Background

Subject: Adoption of the Agency's Biennial Budget for Fiscal Years (FYs) 2019/20 and 2020/21, and FYs 2020-2029 Ten Year Capital Improvement Plan

FY 2019/20 Rate Resolutions

The Agency establishes the following service rates for Fiscal Year (FY) 2019/20 to support various types of services for different programs and for other local governmental agencies who may require the Agency's staff support or use of Agency's equipment. The highlights of the FY 2019/20 proposed resolutions are provided below and the respective resolution documents are presented in Attachment 4, Budget Adoption and Rate Resolutions: No. 2019-6-1 to 2019-6-8, and 2019-6-10.

Resolution No. 2019-6-10, Board of Directors of the Inland Empire Utilities Agency, San Bernardino County, California, Approving and Adopting its Budget for Fiscal Years 2019/20 and 2020/2021
This resolution affirms the Agency's action in adopting the FYs 2019/2020 and 2020/2021 proposed budget for various programs budget and service rates.

Resolution No. 2019-6-1, Service Rates for Wastewater Discharges to the Regional Wastewater System for Septage, Commercial or Industrial Wastewater, and Excessive Strength Charges
This resolution establishes service rates for processing and issuing permits to domestic, commercial, or industrial wastewater dischargers and wastewater haulers permitted by IEUA, service rates for processing and treatment of sanitary, commercial or industrial wastewater deliveries to the Inland Empire Utilities Agency (Agency)'s Regional Wastewater System, and service rates for 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.

Resolution No. 2019-6-2, Capacity Charges, Volumetric Charges, Strength Charges, Capital Improvement Project (CIP) Charges, IEUA Administrative Charges, and Application and Wastewater Discharge Permit Application Fees for the Etiwanda Wastewater Line (EWL)
This resolution establishes a rate structure for the collection of costs associated for the sewerage service for the EWL under the Etiwanda Wastewater Line Disposal Agreement entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency)

Resolution No. 2019-6-3, Capacity Charges, Volumetric Charges, Strength Charges, Agency Program Charges and Application Fees for the Non-Reclaimable Wastewater System (NRWS)
This resolution establishes a rate structure for the collection of costs associated for the sewerage service for the NRW north system under the NRWS *Wastewater Disposal Agreement No. 4830* entered between County Sanitation Districts of Los Angeles County (CSDLAC) and Inland Empire Utilities Agency (Agency)

Resolution No. 2019-6-4, Capacity Charges, Volumetric Charges, Strength Charges, Capital Improvement Project (CIP) Charges, IEUA Administrative Charges, and Application and Wastewater Discharge Permit Application Fees for the Inland Empire Brine Line
This resolution establishes initial and monthly capacity charges, volumetric flow charges, CIP charges, trucked wastewater delivery charges and excessive strength charges, 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, NRW south system.

Resolution No. 2019-6-5, Laboratory Rates
This resolution establishes rates on a variety of laboratory analyses for local governmental agencies who enter into agreement with the Agency for laboratory analysis services. The rates support the laboratory staff time and supplies associated with laboratory analyses. The FY 2018/19 laboratory rates remain consistent with prior year rates.

Resolution No. 2019-6-6, Extra-Territorial Sewer Charges
This resolution establishes an extra-territorial (ET) monthly sewer service charge for system users located within our contracting agencies boundaries outside the Inland Empire Utilities Agency service area. This monthly ET charge is in addition to the adopted Regional Sewer service rate. The FY 2019/20 ET monthly sewer service rate is determined based on the Agency-wide assessed valuation for FY 2018/19 as reported by the San Bernardino County Auditors Property Tax Division and the estimated number of billable equivalent dwelling units (EDU) projected in the Agency's FY 2018/19 Regional Wastewater Operations and Maintenance fund budget. The FY 2019/20 monthly ET rate is set at $16.48 per EDU, in addition to the adopted monthly EDU rate of $20.00.

Resolution No. 2018-6-7, Imported Water Rates
This resolution establishes rates for delivery of imported water supplies; and the rates are based on the approved and adopted rates by the Metropolitan Water District of Southern California (MWD) Board on April 10, 2018. The rates of sales of imported water are direct pass-through charged by Metropolitan for each class of water (Tier 1 and Tier 2) to the IEUA member agencies.

Resolution No. 2018-6-8, Equipment Rental Fees:
This resolution provides rental equipment rates for local governmental agencies that may occasionally require the use of Agency equipment. The rates cover the Agency's labor cost, materials and supplies, and fuel costs. The cost for rental equipment in FY 2019/20 increases slightly to allow for increased fuel costs.

In the following section, the Additional Background Information, including the Sources and Uses of Funds reports for each of the Agency's program funds, proposed projects, and rate resolutions for Agency's service fees and charges. The proposed budget for these programs is consistent with the IEUA Business Goals of *Fiscal Responsibility, Water Reliability, Wastewater Management, Environmental Stewardship,* and *Business Practices.*

Additional Background Information

Appendix A1 – Adopted Multi-Year Rates and Effective Dates
Appendix A-2 – Biennial Budget Key Assumptions
Appendix B – FY 2019/20 and FY 2020/21 NC Fund Proposed Budget and Rates
Appendix C1 – Budget Summary of FYs 2019/20 and 2020/21
Appendix D1 – D7 – Program Fund Reports and Proposed Capital Project Lists (Regional Wastewater Capital, Regional Wastewater Operations, Recycled Water, Recharge Water, Water Resources, Non-Reclaimable Wastewater, and Administrative Services Funds)
Rate Resolutions:
- 2019-6-10 Budget Adoption
- 2019-6-1 Regional Rate for Wastewater Discharge
- 2019-6-2 NRWS Etiwanda Wastewater Line (EWL) Rate
- 2019-6-3 NRWS (CSDLAC) Rate for Volumetric, Strength Charges
- 2019-6-4 NRW Inland Empire Brine Line (IEBL) Rate
- 2019-6-5 Laboratory Fees
- 2019-6-6 Extra Territorial Sewer Service Charges
- 2019-6-7 Establishing Imported Water Rates
- 2019-6-8 Equipment Rental Rates

Appendix A-1: Adopted Multi-Year Rates and Effective Dates

Wastewater Connection Fees

Rate Description	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19 Projected	FY 2019/20 Projected
Wastewater Connection Fee	$5,415	$6,009	$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	5,155	5,223	4,000	4,000

Monthly EDU Sewage Rates

Rate Description	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
EDU Volumetric Rate	$15.89	$17.14	$18.39	$19.59	$20.00
Effective Date	10/01/15	7/01/16	7/01/17	7/01/18	7/01/19

Recycled Water Rates

Rate Description	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19 Projected	FY 2019/20 Projected
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	33,146	34,335	32,000	35,800

Water Connection Fees

Rate Description	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19 Projected	FY 2019/20 Projected
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
Meter Equivalent Units (MEUs)	1,346	4,984	5,455	4,800	4,700

Appendix A2: Biennial Budget Key Assumptions

Revenues and Other Funding Sources	Expenses and Other Uses of Funds
4,000 new wastewater connections per year	3% average growth for O&M expenses
3.4 million volumetric EDU @ 0.25% annual growth	Eliminates vacancy factor in staffing to support succession plan
Recycled Water Deliveries: FY 2019/20 35,800 AF FY 2020/21 36,000 AF	Addition of several major construction projects within the next two-year period
4,700 and 4,630 new water connections (MEU) for FY 2019/20 & FY 2020/21, respectively	Leverage professional services to achieve effective maintenance approach
4% (FY 2019/20) and 3% (FY 2020/21) growth in property tax receipts. Property tax allocated to Regional Capital fund remains at 65%, and "fixed amount" allocation to Regional O&M, Recycled Water, and Administrative Service funds, based on FY 2016/17 budget amendment.	
Capital Improvement Plan (CIP) partially funded by low interest SRF loans and grants	

Appendix B: FY 2019/20 and FY 2020/21 Non-Reclaimable Wastewater Fund Proposed Budget and Rates

The Non-Reclaimable Wastewater (NWR) 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.

The Non-Reclaimable Wastewater program has budgeted total revenues and other funding sources of $18.5 million and $19.7 million for FYs 2019/20 and 2020/21, respectively. The primary funding source for the Non-Reclaimable Wastewater fund are the pass-through rates from the Sanitation District of Los Angeles County (CSDLAC) 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 System (NRWS) Rates: For board review and approval are the FY 2019/20 pass-through rates of Sanitation District of Los Angeles County (CSDLAC) for the north NRWS and the Santa Ana Watershed Project Authority (SAWPA) for the south NRWS. The CSDLAC annual rate structure for the NRW north system is updated based on the 2014 agreement. The NRW south system rates are based on SAWPA rates. Both NRWS rates are effective July 1, 2019 as listed in Table B-1.

The Agency recovers the NRWS program costs through capacity charges for the north system, and for FY 2019/20 the capacity charge per unit is $20.25. The NRWS south system program costs are recovered through a fifty percent operating surcharge imposed on volumetric, capacity, and strength charges for non-recycled water users.

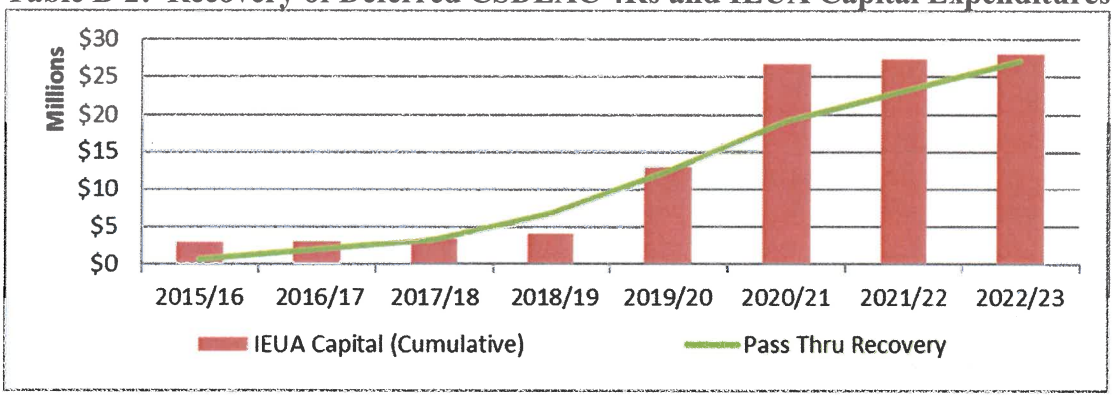
Table B-1: NRW Proposed Program Rates – North and South Systems

Rate Description	2018/19	2019/20 Adopted
North System	14,258 CU	14,005 CU
Flow/mg	$912	**$940**
COD/klb	$161	**$166**
TSS/klb	$456	**$470**
Peak/gpm	$346	**$357**
CU Purchase	$4,172	**$4,172**
CU Lease	$208.60/CU/Yr.	**$208.60/CU/Yr.**
South System		
Capacity/cu	$406.60	**$418.67**
Flow/mg	$946.00	**$979.00**
BOD/klb	$307.00	**$316.00**
TSS/klb	$429.00	**$442.00**

A total of $9.7 million in capital project costs is budgeted for FY 2019/20 and $13.7 million is budgeted in FY 2020/21. The proposed capital project budget includes $0.7 million for the Agency's CSDLAC capital charges share funded through a state revolving fund (SRF) loan. The loan totals $4.4 million with the final payment scheduled in FY 2019/20. The loan and is supported by the Non-Reclaimable Wastewater fund reserves. The executed CSDLAC agreement requires the Agency to pay a $4.4 million share of their existing SRF loan with an annual interest rate of 2.3 percent for a six-year term.

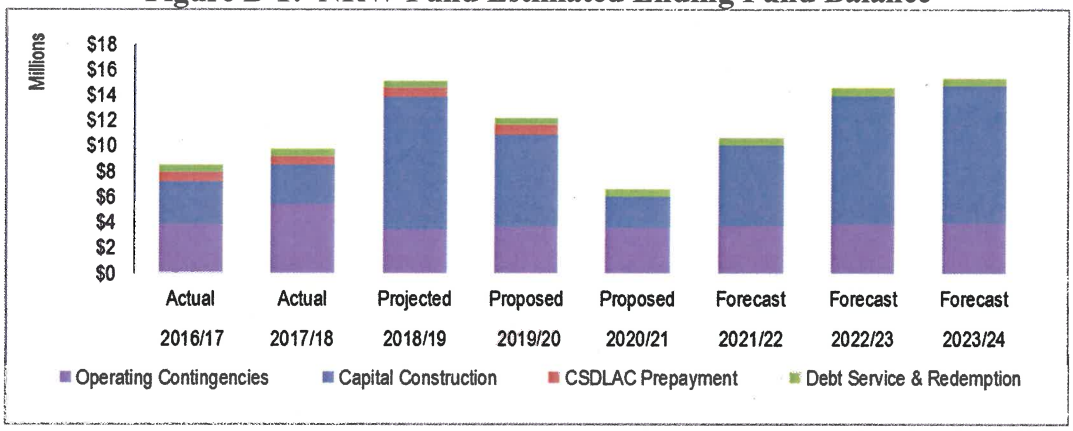
In October 2012 the Board agreed to defer the FY 2011/12 CSDLAC 4Rs capital costs of $2.6 million to mitigate the fiscal impact to the Northern system customers. Due to this deferral, recovery of the Agency's capital expenditures for the NRW program were deferred. In FY 2015/16 the CSDLAC 4Rs capital costs were fully paid and the Agency began to recover its deferred capital costs. Full recovery of the Agency's capital costs is projected to be reached in FY 2022/23.

Table B-2: Recovery of Deferred CSDLAC 4Rs and IEUA Capital Expenditures



The Non-Reclaimable Wastewater ending fund balance for FY 2019/20 is estimated at $12.2 million, and $6.6 million for FY 2020/21. The FY 2020/21 the decrease in fund balance, as shown below, can be mainly attributed to increasing capital project costs beginning in FY 2019/20. A total of $15 million of inter-fund loans have been issued to the Recycled Water fund. The fund balance begins increasing in FY 2021/22, as shown in Figure B-3, the increase is due to a combination of inter-fund loan repayments from Recycled Water fund and decreasing capital project costs.

