



Date: June 6, 2022

To: Honorable Board of Directors

From: Javier Chagoen-Lazaro
Acting Treasurer

Subject: Adoption of IERCA Budget for Fiscal Year 2022/23

RECOMMENDATION

It is recommended that the Board of Directors;

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2022/23;
2. Increase the tipping fee from \$58 to \$59 per wet ton; and
3. Approve a capital call of \$2 million to be shared equally by the Inland Empire Utilities Agency (IEUA) and Los Angeles County Sanitation Districts (LACSD) to support capital improvement project costs and meet the minimum reserve balance, as needed.

BACKGROUND

Pursuant to the Inland Empire Regional Composting Authority Joint Powers Agreement (JPA), an annual operating and capital budget is to be presented and adopted by the JPA Board prior to June 30 each year. The proposed FY 2022/23 budget is based on the following key assumptions:

Revenues

- Increased the tipping fee from \$58 to \$59 per wet ton,
- Increased biosolids receipts from 145,000 tons to 148,500 tons, and
- \$2 million capital call to support the proposed capital improvement plan (CIP).

O&M Expenses

- Maintain staffing at 25 full time equivalent (FTE) positions

Capital Improvement Plan (CIP)

The proposed FY 2022/23 capital improvement plan of \$2.3 million is funded by a combination of reserves and capital call. A summary of the CIP is shown below in Table 1.

Table 1: FY 2022/23 Proposed Capital Improvement Plan

(\$ 000's)	Actual FY 2020/21	Amended Budget FY 2021/22	Proposed Budget FY 2022/23
Replacement & Rehabilitation (R&R)	\$0.798	\$1,545	\$2,275
Capital Expansion	0	0	0
Total	\$798	\$1,545	\$2,275

The proposed FY 2022/23 CIP of \$2.3 million includes the replacement of two Front-End Loaders, Active Hopper, and HVAC and Fire Sprinkler Upgrade improvement projects. Capital replacement and rehabilitation (R&R) continues to be the emphasis of the proposed CIP.

FY 2022/23 Budget Summary

The following section summarizes the proposed FY 2022/23 budget for total revenues, expenses, and capital expenditures.

FY 2022/23 total revenues of \$11.6 million, as shown in Table 2 below, are \$0.5 million higher than FY 2021/22 amended budget, due to the projected increase of biosolids receipts.

Table 2: FY 2022/23 Revenues

REVENUES	\$ 000's	Assumptions
Tipping Fees	\$8,761	Based on 148,500 wet tons per year @ a rate of \$59/ton
Contributed Capital	2,000	Capital call equally shared by IEUA and LACSD to support capital process improvements
Compost Sales/ Organics Waste Recycling/Compost Deliveries	710	100% sales of compost products compost delivery service and green waste recycling.
Biosolids Administration Fees	20	Tipping fee surcharge paid by third party biosolids suppliers.
Interest Income & Other Revenues	64	Assumes 1.0% annual interest rate.
Total Revenues	\$11,555	

Total operating expenses of \$9.3 million proposed for FY 2022/23 are approximately \$0.2 million higher than FY 2021/22 amended budget of \$9.1 million. The key driver for the increase is employment costs related to cost of living adjustment, merit increases, and higher pension and health benefit costs. No change in the authorized staffing level of 25 full time equivalent (FTE) position is proposed. A summary of the FY 2022/23 operating expenses is reported in Table 3.

Table 3: FY 2022/23 Expenses

OPERATING EXPENSES	\$ 000's	Assumptions
Employment	\$4,595	Maintain 25 FTE operation support provided by IEUA/ LACSD.
Materials & Supplies	1,371	Includes facility maintenance supplies, fuel, and biofilter media replacement reserve.
Utilities	1,182	Includes power purchases from the grid, solar renewable energy, and disposal service.
Professional Services	1,190	Includes compost transport and contracted services.
Office & Admin/Insurance	738	Includes software license fees, memberships, insurance and office supplies.
Other Expenses	209	Includes leases/rental and financial expenses, operating fees (Non-Reclaimable Wastewater charges, permits and licenses.)
Total Expenses	\$9,285	

Major capital includes loader and hopper replacements, and HVAC and fire sprinkler upgrades. A capital replacement contingency project of \$500,000 is also proposed to support unforeseen expenditures. Schedule C provides a detailed listing of the proposed CIP.

Table 4: FY 2022/23 Capital Improvement Plan

CAPITAL PROJECTS	\$ 000's	Project Description
Front End Loader Replacement	\$1,200	Procure 2 new Liebherr L-566-wheel loaders to reduce the need for repairs or down time and increase efficiency.
Capital Replacement	500	For minor construction projects and unforeseen capital expenditures.
Active Hopper Replacement	200	Replacement or rehabilitation of the active hopper due to its end of useful life.
Fire Sprinkler Upgrades	200	Replacement of seven Post Indicator Valves (PIV) as recommended during annual inspection.
South MCC HVAC Upgrade	175	Project is necessary to keep regulated temperatures in South MCC Building, needed to protect sensitive electrical equipment.
Total Capital Improvement Plan	\$2,275	

Fund Balance

Based on the proposed budget, the total ending fund balance is estimated to be \$4.2 million at the end of FY 2022/23; no change from the FY 2021/22 amended budget ending balance of \$4.2 million.

Designation of Fund Balance

Maintaining an adequate fund balance is essential in ensuring the JPA’s ability to support day-to-day operations and near term operating and capital requirements. Table 5 below summarizes the proposed designation for the estimated fund balance of \$4.2 million at the end of FY 2022/23, along with the intended funding sources. The projected ending reserves meet the minimum required level as defined in the Board adopted Reserve Policy.

