

NOTICE OF MEETING

A REGULAR MEETING

OF THE

BOARD OF DIRECTORS

OF THE

**INLAND EMPIRE REGIONAL
COMPOSTING AUTHORITY**

WILL BE HELD ON

**MONDAY, MAY 6, 2019
10:00 A.M.**

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



**REGULAR MEETING OF THE
BOARD OF DIRECTORS
MONDAY, MAY 6, 2019
10:00 A.M.**

**INLAND EMPIRE REGIONAL COMPOSTING FACILITY
12645 6TH STREET
RANCHO CUCAMONGA, CA 91739**

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.

INTRODUCTION OF MR. SHIVAJI DESHMUKH, IEUA GENERAL MANAGER

INTRODUCTIONS – RETIREMENTS

Randall Reed – Maintenance Specialist – 30 years (December 2018)
Gary Festa – Compost Operator – 12 years (May 9, 2019)

1. **CONSENT CALENDAR**

A. **MINUTES**

The Board will be asked to approve the minutes from the February 4, 2019 regular meeting.

B. **INVESTMENT AND DISBURSEMENT REPORT**

It is recommended that the Board of Directors approve for the months of January 2019 –March 2019:

1. Total disbursements the amount of \$2,920,005.07
2. There were no new investments during January 1, 2019 – March 31, 2019.

2. **ACTION ITEMS**

A. **ADOPTION OF BUDGET FOR FISCAL YEAR 2019/20**

It is recommended that the Board of Directors;

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2019/20;
2. Maintain the tipping fee at \$56 per wet ton; and
3. Approve a capital call of \$500,000 to be shared equally by the Inland Empire Utilities Agency (IEUA) and the Sanitation District No. 2 of Los Angeles County (SDLAC) to support capital improvement project costs, as needed.

B. **ADOPTION OF THE INVESTMENT POLICY FOR FY 2019/20**

It is recommended that the Board of Directors adopt Resolution No. 2019-5-4 approving the Authority's Investment Policy for FY 2019/20.

C. **ANNUAL MANAGEMENT PLAN**

It is recommended that the Board of Directors approve the Fiscal Year 2019/20 Annual Management Plan.

D. ADOPTION OF DEPOSITORY AGREEMENT AND INVESTMENT FUND SIGNATORY RESOLUTIONS

It is recommended that the Board of Directors:

1. Adopt Resolution No. 2019-5-1, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks, and withdrawal of funds;
2. Adopt Resolution No. 2019-5-2, authorizing participation in the Local Agency Investment and designating signatories for the deposit and withdrawal of funds; and
3. Adopt Resolution No. 2019-5-3, authorizing participation in the Los Angeles County Pooled Surplus Investment Fund and designating signatories for the deposit and withdrawal of funds.

E. ORANGE COUNTY SANITATION DISTRICT BIOSOLIDS MANAGEMENT CONTRACT

It is recommended that the Board of Directors:

1. Award a contract to Orange County Sanitation District for the management of their biosolids for a fee of \$56/wet ton with a \$1/year increase plus \$2/wet ton management fee for a term of five years with two one-year renewal options; and
2. Authorize the Project Manager to finalize and execute the contract.

F. IEUA CONTRACT SERVICE AGREEMENT

It is recommended that the Board of Directors:

1. Amend the agreement RAKB04001 between the Inland Empire Regional Composting Authority (IERCA) and Inland Empire Utilities Agency (IEUA) for contracted services for operations and maintenance (O&M) of the Inland Empire Regional Composting Facility (IERCF) to extend the agreement through June 30, 2029, with an option to renew for 2 (two) additional ten (ten) year terms upon mutual agreement of both parties; and
2. Authorize the Project Manager to finalize and execute the agreement.

G. DESIGN/BUILD IERCF WASH PAD COVER CONTRACT AWARD (RA17007)

It is recommended that the Board of Directors:

1. Award a construction contract for the Design/Build of the IERCF Wash Pad Cover, Project RA17007, to Next Stage Engineering, in the amount of \$295,000; and
2. Authorize the Project Manager to finalize and execute the Contract.

3. DISCUSSION ITEM FOR POSSIBLE ACTION

A. COMPOST WATER CONNECTION INTERNSHIP PROGRAM

This is an information item for discussion and possible action.

4. INFORMATION ITEMS

A. PROJECT MANAGER'S REPORT

B. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED MARCH 31, 2019

C. COMPLIANCE UPDATE (PRESENTATION)

D. BIOSOLIDS RATE ANALYSIS

E. CAPITAL PROJECT UPDATE

5. DIRECTOR COMMENTS

Next regular meeting is scheduled for Monday, August 5, 2019 at 10:00 a.m.

6. ADJOURN

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

Declaration of Posting

I, 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, May 1, 2019


Victoria Stone, Recording Secretary

CONSENT
CALENDAR
ITEM

1A

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA)
FEBRUARY 4, 2019
10:00 A.M.**

DIRECTORS PRESENT:

Jon Blickenstaff, Chairperson
Jasmin A. Hall, Vice Chairperson
Grace Hyde, Director
Kirby Brill, Director
Paul Hofer, Director

DIRECTORS ABSENT:

Margaret Finlay, Director

OTHERS PRESENT:

Jeff Ziegenbein, Project Manager, IERCA
Ann Heil, Assistant Project Manager, IERCA
Katie Parker, Alternate Director
Christina Valencia, Treasurer, IERCA
Matt Bao, Supervising Engineer Reuse and Compliance, SDLAC
Martin Cihigoyenetché, General Counsel
Randy Lee, Executive Manager of Operations/AGM, IEUA
James Spears, Associate Engineer, IEUA
Justin Tao, Assistant Engineer, IEUA
Sarah Recinto, Assistant Engineer, IEUA
Victoria Stone, Recording Secretary, IERCA

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.

Chairperson 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

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

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

Chairperson Blickenstaff introduced Kirby Brill, Interim General Manager for IEUA. Mr. Brill gave a brief history of his work experience. Director Hofer stated that Mr. Brill comes from the Mojave Water District and that he is familiar with the water world.

ELECTION OF OFFICERS

Chairperson Blickenstaff stated that it is time to fill the positions of Chairperson and Vice Chairperson for the IERCA Board. Mr. Blickenstaff opened the floor for nominations. Director Hall stated she would like to nominate Director Paul Hofer as Board Chairperson. Mr. Hofer accepted this nomination and thanked the Board. Director Hyde nominated Chairperson Blickenstaff as Vice Chairperson. Mr. Blickenstaff accepted this nomination and thanked the Board.

Upon motion by Director Hall seconded by Director Hyde the motion carried (4/0):

M2019-2-1

The Board:

Elected Paul Hofer as Chairperson of the Board; and

Elected Jon Blickenstaff as Vice Chairperson of the Board.

With the following roll call vote:

Ayes: Blickenstaff, Hall, Brill, Hyde, Hofer

Noes: None

Absent: Finlay

Abstain: None

Chairperson Hofer asked Vice Chairperson Blickenstaff to continue with conducting this meeting.

CONSENT CALENDAR

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

M2019-2-2

The Board:

Approved the Consent Calendar:

1. Minutes from the November 5, 2018 regular meeting of the Board of Directors.
2. Investment and Disbursement Report as submitted.

ACTION ITEMS

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Christina Valencia, IERCA Treasurer, presented the Annual Financial report for fiscal year ended June 30, 2018. She reviewed the highlights stating that total revenue in FY 2017/18 reflects a slight increase from \$8.6 million to \$8.8 million reported in the prior fiscal year.

Total expenses of \$10.7 million reported an increase of \$0.7 million compared to last fiscal year primarily due to higher operating expenses of \$0.4 million and depreciation of \$0.3 million.

The total ending net position decreased by \$1.9 million to \$87.1 million as of June 30, 2018, of which approximately \$82.2 million has been invested in capital assets. The remaining \$4.9 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 \$1,000,000 capital call budgeted in FY 2017/18.

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

M2019-2-3

The Board:

Approved the Annual Financial Report for the Fiscal Year ended June 30, 2018, as presented; and Direct staff to distribute the report as appropriate, to the various federal, state and local agencies, financial institutions, and other interested parties.

DISCUSSION ITEM FOR POSSIBLE ACTION

Jeff Ziegenbein, Project Manager, introduced three versions of the proposed IERCA Mission Statement. After discussing the matter, the Board agreed upon version 3 with a few minor changes and directed staff to finalize and adopt.

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

M2019-2-4

The Board:

Approved version 3 of the Mission Statement with minor changes.

TROMMEL SCREEN REPLACEMENT UPDATE

James Spears, Associate Engineer, IEUA, updated the Board on the Trommel Screen Replacement Project stating that the project is on schedule and on budget and that it is approximately 60% complete. He added that many of the screen components have already been installed and that the contractor is scheduled to begin testing the new system in April. The entire project is anticipated to be completed in mid-May 2019.

SOLAR UPDATE

Jeff Ziegenbein introduced Justin Tao, Assistant Engineer, IEUA, who gave an update on the additional solar panels on the IERCF roof. Mr. Tao stated that the construction started September 2018 and is 95% complete and that it is currently producing energy. The panels and the batteries are anticipated to save the IERCA a minimum of \$65,625. Mr. Ziegenbein added that an update will be provided in May where preliminary performance data can be reviewed.

PROJECT MANAGER'S REPORT

Jeff Ziegenbein presented the Project Manager's report stating that there was an accident on January 11, 2019. An IERCF worker sprained an ankle while operating a man-lift resulting in a loss-time accident. He added that an investigation was being carried out and that staff was being retrained to ensure that lifts are operated safely. He then provided an update on the biofilter maintenance work stating that the project was complete and that the system is working well. He added that the facility will be conducting a biennial source test on February 13 and 14 as required by the South Coast Air Quality Management District. Mr. Ziegenbein continued with a status update on the sales and marketing stating that the sales team continues to service over 100 active customers and that compost sales are keeping pace with production.

**TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED
DECEMBER 31, 2018**

Ms. Valencia presented the Treasurer's Report of Financial Affairs for the quarter ended December 31, 2018. She stated that the Authority's investment portfolio average rate of return for December 2018 was 1.781% percent compared to the September 2018 yield of 1.469 percent.

DIRECTORS' COMMENTS

Director Hall requested that staff invite Mr. Reed to the next IERCA board meeting, so that the Board could thank him for his service to the project.

Chairperson Hofer Congratulated Mr. Martin Cihigoyenette on obtaining partnership at the law firm and, also congratulated Director Hall on her appointment to the Metropolitan Water District Board of Directors.


With no further business, Vice Chairperson Blickenstaff adjourned the meeting at 11:15 a.m.

Victoria Stone, Recording Secretary
APPROVED: May 6, 2019

CONSENT
CALENDAR
ITEM

1B



Date: May 6, 2019
To: Honorable Board of Directors
From: Christina Valencia 
Treasurer
Subject: Investment and Disbursement Report

RECOMMENDATION

It is recommended that the Board of Directors approve for the months of January 2019 – March 2019:

1. Total disbursements in the amount of \$2,920,005.07.
2. There were no new investments during January 1, 2019 - March 31, 2019.

BACKGROUND

The January - March 2019 disbursement activity includes check numbers 7491-7689 in the amount of \$985,233.51 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 \$ 1,934,771.56.

Payment Type	Checks From – To	Transactions	Total Amount
Check	7491-7689	199	\$ 985,233.51
ACH		39	\$ 1,934,196.56
Wire Transfer		1	\$ 575.00
TOTAL		239	\$2,920,005.07

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
007491	AEROTEK INC Yager, JM-W/E 12/8/18 40.0 Hours	OE01716812	1,160.00
	AEROTEK INC	\$	1,160.00
007492	ALLIED UNIVERSAL SECURITY SERV 12/18 Patrol Svcs	8354332	683.90
	ALLIED UNIVERSAL SECURITY SERV	\$	683.90
007493	APPLIED INDUSTRIAL TECHNOLOGIE Powerflex Cushion	7015044792	1,557.25
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	1,557.25
007494	CITY RENTALS INC 11/14-11/21/18 Scissor Lift Rental 11/23-12/4/18 30' Boom Rental	64409 64391	643.20 2,264.60
	CITY RENTALS INC	\$	2,907.80
007495	COMMUNICATIONS USA INC. Radio	206572	2,041.87
	COMMUNICATIONS USA INC.	\$	2,041.87
007496	DAVID WHEELER'S PEST CONTROL, 12/18 Gopher Control 12/5/18 Pest Control	39635 39641	200.00 250.00
	DAVID WHEELER'S PEST CONTROL,	\$	450.00
007497	EGGLETON TRUCKING INC. 12/17-12/21/18-Compost Hauling	3198	15,716.25
	EGGLETON TRUCKING INC.	\$	15,716.25
007498	GENESIS CONSTRUCTION Modify Duct -ACTV SF 3	18-010-M11-11	19,644.00
	GENESIS CONSTRUCTION	\$	19,644.00
007499	GRAINGER Gloves, Rain Ponchos	9027650523	171.77
	GRAINGER	\$	171.77
007500	HOME DEPOT CREDIT SERVICES Deep Impact Set, Flashlight, Angle Anchor	1013611	121.88
	HOME DEPOT CREDIT SERVICES	\$	121.88
007501	INLAND BOBCAT INC Bobcat Seat Assembly VQUI0801	P47636	163.78
	INLAND BOBCAT INC	\$	163.78
007502	KAMAN INDUSTRIAL TECHNOLOGIES		

Check	Payee / Description		Amount
	Primary Blade	R409811	1,832.11
			- - - - -
	KAMAN INDUSTRIAL TECHNOLOGIES	\$	1,832.11
007503	PATTON SALES CORP		
	Cut Angles, Super Quickie	3662139	532.53
	Mini Ratch	3662141	21.01
			- - - - -
	PATTON SALES CORP	\$	553.54
007504	RDO EQUIPMENT COMPANY		
	Headlight, Light, Bulbs	P04747	360.52
			- - - - -
	RDO EQUIPMENT COMPANY	\$	360.52
007505	VIRAMONTES EXPRESS INC		
	11/28-11/29/18-Compost Hauling	111738	377.14
			- - - - -
	VIRAMONTES EXPRESS INC	\$	377.14
007506	AEROTEK INC		
	Yager, JM-W/E 12/15/18 40.0 Hours	OE01720593	1,160.00
			- - - - -
	AEROTEK INC	\$	1,160.00
007507	ALTA FOODCRAFT COFFEE		
	Coffee, Cocoa, Tea, Pot Cleaner	51824511	105.80
			- - - - -
	ALTA FOODCRAFT COFFEE	\$	105.80
007508	APPLIED INDUSTRIAL TECHNOLOGIE		
	Bearings	7015079134	2,370.94
	Premalube Grease	7015044733	1,036.78
	Drive Belts	7015044757	279.92
	Premalube, Ammonia Methylamine Cartridges	7015101384	1,046.25
			- - - - -
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	4,733.89
007509	BURRTEC WASTE INDUSTRIES INC		
	1/19 Trash Service	N2110231195	1,024.92
			- - - - -
	BURRTEC WASTE INDUSTRIES INC	\$	1,024.92
007510	COMMUNICATIONS USA INC.		
	Diagnostic-Level 5 Motorola: XPR6550	206580	568.24
			- - - - -
	COMMUNICATIONS USA INC.	\$	568.24
007511	CUTTING EDGE SUPPLY CO		
	Plow Bolts	COLINV078143	262.47
			- - - - -
	CUTTING EDGE SUPPLY CO	\$	262.47
007512	DOWNS ENERGY		
	2,960.40 Gals Red Dyed Diesel Fuel	0243700-IN	7,284.54
			- - - - -
	DOWNS ENERGY	\$	7,284.54
007513	EGGLETON TRUCKING INC.		

Check	Payee / Description		Amount
	12/26-12/28/18-Compost Hauling	3199	5,692.50
	EGGLETON TRUCKING INC.	\$	5,692.50
007514	GRAINGER		
	Pipe Wrench,Torque Wrench,Aviation Snip	9035167486	196.54
	Oxygen Sensor Kit	9029403780	900.68
	Storage Lids,Fluid Storage Containers	9028900158	1,037.63
	Electrical Gloves	9035167478	264.72
	Auto Drain Valves	9034732330	244.60
	GRAINGER	\$	2,644.17
007515	HARRINGTON INDUSTRIAL PLASTICS		
	4" Pipe	012J3082	144.39
	Adapters	012J3017	141.65
	Pleated Filters	012J3016	1,661.28
	HARRINGTON INDUSTRIAL PLASTICS	\$	1,947.32
007516	KAMAN INDUSTRIAL TECHNOLOGIES		
	Primary Blade	U200142	4,247.86
	KAMAN INDUSTRIAL TECHNOLOGIES	\$	4,247.86
007517	ONTARIO FIRE EXTINGUISHER CO		
	2.5 Lb Fire Extinguishers	6748	339.41
	ONTARIO FIRE EXTINGUISHER CO	\$	339.41
007518	PATTON SALES CORP		
	Tube,Flat Bar	3668325	188.78
	PATTON SALES CORP	\$	188.78
007519	PRO-CRAFT CONSTRUCTION INC		
	Concrete at Washout Area	18090	11,322.00
	PRO-CRAFT CONSTRUCTION INC	\$	11,322.00
007520	RDO EQUIPMENT COMPANY		
	Starter Motor	P05274	390.62
	Rpr Loader-Joystick Steering,Rear Detect	W47241	1,078.50
	Pump	P05273	118.16
	RDO EQUIPMENT COMPANY	\$	1,587.28
007521	VIRAMONTES EXPRESS INC		
	12/7-12/10/18-Compost Hauling	111754	838.21
	VIRAMONTES EXPRESS INC	\$	838.21
007522	AEROTEK INC		
	Yager,JM-W/E 12/22/18 39.75 Hours	OE01724119	1,152.75
	AEROTEK INC	\$	1,152.75
007523	COUNTY OF SAN BERNARDINO		
	2019-Annual Health Permit Fees	IN0307884	4,915.00

Check	Payee / Description		Amount
	COUNTY OF SAN BERNARDINO	\$	4,915.00
007524	EGGLETON TRUCKING INC. 1/2-1/3/19-Compost Hauling	3200	2,663.10
	EGGLETON TRUCKING INC.	\$	2,663.10
007525	GRAINGER Crimper	9039786067	420.23
	GRAINGER	\$	420.23
007526	MCMASTER-CARR SUPPLY CO Cart-Smart Caster Swivel	82025872	53.70
	MCMASTER-CARR SUPPLY CO	\$	53.70
007527	PATTON SALES CORP Base Plates	3670401	26.25
	Tubing,Angles,Bars,Rounds	3672690	666.33
	PATTON SALES CORP	\$	692.58
007528	R & S INDUSTRIAL FIELD SERVICE Replace Handrail-BC19	2694	8,710.00
	Install Air Lift System	2709	17,855.00
	R & S INDUSTRIAL FIELD SERVICE\$		26,565.00
007529	VIRAMONTES EXPRESS INC 12/18/18-Compost Hauling	111807	2,714.10
	12/14-12/17/18-Compost Hauling	111782	2,000.15
	11/18 3,335 Cyd BioFiler Media	111793	58,372.75
	12/19-12/20/18-Compost Hauling	111841	4,071.15
	VIRAMONTES EXPRESS INC	\$	67,158.15
007530	W M LYLES COMPANY RA19002-12/18 Pay Est 3	PE 3-RA19002	73,010.59
	W M LYLES COMPANY	\$	73,010.59
007531	AEROTEK INC Yager,JM-W/E 12/29/18 40.0 Hours	OE01727377	1,160.00
	AEROTEK INC	\$	1,160.00
007532	APPLIED INDUSTRIAL TECHNOLOGIE Cushion Kit	7015158886	189.31
	Grease Cartridges	7015158847	514.85
	APPLIED INDUSTRIAL TECHNOLOGIE\$		704.16
007533	CINTAS FIRST AID & SAFETY LOC 12/31/18 First Aid & Safety Supplies	8403965972	304.22
	CINTAS FIRST AID & SAFETY LOC\$		304.22

Check	Payee / Description	Amount
007534	CUCAMONGA VALLEY WATER DISTRIC	
	11/14/18-1/13/19 12645 6th St-Lndscp 60386 1/19	326.11
	11/14/18-1/13/19 12645 6th St-Lndscp 60388 1/19	291.31
	CUCAMONGA VALLEY WATER DISTRICTS	617.42
007535	DAVID WHEELER'S PEST CONTROL,	
	12/18 Pest Control 39630	31.00
	DAVID WHEELER'S PEST CONTROL, \$	31.00
007536	EGGLETON TRUCKING INC.	
	1/7-1/9/19-Compost Hauling 3201	495.00
	EGGLETON TRUCKING INC. \$	495.00
007537	KONICA MINOLTA BUSINESS SOLUTI	
	12/18 Cpr Ovrgr,Mnt-C454e 9005225576	4.12
	12/18 Cpr Ovrgr,Mnt-C452 9005283136	112.21
	KONICA MINOLTA BUSINESS SOLUTI\$	116.33
007538	MCMASTER-CARR SUPPLY CO	
	Steel Eyebolt with Shoulder 82380037	77.75
	MCMASTER-CARR SUPPLY CO \$	77.75
007539	PETTY CASH EXPENDITURES	
	1/22/19 Petty Cash Reim PC 012219	54.53
	PETTY CASH EXPENDITURES \$	54.53
007540	PRIORITY BUILDING SERVICES LLC	
	12/18 Janitorial Service Fee 61746	1,256.23
	PRIORITY BUILDING SERVICES LLC\$	1,256.23
007541	R & S INDUSTRIAL FIELD SERVICE	
	Replace Belt-BC 24 2707	6,134.00
	Reposition Head Pulley-BC4 2708	1,175.00
	R & S INDUSTRIAL FIELD SERVICES\$	7,309.00
007542	RDO EQUIPMENT COMPANY	
	Rpr Loader-Replace Fuel Filters W50574	1,166.35
	Fuel Sender P01766	184.48
	Credit f/Pin Fasteners P43827	177.70
	Credit f/Fuel Sender-Inv P01766 P02627	184.48
	RDO EQUIPMENT COMPANY \$	988.65
007543	READY REFRESH BY NESTLE	
	12/18 Bottled Water,Cooler 08L0029858982	142.87
	READY REFRESH BY NESTLE \$	142.87
007544	SOIL CONTROL LAB	
	12/13/18 Size Distribution & Inserts-Com 8120510	48.00
	12/13/18 Finished Compost Pkg 8120509	698.00

Check	Payee / Description	Amount
	SOIL CONTROL LAB \$	746.00
007545	U S BANK *4246044555725724 12/18 Credit Card Chgs 5572 5724 12/	3,034.03
	U S BANK \$	3,034.03
007546	US COMPOSTING COUNCIL ICAW Sponsorship 5/5-5/11/19 Compost Awa 5/5-5/11/19 S	750.00
	US COMPOSTING COUNCIL \$	750.00
007547	VERIZON WIRELESS 12/11/18-1/10/19 Cell Phone 9821982237 1/	463.63
	VERIZON WIRELESS \$	463.63
007548	VIRAMONTES EXPRESS INC 12/19-12/26/18-Compost Hauling 111870	4,664.11
	VIRAMONTES EXPRESS INC \$	4,664.11
007549	DEPT OF FOOD AND AGRICULTURE Materials Mills Lic App Fee ID# 499165 4 ID#499165 12/	178.34
	DEPT OF FOOD AND AGRICULTURE \$	178.34
007550	DEPT OF FOOD AND AGRICULTURE 2019 Fertllizing Material Reg-Product-ID ID#106752 1/1	50.00
	DEPT OF FOOD AND AGRICULTURE \$	50.00
007551	DEPT OF FOOD AND AGRICULTURE 2019 Fertllizing Material Reg-Package Li ID#13396 1/19	100.00
	DEPT OF FOOD AND AGRICULTURE \$	100.00
007552	AEROTEK INC Yager, JM-W/E 1/05/19 40.0 Hours OE01730739	1,160.00
	AEROTEK INC \$	1,160.00
007553	ALLIED UNIVERSAL SECURITY SERV 1/19 Patrol Svcs 8438022	683.90
	ALLIED UNIVERSAL SECURITY SERV\$	683.90
007554	BRIGHTVIEW LANDSCAPE SERVICES 1/19 Weed Control Svcs 6104449	418.20
	BRIGHTVIEW LANDSCAPE SERVICES \$	418.20
007555	BS&B PRESSURE SAFETY MANAGEMEN 2018 Fire Supression-Annual Inspection INV04675	5,984.08
	BS&B PRESSURE SAFETY MANAGEMEN\$	5,984.08
007556	COUNTY SANITATION DISTRICTS OF	

