	1%
Water Resources Fund	15	15	15	5%
IE Regional Composting Authority (IERCA) /JPA ⁽¹⁾	25	25	25	8%
Chino Basin Desalter Authority (CDA) / JPA ⁽²⁾	9	9	9	3%
General Administration Fund	2	2	2	1%
Total	290	290	290	100%

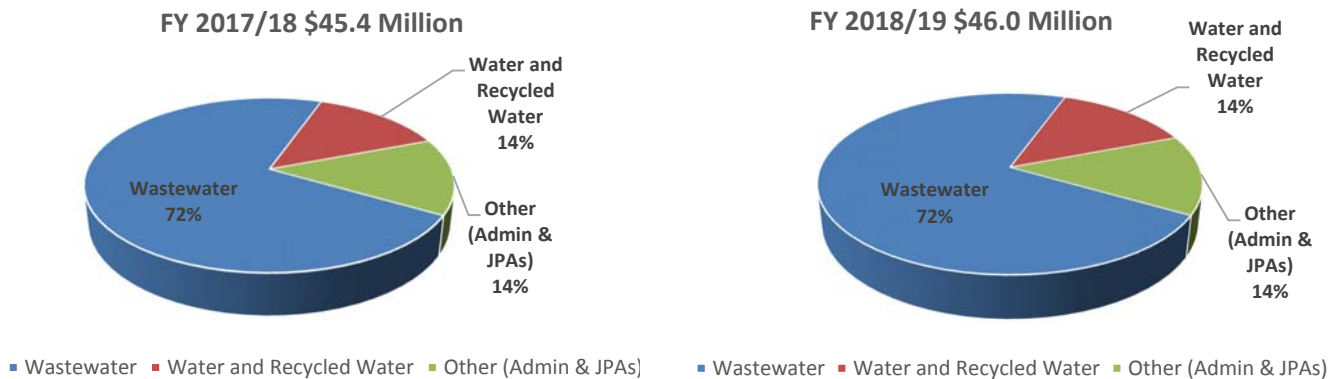
(1) IERCA JPA labor costs are 100 percent reimbursable from the IERCA and are reported in the RO fund.

(2) CDA JPA labor costs are 100 percent reimbursable from CDA and are reported in the GG fund.

Total employment cost reimbursements due from other agencies/JPAs and are estimated to be \$5.8 million in FY 2017/18 and \$6.0 million in FY 2018/19; \$3.8 million of employment costs for FY 2017/18 and \$3.9 million for FY 2018/19 from IERCA for operation of the facility which are recorded in the Regional Wastewater Operations fund, and \$1.5 million for both fiscal years from CDA for operations and program support of the CDA facility which is recorded in the Administrative Services fund. The Chino Basin Watermaster (CBWM) partially reimburses labor costs of approximately \$538,400 in FY 2017/18 and \$555,000 in FY 2017/18 for recharge water basin maintenance recorded in the Recharge Water fund.

PERSONNEL

Figure 8-4: Net Employment Cost by Program



BENEFITS

In FY 2017/18, total benefit costs are budgeted at \$20.5 million and make up 38 percent of the total employment costs. The costs increase to \$21.1 million in FY 2018/19. These benefits are comprised of:

- Insurance (i.e. health, dental, vision, life, long term disability, and workers' compensation);
- Paid leave (e.g. holiday pay, sick leave, vacation leave, executive leave, floating holidays, etc.);
- Retirement benefits in the form of participation in the California Public Employees' Retirement System (CalPERS) and Social Security;
- Contribution towards retirement Unfunded Accrued Liabilities (UAL) and Other Post-Employment Benefits (OPEB).

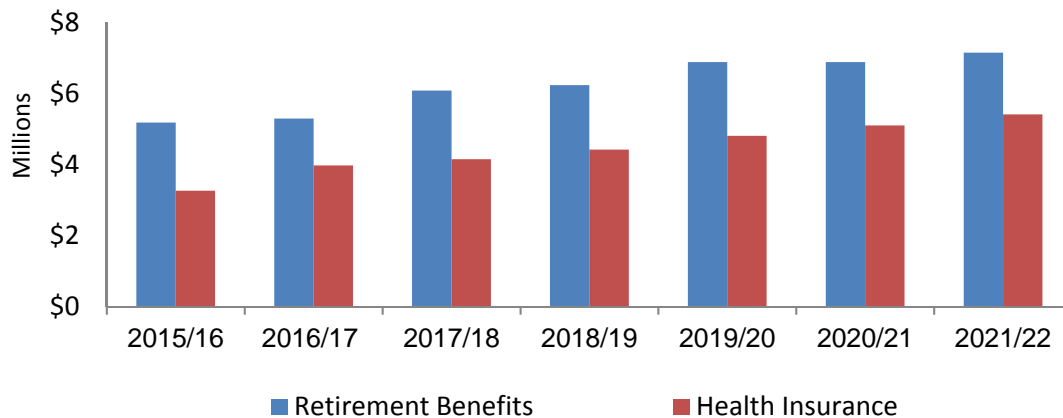
The CalPERS employer contribution rate projected for FY 2017/18 and FY 2018/19 are 18.58 percent and 20.17 percent of total "persable" wages. Pursuant to the 5 year negotiated labor contracts, as of July 1, 2017 all Agency employees will be paying 100 percent of the employer paid member contributions (EPMC). Employment cost also includes \$6.5 million for each fiscal year in contributions toward the unfunded liabilities for CalPERS retirement and other post-employment benefits.

Figure 8-4 reflects a combined increase of approximately 10 percent in health and retirement benefit costs in FY 2017/18 over the prior year. Effective January 1, 2015, the agency is capped to pay up to 6.5 percent of the medical health rate increase per calendar year and anything in excess of the 6.5 percent will be paid the employee.

The budget for FY 2018/19 includes approximately 4 percent increase in the Agency's CalPERS employer contribution rate and health insurance costs. The CalPERS Board of Administration

also voted to lower the discount rate from 7.5 percent to 7.0 percent over the next three years starting in FY 2017/18. Lowering the discount rate, means employers that contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities.

Figure 8-4: Benefits Cost Trend (\$Millions)



SAFETY

Safety strives to provide a safe and healthful work environment, dedicated to reducing injuries, accidents, and ensuring regulatory compliance through a comprehensive safety program. Safety provides high-quality training, comprehensive workplace evaluations and inspections, and offers support to all employees.

Safety works with outside agencies and organizations to address all applicable regulations and standards. Safety also maintains and updates various permits and certificates from federal, state, and local regulatory agencies.

Safety training focuses on Agency and California Division of Occupational Safety Health (Cal/OSHA) required topics applicable to our industry. Online training is offered for annual topic reviews as well as initial training for new hires. Specific employee training required by Cal/OSHA (New Employee Safety Orientation, Asbestos, Hazardous Communication Standard (HazCom), Bloodborne Pathogen, Hearing Conservation, Respirators, Confined Space, Lockout/Tagout, Hot Work, Forklift, etc.) is conducted annually and upon request. Cal/OSHA trainings, which require annual recertification, are taught by qualified/certified trainers. Regular refresher training is important to ensure information retention, knowledge of potential hazards, and to reinforce employee adherence to Safety approved guidelines.

An active effort by management, and empowering employees to assist in recognizing and evaluating health and safety risks as well as initiating appropriate steps to remove or reduce them, encourages a proactive approach to working safely every day. Safety is everyone's responsibility

PERSONNEL

and we continue to make every effort toward exceeding OSHA standards, demonstrating our commitment to best practices, and reinforcing safety as our core value. As we aim towards achieving Cal-Star VPP (Voluntary Protection Program) certification which is the highest designation in workplace, safety will ensure that we exceed industry best practices and make safety a priority for all IEUA employees.

TRAINING, DEVELOPMENT AND SUCCESSION PLANNING PROGRAMS

The use of organizational development to maximize the long-term effectiveness of human resources through succession planning and other developmental strategies will increase the internal capacity to accomplish the Agency's strategic plan and business goals, sustain a high level of productivity and result in improved customer satisfaction.

In order to avoid a significant loss in workforce skill and knowledge, succession planning is crucial to addressing future gaps because of more employees reaching retirement age. One approach is to identify Agency positions and systematically placing lower level high potential staff on a development path now that will prepare them to easily move into jobs with higher level competency requirements in the future. The other approach is to hire new employees before incumbents retire to allow for cross training and seamless transitions.

The Training and Development Program involves online training, group collaborations, facilitated classes, and external college courses with other public agency employees. This evolution has resulted in significant savings to the Agency. The design of the Training and Development Program focuses on the balance between both the immediate and future needs of the employees and the Agency.

Training and Development focuses on three areas: Personal Development, Supervisory Development, and Leadership Development. The Personal Development Program consists of Microsoft Office training, "The 7 Habits of Highly Effective People" Program, and various development workshops. Supervisory development is achieved through participation in The Southern California Local Government Supervisory Program, and Liebert Cassidy Whitmore (LCW) employment law workshops. The next generation of Agency leaders participates in The Southern California Local Government Leadership Academy. A key objective in future years, is to expand onsite training efforts to include more customized soft skills and leadership development for our supervisors and managers. These programs target the developmental needs of the various stages of an employee's career. Online e-learning through Skillsoft is also available to provide all employees with the resources they need to achieve their performance goals and objectives.

Water Quality Laboratory



Lab Rendering

AGENCY MANAGEMENT DIVISION

MISSION STATEMENT

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

DEPARTMENTS

- Internal Audit
- Agency Management
- Information and Technology
 - Business Information Services
 - Integrated Systems Services

EXECUTIVE SUMMARY

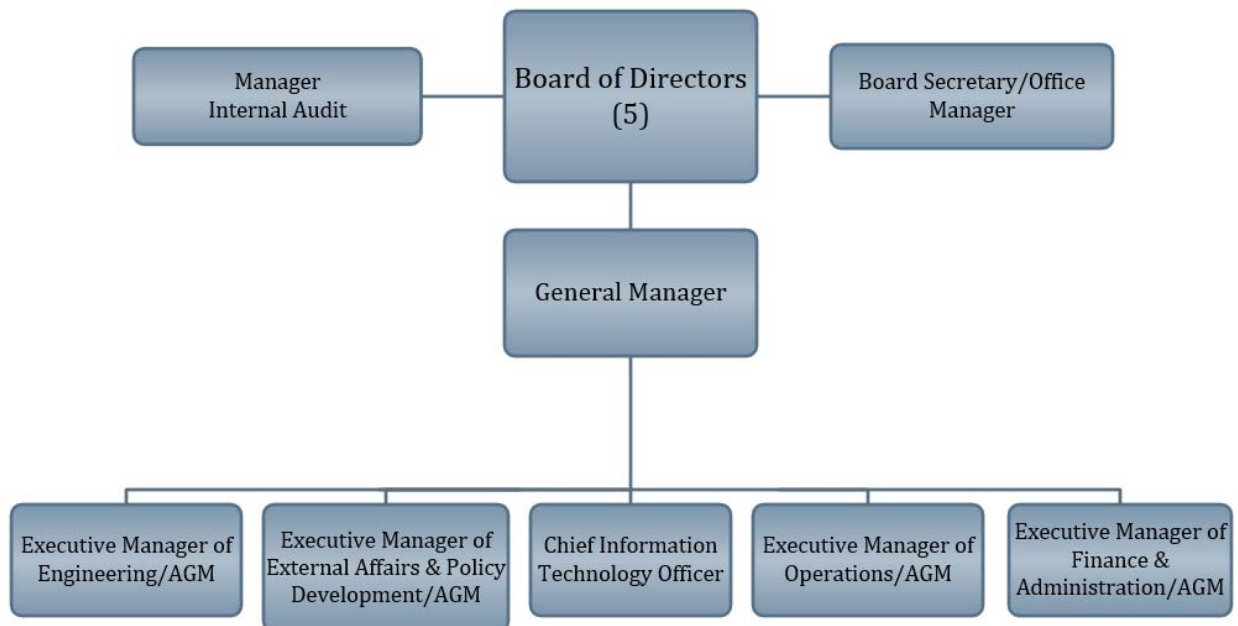
The Agency Management Division is responsible for the management and administration of all Agency activities. Its purpose is to establish the IEUA business goals, administer Agency programs, organize efficient delivery of the Agency's services, and implement Agency policies pursuant to the direction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

The Agency Management Division has established several important objectives to accomplish during FY 2017/18 and FY 2018/19. These objectives include cost containment of expenditures within budgeted target optimizing federal and state grant funding, oversight of preparation of long-term planning documents, with emphasis on long range financial plan to ensure fiscal stability of the Agency for the next decade, and consolidation of personnel rules and regulations. Total division staffing is budgeted at 34 full time equivalents (FTE) as well as 2 limited term (LT) positions for FY 2017/18 and FY 2018/19 as a result of the reorganization approved by the Board of Directors on May 17, 2017. The new structure includes a new position, Chief Information Technology Officer (CITO), that will supervise the Business Information Services (BIS) and Integrated System Services (ISS) departments moving them from the Finance Administration Division and the Operations Division respectively.

DIVISION GOALS

- Develop a water bank program for the Chino Basin Water Bank Program.
- Renegotiate the Regional Sewerage Service Contract (Regional Contract) set to expire in 2023.
- Renegotiate the Memorandums of Understanding with the various employee bargaining groups prior to expiration in June 2018.
- Establish a Succession Planning program to ensure timely recruitment and development of the new generation of Agency employees.
- Continue to invest in the timely expansion and improvement of Agency facilities and infrastructure to support anticipated growth and optimization of wastewater collection, wastewater treatment, and recycled water systems.
- Support the Agency's ongoing transition to a more preventative/predictive maintenance strategy and reduce maintenance costs.
- Assist member agencies implementation of the State's water use efficiency standards.

ORGANIZATIONAL CHART



INTERNAL AUDIT

MISSION STATEMENT

The Internal Audit Department (IAD) seeks to improve the operations of the Agency by providing unbiased and objective assessments to ensure Agency resources are efficiently and effectively managed to achieve Agency goals and objectives. The Internal Audit Department supports the Agency to achieve accountability and integrity, improve operations, and instill confidence among its employees and the citizens by:

- Promoting a sound, controlled environment.
- Providing independent, objective assurance and consulting services.
- Improving Agency risk management, control, and governance.
- Promoting the Agency's vision and mission with a high degree of professionalism.
- Establish adequate policies and procedures and to comply with them.
- Encourage efficient use of Agency resources.
- Protect and safeguard Agency assets.
- Assist management to mitigate risks related to fraud, waste and abuse.
- Hold staff accountable for the resolution of audit recommendations.

DESCRIPTION AND PURPOSE

The purpose of the Internal Audit Department (Internal Audit) is to assist the Board of Directors and the Audit Committee in fulfilling their oversight responsibilities for financial reporting, internal controls, compliance with legal and regulatory requirements applicable to Agency operations, and to provide objective assurance about the Agency's operations. Additionally, the purpose of Internal Audit is to provide, as a service to management and as a way of adding value to improve the operations of the Agency, consulting services, analyses, recommendations, and information concerning IEUA operations. Internal Audit assists management and staff in achieving their objectives by providing recommendations based on an analysis of the Agency's processes, procedures, governance, internal controls, financial reporting, and compliance with applicable laws and regulations. The Board approved Charter which establishes the authority and responsibilities of the Internal Audit Department.

Internal Audit (IA) performs audits and abides by the *International Standards for the Professional Practice of Internal Auditing* and the Code of Ethics issued by the Institute of Internal Auditors (IIA). The Department adopted four values which form the foundation for its purpose: independence, integrity, professionalism, and collaboration.

Internal Audit reports to the Board of Directors through the Audit Committee and is an independent function from management. The authority and responsibilities of the Internal Audit Department are specifically defined in the Internal Audit Department Charter approved by the Board.

POSITION SUMMARY

No staffing changes proposed for FY 2017/18 and FY 2018/19. If additional staffing is needed, temporary staffing will be utilized.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Internal Audit	1	1	1	1
Senior Internal Auditor	1	1	1	1
Total	2	2	2	2
Limited Term Positions				
Senior Internal Auditor	1	1	1	1
Total	1	1	1	1
Total IA	3	3	3	3

ORGANIZATIONAL CHART



INTERNAL AUDIT

SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	
D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments

A. Fiscal Responsibility

<p>A2</p>	<p>Promote a strong control environment by conducting independent and objective audits of Agency operations where focus and audit scope include identifying areas and providing recommendations for cost containment, effectiveness and efficiency in operations and opportunities to improve upon cost containment.</p>	<p>Complete</p>	<p>Completed planned and scheduled audits as approved by the Board and as documented in the Annual Audit Plan. The following audits and projects were completed:</p> <ul style="list-style-type: none"> • 2016 CAFR Quality Control Review including a review of the Bond Disclosure documents and Official Statement. • Review of Charters and IAD SOPs including an introductory presentation to the new Audit Committee. • Completed Master Service Contracts Audit, reviewed the areas of the Prequalification Process, Mater Trade Contracts and Qualifications Process for not to exceed Contracts, Task Order process, and Master Service Contracts for Emergencies, Repairs and Minor Construction and Master Professional Contracts • Regional Contract Review of the seven member agencies and various follow up action. • Continue to assist Management in evaluating various Agency policies, for
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Major Accomplishments					
<i>A. Fiscal Responsibility</i>		<i>B. Workplace Environment</i>		<i>C. Business Practices</i>	
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments		
A8			<p>example Fiscal Ordinance and Budget Policy and others through audits.</p> <ul style="list-style-type: none"> Completed the Information Technology Equipment Audit Follow up and evaluated the status of over 10 open recommendations. Participated in the Enterprise Content Management System review, Cybersecurity Subcommittee, Safety Committee. 		
	Finalize and close the Regional Contract Review with recommendations to improve upon the consistent application of the Regional Contract requirements amongst all Regional Contracting Agencies. Additionally, provide recommendations to Agency management to improve and clarify clauses and requirements of the contract to negotiate a new contract going forward. Complete the evaluation of the connection fee and monthly sewer rate calculations, Exhibit J applications, RCA's internal processes and procedures, and supporting documentation to determine if these meet the intent and requirements of the contract. Provide workshop for the Board of Directors and the Regional Policy and Technical Committees.	Complete	Finalized 7 audit reports related to the Regional Contract, including one report for each member agency. Provided over 30 audit recommendations to consider regarding changes to the business model, updating Regional Contract clauses, and document control.		
B. Workplace Environment					
B1	Promote a strong control environment by conducting independent, objective audits of Agency operations where the scope of the audit incorporates evaluating that Agency processes and systems comply with the Agency's Mission, Vision,	Complete	Completed all audits proposed through the Board approved Annual Audit Plan.		

INTERNAL AUDIT

Major Accomplishments			
A. Fiscal Responsibility		B. Workplace Environment	C. Business Practices
D. Water Reliability		E. Wastewater Management	F. Environmental Stewardship
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B2	Values, best practice operations, processes and programs, and senior management input, as the criteria against which to measure performance and results. Internal Audits are to provide an independent and objective opinion, with feedback on how closely the criteria, Agency policies, procedures, including Mission, Vision and Values are met, followed or understood. Provide recommendations to the appropriate personnel to address gaps identified.		
	Maintain knowledgeable, skilled and experienced audit staff. Promote continuous professional development and professional certifications and higher education, as recommended and required under the auditing standards and the IAD Charter to ensure continuous IAD improvement and to stay abreast of developing trends.	Complete	All auditors attained a minimum of 16 hours of Continuing Professional Education as required by the Board approved Charter, the job description for an Internal Auditor and as required by the profession of Internal Auditing.
	Achieve the Certified Internal Auditor Designation by two auditors	In Progress	In Progress & Partially Complete. All three Internal Auditors have completed 2 parts of the 3-part exam for the certification of Certified Internal Auditing. The third and final part is scheduled for calendar year 2017.
	Conduct Control Self-Assessment of the Internal Audit Department.	In Progress	Control Self-Assessments will be completed once one of the auditors attains the designation of Certified Internal Auditor.
	Peer-review of the Internal Audit Department functions.	Complete	Control Self-Assessments will be completed once one of the auditors attains the designation of Certified Internal Auditor.
B3	Perform a survey of auditee/customer satisfaction at the conclusion of each audit project to gather information about auditor involvement, professionalism,	Complete	The survey is completed after each audit is finalized and completed through discussions and feedback

Major Accomplishments					
A. Fiscal Responsibility		B. Workplace Environment		C. Business Practices	
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments		
B9	knowledge and ability to communicate, to gain information on continuous improvement.		from the audited parties and the Audit Committee Members.		
	Promote a strong control Environment by conducting independent objective audits of Agency operations where the focus and scope includes identifying areas and providing recommendations for strong internal controls, effectiveness and efficiency in Operation.	Complete	Completed all audits proposed through the Board approved Annual Audit Plan. During each audit, IA coordinates meetings among the various departments involved in the process being audited. The meetings are productive and provide a forum for discussion about improving the process audited. During each audit, IA also coordinates with Executive management to determine if the audit scope needs to be expanded or modified to ensure the appropriate audit coverage. During the audits, IA keeps Executive management and the department management apprised of the results and the progress of the audits.		
	Broaden, improve, and expand knowledge, reliance, and utilization of financial and information systems to gather, research, analyze, and examine different types, more detailed, and larger scopes of data to evaluate and test during audit procedures for any type of audit.	Complete	Complete & On-going. This is an ongoing goal as there is so much to learn and gather from SAP the Agency's ERP system. Therefore, through each audit, examination and evaluation, auditors gain a greater and deeper understanding of SAP by searching for information or pulling new reports and research information.		

INTERNAL AUDIT

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B11	Promote a strong control environment that preserves the public perception of the Agency and safeguard Agency assets where the focus is identifying areas and providing recommendations to improve customer service that is effective and responsive.	Complete	Completed all audits proposed through the Board approved Annual Audit Plan.
	Per direction or approval by the Audit Committee and Board, and through coordination with senior management, Internal Audit would identify areas for audit where the goal and scope are to measure the performance of a program, a process, or a service or compare results to goals and identify areas for improvement, make recommendations to improve efficiencies. Conduct independent objective audits of Agency operations.	Complete	Completed all audits proposed through the Board approved Annual Audit Plan. All audits measure operational effectiveness and efficiencies. This year, IA evaluated the Contracting Practices for various types of engineering, construction and maintenance contracts as well as various Water Use Efficiency Programs, fiscal areas and more.
	Update and maintain the IAD's Disaster Preparedness Plan and submit to the Audit Committee for review and submittal to the Board	Complete	Submitted a documented Disaster Preparedness Plan to the Audit Committee and Board for review. The plan states that IA will support and provide assistance to any critical area or activity requiring assistance during a disaster.
	Comply with all required IEUA safety and regulatory trainings for required department personnel.	Complete	Completed all required safety and policy review trainings as required by the Safety Officer.
C. Business Practices			
C5	Establish, maintain and strengthen audit-related private/public partnership opportunities to have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement.	Ongoing	Feedback from auditees, senior or Executive Management, Audit Committee Advisor, the Audit Committee and Board is requested during before and after each audit project. The feedback is received and changes are

Major Accomplishments			
A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	
D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
	Establish, maintain and strengthen audit-related public partnership opportunities with the Regional Contract Agencies during the Regional Contract Reviews to maintain positive and responsive relationships to ensure cooperation and understanding of the review requirements.		implemented if necessary. Communication from IA to all stakeholders is provided.

OTHER DEPARTMENT WORKLOAD INDICATORS

	2015/16 Actual	2016/17 Projected	2017/18 Target	2018/19 Target
Annual Audit Plan Completion	June 2016	June 2017	June 2018	June 2019
Scheduled Audits Completed	10	5	4	4
Follow Up of Completed Audits	2	3	3	3
Audits Completed Within Allotted Time	12	8	7	7
Special Projects Completed	1	2	1	1

DEPARTMENT GOALS AND OBJECTS FOR FYS 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility	B. Work Environment	C. Business Practices		
D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship		
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A. Fiscal Responsibility				
A2	Promote a strong control environment by conducting independent and	Report completed audit projects to the Audit	Report completed audit projects to the Audit	Completed audit projects, feedback from Audit Committee and

INTERNAL AUDIT

IEUA BUSINESS GOAL OVERVIEW				
<i>A. Fiscal Responsibility</i>		<i>B. Work Environment</i>		<i>C. Business Practices</i>
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
	objective audits of Agency operations where focus and audit scope includes identifying areas of and providing recommendations for cost containment, effectiveness and efficiency of operations and opportunities for improvement and areas of cost containment and program efficiency.	Committee quarterly: March, June, September and December	Committee quarterly: March, June, September and December	audited business units.
B. Work Environment				
B1	Promote a strong control environment by conducting independent, objective audits of Agency operations where focus and audit scope include evaluating that Agency processes and systems comply with the Agency's Mission, Vision, Values, best practice operations, processes and programs, Agency policies and procedures, and senior management input, as the criteria against which to measure performance results of the audited business areas.	Report to the Audit Committee on completed audit projects Quarterly: March, June, September and December.	Report to the Audit Committee on completed audit projects Quarterly: March, June, September and December.	IA to provide an independent and objective opinion, feedback, and/or recommendations for improvement and to measure how closely the criteria (Agency policies, procedures, including Mission, Vision and Values) are met, followed or understood. Provide recommendations to appropriate personnel to address gaps identified.
B2	Maintain knowledgeable, skilled and experienced audit staff and promote	On-going and continuous requirement.	On-going and continuous requirement.	Require 20 hours of Continuous Professional Education to be

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility D. Water Reliability		B. Work Environment E. Wastewater Management		C. Business Practices F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B6	continuous professional development, professional certifications and higher education, as recommended and required under the auditing standards and the IAD Charter to ensure continuous IAD improvement and to stay abreast of developing trends.			confirmed via requests for educational reimbursement and or through travel and expense reports.
	Encourage internal auditors to achieve the Certified Internal Auditor Designation by the Institute of Internal Auditors.	On-going	Designations should be achieved by July 2019	IIA certifications earned.
	Promote a strong control environment by conducting independent, objective internal and external audits of Agency operations where focus and scope include identifying areas of improvement and providing recommendations for strong internal controls, effectiveness and efficiency in operations, improving customer service at all levels, ensuring safeguarding of Agency Assets, and identifying ways to be more effective and efficient.	Report completed audit projects to the Audit Committee quarterly: March, June, September and December.	Report completed audit projects to the Audit Committee quarterly: March, June, September and December.	Completed audit projects, and feedback from the Audit Committee and audited business units.

INTERNAL AUDIT

IEUA BUSINESS GOAL OVERVIEW				
<i>A. Fiscal Responsibility</i>		<i>B. Work Environment</i>		<i>C. Business Practices</i>
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B8	Update and maintain the Internal Audit Department's Disaster Preparedness Plan that supports the Agency-wide Plan and submit to the Audit Committee for review and submittal to the Board.	Annually December	Annually December	Completed department plan that supports Agency-wide plan.
B12	Maintain knowledgeable, skilled and experienced audit staff, promote continuous professional development, professional certifications, and higher education, as recommended and required under the auditing standards and the IAD Charter to ensure continuous IAD improvement and to stay abreast of developing trends, training, and knowledge of the Internal Audit Departments Standard Operating Procedures. Ensure procedures and the IAD Charter is updated annually, hold staff accountable for understanding their responsibilities under the SOPs, the Charters, Agency Policies and Directives and other policy documents.	Training provided continuously and reported quarterly to the Audit Committee.	Training provided continuously and reported quarterly to the Audit Committee.	Completed training is confirmed using sign-in sheets, educational reimbursement requests, travel and expense reports, as well as demonstration of application of the policies.

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility D. Water Reliability		B. Work Environment E. Wastewater Management		C. Business Practices F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
C. Business Practices				
C3	Establish, maintain and strengthen audit-related private/public partnership opportunities, have network ties and associates where audit-related topics can be shared, discussed, and evaluated with the goal of continuous internal audit processes improvement.	Report to the Audit Committee and the Board quarterly: March, June, September and December	Report to the Audit Committee and the Board quarterly: March, June, September and December	Resourcefulness of networks.
C6	Assist in any way by working closely with management and the Agency attorney, in the development of the Administrative Code, providing objective and independent review and feedback to the Administrative Code to ensure related policy and procedure requirements are addressed.	Report and respond to requests for feedback timely when requested	Report and respond to requests for feedback timely when requested	Comments and recommendations provided on documents
C10	Promote support for the achievement of Agency goals, objectives, mission and values through audit areas where the goal and scope of the reviews are to measure the performance of a program, a process, or a service or compare	Report quarterly to the Audit Committee and the Board. March, June, September and December	Report quarterly to the Audit Committee and the Board. March, June, September and December	Completed audit projects and feedback/comments from Agency management and or the Audit Committee and the Board

INTERNAL AUDIT

IEUA BUSINESS GOAL OVERVIEW				
<i>A. Fiscal Responsibility</i>		<i>B. Work Environment</i>		<i>C. Business Practices</i>
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
	results to goals and identify areas for improvement, make recommendations to improve efficiencies. Conduct independent objective audits of Agency operations where the focus and the audit scope would be to identify opportunities for improvement and provide support for positions, processes, developments and initiatives at any level of the Agency, that would enable the implementation and support of the Agency goals and the achievement of those goals.			

EXPENSES

Employment includes wages and benefits. Administrative expense includes; office and administrative costs. Operating costs include professional fees and services. Agency-wide expense budgeted here include external auditing services.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$415,452	\$516,358	\$542,715	\$560,893
Administrative	3,662	11,550	12,375	12,475
Operating	55,196	105,300	115,000	115,000
Total	\$474,310	\$633,208	\$670,090	\$688,368

OFFICE OF THE GENERAL MANAGER

MISSION STATEMENT

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

DESCRIPTION AND PURPOSE

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

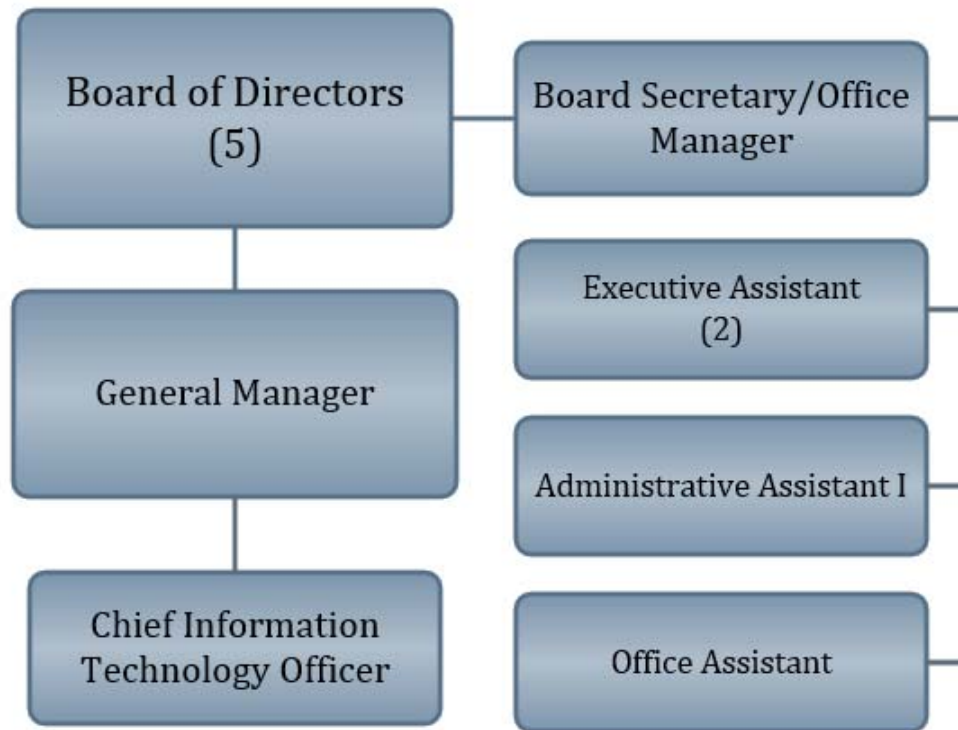
POSITION SUMMARY

The FY 2017/18 staffing plan reflects changes from the FY 2016/17 staffing plan.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
General Manager	1	1	1	1
Chief Information Technology Officer*	-	-	1	1
Board Secretary/Office Manager	1	1	1	1
Executive Assistant	2	2	2	2
Administrative Assistant I	1	1	1	1
Office Assistant	1	1	1	1
Receptionist	1	-	-	-
Total AM	7	6	6	6

*The addition of a newly created position, Chief Information Technology Officer, that will be reporting directly to the General Manager, will supervise the Business Information Services (BIS) and Integrated System Services departments.

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility		B. Workplace Environment	
D. Water Reliability		E. Wastewater Management	
C. Business Practices		F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishment
C6	Develop and implement a standardized procedure for writing and processing committee/board letters.	Completion by June 30, 2017	Conducted training on new board/committee template in June 2017 and implement new format effective July 1, 2017

OFFICE OF THE GENERAL MANAGER

Major Accomplishments			
A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	
D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishment
C. Business Practices			
C6	Develop a standard operating procedure handbook for the Executive Management Department area.	Ongoing Completion by June 30, 2018	First draft of project plan completed on May 31, 2017
	Update and maintain "Duties and Annual Calendar of Responsibilities" manual for the Board Secretary position.	Ongoing Completion by June 30, 2018	Ongoing
	Increase the efficiency of the executive administrative group through streamlining processes.	Training staff members on various task to improve efficiencies.	Ongoing

OTHER DEPARTMENT WORKLOAD INDICATORS

	2015/16 Actual	2016/17 Projected	2017/18 Target	2018/19 Target
Agency Operating Expenses	\$106.8 million	\$129.4 million	\$145.1 million	\$150.0 million
Agency Wide Staffing*	290	290	290	290
All Hands Meetings Completed	2	2	2	2
Department Lunches Hosted	24	12	24	24
Service Awards Luncheons Hosted	2	2	2	2
Board/Committee Packages Prepared	36	36	36	36

* Number of authorized Full Time Equivalents (FTE)

DEPARTMENT GOALS AND OBJECTIVES FOR FYs 2017/18 and 2018/19

IEUA Business Goal Overview				
A. Fiscal Responsibility B. Work Environment C. Business Practices				
D. Water Reliability E. Wastewater Management F. Environmental Stewardship				
IEUA Business Goals	Department Goals	2017/18 Timeline	2018/19 Timeline	KPIs
B. Work Environment				
B1	Staff to complete a course or seminar for professional development annually	Annual by March 2018	Annual by December 2018	Complete notary course/ exam by March 2018. Complete a seminar/course by Dec 2018.
B12	Develop the Administrative Handbook and Board of Directors Bylaws	Administrative Code Handbook will be completed by December 2017		Monthly meetings are held to review and revise the policies. Six to eight policies are reviewed monthly by managers.
C. Business Practices				
C10	Develop a standard operating handbook for the executive management department. Update and maintain Board Secretary handbook	To be completed by June 2018		Complete 3 – 4 SOPs per month.
D. Water Reliability				
D3	Develop a water bank program for the Chino Basin	Water bank authority to be established by the end of the fiscal year		Meetings held bi-weekly with parties to review/discuss cost sharing agreements, budget, and proposals.
E. Wastewater Management				
E1	Renegotiate the Regional Contract set to expire in 2023	Ongoing		Technical Committee meeting minutes used to track progress.

OFFICE OF THE GENERAL MANAGER

EXPENSES

Employment includes wages and benefits. Administrative and operating costs budgeted in this department include agency-wide expenses such as legal, memberships, contributions, and sponsorships. The FY 2017/18 administrative expense budget increases due to the addition of an annual general manager's contingency budget and election expense in every other year. Additionally, operating expense budget reductions are due to cost center change for legislative consulting services, now budgeted in External Affairs.

Expense	2015/16 Actual	2016/17 Projected	2017/18 Budget	2018/19 Budget
Employment	\$997,957	\$1,047,609	\$981,769	\$1,013,899
Administrative	311,486	575,557	685,307	835,307
Operating	1,251,673	1,406,500	826,600	826,600
Total	\$2,561,116	\$3,029,666	\$2,493,676	\$2,675,806

BUSINESS INFORMATION SERVICES

MISSION STATEMENT

Provide dependable, easy-to-use information system solutions, as well as related advisory and application development services, to optimize Agency-wide business processes, enabling staff to efficiently and effectively achieve their objectives. Use evolving information technology and methods to provide greater return on investment from the Agency’s staff, core business systems, and information assets.

DESCRIPTION AND PURPOSE

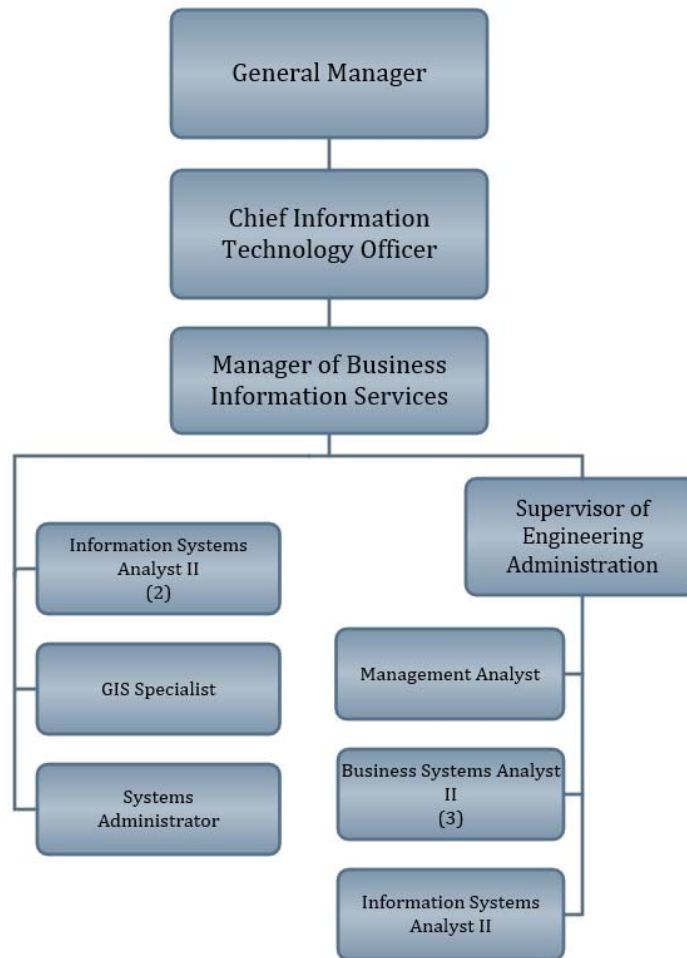
The Business Information Services Department (BIS) supports the Agency’s business system solution needs, including enhancement and support of the Agency’s core enterprise applications, such as SAP Enterprise Resource Planning (ERP), Geographic Information Services (GIS), Enterprise Content Management System (ECMS) and other applications, support of departmental and special function systems, development of custom applications and reports, and integration of Agency systems and data.