Figure B-1: NRW Fund Estimated Ending Fund Balance



Appendix C1: Budget Summary of FYs 2019/20 and 2020/21 ($ Millions)

Fiscal Year	Actual 2017/18	Projected Actual 2018/19	Biennial Budget 2019/20	Biennial Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Operating Revenues	$153.9	$159.4	$164.3	$169.1	$174.4	$180.8	$186.7
Operating Expense	(143.7)	(154.0)	(162.0)	(162.0)	(163.3)	(168.9)	(174.7)
Operating Net Increase (Decrease)	**$10.2**	**$5.4**	**$2.3**	**$7.1**	**$11.1**	**$11.9**	**$12.0**
Other Sources of Funds	112.8	98.6	125.3	199.8	215.9	186.3	162.1
Debt Service	(21.9)	(24.8)	(26.8)	(28.0)	(28.5)	(25.7)	(33.3)
Capital Program	(56.9)	(63.5)	(93.6)	(179.3)	(153.1)	(101.2)	(100.9)
Non-Operating Increase (Decrease)	**$34.0**	**$10.3**	**$4.9**	**($7.5)**	**$34.3**	**$59.4**	**$27.9**
Total Increase (Decrease)	44.3	15.7	7.1	(0.4)	45.4	71.3	40.0
Beginning Fund Balance	$184.7	$229.0	$244.6	$251.7	$251.3	$296.7	$368.0
Ending Fund Balance	**$229.0**	**$244.6**	**$251.7**	**$251.3**	**$296.7**	**$368.0**	**$408.0**

Totals may not tie due to rounding

Appendix C-2: Consolidated Fund Budget FYs 2016/17 to FY 2023/24

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BIENNIAL BUDGET
ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)

	FY 2016/17 ACTUAL	FY 2017/18 ACTUAL	FY 2018/19 PROJECTED ACTUAL	FY 2019/20 ADOPTED BUDGET	FY 2020/21 ADOPTED BUDGET	FY 2021/22 FORECAST	FY 2022/23 FORECAST	FY 2023/24 FORECAST
REVENUES								
User Charges	$73,173	$79,940	$86,122	$87,285	$90,491	$93,684	$96,831	$99,853
Property Tax - O&M	1,972	1,972	1,972	1,972	1,972	1,972	1,972	1,972
Cost Reimbursement from JPA	5,804	6,210	6,295	6,684	6,685	6,971	7,242	7,517
Contract Cost reimbursement	120	542	1,751	818	800	800	500	500
Interest Revenue	1,399	2,396	3,827	4,693	4,157	3,780	4,364	4,832
Recycled Water Sales	16,385	16,878	15,890	18,120	18,752	19,408	20,445	21,037
Water Sales	29,908	45,999	43,528	44,724	46,236	47,796	49,464	51,024
TOTAL REVENUES	$128,760	$153,937	$159,387	$164,296	$169,093	$174,411	$180,819	$186,736
OTHER FINANCING SOURCES								
Property Tax - Debt , Capital, Reserve:	$43,702	$46,441	$48,378	$50,392	$51,963	$53,581	$55,247	$56,392
Connection Fees	35,923	40,739	32,912	35,735	36,687	37,539	34,619	35,409
Debt Proceeds	0	0	0	0	0	0	0	0
State Loans	9,271	15,229	3,743	19,209	89,234	111,033	78,519	52,270
Grants	12,295	5,595	8,041	13,137	16,416	1,885	3,510	6,260
Sale of Assets	0	1,320	0	0	0	0	0	0
Capital Contract Reimbursement	1,454	2,482	1,693	2,640	1,364	7,761	8,279	4,661
Other Revenues	(752)	964	872	1,162	1,112	1,112	1,112	1,112
Loan Transfer from Internal Fund	0	0	3,000	3,000	3,000	3,000	5,000	6,000
TOTAL OTHER FINANCING SOURCES	$101,893	$112,770	$98,638	$125,275	$199,776	$215,911	$186,286	$162,103
TOTAL REVENUES AND OTHER FINANCING SOURCES	$230,653	$266,707	$258,025	$289,570	$368,869	$390,322	$367,105	$348,839
EXPENSES								
Employment Expense	$46,171	$43,351	$47,680	$51,289	$52,309	$55,529	$57,856	$60,068
Contract Work/Special Projects	15,699	11,797	15,648	15,276	12,043	7,586	7,438	8,360
Utilities	7,907	8,323	9,446	9,788	10,144	10,414	10,693	10,980
Operating Fees	11,587	12,149	12,171	12,265	12,726	13,070	13,426	13,792
Chemicals	4,259	3,985	4,216	4,997	5,147	5,301	5,460	5,624
Professional Fees and Services	6,967	8,435	10,293	12,023	11,347	11,524	11,835	12,127
Office and Administrative Expense	2,071	1,564	2,264	2,680	2,908	2,735	3,068	2,811
Biosolids Recycling	4,094	4,092	4,364	4,419	4,551	4,688	4,829	4,973
Materials & Supplies	3,012	2,963	3,050	2,983	2,995	3,043	3,142	3,245
MWD Water Purchases	29,908	46,001	43,528	44,724	46,236	47,796	49,464	51,024
Other Expenses	599	1,044	1,383	1,571	1,573	1,603	1,643	1,677
TOTAL EXPENSES	$132,275	$143,702	$154,042	$162,015	$161,979	$163,289	$168,854	$174,682
CAPITAL PROGRAM								
CSDLAC 4Rs	$689	$705	$721	$737	$0	$0	$0	$0
IERCA investment	0	0	500	500	500	0	0	0
Capital Construction & Expansion	29,411	56,193	62,322	92,349	178,799	153,169	101,209	100,877
TOTAL CAPITAL PROGRAM	$30,100	$56,898	$63,543	$93,586	$179,299	$153,169	$101,209	$100,877
DEBT SERVICE								
Financial Expenses	$524	$206	$224	$228	$403	$228	$217	$219
Interest	8,161	6,386	6,183	7,071	6,876	6,518	6,195	8,949
Principal	62,008	15,259	15,360	16,537	17,720	18,744	14,334	18,099
Short Term Inter-Fund Loan	0	0	3,000	3,000	3,000	3,000	5,000	6,000
TOTAL DEBT SERVICE	$70,693	$21,851	$24,767	$26,835	$27,998	$28,490	$25,746	$33,268
FUND BALANCE								
Net Increase (Decrease)	($2,415)	$44,256	$15,674	$7,134	($407)	$45,374	$71,296	$40,013
Beginning Fund Balance July 01	$187,114	$184,700	$228,955	$244,629	$251,763	$251,356	$296,730	$368,026
ENDING BALANCE AT JUNE 30	$184,700	$228,955	$244,629	$251,763	$251,356	$296,730	$368,026	$408,039
RESERVE BALANCE SUMMARY								
Operating Contingencies	$35,393	$36,371	$36,921	$39,362	$38,516	$38,343	$39,304	$40,713
Capital Expansion & Replacement	29,013	20,969	27,652	42,259	92,198	139,982	205,736	243,660
CCRA Capital Construction	31,710	55,560	70,056	72,262	30,916	15,430	7,030	4,428
Water Connection	4,590	9,548	12,259	12,516	14,478	16,509	17,130	17,462
Rehabilitation/Replacement	19,624	18,094	10,783	10,783	12,283	12,783	13,283	13,783
CSDLAC Prepayment	689	705	721	737	0	0	0	0
Water Resource Capital	4,217	5,521	4,003	332	2,006	4,804	8,999	8,462
Debt Service & Redemption	16,757	31,839	27,175	32,121	32,511	32,994	33,172	32,931
Self Insurance Program	6,000	6,000	5,545	3,000	3,000	3,000	3,000	3,000
Employee Retirement Benefit	5,431	5,401	6,000	6,000	6,000	6,000	5,142	4,651
Sinking Fund	31,275	38,948	43,513	32,390	19,448	26,884	35,228	38,947
ENDING BALANCE AT JUNE 30	$184,700	$228,955	$244,629	$251,763	$251,356	$296,730	$368,026	$408,039

**Numbers may not total due to rounding*

Appendix C-3: Consolidated Fund Budget by Fund

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BIENNIAL BUDGET
SOURCES AND USES OF FUNDS - BY PROGRAM FUND (In Thousands)

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20 PROPOSED BUDGET								FY 2020/21
	ACTUAL	ACTUAL	PROJECTED ACTUAL	Administrative Services Program	Non-Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program	TOTAL	PROPOSED BUDGET
REVENUES												
User Charges	$73,173	$79,940	$86,122	$0	$12,370	$0	$68,158	$0	$0	$6,757	$87,285	$90,491
Property Tax	1,972	1,972	1,972	1,972	0	0	0	0	0	0	1,972	1,972
Cost Reimbursement JPA	5,804	6,210	6,295	1,383	0	0	4,065	1,237	0	0	6,684	6,685
Contract Cost reimbursement	120	542	1,751	0	0	0	66	69	0	683	818	800
Interest Revenue	1,399	2,396	3,827	320	583	790	1,700	115	983	202	4,693	4,157
Recycled Water Sales	16,385	16,878	15,890	0	0	0	0	0	18,120	0	18,120	18,752
Water Sales	29,908	45,999	43,528	0	0	0	0	0	0	44,724	44,724	46,236
TOTAL REVENUES	$128,760	$153,937	$159,387	$3,675	$12,953	$790	$73,988	$1,421	$19,103	$52,366	$164,296	$169,093
OTHER FINANCING SOURCES												
Property Tax - Debt and Capital	$43,702	$46,441	$48,378	$0	$0	$34,037	$9,549	$0	$2,170	$4,637	$50,392	$51,963
Regional System Connection Fees	35,923	40,739	32,912	0	0	27,820	0	0	7,915	0	35,735	36,687
State Loans	9,271	15,229	3,743	0	0	9,800	0	1,256	8,153	0	19,209	89,234
Grants	12,295	5,595	8,041	0	0	0	1,261	4,845	7,032	0	13,137	16,416
Capital Cost Reimbursement	1,454	2,482	1,693	0	0	0	0	565	2,075	0	2,640	1,364
Other Revenues	(752)	964	872	2	250	1	909	0	0	0	1,162	1,112
Loan Transfer from Internal Fund	0	0	3,000	0	3,000	0	0	0	0	0	3,000	3,000
TOTAL OTHER FINANCING SOURCES	$101,893	$112,770	$98,638	$2	$3,250	$71,658	$11,718	$6,665	$27,345	$4,637	$125,275	$199,776
TOTAL REVENUES AND OTHER FINANCING SOURCES	$230,653	$266,707	$258,025	$3,677	$16,203	$72,447	$85,707	$8,086	$46,448	$57,003	$289,570	$368,869
EXPENSES												
Employment Expenses	$46,171	$43,351	$47,680	$2,469	$2,517	$3,613	$33,985	$653	$5,184	$2,868	$51,289	$52,309
Contract Work/Special Projects	15,699	11,797	15,648	2,335	600	125	5,800	139	1,780	4,498	15,276	12,043
Utilities	7,907	8,323	9,446	806	91	0	6,022	68	2,801	0	9,788	10,144
Operating Fees	11,587	12,149	12,171	12	6,905	267	1,953	13	10	3,105	12,265	12,726
Chemicals	4,259	3,985	4,216	0	130	0	4,867	0	0	0	4,997	5,147
Professional Fees and Services	6,967	8,435	10,293	4,830	191	407	4,723	934	666	272	12,023	11,347
Office and Administrative expenses	2,071	1,564	2,264	2,571	24	0	3	15	3	64	2,680	2,908
Biosolids Recycling	4,094	4,092	4,364	0	35	0	4,384	0	0	0	4,419	4,551
Materials & Supplies	3,012	2,963	3,050	614	84	0	2,019	98	169	0	2,983	2,995
MWD Water Purchases	29,908	46,001	43,528	0	0	0	0	0	0	44,724	44,724	46,236
Other Expenses	599	1,044	1,383	(6,241)	460	1,548	4,277	53	1,132	343	1,571	1,573
TOTAL EXPENSES	$132,275	$143,702	$154,042	$7,397	$11,036	$5,960	$68,034	$1,973	$11,743	$55,872	$162,015	$161,979
CAPITAL PROGRAM												
CSDLAC 4Rs	$689	$705	$721	$0	$737	$0	$0	$0	$0	$0	$737	$0
IERCA investment	0	0	500	0	0	500	0	0	0	0	500	500
Capital Construction and Expansion	29,411	56,193	62,322	2,310	8,950	24,824	25,988	5,000	18,727	6,550	92,349	178,799
TOTAL CAPITAL PROGRAM	$30,100	$56,898	$63,543	$2,310	$9,687	$25,324	$25,988	$5,000	$18,727	$6,550	$93,586	$179,299
DEBT SERVICE												
Financial Expenses	$524	$206	$224	$18	$1	$139	$0	$67	$3	$0	$228	$403
Interest	8,161	6,386	6,183	0	280	3,017	655	461	2,657	0	7,071	6,876
Principal	62,008	15,259	15,360	0	305	9,370	756	739	5,367	0	16,537	17,720
Short Term Inter-Fund Loan	0	0	3,000	0	0	0	0	0	3,000	0	3,000	3,000
TOTAL DEBT SERVICE	$70,693	$21,851	$24,767	$18	$586	$12,526	$1,412	$1,267	$11,027	$0	$26,835	$27,998
TRANSFERS IN (OUT)												
Capital Contribution	$0	$0	$0	$1,286	($44)	$3,399	($4,598)	$44	($88)	$0	$0	$0
Debt Service	0	0	0	0	0	(3,299)	265	633	2,400	0	0	(0)
Operation support	0	(0)	0	2,335	(79)	0	(2,176)	757	(836)	0	0	0
Capital - Connection Fees Allocatio	0	0	0	975	2,292	(8,984)	5,717	0	0	0	(0)	0
One Water	0	0	0	49	0	0	0	25	(2,021)	1,947	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	($684)	($0)	($0)	$4,645	$2,169	($8,883)	($792)	$1,460	($545)	$1,947	$0	$0
FUND BALANCE												
Net Increase (Decrease)	($2,415)	$44,256	$15,674	($1,403)	($2,938)	$19,755	($10,519)	$1,306	$4,405	($3,472)	$7,134	($407)
Beginning Fund Balance July 01	187,114	184,700	228,955	13,681	15,188	88,587	76,428	4,108	36,651	9,985	244,629	251,763
ENDING BALANCE AT JUNE 30	$184,700	$228,955	$244,629	$12,279	$12,251	$108,342	$65,909	$5,414	$41,056	$6,513	$251,763	$251,356
RESERVE BALANCE SUMMARY												
Operating Contingencies	$35,393	$36,371	$36,921	$3,279	$3,679	$0	$21,323	$987	$3,914	$6,180	$39,362	$38,516
Capital Expansion & Replacement	29,013	20,969	27,652	0	7,249	16,617	0	2,883	15,511	0	42,259	92,198
CCRA Capital Construction	31,710	55,560	70,056	0	0	72,262	0	0	0	0	72,262	30,916
Water Connection	4,590	9,548	12,259	0	0	0	0	0	12,516	0	12,516	14,478
Rehabilitation/Replacement	19,624	18,094	10,783	0	0	0	10,783	0	0	0	10,783	12,283
CSDLAC Prepayment	689	705	721	0	737	0	0	0	0	0	737	0
Water Resource Capital	4,217	5,521	4,003	0	0	0	0	0	0	332	332	2,006
Debt Service & Redemption	16,757	31,839	27,175	0	586	19,463	1,412	1,545	9,116	0	32,121	32,511
Self Insurance Program	6,000	6,000	5,545	3,000	0	0	0	0	0	0	3,000	3,000
Employee Retirement Benefit	5,431	5,401	6,000	6,000	0	0	0	0	0	0	6,000	6,000
Sinking Fund	31,275	38,948	43,513	0	0	0	32,390	0	0	0	32,390	19,448
ENDING BALANCE AT JUNE 30	$184,700	$228,955	$244,629	$12,279	$12,251	$108,342	$65,909	$5,414	$41,056	$6,513	$251,763	$251,356

*Numbers may not total due to rounding

Appendix D-1: Regional Wastewater Capital Improvement Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 and 2020/21 BIENNIAL BUDGET
REGIONAL WASTEWATER CAPITAL IMPROVEMENT FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Actual	Actual	Projected Actual	Proposed Budget	Proposed Budget	Forecast		
REVENUES								
Interest Revenue	$240	$456	$497	$790	$826	$592	$700	$838
TOTAL REVENUES	**$240**	**$456**	**$497**	**$790**	**$826**	**$592**	**$700**	**$838**
OTHER FINANCING SOURCES								
Property Tax - Debt and Capital	$29,688	$31,469	$32,728	$34,037	$35,058	$36,109	$37,193	$37,937
Regional System Connection Fees	30,508	32,850	26,496	27,820	28,655	29,514	26,600	27,398
State Loans	-	500	-	9,800	80,250	103,650	56,050	29,170
Sale of Assets	-	1,320	-	-	-	-	-	-
Other Revenues	101	19	11	1	1	1	1	1
Loan Transfer from Internal Fund	-	-	-	-	-	-	2,000	6,000
TOTAL OTHER FINANCING SOURCES	**$60,294**	**$66,158**	**$59,238**	**$71,658**	**$143,963**	**$169,275**	**$121,843**	**$100,505**
EXPENSES								
Employment Expenses	$3,810	$3,836	$4,101	$3,613	$3,743	$3,973	$4,140	$4,298
Contract Work/Special Projects	1,131	611	132	125	-	-	-	-
Operating Fees	259	254	260	267	275	283	292	301
Professional Fees and Services	370	339	375	407	420	429	438	447
Other Expenses	534	933	1,360	1,548	1,535	1,568	1,601	1,638
TOTAL EXPENSES	**$6,105**	**$5,973**	**$6,229**	**$5,960**	**$5,973**	**$6,253**	**$6,470**	**$6,683**
CAPITAL PROGRAM								
Work In Progress	$11,425	$20,316	$27,374	$24,824	$102,243	$125,119	$66,210	$36,054
IERCA investment	-	-	500	500	500	-	-	-
TOTAL CAPITAL PROGRAM	**$11,425**	**$20,316**	**$27,874**	**$25,324**	**$102,743**	**$125,119**	**$66,210**	**$36,054**
DEBT SERVICE								
Financial Expenses	$268	$140	$136	$139	$256	$139	$131	$132
Interest	4,712	3,004	2,655	3,017	2,656	2,272	1,993	5,127
Principal	57,274	8,791	8,922	9,370	9,630	10,081	5,145	8,475
Short Term Inter-Fund Loan	-	-	-	-	-	-	-	-
TOTAL DEBT SERVICE	**$62,255**	**$11,935**	**$11,714**	**$12,526**	**$12,543**	**$12,493**	**$7,269**	**$13,735**
TRANSFERS IN (OUT)								
Capital Contribution	($302)	$51	$4,735	$3,399	$10,426	$3,880	$2,401	$1,414
Debt Service	(917)	(2,848)	(2,912)	(3,299)	(3,327)	(3,358)	(3,352)	(1,213)
Capital - Connection Fees Allocation	(957)	(811)	(6,765)	(9,094)	(8,656)	(2,131)	(2,707)	(4,046)
TOTAL INTERFUND TRANSFERS IN (OUT)	**($2,177)**	**($3,608)**	**($4,942)**	**($8,993)**	**($1,556)**	**($1,609)**	**($3,658)**	**($3,845)**
FUND BALANCE								
Net Income (Loss)	($21,427)	$24,782	$8,976	$19,755	$21,974	$24,392	$38,936	$41,027
Beginning Fund Balance July 01	76,257	54,829	79,611	88,587	108,342	130,316	154,708	193,643
ENDING FUND BALANCE AT JUNE 30*	**$54,829**	**$79,611**	**$88,587**	**$108,342**	**$130,316**	**$154,708**	**$193,643**	**$234,670**
RESERVE BALANCE SUMMARY								
Capital Construction	$15,680	$4,588	$2,647	$16,617	$79,906	$119,788	$166,995	$210,629
CCRA Capital Construction	31,710	55,560	70,056	72,262	30,916	15,430	7,030	4,428
Debt Service & Redemption	7,440	19,463	15,884	19,463	19,494	19,489	19,619	19,613
ENDING BALANCE AT JUNE 30	**$54,829**	**$79,611**	**$88,587**	**$108,342**	**$130,316**	**$154,708**	**$193,643**	**$234,670**

