



Date: May 3, 2021
To: Honorable Board of Directors
From: Christina Valencia *CV#649*
Treasurer
Subject: Adoption of IERCA Budget for Fiscal Year 2021/22

RECOMMENDATION

It is recommended that the Board of Directors;

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2021/22;
2. Increase the tipping fee from \$57 to \$58 per wet ton; and
3. Approve a capital call of \$2 million to be shared equally by the Inland Empire Utilities Agency (IEUA) and Los Angeles County Sanitation Districts (LACSD) to support capital improvement project costs and meet the minimum reserve balance, as needed.

BACKGROUND

Pursuant to the Inland Empire Regional Composting Authority Joint Powers Agreement (JPA), an annual operating and capital budget is to be presented and adopted by the JPA Board prior to June 30 each year. The proposed FY 2021/22 budget is based on the following key assumptions:

Revenues

- Increased the tipping fee from \$57 to \$58 per wet ton,
- Maintain the estimated biosolids receipts of 145,000 tons, and
- \$2 million capital call to support the proposed capital improvement plan (CIP).

O&M Expenses

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

Capital Improvement Plan (CIP)

The proposed FY 2021/22 capital improvement plan of \$1 million is funded by a combination of reserves and capital call. A summary of the CIP is shown below in Table 1.

Table 1: FY 2021/22 Proposed Capital Improvement Plan

(\$ 000's)	Actual FY 2019/20	Amended Budget FY 2020/21	Proposed Budget FY 2021/22
Replacement & Rehabilitation (R&R)	\$0.839	\$1,778	\$1,000
Capital Expansion	0.343	0.009	0
Total	\$1,182	\$1,787	\$1,000

The proposed FY 2021/22 CIP of \$1 million is significantly lower than the amended budget of \$1.8 million due to the completion of the front-end loader replacement and glulam roof improvement projects. Capital replacement and rehabilitation (R&R) continue to be the emphasis of the proposed CIP.

FY 2021/22 Budget Summary

The following section summarizes the proposed FY 2021/22 budget for total revenues, expenses, and capital expenditures.

Total revenues in FY 2021/22 of \$11.1 million, as shown in Table 2 below, are slightly higher than amended budget for FY 2020/21, due to the increase in tipping fee and contributed capital.

Table 2: FY 2021/22 Revenues

<u>REVENUES</u>	<u>\$ 000's</u>	<u>Assumptions</u>
Tipping Fees	\$8,410	Based on 145,000 wet tons per year @ a rate of \$58/ton.
Contributed Capital	\$2,000	Capital call equally shared by IEUA and LACSD to support capital process improvements.
Compost Sales/ Organics Waste Recycling/Compost Deliveries	600	100% sales of compost products compost delivery service and green waste recycling.
Biosolids Administration Fees	20	Tipping fee surcharge paid by third party biosolids suppliers.
Interest Income & Other Revenues	35	Assumes 1.0% annual interest rate.
Total Revenues	\$11,065	

Total operating expenses of \$9.1 million proposed for FY 2021/22 are approximately \$300,000 higher than amended budget of \$8.8 million. The key driver for the increase is employment costs which are projected to increase due to the projected cost of living adjustment, merit increases, and higher pension and health benefit costs. No change in the authorized staffing level of 25 full time equivalent (FTE) position is proposed. A summary of the FY 2021/22 operating expenses is reported in Table 3.

Table 3: FY 2021/22 Expenses

<u>OPERATING EXPENSES</u>	<u>\$ 000's</u>	<u>Assumptions</u>
Employment	\$4,461	Maintain 25 FTE operation support provided by IEUA/ LACSD.
Materials & Supplies	1,414	Includes facility maintenance supplies, fuel, and biofilter media replacement reserve.
Utilities	1,154	Includes power purchases from the grid and solar renewable energy, and an estimated reduction from the additional solar and battery storage installation.
Professional Services	1,171	Includes compost transport and contracted services.
Office & Administration	46	Includes employee training, memberships and office supplies.
Other Expenses	876	Includes leases/rental and financial expenses, insurance, operating fees (Non-Reclaimable Wastewater charges, permits and licenses.)
Total Expenses	\$9,122	

Major capital includes trommel screen, fire sprinkler and building improvement projects. A capital replacement contingency project of \$500,000 is also proposed to support unforeseen expenditures. Schedule C provides a detailed listing of the proposed CIP.

Table 4: FY 2021/22 Capital Improvement Plan

<u>CAPITAL PROJECTS</u>	<u>\$ 000's</u>	<u>Project Description</u>
Capital Replacement	\$500	For minor construction projects and unforeseen capital expenditures.
Fire Sprinkler Improvement	\$300	Improve and replace the sprinkler system inside the facility.
Trommel Screen Improvement	\$200	Rehab Vermeer trommel to extend life
Total Capital Improvement Plan	\$1,000	

Fund Balance

Based on the proposed budget, the total ending fund balance is estimated to be \$3.7 million at the end of FY 2021/22; an increase of \$1.4 million from the amended ending balance at June 30, 2021 of \$2.4 million.

Designation of Fund Balance

Maintaining an adequate fund balance is essential in ensuring the JPA's ability to support day-to-day operations and near term operating and capital requirements. Table 5 below summarizes the proposed designation for the estimated fund balance of \$3.7 million at the end of FY 2021/22, along with the intended funding sources. The projected ending reserves meet the minimum required level as defined in the Board adopted Reserve Policy.

