



## **Regional Sewerage Program Policy Committee Meeting**

### **AGENDA**

**Thursday, April 6, 2023  
3:30 p.m.**

**Agency Headquarters – Board Room  
6075 Kimball Avenue, Building A  
Chino, CA 91708**

**Telephone Access: (415) 856-9169/Conf ID: 966 283 115#**

The public may participate and provide public comment during the meeting by joining in person or by calling the number provided above. Comments may also be submitted by email to the Recording Secretary Laura Mantilla at [lmantilla@ieua.org](mailto:lmantilla@ieua.org) prior to the completion of the Public Comment section of the meeting. Comments will be distributed to the Policy Members.

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**Call to Order**

**Roll Call**

**Flag Salute**

**Public Comment**

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

**Additions to the Agenda**

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

*(Continued)*

**1. Technical Committee Report (Oral)**

**2. Action Item**

- A. Approval of March 2, 2023 Policy Committee Meeting Minutes
- B. Recommendation of Fiscal Years (FYs) 2023/24 and 2024/25 Proposed Rates for the Regional Wastewater Programs

**3. Informational Items**

- A. Grants Semi-Annual Update
- B. Engineering and Construction Management Project Updates

**4. Receive and File**

- A. Building Activity Report
- B. Recycled Water Distribution – Operations Summary

**5. Other Business**

- A. IEUA General Manager's Update
- B. Committee Member Requested Agenda Items for Next Meeting
- C. Committee Member Comments
- D. Next Meeting – May 4, 2023

**Adjourn**

**DECLARATION OF POSTING**

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I, Laura Mantilla, Executive Assistant of the Inland Empire Utilities Agency\*, a Municipal Water District, hereby certify that, per Government Code Section 54954.2, a copy of this agenda has been posted at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA and on the Agency's website at [www.ieua.org](http://www.ieua.org) at least seventy-two (72) hours prior to the meeting date and time above.

**In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Laura Mantilla at (909) 993-1944 or [lmantilla@ieua.org](mailto:lmantilla@ieua.org) 48 hours prior to the scheduled meeting so that IEUA can make reasonable arrangements to ensure accessibility.**

**ACTION ITEM**

**2A**



## Regional Sewerage Program Policy Committee Meeting

### MINUTES OF THE MARCH 2, 2023 MEETING

#### **CALL TO ORDER**

A meeting of the Inland Empire Utilities Agency (IEUA)/Regional Sewerage Program Policy Committee was held on Thursday, March 2, 2023, at 6075 Kimball Avenue, Building A, Chino, California.

Chair Randall Reed/Cucamonga Valley Water District (CVWD) called the meeting to order at 3:30 p.m. Recording Secretary Laura Mantilla established a quorum was present. Committee Member Phillip Cothran led the Pledge of Allegiance.

#### **Committee Members Present:**

Phillip Cothran	City of Fontana
John Dutrey	City of Montclair
Randall Reed	Cucamonga Valley Water District (CVWD)
Eunice Ulloa	City of Chino
Peter Rogers	City of Chino Hills
Debra Dorst-Porada	City of Ontario
Bill Velto	City of Upland
Marco Tule	Inland Empire Utilities Agency (IEUA)

#### **Others Present:**

Dave Crosley	City of Chino
Courtney Jones	City of Ontario
Nicole deMoet	City of Upland
Amanda Coker	CVWD
Shivaji Deshmukh	IEUA
Christiana Daisy	IEUA
Adham Almasri	IEUA
Jerry Burke	IEUA
Pietro Cambiaso	IEUA
Javier Chagoyen-Lazaro	IEUA
Kristine Day	IEUA
Michael Larios	IEUA



**Others Present (continued):**

Laura Mantilla	IEUA
Liza Muñoz	IEUA
Travis Sprague	IEUA
Ashley Womack	IEUA

**PUBLIC COMMENTS**

There were no public comments.

**ADDITIONS/CHANGES TO THE AGENDA**

There were no additions or changes to the agenda.

**1. TECHNICAL COMMITTEE REPORT**

Amanda Coker/CVWD reported that at the February 23, 2023 Technical Committee meeting, the Committee approved six items, including the January 26, 2023 Technical Committee meeting minutes; Carbon Canyon Water Recycling Facility Asset Management and Improvements contract award; and four regional sewer connection requests by City of Chino, City of Fontana, and CVWD. The Committee also received an operations and compliance update.

**2. ACTION ITEM****A. APPROVAL OF THE NOVEMBER 3, 2022 POLICY COMMITTEE MEETING MINUTES**

**Motion:** By Eunice Ulloa/City of Chino and seconded by Bill Velto/City of Upland to approve the meeting minutes of the November 3, 2022 Regional Policy Committee Meeting by the following vote:

Ayes: Velto, Cothran, Ulloa, Dutrey, Reed

Noes: None

Absent: Dorst-Porada

Abstain: Rogers

The motion passed by a vote of 5 ayes, 0 noes, 1 abstain, and 1 absent.

*Committee member Debra Dorst-Porada arrived at 3:42p.m.*

**B. CARBON CANYON WATER RECYCLING FACILITY ASSET MANAGEMENT AND IMPROVEMENTS CONSTRUCTION CONTRACT AWARD**

Adham Almasri/IEUA provided the staff presentation and discussed the project location, scope, budget, and schedule. Discussion ensued on the project budget, construction timeline, funding, and design activities.

**Motion:** By John Dutrey/City of Montclair and seconded by Debra Dorst-Porada/City of Ontario to recommend to the IEUA Board of Directors to award a construction contract for the Carbon Canyon Water Recycling Facility (CCWRF) Asset Management and Improvements, Project No. EN17006, to Garney Pacific Construction in the amount of \$20,856,916 by the following vote:

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

The motion passed by a vote of 7 ayes, 0 noes, 0 abstain, and 0 absent.

### **3. INFORMATIONAL ITEMS**

#### **A. REGIONAL CONTRACT NEGOTIATION UPDATE**

General Manager Shivaji Deshmukh stated that he looks forward to the Regional Contract negotiation meeting scheduled for March 8 at IEUA with City Managers, General Managers, and respective counsels. He expressed his appreciation to staff from the City of Chino for coordinating the meeting.

### **4. RECEIVE AND FILE**

*Items 4A and 4B were received and filed by the Committee.*

#### **A. BUILDING ACTIVITY REPORT**

#### **B. RECYCLED WATER DISTRIBUTION – OPERATIONS SUMMARY**

### **5. OTHER BUSINESS**

#### **A. IEUA GENERAL MANAGER'S UPDATE**

General Manager Deshmukh reported that IEUA facilities received approximately four inches of rain from a storm system last week. Thus, resulting in an additional 15 MGD through its wastewater system. There were no compliance, safety, or operational issues. He also reported that the Groundwater Recharge team captured an estimated 1,500 AF of stormwater from the recent storm systems and are preparing for the upcoming storms.

General Manager Deshmukh stated that the Operations Unit is addressing low digester alkalinity concentrations by actively monitoring digester feeding, heating, and mixing at RP-2. Sodium bicarbonate has been added to supplement alkalinity to stabilize digester health. As Operations continues to optimize the process, IEUA's Laboratory has done a great job accepting additional sample requests from RP-2 and providing same-day results to ensure operational changes are having the desired impact.

General Manager Deshmukh reported that IERCF completed an annual Title V inspection with no compliance concerns.

#### **B. COMMITTEE MEMBER REQUESTED AGENDA ITEMS FOR NEXT MEETING**

Committee member Dorst-Porada requested an update on the rate increase that was presented at the IEUA Board Workshop on March 1. General Manager Deshmukh stated that IEUA started the budget process and staff plans to bring the proposed budget and rate considerations to the Regional Committees at an upcoming meeting.

#### **C. COMMITTEE MEMBER COMMENTS**

Committee member Dutrey asked if the Regional Policy Committee Meetings will be held monthly. Chair Reed stated that it is up to the Committee how often they want to meet.

Committee member Dutrey asked about the timeline for the budget and Ten-Year Capital Improvement Plan. General Manager Deshmukh stated he will confirm the dates and share the information with the Committee.

**D. NEXT MEETING – APRIL 6, 2023**

**ADJOURNMENT**

Chair Reed adjourned the meeting at 4:04 p.m.

Prepared by:

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Laura Mantilla, Recording Secretary

**ACTION ITEM**

**2B**

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Date: March 30<sup>th</sup>/April 6<sup>th</sup>

To: Regional Committees

From: Inland Empire Utilities Agency

Subject: Fiscal Years (FYs) 2023/24 and 2024/25 Proposed Rates and Fees for the Regional Wastewater Programs

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## **RECOMMENDATION**

It is requested that the Regional Committees recommend to the Inland Empire Utilities Agency (IEUA) Board of Directors to approve the proposed rates and fees for FYs 2023/24 and 2024/25 for the Agency's Regional Wastewater Capital Improvement (RC) fund and Regional Wastewater Operations and Maintenance (RO) funds.

## **BACKGROUND**

On June 15, 2022, the Board of Directors approved the mid-year budget amendment for the Agency's fiscal year 2022/23, and Ten-Year Capital Improvement Plan (TYCIP) for FYs 2023-2032.

On March 1, 2023, a review of the Cost-of-Service update and Proposed Rates and Fees for FY's 2023/24 and 2024/25 for the Regional Wastewater programs were presented as a workshop item at the IEUA Board of Directors meeting.

## **Fiscal Years 2023/24 and 2024/25 Proposed Rates and Fees**

The proposed Regional Wastewater rates and fees are based on a preliminary biennial budget for Fiscal Years (FYs) 2023/24 - 2024/25 and the Ten-Year Forecast (TYF) for FYs 2023/24 – 2032/33. The rates and fees are presented before the final budget to support Sewage Customer Agencies (SCA) compliance with their Proposition 218 notification process. Summarized below in table 1 are the proposed total Sources and Uses of funds, that are informing the recommending rates and fees for the Regional Wastewater Programs.

With the proposed rates, the combined net position of the Regional Wastewater Program will decrease by \$1.5 million in FY 2023/23 and by \$33.4 million in FY 2024/25. The reduction in combined net position will be supported by the remaining unused proceeds of the 2020B Revenue Notes, calls from the Capital Capacity Reimbursement Account and the use of Replacement and Rehabilitation Reserves.

**Table 1:**  
**FYs 2023/24 and 2024/25 Proposed Budget (\$Millions)**  
**Regional Wastewater Programs**

**Table 1:**  
**FYs 2023/24 and 2024/25 Proposed Budget (\$Millions)**  
**Regional Wastewater Programs**

	FY 2023/24	FY 2024/25
<b>Sources of Funds</b>	\$263.4	\$277.9
<b>Uses of funds</b>	(\$264.9)	(\$311.3)
<b>Increase (Decrease) in Net Position</b>	<b>(\$1.5)</b>	<b>(\$33.4)</b>

## SOURCES OF FUNDS

Total Sources of Funds for FY 2023/24 is projected to be \$263.4 million and \$277.9 million is projected for FY 2024/25. Revenues include user charges, property tax receipts, connection fees, debt proceeds, and contract cost reimbursement from the Inland Empire Regional Composting Authority (IERCA), interest, and other miscellaneous revenues. The distribution by major category of the proposed total Sources of Funds is shown below in Table 2.

