Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Inland Empire Utilities Agency

Rates Overview

September 2026

TABLE OF CONTENTS

01 IEUA: Steward of the Region

02 Transparency In Action

03 CBP: Pure. Reliable. Local.

04 Transition to Direct Billing

05 Q&A



01

IEUA: Steward of the Region

Rates and Fees Explained

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

About IEUA

- Located in the southwestern portion of San Bernardino County
- 950,000 residents in our service area
- 242 – square miles

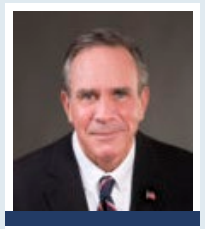
Contracting and retail agencies:

- City of Chino
- City of Chino Hills
- Cucamonga Valley Water District
- City of Fontana
- City of Montclair
- City of Ontario
- City of Upland
- Fontana Water Company
- Monte Vista Water District
- West Valley Water District



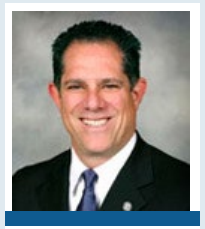
Marco Tule
Director

Division 1



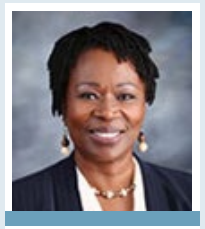
Paul Hofer
Director

Division 2



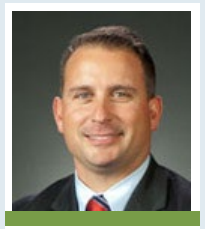
Steven J. Elie
President

Division 3



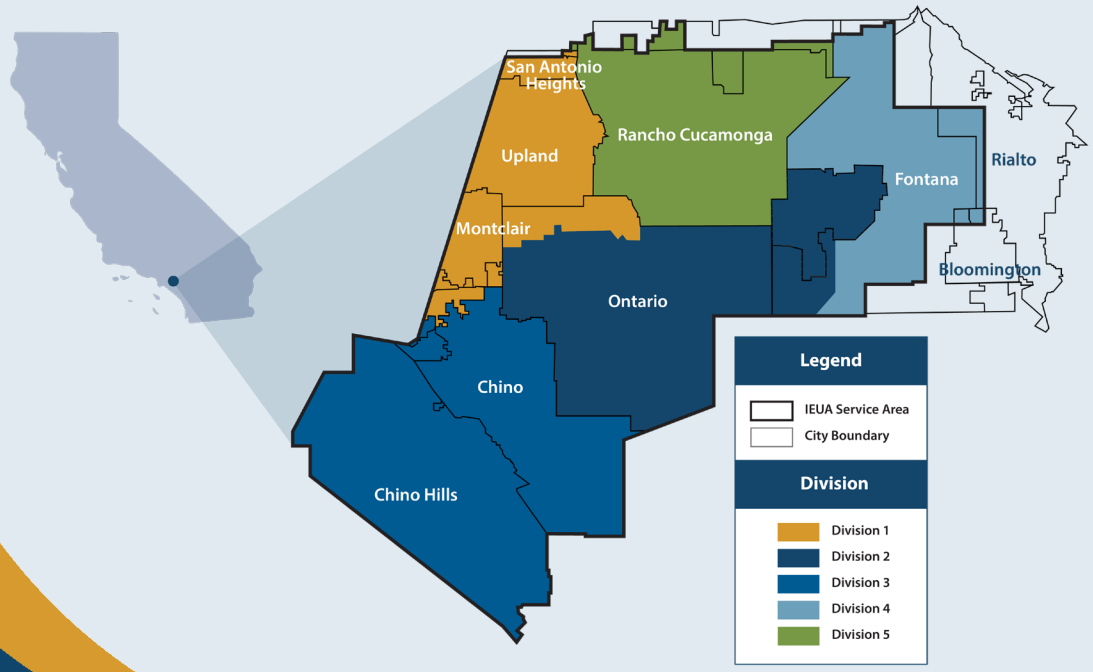
Jasmin A. Hall
Vice President

Division 4



Michael Camacho
Secretary/Treasurer

Division 5



** IEUA Board of Directors are elected by the general public*

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Funding Operation and Maintenance and Capital Expenses

IEUA revenue can be divided into three general categories:

Rates and Fees

- User Charges
- Connection Fees
- Recycled Sales

Property Tax

- San Bernardino County Ad-valorem Property Taxes
- Pass-through Incremental Taxes
- Extra-territorial Fees