Check	Payee / Description	Amount
	11/18 Prjct Adm Lbr/Bnfts 22113	1,852.19
	COUNTY SANITATION DISTRICTS OF\$	1,852.19
007557	DAVID WHEELER'S PEST CONTROL, 1/19 Gopher Control 40067	200.00
	DAVID WHEELER'S PEST CONTROL, \$	200.00
007558	DEERE & COMPANY Tractors-John Deere 116483705	25,104.07
	DEERE & COMPANY \$	25,104.07
007559	GRAINGER Recessed Light Housing, Led Lamps 9045890507	473.25
	Soldering Station, Rosin Core Solder 9046109428	189.54
	Heat Gun, Paste Flux 9045924785	153.14
	GRAINGER \$	815.93
007560	HOME DEPOT CREDIT SERVICES Recycling Bins, Risers, Plug 3016292	11.09
	HOME DEPOT CREDIT SERVICES \$	11.09
007561	LEFT COAST SCALES LLC Main Board 108003	666.50
	LEFT COAST SCALES LLC \$	666.50
007562	MCMASTER-CARR SUPPLY CO Yor-Lok Fitting 84337477	53.02
	Eyebolt w/Nut 84456821	184.57
	Spring Clamp w/Lighted Magnifer 84429108	111.74
	Equipment Cooling Fan 82795135	35.46
	Screw Bolts 84716939	73.18
	MCMASTER-CARR SUPPLY CO \$	457.97
007563	MODULAR BUILDING CONCEPTS INC 1/19 Trailer/Step/Ramp Rental 200590	588.31
	MODULAR BUILDING CONCEPTS INC \$	588.31
007564	RDO EQUIPMENT COMPANY 6/15/18-7/12/18 Loader Rental R20580	12,350.25
	Credit f/ Loader Rntl-See Inv R21134, R20 R21411	25,153.75
	7/13/18-8/9/18 Loader Rntl-See CM R21411 R20787	12,350.25
	8/10/18-9/7/18 Loader Rntl-See CM R21411 R21134	12,803.50
	RDO EQUIPMENT COMPANY \$	12,350.25
007565	VIRAMONTES EXPRESS INC 12/26-12/29/18-Compost Hauling 111906	5,274.51
	VIRAMONTES EXPRESS INC \$	5,274.51
007566	AEROTEK INC	

Check	Payee / Description	Amount
	Yager, JM-W/E 1/12/19 32.0 Hours	928.00
	AEROTEK INC	\$ 928.00
007567	ALTA FOODCRAFT COFFEE	
	Coffee, Splenda, Creamer, Cocoa, Stirrers	211.00
	ALTA FOODCRAFT COFFEE	\$ 211.00
007568	APPLIED INDUSTRIAL TECHNOLOGIE	
	Premalube	1,764.30
	Credit f/Megaplex Grease, Restocking Fee	831.88-
	Credit f/Lubriplate Grease, Restocking Fe	406.56-
	Long TG&P Shaft	444.36
	APPLIED INDUSTRIAL TECHNOLOGIES	\$ 970.22
007569	CITY RENTALS INC	
	1/10/19 19' Scissor Lift Rental	273.60
	1/10/19 30' Boom Rental	512.30
	CITY RENTALS INC	\$ 785.90
007570	CUCAMONGA VALLEY WATER DISTRIC	
	11/27/18-1/25/19 12645 6th St-FrLn	92.00
	11/27/18-1/25/19 12645 6th St-FrLn	92.00
	CUCAMONGA VALLEY WATER DISTRIC	\$ 184.00
007571	DOWNNS ENERGY	
	3,329.90 Gals Red Dyed Diesel Fuel	8,036.11
	DOWNNS ENERGY	\$ 8,036.11
007572	EGGLETON TRUCKING INC.	
	1/23-1/25/19-Compost Hauling	12,355.20
	EGGLETON TRUCKING INC.	\$ 12,355.20
007573	GRAINGER	
	Extension Cords, Lighted Extension Cord	544.90
	GRAINGER	\$ 544.90
007574	INDUSTRIAL SUPPLY CO	
	Nuts, Bolts, Screws	287.41
	INDUSTRIAL SUPPLY CO	\$ 287.41
007575	INLAND BOBCAT INC	
	Taper Pins, Retainer, Pin, Capscrew, Bolts	154.25
	INLAND BOBCAT INC	\$ 154.25
007576	INTEC VIDEO SYSTEMS INC	
	Camera Equipment Inspection, Repair	188.77
	INTEC VIDEO SYSTEMS INC	\$ 188.77

Check	Payee / Description		Amount
007577	MINE SAFETY APPLIANCES CO Oxygen Sensor Kit	960055408	538.87
	MINE SAFETY APPLIANCES CO	\$	538.87
007578	RDO EQUIPMENT COMPANY Rpr Loader-A/C Diagnostics/A/C Line	W50906	2,205.13
	Rpr Loader-Misc Diagnostics/Air in Fuel	W50907	1,148.75
	Filler Cap,Lock Nut	P08221	24.15
	Floodlamp	P08222	604.38
	Floodlamps,Blubs	P08225	635.87
	Air Filters	P08224	122.72
	Alternator	P08223	801.16
	RDO EQUIPMENT COMPANY	\$	5,542.16
007579	AEROTEK INC Yager, JM-W/E 1/19/19 32.0 Hours	OE01737770	928.00
	AEROTEK INC	\$	928.00
007580	APPLIED INDUSTRIAL TECHNOLOGIE Coupled Nipple	7015331220	25.75
	Threaded Rods,Hex Nut	7015331141	82.04
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	107.79
007581	ASAP INDUSTRIAL SUPPLY Bushings, Nipples, Reducers, Couplings, Tees	017477A	3,063.93
	ASAP INDUSTRIAL SUPPLY	\$	3,063.93
007582	BERNELL HYDRAULICS Lubricant, Coupler	0347984-IN	322.45
	Hose, Swivels, Clamps, Seal Loks	0347985-IN	692.55
	BERNELL HYDRAULICS	\$	1,015.00
007583	BURRTEC WASTE INDUSTRIES INC 2/19 Trash Service	N2110255360	1,024.92
	BURRTEC WASTE INDUSTRIES INC	\$	1,024.92
007584	EGGLETON TRUCKING INC. 1/23-2/1/19-Compost Hauling	3203	9,224.82
	EGGLETON TRUCKING INC.	\$	9,224.82
007585	GRAINGER Calibration Gas-Oxygen	9060900363	130.05
	Label Cartridges	9057292451	281.61
	Lifting Magnet, Split Jaw Clamp	9063605530	2,368.77
	GRAINGER	\$	2,780.43
007586	HOME DEPOT CREDIT SERVICES Plastic Folding Table	8483851	78.03
	HOME DEPOT CREDIT SERVICES	\$	78.03

Check	Payee / Description		Amount
007587	MCMASTER-CARR SUPPLY CO Motor Winding Wire, Long Nose Pliers, Wire 83822798		77.18
	MCMASTER-CARR SUPPLY CO	\$	77.18
007588	O RINGS & THINGS Buna-90	97151	83.49
	O RINGS & THINGS	\$	83.49
007589	RDO EQUIPMENT COMPANY Rpr Loader-Light Mounting Loose	W51142	656.19
	RDO EQUIPMENT COMPANY	\$	656.19
007590	VIRAMONTES EXPRESS INC 1/19 3,335 Cyd BioFiler Media 1/9-1/12/19-Compost Hauling 1/9-1/12/19-Compost Hauling 1/8/19-Compost Hauling	112113 112111 112101 112156	6,038.56 9,044.82 2,261.75 188.57
	VIRAMONTES EXPRESS INC	\$	17,533.70
007591	AEROTEK INC Yager, JM-W/E 1/26/19 16.0 Hours	OE01741201	464.00
	AEROTEK INC	\$	464.00
007592	APPLIED INDUSTRIAL TECHNOLOGIE Air Filters, Ear Plugs Bearings-See CM 9000298693 Restocking Fee-Bearings-See Inv 70151242 Valves, Couplings Bearings	7015389121 7015124270 9000298693 7015365464 7015376795	769.27 4,822.31 4,197.36 781.13 1,439.08
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	3,614.43
007593	BRIGHTVIEW LANDSCAPE SERVICES Repair Irrigation Mainline	6156774	605.96
	BRIGHTVIEW LANDSCAPE SERVICES	\$	605.96
007594	CHAMPION FIRE SYSTEMS INC Fire System Repairs	49780	2,590.00
	CHAMPION FIRE SYSTEMS INC	\$	2,590.00
007595	EGGLETON TRUCKING INC. 2/4-2/8/19-Compost Hauling	3204	13,501.62
	EGGLETON TRUCKING INC.	\$	13,501.62
007596	GRAINGER Desoldering Pump Calibration Gas-Nitrogen, Oxygen Fish Tape, Lamps Pressure Calibrator Batteries, Grease Couplers, Gloves	9063989140 9064195796 9070572558 9068085605 9064613954	49.22 249.81 283.94 2,995.44 206.88

Check	Payee / Description		Amount
	U S BANK	\$	1,068.48
007608	VIRAMONTES EXPRESS INC		
	1/21-1/22/19-Compost Hauling	112176	2,673.00
	1/10-1/21/19-Compost Hauling	112166	10,344.24
	1/23-1/26/19-Compost Hauling	112204	3,396.60
			- - - - -
	VIRAMONTES EXPRESS INC	\$	16,413.84
007609	W M LYLES COMPANY		
	RA19002-1/19 Pay Est 4	PE 4-RA19002	127,842.40
			- - - - -
	W M LYLES COMPANY	\$	127,842.40
007610	A & R TARPAULINS INC		
	Repair Door Curtain	02-004-19	1,120.00
			- - - - -
	A & R TARPAULINS INC	\$	1,120.00
007611	APPLIED INDUSTRIAL TECHNOLOGIE		
	Conveyor Guard	7015401129	3,384.84
	Gauge Inflator w/Dial Gauge	7015401155	182.66
	Hy-T-Plus	7015447632	172.98
	Hand Pump, Utility Pump	7015404552	339.98
	Valves & Couplings	7015413871	57.68
	Air Filters, Fasteners	7015359068	1,041.80
			- - - - -
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	5,179.94
007612	BRIGHTVIEW LANDSCAPE SERVICES		
	2/19 Weed Control Svcs	6142414	418.20
			- - - - -
	BRIGHTVIEW LANDSCAPE SERVICES	\$	418.20
007613	CINTAS FIRST AID & SAFETY LOC		
	1/17/19 First Aid & Safety Supplies	8404008211	336.66
			- - - - -
	CINTAS FIRST AID & SAFETY LOC	\$	336.66
007614	COUNTY SANITATION DISTRICTS OF		
	12/18 Prjct Adm Lbr/Bnfts	22540	1,003.54
			- - - - -
	COUNTY SANITATION DISTRICTS OF	\$	1,003.54
007615	CUCAMONGA VALLEY WATER DISTRIC		
	*4/6/19 Booth Fee f/Earthday	4/6/19 EARTHDD	25.00
			- - - - -
	CUCAMONGA VALLEY WATER DISTRIC	\$	25.00
007616	DAVID WHEELER'S PEST CONTROL,		
	1/19 Pest Control	40061	31.00
	2/19 Gopher Control	40502	200.00
			- - - - -
	DAVID WHEELER'S PEST CONTROL,	\$	231.00
007617	DELL MARKETING L P		
	Dell Latitude	10296463395	2,872.89
			- - - - -
	DELL MARKETING L P	\$	2,872.89

Check	Payee / Description		Amount
007618	GRAINGER		
	Sheet Metal Nut	9071447438	21.13
	Flexing Tray Cable	9072865018	394.37

	GRAINGER	\$	415.50
007619	INTERSTATE BATTERY SYSTEM		
	12V Fastons	1905499033481	61.74

	INTERSTATE BATTERY SYSTEM	\$	61.74
007620	LANCE SOLL & LUNGHARD LLP		
	FY17/18 Government Audit-Final	29917	4,230.00

	LANCE SOLL & LUNGHARD LLP	\$	4,230.00
007621	LATEST CONCEPTS INC		
	Floor Vents	5879	13,904.48

	LATEST CONCEPTS INC	\$	13,904.48
007622	MCMaster-CARR SUPPLY CO		
	Eyebolts,Oversized Washers,Wire Rope Cla	85261346	1,004.16
	Drill Set,Drill Bit,Sleeving,Wire Cutter	87087694	646.04

	MCMaster-CARR SUPPLY CO	\$	1,650.20
007623	MEE INDUSTRIES INC		
	Recondition/New Nozzles	53505	5,553.51

	MEE INDUSTRIES INC	\$	5,553.51
007624	MODULAR BUILDING CONCEPTS INC		
	2/19 Trailer/Step/Ramp Rental	200888	588.31

	MODULAR BUILDING CONCEPTS INC	\$	588.31
007625	PETE'S ROAD SERVICE		
	3 Mega Load Tires	294640-00	5,192.39
	4 Tires f/Veh 0501	296725-00	914.97

	PETE'S ROAD SERVICE	\$	6,107.36
007626	PRIORITY BUILDING SERVICES LLC		
	1/19 Janitorial Service Fee	62124	1,231.09

	PRIORITY BUILDING SERVICES LLC	\$	1,231.09
007627	RDO EQUIPMENT COMPANY		
	Pump	P11112	78.66
	Windshield Kit,Rotary Switch	P11140	710.83
	Rpr Loader-Miscell Diagnostics	W51256	1,486.09
	Lamp	P11113	76.24
	Pump,Bulk Hose,Elbow Fitting	P11138	123.30
	Pump	P11114	78.66
	Credit f/Alternator-Inv P73759	P74285	760.24

	RDO EQUIPMENT COMPANY	\$	1,793.54

Check	Payee / Description		Amount
007628	VERIZON WIRELESS 1/11/18-2/10/19 Cell Phone	9823927326 2/	494.93
	VERIZON WIRELESS	\$	494.93
007629	VIRAMONTES EXPRESS INC 1/24-1/28/19-Compost Hauling 1/24-1/29/19-Compost Hauling 12/18 3,335 Cyd BioFiler Media	112244 112233 112452	3,707.55 4,560.84 6,038.57
	VIRAMONTES EXPRESS INC	\$	14,306.96
007630	ALLIED UNIVERSAL SECURITY SERV 2/19 Patrol Svcs	8501230	683.90
	ALLIED UNIVERSAL SECURITY SERV	\$	683.90
007631	ALTA FOODCRAFT COFFEE Coffee, Cocoa, Tea	51903177	112.46
	ALTA FOODCRAFT COFFEE	\$	112.46
007632	APPLIED INDUSTRIAL TECHNOLOGIE Eurodrive Expedite Fee-Inv 7015492263 Hole Saw, Pilot Drill Conventional TB Sheave Bearings Air Filter Anti-Seize, Hy-T Plus Sample Bottles Threaded Rods Long TG&P Shaft Bracket Repair Brush Greabox Eurodrive Anti-Seize Premalube, Sheaves, Anti-Seize, Hy-T Plus	7015492321 7015489401 7015503046 7015491805 7015457533 7015495996 7015491808 7015503026 7015479408 7015494322 7015492263 7015498395 7015503080	909.60 313.08 344.53 1,364.63 46.18 137.33 551.72 78.33 654.51 1,518.19 10,942.87 29.22 2,172.41
	APPLIED INDUSTRIAL TECHNOLOGIE	\$	19,062.60
007633	AUTOMATED GATE SERVICES INC Sprocket/Chain Kit, Cludge Cover/Thumbscr Omni Main Control Board, Loop Detector	131857 131858	628.40 892.93
	AUTOMATED GATE SERVICES INC	\$	1,521.33
007634	BERNELL HYDRAULICS Hose, Nipples, Couplings	0349170-IN	359.62
	BERNELL HYDRAULICS	\$	359.62
007635	COAST PLASTICS INC UHMV Sheets UHMV Sheets	0017399-IN 0017397-IN	5,236.65 4,706.52
	COAST PLASTICS INC	\$	9,943.17
007636	DOWNS ENERGY 3,605.50 Gals Red Dyed Diesel Fuel	0245860-IN	8,857.38

Check	Payee / Description		Amount
007647	VIRAMONTES EXPRESS INC		
	9/13/18-Compost Hauling	110788	1,059.48
	1/28-1/30/19-Compost Hauling	112308	2,234.16
	2/6-2/7/19-Compost Hauling	112326	3,723.60
			- - - - -
	VIRAMONTES EXPRESS INC	\$	7,017.24
007648	YALE CHASE EQUIPMENT AND SERVI		
	Windshield,Rubber Window Channel	SI200701	222.49
			- - - - -
	YALE CHASE EQUIPMENT AND SERVI\$		222.49
007649	APPLIED INDUSTRIAL TECHNOLOGIE		
	Flexco	7015546402	2,524.64
	Fasteners	7015546417	633.35
	Air Filters	7015546430	103.98
	500 Conveyor Belts	7015546404	13,985.95
	Poly Tubing	7015551061	63.29
	Self-Aligning Thougthing Idlers	7015546800	2,142.15
			- - - - -
	APPLIED INDUSTRIAL TECHNOLOGIE\$		19,453.36
007650	BERNELL HYDRAULICS		
	Hose,Swivels	0349741-IN	1,018.40
	Hex Plug	0349496-IN	11.09
			- - - - -
	BERNELL HYDRAULICS	\$	1,029.49
007651	BURRTEC WASTE INDUSTRIES INC		
	3/19 Trash Service	N2110320953	1,024.92
			- - - - -
	BURRTEC WASTE INDUSTRIES INC	\$	1,024.92
007652	CITY RENTALS INC		
	1/21-2/18/19 Light Tower Rental	66143	1,620.00
	2/4-2/13/19 Air Compressor Rental	66478	1,682.48
			- - - - -
	CITY RENTALS INC	\$	3,302.48
007653	CUTTING EDGE SUPPLY CO		
	Blade & Edge Set	COLINV079180	1,925.98
			- - - - -
	CUTTING EDGE SUPPLY CO	\$	1,925.98
007654	EGGLETON TRUCKING INC.		
	2/26-2/28/19-Compost Hauling	3206	2,375.01
			- - - - -
	EGGLETON TRUCKING INC.	\$	2,375.01
007655	HOME DEPOT CREDIT SERVICES		
	Canvas Zipper Bags,Socket Rails,Pliers	4012358	394.76
	Cinch Door Seal	8129755	31.80
			- - - - -
	HOME DEPOT CREDIT SERVICES	\$	426.56
007656	KONICA MINOLTA BUSINESS SOLUTI		
	2/19 Cpr Ovrgr,Mnt-C454e	9005409162	27.90
			- - - - -

Check	Payee / Description		Amount
	KONICA MINOLTA BUSINESS SOLUTI\$		27.90
007657	MCMASTER-CARR SUPPLY CO Work Gloves	86588271	65.40
	MCMASTER-CARR SUPPLY CO	\$	65.40
007658	MEE INDUSTRIES INC Refurbished/Replacement Humid Nozzles	53567	4,329.72
	MEE INDUSTRIES INC	\$	4,329.72
007659	PATTON SALES CORP HR Plate	3699452	434.45
	PATTON SALES CORP	\$	434.45
007660	RDO EQUIPMENT COMPANY Rpr Loader-Air System Clamp	W52073	416.34
	Rpr Loader-Install Air Filtration System	W50763	5,403.67
	Rpr Loader-Hour Meter	W51852	558.75
	Rpr Loader-4,000 Hr Service	W51862	6,266.12
	Rpr Loader-Power Train Diagnostics	W51941	405.80
	RDO EQUIPMENT COMPANY	\$	13,050.68
007661	SOUTH COAST AQMD *2018 Annl Emissions Reporting Fees-Fac	AER-139808 20	2,616.18
	SOUTH COAST AQMD	\$	2,616.18
007662	VIRAMONTES EXPRESS INC 12/17/18 460 Tns BioFiler Media	111595	8,051.42
	2/11-2/13/19-Compost Hauling	112395	1,660.00
	2/7-2/11/19-Compost Hauling	112387	6,316.21
	11/13/18 2,415 Cyd BioFiler Media	111545	42,269.92
	VIRAMONTES EXPRESS INC	\$	58,297.55
007663	A & R TARPAULINS INC Repair Dock Doors	02-057-19	2,793.00
	A & R TARPAULINS INC	\$	2,793.00
007664	AEROTEK INC Saldivar,D-W/E 2/23/19 24.0 Hours	OE01754671	696.00
	AEROTEK INC	\$	696.00
007665	APPLIED INDUSTRIAL TECHNOLOGIE Bearings,Air Filters	7015617781	3,534.02
	Aftercooler Coil	7015601889	763.20
	Fasteners	7015595433	2,585.96
	APPLIED INDUSTRIAL TECHNOLOGIE\$		6,883.18
007666	CITY RENTALS INC 2/4-2/11/19 Scissor Lift Rental	66516	643.00

Check	Payee / Description		Amount
	CITY RENTALS INC	\$	643.00
007667	EGGLETON TRUCKING INC.		
	2/11-2/12/19-Compost Hauling	3205	5,358.87
	3/4-3/8/19-Compost Hauling	3207	4,752.00
	EGGLETON TRUCKING INC.	\$	10,110.87
007668	INDUSTRIAL SUPPLY CO		
	Flashlights	99427	258.28
	INDUSTRIAL SUPPLY CO	\$	258.28
007669	PETTY CASH EXPENDITURES		
	3/20/19 Petty Cash Reim	PC 032019	26.04
	PETTY CASH EXPENDITURES	\$	26.04
007670	U S BANK		
	*4246044555725724 2/19 Credit Card Chgs	5572 5724 2/1	314.72
	U S BANK	\$	314.72
007671	VIRAMONTES EXPRESS INC		
	2/14/19-Compost Hauling	112449	444.05
	2/13-2/19/19-Compost Hauling	112476	2,233.09
	2/19-2/21/19-Compost Hauling	112491	3,092.30
	VIRAMONTES EXPRESS INC	\$	5,769.44
007672	AEROTEK INC		
	Saldivar,D-W/E 3/2/19 40.0 Hours	OE01758023	1,160.00
	AEROTEK INC	\$	1,160.00
007673	APPLIED INDUSTRIAL TECHNOLOGIE		
	Air/Oil Separator	7015638818	188.25
	APPLIED INDUSTRIAL TECHNOLOGIES	\$	188.25
007674	AUTOMATED GATE SERVICES INC		
	Limit Switch Assy Kit	132209	456.61
	AUTOMATED GATE SERVICES INC	\$	456.61
007675	BERNELL HYDRAULICS		
	Mnt Set,Tilt Saddles,Base Plates,Clevis	0350721-IN	5,841.92
	BERNELL HYDRAULICS	\$	5,841.92
007676	BRIGHTVIEW LANDSCAPE SERVICES		
	3/19 Weed Control Svcs	6193714	418.20
	BRIGHTVIEW LANDSCAPE SERVICES	\$	418.20
007677	CINTAS FIRST AID & SAFETY LOC		
	02/14/19 First Aid & Safety Supplies	8404045408	334.58
	CINTAS FIRST AID & SAFETY LOC	\$	334.58

Check	Payee / Description		Amount
007678	DAVID WHEELER'S PEST CONTROL, 2/19 Pest Control	40497	31.00
	3/19 Gopher Control	40911	200.00

	DAVID WHEELER'S PEST CONTROL, \$		231.00
007679	OWNS ENERGY 3,142.30 Gals Red Dyed Diesel Fuel	0246819-IN	8,217.08

	OWNS ENERGY \$		8,217.08
007680	HOME DEPOT CREDIT SERVICES Glass Cleaner, Filters	2901808	72.60
	Risers, Reducer Kit, Fittings	7014174	26.61

	HOME DEPOT CREDIT SERVICES \$		99.21
007681	KONICA MINOLTA BUSINESS SOLUTI 2/19 Cpr Ovrgr, Mnt-C452	9005463024	339.37

	KONICA MINOLTA BUSINESS SOLUTI\$		339.37
007682	MEE INDUSTRIES INC 2/19 Refurbished/Replacement Humid Nozzl	53611	12,779.15

	MEE INDUSTRIES INC \$		12,779.15
007683	MODULAR BUILDING CONCEPTS INC 3/19 Trailer/Step/Ramp Rental	201180	588.31

	MODULAR BUILDING CONCEPTS INC \$		588.31
007684	PETE'S ROAD SERVICE Radial Tires f/Loader VQUI 0626	305160-00	5,310.31
	Tires f/Loader 0624	305499-00	982.02

	PETE'S ROAD SERVICE \$		6,292.33
007685	PRIORITY BUILDING SERVICES LLC 2/19 Janitorial Service Fee	63146	1,231.09

	PRIORITY BUILDING SERVICES LLC\$		1,231.09
007686	RDO EQUIPMENT COMPANY Nut	P14216	3.75
	Rpr Loader-Boom Lift Cylinder	W51965	476.35
	Credit f/Switch-Inv P14462	P14872	597.10
	Credit f/Alternator Rema Core-Inv P14955	P15550	81.56
	Switch-See CM P14872	P14462	597.10

	RDO EQUIPMENT COMPANY \$		398.54
007687	READY REFRESH BY NESTLE 2/19 Bottled Water, Cooler	19B0029858982	135.56