Table 5: FY 2022/23 Fund Balance

Fund Balance Category	Description	Estimated Ending Balance as of 6/30/2023 (\$ 000's)	Funding Source
Operating Contingency	Equal to three months of operating expenses to address unforeseen events	\$2,259	Tipping fees
Bio-Filter Replacement	Replacement of one sector per year	350	
Commercial Insurance	Self-insurance program	250	
Capital/Replacement/Rehabilitation	Projected R&R costs over the next 5 years averages about \$8.80 per wet ton	1,338	Capital Call and Tipping Fees
Total		\$4,197	

PRIOR BOARD ACTION

The Board adopted the FY 2021/22 budget on May 3, 2021.

IMPACT ON BUDGET

None.

Attachments:

Attachment A – 2022/23 IERCA Budget Summary (Schedule A)

Attachment B – 2022/23 IERCA Budget Details (Schedule B)

Attachment C – 2022/23 IERCA Budget Project Lists (Schedule C)

Attachment D – 2022/23 IERCA Budget Presentation

Inland Empire Regional Composting Authority
Schedule A - Budget Summary

	Actual 2018/19	Actual 2019/20	ACTUAL 2020/21	ADOPTED 2021/22	AMENDED 2021/22	PROJECTED 2021/22	PROPOSED 2022/23	2023/24	2024/25	2025/26	2026/27
Rate Per Ton	\$56.00	\$56.00	\$57.00	\$58.00	\$58.00	\$58.00	\$59.00	\$60.00	\$61.00	\$62.00	\$63.00
Actual/Projected Tonnage	151,527	147,606	150,217	145,000	145,000	145,000	148,500	148,500	148,500	148,500	148,500
Revenues											
Contributed Capital	\$0	\$0	(\$500,000)	(\$2,000,000)	(\$2,000,000)	(\$1,000,000)	(\$2,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Biosolids Recycling (Tipping Fees)	(8,520,727)	(8,331,673)	(8,606,406)	(8,410,000)	(8,410,000)	(8,410,000)	(8,761,500)	(8,910,000)	(9,058,500)	(9,207,000)	(9,355,500)
Biosolids Recycling Admin Fees	(22,800)	(14,325)	(19,002)	(20,000)	(20,000)	(19,999)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Compost Delivery Svs	(148,750)	(225,750)	(192,752)	(150,000)	(150,000)	(149,999)	(250,000)	(200,000)	(200,000)	(225,000)	(225,000)
Compost Sales	(301,634)	(372,832)	(398,680)	(450,000)	(450,000)	(449,999)	(460,000)	(450,000)	(450,000)	(475,000)	(475,000)
Interest Income	(99,734)	(62,576)	(11,928)	(30,000)	(30,000)	(30,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
Proceeds from Sale of Assets	(4,791)	(58,977)	11,507	-	-	-	(3,987)	(4,107)	(4,230)	(4,357)	(4,487)
Other Non Operating Revenues	(3,969)	(57,246)	(3,691)	(5,000)	(5,000)	(5,000)	(25,255)	(26,012)	(26,793)	(27,596)	(28,424)
Total Revenues Available for Expenses	(\$9,102,405)	(\$9,123,379)	(\$9,720,952)	(\$11,065,000)	(\$11,065,000)	(\$10,064,997)	(\$11,555,742)	(\$10,645,119)	(\$10,794,523)	(\$10,993,953)	(\$11,143,411)
Expenses											
Labor	\$4,007,594	\$4,205,388	\$4,135,598	\$4,461,100	\$4,461,100	\$4,334,385	\$4,594,900	\$4,732,700	\$4,874,700	\$5,020,900	\$5,171,500
Office & Administration	30,016	37,520	29,447	45,500	45,500	23,486	52,070	53,632	55,241	56,899	58,604
Professional Fees & Services	938,372	1,382,259	1,204,212	1,126,500	1,276,500	1,249,134	1,149,890	1,185,006	1,220,556	1,257,171	1,294,885
Professional Fees - Contract Labor LACSD		\$105,063	\$73,372	\$44,500	\$44,500	\$73,134	\$40,500	\$41,715	\$42,966	\$44,255	\$45,583
Materials & Supplies/O&M Projects	1,130,470	994,681	1,087,677	1,164,000	1,164,000	894,111	1,121,165	1,154,799	1,189,444	1,225,127	1,261,881
Materials - Bio Filter Media Replacement	57,162	100,000	194,103	250,000	100,000	100,000	250,000	250,000	250,000	250,000	250,000
Insurance	265,293	406,254	621,799	647,000	647,000	602,031	686,050	673,672	693,881	714,698	736,139
Operating Fees	102,777	77,554	74,494	84,000	84,000	71,188	90,743	93,466	96,269	99,157	102,131
Utilities	1,158,177	1,182,701	1,134,048	1,154,000	1,154,000	1,113,934	1,181,870	1,217,327	1,253,847	1,291,463	1,330,205
Leases & Rentals	122,757	158,257	106,694	145,000	145,000	113,872	117,700	121,231	124,868	128,614	132,473
Financial Expenses/Non Operating Expense	71,459	85,937	6,323	300	300	300	300	309	318	328	338
Total Expenses	\$7,884,077	\$8,735,614	\$8,667,766	\$9,121,900	\$9,121,900	\$8,575,575	\$9,285,188	\$9,523,857	\$9,802,089	\$10,088,613	\$10,383,739
Capital Projects											
Capital Replacement Project	\$2,164,174	\$838,895	\$797,470	\$1,000,000	\$1,544,800	\$1,312,221	\$2,275,000	\$700,000	\$1,400,000	\$700,000	\$500,000
Capital Expansion Projects	2,702	343,565	-	-	-	-	-	-	-	-	-
Total Capital Projects	\$2,166,876	\$1,182,459	\$797,470	\$1,000,000	\$1,544,800	\$1,312,221	\$2,275,000	\$700,000	\$1,400,000	\$700,000	\$500,000
Net Profit/(Loss)	(\$948,549)	(\$794,694)	\$255,716	\$943,100	\$398,300	\$177,201	(\$4,446)	\$421,262	(\$407,566)	\$205,340	\$259,672
Reserves											
Beginning Reserve Balance	\$5,290,533	\$4,341,984	\$3,547,290	\$2,789,739	\$3,803,006	\$3,803,006	\$4,201,306	\$4,196,860	\$4,618,122	\$4,210,555	\$4,415,895
Ending Reserve Balance	\$4,341,984	\$3,547,290	\$3,803,006	\$3,732,839	\$4,201,306	\$3,980,207	\$4,196,860	\$4,618,122	\$4,210,555	\$4,415,895	\$4,675,568
Operating Contingency (3mths Expenses)	\$1,956,729	\$2,158,904	\$2,118,416	\$2,217,975	\$2,255,475	\$2,118,894	\$2,258,797	\$2,318,464	\$2,388,022	\$2,459,653	\$2,533,435
Replacement Reserve - BioFilter	250,000	250,000	250,000	250,000	250,000	250,000	350,000	350,000	350,000	350,000	350,000
Commercial Insurance	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Replacement & Construction	1,885,255	888,386	1,184,590	1,014,864	1,445,831	1,361,313	1,338,063	1,699,657	1,222,533	1,356,242	1,542,133
Total Reserve Balance	\$4,341,984	\$3,547,290	\$3,803,006	\$3,732,839	\$4,201,306	\$3,980,207	\$4,196,860	\$4,618,122	\$4,210,555	\$4,415,895	\$4,675,568

