



**REGULAR MEETING OF THE
BOARD OF DIRECTORS
MONDAY, February 7, 2022
10:00 A.M.
(Teleconference Meeting)**

Telecon:

www.ierca.org/calendar

[+1 415-856-9169](tel:+14158569169) United States, San Francisco (Toll)

Conference ID: 242 281 36#

PURSUANT TO AB 361, IERCA BOARD MEETINGS WILL CONTINUE TO BE CONDUCTED THROUGH TELECONFERENCE IN AN EFFORT TO PROTECT PUBLIC HEALTH AND PREVENT THE SPREAD OF COVID-19. THERE WILL BE NO PUBLIC LOCATION AVAILABLE FOR ATTENDING THE MEETING IN PERSON.

TELECONFERENCE ACCESSIBILITY FOR THE GENERAL PUBLIC:

In all efforts to prevent the spread of COVID-19, until further notice, the Inland Empire Regional Composting Authority will be holding all Board meetings by teleconferencing.

The meeting will be accessible at: [\(415\) 856-9169 / Conf Code: 242 281 36#](tel:(415)856-9169)

The public may participate and provide public comment during the meeting by calling into the number provided above. Public comments may also be submitted to the Recording Secretary at afernandez@ieua.org no later than 24 hours prior to the scheduled meeting time. Comments will be distributed to the Board of Directors.

**CALL TO ORDER
OF THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY BOARD OF
DIRECTORS MEETING**

FLAG SALUTE

PUBLIC COMMENT

Members of the public may address the Board on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) of Section 54954.2 of the Government Code. Those persons wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Board Secretary a "Request to Speak" form which are available on the table in the Board Room. Comments will be limited to five minutes per speaker. Thank you.

ADDITIONS TO THE AGENDA

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

INTRODUCTIONS

INTRODUCTION OF NEW STAFF AT INLAND EMPIRE REGIONAL COMPOSTING FACILITY; ALYSSA TOCKER, OFFICE ASSISTANT, OMAR NEGRETE, COMPOST WORKER, AND LESLIE CAMPBELL, COMPOST OPERATOR

1. CONSENT CALENDAR

A. ADOPTION OF RESOLUTION NO. 2022-02-07

A Resolution of the Board of Directors of the Inland Empire Regional Composting Authority, making certain findings and determinations regarding special rules for conducting meetings through teleconference.

B. MINUTES

The Board will be asked to approve the minutes from the November 1, 2021, regular meeting.

C. INVESTMENT AND DISBURSEMENT REPORT

It is recommended that the Board of Directors approve for the months of October 2021 - December 2021:

1. Total disbursements in the amount of \$3,693,497.60.

2. There were no new investments during October 1, 2021 – December 31, 2021.

2. ACTION ITEMS

A. ELECTION OF OFFICERS

**BOARD CHAIRPERSON
BOARD VICE-CHAIRPERSON**

B. FISCAL YEAR 2021/22 CARRY FORWARD BUDGET AMENDMENT

It is recommended that the Board of Directors approve the carry forward for open encumbrances and related budget in the amount of \$544,799.84 from FY 2020/21 to FY 2021/22.

C. ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that the Board of Directors:

1. Approve the Inland Empire Regional Composting Authority (IERCA/Authority) Annual Financial Report for the Fiscal Year ended June 30, 2021, as presented; and
2. Direct staff to distribute the report, as appropriate, to the various federal, state, and local agencies, financial institutions, and other interested parties.

D. APPROVAL OF TWO-YEAR CONTRACT EXTENSION WITH ALLIANCE SOURCE TESTING

It is recommended that the Board of Directors:

1. Approve a two-year contract extension with Alliance Source Testing (AST) to provide air quality source testing from March 1, 2022, through December 31, 2024, for a not-to-exceed amount of \$101,920.
2. Authorize the Project Manager to finalize and execute the contract.

3. INFORMATION ITEMS

A. PROJECT MANAGER'S REPORT

B. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED DECEMBER 31, 2021

C. ASSET MANAGEMENT UPDATE

4. DIRECTOR COMMENTS

Next regular meeting is scheduled for Monday, May 2, 2022, at 10:00 a.m.

5. ADJOURN

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Recording Secretary (909-993-1744), 48 hours prior to the scheduled meeting so that the Authority can make reasonable arrangements.

Declaration of Posting

I, Adrienne Fernandez, Recording Secretary to the Inland Empire Regional Composting Authority, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the County Sanitation Districts of Los Angeles 1955 Workman Mill Road, Whittier, CA and at the IERCA's Administrative Building, 12645 Sixth Street, Rancho Cucamonga, CA and at the IEUA's main office, 6075 Kimball Ave., Chino, CA on Thursday, February 3, 2022.

Adrienne Fernandez
Adrienne Fernandez, Recording Secretary

**CONSENT
CALENDAR**

1A

RESOLUTION NO. 2022-02-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY, MAKING CERTAIN FINDINGS AND DETERMINATIONS REGARDING SPECIAL RULES FOR CONDUCTING MEETINGS THROUGH TELECONFERENCE

WHEREAS, Inland Empire Regional Composting Authority (“IERCA”) is a joint powers authority formed on February 27, 2002, as a separate public agency from its Members; and

WHEREAS, all meetings of the Board of Directors of IERCA are conducted in open and public settings in compliance with the Ralph M. Brown Act (Brown Act) so that any member of the public may attend, participate and watch the Authority’s Board of Directors conduct their business; and

WHEREAS, on March 4, 2020, the Governor declared a state of emergency pursuant to Government Code section 8625 due to the COVID-19 pandemic and has recommended, together with local officials, measures for social distancing to assist in abating the spread of COVID-19; and

WHEREAS, on March 17, 2020, the Governor issued Executive Order N-29-20 which, among other things, suspended certain Brown Act rules governing the use of teleconferencing of local agency board meetings; and

WHEREAS, Executive Order N-29-20 expired on September 30, 2021; and

WHEREAS, the California legislature has enacted, and the Governor has signed into law, AB 361 amending portions of Government Code section 54953, allowing for the continued use of teleconferencing for local agency board meetings while suspending the conditions and restrictions of Government Code section 54953(b)(3) if the legislative body of the local agency makes certain findings; and

WHEREAS, due to the recent statewide surge in Covid-19 cases stemming from the Omicron variant, the Board of Directors desires to hold its public meetings by teleconference consistent with Government Code section 54953.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Inland Empire Regional Composting Authority hereby make the following findings and determinations:

SECTION 1. The Governor has proclaimed a state of emergency on March 4, 2020 which continues.

SECTION 2. The Governor and local officials have promoted the use of social distancing as a method to abate the spread of COVID-19 within the community. The Board of Directors finds that conducting in person meetings of the IERCA Board of Directors would be inimical to social distancing and would present imminent risks to the health or safety of the attendees and conducting meetings by teleconference would diminish that risk.

SECTION 3. The Board of Directors will continue to conduct Board meetings by teleconference in compliance with Government Code 54953(e) until such time as the Governor has terminated the state of emergency and the risk to health and safety of meeting attendees is sufficiently diminished or as otherwise required by law. Notice of meetings and posted agendas will contain information which allows members of the public to access the meeting and address the Board of Directors and offer public comment including an opportunity for all persons to attend via a call-in option or an internet-based service option.

SECTION 4. This Resolution shall take effect immediately upon its adoption and shall be effective for 30 days or until such time as the Board of Directors adopts a subsequent resolution in accordance with Government Code 54953(e)(3) to extend the time during which meetings of the Board of Directors may be conducted by teleconference without compliance with Government Code 54953(3)(b).

ADOPTED this 7th day of February 2022,

Jon Blickenstaff Chairperson of the
Inland Empire Regional Composting
Authority

ATTEST:

Paul Hofer
Vice Chairperson

**CONSENT
CALENDAR**

1B

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA)
NOVEMBER 1, 2021
10:00 A.M.**

DIRECTORS PRESENT:

Shivaji Deshmukh, Director

DIRECTORS PRESENT via video/teleconference:

Jon Blickenstaff, Chairperson
Paul Hofer, Vice Chairperson
Margaret Finlay, Director
Robert Ferrante, Director
Jasmin A. Hall, Director

STAFF PRESENT

Jeff Ziegenbein, Project Manager, IERCA
Adrienne Fernandez, Recording Secretary, IERCA
Randy Lee, Executive Manager of Operations/AGM, IEUA

STAFF PRESENT or via video/teleconference

Christina Valencia, Treasurer, IERCA
Michael Sullivan, Assistant Project Manager, IERCA
Denise Garzaro, Board Secretary, IEUA
Martin Cihigoyenette, General Counsel
Jeanina Romero, Executive Administrative Assistant, IEUA
Christiana Daisy, Deputy General Manager, IEUA
Javier Chagoyen-Lazaro, Manager of Finance and Accounting, IEUA
Daniel Solorzano, Network Administrator, IEUA
Marcus Coulombe, Sales Coordinator, IEUA
Matt Bao, Supervising Engineer, LACSD
Nicole Slavin, External Affairs Specialist I, IEUA

A regular meeting of the Board of Directors of the IERCA was held at the Inland Empire Utilities Agency Headquarters building located at 6075 Kimball Ave, Chino, California and via video/teleconference on the above date.

Chairperson Blickenstaff called the meeting to order at 10:08 a.m. and he led the pledge of allegiance to the flag. Recording Secretary, Adrienne Fernandez, took a roll call and established a quorum was present.

PUBLIC COMMENT

There we no public comments.

ADDITIONS TO THE AGENDA

There we no changes/additions/deletions to the agenda.

INTRODUCTIONS

Chairperson Blickenstaff and the Board of Directors recognized Adrienne Fernandez as the new Administrative Assistant II and Recording Secretary for IERCA.

Chairperson Blickenstaff and the Board of Directors recognized Christina Valencia for 10 years of service with the Inland Empire Regional Composting Authority, along with Director Deshmukh acknowledging 22 years of service with IEUA. All members congratulated Ms. Valencia on her accomplishments and wished her well in her future endeavors into retirement.

ACTION ITEMS

A. ADOPTION OF RESOLUTION NO. 2021-11-1

Martin Cihigoyenette, General Counsel, provided an explanation of the COVID-19 executive order that had expired pertaining to virtual meetings and the implementation of AB361 Amending the Brown Act, allowing the continuance of teleconference meetings for up to 30 days at a time with the Adoption of a Resolution.

Moved by Director Finlay, seconded by Vice Chairperson Hofer, the motion carried unanimously. The Board of Directors adopted Resolution No. 2021-11-1 by the following vote:

Ayes: Blickenstaff, Hofer, Deshmukh, Ferrante, Hall, Finlay
Noes: None
Absent: None
Abstain: None

B. DESIGNATION OF IERCA ACTING TREASURER

Jeff Ziegenbein, IERCA Project Manager, recommended Javier Chagoyen-Lazaro as the new Acting Treasurer for IERCA. He explained that Javier has worked and trained with Christina Valencia and possesses an understanding of IERCA's financial practices and advised that the structure would stay consistent with IEUA.

Moved by Director Finlay, seconded by Director Deshmukh, the motion carried unanimously. The Board of Directors designated Javier Chagoyen-Lazaro as the IERCA Acting Treasurer by the following vote:

Ayes: Blickenstaff, Hofer, Deshmukh, Ferrante, Hall, Finlay
Noes: None
Absent: None
Abstain: None

C. WHEEL LOADER PURCHASE

Jeff Ziegenbein, IERCA Project Manager, spoke on the history of the previous Board approval to purchase a wheel loader and also provided details regarding a rented L-566 wheel loader currently being utilized at IERCF. He explained the rental loader allowed staff to test the equipment at the IERCF where it was observed to be compatible with the facility's environment and production requirements. He advised this recommendation is to procure the rented loader and advised the cost has the amount of rental fees paid applied and no expense for delivery. A brief discussion commenced regarding the \$540,000 previously approved by the Board of Directors in fiscal year 20/21 to purchase a loader and the motion to carry it forward to the current fiscal year, it was agreed to bring the item to the Board of Directors meeting in February 2022.

Moved by Vice Chairperson Hofer, seconded by Director Ferrante, the motion carried unanimously. The Board of Directors approved the purchase of one L-566 wheel loader for approximately \$450,000 including taxes, delivery and warranty; approved the budget amendment for \$450,000; and authorized the IEUA Manager of Contracts and Procurement to finalize and execute the agreement by the following vote:

Ayes: Blickenstaff, Hofer, Deshmukh, Ferrante, Hall, Finlay
Noes: None
Absent: None
Abstain: None

CONSENT CALENDAR

A. MINUTES

The Board approved the minutes from the August 2, 2021 regular meeting.

B. INVESTMENT AND DISBURSEMENT REPORT

The Board of Directors approved for the months of July 2021 –September 2021:

1. Total disbursements the amount of \$1,156,083.13.
2. There were no new investments during July 1, 2021 – September 30, 2021.

Moved by Director Finlay, seconded by Director Hall, the motion carried unanimously. The Board of Directors approved the Consent Calendar Items by the following vote:

Ayes: Blickenstaff, Hofer, Deshmukh, Ferrante, Hall, Finlay
Noes: None
Absent: None
Abstain: None

INFORMATION ITEMS

PROJECT MANAGER'S REPORT

Jeff Ziegenbein, IERCA Project Manager, summarized the facility's throughput levels and compliance with permits, reported no loss time incidents, reported 3 million cubic yards of compost sold, provided update on current staff recruitments, and closed by advising that all staff at the IERCF has returned to work and is still maintaining Covid-19 safety precautions.

INFORMATION ITEM ONLY; NO ACTION TAKEN

TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED SEPTEMBER 30, 2021

Ms. Valencia, IERCA Treasurer, presented the quarterly report ending September 30, 2021 with total cash, investments and restricted deposits equaled \$3,133,841 reflecting an increase of \$1,073,783 in comparison to the June balance of \$3,133,841. She explained the increase was mainly due to lower cash flows for operating and administrative expenses.

INFORMATION ITEM ONLY; NO ACTION TAKEN

ASSET MANAGEMENT UPDATE

Jeff Ziegenbein, IERCA Project Manager, presented an update on IEUA's Asset Management Program. He shared a video and article from BioCycle Magazine that explained one of IERCA's preventive maintenance measures that utilizes Infrared imaging.

INFORMATION ITEM ONLY; NO ACTION TAKEN

DIRECTORS' COMMENTS

Board of Directors- Wished everyone a Happy Holiday.

Chairperson Blickenstaff – Thanked Jeff Ziegenbein, IERCA Project Manager, for the Board of Directors Reference Guide. He appreciated staff's proactive concepts.

With no further business, Chairperson Blickenstaff adjourned the meeting at 10:59 a.m.

Adrienne Fernandez, Recording Secretary

APPROVED:

**CONSENT
CALENDAR**

1C



Date: February 7, 2022

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Acting Treasurer

Subject: Investment and Disbursement Report

DS
JC #882

RECOMMENDATION

It is recommended that the Board of Directors approve for the months of October 2021 - December 2021:

1. Total disbursements in the amount of \$3,693,497.60.
2. There were no new investments during October 1, 2021 – December 31, 2021.

BACKGROUND

The October – December 2021 disbursement activity includes check numbers 8757-8788 in the amount of \$219,887.68 and ACH and Wire Transfer payments of \$3,473,609.92 for vendor payments. A detailed listing of the check register and electronic disbursements (ACH/Wire) is attached.

Payment Type	Checks From – To	Transactions	Total Amount
Check	8757-8788	32	\$ 219,887.68
ACH		100	\$ 3,472,265.92
Wire Transfer		1	\$ 1,344.00
TOTAL		133	\$ 3,693,497.60

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The total cash and position of the Authority is reduced by the amount of authorized disbursements.