	READY REFRESH BY NESTLE \$		135.56
007688	SOIL CONTROL LAB		

Check	Payee / Description		Amount
	2/11/19 Finished Compost Pkg	9020315	349.00
	2/11/19 Size Distribution & Inserts-Comp	9020317	48.00
	SOIL CONTROL LAB	\$	397.00
007689	VIRAMONTES EXPRESS INC		
	2/22/19-Compost Hauling	112545	529.65
	VIRAMONTES EXPRESS INC	\$	529.65
ACH	AMAZON BUSINESS		
	Crimp Cycle Tool	1FRG-FXQG-1M1	268.02
	Space Heater	1KTV-YFH3-YLM	31.99
	AMAZON BUSINESS	\$	300.01
ACH	Inland Empire Utilities Agency		
	10/18 Labor Expenses	SAP1018-RCAL&	378,849.50
	10/18 O&M Expenses	SAP1018-RCOA&	110,143.31
	Inland Empire Utilities Agency\$		488,992.81
ACH	INLAND EMPIRE UTILITIES AGENCY		
	7/17-6/18 NRWSCU Exceedance Chgs	1800004071	1,137.23
	11/18 NRW Charges	90023371	3,342.15
	11/18 Bldg Lease Pymt	90023386	6,379.32
	INLAND EMPIRE UTILITIES AGENCY\$		10,858.70
ACH	WAXIE SANITARY SUPPLY		
	Towels, Toilet Paper, Liners, Cup Lids	77926791	827.52
	WAXIE SANITARY SUPPLY	\$	827.52
ACH	TRIBOLOGIK CORPORATION		
	12/13/18 Oil Analysis	51901	600.00
	TRIBOLOGIK CORPORATION	\$	600.00
ACH	AMAZON BUSINESS		
	Waterproof Connector Wire, Adhesive Lette	1VJJ-HMFT-CT3	62.33
	AMAZON BUSINESS	\$	62.33
ACH	TRIBOLOGIK CORPORATION		
	12/24/18 Oil Analysis	52182	210.00
	TRIBOLOGIK CORPORATION	\$	210.00
ACH	AMAZON BUSINESS		
	Axle Cable Caddy	146W-6MTK-D1T	109.95
	AMAZON BUSINESS	\$	109.95
ACH	PALM AUTO DETAIL INC		
	12/18 Carwash for RCA Vehicles	181299-1	468.00
	PALM AUTO DETAIL INC	\$	468.00

Check	Payee / Description		Amount
ACH	PEST OPTIONS INC 12/18 Weed Control Svcs	315447	95.00
	PEST OPTIONS INC	\$	95.00
ACH	ADVANCED ENVIRONMENTAL COMPLIA 12/31/18 Biofilter Flow Balancing-4th Qt 7561		1,802.50
	ADVANCED ENVIRONMENTAL COMPLIA\$		1,802.50
ACH	AMAZON BUSINESS Planner Kit	1N31-3TPQ-DY6	58.95
	AMAZON BUSINESS	\$	58.95
ACH	Inland Empire Utilities Agency 11/18 O&M Expenses	SAP1118-RCAO&	119,701.36
	11/18 Labor Expenses	SAP1118-RCAL&	336,431.67
	Inland Empire Utilities Agency\$		456,133.03
ACH	AMAZON BUSINESS External DVD Drive, Portable Card Reader	1YMR-YC1R-4LN	43.83
	AMAZON BUSINESS	\$	43.83
ACH	PALM AUTO DETAIL INC 1/19 Carwash for RCA Vehicles	19199-1	654.75
	PALM AUTO DETAIL INC	\$	654.75
ACH	INLAND EMPIRE UTILITIES AGENCY 12/18 NRW Charges	90023512	3,391.72
	12/18 Bldg Lease Pymt	90023391	6,379.32
	INLAND EMPIRE UTILITIES AGENCY\$		9,771.04
ACH	PEST OPTIONS INC 1/19 Weed Control Svcs	317464	95.00
	PEST OPTIONS INC	\$	95.00
ACH	ADVANCED ENVIRONMENTAL COMPLIA 1/16/19 Biofilter I Inlet	LI-7568	4,000.00
	9/26/18 Baghouse Particulate Evaluaiton	7417	4,105.00
	ADVANCED ENVIRONMENTAL COMPLIA\$		8,105.00
ACH	AMAZON BUSINESS Lithium Batteries	1YW1-1RRG-HMQ	195.89
	Safety Senor	19YX-QW7Q-76N	139.00
	AMAZON BUSINESS	\$	334.89
ACH	SOLAR STAR CALIFORNIA VI LLC 10/18 Solar 12811 Sixth St	E02M0612-2520	12,041.01
	11/18 Solar 12811 Sixth St	E02M0612-2520	9,718.00
	12/18 Solar 12811 Sixth St	E02M0612-2520	8,821.62

Check	Payee / Description		Amount
	SOLAR STAR CALIFORNIA VI LLC	\$	30,580.63
ACH	AMAZON BUSINESS		
	Black Plastic Poster, SanDisk Cruzer	1J1Y-MP9H-TGJ	98.55
	Beam Sensor	16JN-1RVF-4L7	91.42
	Spray Paint, Putty Knife, Paint Brushes	16JN-1RVF-1TH	171.99

	AMAZON BUSINESS	\$	361.96
ACH	INLAND EMPIRE UTILITIES AGENCY		
	7/17-6/18 NRWSCU Exceedance Chgs	1800004139	1,137.23

	INLAND EMPIRE UTILITIES AGENCY	\$	1,137.23
ACH	WAXIE SANITARY SUPPLY		
	Towels, Dishwashing Soap, Lotion, Disinfect	78040022	792.79

	WAXIE SANITARY SUPPLY	\$	792.79
ACH	TRIBOLOGIK CORPORATION		
	2/4/19 Oil Analysis	53473	390.00
	1/18/19 Oil Analysis	52977	480.00

	TRIBOLOGIK CORPORATION	\$	870.00
ACH	AMAZON BUSINESS		
	Vinyl Lable Tape, Utility Socket	1TLX-MDLM-HGH	74.80
	Amp Waterproof Relay Switch Harness Set	1Q3C-VKQR-1HN	54.45

	AMAZON BUSINESS	\$	129.25
ACH	Inland Empire Utilities Agency		
	12/18 O&M Expenses	SAP1218-RCAO&	71,936.91
	12/18 Labor Expenses	SAP1218-RCAL&	296,843.44

	Inland Empire Utilities Agency	\$	368,780.35
ACH	PALM AUTO DETAIL INC		
	2/19 Carwash for RCA Vehicles	19299-1	523.80

	PALM AUTO DETAIL INC	\$	523.80
ACH	AMAZON BUSINESS		
	Photoelectric Beam Sensor	1W6K-QT9R-4X7	99.88
	3 Spocket Cigarette Lighter Adapter	1W6K-QT9R-W91	11.99
	Plastic 4-Year Inspection Tags	1FYR-JC3F-VC4	57.00

	AMAZON BUSINESS	\$	168.87
ACH	SOLAR STAR CALIFORNIA VI LLC		
	10/18 Solar 12811 Sixth St	E02M061225204	5,965.97
	12/18 Solar 12811 Sixth St	E02M061225204	4,443.65
	1/19 Solar 12811 Sixth St	E02M0612-2617	13,057.89
	11/18 Solar 12811 Sixth St	E02M061225204	4,872.66

	SOLAR STAR CALIFORNIA VI LLC	\$	28,340.17
ACH	INLAND EMPIRE UTILITIES AGENCY		
	1/19 Bldg Lease Pymt	90023528	6,379.32

Check	Payee / Description	Amount
	INLAND EMPIRE UTILITIES AGENCY\$	6,379.32
ACH	ADVANCED ENVIRONMENTAL COMPLIA 2/19 Biofilter 3-D Calibration/Flow Test 7569 2/12/19 Biofilter Flow Balancing-1st Qtr 7571 2/19 Biofilter Compliance Source Testing 7570	4,243.60 1,856.58 49,331.85
	ADVANCED ENVIRONMENTAL COMPLIA\$	55,432.03
ACH	AMAZON BUSINESS Tool Boxes,Hazard Warning LED,Extension 1TLX-MDLM-W49 Adhesive Vinyl Letters/Numbers 1KGG-YLFT-R36 Laptop Backpack 1KGG-YLFT-PHG Digital Voice Recorder 19R3-3DT6-JHG	983.86 24.80 39.99 74.99
	AMAZON BUSINESS \$	1,123.64
ACH	INLAND EMPIRE UTILITIES AGENCY 1/19 NRW Charges 90023647	3,661.06
	INLAND EMPIRE UTILITIES AGENCY\$	3,661.06
ACH	PEST OPTIONS INC 2/19 Weed Control Svcs 319532	95.00
	PEST OPTIONS INC \$	95.00
ACH	TRIBOLOGIK CORPORATION 2/20/19 Oil Analysis 54040 2/20/19 Oil Analysis 54044	510.00 420.00
	TRIBOLOGIK CORPORATION \$	930.00
ACH	AMAZON BUSINESS Pump Oil 1QQY-CNYT-RNY	258.48
	AMAZON BUSINESS \$	258.48
ACH	INLAND EMPIRE UTILITIES AGENCY 10/18-12/18 Chemical Oxygen Demand Charg 90023693	7,702.82
	INLAND EMPIRE UTILITIES AGENCY\$	7,702.82
ACH	AMAZON BUSINESS Touchless Paper Towel Dispenser 1CCX-NMFP-MV7	229.99
	AMAZON BUSINESS \$	229.99
ACH	Inland Empire Utilities Agency 1/19 O&M Expenses SAP0119-RCAO& 1/19 Labor Expenses SAP0119-RCAL&	95,869.11 351,306.75
	Inland Empire Utilities Agency\$	447,175.86
Wire	STATE BOARD OF EQUALIZATION 10/1/18-12/31/18 State Sales/Use Tax-4th 101-112048 12	575.00
	STATE BOARD OF EQUALIZATION \$	575.00

Check	Payee / Description	Amount
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Grand Total Payment Amount: \$ 2,920,005.07


**ACTION
ITEM**

2A



Date: May 6, 2019

To: Honorable Board of Directors

From: Christina Valencia
Treasurer 

Subject: Adoption of IERCA Budget for Fiscal Year 2019/20

RECOMMENDATION

It is recommended that the Board of Directors;

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2019/20;
2. Maintain the tipping fee at \$56 per wet ton; and
3. Approve a capital call of \$500,000 to be shared equally by the Inland Empire Utilities Agency (IEUA) and the Sanitation District No. 2 of Los Angeles County (SDLAC) to support capital improvement project costs, as needed.

BACKGROUND

Pursuant to the Inland Empire Regional Composting Authority Joint Powers Agreement (JPA), an annual operating and capital budget is to be presented and adopted by the JPA Board prior to June 30 each year. The proposed FY 2019/20 budget is based on the following key assumptions:

Revenues

- Maintain tipping fee at \$56 per wet ton,
- Maintain the estimated biosolids receipts of 145,000 tons, and
- Carry forward \$500,000 capital call to support the proposed capital improvement plan (CIP).

O&M Expenses

- Maintain staffing at 25 full time equivalent (FTE) positions
- Assume \$0.124/kWh rate for electricity purchased from the grid and \$0.1409/kWh rate for solar power.

Capital Improvement Plan (CIP)

The proposed FY 2019/20 capital improvement plan of \$1.4 million is funded by a combination of reserves, capital call and tipping fees. A summary of the CIP is shown below in Table 1.

Table 1: FY 2019/20 Proposed Capital Improvement Plan

(\$ 000's)	Actual FY 2017/18	Amended Budget FY 2018/19	Proposed Budget FY 2019/20
Replacement & Rehabilitation (R&R)	\$941	\$3,006	\$1,175
Capital Expansion	19	400	200
Total	\$960	\$3,406	\$1,375

The proposed FY 2019/20 CIP of \$1.4 million is significantly lower than the amended budget of \$3.4 million due to the completion of the trommel screen replacement project. Capital replacement and rehabilitation (R&R) continue to be the emphasis of the proposed CIP.

FY 2019/20 Budget Summary

The following section summarizes the proposed FY 2019/20 budget for total revenues, expenses, and capital expenditures.

Total revenues in FY 2019/20 of \$9.3 million, as shown in Table 2 below, are approximately \$490,000 lower than amended budget for FY 2018/19, due to lower proposed capital call of \$500,000 to support CIP.

Table 2: FY 2019/20 Revenues

<u>REVENUES</u>	<u>\$ 000's</u>	<u>Assumptions</u>
Tipping Fees	\$8,120	Based on 145,000 wet tons per year @ a rate of \$56.00/ton.
Contributed Capital	500	Capital call equally shared by IEUA and SDLAC. The last capital call was made in FY 2012/13 for one million to support capital process improvements.
Compost Sales/ Organics Waste Recycling/Compost Deliveries	550	100% sales of compost products compost delivery service and green waste recycling.
Biosolids Administration Fees	25	Tipping fee surcharge paid by third party biosolids suppliers.
Interest Income & Other Revenues	85	Assumes 2.5% annual interest rate.
Total Revenues	\$9,280	

Total operating expenses of \$8.0 million proposed for FY 2019/20 are approximately \$200,000 higher than amended budget of \$7.8 million. The key driver for the increase is employment costs which are projected to increase due to the negotiated cost of living adjustment, and higher pension and health benefit costs. No change in the authorized staffing level of 25 full time equivalent (FTE) position is proposed. A summary of the FY 2019/20 operating expenses is reported in Table 3.

Table 3: FY 2019/20 Expenses

OPERATING EXPENSES	\$ 000's	Assumptions
Employment	\$4,064	25 FTE operation support provided by IEUA/SDLAC.
Materials & Supplies	1,374	Includes facility maintenance supplies, fuel, and biofilter media replacement reserve.
Utilities	894	Includes power purchases from the grid and solar renewable energy. Includes an estimated reduction from the additional solar and battery storage installation of approximately \$314,000.
Professional Services	1,201	Includes compost transport and contracted services, including fees of approximately \$249,000 related to the renewable energy program.
Office & Administration	39	Includes employee training, memberships and office supplies.
Other Expenses	471	Includes leases/rental and financial expenses, insurance, operating fees (Non-Reclaimable Wastewater charges, permits and licenses.)
Total Expenses	\$8,043	

Major capital includes upgrades to the transition air duct and belt conveyor systems and building improvements. A capital replacement contingency project of \$500,000 is also proposed to support unforeseen expenditures. Schedule C provides a detailed listing of the proposed CIP for the next ten years.

Table 4: FY 2019/20 Capital Improvement Plan

CAPITAL PROJECTS	\$ 000's	Project Description
Capital Replacement	\$500	For minor construction projects and unforeseen capital expenditures.
Building Improvements	250	Improvements to create additional office space for maintenance staff, and assess reconfiguration of conference room.
Belt Conveyor Improvements	200	To improve access and for the replacement and improvement of multiple sections of belt conveyors including channel replacement and corrosion resistant coating.
Transition Air Duct Improvements	100	Modify transition air duct to ensure air is contained and the structure is sound.
Exterior Paint	125	Exterior paint the IERCF campus buildings
Total Capital R&R Budget	\$1,175	
Baghouse Improvements	\$200	To complete the baghouse ducting upgrades and connect with new trommel screen.
Total Capital Expansion Budget	\$200	
Total Capital Improvement Plan	\$1,375	

Fund Balance

Based on the proposed budget, the total ending fund balance is estimated to be \$3.2 million at the end of FY 2019/20; a decrease of \$93,372 from the amended ending balance at June 30, 2019 of \$3.3 million.

Designation of Fund Balance

Maintaining an adequate fund balance is essential in ensuring the JPA’s ability to support day-to-day operations and near term operating and capital requirements. Table 5 below summarizes the proposed designation for the estimated fund balance of \$3.3 million at the end of FY 2019/20, along with the intended funding sources.

Table 5: FY 2019/20 Fund Balance

Fund Balance Category	Description	Estimated Ending Balance as of 6/30/2020 (\$ 000's)	Funding Source
Operating Contingency	Equal to three months of operating expenses to address unplanned events.	\$1,948	Tipping fees
BioFilter Replacement	Replacement of one sector per year.	250	
Insurance Liability	Self-insurance program.	200	
Capital Replacement/Construction	Projected R&R costs over the next 5 years averages about \$8.90/ton. Approximately \$0.74 per wet ton is covered by the proposed tipping fee of \$56.	801	Reserves, Capital Call and Tipping Fees
Total		\$3,199	

PRIOR BOARD ACTION

The Board adopted the FY 2018/19 budget on May 7, 2018.

IMPACT ON BUDGET

None.

Attachments:

- Attachment A – 2019/20 IERCA Budget Summary (Schedule A)
- Attachment B – 2019/20 IERCA Budget Details (Schedule B)
- Attachment C – 2019/20 IERCA Budget Project Lists (Schedule C)
- Attachment D – 2019/20 IERCA Budget Presentation

Inland Empire Regional Composting Authority Schedule A - Budget Summary										
	Actual 2016/17	Actual 2017/18	Proposed 2018/19	Amended 2018/19	Proj. Actual 2018/19	Proposed 2019/21	2020/21	2021/22	Forecast 2022/23	2023/24
Rate Per Ton	\$55.00	\$56.00	\$56.00	\$56.00	\$56.00	\$56.00	\$57.00	\$58.00	\$60.00	\$62.00
Actual/Projected Tonnage	144,385	145,454	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Revenues										
Contributed Capital	\$0	\$0	(\$1,000,000)	(\$1,000,000)	\$0	(\$500,000)	(\$500,000)	(\$750,000)	(\$750,000)	(\$750,000)
Biosolids Recycling (Lipping Fees)	7,999,964	(8,181,844)	(8,120,000)	(8,120,000)	(8,063,800)	(8,120,000)	(8,265,000)	(8,410,000)	(8,700,000)	(8,990,000)
Biosolids Recycling Admin Fees	(22,841)	(31,635)	(25,000)	(25,000)	(23,800)	(25,000)	(26,000)	(27,000)	(28,000)	(29,000)
Compost Delivery Sys	(119,205)	(133,522)	(150,000)	(150,000)	(150,800)	(150,000)	(155,000)	(158,000)	(159,000)	(169,000)
Compost Sales	(351,737)	(400,020)	(400,000)	(400,000)	(446,700)	(400,000)	(412,000)	(424,000)	(437,000)	(450,000)
Energy/Cap Rebates	(28,941)	(63,746)	(70,000)	(70,000)	(78,300)	(80,000)	(75,000)	(75,000)	(75,000)	(75,000)
Interest Income	(27,785)	(10,070)	-	-	-	-	-	-	-	-
Grants & Subsidies	(10,070)	-	-	-	-	-	-	-	-	-
Draw on Biofilter Reserve	-	-	-	-	-	-	-	-	-	-
Other Non Operating Revenues	(15,971)	(12,343)	(5,000)	(5,000)	(6,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Revenues Available for Expenses	(\$8,576,515)	(\$8,770,955)	(\$9,770,000)	(\$9,770,000)	(\$8,769,400)	(\$9,436,000)	(\$9,850,000)	(\$10,159,000)	(\$10,159,000)	(\$10,468,000)
Expenses										
Labor	\$3,703,246	\$3,995,481	\$3,892,321	\$3,892,321	\$3,763,450	\$4,064,516	\$4,227,007	\$4,396,191	\$4,572,039	\$4,754,921
Office & Administration	36,575	44,635	49,169	49,169	32,150	38,900	40,725	41,837	42,849	43,942
Professional Fees & Services	998,176	809,890	765,330	965,330	964,500	1,135,375	1,169,416	1,204,521	1,240,655	1,277,875
Professional Fees - Contract Labor LACSD			\$74,675	\$74,675	\$52,000	\$66,000	\$67,500	\$69,106	\$70,729	\$72,401
Materials & Supplies/O&M Projects	808,398	960,797	1,118,500	1,091,500	1,107,000	1,123,500	1,141,307	1,158,512	1,176,046	1,194,037
Materials - Bio Filter Media Replacement	72,837	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Insurance	145,583	140,079	237,275	264,225	295,300	265,000	313,258	322,656	332,936	342,306
Operating Fees	104,416	74,011	74,768	74,768	98,000	80,500	82,833	85,318	87,877	90,513
Utilities	1,115,460	1,092,870	1,258,475	1,058,475	1,172,300	894,400	921,232	948,869	977,337	1,006,656
Leases & Rentals	151,618	132,982	103,450	103,450	123,000	125,000	128,400	131,881	135,445	139,096
Financial Expenses/Non Operating Expenses	3,500	121,887	100	100	17,800	300	300	300	300	300
Total Expenses	\$7,139,808	\$7,372,630	\$7,824,014	\$7,824,013	\$7,875,500	\$8,043,501	\$8,342,128	\$8,609,191	\$8,865,613	\$9,172,047
Capital Projects										
Capital Replacement Project	\$579,019	\$940,672	\$2,375,000	\$3,006,000	\$2,646,000	\$1,175,000	\$1,400,000	\$1,000,000	\$1,350,000	\$1,200,000
Capital Expansion Projects	9,066	19,296	400,000	400,000	200,000	200,000	-	-	-	-
Total Capital Projects	\$588,085	\$959,968	\$2,775,000	\$3,406,000	\$2,846,000	\$1,375,000	\$1,400,000	\$1,000,000	\$1,350,000	\$1,200,000
Net Profit/(Loss)	\$848,621	\$438,356	(\$829,014)	(\$1,460,013)	(\$1,952,100)	(\$136,501)	(\$304,128)	(\$40,809)	(\$76,613)	\$85,953
Revenues										
Beginning Reserve Balance	\$4,003,555	\$4,852,177	\$4,753,318	\$4,753,318	\$5,280,533	\$3,338,433	\$3,198,932	\$2,895,804	\$3,136,613	\$3,060,000
Ending Reserve Balance	\$4,852,177	\$5,290,533	\$3,924,304	\$3,293,304	\$3,338,433	\$3,199,932	\$2,895,804	\$3,136,613	\$3,060,000	\$3,155,953
Operating Contingency (3mths Expenses)	\$1,766,743	\$1,843,158	\$1,893,503	\$1,893,503	\$1,904,375	\$1,948,375	\$2,023,032	\$2,089,798	\$2,158,908	\$2,230,512
Replacement Reserve - BioFilter	697,032	769,759	973,067	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Insurance Liability (Risk Mgmt)	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Capital Replacement & Construction	2,188,402	2,477,616	857,734	949,901	982,058	901,557	422,772	596,815	451,096	475,442
Total Reserve Balance	\$4,852,177	\$5,290,533	\$3,924,304	\$3,293,304	\$3,338,433	\$3,199,932	\$2,895,804	\$3,136,613	\$3,060,000	\$3,155,953

Inland Empire Regional Composting Authority
 Schedule B - Budget Detail

Cost Center	Cost Element	Actual 2016/17	Actual 2017/18	Adopted 2018/19	Amended 2018/19	Projected 2018/19	Proposed 2019/20	2020/21	2021/22	Forecast 2022/23	2023/24
	Tonnage/Rate										
	Tons	144,385	145,454	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
	O&M Cost per ton	\$ 49.45	\$ 50.69	\$ 53.96	\$ 53.96	\$ 54.31	\$ 55.47	\$ 57.53	\$ 59.37	\$ 61.28	\$ 63.26
	Biofilter Media Replacement Reserve	\$ 0.50	\$ 0.50	\$ 1.40	\$ 1.40	\$ 1.40	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Expansion Cost per Ton	\$ 0.06	\$ 0.13	\$ 2.76	\$ 2.76	\$ 1.38	\$ 1.38	\$ -	\$ -	\$ -	\$ -
	Capital Replacement Cost per Ton	\$ 4.01	\$ 6.47	\$ 16.38	\$ 20.73	\$ 18.25	\$ 8.10	\$ 9.66	\$ 6.90	\$ 9.31	\$ 8.28
	Total Cost Per Ton	\$ 54.02	\$ 57.79	\$ 74.50	\$ 78.85	\$ 75.34	\$ 64.96	\$ 67.19	\$ 66.27	\$ 70.59	\$ 71.53
	Member Contributions	\$ -	\$ -	\$ 6.90	\$ 6.90	\$ -	\$ 3.45	\$ 3.45	\$ 5.17	\$ 5.17	\$ 5.17
	CIP Funded by Reserves	\$ 4.07	\$ 6.60	\$ 12.24	\$ 16.59	\$ 19.63	\$ 6.03	\$ 6.21	\$ 1.72	\$ 4.14	\$ 3.10
	Rate Per Ton	\$ 49.95	\$ 51.19	\$ 55.36	\$ 55.36	\$ 55.71	\$ 55.47	\$ 57.53	\$ 59.37	\$ 61.28	\$ 63.26
	Adopted Rate Per Ton	\$ 55.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 56.00	\$ 57.00	\$ 58.00	\$ 60.00	\$ 62.00
Revenues											
211112	406000 Compost Delivery Svs	(\$119,205)	(\$133,522)	(\$150,000)	(\$150,000)	(\$150,800)	(\$150,000)	(\$155,000)	(\$159,000)	(\$164,000)	(\$169,000)
211112	406200 Compost Sales	(\$351,737)	(\$400,020)	(\$400,000)	(\$400,000)	(\$446,700)	(\$400,000)	(\$412,000)	(\$424,000)	(\$437,000)	(\$450,000)
	Service Charges	(\$470,942)	(\$533,541)	(\$500,000)	(\$500,000)	(\$597,500)	(\$550,000)	(\$567,000)	(\$583,000)	(\$601,000)	(\$619,000)
200112	404010 Biosolids Recycling (Tippling Fees)	(7,999,964)	(8,181,844)	(8,120,000)	(8,120,000)	(8,063,800)	(8,120,000)	(8,265,000)	(8,410,000)	(8,700,000)	(8,990,000)
200112	409920 Biosolids Recycling Admin Fees	(22,841)	(31,635)	(25,000)	(25,000)	(23,800)	(25,000)	(26,000)	(27,000)	(28,000)	(29,000)
	Sales	(\$8,022,805)	(\$8,213,480)	(\$8,145,000)	(\$8,145,000)	(\$8,087,600)	(\$8,145,000)	(\$8,291,000)	(\$8,437,000)	(\$8,728,000)	(\$9,019,000)
211112	412030 Energy/Cap Rebates	(28,941)	-	-	-	-	-	-	-	-	-
	Other Revenues	(\$28,941)	-	-	-	-	-	-	-	-	-
	Operating Revenues	(\$8,522,688)	(\$8,747,021)	(\$8,695,000)	(\$8,685,100)	(\$8,685,100)	(\$8,695,000)	(\$8,858,000)	(\$9,020,000)	(\$9,329,000)	(\$9,638,000)
211112	480110 Interest Income	(\$27,785)	(\$63,746)	(\$70,000)	(\$70,000)	(\$78,300)	(\$80,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
211112	483010 Contributed Capital	-	-	(1,000,000)	(1,000,000)	-	(500,000)	(500,000)	(750,000)	(750,000)	(750,000)
211112	484030 Grants & Subsidies	(10,070)	-	-	-	-	-	-	-	-	-
211112	493110 Proceeds from Sale of Assets	-	52,156	-	-	-	-	-	-	-	-
211112	499010 Other Non Operating Revenues	(15,971)	(12,343)	(5,000)	(5,000)	(6,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
	Non Operating Revenues	(\$53,826)	(\$23,934)	(\$1,075,000)	(\$1,075,000)	(\$84,300)	(\$585,000)	(\$580,000)	(\$830,000)	(\$830,000)	(\$830,000)
	TOTAL REVENUES	(\$8,576,515)	(\$8,770,955)	(\$9,770,000)	(\$9,770,000)	(\$8,769,400)	(\$9,280,000)	(\$9,438,000)	(\$9,850,000)	(\$10,159,000)	(\$10,468,000)