Table 5: FY 2021/22 Fund Balance

Fund Balance Category	Description	Estimated Ending Balance as of 6/30/2022 (\$ 000's)	Funding Source
Operating Contingency	Equal to three months of operating expenses to address unplanned events.	\$2,218	Tipping fees
Bio-Filter Replacement	Replacement of one sector per year.	250	
Commercial Insurance	Self-insurance program.	250	
Capital/Replacement/ Rehabilitation	Projected R&R costs over the next 5 years averages about \$8.80 per wet ton.	\$1,015	Capital Call and Tipping Fees
Total		\$3,733	

PRIOR BOARD ACTION

The Board adopted the FY 2020/21 budget on May 4, 2020.

IMPACT ON BUDGET

None.

Attachments:

Attachment A – 2021/22 IERCA Budget Summary (Schedule A)

Attachment B – 2021/22 IERCA Budget Details (Schedule B)

Attachment C – 2021/22 IERCA Budget Project Lists (Schedule C)

Attachment D – 2021/22 IERCA Budget Presentation

**Inland Empire Regional Composting Authority
Schedule A - Budget Summary**

	Actual 2018/19	Actual 2019/20	ADOPTED 2020/21	AMENDED 2020/21	PROJECTED 2020/21	PROPOSED 2021/22	Forecast				
							2022/23	2023/24	2024/25	2025/26	2026/27
Rate Per Ton	\$56.00	\$56.00	\$57.00	\$57.00	\$57.00	\$58.00	\$58.00	\$59.00	\$59.00	\$60.00	\$60.00
Actual/Projected Tonnage	151,527	147,606	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Revenues											
Contributed Capital	\$0	\$0	(\$500,000)	(\$500,000)	(\$500,000)	(\$2,000,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
Biosolids Recycling (Tipping Fees)	(8,520,727)	(8,331,673)	(8,265,000)	(8,265,000)	(8,200,000)	(8,410,000)	(8,410,000)	(8,555,000)	(8,555,000)	(8,700,000)	(8,700,000)
Biosolids Recycling Admin Fees	(22,800)	(14,325)	(20,000)	(20,000)	(19,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Compost Delivery Svs	(148,750)	(225,750)	(150,000)	(150,000)	(160,000)	(150,000)	(175,000)	(200,000)	(200,000)	(225,000)	(225,000)
Compost Sales	(301,634)	(372,832)	(400,000)	(400,000)	(400,000)	(450,000)	(450,000)	(450,000)	(450,000)	(475,000)	(475,000)
Interest Income	(99,734)	(62,576)	(80,000)	(80,000)	(16,000)	(30,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
Other Non Operating Revenues	(3,969)	(57,246)	(5,000)	(5,000)	(3,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Revenues Available for Expenses	(\$9,102,405)	(\$9,123,379)	(\$9,420,000)	(\$9,420,000)	(\$9,283,000)	(\$11,065,000)	(\$10,595,000)	(\$10,765,000)	(\$10,765,000)	(\$10,960,000)	(\$10,960,000)
Expenses											
Labor	\$4,007,594	\$4,205,388	\$4,227,107	\$4,227,107	\$4,289,500	\$4,461,100	\$4,594,900	\$4,732,700	\$4,874,700	\$5,020,900	\$5,171,500
Office & Administration	30,016	37,520	52,300	52,300	37,350	45,500	46,410	47,338	48,285	49,251	50,236
Professional Fees & Services	938,372	1,382,259	1,154,207	1,159,532	1,011,000	1,126,500	1,148,630	1,171,203	1,194,227	1,217,711	1,241,666
Professional Fees - Contract Labor LACSD		\$105,063	\$66,450	\$66,450	\$44,500	\$44,500	\$45,390	\$46,297	\$47,224	\$48,168	\$49,132
Materials & Supplies/O&M Projects	1,130,470	994,681	1,211,500	1,266,591	1,121,000	1,164,000	1,187,280	1,211,025	1,235,246	1,259,951	1,285,150
Materials - Bio Filter Media Replacement	57,162	100,000	250,000	250,000	250,000	250,000	255,000	260,100	265,302	270,608	276,020
Insurance	265,293	406,254	483,000	593,000	604,000	647,000	660,000	673,000	686,000	700,000	714,000
Operating Fees	102,777	77,554	82,500	82,500	81,000	84,000	85,680	87,394	89,142	90,924	92,743
Utilities	1,158,177	1,182,701	977,798	977,798	1,090,000	1,154,000	1,177,060	1,200,221	1,224,486	1,248,855	1,274,332
Leases & Rentals	122,757	158,257	135,000	135,000	145,000	145,000	147,900	150,858	153,875	156,953	160,092
Financial Expenses/Non Operating Expenses	71,459	85,937	300	300	200	300	300	300	300	300	300
Total Expenses	\$7,884,077	\$8,735,614	\$8,640,162	\$8,810,578	\$8,673,550	\$9,121,900	\$9,348,550	\$9,580,437	\$9,818,786	\$10,063,622	\$10,315,170
Capital Projects											
Capital Replacement Project	\$2,164,174	\$838,895	\$1,100,000	\$1,778,304	\$1,367,001	\$1,000,000	\$950,000	\$1,200,000	\$1,400,000	\$700,000	\$500,000
Capital Expansion Projects	2,702	343,565	-	8,952	-	-	-	-	-	-	-
Total Capital Projects	\$2,166,876	\$1,182,459	\$1,100,000	\$1,787,256	\$1,367,001	\$1,000,000	\$950,000	\$1,200,000	\$1,400,000	\$700,000	\$500,000
Net Profit/(Loss)	(\$948,549)	(\$794,694)	(\$320,162)	(\$1,177,835)	(\$757,551)	\$943,100	\$296,450	(\$15,437)	(\$453,786)	\$196,378	\$144,830
Reserves											
Beginning Reserve Balance	\$5,290,533	\$4,341,984	\$3,619,060	\$3,547,290	\$3,547,290	\$2,789,739	\$3,732,839	\$4,029,289	\$4,013,852	\$3,560,066	\$3,756,444
Ending Reserve Balance	\$4,341,984	\$3,547,290	\$3,298,898	\$2,369,455	\$2,789,739	\$3,732,839	\$4,029,289	\$4,013,852	\$3,560,066	\$3,756,444	\$3,901,274
Operating Contingency (3mths Expenses)	\$1,956,729	\$2,158,904	\$2,097,541	\$1,390,145	\$2,105,888	\$2,217,975	\$2,273,388	\$2,330,084	\$2,388,371	\$2,448,254	\$2,509,787
Replacement Reserve - BioFilter	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Commercial Insurance	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Replacement & Construction	1,885,255	888,386	701,358	479,311	183,851	1,014,864	1,255,901	1,183,768	671,695	808,191	891,487
Total Reserve Balance	\$4,341,984	\$3,547,290	\$3,298,898	\$2,369,455	\$2,789,739	\$3,732,839	\$4,029,289	\$4,013,852	\$3,560,066	\$3,756,444	\$3,901,274

