

# **NOTICE OF MEETING**

---

A REGULAR MEETING

OF THE

BOARD OF DIRECTORS

OF THE

**INLAND EMPIRE REGIONAL  
COMPOSTING AUTHORITY**

WILL BE HELD ON

**MONDAY, FEBRUARY 5, 2018  
10:00 A.M.**

**AT THE INLAND EMPIRE REGIONAL  
COMPOSTING FACILITY  
12645 6<sup>th</sup> STREET  
RANCHO CUCAMONGA, CA 91739**



**REGULAR MEETING OF THE  
BOARD OF DIRECTORS  
MONDAY, FEBRUARY 5, 2018  
10:00 A.M.**

**INLAND EMPIRE REGIONAL COMPOSTING FACILITY  
12645 6<sup>TH</sup> STREET  
RANCHO CUCAMONGA, CA 91739**

[www.ierca.org/calendar](http://www.ierca.org/calendar)

**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**

**1. NEW HIRE – HALLA RAZAK – IEUA GENERAL MANAGER**

**NEW HIRE – ABEL HERNANDEZ - ELECTRICAL AND INSTRUMENTATION  
TECH I**

**2. ELECTION OF OFFICERS**

**BOARD CHAIRPERSON  
BOARD VICE-CHAIRPERSON**

**3. CONSENT CALENDAR**

**A. MINUTES**

The Board will be asked to approve the minutes from the November 6, 2017 regular meeting.

**B. INVESTMENT AND DISBURSEMENT REPORT**

It is recommended that the Board of Directors approve for the months of October 2017 – December 2017:

1. Total disbursements in the amount of \$2,013,845.47.
2. Investment of \$500,000 in Los Angeles County Treasurer Pool Surplus Investment Fund on December 13, 2017.

**4. ACTION ITEMS**

**A. ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

It is recommended that the Board of Directors approve the Inland Empire Regional Composting Authority (IERCA) Annual Financial Report for the Fiscal Year ended June 30, 2017, as presented, and direct staff to make distribution, as appropriate, to the various federal, state, and local agencies, financial institutions, and other interested parties.

**B. ADOPTION OF DEPOSITORY AGREEMENT AND INVESTMENT FUND SIGNATORY RESOLUTIONS**

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2018-2-1, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks, and withdrawal of funds;

2. Adopt Resolution No. 2018-2-2, authorizing participation in the Local Agency Investment and designating signatories for the deposit and withdrawal of funds; and
3. Adopt Resolution No. 2018-2-3, authorizing participation in the Los Angeles County Pooled Surplus Investment Fund and designating signatories for the deposit and withdrawal of funds.

**C. TROMMEL SCREEN REPLACEMENT**

It is recommended that the Board of Directors:

1. Award a construction contract for the replacement of compost screening plant No. 1, Project No. RA19002, to W.M. Lyles Co. in the amount of \$1,269,700;
2. Approve a budget transfer in the amount of \$500,000 from the Transition Air Duct Improvements Project No. RA17001 to the Trommel Screen Improvements Project No. RA19002; and
3. Authorize the Project Manager to finalize and execute the Contract.

**5. INFORMATION ITEMS**

**A. IERCA FARM PLAN**

**B. PROJECT MANAGER'S REPORT**

**C. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED DECEMBER 31, 2017**

**6. DIRECTOR COMMENTS**

Next regular meeting is scheduled for Monday, May 7, 2018 at 10:00 a.m.

**7. 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 Agency can make reasonable arrangements.



**Declaration of Posting**

---

I, Victoria Stone, 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 Wednesday, January 31, 2018.

  
Victoria Stone, Recording Secretary

**CONSENT  
CALENDAR  
ITEM**

**3A**

**MINUTES OF A REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF  
THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA)  
NOVEMBER 6, 2017  
10:00 A.M.**

**DIRECTORS PRESENT:**

Jon Blickenstaff, Chairperson  
Jasmin A. Hall, Vice Chairperson  
Grace Hyde, Director  
Paul Hofer, Director  
Margaret Finlay, Director  
P. Joseph Grindstaff, Director

**DIRECTORS ABSENT:**

None

**STAFF PRESENT:**

Jeffrey Ziegenbein, Project Manager, IERCA  
Ann Heil, Assistant Project Manager, IERCA  
Christina Valencia, Treasurer, IERCA  
Randy Lee, Executive Manager of Operations/Assistant General Manager, IEUA  
Melissa Fischer, Supervising Engineer, SDLAC  
Teresa Velarde, Manager of Internal Audit, IEUA  
April Woodruff, Board Secretary/Office Manager, IEUA  
Pietro Cambiaso, Supervisor – Environmental Compliance & Energy, IEUA  
Joshua Oelrich, Compost Facility Superintendent, IERCA  
Scott Sauls, Senior O&M Technician, IERCA  
P. Steve Dennis, Mechanic III, IERCA  
Madisen Venter, External Affairs Specialist I, IEUA  
Victoria Stone, Recording Secretary, IERCA

**OTHERS PRESENT:**

Gregory Tross, General Counsel  
John L. Anderson, former Board Chairman, IERCA  
Phyllis Anderson, Special guest  
Adam Odem, LSL, CPA and Advisors

A regular meeting of the Board of Directors of the IERCA was held at the Inland Empire Regional Composting Facility (IERCF) administrative building located at 12645 Sixth Street, Rancho Cucamonga, CA, on the above date.

Chairman Blickenstaff called the meeting to order at 10:00 a.m. and he led the pledge of allegiance to the flag. A quorum was present.

**INTRODUCTIONS**

Chairman Blickenstaff stated that members of the public may address the Board. There were no persons desiring to address the Board of Directors.

Chairman Blickenstaff asked if there were any changes, additions, and or deletions to the agenda. There were no changes/additions/deletions to the agenda.

Chairman Blickenstaff recognized P. Joseph Grindstaff, General Manager IEUA on his well-deserved retirement and thanked him for his time and service to the IERCA Board.

Chairman Blickenstaff recognized and welcomed back former Chairman Anderson and his wife.

**CONSENT CALENDAR**

Upon motion by Director Hall, seconded by Director Hofer, the motion carried:

**M2017-11-1**

Moved to approve the Consent Calendar:

- A. Minutes from the November 6, 2017 regular meeting of the Board of Directors.
- B. Investment and Disbursement Report as submitted.

**ACTION ITEMS**

Director Finlay arrived 10:05 a.m.

**A. BUDGET AMENDMENT FOR FISCAL YEAR 2016/17 ENCUMBRANCE CARRY FORWARDS**

Ms. Valencia reported the carry forward of budget for encumbered and non-encumbered obligations from FY 2016/17 to FY 2017/18 in the amount of \$385,628. The proposed carry forward amount is comprised of \$12,751 of encumbered and \$372,878 of non-encumbered obligations related to capital projects.

Upon motion by Director Hyde, seconded by Director Hall, the motion carried:

**M2017-11-2**

Moved to approve the carry forward of budget for encumbered and non-encumbered obligations in the amount of \$385,628 from FY 2016/17 to FY 2017/18.

**INFORMATION ITEMS**

**PROJECT MANAGER’S REPORT**

Mr. Ziegenbein presented the Project Manager’s report for the quarter stating that the facility continues to operate at full capacity processing over 800 wet tons of biosolids and amendment daily. He further stated that staff continues to have a prolonged period of no lost time safety record.

Mr. Ziegenbein introduced Joshua Oelrich, Compost Facility Superintendent over maintenance department, stating that Joshua has an extensive background working with Mobil/Exxon at a southern California refinery and that his experience makes him a good fit for the on-site maintenance team. Mr. Ziegenbein added that a recruitment is currently underway for an Electrical and Instrumentation Technician I.

Mr. Ziegenbein provided an update on maintenance during the quarter stating that the IERCF maintenance team completed 89% of the scheduled work. The team responded to 39 break-in work orders and improved schedule compliance tracking by adding in Exemptions codes and initiated vibration rounds to improve condition based maintenance for the facility’s ventilation system.

Pietro Cambiaso, IEUA Supervisor of Environmental Compliance and Energy, gave an update on the potential solar and energy storage project. He stated that Advanced Microgrid Solutions, Inc. (AMS)

submitted the interconnection agreement application to Southern California Edison (SCE), and the 70% design and structural calculations to LACSD's engineers and IEUA's structural engineering consultant for review. He further stated that the energy storage portion of the project is expected by May 2018 but the solar panel portion of the project may be delayed through the end of the year. He added that the entire project needs to be completed by the end of 2018 in order to receive the Self-Generation Incentive Program (SGIP) rebates.

Mr. Ziegenbein went on to update the Board with staff's efforts on the outreach program through industry trade associations, local colleges, United States Composting Council (USCC), and many local organizations. He stated the facility had two large group tours and staff had visited eight Gardens in Every School. Mr. Ziegenbein gave a Sales update stating that Sales staff is noticing additional compost volumes moving into our sales areas likely due to increased landfill diversion of organic materials. Staff is also evaluating the potential of initiating a farm project securing land through a lease or purchase to create our own market for compost. The project would use healthy soil principles using large volumes of compost while demonstrating the value of water conservation and carbon sequestration.

#### **TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

Ms. Valencia presented the Treasurer's Report of Financial Affairs for the quarter ended September 30, 2017. She stated that the Authority's investment portfolio average rate of return for September 2017 was 1.022% reflecting an increase of 0.073% when compared to the June 2017 yield of 0.949%. The increase was mainly due to the increase in the LA County Pooled Investment earnings yield from 1.25% in June 2017 to 1.35% in September 2017.

#### **EXTERNAL AUDIT UPDATE**

Adam Odom, LSL External Auditor, gave a Powerpoint presentation on the process of an external audit stating that the firm will communicate results with an opinion letter from the CPA firm to the Board of Directors at a later date.

#### **DIRECTORS' COMMENTS**

Director Hoffer – requested the Board to take a photo immediately following this meeting. No other Directors had comments.

With no further business, Chairman Blickenstaff adjourned the meeting at 10:35 a.m.

---

Victoria Stone, Recording Secretary  
**APPROVED: February 5, 2018**

**CONSENT  
CALENDAR  
ITEM**

**3B**



---

**Date:** February 5, 2018  
**To:** Honorable Board of Directors  
**From:** Christina Valencia *CV*  
Treasurer  
**Subject:** Investment and Disbursement Report

---

### **RECOMMENDATION**

It is recommended that the Board of Directors approve for the months of October 2017 – December 2017:

1. Total disbursements in the amount of \$2,013,845.47.
2. Investment of \$500,000 in Los Angeles County Treasurer Pool Surplus Investment Fund on December 13, 2017.

### **BACKGROUND**

The October - December 2017 disbursement activity includes check numbers 6654-6801 in the amount of \$553,782.82 for vendor payments. A detailed listing of the check register and electronic disbursements (ACH/Wire) is attached.

The total amount of ACH and Wire Transfer payments is \$1,460,062.65.

<b>Payment Type</b>	<b>Checks From – To</b>	<b>Transactions</b>	<b>Total Amount</b>
Check	6654-6801	148	\$ 553,782.82
ACH		28	\$1,458,068.65
Wire Transfer		1	\$ 1,994.00
<b>TOTAL</b>		177	<b>\$2,013,845.47</b>

### **PRIOR BOARD ACTION**

None.



**IMPACT ON BUDGET**

The total cash and position of the Authority is reduced as a result of paying authorized expenditures.

Check	Payee / Description		Amount
006654	APPLIED INDUSTRIAL TECHNOLOGIE		
	Secondary Cleaner Spring	7011595945	152.18
	Filters	7011415292	200.32
	Pilot Drill	9011436330	63.99
	All Thread	7011425698	45.45
	Key Shaft	7011255883	1,249.60
		- - - - -	-
	APPLIED INDUSTRIAL TECHNOLOGIES		1,711.54
006655	BRIGHTVIEW LANDSCAPE SERVICES		
	9/17 Landscape Maintenance	5431928	418.20
		- - - - -	-
	BRIGHTVIEW LANDSCAPE SERVICES	\$	418.20
006656	CHAMPION AWARDS & SPECIALTIES		
	Bronze Plaque-Grown By Founding Father-J 21279		470.00
		- - - - -	-
	CHAMPION AWARDS & SPECIALTIES	\$	470.00
006657	CHAMPION FIRE SYSTEMS INC		
	Fire Suppression Sprinkler Sys-Replaceme	43812	16,499.50
	Fire Suppression Sprinkler Sys-Replaceme	43724	49,498.50
	Repair 2 Sprinkler/Pipe Leaks	43637	1,977.39
		- - - - -	-
	CHAMPION FIRE SYSTEMS INC	\$	67,975.39
006658	CINTAS FIRST AID & SAFETY LOC		
	8/4/17 First Aid & Safety Supplies	8403325264	658.56
		- - - - -	-
	CINTAS FIRST AID & SAFETY LOC	\$	658.56
006659	EGGLETON TRUCKING INC.		
	9/18-9/22/17-Compost Hauling	3143	4,752.00
		- - - - -	-
	EGGLETON TRUCKING INC.	\$	4,752.00
006660	GRAINGER		
	Replacement Sensor	9542581021	365.48
		- - - - -	-
	GRAINGER	\$	365.48
006661	KONICA MINOLTA BUSINESS SOLUTI		
	8/17 Cpr Ovrgr,Mnt-C452	9003821132	215.69
	9/17 Cpr Ovrgr,Mnt-C454e	3003853888	11.26
		- - - - -	-
	KONICA MINOLTA BUSINESS SOLUTI	\$	226.95
006662	MODULAR BUILDING CONCEPTS INC		
	9/17 Trailer/Step/Ramp Rental	195548	574.31
	7/17 Trailer/Step/Ramp Rental-Rate Incre	195454	14.01
	8/17 Trailer/Step/Ramp Rental	195258	560.30
	8/17 Trailer/Step/Ramp Rental-Rate Incre	195455	14.01
	7/17 Trailer/Step/Ramp Rental	194957	560.30
		- - - - -	-
	MODULAR BUILDING CONCEPTS INC	\$	1,722.93
006663	RDO EQUIPMENT COMPANY		
	Rpr Loader-AC Unit,Engine Diagnostics	W39512/P54088	990.00



Check	Payee / Description		Amount
	Washer	P52102	60.81
	Rear View Mirror	P52101	113.12
	Rear View Mirror	P52100	681.27
	Rpr Loader-Replace Cyliner Bucket	W39990	6,795.81
	Plus-50 Oil	P53886	1,008.06
			- - - - -
	RDO EQUIPMENT COMPANY	\$	9,649.07
006664	VIRAMONTES EXPRESS INC		
	8/30-9/5/17-Compost Hauling	107445	4,215.00
	8/23-8/31/17-Compost Hauling	107378	5,963.00
	9/5/17-Compost Hauling	107469	588.00
	9/6/17-Compost Hauling	107479	830.00
			- - - - -
	VIRAMONTES EXPRESS INC	\$	11,596.00
006665	APPLIED INDUSTRIAL TECHNOLOGIE		
	Conshear Blades	7011480130	4,377.77
	Conshear Blades	7011502980	2,134.40
	Drill Bits	7011491350	127.16
			- - - - -
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	6,639.33
006666	BURRTEC WASTE INDUSTRIES INC		
	10/17 Trash Service	04CR261578 10	649.40
			- - - - -
	BURRTEC WASTE INDUSTRIES INC	\$	649.40
006667	COUNTY SANITATION DISTRICTS OF		
	6/17 Prjct Adm Lbr/Bnfts/Ovrhd	16144	1,490.84
			- - - - -
	COUNTY SANITATION DISTRICTS OF	\$	1,490.84
006668	DEPT OF FOOD AND AGRICULTURE		
	Materials Mills Lic App Fee ID# 499160 3 ID# 499161 10		311.54
			- - - - -
	DEPT OF FOOD AND AGRICULTURE	\$	311.54
006669	DOWNS ENERGY		
	2,738.0 Gals Red Dyed Diesel Fuel	0221971-IN	6,628.77
			- - - - -
	DOWNS ENERGY	\$	6,628.77
006670	LANCE SOLL & LUNGHARD LLP		
	FY16/17 Government Audit-Final	22385	3,735.00
			- - - - -
	LANCE SOLL & LUNGHARD LLP	\$	3,735.00
006671	MCMASTER-CARR SUPPLY CO		
	Stop Sign	45793309	234.21
			- - - - -
	MCMASTER-CARR SUPPLY CO	\$	234.21
006672	PALM AUTO DETAIL INC		
	9/17 Carwash for RCA Vehicles	17999-1	444.00
	8/17 Carwash for RCA Vehicles	17899-1	555.00
			- - - - -
	PALM AUTO DETAIL INC	\$	999.00