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	Actual 2016/17	Actual 2017/18	Adopted 2018/19	Amended 2018/19	Projected 2018/19	Proposed 2019/20	Forecast			
								2020/21	2021/22	2022/23	2023/24
Expenses											
Office & Administration											
211112	511120 Employee Training and Seminars - Dept 5p	\$7,800	\$7,400	\$10,300	\$10,300	\$4,500	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
211112	511220 Travel Costs - Mileage Reimbursement	4,150	2,327	5,000	5,000	3,000	6,000	7,000	7,122	7,185	7,251
211112	511230 Travel Costs - Transportation	-	-	3,000	3,000	2,000	2,000	2,000	2,122	2,185	2,251
211112	511240 Travel Costs - Meals	204	-	309	309	-	-	-	-	-	-
211112	511250 Travel Costs - Lodging	920	-	2,060	2,060	-	-	-	-	-	-
211112	511290 Travel Costs - Other	235	30	200	200	250	300	300	318	328	338
211112	511330 Safety Awards	139	182	240	240	7,500	8,000	8,240	8,487	8,742	9,004
211112	512010 Office Supplies-General	6,856	7,721	8,000	8,000	500	2,100	2,100	2,100	2,100	2,100
211112	512210 Forms, Printing and Copying costs	333	13,845	360	360	2,000	2,500	2,575	2,652	2,732	2,814
211112	512350 Postage and Delivery Charges	677	2,054	1,100	1,100	1,000	1,000	1,000	1,000	1,000	1,050
211112	512520 Computer Software & License Fees	-	1	-	-	-	-	-	-	-	-
211112	513010 Meeting Expenses	2,238	981	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,050
211112	513020 Conference Expenses	-	-	1,000	1,000	-	-	-	-	-	-
211112	514010 Memberships - Agency Wide	11,145	5,708	15,000	15,000	10,000	12,000	12,360	12,731	13,113	13,506
211112	514210 Registration-DMV, Title, Permit, Applic	20	-	500	500	-	-	-	-	-	-
211112	515080 Contributions-Sponsorships	1,250	-	500	500	1,400	-	-	-	-	-
211112	519110 Inventory-Count Adjustment	-	250	-	-	-	-	-	-	-	-
211112	519130 Inventory-Freight/Price	-	474	-	-	-	-	-	-	-	-
211112	519160-Price Adjustment Inventory	-	(305)	-	-	-	-	-	-	-	-
211112	519510 Othr Admin Expense	600	3,813	200	200	-	-	-	-	-	-
211112	519530 Fines & Penalties	7	-	400	400	-	-	-	-	-	-
211112	519590 GI/R Expense Clearing	-	154	-	-	-	-	-	-	-	-
	Office & Administration Expenses	\$36,575	\$44,635	\$49,169	\$49,169	\$32,150	\$38,900	\$40,725	\$41,837	\$42,849	\$43,942
Materials & Supplies											
211112	512110 Operating Supplies - General	\$21,759	\$7,544	\$12,000	\$12,000	\$35,000	\$16,000	\$16,480	\$16,970	\$17,470	\$18,000
211112	512140 Uniform / Throw Rugs	24,679	30,269	31,000	31,000	31,000	31,000	32,888	33,875	34,891	35,938
211112	512170 Operations & Maintenance Supplies	409,238	546,168	565,000	538,000	660,000	600,000	606,000	612,100	618,200	624,400
211112	512410 Fuel	105,328	123,322	160,000	160,000	123,000	165,000	165,000	165,000	165,000	165,000
211112	512450 Fleet Parts & Supplies	78	44	500	500	-	-	-	-	-	-
211112	512610 Equipment/Furniture - Office - Low Value	2,578	-	-	-	-	-	-	-	-	-
211112	512660 Equipment - Small Tools/Equip.< \$2000	671	-	-	-	-	1,500	1,639	1,688	1,739	1,791
211112	512710 Equipment Maintenance & Supplies	238,078	181,493	290,000	290,000	238,000	250,000	257,500	265,225	273,182	281,377
211112	512910 Other Materials & Supplies	5,989	71,956	60,000	60,000	20,000	60,000	61,800	63,654	65,564	67,531
211112	512920 Biofilter Media Replacement	72,837	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	Materials & Supplies	\$881,234	\$960,797	\$1,368,500	\$1,341,500	\$1,357,000	\$1,373,500	\$1,391,307	\$1,408,512	\$1,426,046	\$1,444,037

Inland Empire Regional Composting Authority											
Schedule B - Budget Detail											
Cost Center	Cost Element	Actual 2016/17	Actual 2017/18	Adopted 2018/19	Amended 2018/19	Projected 2018/19	Proposed 2019/20	2020/21	2021/22	Forecast 2022/23	2023/24
Insurance											
211112	517010 Insurance Premiums - Liability	\$34,583	\$34,629	\$113,625	\$140,625	\$264,200	\$235,000	\$283,250	\$291,748	\$300,500	\$309,515
211112	517110 Insurance Premiums - Motor vehicles				1,100						
211112	517210 Insurance Premiums - Casualty	111,000	105,450	123,600	123,600	30,000	30,000	30,008	30,908	31,836	32,791
	Insurance	\$145,583	\$140,079	\$237,225	\$264,225	\$295,300	\$765,000	\$313,258	\$332,656	\$332,336	\$342,306
Professional Fees & Services											
211112	520110 External Audit Services	50	\$4,150	\$5,000	\$5,000	\$4,500	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
211112	520210 Legal Fees - General	7,945	22,890	5,000	5,000	16,000	25,000	25,750	26,523	27,318	28,138
211112	520920 Professional Services - Engineering	976									
211112	520980 Professional Services - Other						249,375	256,856	264,562	272,499	280,674
211112	521015 Contract Labor - IEUA	3,649,452	3,940,897	3,892,321	3,892,321	3,763,450	4,064,526	4,227,107	4,396,191	4,572,039	4,754,921
211112	521010 Contract Labor - LACSD	14,438	20,016	36,050	36,050	34,000	36,000	37,080	38,192	39,338	40,518
212112	521018 Contract Labor-LACSD	17,419	15,659	25,750	25,750	8,000	15,000	15,000	15,000	15,000	15,000
211112	521030 Contract Burden - LACSD	21,937	18,908	12,875	12,875	10,000	15,000	15,450	15,914	16,391	16,883
211112	521050 Contract Materials	1,396	194	1,030	1,030						
211112	521080 Other Contractual Services	944,080	741,886	700,000	900,000	893,000	800,000	824,000	848,720	874,182	900,407
211112	521110 Outside Svc's-Underscaping/Weed/Pest Cntr	8,407	6,064	11,000	11,000	12,000	11,500	11,845	12,200	12,566	12,943
211112	521120 Outside Services - Security	14,829	13,646	19,000	19,000	17,000	20,000	20,600	21,218	21,855	22,510
211112	521130 Outside Services - Janitorial	12,787	13,632	12,000	12,000	14,000	15,000	15,450	15,914	16,391	16,883
211112	521220 Laboratory Services - Outside	5,505	7,427	10,300	10,300	8,000	7,500	7,725	7,957	8,195	8,441
211112	521310 Graphic Services	1,029									
211112	521410 Computer Systems Maintenance	1,222		2,000	2,000		2,000	2,060	2,122	2,185	2,251
	Prof. fees & Services	\$4,701,422	\$4,805,371	\$4,732,326	\$4,932,326	\$4,779,950	\$5,265,901	\$5,464,073	\$5,669,818	\$5,883,423	\$6,105,197
Operating Fees											
211112	519310 Operating Permits, Licenses & Fees	\$21,830	\$17,938	\$22,660	\$22,660	\$20,000	\$22,000	\$22,660	\$23,340	\$24,040	\$24,761
211112	540110 Wastewater-Volumetric Fees	8,295	9,164	6,695	6,695	13,000	13,500	13,823	14,237	14,664	15,104
211112	540210 Strength Charges-BOD/COD	23,382	6,941	7,600	7,600	6,000	8,000	8,240	8,487	8,742	9,004
211112	540220 Strength Charges-TSS	9,107	6,286	4,159	4,159	9,000	5,500	5,665	5,835	6,010	6,190
211112	540223 Strength Charges-TSS Discrepancy Charge	7,658	4,244	4,504	4,504	8,000	5,500	5,665	5,835	6,010	6,190
211112	540320 Monthly Capacity Charge-Regional	2,296	548	5,150	5,150		1,000	1,030	1,061	1,093	1,126
211112	540330 Capital Improv Proj (CIP) Fees	31,848	28,892	24,000	24,000	39,000	25,000	25,750	26,523	27,318	28,138
	Operating Fees	\$104,416	\$74,011	\$74,768	\$74,768	\$98,000	\$80,500	\$82,833	\$85,318	\$87,877	\$90,513

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	Actual		Adopted	Amended	Projected	Proposed	Forecast			
		2016/17	2017/18					2018/19	2018/19	2019/20	2020/21
Utilities											
211112	545110 Electricity	\$872,959	\$849,528	\$1,000,000	\$800,000	\$953,000	\$650,000	\$669,500	\$710,273	\$689,585	\$731,581
211112	545220 Solar Power	222,657	213,797	237,085	237,085	193,000	219,900	226,497	240,291	233,292	247,499
211112	545310 Cell Phone Accessories	-	626	206	206	100	200	206	212	212	225
211112	545311 Cell Phone Expenses	7,310	6,918	8,000	8,000	9,000	8,000	8,240	8,742	8,487	9,004
211112	545320 Telephone	255	249	309	309	200	300	309	318	318	338
211112	545360 Disposal Service	8,355	10,753	8,755	8,755	13,000	11,000	11,330	12,020	11,670	12,381
211112	545370 Water	3,925	10,999	4,120	4,120	4,000	5,000	5,150	5,464	5,305	5,628
	Utilities	\$1,115,460	\$1,092,870	\$1,258,475	\$1,058,475	\$1,172,300	\$894,400	\$921,232	\$977,337	\$948,869	\$1,006,656
Leases / Rentals											
211112	512730 Equipment Rental (Non Lease)	\$64,557	\$57,690	\$15,900	\$15,900	\$35,000	\$35,000	\$35,700	\$37,100	\$36,400	\$37,800
211112	547110 Building / Trailer Leases	87,061	75,292	87,550	87,550	88,000	90,000	92,700	98,345	95,481	101,296
	Lease/Rentals	151,618	132,982	103,450	103,450	123,000	125,000	128,400	135,445	131,881	139,096
	Operating Expenses	\$7,136,308	\$7,250,743	\$7,823,914	\$7,823,913	\$7,857,700	\$8,043,201	\$8,341,828	\$8,885,313	\$8,608,891	\$9,171,747
Financial Expenses											
211112	551010 Bank Service Charges / Fees		\$324	\$100	\$100	\$300	\$300	\$300	\$300	\$300	\$300
211112	580050 Bad Debt Expense	3,500									
	Financial Expenses	\$3,500	\$324	\$100	\$100	\$300	\$300	\$300	\$300	\$300	\$300
Other Non-Operating Expenses											
211112	580090 Non-Operating Other Expenses		\$121,563	\$0	\$0	\$17,500					
	Interest Expenses		\$121,563	\$0	\$0	\$17,500	\$0	\$0	\$0	\$0	\$0
	Non-Operating Expenses	\$3,500	\$121,887	\$100	\$100	\$17,800	\$300	\$300	\$300	\$300	\$300
Capital Projects											
	Capital Replacement Projects	\$579,019	\$940,672	\$2,375,000	\$3,006,000	\$2,646,000	\$1,175,000	\$1,400,000	\$1,350,000	\$1,000,000	\$1,200,000
	Capital Expansion Projects	9,066	19,296	400,000	400,000	200,000	200,000	-	-	-	-
	Capital Projects	\$588,085	\$959,968	\$2,775,000	\$3,406,000	\$2,846,000	\$1,375,000	\$1,400,000	\$1,350,000	\$1,000,000	\$1,200,000
	TOTAL EXPENSES	\$7,727,893	\$8,332,599	\$10,599,014	\$11,230,013	\$10,721,500	\$9,418,501	\$9,742,128	\$10,235,613	\$9,609,191	\$10,372,047
	Net Profit/(Loss)	\$848,621	\$438,356	(\$829,014)	(\$1,460,013)	(\$1,952,100)	(\$138,501)	(\$304,128)	(\$76,613)	\$240,809	\$95,953

Inland Empire Regional Composting Authority															
Schedule C - Projects															
Project No.	Project Title	Actual 2017/18	Adopted 2018/19	Amended 2018/19	Proj. Actual 2018/19	Proposed 2019/20	Forecast						Total (10 Years)		
							2020/21	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27	2027/28
Capital Projects															
RA16001	Fire Sprinkler Improvements	151,209	-	-	-	-	-	-	-	-	-	-	-	200,000	
RA17001	IERCF Transition Air Duct Improvements	-	75,000	75,000	100,000	-	-	-	-	-	-	-	-	-	
RA17003	IERCF Replace VM Host Servers	-	-	-	-	-	-	-	-	-	-	-	-	-	
RA17004	IERCF Replace Network Switches	-	-	-	-	-	-	-	-	-	-	-	-	-	
RA17005	IERCF UPS Replacement	(2,993)	-	-	-	-	-	-	-	-	-	-	-	-	
RA17007	IERCF Building Improvements	125,797	200,000	200,000	250,000	-	-	-	-	-	-	-	-	250,000	
RA17009	MCC HVAC Improvements	133,514	-	-	-	-	-	-	-	-	-	-	-	-	
RA17101	RCA Capital Replacement	14,443	-	-	-	-	-	-	-	-	-	-	-	-	
RA18001	IERCF Network Infrastructure Replacement	75,358	-	-	-	-	-	-	-	-	-	-	-	-	
RA18003	IERCF Ventilation Improvements	15,527	300,000	300,000	391,000	-	-	-	-	-	-	-	-	-	
RA18101	RCA Capital Replacement	419,923	-	-	-	-	-	-	-	-	-	-	-	-	
RA19001	IERCF Pugmill Improvements	7,894	1,000,000	1,631,000	1,600,000	-	200,000	-	200,000	-	-	-	-	100,000	
RA19002	IERCF Trommel Screen Improvements	150,000	150,000	150,000	50,000	-	-	-	-	-	-	-	-	600,000	
RA19003	IERCF Front End Loader Replacement	500,000	500,000	500,000	500,000	-	-	-	-	-	-	-	-	900,000	
RA19101	RCA Capital Replacement	150,000	150,000	150,000	130,000	-	-	-	-	-	-	-	-	-	
RA20003	IERCF Belt Conveyor Improvements	-	-	-	200,000	-	250,000	-	200,000	-	200,000	-	-	650,000	
RA20004	IERCF Misc Fan Improvements	-	-	-	500,000	-	300,000	-	500,000	-	500,000	-	-	300,000	
RA20005	RCA Capital Replacement	-	-	-	500,000	-	500,000	-	500,000	-	500,000	-	-	5,000,000	
RA20006	IERCF Exterior Paint	-	-	-	125,000	-	300,000	-	300,000	-	200,000	-	-	125,000	
RA21001	IERCF Fire Sprinkler Improvements	-	-	-	-	-	-	-	-	-	200,000	-	-	600,000	
RA24001	IERCF Corrosion Replacement	-	-	-	-	-	-	-	-	-	700,000	-	-	700,000	
RA25001	IERCF Compost Storage Facility Tent Cover	-	-	-	-	-	-	-	-	-	-	-	-	-	
RA23001	IERCF Inner Roof Lining Repair	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Capital Replacement Projects		\$940,672	\$2,375,000	\$3,096,000	\$2,646,000	\$1,175,000	\$1,400,000	\$1,400,000	\$1,350,000	\$1,350,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$10,125,000
Capital Expansion															
RA15001	IERCF Baghouse Improvements	19,296	400,000	400,000	200,000	-	-	-	-	-	-	-	-	200,000	
Total Capital Expansion Projects		19,296	\$400,000	\$400,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$300,000
Total Capital Projects		959,968	\$2,775,000	\$3,496,000	\$2,846,000	\$1,175,000	\$1,400,000	\$1,400,000	\$1,350,000	\$1,350,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$10,425,000
Total Projects		305,308	\$2,775,000	\$3,496,000	\$2,846,000	\$1,175,000	\$1,400,000	\$1,400,000	\$1,350,000	\$1,350,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$10,425,000



INLAND EMPIRE REGIONAL
COMPOSTING
A U T H O R I T Y

FY 2019 / 20
Proposed Budget

May 2019



Key Assumptions



**MAINTAIN
\$56/WET TON
TIPPING FEE**



**\$500,000
CAPITAL CALL
CARRY FORWARD**



**25 FTE
MAINTAIN
STAFFING LEVEL**



**TIMELY UPKEEP
OF ASSETS TO
SUPPORT LEVEL
OF SERVICE**



FY 2019/20 Proposed Budget

(\$ in Thousands)	FY 2018/19 Amended Budget	FY 2019/20 Proposed Budget	Increase/ (Decrease)
Tipping fee per wet ton, based on 145,000 wet tons	\$56	\$56	\$0
Operating Revenues	\$8,695	\$8,695	\$0
Operating Expenses	7,824	8,043	219
Net Operating Increase (Decrease)	\$871	\$652	
Other Funding Sources ¹	1,075	585	(490)
Other Uses of Funds ²	3,406	1,375	(2,031)
Net Non-Operating Increase (Decrease)	(\$2,331)	(\$790)	
Total Net Change	(\$1,460)	(\$138)	

¹ Includes proposed capital call and interest income.

² Includes planned capital project costs.



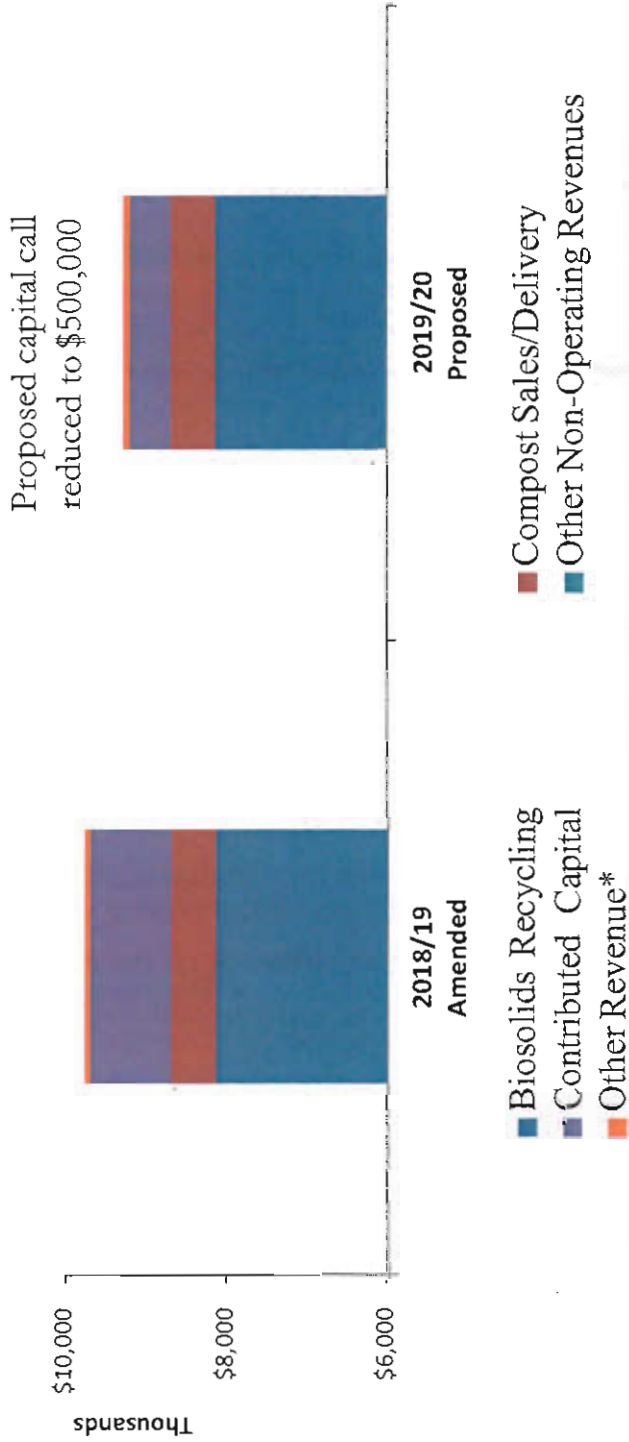
Capital Improvement Plan

Project Description (\$ in Thousands)	FY 2018/19 Amended	FY 2019/20 Proposed	Increase/ (Decrease)
Capital Replacement & Rehabilitation (R&R)	\$500	\$500	\$0
Trommel Screen Improvements	1,631		(1,631)
Ventilation Improvements	300		(300)
Building Improvements	200	250	50
Front End Loader Replacement	150		(150)
Belt Conveyor Improvements	150	200	50
Transition Air Duct Improvements	75	100	25
Exterior Paint		125	125
Total Capital Replacement	\$3,006	\$1,175	(\$1,831)
Baghouse Improvements	\$400	\$200	(200)
Total Capital Expansion	\$400	\$200	(\$200)
TOTAL CAPITAL	\$3,406	\$1,375	(\$2,031)



Revenues

Decrease due to lower Capital Call

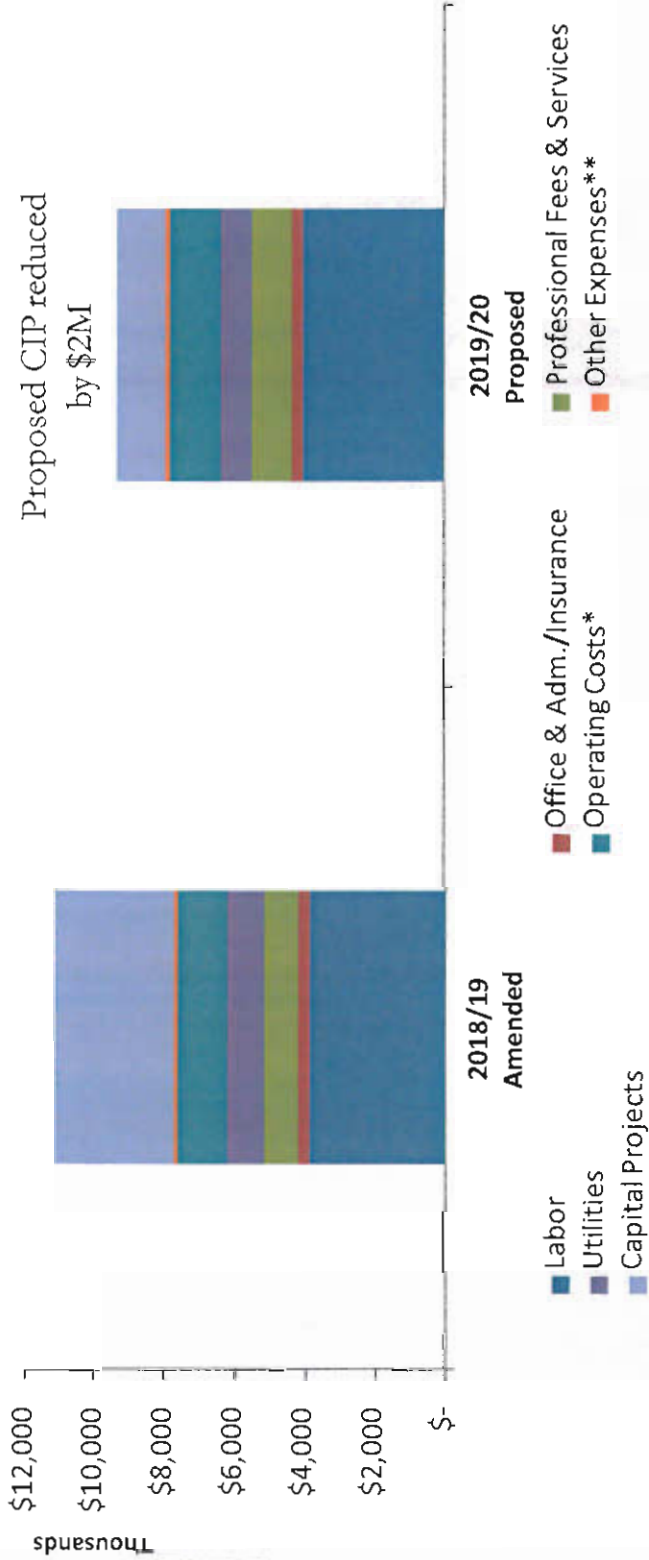


* Other Revenues include: interest income and energy cap rebate.