**Table 2:**  
**FY's 2023/24 and 2024/25 Proposed Sources of Funds (\$Millions)**  
**Regional Wastewater Programs**

Major Funding Sources (\$Millions)	FY 2023/24	FY 2024/25	Key Assumptions
<b>User Charges</b>	\$83.1	\$88.5	Proposed EDU rate of \$23.39 in FY 2023/24 and \$24.79 FY 2024/25 or 7% & 6%, respectively
<b>Wastewater Connection Fees</b>	24.4	25.8	Proposed new EDU connections rate of \$8,132 in FY 2023/24 and \$8,620 FY 2024/25 or 7% & 6%, respectively. Based on 3,000 new EDU connections.
<b>Property Tax</b>	69.6	70.7	Annual allocation of total property taxes to the Wastewater Capital fund will continue at 65% of total property tax receipts.
<b>Debt Proceeds</b>	73.0	80.8	Debt, SRF, and WIFIA loan proceeds are projected for major projects such as the RP-5 Expansion, Advanced Water Purification Facility, and various other projects in the Regional Wastewater programs.
<b>JPA Cost Reimbursement</b>	4.7	4.9	Reimbursement of the IERCA labor costs.
<b>Other</b>	8.6	7.2	Includes inter-fund loan repayment from the Recycled Water fund, interest revenue, contract cost reimbursement, and miscellaneous other revenue.
<b>Total</b>	<b>\$263.4</b>	<b>\$277.9</b>	

**User Charges:** The proposed \$83.1 million and \$88.5 million for FY 2023/24 and FY 2024/25, respectively, are based on an adjustment of seven percent in FY 2023/24 and six percent in FY 2024/25 in the monthly EDU rate. All the proposed FY's 2023/24 and 2024/25 rates and fees are represented in table 5.

**Wastewater Connection Fees:** The proposed \$24.4 million and \$25.8 million for FY 2023/24 and FY 2024/25, respectively, are based on an adjustment of seven percent in FY 2023/24 and six percent in FY 2024/25 in the wastewater connection fee, assuming 3,000 new EDU connections for each year. All the proposed FY's 2023/24 and 2024/25 rates and fees are represented in table 5.

**Property Tax:** The property tax allocation among funds remains unchanged as summarized in Table 3. Property taxes continue to be a key funding source in support of expansion projects and future growth as projected by member agencies, asset management for timely upkeep and improvement of aging assets, and to maintain compliance with changing regulatory and safety requirements, as well as supporting the Agency annual debt service. Property tax also includes the Extra Territorial Service Charges applied to those properties located outside IEUA service area that receive services.

**Table 3: Property Tax Allocation by Fund (\$ Millions)**

Fund	Purpose	Current Allocation	FY 2023/24 Proposed	FY 2024/25 Proposed
Regional Wastewater Capital Improvement	Supports debt service costs for acquisition, improvement, replacement, and expansion of regional wastewater facilities.	65%	\$51.4	\$52.2
Regional Wastewater Operations & Maintenance	Supports capital replacements and rehabilitation cost and any operation costs not fully recovered by rates.	23%	18.2	18.5
Recycled Water	Supports debt service costs for acquisition, improvement, replacement and expansion of regional recycled water facilities.	4.0%	3.0	3.2
Administrative Services	Supports agency-wide costs not allocated to other Agency funds.	4.5%	3.5	3.6
Water Resources	Supports regional water supply strategies.	3.5%	2.8	2.8
<b>Total</b>			<b>\$79.0</b>	<b>\$80.3</b>

**Debt Proceeds:** The Regional Wastewater program’s expansion and improvements are traditionally funded by a combination of system revenues (pay-go basis), bonded debt, grants, and low interest state loans. The capital requirements projected for the wastewater program over 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 an SRF loan for one capital project in the Regional Wastewater program, the RP-5 Liquid and Solids Treatment capacity expansion projects (RP-5 Expansion Project) and has submitted application for an SRF loan for the RP-1 Disinfection Improvements Project. In addition to SRF financing, the Agency continues to explore grant and financing opportunities through Water Infrastructure Finance and Innovation Act (WIFIA) loans under the U.S. Environmental Protection Agency, the U.S. Bureau of Reclamation, and FEMA.

## USES OF FUNDS

Total Uses of Funds for FY 2023/24 is projected to be \$264.9 million and \$311.3 million is projected for FY 2024/25. The \$46.4 million change in total Uses of Funds for FY 2024/25 is primarily due to an increase in projected capital and non-capital project expenditures, as reflection of the current inflationary trends. The table below provides a summary by category.

**Table 4: FYs 2023/24 and 2024/25  
Total Uses of Funds (\$Millions)  
Regional Wastewater Programs**

Uses of Funds	FY 2023/24	FY 2024/25	Key Assumptions
<b>Capital Projects</b>	\$147.9	\$184.7	Includes capital project expenses and investment in the IERCA.
<b>Operations &amp; Administration</b>	100.3	106.3	Includes employment, chemicals utilities, professional and contract labor costs, and other O&M costs.
<b>Debt Service</b>	8.4	9.4	Includes principal and interest for the 2017A, and 2020A bonds, 2020B Revenue Notes, WIFIA, and various SRF loans.
<b>Inter-Fund Transfers</b>	8.3	10.9	Inter-fund transfers for capital and debt service support to other funds
<b>Total</b>	<b>\$264.9</b>	<b>\$311.3</b>	

**Operations & Administration:** Increases in this category are primarily driven by increases in employment, utilities, and chemicals. Employment expenses are adjusted to comply with MOUs and the increase in positions to support the operations of new facilities after RP-5 Expansion project. Utilities expenses are expected to increase 15% in FY 2023/24 and 17% in FY 2024/25, due to a combination of higher unitary cost and increase in usage with the RP-5 expansion facilities coming on line in FY 2024/25. Chemical expenses are expected to increase 17% in FY 2023/24 and 13% in FY 2024/25, mainly driven by the unitary cost increases for Sodium Hypochlorite, Ferric Chloride, and Polymer, that still reflect supply chain issues.



**Capital Projects:** Continuing need of maintenance and replacement & rehabilitation (R&R) projects, and the expansion of Regional Wastewater System to meet future growth and service demands for the region are necessary to adequately support higher service demands anticipated within the next ten years. In FY 2023/24, the Regional Wastewater program budget is \$147.9 million and \$184.7 million in FY 2024/25. The Wastewater Capital fund projects focus on expansion and process improvements for the regional wastewater system. The Wastewater Operations fund projects primarily focus on maintenance, rehabilitation, and replacement of aging equipment and facilities. Major projects during this biennial budget include the completion of the RP-5 Expansion Project, RP-1 Thickening, Carbon Canyon Asset Management, RP-4 Process Improvements, and RP-1 Intermediate Pump Station Electrical Improvements.

**Inter-fund Transfers:** Include debt service support to the Recycled and Recharge Water funds, capital project support to the Administrative Services fund, and wastewater connection fee transfers to the Administrative Services, Non-Reclaimable Wastewater, and Regional Wastewater Operations funds to support growth-related projects.

### **FY's 2023/24 and 2024/25 Proposed Rates and Fees for Regional Capital EDU connection fee and the monthly EDU charge.**

#### **Key Objectives**

The proposed rates for FYs 2023/24 and 2024/25 represent an increase of seven percent and six percent respectively to support the costs in the Regional Wastewater Capital and Operations & Maintenance funds.

#### **Regional Wastewater Program Rates**

The Regional Wastewater Program is comprised of the Regional Wastewater Capital Improvement (RC) fund and the Regional Wastewater Operations & Maintenance (RO) fund. The RC fund records the capital, debt and administration activities related to the acquisition, construction, expansion, improvement and financing of the Agency's regional water recycling plants, large sewer interceptors, energy generation, and solids handling facilities. Key revenue and funding sources for the RC fund include the EDU connection fees, property taxes (65% allocation of total tax receipts), grant and loan proceeds.

The key revenue and funding sources for the RO fund includes EDU Monthly charges, property taxes, and reimbursement from the Inland Empire Regional Composting Authority (IERCA) for labor and operating costs. Major expenses include operating costs for the collection, treatment, and disposal of wastewater, maintenance and capital replacement and rehabilitation (R&R) costs of regional facilities and infrastructure, organic management activities, including the Agency's 50 percent share of the IERCA composter, and debt service costs.

The flow and load study is still on going and IEUA staff is recommending 7% rate adjustment for the Wastewater Connection Fee and the Monthly Sewer Rate for FY 2023/24, effective July 1, 2023 and 6% rate adjustment for FY 2024/25 effective July 1, 2024.

### ***EDU Connection Fee***

EDU connection fee is a one-time charge imposed on new or upsized meters or connections to compensate for the cost of providing system capacity. This source of revenue supports capacity expansion and improvement of the regional wastewater system to meet future growth, and it is recorded under the Regional Wastewater Capital Fund.

### ***EDU Monthly Rate***

EDU rate is a monthly charge imposed on all regional wastewater system connections. This service charge supports operational, maintenance and administrative costs related to the collection, treatment, and disposal of wastewater throughout the Agency's service area and unincorporated areas that receive service. The monthly EDU rate also covers R&R cost of regional wastewater facilities and infrastructure, and debt service costs. It is recorded under the Regional Wastewater Operations Fund.

### ***Extra-Territorial Sewer Service Charges***

Extra-Territorial charges are the equivalent of property taxes for sewer services provided outside the Agency's Service Area, in addition of the monthly Regional Sewer Service Rate.

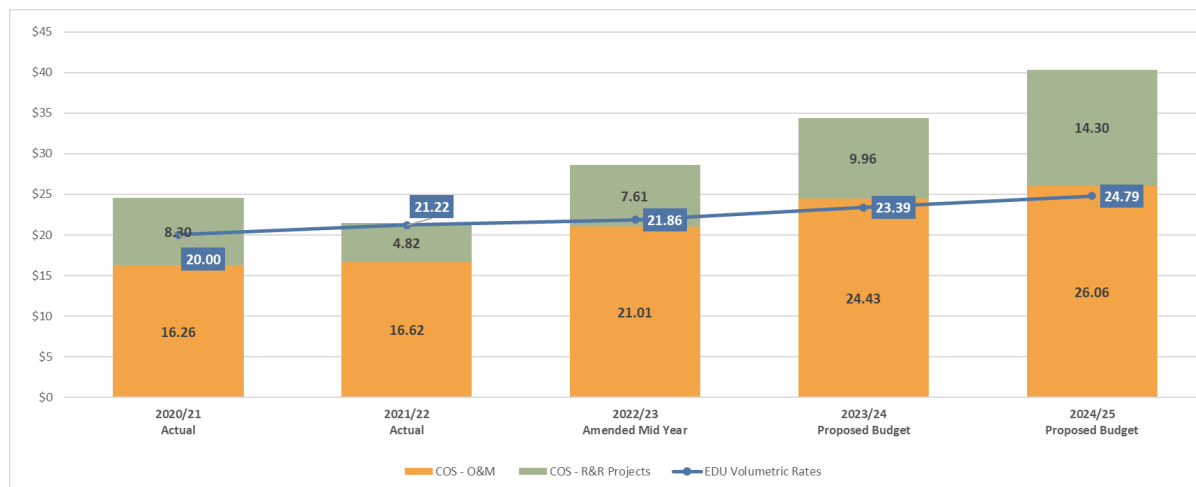
If approved, the proposed rates as shown below in Table 5 will be effective on July 1, 2023:

**Table 5:  
Proposed Regional Wastewater Connection Fee and EDU Volumetric Rates**

<b>Program</b>	<b>Rate Description</b>	<b>FY 2022/23 Current</b>	<b>FY 2023/24 Proposed</b>	<b>FY 2024/25 Proposed</b>
Regional Wastewater Capital	Wastewater Connection Fee	\$7,600	\$8,132	\$8,620
Regional Wastewater Operations & Maintenance	Monthly EDU	\$21.86	\$23.39	\$24.79
Regional Wastewater Capital	Extra-Territorial Service Charge	\$18.85	\$20.47	N/A

The cost of service for the Wastewater Operations fund with the proposed rates for FYs 2023/24 and 2024/25 are shown below in Figure 1. The increase in rates will partially support capital replacements and rehabilitation costs and operational costs. Property taxes will be used to support costs not fully recovered by the rates.