Check	Payee / Description		Amount
006673	VIRAMONTES EXPRESS INC		
	9/8-9/13/17-Compost Hauling	107540	4,040.00
	9/6-9/11/17-Compost Hauling	107536	3,735.00
			- - - - -
	VIRAMONTES EXPRESS INC	\$	7,775.00
006674	ALLIED UNIVERSAL SECURITY SERV		
	9/17 Patrol Svcs	7221910	683.90
			- - - - -
	ALLIED UNIVERSAL SECURITY SERV\$		683.90
006675	AON RISK INSURANCE SERVICES WE		
	10/20/17-10/20/18 General Liability	8700000506258	29,312.00
			- - - - -
	AON RISK INSURANCE SERVICES WE\$		29,312.00
006676	CUCAMONGA VALLEY WATER DISTRIC		
	8/7/17-10/6/17 12645 6th St-FrLn	60390 10/17	92.00
	8/7/17-10/6/17 12645 6th St-FrLn	60392 10/17	92.00
			- - - - -
	CUCAMONGA VALLEY WATER DISTRIC\$		184.00
006677	EGGLETON TRUCKING INC.		
	10/2/17-Compost Hauling	3144	392.04
			- - - - -
	EGGLETON TRUCKING INC.	\$	392.04
006678	INTEGRATED DESIGN SERVICES INC		
	12/17/16-6/23/17 Ventilation Sys Evaluat	16X062.00-4	1,406.52
			- - - - -
	INTEGRATED DESIGN SERVICES INC\$		1,406.52
006679	NESTLE WATERS NORTH AMERICA		
	9/17 Bottled Water, Cooler	07I0029858982	188.06
			- - - - -
	NESTLE WATERS NORTH AMERICA	\$	188.06
006680	PETE'S ROAD SERVICE		
	Install Loader 0623 Tires	164736-00	999.53
			- - - - -
	PETE'S ROAD SERVICE	\$	999.53
006681	RDO EQUIPMENT COMPANY		
	Rpr Loader-Fuel Leak	W40802	1,005.03
	Rpr Loader-Door Air Leaks	W40789	1,274.17
	Rpr Loader-Steering/Brakes Diagnostics	W40330	417.50
			- - - - -
	RDO EQUIPMENT COMPANY	\$	2,696.70
006682	RIVERSIDE COUNTY		
	10/17-Inspection/Sampling Fee, 3 Sites-O	ORD 830 10/17	151.00
			- - - - -
	RIVERSIDE COUNTY	\$	151.00
006683	UNIV OF WISCONSIN OSHKOSH		
	9/27/17 STA Compost Pathogens Testing	17-2022-02	825.00
			- - - - -
	UNIV OF WISCONSIN OSHKOSH	\$	825.00



Check	Payee / Description		Amount
006684	VIRAMONTES EXPRESS INC 9/14-9/19/17-Compost Hauling	107600	2,168.00
	VIRAMONTES EXPRESS INC	\$	2,168.00
006685	APPLIED INDUSTRIAL TECHNOLOGIE Springs f/Flexco Wipers Trico Cap	7011583967 7011583942	543.15 616.48
	APPLIED INDUSTRIAL TECHNOLOGIES		1,159.63
006686	CINTAS FIRST AID & SAFETY LOC 9/28/17 First Aid & Safety Supplies	8403364207	248.93
	CINTAS FIRST AID & SAFETY LOCs		248.93
006687	EGGLETON TRUCKING INC. 10/9-10/13/17-Compost Hauling	3145	18,889.20
	EGGLETON TRUCKING INC.	\$	18,889.20
006688	INDUSTRIAL SUPPLY CO Nuts,Bolts,Screws U-Bolts	96390 96433	468.72 128.01
	INDUSTRIAL SUPPLY CO	\$	596.73
006689	KONICA MINOLTA BUSINESS SOLUTI 9/17 Cpr Ovrgr,Mnt-C452	9003912277	131.18
	KONICA MINOLTA BUSINESS SOLUTI\$		131.18
006690	PETTY CASH EXPENDITURES 10/25/17 Petty Cash Reim	PC 102517	216.23
	PETTY CASH EXPENDITURES	\$	216.23
006691	PRIORITY BUILDING SERVICES LLC 9/17 Janitorial Service Fee	56005	1,218.46
	PRIORITY BUILDING SERVICES LLC\$		1,218.46
006692	R & S INDUSTRIAL FIELD SERVICE Change Pulley Head,Install Chute	2418	7,856.00
	R & S INDUSTRIAL FIELD SERVICES\$		7,856.00
006693	RDO EQUIPMENT COMPANY Wiper Blades	P55858	16.00
	RDO EQUIPMENT COMPANY	\$	16.00
006694	U S BANK *4246044555725724 9/17 Credit Card Chgs	5572 5724 9/1	727.40
	U S BANK	\$	727.40
006695	VERIZON WIRELESS 9/11/17-10/10/17 Cell Phone	9794275460 10	600.76



Check	Payee / Description		Amount
	VERIZON WIRELESS	\$	600.76
006696	VIRAMONTES EXPRESS INC 9/25/17-Compost Hauling	107675	173.00
	VIRAMONTES EXPRESS INC	\$	173.00
006697	ALLIED UNIVERSAL SECURITY SERV 10/17 Patrol Svcs	7307972	683.90
	ALLIED UNIVERSAL SECURITY SERV\$		683.90
006698	APPLIED INDUSTRIAL TECHNOLOGIE V-Belts	7011662716	298.92
	Grease Tubes	7011652477	146.11
	APPLIED INDUSTRIAL TECHNOLOGIES\$		445.03
006699	BERNELL HYDRAULICS Coil Conduit	0314912-IN	46.40
	BERNELL HYDRAULICS	\$	46.40
006700	DELL MARKETING L P DELL OptiPlex	10195446771	1,037.99
	DELL MARKETING L P	\$	1,037.99
006701	EGGLETON TRUCKING INC. 10/16-10/20/17-Compost Hauling	3146	7,484.40
	EGGLETON TRUCKING INC.	\$	7,484.40
006702	GRAINGER Wiper Blades	9577791214	34.18
	Air Regulators	9577791180	114.85
	Push Button Lock Entry	9577791198	510.05
	GRAINGER	\$	659.08
006703	INDUSTRIAL SUPPLY CO Nuts	96445	21.33
	Nuts,Bolts,Screws	96437	91.94
	INDUSTRIAL SUPPLY CO	\$	113.27
006704	PATTON SALES CORP Leaf	3398050	15.52
	PATTON SALES CORP	\$	15.52
006705	PETE'S ROAD SERVICE Batteries f/Loaders	167831-00	366.73
	PETE'S ROAD SERVICE	\$	366.73
006706	SOIL CONTROL LAB 9/16/17 Finished Compost Pkg	7090600	349.00



Check	Payee / Description		Amount
	SOIL CONTROL LAB	\$	349.00
006707	VIRAMONTES EXPRESS INC 9/27-10/3/17-Compost Hauling	107732	2,837.00
	VIRAMONTES EXPRESS INC	\$	2,837.00
006708	WAYPOINT ANALYTICAL INC 10/6/16 Detailed Fertility Pkg, Rush Fee	068209	100.00
	WAYPOINT ANALYTICAL INC	\$	100.00
006709	APPLIED INDUSTRIAL TECHNOLOGIE Return Idler	7011738204	247.28
	Thoughting Idler	7011691407	794.68
	Thoughting Idler	7011691333	3,178.70
	Return Idler	7011691334	247.28
	Grease f/Conveyors	7011691411	365.27
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	4,833.21
006710	BERNELL HYDRAULICS Hose, Seal-Lok Swivels	0315280-IN	667.62
	Hex Plugs	0315629-IN	7.42
	BERNELL HYDRAULICS	\$	675.04
006711	BRIGHTVIEW LANDSCAPE SERVICES 10/17 Landscape Maintenance	5453678	418.20
	BRIGHTVIEW LANDSCAPE SERVICES	\$	418.20
006712	BURRTEC WASTE INDUSTRIES INC 11/17 Trash Service	04CR261578 11	649.40
	BURRTEC WASTE INDUSTRIES INC	\$	649.40
006713	COUNTY SANITATION DISTRICTS OF 8/17 Prjct Adm Lbr/Bnfts/Ovrhd	16445	2,466.31
	7/17 Prjct Adm Lbr/Bnfts/Ovrhd	16444	6,943.21
	COUNTY SANITATION DISTRICTS OF	\$	9,409.52
006714	DOWNS ENERGY 3,670.0 Gals Red Dyed Diesel Fuel	0223644-IN	8,676.25
	DOWNS ENERGY	\$	8,676.25
006715	LEMKE EQUIPMENT COMPANY LLC Screw Flight-Pug Mill	4001521	2,009.96
	LEMKE EQUIPMENT COMPANY LLC	\$	2,009.96
006716	PATTON SALES CORP Logo Disk, Quik Wh, Hinge	3400963	154.77
	PATTON SALES CORP	\$	154.77



Check	Payee / Description		Amount
006717	PETE'S ROAD SERVICE Batteries f/Loaders	170898-00	733.47
	PETE'S ROAD SERVICE	\$	733.47
006718	R & S INDUSTRIAL FIELD SERVICE Install Hand Rails,Uprights	2430	13,256.00
	R & S INDUSTRIAL FIELD SERVICE	\$	13,256.00
006719	RDO EQUIPMENT COMPANY Rpr Loader-Machine Seat	W40809	399.20
	Rpr Loader-500 Hr Svc 1402	W40971	897.39
	Rpr Loader-500 Hr Svc 1403	W40969	1,061.75
	Rpr Loader-Cab Fan	W40798	935.54
	RDO EQUIPMENT COMPANY	\$	3,293.88
006720	VIRAMONTES EXPRESS INC 10/6-10/10/17-Compost Hauling	107847	2,208.00
	VIRAMONTES EXPRESS INC	\$	2,208.00
006721	APPLIED INDUSTRIAL TECHNOLOGIE Air Filters	7011767997	287.18
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	287.18
006722	CHAMPION FIRE SYSTEMS INC Fire Sprinkler Improvements	44637	16,499.50
	Fire Sprinkler Improvements	44181	32,999.00
	CHAMPION FIRE SYSTEMS INC	\$	49,498.50
006723	CITY RENTALS INC 10/9-10/17/17 Scissor Lift Rental	53658	590.20
	CITY RENTALS INC	\$	590.20
006724	COAST PLASTICS INC UHMV Sheets	0012151-IN	2,901.49
	COAST PLASTICS INC	\$	2,901.49
006725	EGGLETON TRUCKING INC. 11/1-11/3/17-Compost Hauling	3148	7,128.00
	10/23-10/31/17-Compost Hauling	3147	21,027.60
	EGGLETON TRUCKING INC.	\$	28,155.60
006726	GRAINGER Lockout Padlocks	9590207404	313.12
	Replacement Tubes	9590852068	14.30
	GRAINGER	\$	327.42
006727	INDUSTRIAL SUPPLY CO Bolts	96532	133.31



Check	Payee / Description		Amount
	INDUSTRIAL SUPPLY CO	\$	133.31
006728	INTEGRATED DESIGN SERVICES INC 6/24/17-10/13/17 Ventilation Sys Evaluat 16X062.00-5		7,727.05
	INTEGRATED DESIGN SERVICES INC\$		7,727.05
006729	PARTSMASTER Burr Bits	23207741	236.77
	PARTSMASTER	\$	236.77
006730	PETTY CASH EXPENDITURES 11/09/17 Petty Cash Reim	PC 110917	69.05
	PETTY CASH EXPENDITURES	\$	69.05
006731	SNAP GRAPHICS & DESIGN 24 Oz H2Go Nexus-Stainless	12222	930.44
	SNAP GRAPHICS & DESIGN	\$	930.44
006732	SOIL CONTROL LAB 10/03/17 Finished Compost Pkg	7100146	349.00
	SOIL CONTROL LAB	\$	349.00
006733	VIRAMONTES EXPRESS INC 10/11-10/16/17-Compost Hauling	107871	2,311.00
	VIRAMONTES EXPRESS INC	\$	2,311.00
006734	ALTA FOODCRAFT COFFEE Coffee, Splenda, Cocoa, Pot Cleaner	517086312	142.65
	ALTA FOODCRAFT COFFEE	\$	142.65
006735	APPLIED INDUSTRIAL TECHNOLOGIE Batteries	7011847263	144.82
	APPLIED INDUSTRIAL TECHNOLOGIES\$		144.82
006736	CITY RENTALS INC 10/9-10/31/17 30' Boom Rental	53657	3,019.00
	CITY RENTALS INC	\$	3,019.00
006737	GRAINGER Replacement Tubes	9596152018	40.45
	GRAINGER	\$	40.45
006738	HOME DEPOT CREDIT SERVICES Contractor Farm Hose, LED Tactical Pack, N 024398 Solar Rock Spot Light, Extension Cords, St 030771		125.39 488.37
	HOME DEPOT CREDIT SERVICES	\$	613.76
006739	INDUSTRIAL SUPPLY CO		



Check	Payee / Description	Amount
	Nuts,Bolts,Screws 96534	203.81
	INDUSTRIAL SUPPLY CO \$	203.81
006740	PALM AUTO DETAIL INC 10/17 Carwash for RCA Vehicles 171099-1	555.00
	PALM AUTO DETAIL INC \$	555.00
006741	U S BANK *4246044555725724 10/17 Credit Card Chgs 5572 5724 10/	418.64
	U S BANK \$	418.64
006742	VIRAMONTES EXPRESS INC 10/18-10/25/17-Compost Hauling 107946	2,296.00
	VIRAMONTES EXPRESS INC \$	2,296.00
006743	APPLIED INDUSTRIAL TECHNOLOGIE Wiper 7011880669 816.44 Carrying Idlers;Return Idlers,V-Belts 7011862558 6,857.40	7,673.84
	APPLIED INDUSTRIAL TECHNOLOGIES\$	7,673.84
006744	CINTAS FIRST AID & SAFETY LOC 10/26/17 First Aid & Safety Supplies 8403400979	257.33
	CINTAS FIRST AID & SAFETY LOC\$	257.33
006745	COMMUNICATIONS USA INC. Batt Impres Lion 195471 1,530.05 Rpr Frequency Switches,Radio Rpr Volume 195382 812.42	2,342.47
	COMMUNICATIONS USA INC. \$	2,342.47
006746	EGGLETON TRUCKING INC. 11/7-11/10/17-Compost Hauling 3149 13,186.80 11/13/17-Compost Hauling 3150 2,494.80	15,681.60
	EGGLETON TRUCKING INC. \$	15,681.60
006747	HOME DEPOT CREDIT SERVICES Drill Bits 637326 28.59	28.59
	HOME DEPOT CREDIT SERVICES \$	28.59
006748	KONICA MINOLTA BUSINESS SOLUTI 10/17 Cpr Ovrgr,Mnt-C454e 9003947593 8.23	8.23
	KONICA MINOLTA BUSINESS SOLUTI\$	8.23
006749	VERIZON WIRELESS 10/11/17-11/10/17 Cell Phone 9796051296 11 600.80	600.80
	VERIZON WIRELESS \$	600.80
006750	VIRAMONTES EXPRESS INC 10/25-11/1/17-Compost Hauling 107972 4,132.00	4,132.00



Check	Payee / Description		Amount
	VIRAMONTES EXPRESS INC	\$	4,132.00
006751	ALLIED UNIVERSAL SECURITY SERV 11/17 Patrol Svcs	7383559	683.90
	ALLIED UNIVERSAL SECURITY SERV\$		683.90
006752	APPLIED INDUSTRIAL TECHNOLOGIE Gearbox	7012010241	2,485.44
	Air Filters	7011911575	109.17
	Secondary Cleaner f/Bell Conveyors	7011959246	2,095.05
	Grinders	7011933774	925.64
	Air Filters	7011933783	91.15
	APPLIED INDUSTRIAL TECHNOLOGIES\$		5,706.45
006753	BURRTEC WASTE INDUSTRIES INC 12/17 Trash Service	04CR261578 1/	649.40
	BURRTEC WASTE INDUSTRIES INC	\$	649.40
006754	CHAMPION FIRE SYSTEMS INC Rpr Sprinkler Heads	45029	2,046.44
	Rpr Leaking Sprinkler	45024	1,334.05
	CHAMPION FIRE SYSTEMS INC	\$	3,380.49
006755	CITY OF RANCHO CUCAMONGA FY 17/18 Annl Parcel Assessment -1st Ins AR121907		217.00
	CITY OF RANCHO CUCAMONGA	\$	217.00
006756	CUCAMONGA VALLEY WATER DISTRIC 9/18/17-11/16/17 12645 6th St-Lndscp	60386 11/17	282.86
	9/18/17-11/16/17 12645 6th St-Lndscp	60388 11/17	902.42
	CUCAMONGA VALLEY WATER DISTRIC\$		1,185.28
006757	DOWNS ENERGY 3,430.20 Gals Red Dyed Diesel Fuel	0225127-IN	8,920.99
	Megaplex Grease	0225054-IN	1,680.90
	DOWNS ENERGY	\$	10,601.89
006758	EGGLETON TRUCKING INC. 11/21-11/24/17-Compost Hauling	3151	6,774.57
	EGGLETON TRUCKING INC.	\$	6,774.57
006759	HOME DEPOT CREDIT SERVICES Daredevil	900692	16.13
	Saw Blade	6916359	25.31
	Hammer Drill, Impact Wtrench, Taps	3073768	657.49
	HOME DEPOT CREDIT SERVICES	\$	698.93
006760	INDUSTRIAL SUPPLY CO Bolts f/Plug Mill	96666	1,175.42