Expenses

Decrease due to lower CIP

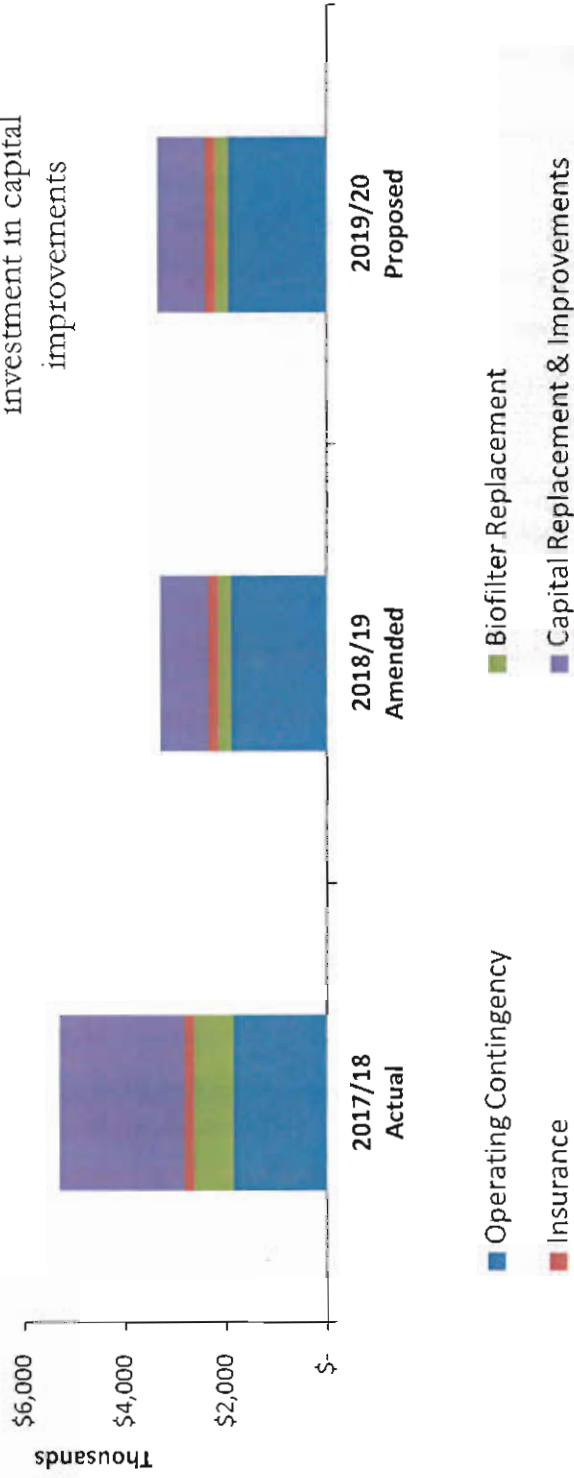


*Operating Costs include: operating fees; biofilter reserve funding; biofilter replacement; materials & supplies
 ** Other Expenses include: leases & rentals; financial expenses



Fund Balance

Lower balance due to investment in capital improvements





Questions?


**ACTION
ITEM**

2B



Date: May 6, 2019

To: Honorable Board of Directors

From: Christina Valencia
Treasurer 

Subject: Adoption of the Inland Empire Regional Composting Authority's Investment Policy for Fiscal Year (FY) 2019/20

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2019-5-4 approving the Authority's Investment Policy for FY 2019/20.

BACKGROUND

The Investment Policy (Policy) establishes procedures and guidelines by which temporarily idle funds can be managed in a prudent and fiscally-sound manner. The Policy encompasses those funds over which the Inland Empire Regional Composting Authority (IERCA) exercises fiscal control, stipulates allowable and unallowable investment alternatives, and establishes parameters for selecting broker/dealers and financial institutions with which the IERCA may do business. The Policy also prioritizes the IERCA's public funds management objectives of safety, liquidity, and yield.

The Policy also mandates a review and approval by the Board be done annually, or whenever there are significant changes. The Policy was updated and approved in May 2018.

The IERCA Policy is based on the Inland Empire Utilities Agency Investment Policy which is reviewed annually by the Agency's financial advisor, PFM Asset Management LLC (PFM). PFM's review focuses on four key policy elements: compliance, comprehensiveness, balance, and clarity. Overall, PFM found the Policy to be comprehensive, well written and in compliance with the California Government Code (CGC) Section 53600. As such, PFM did not recommend any changes to the Policy in regard to the state's statutes. The Policy remains largely unchanged from the prior year's policy apart from one change from monitoring the Authority's weighted average portfolio duration to its weighted average maturity. Additionally, minor clarifications and updates were made to the Policy's glossary.

Attached for your consideration is a copy of the proposed IERCA Investment Policy for FY 2019/20.

PRIOR BOARD ACTION

On May 7, 2018, the Board of Directors adopted Resolution No. 2018-5-1 approving the Inland Empire Regional Composting Authority FY 2018/19 Investment Policy.

IMPACT ON BUDGET

There is no impact on the Authority's FY 2019/20 budget.

Attachments:

Attachment A- Blacklined Changes to the Investment Policy

Resolution No. 2019-5-4

Exhibit A – Investment Policy



FY 2019/20
INVESTMENT
POLICY

BLACKLINED

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
FY 2019/20 INVESTMENT POLICY**

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INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY INVESTMENT POLICY

1.0 POLICY

WHEREAS; The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) § 53600.6 and 53630.1 (CGC §53600.6 and §53630.1);

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 CGC §5922 and CGC §53601 et seq.; and

WHEREAS; the Treasurer of the Inland Empire Regional Composting Authority (IERCA) shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting (CGC §53646[a]).

NOW, THEREFORE, BE IT RESOLVED that the policy of IERCA is 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 IERCA; and (iii) the highest investment return while conforming to all statutes governing the investment of IERCA funds within the constraints of this Investment Policy.

2.0 SCOPE

This Investment Policy applies to all surplus monies of IERCA.

Pooling of funds

Except for cash in certain restricted and special funds, IERCA will consolidate cash and reserve balances from all funds to maximize investments earnings and to increase efficiencies regarding investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

3.0 PRUDENCE

The standard of prudence to be used by designated investment signatories shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of IERCA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to

safeguard the principal and maintain the liquidity needs of the authority.

Designated investment signatories, acting in accordance with written procedures, this investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds; the primary objectives, in priority order, of the investment activities shall be:

- A. *Safety*: Safety of principal is the foremost objective of the investment program. Investments made by IERCA 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.
- B. *Liquidity*: The investment portfolio will remain sufficiently liquid to enable IERCA to meet all operating requirements which might be reasonably anticipated.
- C. *Return on Investments (Yield)*: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from CGC §53600, et seq. Management's responsibility for the investment program is hereby delegated for a one-year period by the legislative body, to the Treasurer who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked by the Board of Directors. Subject to review, the Board of Directors may renew the delegation of the authority each year. The Treasurer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Procedures should include reference to: safekeeping, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons/positions responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Treasurer and Administration. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the placement of investments shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer shall maintain a list of approved and authorized financial institutions and brokers/dealers, selected on the basis of credit-worthiness, financial strength, experience, and capitalization.

In selecting the *financial institutions* for the deposit or investment of IERCA funds, the Treasurer's consideration shall include the depository's latest equity/asset ratio data and continue to monitor the financial institutions' credit characteristics and financial history throughout the period during which IERCA funds are deposited or invested.

The minimum qualifications for Agency approved depository/financial institutions include: (i) that they must be at least three (3) years old; have total assets in excess of ten (\$10) billion dollars; a core capital/asset ratio of 5 percent or better; or (ii) have total assets in excess of five hundred million dollars (\$500,000,000); and a core capital/asset ratio of 6 percent or better.

For the services of *banks, savings banks, and savings and loan associations*, depository agreements shall be prepared by the Treasurer and authorized representatives of the respective financial institutions for consideration and execution by the Treasurer.

For *broker/dealer* services utilized to invest in government securities and other investments, the Treasurer is designated to select only brokers/dealers who are licensed and in good standing with the California Department of Securities (CDS), the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), or other applicable self-regulatory organizations. A periodic review of authorized brokers/dealers is essential to serve the IERCA's investment needs.

In order to improve quality services, expertise, and credit worthiness, the Treasurer may, on a selective basis, revise the approved list of brokers/dealers to update qualified brokers/dealers under the requirements of this Investment Policy.

The Treasurer shall maintain a list of approved brokers/dealers and submit the list to the Board of Directors as part of the periodic Investment Policy review process, or more frequently as requested by the Board.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

IERCA's investments are governed by Government Code. Within the investments permitted by

the Government Code, IERCA seeks to further restrict eligible investments to the investments listed below. In the event an apparent discrepancy is found between this Investment Policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the date an investment is purchased. Credit ratings, as shown, specify the minimum credit rating category required at the point of purchase.

- A. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- B. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- C. State Municipal Securities – Registered treasury notes or bonds issued by any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a state or by a department, board, agency, or authority of any of the 50 states. Securities eligible for investment under this paragraph shall be rated in a rating category of “A” or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO). Short-term municipal securities eligible for investment shall be rated at or above the following credit agencies investment grade ratings; Sp-1 by Standard & Poor’s, F-1 by Fitch, and MIG-1 by Moody’s. These ratings for short term municipal securities signify the issuer’s strong capacity to pay principal and interest.
- D. California Local Agency Municipal Securities – Bonds, notes, warrants or other evidence of indebtedness of a local agency or municipality located within the State of California, including debt securities issued by the IERCA. Securities eligible for investment under this paragraph shall be rated in a rating category of “A” or its equivalent or better by a NRSRO.
- E. Bank deposits, including demand deposit accounts, savings account, and market rate accounts, time deposits, and certificates of deposit in financial institutions located in California. Bank deposits are required to be collateralized as specified under Government Code § 53630 et. seq. Agreements allowing for the waiver of the collateral requirement for that amount of deposit covered by the Federal Deposit Insurance Corporation may be implemented provided the remainder of the deposit is secured by collateral as required by the Government Code.
- F. Negotiable Certificates of Deposit. Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to securities rated in a rating category of “A” (long-term) and/or “A-1” (short-term) or their equivalents or better by a NRSRO. NCD for which the full amount of the principal and the interest may be accrued during the maximum term of each certificate is insured by

federal deposit insurance are exempt from the rating requirements. A maximum of 30 percent of the portfolio may be invested in Negotiable Certificates of Deposit. The maximum investment maturity will be restricted to five years.

- G. Placement Service Deposits (PSD). Funds may be placed with a private sector entity that assists in the placement of deposit with eligible financial institutions located in the United States (CGC § 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each PSD shall at all times be insured by federal deposit insurance. The maximum portfolio exposure to Placement Service Deposits is limited to 30 percent. The maximum investment maturity will be restricted to five years.
- H. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
 - (1) The entity meets the following criteria:
 - (a) Is organized and operating in the United States as a general corporation;
 - (b) Has total assets in excess of five hundred million dollars (\$500,000,000);
 - (c) Has debt other than commercial paper, if any, that is rated in rating of "A" or its equivalent or better by a NRSRO.
 - (2) The entity meets the following criteria:
 - (a) Is organized within the United States as a special purpose corporation, trust, or limited liability company;
 - (b) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond;
 - (c) Has commercial paper that is rated in a rating category of "A-1" or its equivalent or better by a NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

- I. Local Agency Investment Fund (LAIF) investment pool is a voluntary program created by statute as an investment alternative for California's local governments and special districts and is under the administration of the State Governor of California. All securities purchased by LAIF are under the authority of Government Code § 16429 and § 16480.4. As part of the Pooled Money Investment Account (PMIA), LAIF has oversight by the Pooled Money Investment Board (PMIB), and an in-house Investment Committee. LAIF also has oversight by the Local Agency Investment Advisory Board and is audited by the Bureau of State Audits on an annual basis. Investment in California LAIF cannot exceed the maximum deposit per agency limit as set by the Local Agency Investment Fund. Investment in California LAIF cannot exceed the maximum deposit per agency limit

~~as set by the Local Agency Investment Fund.~~

- J. Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code § 6509.7. To be eligible for purchase, the pool must meet the requirements of CGC § 53601(p).

Whenever the IERCA has any funds invested in a LGIP, the Treasurer shall maintain on file a copy of the pools' current information statement to be reviewed on a periodic basis.

Investment in LGIPs cannot exceed the maximum deposit limit as set by each LGIP.

- K. Money Market Funds - Investing solely in U.S. treasury securities and U.S. Government Agency securities, and repurchase agreements relating to the above obligations. To be eligible, these Money Market Funds must have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (B) Retained an investment advisor with not less than five years' experience and registered or exempt from registration with the SEC, with assets under management in excess of five hundred million dollars (\$500,000,000).
- L. Repurchase Agreements - IERCA may invest in repurchase agreements with banks and dealers with which IERCA has entered into a master repurchase agreement which specifies terms and conditions of repurchase agreements.

↳ Transactions shall be limited to the primary dealers and banking institutions rated in a rating category of "A" or its equivalent or better by a NRSRO, or with a financially stable banking institution which the Agency has substantial banking relationship. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer and will not be allowed to fall below 102 percent of the value of the repurchase agreement plus the value of collateral in excess of the value of the repurchase agreement. To conform with the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States.

- M. Medium Term Notes (MTN): MTNs defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases in this category shall not exceed 30 percent of the portfolio and must be rated in a rating category of "A" or its equivalent or better by a NRSRO.

Ineligible Investments: Investments not described herein, including but not limited to, reverse repurchase agreements and common stocks are prohibited from use in this portfolio. This Investment Policy further specifically disallows investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or any security that could result in

zero interest accrual if held to maturity.

9.0 AUTHORIZED INVESTMENTS FOR BOND FUNDS

Bond funds shall be invested in the securities permitted pursuant to Board approved bond documents. If the bond documents are silent as to the permitted investments, bond funds will be invested in the securities permitted by this policy. Notwithstanding the other provisions of this Investment Policy, the dollar portfolio, percentage, and term limitations listed elsewhere in the Investment Policy do not apply to bond funds. In addition to the securities listed in Section 8.0 above, bond funds may be invested in a structured investment product if approved by the Treasurer.

10.0 SAFEKEEPING AND CUSTODY

As required by CGC §53601 all security transactions entered by IERCA shall be conducted on Delivery versus Payment basis. Delivery versus Payment or DVP basis means all securities purchased or acquired shall be delivered to IERCA by book entry, physical delivery, or third-party custodial agreement. Investments in the state pool, local government investment pools, or money market funds are undeliverable, and therefore, not subject to the delivery or third-party safe keeping requirements.

11.0 DIVERSIFICATION

The Board of Directors recognize that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed to minimize these risks. Investment signatories are expected to display prudence in the selection and/or approval of securities, to minimize the risks present in the investment portfolio. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type; except for U.S. Treasuries, federal agencies, and pooled investments such as LAIF, federal agencies, money market funds, and local government investment pools.

The Board of Directors acknowledges that from time to time certain situations may arise during which strict adherence to an inflexible investment policy may be overly restrictive. On a case by case basis, the Board of Directors may consider any pertinent information of such situations and may, by minute action, modify or waive, within the constraints of CGC §53601 et seq., any of the provisions and/or restrictions of this Investment Policy.

The Treasurer shall periodically establish diversification guidelines, within the context of this policy, and strategies to control any risks of default, market price changes, and illiquidity.

12.0 TRADING OF SECURITIES

A trade is the movement from one security to another and may be done for a variety of reasons, such as to increase yield, lengthen or shorten maturities, to take a profit, or to increase investment quality. The purchase and sale transaction and the sale transaction must each be recorded separately and any losses or gains on the sale must be recorded.

The Treasurer may obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments based on investment analysis recommended by staff in adhering to the Investment Policy guidelines. Competitive bids can be also obtained by any communication channels when necessary.

13.0 MAXIMUM MATURITIES

Where no maturity limit is stated for an investment under Section 8.0, no investment shall be made in any security that at the time of the investment, has a term remaining to maturity in excess of five years unless the Board has granted express authority to make that investment either specifically or as part of a previous investment program no less than three (3) months prior to the investment. Any investment currently held at the time the investment policy is adopted which does not meet the new policy guidelines will be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation such funds shall be reinvested only as provided in the most current policy.

14.0 PORTFOLIO ~~DURATION~~ MATURITY LIMITATION

The weighted average ~~duration~~ maturity of the entire portfolio shall not exceed three (3) years.

15.0 MONITORING CREDIT RATINGS

The Treasurer shall monitor the ratings of all investments in their portfolios on a continuous basis. If an existing investment's rating drops below the minimum allowed for new investments made pursuant to this policy, the Treasurer shall make a written recommendation to the Board as to whether this security should be held or sold prior to maturity.

16.0 REPORTING

The Treasurer shall submit to each member of the Board of Directors a monthly investment report. This report will include the elements of the quarterly report as recommended by CGC §53646, to include:

- a. Type of investment
- b. Name of institution
- c. Date of maturity
- d. Amount of deposit or cost of the security and the par value
- e. Current market value of all securities
- f. Rate of interest/earnings (yield)

- g. A monthly list of transactions

CGC §53646(b) (2), (3) recommends that the investment report must include a statement that (i) all investment actions executed since the last investment report have been made in full compliance with the Investment Policy or a Board of Directors' minute action (wavier) and, that (ii) IERCA will meet its expenditure obligations for the next six months. The Treasurer shall maintain a complete and timely record of all investment transactions in support of the above statement.

17.0 INTERNAL CONTROLS

The Treasurer is responsible for establishing and maintaining a control structure designed to ensure that the assets of the IERCA are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation and benefits require estimates and judgments by management.

An annual independent review by an external auditor to assure compliance with policies and procedures will be performed as part of the IERCA's annual audit.

18.0 PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. To determine whether market yields are being achieved, the Treasurer shall identify comparable benchmarks to the portfolio investment duration, (e.g. 90-day US Treasury Bill, 6-month US Treasury Bill, average LAIF yield rate). This comparative analysis is included in investment report presented to the Board of Directors on a monthly basis.

19.0 POLICY REVIEW

This investment policy shall be reviewed regularly to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return and its relevance to current law and financial and economic trends. The Board shall be responsible for maintaining guidance over this investment policy to ensure that IERCA can adapt readily to changing market conditions, and approve any modification to the investment policy prior to implementation.

20.0 STATE LAW

The legislated authority of the IERCA's investments is covered in Sections 53601, 53607, 53635, 53638, 53646, 53652, and 53653 of the Government Code. It is the policy of the IERCA to comply with the State laws governing its investments.

21.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Board of Directors of IERCA. Moreover, the Policy shall be reviewed whenever there are recommended changes or annually, whichever occurs first, and modifications must be approved by the Board of Directors.

ADOPTED AND APPROVED:

Name:

Title:

Date:

APPENDIX 1: GLOSSARY OF CASH MANAGEMENT TERMS

BOND PROCEEDS:

The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BROKER:

A broker acts as an intermediary between a buyer and seller for a commission and does not trade for his/her own risk and account or inventory.

CERTIFICATE OF DEPOSIT (CD):

A time deposit with a specific maturity evidenced by a certificate.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS):

A private CD placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL:

Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER:

A short-term, unsecured, promissory note with a fixed maturity of no more than 270 days. By statute, these issues are exempt from registration with the U.S. Securities and Exchange Commission.

CREDIT RISK:

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security and a loss will result.

CUSTODIAN:

A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER:

A dealer, as opposed to a broker, acts as a principal in all transaction, buying and selling for his own risk and account or inventory.

DELIVERY OF SECURITIES:

There are two methods of delivery of securities: *Delivery versus Payment* and *Delivery versus Receipt*. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of signed receipt for the securities.

DIVERSIFICATION:

Dividing investment funds among a variety of securities offering independent returns.

DURATION:

A measure of the timing of the cash flows to be received from a given-fixed income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):

A federal agency that insures bank deposits.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA):

The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees ~~nearly 4,750~~ over 3,600 brokerage firms, about ~~16755,000~~ branch offices and approximately ~~63430,000~~ registered securities representatives.

INTEREST ONLY STRIPS:

The interest portion of a Treasury note or bond that has been stripped of its principal component through the commercial book-entry system.

INTEREST RATE RISK:

The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

INVERSE FLOATER:

Fixed income instruments whose coupon or interest rate is periodically reset according to a short-term rate index such as LIBOR, or prime rate. Unlike the traditional floating rate instrument, however, the inverse floater's rate is set equal to a fixed rate minus the short-term rate index.

INVESTMENT POLICY:

A clear and concise statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

INVESTMENT PORTFOLIO:

A collection of securities held by a bank, individual, institution, or government agency for investment purposes.

LIQUIDITY:

The measure of an asset's ability to that can be converted easily and rapidly into cash with minimum risk on principal.

LOCAL AGENCY INVESTMENT FUND (LAIF):

An investment pool managed by the California State Treasurer. Local government units, with consent of the governing body of that agency, may voluntarily deposit surplus funds for the purpose of investment. Interest earned is distributed by the State Controller to the participating governmental agencies on a quarterly basis.

MARKET VALUE:

The price at which a security is currently being sold in the market. See FAIR VALUE.

MASTER REPURCHASE AGREEMENT:

A written contract covering all future transactions between the parties to repurchase agreements and reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY:

The date that the principal or stated value of a debt instrument becomes due and payable.

MEDIUM-TERM NOTES (MTNs):

Corporate notes, having any or all the features of corporate bonds and ranging in maturity from nine months out to thirty years. The difference between corporate bonds and MTNs is that corporate bonds are underwritten.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO):

A rating organization designated by the SEC as being nationally recognized, such as Moody's Investor Service, Inc. (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch).

NEGOTIABLE CERTIFICATES OF DEPOSIT:

Time deposits issued by Federal Deposit Insurance Corporation (FDIC) insured banks and are underwritten by the Financial Industry Regulatory Authority (FINRA) registered Broker/Dealers. Also known as "DTC Eligible CDs" or "Brokered Deposits", this type of deposit is offered to investors by issuing institutions looking to raise liquidity and funding through the wholesale and institutional markets.

PAR VALUE:

The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in increments of \$1,000 per bond.

PORTFOLIO:

The collection of securities held by an individual or institution.

PRIMARY DEALER:

A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker/dealers, banks and a few unregulated firms.

PRINCIPAL:

The face or par value of a debt instrument or the amount of capital invested in a given security.

PRUDENT PERSON — RULE INVESTMENT

STANDARD:

~~An investment standard~~—The way a prudent person of discretion and intelligence would be expected to manage the investment program in seeking a reasonable income and preservation of capital.

RATE OF RETURN:

- 1) The yield which can be attained on a security based on its purchase price or its current market price.
- 2) Income earned on an investment, expressed as a percentage of the cost of the investment.

REPURCHASE AGREEMENT (RP OR REPO):

A holder of securities (e.g. investment dealer) sells these securities to an investor (e.g. the Agency) with an agreement to repurchase them at a fixed date. The security "buyer" (e.g. the Agency) in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the "buyer" for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO):

A counter party (e.g. investment dealer) buys the securities from the holder of securities (e.g. the Agency) with an agreement to sell them back at a fixed date. The counter party in effect lends the seller (e.g. the Agency) money for the period of the agreement with terms of the agreement structured to compensate buyer.

SAFEKEEPING:

A service banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or, if called, on the call date.

SECURITIES:

Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness of equity.

WEIGHTED AVERAGE MATURITY (WAM):

The average maturity of all the securities that comprise a portfolio, typically expressed in days of years.

YIELD:

The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security.

RESOLUTION NO. 2019-5-4

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE REGIONAL COMPOSTING
AUTHORITY, ADOPTING AN ANNUAL UPDATE OF
THE AUTHORITY'S INVESTMENT POLICY FOR
PUBLIC FUNDS**

WHEREAS, the Inland Empire Regional Composting Authority (IERCA) cash management system is designated to monitor and forecast expenditures and revenues accurately, thus enabling the IERCA to invest funds to the fullest extent possible; and

WHEREAS, the IERCA operates its cash investments pursuant to the "prudent person rule" under California Government Code Section 53600.3; and

WHEREAS, the Board of Directors of the IERCA adopted Resolution No. 2018-5-1 on May 7, 2018, a "Statement of Investment Policy" was rendered to the Board of Directors on an annual basis; and

WHEREAS, the investment policy for public funds has been reviewed and revised in accordance with Government Code Section 53646 (a)(2), on an annual basis or whenever there are recommended changes, whichever occurs first.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors that:

Section 1. The revisions to the Inland Empire Regional Composting Authority Investment Policy dated May 6, 2019 will be adopted for FY 2019/20.

Section 2. This resolution shall take effect from and after its date of adoption.