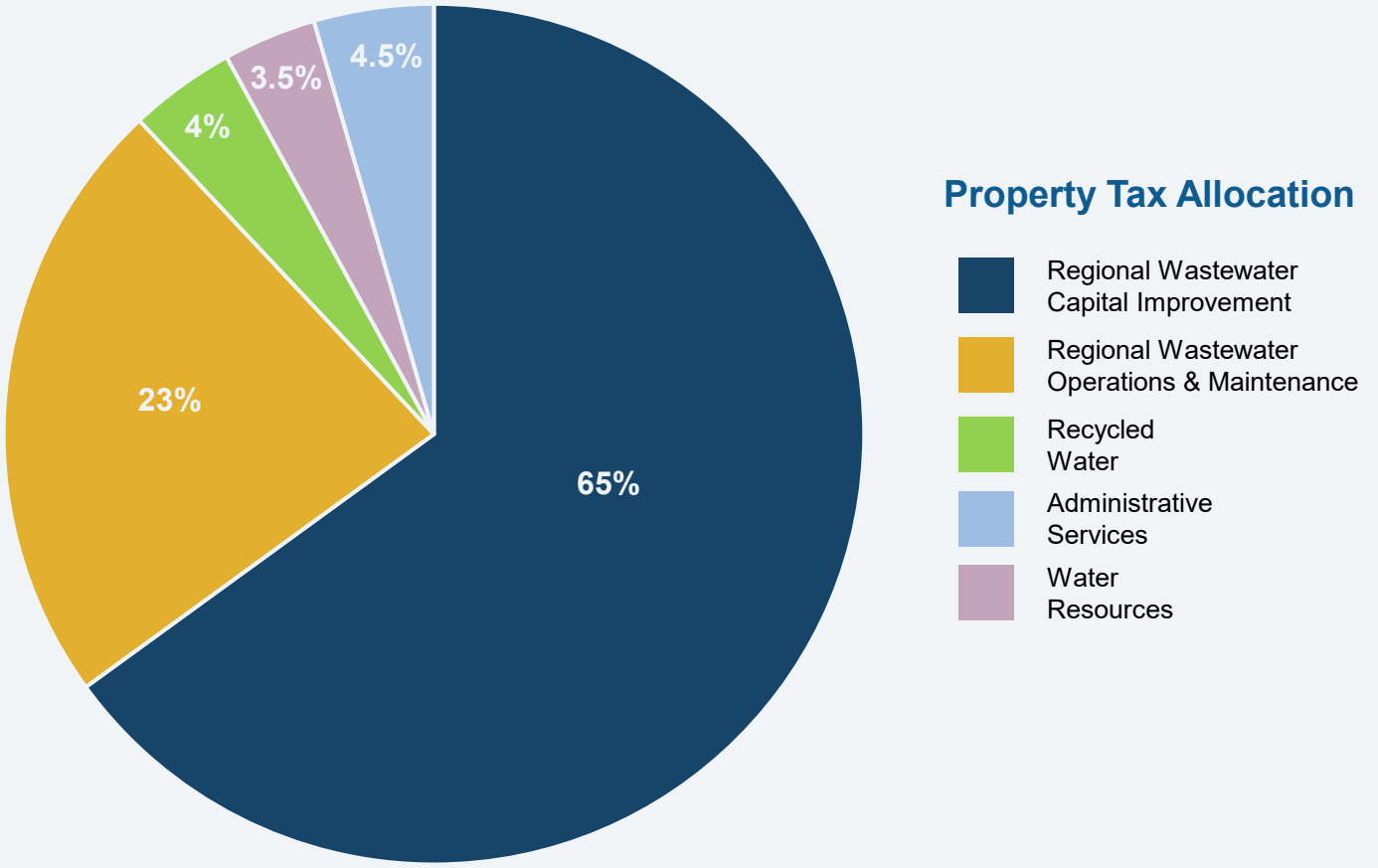
Debt Proceeds, Loans, & Other

- Bonds, State and Other Loans
- Grants
- Other Revenues

The Role of Property Tax

Property tax is a key funding source and supports a range of services including IEUA debt service, the pay-go portion of expansion projects, future growth projects, asset management and regulatory and safety compliance. Property tax primarily contributes to IEUA's wastewater service area to offset the cost of the Wastewater Capacity and Connection Fee and Monthly Wastewater Equivalent Dwelling Unit (EDU) Rate.

The pie chart represents historical allocation of property tax, but the IEUA Board of Directors has discretion on current and future allocation.