Check	Payee / Description		Amount
	INDUSTRIAL SUPPLY CO	\$	1,175.42
006761	MEE INDUSTRIES INC Recondition /Non-Reconditioned Nozzles      52028		8,827.28
	MEE INDUSTRIES INC	\$	8,827.28
006762	MODULAR BUILDING CONCEPTS INC 10/17 Trailer/Step/Ramp Rental      196079		574.31
	MODULAR BUILDING CONCEPTS INC	\$	574.31
006763	NESTLE WATERS NORTH AMERICA 10/17 Bottled Water,Cooler      07J0029858982		130.35
	NESTLE WATERS NORTH AMERICA	\$	130.35
006764	ONTARIO TRANSPORT 10/17 46 Loads Compost Spreading Fee      3544		5,750.00
	ONTARIO TRANSPORT	\$	5,750.00
006765	RDO EQUIPMENT COMPANY Rpr Loader-Fuel Injection Pump      W41527      2,286.39 Flood Lamp      P60625      592.39 Alternator      P58689      879.08 Brake Pressure Switch,Wiper Blades      P60623      243.55 Alternator,Core Chg      P60624      753.25 Brake Light      P60396      48.78 Pump,Wiper Blades,Bushing      P60622      89.97		
	RDO EQUIPMENT COMPANY	\$	4,893.41
006766	SOIL CONTROL LAB 10/19/17 Finished Compost Pkg      7100667		349.00
	SOIL CONTROL LAB	\$	349.00
006767	VIRAMONTES EXPRESS INC 11/6/17-Compost Hauling      108056      363.30 11/1-11/3/17-Compost Hauling      108035      2,728.00		
	VIRAMONTES EXPRESS INC	\$	3,091.30
006768	APPLIED INDUSTRIAL TECHNOLOGIE Abrasive Roll      7011380279      33.95 Troughing Rollers-Credit f/Freight Chg-7      9000242463      249.94 Troughing Rollers      7011862468      4,135.24 Troughing Idlers      7011767999      518.04 Abrasive Rolls      7011396082      67.90		
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	4,505.19
006769	ASSOC OF COMPOST PRODUCERS (AC 2017 ACP IERCA-LACSD Mbrshp Rnwl      1009		5,000.00
	ASSOC OF COMPOST PRODUCERS (AC	\$	5,000.00



Check	Payee / Description		Amount
006770	BERNELL HYDRAULICS Hoese, Lok Swivels, Lubricant Key Stock Zinc Plates	0317568-IN 0316251-IN	559.45 6.25
	BERNELL HYDRAULICS	\$	565.70
006771	BRIGHTVIEW LANDSCAPE SERVICES 11/17 Landscape Maintenance	5508529	418.20
	BRIGHTVIEW LANDSCAPE SERVICES	\$	418.20
006772	COUNTY SANITATION DISTRICTS OF 9/17 Prjct Adm Lbr/Bnfts/Ovrhd	16886	4,157.96
	COUNTY SANITATION DISTRICTS OF	\$	4,157.96
006773	CUCAMONGA VALLEY WATER DISTRIC 10/6/17-12/6/17 12645 6th St-FrLn 10/6/17-12/6/17 12645 6th St-FrLn	60390 12/17 60392 12/17	92.00 92.00
	CUCAMONGA VALLEY WATER DISTRIC	\$	184.00
006774	CUTTING EDGE SUPPLY CO Cutting Edges f/Buckets Cutting Edges f/Buckets	COLINV069627 BDC81INV81162	2,237.45 5,841.41
	CUTTING EDGE SUPPLY CO	\$	8,078.86
006775	EGGLETON TRUCKING INC. 11/27-11/30/17-Compost Hauling	3152	7,870.50
	EGGLETON TRUCKING INC.	\$	7,870.50
006776	HARRINGTON INDUSTRIAL PLASTICS Gaskets	012I4540	140.82
	HARRINGTON INDUSTRIAL PLASTICS	\$	140.82
006777	HOME DEPOT CREDIT SERVICES 4 Outlet Corner Desktop Surge Protector Micro USB Charger 150 Lb Heavy Duty Folding Hand Truck 2 Outlet USB Backpack, Weed Killer	4435713 4245787 5234187 5304014 9016002	16.16 7.95 32.31 21.54 186.78
	HOME DEPOT CREDIT SERVICES	\$	264.74
006778	INDUSTRIAL SUPPLY CO Bolts f/Plug Mill Nylocks	96719 96727	168.95 64.54
	INDUSTRIAL SUPPLY CO	\$	233.49
006779	KONICA MINOLTA BUSINESS SOLUTI 11/17 Cpr Ovrgr, Mnt-C454e 10/17 Cpr Ovrgr, Mnt-C452	9004039566 9004004696	7.78 277.67
	KONICA MINOLTA BUSINESS SOLUTI	\$	285.45



Check	Payee / Description		Amount
006780	PATTON SALES CORP Rounds, Nuts, Bolts, Screws	3380300	294.67
	PATTON SALES CORP	\$	294.67
006781	PRIORITY BUILDING SERVICES LLC 10/17 Janitorial Service Fee	56333	1,095.46
	PRIORITY BUILDING SERVICES LLC	\$	1,095.46
006782	TPC TRAINCO Option 2 Arc Flash Training/Testing	57239	8,000.00
	TPC TRAINCO	\$	8,000.00
006783	VIRAMONTES EXPRESS INC 11/7/17-Compost Hauling	108111	335.00
	VIRAMONTES EXPRESS INC	\$	335.00
006784	ALTA FOODCRAFT COFFEE Coffee, Cocoa	517088258	160.55
	ALTA FOODCRAFT COFFEE	\$	160.55
006785	APPLIED INDUSTRIAL TECHNOLOGIE Filters	7012058242	626.74
	Bearings	7012031590	1,464.29
	Fuel Filters	7012071133	45.60
	Belts f/Screen Hoppers	7012070975	5,752.71
	Agitator Bearing	7012020388	1,797.25
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	9,686.59
006786	ARTIC MECHANICAL INC 11/17-Preventative Mnt Agrmnt, Pleated Fi	140816-780	678.86
	ARTIC MECHANICAL INC	\$	678.86
006787	BYRON EPP INC Install South Load-Out Door	8225	13,124.42
	BYRON EPP INC	\$	13,124.42
006788	CINTAS FIRST AID & SAFETY LOC 11/20/17 First Aid & Safety Supplies	8403442003	316.77
	CINTAS FIRST AID & SAFETY LOC	\$	316.77
006789	EGGLETON TRUCKING INC. 12/4-12/6/17-Compost Hauling	3153	712.80
	12/11-12/12/17-Compost Hauling	3154	3,425.40
	EGGLETON TRUCKING INC.	\$	4,138.20
006790	INDUSTRIAL SUPPLY CO Bolts	96824	47.14
	INDUSTRIAL SUPPLY CO	\$	47.14



Check    Payee / Description	Amount
------------------------------	--------

006791 KONICA MINOLTA BUSINESS SOLUTI 11/17 Cpr Ovrgr, Mnt-C452	9004093341	297.24
KONICA MINOLTA BUSINESS SOLUTI\$		297.24
006792 MEE INDUSTRIES INC Recondition /Non-Reconditioned Nozzles	52203	3,907.02
MEE INDUSTRIES INC                    \$		3,907.02
006793 MODULAR BUILDING CONCEPTS INC 11/17 Trailer/Step/Ramp Rental	196396	574.31
12/17 Trailer/Step/Ramp Rental	196698	574.31
MODULAR BUILDING CONCEPTS INC \$		1,148.62
006794 NESTLE WATERS NORTH AMERICA 11/17 Bottled Water, Cooler	07K0029858982	166.69
NESTLE WATERS NORTH AMERICA    \$		166.69
006795 PALM AUTO DETAIL INC 11/17 Carwash for RCA Vehicles	171199-1	444.00
PALM AUTO DETAIL INC                \$		444.00
006796 PETTY CASH EXPENDITURES 12/19/17 Petty Cash Reim	PC 121917	15.78
PETTY CASH EXPENDITURES            \$		15.78
006797 PRIORITY BUILDING SERVICES LLC 11/17 Janitorial Service Fee	56719	1,095.46
PRIORITY BUILDING SERVICES LLC\$		1,095.46
006798 RDO EQUIPMENT COMPANY Rpr Loader-A/C Unit	W41419	1,833.22
Rpr Loader-Parking Brakes	W41818	1,532.99
Cylinders, Pins, Lower Pins	P53386	4,187.46
Rpr Loader-Cylinder Rebuild	W40255	1,139.35
Rpr Loader-Brake Piston Seal Bypass	W40159	485.00
U-Bolt, Lock Nut	P58688	34.98
Rpr Loader-Trottle	W41803	155.00
Rpr Loader-Boom Cylinder	W41318	8,632.30
Rpr Loader-Cylinder	W40816	2,000.00
Dipstick, Line	P61215	199.75
Antenna	P62438	30.41
Wiper Blades	P61214	17.23
RDO EQUIPMENT COMPANY            \$		20,247.69
006799 SOIL CONTROL LAB 11/8/17 Finished Compost Pkg	7110380	349.00
SOIL CONTROL LAB                    \$		349.00
006800 U S BANK		



Check	Payee / Description	Amount
*4246044555725724	11/17 Credit Card Chgs 5572 5724 11/ U S BANK	247.82 \$ 247.82
006801	VIRAMONTES EXPRESS INC 11/29-12/5/17-Compost Hauling      108122 11/22-11/28/17-Compost Hauling      108211 11/15-11/20/17-Compost Hauling      108151 VIRAMONTES EXPRESS INC	4,579.05 4,193.36 1,838.04 \$ 10,610.45
ACH	ADVANCED ENVIRONMENTAL COMPLIA 8/18/17 Biofilter Flow Balancing-3rd Qtr 7288 ADVANCED ENVIRONMENTAL COMPLIA\$	1,802.50 1,802.50
ACH	TRIBOLOGIK CORPORATION 9/11/17 Oil Analysis      36945 TRIBOLOGIK CORPORATION	750.00 \$ 750.00
ACH	INLAND EMPIRE UTILITIES AGENCY 8/17 NRW Charges      90020900 INLAND EMPIRE UTILITIES AGENCY\$	3,108.15 3,108.15
ACH	BROFIL CLEAN AIR SOLUTIONS LLC Carbon Filters,Dust Filters      290067 BROFIL CLEAN AIR SOLUTIONS LLC\$	10,076.74 10,076.74
ACH	AMAZON BUSINESS Adult Smart Pads Cartridges      1CXR-YHNJ-YQC Filtration Underbedding Gravel      1M1D-MHPW-WV9 Funnel to Load Rep ,Wtr Softener Resin      1QRV-YQRR-749 AMAZON BUSINESS	118.52 209.96 942.22 \$ 1,270.70
ACH	PEST OPTIONS INC 9/17 Weed Control Svcs      284942 PEST OPTIONS INC	58.00 \$ 58.00
ACH	TRIBOLOGIK CORPORATION 09/19/17 Oil Analysis      37203 TRIBOLOGIK CORPORATION	990.00 \$ 990.00
ACH	AMAZON BUSINESS 20 Pack Clothing Rack Hangers      1WYL-KPMR-46C AMAZON BUSINESS	22.62 \$ 22.62
ACH	SOLAR STAR CALIFORNIA VI LLC 8/17 Solar 12811 Sixth St      M0612-1388172 SOLAR STAR CALIFORNIA VI LLC	17,424.19 \$ 17,424.19
ACH	AMAZON BUSINESS	



Check	Payee / Description		Amount
	Thermo Chill Insulated Carton	1L1R-YN1H-34P	24.72
	Thermo Chill Insulated Carton	1RQ4-HQPQ-1LH	24.72
	AMAZON BUSINESS	\$	49.44
ACH	INLAND EMPIRE UTILITIES AGENCY 7/17 Bldg Lease Pymt	90021031	5,700.01
	INLAND EMPIRE UTILITIES AGENCY\$		5,700.01
ACH	AMAZON BUSINESS Group Garden Bench	1JPR-DMC6-6D9	60.01
	AMAZON BUSINESS	\$	60.01
ACH	INLAND EMPIRE UTILITIES AGENCY 8/17 Bldg Lease Pymt	90021032	5,700.01
	9/17 Bldg Lease Pymt	90021033	5,700.01
	INLAND EMPIRE UTILITIES AGENCY\$		11,400.02
ACH	TRIBOLOGIK CORPORATION 10/16/17 Oil Analysis	38268	1,410.00
	TRIBOLOGIK CORPORATION	\$	1,410.00
ACH	SOLAR STAR CALIFORNIA VI LLC 7/17 Solar 12811 Sixth St	M0612-1388183	13,185.28
	9/17 Solar 12811 Sixth St	M0612-1438449	19,751.06
	SOLAR STAR CALIFORNIA VI LLC	\$	32,936.34
ACH	Inland Empire Utilities Agency 8/17 O&M Expenses	SAP0817-RCAO&	123,667.41
	8/17 L&B Expenses	SAP0817-RCAL&	347,739.12
	Inland Empire Utilities Agency\$		471,406.53
ACH	INLAND EMPIRE UTILITIES AGENCY 9/17 NRW Charges	90021022	3,262.28
	INLAND EMPIRE UTILITIES AGENCY\$		3,262.28
ACH	PEST OPTIONS INC 10/17 Weed Control Svcs	287396	58.00
	PEST OPTIONS INC	\$	58.00
ACH	Inland Empire Utilities Agency 9/17 Labor Expenses	SAP0917-RCAL&	294,956.43
	9/17 O&M Expenses	SAP0917-RCAO&	112,301.32
	Inland Empire Utilities Agency\$		407,257.75
ACH	TRIBOLOGIK CORPORATION 11/10/17 Oil Analysis	39154	510.00
	11/1/17 Oil Analysis	38786	360.00
	TRIBOLOGIK CORPORATION	\$	870.00



Check	Payee / Description		Amount
ACH	AMAZON BUSINESS		
	ID Card Printer Ribbons	1DOY-DPP4-PXY	86.04
	Mobile Air Compressor	1CLJ-HVQ9-KL4	179.07
	Drum Unit,Laminated P-Touch Tape,Ice Pac	166H-DR4D-YNX	168.33
		- - - - -	-
	AMAZON BUSINESS	\$	433.44
ACH	INLAND EMPIRE UTILITIES AGENCY		
	10/17 NRW Charges	90021167	2,955.81
		- - - - -	-
	INLAND EMPIRE UTILITIES AGENCY\$		2,955.81
ACH	PEST OPTIONS INC		
	11/17 Weed Control Svcs	288761	58.00
		- - - - -	-
	PEST OPTIONS INC	\$	58.00
ACH	ADVANCED ENVIRONMENTAL COMPLIA		
	11/7/17 Biofilter Flow Balancing-4th Qtr	7337	1,802.50
		- - - - -	-
	ADVANCED ENVIRONMENTAL COMPLIA\$		1,802.50
ACH	BROFIL CLEAN AIR SOLUTIONS LLC		
	Dust/Carbon/HEPA Filters	2172111	13,425.43
		- - - - -	-
	BROFIL CLEAN AIR SOLUTIONS LLC\$		13,425.43
ACH	SOLAR STAR CALIFORNIA VI LLC		
	10/17 Solar 12811 Sixth St	M0612-1482852	19,075.48
		- - - - -	-
	SOLAR STAR CALIFORNIA VI LLC	\$	19,075.48
ACH	TRIBOLOGIK CORPORATION		
	11/27/17 Oil Analysis	39573	600.00
	11/17/17 Oil Analysis	39353	450.00
		- - - - -	-
	TRIBOLOGIK CORPORATION	\$	1,050.00
ACH	Inland Empire Utilities Agency		
	10/17 Labor Expenses	SAP1017-RCAL&	346,849.37
	10/17 O&M Expenses	SAP1017-RCAO&	102,505.34
		- - - - -	-
	Inland Empire Utilities Agency\$		449,354.71
Wire	STATE BOARD OF EQUALIZATION		
	7/1/17-9/30/17 State Sales/Use Tax-3rd Q	101-112048 9/	1,994.00
		- - - - -	-
	STATE BOARD OF EQUALIZATION	\$	1,994.00

Grand Total Payment Amount: \$ 2,013,845.47

**ACTION  
ITEM**


**4A**



---

**Date:** February 5, 2018

**To:** Honorable Board of Directors

**From:** Christina Valencia   
Treasurer

**Subject:** Annual Financial Report for the Fiscal Year Ended June 30, 2017

---

### **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, 2017, 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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017 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, Lance, Soll & Lunghard, LLP (LSL), the Authority's independent audit firm, performed the annual financial audit. LSL issued an unmodified ("clean") opinion over the financial statements for the Fiscal Year ended June 30, 2017, indicating that the financial statements are presented fairly and in accordance with GAAP and free of material misstatements. LSL found no material deficiency in internal controls over financial reporting. A review was also conducted by Internal Audit department of the Inland Empire Utilities Agency Internal. A copy of their report is attached.

#### **FY 2016/17 Financial Highlights**

IERCA continues to operate at full capacity as it reached its tenth year of operations in April 2017. Total revenue in FY 2016/17 reflects a slight decrease from \$8.6 million to \$8.5 million reported in the prior fiscal year. This decrease is primary due to a slight drop in compost sales revenues. Total expenses of \$10 million reported an increase of \$0.5 million compared to last fiscal year. This increase is primarily due to higher operating expenses of \$0.4 million and depreciation of \$0.3 million.

The total ending net position decreased by \$1.5 million to \$89.0 million as of June 30, 2017, of which approximately \$84.4 million has been invested in capital assets. The remaining \$4.6 million is working capital designated to support operating contingencies, self-insurance liability costs, and capital replacement and construction investment. No call was made against the \$1 million capital call budgeted in FY 2016/17.

**PRIOR BOARD ACTION**

The Board approved the budget for FY 2016/17 in February 2017.

**IMPACT ON BUDGET**

There is no impact on the Authority's FY 2017/18 budget.