POSITION SUMMARY

As part of streamlining technology efforts and succession planning, the BIS department has been moved to the Agency Management division. In FY 2017/18 a new Chief Information Technology Officer position is added, this position will oversee the BIS and Integrated Systems Services (ISS) departments as they work together to successfully lead the Agency’s rapidly changing technology needs.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Business Information Services	1	1	1	1
Supervisor of Engineering Administration	1	1	1	1
Information Systems Analyst	1	1	-	-
Business Systems Analyst II	3	3	3	3
Information Systems Analyst II	2	2	3	3
Management Analyst	1	1	1	1
Systems Administrator	1	1	1	1
GIS Specialist	1	1	1	1
Total BIS	11	11	11	11

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 DEPARTMENT GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility		B. Workplace Environment	C. Business Practices
D. Water Reliability		E. Wastewater Management	F. Environmental Stewardship
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A. Fiscal Responsibility			
A2	Maintain cost of external SAP support to be within contracted amounts for all vendors.	On Target	Current spending is 40% of the overall budgeted amount for professional services.

BUSINESS INFORMATION SERVICES

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A3	Determine requirements for new SAP enhancement that automates cost tracking for projects with multiple grants.	In Progress requirements gathering is completed. A 2-phase improvement plan is being prepared.	Consultant was engaged and met with key stakeholders. Proposed improvement included a 2-phase implementation. The first phase expected to be completed in FY2016/17 and phase 2 to be completed in FY2017/18.
A9	Evaluate potential improvements to budgeting process, if appropriate, through enhancing SAP functionality.	In Progress	Held several discussion sessions with key stakeholders to determine the as-is processes and related challenges. Several key areas observed will benefit from process changes and/or technical enhancements.
A11	Assess challenges of the Agency's financial processes: develop RFP for long term modification and create baseline utilization.	In Progress	Continue to work with Finance and Accounting staff to document challenges and key improvement areas.
B. Workplace Environment			
B1	Release new enhancements to Agency's various software applications at fixed intervals (every 4 months).	Completed. Several enhancements were implemented in areas of procurement, plant maintenance, ease of use and analytics.	Executed a major SAP upgrade from Enhancement Pack 5 (EHP5) to EHP8. The upgrade allows for future improvements in all modules of SAP. Key enhancements made in FY 2016/17 included single sign-on to SAP ESS/MSS (Employee Self Service / Manager Self Service), SAP GUI (Graphical User Interface) and SAP reports in BI Launchpad (the Agency's internal reporting tool); implemented a US Bank Payment Plus program; improved data entry process for Water Connection Fee applications; and automated

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices</i>			
<i>D. Water Reliability E. Wastewater Management F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B9			invoice generation for IERCA billing process.
	Create a checklist to ensure all projects are reviewed against Technology Master Plan (TMP) standards.	Ongoing	Assisted the Integrated Systems Services cost center with disaster preparedness through the use of offsite SAP backup. Implementation of a new electronic content management system (ECMS) with planned go live in FY2016/17.
	Implement recommended TMP disaster plan.	Completed	Worked with ISS to secure a contract for offsite backup and periodic remote and offsite testing. Supported ISS with the cyber security implementation.
C. Business Practices			
C2	Determine business requirements of incorporating an updated taxonomy.	Completed	Held taxonomy discussion sessions with departments and stakeholders. Collected information was used in the design and implementation of the new ECMS.
	Determine Procurement to Payment material master content.	In Progress	Continue to work with the Procurement and Maintenance departments to identify the appropriate level of detail for material master data. Implemented new online catalog for Amazon, which allows the Agency to leverage the product selections and pricing from Amazon.
	Reduce the number of external spreadsheets utilized to address Non-Reclaimable Wastewater rate questions.	In Progress	Working with key stakeholders to determine the appropriate time to engage on this effort.

BUSINESS INFORMATION SERVICES

OTHER DEPARTMENT WORKLOAD INDICATORS

	FY 2015/16 Actual	FY 2016/17 Projected	2017/18 Target	2018/19 Target
Keep average time spent performing maintenance per year below 40%	35%	<40%	<40%	<40%
Refresh the SAP QA environment with new test data at least twice per year	2	2	2	2
Keep system to no more than five support packs behind the vendor's current version	Within 2 support packs	Current support pack for EHP8	Within no less than 5 support packs for EHP8	Within no less than 5 support packs for EHP8

DEPARTMENT GOALS AND OBJECTIVES FOR FYS 2017/18 AND 2018/19

IEUA Business Goal Overview				
A. Fiscal Responsibility B. Work Environment C. Business Practices				
D. Water Reliability E. Wastewater Management F. Environmental Stewardship				
IEUA Business Goals	Department Goals	2017/18 Timeline	2018/19 Timeline	KPIs
A. Fiscal Responsibility				
A2	Maintain SAP professional services expense within annual budget amount.	Ongoing	Ongoing	Monitoring department budget with budget variance report.
A3	Optimize grant administration through process improvements and/or SAP enhancements and provide recommendation report.	August 2017		Presentation of findings and roadmap to the executive management.
	Implement approved changes to grants administration process improvements and/or SAP enhancements.	March 2018		Reduction of grant processing time (will require baseline) to be implemented based on report findings.
A6	Complete GIS Master Plan.	June 2018		Obtain final GIS Master Plan Report through consultant.

IEUA Business Goal Overview				
<i>A. Fiscal Responsibility B. Work Environment C. Business Practices</i>				
<i>D. Water Reliability E. Wastewater Management F. Environmental Stewardship</i>				
IEUA Business Goals	Department Goals	2017/18 Timeline	2018/19 Timeline	KPIs
A13	Complete a needs assessment for enhancing ESS/MSS with additional functionality by FY 2017/18.	June 2018		Manager will meet with staff quarterly to obtain status updates until needs assessment is finalized.
	Provide support to Operations and Maintenance division on the 8-phase improvement project.	Ongoing	Ongoing	Complete assignments per Operations and Maintenance project plan, and meet quarterly on updates
	Promote data-driven decision making in all business areas.	Ongoing	Ongoing	Deploy a minimum of 1 to 2 new dashboards or significantly enhance existing dashboards at least quarterly.
B. Work Environment				
B2	Provide training opportunities to at least 25% of departmental staff	Ongoing	Ongoing	A procurement report will be used to confirm staff attendance at trainings.
B4	Provide an SAP test environment for Human Resources by 4/1/2018 to validate the technical feasibility of any proposed MOU changes during contract negotiations.	January 2018 April 1, 2018		By January 2018 complete review of existing rules and configurations. By April of 2018 provide an SAP test environment to HR.
B6	Establish standard operating procedures (SOPs) for key business functions within the department by the end of FY 2017/18.	June 2018		Provide a comprehensive list of needed SOPs by October 2017. Completion of 1/3 of proposed SOPs quarterly in Q2, Q3 and Q4.
B8	Ensure the validity of Disaster Preparedness Plan with respect to SAP and other critical systems.	Ongoing	Ongoing	Execute at least one remote testing of the offsite backup system annually.
C. Business Practices				

BUSINESS INFORMATION SERVICES

IEUA Business Goal Overview				
A. Fiscal Responsibility B. Work Environment C. Business Practices				
D. Water Reliability E. Wastewater Management F. Environmental Stewardship				
IEUA Business Goals	Department Goals	2017/18 Timeline	2018/19 Timeline	KPIs
C4	Employ LEAN techniques and tools to engage key business process owners in developing the Laserfiche business workflow that will comply with records management requirements.	Ongoing	Ongoing	Implement 1 to 2 business workflows in Laserfiche per quarter. The BIS team members will work with end users and notify manager when ready to go live.
C8	Document Change Request Management (ChaRM) to include justifications, key objectives, targeted improvements and obtain key stakeholders' approval for all projects requiring more than 80 hours of work by BIS staff.	Ongoing	Ongoing	Schedule meetings with requestors to confirm document change needs. Significant enhancements will be monitored on Sharepoint.
F. Environmental Stewardship				
F1	Comply with all Senate Bill 272 requirements governing California public records.	Annually by July 1	Annually by July 1	Publish required information on Agency's external website prior to the due date.

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes office and administrative costs, and other non-operating expense. Operating expense includes professional fees and services, materials and supplies, and utilities. Agency wide expenses for annual computer and software maintenance are included in professional fees and services.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$1,712,683	\$1,855,523	\$1,972,363	\$2,035,468
Administrative	19,012	32,098	42,631	39,997
Operating	486,833	433,441	451,600	465,148
Total	\$2,218,528	\$2,321,062	\$2,466,594	\$2,540,613

INTEGRATED SYSTEM SERVICES

MISSION STATEMENT

Provide stable and secure technology systems by utilizing a risk management framework to prioritize resources and protect critical assets to help achieve the mission of the Agency

DESCRIPTION AND PURPOSE

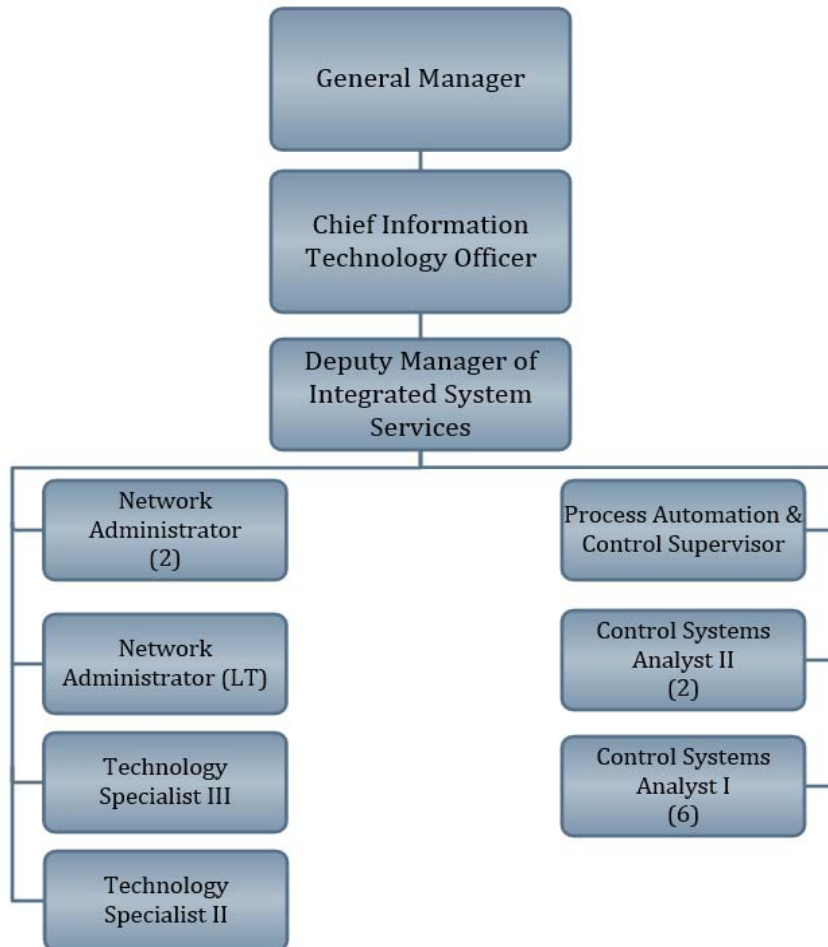
The Integrated System Services Department (ISS) maintains and supports the Agency's Supervisory Control and Data Acquisition (SCADA) and Distributed Control System (DCS) which includes: Human Machine Interface (HMI's), Historians, Programmable Logic Controllers (PLCs), Input/Output (I/O) communication, and reporting services. ISS also maintains and supports the Agency's network infrastructure which includes: Email, Network, File/Print, Workstation, and Wireless services. The department provides strong cyber security detection, protection, response, and recovery capabilities for the critical infrastructure services the Agency provides.

POSITION SUMMARY

Effective in FY 2017/18 the ISS department will move to the Agency Management Division reporting directly to the newly created position of Chief Information Technology Officer (CITO). Another change is the reclassification of the position of Control Systems Administrator to Control Systems Analyst II. These changes will allow better collaboration with the Business Information Services department under the new CITO and will allow the department to more effectively deal with evolving technologies, cyber security, and focus on the Agency's changing technology needs.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Deputy Manager of ISS	1	1	1	1
Process Automation and Control Supervisor	1	1	1	1
Network Administrator	2	2	2	2
Control Systems Administrator	2	2	-	-
Control Systems Analyst II	0	0	2	2
Control Systems Analyst I	5	6	6	6
Technology Specialist III	1	1	1	1
Technology Specialist II	1	1	1	1
Total	13	14	14	14
Limited Term Positions				
Network Administrator	1	1	1	1
Total	1	1	1	1
Total ISS	14	15	15	15

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 DEPARTMENT GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility		B. Workplace Environment	
C. Business Practices		D. Water Reliability	
E. Wastewater Management		F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B. Workplace Environment			
B11	Implement recommended disaster plan per the Technology Master Plan (TMP).	Complete	Developed written plan for all critical technology systems and tested successfully.

INTEGRATED SYSTEM SERVICES

OTHER DEPARTMENT WORKLOAD INDICATORS

	2015/16 Actual	2016/17 Projected	2017/18 Target	2018/19 Target
Achieve 100% success rate with patching critical vulnerabilities on Internet connected hardware within 60 days of the patch release date	N/A	N/A	100%	100%
Achieve 90% or better completion of repair-related support tickets by due date	87%	88%	>90%	>90%
Conduct quarterly Network and SCADA services subcommittee meetings to keep Agency staff informed of technology related work	N/A	8 meetings completed	4 meetings for each committee	4 meetings for each committee
Agency-wide Area Network Availability During Business Hours	100%	100%	99.99%	99.99%

DEPARTMENT GOALS AND OBJECTS FOR FYs 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B. Work Environment				
B2	Conduct "Team Training" sessions for Process Automation and Control (SCADA) staff. A minimum of 8 sessions will be held during the year to improve staff knowledge.	Complete by 6/30/18	Complete by 6/30/19	Two training sessions will take place per quarter. Sign-in sheets will be provided to monitor staff participation.
B8	Annually test the technology disaster recovery and contingency plans.	Complete by 6/30/18	Complete by 6/30/19	Conduct offsite SAP recovery test at least once per year and computer lab tests twice

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility	B. Work Environment	C. Business Practices		
D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship		
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
				per year. A report of test results will be provided for tracking.
C. Business Practices				
C5	Annually update the technology disaster recovery plans, contingency plans, and cyber security incident response plans.	Complete by 12/31/18	Complete by 12/31/19	Update plans annually based on test results. Test results and plans will be presented to management for tracking purposes.

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes office and administration expense. Operating expense includes Agency-wide expense for materials and supplies, professional fees and services, and utilities. In FY 2017/18, operating expense is projected to increase over prior year due to increasing computer systems maintenance requirements.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$2,134,300	\$2,303,618	\$2,717,398	\$2,810,523
Administrative	14,734	27,008	22,960	23,646
Operating	777,072	752,279	897,714	929,795
Total	\$2,926,106	\$3,082,905	\$3,638,072	\$3,763,964

FINANCE & ADMINISTRATION DIVISION

MISSION STATEMENT

To provide quality, cost effective, and efficient service to all stakeholders and do so with excellence, responsiveness, and reliability while safeguarding and sustaining Agency resources to ensure current and long-term needs are appropriately met.

DEPARTMENTS

- Contracts and Procurement
- Finance and Accounting
- Human Resources

EXECUTIVE SUMMARY

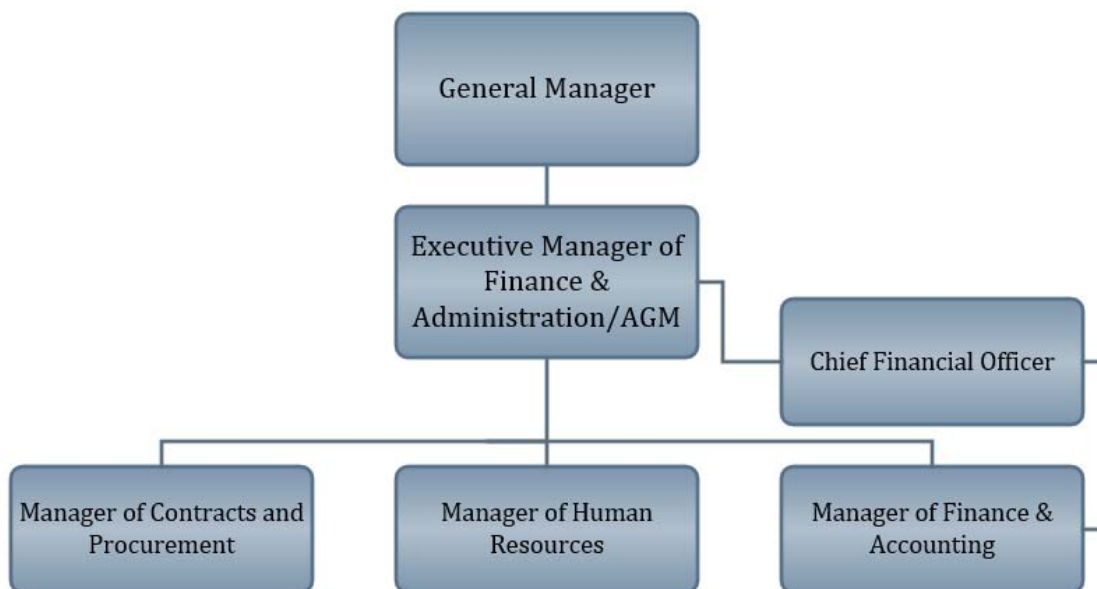
The Finance & Administration Division is the administrative core of the organization. Services provided include: acquisition of equipment, materials, supplies, and services; contract administration and management pursuant to the Agency's Procurement Ordinance; fiscal accountability and financial regulatory compliance; internal and external financial reporting; budgetary preparation, control, and analysis; cash and debt management; recruitment and retention of the best qualified candidates; implementation of employee benefits; enhancement of employee skills through administration of an Agency-wide training program; sustainment of positive labor relations, and implementation of the Memorandums of Understanding and Personnel Manuals for the various bargaining units; and compliance with State and Federal. Total staffing is budgeted at 40 FTEs and 1 LT positions in both FY 2017/18 and FY 2018/19.

DIVISION GOALS

- Provide accurate, reliable, and timely financial reporting to all Agency stakeholders
- Integrate long term planning documents in the Agency's biennial budget and Ten-Year Capital Improvement Plan
- Secure low-cost financing to support the Agency's capital improvement plan requirements
- Utilize green procurement and reuse of surplus materials, equipment and parts, when possible
- Expand the Agency's Business Outreach Program to promote participation of local and disadvantaged businesses
- Promote superior customer service to external and internal stakeholders

- Assist and provide administrative oversight to the Inland Empire Regional Composting Authority
- Support the Agency's succession plan through timely recruitment and development of the next generation of employees
- Promote a safer work environment by administering and monitoring required safety and regulatory trainings and increase field presence of Safety staff
- Prepare a plan and timeline to meet the safety standards established by the Cal Star Award Volunteer Participation Program.
- Standardization of personnel rules and regulations for the various employee groups

ORGANIZATIONAL CHART



FINANCE & ADMINISTRATION DIVISION

EXPENSES

Employment expense includes both wages and benefits. Employment actual and budgets include wages and benefits for the Executive Manager of Finance & Administration/Assistant General Manager and in FY 2015/16 one Administrative Assistant. Administrative expenses include office and administrative costs. Operating expenses include professional fees and services, with a portion being the agency-wide expense for financial advisory services.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$422,522	\$308,204	\$296,897	\$306,759
Administrative	4,468	5,517	8,500	8,500
Operating	52,391	-	270,000	270,000
Total	\$479,381	\$313,721	\$575,397	\$585,259

CONTRACTS & PROCUREMENT

MISSION STATEMENT

Provide cost-effective, responsive, and responsible environmentally-friendly customer service and support to all Agency Departments in a professional and ethical manner with respect to Agency-wide contract administration and purchasing, risk, and records management programs.

DESCRIPTION AND PURPOSE

The Contracts and Procurement (CAP) is responsible for a diverse scope of services and responsibilities. CAP administers the acquisition of equipment, materials, supplies, and services. This is accomplished through business practices as outlined in the Procurement Ordinance as well as associated resolutions, policies, and procedures. Department ethic and compliance guidelines have been established and adhered to in conducting business on behalf of the Agency. Additionally, risk services are provided to ensure protection of the Agency's business, employees, and assets, as well as the public, by ensuring appropriate insurance policies and procedures are in place.

POSITION SUMMARY

In FY 2016/17, a reorganization of departments to streamline and enhance Agency functions transferred the Facilities Management group (2 FTE), from CAP to the Operations Division. In FY 2017/18, the Records Management group (3 FTE) move from CAP to the External Affairs and Policy Development Division. As part of the succession planning efforts, 1 Limited Term Procurement Specialist was added in FY 2016/17 and 2 FTE Contracts Administrators are added to the department in FY 2017/18.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Contracts & Procurement	1	1	1	1
Contracts and Procurement Supervisor	-	-	1	1
Supervising Contracts Administrator	2	2	-	-
Contracts Administrator II	3	3	5	5
Procurement Specialist I	1	1	1	1
Risk Specialist	1	1	1	1
Facilities Program Supervisor	1	-	-	-
Facilities Specialist	1	-	-	-
Administrative Coordinator	1	1	-	-
Records Specialist	2	2	-	-
Total	13	11	9	9
Limited Term Positions				
Procurement Specialist I	-	1	1	1
Facilities Specialist – Landscape	1	-	-	-

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Records Specialist	-	1	-	-
Office Assistant	1	-	-	-
Total	2	2	1	1
Total CAP	15	13	10	10

ORGANIZATIONAL CHART



CONTRACTS & PROCUREMENT

SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility		B. Workplace Environment	
C. Business Practices		D. Water Reliability	
E. Wastewater Management		F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A. Fiscal Responsibility			
A2	Implement new solicitation tool for expanded competition cost savings.	Complete, implementation January 2016	Transitioned to Planet Bids increasing bid participation and competition.
B. Workplace Environment			
B16	Conduct Agency training on department processes that are in line with the Agency's mission, vision, and values.	Completed – fiscal years ending 2016 and 2017	Conducted numerous training sessions related to procurement processes, scope of work development, etc.
C. Business Practices			
C2	In collaboration with Business Information Systems (BIS) department, implement an email or Electronic Data Interchange (EDI) solution for purchase order transmission to the vendors.	Completed	Worked with BIS implementing successfully the email exchange process with several catalog vendors.
	In collaboration with BIS, establish a purchase requisition accessible Open Catalog Interface (OCI) catalogs for end user.	Completed	In the last two fiscal years, 8 additional catalog vendors were established for end user purchasing.
C6	Maintain average processing time within the departments published service level objectives $\geq 95\%$.	Completed annually	As a result of the additional staff brought in through succession planning, staff was able to process all service level objectives effective and efficiently.
C10	Identify and participate in organizations that advance the Agency's mission, vision, and key initiative.	Completed annually	Several department staff are members of professional organizations. One staff member serves on the National Contract Management Association Board.
C13	Provide exceptional and responsive customer service.	Completed April 2017	Completed an internal customer survey with an 80% Good to Excellent overall customer satisfaction rating.

OTHER DEPARTMENT WORKLOAD INDICATORS

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
AEP Award	No	Yes	Yes	Yes
% Customer Satisfaction Greater Than or Equal to Good/Exceeds Rating	80%	85%	88%	90%
PRs Processed within Service Level Objectives	95%	95%	95%	95%

DEPARTMENT GOALS AND OBJECTS FOR FYs 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A. Fiscal Responsibility				
A13	Provide timely and up to date contract expenditure and expiration information ensuring compliance with contract amounts and aging terms.	June 30, 2018	June 30, 2019	Monitor dashboards weekly to verify 100% compliance with contract terms.
B. Work Environment				
B1	Ensure the duties of the department are consistently executed in support of the Agency's Mission, Vision and Values.	June 30, 2018	June 30, 2019	Monitor 100% compliance with Agency, State, and Federal standards using staff updates in weekly/monthly departmental meetings.
B2	Conduct regular cross-training and engagement sessions on the various contact and procurement activities.	June 30, 2018	June 30, 2019	Conduct at least 6 training sessions and monitor using sign-in sheets and Outlook calendar invites.

CONTRACTS & PROCUREMENT

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B6	Provide regular contract and procurement training to end-users in support of facilitating the Agency's Mission, Vision and Values.	June 30, 2018	June 30, 2019	Conduct a minimum of two training sessions per quarter and monitor attendance using sign-in sheets.
B8	Ensure product and service availability from third party suppliers in emergency situations.	Ongoing	Ongoing	A number of agreements are in place and are updated as required per a schedule.
B12	Provide Agency-wide training on the Agency's contract and purchasing ordinance, including but not limited to State and Federal codes, and Agency processes.	June 30, 2018	June 30, 2019	A number of training sessions to be completed for each department, and monitored using sign-in sheets.
C. Business Practices				
C1	Increase post project discussion with Agency project managers.	Ongoing	Ongoing	Quarterly meetings with be scheduled with project managers.
C2	Encourage the inclusion of green products in the various Agency projects.	Ongoing	Ongoing	A number of recommendations will be provided to project managers, and will be monitored as projects are in process
C6	Annually review and update department related policies, procedures and ordinances.	June 30, 2018	June 30, 2019	Policies, procedures, and ordinances will be placed on Outlook calendars for review as required.
C7	Promote the Agency's Business Outreach Program.	Ongoing	Ongoing	Through social media and other outreach events a 5% participation rate is to be obtained. Programs and participation will be reported to supervision and management.

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes office and administrative costs including agency-wide expense for media outreach programs. Operating expense includes professional fees and services, materials and supplies, leases, and utilities. The increased budget for FY's 2017/18 and 2018/19 is due to additional agency-wide expense for insurance, copy machine and cell phone service, lease expense and security services. FY 2015/16 includes expense for both the Facilities and Records Management groups. FY 2016/17 includes Records Management expense, in future years those departmental expenses are reported in the External Affairs and Policy Development division.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$1,420,723	\$1,582,092	\$1,673,743	\$1,725,964
Administrative	19,661	18,811	182,425	186,457
Insurance	673,039	737,500	850,000	875,500
Operating	236,811	271,001	791,150	809,523
Total	\$2,350,234	\$2,609,404	\$3,497,318	\$3,597,444

FINANCE AND ACCOUNTING

MISSION STATEMENT

Provide accurate, reliable, clear, and timely financial budgeting and reporting of Agency programs and activities to the public, elected officials, Agency personnel, customers, regulatory agencies, grantors, investors, and other stakeholders. Provide strategic planning and identification of financial resources to meet the Agency's long range financial needs; evaluate financing options to effectively meet future capital requirements, including securing the lowest borrowing cost; manage the Agency's investments to secure the safety of principal and optimize earnings; and provide timely and cost-effective quality customer service to the Agency and its constituents while practicing responsible stewardship of Agency resources.

DESCRIPTION AND PURPOSE

The Finance and Accounting Department is responsible for recording and maintaining the Agency's financial information. The Department has a budgeted staff of 20 full time equivalent (FTE) positions for both FY 2017/18 and FY 2018/19 in the Accounting, and Financial Planning groups. The department provides the following services:

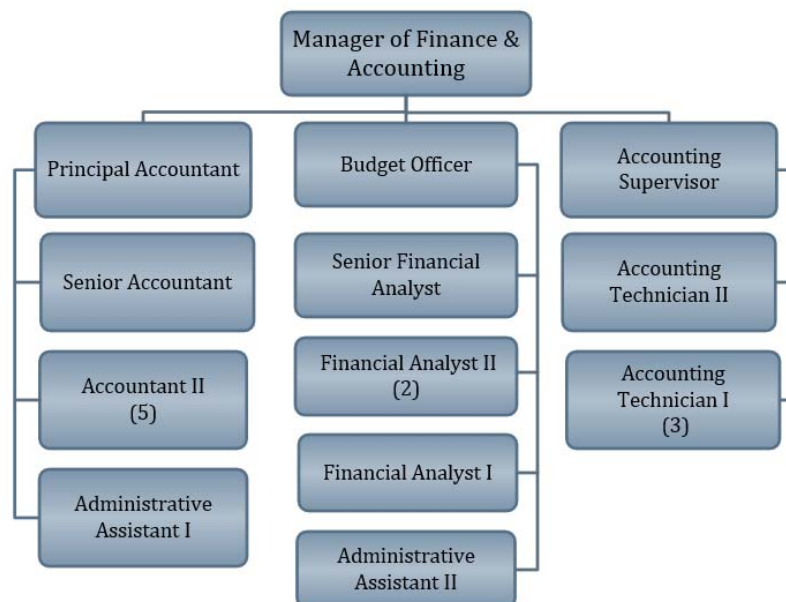
- Manage Agency payroll, billing, revenue collection, cash application, accounts payable, project and fixed asset accounting, internal and external annual financial reporting, and various other financial analysis and reports.
- Oversee the administration of the Agency's budget to ensure appropriations comply with those approved by the Board of Directors; support the enhancement of the SAP financial and budget applications that facilitate the planning, monitoring, and reporting of the Agency's biennial budget and long-range plan of finance (LRPF).
- Manage the Agency's investment portfolio to ensure the safety of principal, while optimizing investment earnings; monitor daily cash activities to fund operating requirements in a timely manner and sustain the Agency's credit standing.
- Administer outstanding debt to ensure timely payment and compliance with respective bond covenants; evaluate different financing options to fund future capital replacement and improvement requirements consistent with the Agency's Long-Range Plan of Finance.

POSITION SUMMARY

In FY 2017/18, staffing increases from 18 to 20 FTE positions. The two additional positions are Accountant II and Administrative Assistant I to support payroll, cost accounting, and reporting functions.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Finance and Accounting	1	1	1	1
Budget Officer	1	1	1	1
Principal Accountant	1	1	1	1
Accounting Supervisor	1	1	1	1
Senior Accountant	1	1	1	1
Accountant II	4	4	5	5
Accounting Technician II	1	1	1	1
Accounting Technician I	3	3	3	3
Senior Financial Analyst	1	1	1	1
Financial Analyst II	2	2	2	2
Financial Analyst I	1	1	1	1
Administrative Assistant II	1	1	1	1
Administrative Assistant I	-	-	1	1
Total FA	18	18	20	20

ORGANIZATIONAL CHART



FINANCE AND ACCOUNTING

SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A. Fiscal Responsibility <i>Refer to Agency Wide Policy Goals pages 2-2 through 2-3</i>			
A1	Adopt rates that fully meet cost of service for key Agency programs; Non-Reclaimable Wastewater (NRW) System by July 2019, Water Resources by July 2020.	Ongoing	Implemented the five-year rates adopted in 2015 for the Regional Wastewater and Recycled Water programs, and the four-year rates adopted in 2016 for the Water Resource program. Multi-year rates and fees aid in achieving this important policy goal
A3	Advocate for continued receipt of property taxes and optimize grants and other funding sources to support Agency and regional investments.	Ongoing	Allocated property tax receipt to Water Resources fund to support water use efficiency program
A6	Fully fund the Other Post Employment Benefit (OPEB) unfunded accrued liability (UAL) by July 2019.	Ongoing completion by July 2019.	Annual contribution to reduce outstanding OPEB liability.
A7	Fully fund the pension unfunded accrued liability (UAL) by July 2024	Ongoing completion by July 2024.	Annual contribution to reduce outstanding UAL liability.
A11	Integrate projects identified in the long range financial planning documents, such as the Urban Water Management Plan, and Integrated Resources Plan.	Ongoing	The Agency continues to invest in rehabilitation and replacement, expansion of facilities and a wide range of programs that promote water use efficiency and enhance water supplies. Many of these projects have been identified in the Agency's ten-year capital improvement plan
A13	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing	The Agency refinanced the 2008A Revenue bonds in January 2017, resulting in a savings of \$37 million over the life of the bonds.

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A15	Reinstate the Agency's long-term credit rating to AAA and maintain a debt coverage ratio to support such rating by FY 2017/18	Ongoing	In January 2017, the Agency received upgraded credit ratings from rating agencies; Standard & Poors (S&P) upgraded the Agency's credit rating from AA to AA+ and Moody's upgraded its Agency rating from Aa1 to Aa2.
B. Workplace Environment			
B15	Promote a safer work environment by administering and monitoring required safety and regulatory trainings.	Complete	20 Departmental safety trainings were completed during FY 2015/16 and 21 safety trainings were completed in FY 2016/17.

OTHER DEPARTMENT WORKLOAD INDICATORS

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
Accounts Payable Transactions	54,556	49,607	51,088	52,620
Accounts Payable Checks/ACH/Wires	8,744	8,193	8,440	8,693
Accounts Receivable Transactions	13,541	13,288	13,686	14,096
Cash Receipts Transactions	26,308	25,936	26,714	27,515
Fixed Asset Transactions	16,090	11,433	11,775	12,128
General Ledger Transactions	396,791	325,180	334,935	344,983
Payroll and Secondary Labor Transactions	739,068	684,660	705,200	726,356
General Ledger # of Account Analysis	630	635	635	635

FINANCE AND ACCOUNTING

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
Payroll Processing - # of Employees	300	290	290	290
Average Size of Investment Portfolio	\$94 million	\$120 million	\$110 million	\$110 million
Average Rate of Return on Investments	0.714%	0.907%	1.25%	1.25%
Budget Preparation Training Open Houses Workshops	10	2*	10	2*
On time submittal of Quarterly Budget Variance report	4	4	4	4
On time submittal of Treasurers Financial Affairs report	12	12	12	12
On time submittal of Quarterly Capital Call report	4	4	4	4

* During the second year of the biennial budget fewer training sessions are required because the Agency uses an abbreviated budget process for budget updates. Departments are provided with templates to enter necessary budget modifications. The changes are consolidated and given to the Board for approval. Once approved the required changes are then entered into the Agency's business system.

DEPARTMENT GOALS AND OBJECTS FOR FYs 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment	C. Business Practices	
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A. Fiscal Responsibility				
A1	Adopt rates that fully meet the cost of service for key Agency programs to ensure rate efficiency related to Non-Reclaimable Wastewater (NRW) System, Regional Wastewater, Recycled Water, Water Resources.	Ongoing	Ongoing	Adopt rates that meet cost of service.
A2	Monitoring cost containment for operating	Ongoing	Ongoing	Verify via analysis and reporting that

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility D. Water Reliability		B. Work Environment E. Wastewater Management	C. Business Practices F. Environmental Stewardship	
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A3 A4 A5 A6 A7 A9 A10	and capital costs through budget variance analysis for operating and capital costs.			operating and capital expenditures are on track with annual program fund budgets and adjust if necessary to meet program needs.
	Monitor the receipt of property taxes, optimize grants and other funding sources to support Agency and regional investments.	Ongoing	Ongoing	Review via analysis and reporting that operating and capital revenues are on track with annual program fund budgets.
	Fully fund the Other Post-Employment Benefits (OPEB) unfunded accrued liability by July 2019.	Annual funding by July 2018	Annual funding by July 2019	Annual contributions until reaching fully funded status.
	Fully fund the pension unfunded accrued liability by July 2024.	Annual funding by July 2018	Annual funding by July 2019	Annual contributions until reaching fully funded status.
	Update Long Range Plan of Finance (LRPF) and Ten-Year Capital Improvements Plan (TYCIP).	LRPF December 2017	FYs 2019 – 2028 TYCIP June 2018	Present to the Board by June 2018.
	Monitor Agency's cash flow and invest surplus funds in accordance with the Agency's investment policy.	Ongoing	Ongoing	Review cash flow bi-weekly.
	Monitor market opportunities for retirement, refunding, or restructuring of outstanding debt to reduce costs.	Ongoing	Ongoing	Verify with Agency's financial advisor at least two times a year.
	Review and update the Agency's reserve policy to ensure sufficient funding to meet operating, capital,	June 2018	June 2019	Update annually and incorporate all policy changes.

FINANCE AND ACCOUNTING

IEUA BUSINESS GOAL OVERVIEW				
<i>A. Fiscal Responsibility</i>		<i>B. Work Environment</i>		<i>C. Business Practices</i>
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A11	debt service obligations, unforeseen events, and comply with legally mandated requirements.			
	Work towards to the Agency’s long-term credit rating target of AAA and maintain a debt coverage ratio to support such a rating.	Ongoing	Ongoing	Receive AAA rating by June 2019.
	Monitor and review monthly reports on deferred contribution.	Ongoing	Ongoing	Review performance monthly.
A12	Monitor and review monthly reports on deferred contribution.	Ongoing	Ongoing	Review performance monthly.
B. Work Environment				
B11	Complete assigned safety tailgate training as provided on the department tracker by the Safety department.	Ongoing	Ongoing	Complete 21 safety tailgates annually and provide safety tailgate sign in sheets to the Safety department to keep safety tailgate tracker updated.

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes office and administrative costs, and other non-operating expense. Other non-operating expense includes annual member contributions. Operating expense includes professional fees and services, and materials and supplies. Interest and financial expense for the Agency's outstanding debt decreases in FYs 2017/18 and 2018/19. The reduction of debt service in the two budgeted years is due to the refinancing of the 2008A Revenue bonds. For more information regarding the Agency's outstanding debt, see the Debt Management section of this document.

Expense	FY 2015/16 Actual	FY 2016/17 Projected Actual	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$3,032,517	\$2,616,603	\$2,894,338	\$2,984,100
Administrative	226,585	197,681	231,200	235,372
Operating	6,946	160,655	99,600	91,200
Interest and Financial	9,585,519	8,806,869	6,784,365	6,803,995
Total	\$12,851,567	\$11,781,808	\$10,009,503	\$10,114,667

HUMAN RESOURCES

MISSION STATEMENT

Assist in providing effective and efficient support to the Agency’s most valued asset, its employees. The Department strives to ensure the successful selection and retention of the best qualified candidates, the implementation of valuable benefits, the maintenance and enhancement of staff skills through training, paramount safety in the workplace, and the resolution of personnel issues in a timely manner with the highest standards of confidentiality, integrity, courtesy, and respect.