**Figure 1:  
Cost of Service Outpacing Proposed EDU Rates**



## Conclusion

The proposed FYs 2023/24 and 2024/25 connection fee and monthly EDU rate are consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices*

# Wastewater Programs Cost of Service Update and Proposed Rates for FY 2023/24-2024/25

Javier Chagoyen-Lazaro

Director of Finance

March/April 2023

# Key Objectives

- Propose rates and fees that support short- and long-term Agency needs
- Support preparation of biennial budget for FY 2023/24-2024/25
- Maintain Agency credit rating
- Growth pays for growth
- Adopt rates by April 19, 2023
- Support customer agencies to comply with their Proposition 218 timeline



# Adopted Fees and Rates

Fund	Wastewater Operations	Wastewater Capital	Recycled Water				Water Resources	
As of July, 1	Monthly Sewer (EDU)	Wastewater Connection Fee (EDU)	Fixed Cost Recovery ***	Recycled Water Direct Use (AF)	Recycled Water Recharge (AF)	One Water Connection Fee (MEU)**	Meter Equivalent Units (MEU)**	RTS Recovery
FY 2019/20	\$20.00	\$6,955	-	\$490	\$550	\$1,684	\$1.04	60%
FY 2020/21*	\$20.00	\$6,955	-	\$490	\$550	\$1,684	\$1.04	75%
FY 2021/22	\$21.22	\$7,379	-	\$520	\$580	\$1,787	\$1.08	90%
FY 2022/23	\$21.86	\$7,600	\$1.11M	\$516	\$616	\$1,841	\$1.10	100%
FY 2023/24	Flow and load study still in progress		\$2.36M	\$510	\$660	\$1,896	\$1.12	100%
FY 2024/25			\$4.96M	\$465	\$665	\$1,953	\$1.14	100%

\*On May 6, 2020, the Board approved to defer rate increases and maintain the rates unchanged for FY 2020/21

\*\*Rates for FYs 2020/21 through 2024/25 adopted in July 2020

\*\*\* Fixed cost recovery phased in over 3 years

# Monthly Sewer Rates

# Inflationary Pressures for Operating Expenses

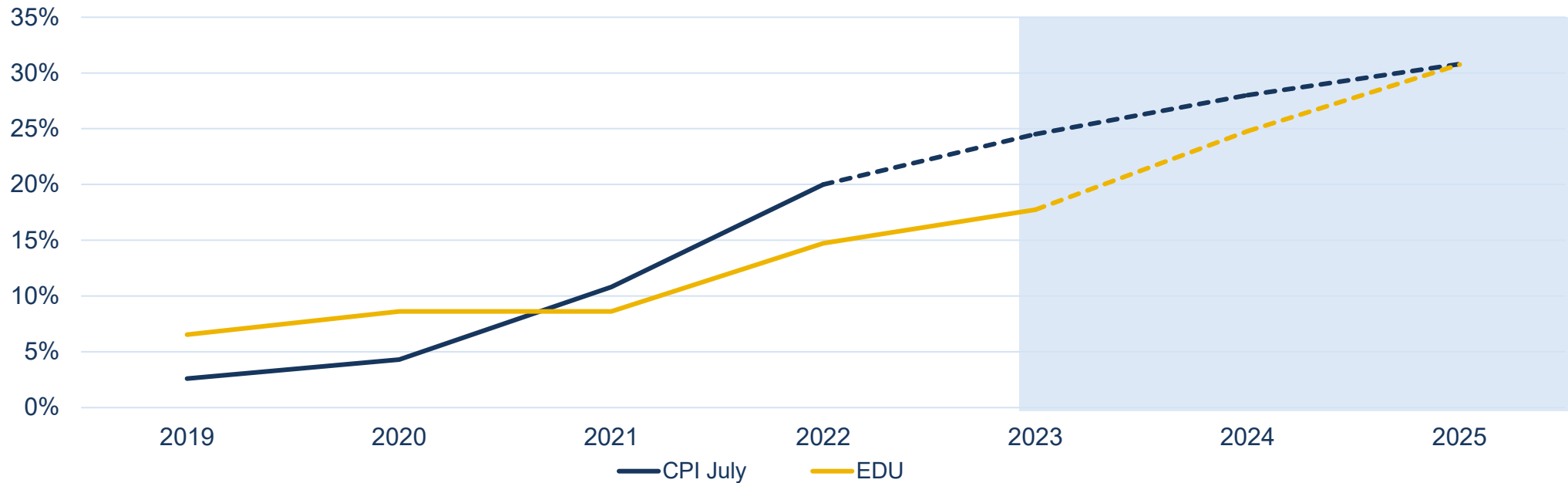
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>12 Mo CPI* July</b>	2.60%	1.70%	6.50%	9.20%			
<b>EDU Rate</b>	\$19.59	\$20.00	\$20.00	\$21.22	\$21.86		
<b>EDU Rate Change</b>	6.50%	2.09%	0.00%	6.10%	3.02%		

\*Bureau of Labor Statistics, CPI-U Riverside-San Bernardino-Ontario Area, all items, not seasonally adjusted  
[https://www.bls.gov/regions/west/news-release/consumerpriceindex\\_riverside.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_riverside.htm)



# Inflationary Pressures for Operating Expenses

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>12 Mo CPI* July</b>	2.60%	1.70%	6.50%	9.20%	4.50%	3.50%	2.80%
<b>EDU Rate</b>	\$19.59	\$20.00	\$20.00	\$21.22	\$21.86	\$23.39	\$24.79
<b>EDU Rate Change</b>	6.50%	2.09%	0.00%	6.10%	3.02%	7.00%	6.40%



\*Bureau of Labor Statistics, CPI-U Riverside-San Bernardino-Ontario Area, all items, not seasonally adjusted  
[https://www.bls.gov/regions/west/news-release/consumerpriceindex\\_riverside.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_riverside.htm)

# Wastewater O&M Program Budget Assumptions

- **Use of Funds: Reflect**

- ❖ Increase in O&M Costs:

- Utilities – Increase cost per kWh in FY 23/24 and increase in usage in FY 24/25
    - Chemicals – Increase in cost per unit, related to raw material cost and transportation cost
    - Employment – Recruitment of staff to support operations of RP-5 expansion facilities

- ❖ Increase in Capital Replacement and Rehabilitation costs

- ❖ Proposed TYCIP

- \$38.1M for FY 23/24
    - \$52.5M for FY 24/25

# Wastewater Operations & Maintenance Fund

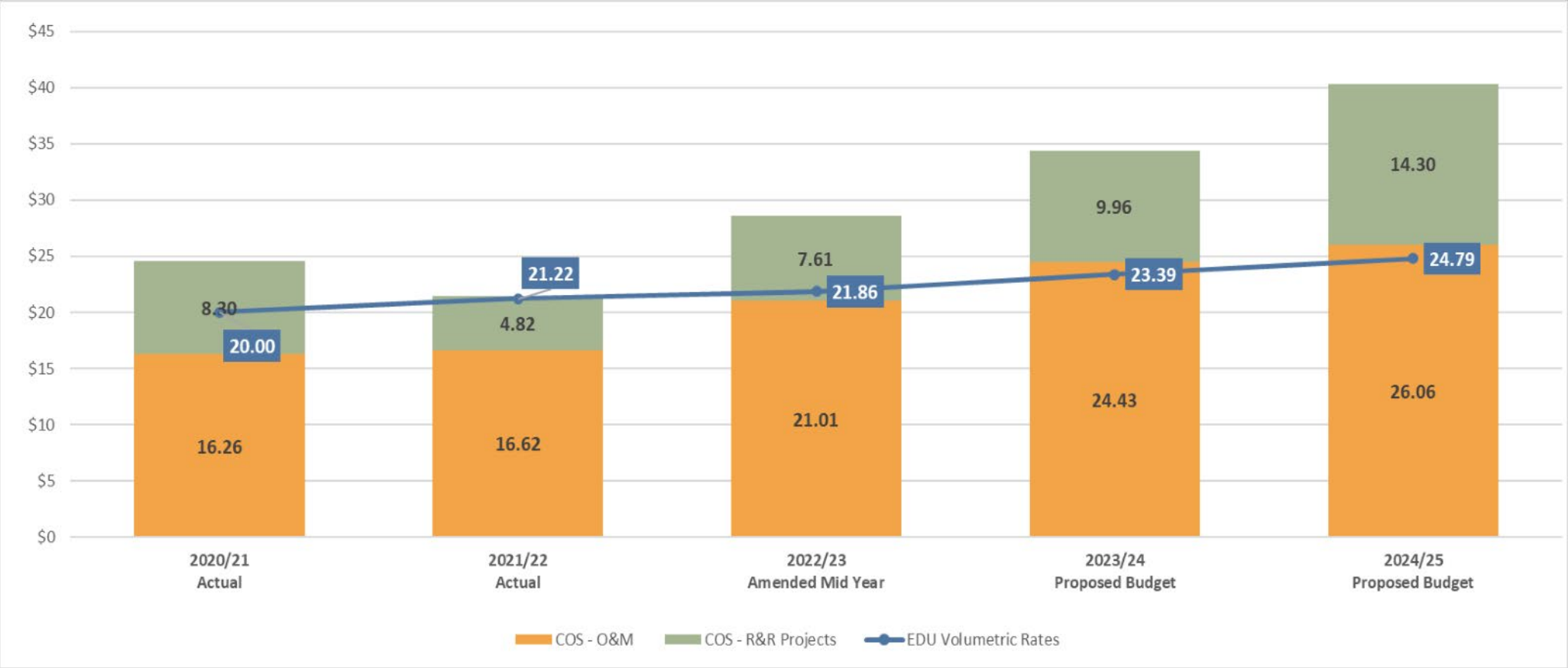
## Cost of Service Outpacing Proposed EDU Rates

	2020/21 Actual	2021/22 Actual	2022/23 Amended	2023/24 Proposed	2024/25 Proposed
Monthly EDU Rate	20.00	21.22	21.86		
Proposed Monthly EDU Rate				23.39	24.79
Cost of Service	24.57	21.44	28.53	\$33.34	\$36.31