Inland Empire Utilities Agency

Sanitation Districts of Los Angeles County

Bank		CITIZENS BUSINESS BANK		ONTARIO CA 91761000				
Bank Key	122234149							
Acct number	CHECK	231157042						
Check	Check number	from to	Payment	Print date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
008757	2200012947		2200012947	10/07/2021	USD	1,817.70	CUTTING EDGE SUPPLY CO COLTON CA	10/15/2021
008758	2200012979		2200012979	10/21/2021	USD	52,566.04	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/08/2021
008759	2200012982		2200012982	10/21/2021	USD	1,363.84	BURRIBEC WASTE INDUSTRIES INC FONTANA CA	11/12/2021
008760	2200012980		2200012980	10/21/2021	USD	2,317.15	CINPAS FIRST AID & SAFETY LOCCINNVAVT OH	11/09/2021
008761	2200012981		2200012981	10/21/2021	USD	402.80	CUCAMONGA VALLEY WATER DISTRICTLOS ANGELES CA	11/09/2021
008762	2200012978		2200012978	10/21/2021	USD	1,638.75	HARRINGTON INDUSTRIAL PLASTICSCHINO CA	11/09/2021
008763	2200012999		2200012999	11/04/2021	USD	1,593.45	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/08/2021
008764	2200013000		2200013000	11/04/2021	USD	1,826.62	U S BANK FARGO ND	11/10/2021
008765	2200013017		2200013017	11/11/2021	USD	397.42	CASHIER SACRAMENTO CA	11/22/2021
008766	2200013018		2200013018	11/11/2021	USD	6,996.30	U S BANK FARGO ND	11/17/2021
008767	2200013016		2200013016	11/11/2021	USD	1,005.96	VERTIZON WIRELESS DALIAS TX	11/18/2021
008768	2200013021		2200013021	11/15/2021	USD	35,709.81	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/19/2021
008769	2200013032		2200013032	11/18/2021	USD	12,562.29	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/29/2021
008770	2200013033		2200013033	11/18/2021	USD	1,490.57	CUTTING EDGE SUPPLY CO COLTON CA	11/24/2021
008771	2200013043		2200013043	11/24/2021	USD	6,030.85	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/29/2021
008772	2200013046		2200013046	11/24/2021	USD	1,363.84	BURRIBEC WASTE INDUSTRIES INC FONTANA CA	12/02/2021
008773	2200013045		2200013045	11/24/2021	USD	406.62	CUCAMONGA VALLEY WATER DISTRICTLOS ANGELES CA	11/30/2021
008774	2200013044		2200013044	11/24/2021	USD	265.97	CUTTING EDGE SUPPLY CO COLTON CA	11/30/2021
008775	2200013056		2200013056	12/02/2021	USD	2,108.89	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	12/07/2021
008776	2200013067		2200013067	12/09/2021	USD	5,735.07	CINPAS CORPORATION ONTARIO CA	12/15/2021
008777	2200013066		2200013066	12/09/2021	USD	1,802.08	MCFADDEN-DALE INDUSTRIAL HARDWOCORNA CA	12/17/2021
008778	2200013071		2200013071	12/16/2021	USD	18,317.20	AEROTEK INC ATLANTA GA	12/27/2021
008779	2200013072		2200013072	12/16/2021	USD	405.64	CINPAS CORPORATION ONTARIO CA	12/23/2021
008780	2200013073		2200013073	12/16/2021	USD	6,501.00	INDUSTRIAL MACHINE AND WELD MENIFEE CA	12/17/2021
008781	2200013102		2200013102	12/23/2021	USD	21,826.05	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	12/27/2021
008782	2200013106		2200013106	12/23/2021	USD	1,363.84	BURRIBEC WASTE INDUSTRIES INC FONTANA CA	01/05/2022
008783	2200013104		2200013104	12/23/2021	USD	847.29	CINPAS CORPORATION ONTARIO CA	12/29/2021
008784	2200013105		2200013105	12/23/2021	USD	414.26	CUCAMONGA VALLEY WATER DISTRICTLOS ANGELES CA	12/29/2021
008785	2200013101		2200013101	12/23/2021	USD	641.95	HARRINGTON INDUSTRIAL PLASTICSCHINO CA	12/28/2021
008786	2200013103		2200013103	12/23/2021	USD	490.95	MCFADDEN-DALE INDUSTRIAL HARDWOCORNA CA	12/31/2021
008787	2200013130		2200013130	12/30/2021	USD	20,996.87	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	01/03/2022
008788	2200013131		2200013131	12/30/2021	USD	8,680.61	U S BANK FARGO ND	
* Payment method Check						219,887.68		

Total of all entries

Check Register
CBB Disbursements- October-December 2021

01/06/2022 / 09:31:08
User: CCAMFREL
Page: 2

Check number from to	Payment	Pmt date	Ccy	Amount paid (FC)	Recipient/void reason code	Enca./void
**			USD	219,887.68		

Check	Payee / Description		Amount
ACH	AMTEC		
	Rascon, Y W/E 9/19/21 39 Hours	68187	1,170.00
	Rascon, Y W/E 9/12/21 32 Hours	68152	960.00
	Rascon, Y W/E 8/8/21 40.5 Hours	67740	1,222.50
	Rascon, Y W/E 8/15/21 40 Hours	67808	1,200.00
	Rascon, Y W/E 8/1/21 40 Hours	67675	1,200.00
	Rascon, Y W/E 7/25/21 40 Hours	67599	1,200.00
	Rascon, Y W/E 7/18/21 40 Hours	67524	1,200.00
	Rascon, Y W/E 7/11/21 41 Hours	67464	1,245.00
			- - - - -
	AMTEC	\$	9,397.50
ACH	RDO EQUIPMENT COMPANY		
	9/2/21 Hy-Guard	P3339935	1,047.52
			- - - - -
	RDO EQUIPMENT COMPANY	\$	1,047.52
ACH	AMTEC		
	Rascon, Y W/E 9/26/21 40 Hours	68275	1,200.00
			- - - - -
	AMTEC	\$	1,200.00
ACH	AMTEC		
	Rascon, Y W/E 7/4/21 40 Hours	67406	1,200.00
			- - - - -
	AMTEC	\$	1,200.00
ACH	Inland Empire Utilities Agency		
	July 2021 L&B Charges-IEUA Interco Billi SAP0721-RCAL&		318,466.09
			- - - - -
	Inland Empire Utilities Agency\$		318,466.09
ACH	BEJAC CORPORATION		
	744J Ejector Bucket Rprs/Rplcmnt	W05044	9,858.96
			- - - - -
	BEJAC CORPORATION	\$	9,858.96
ACH	WAXIE SANITARY SUPPLY		
	Towels, Mic Steel-Grey	80221058	111.75
			- - - - -
	WAXIE SANITARY SUPPLY	\$	111.75
ACH	RDO EQUIPMENT COMPANY		
	Filter	P3431335	304.14
			- - - - -
	RDO EQUIPMENT COMPANY	\$	304.14
ACH	BAGHOUSE & INDUSTRIAL SHEET ME		
	Solenoids, Diaphragm Repair Kits	99257	2,529.97
			- - - - -
	BAGHOUSE & INDUSTRIAL SHEET ME\$		2,529.97
ACH	WAXIE SANITARY SUPPLY		
	Towels, Brown Eco Logo, White Bar	80300123	387.89
			- - - - -
	WAXIE SANITARY SUPPLY	\$	387.89
ACH	GRAINGER INC		

Check	Payee / Description		Amount
	Linear Flour Bulb	9962707155	59.74
	Digital Multimeter Fluke 87	9018719998	1,390.88
			- - - - -
	GRAINGER INC	\$	1,450.62
ACH	PEST OPTIONS INC		
	08/16 Weed Control servcs	380164	98.80
			- - - - -
	PEST OPTIONS INC	\$	98.80
ACH	READY REFRESH BY NESTLE		
	6/21 Bottled Water, Cooler	11F0029858982	202.16
			- - - - -
	READY REFRESH BY NESTLE	\$	202.16
ACH	EGGLETON TRUCKING INC		
	9/2021 Compost Hauling	2736	2,288.00
	9/2021 Compost Hauling	2734	4,800.00
	9/2021 Compost Hauling	2733	867.00
	Compost Hauling	2544	867.00
	08/18 Compost Hauling	2623	286.11
	08/17-08/16 Compost Hauling	2622	858.33
			- - - - -
	EGGLETON TRUCKING INC	\$	9,966.44
ACH	Inland Empire Utilities Agency		
	June 2021 L&B Charges-IEUA Interco Billi SAP0621-RCAL&		305,513.30
	June 2021 O&M Charges-IEUA Interco Billi SAP0621-RCAO&		41,647.81
			- - - - -
	Inland Empire Utilities Agency\$		347,161.11
ACH	SOUTHWEST ALARM SERVICE		
	9/2021 Agency-Wide Monthly Monitoring Se 074597		462.00
	7/2021 Agency-Wide Monthly Monitoring Se 074035		462.00
	8/2021 Agency-Wide Monthly Monitoring Se 074316		462.00
			- - - - -
	SOUTHWEST ALARM SERVICE	\$	1,386.00
ACH	WAXIE SANITARY SUPPLY		
	Towels, Emotion Eco Logo, White Bar. Pe 80166822		744.00
			- - - - -
	WAXIE SANITARY SUPPLY	\$	744.00
ACH	GRAINGER INC		
	Web Slings	9016576069	1,140.67
	Stop Traffic Sign	9010496892	60.63
	Batteries-6VDC	9017575144	69.63
	Cordeless Job Site Lights, SItE Light La	9955531174	460.28
			- - - - -
	GRAINGER INC	\$	1,731.21
ACH	RDO EQUIPMENT COMPANY		
	Hy-Gard	P2600035	903.04
	Floodlamp	P3431235	706.05
	Pin RV10557	P3074635	571.74
			- - - - -
	RDO EQUIPMENT COMPANY	\$	2,180.83
ACH	DOWNS ENERGY		

Check	Payee / Description		Amount
	2318.50 Gals Red Dyed Diesel fuel	0285182-IN	7,012.48
	2265.40 Gals Red Dyed Diesel	0286084-IN	6,732.01
			- - - - -
	DOWNS ENERGY	\$	13,744.49
ACH	R & S INDUSTRIAL FIELD SERVICE		
	Install New Belt on ACTV Hopper Belt	3237	6,915.00
	Replace Belt BC 25	3253	9,862.00
			- - - - -
	R & S INDUSTRIAL FIELD SERVICES	\$	16,777.00
ACH	EGGLETON TRUCKING INC		
	08/16-08/20 Compost Hauling	2626	4,004.00
	8/23-8/27 Compost Hauling	2634	3,432.00
	8/24, 8/26, 8/27 Compost Hauling Rancho	2633	867.00
	08/12 Compost Hauling	2609	353.00
	08/13- Compost Hauling	2602	200.00
	08/03 Compost Hauling	2555	317.00
			- - - - -
	EGGLETON TRUCKING INC	\$	9,173.00
ACH	AMTEC		
	Rascon,Y W/E 10/10/21 40 Hours	68462	1,200.00
	Rascon,Y W/E 10/3/21 40 Hours	68354	1,200.00
	Rascon,Y W/E 8/29/21 40 Hours	67954	1,200.00
	Rascon,Y W/E 9/5/21 40 Hours	68037	1,200.00
			- - - - -
	AMTEC	\$	4,800.00
ACH	RADAR ENVIRONMENTAL INC		
	8/2021 Hazardous Waste Disposal	1428	483.00
			- - - - -
	RADAR ENVIRONMENTAL INC	\$	483.00
ACH	MIKE'S WELDING ENTERPRISES INC		
	Rpr Ejector Bucket-Re-Weld All Cracks	9784	916.38
			- - - - -
	MIKE'S WELDING ENTERPRISES INC	\$	916.38
ACH	WAXIE SANITARY SUPPLY		
	Inv-Soap,Hand Soap,Large Liners,Liquid D 80214412		530.11
			- - - - -
	WAXIE SANITARY SUPPLY	\$	530.11
ACH	FAIRBANKS SCALES INC		
	07/27/21 Truck Scales Calibration	1557638	1,825.00
			- - - - -
	FAIRBANKS SCALES INC	\$	1,825.00
ACH	DECALS BY DESIGN INC		
	Fleet Graphic Sets-Composting Logo's,Soi 16031		1,099.88
			- - - - -
	DECALS BY DESIGN INC	\$	1,099.88
ACH	RADAR ENVIRONMENTAL INC		
	9/8/2021 Site Survey, Non-Haz Solid	1437	409.00
			- - - - -
	RADAR ENVIRONMENTAL INC	\$	409.00

Check	Payee / Description		Amount
ACH	PATTON SALES CORP		
	Flat Bar	4298908	27.95
	HR Plate	4298900	390.63
	Alum Angle	4299625	1,200.34
			- - - - -
	PATTON SALES CORP	\$	1,618.92
ACH	RDO EQUIPMENT COMPANY		
	Alternator	P3749835	658.31
			- - - - -
	RDO EQUIPMENT COMPANY	\$	658.31
ACH	SOUTHWEST ALARM SERVICE		
	10/2021 Agency-Wide Monthly Monitoring S 074888		462.00
			- - - - -
	SOUTHWEST ALARM SERVICE	\$	462.00
ACH	WAXIE SANITARY SUPPLY		
	1.5 Mil Blk Max, enmotion brn, white bar, d 80367300		597.28
			- - - - -
	WAXIE SANITARY SUPPLY	\$	597.28
ACH	READY REFRESH BY NESTLE		
	7/21 Bottled Water, Cooler	01M0029858982	145.01
	8/21 Bottled Water, Cooler, Cups	11H0029858982	138.52
	9/21 Bottled Water, Cooler, Cups	11I0029858982	68.75
			- - - - -
	READY REFRESH BY NESTLE	\$	352.28
ACH	RDO EQUIPMENT COMPANY		
	Reservoir 1201	P2878635	225.76
	PIN C460	P2688435	809.17
	CAP SCREW	P2688335	9.54
	Belt RV10647	P3093035	43.10
	Filter Element	P3340035	88.75
	Floodlamp/LED Lamp/Tail Lamp	P3340135	1,437.87
	Pin RV10557	P3074535	882.00
	Filter MK200T	P2980435	92.24
	Light	P3340235	65.77
	LED Lamp/Floodlamp	P3340335	835.71
	Fuel Filter	P3431135	13.91
	Air Filters	P3813735	192.24
	Alternator Reman	P3814835	872.44
	CAP SCREW	P2688235	6.36
	Air and Breather Filter	P2688135	52.41
	VQUI 0622-Alternator, Filler Cap	P2505935	581.01
			- - - - -
	RDO EQUIPMENT COMPANY	\$	6,208.28
ACH	TRICO CORPORATION		
	5/2021 Oil Analysis	P59295	512.00
	5/2021 Oil Analysis	P59294	285.00
			- - - - -
	TRICO CORPORATION	\$	797.00
ACH	THE OFFICE EXPRESS		
	IERCA Safety Celebration	1249496	696.70
			- - - - -
	THE OFFICE EXPRESS	\$	696.70

Check	Payee / Description	Amount
ACH	STAPLES CONTRACT & COMMERCIAL Recycled Copy Paper,Black Toner 3482232702 383.64 Lamnt Pouch,Bndr Clips,Electronics Dstr, 3483406746 327.90 Elctrc Stplr,Msh Dsk Orgnzrs,Bld Gl Pns, 3489706113 143.73 STAPLES CONTRACT & COMMERCIAL \$ - - - - - 855.27	
ACH	LIBERTY LANDSCAPING INC 8/21 Landscaping Services 100272 875.00 LIBERTY LANDSCAPING INC \$ - - - - - 875.00	
ACH	Inland Empire Utilities Agency Aug 2021 O&M Charges-IEUA Interco Billin SAP0821-RCAO& 20,931.25 Aug 2021 L&B Charges-IEUA Interco Billin SAP0821-RCAL& 306,797.27 Inland Empire Utilities Agency\$ - - - - - 327,728.52	
ACH	RDO EQUIPMENT COMPANY VQUI1403-PM Srvc W7380635 6,843.07 Switch, Harness, Controller P3834035 2,370.76 Alternator, Core P3813535 571.07 Starter P3643435 1,591.62 RDO EQUIPMENT COMPANY \$ - - - - - 11,376.52	
ACH	HOME DEPOT CREDIT SERVICES Home Depot Purchase 3011357 138.85 Home Depot Purchase 8970351 65.37 Home Depot Purchase 2017106 117.23 Home Depot Purchase 6021367 24.76 HOME DEPOT CREDIT SERVICES \$ - - - - - 346.21	
ACH	KONICA MINOLTA BUSINESS SOLUTI 8/27/21-8/26/21 Maintenance Agreement 9008075056 8.54 9/1/21-9/30/21 Maintenance Agreement 9008089529 144.70 KONICA MINOLTA BUSINESS SOLUTI\$ - - - - - 153.24	
ACH	RDO EQUIPMENT COMPANY Wiper Motor P2444135 199.90 Floodlamp P3627235 706.05 Pulley, V-Belt P3909635 260.18 Cylinders P3910335 6,712.03 Bushing P2878535 15.76 SE501833 Alternator P3431035 571.07 Loader 0623-Trouble Shoot Problem W7455235 1,109.15 RDO EQUIPMENT COMPANY \$ - - - - - 9,574.14	
ACH	DAVID WHEELER'S PEST CONTROL I 9/2021 Gopher Control 55929 1,308.00 DAVID WHEELER'S PEST CONTROL I\$ - - - - - 1,308.00	
ACH	DOWN'S ENERGY 2,300.50 Gals Red Dyed Diesel Fuel 0286882-IN 7,525.76	

Check	Payee / Description		Amount
ACH	ALLIED UNIVERSAL SECURITY SERV RP1-Nov 2021 Montly Patrol Service	11856956	960.75
	ALLIED UNIVERSAL SECURITY SERV\$		960.75
ACH	RESOURCE MACHINERY & ENGINEERI Trommel Screens	3008	18,075.40
	RESOURCE MACHINERY & ENGINEERI\$		18,075.40
ACH	BEJAC CORPORATION 8/21-9/17 Loader Rental w/RCA Bucket Att R39026 9/18-10/15 Loader Rental w/RCA Bucket At R39057		11,962.50 11,962.50
	BEJAC CORPORATION	\$	23,925.00
ACH	EGGLETON TRUCKING INC 11/2021 Compost Hauling 11/1 Compost Hauling	2997 3000	1,920.00 317.00
	EGGLETON TRUCKING INC	\$	2,237.00
ACH	PETE'S ROAD SERVICE 10 Tires f/Trailer	526499-00	823.00
	PETE'S ROAD SERVICE	\$	823.00
ACH	CARRIER CORPORATION RCA-Compressor, Contractor, Drier, Nitrogen	90150307	12,447.94
	CARRIER CORPORATION	\$	12,447.94
ACH	DOWNNS ENERGY RCA-Pump, Hose, Swivel, Nozzle	0287574-IN	842.57
	DOWNNS ENERGY	\$	842.57
ACH	TRICO CORPORATION 8/2021 Oil Analysis	P59940	928.00
	TRICO CORPORATION	\$	928.00
ACH	INTERSTATE BATTERY SYSTEM Inv-Batteries-FAS1055 Inv-Batteries-GC2-ECL-UTL Inv-Batteries-GC2-ECL-UTL Inv-Batteries-MT-24	1883199050066 150028829 150028869 120079140	128.65 1,100.59 950.59 231.87
	INTERSTATE BATTERY SYSTEM	\$	2,411.70
ACH	INDUSTRIAL SUPPLY CO Inv-Hex Hd Cap Screws, Lylock Nuts Inv-Hex Hd Cap Screws, Lylock Nuts Inv-Hex Hd Cp Scrws, Hex Nuts, Flat Washer Inv-Hex Hd Cp Scrws, Hex Nuts, Flat Washer Inv-Carriage Bolts, Flat Washers, Nylock N Inv-Hex Hd Cap Screws, Nylock Nuts, Flat W	5295 5271 5287 5491 5602 5603	587.67 398.89 117.71 140.05 345.83 130.52