# Annual Financial Report



**Fiscal Year Ending  
June 30, 2017**

Rancho Cucamonga, CA

A regional, cost-effective approach to sustainable organics management



# Annual Financial Report

Fiscal Year Ended  
June 30, 2017

Prepared by  
Inland Empire Utilities Agency  
Finance and Accounting Department

## **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](http://www.ierca.org)

---

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**  
**Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2017**

**TABLE OF CONTENTS**

**Introductory Section**

	<b><u>Page</u></b>
Letter of Transmittal	I
Authority Profile	I
Major Initiatives and Accomplishments	III
Financial Information	V
Principal Officials	VIII
Organizational Chart	IX

**Financial Section**

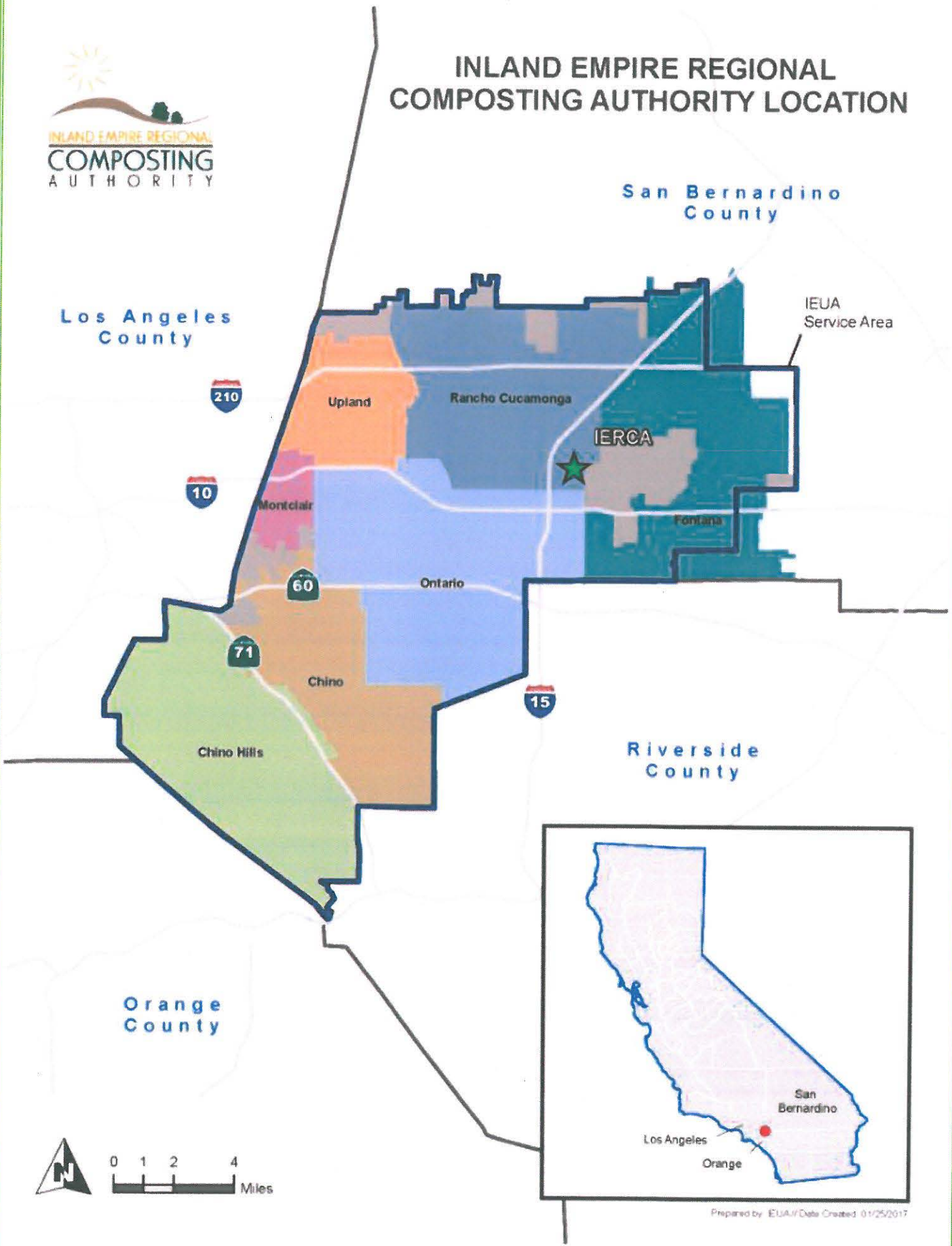
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	7
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Fund Net Position	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	13

---





# INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY LOCATION



Prepared by IEUA/Date Created 01/25/2017



12645 6<sup>th</sup> 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 05, 2018

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, 2017. 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 Sanitation District No. 2 of Los Angeles County (SDLAC) 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, and 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 230,000 cubic yards (90,000 tons) of high-quality compost each year.



**Succulent flower**

The facility is staffed by twenty-five full-time IEUA employees, and one part time employee from SDLAC. The employees are onsite seven days per week, and conduct all operational activities including production, maintenance, safety and industrial hygiene training, sales and administration.

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 a Power Purchase Agreement (PPA) with Sunpower, Inc. in 2010 for the installation of 1 megawatt of solar panels on the rooftop of the facility. The solar panel system is currently providing about half of the facility's required electrical power during operating hours.



## **MAJOR INITIATIVES and ACCOMPLISHMENTS**

During the fiscal year ended June 30, 2017, the IERCF staff focused on expanding the compost marketing program and working with farmers to develop sales in the agricultural marketplace. The agricultural market has the potential to purchase and use all of the compost produced at the IERCF. There are approximately 140 customers who purchase SoilPro products for a variety of applications throughout the year.

A tiered pricing system was initiated offering incentives to customers who purchase large volumes of compost in exchange for pricing discounts. The system successfully increased sales. The new tiered compost pricing structure is shown in Table 1.

Table 1:

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

### **Major Initiatives for FY 2017/2018**

In May, the facility celebrated 10 years in operation and over 2 million cubic yards of compost sales. The IERCA continues to see positive results from the “Give Back” program and extended it through fiscal year 2017/2018. The program offers SoilPro compost at no charge to cities and municipalities affiliated with IEUA and SDLAC. Staff had zero loss time incidents and perfect environmental compliance, and met all budgeted targets.

Staff will continue to focus on projects to increase the safety and efficiency of the composting facility. These projects include: 1) IERCF trommel screen improvements to replace, or overhaul one of the two screens including an upgrade of the drive and drum system; 2) IERCF transition air duct improvements to modify transition air duct, ensure air is contained and the structure is sound; and 3) ventilation perfections to improve air removal from conveyance sections to have healthy work environment and ensure safe working conditions.



**Scale house with living wall**



**MAJOR INITIATIVES and ACCOMPLISHMENTS (continued):**

**Major Initiatives for FY 2017/2018 (continued):**

◆ **Trommel Screen Improvement**

- Replace and repair trommel screens including a new drive system, frame overhaul and new drum;
- Make sure the screening system works safely and efficiently.

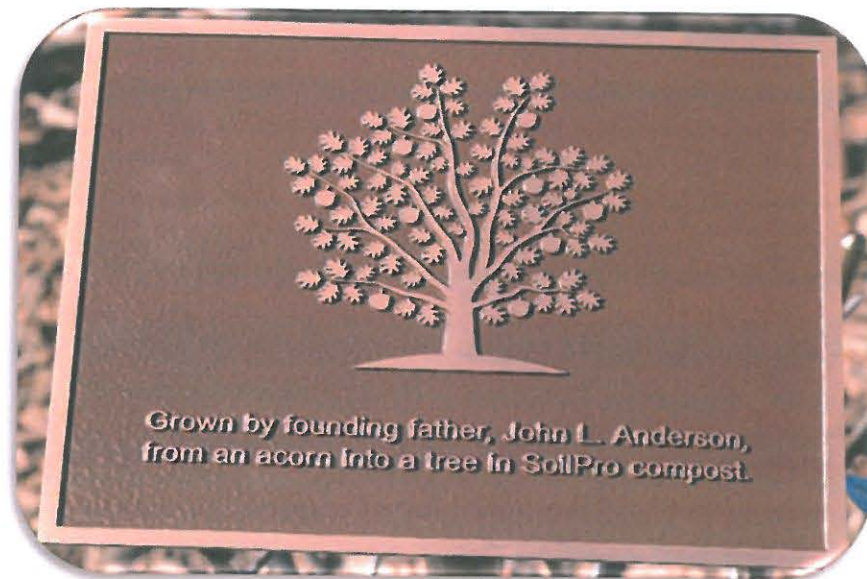
◆ **IERCF Transition Air Duct Improvement**

- Modify transition air duct to ensure air is contained and the structure is sound;
- Significant repairs have secured the duct, and keep the facility in a safety working environment.

**Major Accomplishments for FY 2016/2017**

◆ **IERCF Capital Replacement:**

- Increased energy savings, higher performance, and improved safety;
- Replaced telescopic boomlift;
- Replaced high speed rollup door;
- Improved amendment hopper augers;
- Improved hopper head pulley conveyor;
- Improved air quality



**John Anderson Palaque**

## **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 Lance, Soll & Lunghard, 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, 2017 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, 2017 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 an 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 accurately, and to invest idle funds to the fullest extent possible. During the Fiscal Year ended June 30, 2017, 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 05, 2018  
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, Lance, Soll & Lunghard, 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,



Christina Valencia, Treasurer



**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**

***Principal Officials***

***June 30, 2017***

**BOARD OF DIRECTORS**

Jon Blickenstaff, *Chairperson*  
Jasmin A. Hall, *Vice-Chairperson*  
Grace Robinson Hyde *Director*  
Margaret Finlay, *Director*  
Paul Hofer, *Director*  
P. Joseph Grindstaff, *Director*

**OFFICERS OF THE AUTHORITY**

Jeffrey Ziegenbein, *Project Manager*  
Ann Heil, *Assistant Project Manager*  
Christina Valencia, *Treasurer*

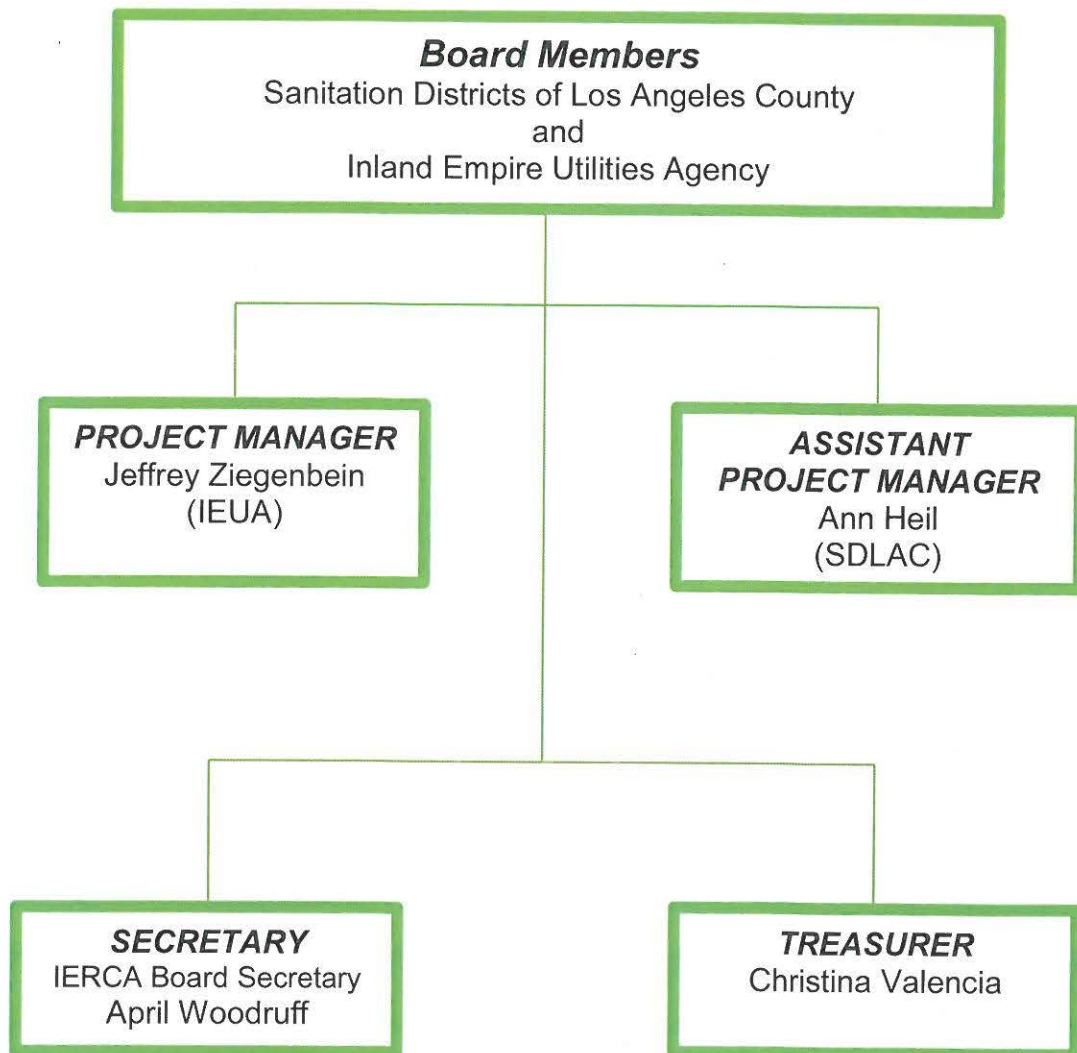
**LEGAL COUNSEL**

JC Law Firm  
Jean Cihigoyenette, APC  
Chino Hills, California

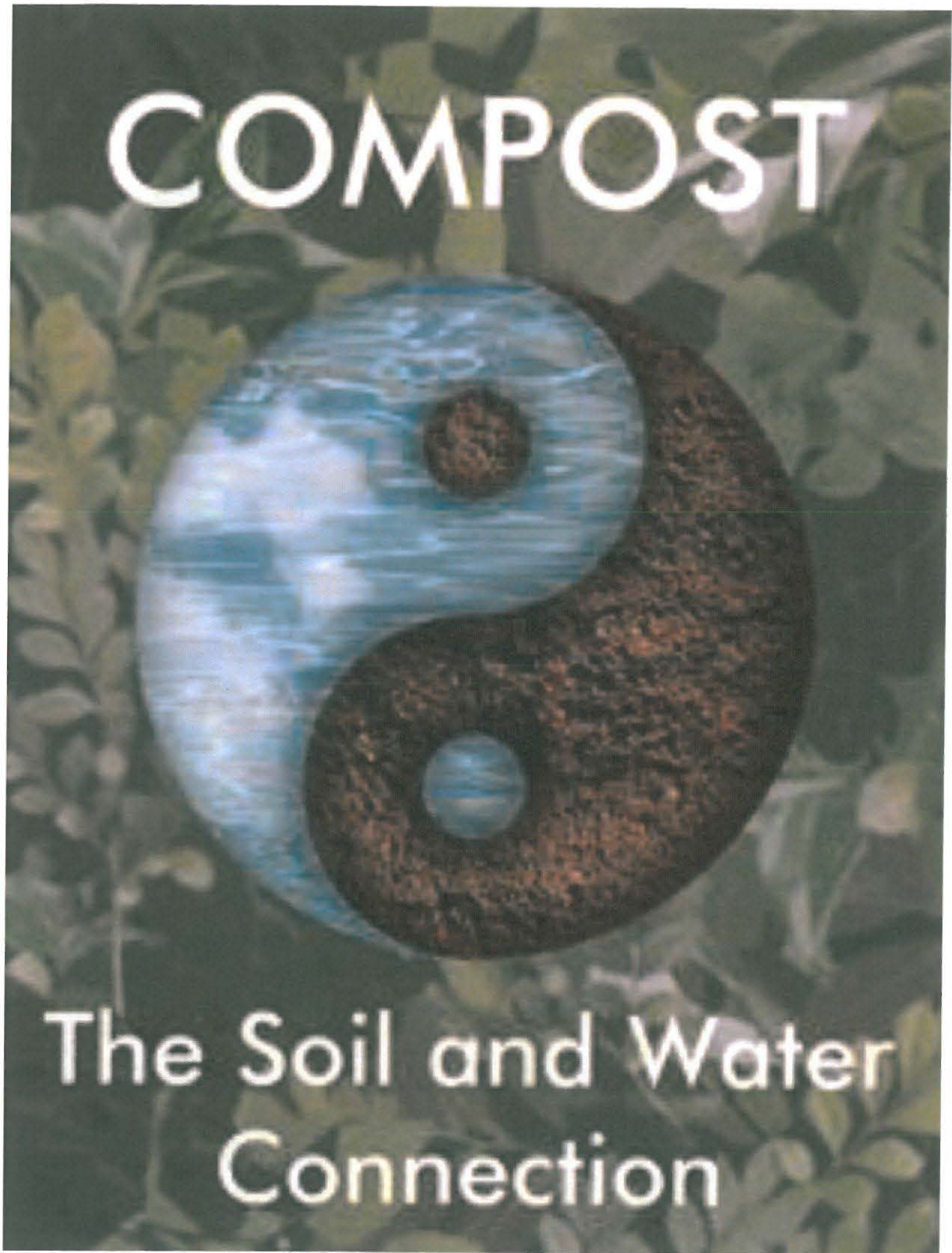
***Inland Empire Regional Composting Authority***

Organizational Chart

June 30, 2017







Poster artwork by Yessi Budisari of West Indonesia  
Winner of the U.S. Composting Council's 2017 International Composting Awareness Week Poster Contest



## INDEPENDENT AUDITORS' REPORT

To the 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, (the "Authority") as of and for the year ended June 30, 2017, 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity'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 opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Inland Empire Regional Composting Authority, as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.







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

**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 summarized 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, 2017, from which such partial information was derived.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and are 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2018 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 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 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 black ink that reads "Lance, Soll &amp; Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California  
January 8, 2018

---

## **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, 2017. 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 improve staffing options and optimize energy usage.

The 445,275-square foot composting facility is a fully enclosed biosolids processing plant that processes approximately 144,000 tons of biosolids and 54,000 tons of wood and green waste into 252,000 cubic yards (98,800 tons) of high quality compost.