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ADOPTED 2020/21	AMENDED 2020/21	PROJECTED 2020/21	PROPOSED 2021/22	2022/23	2023/24	Forecast 2024/25	2025/26	2026/27
Tonage/Rate												
	Tons	151,527	147,606	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
	O&M Cost per ton	\$ 52.03	\$ 59.18	\$ 59.59	\$ 60.76	\$ 59.82	\$ 62.91	\$ 64.47	\$ 66.07	\$ 67.72	\$ 69.40	\$ 71.14
	Biofilter Media Replacement Reserve	\$ 1.40	\$ 1.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Expansion Cost per Ton	\$ 0.02	\$ 2.33	\$ -	\$ 0.06	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Replacement Cost per Ton	\$ 14.28	\$ 5.68	\$ 7.59	\$ 12.26	\$ 9.43	\$ 6.90	\$ 6.55	\$ 8.28	\$ 9.66	\$ 4.83	\$ 3.45
	Total Cost Per Ton	\$ 67.73	\$ 68.59	\$ 67.17	\$ 73.09	\$ 69.25	\$ 69.81	\$ 71.02	\$ 74.35	\$ 77.37	\$ 74.23	\$ 74.59
	Member Contributions	\$ -	\$ -	\$ 3.45	\$ 3.45	\$ 3.45	\$ 13.79	\$ 10.34	\$ 10.34	\$ 10.34	\$ 10.34	\$ 10.34
	CIP Funded by Reserves	\$ 14.30	\$ 8.01	\$ 4.14	\$ 8.88	\$ 5.98	\$ (6.90)	\$ (3.79)	\$ (2.07)	\$ (0.69)	\$ (5.52)	\$ (6.90)
	Rate Per Ton	\$ 53.43	\$ 60.58	\$ 59.59	\$ 60.76	\$ 59.82	\$ 62.91	\$ 64.47	\$ 66.07	\$ 67.72	\$ 69.40	\$ 71.14
	Adopted Rate Per Ton	\$ 56.00	\$ 56.00	\$ 57.00	\$ 57.00	\$ 57.00	\$ 58.00	\$ 58.00	\$ 59.00	\$ 59.00	\$ 60.00	\$ 60.00
Revenues												
				103%								
200112	406000 Compost Delivery Svs	(\$148,750)	(\$225,750)	(\$150,000)	(\$150,000)	(\$160,000)	(\$150,000)	(\$175,000)	(\$200,000)	(\$200,000)	(\$225,000)	(\$225,000)
200112	406200 Compost Sales	(301,634)	(372,832)	(400,000)	(400,000)	(400,000)	(450,000)	(450,000)	(450,000)	(450,000)	(475,000)	(475,000)
	Service Charges	(450,384)	(598,582)	(550,000)	(550,000)	(560,000)	(600,000)	(625,000)	(650,000)	(650,000)	(700,000)	(700,000)
200112	404010 Biosolids Recycling (<i>Tipping Fees</i>)	(8,520,727)	(8,331,673)	(8,265,000)	(8,265,000)	(8,200,000)	(8,410,000)	(8,410,000)	(8,555,000)	(8,555,000)	(8,700,000)	(8,700,000)
200112	409920 Biosolids Recycling Admin Fees	(22,800)	(14,325)	(20,000)	(20,000)	(19,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
	Sales	(8,543,527)	(8,345,998)	(8,285,000)	(8,285,000)	(8,219,000)	(8,430,000)	(8,430,000)	(8,575,000)	(8,575,000)	(8,720,000)	(8,720,000)
211112	412030 Energy/Cap Rebates	-	-	-	-	-	-	-	-	-	-	-
	Other Revenues	-	-	-	-	-	-	-	-	-	-	-
	Operating Revenues	(\$8,993,911)	(\$8,944,580)	(\$8,835,000)	(\$8,835,000)	(\$8,779,000)	(\$9,030,000)	(\$9,055,000)	(\$9,225,000)	(\$9,225,000)	(\$9,420,000)	(\$9,420,000)
211112	480110 Interest Income	(\$99,734)	(\$62,576)	(\$80,000)	(\$80,000)	(16,000)	(\$30,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)
211112	483010 Contributed Capital			(500,000)	(500,000)	(500,000)	(2,000,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
211112	493110 Proceeds from Investments	(4,791)	(58,977)	-	-	15,000	-	-	-	-	-	-
211112	499010 Other Non Operating Revenues	(3,969)	(57,246)	(5,000)	(5,000)	(3,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
	Non Operating Revenues	(\$108,493)	(\$178,799)	(\$585,000)	(\$585,000)	(\$504,000)	(\$2,035,000)	(\$1,540,000)	(\$1,540,000)	(\$1,540,000)	(\$1,540,000)	(\$1,540,000)
	TOTAL REVENUES	(\$9,102,405)	(\$9,123,379)	(\$9,420,000)	(\$9,420,000)	(\$9,283,000)	(\$11,065,000)	(\$10,595,000)	(\$10,765,000)	(\$10,765,000)	(\$10,960,000)	(\$10,960,000)