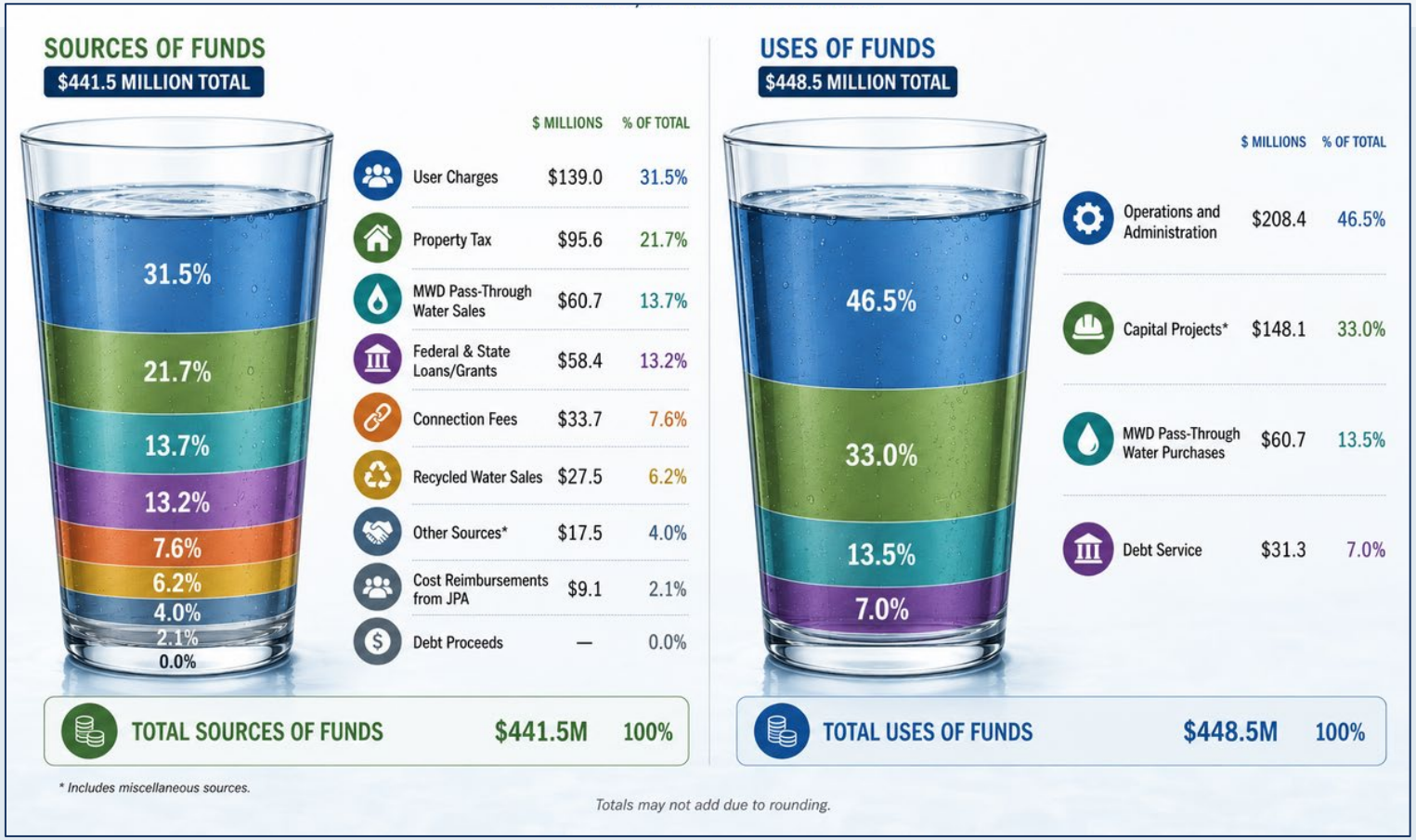


Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

IEUA Revenue vs. Expenses

FY 2026/27 Amended Budget

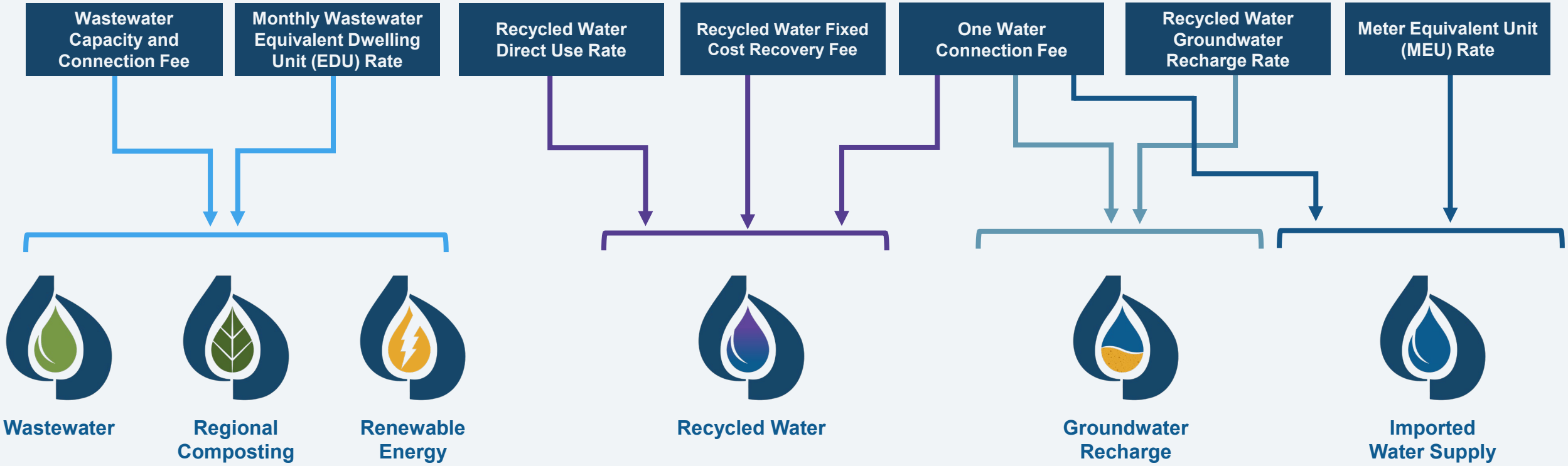
Several funding categories allow IEUA to excel in providing services to the region.



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Rates Directly Translate to Services

Your payments transform into services and solutions. They finance the day-to-day operations, maintenance of systems and investments in future water security.



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Monthly Wastewater Equivalent Dwelling Unit (EDU) Rate

What is it?

The Monthly Wastewater EDU Rate is a charge on all connections to the regional wastewater system, in addition to local sewer rates charged by retail service providers for wastewater collection.