**Numbers may not total due to rounding*

Regional Wastewater Capital Improvement Fund
Proposed Capital Project List

Major Projects ($Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
RP-5 Expansion	$11.00	$90.00	$119.00	$304.90
CCWRF Asset Management Improvements	6.8	7.5	6	26.9
RP-1 Flare Improvements	5	-	-	5
Collection System Upgrades	0.5	0.5	1.5	5
RP-1 Solids & Liquid Treatment Expansion	0.2	-	-	80.5
All Other Capital Projects	1.8	4.7	100.9	92.3
Total	**$25.30**	**$102.70**	**$227.40**	**$514.60**

Appendix D-2: Regional Wastewater Operations & Maintenance Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BIENNIAL BUDGET
REGIONAL WASTEWATER OPERATIONS & MAINTENANCE FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	ACTUAL	ACTUAL	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES								
User Charges	$56,597	$62,144	$66,663	$68,158	$70,366	$72,653	$75,020	$77,466
Cost Reimbursement JPA	3,675	3,981	3,763	4,065	4,227	4,396	4,572	4,755
Contract Cost Reimbursement	70	64	66	66	66	66	66	66
Interest Revenue	538	965	1,800	1,700	1,300	1,200	1,300	1,500
TOTAL REVENUES	$60,881	$67,155	$72,293	$73,988	$75,959	$78,315	$80,958	$83,787
OTHER FINANCING SOURCES								
Property Tax Revenues - Debt/Capital/R	$9,549	$9,549	$9,549	$9,549	$9,549	$9,549	$9,549	$9,549
State Loans	7,531	11,310	2,239	0	0	0	0	0
Grants	11,780	3,142	3,011	1,261	1,135	0	0	0
Other Revenues	611	248	601	909	909	909	909	909
TOTAL OTHER FINANCING SOURCES	$29,470	$24,248	$15,400	$11,718	$11,593	$10,458	$10,458	$10,458
EXPENSES								
Employment Expenses	$32,335	$28,718	$32,321	$33,985	$35,261	$37,433	$39,003	$40,495
Contract Work/Special Projects	11,048	7,544	7,787	5,800	6,425	4,015	3,940	5,215
Utilities	5,329	5,806	6,182	6,022	6,266	6,423	6,584	6,751
Operating Fees	1,443	1,519	1,752	1,953	2,015	2,080	2,143	2,206
Chemicals	4,180	3,880	4,086	4,867	5,013	5,163	5,318	5,478
Professional Fees and Services	2,252	3,587	3,667	4,723	4,226	4,353	4,437	4,582
Biosolids Recycling	4,007	4,044	4,329	4,384	4,515	4,651	4,790	4,934
Materials & Supplies	2,199	1,992	2,020	2,019	2,064	2,126	2,190	2,256
Other Expenses	887	2,621	3,773	4,277	4,231	4,322	4,422	4,524
TOTAL EXPENSES	$63,684	$59,710	$65,922	$68,034	$70,020	$70,570	$72,831	$76,444
CAPITAL PROGRAM								
Capital Construction & Expansion (WIP)	$12,557	$23,781	$21,754	$25,988	$21,047	$6,726	$6,775	$10,246
TOTAL CAPITAL PROGRAM	$12,557	$23,781	$21,754	$25,988	$21,047	$6,726	$6,775	$10,246
DEBT SERVICE								
Financial Expenses	$16	($26)	$0	$0	$0	$1	$0	$0
Interest	200	179	175	655	641	620	597	573
Principal	0	172	177	756	771	791	814	857
TOTAL DEBT SERVICE	$216	$325	$352	$1,412	$1,412	$1,412	$1,412	$1,430
TRANSFERS IN (OUT)								
Capital Contribution	($181)	($1,826)	($5,020)	($4,598)	($11,010)	($4,226)	($2,702)	($2,011)
Debt Service				265	123	123	123	(2,146)
Operation support to GG for Non-Capital Projects		(649)	(508)	(2,176)	(1,307)	(279)	(1,016)	(705)
Capital - Connection Fees Allocation		0	5,454	5,717	4,785	1,879	2,255	3,599
TOTAL INTERFUND TRANSFERS IN (OUT)	($181)	($2,475)	($74)	($792)	($7,409)	($2,502)	($1,339)	($1,263)
FUND BALANCE								
Net Income (Loss)	$13,712	$5,113	($409)	($10,519)	($12,335)	$7,564	$9,058	$4,862
Beginning Fund Balance July 01	58,012	71,724	76,837	76,428	65,909	53,574	61,137	70,195
ENDING FUND BALANCE JUNE 30*	$71,724	$76,837	$76,428	$65,909	$53,574	$61,137	$70,195	$75,057
RESERVE BALANCE SUMMARY								
Operating Contingies	$20,038	$18,590	$20,720	$21,323	$21,931	$22,058	$22,753	$23,896
Rehabilitation/Replacement	19,624	18,094	10,783	10,783	10,783	10,783	10,783	10,783
Debt Service	787	1,204	1,412	1,412	1,412	1,412	1,430	1,430
Sinking Fund	31,275	38,948	43,513	32,390	19,448	26,884	35,228	38,947
ENDING BALANCE AT JUNE 30	$71,724	$76,837	$76,428	$65,909	$53,574	$61,137	$70,195	$75,057

** Numbers may not total due to rounding*

Regional Wastewater Operations & Maintenance Fund
Proposed Capital Project List

Major Projects ($Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
RP-1 Mechanical Restoration Upgrades	$8.90	$1.00		$9.90
RP-4 Influent Screen Replacement	2.9			2.9
RP-1 Primary Effluent Conveyance Improvement	2.7			2.7
RSS Haven Avenue Repair & Replace from Airport to Mission	2	4		6
SCADA Enterprise System	2	3.5	3	8.5
RP-4 Process Improvements	1.9	1	3.2	6.1
All Other Capital Projects	5.5	11.5	17.5	71.7
Total	**$25.90**	**$21.00**	**$23.70**	**$107.80**

Appendix D-3: Recycled Water Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 and 2020/21 BIENNIAL BUDGET
RECYCLED WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2017/2018 ACTUAL	2018/2019 AMENDED BUDGET	2018/2019 PROJECTED ACTUAL	2019/2020 PROPOSED BUDGET	2020/2021 PROPOSED BUDGET	2021/2022 FORECAST	2022/23 FORECAST	2023/24 FORECAST
REVENUES								
Interest Revenue	$371	$577	577	$983	$949	$945	$1,230	$1,360
Water Sales	16,878	15,890	15,890	16,120	18,752	19,408	20,445	21,037
TOTAL REVENUES	**$17,343**	**$16,467**	**$16,467**	**$17,103**	**$19,701**	**$20,353**	**$21,675**	**$22,397**
OTHER FINANCING SOURCES								
Property Tax - Debt/Capital	$2,170	$2,170	$2,170	$2,170	$2,170	$2,170	$2,170	$2,170
Connection Fees	7,889	6,416	6,416	7,915	8,032	8,025	8,019	8,011
State Loans	3,418	7,909	1,503	8,153	5,220	7,240	22,469	23,100
Grants	2,164	6,710	4,503	7,032	3,750	1,875	3,500	6,250
Capital Contract Reimbursement	202	72	663	2,075	702	6,824	7,220	3,473
Other Revenues	12	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	**$15,855**	**$ 23,277**	**$ 15,255**	**$ 27,345**	**$ 19,875**	**$ 26,134**	**$ 43,378**	**$ 43,004**
EXPENSES								
Employment Expenses	$4,084	$4,248	$4,416	$5,184	$5,370	$5,701	$5,940	$6,168
Contract Work/Special Projects	1,019	1,982	1,131	1,780	1,365	1,063	995	975
Utilities	1,833	2,028	2,512	2,801	2,885	2,971	3,061	3,152
Operating Fees	3	10	6	10	10	11	11	11
Chemicals	0	0	0	0	0	0	0	0
Professional Fees and Services	481	884	685	666	632	669	741	729
Office and Administrative expenses	2	3	3	3	3	3	3	3
Materials & Supplies	154	203	252	169	174	185	199	216
Other Expenses	728	934	980	1,132	1,122	1,146	1,170	1,197
TOTAL EXPENSES	**$8,304**	**$10,293**	**$9,983**	**$11,743**	**$11,562**	**$11,750**	**$12,121**	**$12,452**
CAPITAL PROGRAM								
Work In Progress	$7,439	$16,237	$8,213	$18,727	$23,800	$16,300	$23,305	$44,000
TOTAL CAPITAL PROGRAM	**$7,439**	**$16,237**	**$8,213**	**$18,727**	**$23,800**	**$16,300**	**$23,305**	**$44,000**
DEBT SERVICE								
Financial Expenses	$1	$3	$3	$3	$3	$4	$3	$3
Interest	2,715	2,657	2,800	2,657	2,881	2,846	2,877	2,577
Principal	5,159	5,256	5,256	5,367	6,232	6,625	7,083	7,381
Short Term Inter-Fund Loan	0	3,000	3,000	3,000	3,000	3,000	5,000	6,000
TOTAL DEBT SERVICE	**$7,875**	**$10,916**	**$11,059**	**$11,027**	**$12,116**	**$12,475**	**$14,963**	**$15,961**
TRANSFERS IN (OUT)								
Capital Contribution	($80)	($1,052)	($1,020)	($88)	($21)	($13)	($21)	($134)
Debt Service	2,397	2,400	2,400	2,400	2,542	2,540	2,541	2,669
Operation support	(464)	(709)	(680)	(836)	(755)	(759)	(817)	(835)
Water Connection Allocation	(390)	(1,652)	(1,652)	(2,021)	(950)	(855)	(297)	(316)
TOTAL INTERFUND TRANSFERS IN (OUT)	**$1,463**	**($1,014)**	**($951)**	**($545)**	**$816**	**$914**	**$1,406**	**$1,384**
FUND BALANCE								
Net Income (Loss)	$11,043	$1,284	$1,516	$4,405	($7,086)	$6,875	$16,071	($5,629)
Beginning Fund Balance July 01	24,092	35,135	35,135	36,651	41,056	33,970	40,845	56,916
ENDING BALANCE AT JUNE 30	**$35,135**	**$36,419**	**$36,651**	**$41,056**	**$33,970**	**$40,845**	**$56,916**	**$51,287**
RESERVE BALANCE SUMMARY								
Operating Contingency	$2,768	$3,431	$3,431	$3,914	$3,854	$3,917	$4,040	$4,151
Capital Construction	12,831	12,702	12,934	15,511	4,664	8,456	23,284	16,947
Water Connection	9,548	12,259	12,259	12,516	14,478	16,509	17,130	17,462
Debt Service	9,988	8,027	8,027	9,116	9,475	9,963	9,961	9,726
ENDING BALANCE AT JUNE 30	**$35,135**	**$36,419**	**$36,651**	**$41,056**	**$33,970**	**$40,845**	**$56,916**	**$51,287**

** Numbers may not total due to rounding*

Recycled Water Fund
Proposed Capital Project List

Major Projects ($Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
Recycled Water Intertie to City of Pomona	$2.00	$3.00	$61.00	$80.00
Recycled Water Intertie to Jurupa Community Services District	1.0	18.5	11.8	31.3
Baseline Recycled Water Pipeline Extension	5.7	0	0	5.7
RP-1 1158 Recycled Water Pump Station Upgrades	4.7	0	0	4.7
Napa Lateral (San Bernardino Speedway, CSI, Prologis)	1.6	0	0	1.6
All Other Capital Projects	3.7	2.3	10.8	81.1
Total	**$18.70**	**$23.80**	**$83.60**	**$204.40**

Appendix D-4: Recharge Water Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BIENNIAL BUDGET
RECHARGE WATER FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2016/2017	2017/2018	2018/2019	2019/2020	2019/2020	2021/2022	2022/2023	2023/2024
	ACTUAL	ACTUAL	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET		FORECAST	
REVENUES								
Cost Reimbursement from JPA	$948	$864	$1,137	$1,237	$1,076	$1,108	$1,141	$1,175
Contract Cost reimbursement	(10)	0	1,544	69	0	0	0	0
Interest Revenue	16	23	85	115	160	190	195	195
TOTAL REVENUES	**$954**	**$888**	**$2,766**	**$1,421**	**$1,236**	**$1,298**	**$1,336**	**$1,370**
OTHER FINANCING SOURCES								
State Loans	$0	$0	$0	$1,256	$3,764	$143	$0	$0
Grants	(4)	0	452	4,845	11,521	0	0	0
Capital Contract Reimbursement	1,117	2,280	1,026	565	662	937	1,059	1,188
Other Revenues	0	25	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	**$1,113**	**$2,305**	**$1,478**	**$6,665**	**$15,947**	**$1,080**	**$1,059**	**$1,188**
EXPENSES								
Employment Expenses	$565	$657	$596	$653	$677	$718	$748	$777
Contract Work/Special Projects	353	25	1,544	139	0	0	0	0
Utilities	82	99	75	68	70	72	74	76
Operating Fees	5	7	12	13	8	8	8	8
Professional Fees and Services	801	591	1,171	934	859	885	911	939
Office and Administrative expens	9	10	15	15	16	16	17	17
Expense Allocation	65	0	47	53	52	54	55	56
Materials & Supplies	69	83	90	98	101	104	107	111
Other Expenses	15	0	0	0	0	0	0	0
TOTAL EXPENSES	**$1,964**	**$1,471**	**$3,549**	**$1,973**	**$1,782**	**$1,857**	**$1,921**	**$1,984**
CAPITAL PROGRAM								
Capital Expansion/Construction	$864	$1,645	$1,036	$5,000	$13,184	$290	$500	$750
TOTAL CAPITAL PROGRAM	**$864**	**$1,645**	**$1,036**	**$5,000**	**$13,184**	**$290**	**$500**	**$750**
DEBT SERVICE								
Financial Expenses	$73	$71	$68	$67	$125	$63	$62	$61
Interest	95	148	245	461	430	527	491	454
Principal	647	683	710	739	769	916	944	988
TOTAL DEBT SERVICE	**$815**	**$902**	**$1,024**	**$1,267**	**$1,324**	**$1,506**	**$1,497**	**$1,503**
TRANSFERS IN (OUT)								
Capital Contribution	$399	$15	$44	$44	$0	$0	$10	$113
Debt Service	408	451	512	633	662	694	688	690
Operation support	507	440	661	757	707	749	780	809
Property Tax Transfer	68	25	1,009	25	5	23	45	68
TOTAL INTERFUND TRANSFERS IN (OUT)	**$1,381**	**$931**	**$2,227**	**$1,460**	**$1,374**	**$1,466**	**$1,523**	**$1,679**
FUND BALANCE								
Net Income (Loss)	($196)	$105	$863	$1,306	$2,267	$191	$0	$0
Beginning Fund Balance July 01	3,337	3,140	3,246	4,108	5,414	7,681	7,872	7,872
ENDING FUND BALANCE AT JUNE 30*	**$3,140**	**$3,246**	**$4,108**	**$5,414**	**$7,681**	**$7,872**	**$7,872**	**$7,872**
RESERVE BALANCE SUMMARY								
Operating Contingencies	$1,978	$2,165	$1,183	$987	$891	$928	$960	$992
Capital Expansion / Construction	500	500	1,659	2,883	5,245	5,398	5,367	5,335
Debt Service & Redemption	662	581	1,267	1,545	1,545	1,545	1,545	1,545
ENDING BALANCE AT JUNE 30	**$3,140**	**$3,246**	**$4,108**	**$5,414**	**$7,681**	**$7,872**	**$7,872**	**$7,872**