**Inland Empire Regional Composting Authority
Schedule B - Budget Detail**

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ACTUAL 2020/21	ADOPTED 2021/22	AMENDED 2021/22	PROJECTED 2021/22	PROPOSED 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Tonage/Rate													
	Tons	151,527	147,606	150,217	145,000	145,000	145,000	148,500	148,500	148,500	148,500	148,500	148,500
	O&M Cost per ton	\$ 52.03	\$ 59.18	\$ 57.70	\$ 62.91	\$ 62.91	\$ 59.14	\$ 62.53	\$ 64.13	\$ 66.01	\$ 67.94	\$ 69.92	\$ 71.97
	Biofilter Media Replacement Reserve	\$ 1.40	\$ 1.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Expansion Cost per Ton	\$ 0.02	\$ 2.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Replacement Cost per Ton	\$ 14.28	\$ 5.68	\$ 5.31	\$ 6.90	\$ 10.65	\$ 9.05	\$ 15.32	\$ 4.71	\$ 9.43	\$ 4.71	\$ 3.37	\$ 4.71
	Total Cost Per Ton	\$ 67.73	\$ 68.59	\$ 63.01	\$ 69.81	\$ 73.56	\$ 68.19	\$ 77.85	\$ 68.85	\$ 75.43	\$ 72.65	\$ 73.29	\$ 76.68
	Member Contributions	\$ -	\$ -	\$ 3.33	\$ 13.79	\$ 13.79	\$ 6.90	\$ 13.47	\$ 6.73	\$ 6.73	\$ 6.73	\$ 6.73	\$ 6.73
	CIP Funded by Reserves	\$ 14.30	\$ 8.01	\$ 1.98	\$ (6.90)	\$ (3.14)	\$ 2.15	\$ 1.85	\$ (2.02)	\$ 2.69	\$ (2.02)	\$ (3.37)	\$ (2.02)
	Rate Per Ton	\$ 53.43	\$ 60.58	\$ 57.70	\$ 62.91	\$ 62.91	\$ 59.14	\$ 62.53	\$ 64.13	\$ 66.01	\$ 67.94	\$ 69.92	\$ 71.97
	Adopted Rate Per Ton	\$ 56.00	\$ 56.00	\$ 57.00	\$ 58.00	\$ 58.00	\$ 58.00	\$ 59.00	\$ 60.00	\$ 61.00	\$ 62.00	\$ 63.00	\$ 64.00
Revenues													
200112	406000 Compost Delivery Svcs	(\$148,750)	(\$225,750)	(\$192,752)	(\$150,000)	(\$150,000)	(\$149,999)	(\$250,000)	(\$200,000)	(\$200,000)	(\$225,000)	(\$225,000)	(\$250,000)
200112	406200 Compost Sales	(301,634)	(372,832)	(398,680)	(450,000)	(450,000)	(449,999)	(460,000)	(450,000)	(450,000)	(475,000)	(475,000)	(500,000)
	Service Charges	(450,384)	(598,582)	(591,432)	(600,000)	(600,000)	(599,998)	(710,000)	(650,000)	(650,000)	(700,000)	(700,000)	(750,000)
200112	404010 Biosolids Recycling (<i>Tipping Fees</i>)	(8,520,727)	(8,331,673)	(8,606,406)	(8,410,000)	(8,410,000)	(8,410,000)	(8,761,500)	(8,910,000)	(9,058,500)	(9,207,000)	(9,355,500)	(9,504,000)
200112	409920 Biosolids Recycling Admin Fees	(22,800)	(14,325)	(19,002)	(20,000)	(20,000)	(19,999)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
	Sales	(8,543,527)	(8,345,998)	(8,625,407)	(8,430,000)	(8,430,000)	(8,429,999)	(8,781,500)	(8,930,000)	(9,078,500)	(9,227,000)	(9,375,500)	(9,524,000)
211112	412030 Energy/Cap Rebates	-	-	-	-	-	-	-	-	-	-	-	-
	Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
	Operating Revenues	(\$8,993,911)	(\$8,944,580)	(\$9,216,839)	(\$9,030,000)	(\$9,030,000)	(\$9,029,997)	(\$9,491,500)	(\$9,580,000)	(\$9,728,500)	(\$9,927,000)	(\$10,075,500)	(\$10,274,000)
211112	480110 Interest Income	(\$99,734)	(\$62,576)	(11,928)	(\$30,000)	(\$30,000)	(\$30,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)
211112	483010 Contributed Capital	-	-	(500,000)	(2,000,000)	(2,000,000)	(1,000,000)	(2,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
211112	493110 Proceeds from Investments	(4,791)	(58,977)	11,507	-	-	-	(3,987)	(4,107)	(4,230)	(4,357)	(4,487)	(4,622)
211112	499010 Other Non Operating Revenues	(3,969)	(57,246)	(3,691)	(5,000)	(5,000)	(5,000)	(25,255)	(26,012)	(26,793)	(27,596)	(28,424)	(29,277)
	Non Operating Revenues	(\$108,493)	(\$178,799)	(\$504,113)	(\$2,035,000)	(\$2,035,000)	(\$1,035,000)	(\$2,064,242)	(\$1,065,119)	(\$1,066,023)	(\$1,066,953)	(\$1,067,911)	(\$1,068,899)
	TOTAL REVENUES	(\$9,102,405)	(\$9,123,379)	(\$9,720,952)	(\$11,065,000)	(\$11,065,000)	(\$10,064,997)	(\$11,555,742)	(\$10,645,119)	(\$10,794,523)	(\$10,993,953)	(\$11,143,411)	(\$11,342,899)