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 of the facility's emissions are treated with a biofilter to meet air quality requirements. In FY 2016/2017, a total of 198,506 tons of feedstock, equal to 95% of permitted capacity, was received by the facility.

As of June 30, 2017, the IERCF had sold 2.12 million cubic yards of high-quality compost to various customers in Southern California, Arizona, and Nevada and processed nearly 1.9 million tons of recycled materials.



**John Anderson – Acorn tree plague**

For comparison, 2.12 million cubic yards can:

- ✿ Fill the Rose Bowl, in Pasadena, CA to the top 5 times
- ✿ Load 42,400 semi-trucks
- ✿ Increase soil health and water retention for 73,807 football fields



---

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

Throughout the last ten years of operation, the IERCF has operated continuously in full compliance with applicable permits, rules and regulations, and has maintained an excellent safety record. As of June 30, 2017, the IERCF has logged 2,300 days without a lost-time incident exceeding six years.

Projects such as the IERCF Capital Replacement Project and IERCF Receiving Pit and Drainage Project were completed in FY2016/2017. The projects will improve safety and efficiencies in areas such as:

- Repair, replace, improve, and upgrade IERCF and equipment immediately as needed, to keep them in the best condition and give employees a safe work environment.
- Drainage and Pumping System remove water from the receiving pit and fan corridors that increase the compost process, make work more efficient and reduce the damage on equipment to improve safety at work.

**Ten Years Anniversary Celebration**

The IERCF reached its 10<sup>th</sup> year of operations in April 2017. That also corresponds closely with 2,000,000 cubic yards of compost sold. There was a celebration held on May 4, 2017 at the IERCF to commemorate this anniversary and International Compost Awareness Week.

**Future Goals**

Over the next year, outreach efforts will expand through increased consulting on IEUA's Garden in Every School program, attending local agriculture shows, and giving tours and talks about the IERCF. IERCF will remain a leader in outreach and education stressing the importance of healthy soils and the vital role compost plays in water conservation and groundwater protection.

The sales team remains committed to promoting the many advantages of SoilPro, including increased water savings, ability to sequester carbon, and the use in correcting unproductive soils through healthy and natural processes. IERCF sales staff continues to monitor market conditions to ensure the best value for our compost products.

**Basic Financial Statements**

The basic financial statements present a summary of the Authority's financial position as of June 30, 2017. 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 end June 30, 2017 reflects the tenth year of operations for the IERCF. Total operating revenues were \$8,522,688, a 1% decrease from prior year, while total operating expenses increased by 7% as compared to the prior year for a total of \$10,038,004, which included \$2,901,696 of depreciation and amortization expense on capitalized assets.

## FINANCIAL HIGHLIGHTS

	FY2016/17	FY2015/16	Increase (Decrease) from FY2015/16	
Current assets	\$5,782,691	\$5,049,771	\$732,920	14.51%
Capital & Intangible assets	84,418,376	86,731,986	(2,313,610)	-2.67%
<b>Total Assets</b>	<b>90,201,067</b>	<b>91,781,757</b>	<b>(1,580,690)</b>	<b>-1.72%</b>
Current liabilities	1,225,648	1,341,349	(115,701)	-8.63%
<b>Total Liabilities</b>	<b>1,225,648</b>	<b>1,341,349</b>	<b>(115,701)</b>	<b>-8.63%</b>
Net investment in capital assets	84,418,376	86,731,986	(2,313,610)	-2.67%
Unrestricted	4,557,043	3,708,422	848,621	22.88%
<b>Total net position</b>	<b>\$88,975,419</b>	<b>\$90,440,408</b>	<b>(\$1,464,989)</b>	<b>-1.62%</b>
Operating revenues	\$8,522,688	\$8,602,959	(80,271)	-0.93%
Operating expenses	(10,038,004)	(9,350,468)	(687,536)	7.35%
<b>Net operating income (loss)</b>	<b>(1,515,316)</b>	<b>(747,509)</b>	<b>(767,807)</b>	<b>102.72%</b>
Other Non-operating revenues	43,757	22,339	21,418	95.88%
Other Non-operating expenses	(3,500)	(144,876)	141,376	-97.58%
<b>Net nonoperating revenues (expenses)</b>	<b>40,257</b>	<b>(122,537)</b>	<b>162,794</b>	<b>-132.85%</b>
<b>Net income (loss) before capital contributions</b>	<b>(1,475,059)</b>	<b>(870,046)</b>	<b>(605,013)</b>	<b>69.54%</b>
Capital Grant	10,070	50,000	(39,930)	0.00%
<b>Total change in net position</b>	<b>(1,464,989)</b>	<b>(820,046)</b>	<b>(644,943)</b>	<b>78.65%</b>
<b>Total net position-beginning</b>	<b>90,440,408</b>	<b>91,260,454</b>	<b>(820,046)</b>	<b>-0.90%</b>
<b>Total net position- ending</b>	<b>\$88,975,419</b>	<b>\$90,440,408</b>	<b>(\$1,464,989)</b>	<b>-1.62%</b>

### Changes in Financial Conditions of the Authority

- The net increase of \$732,920 in current assets includes an increase of \$799,082 in cash and investments due to a decrease in operating costs offset by a decrease of \$67,835 in customer receivables.



---

**FINANCIAL HIGHLIGHTS (continued):**

**Changes in Financial Conditions of the Authority (continued):**

- The decrease in Capital and Intangible assets of \$2,313,610 is primarily due to an increase of \$2,901,696 in accumulated depreciation and amortization.
- The decrease of \$80,271 in operating revenues is primarily due to the decrease of \$80,634 in Sale of Compost revenue.
- The \$687,536 increase in operating expenses is due to an increase of \$407,873 in materials and supplies, and an increase of \$360,240 in depreciation expense.
- The \$10,700 grant was the solar incentive rebate received from Southern California Edison for the lights improvement throughout the facility.

As of June 30, 2017, contributed capital from SDLAC and IEUA was \$83,364,402 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 \$98,480,631. In FY 2016/17, each JPA member was charged \$55 per ton tipping fee for bio-solids deliveries. The total net position at June 30, 2017 was \$88,975,419 compared to \$90,440,408 in FY 2015/16.

**Capital & Intangible Assets**

At June 30, 2017, the Authority had total capital and intangible assets, net of depreciation and amortization, of \$84,418,376. Jobs in progress of \$461,702 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.

**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.

Interest earnings for FY 2016/2017 totaled \$27,786, for an average yield of 0.95%. The Authority's short-term investment fund balance for the fiscal year ended June 30, 2017 was \$4,491,283 comprised of \$1,154,122 in Sweep Investment Fund with Citizens Business Bank and \$3,337,155 in the Los Angeles County Pooled Surplus Investing Fund (LAC PSIF) and \$6 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, 2017, 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, 2017**  
**(With Comparative Total for June 30, 2016)**

	Totals	
	2017	2016
<b>ASSETS</b>		
Current assets		
Cash & Investments (Note 2)	\$5,003,295	\$4,204,213
Accounts receivable	775,903	843,738
Interest receivable	3,493	1,820
Total current assets	<u>5,782,691</u>	<u>5,049,771</u>
Capital assets (Note 3)		
Land	4,285,096	4,285,096
Jobs in progress	461,702	2,078,169
Capital assets, net of accumulated depreciation	78,700,007	79,373,141
Intangible assets, net of accumulated amortization	971,571	995,580
Total capital assets	<u>84,418,376</u>	<u>86,731,986</u>
Total noncurrent assets	<u>84,418,376</u>	<u>86,731,986</u>
Total assets	<u><u>\$90,201,067</u></u>	<u><u>\$91,781,757</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$1,224,476	\$1,340,641
Accrued liabilities other	1,172	708
Total current liabilities	<u>1,225,648</u>	<u>1,341,349</u>
<b>NET POSITION</b>		
Net investment in capital assets	84,418,376	86,731,986
Unrestricted	4,557,043	3,708,422
Total net position	<u><u>\$88,975,419</u></u>	<u><u>\$90,440,408</u></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, 2017**  
**(With Comparative Total for June 30, 2016)**

	Totals	
	2017	2016
<b>Operating revenues</b>		
Biosolids Recycling Tipping Fees	\$8,022,805	\$8,051,029
Sale of compost	470,942	551,576
Energy Rebates	28,941	354
Total operating revenues	<u>8,522,688</u>	<u>8,602,959</u>
<b>Operating expenses</b>		
Operations and maintenance	6,333,262	5,925,389
Administration and general	803,046	883,623
Depreciation and amortization	2,901,696	2,541,456
Total operating expenses	<u>10,038,004</u>	<u>9,350,468</u>
Operating income (loss)	<u>(1,515,316)</u>	<u>(747,509)</u>
<b>Nonoperating revenues (expenses)</b>		
Interest income	27,786	14,766
Other nonoperating revenues	15,971	7,573
Other nonoperating expenses	(3,500)	(144,876)
Net nonoperating revenues (expenses)	<u>40,257</u>	<u>(122,537)</u>
Income (loss) before capital contributions	<u>(1,475,059)</u>	<u>(870,046)</u>
Capital contributions:		
Capital Grant	<u>10,070</u>	<u>50,000</u>
Change in net position	(1,464,989)	(820,046)
Total net position - beginning	<u>90,440,408</u>	<u>91,260,454</u>
Total net position - ending	<u>\$88,975,419</u>	<u>\$90,440,408</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, 2017**  
**(With Comparative Totals for June 30, 2016)**

	Totals	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$8,590,523	\$8,488,888
Cash payments to suppliers for goods and services	(3,602,557)	(3,403,447)
Cash payments for contract labor	(3,649,451)	(3,378,753)
	<u>1,338,515</u>	<u>1,706,688</u>
Net cash provided (used) by operating activities		
<b>Cash flows from noncapital financing activities:</b>		
Contract reimbursement from other (Other Non Op Rev)	15,971	7,573
Cash paid to others (Other Non Op Exp)	(3,500)	(132,368)
	<u>12,471</u>	<u>(124,795)</u>
Net cash provided by (used for) noncapital financing activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(588,085)	(807,929)
Capital grants	10,070	50,000
Changes in contractor deposits/retentions	0	(170,811)
	<u>(578,015)</u>	<u>(928,740)</u>
Net cash provided (used) by capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	26,111	16,420
	<u>26,111</u>	<u>16,420</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	799,082	669,573
Cash and cash equivalents - beginning	4,204,213	3,534,640
Cash and cash equivalents - ending	<u>\$5,003,295</u>	<u>\$4,204,213</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, 2017**  
**(With Comparative Totals for June 30, 2016)**

	Totals	
	2017	2016
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FOR (USED BY) OPERATING ACTIVITIES</b>		
Operating income (loss)	(\$1,515,316)	(\$747,509)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	2,901,696	2,541,456
(Increase) decrease in operating assets		
Accounts receivable	67,835	(114,071)
Increase (decrease) in operating liabilities		
Accounts payable	(116,165)	26,778
Other accrued liabilities	465	34
Net cash provided (used) by operating activities	<u>\$1,338,515</u>	<u>\$1,706,688</u>
<b>RECONCILIATION OF CASH &amp; CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash	\$512,012	\$563,731
Short-term investments	<u>4,491,283</u>	<u>3,640,482</u>
Total cash, short-term investments and restricted cash	<u>\$5,003,295</u>	<u>\$4,204,213</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, 2017**

---

<i>Note 1</i>	<i>Reporting Entity and Summary of Significant Accounting Policies.....</i>	<i>13</i>
<i>Note 2</i>	<i>Cash and Investments .....</i>	<i>17</i>
<i>Note 3</i>	<i>Changes in Capital Assets.....</i>	<i>20</i>
<i>Note 4</i>	<i>Subsequent Event .....</i>	<i>21</i>

---

---

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2017**

---

### **(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 Sanitation District No. 2 of Los Angeles County (SDLAC), 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 are 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 income; 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 a write-off an allowance of \$3,500 for accounts deemed uncollectible for FY2016/2017. Also in FY2016/2017, the Board approved a write off \$16,300. The ending balance of the allowance for uncollectible accounts, after the write off \$16,300, are \$17,401 for the fiscal year ended of June 30, 2017. 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:

<b>Type of Expenditure</b>	<b>Total Cost</b>	<b>Estimated Life</b>	<b>Increases Estimated Life</b>	<b>Enhances Performance</b>
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	≥ 3 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 of capital assets has been provided on a straight-line basis. One-half year depreciation is recorded in the year of acquisition and disposal.

Estimated useful lives are:	Ω Furniture, machinery and equipment	5 - 10 years
	🏠 Improvements	15 years
	🏢 Buildings and plants	5 - 50 years
	📄 Intangible Assets	30 - 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, 2016 from which the summarized 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.

- ⊕ General and auto liability, public officials and employees' error and omissions: The Authority retains the risk of loss for general liability, and, errors and omissions claims of up to \$1,000,000 per person per occurrence; with an aggregate amount of \$2,000,000, subject to a \$10,000 deductible per occurrence.

In addition to the above, the Authority has the following insurance coverage:

- ⊕ Property damage has an \$99,292,000 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, 2017, 2016, and 2015. Additionally, there have been no reductions in insurance coverage.



IERCF Event Tent

## **(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 proceeding 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 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.

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, 2017.

### **Investments**

In FY 2016/2017, 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.



**(2) Cash and Investments (continued):**

**Cash and Investments**

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

	<u>2017</u>	<u>2016</u>
Statement of Net Position:		
Cash & Investments	<u>\$5,003,295</u>	<u>\$4,204,213</u>
<b>Total Cash and Investments</b>	<b><u>\$5,003,295</u></b>	<b><u>\$4,204,213</u></b>

**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 Type</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	20%	10%
Negotiable/Placement Certificates of Deposits	5 years	30%	None
Repurchase Agreements	90 days	40%	None
Medium-Term Notes	5 years	10%	None
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	\$65M	None
Local Agency Investment Pools	N/A	\$20M/Acct	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	\$ 3,337,155	\$ 3,337,155
Repurchase Agreement	1,154,122	1,154,122
Local Agency Investment Fund	6	6
<b>Total</b>	<b>\$ 4,491,283</b>	<b>\$ 4,491,283</b>

**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, 2017 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	\$ 3,337,155	N/A	\$ 3,337,155
Repurchase Agreement	1,154,122	N/A	1,154,122
Local Agency Investment Fund	6	N/A	6
<b>Total</b>	<b>\$ 4,491,283</b>		<b>\$ 4,491,283</b>

**Fair Value Measurement (GASB 72)**

The information below shows the Authority's investments fair value measurements (market approach) as of June 30, 2017. 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, 2017</u>	<u>Level 1 <sup>(A)</sup></u>	<u>Level 2 <sup>(B)</sup></u>	<u>Level 3 <sup>(C)</sup></u>
Los Angeles County Investment Pooled Investment Fund	\$ 3,337,155		\$ 3,337,155	
Repurchase Agreement	1,154,122		1,154,122	
Local Agency Investment Fund	6		6	
<b>Total</b>	<b>\$ 4,491,283</b>	<b>\$ -</b>	<b>\$ 4,491,283</b>	<b>\$ -</b>

<sup>(A)</sup> Level 1 - Quoted prices in active markets for identical assets

<sup>(B)</sup> Level 2 - Quoted prices in active markets for significant other observable inputs

<sup>(C)</sup> Level 3 - Quoted prices in active markets for significant unobservable inputs



### **(3) Changes in Capital Assets**

The following is a summary of capital assets, jobs in progress and intangible assets at June 30, 2017:

<b>Capital assets</b>	<b>Balance at 6/30/2016</b>	<b>Additions</b>	<b>Transfers, Sales &amp; Retirements</b>	<b>Balance at 6/30/2017</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$4,285,096	\$0	\$0	\$4,285,096
Jobs in progress	2,078,169	588,085	(2,204,552)	461,702
<b>Total capital assets, not being depreciated</b>	<b>\$6,363,265</b>	<b>\$588,085</b>	<b>(\$2,204,552)</b>	<b>\$4,746,798</b>
<b>Capital assets, being depreciated:</b>				
Facility	10,831,133	0	0	10,831,133
Structures & improvements	70,742,192	601,556	0	71,343,748
Operations equipment	15,621,338	1,602,996	0	17,224,334
<b>Total capital assets, being depreciated</b>	<b>\$97,194,663</b>	<b>\$2,204,552</b>	<b>\$0</b>	<b>\$99,399,215</b>
<b>Less accumulated depreciation for:</b>				
Facility	(1,841,293)	(216,623)	0	(2,057,916)
Structures & improvements	(11,828,648)	(1,439,474)	0	(13,268,122)
Operations equipment	(4,151,582)	(1,221,589)		(5,373,171)
<b>Total accumulated depreciation</b>	<b>(\$17,821,523)</b>	<b>(\$2,877,686)</b>	<b>\$0</b>	<b>(\$20,699,209)</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$79,373,141</b>	<b>(\$673,134)</b>	<b>\$0</b>	<b>\$78,700,007</b>
<b>Intangible assets, being amortized:</b>				
Capacity rights	1,143,472	0	0	1,143,472
<b>Total intangible assets, being amortized</b>	<b>\$1,143,472</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,143,472</b>
<b>Less accumulated amortization for:</b>				
Capacity rights	(147,891)	(24,009)	0	(171,900)
<b>Total accumulated amortization</b>	<b>(\$147,891)</b>	<b>(\$24,009)</b>	<b>\$0</b>	<b>(\$171,900)</b>
<b>Total capital assets, being amortized, net</b>	<b>\$995,580</b>	<b>(\$24,009)</b>	<b>\$0</b>	<b>\$971,571</b>
<b>Total capital assets, net</b>	<b>\$86,731,986</b>	<b>(\$109,058)</b>	<b>(\$2,204,552)</b>	<b>\$84,418,376</b>

In FY 2016/2017, IERCF acquired \$588,085 in assets; accumulated depreciation and amortization increased by \$2,901,695. The ending balance of accumulated depreciation and amortization for all capital assets has been adjusted for rounding to the Statement of Net Position for FY 2016/17.