- 1. Proposed increase rate of 7% FY 23/24 and 6.4% FY 24/25
- 2. TYCIP adjusted:
  - Non-Capital projects reduced by 50%, avg \$5M;
  - Capital projects adjusted to \$29M FY 23/24 and \$32M FY 24/25
- 3. Projects will be supported with Property taxes, future financing and capital replacement reserves

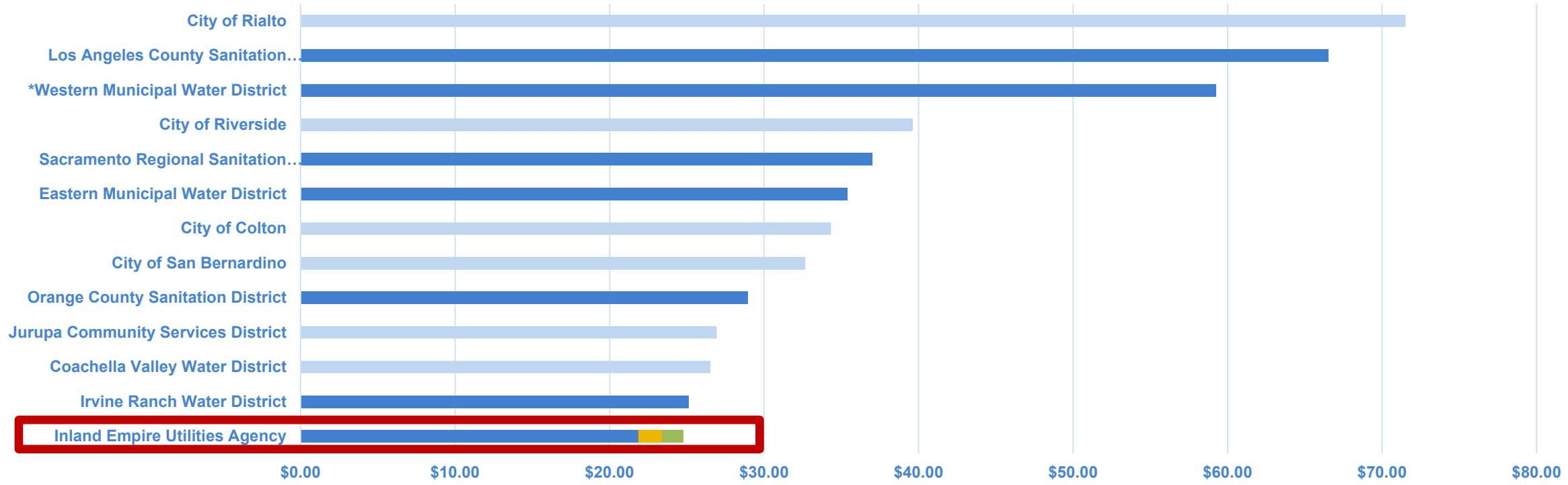
# Wastewater Operations & Maintenance Fund

## Cost of Service Outpacing Proposed EDU Rates



# Adopted Monthly Average Sewer Fee Comparison (\$/EDU)

FY 22/23 Monthly Average Sewer Fee Comparison  
(Single Family Residential)



\*La Sierra Sewer Only Customers and Western Water Recycling Facility Sewer Customers

FY 2023/24     FY 2024/25

# Adopted Monthly Average Sewer Fee Comparison (\$/EDU)

	FY 2022/23 Adopted	FY 2023/24 Proposed	FY 2024/25 Proposed
City of Rialto	\$71.52		
Los Angeles County Sanitation Districts	\$66.53		
*Western Municipal Water District	\$59.25		
City of Riverside	\$39.59		
Sacramento Regional Sanitation District	\$37.00		
Eastern Municipal Water District	\$35.40		
City of Colton	\$34.33		
City of San Bernardino	\$32.66		
Orange County Sanitation District	\$28.92		
Jurupa Community Services District	\$26.93		
Coachella Valley Water District	\$26.53		
Irvine Ranch Water District	\$25.10		
<b>Inland Empire Utilities Agency</b>	<b>\$21.86</b>	<b>\$23.40</b> <b>Increase \$1.54</b>	<b>\$24.80</b> <b>Increase \$1.40</b>

*\*La Sierra Sewer Only Customers and Western Water Recycling Facility Sewer Customers*

# Adopted Monthly Average Sewer Fee Comparison (\$/EDU)

FY 2022/23	IEUA Rate	Local Rate	Total
City of Chino	\$21.86	\$15.26	\$37.12
City of Chino Hills	\$21.86	\$ 7.20	\$29.06
City of Ontario	\$21.86	\$13.63	\$35.49
City of Fontana	\$21.86	\$10.35	\$32.21
City of Montclair	\$21.86	\$ 9.28	\$31.14
City of Upland	\$21.86	\$10.85	\$32.71
CVWD	\$21.86	\$ 5.73	\$27.59

# Extra-Territorial Sewer Service Charges



# Extra-Territorial Sewer Service Charges

A. FY 2022/23 Assessed Value:	\$145,038,088,700
B. FY 2023/24 Projected monthly EDUs:	294,611
C. Assessed Value per EDU (A/B):	\$492,303
D. Annual tax obligation factor:	0.000499
E. Annual tax per EDU (CxD):	\$245.66
<b>F. FY 2023/24 Monthly tax per EDU (E/12):</b>	<b>\$20.47</b>

**Extra-Territorial charges are the equivalent of property taxes for sewer services provided outside the Agency's Service Area, in addition of the monthly Regional Sewer Service Rate.**

# Wastewater Connection Fees

# Ten-Year Capital Improvement Plan (TYCIP)

- Budget includes TYCIP projects

- Asset Management

- Replacement & Rehabilitation, Increase Efficiency

- Regulatory Compliance

- Potential recycled water permit non-compliance salinity limits
- Groundwater recharge water quality requirements

- Member Agency growth projections

- Wastewater Treatment Plant Expansion; Facilities Improvement

- TYCIP Full Presentation, April 19, 2023

Major Projects (\$ Millions)	FY 2023/24	FY 2023/24
RP-5 Expansion	\$76	\$52
RP-1 Thickening	15	45
CCWRF Improvements	9	13
SCADA	7	7
<b>Total</b>	<b>\$107</b>	<b>\$117</b>

# Inflationary Pressures Project Costs

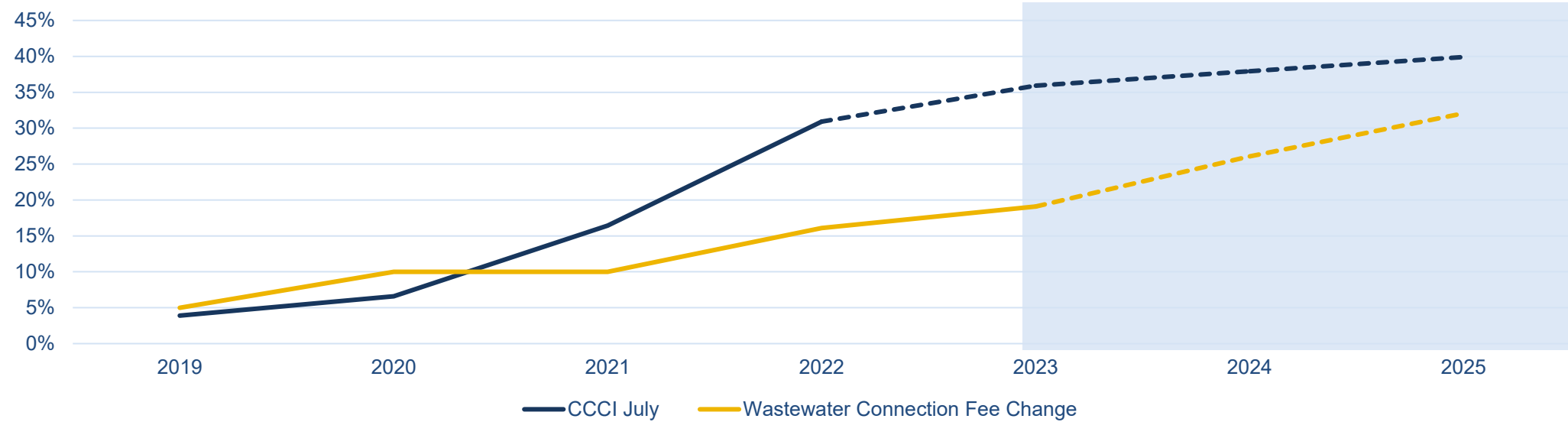
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>12 Mo CPI* July</b>	3.88%	2.71%	9.85%	14.48%			
<b>Connection fee</b>	4.99%	5.00%	0.00%	6.10%	2.99%		
<b>Connection fee</b>	\$6,624	\$6,955	\$6,955	\$7,379	\$7,600		

\*DGS California Construction Cost Index, CCI  
<https://www.dgs.ca.gov/RES/RESOURCES/Real-Estate-Services-Division-Resources-List-Folder/DGS-California-Construction-Cost-Index-CCCI>

# Inflationary Pressures Project Costs

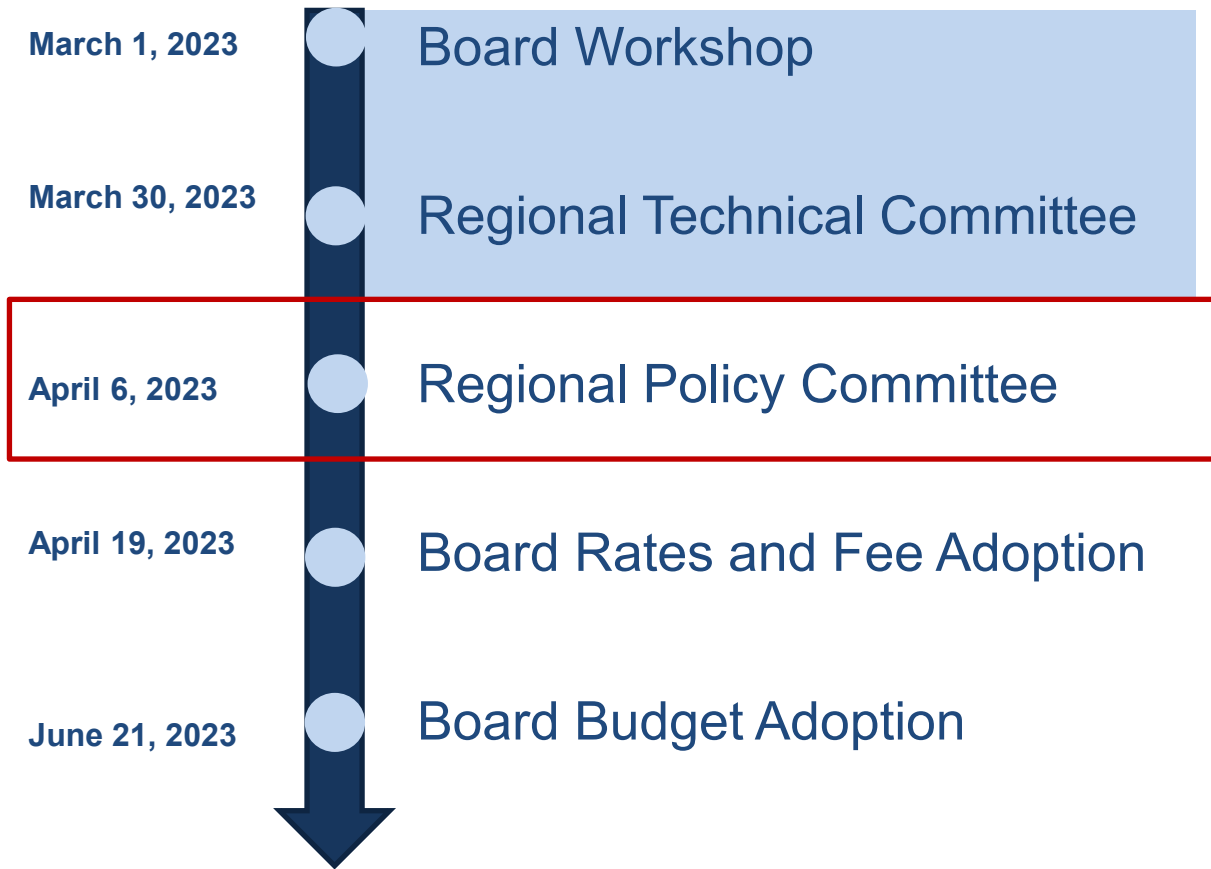
	2019	2020	2021	2022	2023	2024	2025
12 Mo CPI* July	3.88%	2.71%	9.85%	14.48%	4.50%	3.50%	2.80%
Connection fee	4.99%	5.00%	0.00%	6.10%	2.99%	7.00%	6.00%
Connection fee	\$6,624	\$6,955	\$6,955	\$7,379	\$7,600	\$8,132	\$8,620