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ADOPTED 2020/21	AMENDED 2020/21	PROJECTED 2020/21	PROPOSED 2021/22	2022/23	2023/24	Forecast 2024/25	2025/26	2026/27
Expenses												
<u>Office & Administration</u>												
211112	511220	Travel Costs - Mileage Reimbursement	\$462	\$44	\$1,000	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0
211112	511330	Safety Awards	283		300	300	100	153	156	159	162	166
211112	512010	Office Supplies-General	5,374	6,006	8,000	8,000	10,000	8,000	8,160	8,323	8,490	8,659
211112	512210	Forms, Printing and Copying costs	451	609	1,000	1,000	2,000	5,100	5,202	5,306	5,412	5,520
211112	512350	Postage and Delivery Charges	2,983	2,731	3,000	3,000	2,500	2,550	2,601	2,653	2,706	2,760
211112	512520	Computer Software & License Fees	15,303	5,097	16,000	16,000	9,000	16,320	16,646	16,979	17,319	17,665
211112	513010	Meeting Expenses	391	688	1,000	1,000	500	357	364	371	379	386
211112	514010	Memberships - Agency Wide	5,563	12,200	12,000	12,000	12,000	12,240	12,485	12,735	12,990	13,249
211112	514210	Registration-DMV, Title, Permit, Applic					500	510	520	531	541	552
211112	515030	Contributions-Sponsorships	1,425	750			750	1,020	1,040	1,061	1,082	1,104
211112	519110	Inventory-Count Adjustment	(2,878)	2,315	5,000	5,000						
211112	519130	Inventory-Freight/Price	7,045	7,347	5,000	5,000						
211112	519160	Price Adjustment Inventory	(3,358)	(873)								
211112	519510	Othr Admin Expense	240									
211112	519530	Fines & Penalties	373									
211112	519590	GI/IR Expense Clearing	(3,640)	606	-	-	-	-	-	-	-	-
		Office & Administration Expenses	\$30,016	\$37,520	\$52,300	\$52,300	\$37,350	\$45,500	\$46,410	\$47,338	\$48,285	\$49,251
<u>Materials & Supplies</u>												
211112	512110	Operating Supplies - General	\$34,871	\$8,991	\$16,000	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0
211112	512140	Uniform / Throw Rugs	32,668	31,755	34,000	39,663	34,000	36,000	36,720	37,454	38,203	38,967
211112	512170	Operations & Maintenance Supplies	667,361	590,251	650,000	660,098	650,000	663,000	676,260	689,785	703,581	717,652
211112	512410	Fuel	150,979	126,459	175,000	209,645	125,000	166,000	169,320	172,706	176,161	179,684
211112	512450	Fleet Parts & Supplies		2,403								
211112	512610	Equipment - Small Tools/Equip. <\$1000		1,093			1,500	1,500	1,530	1,561	1,592	1,624
211112	512660	Equipment - Small Tools/Equip.< \$2000		1,030	1,500	1,500	500	510	520	531	541	552
211112	512710	Equipment Maintenance & Supplies	224,771	220,555	275,000	279,686	275,000	280,500	286,110	291,832	297,669	303,622
211112	512910	Other Materials & Supplies	19,820	12,144	60,000	60,000	35,000	35,700	36,414	37,142	37,885	38,643
211112	512920	Biofilter Media Replacement	57,162	100,000	250,000	250,000	250,000	255,000	260,100	265,302	270,608	276,020
		Materials & Supplies	\$1,187,632	\$1,094,681	\$1,461,500	\$1,516,591	\$1,371,000	\$1,414,000	\$1,442,280	\$1,471,126	\$1,500,548	\$1,530,559