Check	Payee / Description		Amount
	INDUSTRIAL SUPPLY CO	\$	1,720.67
ACH	PALM AUTO DETAIL INC 10/2021 Carwash Svcs f/Agency Fleet Vehi 211089-1		680.00
	PALM AUTO DETAIL INC	\$	680.00
ACH	DAVID WHEELER'S PEST CONTROL I 7/2021 Pest Control 56041 31.00 10/2021 Pest Control 57723 31.00 9/2021 Pest Control 57186 31.00 8/2021 Pest Control 56647 31.00		
	DAVID WHEELER'S PEST CONTROL I\$		124.00
ACH	DOWNES ENERGY 199.40 Gals Red Dyed Diesel Fuel 0288686-IN 706.66 2,790.70 Gals Red Dyed Diesel Fuel 0288929-IN 9,678.77		
	DOWNES ENERGY	\$	10,385.43
ACH	TRICO CORPORATION 8/2021 Oil Analysis P59947 128.00 8/2021 Oil Analysis P59946 794.00 8/2021 Oil Analysis P59944 200.00 9/2021 Oil Analysis P60240 352.00 9/2021 Oil Analysis P60243 520.00 8/2021 Oil Analysis P59945 96.00 8/2021 Oil Analysis P59941 50.00		
	TRICO CORPORATION	\$	2,140.00
ACH	EGGLETON TRUCKING INC 10/26-10/27 Compost Hauling-Winchester 2944 1,902.00 11/4 Compost Hauling-La Habra 2998 289.00 11/8-11/12 Compost Hauling-Thermal 3023 10,296.00 11/9,11/12 Compost Hauling-Riverside 3022 400.00 11/10-11/11 Compost Hauling-Escondido(Wn) 3017 1,594.00 11/2-11/5 Compost Hauling-Thermal 2999 2,860.00		
	EGGLETON TRUCKING INC	\$	17,341.00
ACH	GUARD FIRE PROTECTION Rpl Alarm Check Valves RB21-0728 11,840.00		
	GUARD FIRE PROTECTION	\$	11,840.00
ACH	MCMASTER-CARR SUPPLY CO. Clip-On Hex Nut, Black-Phosphate Steel, 65232405 24.99 Strut Channel Nut with Spring 63136630 223.18		
	MCMASTER-CARR SUPPLY CO	\$	248.17
ACH	RDO EQUIPMENT COMPANY Repair Hydraulics V#1403 W7600735 9,370.49 Diagnose Problem-V#0622 744J Loader W7827035 2,350.10 Repairs to V#0622 744J Loader-Tires,Axle W7563035 8,085.60 Repairs to 744K Loader V#1402 X529630 W7570635 18,669.64 Seat Sensor P4241135 126.84		

Check	Payee / Description	Amount
	Filters P2878735 304.14	
	Rplc Alternator V# 0622 744J Loader W7482935 1,577.08	
	RDO EQUIPMENT COMPANY \$ 40,483.89	
ACH	EGGLETON TRUCKING INC	
	9/2021 Compost Hauling 2693 1,136.00	
	11/2021 Compost Hauling 3094 1,577.80	
	11/2021 Compost Hauling 3093 3,245.76	
	11/2021 Compost Hauling 3021 400.00	
	07/13 Compost Hauling 2472 200.00	
	08/03-08/06 Compost hauling 2554 7,740.00	
	9/2021 Compost Hauling 2735 289.00	
	10/2021 Compost Hauling 2831 200.00	
	10/2021 Compost Hauling 2832 289.00	
	8/2021 Compost Hauling 2553 867.00	
	8/2021 and 9/2021 Compost Hauling 2678 1,716.00	
	10/2021 Compost Hauling 2833 400.00	
	10/2021 Compost Hauling 2834 480.00	
	8/2021 Compost Hauling 2635 480.00	
	EGGLETON TRUCKING INC \$ 19,020.56	
ACH	COUNTY SANITATION DISTRICTS OF	
	10/2021 Construction Inspection,Health,S 33669 244.81	
	8/2021 Construction Inspection,Health,Sa 33072 302.32	
	6/2021 Construction Inspection,Health,Sa 32232 389.00	
	COUNTY SANITATION DISTRICTS OF\$ 936.13	
ACH	SOUTHWEST ALARM SERVICE	
	12/2021 Monitoring Security System 075464 462.00	
	SOUTHWEST ALARM SERVICE \$ 462.00	
ACH	BERNELL HYDRAULICS	
	Mnpt Brass 0415925-IN 224.43	
	BERNELL HYDRAULICS \$ 224.43	
ACH	KONICA MINOLTA BUSINESS SOLUTI	
	9/13/21-10/12/21 Maintenance Agreement 9008116055 16.83	
	KONICA MINOLTA BUSINESS SOLUTI\$ 16.83	
ACH	REOTEMP INSTRUMENTS CORP	
	10 Eco Probes 0324497-IN 16,399.45	
	REOTEMP INSTRUMENTS CORP \$ 16,399.45	
ACH	ALTA FOODCRAFT	
	RCA -Coffe, Pot cleaner, Sugar and Teas 12126042 152.75	
	ALTA FOODCRAFT \$ 152.75	
ACH	DAVID WHEELER'S PEST CONTROL I	
	11/2021 Rodent Control 58518 928.00	
	DAVID WHEELER'S PEST CONTROL I\$ 928.00	

Check	Payee / Description		Amount
ACH	BEJAC CORPORATION L566 Xpower Wheel Loader	E02969	457,291.00
			- - - - -
	BEJAC CORPORATION	\$	457,291.00
ACH	EGGLETON TRUCKING INC 11/2021 Compost Hauling	3119	1,082.88
	11/2021 Compost Hauling	3120	902.40
	11/2021 Compost Hauling	3121	1,290.44
			- - - - -
	EGGLETON TRUCKING INC	\$	3,275.72
ACH	LIBERTY LANDSCAPING INC 9/2021 Landscaping Services	101049	875.00
	11/2021 Monthly Maintenance	102709	875.00
			- - - - -
	LIBERTY LANDSCAPING INC	\$	1,750.00
ACH	SOLAR STAR CALIFORNIA VI LLC 9/2021 Solar 12811 Sixth St	E02M0612-4875	13,431.59
	8/2021 Solar 12811 Sixth St	E02M0612-4793	17,651.66
	7/2021 Solar 12811 Sixth St	E02M0612-4709	16,581.18
	10/2021 Solar 12811 Sixth St	E02M0612-4957	12,228.94
			- - - - -
	SOLAR STAR CALIFORNIA VI LLC	\$	59,893.37
ACH	Inland Empire Utilities Agency Sept 2021 L&B Charges-IEUA Interco Billi	SAP0921-RCAL&	276,776.31
	Oct 2021 L&B Charges-IEUA Interco Billin	SAP1021-RCAL&	302,713.24
	Sept 2021 O&M Charges-IEUA Interco Billi	SAP0921-RCAO&	73,222.67
	Oct 2021 O&M Charges-IEUA Interco Billin	SAP1021-RCAO&	6,816.34
			- - - - -
	Inland Empire Utilities Agency	\$	659,528.56
ACH	SOUTHWEST ALARM SERVICE 7/5/21 Trip/Service Charge	074775	218.00
			- - - - -
	SOUTHWEST ALARM SERVICE	\$	218.00
ACH	PETE'S ROAD SERVICE Loader 623 labor 366 boom truck	543133-00	880.71
	Service Labor 92 Boom Truck	543058-00	681.73
	Service Labor 366 Boom Truck	547400	884.80
			- - - - -
	PETE'S ROAD SERVICE	\$	2,447.24
ACH	GRAINGER INC Hand Swaging Kit, Hook and Pick Set	9101458587	810.79
	Cable Cutters, Cable	9101420876	258.86
			- - - - -
	GRAINGER INC	\$	1,069.65
ACH	PALM AUTO DETAIL INC 11/2021 Carwash Svcs f/Agency Fleet Vehi	211189-1	680.00
			- - - - -
	PALM AUTO DETAIL INC	\$	680.00
ACH	CHAMPION FIRE SYSTEMS INC		

Check	Payee / Description	Amount
	Wax Coated Sprinklers Heads 60910	2,876.93
	CHAMPION FIRE SYSTEMS INC \$	2,876.93
ACH	AON RISK INSURANCE SERVICES WE	
	10/20/21-10/20/22 General Liability 8700000586618	29,312.00
	10/20/21-10/20/22 Excess Liability Cover 8700000586571	15,651.94
	AON RISK INSURANCE SERVICES WE\$	44,963.94
ACH	CARRIER CORPORATION	
	Inland Empire Utilities-IERCF Location B 90153624	2,175.00
	CARRIER CORPORATION \$	2,175.00
ACH	ALTA FOODCRAFT	
	Coffee, Sweetener 12130424	89.74
	Coffeemate 12144812	62.13
	Coffee, Sweetener 12134532	89.74
	ALTA FOODCRAFT \$	241.61
ACH	TRICO CORPORATION	
	10/2021 Oil Analysis P60836	512.00
	11/2021 Oil Analysis P60835	399.00
	Sept/Oct 2021 Oil Analysis P60837	559.00
	9/2021 Oil Analysis P60834	125.00
	11/2021 Oil Analysis P60833	544.00
	TRICO CORPORATION \$	2,139.00
ACH	BEJAC CORPORATION	
	Hindges, Screws-Counter Sunk C99215	225.59
	BEJAC CORPORATION \$	225.59
ACH	R & S INDUSTRIAL FIELD SERVICE	
	Remove, drop and pick up Wheel and Trom 3310	16,269.75
	Assist with Assemple of Head Pulley 3315	2,105.00
	Replace Head Pulley and Bearings 3254	11,223.08
	Recv. BC 4 Hrad Pulley Bearing Replacem 3255	9,233.80
	R & S INDUSTRIAL FIELD SERVICE\$	38,831.63
ACH	EGGLETON TRUCKING INC	
	11/09 Hauling/Load 3019	289.00
	EGGLETON TRUCKING INC \$	289.00
ACH	BS&B PRESSURE SAFETY MANAGEMEN	
	Battery Pack Sys. INV09558	574.31
	BS&B PRESSURE SAFETY MANAGEMEN\$	574.31
ACH	STAPLES CONTRACT & COMMERCIAL	
	Pens, Steno Pad, Wite-out, Wireless Mouse 3494515915	146.41
	STAPLES CONTRACT & COMMERCIAL \$	146.41

Check	Payee / Description		Amount
ACH	LIBERTY LANDSCAPING INC		
	RCA DEC-2021 Maint.	103543	875.00
	RCA Jul-2021 Maint.	99547	875.00
			- - - - -
	LIBERTY LANDSCAPING INC	\$	1,750.00

Grand Total Payment Amount: \$ 3,472,265.92

Check	Payee / Description	Amount
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Wire	STATE BOARD OF EQUALIZATION	
	7/1/21-9/31/21 State Sales/Use Tax-3rd Q 101-112048 9/	1,344.00
		- - - - -
	STATE BOARD OF EQUALIZATION \$	1,344.00

Grand Total Payment Amount: \$ 1,344.00

ACTION ITEM

2B



Date: February 7, 2022

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Acting Treasurer DS
JC #882

Subject: Fiscal Year 2021/22 Carry Forward Budget Amendment

RECOMMENDATION

It is recommended that the Board of Directors approve the carry forward for open encumbrances and related budget in the amount of \$544,799.84 from FY 2020/21 to FY 2021/22.

BACKGROUND

An encumbrance is a reservation or earmark of budgeted funds for obligations arising from purchase orders, contracts, leases, or approved non-purchase order commitments. Encumbrances improve budgetary control by treating commitments as expenditures and reducing the budget amount available for spending.

Encumbrances are not actual expenditures until goods and services are received. Therefore, special treatment is required for open encumbrances when appropriations (budget) lapse at the end of the fiscal year. In this case, encumbrances to be honored in the following fiscal year, along with corresponding budget, need to be carried forward.

Staff recommends the carry forward of open encumbrances to be carried forward from FY 2020/21 to FY 2021/22 in the amount of \$544,799.84 for capital projects related to:

Project Number	Project Name	Amount
RA21002	Front End Loader Replacement	\$537,672.50
RA19003	Front End Loader Replacement	7,127.34
Total		\$544,799.84

If approved, the FY 2021/22 budget will be increased by the total carry forward amount of \$544,799.84. This budget amendment does not change the tipping fees or capital contributions approved for FY 2021/22 and are within the Board approved total project budgets.

FY 2021/22 Carry Forward Budget Amendment

February 7, 2022

Page 2 of 2

PRIOR BOARD ACTION

On November 1, 2021, the Board approved the purchase of one wheel loader for approximately \$450,000 and authorized the IEUA Manager of Contracts and Procurement to finalize and execute the agreement.

On May 3, 2021, the Board approved the FY 2021/22 budget.

IMPACT ON BUDGET

If approved, the FY 2021/22 budget will be augmented by the total carry forward amount of \$544,799.84. The total project budget for RA21002 will increase to \$990,000 but will have no fiscal impact in the annual appropriation for FY 2021/22 budget. Future expenditures against this open encumbrance will reduce the IERCA reserve balance.

ACTION ITEM

2C



Date: February 7, 2022

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Acting Treasurer DS
JC #882

Subject: Annual Financial Report for the Fiscal Year Ended June 30, 2021

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Inland Empire Regional Composting Authority (IERCA/Authority) Annual Financial Report for the Fiscal Year ended June 30, 2021, as presented; and
2. Direct staff to distribute the report, as appropriate, to the various federal, state and local agencies, financial institutions, and other interested parties.

BACKGROUND

The Authority's Annual Financial Report for the fiscal year ended June 30, 2021 was prepared in conformity with generally accepted accounting principles in the United States of America (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). As required by state law, Clifton Larson Allen, LLP (CLA), the Authority's independent audit firm, performed the annual financial audit. A review was also conducted by Internal Audit department of the Inland Empire Utilities Agency. A copy of both reports are attached.

Audit Findings

CLA issued an unmodified ("clean") opinion indicating the financial statements are presented fairly and free of material misstatements. However, CLA did identify a deficiency in internal controls over financial reporting. In fiscal years 2018/19, 2019/20, and 2020/21 the Authority accrued \$300,000 of payables for anticipated expenses in future years that were not in accordance with GAAP. The required adjustment to the Authority's financial records resulted in a restatement of the beginning net position as well as a reduction in total expenses and are incorporated in the financial statements herein.

FY 2020/21 Financial Highlights

Total revenue in FY 2020/21 of \$9.22 million reflects a slight increase from \$9.12 million reported in the prior fiscal year.

Total expenses of \$12.0 million reflects an increase of \$0.17 million compared to last fiscal year, primarily due to higher operating expenses of \$0.25 million offset by a decrease in non-operating expenses of \$0.08 million.

The total ending net position decreased by \$2.7 million to \$82.5 million as of June 30, 2021, of which approximately \$77.0 million has been invested in capital assets. The remaining \$3.1 million is working capital to support fund balances designated for operating contingencies, self-insurance liability costs, and capital replacement and construction investment. A capital call of \$0.5 million was executed of the \$2.0 million budgeted in FY 2020/21.

PRIOR BOARD ACTION

The Board approved the IERCA Financial Statements for FY 2019/20 in February 2021.

The Board approved the IERCA Budget for FY 2020/21 in May 2021.

IMPACT ON BUDGET

None.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors of
Inland Empire Regional Composting Authority
Rancho Cucamonga, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Inland Empire Regional Composting Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below, that we consider to be a material weakness.

Accrual of Expenses

Condition: The Authority accrued \$300,000 of payables for anticipated expenses in a future year.

Criteria or specific requirement: Under the accrual basis of accounting, expenses are recorded when liabilities are incurred. A liability has not been incurred if the purchase is to take place in a future year.

Effect: The Authority overstated liabilities and expenses. \$200,000 of the misstatement was from a prior year, which resulted in a prior period adjustment to beginning net position.

Cause: The Authority wanted to spread out the cost of the anticipated expenses over several years.

Recommendation: We recommend the Authority apply generally accepted accounting principles and record expenses in the reporting period the liability is incurred.

View of responsible officials and planned corrective actions: The Agency has reversed the expense accruals, and the resulting adjustment to the beginning account balances and total expenses is reflected in the financial statements. Going forward the Agency will record the expense when the liability is incurred.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described above. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Board of Directors
Inland Empire Regional Composting Authority

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
December 21, 2021



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEBRUARY 7, 2022



FY 2020/21 Highlights



- Tipping fee increased to \$57/ton
- \$97K increase in total revenues due to an increase in biosolids recycling and a decrease in non-operating income
- \$173K increase in total expenses primarily due to increase in operations and maintenance supplies, and an increase in insurance premiums
- Staffing level maintained at 25 full time (FT) positions
- \$500K capital call called to support capital projects

FY 2020/21 Statement of Revenue, Expense, and Change in Net Position



	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2021	Change %
(\$ Millions)			
Total Revenue	\$9.1	\$9.2	1.1%
Total Expenses ⁽¹⁾	(11.8)	(12.0)	1.7%
Change in Net Position	(\$2.7)	(\$2.8)	3.7%
Beginning Net Position, July 1	\$85.2	\$82.4	(3.6%)
Ending Net Position, June 30	\$82.5	\$80.4	(2.5%)

⁽¹⁾ Includes annual depreciation expense of \$3.2M.