Acumulated CCCI and wastewater Connection fee changes



\*DGS California Construction Cost Index, CCI  
<https://www.dgs.ca.gov/RES/Real-Estate-Services-Division-Resources-List-Folder/DGS-California-Construction-Cost-Index-CCI>

# Next Steps



# Recommendation

- It is requested that the Regional Committees recommend the IEUA Board of Directors adopt the proposed rates and fees for the Regional Wastewater Program, effective July 1<sup>st</sup>
  - Regional Wastewater Connection Fee for FY 2023/24 and FY 2024/25
  - Monthly Sewer Rate for FY 2023/24 and FY 2024/25
  - Extra-Territorial Sewer Service Charge Rate for FY 2023/24

The proposed rates and fees are consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship, and Business Practices*

**INFORMATION  
ITEM**

**3A**





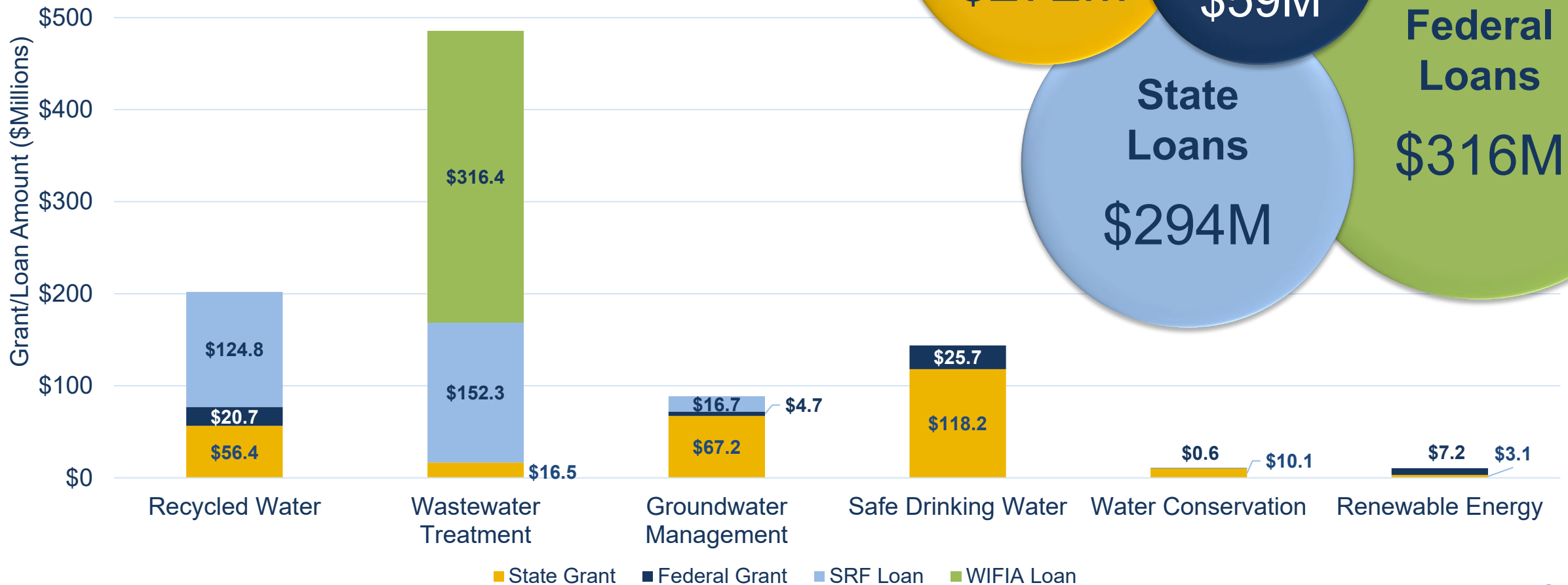
# Grants Semi-Annual Update

Ashley Womack  
Grants & Government Affairs Officer  
March/April 2023



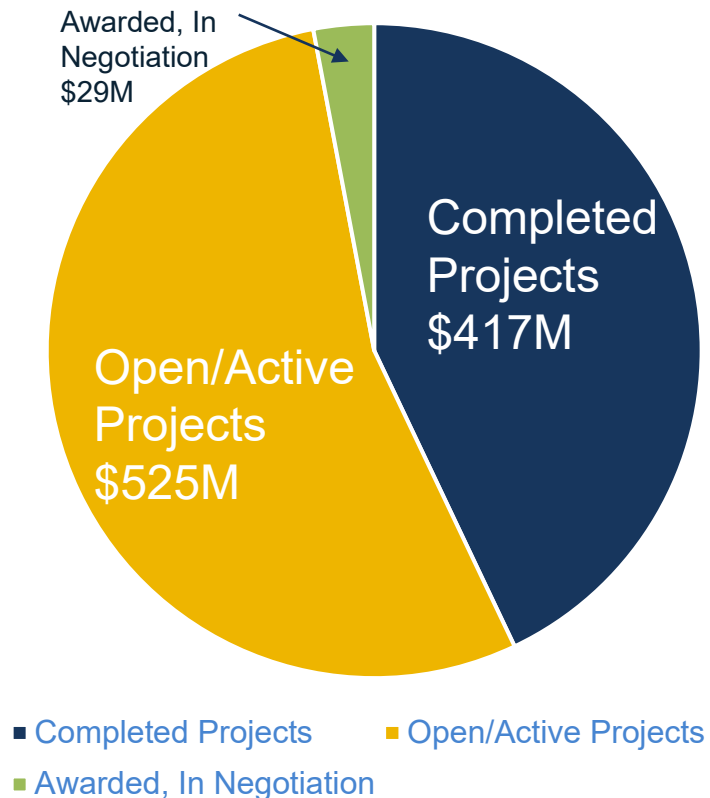
# Grant & Loan Funding Overview

**Executed Grants + Loans = \$941M**



# Grant & Loan Funding Overview

## IEUA Grant/Loan Awards since 2000



*\*Does not include WSIP funding*

## Funding Agencies for IEUA's Current Agreements and Applications



FEMA



# Chino Basin Program (CBP) Applications Submitted

- Working with CBP team to track and forecast funding opportunities
  - Tracking legislation with advocacy partners to identify upcoming water infrastructure funding
  - Flexible strategies to align CBP components with opportunities

Grant/Loan Program Name	Project Name	Grant Application Amount	Loan Application Amount
FEMA Building Resilient Infrastructure & Communities	BRIC 2022 Inland Empire Recycled Water Intertie and Aquifer Storage Project	\$43,500,000	
USBR Water Recycling and Desalination Planning Grant Program	Chino Basin Advanced Treated Recycled Water, Storage, and Production	\$2.8M	
CA Clean Water State Revolving Fund (CWSRF)	Recycled Water Interconnection to the City of Rialto		\$65,000,000

# Chino Basin Program (CBP) Funding

- Other Funding Opportunities in Progress:
  - USBR Water Recycling and Desalination Program – Construction
    - Feasibility Study updates to be submitted in March
    - Anticipating the Notice of Funding Opportunity to be released in Spring 2023
  - Community Project Request through Federal Delegation
    - Injection and Monitoring Well Pilot
  - EPA WIFIA for the entire CBP
  - Drinking Water State Revolving Fund
    - Advanced Treatment and Injection Wells
  - CA State Water Resources Control Board – Recycled Water Program
  - Governor's Office of Planning and Research: Integrated Climate Adaption and Resiliency Program



# Other Recent Grant Activity

## Awards:

- CA Department of Parks & Recreation
  - Awarded \$200,000 for the External & Government Affairs' Department's Discover the Environment and Water: An Education Program



California Department of  
**Parks and Recreation**

## Applications Submitted:

- CA Department of Water Resources: Urban Community Drought Relief Program
  - Requesting \$15 million for the Turnkey Turf Transformation Program



CALIFORNIA DEPARTMENT OF  
**WATER RESOURCES**

## Other Funding Opportunities Being Pursued:

- Community Project Requests through Federal Delegation
  - Energy Recovery Project at RP-1



# Other Recent Grant Activity



*IEUA and CBWCD Ribbon Cutting 1/19/2023 with President Tule*

# Questions?



**INFORMATION  
ITEM**

**3B**

# Engineering and Construction Management Project Updates

Jason Marseilles, PE  
Manager of Engineering & Construction Management  
April 2023



# Collection System Condition Assessment

Project Goal: Extend Asset Life

**Total Project Budget: \$5.1M**  
**Project Completion: April 2023**  
**Condition Assessment Percent Complete: 95%**

Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Condition Assessment	CDM Smith	\$3.6 M	25%
Project Management Team			
Project Manager:	Ignacio, Joel		
Assistant/Associate Engineer:	Ward, Ryan		
Administrative Assistant:	Olsen, Wendy		
Inspector:	GK & Associates		