An Equivalent Dwelling Unit, or EDU, represents the sewage flow of a single-family residential household. Each residence equals one EDU; commercial and industrial EDUs are computed from fixture units multiplied by the applicable sewage factor.

What does it support?

IEUA has a regulatory obligation to maintain the wastewater system for public health and the protection of the environment.

This rate covers the costs to operate and maintain the regional wastewater collection, treatment and discharge system.

How is it Calculated?

Regional Wastewater Operations Fund revenue requirement, less property tax and other offsetting revenues

÷

Projected EDUs reported by the sewage collection agencies

=

Monthly Wastewater EDU Rate ($/EDU)

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Wastewater Capacity and Connection Fee

What is it?

The Wastewater Capacity and Connection Fee is a fee on new or expanded connections to the regional wastewater collection, treatment and discharge system.

What does it support?

This fee allows development to purchase capacity within the existing regional wastewater system and fund regional projects to meet forecasted growth and changing demands.

It does not cover operation and maintenance of the regional wastewater collection, treatment and discharge system.

How is it Calculated?

Recovery of capital costs related to IEUA's existing wastewater capacity.

+

Recovery of capital costs for building new capacity for forecasted growth

=

Wastewater Capacity and Connection Fee

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Meter Equivalent Unit (MEU) Rate

What is it?

The Meter Equivalent Unit (MEU) Rate is a monthly fixed cost on potable water assessed using a meter equivalent unit. A meter equivalent unit, or MEU, is defined as the average water use of a single-family residence. The MEU is derived based on estimated water use associated with varying meter sizes.

What does it support?

Provides stable funding for planning, studies and analyses that enhance long-term regional water supply reliability.

Supports water conservation, recycling, groundwater recharge and stormwater management planning programs.

Backs IEUA's collaboration with regional and local water managers on imported and local supplies.

Covers the administrative cost of procuring imported water from Metropolitan for customer agencies.

How is it Calculated?

Annual Water Resources Program revenue requirement, net of offsetting revenues
÷
Forecasted systemwide MEUs
÷
12 months

=

Monthly MEU Rate ($/MEU)

One Water Connection Fee

What is it?

The One Water Connection Fee is a fee on new or expanded connections to the region's water systems. A single one water connection is equivalent in capacity to a 5/8" or 3/4" meter connection (standard residential meter size).

What does it support?

This fee was established to support capital improvement and expansion of the Agency's regional water system and water use efficiency programs comprised of potable water, recycled water and groundwater recharge facilities.

How is it Calculated?

Recovery of capital costs related to IEUA's available water capacity.

+

Recovery of capital costs for building new capacity for future growth

=

One Water Connection Fee

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Recycled Water Direct Use Rate

What is it?

The rate is a volumetric acre-foot rate for the purchase of recycled water through purple pipe. Demand for direct use depends on weather patterns, water use conservation efforts, reuse supply and basin availability.

What does it support?

Covers O&M and rehabilitation and replacement costs for IEUA's recycled water infrastructure, from the recycled water pump stations through IEUA's system to customer agency distribution or end customers.

Recycled water is the most cost-effective solution to meeting water supply needs and reduces demand for imported water used for agriculture, irrigation and industrial processes.

How is it Calculated?

Revenue required to cover recycled water direct use O&M and R&R capital costs

÷

Forecasted annual direct use recycled water demand (AF)

=

Recycled Water Direct Use Rate ($/AF)

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Recycled Water Fixed Cost Recovery Fee

What is it?

The Recycled Water Fixed Cost Recovery Fee is a fixed fee charged to recycled water customer agencies.

What does it support?

This fee provides a fixed revenue stream to offset fluctuations in volumetric driven revenues.

To accommodate customer agencies who indicated that a fixed charge to recover all fixed costs could significantly shift costs between the agencies and prove challenging for implementing in their retail rate, IEUA chose to limit the fixed charge to just debt service costs.

How is it calculated?

The fee is calculated based on each customer's three-year rolling average of direct and recharge recycled water use.

Recycled Water Groundwater Recharge Fee

What is it?

The Groundwater Recharge Fee is a per acre-foot (AF) surcharge on the Recycled Water Direct Use Rate.

What does it support?

While the groundwater basins accept imported water, stormwater and recycled water, this rate only covers the portion of groundwater recharge basin operations, maintenance and special project costs associated with recycled water operations.

How is it calculated?

The recharge fee equals the expenses associated with recycled water recharge divided by projected recycled water recharge sales (16,000 AF).

02

Transparency In Action

Rate Study Process and Engagement

Why are Rate Studies Needed?

A rate study assesses how much it costs to provide utility services and ensures that rates reflect the true cost of service. It's about fairness and precision in funding our future.

Rates are shaped by a myriad of factors from inflationary pressures to regulatory and compliance changes. As conditions change, IEUA needs to periodically reevaluate its rate and fee structure to ensure continuation of services.