FY 2020/21

Statement of Net Position



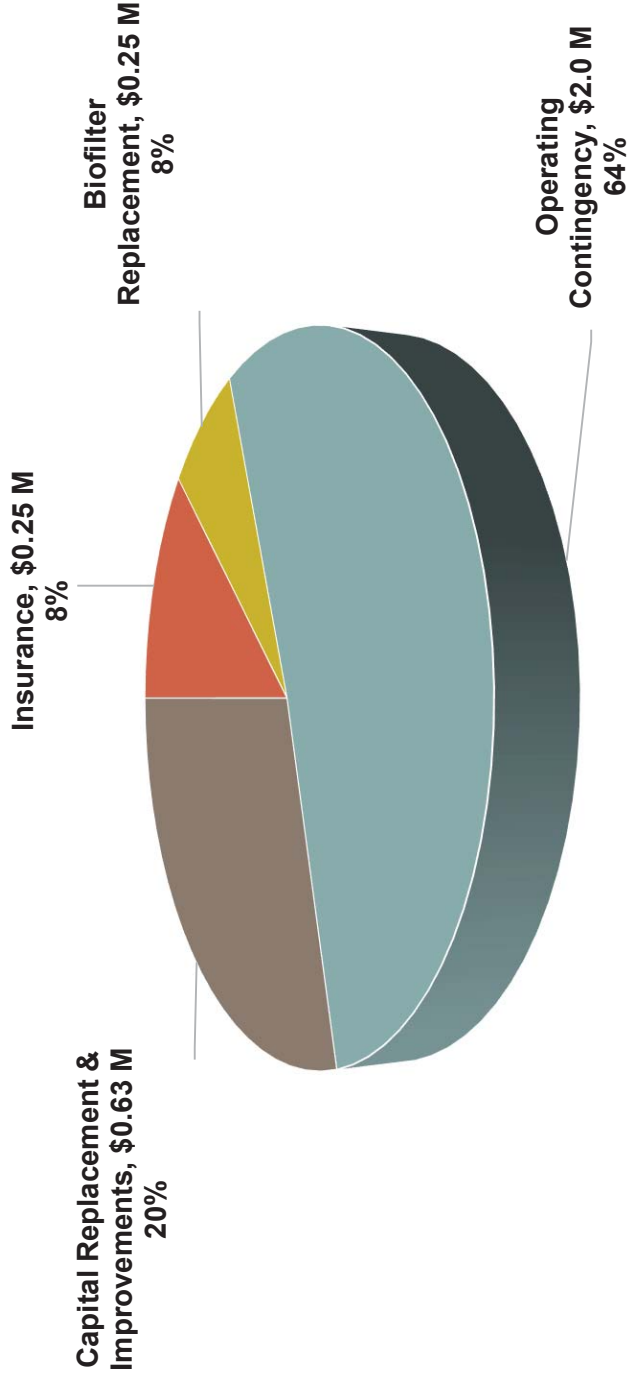
	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2021	Change %
(\$ Millions)			
Assets			
Current Assets	\$5.2	\$4.9	(5.8%)
Net Capital & Intangible Assets	79.4	77.0	(3.0%)
Total Assets	\$84.6	\$81.9	(3.2%)
Liabilities & Net Position			
Current Liabilities	\$2.1	\$1.5	(28.6%)
Invested in Capital Assets	\$79.4	\$77.0	(3.0%)
Unrestricted	3.1	3.4	(9.7%)
Total Liabilities & Net Position	\$84.6	\$81.9	(3.2%)

FY 2020/21 Ending Cash Position

\$3.13 Million



- \$1.06 million decrease from prior fiscal year





FY 2021/22 Mid-Year Statement of Revenue, Expenses, and Change in Fund Balance



	FY 2021/22 Amended Budget	FY 2021/22 Actual As of 12/31/21	YTD Budget Used
(\$Millions)			
Revenue	\$11.1	\$4.8	43%
Expenses	9.1	3.6	40%
Capital	1.0	1.0	100%
Net Profit (Loss)	\$1.0	\$0.2	



QUESTIONS?



Annual Financial Report



Rancho Cucamonga, CA

2020 2021

FISCAL YEAR ENDED JUNE 30, 2021

A regional, cost effective approach to sustainable organics management.

Annual Financial Report

Fiscal Year Ended June 30, 2021

Inland Empire Regional Composting Authority

12645 Sixth Street
Rancho Cucamonga, CA 91739

P.O. Box 2470
Chino Hills, CA 91709

tel 909.993.1500
fax 909.993.1510

www.ierca.org

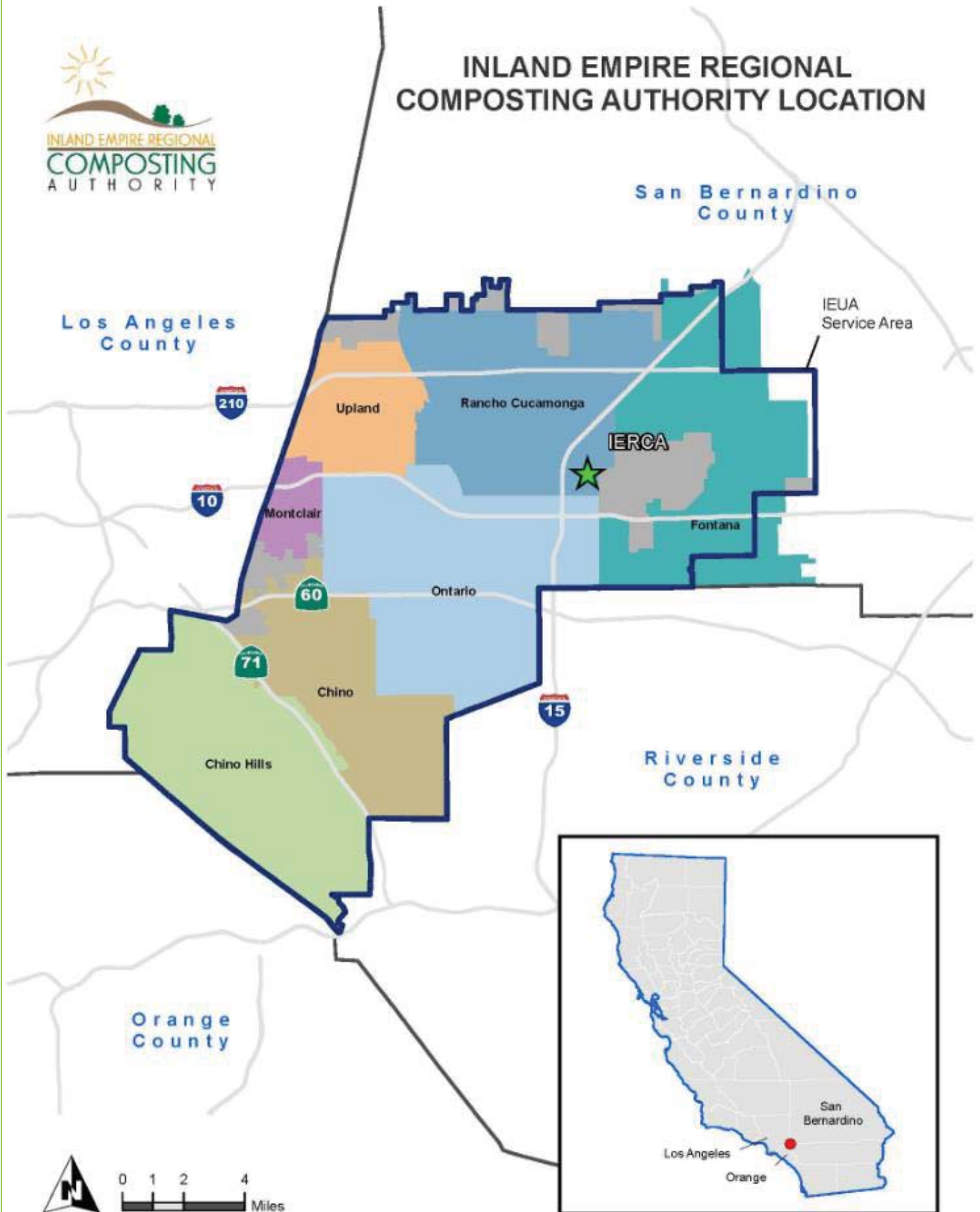
INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
Annual Financial Report
For the Fiscal Year Ended June 30, 2021

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INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY LOCATION





12645 6th Street, Rancho Cucamonga, CA 91739
PO Box 2470 Chino Hills, CA 91709
Phone: (909) 993-1500 Fax: (909) 993-1510
www.ierca.org

Quality Products for Healthy Soil

February 7, 2022

To the Chairperson of the Inland Empire Regional Composting Authority Board, Members of the Board, and Joint Powers Authority members of the Inland Empire Regional Composting Authority.

The Annual Financial Report of the Inland Empire Regional Composting Authority (IERCA or the Authority) is hereby submitted for the Fiscal Year ended June 30, 2021. State and local ordinances and statutes require the Authority to annually publish a report of its financial condition and activities, audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Accounting principles generally accepted in the United States of America requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Management Responsibility for Financial Information

The Finance and Accounting Department of Inland Empire Utilities Agency (IEUA) prepared this report. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Authority's and IEUA's management. To the best of management's knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. Disclosures are presented to enable the reader to gain an understanding of the Authority's financial activities.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY PROFILE

Up to the Present

The IERCA was formed February 27, 2002 as a Joint Powers Authority (JPA) to divert organic solids from landfill disposal and to recycle organic products generated from within the community. IEUA and Los Angeles County Sanitation Districts (LACSD) entered into the JPA to implement the shared goal to develop a sustainable biosolids management project.

The Authority is governed by a six-member Board, comprised of two governing board members from each JPA member agency and their respective General Manager. The Executive Manager of Finance & Administration/Assistant General Manager of IEUA serves as the Treasurer of the Authority.

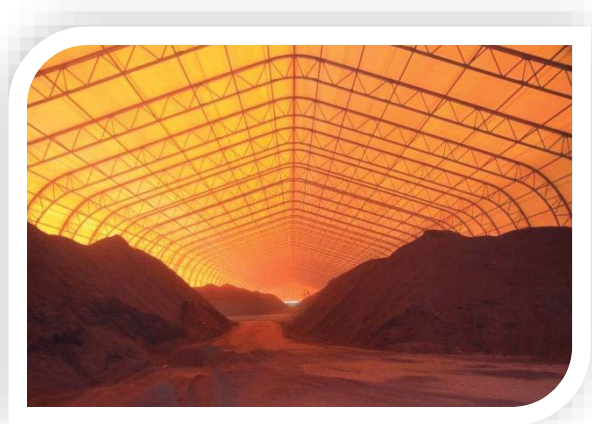
In March 2007, the two joint powers agencies completed construction of the Inland Empire Regional Composting Facility (IERCF). As the nation's largest indoor biosolids composting facility, it consists of 445,275 square feet. The IERCA focuses on producing top quality compost under the guidelines outlined in the US Composting Council's Seal of Testing Assurance (STA) program.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY PROFILE (continued):

Up to the Present (continued):

Operations at the facility began in April 2007, it reached full capacity in December 2008. At full capacity, the IERCF receives and processes over 200,000 wet tons of biosolids and wood waste from local communities and produces approximately 232,000 cubic yards (81,000 tons) of high-quality compost each year.

The facility is staffed by twenty-five full-time IEUA employees, and one part time employee from LACSD. The employees are onsite Monday through Friday, and conduct all operational activities including production, maintenance, safety and industrial hygiene training, sales, and administration.



IERCA Composting Facility

The IERCA produces compost using the aerated static pile (ASP) composting method by mixing together organic material in large piles instead of in traditional windrows. Aeration occurs as air is pushed or pulled through the ASP. IERCF pulls air directly from the piles and sends the air to a biofilter along with air exchange through the composting building. The biofilter is 50,000 cubic yards of a special blend of wood chips that treats all of the air by removing odors and other regulated compounds before it is exhausted to the atmosphere.

The entire composting process at the IERCF takes approximately 60 days. Active composting lasts approximately 22 days before the pile is moved into curing. The material is stabilized in curing for 30 to 38 days. After curing, the compost is screened and is then ready for distribution and use.

The composted product, which is marketed as SoilPro Premium Compost, has been sold as a soil conditioner which helps improve water retention resulting in better plant growth and water savings. Compost products are also proven to produce direct benefits to soils and crops in both horticulture (lawns and gardens) and agriculture (vegetables, fruits, nuts, and hay crops).

In order to produce recycled products year-round, the IERCA completed the compost storage facility in 2010 to allow compost storage during the winter season.

Additionally, the Authority entered into two separate agreements to host nearly 10,000 solar panels located on the roof of the facility which provides up to 2.5 megawatts of renewable energy. The system is paired with a shared battery storage system located at IEUA's Regional Water Recycling Plant No. 4. The entire system can provide all the energy required during peak operating hours.

MAJOR INITIATIVES and ACCOMPLISHMENTS

During the fiscal year ended June 30, 2021, the IERCF surpassed 3 million cubic yards of compost produced and sold from the facility. There are over 100 active customers who purchase SoilPro products for a variety of applications each year.

There were no changes to the tiered pricing system as the market has remained stable. Tiered pricing offers incentives to customers who purchase large volumes of compost in exchange for pricing discounts. The tiered compost pricing structure is shown in Table 1.

Table 1:

Tier	Cubic Yards (CYDs)/Month	Premium (Cubic Yard)
1	<499	\$5.00
2	500-999	\$4.00
3	≥1,000	\$3.50

Major Initiatives for FY 2021/2022

In fiscal year 2021/2022, staff will initiate a wheel loader replacement project and secure two, new loaders. Staff identified loaders that are specifically designed for the waste industry with sealed cabs, corrosion resistance, and improved fuel efficiency.

Major Accomplishments for FY 2020/2021

- Completed the installation of an energy metering system to improve energy tracking and conservation.
- Completed wash pad cover project and commissioned the structure for daily use.
- Passed two years with no recordable or lost time safety incidents.
- Successfully completed a biofilter source test verifying compliance with the facility's air permits.
- Maintained perfect environmental compliance.
- Met all budgeted targets.



IERCA Main Office

FINANCIAL INFORMATION

Internal Controls

The Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America.

The internal control structure is designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement and that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not outweigh the benefits likely to be derived; and the valuation of costs and benefits requires estimates and judgments by management.

As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Budgetary Controls

The Authority maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annually appropriated budget approved by the Authority's Board of Directors. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is set at the category level (i.e., Capital and Operating) within the Authority. The Authority maintains an encumbrance accounting system as an additional method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances are generally re-appropriated as part of the following fiscal year's budget following Board approval.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Authority's Board of Directors appointed the firm of CliftonLarsonAllen LLP to perform the annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2021 are free of any material misstatement. As part of the independent audit, reviews on a test basis were made to determine the adequacy of internal controls, and to ensure compliance with applicable laws and regulations related to all financial activities conducted by the Authority. Generally accepted auditing standards, issued by the Controller General of the United States of America, were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements is included in the financial section of this report.

The independent audit concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the Inland Empire Regional Composting Authority's financial statements for the year ended June 30, 2021 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

FINANCIAL INFORMATION (continued):

Cash and Investment Management

The Authority has a comprehensive cash and investment program subject to California Government Code Sections 53601, 53607, 53635, 53638, 53646, 53652, and 53653. These regulations are incorporated into the Authority's (Investment Policy), which identifies the types of investments that are authorized and indicates any restrictions.

Consistent with Government Code Section 53646, the Authority annually adopts the Investment Policy that requires the IERCA to invest funds in a manner which will provide: (i) the maximum security; (ii) the funds necessary to meet the daily cash flow demands of the Authority; and (iii) the highest investment return while conforming to all statutes governing the investment of Authority funds within the constraints of the investment policy. By adoption of the policy, it is the intent of the Authority to minimize credit and market risks, while maintaining a competitive yield on its overall portfolio.

The Authority's cash management system is also designed to forecast revenues and expenses, and to invest idle funds to the fullest extent possible. During the Fiscal Year ended June 30, 2021, idle funds were invested in accordance with this policy. These investments consisted primarily of deposits in a pooled investment fund administered by the Los Angeles County Investment Officer.

In order of priority, the Authority's objectives when investing, reinvesting, purchasing, acquiring, selling, enhancing, and managing public funds are as follows:

1. **Safety:** *Safety of principal is the foremost objective of the investment program. Investments made by the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required to prevent any potential loss on any individual security or depository from exceeding the income generated from the remainder of the portfolio.*

2. **Liquidity:** *The investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating requirements that might be reasonably anticipated.*

3. **Return on Investments:** *The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to safety and liquidity objectives described above. The core investment is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:*

- A. *A security with declining credit may be sold to minimize loss of principal.*
- B. *A security swap that would improve quality, yield, or target duration in the portfolio.*
- C. *Liquidity needs of the portfolio that require the security to be sold.*

February 7, 2022
To the Chairperson and Members of
The Board of The Inland Empire Regional Composting Authority

FINANCIAL INFORMATION (continued):


Cash and Investment Management (continued):

All cash and investment transactions are conducted in accordance with the Authority's resolutions and Investment Policy. While management recognizes that investment risks may result from issuer defaults, market price changes or various technical complications leading to temporary liquidity, portfolio diversification is employed as a way to minimize these risks.

Acknowledgements

We acknowledge the thorough and professional manner in which the external auditors, CliftonLarsonAllen LLP, conducted the audit. Additionally, we would like to acknowledge the staffs from the member agencies of the Authority for their cooperation and contribution in providing the necessary information to complete this report.

Respectfully submitted,

DocuSigned by:

45090339BA7E478...