**(3) Changes in Capital Assets (continued):**

**Jobs in Progress**

At Fiscal Year ended June 30, 2017, the Authority had seven modification and improvement projects and sub-projects in progress.

IERCF Duct Work Phase II	\$	9,066
IERCF Fire Sprinkler Improvements		50,054
IERCF Transition Air Duct Improvements		18,950
IERCF UPS Replacement		2,993
IERCF Capital Replacement		378,160
IERCF S70 Bobcat		480
IERCF Computer Hardware		1,999
<b>Total Jobs in Progress</b>	<b>\$</b>	<b>461,702</b>

**(4) Subsequent Events**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through February 5, 2018, the date financial statements were available to be issued, and found no subsequent event.



**IERCF Team SoilPro**



**Inland Empire  
Utilities Agency**

6075 Kimball Avenue  
Chino, CA 91710

P.O. Box 9020  
Chino Hills, CA 91709

tel 909.993.1600  
fax 909.993.1986

[www.ieua.org](http://www.ieua.org)

**Sanitation Districts of  
Los Angeles County**

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](http://www.lacsd.org)

[www.ierca.org](http://www.ierca.org)





**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](http://www.ierca.org)





**ANNUAL FINANCIAL REPORT FOR THE  
FISCAL YEAR ENDED JUNE 30, 2017**

**FEBRUARY 5, 2018**



## FY 2016/17 Highlights



- Tipping fee was increased from \$54/ton to \$55
- \$59k decrease in total revenues primarily due to a slight drop in compost sales
- \$546K increase in total expenses primarily due to higher operating material and supplies, and depreciation expense
- Staffing level maintained at 25 full time positions
- No capital call needed to support capital projects





# FY 2016/17 Statement of Revenue, Expense, and Change in Net Position



(\$ Millions)	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	Change %
Total Revenue	\$8.6	\$8.6	0.0%
Total Expenses*	(9.5)	(10.0)	5.3%
Net Profit (Loss)	(\$0.9)	(\$1.4)	55.6%
Beginning Net Position, July 1	\$91.3	\$90.4	1.0%
Ending Net Position, June 30	\$90.4	\$89.0	(1.5%)

\*Includes depreciation expense of \$2.9M (2017) and \$2.5M (2016)



# FY 2016/17

## Statement of Net Position

(\$ Millions)	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	Change %
<b>Assets</b>			
Current Assets	\$5.0	\$5.8	16.0%
Net Capital & Intangible Assets	86.7	84.4	(2.7%)
Total Assets	\$91.7	\$90.2	(1.6%)
<b>Liabilities</b>			
Current Liabilities	\$1.3	\$1.2	(7.7%)
Total Liabilities	\$1.3	\$1.2	(7.7%)
Invested in Capital Assets	\$86.7	\$84.4	(2.7%)
Unrestricted	3.7	4.6	24.3%
Total Net Position	\$90.4	\$89.0	(1.5%)





## FY 2017/18 Mid-Year Statement of Revenue, Expenses, and Change in Fund Balance

<b>(\$Millions)</b>	<b>FY 2017/18 Amended Budget</b>	<b>FY 2017/18 Actual As of 12/31/17</b>	<b>Projected Mid-Year vs. Budget</b>
Revenue*	\$8.6	\$4.4	51%
Expenses	7.9	3.3	42%
Capital	3.0	0.3	10%
<b>Net Profit (Loss)</b>	<b>(\$2.3)</b>	<b>\$0.8</b>	

\* Excludes budget of \$1 million for capital contribution.



**QUESTIONS?**



**ACTION  
ITEM**

**4B**



---

**Date:** February 5, 2018

**To:** Honorable Board of Directors

**From:** Christina Valencia   
Treasurer

**Subject:** Adoption of Depository Agreement and Investment Fund Signatory Resolutions

---

### **RECOMMENDATION**

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2018-2-1, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks, and withdrawal of funds;
2. Adopt Resolution No. 2018-2-2, authorizing participation in the Local Agency Investment Fund and designating signatories for the deposit and withdrawal of funds; and
3. Adopt Resolution No. 2018-2-3, authorizing participation in the Los Angeles County Pooled Surplus Investment Fund and designating signatories for the deposit and withdrawal of funds.

### **BACKGROUND**

The attached resolutions have been revised to reflect recent changes in the Authority's signatories due to the retirement of Mr. P. Joseph Grindstaff and the addition of Ms. Halla Razak as the new General Manager for the Inland Empire Utilities Agency and new Director for the Inland Empire Regional Composting Authority.

In addition to the current participation in Local Agency Investment Fund (LAIF) for investment, and a recommendation by the Board, the proposed participation in the LA County Pooled Surplus Investment (PSI) Fund will allow the Authority to purchase investments through the LA County Treasurer. The strategy of the PSI portfolio is to maintain principal and to provide sufficient liquidity to cash flow needs of the pool members.

### **PRIOR BOARD ACTION**

None.

### **IMPACT ON BUDGET**

None.



**RESOLUTION NO. 2018-2-1**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE INLAND EMPIRE REGIONAL  
COMPOSTING AUTHORITY, AUTHORIZING AND  
DESIGNATING SIGNATORIES OF DEPOSITORY  
AGREEMENTS, DEPOSITORY CARDS,  
DEPOSITS, TRANSFERS, CHECKS, AND  
WITHDRAWALS OF FUNDS**

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors as follows:

**Section 1.** Depository Agreements. The Treasurer, or Alternate Treasurer, of the Inland Empire Regional Composting Authority ("IERCA"), hereby is authorized to enter into and execute agreements for the deposit or withdrawal of IERCA funds in accounts, pursuant to California Government Code (CGC) §53600, et seq.

Inland Empire Regional Composting Authority:

\_\_\_\_\_ - Christina Valencia  
Treasurer

**Section 2.** Depository Cards. That the persons authorized and directed to execute depository cards for the deposit or withdrawal of funds, for all bank accounts of IERCA is designated as follows, effective February 5, 2018:

Inland Empire Regional Composting Authority  
Directors:

\_\_\_\_\_ - Jon Blickenstaff  
Chairperson

\_\_\_\_\_ - Jasmin A. Hall  
Vice Chairperson

\_\_\_\_\_ - Paul Hofer  
Director

\_\_\_\_\_ - Halla Razak  
Director

Inland Empire Utilities Agency  
Employees:

- \_\_\_\_\_ - Christina Valencia  
Exec. Manager of Finance &  
Admin./AGM
- \_\_\_\_\_ - Tina Y. Cheng  
Budget Officer

**Section 3.** Signing of Checks. Checks of the IERCA shall be signed as follows:

- a) Any check up to \$10,000 shall be signed by any one (1) person under Section 2, or with the facsimile signature of a Director listed above.
- b) Any check in excess of \$10,000 shall be signed by any (2) signatories listed under Section 2, or one (1) signatory listed under Section 2 and the facsimile signature of a Director listed above.

**Section 4.** Intrabank Transfers. Written authorization to transfer funds between the Authority's accounts shall be signed by any two (2) persons listed under Section 2.

**Section 5.** Interbank Transfers. Written authorization to transfer funds between the Authority's accounts, held in any of several financial institutions, shall be signed by any two (2) persons listed under Section 2.

**Section 6.** Newly Issued Time Deposits, Certificates of Deposit and Placement Service Certificates of Deposit. Any designated IERCA Director, The Inland Empire Regional Composting Authority Treasurer or Alternate Treasurer, or the Inland Empire Utilities Agency employees listed under Section 2 shall sign receipts for "Notices to Depository-Penalty for Early Withdrawal of Time Deposits, Certificates of Deposit and Placement Service Certificates of Deposit" covering new Deposits issued to the IERCA.

**Section 7.** Maturing Time Deposits, Certificates of Deposit and Placement Service Certificates of Deposit. That any designated IERCA Director, Treasurer, or Alternate Treasurer, or Inland Empire Utilities Agency employees listed under Section 2 shall endorse a maturing Time Deposits, Certificates of Deposit and Placement Service Certificates of Deposit when such an endorsement is required by the issuing financial institution at redemption.

**Section 8.** This resolution shall take effect from and after its date of adoption.

**Section 9.** Rescission of Resolution. Upon adoption of this



resolution, Resolution No. 2017-2-1 is hereby rescinded in its entirety.

**ADOPTED AND APPROVED** this 5<sup>th</sup> day of February 2018.

---

Jon Blickenstaff  
Chairperson

ATTEST:

---

Jasmin A. Hall  
Vice Chairperson

STATE OF CALIFORNIA            )  
  )SS  
COUNTY OF SAN BERNARDINO )

I, Jon Blickenstaff, Board Chairperson of the Inland Empire Regional Composting Authority, DO HEREBY CERTIFY that the foregoing Resolution No. 2018-2-1 was duly adopted by the Board of Directors on the 5th day of February, 2018 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Jon Blickenstaff  
Chairperson



**RESOLUTION NO 2018-2-2**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE REGIONAL COMPOSTING AUTHORITY,  
AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL  
AGENCY INVESTMENT FUND**

**WHEREAS**, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 which was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

**WHEREAS**, the Authority does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provision of Section 16429.1 of the Government Code for the purpose for investment as stated is in the best interest of the Inland Empire Regional Composting Authority ("IERCA")

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the IERCA hereby authorizes the deposit and withdrawal of IERCA monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking Information provided in that regard.

**BE IT FURTHER RESOLVED**, that the Treasurer of the IERCA or Alternate Treasurer, the Designated Board of Directors, and Budget Officer of the Inland Empire Utilities Agency shall be authorized to order the deposit and withdrawal of monies in the Local Agency Investment Fund:

---

Christina Valencia  
Treasurer

---

Jasmin A. Hall  
Vice Chairperson

---

Paul Hofer  
Director

---

Halla Razak  
Director

---

Tina Y. Cheng  
Budget Officer

**ADOPTED AND APPROVED** this 5<sup>th</sup> day of February 2018.

---

Jon Blickenstaff  
Chairman

ATTEST:

---

Jasmin A. Hall  
Vice Chairperson





**RESOLUTION NO 2018-2-3**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND  
EMPIRE REGIONAL COMPOSTING AUTHORITY,  
AUTHORIZING INVESTMENT OF MONIES IN THE LOS  
ANGELES COUNTY POOLED SURPLUS INVESTMENT FUND**

**WHEREAS**, the legislative body of a local agency may invest surplus monies, not required for the immediate necessities of the local agency, in accordance with the provisions of California Government Code Section 5922 and Section 53601 et seq.; and

**WHEREAS**, the Authority does hereby find that the deposit and withdrawal of money in the Los Angeles County Pooled Surplus Investment Fund in accordance with the provision of Section 53601(p) of the California Government Code for the purpose of investment as stated is in the best interest of the Inland Empire Regional Composting Authority ("IERCA")

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the IERCA hereby authorizes the deposit and withdrawal of IERCA monies in the Los Angeles County Pooled Surplus Investment Fund in accordance with the provisions of Section 53601 (p) of the Government Code for the purpose of investment as stated therein.

**BE IT FURTHER RESOLVED**, that the Treasurer of the IERCA, the Designated Board of Directors, General Manager and Budget Officer of the Inland Empire Utilities Agency shall be authorized to order the deposit and withdrawal of monies in the Local Government Investment Pool:



---

Christina Valencia  
Treasurer

---

Jon Blickenstaff  
Chairman

---

Jasmin A. Hall  
Vice Chairperson

---

Halla Razak  
General Manager

---

Tina Y. Cheng  
Budget Officer

**ADOPTED AND APPROVED** this 5<sup>th</sup> day of February 2018.

---

Jon Blickenstaff  
Chairman

ATTEST:

---

Jasmin A. Hall  
Vice Chairperson





**ACTION  
ITEM**

**4C**






---

**Date:** February 5, 2018

**To:** Honorable Board of Directors

**From:** Jeffrey Ziegenbein   
Project Manager

Ryan Walker, P.E.  
Senior Engineer

**Subject:** Trommel Screen Replacement

---

### **RECOMMENDATION**

It is recommended that the Board of Directors:

1. Award a construction contract for the replacement of compost screening plant No. 1, Project No. RA19002, to W.M. Lyles Co. in the amount of \$1,269,700;
2. Approve a budget transfer in the amount of \$500,000 from the Transition Air Duct Improvements Project No. RA17001 to the Trommel Screen Improvements Project No. RA19002; and
3. Authorize the Project Manager to finalize and execute the Contract.

### **BACKGROUND**

Inland Empire Regional Composting Facility (IERCF) is a compost production facility that processes biosolids and green waste to produce valuable compost. Some of the processes in this facility include material handling equipment such as front-end loaders, feed hoppers, mixers, conveyors and trommel screens. Trommel screens are required as part of the finishing process allowing 200,000 wet tons/year to move efficiently through the facility. With the screening function being at the end of the process it determines in large part how efficient the production process runs. When the screens operate as designed production is most efficient. When they run poorly or have significant downtime, the production process is inefficient or ceases.

Due to under estimations of the production requirement of the facility, the original screens components were undersized for proper weight support of the trommel screen itself. These components were custom made specifically for the IERCF based on the best information and technology available at the time. The IERCF team of mechanics and operators have done

exceptional work in keeping the screens running and maintaining throughput. Since the trommel screens were originally installed, each screen has had a major design modification to better handle the weight of a loaded drum and had two major rehabilitations. After 10 years of operations in a very challenging environment, both screens are nearing the end of their useful life and require an investment. Screen No. 1 is much closer to a major investment at this time and is the first choice for replacement.

As briefly noted above, the current screen No. 1 requires significant ongoing maintenance to continue operation costing approximately \$120,000 each year. Screen overhauls cost approximately \$300,000 per event. Both screens experience failure of the carrier tires supporting and driving the drum due to the excessive weight support by each tire. In addition, the existing screens lack the ability to adjust the rotational speed to match the feed rate. The screens are only capable of operating at full speed or the drum stops spinning. In addition, Screen No. 1 received the following in an effort to extend the operating life while evaluating a long-term solution;

- Multiple carrier wheel assembly replacements
- Drive ring surface patch installations
- Drum strengthening and screen tensioner repairs
- Drum seal replacement

These repairs were intended to make the screen run for enough operating hours as a backup to allow for sufficient time to evaluate a long-term solution. In addition, to the routine and corrective maintenance described above, the screens have required a major overhaul approximately every four to five years. These overhauls generally require the replacement of the drum, removal/replacement of shrouding and frame members, repair or replacement of carrier wheels and other items found in need of repair/replacement during the construction.

Since the installation of the existing screens, equipment designs have improved, and new screening systems are available that are more reliable, efficient, and have a proven history. These factors prompted a business case analysis (BCA) to compare the repair/replacement options the IERCF has with the screening plants (Attachment No. 1). The BCA compared three alternatives for repair/replacement. The alternatives are as follows: (A) keep the existing screens and perform a major overhaul on both screens in the next two years, (B) replace Screen No. 1 and utilize Screen No. 2 as a backup only, and (C) perform a major overhaul with upgrades to Screen No. 1 and utilize Screen No. 2 as a backup only. Once all three alternatives were compared the best value for the IERCF was to replace Screen No. 1 with a new system selected using IERCF's operating experience and existing permanently installed trommel screen systems in the compost industry (See table below).

By incorporating newer equipment designs and components that are best suited for the IERCF application it is expected a new trommel screen will last several years without the need of a major overhaul. The proposed screen is a production unit and not a one of a kind build like the existing trommel. This is expected to improve reliability and meet production requirements with fewer hours of runtime, will decrease operation cost and provide additional time to perform routine

maintenance. It is anticipated that improved equipment designs would further improve screening reliability creating a new level of uptime which would decrease operational interruptions.

Alternative	15-Year Cost
A (Keep existing screens)	\$3,600,000
B (Replace Screen No. 1)	\$2,220,000
C (Upgrade Screen No. 1)	\$2,280,000

On November 20, 2017, IEUA sent the Request for Proposal (RFP) to four prequalified contractors in compliance with Senate Bill (SB) 785, which allows public agencies to select design-build contractors based on the best value to the Authority rather than lowest cost. This project delivery method was preferred due to the large equipment purchase and limited design required. Three of the four contractors participated in the mandatory job walk on December 7, 2017.

On January 8, 2018, the following best and final proposals\* were received:

Contractor's Name	Total Price
Baghouse & Industrial Sheet Metal Services, Inc.	\$1,245,846
W.M. Lyles Co.	\$1,269,700
<b>Engineer's Estimate</b>	<b>\$1,000,000</b>

\*The proposals include a 15% contingency and extended warranty as required by IEUA

The proposals were reviewed by a selection committee consisting of the IERCF and IEUA staff from Engineering and Construction Management. Pursuant to SB 785, the proposals were evaluated based on technical experience, capital and life-cycle costs, schedule, proposed work plan, and safety record. Based on these criteria, the committee determined that W.M. Lyles Co. provided the best value to IERCF for this project. During the prequalification process, IEUA staff evaluated W.M. Lyles Co. financial statements and verified references. W.M. Lyles has the technical experience and responsiveness to make this project a success.

Funds are available from the IERCF Transition Air Duct Improvement Project will are not needed until a future date. Repairs previously made have been found to be holding well allowing additional time to develop the most cost-effective solution. A detailed engineering evaluation is anticipated to be completed in fiscal year 2018/19.