**Inland Empire Regional Composting Authority
Schedule B - Budget Detail**

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ACTUAL 2020/21	ADOPTED 2021/22	AMENDED 2021/22	PROJECTED 2021/22	PROPOSED 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Expenses													
Office & Administration													
211112	511220	\$462	\$44	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
211112	511330	283		-	150	150		500	515	530	546	563	580
211112	512010	5,374	6,006	9,418	8,000	8,000	7,699	8,240	8,487	8,742	9,004	9,274	9,552
211112	512210	451	609	709	5,000	5,000	600	4,000	4,120	4,244	4,371	4,502	4,637
211112	512350	2,983	2,731	2,896	2,500	2,500	600	2,575	2,652	2,732	2,814	2,898	2,985
211112	512351						663						
211112	512510												
211112	512520	15,303	5,097	-	16,000	16,000		16,000	16,480	16,974	17,484	18,008	18,548
211112	513010	391	688	575	350	350	1,125	2,000	2,060	2,122	2,185	2,251	2,319
211112	513020												
211112	513030												
211112	514010	5,563	12,200	11,450	12,000	12,000	12,000	12,000	12,360	12,731	13,113	13,506	13,911
211112	514210				500	500		515	530	546	563	580	597
211112	515030	1,425	750	750	1,000	1,000	1,000	1,000	1,030	1,061	1,093	1,125	1,159
211112	516010												
211112	519110	(2,878)	2,315	2,009			(100)	3,090	3,183	3,278	3,377	3,478	3,582
211112	519130	7,045	7,347	2,026			(100)	4,120	4,244	4,371	4,502	4,637	4,776
211112	519160	(3,358)	(873)	(1,594)			(1)	(3,000)	(3,090)	(3,183)	(3,278)	(3,377)	(3,478)
211112	519510	240											
211112	519530	373											
211112	519590	(3,640)	606	1,207	-			1,030	1,061	1,093	1,125	1,159	1,194
Office & Administration Expenses		\$30,016	\$37,520	\$29,447	\$45,500	\$45,500	\$23,486	\$52,070	\$53,632	\$55,241	\$56,899	\$58,604	\$60,362
Materials & Supplies													
211112	512110	\$34,871	\$8,991	\$378	\$0	\$0	\$12,503	\$0	\$0	\$0	\$0	\$0	\$0
211112	512140	32,668	31,755	32,629	36,000	36,000	35,091	37,080	38,192	39,338	40,518	41,734	42,986
211112	512170	667,361	590,251	797,405	650,000	650,000	547,081	700,000	721,000	742,630	764,909	787,856	811,492
211112	512190												
211112	512410	150,979	126,459	123,954	166,000	166,000	145,398	170,980	176,109	181,393	186,834	192,439	198,213
211112	512450		2,403				89						
211112	512610		1,093	-	1,500	1,500	-	1,540	1,586	1,634	1,683	1,733	1,785
211112	512660		1,030	-	500	500	0	515	530	546	563	580	597
211112	512710	224,771	220,555	133,013	275,000	275,000	153,949	175,000	180,250	185,658	191,227	196,964	202,873
211112	512910	19,820	12,144	298	35,000	35,000		36,050	37,132	38,245	39,393	40,575	41,792
211112	512920	57,162	100,000	194,103	250,000	100,000	100,000	250,000	250,000	250,000	250,000	250,000	250,000
Materials & Supplies		\$1,187,632	\$1,094,681	\$1,281,780	\$1,414,000	\$1,264,000	\$994,111	\$1,371,165	\$1,404,799	\$1,439,444	\$1,475,127	\$1,511,881	\$1,549,738
Insurance													
211112	517010	\$264,186	\$406,254	\$621,799	\$600,000	\$600,000	\$602,031	\$650,000	\$636,540	\$655,636	\$675,305	\$695,564	\$716,431
211112	517110	1,107											
211112	517210	-			47,000	47,000		36,050	37,132	38,245	39,393	40,575	41,792
Insurance		\$265,293	\$406,254	\$621,799	\$647,000	\$647,000	\$602,031	\$686,050	\$673,672	\$693,881	\$714,698	\$736,139	\$758,223