DESCRIPTION AND PURPOSE

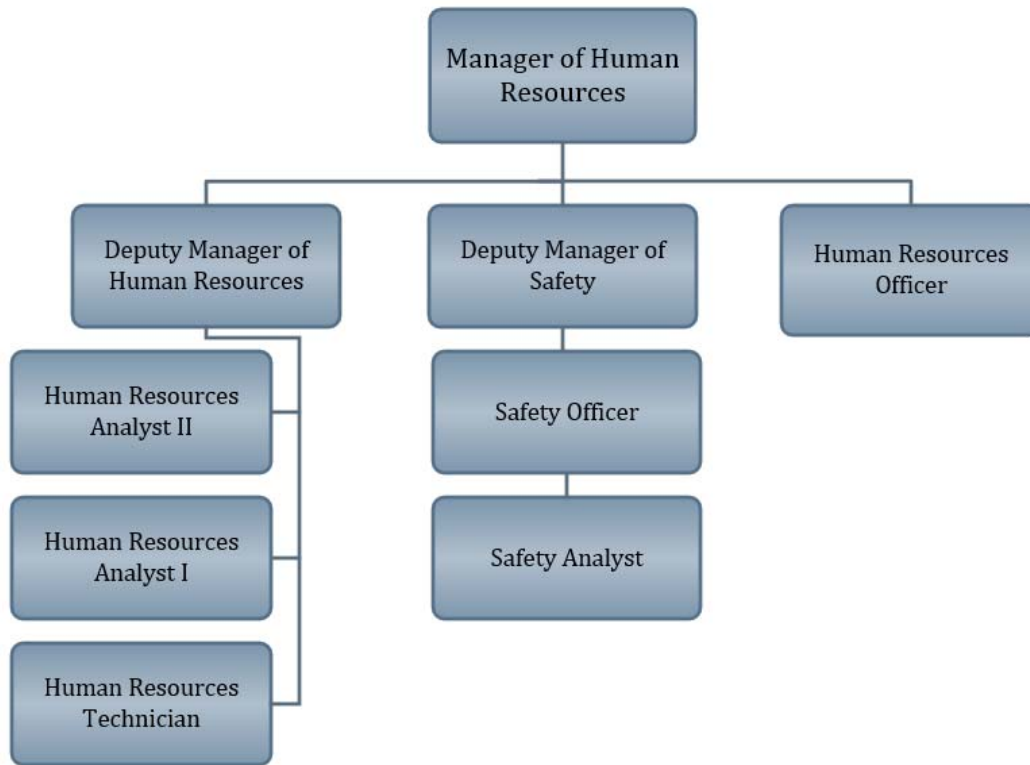
The Human Resources (HR) Department strives to promote progressive practices in the following areas: recruitment and retention; application of the Memorandums of Understanding and Personnel Manuals for the various bargaining units; sustainment of positive labor relations with all employee bargaining units; benefits; development of the Agency’s training program; Safety and Workers’ Compensation; compliance with State and Federal regulations such as the Family Medical Leave Act, Americans with Disabilities Act, and COBRA. In addition, the HR Department is charged with discovering new ways to motivate staff and provide a rewarding work environment for Agency employees. The Human Resources staff serves as advisors, consultants, and organizational champions for the Agency.

POSITION SUMMARY

In FY 2017/18 one FTE, a Deputy Manager of Safety, is added to the department. This position will provide expertise and leadership to ensure the Agency meets more rigorous safety standards. There are no additional staffing changes anticipated in the budgeted years.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Human Resources	1	1	1	1
Deputy Manager of Human Resources	1	1	1	1
Deputy Manager of Safety	-	-	1	1
Human Resources Officer	1	1	1	1
Safety Officer	1	1	1	1
Human Resources Analyst II	1	1	1	1
Human Resources Analyst I	1	1	1	1
Safety Analyst	1	1	1	1
Human Resources Technician	1	1	1	1
Total HR	8	8	9	9

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments

A. Fiscal Responsibility B. Workplace Environment C. Business Practices
D. Water Reliability E. Wastewater Management F. Environmental Stewardship

IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B. Workplace Environment			
B1	Promote a positive work environment that holds managers, supervisors and employees accountable for creating and maintaining positive work relationships.	Complete December 2016	Promoted and sustained open communication with all levels of staff by hosting several in house trainings for supervisors and managers between July and December 2016.
	Develop creative communication methods and continue education of	Complete May 2017	Held several educational sessions for employees to increase knowledge of benefit programs

HUMAN RESOURCES

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
	employee benefits to increase knowledge of benefit programs and services including visiting and scheduling appointments with employees at other facilities, holding continuous lunch and learn sessions and other educational workshops/presentations.		and services and held quarterly on- site visits at the various Agency facilities.
B2	Develop a process to identify potential leaders within the Agency; utilize the Leadership Academy and other training opportunities to enhance existing talent.	Complete at Fiscal Year End 2016 and 2017	Conducted 4 in-house leadership training workshops for all supervisor and management staff in 2016. The Agency had 5 management participants each year (10 total) attend the 2016 and 2017 Southern California Local Government Leadership Academy.
B3	Create and distribute an employee satisfaction survey.	Ongoing	Created draft survey questions and selected outside vendor to administer online employee survey will be complete by June 30, 2017.
	Identify strategies to increase employee morale and promote employee retention.	Complete April 2017	The Class and Comp Study resulted in the creation of several flex positions. As a result of a collaborative effort between management staff and the General Unit, the Agency finalized the testing requirement which allow eligible General Unit members in the classifications of Mechanic and Electrical & Instrumentation to demonstrate proficiency to advance/flex to a higher level. Approx. 40 members were identified as eligible to advance/flex to a higher level.
B4	Finalize the Agency-wide Classification and Compensation Study to develop a fair, consistent and competitive compensation program.	Complete June 2016	The General Unit ratified on March 2016 making it the largest unit to implement the study.

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices</i>			
<i>D. Water Reliability E. Wastewater Management F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B5	Change the format of the STAR Award Program to ensure more employees have an opportunity to receive the award.	Complete June 2017	Employees in classifications previously categorized as 'specialized' such as Senior Engineers became eligible for the program when the Agency eliminated the category.
B8	Draft a new consolidated Personnel Rules and Regulations.	Ongoing	Analyzed all Agency MOUs and identified items for revision and streamlining. Completed initial review and revision of all Agency policies. Anticipated completion is July 2017.
B12	Research requirements needed to obtain the award/certification by OSHA; work with Maintenance and Operations to develop a plan that ensures commendable safety and risk management practices.	Complete April 2017	Completed researching the Cal-Star program confirming required elements, receiving approval for an authorized mentor and attending a Cal-OSHA conference in April. Created an action log covering all Cal-Star requirements for Operations and Maintenance Departments.

OTHER DEPARTMENT WORKLOAD INDICATORS

	2015/16 Actual	2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
New Hires	35	48	35	35
Average Recruitment Processing Time	15 wks	10 wks	10 wks	10 wks
Average New Hire Processing Time	3.5 wks	2.8 wks	2.5 wks	2.5 wks
Separations	30	28	30	30
Turnover Ratio	11.6	12	12	12
Open Enrollment Transactions Processed	91	103	90	90
FMLA Requests	32	30	30	30
Customer Satisfaction Surveys	5	5	5	5

HUMAN RESOURCES

	2015/16 Actual	2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
Training Hours per Employee	15	14	20	20
Grievances Filed	20	10	5	5
Grievances Resolved at Appeals Committee Level	1	0	0	0
Disciplinary Actions Processed	8	11	5	5
Disciplinary Actions Appealed	0	0	0	0
Breakdown Reports/Incident Reports	14	10	8	6
Workplace Safety/Lost Time Accidents	0	2	1	1
Workers' Compensation Claims	10	8	7	5
Vehicle Accidents	6	8	5	2

DEPARTMENT GOALS AND OBJECTS FOR FYs 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B. Work Environment				
B1	Promote a positive work environment that holds managers, supervisors and employees accountable for creating and maintaining respectful and positive work relationships.	Quarterly	Quarterly	Number of onsite visits, lunch and learns and other educational sessions held.
	Develop creative communication methods and continue education of employee benefits to increase knowledge of benefits programs and services.	Quarterly	Quarterly	Number of onsite visits, lunch and learns and other educational sessions held.
B2	Prepare Retirement Risk Assessment to identify employee	July 2017 and annually thereafter	Annually	Percent of internal advancements and promotions

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B3	retirement forecasting and timelines. Identify critical Agency positions. Use vacant position pool to mentor and increase knowledge transfer for critical positions			per FY and report to Executive Management as applicable.
	Identify strengths and areas of improvement and develop action plans from 2017 survey results. Design, conduct, analyze employee engagement survey in 2019.	December 2017	June 2019	Percent change in employee engagement index in comparison to 2017 survey.
B4	Analyze and identify MOU items requiring revisions or streamlining. Create draft MOUs and Personnel Rules.	Identify revisions by July 2017 Create drafts by Oct 2017		Number of MOU drafts created.
B5	Promote a culture that recognizes employees for job related accomplishments.	December 2017		Update Policy A-75
B7	Hold quarterly Labor Management meetings to address concerns and issues on an ongoing basis	Quarterly	Quarterly	Number of grievances filed and number of grievances resolved informally.
	Promote and sustain open communication with all levels of staff to effectively resolve work related issues in harmonious manner.	Quarterly	Quarterly	Number of grievances filed and number of grievances resolved informally.
B8	Post the Disaster Response Plan, along with the Incident	Annually	Annually	Complete periodic reviews of the Disaster

HUMAN RESOURCES

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B9	Organization Chart (IOC) on Agency portal to ensure staff accessibility.			Response Plan and Incident Organization Chart.
	Move the initial IOC disaster drill timeline to September 2017 to allow a larger number new hires to participate, scheduling future drills at minimum every two years.	Biennial	Biennial	Complete IOC disaster drills at minimum every two years.
	Work with Departments to further implement Cal/OSHA required programs outlined on the Cal-VPP Action Log, ensuring an inclusive, supportive, safer work environment.	Ongoing	December 2018	Monitor 'Action Log' progress by updating the VPP committee and management as appropriate.
	Include the Injury Illness Prevention Program as a standing item on the Safety & Health Committee (SHC) Agenda ensuring bimonthly review by members. Integrate additional SHC member safety participation in various areas to promote fewer work related injuries.	Bi-monthly/Annual	Bi-monthly/Annual	Review SHC participation periodically ensuring all members are provided the opportunity to contribute.
B11	Expand employee/management reporting options for incidents, near miss and safety observations. Conduct independent field reviews on staff's knowledge of Safety topics, continuing to provide compulsory and	Ongoing	Ongoing	Review reports as submitted providing feedback and follow up. Monitor staff knowledge level of applicable Safety topics.

IEUA BUSINESS GOAL OVERVIEW				
<i>A. Fiscal Responsibility</i>		<i>B. Work Environment</i>		<i>C. Business Practices</i>
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B12	supplemental trainings as requested.			
	Identify policies which are most relevant to employees. Create a training plan, schedule and conduct training for all staff.	June 2018	June 2019	Number of training participants

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes office and administrative costs. Operating expense includes professional fees and services, materials and supplies, and utilities. Agency-wide expenses pertaining to legal (labor related), disaster preparation supplies and training expense are included the Administrative and Operating expense categories.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	*\$2,801,666	\$2,037,610	\$2,621,151	\$2,778,255
Administrative	62,154	49,308	113,534	116,407
Operating	282,530	161,638	270,223	277,510
Total	\$3,146,350	\$2,248,556	\$3,004,908	\$3,172,172

* In FY 2015/16, Accounting posted \$787,676 insurance post retirement

EXTERNAL AFFAIRS and POLICY DEVELOPMENT

MISSION STATEMENT

To ensure consistency and transparency in all communication with the community, elected officials, member agencies, and external stakeholders; to provide conservation and environmental education to the region IEUA serves; and, to establish strong working relationships with elected officials in Sacramento and Washington, DC to promote Agency priorities.

DEPARTMENTS

- External Affairs
 - Records Management
- Grants Administration

EXECUTIVE SUMMARY

The External Affairs and Policy Development Division is responsible for the Agency's external communication, which encompasses government relations, grants administration, community outreach, and records management. Responsibilities of these major functions include:

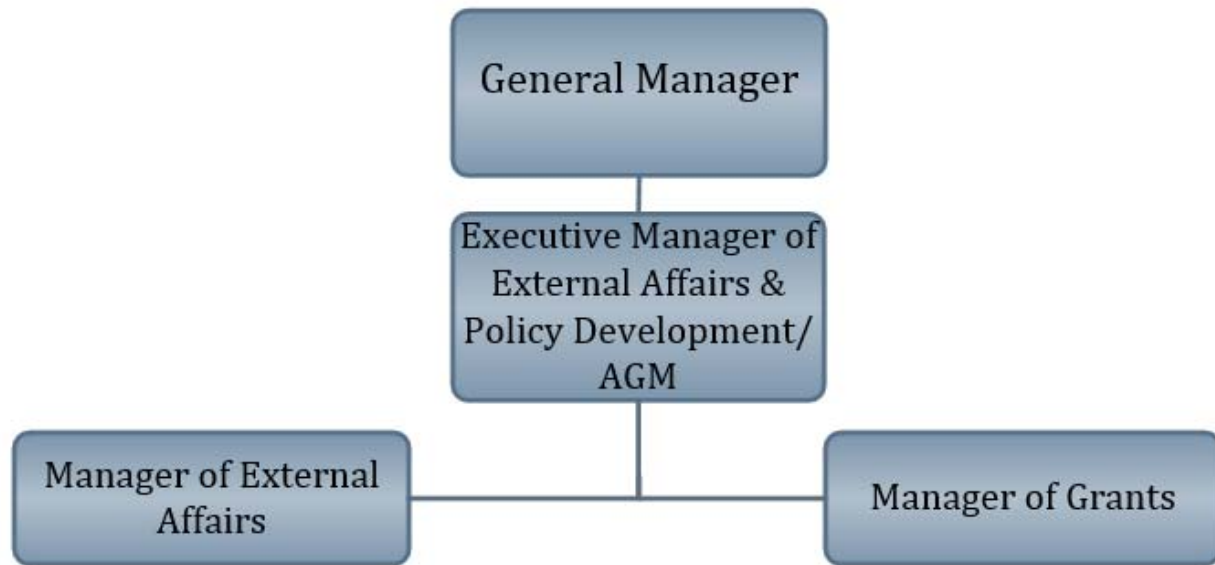
- Government Relations – cultivate relationships with elected officials; identify and advocate for the development of Federal and State policy and legislation that benefit IEUA and the region.
- Grants Administration - proactively identify and seek out grant and low-interest loan funding opportunities; ensure compliance of grant reporting requirements.
- Community Outreach – manage the Agency's community relations, marketing, events, and numerous educational programs that engage the community.
- Records Management – responsible for the management and protection of the Agency's official records and informational assets.

DIVISION GOALS

- Ensure consistency and transparency throughout all external communication of the Agency.
- Continue to cultivate strong working relationships with elected officials and governmental agencies to help ensure IEUA continues to be a regional leader in water, wastewater and renewable energy issues.
- Continue to pursue new opportunities for grant and low-interest loan funding.

- Continue to build on IEUA's presence in the community it serves.
- Continue to expand the use of available technology within records management, grant reporting and marketing.

ORGANIZATIONAL CHART



EXTERNAL AFFAIRS

MISSION STATEMENT

The External Affairs Department seeks to advocate, campaign, and guide the development of policies and legislation that benefit the region IEUA serves. The Department also seeks to establish and strengthen relations with the media, elected officials, businesses, civic organizations, member agencies, educators, and general members of the public in order to enhance public awareness of the Agency's programs, projects and services.

DESCRIPTION AND PURPOSE

The External Affairs Department maintains a collaborative approach with the Board of Directors and Agency Management to develop positions on policies, legislation and regulations that impact Agency policy objectives.

The External Affairs Department is a liaison between the Agency and its stakeholders and supports the following functions and activities:

- Responsible for developing and directing the Agency's community relations, public outreach, and education programs.
- Manages numerous education programs that benefit the community, including the Chino Creek Wetlands Water Discovery Program, Garden in Every School®, Solar Cup, and the Water Is Life Poster Program.
- Responsible for effectively managing Agency records, including access, retention, storage, and protection of all official paper and electronic records.

Records Management is responsible for the efficient and effective management of records that includes satisfying records and information compliance requirements, protecting vital records and incorporate their protection into disaster recovery and risk management plans. Records management accountability begins with record creation or receipt and continues throughout the record's lifecycle including maintenance, use, retention, and disposition.

Records Management utilizes The Principles (*Generally Accepted Recordkeeping Principles*) as guidelines for managing its record assets:

- Accountability when handling records and information
- Integrity for guarantee of authenticity and reliability
- Protection to ensure a reasonable level of protection for records and information

- Compliance to comply with applicable laws and binding authorities and Agency's policies
- Availability to ensure timely, efficient, and accurate retrieval of needed information
- Retention for legal, regulatory, fiscal, operational, and historical requirements
- Disposition to secure and appropriate destruction for records and information that no longer needs to be retained
- Transparency to be documented in an open and verifiable manner, and to make records available to all personnel and appropriate interested parties

POSITION SUMMARY

In FY 2017/18 the External Affairs group moves from the Agency Management division to the new External Affairs and Policy Development division. One FTE is added to the department in FY 2017/18. The additional position will support the department in increased community outreach and education programs.

In FY 2017/18, the Records Management group (3 FTE) transferred from the Finance Division to the new External Affairs and Policy Development Division. In addition, a limited term position was added in FY 2016/17 to help with implementation of the Agency's new Document Management System and other departmental requirements as necessary.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of External Affairs	1	1	1	1
Senior External Affairs Specialist	1	1	1	1
External Affairs Analyst	-	1	1	1
External Affairs Specialist I	1	1	2	2
Administrative Coordinator	-	-	1	1
Records Specialist	-	-	2	2
Total	3	4	8	8
Limited Term Positions				
External Affairs Specialist I	2	3	2	2
Office Assistant	-	-	1	1
Total	2	3	3	3
Total EA	5	7	11	11

EXTERNAL AFFAIRS

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility		B. Workplace Environment	
D. Water Reliability		E. Wastewater Management	
C. Business Practices		F. Environmental Stewardship	
IEUA Business Goals	Department Goals	KPI Status	Overall Accomplishments
B. Workplace Environment			
B1	Incorporate the Agency's Mission, Vision and Values into all that staff does, including: creating collateral materials, employee newsletter, and a document that features the Mission, Vision and Values, posting on the IEUA Website, speaking at an all-hands	Ongoing	Completed an update of the Agency's business goals to further align with the Agency's mission, vision, and values Continued to bring consistency to Agency documents by updating the IEUA PowerPoint template

Major Accomplishments					
A. Fiscal Responsibility		B. Workplace Environment		C. Business Practices	
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship	
IEUA Business Goals	Department Goals	KPI Status	Overall Accomplishments		
B16	meeting, and working with HR to help educate all new staff.		to align with the IEUA website		
	Provide staff with opportunities for technical and professional training classes	Ongoing	2 of 4 staff attended Laserfiche software training and will become gold certified in Laserfiche software administration. Staff also attended ARMA Annual professional training.		
	Conduct Agency training on department processes that are in line with the Agency's mission, vision, and values.	Complete 95% Complete	Provided training to 17 Agency departments on development of taxonomy, file plan and folder paths associated with the ECMS project. Held annual mandatory training on records management practices for managers and records liaisons.		
C. Business Practices					
C2	Implement the new Document Management System and the Agency's taxonomy.	Complete 75% Complete	Laserfiche ECM System will "Go-Live" June 19, 2017. Inventory of both paper and electronic records is ongoing.		
C7	Serve as the Agency Webmaster and provide current and timely information.	Ongoing	Continued to manage the day to day operations and maintenance of the website to ensure content stays current.		
C8	Maintain strong relationships with local stakeholders and city and county elected representatives in our region	Ongoing	Attended local events such as Chamber of Commerce and Rotary meetings to network and build working relationships Continued to attend the monthly technical and policy committee meetings.		

EXTERNAL AFFAIRS

Major Accomplishments					
A. Fiscal Responsibility		B. Workplace Environment		C. Business Practices	
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship	
IEUA Business Goals	Department Goals	KPI Status	Overall Accomplishments		
C9	Maintain stronger relationships with the local agencies and elected officials here and in Washington D.C./Sacramento.	Ongoing	Attended ACWA and CASA D.C. conferences. Continued to work with lobbyist on scheduling meetings with elected officials and their staff. Held VIP tours with multiple D.C. and Sacramento elected officials and staff from the region.		
	Communicate the role of the Agency in the region through local partnerships.	Ongoing	Continued to work closely with local organizations such as: specials districts, member agencies, community groups and Chambers of Commerce.		
	Identify and participate in organizations that advance the Agency's mission, vision, and key initiative.	Complete	Staff attended ARMA conference and training seminars as of May 2017. Staff holds professional memberships in ARMA and AIIM associations.		
		50% Complete			
C10	Communicate the importance of regional/local independence and water efficiency	Ongoing	Worked with school administrators, principals, and teachers to educate them on all aspects of water in our region. Worked with members of the press to develop articles that stressed drought resiliency. Worked with agency management on presentations at conferences and community organizations.		
	Cultivate position relationships with local and regional media	Ongoing	Worked with media on drought awareness and updates – Board President Elie participated in a regional news segment. Promoted the Kick the Habit campaign through bus ad's,		
C11					

Major Accomplishments			
A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	
D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship	
IEUA Business Goals	Department Goals	KPI Status	Overall Accomplishments
			promotional items, micro-site development, social media posts, email blasts and google ads.
D. Water Reliability			
D10	Work with the cities of Chino, Chino Hills, and Ontario to pass the water softener ordinance	Ongoing	Continued to reach out to the remaining cities to assist in passing water softener ordinances. Continued monitoring big box and appliance stores for compliance, sending letters where necessary to educate on compliance. Provided multiple agencies with bill inserts to notify customers of available rebate.
D13	Develop, support, promote, and participate in water education programs	Ongoing	Hosted Project WET teacher certification workshop. Continued to expand the Water Discovery Field Trip program with participation of over 3,800 students. Sponsored 4 schools for MWD's Solar Cup program. Participated in Water is Life student art poster contents with approximately 1,400 submissions.
F. Environmental Stewardship			
F3	Communicate the Agency-wide goals, services, and functions to our entire service area, including all community members, businesses, and stakeholders.	Ongoing	Continued to increase social media posts, education events, and outreach to the service area.
F10	Support legislation to reduce drugs in waterways through take back programs	Ongoing	Continued to watch and participate where applicable

EXTERNAL AFFAIRS

Major Accomplishments			
A. Fiscal Responsibility	B. Workplace Environment	C. Business Practices	
D. Water Reliability	E. Wastewater Management	F. Environmental Stewardship	
IEUA Business Goals	Department Goals	KPI Status	Overall Accomplishments
			on legislation to reduce drugs in waterways. Issued press releases and social media posts throughout the year to promote reducing drugs in waterways.

OTHER DEPARTMENT WORKLOAD INDICATORS

	2015/16 Actual	2016/17 Projected	2017/18 Target	2018/19 Target
No. of Agency Tours	36	41	35	35
No. of Agency Publications Produced	3	3	3	3
No. of Press Releases	19	21	20	20
Social Media	444	759	Post 2-3/week	Post 2-3/week
Circulation of newspaper inserts	23	25	22	22
Water Discovery Park Tours (# of students)	3,253	3,851	3,000	3,000
Public Records Requests	80	80	80	80
Number of Boxed Records Destroyed	200	300	300	300
Individual Records Electronically Stored (LibertyNet)	200	200	200	200

DEPARTMENT GOALS AND OBJECTIVES FOR FYS 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A. Fiscal Responsibility				
A3	Build and maintain strong working relationships with elected officials within the region to assist in promoting the Agency's priorities and investments.	Ongoing	Ongoing	Continue to invite elected officials to Agency events and hold 3 VIP tours per year.
B. Work Environment				
B1	Continue to incorporate the Agency's mission, vision, and values within the process of updating Agency documents.	Ongoing	Ongoing	Work with CAP to update the Agency's documents: letterhead, business cards, and other in FY 2017/18.
	Provide staff with opportunities for technical and professional training classes.	Obtain Gold Standard in Laserfiche Management Certified Computer Professional (CCP) by December 2017 Attend ARMA International Training by October 2017 Attend Laserfiche Conference by February 2018	Attend other trainings as they become available.	Measure the percentage of Records Management staff trained in Records and Information Management disciplines.

EXTERNAL AFFAIRS

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B1	Conduct Agency training on department processes that in support of managing electronic records.	Staff to train Agency employees on Laserfiche software for Phases 2-3	Staff to train Agency employees on Laserfiche software for Phases 3-6 by FY 2020	Measure the percentage of agency staff trained in records management best practices and management of electronic records.
C. Business Practices				
C1	Hold department lessons learned meetings to evaluate and improve the effectiveness and efficiency of Agency events and educational programs.	Ongoing	Ongoing	Hold 3 per year on major programs/events.
C9	Continue to work with community groups and the regional technical and policy committees to relay information and updates on the complex issues that impacting the region.	Ongoing	Ongoing	Attend monthly Regional Policy and Technical committee meetings. Attend and present at 1 community event per quarter.
C10	Continue to cultivate strong working relationships with elected officials and governmental agencies to help ensure IEUA continues to be a regional leader in water, wastewater and renewable energy issues.	Ongoing	Ongoing	Invite elected officials to Agency events and hold a minimum of 3 VIP tours per year.
D. Water Reliability				
D10	Continue to watch legislation as it relates to compost and organics. When applicable participate in promoting legislation that advances this work plan.	Ongoing	Ongoing	Work with state and federal legislative offices to support any proposed bill language or programs that bring awareness and use of compost and organics.
E. Wastewater Management				
E4	Continue to audit big box stores' inventory of water softeners and continue to work with planning staff to	Ongoing	Ongoing	Audit 36 stores per year and present findings at city council meetings.

IEUA BUSINESS GOAL OVERVIEW

*A. Fiscal Responsibility B. Work Environment C. Business Practices
D. Water Reliability E. Wastewater Management F. Environmental Stewardship*

IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
E10	pass ordinances in remaining cities.			
	Continue to monitor legislation and policy as it relates to the use and development of renewable energy, advocating on behalf of the Agency when applicable.	Ongoing	Ongoing	Work with state and federal legislative offices to support any proposed bill language or programs that continue to develop the use of renewable energy.
F. Environmental Stewardship				
F4	Continue to grow and advance the Agency's educational and outreach programs including increasing the number of students participating in the Water Discovery Program, Water is Life Poster Contest, and Garden in Every School® Program. Continue to expand the Agency's social media presence to increase outreach to community members in the region.	Ongoing	Ongoing	Increase outreach to schools within the region. Increase IEUA's post on social media to continue to increase the Agency's social media following – post 2-3 times per week.

EXTERNAL AFFAIRS

EXPENSES

Employment expense includes wages and benefits. Administrative expense some Agency-wide expenses such as printing and advertisements. Operating expense includes materials and supplies, professional fees and services, and leases and rentals.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$1,112,127	\$1,406,012	\$1,735,735	\$1,808,151
Administrative	278,373	269,470	331,069	338,613
Operating	140,988	210,525	302,659	296,463
Total	\$1,531,488	\$1,886,007	\$2,369,463	\$2,443,227

GRANTS ADMINISTRATION

MISSION STATEMENT

To maximize the state, federal grants and low interest loan funding by identifying and securing grant funding opportunities. To cost effectively support the future regional water, wastewater, recycled water and energy management needs through enhanced partnerships with various regional stakeholders. To promote and monitor Agency programs, as well as maintain the integrity of the core Agency processes by maintaining compliance with all applicable federal, state, and local environmental regulations and requirements while minimizing Agency liability.

DESCRIPTION AND PURPOSE

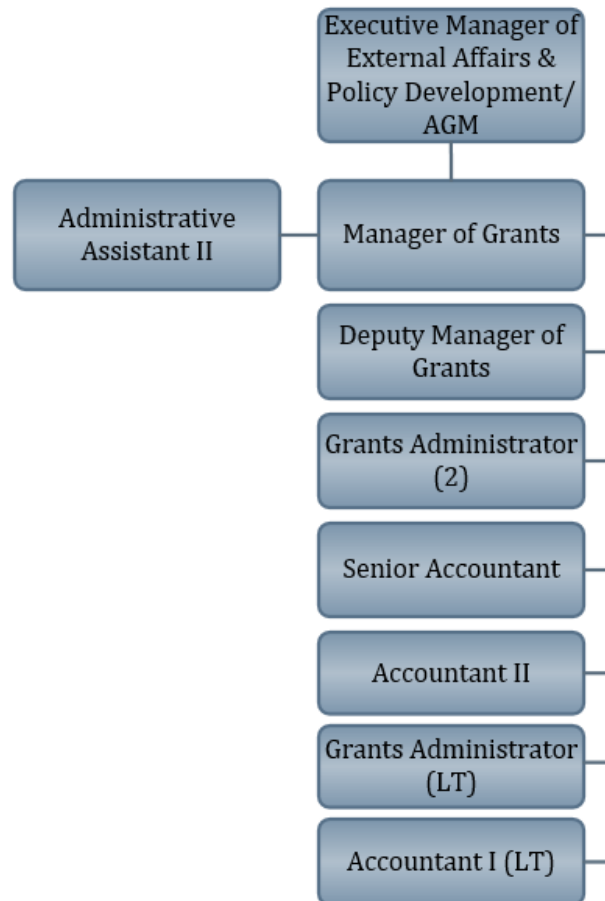
The Grants Administration Department proactively identifies and seeks out grant opportunities in conjunction with Executive Management to fund capital projects throughout the Agency: oversees the Agency's grants management activities and provides centralized Agency grants administrative oversight to IEUA and joint power agencies to ensure regulatory compliance, cost eligibility, and accurate and timely reporting in accordance with grantor compliance requirements.

POSITION SUMMARY

In FY 2017/18, the Grants Administration Department moves to the new External Affairs and Policy Development Division and adds three new FTE positions. Increased staffing will allow the Grants Department to better meet current and future grant and low interest loan identification, award and compliance requirements.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Grants	-	-	1	1
Grants Officer	1	1	-	-
Deputy Manager of Grants	-	-	1	1
Grants Administrator	1	1	2	2
Senior Accountant	1	1	1	1
Accountant II	-	-	1	1
Administrative Assistant II	-	1	1	1
Total	3	4	7	7
Limited Term Positions				
Grants Administrator	2	1	1	1
Accountant II	1	-	-	-
Accountant I	1	1	1	1
Total	4	2	2	2
Total GA	7	6	9	9

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A. Fiscal Responsibility			
A3	Develop an Agency Grants Strategic Plan that will guide Agency grant activities.	Ongoing, expected completion FY 2017/18	A draft Grants Strategic Plan has been developed. The final plan will be completed during FY 2017/18.

GRANTS ADMINISTRATION

Major Accomplishments A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A3	Assess current grants management Strength, Weaknesses, Opportunities, and Threats (SWOT).	Complete	Assessment process has been completed and identified areas SWOT will be incorporated into the Grants Strategic Plan
	Evaluate the cost-benefits of each grant application.	Complete	Held monthly grants meeting with Executive Management to evaluate the SWOT of each grant opportunity.
	Recommend and pursue potential grant opportunities that align with the Agency mission and financial goal.	Ongoing	Continued submittal of grant applications for projects that align with the Agency goals and objectives.
	Pursue new grant awards to diversify revenue.	Complete	Received grant awards: \$11.4M SWRCB Proposition 1 grant for the Chino Basin Improvement and Groundwater Clean-up project. Applied for two SRF loans for expansion and drought relief projects.
	Collaborate with departments that have projects that need grant funding.	Ongoing	Attended frequent meetings with the Engineering and Construction Management department to match grant opportunities with project needs.
	Collaborate with the member agencies, JPAs, and the regional leaders on projects that can be partially funded by grant or SRF loan programs.	Ongoing	Applied for and received grant awards for the Recharge Master Plan Update projects in conjunction with Chino Basin Watermaster, and SWRCB grant funding for the Chino Basin Desalter Expansion project.

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A3	Manage congressional grant authorizations for water desalination projects in the Chino Basin	Ongoing	Submitted a total of \$26 million USBR Title XVI grant applications with \$21.8 million awarded, and received a Pre-Award funding notice of \$5.2 million in May 2017.
	Find grants that match with member and regional agencies capital and conservation programs	Ongoing	Received grant awards for joint agency projects such as SARCCUP, CDA desalination, groundwater recharge, and drought contingency projects.

OTHER DEPARTMENT WORKLOAD INDICATORS

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2016/17 Target	FY 2017/18 Target
Grant/Loan applications submitted	7	7	10	8
Grant/Loan billings and status reports by due date	160	160	160	160
Average number of days to file grant/loan billing	30	30	30	30
Average number of days to collect grant/loan billing	60	60	60	60
On time submittal of Quarterly Budget Variance report	100%	100%	100%	100%

GRANTS ADMINISTRATION

DEPARTMENT GOALS AND OBJECTIVES FOR FYs 2017/18 and 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A. Fiscal Responsibility				
A3	Develop an Agency Grants Strategic Plan that will guide grant activities.	Annual	Annual	Annual Board approval of Grants Strategic plan.
	Recommend and pursue potential grant opportunities that align with the Agency mission and financial goals.	Ongoing	Ongoing	Provide update on grant opportunities to Executive Management via the monthly General Manager's board report.
	Collaborate with the member agencies, JPA's and regional leaders on projects that can be partially funded by grant or SRF loan programs.	Ongoing	Ongoing	Attend regular meetings and participate in conference calls with member agencies and JPA partners to discuss grant and loan opportunities.
	Manage congressional grant authorizations for water desalination projects in the Chino Basin.	Ongoing	Ongoing	Work in conjunction with the Chino Basin Desalter Authority to fulfill applications for funding and manage grants received.

EXPENSES

Employment expenses includes wages and benefits. Administrative expenses include expenses such as training, travel and postage; operating expenses includes professional fees and services. The increase in FY's 2017/18 and 2018/19 budget is for consulting services to provide design, automation and management of the grants database.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$788,189	\$944,246	\$1,158,083	\$1,194,707
Administrative	2,658	9,495	15,887	16,363
Operating	-	24,898	310,000	319,300
Total	\$790,847	\$978,639	\$1,483,970	\$1,530,370

ENGINEERING, PLANNING, & SCIENCE DIVISION

MISSION STATEMENT

To maximize use of water resources and conservation, meet all regulatory requirements, and construct facilities to meet Agency needs in a cost effective and environmentally responsible manner.

DEPARTMENTS

- Engineering & Construction Management
- Planning & Environmental Resources
 - Planning
 - Environmental Compliance
 - Pretreatment and Source Control
- Laboratory

EXECUTIVE SUMMARY

This Division provides planning, environmental compliance, conservation, engineering, construction, and laboratory services. Its purpose is to plan, engineer, and construct projects and Agency programs to effectively meet the growing needs of the region in a regulatory compliant and cost-effective manner. The Division is responsible for monitoring the Agency's facilities and activities to meet regulatory requirements and to protect the public's health. Total division staffing is budgeted at 56 full time equivalent (FTE) and 10 limited term (LT) positions for both FY 2017/18 and FY 2018/19.

DIVISION GOALS

- Ensure scope of projects meets and represents regional needs.
- Optimize facility energy use and generation to achieve peak power independence.
- Ensure all activities of the department are fully transparent to all audiences. Implement programs across all sectors, residential, commercial and agricultural, to make outdoor water use efficient, helping to maintain groundwater levels, eliminate waste and promote efficient use of water to meet and exceed state regulatory requirements.
- Complete rate study for wastewater Equivalent Dwelling Unit (EDU) allocation.
- Develop regional collaboration for groundwater storage programs.

- Meet basin plan requirements and objectives in support of the recycled water program.
- Continue the process of collaborative negotiations in support of reaching mutually agreeable terms for the new Regional Contract.
- Pursue opportunities for renewable energy development and interconnection with grid.
- Secure supplemental water supplies and prime recharge basin locations to broaden regional water sources and maximize water recharge capabilities.
- Maintain wastewater capacity buffer to never exceed 90 percent.
- Continue efforts to meet all water quality, public health, environmental standards and proactively meet current and future permits/regulations.
- Continue to evaluate and include innovative technologies in design, construction, and operation of facilities.
- Continue to develop integration and implementation of the Asset Management plan.

ORGANIZATIONAL CHART



ENGINEERING, PLANNING, & SCIENCE DIVISION

Expenses

The Executive Manager of Engineering/Assistant General Manager employment expenses include both wages and benefits. In addition, administrative expense includes office and administrative costs as well as some agency-wide expense for meetings hosted by the Agency. There are no actual or budgeted operating expenses for the fiscal years included below.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$288,786	\$285,539	\$300,061	\$310,165
Administrative	14,081	20,302	14,983	15,411
Operating	-	-	-	-
Total	\$302,867	\$305,841	\$315,044	\$325,576

ENGINEERING & CONSTRUCTION MANAGEMENT

MISSION STATEMENT

To engineer and construct state of the art facilities and infrastructure to meet the dynamic and growing needs of recycled water demand, wastewater collection, treatment and disposal needs of the Agency's service area, and to implement and manage the capital improvement program (CIP) with cost effective solutions.

DESCRIPTION AND PURPOSE

The Engineering and Construction Management (ECM) Department provides design, administration, and construction management services for water, wastewater, and energy projects that implement the Agency's CIP. The department integrates the latest and most cost-effective technologies into the IEUA service area. A total of 32 personnel (24 full time equivalent and 8 limited term positions) contributes to the success of the department, providing many diversified tasks such as:

- Plan, budget, design, and construct capital facilities.
- Design and construct projects through efficient project management to ensure projects are completed on schedule and budget.
- Coordinate the capital project process to produce the Ten-Year Capital Improvement Plan.
- Administer grants, permits, and environmental compliance reports.
- Plan, design, and coordinate the implementation of the Agency's Supervisory Control & Data Acquisition system (SCADA).
- Provide engineering and construction management support to the Agency's Operations and Maintenance departments.
- Provide in-house design services including development of plans and specifications for the bid process.
- Prepare Requests-for-Proposals and replies to project information requests from prospective consultants and contractors.
- Review and check design reports, proposals, and specifications submitted by consulting engineers and subsequent management of those consultant services.
- Provide construction management support for construction work in progress, including field inspections, to ensure compliance with approved plans, specifications, and standards.
- Develop and maintain Computer Aided Design (CAD) drawings for the Agency, including in-house design, as-builts, mylars, site maps, distribution system maps, and 3D modeling of facility sites and projects.
- Create project reports to assist in tracking schedules, plan vs. budget, resource hours, General Manager's reports, and various budget reports.