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Rate Study Process Overview

The rate study follows a rigorous process from initial analysis to final recommendations

1 Data Collection

- Financial
- Utility Billing
- System Planning
- Operations
- Administration
- Legal

Parameters & Key Assumptions

2 Financial Plan

- Financial Policies
- Capital Program Forecast
- Capital Funding Strategy
- Debt Service
- Operating & Maintenance Forecast
- Reserve Forecast
- Revenue Needs Assessment
- Rate Adjustment Strategy

Revenue from Total Customer Base

3 Cost of Service

- Demand & Demographics
- Functional Allocation of Infrastructure and Operation and Maintenance
- Customer Classification
- Distribution of Functional Costs to Customer Classes
- Cost Recovery Plan

Revenue from Customer Classes

4 Rate Design

- Fixed Rates
- Variable Rates
- Special Rates & Surcharges
- Pricing Policies
- Customer Bill Impacts

Revenue from Individual Customers

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Opportunities to Connect and Contribute

Throughout the study process, IEUA intends to solicit input and feedback from representatives of its customer agencies.

September 2026	January 2027	February 2027	April 2027
Rates Process	**Cost of Service**	**Rate Design**	**Rate Adoption**
Rates Overview Workshop • September 30, 2026	**Budget Assumptions Workshop #1** • January 6, 2027 Board Meeting	**Budget Assumptions Workshop #2** • February 3, 2027 Board Meeting	**Rate Adoption** • April 21, 2027 Board Meeting



03

Chino Basin Program

Pure. Reliable. Local.

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Chino Basin Program Project Components





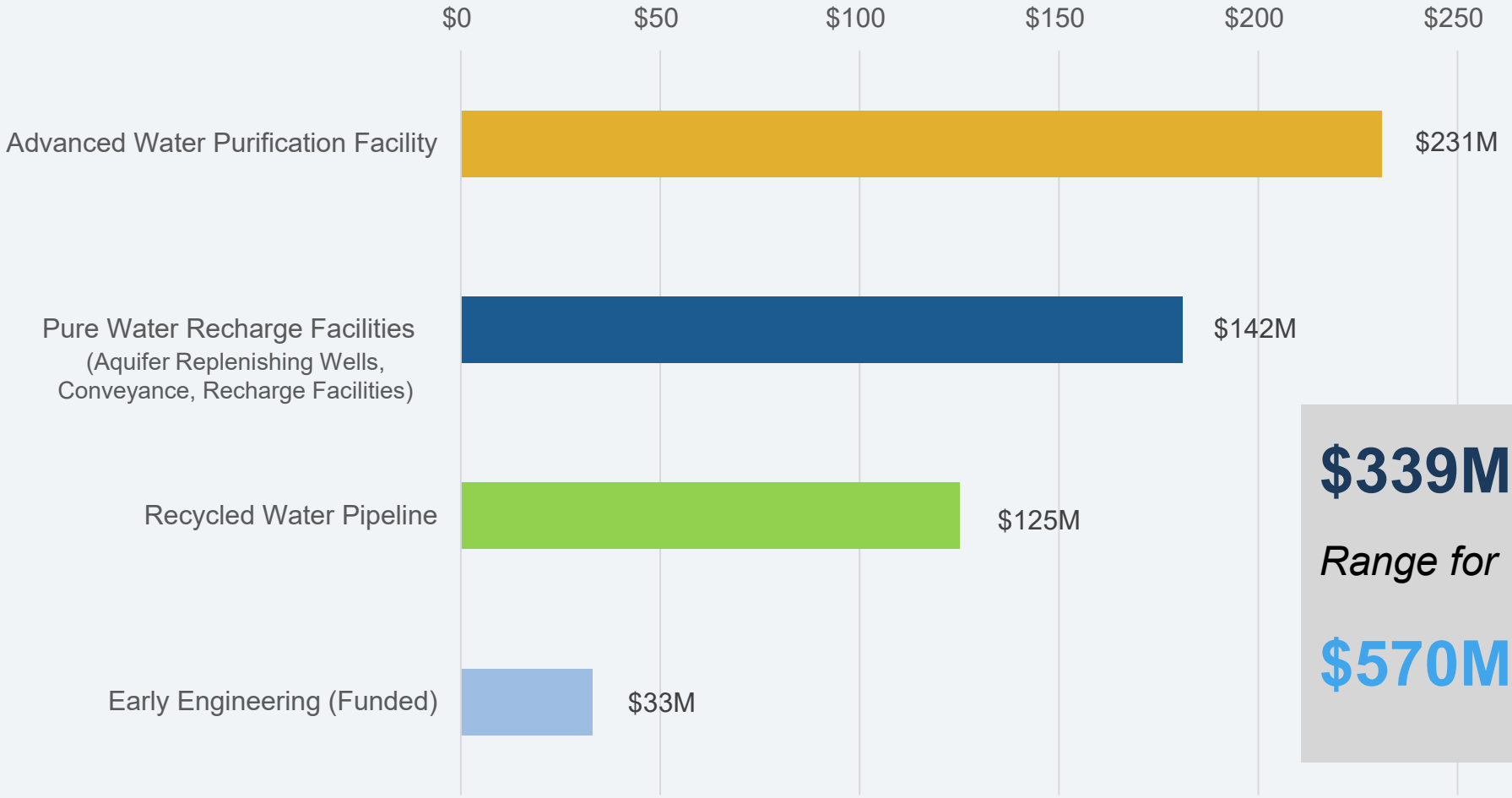


Facility	Benefit
Advanced Water Purification Facility (15 MGD)	• Advance treat recycled water for storage in groundwater basin • Remove salts, CECs
Recycled Water Pipeline	• Direct recycled water to provide steady flow for AWPF
Pure Water Recharge Facilities (aquifer replenishing wells, conveyance, GWR facilities)	• Store purified water in Chino Basin aquifer for future use. • 15,000 AF of water to be stored each year
Production Facilities (wells, conveyance)	• New wells to pump stored recycled water from aquifer • 40,000 AF production capacity
MWD Interconnection	• Pump-in connection to move 10,000 AF pumped groundwater to MWD