** Numbers may not total due to rounding*

Recharge Water Fund
Proposed Capital Project List

Major Projects ($Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
Recharge Master Plan	$5.00	$9.80	$0.00	$14.80
All Other Capital Projects	0	3.4	8.3	11.7
Total	**$5.00**	**$13.23**	**$8.30**	**$26.50**

Appendix D-5: Water Resources Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BUDGET
WATER RESOURCES FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Actual	Actual	Projected Actual	Proposed Budget	Proposed Budget	Forecast		
REVENUES AND OTHER FINANCING SOURCES								
User Charges	$4,775	$5,344	$6,165	$6,757	$7,397	$8,042	$8,545	$8,732
Contract Cost reimbursement	60	380	142	683	734	734	434	434
Interest Revenue	53	100	128	202	166	207	285	324
Water Sales	29,908	45,999	43,528	44,724	46,236	47,796	49,464	51,024
Gas Sales	0	0	0	0	0	0	0	0
TOTAL REVENUES AND OTHER FINANCING SOURCES	**$34,796**	**$51,823**	**$49,963**	**$52,366**	**$54,533**	**$56,779**	**$58,728**	**$60,513**
OTHER FINANCING SOURCES								
Propety Tax - Debt and Capital	$2,295	$3,254	$3,932	$4,637	$5,186	$5,753	$6,336	$6,736
Grants	150	206	76	0	10	10	10	10
Other Revenues	9	34	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	**$2,454**	**$3,495**	**$4,007**	**$4,637**	**$5,196**	**$5,763**	**$6,346**	**$6,746**
EXPENSES								
Employment Expenses	$2,074	$1,780	$2,340	$2,868	$2,971	$3,154	$3,286	$3,412
Contract Work/Special Projects	1,422	1,814	4,359	4,498	2,751	2,109	1,313	1,313
Operating Fees	3,219	3,037	2,944	3,105	3,198	3,263	3,328	3,396
Professional Fees and Services	269	176	194	272	276	281	286	291
Office and Administrative expenses	8	3	5	64	64	64	64	64
MWD Water Purchases	29,908	46,001	43,528	44,724	46,236	47,796	49,464	51,024
Other Expenses	119	246	309	343	341	347	352	358
TOTAL EXPENSES	**$37,020**	**$53,058**	**$53,679**	**$55,872**	**$55,837**	**$57,013**	**$58,093**	**$59,857**
	37,020	*53,058*	*53,679*	*55,872*	*55,837*	*57,013*	*58,093*	*59,857*
CAPITAL PROGRAM								
Capital Construction & Expansion (WIP)	$0	$0	$1,500	$6,550	$3,575	$3,575	$3,000	$8,000
TOTAL CAPITAL PROGRAM	**$0**	**$0**	**$1,500**	**$6,550**	**$3,575**	**$3,575**	**$3,000**	**$8,000**
TRANSFERS IN (OUT)								
Water Connections	$59	$321	$626	$1,947	$917	$825	$236	$236
TOTAL INTERFUND TRANSFERS IN (OUT)	**$59**	**$321**	**$626**	**$1,947**	**$917**	**$825**	**$236**	**$236**
FUND BALANCE								
Net Income (Loss)	$289	$2,581	($583)	($3,472)	$1,235	$2,779	$4,217	($361)
Beginning Fund Balance July 01	7,698	7,987	10,568	9,985	6,513	7,748	10,527	14,744
ENDING FUND BALANCE AT JUNE 30	**$7,987**	**$10,568**	**$9,985**	**$6,513**	**$7,748**	**$10,527**	**$14,744**	**$14,382**
RESERVE BALANCE SUMMARY								
Capital / Operation Contingencies	$3,770	$5,047	$5,982	$6,180	$5,742	$5,723	$5,744	$5,920
Water Resources Capital	4,217	5,521	4,003	332	2,006	4,804	8,999	8,462
ENDING BALANCE AT JUNE 30	**$7,987**	**$10,568**	**$9,985**	**$6,513**	**$7,748**	**$10,527**	**$14,744**	**$14,382**

* Numbers may not total due to rounding

Water Resources Fund
Proposed Capital Project List

Major Projects ($Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
Chino Basin Program Planning	$6.60	$2.60	$2.60	$11.70
All Other Capital Projects	0	1.0	12.0	13.0
Total	**$6.60**	**$3.60**	**$14.60**	**$24.70**

Appendix D-6: Non-Reclaimable Wastewater Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BUDGET
NON-RECLAIMABLE WASTEWATER FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2016/2017 ACTUAL	2017/2018 ACTUAL	2018/2019 PROJECTED ACTUAL	2019/2020 PROPOSED BUDGET	2020/2021 PROPOSED BUDGET	2021/2022 FORECAST	2022/2023 FORECAST	2023/2024 FORECAST
REVENUES								
User Charges	$11,800	$12,452	$13,294	$12,395	$12,653	$12,924	$13,202	$13,593
Interest Revenue	164	274	425	583	461	367	394	376
TOTAL REVENUES	**$11,964**	**$12,725**	**$13,719**	**$12,978**	**$13,114**	**$13,290**	**$13,597**	**$13,969**
OTHER FINANCING SOURCES								
Other Revenues	$156	$507	$257	$250	$200	$200	$200	$200
Loan Transfer from Internal Fund	0	0	3,000	3,000	3,000	3,000	3,000	0
TOTAL OTHER FINANCING SOURCES	**$156**	**$507**	**$3,257**	**$3,250**	**$3,200**	**$3,200**	**$3,200**	**$200**
EXPENSES								
Employment Expenses	$2,018	$2,030	$2,223	$2,517	$2,608	$2,769	$2,885	$2,995
Contract Work/Special Projects	38	88	150	600	100	100	100	100
Utilities	83	89	76	91	93	96	99	102
Operating Fees	6,649	7,315	7,185	6,929	7,134	7,348	7,568	7,796
Chemicals	79	105	130	130	134	138	142	146
Professional Fees and Services	87	114	122	191	197	202	208	214
Office and Administrative expenses	0	0	0	24	24	25	26	27
Biosolids Recycling	0	25	26	35	36	37	38	39
Materials & Supplies	37	65	93	84	86	89	92	94
Operation Contribution to IERCA	0	0	0	0	0	0	0	0
Other Expenses	65	276	403	460	455	464	474	485
TOTAL EXPENSES	**$9,056**	**$10,106**	**$10,408**	**$11,061**	**$10,868**	**$11,268**	**$11,632**	**$11,998**
CAPITAL PROGRAM								
CSDLAC 4Rs SRF Loan	$689	$705	$721	$737	$0	$0	$0	$0
Capital Expansion/Construction	186	359	785	8,950	13,750	600	700	800
TOTAL CAPITAL PROGRAM	**$875**	**$1,064**	**$1,506**	**$9,687**	**$13,750**	**$600**	**$700**	**$800**
DEBT SERVICE								
Financial Expenses	$26	$0	$1	$1	$1	$1	$1	$1
Interest	402	341	307	280	268	253	236	218
Principal	168	454	294	305	317	331	348	398
TOTAL DEBT SERVICE	**$596**	**$795**	**$602**	**$586**	**$586**	**$586**	**$585**	**$617**
TRANSFERS IN (OUT)								
Capital Contribution	($18)	($65)	($44)	($44)	($21)	($13)	($11)	($22)
Operation support	0	(24)	(19)	(79)	(48)	(10)	(37)	(26)
Property Tax Transfer	54	107	972	2,292	3,324	72	72	72
TOTAL INTERFUND TRANSFERS IN (OUT)	**$36**	**$19**	**$909**	**$2,169**	**$3,255**	**$49**	**$24**	**$24**
FUND BALANCE								
Net Income (Loss)	$1,630	$1,285	$5,370	($2,937)	($5,634)	$4,085	$3,903	$779
Beginning Fund Balance July 01	6,903	8,533	9,818	15,188	12,251	6,618	10,703	14,606
ENDING FUND BALANCE AT JUNE 30*	**$8,533**	**$9,818**	**$15,188**	**$12,251**	**$6,618**	**$10,703**	**$14,606**	**$15,385**
RESERVE BALANCE SUMMARY								
Capital/Operations Contingencies	$3,938	$5,461	$3,469	$3,687	$3,622	$3,756	$3,877	$3,999
Capital Construction	3,304	3,050	10,413	7,241	2,410	6,361	10,112	10,769
CSDLAC Prepayment	689	705	721	737	0	0	0	0
Debt Service	602	602	586	586	586	585	617	616
ENDING BALANCE AT JUNE 30	**$8,533**	**$9,818**	**$15,188**	**$12,251**	**$6,618**	**$10,703**	**$14,606**	**$15,385**

** Numbers may not total due to rounding*

Non-Reclaimable Wastewater Fund
Proposed Capital Project List

Major Projects ($Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
Philadelphia Lift Station Force Main Improvements	$5.00	$13.50	$0.00	$18.50
NRW Pipeline Relining along Cucamonga Creek	2.2			2.2
East End Flowmeter Replacement	1.6			1.6
NRWS Manhole Upgrades	0.2	0.2	0.6	2
All Other Capital Projects			1.5	6.2
Total	**$9.00**	**$13.70**	**$2.10**	**$30.50**

Appendix D-7: Administrative Services Fund Budget

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 and FISCAL YEAR 2020/21 BIENNIAL BUDGET
ADMINISTRATIVE SERVICES FUND - SOURCES AND USES OF FUNDS (In Thousands)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	ACTUAL	ACTUAL	PROJECTED ACTUAL	PROPOSED BUDGET	PROPOSED BUDGET	FORECAST		
REVENUES								
Property Tax	$1,972	$1,972	$1,972	$1,972	$1,972	$1,972	$1,972	$1,972
Cost Reimbursement from JPA	1,181	1,365	1,394	1,383	1,382	1,467	1,529	1,587
Interest Revenue	153	207	315	320	295	280	260	240
TOTAL REVENUES	**$3,306**	**$3,547**	**$3,682**	**$3,675**	**$3,649**	**$3,719**	**$3,761**	**$3,799**
OTHER FINANCING SOURCES								
Other Revenues	$102	$120	$2	$2	$2	$2	$2	$2
TOTAL OTHER FINANCING SOURCES	**$102**	**$203**	**$2**	**$2**	**$2**	**$2**	**$2**	**$2**
EXPENSES								
Employment Expenses	$1,052	$2,247	$1,681	$2,469	$1,679	$1,780	$1,853	$1,924
Contract Work/Special Projects	973	696	545	2,335	1,403	299	1,090	757
Utilities	445	496	601	806	830	852	875	899
Operating Fees	10	14	12	12	12	12	12	12
Professional Fees and Services	2,726	3,147	4,079	4,830	4,737	4,705	4,815	4,926
Office and Administrative expenses	2,048	1,548	2,238	2,571	2,798	2,623	2,954	2,696
Biosolids Recycling	22	23	10	0	0	0	0	0
Materials & Supplies	525	669	594	614	570	539	554	568
Other Expenses	(1,475)	(3,759)	(5,487)	(6,241)	(6,164)	(6,298)	(6,431)	(6,580)
TOTAL EXPENSES	**$6,326**	**$5,080**	**$4,272**	**$7,397**	**$5,864**	**$4,512**	**$5,722**	**$5,201**
CAPITAL PROGRAM								
Capital Expansion & Construction	$1,444	$2,652	$1,660	$2,310	$1,200	$559	$718	$1,028
TOTAL CAPITAL PROGRAM	**$1,444**	**$2,652**	**$1,660**	**$2,310**	**$1,200**	**$559**	**$718**	**$1,028**
DEBT SERVICE								
Financial Expenses	$34	$19	$16	$18	$18	$19	$20	$21
TOTAL DEBT SERVICE	**$34**	**$19**	**$16**	**$18**	**$18**	**$19**	**$20**	**$21**
TRANSFERS IN (OUT)								
Capital Contribution	$519	$1,905	$1,304	$1,286	$626	$371	$323	$641
Operation support	0	696	545	2,335	1,403	299	1,090	757
Capital - Connection Fees Allocation	904	703	339	975	547	180	380	375
One Water	22	44	17	49	27	7	16	12
TOTAL INTERFUND TRANSFERS IN (OUT	**$1,444**	**$3,348**	**$2,204**	**$4,645**	**$2,603**	**$858**	**$1,808**	**$1,784**
FUND BALANCE								
Net Income (Loss)	($2,952)	($653)	($60)	($1,403)	($828)	($511)	($890)	($665)
Beginning Fund Balance July 01	17,345	14,394	13,741	13,681	12,279	11,450	10,940	10,050
ENDING FUND BALANCE AT JUNE 30*	**$14,394**	**$13,741**	**$13,681**	**$12,279**	**$11,450**	**$10,940**	**$10,050**	**$9,385**
RESERVE BALANCE SUMMARY								
Operating Contingency	$2,963	$2,340	$1,936	$2,266	$1,755	$1,304	$1,707	$1,534
Self-Insurance Program	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Employee Retirement Benefit	5,431	5,401	5,745	4,013	3,696	3,635	2,342	1,851
ENDING BALANCE AT JUNE 30	**$14,394**	**$13,741**	**$13,681**	**$12,279**	**$11,450**	**$10,940**	**$10,050**	**$9,385**

**Numbers may not total due to rounding*

Administrative Services Fund
Proposed Capital Project List

Major Projects ($Millions)	FY 2019/20	FY 2020/21	FY 2021/22 to FY 2023/24	TYCIP Total
Agency-wide Vehicle Replacement	$0.50	$0.30	$1.00	$3.50
Agency SCADA[1] Integration with SAP	0.3	0.2		0.5
Headquarters Campus Driveway Improvements	0.4			0.4
BizNet Infrastructure Replacement Project	0.3	0.1		0.4
ICP[2] Instrument	0.2			0.2
All Other Capital Projects	0.6	0.5	1.3	8.6
Total	**$2.30**	**$1.20**	**$2.30**	**$13.60**

Attachment 2

Budget Message

GENERAL MANAGER'S MESSAGE

The Honorable Board of Directors
Inland Empire Utilities Agency

June 19, 2019

I am pleased to submit the Inland Empire Utilities Agency (IEUA/Agency) biennial budget for Fiscal Years 2019/20 and 2020/21 (Budget) and the Ten-Year Capital Improvement Plan for Fiscal Years 2019/20 – 2028/29 (TYCIP). The Budget and TYCIP are balanced plans to effectively address the challenges ahead by prioritizing funding for cost-efficient operations, timely replacement and rehabilitation of aging assets, investment in expansion and improvement of facilities to meet anticipated growth, recruitment of critical positions to support succession planning, and continuing efforts to secure the $207 million conditional funding award for the Chino Basin Program.

The Budget and TYCIP are consistent with the Agency's long-term planning documents and Board-adopted Business Goals of fiscal responsibility, work environment, business practices, water reliability, wastewater management, and environmental stewardship.