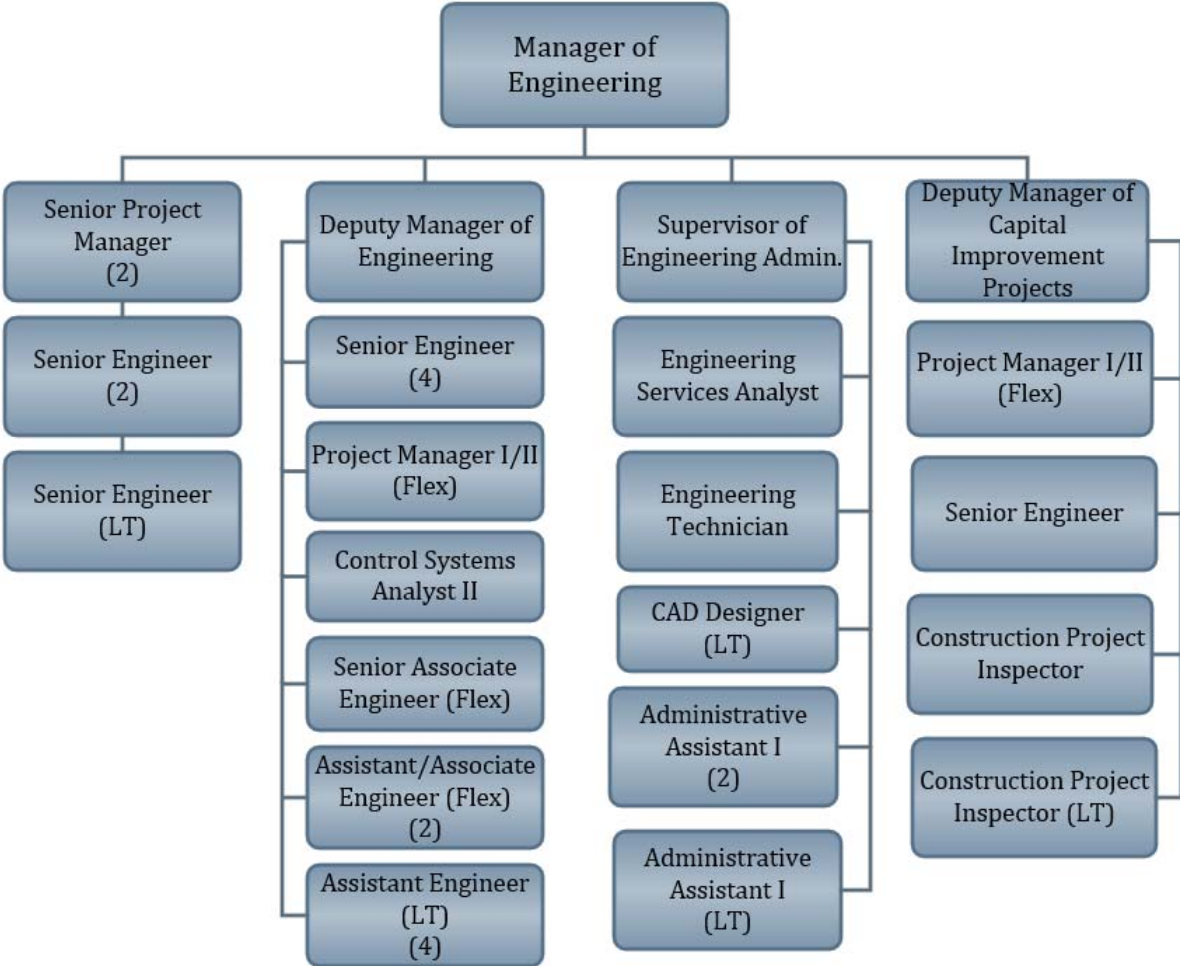
POSITION SUMMARY

In FY 2017/18, the Engineering and Construction Management department is projected to maintain 32 positions for the two budgeted years. The number of FTE positions has been reduced as some positions are no longer necessary, workloads are supported by Limited Term positions as necessary. Outside consulting and engineering services are contracted to assist the Engineering and Construction Management department in supporting the increased workloads that will be required to manage major rehabilitation, replacement, improvement, and expansion projects.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Engineering	1	1	1	1
Deputy Manager of Engineering	2	2	1	1
Deputy Manager of Capital Improvement Projects	1	1	1	1
Deputy Manager of Construction Management	1	-	-	-
Supervisor of Engineering Administration	1	1	1	1
Construction Project Manager, PE	1	1	-	-
Construction Project Manager	3	2	-	-
Senior Engineer	7	7	7	7
Senior Project Manager	-	1	2	2
Project Manager I/II (Flex)	-	1	2	2
Construction Project Inspector	2	2	1	1
Control Systems Analyst II	-	1	1	1
Senior Associate Engineer	-	-	1	1
Associate Engineer	3	2	2	2
Assistant Engineer	2	-	-	-
Engineering Services Analyst	1	1	1	1
Engineering Technician	1	1	1	1
Operations Specialist	-	1	-	-
Administrative Assistant I	2	2	2	2
Total	28	27	24	24
Limited Term Positions				
Senior Engineer	1	1	1	1
Construction Project Inspector	1	1	1	1
Assistant/Associate Engineer	5	4	4	4
CAD Designer	1	1	1	1
Administrative Assistant I	1	1	1	1
Total	9	8	8	8
Total ECM	37	35	32	32

ENGINEERING & CONSTRUCTION MANAGEMENT

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
E. Wastewater Management			
E4	Provide high quality project management for the completion of Capital Improvement Projects.	62% of Annual Goal	Capital expense within fiscal year budget for 62% of projects. A 20% increase over previous year's expense.
		67% of Annual Goal	67% of completed projects were within total project budget, a 14% decrease as compared to prior fiscal year.
		18% of Annual Goal	Completed Engineering planning schedule on time for 18% of projects. In the previous year 60% of projects met the original planning schedule.
		62% of Annual Goal	Completed Engineering design schedule on time for 62% of projects, slightly lower than the 77% in the prior year.
		40% of Annual Goal	Completed Engineering construction schedule on time for 40% of projects.
		80% of Annual Goal of ≤ 10%	Kept construction change orders to 8% of projects, a 4% increase over the prior year.
		410% of Annual Goal of ≤ 10%	Kept Engineering design contract amendments to 41% of projects.
E5	Upon funding, design and construct latest technology water quality laboratory.	Upon funding 12 months for design and 48 months to construct.	Project construction completion date is planned for August 2018.

ENGINEERING & CONSTRUCTION MANAGEMENT

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices		D. Water Reliability E. Wastewater Management F. Environmental Stewardship	
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
E6	Review and evaluate all projects for best practices, apply those to future projects.	10x/year =100%	Staff presented 10 lessons learned topics related to risks, project constraints, and mitigation plans that occurred during design and construction.

OTHER DEPARTMENT WORKLOAD INDICATORS

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
Capital Spending within Fiscal Year Budget	42%	62%	≥ 90%	≥ 90%
Actual Expenditures as a Percentage of Forecasted Expenditures	82%	79%	≥ 90%	≥ 90%
Construction Contract Change Orders	4%	8%	≤ 10%	≤ 10%
Lessons Learned	90%	90%	10x/year ≥ 90%	10x/year ≥ 90%
Project Costs Within 110% of the Total Project Budget Established in the Project Charter	N/A	N/A	≥ 90%	≥ 90%
Completed Project Within 110% of the Total Project Days Established in the Project Charter	N/A	N/A	≥ 90%	≥ 90%
Design Scope Amendments ≤ 10% of original contract value	N/A	N/A	≤ 10%	≤ 10%
Enhance communication and development during a monthly mentoring meeting with Senior and Junior staff	N/A	N/A	10x/year ≥ 90%	10x/year ≥ 90%

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
Project Costs within Total Project Budget (E11)	81%	67%	N/A	N/A
Completed Engineering Planning Schedule on Time	60%	18%	N/A	N/A
Completed Engineering Design Schedule on Time	77%	62%	N/A	N/A
Completed Construction Schedule on Time	62%	40%	N/A	N/A

DEPARTMENT GOALS AND OBJECTIVES FOR FYS 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B. Work Environment				
B2	Enhance communication and development during a monthly mentoring meeting with Senior and Junior staff.	Ongoing	Ongoing	Conduct mentoring meetings at least 10 times per year.
C. Business Practices				
C1	Review and evaluate all projects for best practices that can be applied to future projects.	Ongoing	Ongoing	At a minimum of 10 times per year.
E. Wastewater Management				
E9	Complete Asset Management Plan by November 2019.	Ongoing	Ongoing	Submit progress updates every six months, planned completion by November 2019.

ENGINEERING & CONSTRUCTION MANAGEMENT

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility D. Water Reliability		B. Work Environment E. Wastewater Management		C. Business Practices F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
E11	Provide high quality project management for all Capital Improvement Projects.	Ongoing	Ongoing	Capital Spending within Fiscal Year Budget ≥ 90% Actual Expenditures as a percentage of Forecasted Expenditures ≥ 90% Project Costs Within 110% of the Total Project Budget Established in the Project Charter ≥ 90%
	Staff are actively reviewing projects for Southern California Edison (SCE) savings programs.	Ongoing over two years	Ongoing over two years	All applicable projects will be sent to SCE for incentives.

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes; office and administrative expense, and other non-operating expense. Operating expense includes; permits, licenses, materials and supplies, and professional fees and services. Wages and benefits increases are primarily due to additional staffing necessary to support increased capital project management workloads. The FY 2017/18 projected operating expense increase is due to costs added for office engineering and battery expense, previously budgeted as Operations & Maintenance project costs.

Expense	FY 2015/16 Actual	FY 2016/17 Projected Actual	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$3,961,896	\$5,382,138	\$5,618,925	\$5,804,472
Administrative	147,154	174,592	134,960	129,404
Operating	174,158	199,694	449,350	294,750
Total	\$4,283,208	\$5,756,424	\$6,203,235	\$6,228,626

PLANNING & ENVIRONMENTAL RESOURCES

MISSION STATEMENT

To plan and implement projects and programs to cost effectively meet future regional water, wastewater and energy management needs through enhanced partnerships with various regional stakeholders. To promote and monitor Agency programs, as well as maintain the integrity of the core Agency processes by maintaining compliance with all applicable federal, state, and local environmental regulations and requirements while minimizing Agency liability.

DESCRIPTION AND PURPOSE

The Planning and Environmental Compliance Department includes the following three groups:

- Planning and Water Resources
- Environmental Compliance
- Pretreatment and Source Control

The Planning group is responsible for the development of feasibility reports, facility master plans, environmental reports and programs to meet and sustain the region's existing and future water supply, the wastewater and energy management needs in an integrated manner, as well as the Agency's Ten-Year Capital Improvement Plan (TYCIP).

The Environmental Compliance group is responsible for monitoring the Agency's water and wastewater facilities, air pollution control systems, and biosolids treatment and composting facilities to ensure compliance with all local, state, and federal regulations governing Publicly Owned Treatment Works (POTW). The group is also responsible for planning and implementing the regulatory permitting needs for the long-term operation of facilities and construction of new facilities.

The Pretreatment and Source Control group is responsible for working with industries and Regional Contracting Agencies (RCAs) to determine the best method of wastewater disposal while abiding by strict permit discharge standards. The group also monitors pollutant concentrations in the industrial discharges so that IEUA plant operations are not impacted. Collection of water meter connection fees also falls in this group's purview.

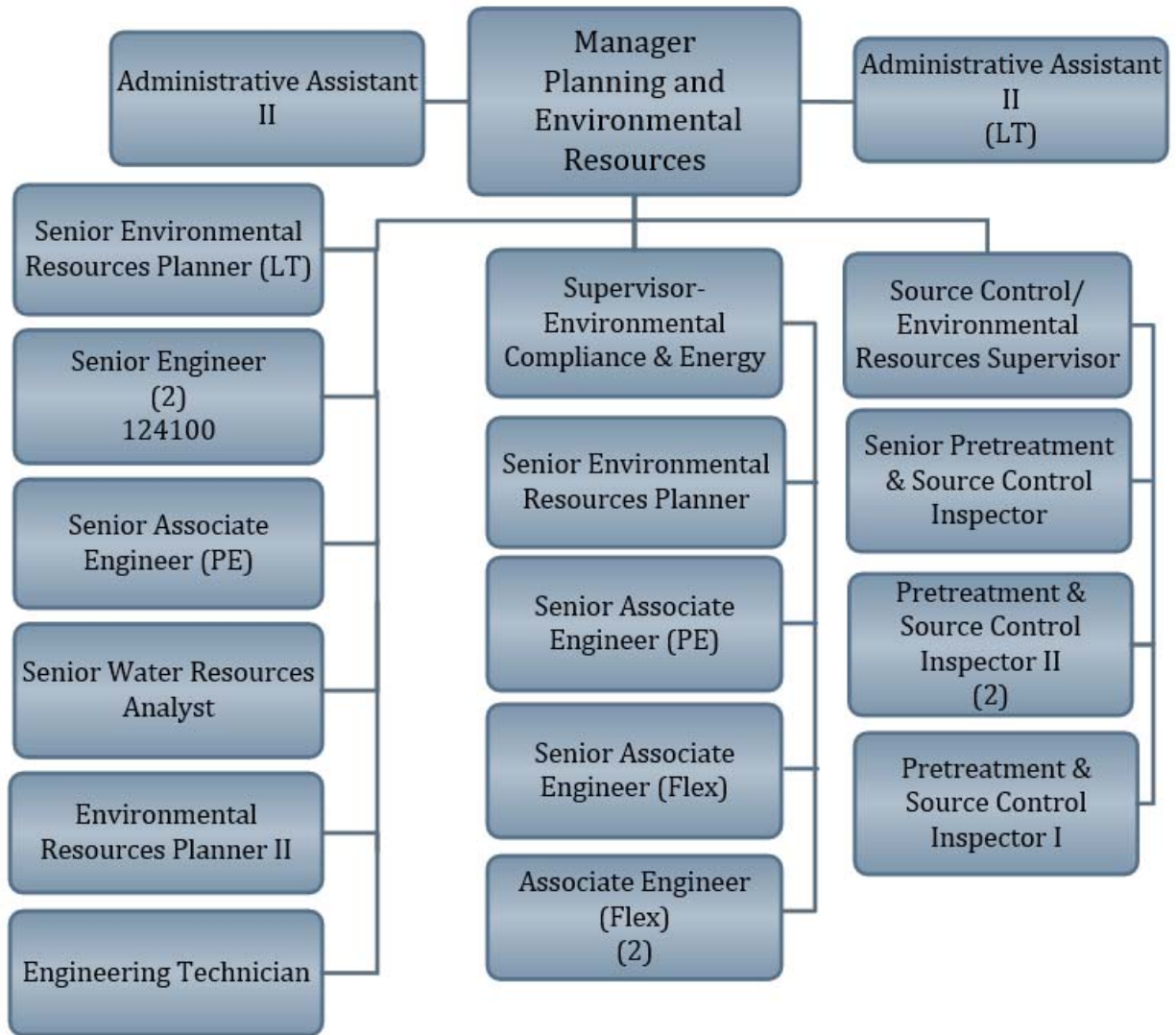
POSITION SUMMARY

The FY 2017/18 staffing maintains the same 21 positions as FY 2016/17 staffing; including an increase of one full time equivalent (FTE) and a decrease of one limited term (LT) position, as indicated in the Position Summary table below.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Planning & Water Resources				
Manager of Planning & Environmental Res.	1	1	1	1
Deputy Manager of Planning & Environmental Resources	1	1	-	-
Senior Engineer	2	2	2	2
Senior Associate Engineer - PE	-	-	1	1
Engineering Technician	-	-	1	1
Senior Water Resources Analyst	1	1	1	1
Environmental Resource Planner II	2	2	1	1
Administrative Coordinator	1	1	-	-
Administrative Assistant II	-	-	1	1
Total Planning & Water Resources	8	8	8	8
Environmental Compliance				
Supervisor Environmental Compliance & Energy	1	1	1	1
Senior Environmental Resources Planner	1	1	1	1
Senior Associate Engineer - PE	1	1	1	1
Senior Associate Engineer (Flex)	1	1	1	1
Associate Engineer	1	1	2	2
Total Environmental Compliance	5	5	6	6
Source Control				
Source Control & Environmental Resources Supervisor	1	1	1	1
Senior Pre-Treatment & Source Control Inspector	1	1	1	1
Pretreatment & Source Control Inspector II	1	1	2	2
Pretreatment & Source Control Inspector I	2	2	1	1
Total Source Control	5	5	5	5
Total	18	18	19	19
Limited Term Positions				
Senior Environmental Resources Planner	1	1	1	1
Administrative Assistant II	2	2	1	1
Total	3	3	2	2
Total PER	21	21	21	21

PLANNING & ENVIRONMENTAL RESOURCES

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A. Fiscal Responsibility			
A1	Non-Reclaimable Wastewater System (NRWS) and Inland Empire Brine Line (IEBL) - Develop rate models to fully support cost of service.	Complete	Adopted rates that fully support cost of service, new rates are effective July 2017.
A8	Develop consensus on the language for the revision of the Regional Sewerage Contract consistent with current practices and needs.	Ongoing anticipated completion by March 2018	In the process of working with Regional Contracting Agencies to develop next steps for the contract renewal.
A11	Integrate projects identified in the various planning documents into the TYCIP detail report (Biennial).	Complete	FY 2016/17 TYCIP detailed report was completed spring of 2016. Planning for the FY2018/19 TYCIP detailed report will commence in fall of 2017.
C. Business Practices			
C6	Apply LEAN management principles to streamline current practices and develop long term strategy for permitting of the O&M activities of recharge basins.	Ongoing anticipated completion by Spring 2018	Submitted permit application to the US Army Corps of Engineers (ACOE) for Long Term Permitting for the Agency's facilities. ACOE is reviewing the application.
	Develop a regulatory permitting strategy to support the implementation of the regional water and wastewater programs as identified in the planning documents.	Completed	The IEUA Board approved the final Program Environmental Impact Report (PEIR) in March 2017.
C10	Participate in local and regional meetings such as CASA, SCAP, Water Reuse, SCWC, CWEA, and ACWA, to advance the Agency's mission, vision and key initiatives.	Ongoing	Staff attends and participates in approximately 25 local, regional and national conferences per year.
C12	Promote local initiatives; consider and recognize the business impacts when	Ongoing	Staff is in the process of evaluating the Exhibit J of the Regional Contract sewer fee

PLANNING & ENVIRONMENTAL RESOURCES

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
C13	developing regulations, policies, and planning documents.		calculation methodology, which will modernize the calculations.
	Provide regular updates to the Regional Committees and IEUA Board on long term planning needs.	Ongoing	Provide Planning issue updates regularly to the Agency's Board and Regional Committees.
D. Water Reliability			
D1	Complete update of the Water Use Efficiency Plan (WUE), Integrated Resources Plan (IRP), and Urban Water Management Plan (UWMP).	Complete	The Regional Water Use Efficiency Business Plan Update (2015-2020) was completed in March 2016 and adopted by IEUA's Board in June 2016. The IRP Phase I was completed in 2016. Project lists are currently being updated for Phase 2. The 2015 UWMPs for both IEUA and the Water Facilities Authority were completed in May 2016 and adopted by IEUA's Board in June 2016.
D2	Revise and develop annual targets, tools, and programs to achieve the 20 x 2020 requirements.	Complete	Completed an update to the Regional Water Use Efficiency Business Plan (2015-2020) in June 2016. Contained within the plan are annual water savings goals, programs, and tools that support the region and IEUA's members in complying with the 20 X 2020 statute.
D4	Work with member agencies to develop ordinances, programs, and initiatives to promote storm water capture.	Ongoing	Participating in the San Bernardino County stormwater management plan, including projects that promote Low Impact Development (LID)

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
D5			Civic Spark Fellows are doing supporting research. The Stormwater Resources Plan was adopted into One Water One Watershed (OWOW) in June 2016 by the SAWPA Commission. Developed an outline for the Low Impact Development planning document.
	Optimize IEUA's use of potable and recycled water by completion and implementation of the Recycled Water Program Strategy (RWPS).	Complete	Regional investments since 2000 of over \$617M in recycled water, groundwater recharge, brackish groundwater desalination, conservation, and dry year yield/conjunctive use programs, with over \$258M funded through grants. Funding has enabled the region to develop a resilient water supply, be better prepared for drought conditions and support economic growth without increasing reliance on uncertain imported water sources, including the Bay-Delta. Increased local sources of water by over 80,000 acre-feet (AF). Regional water use efficiency and conservation programs have kept demands flat as population has increased.
D6	Identify and evaluate supplemental water supplies for the region through completion of the Integrated Resources Plan (IRP).	Ongoing, expected completion in Spring 2018.	Meeting with Member Agencies to develop a consolidated project list for water supply evaluation. Developing a high-level regional single-line schematic

PLANNING & ENVIRONMENTAL RESOURCES

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
D11			of the potable water inter-agency connections for modeling and evaluation of potential projects. Awarded Master Contracts to support various initiatives, including the IRP in modeling regional water resiliency scenarios.
	Implement the planning and permitting schedule of the Recharge Master Plan Update.	Complete	The PEIR was certified by the Board March 2017. The PEIR serves as a first-tier environmental document that focuses on the overall effects of implementing the activities that make up the Facilities Master Plans.
	Strategically pursue projects to maximize funding/grant opportunities	Ongoing	The department prepared a list of potential Title XVI projects for Water Reclamation & Reuse for long-term grant planning. Staff prepared a USBR Water Conservation Field Services Grant for IEUA's regional Residential Pressure Regulation Program and submitted in January 2017. Agency received a \$200,000 Grant to develop a regional drought contingency plan from USBR. Pursuing grant funding from the State Water Resources Control Board for septic sewer analysis.
D12	Evaluate new projects and programs to support regional water reliability.	Ongoing	Projects are being explored to demonstrate agricultural water use efficiency utilizing biosolid compost. Potential to reduce Agricultural water use by 25%, maintaining high basin levels.

Major Accomplishments

*A. Fiscal Responsibility B. Workplace Environment C. Business Practices
D. Water Reliability E. Wastewater Management F. Environmental Stewardship*

IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
D13	Develop and implement the Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water. Work with member agencies to encourage new developments to connect to recycled water.	Ongoing	Coordinated discussions with operations, local agencies, and customers.
	Complete the MWD Foundational Action Research Program and develop a tertiary injection research project plan to find new methods to safely recharge more water into the Chino Basin.	Ongoing	Researching current direct potable reuse projects, and participating in workshops with the State Water Resources Control Board (SWRCB) with regards to the development of regulations for direct potable reuse. The Recycled Water Injection Pilot Demonstration Project was placed on hold due to the potential to implement reverse osmosis in the 5- to 15-year time frame, which would utilize all available recycled water. 3D Fluorescence Excitation-Emission Matrix (3DFEEM) study was completed in September with results used to support increasing RWC at many RW GWR basins
D15	Accelerate implementation of “Drought Proof” projects to optimize use of federal and state grants and loans; develop the project list based on priority.	Ongoing	IRP Phase 2 was initiated in September 2016. Drought projects were identified as part of the initial projects listing to help with drought resilience. Phase 2 of the IRP is currently developing a Regional Projects List and Regional Single-Line Schematic as part of the

PLANNING & ENVIRONMENTAL RESOURCES

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
			initial effort. The Projects List will help project the long-term resiliency of the regions water supplies. The schematic will be expanded to model the ability to move water in the region.
E. Wastewater Management			
E1	Update annual demand forecast to address anticipated regional growth.	Complete	Updated EDU demand forecasts were requested and received from member agencies in October 2016. Discussions about how to account for strength are ongoing as part of the regional contract discussions.
E3	Continue to work with regional contracting agencies to review and maintain accurate building activity reports.	Ongoing	Staff reviews monthly building reports and routinely provides support to Regional Contract Agencies, as needed.
E10	Develop and coordinate an Energy Management Master Plan (EMP) consistent with IEUA planning documents (Biennial).	Complete	Developed on site generation fact sheets in December 2016. Conducted Energy Management workshops in April 2017 and June 2017. EMP update due spring 2018.
E11	Develop annual GHG emission report.	Complete	Staff completed the annual GHG emission inventory report. The report was then verified by an independent third party, and made available to the public through the Climate Registry in April 2017.
F. Environmental Stewardship			
F2	Conduct odor surveys consistent with the needs of the Agency.	Ongoing	Staff performed quarterly odor survey at all facilities.
F3	Develop a communication plan to neighboring businesses of odor performance monitoring.	Ongoing	Staff is drafting a report to present information collected.

Major Accomplishments

*A. Fiscal Responsibility B. Workplace Environment C. Business Practices
D. Water Reliability E. Wastewater Management F. Environmental Stewardship*

IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
F5	Assist Operations and External Affairs with od or complaint investigations and assist with mitigation.	Ongoing	Performed odor monitoring, as needed to assist Operations and External Affairs departments during complaints investigation and mitigation.
	Actively participate in the legislative process through advice letters and comments.	Ongoing	Staff routinely provides comments to External Affairs regarding the departments legislative priorities. Several initiatives were completed during the fourth quarter of 2017 including RW general order, emergency regulations for drinking water, organics initiative, and comment letter to the California Public Utilities Commission to express support for the Alternate Proposed Decision on Interconnection Cost Certainty.
F8	Update IEBL Ordinance and Enforcement Response Plan	Ongoing, expected completion in 2017	Completed IEUA Ordinance and Enforcement Response Plan. The plan will be presented for Board adoption by November 2017.
F11	Complete a Santa Ana River Multi Species Habitat Conservation Plan (SAR-MSHCP) and develop a long-term strategy for mitigation for other regional projects.	Ongoing, expected completion in 2019	The SAR MSHCP team is continuing technical work to model impacts of all proposed covered activities. Draft biological impacts for terrestrial and avian species are underway and will be reviewed at the next biological technical advisory committee in late spring 2017. On a parallel track, the Santa Ana River Model is being developed. The SAR Model

PLANNING & ENVIRONMENTAL RESOURCES

Major Accomplishments A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
			will be used to predict interactions between surface water flows and groundwater basins that feed into the Santa Ana River, and will have the capability to analyze future projects that are not included in the HCP. Drafts of both projects should be available mid-year 2018. Projects included as covered activities in the SAR HCP include all existing groundwater recharge basins for operation and maintenance, as well as projects and proposed diversions listed in the 2013 RMPU.

DEPARTMENT GOALS AND OBJECTIVES FOR FYs 2017/18 and 2018/19

IEUA BUSINESS GOAL OVERVIEW A. Fiscal Responsibility B. Work Environment C. Business Practices D. Water Reliability E. Wastewater Management F. Environmental Stewardship				
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A. Fiscal Responsibility				
A6	Integrate projects identified in the various planning documents into the TYCIP.	Ongoing	Expected completion by March 2019	The TYCIP detailed report is prepared every other year. Planning for the FY2018/19 report will commence in the fall of 2017.
A8	Redefine the sewage factors currently used to determine the equivalent dwelling unit (EDU) as defined in Exhibit J of the Regional Contract.	June 2018		Revised Exhibit J Formula

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B. Work Environment				
B1	Ensure all activities align and are consistent with the Agency's Objectives.	Ongoing	Ongoing	Review activities and objectives in meetings
B11	Conduct all monthly training required to meet Agency policies.	Monthly	Monthly	100% employee completion
C. Business Practices				
C1	Conduct workshops and lunch and learn sessions to present findings.	Annual	Annual	Outlook calendar and sign-in sheets to track workshops
C3	To provide the highest program value to the agency through fostering more-broad based collaborations.	Ongoing	Ongoing	For each program consider what opportunities exist to collaborate with partners/stakeholders as part of project feasibility.
C7	Implement a capacity lease program for new and existing industrial customers within the service area.		June 2019	Develop the Program
C8	Maintain relationships with industries to be current on latest trends and technology Identify and participate in opportunities that will further technologies and efficiencies (Pilot/Research Projects).	Ongoing	Ongoing	Stakeholder collaborations and vendor training. Study/Participation
D. Water Reliability				
D1	Ensure that activities are consistent with defined strategic planning documents, such as IRP, WUE business plan, implementation of OBMP, SARCCUP.	Ongoing	Ongoing	Annual water use monitoring

PLANNING & ENVIRONMENTAL RESOURCES

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
D2	Provide toolbox that will support the implementation of the State's long-term WUE Regulations			
	Update long term water resource documents and continue development in local supplies	Ongoing	Ongoing	Complete IRP Phase 2 by December 2018 MWD-LRP application by December 2018
	Support implementation of OBMP elements. Support Development of a Chino Basin Water Bank. Support SARCCUP. Support Storage Management Plan.	Ongoing	Ongoing	These programs are on-going and under development. Continue to develop and support water resources programs that align with the Agency's mission
	Collaborate with local agencies to identify and implement Low-Impact Development (LID) methods and practices	June 2018		Adoption of local Ordinances and Resolutions incorporating LID methods.
	Evaluate possibility of connecting brackish groundwater to supplement recycled water supply		June 2019	Develop Plan
	Work towards amending the Basin Plan with updated salinity requirements		June 2019	Basin Plan Amendment
	Promote awareness of the connection between agricultural practices and long-term groundwater quality		June 2019	Develop a strategic white paper
	E. Wastewater Management			
E1	Develop a mutually agreeable term-sheet for the regional contract		June 2019	Term-sheet

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
E4	Work towards amending NPDESs Permit to provide long-term salinity management		June 2019	NPDES Permit Amendment Basin Plan Amendment
E7	Revise Regional Wastewater Ordinance. Proactively work with member agencies to identify and permit all Significant Industrial Users (SIUs). Control the discharges from SIUs by issuing wastewater discharge permits. Conduct and inspection and monitoring program to determine compliance with pretreatment standards and requirements	December 2018		Revised Wastewater Ordinance
E10	Conduct Feasibility studies to evaluate available technologies and estimate cost and benefits	Ongoing	Ongoing	Present analysis as appropriate
E14	Conduct Energy Audits to identify potential opportunities	Ongoing	Ongoing	Energy Efficiency Findings Reports
E16	Update Energy Management Plan	June 2018		2018 Emergency Management Plan
F. Environmental Stewardship				
F2	Develop the Local Limits	June 2018		Adopt the Local Limits Resolution
F3	Develop Stormwater Resources Plan, Odor Surveys, and Regional Drought and Water Shortage Plan		June 2019	

PLANNING & ENVIRONMENTAL RESOURCES

IEUA BUSINESS GOAL OVERVIEW				
<i>A. Fiscal Responsibility</i>		<i>B. Work Environment</i>		<i>C. Business Practices</i>
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
F5	Long-Term Permit with the Army Corps. of Engineers	June 2018		Completed plans
	Continue the Prado Basin Habitat Sustainability Program monitoring	Annual	Annual	Annual Report
F8	Develop the Santa Ana River Habitat Conservation Plan		June 2019	Completed plan

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes; office and administrative and other non-operating expense. Operating expense includes; materials and supplies, professional fees and services, operating fees, utilities, leases and rentals, and MWD water expense. Non-reclaimable Wastewater (NRW) operating fees are passed through to the industries who utilize the NRW system.

Expense	FY 2015/16 Actual	FY 2016/17 Projected Actual	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$2,965,028	\$3,122,869	\$3,153,267	\$3,259,628
Administrative	74,365	73,763	111,535	114,302
Operating	11,586,294	12,576,842	12,701,864	13,027,604
Total	\$14,625,687	\$15,773,474	\$15,966,666	\$16,401,534

LABORATORY

MISSION STATEMENT

To provide high quality, reliable, analytical support to the Agency in its efforts to protect the public's health and environment in accordance with Environmental Laboratory Accreditation Program (ELAP) Quality Assurance/ Quality Control requirements.

DESCRIPTION AND PURPOSE

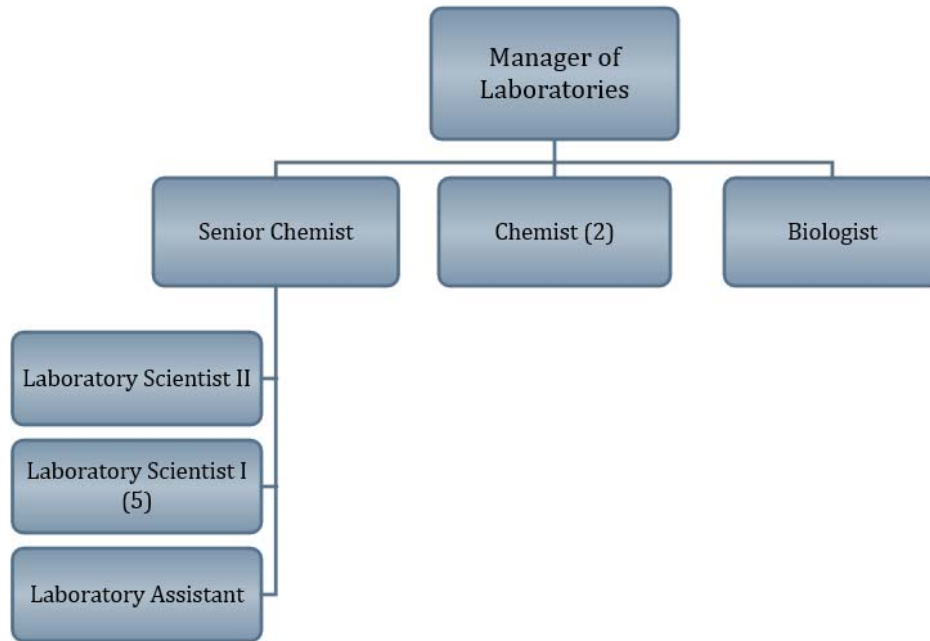
The Laboratory Department provides the analytical support to allow efficient operation of the Agency's four recycling facilities: Regional Water Recycling Plant No. 1 (RP-1) in Ontario, Carbon Canyon Water Recycling Facility (CCWRF) and Regional Water Recycling Plant No. 5 (RP-5) located in Chino, and Regional Water Recycling Plant No. 4 (RP-4) located in Rancho Cucamonga. The department also provides support for groundwater recharge monitoring efforts and verification of their compliance with state and federal discharge limits. The Agency Laboratory is a full service laboratory certified by the State of California ELAP for wastewater and drinking water testing. The Laboratory follows the strict guidelines for the production of quality results required by the Environmental Protection Agency (EPA) and State Water Resources Control Board, Department of Drinking Water. The Laboratory analyzed approximately 18,000 samples and performs 64,000 various tests per year.

POSITION SUMMARY

The FY 2017/18, staffing decreases 2 FTE positions. The 2 FTE positions will be utilized in other departments to meet key Agency initiatives.

Position	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Laboratories	1	1	1	1
Senior Chemist	1	1	1	1
Chemist	2	2	2	2
Biologist	1	1	1	1
Laboratory Scientist II	1	1	1	1
Laboratory Scientist I	6	6	5	5
Laboratory Assistant	2	2	1	1
Total Lab	14	14	12	12

ORGANIZATIONAL CHART



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
A. Fiscal Responsibility			
A2	Evaluate and Implement new technologies for laboratory analyses as they become available.	Completed	Implemented new method for Coliform analysis upon approval from State Water Resources Control Board.
	Maintain laboratory certification for all current analysis performed, add certification if justified to reduce cost of contracting out some analysis.	Completed	Certification was renewed and laboratory added method for surfactants analysis, eliminating need to contract out this test.

LABORATORY

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B. Workplace Environment			
B15	Complete a Review/Update of the Laboratory Chemical Hygiene Plan (CHP) annually.	Completed	Completed in December 2016.
	Meet the bi-weekly safety tailgate meeting requirement.	Completed	Completed 26 laboratory safety meetings.
F. Environmental Stewardship			
F6	Annually review and update monitoring and analysis protocols to reflect any new regulatory requirements.	Completed	Completed in April 2017, no updates needed.

OTHER DEPARTMENT WORKLOAD INDICATORS

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
Average Turnaround Time (Compliance Samples) (Days)	19	17	18	18
Meeting Established Turnaround Times	>99%	>99%	>99%	>99%
Quality Control Failures	<1%	<1%	<1%	<1%
ELAP Performance Evaluation Repeats per Calendar Year	1	1	0	0
Safety – Lost Time Accidents	0	0	0	0
Samples Completed Within Regulatory Holding Times	100%	100%	100%	100%

DEPARTMENT GOALS AND OBJECTIVES FOR FYs 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
B. Work Environment				
B1	Ensure all activities align and are consistent with the Agency's Objectives.	Ongoing	Ongoing	Update Laboratory (Lab) policies and procedures as needed.
B2	Develop and implement succession plan through mentoring and training program.	Ongoing	Ongoing	Complete Cross training as appropriate.
B6	Conduct annual internal audits of Laboratory practices to meet Environmental Laboratory Accreditation Program (ELAP) requirements.	Annually by July 31	Annually by July 31	Meet 100% of criteria.
	Pass Biennial ELAP site visit inspection	October 31 in even years	October 31 in even years	Meet 100% of criteria. FY 2015/16 site visit was postponed due to ELAP staffing issues, will occur before October 2017.
B9	Update Laboratory Chemical Hygiene Plan (CHP).	Annually by June 30	Annually by June 30	CHP is reviewed and updated to incorporate program award requirements annually.
B11	Conduct all bi-weekly training per Agency policies	Bi-weekly	Bi-weekly	100% staff participation at all required meetings.
C. Business Practices				
C8	Support Engineering department during construction phase of Water Quality Laboratory .	Ongoing	Expected completion by August 2018	Respond to Engineering/Construction Managements Request For Information (RFI) in timely manner, causing no delays in construction.

LABORATORY

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility D. Water Reliability		B. Work Environment E. Wastewater Management		C. Business Practices F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
C6	Minimal disruption to Laboratory customers during transition from old Laboratory at RP-1 to Water Quality Laboratory located at Agency's headquarter.	Ongoing	Expected completion by August 2018	During the month of the move from old lab sample turnaround times will be met 90% of the time.
	Evaluate new technologies in water analyses, implementing after completion of Water Quality Laboratory.	Ongoing	Ongoing	On-going reviews during months leading up to the Lab move.
	Meet sample turnaround times (TATs) in support of Recycled Water program requirements.	Ongoing	Ongoing	100% acceptable TATs
E. Wastewater Management				
E2	Meet sample turnaround times in support of Operations departments process control and NPDES permit requirements.	Ongoing	Ongoing	1 day for "Process Control" samples 10 days after the end of the month for NPDES compliance samples.
E5	Support analyses requests for Basin Plan water quality requirements.	Quarterly	Quarterly	100% acceptable TATs.
E6	Purchase and install LC-MS/MS instrument to begin analysis of emerging constituents in Water Quality Laboratory.	Ongoing	Expected completion in FY 2018/19	Laboratory SOP completed, and complete Initial Demonstration of Capability (IDC).
E7	Support analyses requests for Agency's pre-treatment program.	Monthly	Monthly	100% acceptable TATs.