**Inland Empire Regional Composting Authority
Schedule B - Budget Detail**

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ACTUAL 2020/21	ADOPTED 2021/22	AMENDED 2021/22	PROJECTED 2021/22	PROPOSED 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Professional Fees & Services													
211112	520110 External Audit Services	\$4,230	\$4,310	\$4,400	\$4,500	\$4,500	\$4,500	\$4,500	\$4,635	\$4,774	\$4,917	\$5,065	\$5,217
211112	520210 Legal Fees - General	26,990	7,860	8,670	20,000	20,000	13,000	20,000	21,218	21,855	22,510	23,185	23,861
211112	520980 Professional Services - Other		243,088	269,909	250,000	250,000	249,375	249,375	256,856	264,562	272,499	280,674	289,094
211112	521015 Contract Labor_I EUA (211112-701009-)	3,940,241	4,205,388	4,135,598	4,461,100	4,461,100	4,334,385	4,594,900	4,732,700	4,874,700	5,020,900	5,171,500	5,326,600
211112	521010 Contract Labor - LACSD	46,868	104,474	62,963	36,000	36,000	65,237	33,000	33,990	35,010	36,060	37,142	38,256
212112	521018 Contract Labor-LACSD	9,024	178	10,409	8,500	8,500	7,897	7,500	7,725	7,957	8,195	8,441	8,695
211112	521030 Contract Burden - LACSD	11,462	412					0	0	0	0	0	0
211112	521050 Contract Materials	1,792	62	3,304			3,153						
211112	521080 Other Contractual Services	856,980	1,086,246	849,873	800,000	950,000	921,366	824,000	848,720	874,182	900,407	927,419	955,242
211112	521110 Outside Svc's-Lndscaping/Weed/Pest C	10,820	6,590	16,838	14,000	14,000	12,218	12,360	12,731	13,113	13,506	13,911	14,329
211112	521120 Outside Services - Security	16,332	15,257	21,113	15,000	15,000	18,271	15,450	15,914	16,391	16,883	17,389	17,911
211112	521130 Outside Services - Janitorial	13,998	13,801	14,685	15,000	15,000	22,815	15,450	15,914	16,391	16,883	17,389	17,911
211112	521220 Laboratory Services - Outside	6,334	5,044	3,477	7,000	7,000	4,436	7,725	7,957	8,195	8,441	8,694	8,955
211112	521410 Computer Systems Maintenance	895		11,943	1,000	1,000		1,030	1,061	1,093	1,125	1,159	1,194
Prof. fees & Services		\$4,945,966	\$5,692,710	\$5,413,181	\$5,632,100	\$5,782,100	\$5,656,653	\$5,785,290	\$5,959,421	\$6,138,222	\$6,322,326	\$6,511,968	\$6,707,265
Operating Fees													
211112	519310 Operating Permits, Licenses & Fees	\$17,496	\$16,734	\$17,785	\$22,000	\$22,000	\$18,800	\$22,660	\$23,340	\$24,040	\$24,761	\$25,504	\$26,269
211112	540110 Wastewater-Volumetric Fees	13,617	8,462	7,455	10,500	10,500	5,250	10,815	11,139	11,474	11,818	12,172	12,537
211112	540210 Strength Charges-BOD/COD	9,546	8,957	7,448	8,500	8,500	7,250	8,755	9,018	9,288	9,567	9,854	10,149
211112	540211 Strength Charges-BOD/COD Imbalance	4,067	1,184	1,904	1,000	1,000	1,150	2,060	2,122	2,185	2,251	2,318	2,388
211112	540220 Strength Charges-TSS	13,249	8,102	5,993	6,500	6,500	4,672	9,785	10,079	10,381	10,692	11,013	11,343
211112	540221 Wste - TSS Imbal			1,042									
211112	540223 Strength Charges-TSS Discrepancy Charge	8,516	3,944	1,877	5,500	5,500	4,066	5,768	5,941	6,119	6,303	6,492	6,687
211112	540330 Capital Improv Proj (CIP) Fees	36,287	30,171	30,990	30,000	30,000	30,000	30,900	31,827	32,782	33,765	34,778	35,822
Operating Fees		\$102,777	\$77,554	\$74,494	\$84,000	\$84,000	\$71,188	\$90,743	\$93,466	\$96,269	\$99,157	\$102,131	\$105,195
Utilities													
211112	545110 Electricity	\$911,093	\$948,915	\$894,172	\$901,000	\$901,000	\$875,584	\$928,030	\$955,871	\$984,547	\$1,014,084	\$1,044,506	\$1,075,841
211112	545220 Solar Power	221,315	206,120	211,820	225,000	225,000	212,000	225,000	231,750	238,703	245,864	253,240	260,837
211112	545310 Cell Phone Accessories	50			200	200		206	212	219	225	232	239
211112	545311 Cell Phone Expenses	7,875	6,906	6,764	7,500	7,500	6,200	7,725	7,957	8,195	8,441	8,694	8,955
211112	545320 Telephone	333	1,962	146	300	300	150	309	318	328	338	348	358
211112	545360 Disposal Service	12,653	11,643	16,555	15,000	15,000	15,000	15,450	15,914	16,391	16,883	17,389	17,911
211112	545370 Water	4,859	7,156	4,592	5,000	5,000	5,000	5,150	5,305	5,464	5,628	5,796	5,970
Utilities		\$1,158,177	\$1,182,701	\$1,134,048	\$1,154,000	\$1,154,000	\$1,113,934	\$1,181,870	\$1,217,327	\$1,253,847	\$1,291,463	\$1,330,205	\$1,370,111
Leases / Rentals													
211112	512730 Equipment Rental (Non Lease)	\$37,730	\$71,744	\$11,890	\$55,000	\$55,000	\$39,387	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982
211112	547110 Building / Trailer Leases	85,028	86,513	86,962	90,000	90,000	78,286	92,700	95,481	98,345	101,296	104,335	107,465
211112	547220 Equipment Lease/Rental - Operations & Ma			7,842	-	-	(3,801)	-	-	-	-	-	-
Lease/Rentals		122,757	158,257	106,694	145,000	145,000	113,872	117,700	121,231	124,868	128,614	132,473	136,447
Operating Expenses		\$7,863,198	\$8,649,677	8,661,444	\$9,121,600	\$9,121,600	\$8,575,275	\$9,284,888	\$9,523,548	\$9,801,771	\$10,088,285	\$10,383,401	\$10,687,340