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ADOPTED 2020/21	AMENDED 2020/21	PROJECTED 2020/21	PROPOSED 2021/22	2022/23	2023/24	Forecast 2024/25	2025/26	2026/27
Insurance												
211112	517010 Insurance Premiums - Liability	\$264,186	\$406,254	\$450,000	\$560,000	\$571,000	\$600,000	\$612,000	\$624,240	\$636,725	\$649,459	\$662,448
211112	517110 Insurance Premiums - Motor vehicles	1,107										
211112	517210 Insurance Premiums - Casualty	-		33,000	33,000	33,000	47,000	48,000	48,760	49,275	50,541	51,552
	Insurance	\$265,293	\$406,254	\$483,000	\$593,000	\$604,000	\$647,000	\$660,000	\$673,000	\$686,000	\$700,000	\$714,000
Professional Fees & Services												
211112	520110 External Audit Services	\$4,230	\$4,310	\$5,000	\$5,000	\$1,500	\$4,500	\$4,590	\$4,682	\$4,775	\$4,871	\$4,968
211112	520210 Legal Fees - General	26,990	7,860	25,000	25,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000
211112	520980 Professional Services - Other		243,088	249,375	249,375	250,000	250,000	255,000	260,100	265,302	270,608	276,020
211112	521015 Contract Labor_IEUA (211112-701009-210000)	3,940,241	4,205,388	4,227,107	4,227,107	4,289,500	4,461,100	4,594,900	4,732,700	4,874,700	5,020,900	5,171,500
211112	521010 Contract Labor - LACSD	46,868	104,474	36,000	36,000	36,000	36,000	36,720	37,454	38,203	38,967	39,747
212112	521018 Contract Labor-LACSD	9,024	178	15,000	15,000	8,500	8,500	8,670	8,843	9,020	9,201	9,385
211112	521030 Contract Burden - LACSD	11,462	412	15,450	15,450							
211112	521050 Contract Materials	1,792	62									
211112	521080 Other Contractual Services	856,980	1,086,246	820,832	821,192	700,000	800,000	816,000	832,320	848,966	865,946	883,265
211112	521110 Outside Svc's-Lndscaping/Weed/Pest Cntro	10,820	6,590	11,500	11,500	14,000	14,000	14,280	14,566	14,857	15,154	15,457
211112	521120 Outside Services - Security	16,332	15,257	20,000	24,965	15,000	15,000	15,300	15,606	15,918	16,236	16,561
211112	521130 Outside Services - Janitorial	13,998	13,801	15,000	15,000	14,000	15,000	15,300	15,606	15,918	16,236	16,561
211112	521220 Laboratory Services - Outside	6,334	5,044	7,500	7,500	5,500	7,000	7,140	7,283	7,429	7,577	7,729
211112	521410 Computer Systems Maintenance	895				1,000	1,000	1,020	1,040	1,061	1,082	1,104
	Prof. fees & Services	\$4,945,966	\$5,692,710	\$5,447,764	\$5,453,089	\$5,345,000	\$5,632,100	\$5,788,920	\$5,950,200	\$6,116,151	\$6,286,779	\$6,462,297
Operating Fees												
211112	519310 Operating Permits, Licenses & Fees	\$17,496	\$16,734	\$22,000	\$22,000	\$21,000	\$22,000	\$22,440	\$22,889	\$23,347	\$23,814	\$24,290
211112	540110 Wastewater-Volumetric Fees	13,617	8,462	13,500	13,500	10,500	10,500	10,710	10,924	11,143	11,366	11,593
211112	540210 Strength Charges-BOD/COD	9,546	8,957	8,000	8,000	8,500	8,500	8,670	8,843	9,020	9,201	9,385
211112	540211 Strength Charges-BOD/COD Imbalance	4,067	1,184	1,000	1,000	1,000	1,000	1,020	1,040	1,061	1,082	1,104
211112	540220 Strength Charges-TSS	13,249	8,102	6,500	6,500	8,500	6,500	6,630	6,763	6,898	7,036	7,177
211112	540223 Strength Charges-TSS Discrepancy Charge	8,516	3,944	5,500	5,500	4,500	5,500	5,610	5,722	5,837	5,953	6,073
211112	540320 Monthly Capacity Charge-Regional			1,000	1,000							
211112	540330 Capital Improv Proj (CIP) Fees	36,287	30,171	25,000	25,000	27,000	30,000	30,600	31,212	31,836	32,473	33,122
	Operating Fees	\$102,777	\$77,554	\$82,500	\$82,500	\$81,000	\$84,000	\$85,680	\$87,394	\$89,142	\$90,924	\$92,743