Section 3: Upon adoption of this resolution, Resolution No. 2018-5-1 is hereby rescinded in its entirety.

ADOPTED AND APPROVED this 6th day of May, 2019.

ATTEST:

Paul Hofer
Chairperson

Jon Blickenstaff
Vice Chairperson

STATE OF CALIFORNIA)

)SS

COUNTY OF)

SAN BERNARDINO)

I, _____, Board Member of the Inland Empire Regional Composting Authority, DO HEREBY CERTIFY that the foregoing Resolution being No. 2019-5-4 was duly and adopted by the Board of Directors of the Inland Empire Regional Composting Authority at its meeting held on the 6th day of May, 2019 by the following vote:

Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jon Blickenstaff
Vice Chairperson



FY 2019/20

INVESTMENT

POLICY

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
FY 2019/20 INVESTMENT POLICY**

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INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY INVESTMENT POLICY

1.0 POLICY

WHEREAS; The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) § 53600.6 and 53630.1 (CGC §53600.6 and §53630.1);

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 CGC §5922 and CGC §53601 et seq.; and

WHEREAS; the Treasurer of the Inland Empire Regional Composting Authority (IERCA) shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting (CGC §53646[a]).

NOW, THEREFORE, BE IT RESOLVED that the policy of IERCA is 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 IERCA; and (iii) the highest investment return while conforming to all statutes governing the investment of IERCA funds within the constraints of this Investment Policy.

2.0 SCOPE

This Investment Policy applies to all surplus monies of IERCA.

Pooling of funds

Except for cash in certain restricted and special funds, IERCA will consolidate cash and reserve balances from all funds to maximize investments earnings and to increase efficiencies regarding investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

3.0 PRUDENCE

The standard of prudence to be used by designated investment signatories shall be the "prudent investor" standard (CGC §53600.3) and shall be applied in the context of managing an overall portfolio. Investments shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of IERCA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to

safeguard the principal and maintain the liquidity needs of the authority.

Designated investment signatories, acting in accordance with written procedures, this investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds; the primary objectives, in priority order, of the investment activities shall be:

- A. *Safety*: Safety of principal is the foremost objective of the investment program. Investments made by IERCA 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.
- B. *Liquidity*: The investment portfolio will remain sufficiently liquid to enable IERCA to meet all operating requirements which might be reasonably anticipated.
- C. *Return on Investments (Yield)*: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from CGC §53600, et seq. Management's responsibility for the investment program is hereby delegated for a one-year period by the legislative body, to the Treasurer who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked by the Board of Directors. Subject to review, the Board of Directors may renew the delegation of the authority each year. The Treasurer shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Procedures should include reference to: safekeeping, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. Such procedures shall include explicit delegation of authority to persons/positions responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Treasurer and Administration. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates.

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the placement of investments shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer shall maintain a list of approved and authorized financial institutions and brokers/dealers, selected on the basis of credit-worthiness, financial strength, experience, and capitalization.

In selecting the *financial institutions* for the deposit or investment of IERCA funds, the Treasurer's consideration shall include the depository's latest equity/asset ratio data and continue to monitor the financial institutions' credit characteristics and financial history throughout the period during which IERCA funds are deposited or invested.

The minimum qualifications for Agency approved depository/financial institutions include: (i) that they must be at least three (3) years old; have total assets in excess of ten (\$10) billion dollars; a core capital/asset ratio of 5 percent or better; or (ii) have total assets in excess of five hundred million dollars (\$500,000,000); and a core capital/asset ratio of 6 percent or better.

For the services of *banks, savings banks, and savings and loan associations*, depository agreements shall be prepared by the Treasurer and authorized representatives of the respective financial institutions for consideration and execution by the Treasurer.

For *broker/dealer* services utilized to invest in government securities and other investments, the Treasurer is designated to select only brokers/dealers who are licensed and in good standing with the California Department of Securities (CDS), the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), or other applicable self-regulatory organizations. A periodic review of authorized brokers/dealers is essential to serve IERCA's investment needs.

In order to improve quality services, expertise, and credit worthiness, the Treasurer may, on a selective basis, revise the approved list of brokers/dealers to update qualified brokers/dealers under the requirements of this Investment Policy.

The Treasurer shall maintain a list of approved brokers/dealers and submit the list to the Board of Directors as part of the periodic Investment Policy review process, or more frequently as requested by the Board.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

IERCA's investments are governed by Government Code. Within the investments permitted by

the Government Code, IERCA seeks to further restrict eligible investments to the investments listed below. In the event an apparent discrepancy is found between this Investment Policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the date an investment is purchased. Credit ratings, as shown, specify the minimum credit rating category required at the point of purchase.

- A. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- B. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- C. State Municipal Securities – Registered treasury notes or bonds issued by any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by a state or by a department, board, agency, or authority of any of the 50 states. Securities eligible for investment under this paragraph shall be rated in a rating category of “A” or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO). Short-term municipal securities eligible for investment shall be rated at or above the following credit agencies investment grade ratings; Sp-1 by Standard & Poor’s, F-1 by Fitch, and MIG-1 by Moody’s. These ratings for short term municipal securities signify the issuer’s strong capacity to pay principal and interest.
- D. California Local Agency Municipal Securities – Bonds, notes, warrants or other evidence of indebtedness of a local agency or municipality located within the State of California, including debt securities issued by the IERCA. Securities eligible for investment under this paragraph shall be rated in a rating category of “A” or its equivalent or better by a NRSRO.
- E. Bank deposits, including demand deposit accounts, savings account, and market rate accounts, time deposits, and certificates of deposit in financial institutions located in California. Bank deposits are required to be collateralized as specified under Government Code § 53630 et. seq. Agreements allowing for the waiver of the collateral requirement for that amount of deposit covered by the Federal Deposit Insurance Corporation may be implemented provided the remainder of the deposit is secured by collateral as required by the Government Code.
- F. Negotiable Certificates of Deposit. Negotiable certificates of deposit (NCD) issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to securities rated in a rating category of “A” (long-term) and/or “A-1” (short-term) or their equivalents or better by a NRSRO. NCD for which the full amount of the principal and the interest may be accrued during the maximum term of each certificate is insured by

federal deposit insurance are exempt from the rating requirements. A maximum of 30 percent of the portfolio may be invested in Negotiable Certificates of Deposit. The maximum investment maturity will be restricted to five years.

- G. Placement Service Deposits (PSD). Funds may be placed with a private sector entity that assists in the placement of deposit with eligible financial institutions located in the United States (CGC § 53601.8). The full amount of the principal and the interest that may be accrued during the maximum term of each PSD shall at all times be insured by federal deposit insurance. The maximum portfolio exposure to Placement Service Deposits is limited to 30 percent. The maximum investment maturity will be restricted to five years.

- H. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
 - (1) The entity meets the following criteria:
 - (a) Is organized and operating in the United States as a general corporation;
 - (b) Has total assets in excess of five hundred million dollars (\$500,000,000);
 - (c) Has debt other than commercial paper, if any, that is rated in rating of "A" or its equivalent or better by a NRSRO.

 - (2) The entity meets the following criteria:
 - (a) Is organized within the United States as a special purpose corporation, trust, or limited liability company;
 - (b) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond;
 - (c) Has commercial paper that is rated in a rating category of "A-1" or its equivalent or better by a NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city county, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

- I. Local Agency Investment Fund (LAIF) investment pool is a voluntary program created by statute as an investment alternative for California's local governments and special districts and is under the administration of the State Governor of California. All securities purchased by LAIF are under the authority of Government Code § 16429 and § 16480.4. As part of the Pooled Money Investment Account (PMIA), LAIF has oversight by the Pooled Money Investment Board (PMIB), and an in-house Investment Committee. LAIF also has oversight by the Local Agency Investment Advisory Board and is audited by the Bureau of State Audits on an annual basis. Investment in California LAIF cannot exceed the maximum deposit per agency limit as set by the Local Agency Investment Fund.

- J. Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code § 6509.7. To be eligible for purchase, the pool must meet the requirements of CGC § 53601(p).

Whenever the IERCA has any funds invested in a LGIP, the Treasurer shall maintain on file a copy of the pools' current information statement to be reviewed on a periodic basis. Investment in LGIPs cannot exceed the maximum deposit limit as set by each LGIP.

- K. Money Market Funds - Investing solely in U.S. treasury securities and U.S. Government Agency securities, and repurchase agreements relating to the above obligations. To be eligible, these Money Market Funds must have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (B) Retained an investment advisor with not less than five years' experience and registered or exempt from registration with the SEC, with assets under management in excess of five hundred million dollars (\$500,000,000).
- L. Repurchase Agreements - IERCA may invest in repurchase agreements with banks and dealers with which IERCA has entered into a master repurchase agreement which specifies terms and conditions of repurchase agreements.

Transactions shall be limited to the primary dealers and banking institutions rated in a rating category of "A" or its equivalent or better by a NRSRO, or with a financially stable banking institution which the Agency has substantial banking relationship. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer and will not be allowed to fall below 102 percent of the value of the repurchase agreement plus the value of collateral in excess of the value of the repurchase agreement. To conform with the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States.

- M. Medium Term Notes (MTN): MTNs defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Purchases in this category shall not exceed 30 percent of the portfolio and must be rated in a rating category of "A" or its equivalent or better by a NRSRO.

Ineligible Investments: Investments not described herein, including but not limited to, reverse repurchase agreements and common stocks are prohibited from use in this portfolio. This Investment Policy further specifically disallows investments in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.

9.0 AUTHORIZED INVESTMENTS FOR BOND FUNDS

Bond funds shall be invested in the securities permitted pursuant to Board approved bond documents. If the bond documents are silent as to the permitted investments, bond funds will be invested in the securities permitted by this policy. Notwithstanding the other provisions of this Investment Policy, the dollar portfolio, percentage, and term limitations listed elsewhere in the Investment Policy do not apply to bond funds. In addition to the securities listed in Section 8.0 above, bond funds may be invested in a structured investment product if approved by the Treasurer.

10.0 SAFEKEEPING AND CUSTODY

As required by CGC §53601 all security transactions entered by IERCA shall be conducted on Delivery versus Payment basis. Delivery versus Payment or DVP basis means all securities purchased or acquired shall be delivered to IERCA by book entry, physical delivery, or third-party custodial agreement. Investments in the state pool, local government investment pools, or money market funds are undeliverable, and therefore, not subject to the delivery or third-party safe keeping requirements.

11.0 DIVERSIFICATION

The Board of Directors recognize that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed to minimize these risks. Investment signatories are expected to display prudence in the selection and/or approval of securities, to minimize the risks present in the investment portfolio. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type; except for U.S. Treasuries, federal agencies, and pooled investments such as LAIF, federal agencies, money market funds, and local government investment pools.

The Board of Directors acknowledges that from time to time certain situations may arise during which strict adherence to an inflexible investment policy may be overly restrictive. On a case by case basis, the Board of Directors may consider any pertinent information of such situations and may, by minute action, modify or waive, within the constraints of CGC §53601 et seq., any of the provisions and/or restrictions of this Investment Policy.

The Treasurer shall periodically establish diversification guidelines, within the context of this policy, and strategies to control any risks of default, market price changes, and illiquidity.

12.0 TRADING OF SECURITIES

A trade is the movement from one security to another and may be done for a variety of reasons, such as to increase yield, lengthen or shorten maturities, to take a profit, or to increase

investment quality. The purchase and sale transaction and the sale transaction must each be recorded separately and any losses or gains on the sale must be recorded.

The Treasurer may obtain competitive bids from at least two brokers or financial institutions on all purchases of investment instruments based on investment analysis recommended by staff in adhering to the Investment Policy guidelines. Competitive bids can be also obtained by any communication channels when necessary.

13.0 MAXIMUM MATURITIES

Where no maturity limit is stated for an investment under Section 8.0, no investment shall be made in any security that at the time of the investment, has a term remaining to maturity in excess of five years unless the Board has granted express authority to make that investment either specifically or as part of a previous investment program no less than three (3) months prior to the investment. Any investment currently held at the time the investment policy is adopted which does not meet the new policy guidelines will be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity or liquidation such funds shall be reinvested only as provided in the most current policy.

14.0 PORTFOLIO MATURITY LIMITATION

The weighted average maturity of the entire portfolio shall not exceed three (3) years.

15.0 MONITORING CREDIT RATINGS

The Treasurer shall monitor the ratings of all investments in their portfolios on a continuous basis. If an existing investment's rating drops below the minimum allowed for new investments made pursuant to this policy, the Treasurer shall make a written recommendation to the Board as to whether this security should be held or sold prior to maturity.

16.0 REPORTING

The Treasurer shall submit to each member of the Board of Directors a monthly investment report. This report will include the elements of the quarterly report as recommended by CGC §53646, to include:

- a. Type of investment
- b. Name of institution
- c. Date of maturity
- d. Amount of deposit or cost of the security and the par value
- e. Current market value of all securities
- f. Rate of interest/earnings (yield)
- g. A monthly list of transactions

CGC §53646(b) (2), (3) recommends that the investment report must include a statement that (i) all investment actions executed since the last investment report have been made in full compliance with the Investment Policy or a Board of Directors' minute action (wavier) and, that (ii) IERCA will meet its expenditure obligations for the next six months. The Treasurer shall maintain a complete and timely record of all investment transactions in support of the above statement.

17.0 INTERNAL CONTROLS

The Treasurer is responsible for establishing and maintaining a control structure designed to ensure that the assets of the IERCA are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation and benefits require estimates and judgments by management.

An annual independent review by an external auditor to assure compliance with policies and procedures will be performed as part of the IERCA's annual audit.

18.0 PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. To determine whether market yields are being achieved, the Treasurer shall identify comparable benchmarks to the portfolio investment duration, (e.g. 90-day US Treasury Bill, 6-month US Treasury Bill, average LAIF yield rate). This comparative analysis is included in investment report presented to the Board of Directors on a monthly basis.

19.0 POLICY REVIEW

This investment policy shall be reviewed regularly to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return and its relevance to current law and financial and economic trends. The Board shall be responsible for maintaining guidance over this investment policy to ensure that IERCA can adapt readily to changing market conditions and approve any modification to the investment policy prior to implementation.

20.0 STATE LAW

The legislated authority of the IERCA's investments is covered in Sections 53601, 53607, 53635, 53638, 53646, 53652, and 53653 of the Government Code. It is the policy of the IERCA to comply with the State laws governing its investments.

21.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Board of Directors of IERCA. Moreover, the Policy shall be reviewed whenever there are recommended changes or annually, whichever occurs first, and modifications must be approved by the Board of Directors.

ADOPTED AND APPROVED:

Name:

Title:

Date:

APPENDIX 1: GLOSSARY OF CASH MANAGEMENT TERMS

BOND PROCEEDS:

The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BROKER:

A broker acts as an intermediary between a buyer and seller for a commission and does not trade for his/her own risk and account or inventory.

CERTIFICATE OF DEPOSIT (CD):

A time deposit with a specific maturity evidenced by a certificate.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS):

A private CD placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL:

Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER:

A short-term, unsecured, promissory note with a fixed maturity of no more than 270 days. By statute, these issues are exempt from registration with the U.S. Securities and Exchange Commission.

CREDIT RISK:

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security and a loss will result.

CUSTODIAN:

A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER:

A dealer, as opposed to a broker, acts as a principal in all transaction, buying and selling for his own risk and account or inventory.

DELIVERY OF SECURITIES:

There are two methods of delivery of securities: *Delivery versus Payment* and *Delivery versus Receipt*. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of signed receipt for the securities.

DIVERSIFICATION:

Dividing investment funds among a variety of securities offering independent returns.

DURATION:

A measure of the timing of the cash flows to be received from a given-fixed income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):

A federal agency that insures bank deposits.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA):

The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees over 3,600 brokerage firms, about 155,000 branch offices and approximately 630,000 registered securities representatives.

INTEREST ONLY STRIPS:

The interest portion of a Treasury note or bond that has been stripped of its principal component through the commercial book-entry system.

INTEREST RATE RISK:

The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

INVERSE FLOATER:

Fixed income instruments whose coupon or interest rate is periodically reset according to a short-term rate index such as LIBOR, or prime rate. Unlike the traditional floating rate instrument, however, the inverse floater's rate is set equal to a fixed rate minus the short-term rate index.

INVESTMENT POLICY:

A clear and concise statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

INVESTMENT PORTFOLIO:

A collection of securities held by a bank, individual, institution, or government agency for investment purposes.

LIQUIDITY:

The measure of an asset's ability to be converted easily and rapidly into cash with minimum risk on principal.

LOCAL AGENCY INVESTMENT FUND (LAIF):

An investment pool managed by the California State Treasurer. Local government units, with consent of the governing body of that agency, may voluntarily deposit surplus funds for the purpose of investment. Interest earned is distributed by the State Controller to the participating governmental agencies on a quarterly basis.

MARKET VALUE:

The price at which a security is currently being sold in the market. See **FAIR VALUE**.

MASTER REPURCHASE AGREEMENT:

A written contract covering all future transactions between the parties to repurchase agreements and reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY:

The date that the principal or stated value of a debt instrument becomes due and payable.

MEDIUM-TERM NOTES (MTNs):

Corporate notes, having any or all the features of corporate bonds and ranging in maturity from nine months out to thirty years. The difference between corporate bonds and MTNs is that corporate bonds are underwritten.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO):

A rating organization designated by the SEC as being nationally recognized, such as Moody's Investor Service, Inc. (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch).

NEGOTIABLE CERTIFICATES OF DEPOSIT:

Time deposits issued by Federal Deposit Insurance Corporation (FDIC) insured banks and are underwritten by the Financial Industry Regulatory Authority (FINRA) registered Broker/Dealers. Also known as "DTC Eligible CDs" or "Brokered Deposits", this type of deposit is offered to investors by issuing institutions looking to raise liquidity and funding through the wholesale and institutional markets.

PAR VALUE:

The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in increments of \$1,000 per bond.

PRIMARY DEALER:

A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker/dealers, banks and a few unregulated firms.

PRINCIPAL:

The face or par value of a debt instrument or the amount of capital invested in a given security.

PRUDENT INVESTMENT STANDARD:

The way a prudent person of discretion and intelligence would be expected to manage the investment program in seeking a reasonable income and preservation of capital.

RATE OF RETURN:

- 1) The yield which can be attained on a security based on its purchase price or its current market price.
- 2) Income earned on an investment, expressed as a percentage of the cost of the investment.

REPURCHASE AGREEMENT (RP OR REPO):

A holder of securities (e.g. investment dealer) sells these securities to an investor (e.g. the Agency) with an agreement to repurchase them at a fixed date. The security "buyer" (e.g. the Agency) in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the "buyer" for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is increasing bank reserves.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO):

A counter party (e.g. investment dealer) buys the securities from the holder of securities (e.g. the Agency) with an agreement to sell them back at a fixed date. The counter party in effect lends the seller (e.g. the Agency) money for the period of the agreement with terms of the agreement structured to compensate buyer.

SAFEKEEPING:

A service banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or, if called, on the call date.

SECURITIES:

Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness of equity.

WEIGHTED AVERAGE MATURITY (WAM):

The average maturity of all the securities that comprise a portfolio, typically expressed in days of years.

YIELD:

The annual rate of return on an investment expressed as a percentage of the investment. Income yield is obtained by dividing the current dollar income by the current market price for the security.


**ACTION
ITEM**

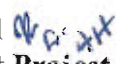
2C



Date: May 6, 2019

To: Honorable Board of Directors

From: Jeff Ziegenbein 
Project Manager

Ann Heil 
Assistant Project Manager

Subject: Annual Management Plan

RECOMMENDATION

It is recommended that the Board of Directors approve the Fiscal Year 2019/20 Annual Management Plan.

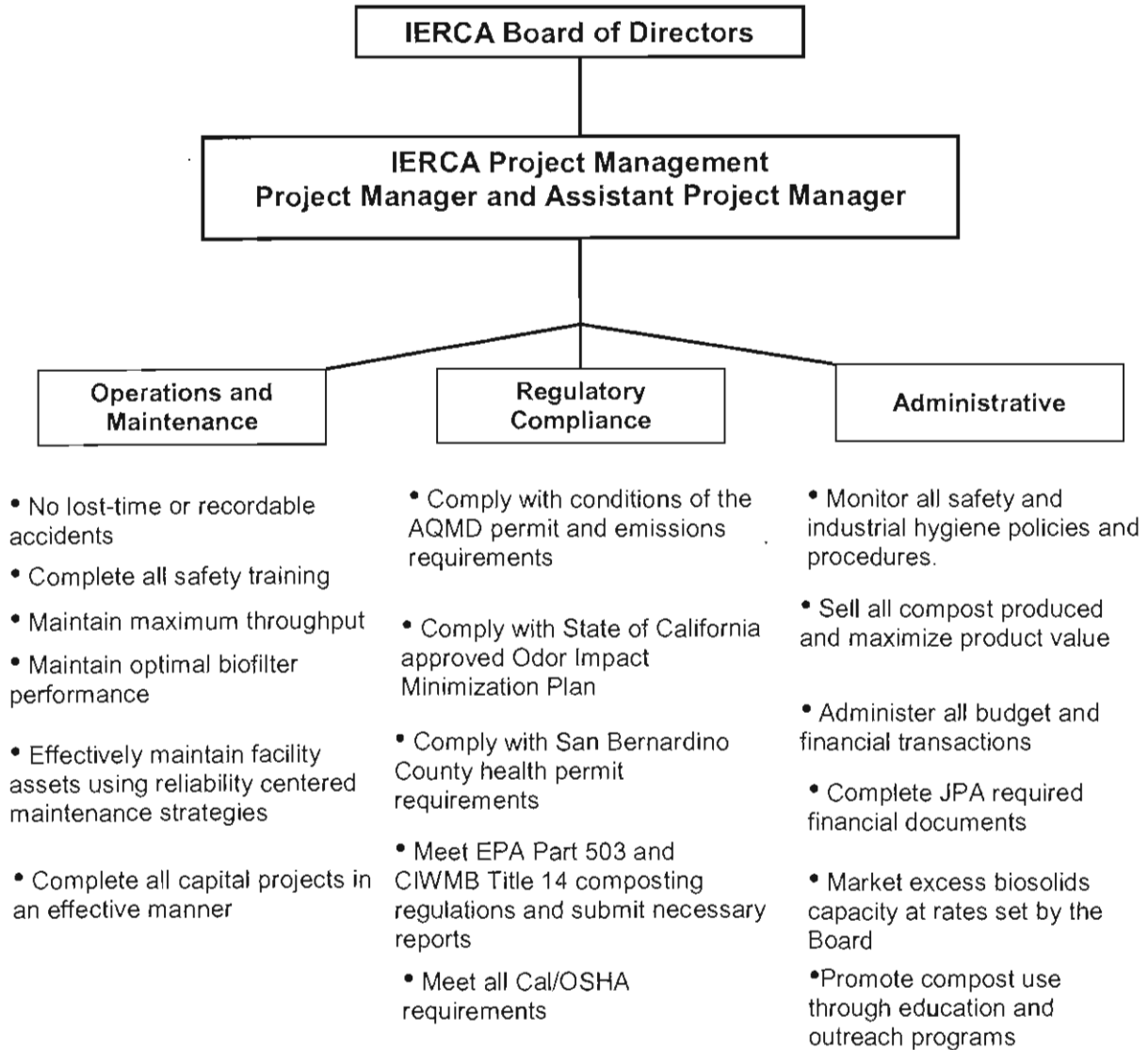
BACKGROUND

The Joint Powers Agreement (JPA) between the Inland Empire Utilities Agency (IEUA) and the Sanitation Districts of Los Angeles County (SDLAC) requires the development of an Annual Management Plan for the Inland Empire Regional Composting Facility (IERCF). The Plan is to be submitted for Board approval by June of each year. The Project Manager and Assistant Project Manager are responsible for development and implementation of the plan.

The key focus areas of the Annual Management Plan are:

- Maintaining a safe work environment
- Maximizing facility throughput
- Maintaining 100% regulatory compliance
- Maintaining optimal staffing
- Expanding compost markets and selling all compost at optimum pricing

**Fiscal Year 2019/20 Annual Management Plan For the
 Inland Empire Regional Composting Facility**



Throughput

The IERCF team will continue to focus on maintaining maximum throughput at the composting facility. IERCF’s operating permit through the South Coast Air Quality Management District allows a maximum of 17,715 tons per month of biosolids and amendments to be accepted at the facility. The project is expected to meet or exceed budget projections of 145,000 tons of biosolids for the fiscal year. IERCF is currently receiving 250 tons each week from Orange County Sanitation Districts. The project team will continue to monitor regional biosolids recycling rates and look for opportunities to market IERCF capacity at best value to other biosolids generators. The diversified supply of biosolids will enable the team to ensure that the IERCF remains at maximum throughput.

Compliance

The IERCF team will ensure that the facility remains in compliance with all applicable rules and conditions. The facility has met all permit conditions and completed all regulator inspections without any compliance issues or areas of concern. The compost produced meets EPA standards for Class A Exceptional Quality which is verified through operational documentation and monthly testing at a nationally certified laboratory.

Staffing

Table 1: IERCF Staffing

Title	19/20
Mgr. of Regional Compost Authority	1
Administrative Assistant II	1
Compost Sales Reps	1
Office Assistant	1
Facility Supervisors	2
Compost Operators	9
Compost Workers	2
Maintenance	8
IERCF Total	25

In addition to the IERCF staff, SDLAC staff may work part time in several key areas including, but not limited to, safety and industrial hygiene, regulatory compliance, operations, and management support. IEUA staff provides support in key areas including finance, engineering, human resources, technical support, maintenance, and information technologies.