# RP-1 Headworks Bar Screens Improvements

Project Goal: Improve Efficiency



Existing climber screens

**Total Project Budget: \$3.9M**  
**Project Completion: June 2024**  
**Construction Percent Complete: 5%**

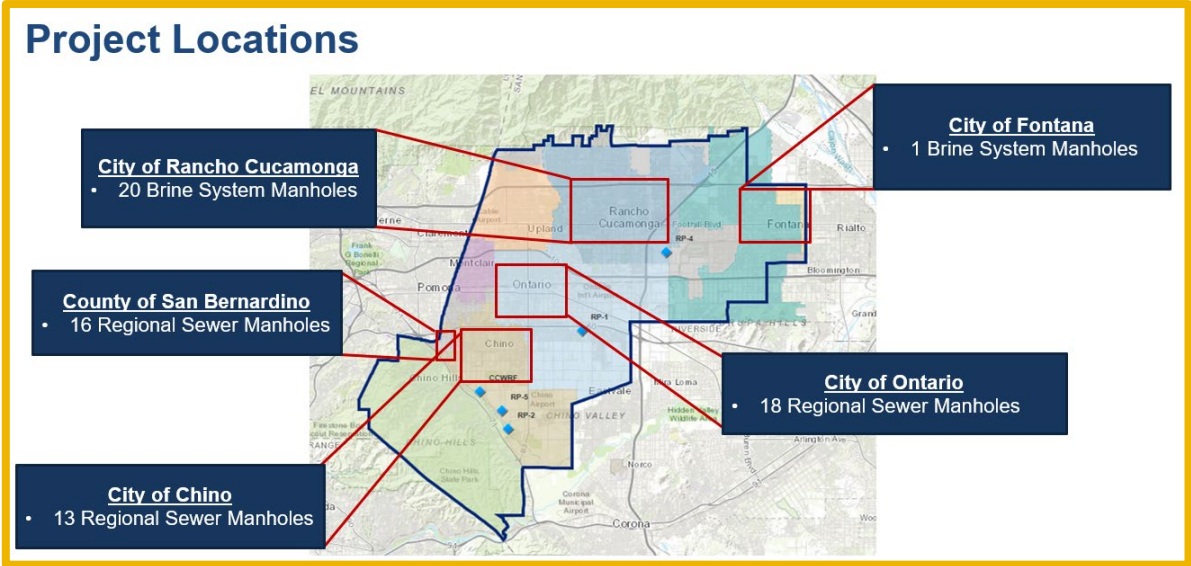
Phase	Consultant/ Contractor	Current Contract	Amendments/ Change Orders
Design	In House	N/A	N/A
Construction	GSE Construction	\$1.6M	0%
Project Management Team			
Senior Engineer:		Spears, James	
Project Manager:		Salazar, Sandra	
Administrative Assistant:		Anser Advisory	
Inspector:		GK & Associates	

# NRWS Manhole & Collection Systems Upgrades FY22/23

Project Goal: Rehabilitate/Repair Existing Assets

**Total Project Budget: \$700k**  
**Project Completion: June 2023**  
**Construction Percent Complete: 5%**

Phase	Contractor	Current Contract	Amendments/ Change Orders
Construction (Current)	Norstar	\$413k	0%
Project Management Team			
Project Manager:	Biesiada, Josh		
Assistant/Associate Engineer:	Trott, Megan		
Administrative Assistant:	Anser Advisory		
Inspector:	GK and Associates		



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**4A**



# Building Activity Report - YTD Fiscal Year 2022/23



**Legend**

Service Area

Unincorporated

## Residential

<=1.0

1.0 - 10.0

>10.0

## Commercial

<=1.0

1.0 - 10.0

>10.0

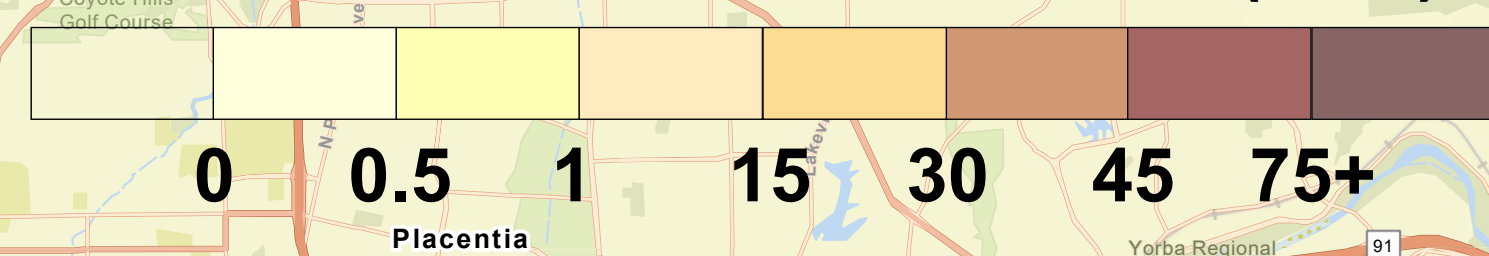
## Industrial

<=1.0

1.0 - 10.0

>10.0

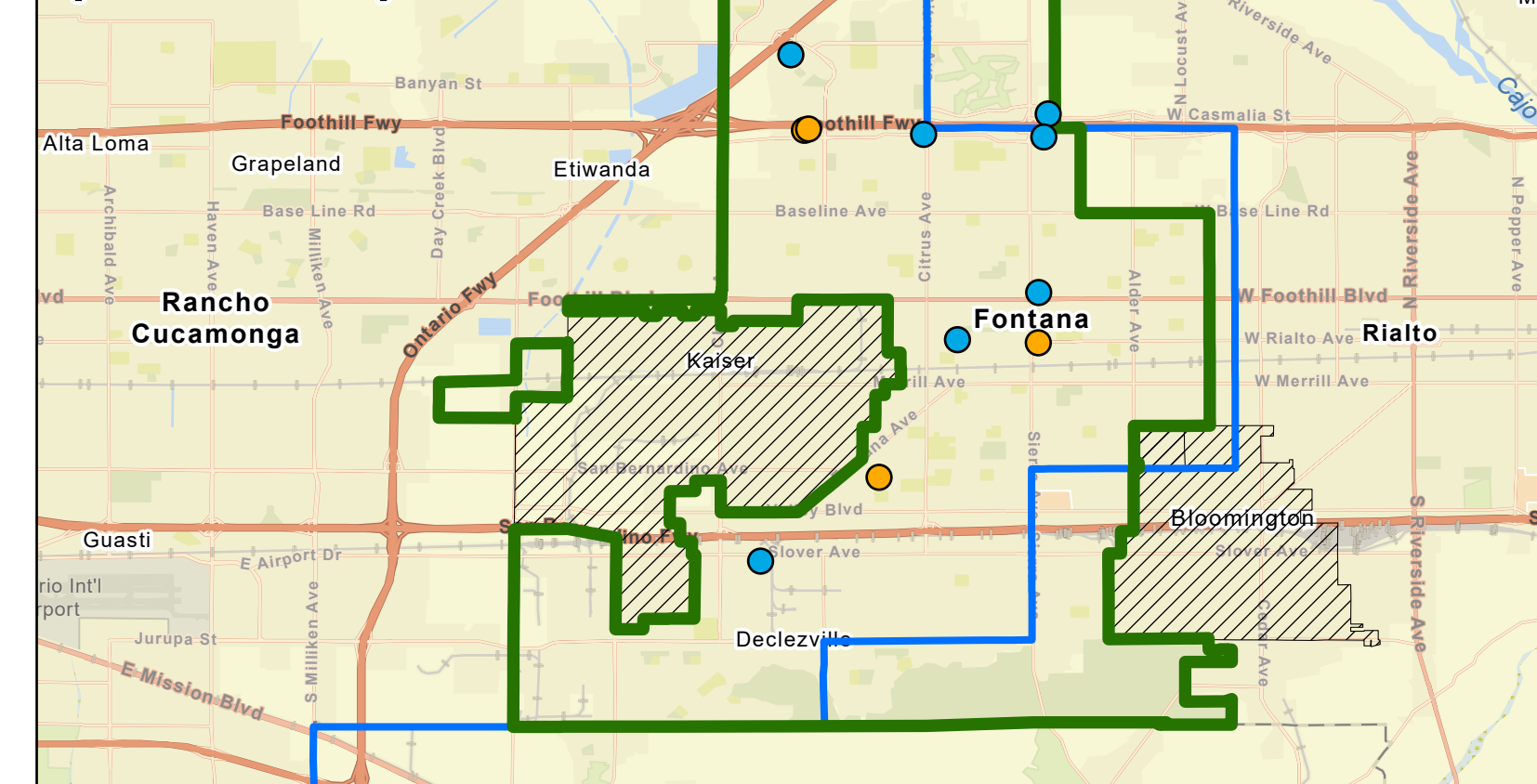
## HALF MILE GRID: TOTAL EDU's (YTD)



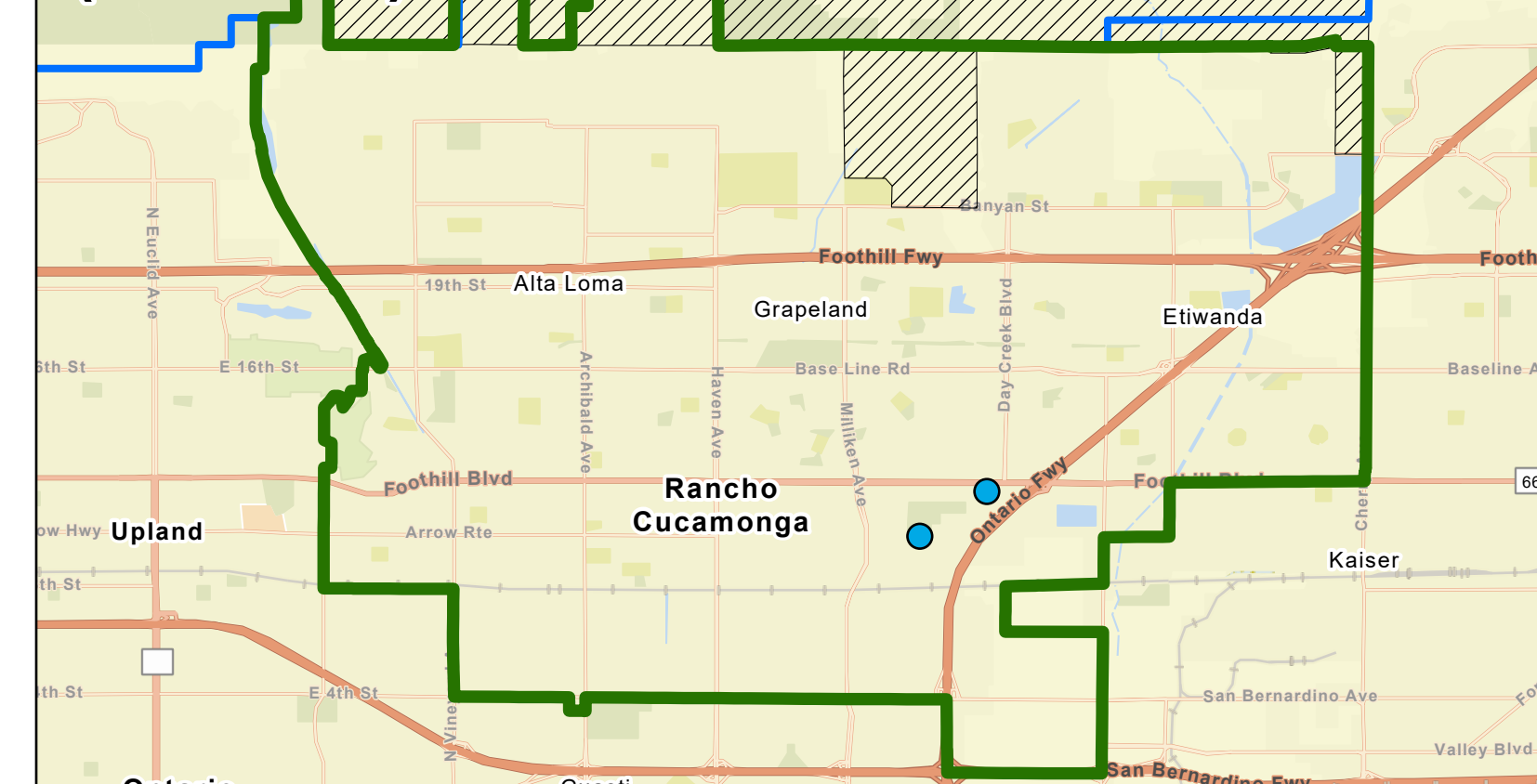
## TOTAL EDU BY WASTEWATER CONNECTION TYPE (YTD)