Javier Chagoyen-Lazaro, Treasurer

Jan 13, 2021 at 6:08:50 AM
12645 Sixth St
Rancho Cucamonga CA 91739
United States



Cover with Automatic Lighting
and Utilities to Protect Workers
from the Weather

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Principal Officials

June 30, 2021

BOARD OF DIRECTORS

Jon Blickenstaff, *Chairperson*

Paul Hofer, *Vice-Chairperson*

Shivaji Deshmukh, *Director*

Robert Ferrant, *Director*

Margaret Finlay, *Director*

Jasmin A. Hall, *Director*

OFFICERS OF THE AUTHORITY

Jeffrey Ziegenbein, *Project Manager*

Mike Sullivan, *Assistant Project Manager*

Javier Chagoyen-Lazaro, *Treasurer*

LEGAL COUNSEL

JC Law Firm

Jean Cihigoyenetche, APC

Chino Hills, California

Inland Empire Regional Composting Authority

Organizational Chart

June 30, 2021

Board Members

Los Angeles County Sanitation Districts
and
Inland Empire Utilities Agency

PROJECT MANAGER
Jeffrey Ziegenbein
(IEUA)

***ASSISTANT
PROJECT MANAGER***
Mike Sullivan
(LACSD)

SECRETARY
IERCA Board Secretary
Denise Garzaro

TREASURER
Javier Chagoyen-Lazaro

Recipe for Regeneration: **COMPOST**



**International Compost Awareness Week
May 1 - 7, 2022**



INDEPENDENT AUDITORS' REPORT

Board of Directors
Inland Empire Regional Composting Authority
Rancho Cucamonga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Inland Empire Regional Composting Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position the Authority as of June 30, 2021, and its changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the Authority made a restatement to its previously reported net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2020, from which such partial information was derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Board of Directors
Inland Empire Regional Composting Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
December 21, 2021



Damaged Glulam Repair Project

MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of the management's discussion and analysis is to provide highlights of the Authority's financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

The Authority's Operations – an Overview

As a Joint Powers Authority, the Inland Empire Regional Composting Authority (IERCA or the Authority) owns a composting facility on approximately 22 acres of land in Rancho Cucamonga. The property is ideally situated in an industrial area adjacent to Regional Water Recycling Plant No. 4 (RP-4), a wastewater recycling treatment plant owned and operated by Inland Empire Utilities Agency (IEUA). The proximity of the facility to RP-4 provides opportunities to optimize staffing options and energy usage.



Living wall at IERCA headquarters

The 445,275-square foot composting facility is a fully enclosed biosolids processing plant that processed 150,217 tons of biosolids and 41,121 tons of wood and greenwaste into 218,235 cubic yards (76,390 tons) of high-quality compost during the fiscal year.

The facility utilizes aerated static pile composting technology to process a mixture of biosolids, greenwaste and woodwaste to generate Class 'A' Exceptional Quality compost for use in local agriculture and horticulture markets. All the facility's emissions are treated with a biofilter to meet air quality requirements. In FY 2020/2021, a total of 191,338 tons of feedstock, equal to 92% permitted capacity, was received by the facility.

As of June 30, 2021, the IERCA had sold approximately 3 million cubic yards of high-quality compost to various customers in Southern California, Arizona, and Nevada and processed nearly 2.63 million tons of recycled materials.

For comparison, 3 million cubic yards of compost can:

- ✿ Fill the Roman Colosseum to the top 1 3/4 times
- ✿ Load 55,000 semi-trucks
- ✿ Increase soil health and water retention for 95,000 football fields

The Authority's Operations – an Overview (continued):

Throughout the last fourteen years of operation, the Inland Empire Regional Composting Facility (IERCF) has operated continuously in full compliance with applicable permits, rules and regulations, and has maintained an excellent safety record.

In the 2020/2021 fiscal year, IERCF projects improved compost quality, production efficiency and worker safety. Major projects include:

- Facility beautification project – Repainted the compost facility and support buildings and resurfaced the site asphalt.
- Completed the wash pad cover project to improve safety and working conditions on the pad and commissioned the structure
- Initiated a wheel loader upgrade project to procure more efficient and safe loaders for production.

Future Goals

The project team will continue to focus on compost market expansion by working with local jurisdictions including IEUA member agencies to help them meet state required procurement targets by purchasing and using compost.

The project team also intends to increase the revenue generated from compost sales by expanding the volume of higher-valued specialty products including SoilPro bagged compost.

Basic Financial Statements

The basic financial statements present a summary of the Authority's financial position as of June 30, 2021. The Authority uses full accrual accounting, which recognizes transactions when they occur, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2021 reflects the thirteenth year of operations for the IERCF. Total operating revenues were \$9,216,839, a 3% increase from prior year of \$8,944,580, while total operating expenses increased to \$12,019,814, or a 2% increase compared to prior year total of \$11,767,084. The expenses included \$3,158,370 of depreciation and amortization expense on capitalized assets.

FINANCIAL HIGHLIGHTS

	FY2020/21	FY2019/20	Increase (Decrease) from FY2019/20	
Current assets	\$4,866,839	\$5,237,845	(371,006)	-7.08%
Capital & Intangible assets	76,981,959	79,342,861	(2,360,902)	-2.98%
Total Assets	81,848,798	84,580,706	(2,731,908)	-3.23%
Current liabilities	1,488,134	2,114,857	(626,723)	-29.63%
Total Liabilities	1,488,134	2,114,857	(626,723)	-29.63%
Net investment in capital assets	76,971,474	79,342,860	(2,371,386)	-2.99%
Unrestricted	3,389,189	3,122,989	266,200	8.52%
Total net position	\$80,360,663	\$82,465,849	(\$2,105,186)	-2.55%
Operating revenues	\$9,216,839	\$8,944,580	272,259	3.04%
Operating expenses	(12,019,814)	(11,767,085)	(252,729)	2.15%
Net operating income (loss)	(2,802,975)	(2,822,505)	19,530	-0.69%
Other Non-operating revenues	4,112	178,799	(174,687)	-97.70%
Other Non-operating expenses	(6,323)	(85,937)	79,614	-92.64%
Net nonoperating revenues (expenses)	(2,211)	92,862	(95,073)	-102.38%
Net income (loss) before capital contributions	(2,805,186)	(2,729,643)	(75,543)	2.77%
Contributed Capital	500,000	0	500,000	0.00%
Prior period adjustment	200,000	0	200,000	0.00%
Total change in net position	(2,105,186)	(2,729,643)	624,457	-22.88%
Total net position-beginning	82,465,849	85,195,492	(2,729,643)	-3.20%
Total net position- ending	\$80,360,663	\$82,465,849	(\$2,105,186)	-2.55%

Changes in Financial Conditions of the Authority

- The net decrease of \$371,006 in Current Assets is mainly due to a decrease of \$1,061,714 in Cash and Investments, an increase of \$657,641 in Customer Receivables, a decrease of \$7,036 in Accrued Interest Receivable, and an increase of \$41,043 in Inventory.

FINANCIAL HIGHLIGHTS (continued):

Changes in Financial Conditions of the Authority (continued):

- The decrease in Capital and Intangible assets of \$2,360,902 is primarily due to an increase of \$3,158,369 in Accumulated Depreciation and Amortization, partially offset by a decrease of \$1,851,638 in Jobs in Progress and an increase of \$2,649,105 in Capital Assets.
- The increase of \$272,259 in Operating Revenues is primarily due to an increase of \$279,409 in Biosolids Recycling Tipping Fee Revenue, partially offset by a decrease of \$7,150 in Compost Sales.
- The \$252,729 increase in Operating Expenses is mainly due to a decrease of \$267,287 in Contractual Services, an increase of \$215,545 in Insurance Premium paid for commercial property, an increase of \$207,154 in Operations & Maintenance Supplies, an increase of \$94,103 in Bio Filter Media.

Depreciation is the expiration of the service life of capital assets attributable to wear and tear, deterioration, and obsolescence. Depreciation expense is the cost of a capital asset prorated over the service life of the asset and each period is charged with a portion of the cost.

Amortization is the gradual reduction, redemption, or liquidation of intangible capital assets over the service life of the asset. Amortization expense is the cost of a capital intangible asset prorated over the service life of the asset and each period is charged with a portion of the cost. IERCF currently has two intangible assets, emission reduction credits and software licenses.

The accumulated contributed capital from LACSD and IEUA was \$83,864,402 equally split between the partners. Additionally, the JPA partners contributed a total of \$15,116,229 for the original property, which resulted in a total contribution of \$98,980,631. In FY 2020/2021, each JPA member was charged \$57 per ton tipping fee for bio-solids deliveries. Orange County Sanitation Districts also delivered 9,501 tons of biosolids at a fee of \$59 per ton. The total net position at June 30, 2021 was \$80,360,663 compared to \$82,465,849 in FY 2019/2020.

Capital & Intangible Assets

On June 30, 2021, the Authority had total capital and intangible assets of \$76,981,959, net of depreciation and amortization. Jobs in progress of \$515,197 include the cost of all design and construction work, and rehabilitation and replacement (R & R) need to maintain and improve the facility. Please refer to Note #3 to the basic financial statements for additional information regarding capital asset balances.

FINANCIAL HIGHLIGHTS (continued):

Investment Summary

The Authority's investment portfolio is administered by the IEUA staff. The investment strategy continues to take a conservative approach consistent with the Authority's approved Investment Policy.

The net interest earnings for FY 2020/2021 totaled \$421, for an average yield of 0.184%. The Authority's short-term investment fund balance for the fiscal year ended June 30, 2021 was \$3,134,389 comprised of \$1,250,834 in Sweep Investment Fund with Citizens Business Bank, \$274,722 in the Los Angeles County Pooled Surplus Investing Fund (LAC PSIF) and \$1,005,157 in the Local Agency Investment Agency Fund (LAIF). Please see Note #2 of the basic financial statements for additional information regarding investment balances.

Contacting the Authority's Financial Management

This financial report is prepared to provide the Authority's members, our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the revenues it receives. If you have questions about this report or need additional financial information, please contact the Inland Empire Utilities Agency, Finance and Accounting Department, P.O. Box 9020, Chino Hills, California, 91709.

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
BASIC FINANCIAL STATEMENTS
OVERVIEW**

Financial Statements

The following Basic Financial Statements, along with the Supplementary Notes to the Basic Financial Statements, present a summary of the Authority's financial position at June 30, 2021, and the results of operations and the cash flows of its proprietary fund type for the fiscal year then ended.

The Basic Financial Statements consist of:

- 1) Statement of Net Position – the statement denotes the increase/(decrease) of net position of the Authority.
- 2) Statement of Revenues, Expenses and Changes in Net Position – the statement shows all revenue and expense sources recorded for the period, and their effects on the net position of the Authority.
- 3) Statement of Cash Flows – the statement reflects the Authority's financial activities and their effect on cash. It also denotes the cash position of the Authority at the end of the fiscal period.
- 4) Notes to the Basic Financial Statements.

Inland Empire Regional Composting Authority
Statement of Net Position
June 30, 2021
(With Comparative Totals for June 30, 2020)

	Totals	
	2021	2020
ASSETS		
Current assets		
Cash & Investments (Note 2)	\$ 3,134,389	\$ 4,196,103
Accounts receivable	1,481,626	823,985
Interest receivable	980	8,016
Other receivables	-	939
Inventory	249,844	208,801
Total current assets	<u>4,866,839</u>	<u>5,237,845</u>
Noncurrent assets		
Land	4,285,096	4,285,096
Jobs in progress	515,197	2,366,835
Capital assets, net of accumulated depreciation	71,384,658	71,869,301
Intangible assets, net of accumulated amortization	797,008	821,629
Total capital assets	<u>76,981,959</u>	<u>79,342,861</u>
Total noncurrent assets	<u>76,981,959</u>	<u>79,342,861</u>
Total assets	<u>81,848,798</u>	<u>84,580,706</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,474,100	2,042,795
Accrued liabilities other	3,549	4,109
Retentions payable	10,485	67,953
Total current liabilities	<u>1,488,134</u>	<u>2,114,857</u>
Total liabilities	<u>1,488,134</u>	<u>2,114,857</u>
NET POSITION		
Net investment in capital assets	76,971,474	79,342,861
Unrestricted	3,389,189	3,122,989
Total net position	<u>\$ 80,360,663</u>	<u>\$ 82,465,849</u>

The accompanying notes are an integral part of the basic financial statements

Inland Empire Regional Composting Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021
(With Comparative Totals for June 30, 2020)

	Totals	
	2021	2020
Operating revenues		
Biosolids Recycling Tipping Fees	\$ 8,625,407	\$ 8,345,998
Sale of compost	591,432	598,582
	<u>9,216,839</u>	<u>8,944,580</u>
Operating expenses		
Operations and maintenance	7,923,029	7,742,128
Administration and general	938,415	907,550
Depreciation and amortization	3,158,370	3,117,407
	<u>12,019,814</u>	<u>11,767,085</u>
Total operating expenses	<u>12,019,814</u>	<u>11,767,085</u>
Operating income (loss)	<u>(2,802,975)</u>	<u>(2,822,505)</u>
Nonoperating revenues (expenses)		
Interest income	421	121,553
Other nonoperating revenues	3,691	57,246
Other nonoperating expenses	(6,323)	(85,937)
	<u>(2,211)</u>	<u>92,862</u>
Net nonoperating revenues (expenses)	<u>(2,211)</u>	<u>92,862</u>
Income (loss) before capital contributions	<u>(2,805,186)</u>	<u>(2,729,643)</u>
Contributed Capital	<u>500,000</u>	<u>-</u>
Change in net position	(2,305,186)	(2,729,643)
Prior period Adjustment	200,000	-
Total net position - beginning	<u>82,465,849</u>	<u>85,195,492</u>
Total net position - ending	<u>\$ 80,360,663</u>	<u>\$ 82,465,849</u>

The accompanying notes are an integral part of the basic financial statements

Inland Empire Regional Composting Authority
Statement of Cash Flows
Year Ended June 30, 2021
(With Comparative Totals for June 30, 2020)

	Totals	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$8,519,097	\$9,128,130
Cash payments to suppliers for goods and services	(5,095,102)	(4,275,751)
Cash payments for contract labor	(4,135,599)	(4,205,388)
	<u>(711,604)</u>	<u>646,991</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contract reimbursement from other (Other Non Op Rev)	3,691	57,246
Cash paid to others (Other Non Op Exp)	(6,323)	(85,937)
	<u>(2,632)</u>	<u>(28,691)</u>
Net cash provided by (used for) noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(797,468)	(1,182,460)
Changes in contractor deposits/retentions	(57,467)	9,557
	<u>(354,935)</u>	<u>(1,172,903)</u>
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	7,457	130,535
	<u>7,457</u>	<u>130,535</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	(1,061,714)	(424,068)
Cash and cash equivalents - beginning	4,196,103	4,620,171
Cash and cash equivalents - ending	<u>\$3,134,389</u>	<u>\$4,196,103</u>

The accompanying notes are an integral part of the basic financial statements

Inland Empire Regional Composting Authority
Statement of Cash Flows
Year Ended June 30, 2021
(With Comparative Totals for June 30, 2020)

	Totals	
	2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FOR (USED BY) OPERATING ACTIVITIES		
Operating income (loss)	(\$2,802,975)	(\$2,822,504)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	3,158,370	3,117,407
(Increase) decrease in operating assets		
Accounts receivable	(657,640)	279,168
Other receivable	939	0
Inventory	(41,043)	(95,617)
Increase (decrease) in operating liabilities		
Accounts payable	(368,695)	165,110
Other accrued liabilities	(560)	3,428
Net cash provided (used) by operating activities	<u>(\$711,604)</u>	<u>\$646,991</u>
RECONCILIATION OF CASH & CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash	\$1,854,510	\$1,820,726
Short-term investments	<u>1,279,879</u>	<u>2,375,377</u>
Total cash, short-term investments, and restricted cash	<u>\$3,134,389</u>	<u>\$4,196,103</u>

The accompanying notes are an integral part of the basic financial statements

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Index of Notes to the Basic Financial Statements

JUNE 30, 2021

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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

(1) Reporting Entity and Summary of Significant Accounting Policies:

Description of the Reporting Entity

The Inland Empire Regional Composting Authority, a Joint Powers Authority (JPA), was formed in February of 2002. The JPA consists of two partners, Inland Empire Utilities Agency (IEUA), a municipal water district in California, and Los Angeles County Sanitation Districts (LACSD), a special district organized and operating pursuant to the County Sanitation District Act, Health and Safety Code Section 4700, et seq. All capital contribution investments related to the JPA are shared equally by both partners. Beginning FY 2009/2010 the Authority implemented a cost-of-service rate (tipping fees) to support the operational costs. Tipping fees paid by each JPA partner are based on the tonnage of biosolids shipped to the facility for recycling. As defined by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the Authority as the primary government. The Authority has no legally separate component units that require blended or discrete presentation.

Subject to the limitations imposed by the Constitution of California, and pursuant to its charter, all powers of the Authority not defined are vested in a six-member Board of Directors. For the purposes of transacting business of the Board, a quorum shall consist of four of the six members of the Board, provided that there is a minimum of two Board members from each partner. The principal office of the Authority is established by resolution of the Board. The Authority has appointed a Secretary, a Treasurer and a Project Manager. The appointed officers come from the membership of the Authority.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as they relate to governmental units. The Authority applies all relevant GASB pronouncements.

Fund Accounting

The accounts of the Authority are organized on the basis of funds. All transactions are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses, as appropriate, the Authority's accounts for its activities in an "Enterprise Fund". An Enterprise Fund is grouped and presented in the financial statements as a "Proprietary Fund Type".

Proprietary Fund Types

A Proprietary Fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on the statement of net position. Their reported fund equity (net position) is segregated into capital assets (net of related debt) and restricted and unrestricted net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Proprietary Fund Types (continued):

Enterprise Funds

An Enterprise Fund is used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting

Basis of accounting refers to the timing when revenues and expenses are recognized in the accounts, and reported in the financial statements, regardless of the measurement focus applied. The Authority prepares its financial statements on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred regardless of when the related cash flows take place.

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operating and Non-Operating Revenues and Expenses

Operating revenues relate to revenue transactions generated as a direct result of the core business in which the Authority is engaged. These transactions can be repetitive in nature within the normal business cycle. Examples include biosolids recycling, compost delivery services, compost sales and the sale of renewable energy credits. Non-operating revenues are transactions incurred infrequently, during the course of the Authority's business. These types of transaction are generally not directly related to the general business of the Authority, such as 1) interest earnings; 2) gain on sales of assets; and 3) miscellaneous other revenues.

The Authority classifies expense types based upon the goods and/or services directly related to the operations of the Authority. Typically, operating expenses include such items as operations, maintenance, and administrative costs. In contrast, non-operating expenses are not directly related to the Authority's core operations, such as interest expense and the cost of financial services.

Budgetary Policy and Control

The Authority's Board approves each year's budget submitted by the Treasurer prior to the beginning of the new fiscal year. The Authority is not required to present budget comparisons; therefore budgetary data is not presented in the accompanying financial statements.