CBP- RECYCLED WATER PROGRAM EXPANSION COST OVERVIEW

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Capital Project Cost Projections ($M)

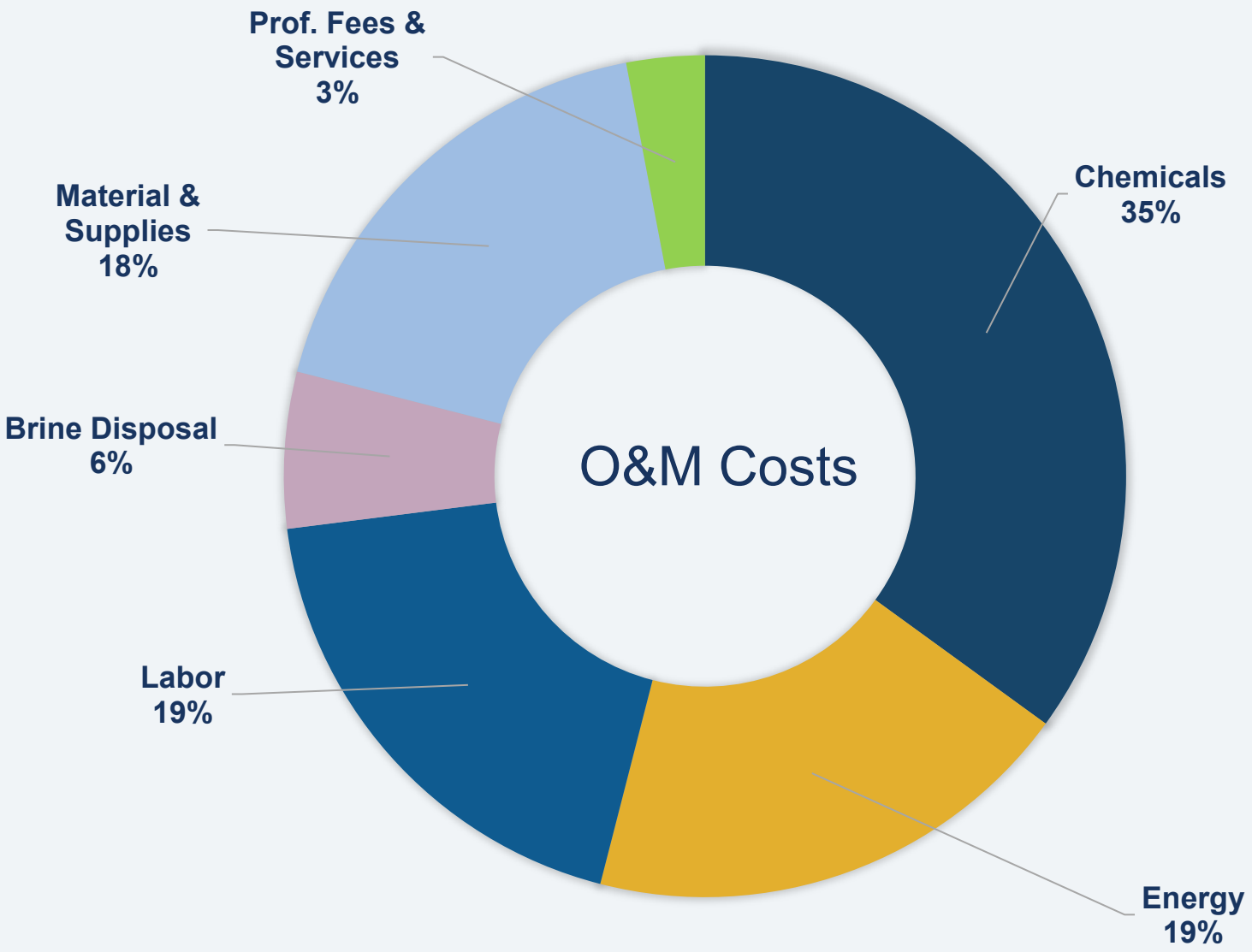


$339M-$855M

Range for Total Capital Cost

$570M (current estimate)