Contracting Agency	YTD Actual				Projected
	Commercial (EDUs)	Industrial (EDUs)	Residential (EDUs)	Total (EDUs)	
Chino	36	0	60	96	434
Chino Hills	13	0	2	15	19
CVWD	24	0	3	27	2050
Fontana	55	2	270	327	962
Montclair	19	2	0	21	474
Ontario	71	152	509	732	3780
Upland	16	0	66	82	340
Total	234	157	910	1301	8059

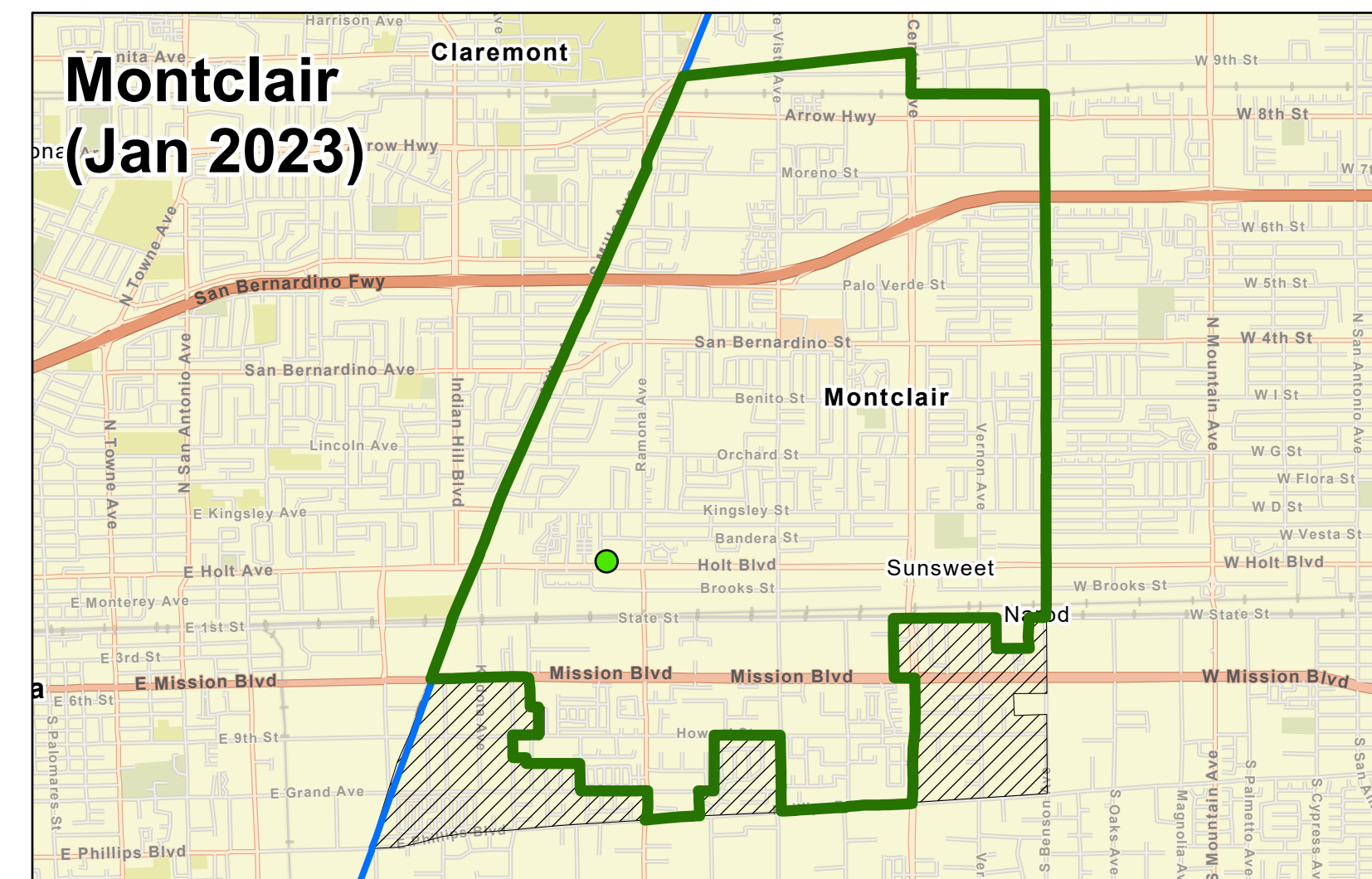
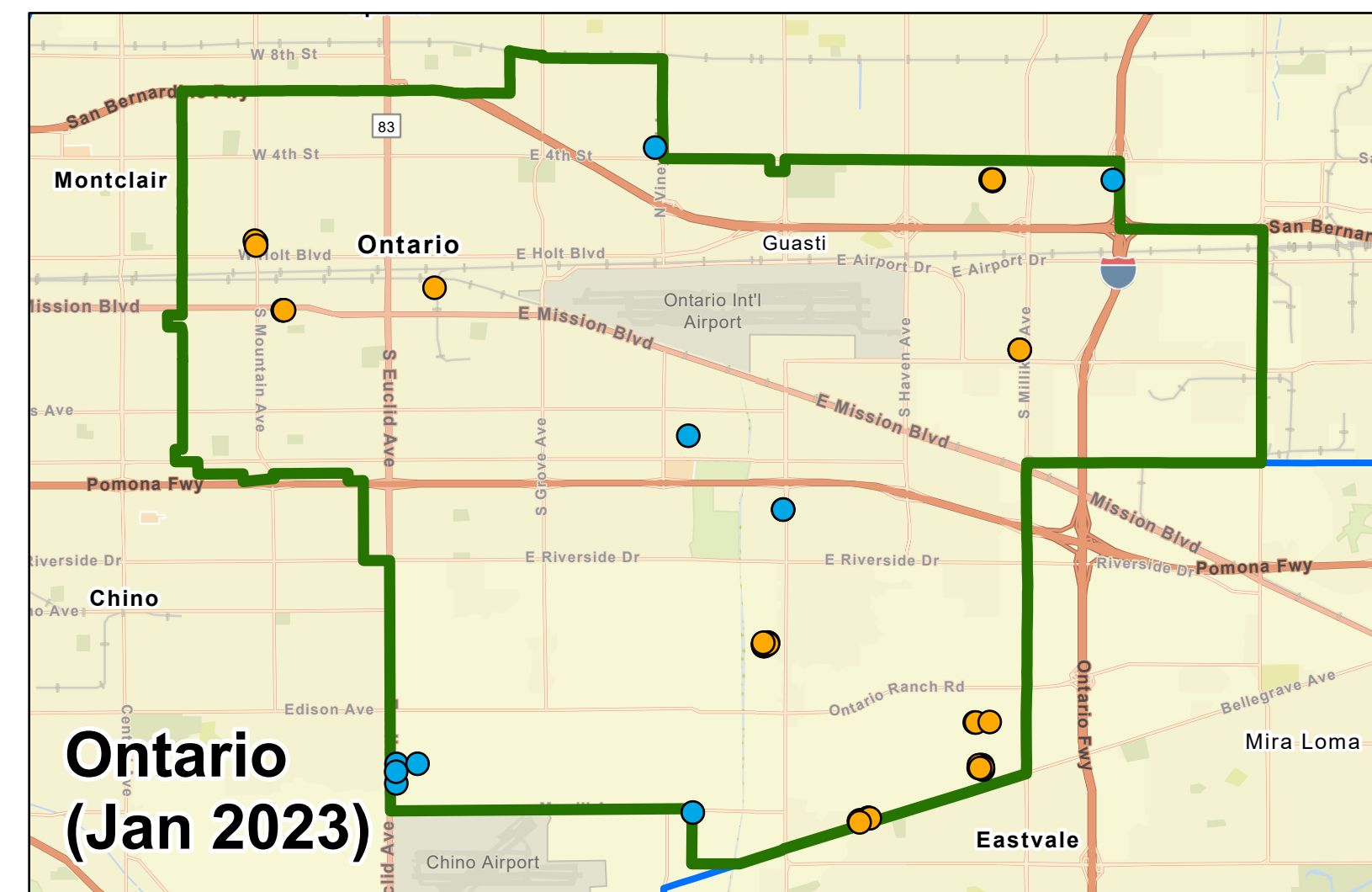
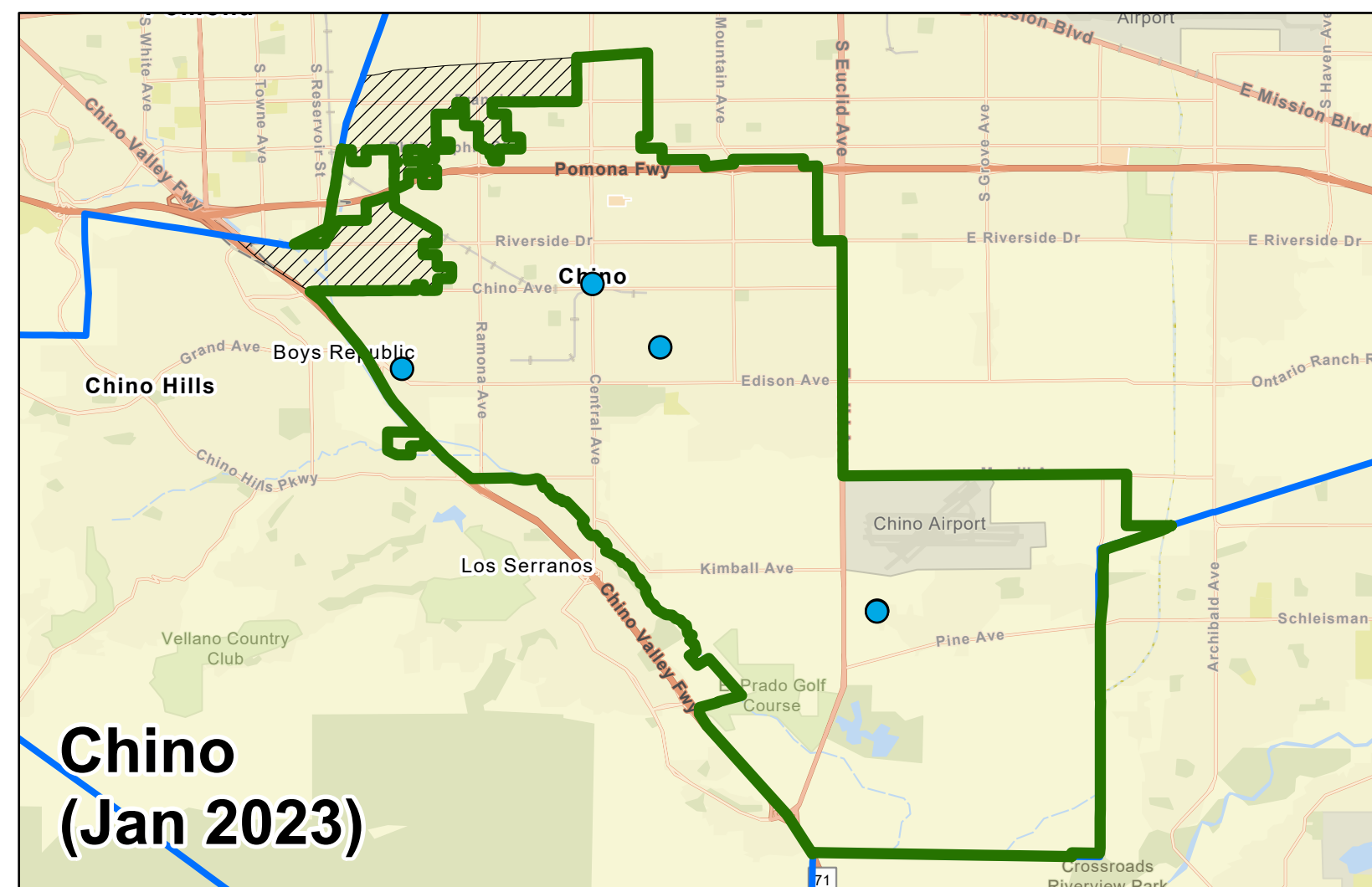
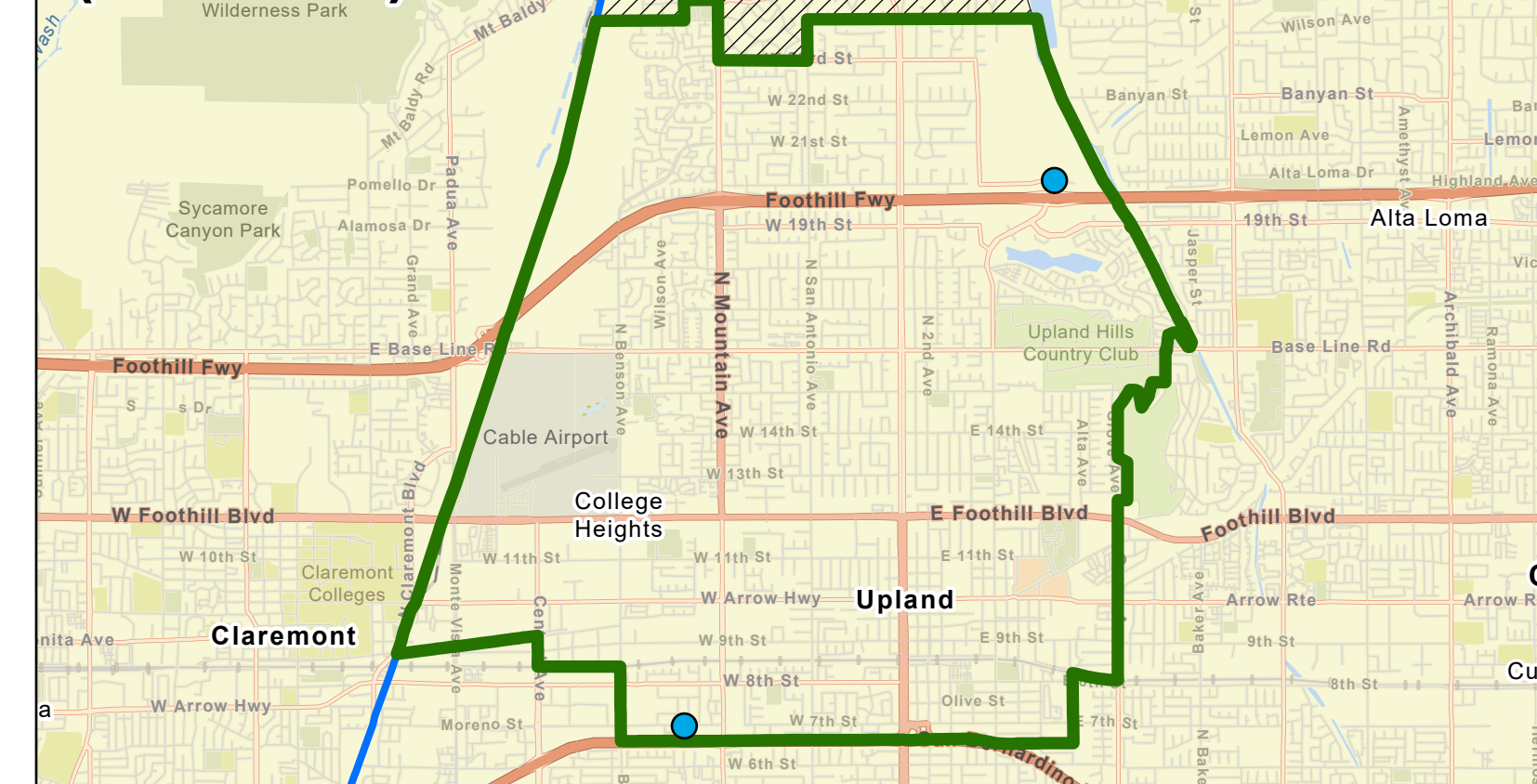
## Fontana (Jan 2023)