Compost Sales and Marketing

The IERCF sales team will continue to focus on the expansion of compost sales into the agricultural sector. The agricultural market sector currently represents approximately 35% of the IERCF sales and has the potential to purchase and use all of the compost produced at the IERCF. To boost agricultural markets and to develop metrics to quantify environmental benefits, the sales team is exploring the establishment of a local farm project. The project would include an agreement with a local university to monitor and report key parameters such as water savings, carbon sequestration, yield and soil health.

The Project Manager is authorized to enter into pricing agreements based on market conditions. A tiered pricing system was initiated offering incentives to customers to purchase larger volumes of compost in exchange for pricing discounts. The system successfully increased sales and several new and existing customers have purchased volumes that qualified them for these discounts. Additionally, some customers qualify for further pricing incentives in exchange for high-volume commitments. All prices are listed as will called at the IERCF and do not include transportation. Transportation is often provided by the customers, but in the event that IERCA provides the transportation service, a line item is typically added to the sales invoice detailing the reimbursable hauling charges. Compost prices are shown in table 2.

Table 2: IERCF Tiered Pricing Structure

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

The management team will continue to evaluate market conditions and adjust prices accordingly. The compost storage facility will continue to be used to buffer market and weather fluctuations.

PRIOR BOARD ACTION

The Fiscal Year 2018/19 Annual Management Plan was approved by the Board of Directors on May 7, 2018.

IMPACT ON BUDGET

None


**ACTION
ITEM**

2D



Date: May 6, 2019

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. 2019-5-1, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks, and withdrawal of funds;
2. Adopt Resolution No. 2019-5-2, authorizing participation in the Local Agency Investment Fund and designating signatories for the deposit and withdrawal of funds; and
3. Adopt Resolution No. 2019-5-3, 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 M. Halla Razak and the addition of Shivaji Deshmukh 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. 2019-5-1

**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 May 6, 2019:

Inland Empire Regional Composting Authority
Directors:

_____ - Paul Hofer
Chairperson

_____ - Jon Blickenstaff
Vice Chairperson

_____ - Shivaji Deshmukh
Director, IEUA

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. 2018-2-1 is hereby rescinded in its entirety.

ADOPTED AND APPROVED this 6th day of May 2019.

Paul Hofer
Chairperson

ATTEST:

Jon Blickenstaff
Vice Chairperson

STATE OF CALIFORNIA)
)SS
COUNTY OF SAN BERNARDINO)

I, Paul Hofer, Board Chairperson of the Inland Empire Regional Composting Authority, DO HEREBY CERTIFY that the foregoing Resolution No. 2019-5-2 was duly adopted by the Board of Directors on the 6th day of May 2019 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Paul Hofer
Chairperson

RESOLUTION NO 2019-5-2

**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

Paul Hofer
Chairperson

Jon Blickenstaff
Vice Chairperson

Shivaji Deshmukh
Director, IEUA

Tina Y. Cheng
Budget Officer

ADOPTED AND APPROVED this 6th day of May 2019.

Paul Hofer
Chairman

ATTEST:

Jon Blickenstaff
Vice Chairperson

RESOLUTION NO 2019-5-3

**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

Paul Hofer
Chairman

Jon Blickenstaff
Vice Chairperson

Shivaji Deshmukh
General Manager, IEUA

Tina Y. Cheng
Budget Officer

ADOPTED AND APPROVED this 6th day of May 2019.

Paul Hofer
Chairman

ATTEST:

Jon Blickenstaff
Vice Chairperson

**ACTION
ITEM**

2E



Date: May 6, 2019

To: Honorable Board of Directors

From: Jeff Ziegenbein *JZ*
Project Manager

Ann Heil *AH*
Assistant Project Manager

Subject: Orange County Sanitation District Biosolids Management Contract

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award a contract to Orange County Sanitation District for the management of their biosolids for a fee of \$56/wet ton with a \$1/year increase plus \$2/wet ton management fee for a term of five years with two one-year renewal options; and
2. Authorize the Project Manager to finalize and execute the contract.

BACKGROUND

In December 2014, the IERCA Board authorized the Project Manager to negotiate and execute agreements for the management of non-partner biosolids at the IERCF. In June 2015, an agreement was executed with Orange County Sanitation District (OCSD) for the management of approximately 13,000 tons per year and that agreement has been renewed each year since and is set to expire in June 2019. OCSD's biosolids work well within the IERCF process and their delivery schedules have proven to be compatible with the facility's workflow.

The Project Manager and OCSD determined that a longer-term contract would be beneficial and negotiated a rate that would be similar to anticipated rates set by the IERCA Board. Table 1 shows the rate and revenue anticipated from a five-year contract.

Table 1: OCSD rate and revenue forecast

Year	Tons	Rate	Admin	Revenue
19/20	13,000	\$ 56.00	\$ 2.00	\$ 754,000.00
20/21	13,000	\$ 57.00	\$ 2.00	\$ 767,000.00
21/22	13,000	\$ 58.00	\$ 2.00	\$ 780,000.00
22/23	13,000	\$ 59.00	\$ 2.00	\$ 793,000.00
23/24	13,000	\$ 60.00	\$ 2.00	\$ 806,000.00
	65,000			\$ 3,900,000.00

OCSD states that the IERCF fits into their biosolids management portfolio meeting several of the their “Ten Tenets of OCSD’s Biosolids Management Plan.” Staff recommends awarding the contract and authorizing the Project Manager to execute the agreement.

PRIOR BOARD ACTION

On December 8, 2014 the IERCA Board authorized the Project Manager to negotiate and execute agreements for the management of non-partner biosolids at the IERCF.

IMPACT ON BUDGET

Revenue from managing OCSD’s biosolids will result in approximately \$3.9 million over the five-year term of the agreement.



**AGREEMENT NUMBER 4600002709
FOR
THE REUSE OF BIOSOLIDS**

This Agreement, for the Reuse of Biosolids ("Agreement"), dated _____ ("Effective Date"), is between the Inland Empire Regional Composting Authority (IERCA, or "the Authority") and the Orange County Sanitation District ("the District"). The Authority and the District are referred to, in this Agreement, collectively, as "the Parties."

The Authority is a Joint Powers Authority formed by and between the Inland Empire Utilities Agency (IEUA), a Municipal Water District organized and operating pursuant to the California Water Code Sections 71000, et seq., and County Sanitation District No. 2 of Los Angeles County (LACSD), a special district organized and operating pursuant to the California Health and Safety Code Sections 4700, et seq.

The Authority operates the Inland Empire Regional Composting Facility (IERCF) located at 12645 Sixth Street, Rancho Cucamonga, CA 91739 ("the Site"). The Authority has all permits and approvals necessary for operation of the Site and desires to reuse Biosolids produced at the District's facilities.

1. DEFINITIONS

1.1 Biosolids means municipal sewage sludge resulting from the treatment of wastewater at the District's facilities that is digested and meets Class B and Table 3 quality standards for land application under Part 503 of Title 40 of the Code of Federal Regulations, "Standards for the Use and Disposal of Sewage Sludge" ("Part 503 Rule"), and dewatered to an annual average of approximately 15% total solids or greater.

1.2 State Certified Weigh Station means any truck weigh station permitted by the State of California to certify weights for commerce.

1.3 Weighmaster's Certificates means certificates obtained in accordance with weighing procedures prescribed in Chapter 7 (commencing with Section 12700) of Division 5 of the California Business and Professions Code administered by the Division of Measurement Standards of the California Department of Food and Agriculture.

2. BIOSOLIDS TRANSPORTATION AND REUSE

2.1 The District shall transport up to approximately 250 wet tons per week, or 50 wet tons per day of Biosolids from its facilities to the Site for composting, Monday through Friday. This quantity is subject to change and may be adjusted by agreement of the Parties.

2.2 Site delivery hours are from 6:30AM to 2:30PM, Monday through Friday. Hours may change at the sole discretion of the Authority.

2.3 In event the District wishes to deliver to the Site sewage sludge that does not meet the Part 503 Rule Class B Biosolids Pathogen Reduction Requirements specific to mean cell residence time and temperature for anaerobic digestion, the District shall notify the Authority within reasonable time and request approval to deliver for compost such material in accordance with applicable legal requirements as detailed in Section 3 of this Agreement. The Authority reserves the right not to accept and process such sewage sludge material at the Site.

2.4 The District shall use farm bed trailers to transport Biosolids to the Site. Trailers delivering Biosolids to the Site must meet the following clearance specifications to off-load material into the biosolids hoppers:

2.4.1 All live bottom belt type trailers require a minimum clear distance of 15" between the ground surface and any trailer structure beyond or past the rear tires. This requirement does not apply to any flexible structure like a mud flap. Flexible structures may be removed or re-positioned to allow adequate clearance.

2.5 The Authority shall compost all Biosolids in accordance with applicable legal requirements as detailed in Section 3 of this Agreement. The Authority may not use any other method of reuse for the Biosolids without the prior written agreement of the District.

2.6 The Authority shall determine and record the total tonnage delivered to the Site. The truck weigh station at the Site is certified by the State and will be used to issue a Weighmaster's Certificate for each load measured. The Authority shall use the Site's measured tonnage for its billing to the District. Weighmaster's Certificates submitted by the Authority will show the certified gross weight of each load in each billing and the certified tare weight of each vehicle.

3. PERMITS AND REGULATORY COMPLIANCE

3.1 The Authority shall obtain and maintain in effect all necessary licenses, Permits, and other approvals legally required in order to perform all activities and operations provided for in this Agreement. The Authority and all processes utilized at the Site shall comply with all applicable local, state, and federal laws, rules, regulations, and pronouncements, including but not limited to the following:

3.1.1 The Authority shall perform all activities and operations in accordance with the requirements, as applicable, of the California Regional Water Quality Control Board Santa Ana Region, California State Water Resources Control Board, including the General Order (General Waste Discharge Requirements for the Discharge of Biosolids to Land for Use in Agricultural, Silvicultural, Horticultural, and Land Reclamation Activities), Parts 257 and 503 of Title 40 of the Code of Federal Regulations (Criteria for Classification of Solid Waste Disposal Facilities and Practices-Application to Land Used for the Production of Food Chain Crops and Standards for the Use and Disposal of Sewage Sludge, respectively), South Coast Air Quality Management District Rule 1133.2.

3.1.2 The Authority shall also operate in compliance with all current waste discharge requirements contained in the NPDES permits for the District's facility(s) that serves as the source(s) of Biosolids delivered to the Authority. District shall make their NPDES permit available to the Authority upon request.

3.1.3 The Authority acknowledges that Part 503 of Title 40 of the Code of Federal Regulations is a self-implementing rule and that the Authority's activities and operations performed at the Site must comply with all applicable general requirements of the rule, including, but not limited to: pollutant limits, management practices, operational standards, monitoring, recordkeeping, and reporting. The Authority shall provide all information relevant to the activities and operations at the Sites that the District may need or request to complete NPDES or other permit applications or reports.

3.2 The District shall obtain and maintain in effect all necessary licenses, permits, and other approvals legally required in order to perform all activities and operations provided for in this Agreement. The District and Biosolids-generating processes at its facilities shall comply with all applicable local, state, and federal laws, rules, and regulations and orders, including but not limited to Part 503 of Title 40 of the Code of Federal Regulations. The District may transport to the Site only Biosolids that meet the Class B pathogen reduction requirements of 503.32(b), vector attraction reduction requirements of 503.33(b)(1), and metals concentration limits of 503.13(b)(3) Table 3, unless other arrangement are made per Section 2.3.

4. SITE INSPECTION, MONITORING, RECORDKEEPING, AND REPORTS

4.1 The Authority shall grant the District and its representatives access to the Site during normal business hours to conduct inspections of the composting activities. The District shall likewise grant the Authority and its representatives access to its treatment facilities during normal business hours.

4.2 The Authority shall keep complete and correct daily records of all composting activities, including: the date, the origin, and quantity of each load of Biosolids composted; site management practices; and any sampling and laboratory test results regarding the composting program. The Authority shall grant the District timely access to all such records. Likewise, the Authority shall have timely access to the District's Biosolids records and data demonstrating compliance with all federal, state, and local laws, regulations and orders.

4.3 The Authority shall submit monthly reports to the District that demonstrate compliance with all required permits and authorizations. The Authority shall submit the reports within 30 days after the close of each reporting period. The reports must include, at a minimum, a description of all activities and operations performed during the reporting period, the items described in Section 4.2, and a certification that all activities and operations were performed in compliance with all applicable regulations. The Authority shall forward to the District, within five days of receipt or transmission, copies of all correspondence with regulatory agencies in regards to the activities or operations performed at the Site. Similarly, the District shall furnish monthly, annual, and other periodic reports to the Authority detailing and certifying compliance with permits and applicable regulations. The District shall provide all information relevant to its operations that the Authority may need or request to complete regulatory reports or permits.

4.4 The Parties agree to notify one another by no later than the next business day of its receipt of any notice, whether formal or informal, of a legal, governmental, judicial, administrative, or similar proceeding, action, or enforcement, pending or threatened, that may affect its ability to lawfully fulfill obligations of this Agreement. The District shall forward to the Authority, within 5 days of receipt or transmission by the District, copies of all correspondence with regulatory agencies in regards to its Biosolids operations.

4.5 The District shall perform all sampling for any monitoring and laboratory analyses of Biosolids required by any federal, state, or local laws, regulations or orders prior to transporting such Biosolids to the Authority. The Authority shall perform all other monitoring and laboratory analyses required by any federal, state, or local laws, regulations, or orders including, but not limited to, any monitoring or laboratory analysis of Biosolids after receipt by the Authority.

5. COMPOSITION OF BIOSOLIDS

The District warrants that all Biosolids released to the Authority will be non-hazardous under Title 22, Division 4.5, Chapter 11, Article 3 of the California Code of Regulations. Neither the District nor the Authority shall add any material to the Biosolids that is classified as hazardous, or which creates by-products or residues classified as hazardous, under federal or state laws, regulations, or orders.

6. INCLEMENT WEATHER

6.1 The Parties shall each provide any facilities necessary to ensure their ability to remove, transport, and compost Biosolids during typical inclement weather.

6.2 The Parties acknowledge that severe weather conditions may reduce or suspend the Parties' abilities to deliver and/or compost Biosolids. If either Party reasonably determines that a reduction or suspension is necessary, the Party shall provide the other Party, to the extent reasonably possible: 1) a 24-hour minimum notice of reduction or cessation of operations; and 2) an estimate of when the operations will resume.

See also Section 11, Force Majeure.

7. FEE FOR BIOSOLIDS REUSE

7.1 The District shall pay, to the Authority, for Biosolids received and processed a base fee of \$56.00 per wet ton (beginning July 1, 2019), plus an administrative fee of \$2.00 per wet ton, and the base fee shall be purposefully increased (up to) \$1.00 per fiscal year, of the Contract term, on July 1st of each fiscal year, thereafter. The annual base fee increase would be implemented only in the event that the JPA partners determine to increase Biosolids recycling rate in that same fiscal year. The administrative fee shall remain at \$2.00 per wet ton for the duration of this contract, unless revised by a mutually agreed-upon Contract Amendment. The District shall pay all hauling and transportation-related costs.

7.2 The Authority shall submit invoices to the District on a monthly basis and the District shall make payment to the Authority within thirty (30) days of receipt.

7.3 If the term of this Agreement extends beyond the initial five-year term provided for in Section 12 below, either the District or the Authority may request an additional adjustment in the fee.

8. OWNERSHIP OF BIOSOLIDS

8.1 The District shall retain ownership of all Biosolids during transport, up to and including off-loading of the Biosolids from the District's trucks. The District shall at all times manage, direct, oversee, and/or conduct operations during transport, and is responsible for leakage prevention and spill mitigation, and compliance with all applicable environmental regulations.

8.2 The Authority shall become the owner of all Biosolids delivered to the Site after off-loading and acceptance of the Biosolids from the District's trucks. The Authority shall compost all Biosolids in accordance with this Agreement. The Authority may not use or dispose of the Biosolids in any other manner without written consent from the District. The Authority shall comply with all applicable laws and regulations in connection with the marketing, use, and sale of the composted Biosolids.

9. INSURANCE

9.1 The District shall require its contractors transporting Biosolids to the Site to obtain and keep in force during the term of this Agreement, at their sole expense, comprehensive general liability insurance with endorsements naming the Authority as an additional insured, covering the transportation of Biosolids in any vehicle whether owned or leased, whether liability is attributable to the District or the Authority. The policy or policies must insure the Authority, its directors, officers, employees, and agents against all claims arising out of or in connection with the activities and operations relating to the transportation and delivery of Biosolids to the Facility. The coverage must provide the following minimum limits, which may be increased during the term of this Agreement as requested by the Authority in writing and agreed to in writing by the District:

Automobile Liability:

Bodily Injury \$5,000,000 each person
 \$5,000,000 each occurrence

Property Damage \$5,000,000 each occurrence
 \$5,000,000 aggregate

General Liability:

Bodily Injury \$5,000,000 each occurrence
 \$5,000,000 aggregate products and completed operations

Property Damage \$5,000,000 each occurrence
 \$5,000,000 aggregate

Coverage must be provided by an insurer that has at least an "A" Policy Holder's Rating and "X" Financial Rating in accordance with the current Best's Key Rating Guide.

9.2 The Contractor shall provide the Authority with evidence of coverage by providing certificates of insurance and endorsements and, at the Authority's request, copies of all required policies plus all attached endorsements for the Authority's review.

9.3 The Contractor shall demonstrate to the Authority that it carries Workers Compensation Insurance in accordance with legal requirements and Waiver of Subrogation.

10. INDEMNITY

In contemplation of the provisions of Section 895.2 of the California Government Code imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Section 895 of the Government Code, each Party, pursuant to the authorization contained in Sections 895.4 and 895.6 of the Government Code, hereby agrees to and shall indemnify and hold harmless the other Party, and its elected officials, officers, agents, and employees from and against any and all losses, liability, damages, claims, suits, actions, and administrative proceedings or demands (including reasonable attorney's fees) relating to acts or omissions of the indemnitor, its officers, agents, or employees arising out of or incidental to the performance of any of the provisions of this Agreement. Neither Party assumes liability for the acts or omissions of persons other than each Party's respective officers, agents, or employees. In the event judgment is entered against the Parties because of joint or concurrent negligence of the Parties, or their officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a Court of competent jurisdiction. This section shall survive termination of the Agreement.

11. FORCE MAJEURE

Neither the Authority nor the District shall be responsible or liable for failure to meet their respective obligations under this Agreement if such failure is due to causes beyond the Authority's or the District's control. Such causes include, but are not limited to: strikes, fire, flood, civil disorder, acts of God or of a public enemy, acts of the federal government, or any unit of state or local

government in either its sovereign or contractual capacity, epidemics, freight embargoes or delays in transportation, and changes in federal, state, or local law that renders the District's Biosolids impermissible for transportation or composting. Each Party shall immediately notify the other Party via email to administrative staff and in writing, in accordance with Section 15, of the occurrence of any condition believed to constitute a force majeure under this section. If a condition of force majeure exists for 30 days or more, either Party may terminate this Agreement by giving notice in writing in accordance with Section 15. The notice will become effective 24 hours after receipt.

12. DURATION OF AGREEMENT

This Agreement will be effective on the Effective Date and will continue in effect for a period of five years. The Parties may, upon mutual written agreement, extend the duration of the Agreement on a year to year basis with up to two annual extensions.

13. SUSPENSION, TERMINATION, AND EARLY TERMINATION

13.1 Suspension. The Authority may suspend its receipt of Biosolids if it determines that the District can no longer timely and legally perform the required obligations of this Agreement. Likewise, the District may suspend shipments of Biosolids if it determines that the Authority can no longer timely or legally perform the required services, or if unacceptable conditions exist at the Site. The suspending Party may lift the suspension and allow operations to resume if it determines that any unacceptable conditions have been corrected.

13.2 Termination. Either Party may terminate this Agreement by providing the other Party with a 90- day notice in writing in accordance with Section 15.

13.3 Early Termination. The Authority and the District, by written agreement, may terminate this Agreement at any time.

14. ADDITIONAL PROVISIONS

14.1 Entire Agreement. This Agreement represents the entire agreement and understanding between the Authority and the District as to those matters stated in this Agreement. No prior oral or written understanding is of any force or effect in regard to any matter covered by this Agreement.

14.2 Assignment. Neither the Authority nor the District may sell, assign, or subcontract its interest and/or obligations in this Agreement without the prior written and mutual agreement of the Parties.

14.3 Governing Law. The provisions of this Agreement will be interpreted and enforced in accordance with the laws of the State of California.

14.4 Counterparts. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. NOTICE

Except as otherwise required, any notice, payment, or instrument required or permitted to be given under this Agreement will be deemed received upon a signed receipt of personal delivery or 72 hours after deposit in any United States Post Office, registered or certified, postage prepaid and addressed to the Party for whom intended, as follows:

TO THE AUTHORITY:

Inland Empire Regional Composting Authority
Attn: Jeff Ziegenbein
12645 Sixth Street
Rancho Cucamonga, CA 91739

TO THE DISTRICT:

Orange County Sanitation District
Attn: General Manager
Post Office Box 8127
Fountain Valley, CA 92728-8127

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first above written.

ORANGE COUNTY SANITATION DISTRICT

APPROVED AS TO FORM:

By:

INLAND EMPIRE REGIONAL
COMPOSTING AUTHORITY

Jeff Ziegenbein
Project Manager

**ACTION
ITEM**

2F



Date: May 6, 2019

To: Honorable Board of Directors

From: Jeff Ziegenbein *JW*
Project Manager

Ann Heil *AH*
Assistant Project Manager

Subject: IEUA Contract Service Agreement

RECOMMENDATION

It is recommended that the Board of Directors:

1. Amend the agreement RAKB04001 between the Inland Empire Regional Composting Authority (IERCA) and Inland Empire Utilities Agency (IEUA) for contracted services for operations and maintenance (O&M) of the Inland Empire Regional Composting Facility (IERCF) to extend the agreement through June 30, 2029, with an option to renew for 2 (two) additional ten (ten) year terms upon mutual agreement of both parties; and
2. Authorize the Project Manager to finalize and execute the agreement.

BACKGROUND

On July 21, 2004, an agreement (attached A) between IERCA and IEUA was executed for the O&M of the IERCF for a term of five (5) years. This agreement addresses general roles and responsibilities of IEUA as they pertain to the day-to-day administration and operations of the facility. The amendments to the contract which include updated contract information are included in Amendment A (attached).

A review of the agreement concluded that there are no material changes required. The agreements address roles and responsibilities of each agency with relation to the IERCF as well as the individuals assigned as contacts for the Authority and each agency.

PRIOR BOARD ACTION

On June 21, 2004, the IERCA Board of Directors approved agreement RAKB04001 between the IERCA and IEUA for contracted services for O&M of the Inland Empire Regional Composting Facility for the term of five years.

On June 8, 2009, the IERCA Board of Directors approved an amendment to agreement RAKB04001 extending the term through July 20, 2019 with the option to renew for two additional ten-year terms.

IMPACT ON BUDGET

None.



**AMENDMENT NUMBER: RAKB04001-002
FOR
CONTRACTED SERVICES AGREEMENT FOR
OPERATIONS AND MAINTENANCE OF
THE INLAND EMPIRE REGIONAL COMPOSTING FACILITY**

THIS AMENDMENT, NUMBER 2 to Agreement Number RAKB04001, between the Inland Empire Regional Composting Authority (IERCA) a Joint Powers Authority (hereinafter referred to as "Authority"), and the Inland Empire Utilities Agency, a Municipal Water District, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Agency"), for contracted services to operate and maintain the Inland Empire Regional Composting Facility (hereinafter referred to as "Facility") shall revised the Agreement as follows:

REVISE SECTION 1, AGENCY ASSIGNMENT:

Remove the text of Section 1, in it's entirety:

Project Manager: Patrick O. Sheilds, Executive Manager of Operations
Address: 6075 Kimball Avenue, Building B
Chino, California, 91708
Telephone: (909) 993-1806
Facsimile: (909) 993-1951
Email: psheilds@ieua.org

Replace the text of Section 1 with:

Project Manager: Jeff Ziegenbein, Manager of Regional Compost
Operations
Address: 12645 Sixth Street
Rancho Cucamonga, California, 91739
Telephone: (909) 993-1981
Facsimile: (909) 993-1511
Email: jziegenbein@ieua.org

REVISE SECTION 2, AUTHORITY ASSIGNMENT:

Remove the text of Section 2, in it's entirety:

Project Manager: Patrick O. Sheilds, Project Manager for IERCF
Address: 6075 Kimball Avenue, Building B
Chino, California, 91708
Telephone: (909) 993-1806
Facsimile: (909) 993-1951
Email: psheilds@ieua.org

Replace the text of Section 2 with:

Project Manager: Jeff Ziegenbein, Manager of Regional Compost
Operations
Address: 12645 Sixth Street
Rancho Cucamonga, California, 91739
Telephone: (909) 993-1981
Facsimile: (909) 993-1511
Email: jziegenbein@ieua.org

REVISE SECTION 4, TERM, TO READ AS FOLLOWS:

The term of this Agreement shall be extended from the current termination date of July 20, 2019, and shall terminate ten (10) years thereafter, July 20, 2029. The Parties may further extend the term of this Agreement with two (2) additional ten (10) year periods upon prior written agreement of the Authority's Project Manager and the Agency's General Manager.