CBP: RECYCLED WATER PROGRAM EXPANSION O&M AND DEBT SERVICE



Beginning 2032

$25.4M-$27.9M

Total Annual O&M

Beginning 2027

$32.9M

Total Annual Debt Service

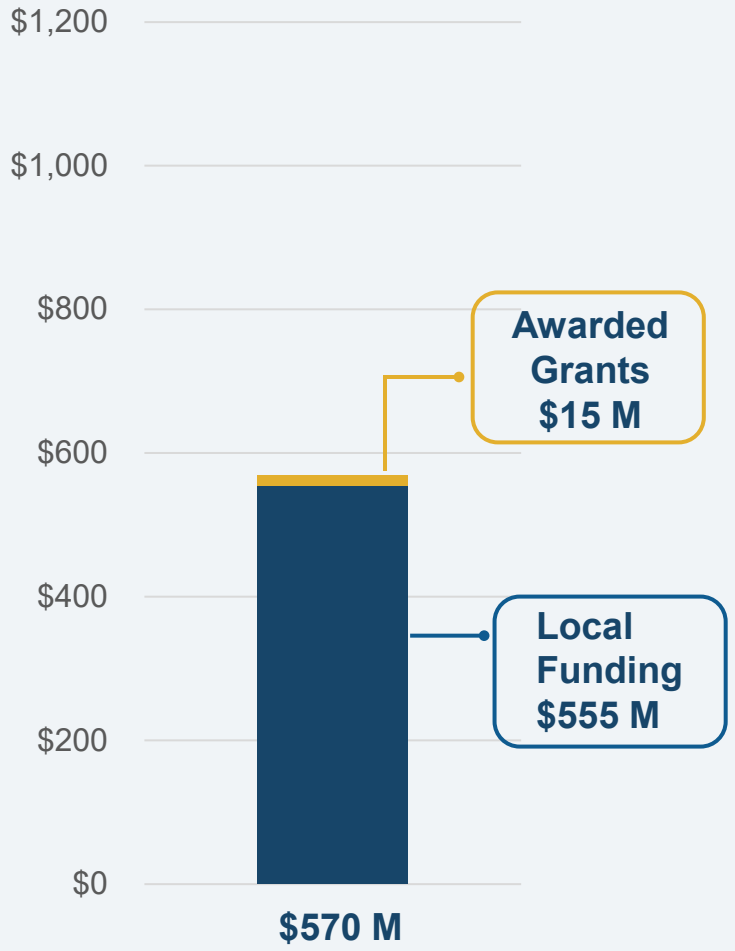
30 years, without external funding

4.48% assumed interest rate

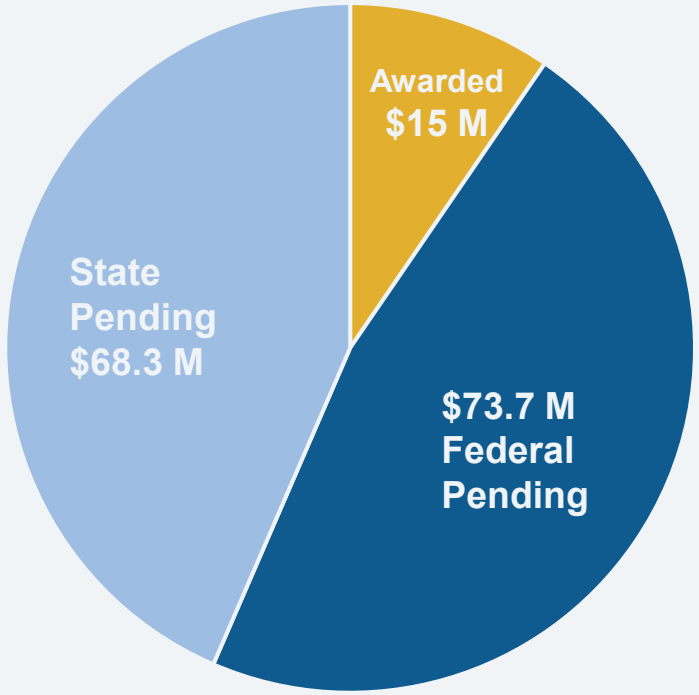
CBP: RECYCLED WATER PROGRAM EXPANSION GRANT FUNDING

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Capital Costs



Grants



RECYCLED WATER PROGRAM EXPANSION FACILITIES:

- Advanced Water Purification Facility
- Aquifer Replenishing Wells
- Recycled Water Pipeline
- Purified Water Conveyance



04 Fixed Rates Collection Strategy

Why the Property Tax Roll Was Selected

Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Efficient

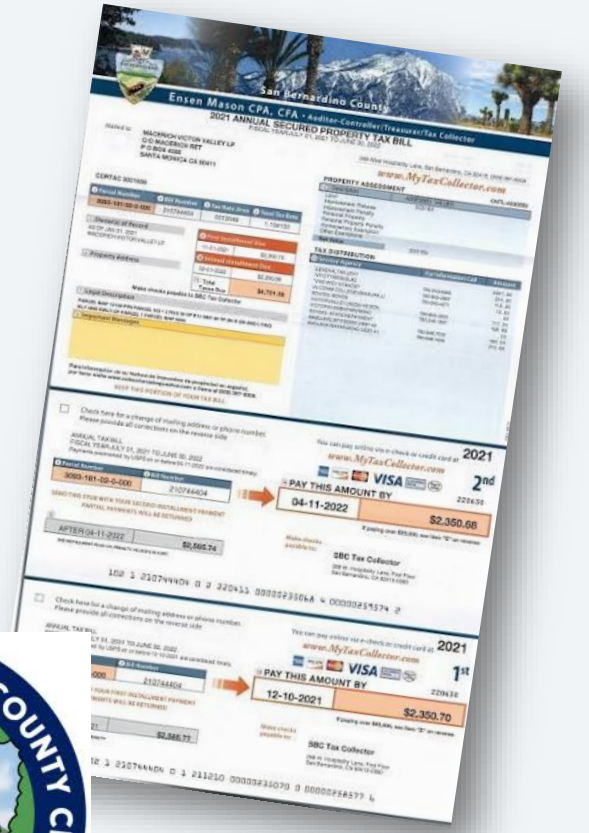
- Eliminates pass-through collections
- Reduces administrative effort
- Avoids establishing a new billing operation