**PRIOR BOARD ACTION**

On May 1, 2017, the Board of Directors approved the Trommel Screen Improvements Project (RA19002) for \$1,000,00 for screen replacement.

**IMPACT ON BUDGET**

If approved, the construction contract award for the Trommel Screen Improvements, Project No. RA19002 in the amount of \$1,269,700 is within the augmented total project budget of \$1,500,000.



The project budget table below shows proposed costs rounded up:

<b>Bid Item</b>		<b>W.M. Lyles Co.</b>
Part A (Screen Plant)		
1	Design	\$79,632
2	Remove/Dispose	\$127,413
3	Fabricate/Install	\$890,955
<b>TOTAL 1-3</b>		<b>\$1,098,000</b>
4	15% Design Build Contingency	\$164,700
5	Extended Warranty	\$7,000
6	Construction Services (15%)	\$164,700
<b>ROUNDED TOTAL</b>		<b>\$1,500,000</b>

**ATTACHMENTS**

Attachment No. 1 – Business Case Analysis (BCA)

Business Case Analysis  
IERCF Screening Plant Replacement, RA19002  
January 2018

# **Business Case Analysis**

**IERCF Screening Plant Replacement  
Project No. RA19002**

January 8, 2018

Prepared By: James Spears P.E., Associate Engineer  
Recommended By: Ryan Walker P.E., Project Manager

**TABLE OF CONTENTS**

1.	BACKGROUND .....	3
2.	SYSTEM DEFICIENCIES .....	3
3.	ALTERNATIVES.....	5
4.	ALTERNATIVE ANALYSIS .....	5
5.	RECOMMENDATION .....	6
6.	APPENDICES .....	6
7.	AUTHORIZATION.....	6



## **1. BACKGROUND**

The IERCF has two Wildcat 8' diameter by 40' long trommel screens. These screens are required as part of the finishing process allowing 200,000 wet ton/year to move efficiently through the facility. Compost is fed into the rotating drum of the screen, tumbled across a wire mesh with 3/8" openings to separate the large pieces from the "fines". The large pieces are reused in the compost process and the fines are sold as soil amendment. There are two screens for redundancy and have been in operation for over 10 years. The screens are a critical production point in the IERCF compost manufacturing process and are the final mechanical process applied to the compost before it can be shipped to customers. When the screens run well production runs steady, when the screens are offline for maintenance and repairs, or if the compost becomes wet and heavy as it does during the winter season, the entire process is bottlenecked at this point. If the screen units are down for an extended period, it impacts the throughput of the entire facility which results in reductions in biosolids processed.

The original screens were inadequately designed for proper weight support of the compost loaded drum. These were custom built machines produced specifically for the IERCF. The IERCF team of mechanics and operators have done exceptional work in keeping these screens running and maintaining throughput. Since originally installed, each screen has had a major design modification to better handle the weight of a loaded drum and had two major rehabilitations. Both screens are nearing the end of their useful life and require an investment. Screen No. 1 is much closer to a major investment at this time and would be an obvious choice for replacement. Since the installation of the existing screens, new technology has improved, and new screening systems are available that are more reliable, efficient, and have a proven history. Therefore, replacing Screen No. 1 with a new system designed using IERCF's operating experience and existing permanently installed trommel screen systems in the compost industry has become a viable option. By not relying on a completely custom unit, it is expected a new trommel screen will last 15 years without the need of a major overhaul. It is also anticipated a new screen would meet production requirements in fewer hours of runtime, which would decrease operation cost and provide additional time to perform routine maintenance.

The production team at IERCF has managed to maintain throughput over the past 10 years with the current screens. However, Screen No. 1 requires another major overhaul or a complete replacement. This Business Case Analysis will investigate and compare the replacement of the existing screening plant and repair of the existing unit. A detailed cost analysis will be performed to see which option is the most cost effective and beneficial for the IERCF.

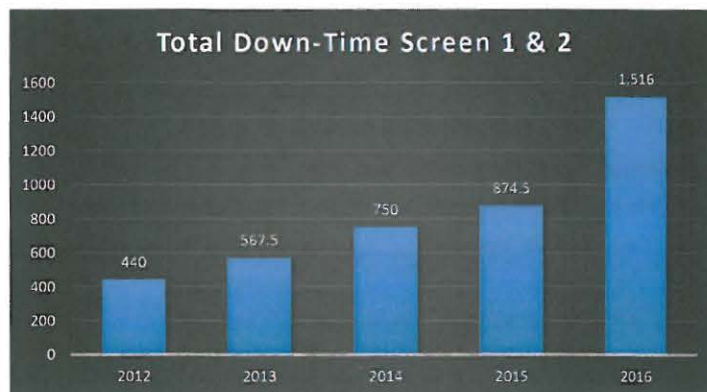
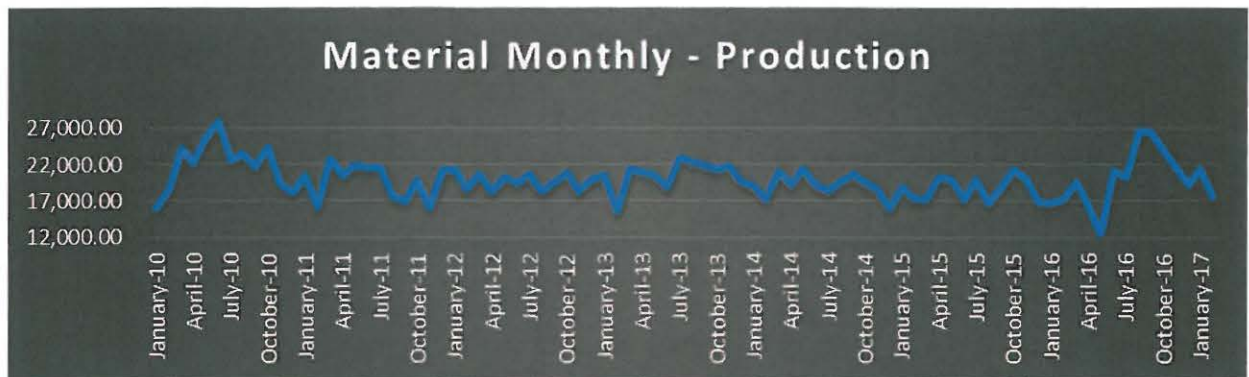
## **2. SYSTEM DEFICIENCIES**

As briefly noted above, the current screening plants require significant ongoing maintenance to continue operation. The following is a more detailed description of the specific deficiencies present. Screen No. 1 has recently had a field repaired drive wheel surfaces and several repairs to the drive surfaces. These repairs were intended to make the screen run for another 500 hours when needed as a backup to Screen No. 2. Screen No. 1 metal drum

structure has experienced metal loss due to corrosion and run time hours and is beginning to fail. Screen No. 1 has also experienced continued screen cloth attachment hardware failure which has been attributed to corrosion related issues. Both screens experience common failure of the tires supporting the drum due to the excessive weight support by each tire. In addition, the existing screens lack the ability to adjust the speed at which they operate as the feed rate fluctuates. The screens are only capable of operating at full speed or the drum stops spinning.

In addition, to the routine and corrective maintenance described above, the screens have required a major overhaul approximately every four years. These overhauls generally require the replacement of the drum, removal/replacement of shrouding and frame members, repair or replacement of carrier wheels and other items found in need of repair/replacement during the construction.

The production graph below would indicate a flat line in a perfect production environment. With seasonal variations, and the fact mechanical equipment does break, a flat line would be unattainable. It should however be far smoother than indicated. Screen downtime is the major contributing factor to inconsistent production numbers. Installing a reliable screen will increase up-time and greatly improve production efficiencies. The graph shows that there were several problems early on but those smoothed out significantly after improvements were made. As the screens age, increased disruptions have impacted operations (see bar graph below). It is anticipated that improved technology would further improve screening reliability creating a new level of uptime which would decrease operational interruptions.



### 3. ALTERNATIVES

The following alternatives were investigated:

- A. *Keep the existing screens and perform a major overhaul on both screens in the next two years.*

This option would consist of performing a major overhaul on Screen No. 1 immediately and perform a major overhaul on Screen No. 2 in the next couple years. The overhauls would be comparable to the prior overhauls performed and simply bring the screens back into relatively reliable operation for the next several years.

- B. *Replace Screen No. 1 and utilize Screen No. 2 as a backup only.*

This alternative would consist of the complete replacement of Screen No. 1. The new screen would be more reliable as there are many permanent installations within the compost industry proving their reliability. The new screen would also be more efficient as the required runtime of the screen would be reduced and the drum would be variable speed. Only routine and corrective maintenance would be performed on Screen No. 2.

- C. *Perform a major overhaul with upgrades to Screen No. 1 and utilize Screen No. 2 as a backup only.*

This alternative would consist of a major overhaul and several upgrades to Screen No. 1 to improve reliability and efficiency of the unit. The repairs would be comparable to prior overhauls performed but would also include adding an additional set of carrier wheels to better distribute the drum load.

### 4. ALTERNATIVE ANALYSIS

Based on the assumptions described in the previous section, the following table summarizes the financial analysis for each alternative:

<b>Alternative</b>	<b>15-Year Cost</b>
A (Keep existing screens)	\$3,300,000
B (Replace Screen No. 1)	\$1,920,000
C (Upgrade Screen No. 1)	\$2,180,000

A 15-year cost comparison was chosen based off of the life expectancy of a new trommel screen before a major overhaul is required. A detailed breakdown of the cost analysis can be found in Appendix A. Alternative B provides the best financial benefit to IERCF saving a minimum of \$260,000 over a 15-year period.



**5. RECOMMENDATION**

Alternative B is the recommended approach. There is a significant cost savings over the next 15 years to replace the screen versus the other alternatives. The new screen will also provide operations and maintenance with improved reliability and efficiency and give the operational flexibility providing further benefit to IERCF.

**6. APPENDICES**

Appendix A – Detailed Cost Analysis

**7. AUTHORIZATION**

Submitted:

\_\_\_\_\_  
*Ryan Walker*  
Project Manager

Date: \_\_\_\_\_

Approved:

\_\_\_\_\_  
*Jerry Burke, P.E.*  
Deputy Manager of Engineering

Date: \_\_\_\_\_

**Appendix A**

*Detailed Cost Analysis*

Alternative	Screen No.	Task	Occurrence	Quantity	Unit Cost	15-Year Duration Cost
A	Screen No. 1	Routine Maintenance	monthly	180	\$ 5,000	\$ 900,000
	Screen No. 2	Routine Maintenance	monthly	180	\$ 5,000	\$ 900,000
	Screen No. 1	Major Overhaul	five-years	3	\$ 250,000	\$ 750,000
	Screen No. 2	Major Overhaul	five-years	3	\$ 250,000	\$ 750,000
	Alternative A 15-Year Cost					
B	Screen No. 1	Routine Maintenance	monthly	180	\$ 2,000	\$ 360,000
	Screen No. 2	Routine Maintenance	monthly	180	\$ 2,000	\$ 360,000
	Screen No. 1	Replacement	fifteen-years	1	\$ 1,200,000	\$ 1,200,000
	Alternative B 15-Year Cost					
C	Screen No. 1	Routine Maintenance	monthly	180	\$ 3,000	\$ 540,000
	Screen No. 2	Routine Maintenance	monthly	180	\$ 3,000	\$ 540,000
	Screen No. 1	Major Overhaul w/ upgrades	fifteen-years	1	\$ 600,000	\$ 600,000
	Screen No. 1	Major Overhaul	ten-years	1	\$ 250,000	\$ 250,000
	Screen No. 2	Major Overhaul	ten-years	1	\$ 250,000	\$ 250,000
	Alternative C 15-Year Cost					






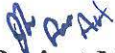


---

**Date:** February 5, 2018

**To:** Honorable Board of Directors

**From:** Jeffrey Ziegenbein   
Project Manager

Ann Heil   
Assistant Project Manager

**Subject:** IERCA Farm Plan

---

### **RECOMMENDATION**

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

### **BACKGROUND**

The IERCF processes over 200,000 wet tons of biosolids and greenwaste per year producing over 230,000 cubic yards of compost. To accept daily throughput of approximately 800 tons, finished compost needs to have a market. A compost storage facility was installed to hold up to two months' compost which will allow for minimal interruptions in compost sales without impacting throughput. Recent experiences with compost market fluctuations, however, prompted staff to evaluate additional market protection strategies.

The compost is marketed to over 100 customers in the landscape and agricultural industries which typically meets the sales demand needed to maintain balance between the inbound and outbound volumes required at the IERCF. However, compost markets fluctuate and at times, some sales require subsidies to ensure consistent movement of compost. To ensure a sustainable and dependable demand for the compost, investment into a medium to large-scale fodder crop farm is recommended. IERCA's marketing team recommends securing a farm site of at least 200 acres to provide demand for inventoried IERCF compost.

The addition of the farm would improve the supply and demand ratio under normal market conditions and protect against oversupply risks anticipated with future market conditions. These are anticipated to be flooded with newly diverted organics from the landfill system mandated by California law. The project would also allow a teaching opportunity to demonstrate water conservation and carbon sequestration principles. The revenues from this project can potentially create increased demand from the entire agricultural community.

The project would start with forage and fodder crops as there is ample demand for those commodities in the IERCA region reducing the business risks of starting a new farm. There are multiple contract farm managers in the region who have indicated an interest in providing farm services and have assisted with the

operations plans for the potential farm projects. Some examples of the farm types and their compost demands are listed below:

*Alfalfa – Application of ~50 ton/year per acre:*

- Compost applied year-round as topdressing between cuttings.
- Yield ~5 ton with 8 cuttings/year (Desert environment – 9 cuttings/year).
- High initial planting cost of ~\$230/ac (\$7.50/lb. @ 33lbs/ac application rate).
- Crop grown year-round. 3-year life span after initial seeding.
- Gross revenue of \$1,150.00/ac/cutting (Revenue - ~\$220.00/ton).

*Field Corn (Silage) – Application of ~25 ton/year per acre:*

- Compost applied once per year before initial planting.
- Yield ~25 ton with 1 cutting/year.
- Low planting cost.
- Seed to harvest time of ~4 months.
- Gross revenue of \$1,500.00/ac/cutting (Revenue - ~\$60.00/ton).
- Usually grown with wheat or another fodder crop within the same field/year.

*Wheat – Application of ~25 ton/year per acre:*

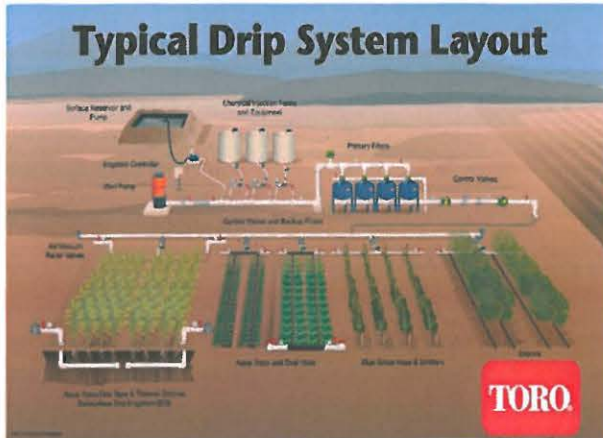
- Compost applied once per year before initial planting.
- Yield ~15-18 ton with 1 cutting/year.
- Low planting cost.
- Seed to harvest time of ~4 months.
- Usually grown with field corn or another fodder crop within the same field/year.

The crop types are all anticipated to provide net revenue to the IERCA while providing the other benefits previously listed. Crop selection will depend on seasonality and market demand.

## **WATER AND OPERATIONS**

One of the critical items of the farm project is quantifying the benefits of compost and its effects on healthy soils and water efficiency. Water availability and cost vary widely depending on the farm site, so selections will be mindful of those water details. The IERCA team will select a farm site that has sufficient water supplies and a delivery system that will enable efficient water infrastructure to be installed. The project will also include a contract with a farmer who can manage water in an efficient manner and quantify water use details to ensure an accurate account of water management practices are documented and reported.

The location of the proposed site is vital when determining economic viability. Initial equipment and infrastructure costs will be taken on a case-by-case basis regarding each proposed property. For instance, pivot irrigation is ideal for all forage and fodder crop applications when water is readily abundant. Although with the highest initial cost but lowest long-term operating costs a subsurface irrigation system is highly recommended. Also, it will lower water consumption by more than 50%, lower maintenance costs and increase crop yield.



## **SUMMARY**

The IERCF project produces a consistent volume of compost each year totaling approximately 230,000 cubic yards. California has implemented laws restricting solid waste into landfills which will push organics into the compost market potentially tripling supply into IERCA's market. To protect the IERCA, the management team recommends developing a farm project managed or owned by the IERCF that will demand a high volume of compost while proving healthy soil principles including water conservation and carbon sequestration.

An ideal project would be the purchase or lease of a fodder crop farm of 300 acres which would provide a compost outlet for up to 40,000 cubic yards paying full price to the IERCA while reducing supply to the remaining compost market which would push the market price upward. The overall benefit would be increased sales revenues with increased market options.

## **PRIOR BOARD ACTION**

None

## **IMPACT ON BUDGET**

None



INFORMATION  
ITEM


**5B**




---

**Date:** February 5, 2018

**To:** Honorable Board of Directors

**From:** Jeffrey Ziegenbein   
Project Manager

Ann Heil   
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) continues to operate at full capacity processing 700 to 800 wet tons of biosolids and amendments daily. IERCF continued its outstanding safety and compliance history throughout this reporting period.