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	Actual 2018/19	Actual 2019/20	ADOPTED 2020/21	AMENDED 2020/21	PROJECTED 2020/21	PROPOSED 2021/22	2022/23	2023/24	Forecast 2024/25	2025/26	2026/27
Utilities												
211112	545110 Electricity	\$911,093	\$948,915	\$725,000	\$725,000	\$834,000	\$901,000	\$919,000	\$937,000	\$956,000	\$975,000	\$995,000
211112	545220 Solar Power	221,315	206,120	224,298	224,298	225,000	225,000	229,500	234,090	238,772	243,547	248,418
211112	545310 Cell Phone Accessories	50		200	200	200	200	204	208	212	216	221
211112	545311 Cell Phone Expenses	7,875	6,906	8,000	8,000	7,500	7,500	7,650	7,803	7,959	8,118	8,281
211112	545320 Telephone	333	1,962	300	300	300	300	306	312	318	325	331
211112	545360 Disposal Service	12,653	11,643	15,000	15,000	18,000	15,000	15,300	15,606	15,918	16,236	16,561
211112	545370 Water	4,859	7,156	5,000	5,000	5,000	5,000	5,100	5,202	5,306	5,412	5,520
	Utilities	\$1,158,177	\$1,182,701	\$977,798	\$977,798	\$1,090,000	\$1,154,000	\$1,177,060	\$1,200,221	\$1,224,486	\$1,248,855	\$1,274,332
Leases / Rentals												
211112	512730 Equipment Rental (Non Lease)	\$37,730	\$71,744	\$45,000	\$45,000	\$55,000	\$55,000	\$56,100	\$57,222	\$58,366	\$59,534	\$60,724
211112	547110 Building / Trailer Leases	85,028	86,513	90,000	90,000	90,000	90,000	91,800	93,636	95,509	97,419	99,367
	Lease/Rentals	122,757	158,257	135,000	135,000	145,000	145,000	147,900	150,858	153,875	156,953	160,092
	Expense Allocation	50,580										
	Other Expenses	50,580										
	Operating Expenses	\$7,863,198	\$8,649,677	\$8,639,862	\$8,810,278	\$8,673,350	\$9,121,600	\$9,348,250	\$9,580,137	\$9,818,486	\$10,063,322	\$10,314,870
Financial Expenses												
211112	551010 Bank Service Charges / Fees	\$394	\$0	\$300	\$300	\$200	\$300	\$300	\$300	\$300	\$300	\$300
211112	580050 Bad Debt Expense	3,016	3,728									
	Financial Expenses	\$3,410	\$3,728	\$300	\$300	\$200	\$300	\$300	\$300	\$300	\$300	\$300
Other Non-Operating Expenses												
211112	580090 Non-Operating Other Expenses	\$17,469	\$82,209									
	Interest Expenses	\$17,469	\$82,209	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Non-Operating Expenses	\$20,879	\$85,937	\$300	\$300	\$200	\$300	\$300	\$300	\$300	\$300	\$300
Capital Projects												
	Capital Replacement Projects	\$2,164,174	\$838,895	\$1,100,000	\$1,778,304	\$1,367,001	\$1,000,000	\$950,000	\$1,200,000	\$1,400,000	\$700,000	\$500,000
	Capital Expansion Projects	2,702	343,565	-	8,952	-	-	-	-	-	-	-
	Capital Projects	\$2,166,876	\$1,182,459	\$1,100,000	\$1,787,256	\$1,367,001	\$1,000,000	\$950,000	\$1,200,000	\$1,400,000	\$700,000	\$500,000
	TOTAL EXPENSES	\$10,050,954	\$9,918,073	\$9,740,162	\$10,597,835	\$10,040,551	\$10,121,900	\$10,298,550	\$10,780,437	\$11,218,786	\$10,763,622	\$10,815,170
	Net Profit/(Loss)	(\$948,549)	(\$794,694)	(\$320,162)	(\$1,177,835)	(\$757,551)	\$943,100	\$296,450	(\$15,437)	(\$453,786)	\$196,378	\$144,830

Inland Empire Regional Composting Authority
Schedule C - Projects

Project No.	Project Title	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED	FORECAST				
		2018/19	2019/20	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Capital Projects												
Capital Replacement												
RA17001	IERCF Transition Air Duct Improvements	10,644	15,982	-	-	18,665	-	-	-	-	-	-
RA17007	IERCF Building Improvements	37,698	168,678	-	430,322	300,000	-	-	-	-	-	-
RA19002	IERCF Trommel Screen Improvements	1,363,765	75,893	-	-	-	200,000	-	-	200,000	-	-
RA19003	IERCF Front End Loader Replacement	-	101,019	500,000	507,127	507,127	-	-	-	-	-	-
RA20003	IERCF Belt Conveyor Improvements	137,165	-	-	-	-	-	250,000	-	-	200,000	-
RA20004	IERCF Misc Fan Improvements	-	-	-	-	-	-	-	300,000	-	-	-
RA20005	RCA Capital Replacement	-	193,563	300,000	210,855	210,000	500,000	500,000	500,000	500,000	500,000	500,000
RA20008	Glulam Repair Roof	-	3,636	-	330,000	281,209	-	-	-	-	-	-
RA21001	IERCF Fire Sprinkler Improvements	-	-	300,000	300,000	50,000	300,000	-	-	-	-	-
RA24001	IERCF Corrosion Replacement	-	-	-	-	-	-	-	200,000	-	-	-
RA25001	IERCF Compost Storage Facility Tent Cover	-	-	-	-	-	-	-	-	700,000	-	-
RA23001	IERCF Inner Roof Lining Repair	-	-	-	-	-	-	200,000	200,000	-	-	-
RA26xxx	IERCF Projects AMP	-	-	-	-	-	-	-	-	-	-	-
Total Capital Replacement Projects		\$2,164,174	\$838,895	\$1,100,000	\$1,778,304	\$1,367,001	\$1,000,000	\$950,000	\$1,200,000	\$1,400,000	\$700,000	\$500,000
Capital Expansion												
RA15001	IERCF Baghouse Improvements	2,702	343,532	-	8,952	-	-	-	-	-	-	-
Total Capital Expansion Projects		\$2,702	\$343,565	\$0	\$8,952	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Projects		\$2,166,876	\$1,182,459	\$1,100,000	\$1,787,256	\$1,367,001	\$1,000,000	\$950,000	\$1,200,000	\$1,400,000	\$700,000	\$500,000
Total Projects		\$2,166,876	\$1,182,459	\$1,100,000	\$1,787,256	\$1,367,001	\$1,000,000	\$950,000	\$1,200,000	\$1,400,000	\$700,000	\$500,000