FISCAL RESPONSIBILITY

Sustainable cost containment continues to be the basis for the Budget of $282 million in Total Uses of Funds for Fiscal Year (FY) 2019/20, with an overall increase of two percent compared to the current FY 2018/19 budget of $276 million. Increases in employment expenses due to increases in pension contribution rates, benefit costs, cost of living adjustments and succession planning were offset by reductions in contract work and non-capital project costs as part of the Agency's commitment to cost containment.

- Total Uses of Funds for FY 2020/21 are projected to increase significantly to $369 million primarily due to higher capital project costs of $179 million compared to $94 million planned for FY 2019/20.
- Over the two-year budget period, Total Revenues and Other Funding Sources are projected to be $290 million in FY 2019/20 and $369 million in FY 2020/21, primarily driven by the RP-5 Expansion Project and new debt needed to support construction costs.
- User charges are based on the multi-year rate adjustment adopted by the Board of Directors in 2015 for FYs 2015/16 – 2019/20. Any future rate adjustments will be based on the 2019 Rate Study Update slated for completion in early fall 2019.

WATER RELIABILITY

As a regional purveyor of potable water, ensuring water reliability and resiliency for the region is fundamental to the Agency's mission. In July 2018, the California Water Commission (CWC) awarded $207 million in conditional funding to the Chino Basin Program (CBP). The CBP is a first-of-its-kind water program that will help the region move beyond traditional water management practices and into a new era of water optimization. The CBP closely aligns with regional planning

efforts, including Chino Basin Watermaster's Optimum Basin Management Plan and Integrated Water Resources Plan.

Also included in the TYCIP over the two-year budget period is over $40 million to expand and improve the Agency's regional recycled water distribution system (RRWDS) and groundwater recharge capacity. Two capital projects included in 2020 are new recycled water connections with the city of Pomona and Jurupa Community Services District (JCSD). Upon completion, the new recycled water interties will provide a new source of recycled water supply to the Chino Basin.

WASTEWATER MANAGEMENT

Since 2014, the Agency's service area has recorded approximately of 5,000 new connections per year to its regional wastewater system. Although there are some signals of a possible U.S. economic slowdown in the next two years, forecasts from our contracting member agencies and the Building Industry Association point toward steady growth continuing over the next ten years in the Agency's service area. To ensure the Agency is ready to meet the future demand, a key focus of the Agency's FYs 2019/20 & 2020/21 budgets and FYs 2020-2029 TYCIP is expansion and improvement of facilities.

ENVIRONMENTAL STEWARDSHIP

The Agency is committed to protection of the environment through conservation and sustainable practices implemented on a regional and watershed basis. As one of ten agencies participating in the Santa Ana River Multiple Species Habitat Conservation Plan, the Agency works 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.

CONCLUSION

The Agency is committed to sustainably enhancing the quality of life in the Inland Empire. We look forward to the future and will continue to demonstrate fiscal responsibility while implementing a strategic resource plan to maintain a clean, reliable and resilient water supply through pioneering stewardship initiatives for the region.

Respectfully submitted,

Shivaji Deshmukh

Shivaji Deshmukh, P.E.
General Manager

Attachment 3

Executive Summary

EXECUTIVE SUMMARY

The Agency's Operating Budget for Fiscal Year (FYs) 2019/20 – 2020/21 and FYs 2019/20-2028/29 Ten Year Capital Improvement Plan (FY 2020-2029 TYCIP) focuses on the following key areas:

- ***Succession planning*** – Nearly thirty 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 ten 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. Rates and fees for FY 2020/21 and future years will be adjusted as determined by the 2019 Rate Study and consistent with Board policy to fully recover the cost of providing the Agency services;

- ***Upkeep of Agency Assets*** – Continue the transition from "corrective" to "predictive and preventative" maintenance strategy 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 2019/20 - 2020/21 is the Agency's third biennial budget. The transition from a single to a two-year budget in FY 2015/16 supported a key objective of the IEUA Business Goals under Fiscal Responsibility to enhance financial planning 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 2019/20– 2020/21 BUDGET OVERVIEW

Total uses of funds for $282.4 million in FY 2019/20 and $369.3 million in FY 2020/21 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 $162.0 million in FY 2019/20, a decrease of $2.5 million compared to the $164.5 million amended budget in FY 2018/19, and $162.0 million in FY 2020/21. The decrease from the FY 2018/19 amended budget is due to lower non-capital project costs offset by higher net employment expenses needed to support the Agency's succession planning efforts and an increase in professional fees and services as the Agency continues to shift focus from a corrective to a preventative maintenance strategy.

Non-operating expense, or other uses of funds, of $120.4 million in FY 2019/20 and $207.3 million in FY 2020/21 is comprised of debt service and capital improvement plan (CIP) expenditures. Debt service costs increased slightly from $25.3 million in FY 2018/19 to $26.8 million in FY 2019/20 and $28.0 million in FY 2020/21. In addition to the increase in debt service costs, capital expenditures are also increasing in the coming years. FY 2019/20 CIP is budgeted at $93.6 million, a $7.4 million increase over the FY 2018/19 amended budget of $86.2 million. In FY 2020/21, CIP is budgeted at $179.3 million, or a 92 percent increase from the prior year. Included in the CIP over the next two years are improvements to non-reclaimable wastewater and recycled water pipelines and pump stations as well as the construction and expansion of the Regional Water Recycling Plant No. 5

(RP-5 Expansion). Projected funding for CIP is a combination of pay-go, low interest State Revolving Fund (SRF) loans, grants, and contributions.

Total uses of funds are supported by total revenues and other funding sources of $289.6 million in FYs 2019/20 and $368.9 million in FY 2020/21. Included are operating revenues $164.3 million in FY 2019/20 and $169.1 million in FY 2020/21 with a projected increase of six percent in FY 2019/20 compared to the FY 2018/19 amended budget of $154.6 million. This increase is due to higher pass-through sales of Metropolitan Water District of Southern California (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 $125.3 million in FY 2019/20 and $199.8 million in FY 2020/21 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. Increases of $6.1 million in FY 2019/20 and $80.6 million in FY 2020/21 compared to the FY 2018/19 amended budget are due to additional property tax receipts, and receipts from state loans and grant proceeds associated with the RP-5 Expansion and recycled water projects.

Based on total funding sources and uses of funds budgeted over the next two years, the total ending reserve balance is anticipated to increase from $226.7 million in the FY 2018/19 amended budget to $251.8 million at the end of FY 2019/20 and $251.4 million projected at the end of FY 2020/21. An overview of total revenues and other funding sources, total operating expense and other uses of funds, and estimated ending fund balance beginning FY 2017/18 through FY 2023/24 are provided on Table 1-1.

TABLE 1-1: COMPARATIVE OF TOTAL SOURCES AND USES OF FUNDS, AND FUND BALANCE ($MILLIONS)

	Actual	Amended Budget	Biennial Budget		Forecast		
Fiscal Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Revenues	$153.9	$154.6	$164.3	$169.1	$174.4	$180.8	$186.7
Operating Expense	(143.7)	(164.5)	(162.0)	(162.0)	(163.3)	(168.9)	(174.7)
Operating Net Increase (Decrease)	**10.2**	**(9.9)**	**2.3**	**7.1**	**11.1**	**11.9**	**12.0**
Other Sources of Funds	112.8	119.2	125.3	199.8	215.9	186.3	162.1
Debt Service	(21.9)	(25.3)	(26.8)	(28.0)	(28.5)	(25.7)	(33.3)
Capital Program	(56.9)	(86.2)	(93.6)	(179.3)	(153.1)	(101.2)	(100.9)
Non-Operating Increase (Decrease)	**34.0**	**7.7**	**4.9**	**(7.5)**	**34.3**	**59.4**	**27.9**
Total Increase (Decrease)	44.3	(2.2)	7.1	(0.4)	45.4	71.3	40.0

Fiscal Year	Actual 2017/18	Amended Budget 2018/19	Biennial Budget 2019/20	Biennial Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance	184.7	229.0	244.6	251.7	251.3	296.7	368.0
Ending Fund Balance	**$229.0**	**$226.8**	**$251.7**	**$251.3**	**$296.7**	**$368.0**	**$408.0**

Totals may not tie due to rounding

REVENUES AND OTHER FUNDING SOURCES HIGHLIGHTS

Total revenues and other funding sources are budgeted at $289.6 million in FY 2019/20 and $368.9 million in FY 2020/21. The increase of $15.8 million in FY 2019/20 compared to the FY 2018/19 amended budget of $273.8 is due to the implementation of multiyear rate adjustments for the Regional Wastewater, Recycled Water, and Water Resources programs approved by the IEUA Board and member agencies through FY 2019/20.

An increase of $79.3 million is budgeted in FY 2020/21 compared to FY 2019/20, due to additional increases in state loans and grant proceeds associated with the RP-5 Expansion project. Table 1-2 highlights the major funding sources.

TABLE 1-2: TOTAL REVENUES AND OTHER FUNDING SOURCES ($MILLIONS)

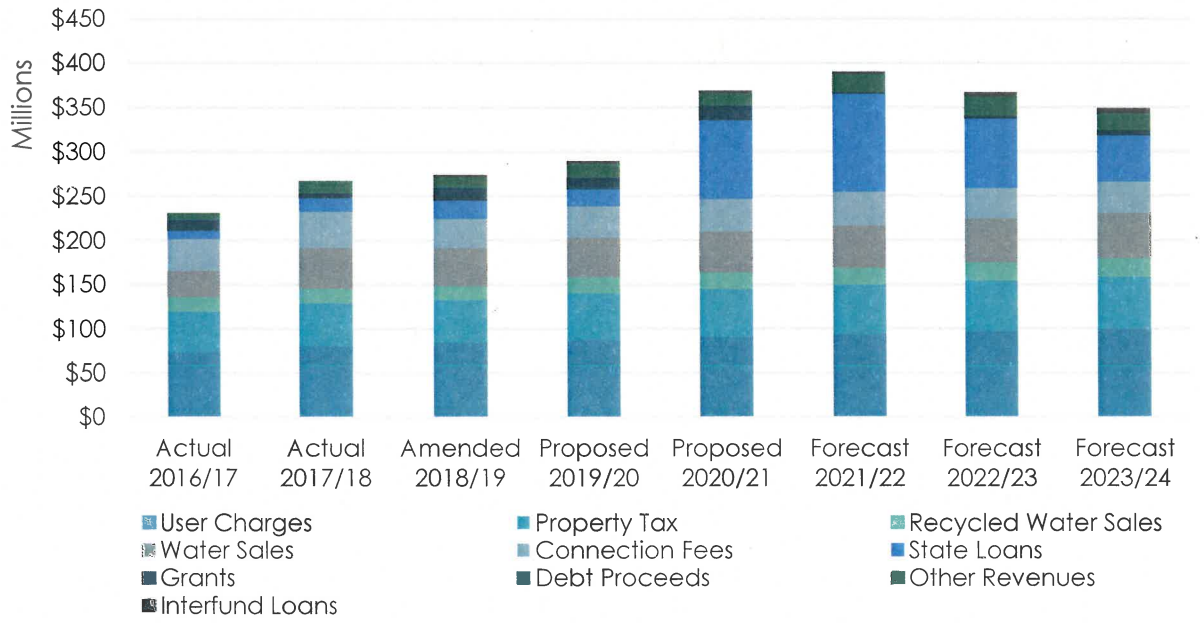
Funding Sources	ACTUAL 2017/18	AMENDED BUDGET 2018/19	BIENNIAL BUDGET 2019/20	BIENNIAL BUDGET 2020/21
User Charges	$79.9	$84.2	$87.3	$90.5
Property Taxes	48.4	47.9	52.4	53.9
Contract Cost Reimbursement*	6.8	6.9	7.5	7.5
Recycled Water Sales	16.9	15.9	18.1	18.8
Connection Fees	40.7	32.9	35.7	36.7
Water Sales	46.0	43.0	44.7	46.2
State Loans	15.2	20.8	19.2	89.2
Grants	5.6	14.8	13.1	16.4
Other**	7.2	7.4	11.5	9.6
Total	**$266.7**	**$273.8**	**$289.6**	**$368.9**

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 2021/22 through 2023/24 include additional SRF and grant funding support improvement and expansion of Agency facilities and infrastructure needed to meet increase in service demand from anticipated future growth. 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 $289.6 million and $368.9 million total revenues and other funding sources budgeted in FY 2019/20 and FY 2020/21 are summarized in Table 1-3:

TABLE 1-3: TOTAL REVENUES AND OTHER FUNDING SOURCES ($MILLIONS)

Revenues	FY 2019/20	FY 2020/21	Description
User Charges	$87.3	$90.5	Regional Wastewater monthly sewer 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	19.2	89.2	State Revolving Fund (SRF) loan proceeds for Recharge Water and Regional Wastewater projects.
Property Tax	52.4	53.9	San Bernardino County ad-valorem property taxes and pass-through incremental taxes.
Grants	13.1	16.4	Federal, state and local grants for regional recycled water distribution system, South Archibald TCE Plume Clean Up and support of water resource programs.

Revenues	FY 2019/20	FY 2020/21	Description
Recycled Water Sales	18.1	18.8	Direct and groundwater recharge recycled water sales and.
Connection Fees	35.7	36.7	New connection fees for the Regional Wastewater and Regional Water systems.
Water Sales	44.7	46.2	Sales of pass-through MWD imported potable water budgeted at 60,000 acre-feet per year (AFY).
Other Revenues	19.0	17.1	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	$289.6	$368.9	

Totals may not tie due to rounding.

EXPENSES AND OTHER USES OF FUNDS HIGHLIGHTS

Total uses of funds are $282.4 million in FY 2019/20 and $369.3 million in FY 2020/21, compared to the FY 2018/19 amended budget of $276.0 million. The increase of $6.4 million in FY 2019/20 is mainly due to higher capital expenditures. A comparison of the biennial budget major uses of funds to FY 2017/18 actuals and FY 2018/19 amended budget is shown on Table 1-4.

TABLE 1-4: TOTAL USES OF FUNDS ($MILLIONS)

Uses of Funds	Actual 2017/18	Amended Budget 2018/19	Biennial Budget 2019/20	Biennial Budget 2020/21
Operational Expenses*	$143.7	$164.5	$162.0	$162.0
CIP	56.9	86.2	93.6	179.3
Debt Service	21.9	25.3	26.8	28.0
Total	$222.5	$276.0	$282.4	$369.3

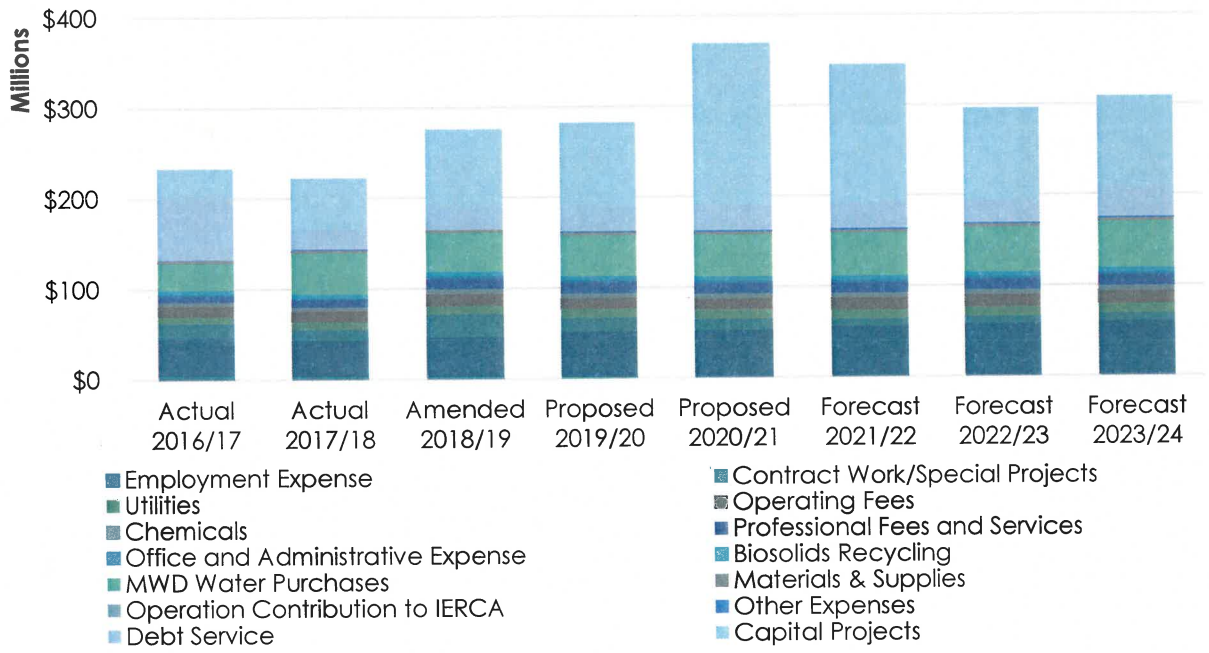
Totals may not tie due to rounding.