The Authority maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the Board. All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year lapse at year-end, except for multi-year capital appropriations. Any encumbrance and commitments needed to support ongoing projects or activities are carried forward to the following fiscal year following Board approval.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Cash and Investments

Investments in short-term highly liquid debt instruments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Investments are carried at fair value.

For financial presentation purposes, cash and cash equivalents are shown within cash and short-term investments.

Receivables and Payables

All receivables are shown net of an allowance for uncollectible accounts. The Authority extends credit to customers in the normal course of operations. Management has evaluated the accounts and approved an allowance for uncollectible accounts of \$26,106 for the fiscal year ended at June 30, 2021. When an account is determined to be uncollectible, it is written off against the allowance following Board approval.

Capital Assets

Property, plant and equipment are stated at cost. The cost of a capital investment includes purchase, rehabilitation or construction costs, Authority labor for engineering, construction management and administrative activities, as well as ancillary expenses necessary to make productive use of the assets. Current capitalization thresholds are reflected in the following table:

Type of Expenditure	Total Cost	Estimated Life	Increases Estimated Life	Enhances Performance
Office Equipment	≥ \$5,000	> 1 Year	N/A	N/A
Computer Equipment	≥ \$1,000	> 1 Year	N/A	N/A
Other Equipment	≥ \$5,000	> 1 Year	N/A	N/A
Single Year Capital Projects	≥ \$5,000	≥ 3 Years	N/A	N/A
Multi Year Capital Projects	≥ \$15,000	≥ 1 Years	N/A	N/A




The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized.

Improvements are capitalized and depreciated, as applicable, over the remaining useful life of the related capital assets. Donated capital assets are recorded at acquisition value.

(1) Reporting Entity and Summary of Significant Accounting Policies (continued):

Capital Assets (continued):

Depreciation and amortization of capital assets has been provided on a straight-line basis. One-half year depreciation and amortization are recorded in the year of acquisition and disposal.

Estimated useful lives are:	Ω Furniture, machinery and equipment	3 - 15 years
	 Improvements	15 years
	 Buildings and plants	5 - 50 years
	 Intangible Assets	3 - 50 years

Comparative Data

The basic financial statements include certain prior years summarized comparative information in total but not at the level of detail required for a presentation in accordance with Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2020 from which the summarized data was derived.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority secures liability, boiler, and machinery insurance to protect itself from any risk exposure, relative to its business operations. Since the Authority has no employees and the operations and management of its facility is contracted out to IEUA, worker's compensation insurance is carried by IEUA.

- The Authority maintains insurance for commercial general liability, up to \$5,000,000 per occurrence, subject to a \$10,000 deductible per occurrence
- The Authority maintains auto liability insurance up to \$1,000,000 per accident, with zero deductible.
- IERCF is included in the Districts' excess liability policy which provides coverage from \$5M to \$20M.
- Insurance for property damage has an \$75,000,000 per occurrence coverage limit, subject to a \$100,000 deductible per occurrence.

Settled claims from the risks discussed herein have not exceeded commercial insurance coverage in any of the last three fiscal years ending June 30, 2021, 2020, and 2019.

(2) Cash and Investments

Cash Deposits

The Authority's cash accounts are maintained with financial institutions that provide deposit protection for the account balance through participation in the Federal Deposit Insurance Corporation (FDIC). The California Government Code (CGC§53652 and 53667) requires banks and savings and loan associations to secure local agency deposits by placing appropriate and adequate securities as collateral with an approved trustee.

For deposits in commercial banks, the California Government Code allows the Authority to waive the preceding requirement for that portion of each deposit insured pursuant to the FDIC regulations; with the remainder of the deposit being secured by collateral (U. S. Government Securities) with a market value of at least ten percent (10%) greater than that remaining amount. The Authority has chosen to enter into these agreements.

In addition, the Authority investment policy requires financial institutions to meet other minimum criteria. Financial institutions must: (a) have been in business for at least three years; have total assets in excess of ten (\$10) billion dollars; and a core capital/asset ratio of five percent (5%) or better; or, (b) have total assets in excess of five hundred million dollars (\$500,000,000); and a core capital/asset ratio of six percent (6%) or better. State statutes and the Authority's investment policy authorize the Authority to maintain cash deposits in demand accounts, savings accounts, and in certificates of deposit.

The custodial credit for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than as required for the California Government Code for deposits.

The bank balance reflects the amount credited by a financial institution to the Authority's account as opposed to the Authority's own ledger balance for the account. The carrying value reflects the ledger balance, which includes checks written by the Authority that have not cleared the bank as of June 30, 2021.

Investments

In FY 2020/2021, the Authority invested in the Los Angeles County Pooled Surplus Investment Fund (LAC PSIF), which is also managed by Los Angeles County Investment Officer. The Authority invests in the Local Agency Investment Fund (LAIF), which is an investment pool managed by the Treasurer of the State of California. The Authority's investments are reported at amortized cost in the balance sheet. The market value of the Authority's investments constitutes one hundred percent (100%) of investments and equals the net realizable value of the Authority's share of LAIF and LAC PSIF. LAIF and LAC PSIF are authorized by California statutes to enter into investments on behalf of municipalities within California.

State statutes and the Authority's investment policy also allows the Authority to invest (short-term and long-term) in U.S. Treasury Obligations, U.S. agency issues and instrumentalities, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Records, negotiable certificate of deposit, LAIF and medium-term notes.

The investment in the Repurchase Agreement is uninsured with the collateral for the repurchase agreement held in the name of Citizens Business Bank but not in the name of the Authority.

(2) Cash and Investments (continued):

Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

	<u>2021</u>	<u>2020</u>
Statement of Net Position:		
Cash & Investments	<u>\$3,134,389</u>	<u>\$4,196,103</u>
Total Cash and Investments	<u>\$3,134,389</u>	<u>\$4,196,103</u>

Investments Authorized by the California Governmental Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the Authority's investment policy. The table also identifies certain provisions of the Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type³</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State Treasury Obligations	5 years	10%	None
Local Agency Obligations	5 years	None	None
Commercial Paper	270 days	25%	10%
Negotiable/Placement Certificates of Deposits	5 years	30%	None
Repurchase Agreements	90 days	40%	None
Medium-Term Notes	5 years	30%	None
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	\$75M	None
Local Agency Investment Pools	N/A	None	None
Bank Deposits	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

(2) Cash and Investments (continued):

Disclosures Relating to Interest Rate Risk (continued):

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investment by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (In Months)</u>	
	<u>Fair Value</u>	<u>12 or Less</u>
Los Angeles County Investment Pooled Investment Fund	\$ 274,722	\$ 274,722
Repurchase Agreement	1,250,834	1,250,834
Local Agency Investment Fund	1,005,157	1,005,157
Total	\$ 2,530,713	\$ 2,530,713

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the Authority's investment policy, and the actual Standard and Poor's rating as of fiscal year ended June 30, 2021 for each investment type:

<u>Investment Type</u>	<u>Value</u>	<u>Minimum</u>	
		<u>Legal Rating</u>	<u>Unrated</u>
Los Angeles County Investment Pooled Investment Fund	\$ 274,722	N/A	\$ 274,722
Repurchase Agreement	1,250,834	N/A	1,250,834
Local Agency Investment Fund	1,005,157	N/A	1,005,157
Total	\$ 2,530,713		\$ 2,530,713

Fair Value Measurement (GASB 72)

The information below shows the Authority's investments fair value measurements (market approach) as of June 30, 2021. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions.

<u>Investments by Fair Value Level</u>	<u>June 30, 2020</u>	<u>Level 1 ^(A)</u>	<u>Level 2 ^(B)</u>	<u>Uncategorized</u>
Los Angeles County Investment Pooled Investment Fund	\$ 274,722			\$ 274,722
Repurchase Agreement	1,250,834		1,250,834	
Local Agency Investment Fund	1,005,157			1,005,157
Total	\$ 2,530,713	\$ -	\$ 1,250,834	\$ 1,279,879

^(A) Level 1 - Quoted prices in active markets for identical assets

^(B) Level 2 - Quoted prices in active markets for significant other observable inputs

(3) Changes in Capital Assets

The following is a summary of capital assets, jobs in progress and intangible assets at June 30, 2021:

Capital assets	Balance at 6/30/2020	Additions	Transfers, Sales & Retirements	Balance at 6/30/2021
Capital assets, not being depreciated:				
Land	\$4,285,096	\$0	\$0	\$4,285,096
Jobs in progress	2,366,835	797,468	(2,649,106)	515,197
Total capital assets, not being depreciated	\$6,651,931	\$797,468	(\$2,649,106)	\$4,800,293
Capital assets, being depreciated:				
Facility	10,831,133	0	0	10,831,133
Structures & improvements	72,597,638	1,158,771	0	73,756,409
Operations equipment	18,331,001	1,490,335	0	19,821,336
Total capital assets, being depreciated	\$101,759,772	\$2,649,106	\$0	\$104,408,878
Less accumulated depreciation for:				
Facility	(2,707,785)	(216,623)	0	(2,924,408)
Structures & improvements	(17,694,949)	(1,502,242)	0	(19,197,191)
Operations equipment	(9,487,737)	(1,414,884)		(10,902,621)
Total accumulated depreciation	(\$29,890,471)	(\$3,133,749)	\$0	(\$33,024,220)
Total capital assets, being depreciated, net	\$71,869,301	(\$484,643)	\$0	\$71,384,658
Intangible assets, being amortized:				
Capacity rights	1,037,088	0	0	1,037,088
Total intangible assets, being amortized	\$1,037,088	\$0	\$0	\$1,037,088
Less accumulated amortization for:				
Capacity rights	(215,459)	(24,621)	0	(240,080)
Total accumulated amortization	(\$215,459)	(\$24,621)	\$0	(\$240,080)
Total capital assets, being amortized, net	\$821,629	(\$24,621)	\$0	\$797,008
Total capital assets, net	\$79,342,861	\$288,204	(\$2,649,106)	\$76,981,959

In FY 2020/21, the Authority added \$798,780 assets as Job in Progress, transferred \$2,649,106 to capital assets being depreciated, and increased Accumulated Depreciation and Amortization by \$3,158,370.

(3) Changes in Capital Assets (continued):

Jobs in Progress

As of fiscal Year-end June 30, 2021, the Authority had seven capital modification and improvement projects and sub-projects in progress.

RCA Capital Replacement	\$	325,695
IERCF Pug Mill Improvements		137,165
RCA Exterior Paint		52,074
IERCF Trommel Screen Improvements		263
Total Jobs in Progress	\$	515,197

(4) Restatement of Net Position and Related Accounts

The effects of the restatement of net position are as follows:

Net position as previously reported July 1, 2020	\$	82,465,849
Reversal of prior year expense accruals		200,000
Net position as restated, July 1, 2020		<u>82,665,849</u>

To allocate anticipated equipment replacement costs over several years, in fiscal years 2018-19 and 2019-20 the Agency recognized future year expenses not yet incurred. These accruals have been reversed, decreasing prior year expenses and increasing the beginning Net Position on July 1, 2020 by \$200,000.



Inland Empire Regional Composting Authority

Inland Empire
Utilities Agency

6075 Kimball Avenue
Chino, CA 91708

P.O. Box 9020
Chino Hills, CA 91709

tel 909.993.1600
fax 909.993.1986

www.ieua.org

Los Angeles County
Sanitation Districts

1955 Workman Mill Road
Whittier, CA 90601

P.O. Box 4998
Whittier, CA 90607

tel 562.699.7411
fax 562.699.5422

www.lacsd.org



12645 Sixth Street
Rancho Cucamonga, CA 91739

P.O. Box 2470
Chino Hills, CA 91709

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fax 909.993.1510

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ACTION ITEM

2D



Date: February 07, 2022
To: Honorable Board of Directors
From: Jeffrey Ziegenbein *JZ #836*
Project Manager
Subject: Approval of Two-Year Contract Extension with Alliance Source Testing

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve a two-year contract extension with Alliance Source Testing (AST) to provide air quality source testing from March 1, 2022, through December 31, 2024, for a not-to-exceed amount of \$101,920.
2. Authorize the Project Manager to finalize and execute the contract.

BACKGROUND

The Inland Empire Regional Composting Facility (IERCF) biofilter is designed to control odors and reduce volatile organic compounds (VOC) and ammonia emissions originating from the co-composting operation by exhausting air within the facility to the biofilter. At a minimum, the biofilter must reduce VOC and ammonia emissions from the composting facility by 80%, pursuant to the South Coast Air Quality Management District (SCAQMD) Rule 1133.2. To determine compliance, the SCAQMD requires the biofilter to undergo biennial testing along with quarterly flow measurement/balance tests to ensure appropriate air flow.

In 2020, Alliance Source Testing (formerly known as Almega Environmental) was awarded a two-year source testing contract through a competitive bid process to perform biofilter testing as required by SCAQMD permit requirements. In order to retain these services without having to undergo an additional and lengthy bid process, staff recommends to extend the existing contract with Alliance Source Testing (AST) to continue providing air quality compliance testing of the biofilter for an additional two-year period, through December 31, 2024 for IERCF.

Based on previous compliance testing at IERCF and various IEUA facilities, staff is confident in AST fulfilling IERCF's obligated SCAQMD requirements. The testing requirements for the next two years were evaluated and given to AST to provide a detailed proposal for the defined scope of

work. The proposal outlined a cost of \$101,920 for the IERCF portion of services. As required under Ordinance No. 108 for Non-Public Works Change Orders & Amendments, amounts over \$40,000 requires Board approval. Staff is confident that the new contract remains competitively priced especially with rising inflation costs and increasing demand of source testing services within a growing regulatory environment. It is recommended that the Board approve the contract extension allowing AST to provide compliance testing services for the next two years.

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The funds for the compliance testing, for the not-to-exceed amount of \$101,920 will be funded from 512080: Other Contract Services.



November 5, 2021

Richard Lao
Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708

RE: Contract Extension
AST Proposal No. 2021-2707-S
Contract No: 4600002942

Dear Mr. Lao,

Alliance Source Testing, LLC (AST) appreciates the opportunity to provide Inland Empire Utilities Agency (IEUA) with this proposal. AST understands that IEUA desires an extension on the existing contract (Contract No. 4600002942) for testing in the Chino, California region. AST also understands that testing is required to demonstrate compliance with the facility permits. AST's complete emission testing and analytical approach is included as an attachment.

By selecting AST to perform the emission testing, IEUA will greatly benefit from our desire and ability to mobilize and respond quickly and efficiently to your needs. AST provides source testing solutions to our partners throughout the United States. With our expertise in performing U.S. EPA, SW-846, CARB, SCAQMD, NIOSH and NCASI test methods and our strategically located regional field offices, we are uniquely qualified to provide IEUA with the highest quality and most cost-effective source testing solutions available.

AST's people are educated, trained, and experienced with a focus on quality and communication. Our process includes a centralized approach including procedures that maximize our results and quality. For example, we utilize a proprietary software program for capturing pre-test, test, and post test data for each source, project, and customer and maintain this database for future access, data analytics, and historical reference.

We invest heavily into creating a system that ensures efficient response to customer needs. The foundation of that effort is our 2+2+2 *Alliance Advantage*. We guarantee that we will provide a cost estimate within **two (2) business days** of receiving a firm scope of work, a draft protocol/test plan within **two (2) business days** of receiving customer acceptance of this proposal, and a draft test report within **two (2) weeks** of the completion of field work (or if laboratory analysis is required, the guarantee is **two (2) business days** from receipt of laboratory data). We have a Technical Services Division that is dedicated solely to ensuring the quality of data and generating proposals, test plans and test reports for our customers.

AST has developed the **attached cost estimate** to conduct this testing. Pricing is valid for ninety (90) days after proposal issuance date.

The sum cost estimate is predicated on Net 30-day payment terms (as outlined in more detail in the existing contract). AST invoices upon completion of field work and offers a 1% discount if payment is received upon receipt of the Draft Report.

AST encourages customers to issue Purchase Orders for 15% more than the lump sum cost estimate to account for any potential Additional Charges (outlined in detail on the following pages).



CORPORATE OFFICE
255 Grant St. SE, Suite 600
Decatur, AL 35601
(256) 351-0121

SOURCE TESTING
stacktest.com

EMISSIONS MONITORING
alliance-em.com

ANALYTICAL SERVICES
allianceanalyticalservices.com



IEUA may be invoiced for onsite testing delays (including but not limited to inclement weather and process/control system malfunction), not the fault of AST personnel, at the standby rate of \$120 per person per hour and \$2,500 per day for onsite equipment. If delays result in a complete down day, IEUA will be billed a minimum of eight (8) hours. If delays result in an additional night(s) of lodging, then lodging costs will be billed at cost plus 15 percent. Daily per diem will also be billed at \$75 per person per day.

IEUA may be invoiced for work performed on the weekends (Saturday and Sunday) and holidays. A surcharge of \$500 per person will be added for each day (weekend or holiday) onsite work is performed.

IEUA may also be invoiced a lump sum fee for postponing or canceling this project within 10 business days of the scheduled date of arrival. Additional labor (such as mobilization, demobilization or project management time) and/or direct expenses may be invoiced in addition to these lump sum fees. The postponement/cancellation fee schedule is as follows:

- 6-10 business days 15% of total project cost
- 2-5 business days 30% of total project cost
- 1 business day 50% of total project cost

To move forward with this project and reserve your preferred date(s) for field work, please sign and return the Customer Proposal Acceptance below and issue a Purchase Order for the applicable amount to PO@stacktest.com

We look forward to working with you on this project. Please do not hesitate to contact us at (714) 889-4000 to discuss this proposal.

Sincerely,
Alliance Source Testing, LLC

Tommy Mai
Operations Manager

Shamit Nakra, QSTI
Regional Manager

Customer Proposal Acceptance

I have reviewed and accept this Proposal and the Terms & Conditions included herein. By signing the below, I am awarding this business to Alliance Source Testing and am authorizing them to proceed with this project.