Since the last update, the IERCF staff has:

- Logged over 2,497 days without a lost time incident
- Reduced the storage facility inventory to ZERO for the second consecutive year
- Maintained 100% compliance with permit regulations

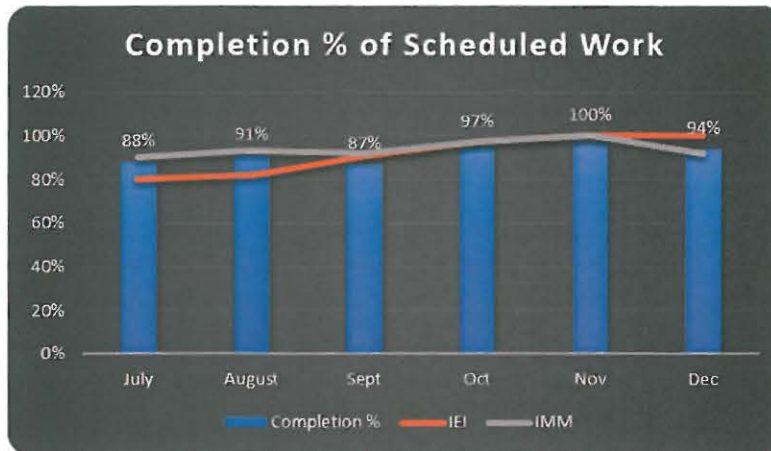
Table 1 lists materials processed for fiscal year 2017/18 and since start up in April 2007, through December 31, 2017.

Table 1: Process summary

	<b>FY 2017/18</b>	<b>2007-2017</b>
Biosolids Processed (wet tons)	71,840	1,387,139
Amendments Processed (wet tons)	19,074	584,586
Compost Sold (cubic yards)	123,450	2,238,828

**Maintenance**

The IERCF maintenance team continues to focus on preventative maintenance and maintaining compliance with scheduled work. The team uses the SAP computerized maintenance management system to schedule and document work and has been maintaining high completion percentages over the last several months reaching 100% in November 2017.



% Schedule Compliance Chart

Along with preventative and corrective work, the IERCF maintenance staff performs in-house overhauls on certain material handling equipment. During the last quarter, staff overhauled one of the two pugmill mixers replacing all of the paddles and hard facing the steel in the tub and on the mixing shaft.



Pugmill #1 shaft overhaul

The team has been restructuring the parts inventory system and is ready to institute a new warehousing program after the completion of the warehouse structure anticipated in March 2018.



**Energy Update**

The energy storage portion of the project is expected to be online on May 15, 2018 which includes 1.5 megawatts of battery storage and the computer interface to enable efficient use of the storage. The solar portion of the project is at the 70% design phase is expected to be online on December 15, 2018. The warranty holder of the IERCF roof fabric is reviewing the proposed 2018 solar installation details and will provide direction on the next steps to make sure that there are no conflicts with the materials or the warranty. IEUA and LACSD engineers are continuing to evaluate the structural calculations and have provided comments. The general contractor is expected to provide updates in January.

**Outreach Update**

IERCA has continued to be active in outreach efforts through industry trade associations, local colleges, United States Composting Council (USCC) and many local organizations.

The following table lists a summary of IERCA outreach activities for the quarter:

Item	Number
IERCF Tours (groups)	4
IERCF Tours (people)	94
Presentations	5
Garden in Every School	6
Site visitors (for the year)	566



USCC Compost Operator Training tour



Community give away

**Sales and Marketing Report**

The sales staff is currently servicing over 130 active customers. Over the course of the calendar year, eight new customers were added, and five customers were reactivated.

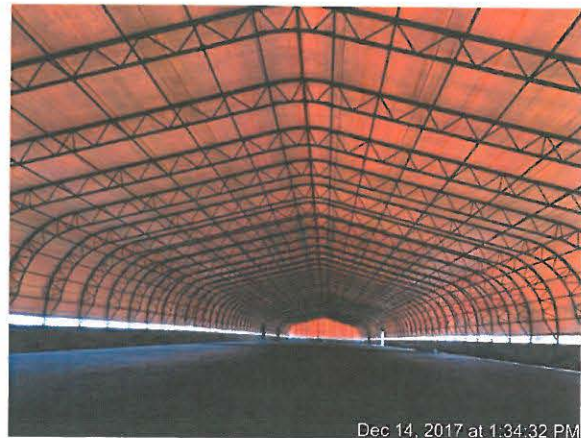
In comparison to 2016, IERCA sold out all inventory one month sooner this year. The team's focus over the past year has remained on building our agriculture market and focusing on increasing revenue and finding best value for our Premium Compost. IERCA's customer base is currently 65% landscape markets and 30% agriculture with 5% going to our give back program. This market diversification has allowed

IERCA to maintain a more even sales distribution throughout the year by shipping consistent volumes through the fall and winter seasons.

Despite diversifying our customer base, SoilPro has remained the leading supplier of Premium Compost throughout the landscape and bulk material yard market segment. IERCA continues to see positive results from the "Give Back" program and plans to continue to promote this opportunity to the many cities affiliated with IEUA and SDLAC. The sales team remains committed to promoting the many advantages of SoilPro, including the increase water savings potential, ability to sequester carbon, and the use in correcting unproductive soils through healthy and natural processes. IERCA sales staff continues to monitor market conditions to ensure the best value for our compost products.



SoilPro being spread onto a farm in Riverside County.



Storage facility in December completely empty.

Table 2 lists a summary of monthly sales and revenue

MONTH	TOTAL YARDS 2017	TOTAL YARDS 2016	TOTAL REVENUE 2017	TOTAL REVENUE 2016
January	7,965.39	14,298.49	\$11,934.94	\$22,085.28
February	14,371.47	12,426.08	\$20,070.21	\$28,926.15
March	22,580.72	16,748.45	\$36,895.88	\$33,493.58
April	14,887.63	26,638.72	\$36,561.10	\$36,945.87
May	19,121.35	26,533.61	\$39,387.11	\$37,207.12
June	17,893.20	22,724.12	\$38,379.99	\$44,129.86
July	21,518.61	14,898.82	\$31,737.00	\$27,554.05
August	19,226.62	13,973.73	\$37,071.78	\$32,185.36
September	16,170.64	28,277.42	\$35,038.33	\$25,161.07
October	25,631.94	33,118.70	\$34,569.24	\$30,402.44
November	24,481.44	36,746.25	\$30,053.63	\$26,452.12
December	16,420.31	27,866.97	\$34,860.10	\$26,088.79
<b>TOTAL</b>	<b>220,269.32</b>	<b>274,251.36</b>	<b>386,559.31</b>	<b>370,631.69</b>
<b>AVERAGE</b>	<b>18,355.78</b>	<b>22,854.28</b>	<b>32,213.28</b>	<b>30,885.97</b>



The following tables summarize the Authority's ageing reports and sales write off history.

Monthly Accounts Receivable Ageing Report of IERCA (Sales only to third parties)								
	Description	Current	1-30 Days	31-60 days	61-90 days	91-120 days	>121 days	Total
1	Amount \$	79,834.32	13,786.06	11,783.61	2,952.44	3,612.16	2,335.53	114,304.12
2	# of Invoices	52	15	8	3	2	8	88
3	# of Customers	43	15	8	3	2	4	75

Quarterly Accounts Receivable Ageing Report of IERCA (Sales only to third parties)				
Sr. #	Description	From FY 2007/08 to FY 2016/17	FY 2017/18 (July thru Dec.)	Total
1	Sales	5,554,623.94	274,786.56	5,829,410.50
2	Write off	33,701.60		33,7001.60
3	Percentage of Write Off Sales	0.6067%		0.5781%

**PRIOR BOARD ACTION**

None.

**IMPACT ON BUDGET**

None.



INFORMATION  
ITEM

**5C**



---

**Date:** February 5, 2018

**To:** Honorable Board of Directors

**From:** Christina Valencia  
Treasurer 

**Subject:** Treasurer's Report of Financial Affairs for the Quarter Ended  
December 31, 2017

---

### **RECOMMENDATION**

The Treasurer's Report of Financial Affairs for the quarter ended December 31, 2017 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. 2016-5-1), 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.

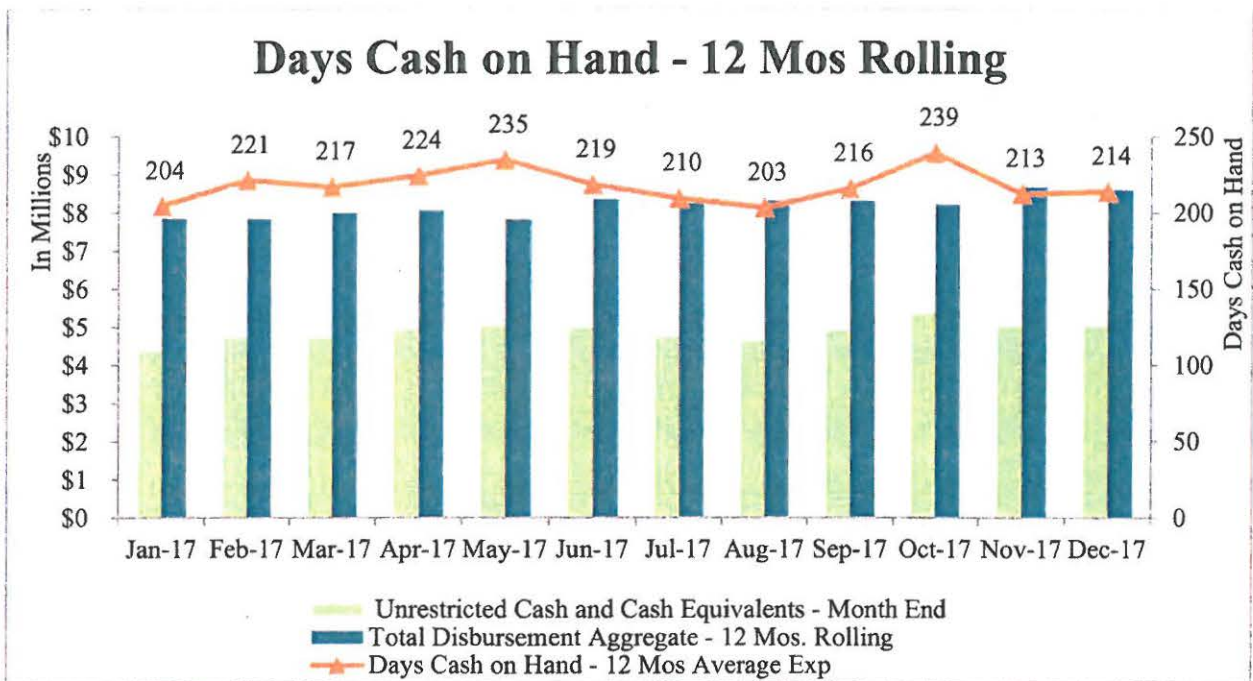
The Treasurer's Report of Financial Affairs for the quarter ended December 31, 2017 is hereby submitted in a format consistent with State requirements. As shown in the table below, December's total cash, investments, and restricted deposits equaled \$5,045,384 showing an increase of \$137,675 when compared to the September balance of \$4,907,709. The increase was mainly due to the higher biosolids receipts over the prior quarter.

The Authority's investment portfolio average rate of return in December 2017<sup>(1)</sup> was 1.141% reflecting an increase of 0.119% when compared to the September 2017 yield of 1.022%. The increase was due to the investment of \$500,000 from the Citizens Business Bank Sweep account, with a yield of 0.70%, to the LA County Pooled Investment account, with a yield of 1.390%.

<sup>(1)</sup>Information from LA County Pooled Investment and Local Agency Investment Fund is as of November 30, 2017.

	September 31, 2017	December 31, 2017	Changes from Prior Quarter
Total Cash, Investments, Restricted Deposits	\$4,907,709	\$5,045,384	\$137,675
Investment Portfolio Average Rate of Return	1.022%	1.141 %	.119%

Cash on hand (COH) for the month ended December 31, 2017 was 214 days compared to September 30, 2017 COH of 216 days, as a result of the additional investment to the LA County Pooled Investment account. 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 expense, 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, 2017.



# TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Quarter Ended December 31, 2017



All investment transactions have been executed in accordance with the criteria stated in the Authority's Investment Policy (Resolution No. 2017-5-1), adopted by the Inland Empire Regional Composting Authority's Board of Directors during its regular meeting held on May 1, 2017. 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, 2017

**Unrestricted Accounts**

**Cash, Bank Deposits, and Bank Investment Accounts**

**Investments**

Citizens Business Bank (CBB) Repurchase (Sweep)

LA County Pooled Investment <sup>(1)</sup>

Local Agency Investment Fund (LAIF)

**Total Investments**

**Total Unrestricted Cash and Investments Available to the Authority**

***Total Cash, Investments and Restricted Deposits***

***Net Change from previous Quarter***

	<b>December</b>	<b>September</b>
	\$620,507	\$560,746
	\$571,565	\$1,003,777
	\$3,853,306	\$3,343,180
	\$6	\$6
	\$4,424,877	\$4,346,963
	\$5,045,384	\$4,907,709
	<b>\$5,045,384</b>	<b>\$4,907,709</b>
	<b>\$137,675</b>	

(1) Information from LA County Pooled Investment is as of November 30, 2017

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**

**Cash and Investment Summary**

Quarter Ended  
December 31, 2017

**Unrestricted Accounts**

**Cash, Bank Deposits, and Bank Investment Accounts**

Demand (Checking) Accounts	\$620,507
Subtotal Demand Deposits	<u>\$620,507</u>
<i>Total Cash and Bank Investment Accounts</i>	<u><u>\$620,507</u></u>

**Investments**

Citizens Business Bank (CBB) Repurchase (Sweep)	\$571,565
Local Agency Investment Fund (LAIF)	\$6
LA County Pooled Investment <sup>(1)</sup>	<u>\$3,853,306</u>
	\$4,424,877
<i>Total Investments</i>	<u><u>\$4,424,877</u></u>

*Total Cash, Investments and Restricted Deposits as of December 31, 2017* \$5,045,384

Total Cash, Investments and Restricted Deposits as of 12/31/2017	<u><u>\$5,045,384</u></u>
Less: Total Unrestricted Cash and Investments as of 9/30/2017	<u><u>\$4,907,709</u></u>
<i>Total Quarterly Increase (Decrease)</i>	<u><u>\$137,675</u></u>

<sup>(1)</sup> Information from LA County Pooled Investment is as of November 30, 2017



**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**

**Cash and Investment Summary**

Quarter Ended  
December 31, 2017

Investments	Purchased	Par Amount	Principal Amount	Term (Days)	December Amortization	December Value	% Yield	Maturity Date	Market Value
<b><u>Unrestricted Accounts</u></b>									
<b><u>Cash, Bank Deposits, and Bank Investment Accounts</u></b>									
<b>Citizens Business Bank</b>									
Checking Account		\$620,507	\$620,507	N/A	N/A	\$620,507	N/A	N/A	\$620,507
Subtotal CBB		\$620,507	\$620,507			\$620,507	N/A		\$620,507
<b>Total Cash and Bank Deposits</b>		<b>\$620,507</b>	<b>\$620,507</b>			<b>\$620,507</b>			<b>\$620,507</b>
<b><u>Investments</u></b>									
Citizens Business Bank Sweep <sup>(1)</sup>		\$571,565	\$571,565			\$571,565	0.700%		\$571,565
LA County Pooled Investment <sup>(2)</sup>		\$3,853,306	\$3,853,306			\$3,853,306	1.390%		\$3,853,306
Local Agency Investment Fund <sup>(2)</sup>		\$6	\$6	N/A	N/A	\$6	1.172%	N/A	\$6
Subtotal Investments		\$4,424,877	\$4,424,877			\$4,424,877	1.301%		\$4,424,877
<b>Total Investments</b>		<b>\$4,424,877</b>	<b>\$4,424,877</b>			<b>\$4,424,877</b>			<b>\$4,424,877</b>
<b>Total Cash, Investments and Restricted Deposits as of December 31, 2017</b>		<b>\$5,045,384</b>	<b>\$5,045,384</b>			<b>\$5,045,384</b>			<b>\$5,045,384</b>

<sup>(1)</sup>Citizens Business Bank Sweep rate increased from 0.5% to 0.7% as of September 01, 2017

<sup>(2)</sup>Information from LA County Pooled Investment and Local Agency Investment Fund is as of November 30, 2017

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**

**Cash and Investment Summary**

Quarter Ended  
December 31, 2017

**Unrestricted Accounts**

**Cash, Bank Deposits, and Bank Investment Accounts**

Citizens Business Bank - Sweep Account<sup>(1)</sup>

LA County Pooled Investment<sup>(2)</sup>

Local Agency Investment Fund<sup>(2)</sup>

**Bank Accounts**

Citizens Business Bank -Demand Account

***Total Portfolio***

***Investment Portfolio Rate of Return***

**Restricted/Transitory/Other Demand Accounts**

***Total Other Accounts***

**Total Authority Directed Deposits**

<b>Amount Invested</b>	<b>Yield</b>
\$571,565	0.700%
\$3,853,306	1.390%
\$6	1.172%
<b>\$4,424,877</b>	<b>1.301%</b>
\$620,507	N/A
<b>\$620,507</b>	
<b>\$5,045,384</b>	<b>1.141%</b>
<b>Amount Invested</b>	<b>Yield</b>
\$0	0.000%
<b>\$5,045,384</b>	

<sup>(1)</sup>Citizens Business Bank Sweep rate increased from 0.5% to 0.7% as of September 01, 2017

<sup>(2)</sup>Information from LA County Pooled Investment and Local Agency Investment Fund is as of November 30, 2017

# INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

## Cash Position

Quarter Ended  
December 31, 2017