**Inland Empire Regional Composting Authority
Schedule B - Budget Detail**

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ACTUAL 2020/21	ADOPTED 2021/22	AMENDED 2021/22	PROJECTED 2021/22	PROPOSED 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Financial Expenses													
211112	551010 Bank Service Charges / Fees	\$394	\$0	\$86	\$300	\$300	\$300	\$300	\$309	\$318	\$328	\$338	\$348
211112	580020 Loss on Sale of Asset												
211112	580050 Bad Debt Expense	3,016	3,728	3,987									
	Financial Expenses	\$3,410	\$3,728	\$4,073	\$300	\$300	\$300	\$300	\$309	\$318	\$328	\$338	\$348
Other Non-Operating Expenses													
211112	580090 Non-Operating Other Expenses	\$17,469	\$82,209	\$2,250									
	Interest Expenses	\$17,469	\$82,209	\$2,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Non-Operating Expenses	\$20,879	\$85,937	\$6,323	\$300	\$300	\$300	\$300	\$309	\$318	\$328	\$338	\$348
Capital Projects													
	Capital Replacement Projects	\$2,164,174	\$838,895	\$797,470	\$1,000,000	\$1,544,800	\$1,312,221	\$2,275,000	\$700,000	\$1,400,000	\$700,000	\$500,000	\$700,000
	Capital Expansion Projects	2,702	343,565		-	-		-	-	-	-	-	-
	Capital Projects	\$2,166,876	\$1,182,459	\$797,470	\$1,000,000	\$1,544,800	\$1,312,221	\$2,275,000	\$700,000	\$1,400,000	\$700,000	\$500,000	\$700,000
	TOTAL EXPENSES	\$10,050,954	\$9,918,073	\$9,465,236	\$10,121,900	\$10,666,700	\$9,887,796	\$11,560,188	\$10,223,857	\$11,202,089	\$10,788,613	\$10,883,739	\$11,387,688
	Net Profit/(Loss)	(\$948,549)	(\$794,694)	\$255,716	\$943,100	\$398,300	\$177,201	(\$4,446)	\$421,262	(\$407,566)	\$205,340	\$259,672	(\$44,789)

**Inland Empire Regional Composting Authority
Schedule C - Projects**

Project No.	Project Title	ACTUAL	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED	2023/24	2024/25	2025/26	2026/27
		2018/19	2019/20	2020/21	2021/22	2021/22	2021/22	2022/23				
Capital Projects												
Capital Replacement												
RA17001	IERCF Transition Air Duct Improvements	10,644	15,982	18,665				-	-	-	-	-
RA17007	IERCF Building Improvements	37,698	168,678	299,521				-	-	-	-	-
RA19002	IERCF Trommel Screen Improvements	1,363,765	75,893	43,046	200,000	-			-	200,000		-
RA19003	IERCF Front End Loader Replacement		101,019		-	7,127						
RA20003	IERCF Belt Conveyor Improvements	137,165									200,000	
RA20004	IERCF Misc Fan Improvements								-			
RA20005	RCA Capital Replacement		193,563	132,099	500,000	419,000	227,328	500,000	500,000	500,000	500,000	500,000
RA20006	IERCF Exterior Paint		153,750									
RA20007	Compost Storage Conveyor		1,310	(1,310)			27,269					
RA20008	Glulam Repair Roof		3,636	305,449								
RA21001	IERCF Fire Sprinkler Improvements				300,000	-						
RA21002	Front End Loader Replacement					1,037,673	994,964					
RA22001	IERCF Column Repair					81,000	62,660					
RA23001	IERCF Inner Roof Lining Repair											
RA23002	IERCF South MCC HVAC Upgrade							175,000				
RA23003	IERCF Active Hopper Replacement							200,000				
RA23004	IERCF Front End Loader Replacement							1,200,000				
RA23005	IERCF Fire Sprinkler Upgrades							200,000				
RA24001	IERCF Corrosion Replacement								200,000			
RA25001	IERCF Compost Storage Facility Tent Cover									700,000		
RA26001	IERCF Projects AMP											
Total Capital Replacement Projects		\$2,164,174	\$838,895	\$797,470	\$1,000,000	\$1,544,800	\$1,312,221	\$2,275,000	\$700,000	\$1,400,000	\$700,000	\$500,000
Capital Expansion												
RA15001	IERCF Baghouse Improvements	2,702	343,532		-			-	-	-	-	-
Total Capital Expansion Projects		\$2,702	\$343,565	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Projects		\$2,166,876	\$1,182,459	\$797,470	\$1,000,000	\$1,544,800	\$1,312,221	\$2,275,000	\$700,000	\$1,400,000	\$700,000	\$500,000
Total Projects		\$2,166,876	\$1,182,459	\$797,470	\$1,000,000	\$1,544,800	\$1,312,221	\$2,275,000	\$700,000	\$1,400,000	\$700,000	\$500,000