AST Proposal No. 2021-2707-S

Signature: _____

Name: _____

Title: _____

Date: _____

cc: John Phillips, AST

Enclosure



CORPORATE OFFICE
255 Grant St. SE, Suite 600
Decatur, AL 35601
(256) 351-0121

SOURCE TESTING
stacktest.com

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alliance-em.com

ANALYTICAL SERVICES
allianceanalyticalservices.com

IERCF - RP-4_Rancho Cucamonga					
Item No.	Equipment	Test Type	Methodology	Schedule	Fee Per Test
1	Biofilter	3D Flow Testing	EPA M2F	Performed Before Biennial Test - 1 Day Test	\$ 79,500.00
		Generate Random Sampling locations on the biofilters grid for Biennial Source Test Biennial Source Test January 2023	SCAQMD M1.1 SCAQMD M2.1 SCAQMD M25.3 SCAQMD M207.1 EPA TO-15 SCAQMD M307-91 H2S Siloxanes Fence Line Testing	Day 1 - Setup Day 2 - High Flow Test Day 3 - Low Flow Test	
2	Biofilter	2022 Q1 Flow Balance	SCAQMD M2.1	1st Qtr - 1 Day Test	\$ 1,990.00
3	Biofilter	2022 Q2 Flow Balance	SCAQMD M2.1	2nd Qtr - 1 Day Test	\$ 1,990.00
4	Biofilter	2022 Q3 Flow Balance	SCAQMD M2.1	3rd Qtr - 1 Day Test	\$ 1,990.00
5	Biofilter	2022 Q4 Flow Balance	SCAQMD M2.1	4th Qtr - 1 Day Test	\$ 1,990.00
6	Biofilter	2023 Q1 Flow Balance	SCAQMD M2.1	1st Qtr - 1 Day Test	\$ 1,990.00
7	Biofilter	2023 Q2 Flow Balance	SCAQMD M2.1	2nd Qtr - 1 Day Test	\$ 1,990.00
8	Biofilter	2023 Q3 Flow Balance	SCAQMD M2.1	3rd Qtr - 1 Day Test	\$ 1,990.00
9	Biofilter	2023 Q4 Flow Balance	SCAQMD M2.1	4th Qtr - 1 Day Test	\$ 1,990.00
10	Baghouse	Rule 1155 for Particulate	Protocol Generation	prior to test event	\$ 1,000.00
11	Baghouse	Rule 1155 for Particulate September 2023	SCAQMD M1.1-4.1	1 Day Test	\$ 5,500.00
			SCAQMD 5.1	3 - 72-minute test runs	
			SCAQMD 10.1	3 - 60-minute test runs for O2/CO2	

IEUA - RP-1_Ontario					
Item No.	Equipment	Test Type	Methodology	Schedule	Fee Per Test
12	RP1 - Boiler # 1	Compliance Test on Natural Gas and Digester Gas. Following the most recent permit dated 12/5/2012 and referencing Advanced Environmental's protocol for NOx & CO Emissions Only - Year 2022	Rule 1146 for NOx & CO SCAQMD M100.1 EPA M19 SCAQMD 307-91	1 Day Test 60 minute test per Fuel at Max Load Fuel analysis for Digester Gas	\$ 4,450.00
13	RP1 - Boiler # 2	Compliance Test on Natural Gas and Digester Gas. Following the most recent permit dated 12/5/2012 and referencing Advanced Environmental's protocol for NOx & CO Emissions Only - Year 2022	Rule 1146 for NOx & CO SCAQMD M100.1 EPA M19 SCAQMD 307-91	1 Day Test 60 minute test per Fuel at Max Load Fuel analysis for Digester Gas	\$ 4,450.00

OTHER FEES: Our pricing is based on uninterrupted testing of a continuous nature. Additional time required because of a change in the scope of work or delays attributable solely to the facility will be billed via our Standard Service Rate Schedule.

INFORMATION ITEM

3A



Date: February 7, 2022

To: Honorable Board of Directors

From: Jeff Ziegenbein
Project Manager *JZ #836*

Mike Sullivan
Assistant Project Manager

Subject: Project Manager's Report

RECOMMENDATION

This is an information item for the Board to receive and file.

BACKGROUND

Operations

The Inland Empire Regional Composting Facility (IERCF) continued to maintain maximum throughput levels processing up to 850 wet tons of biosolids and amendments daily, Monday through Friday each week.

Since the last update, the IERCF staff has:

- Maintained compost sales volumes that match or exceed production volumes
- Received a Notice of Violation from the South Coast Air Quality Management District
- Continued a strong safety record of over 900 days with no recordable if or lost time incidents
- Received 2 new Liebherr XPower front end loaders

Table 1 lists materials processed for the current fiscal year 2021/22, July 1, 2021 - December 31, 2021, the same period in the previous fiscal year 2020/2021, and since start-up in April 2007 through December 31, 2021.

Table 1: Process summary

	FY 2021/22	FY 2020/21	2007-2022
Biosolids Processed (wet tons)	76,873	74,063	1,986,977
Amendments Processed (wet tons)	23,592	21,508	743,787
Compost Sold (cubic yards)	105,322	104,461	3,104,185

Compliance Update

The South Coast Air Quality Management District issued a Notice of Violation (NOV) to the IERCF on January 11, 2022. The NOV is centered around an administrative issue stating that we should have registered under a rule starting in 2004 and to provide annual updates each year thereafter in addition to monitoring conditions already contained within the facility permit. The compliance team from LACSD and IEUA believe the alleged violations are questionable and highly inaccurate. Staff will make attempts to meet with the air district to discuss the issued NOV to seek a resolution to the matter. Updates to follow.

COVID-19

The new Omicron variant of COVID-19 has resulted in multiple cases of positive tests throughout staff at IERCF and around the IEUA. Fortunately, there have not been any cases of onsite positive cases by contact which is a testament of staff's following work guidelines remaining distanced from their coworkers. Staff thinning continues reducing occupancy in break rooms and additional cleaning services have continued to sanitize common work areas. There have been no serious complications from COVID to any staff member most with either no symptoms or minor symptoms. The facility was able to continue operations without interruption.

AWARDS

IERCA was recognized for two awards during the quarter:

- Special Districts 2021 Technology Innovation Award
- Santa Ana River Basin 2021 Plant Safety Award



Chairperson Blickenstaff and Project Manager with award

LIEBHERR TRAINING

Liebherr representatives from Bejac did three training sessions with IERCF operations and maintenance staff. They presented detailed information on how to operate and service the L-566 XPower loaders.



Staff training with Liebherr Loader

Maintenance

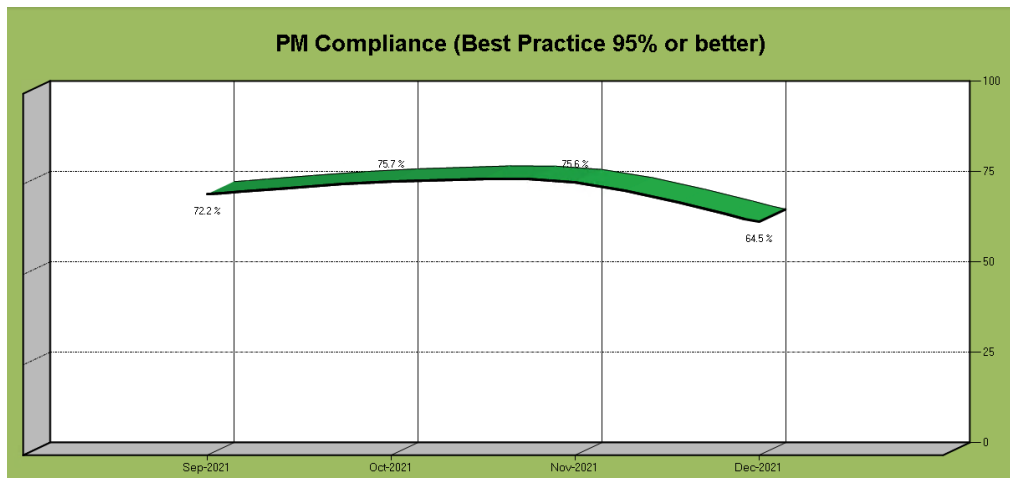
As previously discussed, the Maintenance Team installed a humidification filtration system which has been online for a year. It was anticipated that the system would improve water quality and reduce maintenance requirements on the canister filter system that has been running since the facility started operations in 2007. Staff was pleased to document significant savings on the filters, totaling a reduction in material costs of approximately \$10,000 per year. Moreover, it has also resulted in a reduction in pump maintenance and replacement costs of an additional \$10,000 per year. The facility is required by permit to run the filtration system as part of the biofiltration system. It is encouraging to find solutions that improve the reliability of the system while saving significant operating costs. The new filtration system cost a total of \$40,000 resulting in a two-year return on investment.



Automated water filtration system with backwash to drain

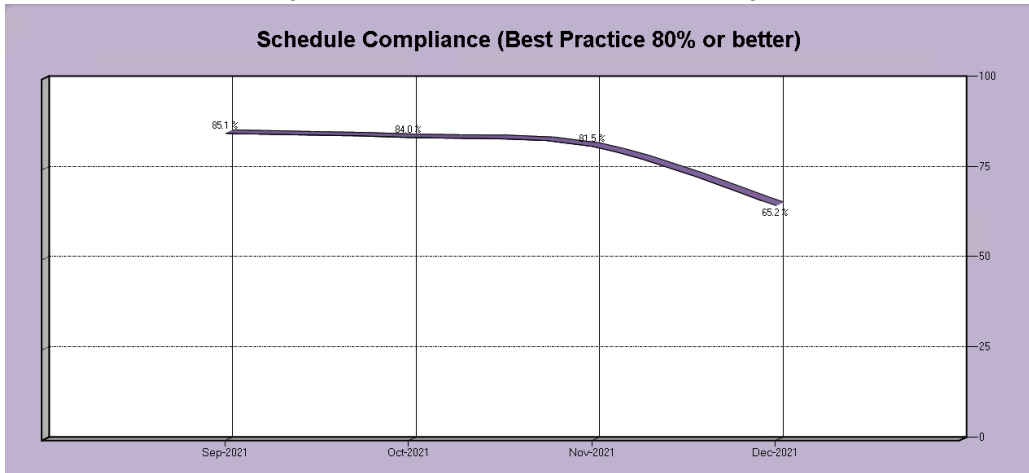
The maintenance team continues to strive for continuous improvement and reliability-centered maintenance strategies. One key element is to track maintenance activities and to share the report with the team. The following are reports generated with our maintenance scheduling software called PaSTA. Daily operations/maintenance coordination meetings allow the entire team to review completed work, and to prioritize work to be completed in the future.

PM Compliance for 2021 4th Quarter (Best Practice is 95% or better)



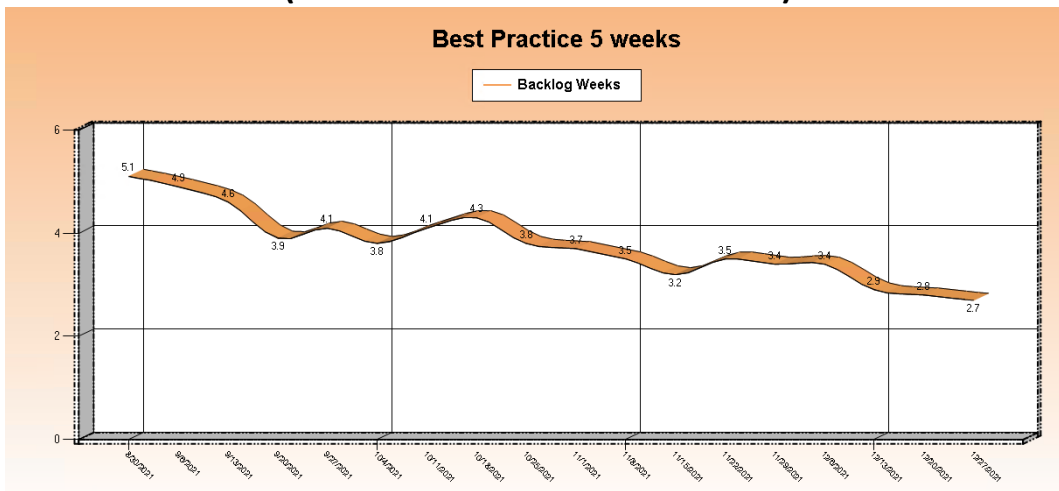
PM compliance measures how successful the staff has been in completing preventive maintenance tasks and, in doing so, opens the door to building better processes, optimizing our maintenance schedule, reducing downtime, and using resources more efficiently

Scheduled Compliance for 2021 4th Quarter (Best Practice is 80% or better)



Schedule compliance is a maintenance metric used for determining productivity and the effectiveness of scheduled maintenance processes. Schedule compliance measures the percentage of work orders completed on or before the due date over a given period

Backlog in Weeks for 2021 3rd Quarter (Best Practice is 5 Weeks or Less)



The maintenance backlog is a time indicator that represents all the maintenance work required that has not yet been completed. Measured in weeks, the maintenance backlog quantifies the time needed to perform pending maintenance actions manufacturer design error

Recruitment

IERCF has 2 vacancies to fill. One Electrical and Instrumentation Technician and one Senior Compost Operations and Maintenance Technician. Staff is working with the IEUA Human Resources Department to fill the positions.

Outreach

Table 3: Summary of IERCA outreach activities:

ITEM	NUMBER
IERCF Tours (groups/people)	0
Garden in Every School	0
Site visitors (contractors)	97

Compost Research

IERCF had a meeting with personnel at Chino Basin Water Conservation District mid-December to discuss the startup of a compost research project to take place in Spring of 2022. IERCF as well held meeting with Viramontes Express to discuss opportunities to conduct a farm grant project with an Alfalfa farmer in Imperial CA.

IERCF Outreach and Tours

Tours to IERCF has been put on hold currently due to the holiday season and recent uptick in COVID19 cases.

Sales and Marketing Report

Compost sales have continued to exceed expected sales projections despite the rainy month of December. Agriculture customers are in the height of their production season and a significant amount of compost is providing for that market segment. Compost sales continue to remain strong into the winter months with multiple large, contracted projects taking place in San Diego for Cal Trans. There are approximately over 100 customers purchasing SoilPro throughout the year and there is currently 8,000 cubic yards in inventory. Revenue is up significantly compared to the same period last year. Will call and retail customers continue to purchase inventory on a regular basis providing a stable flow of material to the market.



Spreading Compost - City of Chino



After application of Compost - City of Chino

Staff members are working closely with the Association of Compost Producers (ACP) to inform public municipalities of the new Senate Bill 1383 (SB1383) which went into effect January 1st, 2022. SB1383 requires organics to be diverted from landfills and jurisdictions to procure compost based on their populations. ACP has developed guidelines to help jurisdictions define appropriate compost products as well as use instructions.

Table 4: Summary of monthly sales and revenue

MONTH	TOTAL YARDS 2021/2022	TOTAL YARDS 2020/2021	TOTAL REVENUE 2021/2022	TOTAL REVENUE 2020/2021
October	17,762.61	14,086.05	\$60,352.72	\$27,044.19
November	20,315.84	19,543.16	\$66,499.66	\$31,456.40
December	14,585.98	23,088.92	\$44,772.99	\$30,001.22
TOTAL	52,664.43	56,718.13	\$171,625.37	\$88,501.81
AVERAGE	17,554.81	18,906.04	\$57,208.46	\$29,500.60

Table 5:

The following tables summarize the Authority’s aging reports and sales write off history.

Monthly Accounts Receivable Ageing Report of IERCA (Sales only to third parties) As of 12/22/2021								
	Description	Current	1-30 Days	31-60 days	61-90 days	91-120 days	121 days and above	Total
1	Amount	179,743.90	721,817.54	325,346.45	11,230.21	4,751.73	90,483.43	1,333,373.26
2	# of Invoices	57	3	9	10	6	79	164
3	# of Customers	38	2	6	10	6	29	62

Table 6

Quarterly Accounts Receivable Aging Report of IERCA (Sales only to third parties)			
Description	From FY 2007/08 to FY2021/22	FY 2021/22 (July through December)	Total
Sales	7,649,244.83	287,460.04	7,936,704.87
Write off	35,727.52	-	35,727.52
Percentage of Write Off Sales	0.4671%		0.4502%

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

INFORMATION ITEM

3B



Date: February 7, 2022

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Acting Treasurer DS
JC #882

Subject: Treasurer's Report of Financial Affairs for the Quarter Ended December 31, 2021

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the quarter ended December 31, 2021 is an informational item for the Board's review.

BACKGROUND

In accordance with State Code, Section 53646(b) (1), and the Authority's Investment Policy (Resolution No. 2021-5-3), a periodic investment report shall be submitted to members of the Board for review. This report includes in part, the investment types, investment institutions, maturity dates, investment amount, current market value, and rate of interest/earnings yield.

The Treasurer's Report of Financial Affairs for the quarter ended December 31, 2021, is hereby submitted in a format consistent with State requirements. As shown in the table below, December's total cash, investments, and restricted deposits equaled \$2,981,060 showing a decrease of \$1,226,564 when compared to the September balance of \$4,207,624. The decrease was mainly due to cash outflows for Wheel Loaders purchases in November and December.

The Authority's investment portfolio average rate of return in December 2021⁽¹⁾ was 0.154 percent compared to the September 2021 yield of 0.136 percent, primarily due to the increase in the LAIF account interest rate from 0.206 percent to 0.212 percent. As we begin to emerge from the COVID-19 pandemic, the interest rate environment remains relatively low. Interest earnings for the quarter ended December 31, 2021 were \$1,394.