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
F. Environmental Stewardship				
F1	Maintain ELAP certification by meeting performance evaluation sample requirements, and Laboratory SOP and Quality Assurance Manual documentation updates.	Annually	Annually	ELAP certificate renewed each fiscal year.
	Meet analysis method quality control (QC) and holding time requirements.	Ongoing	Ongoing	>99% acceptable quality control.
	Begin process of updating Laboratory to new ELAP regulations which will be implemented over the next 6 years.	Ongoing	Ongoing	IEUA Lab analysis SOP format meeting new ELAP requirements will be finalized by July 2018. All analysis SOPs updated with new format by July 2023.

EXPENSES

Employment expense includes wages and benefits. Administrative expense includes; office and administrative expense, and other non-operating expense. Operating expense includes; professional fees and services, permits, licenses, and materials and supplies.

Expense	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$1,984,402	\$1,912,900	\$2,077,032	\$2,142,525
Administrative	8,367	7,522	12,881	12,968
Operating	504,066	456,492	527,343	577,051
Total	\$2,496,835	\$2,376,914	\$2,617,256	\$2,732,544

OPERATIONS DIVISION

MISSION STATEMENT

To safely manage and maintain Agency assets efficiently and cost effectively, to meet all regulatory standards, and to protect public health and the environment while producing renewable energy, high quality recycled water, and nutrient-rich compost.

DEPARTMENTS

- Operations Administration
- Operations and Maintenance - North
 - Regional Water Recycling Plant No. 1 (RP-1)
 - Regional Water Recycling Plant No. 4 (RP-4)
 - Groundwater Recharge (GWR)
 - Recycled Water Distribution
 - Materials Management
- Operations and Maintenance – South
 - Regional Water Recycling Plant No. 5 (RP-5)
 - Carbon Canyon Water Recycling Facility (CCWRF)
 - Regional Plant No. 2 (RP-2)
 - Collection System
 - Facilities Management
 - Chino I Desalter (CDA I)
- Organics Management
 - Inland Empire Regional Composting Facility (IERCF)

EXECUTIVE SUMMARY

The Operations Division is responsible for the day-to-day, compliant, cost effective operation and maintenance of the Agency’s water recycling plants: Regional Water Recycling Plant No. 1 (RP-1), Regional Water Recycling Plant No. 4 (RP-4), Regional Water Recycling Plant No. 5 (RP-5), Carbon Canyon Water Recycling Facility (CCWRF), a biosolids-only treatment facility at Regional Plant No. 2 (RP-2); as well as the Chino I Desalter (CDA I), Groundwater Recharge, and the Inland Empire Regional Composting Facility (IERCF). Total division staffing is budgeted at 144 Full Time Equivalents (FTE) for both FY 2017/18 and 2018/19.

OPERATIONS AND MAINTENANCE - NORTH

Operations and Maintenance – North is responsible for the operations and maintenance of RP-1, RP-4, 19 Groundwater Recharge (GWR) basin sites, and recycled water distribution system in a safe and reliable manner to ensure that they meet all regulatory requirements. RP-1 and RP-4

are water recycling facilities that convert sewage into valuable tertiary treated recycled water, biogas, and biosolids. Recycled water produced from these facilities is beneficially reused by customers for landscape and agriculture irrigation, industrial cooling, groundwater recharge, and other non-potable reuse purposes. Biogas produced at RP-1 is beneficially used to produce heat to meet onsite demand and generate renewable energy to offset electricity demand from the electrical grid. Biosolids produced at RP-1 are transported to IERCF for composting, which in turn becomes a valuable and marketable compost. GWR and Recycled Water Distribution departments are responsible for the distribution of compliant and reliable Title 22 recycled water to customer for reuse and recharge basins for replenishing local aquifer. Materials Management is responsible for efficient customer service oriented operations of the Agency's warehouse, located at RP-1.

OPERATIONS AND MAINTENANCE - SOUTH

Operations and Maintenance – South is responsible for the operations and maintenance of RP-5, CCWRF, RP-2, the Regional Sewer System and the Non-reclaimable Waste System, Facilities Management, and the Chino I Desalter in a safe and reliable manner to ensure they meet all regulatory requirements. RP-5, RP-2, and CCWRF facilities convert sewage into a valuable tertiary treated recycled water, biogas, and biosolids. Recycled water produced from RP-5 and CCWRF is beneficially reused by customers for landscape and agriculture irrigation, industrial cooling, and other non-potable reuse. Biogas produced at RP-2 is beneficially used to produce heat to offset natural gas demand. Biosolids produced at RP-2 are transported to IERCF for composting which in turn becomes a valuable and marketable compost. The Sewer Collection department is responsible for maintaining the Agency's regional and non-reclaimable wastewater collection system. Facilities Management is responsible for the upkeep of Agency grounds, buildings, and landscape.

ORGANICS MANAGEMENT

Inland Empire Regional Compost Authority (IERCA) - The Inland Empire Regional Compost Authority (IERCA) is a Joint Powers Authority (JPA) between IEUA and the Sanitation District of Los Angeles County (SDLAC). The composting facility is the nation's largest indoor biosolids composting facility, located in Rancho Cucamonga, California. The facility produces a wood-based, nutrient-rich compost made from recycled green waste, biosolids, and horse stable bedding. Every year, the facility produces approximately 230,000 cubic yards (90,000 tons) of high-quality compost which is marketed under the name SoilPro Products. Treatment processes include mixing, aerated composting, screening, curing, and storing. All emissions are treated with a biofilter.

OPERATIONS DIVISION

DIVISION GOALS

- Complete the year with less than 50 percent of previous year's recordable incidents
- Support Agency's goal to meet the California Occupation Safety and Health Administration (Cal-OSHA) Voluntary Protection Program certification requirements
- Complete 20 percent lockout/tagout every year in all facilities
- Develop a plan to complete Job Hazard/Safety Analysis within the next three years
- Comply with 100 percent National Pollutant Discharge Elimination System (NPDES) and South Coast Air Quality Management District (SCAQMD) permit requirements
- No sewer system overflow
- Complete 100 percent close-circuit television survey of the complete collection system by the end of FY18/19
- Establish a cross training program across departments and divisions to enhance understanding of Agency programs
- Optimize IEUA's use of potable and recycled water
- Develop and implement Recycled Water Peak Demand Management Plan to optimize efficient use of recycled water
- Achieve 15,000 acre feet of annual recycled water recharge
- Ensure reliability of Agency assets by annually implementing the asset monitoring and assessment program
- Continue to optimize operation of digestion and dewatering centrifuges to minimize operational costs
- Strive for 100 percent use of Agency renewable resources such as recycle water, biogas, and compost
- Annually review and update Key Performance Indicators (KPIs) to monitor and comply with all regulatory requirements
- Annually review and update the Emergency Response and Operational Plans for all facilities

ORGANIZATIONAL CHART



OPERATIONS & MAINTENANCE

MISSION STATEMENT

To provide quality water and wastewater treatment and ensure that all facilities, structures, vehicles, and utilities are operating at optimum efficiency to maximize the continued availability of high quality recycled water; to manage groundwater recharge and biosolids composting in the safest, most efficient, cost effective and environmentally compliant manner.

DESCRIPTION AND PURPOSE

The Agency currently owns and/or operates, and maintains five wastewater treatment facilities, 125 miles of collection system, a Desalter facility, 15 supply water well sites, four sewage lift stations, a recycled water distribution and storage system, 19 groundwater recharge basins, 12 megawatts of diesel fueled emergency generation, a 400,000-square foot indoor composting facility, and a 66,000 square foot Headquarters building.

The Operations group is responsible for:

- Potable water treatment and distribution.
- Wastewater collection and treatment.
- Distribution of recycled water for groundwater recharge and irrigation including agricultural crops, municipal parks and landscaping, and other types of reuse.
- Maximization of the production of biogas as a fuel source for energy generation through digestion of biosolids.
- Biosolids dewatering for subsequent recycling and production of high quality compost.
- Utilization of modern condition monitoring tools to effectively maintain equipment reliability; and to
- Provide proactive maintenance for all facilities, collection systems, lift stations, water supply wells, recharge basins, and recycled water distribution and storage systems.

POSITION SUMMARY

In FY 2016/17, a reorganization of departments to streamline and enhance Agency functions transferred the Facilities Management group (2 FTE), from Finance and Administration Division to the Operations Division. In FY 2017/18, the Integrated System Services (ISS) group transfers from the Operations division to the Agency Management Division.

Operations Administration, Technical Services, and Energy Production & Maintenance	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Executive Manager of Operations / AGM	1	1	1	1
Manager of Operations and Maintenance	1	1	-	-
Senior Operations Specialist	9	1	-	-
Senior Associate Engineer - PE	-	1	-	-
Senior Associate Engineer	2	4	-	-
Associate Engineer	2	1	-	-
Executive Assistant	1	1	1	1
Office Assistant	1	-	-	-
Total Employees	17	10	2	2

Operations & Maintenance – North RP-1 and RP-4 Operations, North Plant Maintenance, Materials Management Warehouse and Groundwater Recharge	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Operations and Maintenance	1	1	1	1
Deputy Manager of Operations	1	1	1	1
Deputy Manager of Maintenance	2	2	2	2
Operations Supervisor	3	3	3	3
Maintenance Supervisor	2	2	2	2
Warehouse Systems & Inventory Supervisor	1	1	1	1
Materials Management Supervisor	1	1	1	1
Senior Associate Engineer	-	2	2	2
Senior Operator V	1	1	1	1
Wastewater Treatment Plant Operator IV/V	4	4	4	4
Senior Operator III	2	2	2	2
Wastewater Treatment Plant Operator III	7	7	7	7
Wastewater Treatment Plant Operator I/II	5	5	5	5
Operations Specialist	1	1	1	1
Mechanic III	-	2	2	2
Mechanic II/III Flex	4	4	4	4
Mechanic I/II Flex	6	6	6	6
Maintenance Planner	3	3	3	3
Electrical & Instrument Technician II/III Flex	9	7	8	8
Electrical & Instrument Technician I	-	1	1	1
Groundwater Recharge Coord./Hydrologist	1	1	1	1
Recycled Water Services Coordinator	1	-	-	-
Recycled Water Services Technician	1	-	-	-
RW/GWR O & M Specialist	1	1	1	1
Recycled Water Distribution Operator	-	1	1	1
Warehouse Technician	2	3	3	3
Inventory Control Technician	1	-	-	-

OPERATIONS & MAINTENANCE

Operations & Maintenance – North RP-1 and RP-4 Operations, North Plant Maintenance, Materials Management Warehouse and Groundwater Recharge	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Inventory Resource Coordinator	1	1	-	-
Administrative Assistant II	1	1	1	1
Administrative Assistant I	-	1	1	1
Total Operations North	62	65	65	65

Operations & Maintenance - South RP-2, RP-5 and Desalter Operations, Carbon Canyon Water Recycling Facility, Sewer Collections, South Plant Maintenance and Facilities Management	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Operations and Maintenance	-	1	1	1
Deputy Manager of Operations	1	1	1	1
Deputy Manager of Maintenance	1	1	1	1
Operations Supervisor	2	2	2	2
Maintenance Supervisor	2	2	2	2
Collection System Supervisor	1	1	1	1
Associate/Assistant Engineer	-	1	1	1
Senior Wastewater Plant Operator	3	4	4	4
Water Plant Operator V	1	-	-	-
Wastewater Treatment Plant Operator IV/V	2	1	1	1
Wastewater Treatment Plant Operator III	4	6	6	6
Wastewater Treatment Plant Operator II	1	-	-	-
Water Plant Operator III	2	2	2	2
Water Plant Operator II	-	1	1	1
Collection System Operator II	6	5	5	5
Collection System Operator I	-	1	1	1
Electrical & Instrument Tech II/III Flex	-	1	2	2
Senior Electrical & Instrument Technician	1	-	-	-
Senior Operations Assistant	-	1	1	1
Senior Industrial Engine Technician	1	-	-	-
Electrical Technician II	3	6	6	6
Instrument Technician II	3	-	-	-
HVAC Technician	1	1	1	1
Industrial Engine Technician II	2	1	1	1
Industrial Engine Technician I	-	2	2	2
Senior Mechanic	1	-	-	-
Mechanic II/III Flex	3	3	3	3
Mechanic I	-	3	3	3
Plant Maintenance Technician II	3	-	-	-
Administrative Assistant II	-	1	1	1
Facilities Program Supervisor	-	1	1	1
Facilities Specialist/Landscape	-	1	2	2

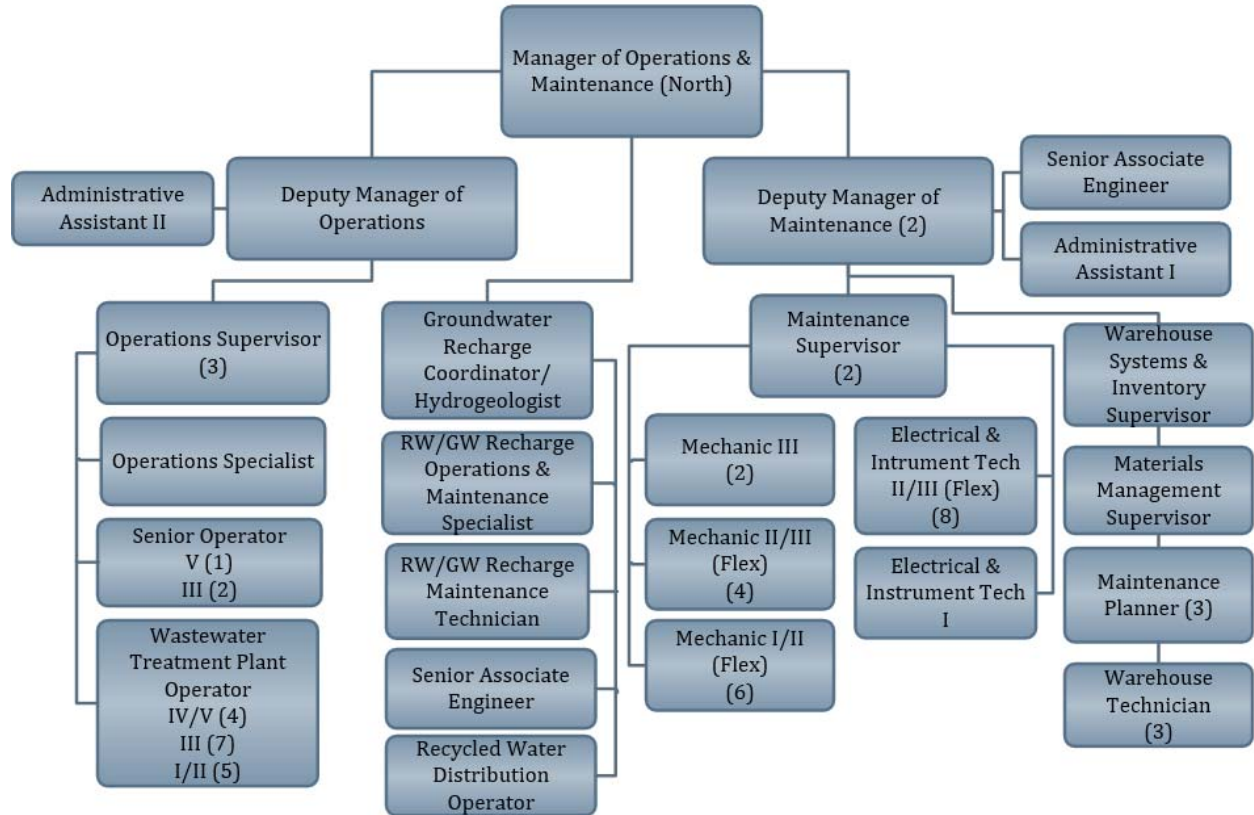
Operations & Maintenance - South RP-2, RP-5 and Desalter Operations, Carbon Canyon Water Recycling Facility, Sewer Collections, South Plant Maintenance and Facilities Management	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Total	44	50	52	52
Limited Term				
Facilities Specialist - Landscape	-	1	-	-
Total	0	1	0	0
Total Operations South	44	51	52	52

Organics Management	2015/16 Actual	2016/17 Amended	2017/18 Budget	2018/19 Budget
Manager of Regional Compost Authority	1	1	1	1
Compost Facility Superintendent	2	2	2	2
Compost Sales Representative	2	1	1	1
Senior Compost O&M Technician	2	2	2	2
Maintenance Specialist	1	1	1	1
Mechanic II/III Flex	3	3	3	3
Mechanic I/II Flex	2	2	2	2
Electrical & Instrument Technician I	-	1	1	1
Compost Operator	9	8	8	8
Compost Worker	2	2	2	2
Administrative Assistant II	1	1	1	1
Office Assistant	-	1	1	1
Total OM	25	25	25	25

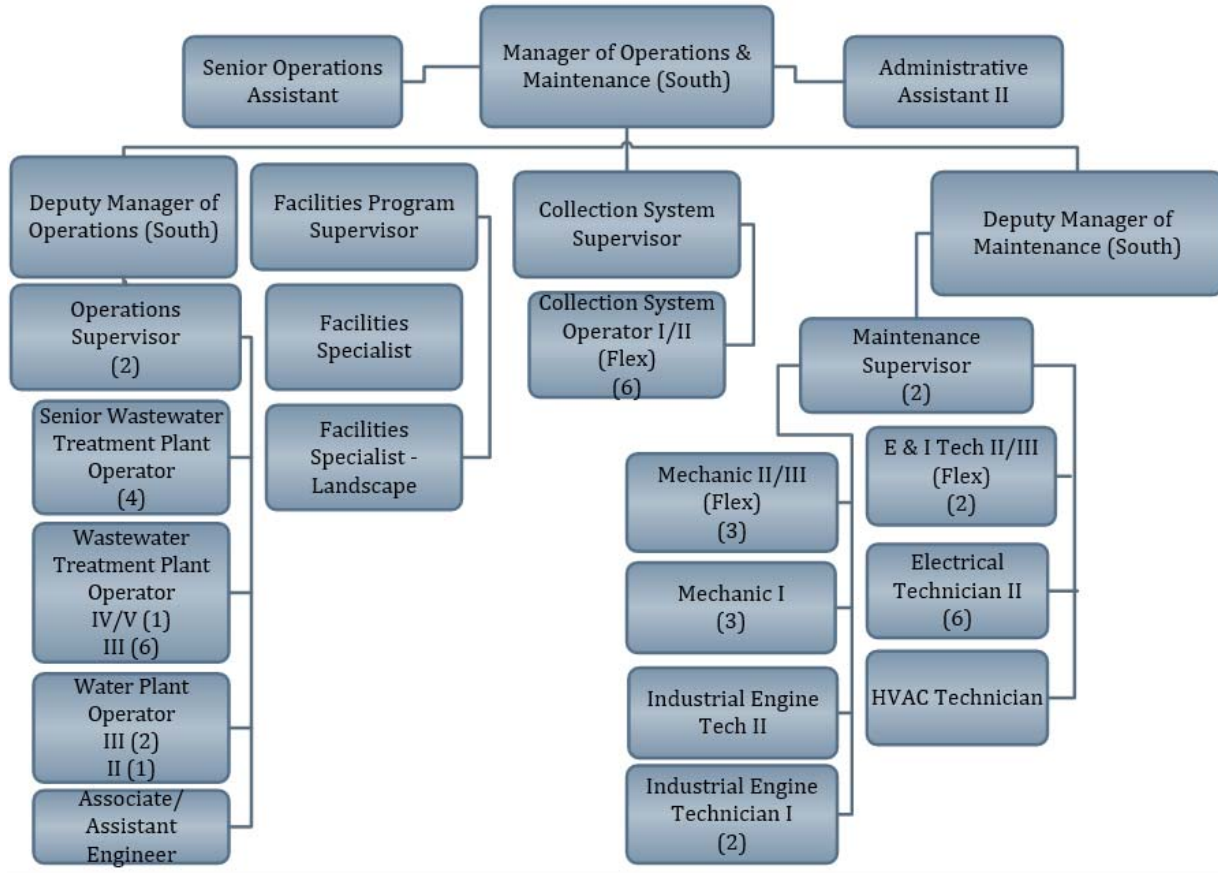
OPERATIONS & MAINTENANCE

ORGANIZATIONAL CHARTS

NORTH OPERATIONS AND MAINTENANCE

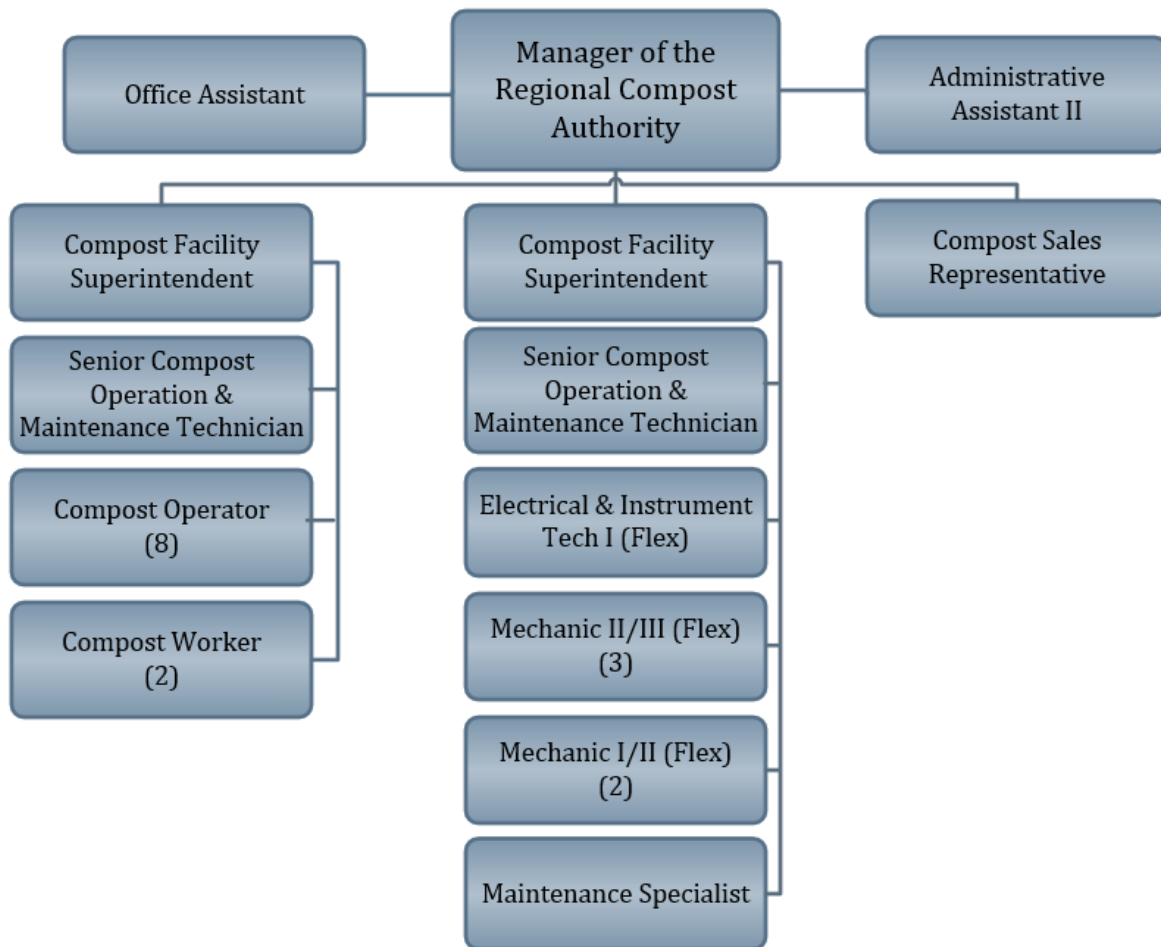


SOUTH OPERATIONS AND MAINTENANCE



OPERATIONS & MAINTENANCE

ORGANICS MANAGEMENT



SUMMARY OF FY 2016/17 BUSINESS GOALS PERFORMANCE

Major Accomplishments

A. Fiscal Responsibility B. Workplace Environment C. Business Practices
 D. Water Reliability E. Wastewater Management F. Environmental Stewardship

IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
B. Workplace Environment B13	Support Human Resources in the development of an Emergency Preparedness Plan for the Operations Department.	Ongoing	The Operations Interim Emergency Response Plan is continually being reviewed to ensure accuracy and availability of the latest information.

Major Accomplishments			
<i>A. Fiscal Responsibility B. Workplace Environment C. Business Practices</i>			
<i>D. Water Reliability E. Wastewater Management F. Environmental Stewardship</i>			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
D. Water Reliability			
D3	Measure baseline usage of potable and recycled water usage.	Ongoing	Collected and monitored potable water usage data for all sites and Recycled water (RW) usage data at RP-1, CCWRF, RP-2 and RP-5. A project has been identified to add a meter at RP-4.
	Maintain peak energy demand management readiness.	Ongoing	Weekly demand management meetings resumed in May 2017.
	Maintain pump station readiness.	Ongoing	Pump station readiness is continuously monitored by recycled water (RW) staff. Any deficiencies of readiness are addressed and remedied.
	Continue weekly Peak Demand Management meetings with key operations staff for start of 2015 Peak Demand season.	Ongoing	Resumed weekly demand management meetings in May 2017.
D9	Prepare and submit to California Department of Public Health, start-up reports for new basins as delivery mechanisms are completed.	Complete	Completed Declaz Basin start-up; and related start-up report to be completed in fourth quarter 2017.
D12	Ensure all treatment standards are met to maximize availability of recycled water.	Ongoing	Exceedances in February and March 2017. Both RP-1 and CCWRF had permits. However, these deviations did not impact recycled water deliveries.
	Identify projects necessary to reduce potable water demand and promote recycled water usage.	Ongoing	Projects have been identified to switch processes from potable to recycled water. Operations is working with the Maintenance and Engineering departments to complete these projects. For example, San Bernardino Lift Station packing water system and the RP-1 Centrifuge cooling water system.

OPERATIONS & MAINTENANCE

Major Accomplishments			
A. Fiscal Responsibility B. Workplace Environment C. Business Practices			
D. Water Reliability E. Wastewater Management F. Environmental Stewardship			
IEUA Business Goal	Department Goals	KPI Status	Overall Accomplishments
D13	Develop recycled and groundwater recharge Supervisory Control and Data Acquisition (SCADA) improvements that implement storage and delivery strategies by working with the Integrated System Services (ISS) Department.	Ongoing	As enhancements are identified, work with the ISS department to implement.
	Maintain basin readiness through basin cleanings.	Complete	Conducted a 3D Fluorescence Excitation-Emission Matrix (3DFEEM) study, a final report was complete in February 2016. The study along with other sampling results assisted the Agency in obtaining a 50% recycled water contribution for most of its recycled water and groundwater basins.
	Develop written recycled water (RW) storage and delivery strategies to meet department forecasts of diurnally variable RW supplies and seasonally variable RW demands.	Ongoing	RW core goals are set and tracked monthly based on past performance.
F. Environmental Stewardship			
F4	Support the development and implementation of the Energy Management Plan to ensure 100% use of digester gas.	Ongoing	Operations has supported all implementation goals. Due to equipment issues at RP-1 and RP-2, digester gas utilization is lower than expected.
	Maximize use of biosolids by sending 90% of organics to IERCF.	Ongoing	All Agency biosolids have been sent to IERCF and processed into compost. The compost is then sold to landscape and agricultural markets.

OTHER DEPARTMENT WORKLOAD INDICATORS

	FY 2015/16 Actual	FY 2016/17 Projected	FY 2017/18 Target	FY 2018/19 Target
Number of Workplace Safety/Lost Time Accidents	1	0	0	0
Agency Wide Chemical Expenditures	\$3,944,780	\$4,839,500	\$4,264,450	\$4,371,050
Groundwater Recharge (AF)	22,455	31,261	48,500	23,500
Compost Sales (Cubic Yards)	217,478	261,215	250,000	250,000

DEPARTMENT GOALS AND OBJECTIVES FOR FYS 2017/18 AND 2018/19

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
A. Fiscal Responsibility				
A1	Work within fiscal year budget.	Quarterly	Quarterly	Work within FY 2017/18 and FY 2018/19 Operations budget. Review and report quarterly via the budget variance report.
B. Work Environment				
B1	Clearly communicate the Agency's Mission, Vision, & Values to staff and align their goals accordingly.	Ongoing	Ongoing	Communication with staff through all hands meetings and various staff meetings.
B2	Develop pilot mentoring program with the Human Resources department, continue with the Trades Intern Program, continue to hire prior to FTE retirements to provide smooth transition.	Complete by June 30, 2018	N/A	Develop a Trades Intern program update spread sheet and replacement intern/volunteer positions will be filled within three months. Fully Initiate pilot program by the end of FY 2017/18.

OPERATIONS & MAINTENANCE

IEUA BUSINESS GOAL OVERVIEW				
<i>A. Fiscal Responsibility</i>		<i>B. Work Environment</i>		<i>C. Business Practices</i>
<i>D. Water Reliability</i>		<i>E. Wastewater Management</i>		<i>F. Environmental Stewardship</i>
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
D. Water Reliability				
D6	Ground water recharge (GWR) compliance with water quality and recharge standards.	Quarterly	Quarterly	Meet Chino Basin Desalter Authority (CDA) assigned production goals.
	GWR to meet NPDES/RW Title 22 permit requirements for Reservoir management. Maintain equipment (uptime) by performing predictive and preventative maintenance.	Ongoing	Ongoing	Meeting 100% permit compliance.
D8	GWR - ensure optimization of transmission and capture systems. Update the 2005 GWR Operations Plan and maintain optimal basin maintenance. Appropriately prioritize deliveries of storm, recycled, and imported water.	Ongoing	Ongoing	GWR Operations Plan to be completed December 2017.
	Inland Empire Regional Composting Authority (IERCA) - Promote Model Water Efficiency Landscape Ordinance and the state's Healthy Soil Initiative.	Quarterly	Quarterly	Provide updates on progress of initiatives.
D10				
E. Wastewater Management				
E2	100% Permit compliance	Ongoing	Ongoing	Meeting 100% Permit compliance.
	GWR - Continue basin sampling for water quality.	Ongoing	Ongoing	Quarterly GWR water quality sampling.
E5	GWR - Complete the annual compliance report that includes the	Annually	Annually	Complete the annual GWR compliance report.

IEUA BUSINESS GOAL OVERVIEW				
A. Fiscal Responsibility		B. Work Environment		C. Business Practices
D. Water Reliability		E. Wastewater Management		F. Environmental Stewardship
IEUA Business Goals	Department Goals	Timeline FY 17/18	Timeline FY 18/19	KPIs
E12	Recycled Water Contribution plan.			
	IERCA - Participate and support research to validate compost and biosolids safety.	Ongoing	Ongoing	Participate at least 2 times per year in industry research roundtables and identify opportunities to support research projects such as the use of biosolids on fire-ravaged lands.
	IERCA - Develop plan for an agricultural demonstration project to demonstrate the value of IERCA compost.	Complete by June 30,2018	N/A	Written plan to be complete by third quarter of FY 2017/18.
E15	Support implementation of energy monitoring software. Continue to participate in the Southern California Edison demand response program.	Complete by June 30,2018	N/A	Implement software to indicate where large energy usage is occurring.
F. Environmental Stewardship				
F1	Comply with all Agency regulatory requirements.	Ongoing	Ongoing	Meet 100% compliance throughout the fiscal year.

OPERATIONS & MAINTENANCE

EXPENSES

Employment expense includes wages and benefits for Operations Administration, Operations and Maintenance North, Operations and Maintenance South, and Organics Management departments (50 percent of Organics Management wages and benefits are reimbursed by County Sanitation District Los Angeles County). Administrative expense includes; office and administrative and other non-operating expense. Operating expense includes; materials and supplies, professional fees and services, chemicals, operating and biosolids fees, and utilities. Increased operating expense budget in FYs 2017/18 and 2018/19 is for professional fees and services to support the continued transition from a corrective to a preventative/predictive maintenance strategy.

Expense	FY 2015/16 Actual	FY 2016/17 Projected Actual	FY 2017/18 Budget	FY 2018/19 Budget
Employment	\$19,075,681	\$21,849,294	\$23,853,650	\$24,627,254
Administrative	461,236	662,858	616,831	616,370
Operating	21,319,174	21,665,651	26,959,449	26,846,758
Total	\$40,856,091	\$44,177,803	\$51,429,930	\$52,090,382

Chino Creek Invert Repair



Flow Diversion Set-up

APPENDICES

INLAND EMPIRE UTILITIES AGENCY FY 2017/18 and FY 2018/19 ADOPTED RATES

		IMPLEMENTED RATES FY 2016/17	ADOPTED RATES FY 2017/18	ADOPTED RATES FY 2018/19
REGIONAL WASTEWATER PROGRAM				
Resolution 2015-5-5				
Regional Wastewater Connection Fee	per equivalent dwelling unit (EDU)	\$5,415.00 7/1/16 - 12/31/16 \$6,009.00 1/1/17 - 6/30/17	\$6,309.00 7/17/17 - 6/30/18	\$6,624.00 Effective 7/1/17
Resolution 2016-11-2				
Total Volumetric (EDU) Fee	per EDU per month	\$17.14 Effective 7/1/16	\$18.39 Effective 7/1/17	\$19.59 Effective 7/1/18
Resolution 2017-6-6				
Fontana Extra-Territorial Sewer Service Charge	per EDU per month	\$14.25 Effective 7/1/16	\$14.79 Effective 7/1/17	Currently Unavailable
RECYCLED WATER PROGRAM				
Resolution 2015-5-4				
Wholesale Rates				
Direct Sale (All Tertiary Plants)				
	per million gallons (MG)	\$1,258.44 Effective 7/1/16	\$1,442.60 Effective 7/1/17	\$1,473.29 Effective 7/1/18
	per acre foot (AF)	\$410.00 Effective 7/1/16	\$470.00 Effective 7/1/17	\$480.00 Effective 7/1/18
Groundwater Recharge Sale (All Tertiary Plants)				
	per MG	\$1,442.60 Effective 7/1/16	\$1,626.76 Effective 7/1/17	\$1,657.45 Effective 7/1/18
	per AF	\$470.00 Effective 7/1/16	\$530.00 Effective 7/1/17	\$540.00 Effective 7/1/18
IMPORTED (MWD) POTABLE WATER ⁽¹⁾				
Agency Surcharge added to MWD rates		\$15.00	\$0.00	\$0.00
Imported Water Rates (excluding the above surcharges)		7/1/16 - 9/30/16		
Resolution 2017-6-7				
Full Service Untreated Water				
Tier 1	7/1/16 - 12/31/16	per acre foot (AF)	\$594.00	
Tier 1	1/1/17 - 6/30/17	per AF	\$666.00	
Tier 1	7/1/17 - 12/31/17	per AF		\$666.00
Tier 1	1/1/18 - 6/30/18	per AF		\$695.00
Tier 1	7/1/18 - 12/31/18	per AF		\$695.00
Tier 2	7/1/16 - 12/31/16	per AF	\$728.00	
Tier 2	1/1/17 - 6/30/17	per AF	\$760.00	
Tier 2	7/1/17 - 12/31/18	per AF		\$760.00
Tier 2	1/1/18 - 12/31/18	per AF		\$781.00
Tier 2	1/1/18 - 12/31/18	per AF		\$781.00
Ground Water Storage Program				
Replenishment Water Untreated				
	1/1/17 - 12/31/17	per AF	No Rate Available	No Rate Available
	1/1/18 - 12/31/18	per AF	No Rate Available	No Rate Available
Capacity Meter Charge				
		per diameter inch of meter per month	\$5.00	
Capacity Reservation Charge				
	7/1/16 - 12/31/16	per cubic foot per second (cfs)	\$10,900.00	
	1/1/17 - 6/30/17	per cubic foot per second (cfs)	\$8,000.00	
	7/1/17 - 12/31/17	per cubic foot per second (cfs)		\$8,000.00
	1/1/18 - 6/30/18	per cubic foot per second (cfs)		\$8,700.00
	7/1/18 - 12/31/18	per cubic foot per second (cfs)		\$8,700.00
Industrial Connection Min. Charge				
		per connection per month	\$1,000.00	\$1,000.00
Retail Meter Charge				
	(for MWD Readiness-to-Serve Charges)	per meter per month	\$2.105 (7/1/16 - 9/30/16)	
Resolution 2016-6-7				
Readiness to Serve Recovery Charge				
			30% of MWD RTS Effective 7/1/17	45% of OCWD RTS Effective 7/1/18
Meter Equivalent Unit (MEU)				
	per MEU per month	\$0.90 (10/1/16 - 6/30/17)	\$0.95 Effective 7/1/17	\$0.99 Effective 7/1/2018
WATER CONNECTION FEE - Resolution 2015-5-6				
Connection Fee to all potable and recycled water connections and upgrades				
	Meter Sizes	Effective Date 7/1/16-12/31/16	Effective Date 1/1/17-6/30/17	Effective 7/1/17
	5/8 "	\$693.00	\$1,455.00	\$1,527.00
	3/4 "	\$693.00	\$1,455.00	\$1,527.00
	1"	\$1,733.00	\$3,638.00	\$3,818.00
	1.5"	\$3,465.00	\$7,275.00	\$7,635.00
	2"	\$5,544.00	\$11,640.00	\$12,216.00
	3"	\$12,128.00	\$25,463.00	\$26,723.00
	4"	\$21,830.00	\$45,833.00	\$48,101.00
	6"	\$48,510.00	\$101,850.00	\$106,890.00
	8"	\$83,160.00	\$174,600.00	\$183,240.00
	10"	\$103,950.00	\$218,250.00	\$229,050.00
	12"	\$121,275.00	\$254,625.00	\$267,225.00
				Effective 7/1/18
				\$1,604.00
				\$1,604.00
				\$4,011.00
				\$8,020.00
				\$12,832.00
				\$28,071.00
				\$50,527.00
				\$112,280.00
				\$192,480.00
				\$240,600.00
				\$280,700.00