Reliable

- Stable and predictable revenue
- Proven County collection process
- Limited administrative costs

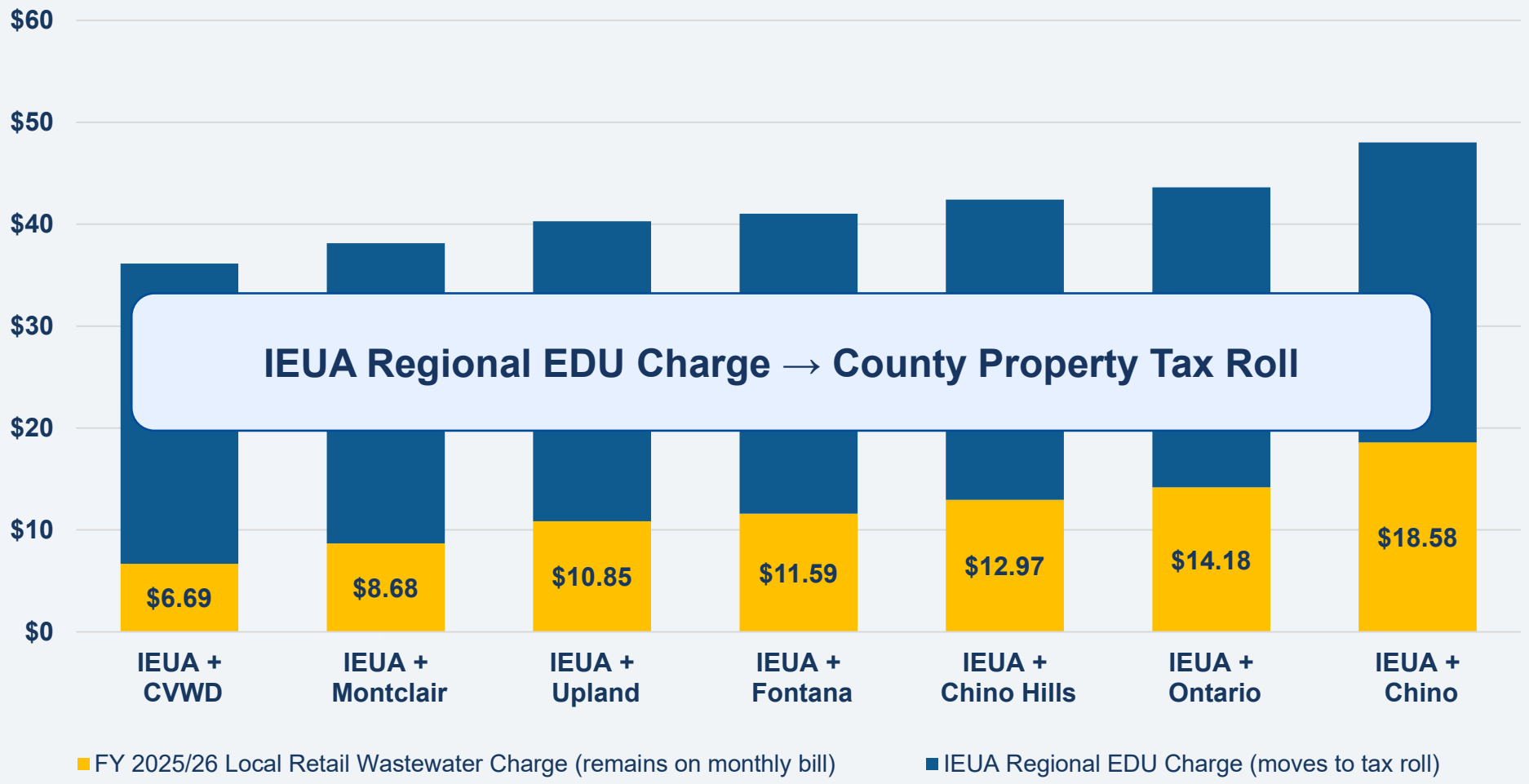
Consistent

- Uniform regional collection process
- Separates IEUA and local agency charges
- Supports long-term financial sustainability



ASSESSOR - RECORDER - COUNTY CLERK
COUNTY OF SAN BERNARDINO
1853

Impact to Ratepayers - Monthly Wastewater EDU Comparison
The Collection Method Changes, Not the Total Cost



Implementation Next Steps

- Begin implementation of the Board-approved transition for EDU and MEU fixed recurring charges
- Initiate the Proposition 218 process
- Prepare ordinance and Regional Contract amendments
- Coordinate with San Bernardino County on tax roll requirements and data
- Continue coordination with Member Agencies
- Return to the Board at key implementation milestones



05

Discussion/ Q&A



Thank you!

Are there any additional questions?

info@ieua.org

909.993-1600

www.ieua.org/rates