	September	December ⁽¹⁾	Changes from Prior Quarter
Total Cash, Investments, Restricted Deposits	\$4,207,624	\$2,981,060	\$1,226,564
Investment Portfolio Average Rate of Return	0.136%	0.154%	0.018%

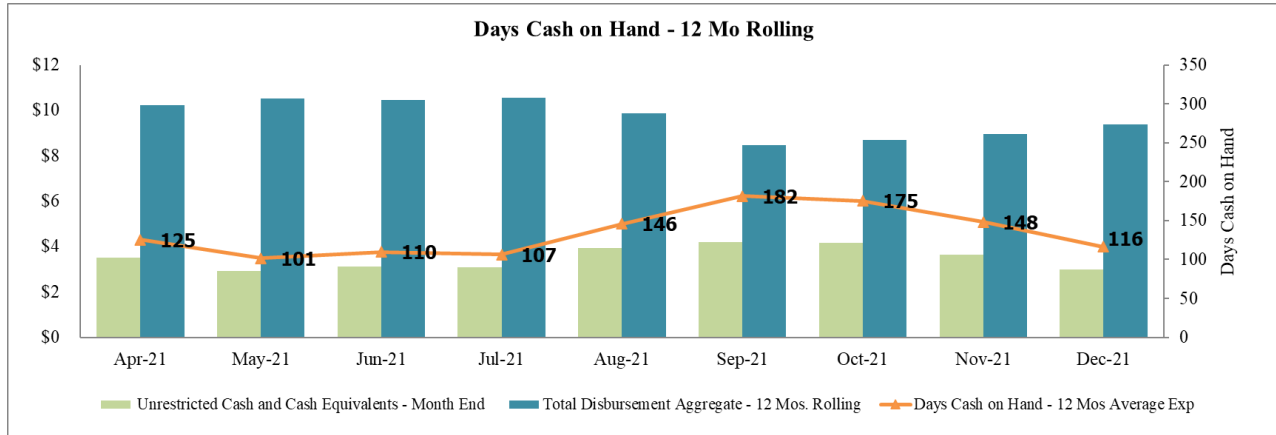
(1) Interest rate for the LA County Pooled Investment as of November 2021

Cash on hand (COH) for the month ended December 31, 2021 was 116 days compared to the September 30, 2021 COH of 182 days, due to lower cash balance and higher average monthly

February 7, 2022

Page 2 of 2

disbursements primarily due to the purchase of power wheel loader. The COH is a financial ratio used to measure cash readily available to pay expenses. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating and capital expense as recorded in the Authority’s cash flow.



PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The interest earned on the Authority’s investment portfolio increases the Authority’s reserves.

Attachment: Treasurer’s Report of Financial Affairs for quarter ended December 31, 2021.

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Quarter Ended December 31, 2021



All investment transactions have been executed in accordance with the criteria stated in the Authority's Investment Policy (Resolution No. 2021-5-3), adopted by the Inland Empire Regional Composting Authority's Board of Directors during its regular meeting held on May 3, 2021.

The funds anticipated to be available during the next six-month period are expected to be sufficient to meet all foreseen expenditures during the period.

** A Joint Powers Authority*

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment Summary

*Quarter Ended
December 31, 2021*

Unrestricted Accounts

Cash, Bank Deposits, and Bank Investment Accounts

Investments

	December	September
	\$566,535	\$595,702
Citizens Business Bank (CBB) Repurchase (Sweep)	\$1,132,809	\$2,331,032
LA County Pooled Investment	\$275,209	\$274,996
Local Agency Investment Fund (LAIF)	\$1,006,507	\$1,005,894
Total Investments	\$2,414,525	\$3,611,922
Total Unrestricted Cash and Investments Available to the Authority	\$2,981,060	\$4,207,624
<i>Total Unrestricted Cash and Investments</i>	\$2,981,060	\$4,207,624
<i>Net Change from previous Quarter</i>	(\$1,226,564)	

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment Summary

Quarter Ended
December 31, 2021

Unrestricted Accounts

Cash, Bank Deposits, and Bank Investment Accounts

For the Quarter Ended December 31, 2021

Demand (Checking) Accounts	\$566,535
Subtotal Demand Deposits	<u>\$566,535</u>
<i>Total Cash and Bank Investment Accounts</i>	<u>\$566,535</u>

Investments

Citizens Business Bank (CBB) Repurchase (Sweep)	\$1,132,809
Local Agency Investment Fund (LAIF)	\$1,006,507
LA County Pooled Investment	<u>\$275,209</u>
<i>Total Investments</i>	<u>\$2,414,525</u>

Total Cash, Investments and Restricted Deposits as of December 31, 2021 **\$2,981,060**

Total Unrestricted Cash and Investments as of 12/31/2021	<u>\$2,981,060</u>
Less: Total Unrestricted Cash and Investments as of 9/30/2021	<u>\$4,207,624</u>
<i>Total Quarterly Increase (Decrease)</i>	<u><u>(\$1,226,564)</u></u>

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment Summary

*Quarter Ended
December 31, 2021*

	Par	Principal	December	%	Market
Investments	Amount	Amount	Amortization	Yield	Value
<u>For the Quarter Ended December 31, 2021</u>					
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>					
Citizens Business Bank					
Checking Account	\$566,535	\$566,535	\$566,535	N/A	\$566,535
Subtotal CBB	\$566,535	\$566,535	\$566,535	N/A	\$566,535
Total Unrestricted Accounts	\$566,535	\$566,535	\$566,535		\$566,535
<u>Investments</u>					
Citizens Business Bank Sweep ⁽¹⁾	\$1,132,809	\$1,132,809	\$1,132,809	0.100%	\$1,132,809
LA County Pooled Investment ⁽²⁾	\$275,209	\$275,209	\$275,209	0.480%	\$275,209
Local Agency Investment Fund ⁽²⁾	\$1,006,507	\$1,006,507	\$1,006,507	0.212%	\$1,006,507
Subtotal Investments	\$2,414,525	\$2,414,525	\$2,414,525	0.190%	\$2,414,525
Total Investments	\$2,414,525	\$2,414,525	\$2,414,525		\$2,414,525
Total Unrestricted Cash and Investments as of December 31, 2021	\$2,981,060	\$2,981,060	\$2,981,060		\$2,981,060

⁽¹⁾ Citizens Business Bank Sweep rate dropped from 0.15% to 0.10% on July 26, 2021.

⁽²⁾ Interest Rate information from LA County Pooled Investment is as of November 2021.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment Summary

Quarter Ended
December 31, 2021

<u>Unrestricted Accounts</u>		
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
For Citizens Business Bank - Sweep Account ⁽¹⁾	\$1,132,809	0.100%
LA County Pooled Investment ⁽²⁾	\$275,209	0.480%
Local Agency Investment Fund ⁽²⁾	\$1,006,507	0.212%
	\$2,414,525	0.190%
Bank Accounts		
Citizens Business Bank -Demand Account	\$566,535	N/A
	\$566,535	
Total Portfolio	\$2,981,060	
Investment Portfolio Rate of Return		0.154%
<u>Restricted/Transitory/Other Demand Accounts</u>	<u>Amount Invested</u>	<u>Yield</u>
Total Other Accounts	\$0	0.000%
Total Authority Directed Deposits	\$2,981,060	

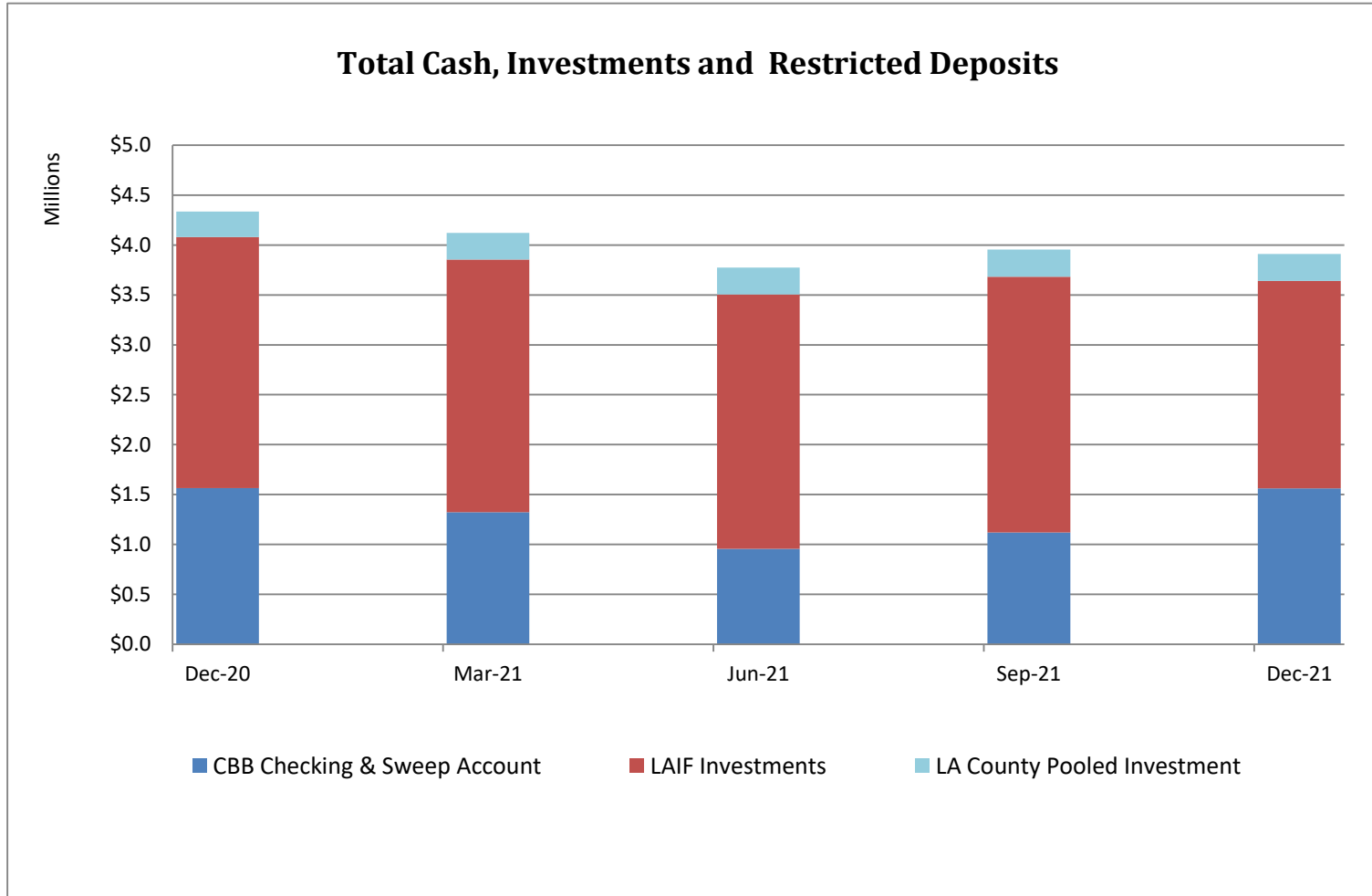
(1) Citizens Business Bank Sweep rate dropped from 0.15% to 0.10% on July 26, 2021.

(2) Interest Rate information from LA County Pooled Investment is as of November 2021.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash Position

Quarter Ended
December 31, 2021



INFORMATION ITEM

3C

IERCF Asset Management Update



Ken Monfore
Manager of Asset Management
February 7, 2022

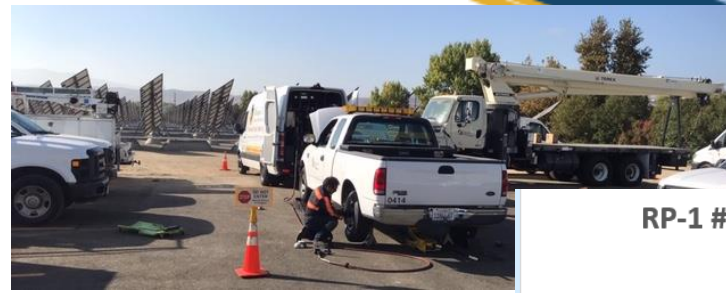
Standards & Road Map

ISO Requirements Clause	AM Practice Area	2022	2023	2024	2025+
4.1, 4.2, 4.4, 5.1, 5.2, 6.2.1, 6.2.2, 7.3	Setting AM Policy and Direction	Leverage the Corporate AM Policy and AM Framework to future proof the Agency's AM Program			
		Develop the Strategic Asset Management Plan	Update the SAMP based on new and emerging business drivers and updated or new objectives for asset management		
6.2.2, 7.1, 9.1	Capital Projects and Maintenance Planning	Establish planning workflows based on the appropriate balance of Cost of Service (CoS), Risk and Levels of Service (LoS)	Ongoing support and training for Advanced Planning and Scheduling		
5.3, 6.2.2, 8.1, 8.3 Outsourcing (scope), 9.1	Asset Life Cycle Decision Making	Establish effective master plans (Growth, Renewal/Replacement and O&M) to drive lifecycle decision making (right activities, at the right time, right cost & for the right reason) - capture in Comprehensive AMPs		Ongoing updates of Growth, Renewal, and O&M Master Plan Ongoing AMP development by asset class	
6.1, 6.2.2, 7.1, 8.1	Project, Operations, and Maintenance Delivery	Implement advanced practices for Operations, Maintenance and Engineering needed to execute the Growth, Renewal/Replacement and O&M Master Plans		Ongoing execution of Growth, Renewal, and O&M Master Plans and ongoing support and training for Advance Planning and Scheduling	
9.1, 10.1, 10.2	Asset Monitoring and Performance		Develop a LoS Framework to track, Develop the Condition Assessment Master Plan (CAMP) and report on asset performance (e.g. capacity, condition) and failures on critical assets	Ongoing LOS and Performance Management Monitoring and Reporting Ongoing inspections, condition assessments and update to condition assessment protocols (all asset classes)	
4.2, 4.3, 5.1, 6.1, 6.2.2, 7.1, 7.3, 7.6.1, 7.6.2, 7.6.3, 8.1, 8.2, 9.1, 9.2, 9.3, 10.0	Quality and Risk Assurance Practices	Develop and implement an overall AM quality assurance process and an enterprise risk management framework to guide ongoing business effectiveness at the IEUA		Ongoing quality assurance and control (through audits) of the AM System and ongoing application of the enterprise risk management framework	
4.2, 5.1, 5.3, 7.1, 7.2, 7.3, 7.4, 7.6.2, 7.6.3, 8.2, 8.3	Organization	Develop and implement an AM Governance model & overall HR Master Plan to ensure succession planning, business continuity and adequacy of resources		Ongoing AM Governance and support for AM development	



Tech Services

- Fleet Rotation & Right Sizing
- Variable Frequency Drive (VFD)
 - Repair / Replacement (R&R)

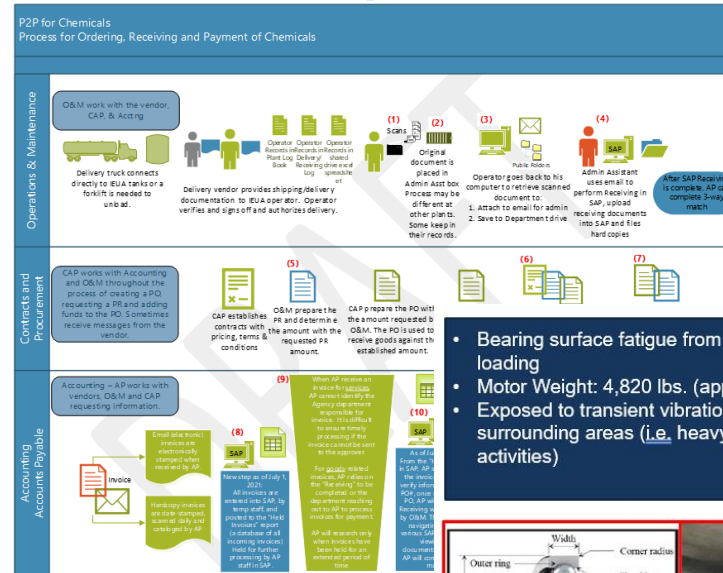


RP-1 # of VFD Replacements and Cost based on 15-Year Life Span by Year

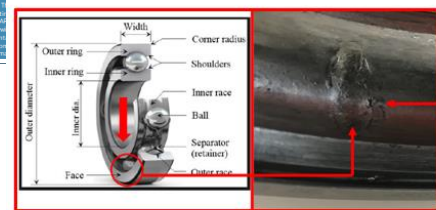


Defect Elimination Highlights

- Invoice Strike Team
- Expediting surplus/obsolete assets removal
- Blower “infant mortality”



- Bearing surface fatigue from static radial loading
- Motor Weight: 4,820 lbs. (approx. 2 tons)
- Exposed to transient vibration from surrounding areas (i.e. heavy equipment activities)



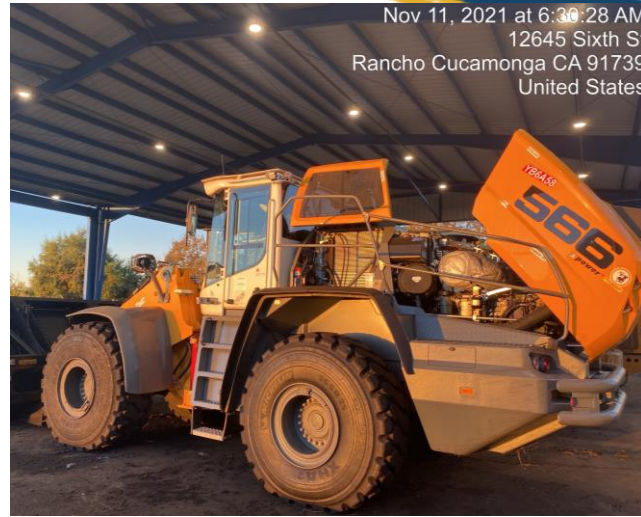
Pallet storage, no isolation from transient vibration

IERCF

- Procured 2 loaders engineered specifically for the waste sector
 - Corrosion resistant
 - Sealed cabs
 - Center-mounted radiator
 - Heavy-duty pins
 - Increased visibility

- Using laser to digitally align pulleys and bearings
 - Increases uptime (reliability)
 - Reduces energy
 - Developed SOP

- New system significantly improved reliability
 - Old screen 2 to 3 failures/week
 - New screen very few “break ins”



AM Mission



**Improve
Reliability**