INLAND EMPIRE UTILITIES AGENCY
FY 2017/18 ADOPTED RATES

	IMPLEMENTED RATES FY 2016/17	ADOPTED RATES FY 2017/18	ADOPTED RATES FY 2018/19
NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) ⁽²⁾			
NRWS NORTH SYSTEM - SANITATION DISTRICTS OF LOS ANGELES COUNTY(LACSD) - 2017-6-3			
Acquisition of Wastewater Discharge Right Refer to Resolution 2017-6-3 Section 1 (See Formula) Purchase Rate to discharge one NRWSCU (NRW System Capacity Unit) Option- Annual Lease Rate for right to discharge one NRWSCU	\$4,172.00 <i>5% per year of the purchase rate</i> (\$208.60 per NRWSCU)	\$4,172.00 <i>5% per year of the purchase rate</i> (\$208.60 per NRWSCU)	Currently unavailable
Volumetric Fee			
Direct Line Deliveries	per million gallons (MG)	\$915.00	\$919.00
Strength Charges			
Total Suspended Solids in excess (TSS)	per 1,000 pounds (dry weight)	\$436.00	\$446.00
Chemical Oxygen Demand (COD)	per 1,000 pounds (dry weight)	\$180.00	\$172.00
Peak Flow			
	per MG	\$348.00	\$349.00
Operations Fee			
CIP and O&M Charges	per NRWSCU per month (new Agreement)	\$26.54	\$25.75
4Rs Deferred Capital Charges	per NRWSCU per month (old Agreement)	\$212.60	\$0.00
Recycled Water Usage Credit	per MG of recycled water used	\$356.02	\$311.51
NRWS SOUTH SYSTEM - SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA) - 2017-6-4			
Initial Capacity Charge Purchase of Agency Capacity Rights	per capacity unit (CU)	\$215,000.00	\$215,000.00
Monthly Capital Improvement Program (CIP) Fee	per CU	\$90.00	\$90.00
Monthly Capacity Unit Fee	per CU	\$368.76	\$387.24
Volumetric Fee			
Direct Line Deliveries	per million gallons (MG)	\$858.00	\$901.00
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit (CU)	\$85.80	\$90.10
Strength Charges			
Total Suspended Solids in excess (TSS)	per 1,000 pounds (dry weight)	\$429.00	\$429.00
Biochemical Oxygen Demand (BOD)	per 1,000 pounds (dry weight)	\$307.00	\$307.00
Operations Fee Non Recycled Water Users		50% of Capacity, Volumetric and Strength	50% of Capacity, Volumetric and Strength
Recycled Water Usage Credit	per MG of recycled water used	\$356.02	\$311.51
Truck Station Deliveries			
<i>Tier Schedule</i>	<i>BOD or TSS Concentration Up to 5,000 gallon</i>		
Brine	Less than 100 mg/l	\$259.46	\$269.74
Tier 1 (Non Brine)	100 to 999 mg/l	\$284.46	\$294.74
Tier 2 (Non Brine)	1,000 to 2,499 mg/l	\$369.46	\$384.74
Tier 3 (Non Brine)	2,500 mg/l and higher	\$217.96	\$224.24
	<i>Tier 3 minimum charge shall be no less than Tier 2 rate of \$384.74</i>	\$0.695/pound of TSS \$0.729/pound of BOD	

APPENDICES

INLAND EMPIRE UTILITIES AGENCY FY 2017/18 and FY 2018/19 ADOPTED RATES

		IMPLEMENTED RATES FY 2016/17	ADOPTED RATES FY 2017/18	ADOPTED RATES FY 2018/19	
NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) ⁽²⁾					
NRWS WASTEWATER HAULERS - 2017-6-1					
Domestic Wastewater Haulers to the Regional System:					
Initial Permit Application Fee	initial charge	\$216.00	\$233.00	Currently unavailable	
Permit Renewal Fee	renewal fee	\$108.00	\$117.00		
Trucked Waste Volumetric Fee	per load up to 2,000 gallons	\$69.45	\$72.48		
	per load over 2,000 gallons	\$0.035 per 1 gal	\$0.036 per 1 gal		
Excessive Biochemical Oxygen Demand and Suspended Solids:					
Suspended Solids in excess of 369 milligrams per liter	per 1,000 lb. dry weight	\$348.45	\$350.07		
Biochemical Oxygen Demand in excess of 423 milligrams per liter	per 1,000 lb. dry weight	\$324.61	\$296.38		
NRWS ETIWANDA WASTEWATER LINE (EWL) - 2017-6-2					
Initial Capacity Charge					
Purchase of Agency Capacity Rights	per capacity unit (CU)	\$215,000.00	\$215,000.00		
Monthly Capacity Charge					
	per Etiwanda Wastewater Line CU	\$0.00	\$41.00		
Monthly Capital Improvement Program (CIP) Fee					
	per CU	\$90.00	\$90.00		
Volumetric Fee					
Direct Line Deliveries	per million gallons (MG)	\$1,068.46	\$712.31		
Minimum Volumetric Charge	<= 100,000 gallons per month per capacity unit	106.85	71.23		
Strength Charges					
Total Suspended Solids in excess (TSS)	per 1,000 pounds (dry weight)	\$436.00	\$358.00		
Biochemical Oxygen Demand (BOD)	per 1,000 pounds (dry weight)	\$180.00	\$127.00		
Operations Fee					
Non Recycled Water Users		50% of Capacity, Volumetric and Strength	50% of Capacity, Volumetric and Strength		
Recycled Water Usage Credit					
	per million gallons of recycled water used	\$356.02	\$311.51		



**INLAND EMPIRE UTILITIES AGENCY
FY 2017/18 and FY 2018/19 ADOPTED RATES**

	IMPLEMENTED RATES FY 2016/17	ADOPTED RATES FY 2017/18	ADOPTED RATES FY 2018/19
NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS)⁽²⁾			
NRWS - ALL REGIONAL WASTEWATER SYSTEM			
Application Fees:			
Capacity Right/Capacity Option agreement per agreement	\$200.00	\$233.00	Currently unavailable
Converting a capacity option agreement to a capacity right agreement	No Charge	No Charge	
Initial Wastewater Discharge Permit Application Fees:			
For Wastewater Generators who discharge directly through the pipeline connection to the Brine Line			
Categorical Industrial User	\$3,780.00	\$4,078.00	
with Combined Waste Stream Formula, add	\$918.00	\$990.00	
with Production Based Standards, add	\$486.00	\$524.00	
with Multiple Categories, add	\$1,836.00	\$1,981.00	
Non-Categorical, Significant, Industrial User	\$2,754.00	\$2,971.00	
Non-Categorical, Non-Significant Industrial User	\$2,268.00	\$2,447.00	
Permit Renewal Fees:			
For Wastewater Generators who discharge directly through the pipeline connection to the Brine Line			
Categorical Industrial Users	\$2,808.00	\$3,029.00	
with Combined Waste Stream Formula, add	\$486.00	\$524.00	
with Production Based Standards, add	\$270.00	\$291.00	
with Multiple Categories, add	\$918.00	\$990.00	
Non-Categorical, Significant, Industrial User	\$702.00	\$757.00	
Non-Categorical, Non-Significant Industrial User	\$486.00	\$524.00	
Initial Wastewater Discharge Permit Fees:			
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional or NRW sewer system			
Categorical Industrial User	\$2,376.00	\$2,563.00	
with Combined Waste Stream Formula, add	\$918.00	\$990.00	
with Production Based Standards, add	\$486.00	\$524.00	
with Multiple Categories, add	\$1,836.00	\$1,981.00	
Non-Categorical, Significant, Industrial User	\$1,404.00	\$1,515.00	
Non-Categorical, Non-Significant Industrial User	\$918.00	\$990.00	
Permit Renewal Fees:			
For Wastewater Generators whose wastewater is hauled away and discharged into the Regional or NRW sewer system			
Categorical Industrial Users	\$1,944.00	\$2,097.00	
with Combined Waste Stream Formula, add	\$486.00	\$524.00	
with Production Based Standards, add	\$270.00	\$291.00	
with Multiple Categories, add	\$918.00	\$990.00	
Non-Categorical, Significant Industrial User	\$702.00	\$757.00	
Non-Categorical, Non-Significant Industrial User	\$486.00	\$524.00	
Initial Wastewater Hauler Permit Application & Permit Fees (NRWS):			
Permit Application for Wastewater Hauler	\$216.00	\$233.00	
Permit Renewal for Wastewater Hauler	\$108.00	\$117.00	
Major Permit Modification /Facility Expansion Fee			
Major Permit Modification	\$1,404.00	\$1,515.00	
Facility Expansion	\$1,404.00	\$1,515.00	
Minor Permit Modification Fees:			
Changes of Equipment Maintenance or Monitoring Requirements/Changes of Discharge Limits	\$702.00	\$757.00	
Business Name Change/Owner Name Change	\$216.00	\$233.00	
Change of Limits/Evaluation of Toxic Organic Management Plan Processing	No Charge	No Charge	

(1) Imported Water and Water Resource program related rates for FY 2016/17 are not available as the proposed rates and structure are under review and analysis

(2) FY 2016/17 NRW Rates are adopted on an annual basis based on SDLAC and SAWPA annual pass-through rates adoption

APPENDICES

RESOLUTION NO. 2017-5-4

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, DECLARING ITS INTENT TO ADOPT BUDGETS FOR THE REGIONAL SEWAGE, RECYCLED WATER, NON-RECLAIMABLE WASTEWATER, AND WATER RESOURCES PROGRAMS AND FIXING TIME AND PLACE OF HEARING THEREON

WHEREAS, pursuant to the Chino Basin Regional Sewage Service Contract, this Board of Directors shall adopt its resolution of intent to adopt budgets for its Regional Sewage Program and fix a time and place of hearing thereon.

WHEREAS, this Board of Directors shall also adopt its resolution to hold a public hearing to receive public comments on the proposed Fiscal Years 2017/18 and 2018/19 budget for the Recycled Water, Non-Reclaimable Wastewater, and Water Resources Programs.

NOW THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1: That the Board of Directors hereby declares its intent to adopt Regional Sewage and said proposed budgets for Fiscal Years 2017/18 and 2018/19,

Section 2: That the Board of Directors hereby fixes a time and place for hearing on said proposed budgets as follows:

Date	Time	Place
<u>June 21, 2017</u>	<u>10:00 a.m.</u>	Office of the Agency 6075 Kimball Ave. Chino, CA 91708

Section 3: That the Secretary is hereby authorized and directed to distribute copies of this resolution. The draft program budget of the Regional Sewage Recycled Water, Non-Reclaimable Wastewater, Water Resources will be distributed following review by the Board of Directors.

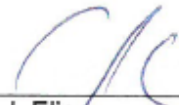
Section 4: Upon adoption of this resolution, Resolution No. 2015-5-3 is hereby rescinded in its entirety.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency*

By [Signature] Date 6/26/17

Resolution No. 2017-5-4
Page 2 of 3

ADOPTED this 17th day of May, 2017.



Steven J. Elie
President of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/Treasurer of the Inland
Empire Utilities Agency* and of the
Board of Directors thereof

* A Municipal Water District

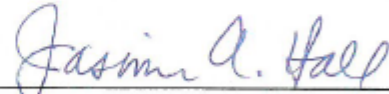
APPENDICES

Resolution No. 2017-5-4
Page 3 of 3

STATE OF CALIFORNIA)
COUNTY OF)SS
SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-5-4 was adopted at
a regular Board Meeting on May 17, 2017 of said Agency by the following vote:

AYES: Hofer, Hall, Camacho, Parker, Elie
NOES: None
ABSTAIN: None
ABSENT: None



Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)

* A MUNICIPAL WATER DISTRICT

RESOLUTION NO. 2017-6-10

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING AND ADOPTING ITS BUDGET FOR FISCAL YEARS 2017/2018 and 2018/2019

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That this Board of Directors hereby approves and adopts the biennial budget for Fiscal Years 2017/18 and 2018/19, subject to any regulatory reform, or action of the State legislature that would have negative impact on the Agency's revenues and expenditures.


Section 2. Upon adoption of this resolution, Resolution No. 2015-6-1 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.



Steven J. Elie
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

*A Municipal Water District

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency
By  Date 6/21/17

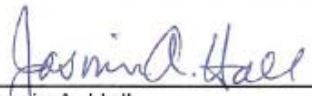
APPENDICES

Resolution No. 2017-6-10
Page 2 of 2

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-10 was adopted at a regular meeting on June 21, 2017, of said Agency* by the following vote:

AYES: Hall, Hofer, Parker, Elie
NOES: None
ABSTAIN: None
ABSENT: Camacho



Jasmin A. Hall
Secretary/Treasurer of the Inland
Empire Utilities Agency* and of the
Board of Directors thereof

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2016-11-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, REVISING THE ESTABLISHED SERVICE RATES FOR IMPROVEMENT DISTRICT "C" FOR FISCAL YEAR 2016/17 THROUGH YEAR 2019/20

WHEREAS, pursuant to the Regional Sewage Service Contract, the Regional Contracting Agencies Advisory Committees have received and reviewed the Regional Wastewater Program Budget with an associated service rate for Fiscal Years 2015/16 through FY 2019/20;

WHEREAS, The Regional Advisory Committees had reviewed service rates for Fiscal Years 2015/16 through 2019/20, and recommended approval for Fiscal Years 2015/16 through 2016/17:

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1st of each fiscal year on the equivalent dwelling unit (EDU) rates, excluding FY 2015/16 rate implemented on an agreed upon effective date of October 1, 2015:

Section 1. Effective October 1, 2015, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$15.89 per equivalent dwelling unit (EDU) per month.

Section 2. Effective July 1, 2016, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage shall be \$17.14 per equivalent dwelling unit (EDU) per month.

Section 3. Effective July 1, 2017, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$18.39 per equivalent service unit (EDU) per month.

Section 4. Effective July 1, 2018, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$19.59 per equivalent service unit (EDU) per month.

Section 5. Effective July 1, 2019, the total service rate for the operation and maintenance of the regional sewage system and the treatment of the domestic sewage, shall be \$20.00 per equivalent service unit (EDU) per month.

Section 6. The provisions of the Regional Sewage Service Contract and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 7. That upon the effective date of this Resolution, Resolution No. 2015-3-1 is hereby rescinded.

APPENDICES

Resolution No. 2016-11-2
Page 2 of 3

ADOPTED this 16th day of November, 2016.



Terry Catlin, President of the Inland
Empire Utilities Agency* and of the
Board of Directors thereof

ATTEST:



Steven J. Elie, Secretary of the Inland Empire
Utilities Agency* and of the Board
of Directors thereof

* A Municipal Water District

Resolution No. 2016-11-2
Page 3 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2016-11-2 was adopted at a Board
Meeting on November 16, 2016, of said Agency by the following vote:

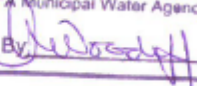
- AYES: Hall, Elie, Camacho, Hofer, Catlin
- NOES: None
- ABSTAIN: None
- ABSENT: None



Steven J. Elie, Secretary/Treasurer of
the Inland Empire Utilities Agency*
and of the Board of Directors thereof

(SEAL)

* A Municipal Water District

The undersigned certifies that this is a true
copy as on file in the permanent records
of the Agency. This stamp must be in
purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency
By:  Date 11/16/16

APPENDICES

RESOLUTION NO. 2015-5-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RATES COVERING THE SALE OF RECYCLED WATER TO SUPPORT FUTURE EXPANSION OF IEUA'S REGIONAL WATER SYSTEM FOR FISCAL YEAR 2015/16 THROUGH YEAR 2019/20

WHEREAS, The Regional Advisory Committees have reviewed and recommended service rates for Fiscal Years 2015/16 through 2019/20:

NOW, THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. That effective October 1, 2015, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,074.27 per million gallons or \$350.00 per acre foot.

Section 2. That effective October 1, 2015, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,258.44 per million gallons or \$410.00 per acre foot.

Section 3. That effective July 1, 2016, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,258.44 per million gallons or \$410.00 per acre foot.

Section 4. That effective July 1, 2016, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,442.60 per million gallons or \$470.00 per acre foot.

Section 5. That effective July 1, 2017, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,442.60 per million gallons or \$470.00 per acre foot.

Section 6. That effective July 1, 2017, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,626.76 per million gallons or \$530.00 per acre foot.

Section 7. That effective July 1, 2018, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,473.29 per million gallons or \$480.00 per acre foot.

Resolution No. 2015-5-4
Page 2 of 3

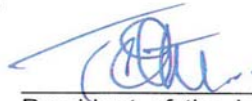
Section 8. That effective July 1, 2018, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,657.45 per million gallons or \$540.00 per acre foot.

Section 9. That effective July 1, 2019, the direct sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,503.98 per million gallons or \$490.00 per acre foot.

Section 10. That effective July 1, 2019, the recharge sale of recycled water under the terms of Ordinance 69 that is available to our Contracting Agencies from the Tertiary Treatment Plants shall be \$1,688.15 per million gallons or \$550.00 per acre foot.

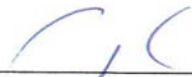
Section 11. Upon the effective date of this Resolution, Resolution No. 2012-2-4 is hereby rescinded in their entirety.

ADOPTED this 20th day of May, 2015.



President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



Secretary/Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

* A Municipal Water District

APPENDICES

Resolution No. 2015-5-4
Page 3 of 3

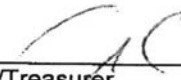
STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2015-5-4, was adopted at
a regular meeting on May 20, 2015, of said Agency* by the following vote:

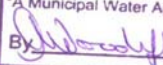
AYES: Hall, Elie, Camacho, Koopman, Cattin
NOES: None
ABSTAIN: None
ABSENT: None

(SEAL)

* A Municipal Water District



Secretary/Treasurer

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency
By  Date 5/21/15

RESOLUTION NO. 2015-5-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY* (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE REIMBURSEMENT PAYMENT FOR FISCAL YEAR 2015/16 THROUGH 2019/20.

WHEREAS, the Finance, Legal, and Administration Committee and the Board of Directors have reviewed and recommended the adjustments to the Reimbursement Payment;

WHEREAS, the financing of the Ten-Year Capital Improvement Program requires that the Reimbursement Payment will be increased to \$5,415 per Equivalent Dwelling Unit (EDU) effective January 1, 2016; and increased to \$6,009 per EDU effective January 1, 2017; and increased to \$6,309 per EDU effective July 1, 2017; and increased to \$6,624 per EDU effective July 1, 2018 and increased to \$6,955 per EDU effective July 1, 2019;

NOW THEREFORE, the Board of Directors of the Inland Empire Utilities Agency* does hereby RESOLVE, DETERMINE AND ORDER the following to be effective on;

Section 1. July 1, 2015 for the first six months, July through December, of Fiscal Year 2015/16 the Reimbursement Payment for the Contracting Agencies shall be \$5,107 per EDU.

Section 2. January 1, 2016 through June 31, 2016 of Fiscal Year 2015/16 and the first six months, July through December, of Fiscal Year 2016/17 the Reimbursement Payment for the Contracting Agencies shall be \$5,415 per EDU.

Section 3. January 1, 2017 for Fiscal Year 2016/17 the Reimbursement Payment for the Contracting Agencies shall be \$6,009 per EDU.

Section 4. July 1, 2017 for Fiscal Year 2017/18 the Reimbursement Payment for the Contracting Agencies shall be \$6,309 per EDU

Section 5. July 1, 2018 for Fiscal Year 2018/19 the Reimbursement Payment for the Contracting Agencies shall be \$6,624 per EDU.

Section 6. July 1, 2019 for Fiscal Year 2019/20 the Reimbursement Payment for the Contracting Agencies shall be \$6,955 per EDU.

Section 7. That the provisions of the Regional Sewage Service Contract and any amendments thereto, are hereby applicable and will remain in full force and effect.

APPENDICES

RESOLUTION NO. 2015-5-5
Page 2 of 3

Section 8. That upon the effective date of this Resolution, Resolution No. 2012-2-3 is hereby rescinded.

ADOPTED this 20th day of May, 2015



President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of Directors
thereof

APPENDICES

RESOLUTION NO. 2015-5-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE WATER CONNECTION FEE FOR FISCAL YEARS 2015/16 THROUGH 2019/20

WHEREAS, modification of this policy may be included in future rate resolutions; and

WHEREAS, the Board of Directors establishes a fee from each new connection or upsized connection within IEUA's service area as a condition of receiving water deliveries from any source provided by IEUA including, but not limited to, Metropolitan supplies, recycled water, and groundwater; and

WHEREAS, the Board of Directors has determined that each new connection is subject to fees based upon the meter size; and

WHEREAS, the Board of Directors has determined that the levy of a one-time connection fee charge be imposed on any new retail water connection or upsized connection to any water system within the Agency's service area in order to recover growth related costs incurred by the Agency and defined in Ordinance 103.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective, July 1, 2015:

Section 1. Customers subject to payment of water capacity charges for new connections shall pay the charges in accordance with the following table:

Fiscal Year	2015/16	2016/17		2017/18	2018/19	2019/20
Effective Date	1/1/2016	7/1/2016	1/1/2017	7/1/2017	7/1/2018	7/1/2019
5/8"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
3/4"	\$693	\$693	\$1,455	\$1,527	\$1,604	\$1,684
1"	\$1,733	\$1,733	\$3,638	\$3,818	\$4,011	\$4,211
1.5"	\$3,465	\$3,465	\$7,275	\$7,635	\$8,020	\$8,420
2"	\$5,544	\$5,544	\$11,640	\$12,216	\$12,832	\$13,472
3"	\$12,128	\$12,128	\$25,463	\$26,723	\$28,071	\$29,471
4"	\$21,830	\$21,830	\$45,833	\$48,101	\$50,527	\$53,047
6"	\$48,510	\$48,510	\$101,850	\$106,890	\$112,280	\$117,880
8"	\$83,160	\$83,160	\$174,600	\$183,240	\$192,480	\$202,080
10"	\$103,950	\$103,950	\$218,250	\$229,050	\$240,600	\$252,600
12"	\$121,275	\$121,275	\$254,625	\$267,225	\$280,700	\$294,700

Resolution No. 2015-5-6
Page 2 of 3

ADOPTED this 20th day of May, 2015.



Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District

RESOLUTION NO. 2017-6-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S BOUNDARIES FOR FISCAL YEAR 2017/18

WHEREAS, it is necessary to establish an extra-territorial monthly sewer service charge for system user whose property served is located outside the boundaries of Improvement District "C" of the Inland Empire Utilities Agency (Agency);

WHEREAS, the charge shall be "A" dollars per equivalent dwelling unit (EDU) per month. "A" shall be determined annually by the Agency before July 1 and will be set at the amount of certain sewer taxes per EDU being received from the taxable area within Improvement District "C";

WHEREAS, these taxes are to be the Improvement District "C" portion of taxes plus the portion of the Agency's General Taxes applied each year to the Regional Wastewater Systems and the General Administrative expenditures for the Regional Wastewater Systems; and

WHEREAS, modification to this resolution may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017:

Section 1. That the monthly sewer service rate be determined based on the Agency-wide assessed valuation for FY 2016/17 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billed EDU's listed in the Agency's FY 2016/17 Regional Wastewater Operations and Maintenance fund budget, as shown in Exhibit 1; and

Section 2. That the extra-territorial monthly sewer service charge should be set at a rate of \$14.79 per month per Equivalent Dwelling Unit (EDU) in addition to the FY 2017/18 adopted monthly EDU rate of \$18.39.

Section 3. That upon the effective date of this Resolution, Resolution No. 2016-6-9 is hereby rescinded in its entirety.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency*
 Date 6/22/17

APPENDICES

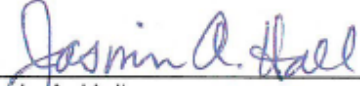
Resolution No. 2017-6-6
FY 2017/18 Extra Territorial Sewer Service Charge
Page 2 of 4

ADOPTED this 21st day of June, 2017.



Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

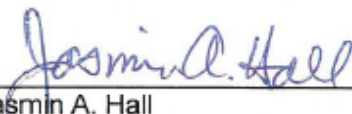
*A Municipal Water District

Resolution No. 2017-6-6
FY 2017/18 Extra Territorial Sewer Service Charge
Page 3 of 4

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-6 was adopted at a Board
Meeting on June 21, 2017, of said Agency by the following vote:

- AYES: Hall, Hofer, Parker, Elie
- NOES: None
- ABSTAIN: None
- ABSENT: Camacho



Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)

* A Municipal Water District

APPENDICES

Resolution No. 2017-6-6
FY 2017/18 Extra Territorial Sewer Service Charge
Page 4 of 4

AVERAGE VALUE OF AN EDU FOR FISCAL YEAR 2017/18 CITY OF FONTANA MONTHLY EXTRA-TERRITORIAL USER SURCHARGE

The information utilized includes the EDU projections identified in the Regional Wastewater Operations and Maintenance Fund budget and the San Bernardino County Auditors' report which lists the Agency's assessed valuation for FY 2016/17. Based on this information the estimated average value of an EDU within the Agency is as follows:

FY 2016/17 Agency Assessed Value -	= \$	97,274,943,032
FY 2016/17 Projected number of EDU's within Agency =		273,472 EDU per month
<i>\$97,274,943,032 divided by 273,472</i>	= \$	355,703

Annual tax obligation is calculated by:

<i>\$355,703 multiply by 0.000499</i>	= \$	177.50 per year
<i>(adjusted Agency tax rate)</i>	= \$	14.79 per month

RESOLUTION NO. 2016-6-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING METER EQUIVALENT UNIT (MEU) RATES AND THE READINESS-TO-SERVE (RTS) TEN YEAR ROLLING AVERAGE (TYRA) PASS_THROUGH

WHEREAS, pursuant to Division II, Part II, Section 201 of Ordinance No. 104, the Board of Directors of Inland Empire Utilities Agency (IEUA) establishes, from time to time, rates to support the readiness-to-serve charges from Metropolitan Water District of Southern California (MWD), program costs incurred for the regional water resources program.

WHEREAS, the Board of Directors of IEUA shall establish an annual Readiness to serve (RTS) pass-through charge, based on a Ten Year Rolling Average (TYRA) MWD methodology.

WHEREAS, the Board of Directors shall establish an annual Meter Equivalent Unit (MEU) charge rate to yield revenues sufficient to recover the regional water resources program costs.

WHEREAS, modification of this resolution may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby **RESOLVES, DETERMINES AND ORDERS** that the following to be effective on:

APPENDICES

Resolution No. 2016-6-7
Page 2 of 4

Section 1.A That a Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) pass-through shall be charged to the Local Agencies (Cucamonga Valley Water District, Fontana Water Company and Water Facilities Authority), to recover their share of total RTS charge imposed by MWD, and will be phased-in over a period of - seven (7) years as follows:

- a. October 1, 2016 through June 30, 2017 of Fiscal Year 2016/17, the RTS TYRA charge shall be 15% of the MWD RTS charge
- b. July 1, 2017 for Fiscal Year 2017/18, the RTS TYRA charge shall be 30% of the MWD RTS charge.
- c. July 1, 2018 for Fiscal Year 2018/19 the RTS TYRA charge shall be 45% of the MWD RTS charge.
- d. July 1, 2019, for Fiscal Year 2019/20 the RTS TYRA charge shall be 60% of the MWD RTS charge.
- e. July 1, 2020 for Fiscal Year 2020/21 the RTS TYRA charge shall be 75% of the MWD RTS charge.
- f. July 1, 2021, for Fiscal Year 2021/22 the RTS TYRA charge shall be 90% of the MWD RTS charge.
- g. July 1, 2022, for Fiscal Year 2022/23 the RTS TYRA charge shall be 100% of the MWD RTS charge.

Section 1.B That a Readiness-to-Serve Ten Year Rolling Average (RTS TYRA) pass through shall be charged to Non Local Agencies to recover 100% of their share of total RTS charge imposed by MWD, effective October 1, 2016.

Section 2.A That a meter rate effective July 1, 2016 through September 30 2016, the rate for each active retail water meter shall be \$2.105 per meter per month.

Section 2.B That the Meter Equivalent Unit (MEU) rate, an extended phase-in period of a four (4) year rate shall be charged to the Local Agency effective October 1, 2016:

- a. October 1, 2016 for Fiscal Year 2016/17, that the rate for each active retail water meter shall be \$0.90 per MEU per month.
- b. July 1, 2017 for Fiscal Year 2017/18, that the rate for each active retail water meter shall be \$0.95 per MEU per month.
- c. July 1, 2018 for Fiscal Year 2018/19, that the rate for each active retail water meter shall be \$0.99 per MEU per month.

Resolution No. 2016-6-7
Page 3 of 4

d. July 1, 2019 for Fiscal Year 2019/20, that the rate for each active retail water meter shall be \$1.04 per meter equivalent unit per month.


Section 3. That upon the effective date of this Resolution, Resolution No. 2015-6-8 and Resolution No. 2015-6-9 are hereby rescinded in its entirety.

ADOPTED this 15th day of June, 2016.



Terry Catlin
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Steven J. Elie
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District

APPENDICES

Resolution No. 2016-6-7
Page 4 of 4

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Steven J. Elie, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2016-6-7, was adopted at a regular
meeting on June 15, 2016, of said Agency* by the following vote:


AYES: Hall, Elie, Camacho, Catlin
NOES: None
ABSTAIN: None
ABSENT: None



Steven J. Elie
Secretary/Treasurer

(SEAL)

* A Municipal Water District

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency
By  Date 6/23/16

RESOLUTION NO. 2017-6-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING IMPORTED WATER RATES

WHEREAS, pursuant to Division II, Part II, Section 201 of Ordinance No. 104, the Board of Directors of Inland Empire Utilities Agency* (Agency) establishes, from time to time, rates for water sold or delivered by direct connections to Metropolitan Water District facilities;

WHEREAS, the Board of Directors of the Agency establishes rates for delivery of imported water supplies;

WHEREAS, the Board of Directors has determined that the levy of a per acre-foot surcharge that is required to maintain sufficient appropriated reserves and to provide for the program support and operational costs associated with the delivery of imported water supplies and water resource development and planning activities;

WHEREAS, the Board of Directors has also determined that the Agency, by written request, could levy a supplemental per acre foot surcharge for delivered imported water to fund the cost for the Water Conservation Program which includes the Conservation and Drought Charges; and

WHEREAS, modification of this policy may be included in future rate resolutions.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS the following to be effective July 1, 2017, and January 1, 2018:

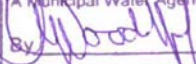
Section 1. That the rates of sales of imported water are direct pass-through charged by Metropolitan for each class of water. The rates, by class of water are as follows:

- (a) FOR TIER 1 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

01/1/2017 – 12/31/2017 (\$666)	\$666.00 per acre foot
01/1/2018 – 12/31/2018 (\$695)	\$695.00 per acre foot

- (b) FOR TIER 2 FULL SERVICE UNTREATED WATER – i.e., domestic and municipal purposes:

01/1/2017 – 12/31/2017 (\$760)	\$760.00 per acre foot
01/1/2018 – 12/31/2018 (\$781)	\$781.00 per acre foot

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency*
By  Date 6/22/17

APPENDICES

Resolution No. 2017-6-7
Imported Water Rates
Page 2 of 4

(c) FOR GROUND WATER STORAGE PROGRAM

REPLENISHMENT WATER UNTREATED – This rate is available contingent upon the requirements of Metropolitan's Administrative Code, and includes water delivered for groundwater replenishment and storage, by direct or in-lieu methods.

01/1/2017 – 12/31/2017 (NO RATE AVAILABLE)

01/1/2018 – 12/31/2018 (NO RATE AVAILABLE)

- (d) METROPOLITAN WATER SUPPLY ALLOCATION PLAN (WSAP) PENALTY RATES – Reduced imported water allocations caused by the adoption of a WSAP will reduce a member agencies Tier 1 allocation pursuant to Resolution 2016-9-1. Penalty rates will be applied in accordance to Metropolitan's WSAP to IEUA and its member agencies if IEUA exceeds its imported water allocation from MWD and is invoiced by MWD for WSAP penalty rates, during FY 2017/18. Any such penalty rates shall be "passed through" to the appropriate agency that caused the imposition of a penalty rate by MWD.

Section 2. That IEUA will impose any Metropolitan rates and charges, applicable to each service connection, if invoiced by Metropolitan to IEUA during FY 2017/18.

Section 3. That the Metropolitan levied Capacity Charge (\$/cfs) shall be as follows:

01/1/2017 – 12/31/2017 \$ 8,000 per cubic foot per second (cfs)

01/1/2018 – 12/31/2018 \$ 8,700 per cubic foot per second (cfs)

Section 4. That a minimum charge of \$1,000 per month will be collected from any active Metropolitan full service industrial connection beginning 7/1/2017 through 6/30/2018.

Section 5. That upon the effective date of this Resolution, Resolution No. 2016-6-15 is hereby rescinded in its entirety.

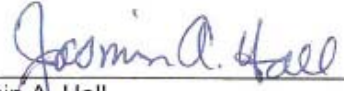
Resolution No. 2017-6-7
Page 3 of 4

ADOPTED this 21st day of June, 2017.



Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District

RESOLUTION NO. 2017-6-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE BUDGET OF THE SANTA ANA WATERSHED PROJECT AUTHORITY FOR FISCAL YEARS 2017/18 and 2018/19

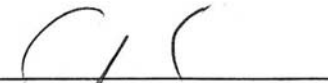
WHEREAS, the Inland Empire Utilities Agency* is a member agency of the Santa Ana Watershed Project Authority (SAWPA);

WHEREAS, the Joint Exercise of Powers Agreement (JPA), which created SAWPA, required approval by the member agency of all general and specific project budgets of SAWPA to the extent that such budgets may impose any liability on the member agency; and

WHEREAS, Paragraphs 9 and 27 of the JPA required the Agency's approval of such budgets be evidenced by a certified copy of a Resolution of Approval filed with SAWPA.

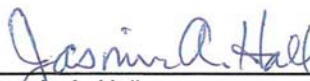
NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Inland Empire Utilities Agency hereby approves SAWPA's Fiscal Year (FY) 2017/18 and Fiscal Year 2018/19 Budget, directs the Board Secretary to send a certified copy of this Resolution to SAWPA, and authorizes payment to SAWPA of the member agency contribution for \$288,423 (FY 2017/18) and \$294,339 (FY 2018/19).

ADOPTED this 21st day of June 2017.



Steven J. Elle
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

*A Municipal Water District




APPENDICES

Resolution No. 2017-6-11
Page 2 of 2

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-11 was adopted
at a regular meeting on June 21, 2017, of said Agency* by the following vote:

AYES: Hall, Hofer, Parker, Elie
NOES: None
ABSTAIN: None
ABSENT: Camacho



Jasmin A. Hall
Secretary/Treasurer of the Inland
Empire Utilities Agency* and of the
Board of Directors thereof

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR WASTEWATER DISCHARGERS TO THE REGIONAL WASTEWATER SYSTEM FOR SEPTAGE, COMMERCIAL OR INDUSTRIAL WASTEWATERS, AND EXCESSIVE STRENGTH CHARGES FOR FISCAL YEAR 2017/18.

WHEREAS, it is necessary to establish service rates for processing and issuing permits to domestic, commercial, or industrial wastewater dischargers and wastewater haulers permitted by IEUA, and service rates for processing and treatment of sanitary, commercial or industrial wastewater deliveries to the Inland Empire Utilities Agency (Agency)'s Regional Wastewater System;

WHEREAS, it is necessary to establish application fees for processing and issuing of wastewater discharge permits to industrial wastewater generators who discharge directly through pipeline connections to the Regional Sewer System; and

WHEREAS, the Board of Directors of the Inland Empire Utilities Agency*, pursuant to Ordinance No. 97, may establish said service rates by resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017:

Section 1. That Wastewater Permit Application for Domestic Wastewater Hauler fees is as follow:

Initial Permit Application Fee	\$233.00
Permit Renewal Fee	\$117.00

Section 2. That wastewater volumetric fee for domestic and industrial wastewater hauler is as follow:

For each load up to 2,000 gallons	\$ 72.48
Loads in excess of 2,000 gallons	\$ 0.036 per one (1) gallon

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency*
By: [Signature] Date 6/22/17

APPENDICES

Resolution No. 2017-6-1
Regional Rates
Page 2 of 5

Section 3. That a rate schedule effective July 1, 2017, for delivery of domestic and industrial wastewater to regional plants with excessive biochemical oxygen demand and suspended solids is hereby established as follows:

<u>Quantity</u>	<u>Rate</u>
Biochemical Oxygen Demand (BOD) in excess of 423 mg/L	\$ 296.38 per 1,000 lb (dry weight)
Suspended Solids (SS) in excess of 369 mg/L	\$ 350.07 per 1,000 lb (dry weight)

Section 4. A Non-Compliance fee of \$150.00 will be assessed to reinstate elapsed or expired insurance requirements.

Section 5. That Initial Wastewater Discharge Permit Application and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the Regional Sewer System shall be:

**Initial Wastewater Discharge Permit Application Fees
(Ownership Change with Process Changes included):**

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00
Non-Categorical, Non-Significant Industrial User	\$2,447.00

Permit Renewal Fees:

Categorical Industrial User	\$3,029.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 6. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the NRWS sewer system shall be:

Resolution No. 2017-6-1
Regional Rates
Page 3 of 5

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,563.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$1,515.00
Non-Categorical, Non-Significant Industrial User	\$990.00

Permit Renewal Fees:

Categorical Industrial User	\$2,097.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 7. That Permit Revision or Facility Expansion fees shall be: \$1,515.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

Section 8. That Permit Addendum fees shall be: \$757.00

That for change of business name or ownership only with no process changes shall be: \$233.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

APPENDICES

Resolution No. 2017-6-1
Regional Rates
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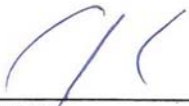
Section 9. That IEUA will pass on to wastewater permit holder any other charges, such as, but not limited to, excessive strength, laboratory analysis, inspection activities, etc.

Section 10. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 11. That all provisions of the Regional Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.


Section 12. That upon the effective date of this Resolution, Resolution No. 2016-6-4 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017



Steven J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

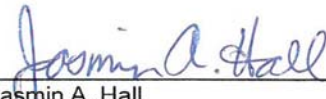
*A Municipal Water District

Resolution No. 2017-6-1
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STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-1 as adopted at
a regular Board meeting on June 21, 2017, of said Agency* by the following vote:

AYES: Hall, Hofer, Parker, Elie
NOES: None
ABSTAIN: None
ABSENT: Camacho



Jasmin A. Hall
Secretary/Treasurer

(SEAL)

* A Municipal Water District

APPENDICES

RESOLUTION NO. 2017-6-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE ETIWANDA WASTEWATER LINE (EWL) FOR FISCAL YEAR 2017/18.

WHEREAS, *Etiwanda Wastewater Line Disposal Agreement* (Agreement) was entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency);

WHEREAS, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this Agreement;

WHEREAS, it is necessary to allocate industries with Etiwanda Wastewater Line Capacity Unit (EWLCU), in order to collect such charges;

WHEREAS, one EWLCU for the EWL is defined as an equalized discharge not to exceed a flow rate of 15 gallons per minute;

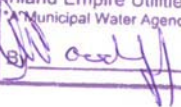
WHEREAS, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Agency's EWL;

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost; and

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
Municipal Water Agency

By  Date 6/22/17

Resolution No. 2017-6-2
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Section 1. That the acquisition of capacity rights shall be as follows:

(A) CAPACITY RIGHT ACQUISITION RATE

That the purchase rate for the right to discharge one (1) EWLCU for the EWL shall be \$215,000.00 per an equalized flow rate not to exceed 15 gallons per minute. This charge shall be paid in full upon the execution of the Capacity Right Agreement.