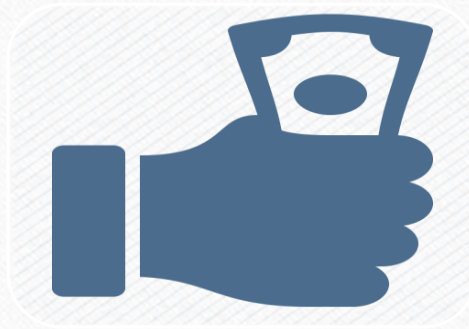
**FY 2021/22
Proposed Budget**



Key Assumptions



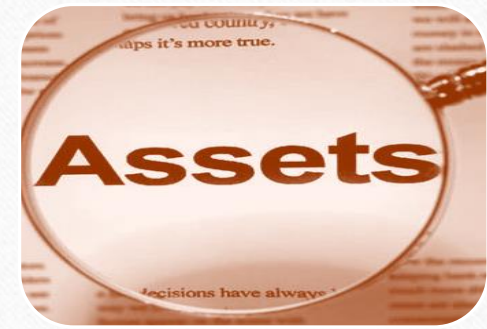
**\$58 per wet Ton –
Tipping Fees
(\$1 dollar increase)**



**\$2 Million
Capital Call**



**25 FTE Staffing
Level Maintained**



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



FY 2021/22 Proposed Budget

(\$ in thousand)	FY 2020/21 Amended Budget	FY 2021/22 Proposed Budget	Increase/ (Decrease)
<i>Tipping fee per wet ton, based on 145,000 wet tons</i>	\$57	\$58	\$1
Operating Revenues	\$8,835	\$9,030	\$195
Operating Expenses	8,810	9,122	312
Net Operating Increase/(Decrease)	\$25	(\$92)	(\$117)
Other Funding Sources ¹	\$585	\$2,035	\$1,450
Other Uses of Funds ²	1,788	1,000	(788)
Net Non-Operating Increase/(Decrease)	(\$1,203)	\$1,035	\$2,237
Total Net Change	(\$1,178)	\$943	\$2,120

¹ Includes proposed capital call and interest income

² Includes planned capital project costs



Capital Improvement Plan

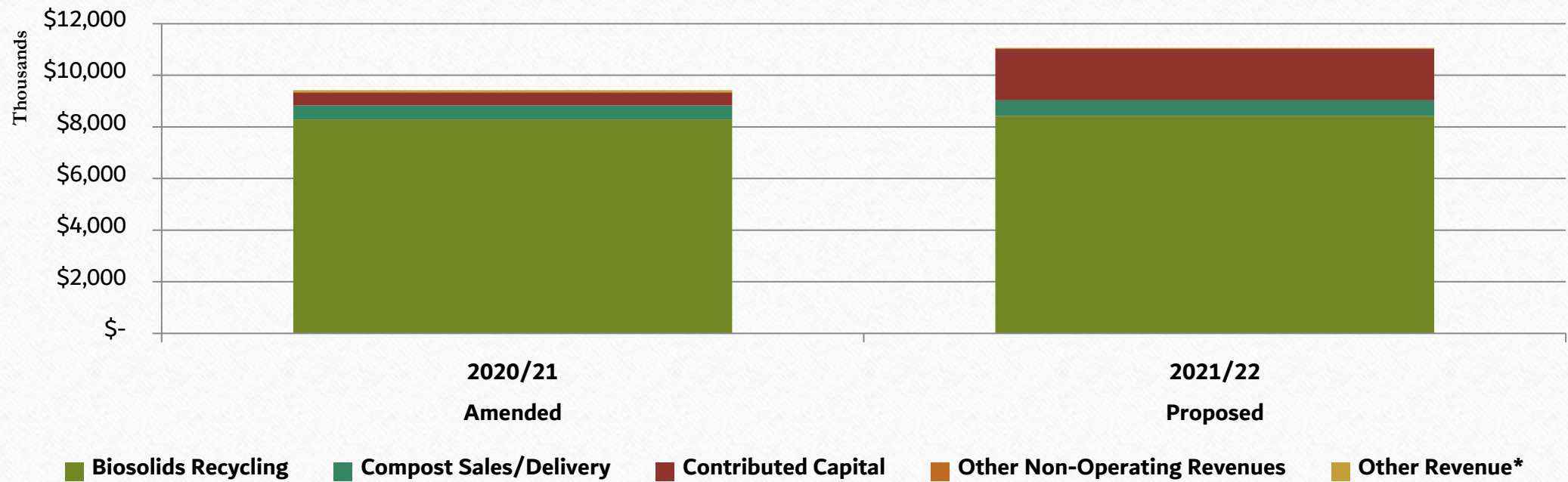
Project Description (\$ in thousand)	FY 2020/21 Amended Budget	FY 2021/22 Proposed Budget	Increase/ (Decrease)
Capital Replacement & Rehabilitation (R&R)	\$211	\$500	\$289
Fire Sprinkler Improvements	300	300	-
Belt Conveyor & improvement		200	200
Front End Loader Replacement	507	-	(507)
Glulam Roof Repair	330	-	(330)
Building Improvements	430	-	(430)
Total Capital Improvement Plan	\$1,778	\$1,000	(\$778)