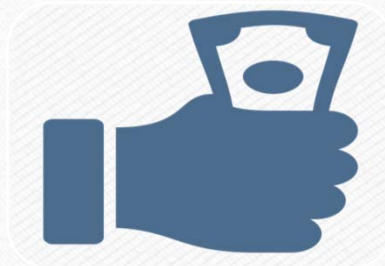
**FY 2022/23
Proposed Budget**



Key Assumptions



**\$59 per wet Ton –
Tipping Fees
(\$1 Increase)**



**\$2 Million
Capital Call**



**25 FTE Staffing
Level Maintained**



**Timely Upkeep of
Assets to Support
Level of Service**



FY 2022/23 Proposed Budget

(\$ in thousand)	FY 2021/22 Amended Budget	FY 2022/23 Proposed Budget	Increase/ (Decrease)
<i>Tipping fee per wet ton</i>	\$58	\$59	\$1
<i>Wet tons</i>	145,000	148,500	3,500
Operating Revenues	\$9,030	\$9,491	\$461
Operating Expenses	9,122	9,285	163
Net Operating Increase/(Decrease)	(\$92)	\$206	\$298
Other Funding Sources ¹	\$2,035	\$2,064	\$29
Other Uses of Funds ²	1,545	2,275	730
Net Non-Operating Increase/(Decrease)	\$490	(\$211)	(\$701)
Total Net Change	\$398	(\$5)	(\$403)

¹ Includes proposed capital call, interest income, and other non-operating revenues

² Includes planned capital project costs



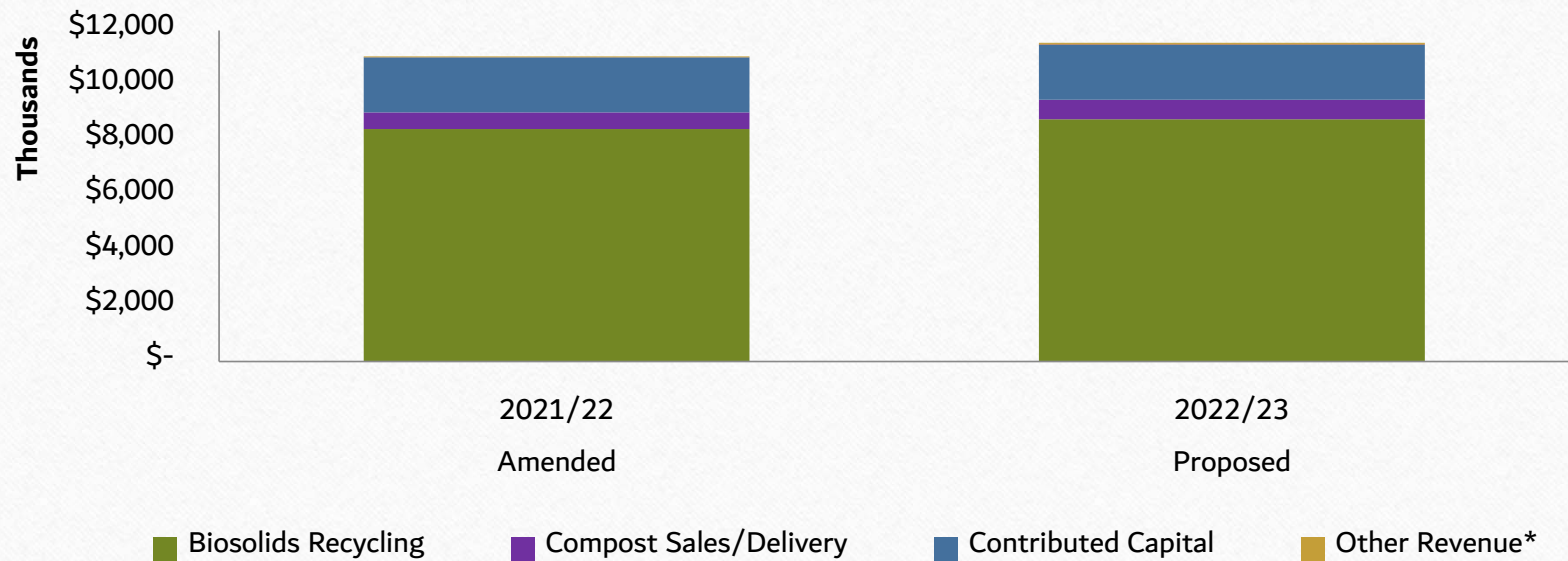
Capital Improvement Plan

Project Description (\$ in thousand)	FY 2021/22 Amended Budget	FY 2022/23 Proposed Budget	Increase/ (Decrease)
Capital Replacement & Rehabilitation (R&R)	\$419	\$500	\$81
Front End Loader Replacement	1,045	1,200	155
Active Hopper Replacement	-	200	200
South MCC HVAC Upgrades	-	175	175
Column Repair	81	-	(81)
Fire Sprinkler Upgrades	-	200	200
Total Capital Improvement Plan	\$1,545	\$2,275	\$730