Section 2. That the monthly charges for discharge to the EWL are as follows:

(A) CAPACITY CHARGES

For discharge to the EWL, which reaches the jurisdiction of the CSDLAC, the monthly Capacity Charge is \$41.00 per month per each EWLCU.

(B) CAPITAL IMPROVEMENTS PROGRAM CHARGES:

The monthly Capital Improvements Program (CIP) charge for EWL is \$90.00 per month per each EWLCU.

(C) VOLUMETRIC CHARGES

The Volumetric Charge for EWL is \$712.31 per Million Gallons. The minimum Volumetric Charge for discharge of 100,000 gallons or less per each EWLCU per month is \$71.23 per month per each EWLCU.

(D) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the EWL. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$127.00 per 1,000 pounds (dry weight)
TSS	\$358.00 per 1,000 pounds (dry weight)

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Strength charges for the EWL discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(E) AGENCY CIP AND O&M CHARGES

Agency CIP and O&M Charges of 50% shall be added to the charges of Section 2(A), 2(C), and 2(D).

(F) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For Fiscal Year 2017/18, the Recycled Water Usage Credit is \$311.51 per million gallons of recycled water used.

Section 3. OTHER CHARGES

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the EWL, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Resolution No. 2017-6-2
EWL Rates
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Section 4. That Application fees for a EWL Capacity Right Agreement shall be: \$ 233.00

Section 5. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the EWL sewer system shall be:

Initial Wastewater Discharge Permit Application Fees (Ownership Change with Process Changes included):

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00
Non-Categorical, Non-Significant Industrial User	\$2,447.00

Permit Renewal Fees:

Categorical Industrial User	\$3,029.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 6. That Permit Revision or Facility Expansion fees shall be: \$1,515.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

Section 7. That Permit Addendum fees shall be: \$757.00

That for change of business name with no process changes shall be: \$233.00

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Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

Section 8. Toxic Organic Management Plan (TOMP) Processing No Charge

Section 9. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 10. That all provisions of the Etiwanda Wastewater Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 11. That upon the effective date of this Resolution, the Resolution No. 2016-6-3 pertaining to the EWL is hereby rescinded in its entirety.

* * *


Resolution No. 2017-6-2
EWL Rates
Page 6 of 7

ADOPTED this 21st day of June, 2017



Steven J. Elje
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District


APPENDICES

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STATE OF CALIFORNIA)
) SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*,
DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-2 as adopted at
a regular Board meeting on June 21, 2017, of said Agency* by the following vote:

AYES: Hall, Hofer, Parker, Elie
NOES: None
ABSTAIN: None
ABSENT: Camacho



Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)

* A Municipal Water District

RESOLUTION NO. 2017-6-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CAPACITY CHARGES, VOLUMETRIC CHARGES, STRENGTH CHARGES, AGENCY PROGRAM CHARGES, AND APPLICATION FEES FOR THE NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2017/18

WHEREAS, NRWS *Wastewater Disposal Agreement No. 4830* (Agreement) has been adopted between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency);

WHEREAS, it is necessary to establish a rate structure for the collection of costs associated for the sewerage service under this Agreement;

WHEREAS, it is necessary to allocate User with Non Reclaimable Wastewater System Capacity Unit (NRWSCU), in order to collect such charges;

WHEREAS, it is necessary to allocate individual Users their fractional contribution of the Solids Discrepancy at East End (*SD_{EE}*) monitoring facility determined by the *Fractional Solids Discrepancy (FSD_i)* formula;

WHEREAS, it is necessary to establish application fees for processing applications for NRWSCU Allocations and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s NRWS;

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost; and

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 99, may establish said fees and charges by Resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency
By  Date 6/22/17

APPENDICES

Resolution No. 2017-6-3
NRWS Rates
Page 2 of 7

Section 1. That the acquisition of wastewater discharge right shall be as follows:

(A) NRWSCU ACQUISITION RATES

1. A NRWSCU for the NRWS is determined by the following formula:

$$NRWSCU = \left(0.6513 \times \frac{Flow_{gpd}}{260} \right) + \left(0.1325 \times \frac{COD_{ppd}}{1.22} \right) + \left(0.2162 \times \frac{TSS_{ppd}}{0.59} \right)$$

Where:

gpd = gallons per day

ppd = pounds per day

2. The minimum number of NRWSCU shall be 25 NRWSCU.
3. The **purchase rate** for the right to discharge one (1) NRWSCU shall be as established by CSDLAC or \$4,172.00 per NRWSCU.
4. The optional **annual lease rate** for the right to discharge one (1) NRWSCU shall be 5% per year of the purchase rate, i.e. \$208.60 per NRWSCU per each year.

The above charges shall be paid in full upon the execution of the NRWSCU purchase or lease.

Section 2. That the monthly charges for discharge to the NRWS are:

(A) VOLUMETRIC CHARGES

For discharge to the NRWS, the monthly volumetric charge is \$919.00 per million gallons of discharge.

(B) PEAK FLOW CHARGES

For discharge to the NRWS, the monthly Peak Flow (PF) Charge shall be \$349.00 per million gallons of volumetric discharge.

(C) STRENGTH CHARGES

That Strength Charges are for excessive Chemical Oxygen Demand (COD) and Total Suspended Solids (TSS) and are applicable to all discharges to the NRWS. The rates are as follows:

<u>PARAMETER</u>	<u>RATE</u>
COD	\$172.00 per 1,000 pounds (dry weight)
TSS	\$446.00 per 1,000 pounds (dry weight)

Strength charges for the NRWS discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a quarterly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(D) Solids DISCREPANCY Charge for NRWS

Solids Discrepancy Charge for an industry (SDC_i) shall be calculated on a monthly basis and invoiced on a quarterly basis. The charge shall be calculated by multiplying the individual industry's *Fractional Solids Discrepancy* (FSD_i) by the Total Solids Discrepancy at East End monitoring facility (TSD_{EE}) and by TSS rate:

$$SDC_i = (FSD_i) \times (TSD_{EE}) \times (TSS \text{ rate})$$

Individual industry's FSD_i for the NRWS is determined by the FSD_i formula to allocate the individual industry's solids contribution to the total solids discrepancy, based on their contribution to the overall loading of Alkalinity, Biological Oxygen Demand (BOD), Dissolved Calcium, and Flow.

$$FSD_i = 0.074 \times \left[\frac{Alk_i}{Alk_T} \right] + 0.535 \times \left[\frac{BOD_i}{BOD_T} \right] + 0.049 \times \left[\frac{Ca_i}{Ca_T} \right] + 0.342 \times \left[\frac{Flow_i}{Flow_T} \right]$$

Where:

- FSD_i = Fractional Solids Discrepancy for individual discharger (i)
- Alk_i = Individual dissolved alkalinity loading to the NRWS for discharger (i)
- Alk_T = Combined dissolved alkalinity loading from all dischargers to the NRWS
- BOD_i = Individual BOD_5 loading to the NRWS for discharger (i)
- BOD_T = Combined BOD_5 loading from all dischargers to the NRWS
- Ca_i = Individual dissolved calcium loading to the NRWS for discharger (i)
- Ca_T = Combine dissolved calcium loading from all dischargers to the NRWS
- $Flow_i$ = Individual flow contribution to the NRWS from discharger (i)
- $Flow_T$ = Combined flow from all dischargers to the NRWS

APPENDICES

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NRWS Rates
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(E) AGENCY O&M Charge

The Agency's O&M charge shall be \$18.75 per NRWSCU per month.

(F) AGENCY CIP CHARGE

The Agency's capital improvement program charge shall be \$7.00 per NRWSCU per month.

(G) RECYCLED WATER USAGE CREDIT

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For Fiscal Year 2017/18, the Recycled Water Usage Credit is \$311.51 per million gallons of recycled water used.

Section 3. OTHER CHARGES

IEUA will pass on any other charges from CSDLAC invoiced to the Agency to dischargers to the NRWS, such as, but not limited to, capacity, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 4. That Application fee for a NRWS Capacity Unit Purchase or Annual Lease shall be: \$ 233.00

Section 5. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the NRWS sewer system shall be:

Initial Wastewater Discharge Permit Application Fees (Ownership Change with Process Changes included):

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00

Resolution No. 2017-6-3
NRWS Rates
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Non-Categorical, Non-Significant Industrial User \$2,447.00

Permit Renewal Fees:

Categorical Industrial User	\$3,029.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 6. That Permit Revision or Facility Expansion fees shall be: \$1,515.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Process Changes, etc.

Section 7. That Permit Addendum fees shall be: \$757.00

That for change of business name with no process changes shall be: \$233.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

Section 8. Toxic Organic Management Plan (TOMP) Processing No Charge

Section 9. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 10. That all provisions of the Non-Reclaimable Wastewater Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

Section 11. That upon the effective date of this Resolution, the Resolution No. 2016-6-2 pertaining to the NRWS is hereby rescinded in its entirety.

APPENDICES

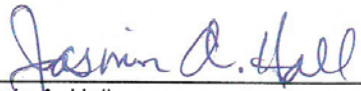
Resolution No. 2017-6-3
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ADOPTED this 21st day of June, 2017



Steven J. Elie
President of the Inland Empire Utilities
Agency* and of the Board of Directors
thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*A Municipal Water District

APPENDICES

RESOLUTION NO. 2017-6-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR THE INLAND EMPIRE BRINE LINE (BRINE LINE) FOR FISCAL YEAR 2017/18

WHEREAS, it is necessary to establish initial and monthly capacity charges, volumetric flow charges, CIP charges, trucked wastewater delivery charges and excessive strength charges;

WHEREAS, it is necessary to establish application fees for processing applications for Capacity Right Agreements and Wastewater Discharge Permits for the use of the Inland Empire Utilities Agency (Agency)'s Brine Line;

WHEREAS, one Agency Capacity Unit (CU) is defined as an equalized discharge at the flow rate of 15 gallons per minute (GPM);

WHEREAS, under Section 13550, et seq., of the California Water Code, a Public Agency may require industries to use recycled water for certain purposes, where it is available and at reasonable cost; and

WHEREAS, the Board of Directors of the Agency, pursuant to Ordinance No. 96, may establish said fees and charges by Resolution.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES, AND ORDERS the following to be effective July 1, 2017

Section 1. That the Initial Capacity Charge for the purchase of Agency Capacity Rights shall be set at \$215,000.00 per CU.

Section 2. That the monthly charges for discharge to the Brine Line are as follows:

(A) CAPACITY CHARGES:

For discharge to the Brine Line, which reaches jurisdiction of the Santa Ana Watershed Project Authority (SAWPA), the monthly Capacity Charge is \$387.24 per CU.

The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
*A Municipal Water Agency
By: [Signature] Date: 6/22/17

Resolution No. 2017-6-4
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(B) CAPITAL IMPROVEMENTS PROGRAM CHARGES:

The monthly Capital Improvements Program (CIP) charge for Brine Line is \$90.00 per CU per month.

(C) VOLUMETRIC CHARGES

For discharge to the Brine Line, the monthly Volumetric Charge is \$901.00 per Million Gallons of discharge. The minimum Volumetric Charge for discharge of 100,000 gallons or less per CU per month is \$90.10 per CU per month.

(D) STRENGTH CHARGES

That Strength Charges are applicable to all discharges to the Brine Line, via pipeline or hauled by truck, for excessive Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS). The rates are as follows:

<u>QUANTITY</u>	<u>RATE</u>
BOD	\$307.00 per 1,000 pounds (dry weight)
TSS	\$429.00 per 1,000 pounds (dry weight)

Strength charges for the Brine Line discharges are calculated from the average of all the samples collected during the calendar month and invoiced on a monthly basis. If there is no sample data for a given month, strength charges for that month shall be determined by using the average of all available data within the billing quarter.

(E) AGENCY ADMINISTRATIVE CHARGES

Agency Administrative Charges of 50% shall be added to the charges of Section 2(A), 2(C), and 2(D).

(F) RECYCLED WATER USAGE CREDIT FOR BRINE LINE

This program is for recycled water (RW) Users and shall end when funding is exhausted or not later than June 30, 2024, whichever comes first. New Users who qualify for this program shall be given the recycled water credit in effect at the time of connection to the recycled water system.

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Recycled Water Users, including contracting agencies, shall be given a monetary credit based on the actual amount of RW used. The RW credit shall start at 50% of the IEUA's FY 2014/15 recycled water direct sale rate, and shall decline at 5% intervals per year through FY 2023/2024.

For FY 2017/18, the Recycled Water Usage Credit is \$311.51 per million gallons of recycled water used.

(G) Other Charges

IEUA will pass on any other charges from SAWPA invoiced to the Agency to dischargers to the Brine Line, such as, but not limited to, flow and strength imbalance charges, permit, inspection, analytical fees, etc.

Section 3. For trucked discharges to the Brine Line, the wastewater discharge rate shall be based on the applicable Tiered Schedule as established by the higher concentration value for BOD or TSS. The Brine Line Tiered Rate Schedule for Trucks is shown in Table 1.

Table 1 – Brine Line Tiered Rate Schedule for Trucks

Tiered Schedule	BOD or TSS Concentration	Total Volumetric Charge Up to 5,000 gallon	Incremental Charge above 5,000 gallons, \$ per one (1) gallon	BOD Charges	TSS Charges
Brine	Less than 100 mg/L	\$269.74	\$0.012		
Tier 1 (Non-Brine)	100 to 999 mg/L	\$294.74	\$0.017		
Tier 2 (Non-Brine)	1,000 to 2,499 mg/L	\$384.74	\$0.035		
Tier 3 (Non-Brine)	2,500 mg/L and higher	\$224.24	\$0.0029	\$0.729 per pound of BOD	\$0.695 per pound of TSS
				Tier 3 minimum charge shall be no less than Tier 2 rate of \$384.74	

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Section 4. That Application fees for a Capacity Right Agreement shall be: \$ 233.00

Section 5. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators who discharge directly through pipeline connection to the Brine Line shall be:

Initial Wastewater Discharge Permit Application Fees (Ownership Change with Process Changes included):

Categorical Industrial User	\$4,078.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$2,971.00
Non-Categorical, Non-Significant Industrial User	\$2,447.00

Permit Renewal Fees:

Categorical Industrial User	\$3,029.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 6. That Initial Wastewater Discharge Permit Application, Ownership Change with Process Changes, and Permit Renewal fees for wastewater generators whose wastewater is hauled away, i.e., by a wastewater trucking company, and discharged into the Brine Line shall be:

Initial Wastewater Discharge Permit Application Fees:

Categorical Industrial User	\$2,563.00
with Combined Waste Stream Formula, add	\$990.00
with Production Based Standards, add	\$524.00
with Multiple Categories, add	\$1,981.00
Non-Categorical, Significant Industrial User	\$1,515.00
Non-Categorical, Non-Significant Industrial User	\$990.00

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IEBL Rates
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Permit Renewal Fees:

Categorical Industrial User	\$2,097.00
with Combined Waste Stream Formula, add	\$524.00
with Production Based Standards, add	\$291.00
with Multiple Categories, add	\$990.00
Non-Categorical, Significant Industrial User	\$757.00
Non-Categorical, Non-Significant Industrial User	\$524.00

Section 7. That initial Wastewater Hauler Permit application and Permit Renewal fees for the Brine Line shall be:

Initial Permit Application for Wastewater Hauler	\$233.00
Permit Renewal for Wastewater Hauler	\$117.00

Brine Line Liquid Waste Hauler Permit Application and Permit Renewal are processed and administered by Santa Ana Watershed Project Authority (SAWPA).

Section 8. That Permit Revision or Facility Expansion fees shall be: \$1,515.00

Permit Revisions shall be required if the modification affects the quantity/quality of the wastewater discharge to deviate from the conditions in the current permit by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, etc.

Section 9. That Permit Addendum fees shall be: \$757.00

That for change of business name with no process changes shall be: \$233.00

Permit Addendum shall be required if the addition or modification does not affect the existing wastewater quantity/quality by more than 25%. Such additions or modifications include, but are not limited to, the following: Maintenance, Monitoring, Change of Discharge Limits, Addition of Control Equipment, Ownership Change without Process Changes, etc.

Resolution No. 2017-6-4
IEBL Rates
Page 6 of 7

Section 10. Toxic Organic Management Plan (TOMP) Processing No Charge

Section 11. Miscellaneous processing fees that do not fall under any of the above sections shall be charged based on time and material of staff(s) evaluating such process using adopted labor rates for the current fiscal year.

Section 12. That all provisions of the Brine Line Ordinance and any amendments thereto are hereby applicable and will remain in full force and effect.

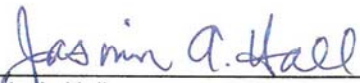
Section 13. That upon the effective date of this Resolution, the Resolution No. 2016-6-1 pertaining to the Inland Empire Brine Line (also known as South NRWS) is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.



Steven J. Elie
President of the Inland Empire Utilities Agency* and of the Board of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire Utilities Agency* and of the Board of Directors thereof

*A Municipal Water District

RESOLUTION NO. 2017-6-5

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY
ANALYSES FOR FISCAL YEAR 2017/18**

WHEREAS, The Agency occasionally enters into agreements with other local governmental agencies to perform laboratory analyses; and

WHEREAS, the most efficient and practical method of charging for this work is through the establishment of a price for each analysis.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, that, effective July 1, 2017, the single item prices for laboratory analyses are as shown on Exhibit 1 attached hereto.


Upon the effective date of this Resolution, Resolution No. 2016-6-5 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.



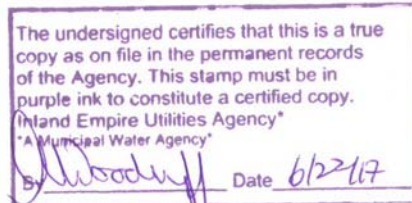
Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District



Resolution No. 2017-6-5
Laboratory Fees
Page 3 of 3

**INLAND EMPIRE UTILITIES AGENCY
LABORATORY PRICES - FISCAL YEAR 2017/18**

Inorganic Chemistry		
Test	Method	Price
Alkalinity, Total	SM 2320B	\$14.80
Ammonia as Nitrogen	EPA 350.1	\$14.80
Anion Sum	SM 1050	\$2.20
BOD, Soluble	SM 5210	\$43.70
BOD, Total	SM 5210	\$38.30
Bromide	EPA 300.0	\$11.00
Cation Sum	SM 1050	\$2.20
Chloride	EPA 300.0	\$9.00
Chlorine Residual	SM 4500-Cl G	\$16.40
COD	SM 5220D	\$32.80
Color	SM 2120B	\$5.00
Conductivity	SM 2510	\$8.80
Corrosivity	SM 2330B	\$40.50
<i>If Alkalinity, Ca, EC, or pH are requested on the sample, Corrosivity cost is reduced by their respective prices.</i>		
Cyanide, Available	EPA OIA-1677	\$40.00
Cyanide, Free	ASTM D7237	\$27.40
Cyanide, Total	ASTM D7284	\$29.50
Dissolved Organic Carbon	SM 5310B	\$39.30
Dissolved Organic Carbon	SM 5310C	\$32.80
Dissolved Oxygen	EPA 360.1	\$12.10
Fluoride	EPA 300.0	\$9.30
Fluoride	SM 4500-F C	\$16.40
Hardness, Total (Calculation)	EPA 200.7	\$21.20
<i>Calculation is reduced by their respective prices.</i>		
Hardness, Total	SM 2340C	\$18.10
Mercury	EPA 245.2	\$39.30
Metals Digestion (liquid)		\$16.40
Metals Digestion (solid)		\$43.60
Metals by ICP	EPA 200.7	\$9.80
Metals by ICP/MS	EPA 200.8	\$9.80
Nitrate as Nitrogen	EPA 300.0	\$9.00
Nitrite as Nitrogen	EPA 300.0	\$9.00
Nitrogen, Organic	Various	\$71.00
Oil & Grease, Polar (FOG)	EPA1664B	\$62.30
Oil & Grease, Non-polar	EPA1664B	\$32.80
Oil & Grease, Total	EPA1664B	\$29.50
pH	SM 4500-H+ B	\$5.00
Phosphorus, Ortho	EPA 300.0	\$9.00
Phosphorus, Total	EPA 200.7	\$10.00

Inorganic Chemistry		
Test	Method	Price
Silica	EPA 200.7	\$9.90
Sulfate	EPA 300.0	\$9.00
Sulfide, Dissolved	SM 4500-S D	\$21.90
Sulfide, Total	SM 4500-S D	\$18.10
Surfactants (MBAS)	SM 5540C	\$49.00
TDS	SM 2540C	\$14.80
TDS, Fixed/Volatile	SM 2540E	\$21.90
TKN	EPA 351.2	\$59.00
TOC	SM 5310B	\$32.80
TOC	SM 5310C	\$24.60
Total Solids	SM 2540B	\$11.00
TSS	SM 2540D	\$14.80
Turbidity	EPA 180.1	\$8.80
Uranium pCi/L	EPA 200.8	\$27.30
Volatile Solids	SM 2540E	\$16.40
Volatile Suspended Solids	SM 2540E	\$21.90

Bioassay/Microbiology		
Test	Method	Price
Bioassay, C.Dubia, Chronic	EPA 1002	\$1,081.50
Coliform, Fecal	SM 9221E	\$24.60
Coliform, Total (10 Tube)	SM 9221B	\$21.90
Coliform, Total (15 Tube)	SM 9221B	\$24.60
Heterotrophic Plate Count	SM 9215B	\$19.70

Organic Chemistry		
Test	Method	Price
Acrolein & Acrylonitrile	EPA 624	\$147.40
MTBE	EPA 524.2	\$122.80
Pesticides	EPA 608	\$240.20
Pesticides w/ PCBs	EPA 608	\$305.70
PCBs	EPA 608	\$240.20
Semi-Volatiles (Short list DW)	EPA 525	\$322.10
Semi-Volatiles (Acid Extractables)	EPA 625	\$245.70
Semi-Volatiles (Base/Neutrals)	EPA 625	\$245.70
Semi-Volatiles (BNA)	EPA 625	\$354.90
Tert-Butyl Alcohol (TBA)	EPA 524.2 MOD	\$147.40
Thiobencarb	EPA 525	\$294.70
Volatiles, DW	EPA 524.2	\$147.40
Volatiles, WW	EPA 624	\$163.80

APPENDICES

RESOLUTION NO. 2017-6-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR FISCAL YEAR 2017/2018.

WHEREAS, the Board of Directors of Inland Empire Utilities Agency* is required by Agency Ordinance No. 28, Section 3, to establish, from time to time, rates for rental of maintenance and construction equipment.

NOW, THEREFORE, the Board of Directors hereby RESOLVES, DETERMINES AND ORDERS, pursuant to Ordinance No. 28, that the rates for equipment rental are as shown in Exhibit 1 attached hereto and are effective July 1, 2017.


Upon the effective date of this Resolution, Resolution No. 2016-6-6 is hereby rescinded in its entirety.

ADOPTED this 21st day of June, 2017.



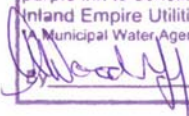
Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof

ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

*a Municipal Water District

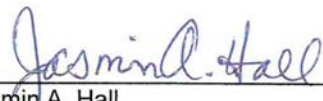
The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
a Municipal Water Agency*
 Date 6/22/17

Resolution No. 2017-6-8
Equipment Rental
Page 2 of 3

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-8 was adopted at a regular
meeting on June 21, 2017, of said Agency* by the following vote:

AYES: Hall, Hofer, Parker, Elie
NOES: None
ABSTAIN: None
ABSENT: Camacho



Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)

* A Municipal Water District

APPENDICES

Resolution No. 2017-6-8
Equipment Rental
Page 3 of 3

EXHIBIT 1

INLAND EMPIRE UTILITIES AGENCY* MAINTENANCE EQUIPMENT RENTAL RATES FISCAL YEAR 2017/18

GOVERNMENTAL AGENCIES WITHIN IEUA SERVICE BOUNDARIES

		RATE IN FORCE
CCTV Camera Equipment Truck		
With one operator	per hour portal-to-portal	92.78
With two operators	per hour portal-to-portal	161.07
Jetter Vactor		
With one operator	per hour portal-to-portal	85.53
With two operators	per hour portal-to-portal	153.82
Gap Vactor Truck		
With one operator	per hour portal-to-portal	102.30
With two operators	per hour portal-to-portal	170.59
Safety Van		
With one operator	per hour portal-to-portal	69.47
With two operators	per hour portal-to-portal	133.66
Water Truck		
With one operator	per hour portal-to-portal	76.22
With two operators	per hour portal-to-portal	144.51

RESOLUTION NO. 2017-6-9

RESOLUTION OF THE BOARD OF DIRECTORS OF INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, ESTABLISHING APPROPRIATION LIMITS FOR
FISCAL YEAR 2017/18

WHEREAS, on November 6, 1979, Proposition 4 on the ballot for the Special Election added Article XIII B to the Constitution, effective July 1, 1980, placing various limits on the fiscal powers of state and local governments;

WHEREAS, implementing legislation, Chapter 1205 Statutes of 1980 (SB 1352) became effective January 1, 1981, wherein the appropriation may increase each year by an amount equal to the percentage change in population from January to January each year and the lower of two price changes, i.e., either the U.S. March to March Consumer Price Index (CPI), or the fourth quarter per Capita Personal Income Index;

WHEREAS, Article XIII B and its implementing legislation were modified by Proposition 111 and SB88 (Chapter 60/90) to establish new annual adjustment factors beginning with the 1990/91 Appropriation Limits;

WHEREAS, Inland Empire Utilities Agency*, as a local government, is required under Article XIII B to annually establish an appropriation limit for the following fiscal year;

WHEREAS, Resolution No. 81-6-7 was adopted on June 24, 1981, setting forth definitions, declarations, findings, and determinations concerning the applicability of Article XIII B to the individual funds of the Agency;

WHEREAS, those definitions, declarations, findings, and determinations are modified as specifically provided herein;

WHEREAS, it is Inland Empire Utilities Agency's* intent to establish this year's Appropriation Limits, following the California League of Cities Uniform Guidelines dated March, 1991; and

WHEREAS, except for data on non-residential assessed valuation due to new construction (since 1986/87), data concerning per capita personal income and population changes necessary for determining the Fiscal Year 2017/18 Appropriation Limits are now available.

NOW, THEREFORE, the Inland Empire Utilities Agency* does hereby RESOLVE and DETERMINE as follows:

Section 1. The Board of Directors has determined to select the State of California Per Capita Personal Income as its inflation adjustment factor, in the absence of up-to-date data on non-residential assessed valuation. The Board reserves the right to change its selection of the inflation adjustment factor once the assessment data are available.

Section 2. The Board has determined to select the San Bernardino County's population growth (since 1986/87) as its population adjustment factor.

APPENDICES

Resolution No. 2017-6-9
Page 2 of 5

Section 3. Appropriation Limits. That pursuant to Section 7910 of the Government Code, the Board of Directors does hereby establish the following Appropriation Limits for Fiscal Year 2017/18 is \$178,006,894.

Section 4. Publication. Pursuant to Government Code Section 37200 the Appropriation Limits and the Total Appropriation Subject to Limitation will be published in the annual budget.

Section 5. Filing. That after a 45-day period to allow for public review and comment, the Board Secretary is hereby authorized and directed to file a certified copy of this Resolution with the State Auditor Controller.

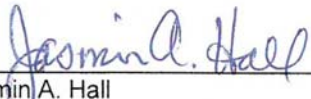
Section 6. That upon adoption of this Resolution, Resolution No. 2016-6-8 is hereby rescinded in its entirety.

Adopted this 21st day of June, 2017



Steven J. Elie
President of the Inland Empire Utilities Agency*
and of the Board of Directors thereof


ATTEST:



Jasmin A. Hall
Secretary/ Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)

*A Municipal Water District

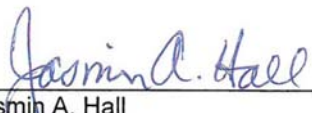
The undersigned certifies that this is a true copy as on file in the permanent records of the Agency. This stamp must be in purple ink to constitute a certified copy.
Inland Empire Utilities Agency*
A Municipal Water Agency*
By  Date 6/21/17

Resolution No. 2017-6-9
Page 3 of 5

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Jasmin A. Hall, Secretary/Treasurer of the Inland Empire Utilities Agency*, DO HEREBY CERTIFY that the foregoing Resolution being No. 2017-6-9, was adopted at a regular meeting on June 21, 2017, of said Agency by the following vote:

AYES: Hall, Hofer, Parker, Elie
NOES: None
ABSTAIN: None
ABSENT: Camacho



Jasmin A. Hall
Secretary/Treasurer of the Inland Empire
Utilities Agency* and of the Board of
Directors thereof

(SEAL)

* A Municipal Water District

APPENDICES

Resolution No. 2017-6-9
Page 4 of 5

EXHIBIT I

APPROPRIATION LIMIT

Article XIII B of the California State Constitution, more commonly referred to as the GANN Initiative or GANN Limit, was adopted by California voters in 1980 and placed limits on the amount of taxes that state and local governmental agencies can receive and appropriate (authorize to spend) each year.

The limit is different for each agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in Fiscal Year (FY) 1978-1979 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 was passed by the State's voters in June 1990. This legislation made changes to the manner in which the Appropriation Limit is to be calculated.

The annual adjustment factors for inflation and population have been changed. Instead of using the lesser of the State of California per capita income or U.S. CPI, each agency may choose either the growth in the State of California per capita income or the growth in assessed valuation due to new non-residential construction within the agency service area. For population, each agency may choose to use the population growth within its county instead of using only the population growth of an agency's service area. These are both annual elections.

An agency which exceeds the limit in any one year may choose to not give a tax refund if they fall below the limit in the next fiscal year. They then have two more years to refund any remaining excess or to obtain a successful override vote. In certain situation, proceeds of taxes may be spent on emergencies without having to reduce the limit in the future years. Each agency must now conduct a review of its Appropriation Limit during its annual financial audits.

The legislation also requires a governing body to annually adopt, by resolution, an appropriations limit for the following year, along with a recorded vote regarding which of the annual adjustment factors have been selected. The Inland Empire Utility Agency's appropriation limit and annual adjustment factors are adopted at the same meeting as the budget. The two factors used for the Fiscal Year 2017/18 are the change in the State of California per capita personal income and the change in the San Bernardino County population.

The following table shows the annual appropriations limit and the proceeds from taxes for the last five years and for FY 2017/18. The change in the limit is based upon population change of 1.01% within the county and a per capita personal income change of 3.69%, as provided by the State Department of Finance.

Fiscal Year	Annual Appropriations Limit	Proceeds of Taxes (Appropriations)
2012/13	\$140,911,109	\$ 32,607,254
2013/14	\$149,385,503	\$ 33,351,677
2014/15	\$150,204,136	\$ 40,203,474
2015/16	\$159,570,580	\$ 41,156,629
2016/17	\$169,703,311	\$ 44,704,800
2017/18	\$178,006,894	\$ 46,046,000

Since the implementation of this legislation (effective 1981 then modified in 1990), Inland Empire Utilities Agency has annually established and adopted an appropriation limit and has been in compliance.

EXHIBIT II

INLAND EMPIRE UTILITIES AGENCY
Proposed Budget Fiscal Year 2017/18
Appropriations Limit Calculation

	Agency Total
2016/17 Appropriations Limit	\$169,703,311
2017/18 Change in Per Capital Personal income 1.03690	
2017/18 Change in Population 1.01160	
Ratio of Change (1.03690 x 1.01160)	1.04893
2017/18 APPROPRIATIONS LIMIT	\$178,006,894
	Agency Total
Total Expenses	\$145,170,074
Net Change in Capital Outlay	69,150,198
Debt Service	<u>22,043,492</u>
Subtotal of Appropriations	\$236,363,764
Increase/(Decrease) in Working Capital Reserves	<u>(12,736,040)</u>
Total Appropriations	\$223,627,724
Less: Non-Tax Proceeds	<u>(177,581,724)</u>
APPROPRIATIONS SUBJECT TO LIMITATION	\$46,046,000

Wineville Extension, Segment B



Valve Station at RP-3

GLOSSARY OF GENERAL TERMS

A

ADOPTED BUDGET – The IEUA Board approves the plan for the Agency’s operations, which includes an estimate of expenditures and revenues for a given fiscal year.

ACRE-FOOT (AF) – A unit of measurement equivalent to 325,900 gallons of water, which meets the need of two average families in and around the home for one year.

ACCRUAL BASIS ACCOUNTING – Under this accounting method, transactions are recognized when occurred, regardless of the timing of related cash receipts and disbursements.

AD VALOREM TAX – A levy upon the assessed valuation of property from the 1% rate and voter approved debt.

ADMINISTRATIVE SERVICES FUND – Serves as the Agency’s general fund. Accounts for Agency-wide goods and services such as employment, landscaping and janitorial expense.

AERATED STATIC PILE (ASP) – A composting method that processes 150,000 wet tons of biosolids into high-quality compost annually.

THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – The American Recover and Reinvestment Act (ARRA) of 2009 is a stimulus bill that was signed into law by President Barack Obama on February 17, 2009, which will provide approximately \$787 billion of funding to both state and local governments, sub-allocated by the states. Many of the funds will be distributed only for “shovel ready” projects and must be obligated within a specific time period. In addition, the ARRA sets forth some other broad requirements. First, no funds may be allocated for zoos, aquariums, golf courses, swimming pools, or casinos. Second, contractors and subcontractors working on projects funded by the ARRA must be paid the prevailing wage rate, as set forth in the Davis Bacon Act. Finally, the new law requires that a preference be given to American-made goods in construction and infrastructure projects financed by the Act.

APPROPRIATION – A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

ASSET – A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

ASSET MANAGEMENT – Asset management is a strategic, comprehensive approach that involves systematic data collection and the analysis to provide IEUA with a framework for making sound decisions each fiscal year. Asset managers must make decisions on when and how to inspect, maintain, repair, renew, and replace a diverse set of existing equipment in a cost-effective manner.

GLOSSARY OF GENERAL TERMS

A

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) – ACWA was founded in 1910, representing and providing key services to members has been ACWAs most important charge. From legislation, to regulatory activity, to broad policy issues, ACWA is on the front lines in Sacramento and in Washington, D.C. as a constant and respected advocate for California’s public water agencies. ACWAs involvement at the state and federal level has helped shape laws and policies that affect ACWA member agencies and their constituents.

B

BIENNIAL BUDGET - the practice of preparing and adopting budgets for two-year periods.

BIOSOLIDS RECYCLING – Removal of sludge from treatment plants for composting.

BOND – A written promise to pay a specified sum of money (called principal or face value), at a specified date or dates in the future (called maturity date(s)) along with periodic interest paid at a specified interest rate.

BOND COVENANT – A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution, or indenture. (Example: pledged revenues).

BUDGET – A plan of financial operation embodying an estimate of proposed expenditures for a given period, and the proposed means of financing them. Used without any modifier, the term usually indicated a financial plan for a single fiscal year.

BUDGETARY CONTROL – The control or management of a government in accordance with an approved budget to keep expenses within the limitations of available appropriations and available revenues.

BUDGET CALENDAR – The schedule of key dates, which the Agency follows in the preparation and adoption of the budget.

BUDGET DOCUMENT – The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating governing body.

BUDGET MESSAGE – A written explanation by the General Manager of the proposed budget. The budget message explains principal budget and policy issues and presents an overview of the General Manager’s budget recommendations.

GLOSSARY OF GENERAL TERMS

C

CalPERS – California Public Employees Retirement System. An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

CALIFORNIA ASSOCIATION OF SANITATION DISTRICTS (CASA) – CASA is a non-profit organization whose members are public agencies involved in wastewater collection, treatment, and disposal.

CALIFORNIA URBAN WATER CONSERVATION COUNCIL (CUWCC) – The CUWCC was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.

CAPITAL CAPACITY REIMBURSEMENT ACCOUNT (CCRA) – Accounts that are established and maintained by the contracting agencies, to which connection fees are deposited or credited, pursuant to the Regional Sewage Service Contract.

CAPITAL OUTLAY – Expenditures resulting in the acquisition of or addition to fixed assets having a useful life greater than one year.

CAPITAL PROJECT – Major construction, acquisition, or renovation which increases the useful life and value of the asset. It also includes non-routine capital expenditures (maintenance and repair) greater than or equal to \$5,000 which extends the asset's estimated useful life and capabilities. It is also sometimes referred to as capital expenditure.

CAPITAL IMPROVEMENT FUND – A fund used to account for costs incurred in acquisition, construction, and expansion of major capital facilities. It also includes expenditures for meeting the debt service obligations and the associated administrative costs.

CHINO BASIN – An area which is underlain by the Chino and Cucamonga groundwater basins and portions of the Claremont Heights groundwater basins within San Bernardino County.

CHINO BASIN DESALTER AUTHORITY (CDA) – A joint power authority (JPA) formed in September 2001, which is comprised of the cities of Chino, Chino Hills, Ontario, Norco, the Jurupa Community Services District, the Santa Ana River Water Company, and Inland Empire Utilities Agency (IEUA). IEUA serves as a non-voting member and operates the Chino Desalter I facility, as well as grant administration functions for the JPA. Its main purpose is to manage the production, treatment, and distribution of water produced by the desalination facilities.

GLOSSARY OF GENERAL TERMS

C

CHINO BASIN WATER BANK (CBWB) - IEUA entered a cost-sharing letter agreement between IEUA, the Cucamonga Valley Water District, the City of Ontario, and Monte Vista Water District (CBWB Parties) in August 2016 to fund the initial steps in the formation of the Chino Basin Water Bank (CBWB). The CBWB's primary objective is to coordinate the development of groundwater storage within the Chino Basin. The agreement is consistent with the Agency's Business Goal of increasing Water Reliability by meeting the region's need to develop reliable, drought-proof and diverse local water resources to reduce dependence on imported water supplies.

CHINO BASIN WATER CONSERVATION DISTRICT (CBWCD) - An agency whose goal is the protection of the Chino Basin in order to guarantee that current and future water needs will be met. The agency's service area includes the cities of Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga, and Upland.

CHINO BASIN WATERMASTER (CBWM) - A court created entity to account for and implement the management of the Chino Basin. Water rights in the Chino Basin are allotted amongst three pools of Chino Basin Water users: agricultural users (AG), industrial users (non-AG), and water municipalities (appropriative pool).

CLEAN WATER ACT (CWA) - is the primary federal law in the United States governing water pollution. Its objective is to restore and maintain the chemical, physical, and biological integrity of the nation's waters by preventing point and nonpoint pollution sources, providing assistance to publicly owned treatment works for the improvement of wastewater treatment, and maintaining the integrity of wetlands.