## Cucamonga Valley Water District (Jan 2023)



## Upland (Jan 2023)





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**4B**



# IEUA RECYCLED WATER DISTRIBUTION – FEBRUARY 2023

## TOTAL ALL PLANTS

Influent: 51.6 MGD

Delivered: 23.8 MGD

Percent Delivered: 46%

## Preliminary Deliveries

RW GWR: 13.7 MGD

RW Direct Use: 10.1 MGD

## RP-4

Delivered: 7.4 MGD

## RP-1

Delivered: 11.1 MGD

## CCWRF

Delivered: 4.8 MGD

## RP-5

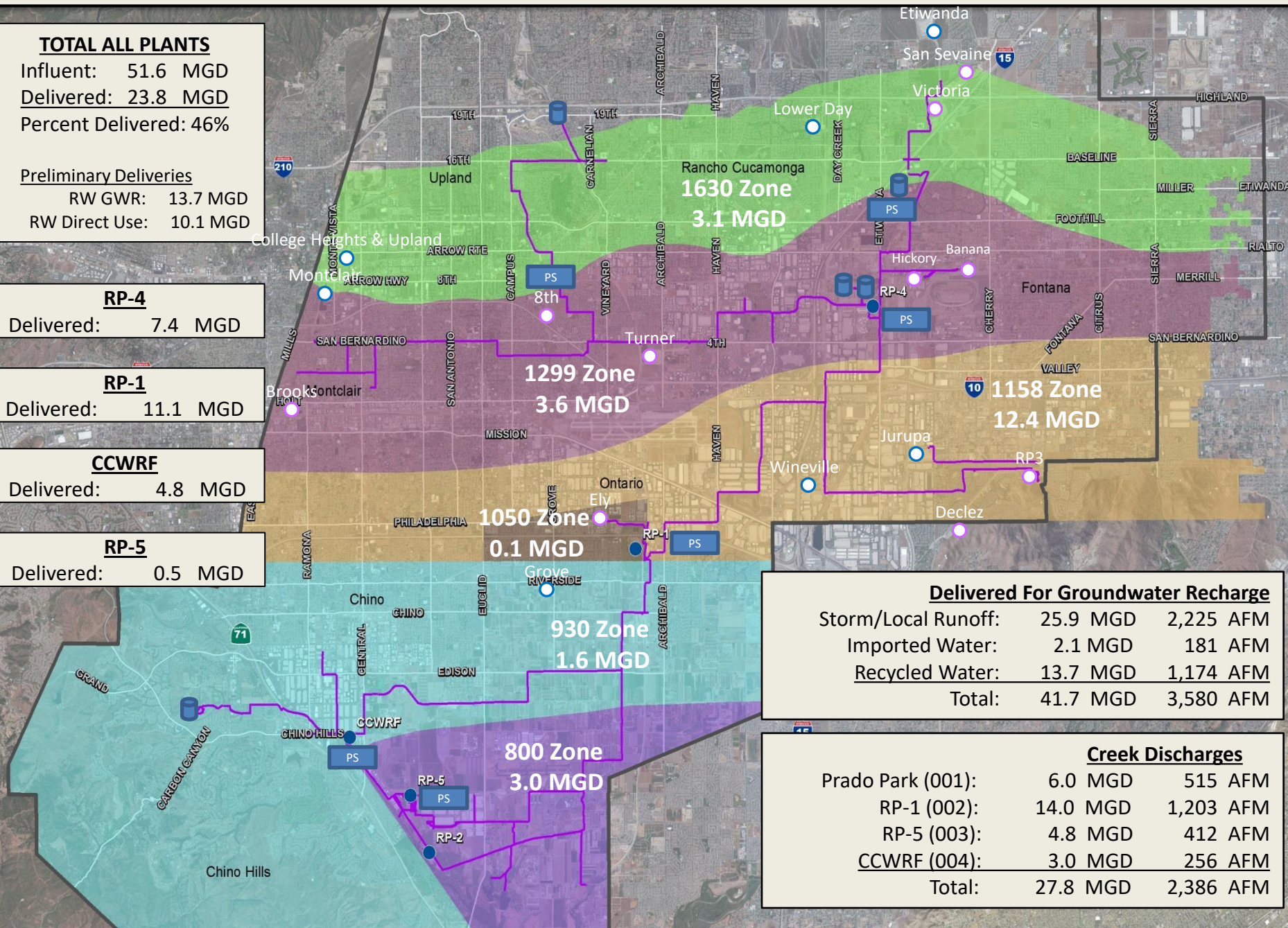
Delivered: 0.5 MGD

## Delivered For Groundwater Recharge

Storm/Local Runoff:	25.9 MGD	2,225 AFM
Imported Water:	2.1 MGD	181 AFM
Recycled Water:	13.7 MGD	1,174 AFM
Total:	41.7 MGD	3,580 AFM

## Creek Discharges

Prado Park (001):	6.0 MGD	515 AFM
RP-1 (002):	14.0 MGD	1,203 AFM
RP-5 (003):	4.8 MGD	412 AFM
CCWRF (004):	3.0 MGD	256 AFM
Total:	27.8 MGD	2,386 AFM



# Recycled Water Recharge Deliveries - February 2023 (Acre-Feet)

Basin	2/1-2/14	2/15-2/11	2/12-2/18	2/19-2/28	Month Actual	FY To Date Actual	Deliveries are draft until reported as final and do not included evaporative losses.	
Ely	0.0	0.0	0.0	0.0	0.0	137		
Banana	3.7	9.3	12.5	4.9	30.4	626		
Hickory	0.0	0.0	0.0	0.0	0.0	121		
Turner 1&2	0.0	0.0	0.0	0.0	0.0	149		
Turner 3&4	0.0	0.0	0.0	0.0	0.0			
8th Street	13.8	23.9	18.9	0.0	56.6	841		
Brooks	15.7	21.7	21.6	6.4	65.4	672		
RP3	142.6	239.3	228.5	205.9	816.3	5651		
Deolez	0.0	0.0	0.0	0.0	0.0	31		
Victoria	23.8	41.5	41.4	15.1	121.8	505		
San Sevaire	0.0	29.9	41.7	12.1	83.7	2154		
Total	193.6	365.6	364.6	244.4	1,174.2	10,886	11,643	AF previous FY to day actual