Revenues

Increase due to tipping fee and tonnage increases

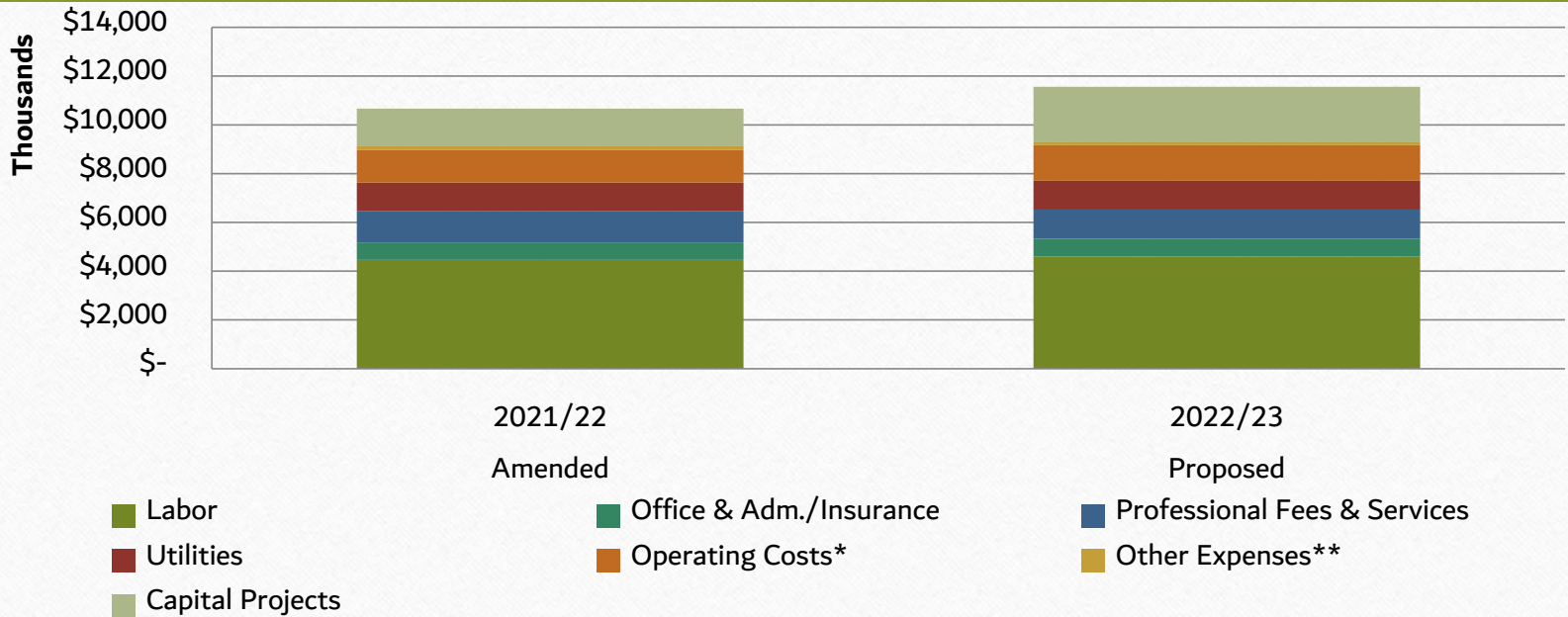


**Other Income include interest income and credits*



Expenses

Increase due to increased capital an operating costs



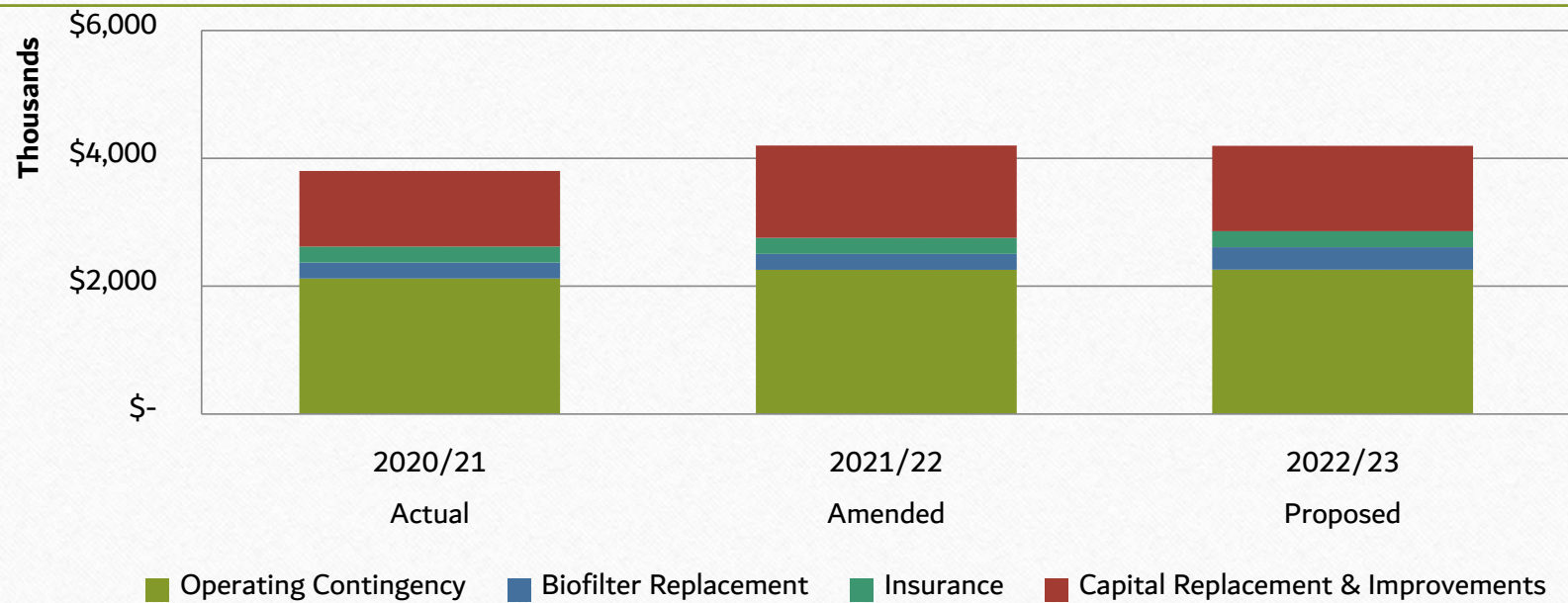
**Operating costs include operating fees, biofilter replacement, materials & supplies*

***Other expenses include lease & rentals, financial expenses*



Fund Balance

Meets Reserve Policy Minimum Reserve Levels



Questions?