CLEAN WATER STATE REVOLVING FUND - Established in 1987 by the Clean Water Act, part of the United States Environmental Protection Agency's Office of Wastewater Management.

CALIFORNIA CLEAN WATER STATE REVOLVING FUND (CWSRF) - Overseen by the State Water Resources Control Board, the fund serves to finance "construction ready" water and wastewater infrastructure projects.

COMPOST - A product resulting from the decomposition and sanitation of organic materials through processes that involve the reactions between controlled aerobic conditions (that require oxygen), temperature, moisture, microbial activity, and time. In this process, microbes (microorganisms which usually include types of bacteria and fungi) break down organic materials into smaller, more usable substances.

COLA - Cost of living adjustments to employee wages.

CONJUNCTIVE USE - The planned use of groundwater in conjunction with surface water in overall management to optimize total water resources.

CONTINGENCY - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

GLOSSARY OF GENERAL TERMS

C

CONTRACTING AGENCIES – Any sewage collection agency located, in whole or in part, within the boundaries of IEUA, which has entered into a service contract with IEUA. The current contracting agencies with IEUA include the Cities of Chino, Chino Hills, Upland, Montclair, Ontario, Fontana, and Cucamonga Valley Water Districts as part of the Regional Sewage Service contract.

COST CONTAINMENT STRATEGY – An action plan to identify sustainable cost reduction opportunities across the Agency by major expense categories and capital expenditures. Progress is monitored and reported as part of the budget to actual variance process.

D

DEBT SERVICE – Payment of current year portion of interest and principal costs incurred on long-term debt issued by the Agency.

DEPARTMENT – A basic organizational unit of government dealing with a specific subject. A department may be grouped into divisions, programs, activity groups, and/or activities. Also referred to as Business Area.

DEPARTMENT OF WATER RESOURCES (DWR) – DWR operates and maintains the State Water Project, including the California Aqueduct. The department also provides dam safety and flood control services, assists local water districts in water management and conservation activities, promotes recreational opportunities, and plans for future statewide water needs.

DISASTER RECOVERY PLAN – A written plan that describes how to recover systems and/or services in the event of a disaster.

E

EFFLUENT – Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

ENERGY MANAGEMENT PLAN -The Agency's the Energy Management Plan (EMP) was adopted by the Board of Directors in March 2017. Primarily it is to benchmark the Agency's current energy performance and greenhouse gas emissions baseline, forecast future demands, and explore measures for a reliable and sustainable energy infrastructure to achieve the objectives set forth in IEUA's Business Goals. The major initiatives included in the EMP are peak power independence, grid interdependence, organics diversion, and carbon neutrality.

EQUIVALENT DWELLING UNIT (EDU) – EDU is a numerical value designation where 1 EDU represents the sewage flow from a single family residential household and is measured as 270 gallons per day of sewage discharge pursuant to the Regional Sewage Service Contract.

GLOSSARY OF GENERAL TERMS

E

EXPENSES – Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charged presumed to benefit the current fiscal period.

F

FISCAL YEAR – A 12-month period to which the annual operating budget applies and at the end of which an entity determines its financial position and the results of its operation. Inland Empire Utilities Agency operates on a fiscal year from July 1, through June 30.

FISCAL CONTROL ORDINANCE – Provide a system of financial administration, accounting, and fiscal and budgetary control which conforms to generally accepted accounting principles and practices.

FULL TIME EQUIVALENT (FTE) – The conversion of a part-time, temporary, or volunteer position to a decimal equivalent of a full-time position based on an annual amount of 2,080 hours worked.

FUND – A fiscal and accounting entity with a self-balancing set of accounts in which assets are recorded and segregated to carry on specific activities.

FUND BALANCE - used to describe the net position of the Agency's funds calculated in accordance with generally accepted accounting principles (GAAP). The Agency has historically maintained fund balance reserves to ensure sufficient funding is available to meet its operating, capital and debt service obligations, comply with legally mandated requirements, and have the ability to respond to unforeseen events. Fund balance are designated for specific purposes, as defined in the Agency's Reserve Policy.

FUND TRANSFER – Fund transfer required to maintain a given level of fund balance in accordance with Board policies and bond covenants.

G

GASB 34 – Statement No. 34 issued by the Governmental Accounting Standards Board (GASB) that was implemented by the Commission in FY 2001/02. GASB 34 established new financial standards for state and local governments. Under the new financial reporting model, governmental financial statements include basic financial statements that present both government-wide and fund financial statements and require supplementary information, including Management's Discussion and Analysis.

GASB 45 – This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GLOSSARY OF GENERAL TERMS

G

GASB 68 - The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

GASB 67 - The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – Minimum standards and guidelines for financial accounting and reporting. GAAP encompasses the conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The GASB is the primary authoritative accounting and financial reporting standard-setting body on the application of GAAP to state and local governments.

GOALS AND OBJECTIVES – Specific projects and programs to be undertaken utilizing allocated financial resources, and are designed to further the achievement of the Agency’s vision, mission, and IEUA Business Goals.

GRANTS MANAGEMENT – The management of contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

GROUNDWATER – Water that occurs beneath the land surface and fills partially or wholly pore spaces of the alluvium, soil, or rock formation in which it is situated. It does not include water which is being produced with oil in the production of oil and gas or in a bona fide mining operation.

GROUNDWATER BASIN – A groundwater reservoir defined by the entire overlying land surface and the underlying aquifers that contain water stored in the reservoir. Boundaries of successively deeper aquifers may differ and make it difficult to define the limits of the basin.

GROUNDWATER RECHARGE - The action of increasing groundwater storage by natural conditions or by human activity.

GLOSSARY OF GENERAL TERMS

I

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA) – A joint power authority (JPA) established by IEUA and the Sanitation District of Los Angeles County (SDLAC) in February 2002 for recycling biosolids.

INLAND EMPIRE REGIONAL COMPOSTING FACILITY (IERCF) – A fully enclosed, nuisance and odor free composting facility owned by the IERCA, for processing and recycling biosolids, which is located in Rancho Cucamonga, California.

INTEREST – Revenue derived from the investment of idle cash and/or reserves.

INTEREST RATE SWAP – A contractual agreement between two parties who agree to exchange (swap) certain cash flows for a defined period of time. The swap is designed to generate a new change in the interest rate cash flow related to an asset or liability, but neither impacts the principal of that asset or liability nor results in the creation of any new principal.

INTER-FUND LOAN – Loan between Agency program funds to support a shortfall in debt service, operating, and/or capital requirements, and the establishment of a promissory note between the borrower and lender, providing payment terms and a repayment timeline. This transaction requires approval by the Agency Board.

INSTITUTE OF INTERNAL AUDITORS (IIA) – Established in 1941 as an international professional association and recognized as the internal audit profession's leader in certification, education, and technical guidance.

INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP) – The Integrated Regional Water Management planning process is a local water management approach preferred by the Governor, the State Department of Water Resources, and the State Water Resources Control Board. It is aimed at securing long-term water supply reliability within California by first recognizing the inter-connectivity of water supplies and the environment and then pursuing projects yielding multiple benefits for water supplies, water quality, and natural resources.

L

LEAN – A production practice that considers the expenditure of resources for any goal other than the creation of value for the end customer to be wasteful, and thus a target for elimination.

LIABILITY – Probable future sacrifice of economic benefits, arising from present obligation of a particular entity to transfer assets or provide service to other entities in the future as a result of a past transaction or event.

LONG RANGE PLAN OF FINANCE – A report that summarizes the results of a comprehensive financial planning model built to provide a clear funding strategy for the Agency to meet capital and operating requirements.

GLOSSARY OF GENERAL TERMS

M

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA (MWD) – MWD is one of the world’s largest water agencies. It imports almost 60 percent of the water used by more than 15 million people in urban Southern California. MWD wholesales water to its 27 member agencies, including IEUA. Metropolitan is governed by a 51-member Board of Director’s representing its member agencies.

METER EQUIVALENT UNIT (MEU) – a measurement expressed in terms of a ratio of rated meter capacity for each meter size relative to the size of a standard residential meter.

MILLION GALLONS PER DAY (MGD) – MGD is the term used to represent million gallons per day of sewage discharged to IEUA wastewater treatment facilities.

MUNICIPAL STORM WATER SEWER SYSTEM (MS4) – An MS4 is a conveyance or system of conveyance that is; Owned by a state, city, town, village, or other public entity that discharges to waters of the U.S.; Designed or used to collect or convey storm water (including storm drains, pipes, ditches, etc.); Not a combined sewer; and Not part of a Publicly Owned Treatment Works (sewage treatment plant).

N

NO DRUGS DOWN THE DRAIN (NDDD) – Program to discourage residents from flushing expired drugs.

NON-RECLAIMABLE WASTEWATER – Any wastewater and any water borne solid, liquid, or gaseous wastes resulting from any producing, manufacturing, or processing operation of whatever nature as defined by federal, state, or regional agencies authorized by law to prescribe quality standards for the discharge of sewage effluent and industrial waste effluent within the Chino Basin.

NON-RECLAIMABLE WASTEWATER PROGRAM – The activities of the NRW System, which is owned and operated by the Agency and provides for the export of high-salinity and industrial wastewater generated within the Agency’s service area to the Pacific Ocean.

O

ONE WATER ON WATERSHED PROGRAM (OWOW) – A new and innovative planning process being developed within the Santa Ana Watershed. Through collaborative strategic partnerships and buildings upon the successful watershed planning in the past, the next generation of integrated regional watershed planning is under development to solve problems on a regional scale and give all water interests a voice in the planning process.

OPERATION AND MAINTENANCE BUDGET (OPERATING BUDGET) – Plans of current expenses and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled.

OPERATING EXPENSES – Proprietary fund expenses related directly to the fund’s primary activities.

GLOSSARY OF GENERAL TERMS

O

OPTIMUM BASIN MANAGEMENT PLAN (OBMP) – A comprehensive plan to increase artificial groundwater recharge within Chino Basin using storm water, recycled water, and imported water.

ORANGE COUNTY SANITATION DISTRICT (OCS D) – A public agency located in Fountain Valley, Orange County providing wastewater treatment services for 21 cities and 3 sanitation districts in the Orange County.

ORDINANCE – A law set forth by a governmental or legislative body.

ORGANICS MANAGEMENT PROGRAM – The activities for processing treated water, methane gas, and biosolids into useable, marketable products, i.e.: recycled water, renewable energy, and high-quality compost.

P

PAY-AS-YOU-GO (PAYGO) – The practice of funding construction expenditures from current revenue or existing revenue in lieu of using debt proceeds.

PEACE II – Approved by the Court on December 2007 as part of the Chino Basin Watermaster’s Optimum Basin Management Plan (OBMP) and provides for the “re-operation” and attainment of “hydraulic control” in the groundwater basins.

PROGRAM - Group activities, operations, or organizational units directed to attaining specific purposes or objectives.

PROGRAM BUDGET – A budget wherein expenses are based primarily on the functions or activities of a government rather than based on specific items of cost, or specific departments.

PROPOSITION 1A – The proposition is intended to protect revenues collected by local governments from being transferred to the California state government for statewide use. The provisions may be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature approves the suspension.

PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS) – An autonomous instrumentality of the State established to oversee public employer and employee retirement contributions.

PUBLICLY OWNED TREATMENT WORKS (POTWs) – Members of the Southern California Alliance of Publicly Owned Treatment Works (SCAP). See SCAP definition.

Q

QUALITY IMPROVEMENT PROGRAM – Identify high impact or recurring issues and develop corrective action plans.

GLOSSARY OF GENERAL TERMS

R

READINESS-TO-SERVE (RTS) CHARGE – A Metropolitan Water District charge to its member agencies. The charge is designated to provide firm revenue for the MWD’s capital improvement program (CIP) and debt service to meet the reliability and quality needs of existing users.

READINESS TO SERVE TEN YEAR ROLLING AVERAGE (RTS TYRA) - A pass through charge to the local member agencies (Cucamonga Valley Water District, Fontana Water Company and Water Facilities Authority), to recover their share of total RTS charge imposed by MWD and phased-in over a period of seven (7) years, effective October 1, 2016.

RECHARGE – The physical process where water naturally percolates or sinks into a groundwater basin.

RECHARGE BASIN – A surface facility, often a large pond, used to increase the infiltration of surface water into a groundwater basin.

RECHARGE WATER PROGRAM – The activities for development of increased recharge capacity within the Chino Basin region using storm water, recycled water, and imported water.

RECYCLED WATER – Effluent that goes through a process or method for altering its quality to standards superior to those prescribed for treatment.

RECYCLED WATER BUSINESS PLAN (RWBP) – Developed to accelerate the implementation of the 2005 Regional Recycled Water Implementation Plan with a goal of increasing the demand for recycled water connections to 50,000-acre foot per year (AFY).

RECYCLED WATER PROGRAM – The activities for the use of recycled water to meet Southern California’s water demand. Recycled water is a proven technology and implementing its use will provide a more dependable local supply of water, as well as, reduce the likelihood of water rationing during droughts.

RECYCLED WATER PROGRAM STRATEGY (RWPS) – The primary objective of the RWPS is to update supply and demand forecasts and prioritize projects to maximize the beneficial use of recycled water throughout the year. This is necessary as changes in the region’s water resource priorities occur and increased water efficient landscape measures are adopted.

RECYCLING – A type of reuse, usually involving running a supply of water through a closed system again and again. Legislation in 1991 legally equates the term “recycled water” to reclaimed water.

REDEVELOPMENT AGENCY (RDA) – A government subdivision created to improve blighted, depressed, deteriorated economically depressed areas. RDAs were officially dissolved in February 2012.

REGIONAL COMPOSTING AUTHORITY (RCA) – (See Inland Empire Regional Composting Authority)

GLOSSARY OF GENERAL TERMS

R

REGIONAL WASTEWATER PROGRAM – The activities associated with the primary, secondary, and tertiary treatments of domestic wastewater delivered by the contracting agencies to the Agency’s interceptors and wastewater treatment facilities.

RENEWABLE ENERGY – Energy that is produced from clean renewable sources such as solar power, wind power, and natural gas produced from the decomposition of organic materials.

REQUEST FOR PROPOSAL (RFP) – An early stage in a procurement process, issuing an invitation for vendors, often through a bidding process, to submit a proposal on a project.

RESERVE – An account used to indicate that a portion of fund equity is restricted for a specific purpose, or not available for appropriation and subsequent spending.

RESOLUTION – A special or temporary order of a legislative body requiring less formality than a statute or ordinance. Resolutions typically become effective upon their adoption by the IEUA Board of Directors.

REVENUE – Income generated by taxes, user charges, connection fees, investment income, bonds, and leases.

S

SALINITY – Generally, the concentration of mineral salts dissolved in water. Salinity may be measured by weight (total dissolved solids – TDS), electrical conductivity, or osmotic pressure. Where seawater is known to be the major source of salt, salinity is often used to refer to the concentration of chlorides in the water.

SANTA ANA REGIONAL INTERCEPTOR (SARI) – Underground regional wastewater interceptor line owned by the Santa Ana Watershed Project Authority.

SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA) – A Joint Exercise of Powers Agency created to implement the regional components for water quality management as set forth in the adopted water quality control plan for the Santa Ana River Watershed. Member agencies include: Inland Empire Utilities Agency, Orange County Water District, San Bernardino Valley Municipal Water District, and Eastern Municipal Water District.

SYSTEM APPLICATION and PRODUCTS (SAP) – The Agency’s Enterprise Resource Planning (ERP) system which stands for increased efficiency, streamlining the supply-chain network and overhauling the entire business process of the organization. This ERP system provides transparency that follows – real-time visibility across the entire enterprise and is not limited to management or staff.

SANITATION DISTRICT OF LOS ANGELES COUNTY (SDLAC) – A special district created within Los Angeles County to treat residential and industrial wastewater discharge.

SANTA ANA RIVER WATERSHED ACTION TEAM CONJUNCTIVE USE PROJECT (SARCUP) – This project is to develop a watershed-scale conjunctive use program.

GLOSSARY OF GENERAL TERMS

S

SB-272 - The California Public Records Act: local agencies: inventory - This bill requires each local agency, except a local educational agency, in implementing the California Public Records Act, to create a catalog of enterprise systems, as defined, to make the catalog publicly available upon request in the office of the person or officer designated by the agency's legislative body, and to post the catalog on the local agency's Internet Web site.

SERVICE AREA - The territory served by IEUA for sewage collection and treatment operations. IEUA territory covers 242 square miles, encompassing the urban west end of San Bernardino County, immediately east of the Los Angeles County line, and including the cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Upland, and Rancho Cucamonga.

SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT (SBCFCD) - An agency whose goal is to intercept and convey flood flows through and away from the major developed areas of the County by a system of facilities, including dams, conservation basins, channels, and storm drains.

SECONDARY TREATMENT - Generally, a level of treatment that produces 85 percent removal efficiencies for biological oxygen demand and suspended solids.

SEWER SYSTEM MANAGEMENT PLAN (SSMP) - The plan was adopted by the Board in April 2009 to comply with the State Water Resources Control Board Order No. 2007-003. This Order established the General Waste Discharge Requirements (WDR) for all public entities that own or operate sanitary sewer systems greater than one mile in length of sewer line within the state of California to prevent and minimize sanitary sewer overflows (SSO).

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCAQMD) - This is an air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside, and San Bernardino counties.

SOUTHERN CALIFORNIA ALLIANCE OF PUBLICLY OWNED TREATMENT WORKS (SCAP) - SCAP is a non-profit corporation organized to help ensure that regulations affecting Publicly Owned Treatment Works (POTWs) and collection systems are reasonable and in the public's best interest and to provide leadership, technical assistance and timely information to promote regulations that focus on the sustainable protection of the environment and public health. As of December 2010, 86 of its 106 POTW members were public wastewater agencies located in seven counties. Collectively, the POTWs members provide over 1 billion gallons per day of wastewater treatment to more than 18 million people in Southern California, and produce over 1.4 million wet tons of biosolids per year.

GLOSSARY OF GENERAL TERMS

S

SPECIAL PROJECTS – Special projects are a collection of operation and maintenance expenses that are incurred by the Agency in pursuit of very specific goals and objectives that are consistent with the Agency’s mission. They are, by their nature, a unique form of cost accounting. Special projects may consist of direct labor, materials and supplies, and outside consultant fees, but they may not contain any expenditure for any type of capital asset, such as construction or equipment costs. Example of a special project: a long-term planning or feasibility study that would involve the efforts of several different departments or in partnership with other agencies over a protracted period of time.

STATE REVOLVING FUND (SRF) – The Federal Clean Water Act amendments of 1977 authorized the use of federal money to create an SRF loan program to replace the Federal Clean Water Grant program. SRF loans are used for the construction and upgrade of publicly owned treatment works. SRF loans can also be used to support reclamation nonpoint source pollution, storm drainage, and estuary projects.

STATE WATER RESOURCES CONTROL BOARD (SWRCB) – This is a joint authority of water allocation and water quality protection that provides comprehensive protection for California’s waters, enforcing the many uses of water, including the needs of industry, agriculture, municipal districts, and the environment. The SWRCB also administers SRF loans and grants.

SUPERVISORY CONTROL and DATA ACQUISITION (SCADA) - Is a system operating with coded signals over communication channels so as to provide control of remote equipment (using typically one communication channel per remote station).

T

TAXES – Compulsory charges levied by a government to finance services performed for the common benefit.

TEETER PLAN – California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies.

TEN YEAR CAPITAL IMPROVEMENT PLAN (TYCIP) - Volume II of the Agency’s annual budget, this report is prepared each year to identify capital spending requirements, forecasted capacity demands and long-term programs.

TERTIARY TREATMENT – The treatment of wastewater beyond the secondary or biological stage. Normally implies to the removal of nutrients, such as phosphorous and nitrogen, and a high percentage of suspended solids.

TITLE 22 – Regulations set forth by the California Department of Health Services. Required to ensure water quality standards are being met.

GLOSSARY OF GENERAL TERMS

U

UNITED STATES BUREAU OF RECLAMATION (USBR) – A public agency whose primary goal is to manage, develop, and protect water as well as related resources in an environmentally and economically sound manner in order to meet the increasing water demands of the Western States.

URBAN WATER MANAGEMENT PLAN – Describes all water supplies and demands within IEUAs service area in accordance with California State Law.

V

VADOSE ZONE – Region of earth between the land surface and the top of the water table.

VOLUMETRIC FEES – Fees charged to customers for their metered wastewater flows.

W

WATER CONNECTION FEE – A fee to connect to the IEUA regional water system comprised of potable water, recycled water, and groundwater recharge. The fee will support future expansion of the regional water system, which is comprised of potable water, recycled water, and groundwater recharge.

WASTEWATER – Water that has been previously used by a municipality, industry, or agriculture and has suffered a loss of quality as a result of use.

WASTEWATER CONNECTION FEE – A fee to connect to the IEUA regional sewer system. The fee is restricted to support capital acquisition, construction, equipment, and process improvement costs for the regional sewer system.

WASTEWATER FACILITIES MASTER PLAN (WFMP) – The primary policy guiding the development of the Agency's Ten-Year Capital Improvement Plan. Used to coordinate an integrated water resources planning framework.

WATER FACILITIES AUTHORITY (WFA) – A public agency that treats and supplies approximately 40,000 acre-feet of imported water each year. This imported water serves as a supplemental source of water for approximately 450,000 residents in the west end of San Bernardino County.

WATER RESOURCES PROGRAM – The activities to support integrated water resource management and regional conservation programs to increase the resiliency of existing water supplies and reduce reliance on imported water purchase.

GLOSSARY OF GENERAL TERMS

W

WATER REUSE ASSOCIATION (WaterReuse) – The Water Reuse Association is a nonprofit organization whose mission is to advance the beneficial and efficient use of water resources through education, sound science, and technology using reclamation, recycling, reuse, and desalination for the benefit of our members, the public, and the environment.

WATER USE EFFICIENCY PLAN (WUE) – Plan designed to supplement existing surface water and groundwater supplies.

ACRONYMS

4Rs Repair, Relocation, Reconstruction, and Rehabilitation

A	ACH	Automated Clearing House
	ACWA	Association of California Water Agencies
	AF	Acre-Feet
	AFY	Acre-Feet per Year
	AMP	Asset Management Plan
	AQMD	Air Quality Management District
	ARMA	Association of Records Managers and Administrators (now expanded to ARMA International)
	ARRA	American Recovery Rehabilitation Act
	ASA	Adaptive Security Appliance
B	BIS	Business Information Services
	BMP	Best Management Practice
	BOD	Biochemical Oxygen Demand
C	CAFR	Comprehensive Annual Financial Report
	CalPERS	California Public Employees Retirement System
	CAPPO	California Associations of Public Procurement Officials
	CASA	California Association of Sanitation Districts
	CBFIP	Chino Basin Facilities Improvement Project
	CBWB	Chino Basin Water Bank
	CBWCD	Chino Basin Water Conservation District
	CBWM	Chino Basin Watermaster
	CCMP	Chino Creek Master Plan
	CCMS	Computerized Maintenance Management System
	CCRA	Capital Capacity Reimbursement Account
	CCTV	Closed Circuit Television
	CCW	Carbon Canyon Wastewater
	CCWRF	Carbon Canyon Waster Recycling Facility
	CCWRP	Carbon Canyon Water Recycling Plant
	CDA	Chino Basin Desalter Authority
	CDPH	California Department of Public Health
	CEC	California Energy Commission
	CEMS	Continuous Emission Monitoring System
	CEQA	California Environmental Quality Act
	CERBT	California Employers' Retiree Benefit Trust
	CFS	Cubic Feet per Second
	ChARM	Charge & Request Management

ACRONYMS

C	CHP	Combined Heat and Power
	CIA	Cash in Advance
	CII	Commercial, Industrial, and Institutional
	CIM	California Institute for Men
	CIP	Capital Improvement Program
	CIW	California Institute for Women
	CM	Construction Management
	CMMS	Computerized Maintenance Management System
	COBRA	Consolidated Omnibus Budget Reconciliation Act
	COD	Chemical Oxygen Demand
	COS	Cost of Service
	CPE	Continuing Professional Education
	CPI	Consumer Price Index
	CPUC	California Public Utilities Commission
	CSI	California Solar Incentive
	CSMFO	California Society of Municipal Finance Officers
	CUPA	Certified Public Utilities Commission
	CUWCC	California Urban Water Conservation Council
	CWA	Clean Water Act
	CWEA	California Water Environment Association
CWSFR	California Clean Water State Revolving Fund	
D	DAFT	Dissolved Air Flotation Thickener
	DCS	Distribution Control System
	DF&G	Department of Fish and Game
	DFT	Don't Flush Trouble
	DHS	California Department of Health Services
	DOE	Department of Energy
	DWR	Department of Water Resources
	DYY	Dry Year Yield
E	E&I	Electrical and Instrumentation
	EC	Emerging Constituents
	ECM	Electronic Content Management
	ECMS	Electronic Content Management System
	ECOP	Environmental Compliance Operations Program
	EDU	Equivalent Dwelling Unit
	EEO	Equal Employment Opportunity
	EE&CM	Engineering, Energy, & Construction Management
	ELAP	Environmental Laboratory Accreditation Program
	EP	Energy Production

ACRONYMS

E	EPA	Environmental Protection Agency
	EPMC	Employer Paid Member Contribution
	ERP	Enterprise Resources Planning
	ESS	Employee Self-Service
F	FEMA	Federal Emergency Management Agency
	FMLA	Family Medical Leave Act
	FOG	Fats, Oils, and Grease
	FTE	Full Time Equivalent
	FY	Fiscal Year
G	GAAP	Generally Accepted Accounting Principles
	GASB	Governmental Accounting Standards Board
	GCMS	Gas Chromatograph/Mass Spectrometer
	GFOA	Government Finance Officers Association
	GG	Administrative Services Program
	GIS	Geographic Information System
	GIES	Garden in Every School
	GHG	Greenhouse Gas
	GM	Grants Management
	GPCD	Gallons per Capita per Day
	GPM	Gallons per Minute
	GUI	Graphical User Interface
	GWR	Groundwater Recharge
	GWRMP	Groundwater Recharge Master Plan
H	H₂S	Hydrogen Sulfide
	HCM	Human Capital Management
	HCMP	Hydraulic Control Monitoring Program
	HECW	High-Efficiency Clothes Washers
	HET	High-Efficiency Toilet
	HQ	Headquarters
	HR	Human Resources
	HTFC	High Temperature Fuel Cell
	HVAC	Heating/Ventilation/Air Conditioning
I	I&C	Instrumentation & Control
	IAD	Internal Audit Department
	ICE	Internal Combustion Engine
	ICP	Inductively Coupled Plasma

ACRONYMS

I	IDC	Improvement District "C"
	IEBL	Inland Empire Brine Line
	IERCA	Inland Empire Regional Composting Authority
	IERCF	Inland Empire Regional Composting Facility
	IEUA	Inland Empire Utilities Agency
	IIA	Institute of Internal Auditors
	IPS	Intrusion Prevention System
	IRP	Integrated Resource Plan
	IRWMP	Integrated Regional Water Management Plan
	ISS	Integrated System Services
J	JCSD	Jurupa Community Services District
	JPA	Joint Powers Authority
K	KPI	Key Performance Indicators
	KSA	Knowledge, Skills, and Abilities
	KVM	Keyboard/Video/Mouse
	kWh	Kilowatt hour
L	LAN	Local Area Network
	LC-MS/MS	Liquid Chromatography Mass Spectrometry
	LEED	Leadership in Energy and Environmental Design
	LF	Linear Feet
	LIBOR	London Inter-Bank Offered Rate
	LID	Low Impact Development
	LIMS	Laboratory Information Management System
	LPP	Local Projects Program
	LRP	Local Resources Program
	LRPF	Long Range Plan of Finance
	LS	Lift Station
	LT	Limited Term
M	MCC	Microbial Culture Collection
	MG	Million Gallons
	Mg/L	Milligrams per liter
	MGD	Million Gallons per Day
	MEU	Meter Equivalent Unit
	MPC	Milk Producer's Council
	MOU	Memorandum of Understanding
	MS4	Municipal Storm Water Sewer System

ACRONYMS

M	MSDS	Material Safety Data Sheets
	MSS	Manager Self-Service
	MVV	Mission, Vision, and Values
	MW	Megawatts
	MWD	Metropolitan Water District of Southern California
N	NAC	Network Access Control
	NC	Non-Reclaimable Wastewater Program
	NDDD	No Drugs Down the Drain
	NDMA	Nitrosodimethylamine
	NFPA	National Fire Protection Association
	NPDES	National Pollution Discharge Elimination System
	NPI	National Purchasing Institute
	NRW	Non-Reclaimable Wastewater
	NRWS	Non-Reclaimable Wastewater System
	NRWSCU	Non-Reclaimable Wastewater System Capacity Unit
	NTC	National Theatre for Children
	NWRA	National Water Resources Association
O	O&M	Operations & Maintenance
	OBMP	Optimum Basin Management Plan
	OCSD	Orange County Sanitation District
	OCWD	Orange County Water District
	OE	Office Engineering
	OES	Office of Emergency Services
	OFA	Office of Finance and Administration
	OM	Organics Management Program
	OP	Obligation Payment Fund, Wastewater Program, Debt Services
	ORC	Organic Rankine Cycle
	ORP	Oxidation Reduction Potential
	OTDR	Optical Time Domain Reflectometer
	OWOW	One Water One Watershed
	P	PAYGO
P&ID		Piping and Instrumentation Diagrams
PD		Positive Displacement
PDR		Preliminary Design Report
PE		Perkin Elmer
PEIR		Preliminary Environmental Impact Report
PERS		Public Employee Retirement System
PIER		Public Interest Energy Research

ACRONYMS

P	PIPES	IEUA's Intranet
	PIO	Public Information Officer
	PLCs	Programmable Logic Controllers
	PLPs	Personal Learning Plans
	PM	Plant Maintenance
	PMT	Plant Maintenance Technician
	POTWs	Publicly Owned Treatment Works
	PPA	Power Purchase Agreement
	PRV	Pressure Reducing Valve
	PS	Pump Station
	PTSC	Pretreatment and Source Control
	PZ	Pressure Zone
	Q	QA/QS
R	RAS	Return Activated Sludge
	RATA	Relative Accuracy Test Audit
	RC	Regional Capital Improvement (Wastewater) Program
	RCA	Regional Composting Authority
	RDA	Redevelopment Agency
	REEP	Renewable Energy Efficiency Project
	RFI	Request for Information
	RFP	Request for Proposal
	RMPU	Recharge Master Plan Update
	RO	Regional Operations and Maintenance (Wastewater) Program
	ROI	Return on Investment
	RP-1	Regional Water Recycling Plant No. 1 in the City of Ontario
	RP-2	Regional Water Recycling Plant No. 2 in the City of Chino
	RP-4	Regional Water Recycling Plant No. 4 in the City of Rancho Cucamonga
	RP-5	Regional Water Recycling Plant No. 5 in the City of Chino
	R&R	Replacement and Rehabilitation
	RRWDS	Regional Recycled Water Distribution System
	RTS	Readiness-to-Serve
	RTS TYRA	Readiness-to-Serve Ten Year Rolling Average
	RW	Recharge Water Program
RWBP	Recycled Water Business Plan	
RWC	Recycled Water Contribution	
RWPL	Recycled Water Pipeline	
RWPS	Recycled Water Program Strategy	
RWQCB	Regional Water Quality Control Board	
RWRP	Regional Water Recycling Plants	

ACRONYMS

S	SAC	San Antonio Channel
	SAN	Storage Area Network
	SAP	Systems Applications and Products
	SAP GUI	Systems Application and Products Graphical User Interface
	SARCCUP	Santa Ana River Conservation and Conjunctive Use Program
	SARDA	Santa Ana River Dischargers Association
	SARI	Santa Ana River Interceptor
	SAWA	Santa Ana Watershed Association
	SAWPA	Santa Ana Watershed Project Authority
	SAWCO	San Antonio Water Company
	SB-272	Senate Bill Relating to Public Records
	SBCFCD	San Bernardino County Flood Control District
	SCADA	Supervisory Control and Data Acquisition
	SCAP	Southern California Alliance of Publicly Owned Treatment Works
	SCAQMD	South Coast Air Quality Management District
	SCE	Southern California Edison
	SCWC	Southern California Water Committee
	SDLAC	Sanitation Districts of Los Angeles County (formerly LACSD)
	SE	Sterling Engine
	SEIR	Subsequent Environmental Impact Report
	SIU	Significant Industrial User
	SKU	Stock Keeping Unit
	SLO	Service Level Operator
	SOP	Standard Operating Procedures
	SRF	State Revolving Fund
	SRWS	Self-Regenerating Water Softener
	SSMP	Sewer Systems Management Plan
	SSO	Sanitary Sewer Overflows
	STA	United States Composting Council's Seal of Testing Assurance
	SWRCB	State Water Resources Control Board
	SWP	State Water Project
T	TCE	Trichloroethylene
	TDS	Total Dissolved Solids
	TEAMS	Technical Enhancement and Management Succession
	TIN	Total Inorganic Nitrogen
	TKN	Total Kieldahl Nitrogen
	TM	Technical Memorandum
	TMDL	Total Maximum Daily Load
	TMECC	Testing Methods for Evaluating Compost and Compost Products
	TMP	Technology Master Plan

ACRONYMS

T	TO	Wastewater Program – Tertiary Operations & Maintenance
	TOC	Total Organic Carbon
	TP	Tertiary Plant
	TSS	Total Suspended Solids
	TWAS	Thickened Waste Activated Sludge
	TYCIP	Ten Year Capital Improvement Plan
	TYRA	Ten Year Rolling Average
U	UA	Unauthorized Activities
	ULFT	Ultra Low-Flush Toilets
	UPC	Unit Production Cost
	UPCP	Unit Process Control Procedure
	UPS	Uninterruptible Power Supply
	USACE	US Army Core of Engineers
	USBR	United States Bureau of Reclamation
	UV	Ultra Violet
	UWMP	Urban Water Management Plan
	UWRF	Urban Water Reclamation Facility
V	VFD	Variable Frequency Drives
	VOC	Volatile Organic Compound
W	WAN	Wide Area Network
	WaterReuse	Water Reuse – the use of treated wastewater or reclaimed water for beneficial purposes such as irrigation
	WC	Recycled Water Program
	WDR	Wastewater Discharge Requirement
	WEF	Water Environment Federation
	WEFTEC	Water Environment Federation Annual Technical Exhibition and Conference
	WEWAC	Water Education Water Awareness Committee
	WFA	Water Facilities Authorities
	WFMP	Wastewater Facilities Master Plan
	WM	Chino Basin Watermaster
	WRCWRA	Western Riverside County Regional Wastewater Authority
	WS	Workstation
	WSAP	Water Supply Allocation Plan
	WUE	Water Use Efficiency
WW	Water Resources Program	
Y	YCF	Youth Correctional Facility

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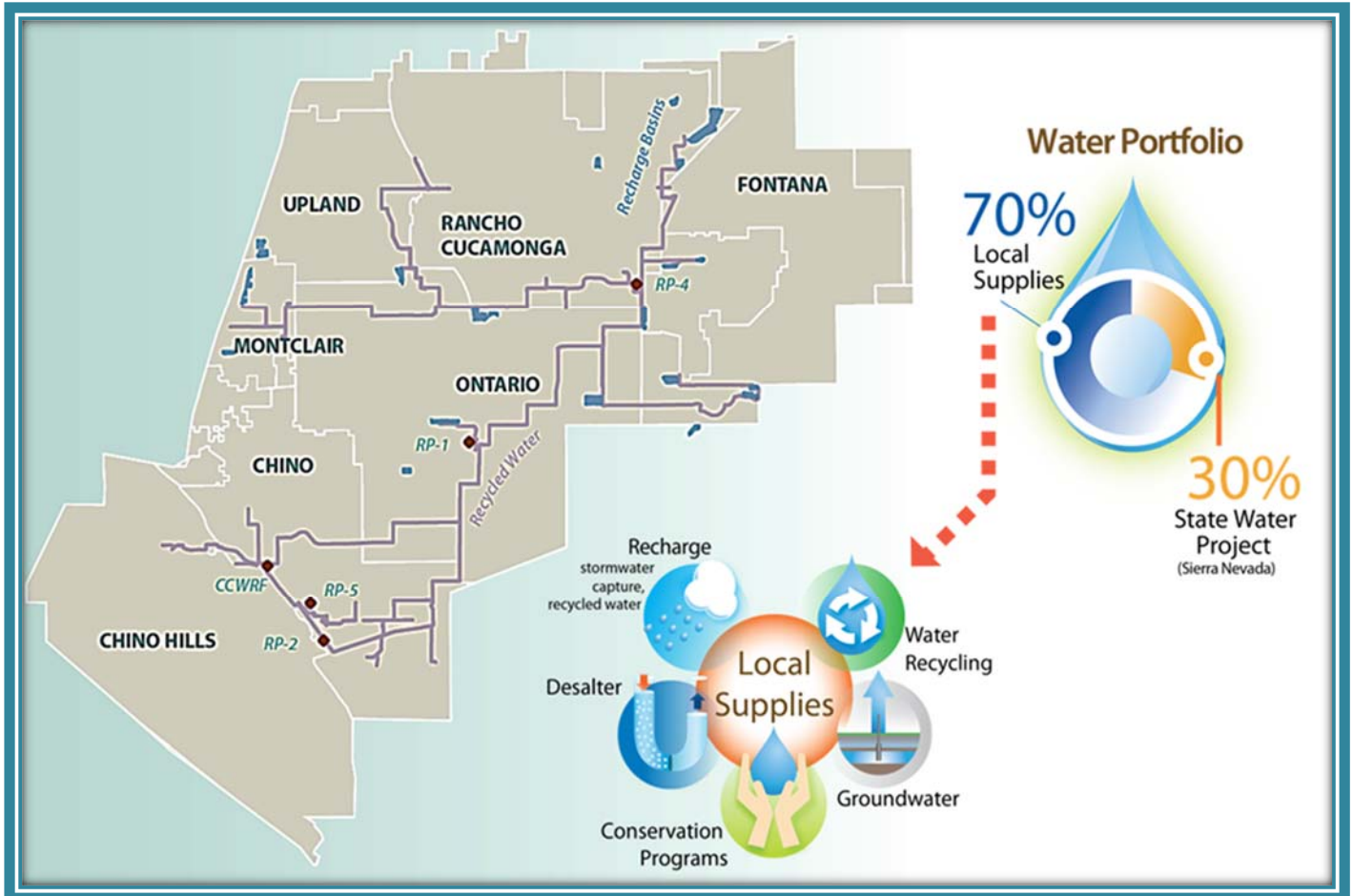
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