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

Forecasted total expenses and other uses of funds for fiscal years subsequent to FY 2020/21 remain relatively stable, consistent with the Agency's continued commitment to sustainable cost containment. Overall, total uses of funds average $316.5 million between FY 2021/22 and FY

2023/24. Operational expenses increase on average three percent each year as shown in Figure 1-3. Capital project expenses (CIP) projected to reach a high of $179.3 million in FY 2020/21 will average just $118.4 million over the subsequent three fiscal years. The variation in capital expenditures is primarily due to the RP-5 Expansion project slated 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 2019/20 and 2020/21 are summarized on Table 1-5.

TABLE 1-5: TOTAL EXPENSES AND OTHER USES OF FUNDS ($MILLIONS)

Expense Category	BIENNIAL BUDGET 2019/20	2020/21	Description
Employment Expenses	$51.3	$52.3	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	12.3	12.7	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	5.0	5.1	Chemicals for wastewater treatment process compliance and sustainment of the high-quality recycled water.

Expense Category	BIENNIAL BUDGET 2019/20	2020/21	Description
Professional Fees	12.0	11.3	Includes contract services such as legal, external auditing, training, landscaping, security, janitorial services, etc.
Biosolids Recycling	4.4	4.6	Includes hauling costs and Inland Empire Regional Composting Authority (IERCA) tipping fees for biosolids recycling.
MWD Water Purchase	44.7	46.2	Pass-through purchase of imported potable water from Metropolitan Water District of Southern California (MWD) budgeted at 60,000 AF per year.
Other Expenses	22.5	19.6	Includes non-capital (O&M) projects, office and administration expenses, contract services, and materials and supplies.
Capital Project	93.6	179.3	Capital improvement plan (CIP) expenditures consistent with the Ten-Year Capital Improvement Plan (TYCIP).
Debt Service	26.8	28.0	Includes principal, interest and financial payments of outstanding bonds, SRF loans and notes payable.
Total Expenses and Other Uses of Funds	$282.4	$369.3	

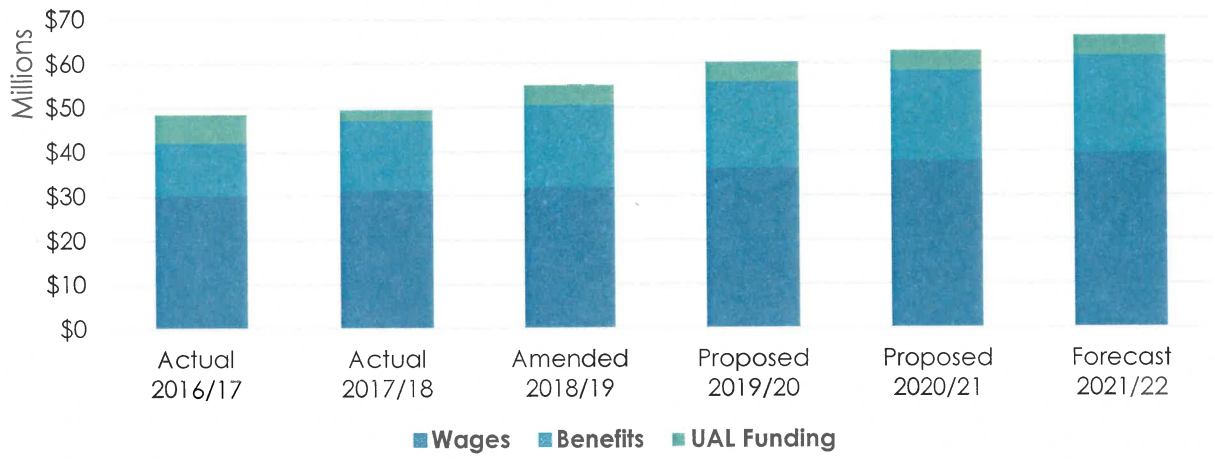
Totals may not tie due to rounding.

EMPLOYMENT EXPENSES

Total employment expenses of $51.3 million in FY 2019/20 and $52.3 million in FY 2020/21 (net of labor allocation to capital projects) make up approximately thirty percent of total operating expenses. Employment expenses include wages, benefits, and additional contributions of $6.5 million to unfunded accrued liabilities for pension and other postemployment benefits (OPEB) benefits. Included in FYs 2019/20 and 2020/21 employment budget is a cost of living adjustment (COLA) of 3.0 percent as negotiated in the three-year Memorandums of Understanding (MOUs) with the various employee bargaining units in 2018 and an estimated 7.0 percent increase in the CalPERS rate.

Employment costs for FY 2019/20 are projected to be 11.0 percent, or $5.1 million higher than amended budget for FY 2018/19. Approximately $9.0 million in total employment costs annually are allocated to support CIP activities and are included in total employment expenses shown in Figure 1-4.

FIGURE 1-4: TOTAL EMPLOYMENT COSTS ($MILLIONS)



Over the next five years, approximately thirty percent of the current workforce is eligible for retirement. Included in the budget is continuation of a succession pool established in FY 2018/19. 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 FY 2019/20 is an estimated 47 interns and 18 limited-term positions primarily to support operations, engineering, planning, external affairs, and contract administration activities.

CAPITAL IMPROVEMENT PROGRAM (CIP)

FY 2020 – 2029 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 October 2018, estimated over 52,000 new connections over the next ten years. Approximately sixty 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 2020 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
- 2015 Recycled Water Program Strategy Update
- 2015 Energy Management Plan
- 2015 Regional Water Use Efficiency Business Plan
- 2016 Integrated Water Resources Plan

The proposed FY 2020 TYCIP of $920.6 million (Includes execution of critical replacement & rehabilitation (R&R) projects necessary to meet reliability and regulatory requirements remains one of the primary focus of the TYCIP. Another key area is improvement and expansion of existing facilities and infrastructure to meet future growth forecasted by member agencies. Major projects include the RP-1 Capacity Recovery project, which is slated to begin construction in 2029, and the recycled water interties to the City of Pomona and Jurupa Community Services District (JCSD). The TYCIP is funded by a combination of pay-go, low interest SRF loans, grants, and contributions. A summary by fund is provided in Table 1-6.

TABLE 1-6: TEN YEAR CAPITAL IMPROVEMENT PLAN BY FUND ($MILLIONS)

Fund ($Millions)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 through 2028/29	TOTAL
Wastewater Capital*	$24.8	$102.2	$125.1	$66.2	$36.1	$158.7	$513.1
Wastewater Operations**	26.0	21.0	6.7	6.8	10.2	37.1	107.8
Recycled Water	18.7	23.8	16.3	23.3	44.0	78.3	204.4
Non-Reclaimable Wastewater	9.0	13.7	0.6	0.7	0.8	5.7	30.5
Water Resources	6.5	3.6	3.6	3.0	8.0	0.0	24.7
Recharge Water	5.0	13.2	0.3	0.5	0.7	6.8	26.5
Administrative Services	2.3	1.2	0.6	0.7	1.0	7.8	13.6
Total	**$92.3**	**$178.8**	**$153.2**	**$101.2**	**$100.9**	**$294.2**	**$920.6**

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 2019/20 – 2028/29 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 (net of interfund loan repayments) are budgeted at $23.8 million in FY 2019/20 and $24.9 million in FY 2020/21 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	2019/20	2020/21
Non-Reclaimable Wastewater	$0.6	$0.6
Regional Wastewater Capital	12.5	12.5
Regional Wastewater Operations	1.4	1.4
Recharge Water	1.3	1.3
Recycled Water	8.0	9.1
Total Debt Service Costs	**$23.8**	**$24.9**

Totals may not tie due to rounding.

Total outstanding debt, net of inter fund loans and financial expense, at the end of FY 2019/20 is projected to be $269.2 million. Included are $132.1 million in bonds, $132.4 million in low interest SRF loans, and $4.7 million in other notes payable. It is anticipated 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 ten years. A major expansion projects included in the FY 2020-2029 TYCIP is the RP-5 expansion scheduled to begin construction in FY 2020/21 with projected costs of over $330.0 million. Projections of total outstanding debt (principal and interest) and annual debt service payments by fiscal year ending beginning "15" for FY 2014/15 are shown in Figure 1-5 and Figure 1-6, respectively.

FIGURE 1-5: TOTAL OUTSTANDING DEBT WITH PROJECTED FUTURE DEBT ($MILLIONS)

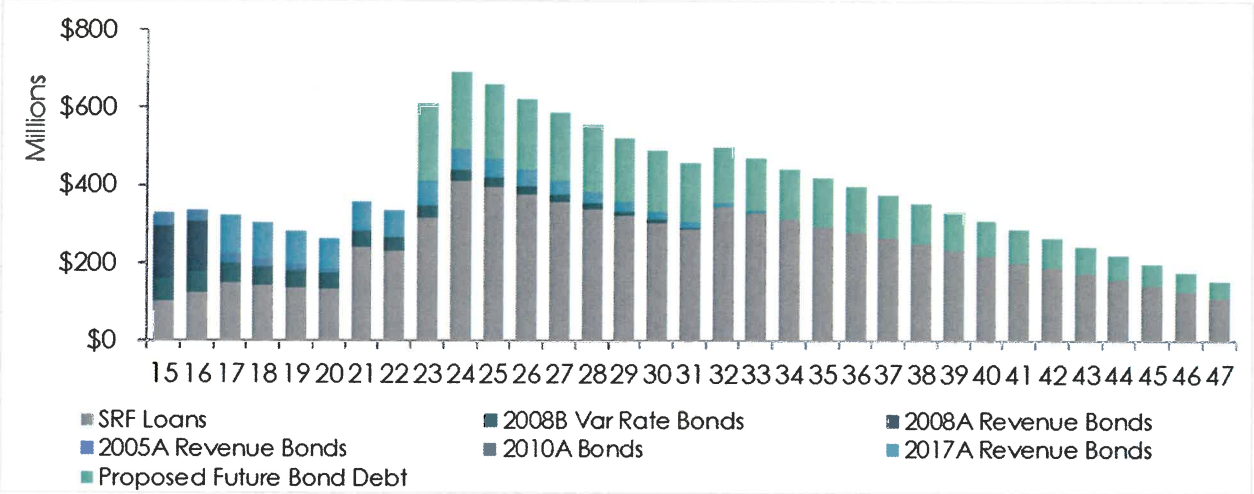
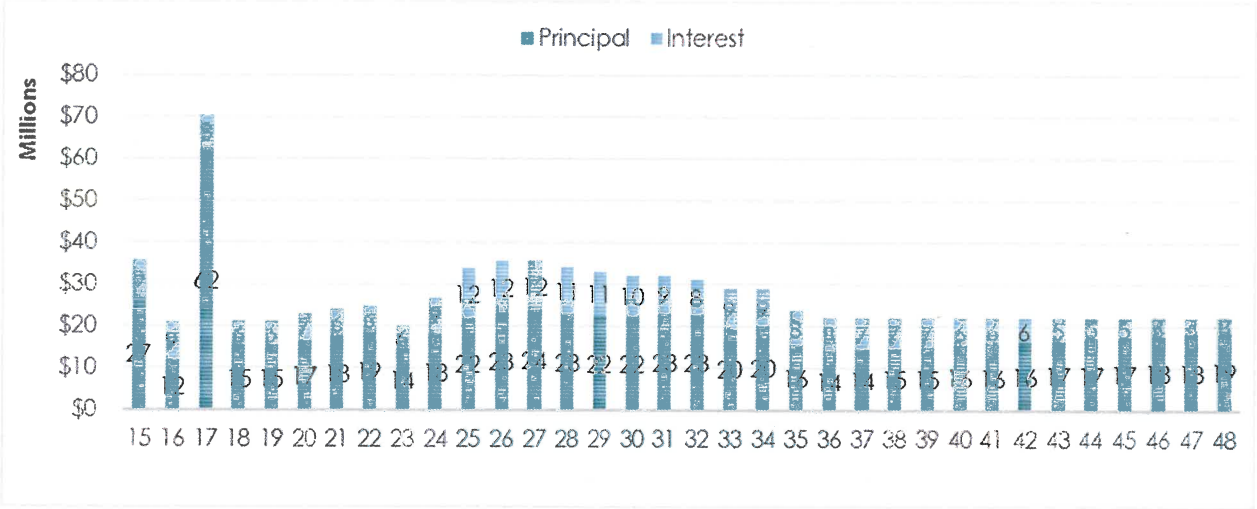


FIGURE 1-6: DEBT SERVICE COSTS WITH PROJECTED FUTURE DEBT ($MILLIONS)



Included in FY 2016/17 is $50 million in early retirement of 2008A Revenue Funds.

INTER-FUND TRANSFERS

Inter-fund transfers account for the inflows and outflows of financial resources from one Agency's fund to another and are reported as other financing sources and uses of funds. The Agency's inter-fund transfers included in each fund are needed to support operation, capital and debt service costs and are approved by the Board of Directors as part of the fiscal year budget. Connection fees and property taxes are a primary source of funding. An overview of the proposed inter-fund transfers for FYs 2019/20 and 2020/21 is provided in the following discussion.

CAPITAL CONTRIBUTION

Capital contribution inter-fund transfers provide support for specific portions of the Agency's capital projects. The Non-Reclaimable Wastewater, Regional Wastewater Capital, and Recycled Water funds support the Administrative Services Fund's agency-wide capital projects. The Recycled Water fund transfers money to the Recharge Water fund for the Agency's share of the capital projects related to the groundwater recharge system. The Regional Wastewater Operations program transfers funds for its share for capital project expenditures recorded under the Wastewater Capital program. A summary of capital contribution inter-fund transfers is provided in Table 1-8.

TABLE 1-8: CAPITAL CONTRIBUTION INTER-FUND TRANSFERS ($MILLIONS)

Fund	2019/20		2020/21	
	In	Out	In	Out
Administrative Services	$1.3	$0	$0.6	$0
Non-Reclaimable Wastewater		(0.1)		
Regional Wastewater Capital	4.6	(1.2)	11.0	(0.6)
Regional Wastewater Operations		(4.6)		(11.0)
Recharge Water	0.1			
Recycled Water		(0.1)		
Total	**$6.0**	**($6.0)**	**$11.6**	**($11.6)**

DEBT SERVICE

Inter-fund transfers for debt service account for fund-specific portions of debt service costs related to the Agency's bonds and SRF loans used to support capital and non-capital projects. The Regional Wastewater Capital fund supports the Agency's share of 2008B Bond debt service costs in the Recharge Water fund and SRF Loan payments in the Regional Wastewater Operations and Recycled Water funds. Table 1-9 provides a summary of the debt service inter-fund transfers.

TABLE 1-9: DEBT SERVICE INTER-FUND TRANSFERS ($MILLIONS)

Fund	2019/20		2020/21	
	In	Out	In	Out
Regional Wastewater Capital	$0	($3.3)	$0	($3.3)
Regional Wastewater Operations	0.3		0.3	(0.2)
Recharge Water	0.6		0.7	
Recycled Water	2.4		2.5	
Total	**$3.3**	**($3.3)**	**$3.5**	**($3.5)**

OPERATION SUPPORT

Operation support in the form of inter-fund transfers is provided to the Agency's Administrative Services fund for agency-wide non-capital projects from the Regional Wastewater Operations, Recycled Water, and Non-Reclaimable Wastewater funds. The Recharge Water fund receives operational support from the Recycled Water fund for the Agency's pro-rata share of groundwater basin maintenance and other costs not reimbursed by Chino Basin Watermaster. Inter-fund transfers related to operation support are detailed in Table 1-10.