Revenues

*Increase due to \$2 million contributed capital
and \$1 increase in tipping fee*

Total Revenues

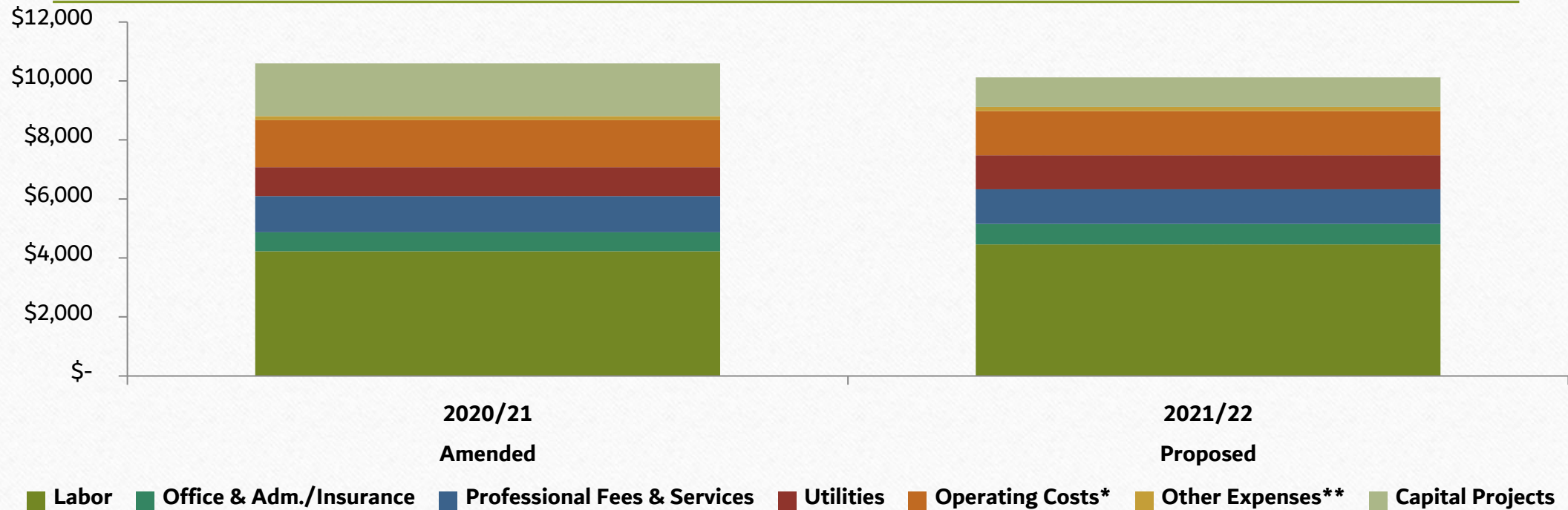


*Other Income include interest income and credits



Expenses

Decrease due to lower capital projects



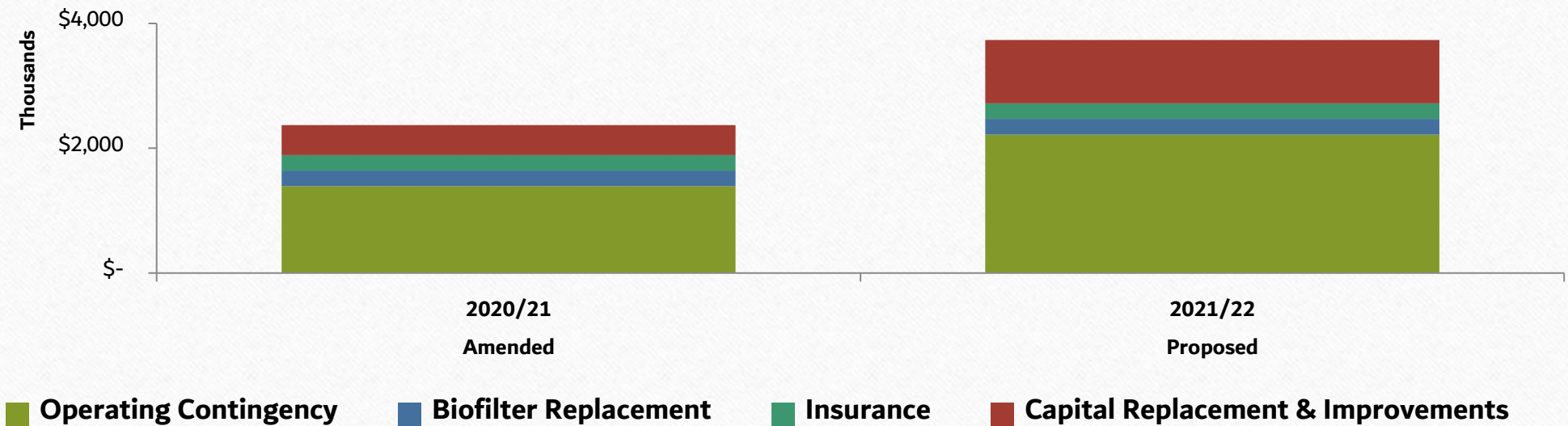
**Operating costs include operating fees, biofilter replacement, materials & supplies*

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



Fund Balance

Meet Reserve Policy Minimum Reserve Levels



Questions?