TABLE 1-10: OPERATION SUPPORT INTER-FUND TRANSFERS ($MILLIONS)

	2019/20		2020/21	
Fund	In	Out	In	Out
Administrative Services	$2.3	$0	$1.4	$0
Non-Reclaimable Wastewater		(0.1)		
Regional Wastewater Operations		(2.2)		(1.4)
Recharge Water	0.8		0.8	
Recycled Water		(0.8)		(0.8)
Total	**$3.1**	**($3.1)**	**$2.2**	**($2.2)**

CAPITAL – WASTEWATER CONNECTION FEES

Wastewater connection fees are collected to support the capital acquisition, construction, and expansion of the Agency's regional wastewater system. This revenue is collected in the Regional Wastewater Capital fund and then distributed via inter-fund transfer to the Administrative Services, Non-Reclaimable Wastewater, and Regional Wastewater Operations funds proportionally to support growth-related projects. These transfers are outlined in Table 1-11.

TABLE 1-11: WASTEWATER CONNECTION FEES INTER-FUND TRANSFERS ($MILLIONS)

	2019/20		2020/21	
Fund	In	Out	In	Out
Administrative Services	$1.0	$0	$0.5	$0
Non-Reclaimable Wastewater	2.3		3.3	
Regional Wastewater Capital		(9.0)		(8.6)
Regional Wastewater Operations	5.7		4.8	
Total	**$9.0**	**($9.0)**	**$8.6**	**($8.6)**

ONE WATER CONNECTION FEES

One water connection fees are collected to support the expansion of the Agency's regional water system and investment in integrated regional water resources. The connection fee revenue is recorded in the Agency's Recycled Water fund and then allocated via inter-fund transfer to the Administrative Services, Recharge Water, and Water Resources funds proportionally to support projects that contribute to the regional water system. The one water connection fee inter-fund transfers are summarized in Table 1-12.

TABLE 1-12: ONE WATER INTER-FUND TRANSFERS ($MILLIONS)

Fund	2019/20 In	2019/20 Out	2020/21 In	2020/21 Out
Administrative Services	$0.05	$0	$0.03	$0
Recharge Water	0.02			
Recycled Water		(2.02)		(0.95)
Water Resources	1.95		0.92	
Total	**$2.02**	**($2.02)**	**$0.95**	**($0.95)**

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 2019/20 is estimated to be $251.7 million, an increase of $25.0 million compared to the projected ending balance of $226.7 million in FY 2018/19 amended budget. The projected increase is primarily due to higher revenues in recycled water sales, monthly sewer service charges, new connection fees, and property tax receipts. In FY 2020/21, reserves are anticipated to decrease slightly by $0.4 million to $251.3, as indicated in Table 1-13.

TABLE 1-13: RESERVE FUND BALANCE ($MILLIONS)

Description	Actual 2017/18	Amended 2018/19	Biennial Budget 2019/20	Biennial Budget 2020/21
Net Increase (Decrease) in Fund Balance	$44.3	$(2.2)	$7.1	$(0.4)
Beginning Fund Balance, July 1	184.7	229.0	244.6	251.7
Ending Fund Balance, June 30	**$229.0**	**$226.8**	**$251.7**	**$251.3**

Totals may not tie due to rounding.

Table 1-14 provides an overview of estimated reserve balances by fund for FYs 2018/19 through 2020/21.

TABLE 1-14: ENDING RESERVE BALANCE BY FUND ($MILLIONS)

Fund	Amended 2018/19	Biennial Budget 2019/20	Biennial Budget 2020/21
Administrative Services	$13.2	$12.3	$11.5
Regional Wastewater Capital Improvement	77.6	108.3	130.3
Regional Wastewater Operation & Maintenance	74.8	65.9	53.6
Non-Reclaimable Wastewater	10.9	12.3	6.6
Recharge Water	2.5	5.4	7.7
Recycled Water	36.4	41.1	34.0
Water Resources	11.3	6.5	7.7
Total	**$226.7**	**$251.7**	**$251.3**

Totals may not tie due to rounding.

Fund reserves are designated for specific purposes, as defined in the Agency's Reserve Policy adopted in May 2019. The primary designations of reserves include:

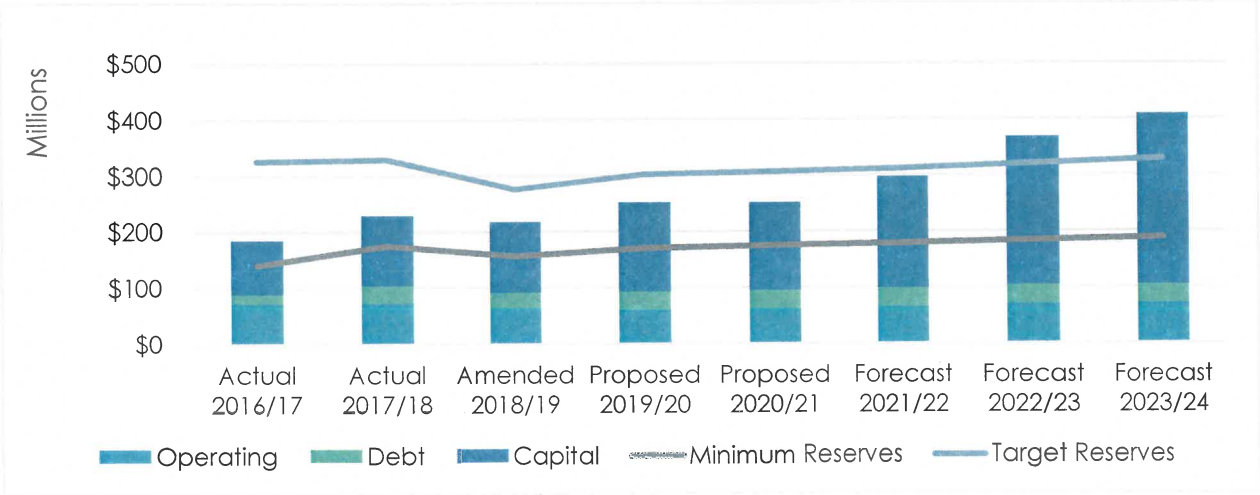
- **Operating Contingency:** maintains a minimum of four months and target of six months of operating expenses for the fiscal year;
- **Debt Service:** with minimum as required by bond covenants and loan agreements and target equal to highest annual debt service during the life of the obligation;
- **Capital Construction:** with minimum equal to the ten-year average of CIP pay-go costs (costs net of bond or loan proceeds) and target equal to three times the minimum;
- **Replacement and Rehabilitation (R&R):** with minimum and target criteria mirroring that of the capital construction reserve;
- **Self-Insurance Program:** equal to a minimum of $3.0 million and a target of $6.0 million;
- **Employee Retirement Benefit:** with a minimum of $6.0 million and a target equal to the Annual Required Contribution based on the actuarial valuation report from CalPERS or $6.0 million, whichever is greater.

In addition, there are three other reserve categories that have no defined minimum or target level. These categories are the connection fee reserve, supplemental water resources, and sinking fund reserve.

EXECUTIVE SUMMARY

A comparison of the Agency's actual and projected total fund reserves to the minimum and target levels from FY 2016/17 through FY 2023/24 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 beginning in FY 2019/20 is due to receipts of SRF loans and grants needed to support expansion and improvement of regional wastewater and recycled water facilities and infrastructure to meet anticipated future growth.

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. In June 2018 Moody's reaffirmed the Agency rating of 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. The annual variations of the DCR beginning in FY 2019/20 through FY 2021/22 is due to increasing debt service costs for planned capital improvements of the Agency's recycled water systems. In FY 2023/24 debt service begins for the projected new debt issues needed to finance major Regional wastewater plant expansion projects. New debt is assumed as a combination of bonds and low interest state loans. Corresponding annual debt service costs are included in the calculation of the DCR as shown in Table 1-15.

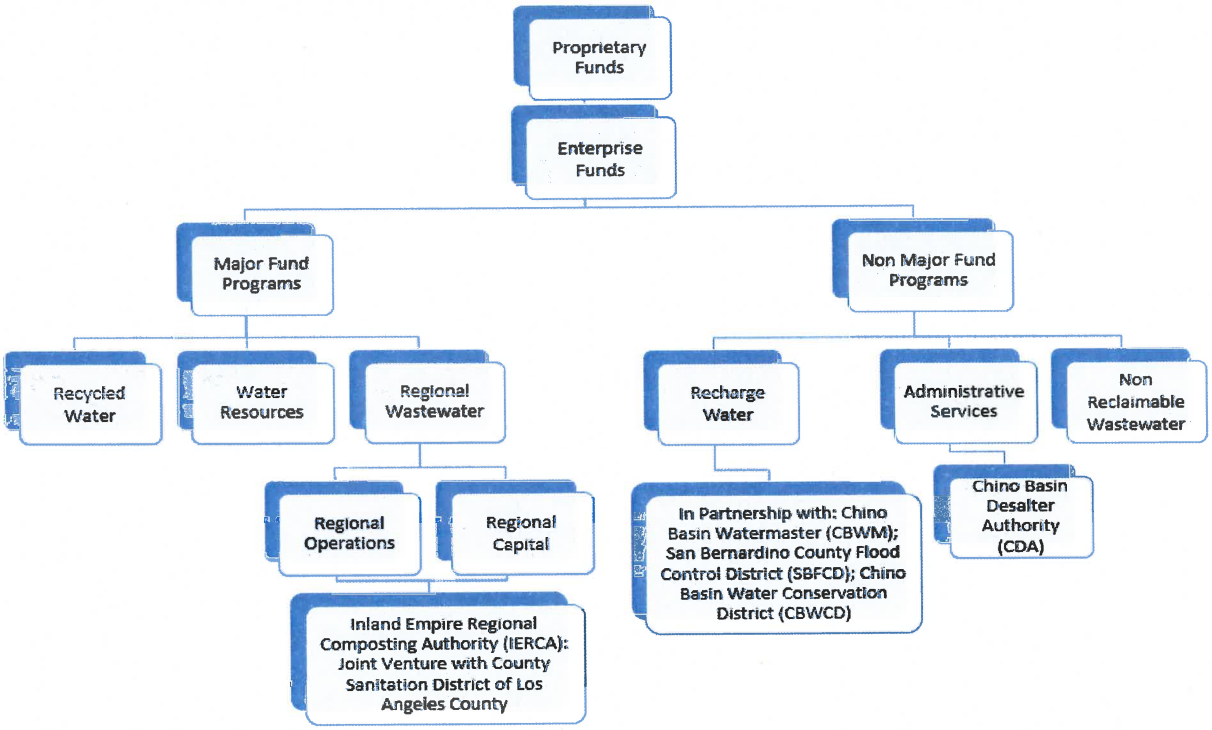
TABLE 1-15: DEBT COVERAGE RATIO PROJECTED TREND

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Amended	*Biennial Budget*		*Forecast*		
DCR	3.53x	3.65x	3.68x	3.78x	4.57x	3.50x

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 Regional Composting Authority. Figure 1-8 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 1-16 contains definitions of Major and Non-Major Fund groups. The definitions are consistent with the Agency's audited FY 2017/18 Comprehensive Annual Financial Report (CAFR).

TABLE 1-16: DEFINITION OF MAJOR AND NON-MAJOR FUND GROUPS

Major Funds	Non-Major Funds
The Major Fund Group accounts for: • 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. The following programs make up the Major Fund group: • Regional Wastewater • Recycled Water • Water Resources	The Non-Major Funds record: • 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. The following funds/programs make up the Non-Major Funds group: • 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 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.

In January 2019, the Board approved the contract for a rate study to address changes in key assumptions since the update of the 2015 rate studies; such as growth projections in the Agency's service areas over the next twenty years and the capital projects needed to meet future demand, including expansion of the Regional Plant No.5 (RP-5) Solids and Liquid facilities, rehabilitation and improvement of RP-1, and the Chino Basin Program (CBP). The rate study will provide rate analysis and recommendations on wastewater and water connection fees, and monthly service fees and rates for sewage, recycled water, and water to ensure they appropriately recover the cost of service for each of the programs, as well as support the Agency's long-term improvement plan. Part of the rate study also includes evaluation of the CBP estimated impact to rates and fees.

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 providing the service. Table 1-17 shows the FY 2019/20 and FY 2020/21 adopted rates of $20.00 and $20.60 per EDU effective July 1. FY 2019/20 is the last year of the multi-year rates adopted in 2015. The rate study approved by the Board in January 2019 and currently underway will assess and evaluate the current wastewater and water connection fees and the monthly service to ensure they appropriately recover the cost of service for each of the program, as well as support the Agency's long-term capital improvement plan. Projected growth in number of monthly EDUs is estimated at 0.25 percent each year.

TABLE 1-17: ADOPTED EDU VOLUMETRIC RATES FYS 2016/17 – 2020/21

Rate Description	2016/17	2017/18	2018/19	2019/20	2020/21*
EDU Volumetric Rate	$17.14	$18.39	$19.59	$20.00	$20.60
Effective Date	7/1/16	7/1/17	7/1/18	7/1/19	7/1/20
EDU Units	3,295,508	3,372,992	3,381,425	3,389,878	3,398,353

*FY 2020/21 Fee will be based on the 2019 Rate Study.

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 1-18 shows the adopted multi-year fees through FY 2019/20 and projected number of new connections per fiscal year.

TABLE 1-18: ADOPTED WASTEWATER CONNECTION FEES FYS 2015/16 – 2019/20

Rate Description	2016/17	2017/18	2018/19	2019/20	2020/21*
Wastewater Connection Fee	$5,712	$6,309	$6,624	$6,955	$7,164
Effective Date	1/01/17	7/01/17	7/01/18	7/01/19	7/01/20
Wastewater Connection Units	5,155	5,223	4,000	4,000	4,000

*FY 2020/21 Fee will be based on the 2019 Rate Study.

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 2019/20 is projected to be $7.9 million and $8.0 million for FY 2020/21. 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 1-19 are the adopted water connection fees through FY 2019/20 and historical, budgeted, and projected new connections by fiscal year.

TABLE 1-19: ADOPTED WATER CONNECTION FEES FYS 2015/16 – 2020/21

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
Water Connection Fee (for 5/8" and 3/4" meter size)	$693	$1,455	$1,527	$1,604	$1,684	$1,735
Effective Date	1/01/16	1/01/17	7/01/17	7/01/18	7/01/19	7/01/20
New Meter Equivalent Units (MEUs)	1,346	4,984	5,455	4,800	4,700	4,630

*FY 2020/21 Fee will be based on the 2019 Rate Study.

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 2019/20 are projected to be $18.1 million and $18.8 million in FY 2020/21. Adopted recycled water rates through FY 2019/20, along with historical, budgeted, and forecasted deliveries by fiscal year are summarized on Table 1-20.

TABLE 1-20: RECYCLED WATER PROGRAM RATES FYS 2015/16 – 2019/20

Rate Description	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21*
Direct Delivery/Acre Foot (AF)	$350	$410	$470	$480	$490	$505
Groundwater Recharge/Acre Foot (AF)	$410	$470	$530	$540	$550	$565
Effective Date	10/01/15	7/01/16	7/01/17	7/01/18	7/01/19	7/01/20
AF Deliveries	32,331	33,146	34,335	32,000	35,800	36,000

*FY 2020/21 Fee will be based on the 2019 Rate Study.

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 (CSDLAC) 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 CSDLAC and SAWPA for volumetric, capacity, and strength as summarized in Table 1-21.

TABLE 1-21: NRW SYSTEM RATES FYS 2018/19 AND 2019/20

Rate Description	2018/19	2019/20
Effective Date	7/1/2018	07/01/19
North System CSDLAC	14,258 CU	14,005 CU
Flow/mg	$912	$940
COD/klb	$161	$166
TSS/klb	$456	$470
Peak/mg	$346	$357
South System (SAWPA)	2018/19	2019/20
Capacity/cu	$406.60	$418.67
Flow/mg	$946.00	$979.00
BOD/klb	$307.00	$316.00
TSS/klb	$429.00	$442.00

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 1-22.

TABLE 1-22: 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 2019 Rate Study		

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.

DEPARTMENTS

The Agency's Work Plan serves as the basis for the goals and objectives developed by each department and included in the FYs 2019/20 and 2020/21 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 (CSDLAC) 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. 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 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 2019/20 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 $9.3 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 $4.4 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.

EXECUTIVE SUMMARY

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 was originally designed to produce 9,200-acre feet per year (AFY) of desalinated water. The Desalter has since been expanded to a capacity of 14,200 AFY. The Agency also administers some grants related to the CDA Expansion Projects (collectively called Phase 3 Expansion Project) which include a $53.9 million grant awarded by the State Water Resources Control Board (SWRCB), $26.0 million United States Bureau of Reclamation Title XVI grants for the Lower Chino Dairy Area Desalination Demonstration, and Reclamation Project, and $11.4M for the Chino Basin Improvement and Groundwater Clean-Up Project awarded by the SWRCB. The Phase 3 Expansion Project will continue with the addition of the Chino Basin Groundwater Clean-Up Project through the end of the fiscal year 2020/2021.

The Agency's CDA 1 related costs, primarily comprised of employment costs, are recorded in the Administrative Service fund. Included in the FYs 2019/20 and 2020/21 Administrative Services Fund budget is an estimated CDA contract cost reimbursement budget of approximately $1.4 million per year.

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BIENNIAL BUDGET
SOURCES AND USES OF FUNDS - BY PROGRAM FUND (In Thousands)

	FY 2016/17	FY 2017/18	2018/2019	FY 2019/20 PROPOSED BUDGET								FY 2020/21
	ACTUAL	ACTUAL	AMENDED	Administrative Services Program	Non-Reclaimable Wastewater Program	Regional Wastewater Capital Improvement Fund	Regional Wastewater Operations & Maintenance Program	Recharge Water Program	Recycled Water Program	Water Resources Program	TOTAL	PROPOSED BUDGET
REVENUES												
User Charges	$73,173	$79,940	$84,208	$0	$12,370	$0	$68,158	$0	$0	$6,757	$87,285	$90,491
Property Tax	1,972	1,972	1,972	1,972	0	0	0	0	0	0	1,972	1,972
Cost Reimbursement JPA	5,804	6,210	6,232	1,383	0	0	4,065	1,237	0	0	6,684	6,685
Contract Cost reimbursement	120	542	703	0	0	0	66	69	0	683	818	800
Interest Revenue	1,399	2,396	2,596	320	583	790	1,700	115	983	202	4,693	4,157
Recycled Water Sales	16,385	16,878	15,890	0	0	0	0	0	18,120	0	18,120	18,752
Water Sales	29,908	45,999	42,996	0	0	0	0	0	0	44,724	44,724	46,236
TOTAL REVENUES	$128,760	$153,937	$154,598	$3,675	$12,953	$790	$73,988	$1,421	$19,103	$52,366	$164,296	$169,093
OTHER FINANCING SOURCES												
Property Tax - Debt and Capital	$43,702	$46,441	$45,916	$0	$0	$34,037	$9,549	$0	$2,170	$4,637	$50,392	$51,963
Regional System Connection Fees	35,923	40,739	32,912	0	0	27,820	0	0	7,915	0	35,735	36,687
State Loans	9,271	15,229	20,818	0	0	9,800	0	1,256	8,153	0	19,209	89,234
Grants	12,295	5,595	14,782	0	0	0	1,261	4,845	7,032	0	13,137	16,416
Capital Cost Reimbursement	1,454	2,482	874	0	0	0	0	565	2,075	0	2,640	1,364
Other Revenues	(752)	964	898	2	250	1	909	0	0	0	1,162	1,112
Loan Transfer from Internal Fund	0	0	3,000	0	3,000	0	0	0	0	0	3,000	3,000
TOTAL OTHER FINANCING SOURCES	$101,893	$112,770	$119,200	$2	$3,250	$71,658	$11,718	$6,665	$27,345	$4,637	$125,275	$199,776
TOTAL REVENUES AND OTHER FINANCING SOURCES	$230,653	$266,707	$273,798	$3,677	$16,203	$72,447	$85,707	$8,086	$46,448	$57,003	$289,570	$368,869
EXPENSES												
Employment Expenses	$46,171	$43,351	$46,208	$2,469	$2,517	$3,613	$33,985	$653	$5,184	$2,868	$51,289	$52,309
Contract Work/Special Projects	15,699	11,797	25,285	2,335	600	125	5,800	139	1,780	4,498	15,276	12,043
Utilities	7,907	8,323	9,143	806	91	0	6,022	68	2,801	0	9,788	10,144
Operating Fees	11,587	12,149	13,444	12	6,905	267	1,953	13	10	3,105	12,265	12,726
Chemicals	4,259	3,985	4,947	0	130	0	4,867	0	0	0	4,997	5,147
Professional Fees and Services	6,967	8,435	12,024	4,830	191	407	4,723	934	666	272	12,023	11,347
Office and Administrative expenses	2,071	1,564	2,618	2,571	24	0	3	15	3	64	2,680	2,908
Biosolids Recycling	4,094	4,092	4,637	0	35	0	4,384	0	0	0	4,419	4,551
Materials & Supplies	3,012	2,963	3,134	614	84	0	2,019	98	169	0	2,983	2,995
MWD Water Purchases	29,908	46,001	42,996	0	0	0	0	0	0	44,724	44,724	46,236
Other Expenses	599	1,044	80	(6,241)	460	1,548	4,277	53	1,132	343	1,571	1,573
TOTAL EXPENSES	$132,275	$143,702	$164,517	$7,397	$11,036	$5,960	$68,034	$1,973	$11,743	$55,872	$162,015	$161,979
CAPITAL PROGRAM												
CSDLAC 4Rs	$689	$705	$721	$0	$737	$0	$0	$0	$0	$0	$737	$0
IERCA investment	0	0	500	0	0	500	0	0	0	0	500	500
Capital Construction and Expansion	29,411	56,193	85,012	2,310	8,950	24,824	25,988	5,000	18,727	6,550	92,349	178,799
TOTAL CAPITAL PROGRAM	$30,100	$56,898	$86,232	$2,310	$9,687	$25,324	$25,988	$5,000	$18,727	$6,550	$93,586	$179,299
DEBT SERVICE												
Financial Expenses	$524	$206	$293	$18	$1	$139	$0	$67	$3	$0	$228	$403
Interest	8,161	6,386	6,621	0	280	3,017	655	461	2,657	0	7,071	6,876
Principal	62,008	15,259	15,360	0	305	9,370	756	739	5,367	0	16,537	17,720
Short Term Inter-Fund Loan	0	0	3,000	0	0	0	0	0	3,000	0	3,000	3,000
TOTAL DEBT SERVICE	$70,693	$21,851	$25,274	$18	$586	$12,526	$1,412	$1,267	$11,027	$0	$26,835	$27,998
TRANSFERS IN (OUT)												
Capital Contribution	$0	$0	$0	$1,286	($44)	$3,399	($4,598)	$44	($88)	$0	$0	$0
Debt Service	0	0	0	0	0	(3,299)	265	633	2,400	0	0	(0)
Operation support	0	(0)	0	2,335	(79)	0	(2,176)	757	(836)	0	0	0
Capital - Connection Fees Allocation	0	0	0	975	2,292	(8,984)	5,717	0	0	0	(0)	0
One Water	0	0	0	49	0	0	0	25	(2,021)	1,947	0	0
TOTAL INTERFUND TRANSFERS IN (OUT)	($684)	($0)	$0	$4,645	$2,169	($8,883)	($792)	$1,460	($545)	$1,947	$0	$0
FUND BALANCE												
Net Increase (Decrease)	($2,415)	$44,256	($2,226)	($1,403)	($2,938)	$19,755	($10,519)	$1,306	$4,405	($3,472)	$7,134	($407)
Beginning Fund Balance July 01	187,114	184,700	228,955	13,681	15,188	88,587	76,428	4,108	36,651	9,985	244,629	251,763
ENDING BALANCE AT JUNE 30	$184,700	$228,955	$226,730	$12,279	$12,251	$108,342	$65,909	$5,414	$41,056	$6,513	$251,763	$251,356
RESERVE BALANCE SUMMARY												
Operating Contingencies	$35,393	$36,371	$40,089	$3,279	$3,679	$0	$21,323	$987	$3,914	$6,180	$39,362	$38,516
Capital Expansion & Replacement	29,013	20,969	21,092	0	7,249	16,617	0	2,883	15,511	0	42,259	92,198
CCRA Capital Construction	31,710	55,560	59,500	0	0	72,262	0	0	0	0	72,262	30,916
Water Connection	4,590	9,548	12,259	0	0	0	0	0	12,516	0	12,516	14,478
Rehabilitation/Replacement	19,624	18,094	16,785	0	0	0	10,783	0	0	0	10,783	12,283
CSDLAC Prepayment	689	705	721	0	737	0	0	0	0	0	737	0
Water Resource Capital	4,217	5,521	4,966	0	0	0	0	0	0	332	332	2,006
Debt Service & Redemption	16,757	31,839	26,406	0	586	19,463	1,412	1,545	9,116	0	32,121	32,511
Self Insurance Program	6,000	6,000	6,000	3,000	0	0	0	0	0	0	3,000	3,000
Employee Retirement Benefit	5,431	5,401	5,220	6,000	0	0	0	0	0	0	6,000	6,000
Sinking Fund	31,275	38,948	33,692	0	0	0	32,390	0	0	0	32,390	19,448
ENDING BALANCE AT JUNE 30	$184,700	$228,955	$226,730	$12,279	$12,251	$108,342	$65,909	$5,414	$41,056	$6,513	$251,763	$251,356

**Numbers may not total due to rounding*

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEARS 2019/20 AND 2020/21 BIENNIAL BUDGET
ALL FUNDS - SOURCES AND USES OF FUNDS (In Thousands)

	FY 2016/17 ACTUAL	FY 2017/18 ACTUAL	FY 2018/19 AMENDED BUDGET	FY 2019/20 ADOPTED BUDGET	FY 2020/21 ADOPTED BUDGET	FY 2021/22 FORECAST	FY 2022/23 FORECAST	FY 2023/24 FORECAST
REVENUES								
User Charges	$73,173	$79,940	$84,208	$87,285	$90,491	$93,684	$96,831	$99,853
Property Tax - O&M	1,972	1,972	1,972	1,972	1,972	1,972	1,972	1,972
Cost Reimbursement from JPA	5,804	6,210	6,232	6,684	6,685	6,971	7,242	7,517
Contract Cost reimbursement	120	542	703	818	800	800	500	500
Interest Revenue	1,399	2,396	2,596	4,693	4,157	3,780	4,364	4,832
Recycled Water Sales	16,385	16,878	15,890	18,120	18,752	19,408	20,445	21,037
Water Sales	29,908	45,999	42,996	44,724	46,236	47,796	49,464	51,024
TOTAL REVENUES	**$128,760**	**$153,937**	**$154,598**	**$164,296**	**$169,093**	**$174,411**	**$180,819**	**$186,736**
OTHER FINANCING SOURCES								
Property Tax - Debt , Capital, Reserves	$43,702	$46,441	$45,916	$50,392	$51,963	$53,581	$55,247	$56,392
Connection Fees	35,923	40,739	32,912	35,735	36,687	37,539	34,619	35,409
State Loans	9,271	15,229	20,818	19,209	89,234	111,033	78,519	52,270
Grants	12,295	5,595	14,782	13,137	16,416	1,885	3,510	6,260
Sale of Assets	0	1,320	0	0	0	0	0	0
Capital Contract Reimbursement	1,454	2,482	874	2,640	1,364	7,761	8,279	4,661
Other Revenues	(752)	964	898	1,162	1,112	1,112	1,112	1,112
Loan Transfer from Internal Fund	0	0	3,000	3,000	3,000	3,000	5,000	6,000
TOTAL OTHER FINANCING SOURCES	**$101,893**	**$112,770**	**$119,200**	**$125,275**	**$199,776**	**$215,911**	**$186,286**	**$162,103**
TOTAL REVENUES AND OTHER FINANCING SOURCES	**$230,653**	**$266,707**	**$273,798**	**$289,570**	**$368,869**	**$390,322**	**$367,105**	**$348,839**
EXPENSES								
Employment Expense	$46,171	$43,351	$46,208	$51,289	$52,309	$55,529	$57,856	$60,068
Contract Work/Special Projects	15,699	11,797	25,285	15,276	12,043	7,586	7,438	8,360
Utilities	7,907	8,323	9,143	9,788	10,144	10,414	10,693	10,980
Operating Fees	11,587	12,149	13,444	12,265	12,726	13,070	13,426	13,792
Chemicals	4,259	3,985	4,947	4,997	5,147	5,301	5,460	5,624
Professional Fees and Services	6,967	8,435	12,024	12,023	11,347	11,524	11,835	12,127
Office and Administrative Expense	2,071	1,564	2,618	2,680	2,908	2,735	3,068	2,811
Biosolids Recycling	4,094	4,092	4,637	4,419	4,551	4,688	4,829	4,973
Materials & Supplies	3,012	2,963	3,134	2,983	2,995	3,043	3,142	3,245
MWD Water Purchases	29,908	46,001	42,996	44,724	46,236	47,796	49,464	51,024
Other Expenses	599	1,044	80	1,571	1,573	1,603	1,643	1,677
TOTAL EXPENSES	**$132,275**	**$143,702**	**$164,517**	**$162,015**	**$161,979**	**$163,289**	**$168,854**	**$174,682**
CAPITAL PROGRAM								
CSDLAC 4Rs	$689	$705	$721	$737	$0	$0	$0	$0
IERCA investment	0	0	500	500	500	0	0	0
Capital Construction & Expansion	29,411	56,193	85,012	92,349	178,799	153,169	101,209	100,877
TOTAL CAPITAL PROGRAM	**$30,100**	**$56,898**	**$86,232**	**$93,586**	**$179,299**	**$153,169**	**$101,209**	**$100,877**
DEBT SERVICE								
Financial Expenses	$524	$206	$293	$228	$403	$228	$217	$219
Interest	8,161	6,386	6,621	7,071	6,876	6,518	6,195	8,949
Principal	62,008	15,259	15,360	16,537	17,720	18,744	14,334	18,099
Short Term Inter-Fund Loan	0	0	3,000	3,000	3,000	3,000	5,000	6,000
TOTAL DEBT SERVICE	**$70,693**	**$21,851**	**$25,274**	**$26,835**	**$27,998**	**$28,490**	**$25,746**	**$33,268**
FUND BALANCE								
Net Increase (Decrease)	($2,415)	$44,256	($2,226)	$7,134	($407)	$45,374	$71,296	$40,013
Beginning Fund Balance July 01	$187,114	$184,700	$228,955	$244,629	$251,763	$251,356	$296,730	$368,026
ENDING BALANCE AT JUNE 30	**$184,700**	**$228,955**	**$226,730**	**$251,763**	**$251,356**	**$296,730**	**$368,026**	**$408,039**
RESERVE BALANCE SUMMARY								
Operating Contingencies	$35,393	$36,371	$40,089	$39,362	$38,516	$38,343	$39,304	$40,713
Capital Expansion & Replacement	29,013	20,969	21,092	42,259	92,198	139,982	205,736	243,660
CCRA Capital Construction	31,710	55,560	59,500	72,262	30,916	15,430	7,030	4,428
Water Connection	4,590	9,548	12,259	12,516	14,478	16,509	17,130	17,462
Rehabilitation/Replacement	19,624	18,094	16,785	10,783	12,283	12,783	13,283	13,783
CSDLAC Prepayment	689	705	721	737	0	0	0	0
Water Resource Capital	4,217	5,521	4,966	332	2,006	4,804	8,999	8,462
Debt Service & Redemption	16,757	31,839	26,406	32,121	32,511	32,994	33,172	32,931
Self Insurance Program	6,000	6,000	6,000	3,000	3,000	3,000	3,000	3,000
Employee Retirement Benefit	5,431	5,401	5,220	6,000	6,000	6,000	5,142	4,651
Sinking Fund	31,275	38,948	33,692	32,390	19,448	26,884	35,228	38,947
ENDING BALANCE AT JUNE 30	**$184,700**	**$228,955**	**$226,730**	**$251,763**	**$251,356**	**$296,730**	**$368,026**	**$408,039**

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