REVISE SECTION 10, NOTICES, TO READ AS FOLLOWS:

Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Agency: Warren T. Green
Manager of Contracts and Procurement
Inland Empire Utilities Agency
P.O. Box 9020
Chino Hills, CA 91709

Authority: Jeff Ziegenbein
12645 Sixth Street
Rancho Cucamonga, CA 91729

ALL OTHER PROVISIONS OF THIS AGREEMENT SHALL REMAIN UNCHANGED.

The parties hereto have mutually covenanted and agreed as per the above amendment item, and in doing so have caused this document to become incorporated into the Agreement Documents.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY: **INLAND EMPIRE UTILITIES AGENCY:**
(A MUNICIPAL WATER DISTRICT)

Jeff Ziegenbein
Project Manager

(Date)

Shivaji Deshmukh
General Manager

(Date)



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**ACTION
ITEM**

2G



Date: May 6, 2019

To: Honorable Board of Directors

From: Jeff Ziegenbein 
Project Manager

Matthew A. Poeske, P.E.
Senior Engineer, IEUA

Subject: Design/Build IERCF Wash Pad Cover Contract Award (RA17007)

RECOMMENDATION

It is recommended that the Board of Directors:

1. Award a construction contract for the Design/Build of the IERCF Wash Pad Cover, Project RA17007, to Next Stage Engineering, in the amount of \$295,000; and
2. Authorize the Project Manager to finalize and execute the Contract.

BACKGROUND

IERCF is a compost production facility which includes material handling equipment that consist of large front-end loaders which need servicing and washing. In addition, material delivery trucks need a location to wash down. This requires a wash-down area and work area where equipment can be serviced before and after shift work. The work requires lighting, electrical service, air compressor, and down lighting which will not impact the adjacent prison.

An 80-foot by 80-foot wash down pad is currently in-service which traps wash-down water and conveys it to the Non-Reclaimable Waste System (NRWS). Currently, standby lights with generators are used to provide illumination for working on equipment before and after a shift. There is no air compressor for air tools. Lighting is inadequate to provide maintenance work during winter months. The cover will protect staff from weather and will provide a structure to mount lights and an air compressor. The cover will also minimize stormwater from flowing into the NRWS.

To address this need, budgeting has been provided in the FY2018/19 budget equal to \$200,000, and in the FY2019/20 budget equal to \$250,000 for a total of \$450,000 available on July 1, 2019.

Staff issued a request for proposal to design and build the wash pad cover and on April 4, 2019, Table 1 lists the five responsive bids:

Table 1: Responsive bids

Contractor's Name	Total Price
Next Stage Engineering	\$295,000.00
PK Construction	\$328,000.00
W.A. Rasic Construction	\$443,788.00
Ferreira Construction	\$467,940.00
Bird Group	\$623,383.92
Engineer's Estimate	\$282,000.00

The bid package for Next Stage Engineering was reviewed, and references checked. As a result, they were found to be the lowest, responsible bidder for this contract. Table 2 lists the project budget.

Table 2: Project budget

Description	Estimated Cost	
Construction:	\$ 339,000.00	
-Construction Contract (This Action)		\$ 295,000.00
-IEUA Construction Contingency 15%		\$ 44,000.00
Construction Services:	\$ 67,000.00	
-IEUA Construction Services 15%	\$ 51,000.00	
-Engineering (Permits, review, as-built)	\$ 10,000.00	\$ 61,000.00
-Administrative Contingency 10%		\$ 6,000.00
Total Project Cost:	\$ 549,000.00	
Total Project Budget, 2018/2019:	\$ 200,000.00	
Amount to Amend from 2019/20 Budget, SAY:	\$ 350,000.00	
Total Amended RA17007 Budget:	\$ 550,000.00	

PRIOR BOARD ACTION

On May 5, 2018, the IERCA Board approved the FY18/19 budget including \$200,000 for project RA17007.

IMPACT ON BUDGET

The total project will result in a total expense of approximately \$406,000 to be completed December 31, 2019.

ATTACHMENTS

Attachment No. 1 – Contract with Next Stage Engineering



CONTRACT NUMBER: 4600002728

FOR CONTRACTOR SERVICES

DESIGN-BUILD WASH PAD COVER

THIS CONTRACT (the "Contract"), is made and entered into this 18 day of April, 2019, by and between the Inland Empire Regional Composting Authority, a Joint Powers Authority, organized and existing in the County of San Bernardino under and by virtue of the laws of the State of California (hereinafter referred to as "Authority" or "IERCA"), and Next Stage Engineering, of Fresno, CA (hereinafter referred to as "Contractor"), for Design Build Wash Pad Cover.

The parties agree as follows:

1. AUTHORITY PROJECT MANAGER ASSIGNMENT: All technical direction related to this Contract shall come from the designated Project Manager. Details of the Authority's assignment are listed below.

Project Manager: Matthew A. Poeske, Senior Engineer

Address: 2645 6th Street
Rancho Cucamonga, Ca 91729

Telephone: (909) 993-1723

Facsimile: (909) 993-1982

Email: mpoeske@ieua.org

2. CONTRACTOR ASSIGNMENT: Special inquiries related to this Contract and the effects of this Contract shall be referred to the following:

Contractor: Joe Munoz

Address: 516 W Shaw Ave, Suite 200
Fresno, CA 93704

Telephone: (559) 221-4935

Facsimile: (559) 221-2660

Email: joe@nextstage-engineering.com

3. ORDER OF PRECEDENCE: The documents referenced below represent the Contract Documents. Where any conflicts exist between the General Terms and Conditions the governing order of precedence shall be as follows:
1. Amendments to Contract number (NO.) 4600002728.
 2. Contract number (NO.) General Terms and Conditions.
 3. Exhibit A-Invitation for Bids (IFB-SM-19-01) to include all addendums
 4. Exhibit B-Contractor's Bid Dated 04/04/2019
4. SCHEDULE OF WORK AND SERVICES: Contractor services and responsibilities shall include and be in accordance with the following:
- A. Contractor shall provide Authority with a Schedule of Work and Services, documenting the anticipated completion of the work within the time-frame set forth in Subsection 4.A., above. The Schedule of Work and Services will be prepared and submitted, to the Project Manager, for review and approval.
- B. Method of Inspection:
1. Work performed under this Contract may be required to undergo monthly, weekly, or daily inspections.
 2. The Project Manager will be responsible for performance of the inspections.
 3. If Contractor fails an inspection, the Project Manager will be responsible for providing a written cure notice to the Contractor explaining the error and a determination of the urgency for the correction of the error (herein referred to as a "Cure Notice").
- C. Cure Procedure:
1. For a Cure Notice deemed by the Agency to be **urgent**, Contractor shall correct any error of the Work within Three (3) calendar days after Contractor's receipt of a Cure Notice, as directed by the Project Manager.
 2. For a Cure Notice deemed by the Agency to be **important**, Contractor shall correct any error of the Work within Ten (10) calendar days after Contractor's receipt of a Cure Notice, as directed by the Project Manager.
 3. If the Project Manager rejects all or any part of the Work as unacceptable and agreement to correct such Work cannot be reached without modification to the Contract, Contractor shall notify the Project Manager, in writing, detailing the dispute and reason for the Contractor's position. Any dispute that cannot be resolved

between the Project Manager and Contractor shall be resolved in accordance with the provisions of this Contract.

- D. The Authority may, at any time, make changes to this Contract's Scope of Work; including additions, reductions and other alterations to any or all the work. However, such changes shall only be made via written amendment to this Contract. The Contract compensation and Schedule of Work and Services shall be equitably adjusted, if required, to account for such changes and shall be set forth within the Contract Amendment.
5. TERM: The term of this Contract shall extend from the date of the Notice to Proceed and terminate upon completion of Design-Build Wash Pad Cover or 180 calendar days from the notice to proceed, whichever occurs first, unless agreed to by both parties, reduced to writing, and amended to this Contract.
6. PAYMENT, INVOICING, AND COMPENSATION:
- A. The Contractor may submit an invoice not more than once per month during the term of this Contract to the Authority's Accounts Payable Department. Authority shall pay Contractor's properly executed invoice, approved by the Project Manager, within thirty (30) days following receipt of the invoice.
- B. As compensation for the work performed under this Contract, Authority shall pay Contractor's monthly invoice, for a total contract price NOT-TO-EXCEED **\$295,000** for all services satisfactorily provided during the term of this Contract.
- C. Additionally, to qualify for payment, the Contractor shall prominently display, on the first page of the invoice, both:
1. The Contract Number – 4600002728, and;
 2. The Contract Release Purchase Order Number – 4500032931

Contractor's invoices shall be submitted, if by mail, as follows:

Inland Empire Utilities Agency
Re: Contract Number: 4600002728
P.O. Box 9020
Chino Hills, CA 91709

If Contractor submits invoice by email, such invoice shall be submitted as follows:

To: APGroup@ieua.org

1. Scan the invoice as a PDF file.
2. Attach the scanned file to an email.
3. AP Group staff will acknowledge receipt of the invoice.

If Contractor submits invoice by mail, such invoice shall be submitted as follows:

Inland Empire Regional Composting Authority
Re: Contract Number: 4600002728
P.O. Box 2470
Chino Hills, CA 91709

- D. Concurrent with the submittal of the original invoice to the Authority's Accounts Payable Department, the Contractor shall forward (mail, fax, or email) a copy of the invoice to the designated Project Manager, identified in Section 1, on Page 1 of this Contract.
 - E. No Additional Compensation: Nothing Set forth in this Contract shall be interpreted to require payment by Authority to Contractor of any compensation specifically for the assignments and assurances required by the Contract, other than the payment of expenses as may be actually incurred by Contractor in complying with this Contract, as approved by the Project Manager.
 - F. Contractor may request taking advantage of the Authority's practice of offering an expedited payment protocol to a Contractor who has proposed accepting an invoice amount reduction in exchange for early payment; (CONTRACTOR) has proposed, and the Authority has accepted, applying a (1%, 2%, or 5%) discount (invoice amount reduction) to monthly invoices in exchange for payment of all invoices within (20, 15, or 10) days, respectively, of the date the invoice is received at the Authority's APGroup@ieua.org email address.
7. CONTROL OF THE WORK: The Contractor shall perform the Work in compliance with the Schedule of Work and Services. If performance of the Work falls behind schedule, the Contractor shall accelerate the performance of the Work to comply with the Schedule of Work and Services as directed by the Project Manager. If the nature of the Work is such that Contractor is unable to accelerate the Work, Contractor shall promptly notify the Project Manager of the delay, the causes of the delay, and submit a proposed revised Schedule of Work and Services.
8. INSURANCE: During the term of this Contract, the Contractor shall maintain at Contractor's sole expense, the following insurance.
- A. Minimum Scope of Insurance: Coverage shall be at least as broad as:
 - 1. Commercial General Liability ("CGL"): Insurance Services Office ("ISO") Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less

than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, covering hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
 3. Workers' Compensation and Employers Liability: Workers' compensation limits as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
 4. Professional Liability (Errors and Omissions): Insurance appropriate to the Contractor's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.
 5. Payment Bond and Performance Bond: Shall be in a sum equal to the contract price. If the Performance bond provides for a one-year warranty a separate Maintenance Bond is not necessary. Bonds shall be duly executed by a responsible corporate surety, authorized to issue such bonds in the State of California and secured through an authorized agent with an office in California.
- B. Deductibles and Self-Insured Retention: Any deductibles or self-insured retention must be declared to and approved by the Authority. At the option of the Authority, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the Authority, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- C. Other Insurance Provisions: The policies are to contain, or be endorsed to contain, the following provisions:
1. Commercial General Liability and Automobile Liability Coverage
 - a. Additional Insured Status: The Authority, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG

20 10 11 85 or **by either** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 forms if later revisions used).

- b. Primary Coverage: The Contractor's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Authority, its officer, officials, employees and volunteers. Any insurance or self-insurance maintained by the Authority, its officers, officials, employees, volunteers, property owners or engineers under contract with the Authority shall be excess of the Contractor's insurance and shall not contribute with it.
- c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Authority, its officers, officials, employees or volunteers.
- d. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- e. The Contractor may satisfy the limit requirements in a single policy or multiple policies. Any Such additional policies written as excess insurance shall not provide any less coverage than that provided by the first or primary policy.

2. Workers' Compensation and Employers Liability Coverage

Contractor hereby grants to Authority a waiver of any right to subrogation which any insurer of said Contractor may acquire against the Authority by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether the Authority has received a waiver of subrogation endorsement from the insurer.

3. All Coverages

Each insurance policy required by this contract shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Authority pursuant to Section 14 of this Contract.

- D. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A minus:VII, and who are admitted insurers in the State of California.
- E. Verification of Coverage: Contractor shall provide the Authority with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Authority before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The Authority reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.
- F. Submittal of Certificates: Contractor shall submit all required certificates and endorsements to the following:

Inland Empire Utilities Agency, a Municipal Water District
Attn: Angela Witte, email: awitte@ieua.org
P.O. Box 9020
Chino Hills, CA 91709

9. FITNESS FOR DUTY:

- A. Fitness: Contractor and its Subcontractor personnel on the Jobsite:
 - 1. Shall report to work in a manner fit to do their job;
 - 2. Shall not be under the influence of or in possession of any alcoholic beverages or of any controlled substance (except a controlled substance as prescribed by a physician so long as the performance or safety of the Work is not affected thereby); and
 - 3. Shall not have been convicted of any serious criminal offense which, by its nature, may have a discernible adverse impact on the business or reputation of the Authority.
- B. Compliance: Contractor shall advise all personnel and associated third parties of the requirements of this Contract ("Fitness for Duty Requirements") before they enter on the Jobsite and shall immediately remove from the Jobsite any employee determined to be in violation of these requirements. Contractor shall impose these requirements on its Subcontractors. Agency may cancel the Contract if Contractor violates these Fitness for Duty Requirements.

10. LEGAL RELATIONS AND RESPONSIBILITIES:

- A. Professional Responsibility: The Contractor shall be responsible, to the level of competency presently maintained by other practicing professionals performing the same or similar type of work.
- B. Status of Contractor: The Contractor is retained as an independent Contractor only, for the sole purpose of providing the services described herein, and is not an employee of the Authority.
- C. Observing Laws and Ordinances: The Contractor shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the conduct of any services or tasks performed under this Contract, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. The Contractor shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, the Authority, its officers, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by the Contractor, its employees, or subcontractors.
- D. Work Safety: Contract work requiring confine space entry must follow CalOSHA Regulation 8 CCR, Sections 5157 – 5158. This regulation requires the following to be submitted to IEUA for approval prior to the Contractor's mobilization to the work site:
 - 1. Proof of training on confined space procedures, as defined in Cal-OSHA Regulation 8 CCR, Section 5157; and, 2. A written plan that includes; identification of confined spaces within the work site, alternate procedures where appropriate, contractor provisions and specific procedures for permit-required and non-permit required spaces and a rescue plan.
- E. Subcontract Services: Any subcontracts for the performance of any services under this Contract shall be subject to the written approval of the Project Manager and shall comply with State of California, Department of Industrial Relations, SB 854 requirements.
- F. Hours of Labor: The Contractor shall comply with all applicable provisions of California Labor Code Sections 1810 to 1815 relating to working hours. The Contractor shall, as a penalty to the Authority, forfeit \$25.00 for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of the Labor Code.

- G. Travel and Subsistence Pay: The Contractor shall make payment to each worker for travel and subsistence payments which are needed to execute the work and/or service, as such travel and subsistence payments are defined in the applicable collective bargaining agreements with the worker.
- H. Liens: Contractor shall pay all sums of money that become due from any labor, services, materials or equipment provided to Contractor on account of said services to be rendered or said materials to be provided under this Contract and that may be secured by any lien against the Authority. Contractor shall fully discharge each such lien at the time performance of the obligation secured matures and becomes due.
- I. Indemnification: Contractor shall indemnify IEUA, IERCA, their directors, employees and assigns, and shall defend and hold them harmless from all liabilities, demands, actions, claims, losses and expenses, including reasonable attorneys' fees, which arise out of or are related to the negligence, recklessness or willful misconduct of the Contractor, its directors, employees, agents and assigns, in the performance of work under this contract.

Indemnification, Design Professional: Contractor's Design Professional agrees to indemnify, including the cost to defend, entity and its officers, officials, employees, and volunteers from and against any and all claims, demands, costs, or liability that arise out of, or pertain to, or relate to the negligence, recklessness, or willful misconduct of Design Professional (Consultant) and its employees or agents in the performance of services under this contract, but this indemnity does not apply to liability for damages arising from the sole negligence, active negligence, or willful acts of the IEUA; and does not apply to any passive negligence of the IEUA unless caused at least in part by the Design Professional (Consultant).

- J. Conflict of Interest: No official of the Authority who is authorized in such capacity and on behalf of the Authority to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving this Contract, or any subcontract relating to services or tasks to be performed pursuant to this Contract, shall become directly or indirectly personally interested in this Contract.
- K. Equal Opportunity: During the performance of this Contract, the Contractor shall not unlawfully discriminate against any employee or employment applicant because of race, color, religion, sex, age, marital status, ancestry, physical or mental disability, sexual orientation, veteran status or national origin. The Authority is committed to creating and maintaining an environment free from harassment and discrimination.
- L. Disputes:

1. All disputes arising out of or in relation to this Contract shall be determined in accordance with this section. The Contractor shall pursue the work to completion in accordance with the instruction of the Authority's Project Manager notwithstanding the existence of dispute. By entering into this Contract, both parties are obligated, and hereby agree, to submit all disputes arising under or relating to the Contract which remain unresolved after the exhaustion of the procedures provided herein, to independent arbitration. Except as otherwise provided herein, arbitration shall be conducted under California Code of Civil Procedure Sections 1280, et. seq, or their successor.

2. Any and all disputes prior to the work starting shall be subject to resolution by the Authority Project Manager and the Contractor shall comply, pursuant to the Authority Project Manager instructions. If the Contractor is not satisfied with any such resolution by the Authority Project Manager, they may file a written protest with the Authority Project Manager within seven (7) calendar days after receiving written notice of the Authority's decision. Failure by Contractor to file a written protest within seven (7) calendar days shall constitute waiver of protest, and acceptance of the Authority Project Manager's resolution. The Authority's Project Manager shall submit the Contractor's written protests to the Authority's Manager of Regional Compost Authority Operations, together with a copy of the Authority Project Manager's written decision, for his or her consideration within seven (7) calendar days after receipt of said protest(s). The Authority's Manager of Regional Compost Authority Operations shall make his or her determination with respect to each protest filed with the Authority Project Manager within ten (10) calendar days after receipt of said protest(s). If Contractor is not satisfied with any such resolution by the Authority's Manager of Regional Compost Authority Operations, they may file a written request for arbitration with the Project Manager within seven (7) calendar days after receiving written notice of the Authority's Manager of Regional Compost Authority Operations decision.

3. In the event of arbitration, the parties to this contract agree that there shall be a single neutral Arbitrator who shall be selected in the following manner:
 - a. The Demand for Arbitration shall include a list of five names of persons acceptable to the Contractor to be appointed as Arbitrator. The Authority shall determine if any of the names submitted by Contractor are acceptable and, if so, such person will be designated as Arbitrator.

- b. If none of the names submitted by Contractor are acceptable to Authority, or if for any reason the Arbitrator selected in Step (a) is unable to serve, the Authority shall submit to Contractor a list of five names of persons acceptable to Authority for appointment as Arbitrator. The Contractor shall, in turn, have seven (7) calendar days in which to determine if one such person is acceptable.
 - c. If after Steps (a) and (b), the parties are unable to mutually agree upon a neutral Arbitrator, the matter of selection of an Arbitrator shall be submitted to the San Bernardino County Superior Court pursuant to Code of Civil Procedure Section 1281.6, or its successor. The costs of arbitration, including but not limited to reasonable attorneys' fees, shall be recoverable by the party prevailing in the arbitration. If this arbitration is appealed to a court pursuant to the procedure under California Code of Civil Procedure Section 1294, et. seq., or their successor, the costs of arbitration shall also include court costs associated with such appeals, including but not limited to reasonable attorneys' fees which shall be recoverable by the prevailing party.
4. Association in Mediation/Arbitration: The Authority may join the Contractor in mediation or arbitration commenced by a contractor on the Project pursuant to Public Contracts Code Sections 20104 et seq. Such association shall be initiated by written notice from the Authority's representative to the Contractor.
- M. Workers' Legal Status: For performance against this Contract, Contractor shall only utilize employees and/or subcontractors that are authorized to work in the United States pursuant to the Immigration Reform and Control Act of 1986.
- N. Prevailing Wage Requirements: Pursuant to Section 1770 and following, of the California Labor Code, the Contractor shall not pay less than the general prevailing wage rates, as determined by the Director of the State of California Department of Industrial Relations for the locality in which the work is to be performed and for each craft or type of worker needed to execute the work contemplated under the Contract. The Contractor or any subcontractor performing part of said work shall strictly adhere to all provisions of the Labor Code, including, but not limited to, minimum wages, work days, nondiscrimination, apprentices, maintenance and availability of accurate payroll records and any other matters required under all Federal, State and local laws related to labor.
- O. Contractor shall provide with their invoice certified payroll verifying that Contractor has paid prevailing requirements as stipulated in SB-854 (<http://www.dir.ca.gov/DIRNews/2014/2014-55.pdf>).

P. Non-Conforming Work: The Contractor and his Design Professional represents that the Work and Documentation shall meet the standard of care of the Contractor and Design Professional profession. For a period of not less than one (1) year after acceptance of the completed Work. Contractor shall, at no additional cost to Agency, correct any and all agreed-to errors in the Work or Documentation, regardless of whether any such errors are brought to the attention three (3) calendar days, correct any error that renders the Work or Documentation dysfunctional or unusable and shall correct other errors within thirty (30) calendar days after Consultant's receipt of notice of the error. Upon request of Agency, Consultant shall correct any such error deemed important by Agency in its sole discretion to Agency's continued use of the Work or Documentation within seven (7) calendar days after Consultant's receipt of notice of the error. If the Authority Project Manager rejects all or any part of the Work or Documentation as unacceptable and agreement to correct such Work or Documentation cannot be reached without modification to the Contract, Contractor shall notify the Authority Project Manager, in writing, detailing the dispute and reason for Consultant's position. Any dispute that cannot be resolved between the Authority Project Manager and Consultant shall be resolved in accordance with the provisions of this Contract.

11. OWNERSHIP OF MATERIALS AND DOCUMENTS/CONFIDENTIALITY: The Authority retains ownership of any, and all, partial or complete reports, drawings, plans, notes, computations, lists, and/or other materials, documents, information, or data prepared by the Contractor and/or the Contractor's subcontractor(s) pertaining to this Contract. Said materials and documents are confidential and shall be available to the Authority from the moment of their preparation, and the Contractor shall deliver them to the Authority whenever requested to do so by the Project Manager and/or Authority representative. The Contractor agrees that all documents shall not be made available to any individual or organization, private or public, without the prior written consent of an Authority representative.

12. TITLE AND RISK OF LOSS:

A. Documentation: Title to the Documentation shall pass to the Authority when prepared; however, a copy may be retained by Contractor for its records and internal use. Contractor shall retain such Documentation in a controlled access file, and shall not reveal, display or disclose the contents of the Documentation to others without the prior written authorization of the Authority or for the performance of Work related to the Scope of Work described in this Contract.

B. Material: Title to all Material, field or research equipment, and laboratory models, procured or fabricated under the Contract shall pass to the Authority when procured or fabricated, and such title shall be free and clear of any and

all encumbrances. Contractor shall have risk of loss of any Material or Authority-owned equipment of which it has custody.

- C. Disposition: Contractor shall dispose of items to which the Authority has title as directed in writing by the Project Manager and/or a designated Authority representative.

13. PROPRIETARY RIGHTS:

- A. Rights and Ownership: Authority's rights to inventions, discoveries, trade secrets, patents, copyrights, and other intellectual property, including the Information and Documentation, and revisions thereto (hereinafter collectively referred to as "Proprietary Rights"), used or developed by Contractor in the performance of the Work, shall be governed by the following provisions:

1. Proprietary Rights conceived, developed, or reduced to practice by Contractor in the performance of the Work shall be the property of Authority, and Contractor shall cooperate with all appropriate requests to assign and transfer same to Authority.
2. If Proprietary Rights conceived, developed, or reduced to practice by Contractor prior to the performance of the Work are used in and become integral with the Work, or are necessary for Authority to have complete control of the Work, Contractor shall grant to Authority a non-exclusive, irrevocable, royalty-free license, as may be required by Authority for the complete control of the Work, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and grant sublicenses to others with respect to the Work.
3. If the Work includes the Proprietary Rights of others, Contractor shall procure, at no additional cost to Authority, all necessary licenses regarding such Proprietary Rights so as to allow Authority the complete control of the Work, including the right to reproduce, correct, repair, replace, maintain, translate, publish, use, modify, copy or dispose of any or all of the Work and grant sublicenses to others with respect to the Work. All such licenses shall be in writing and shall be irrevocable and royalty-free to Authority.

14. NOTICES: Any notice may be served upon either party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the party at the address set forth below:

Authority: Warren T. Green
Manager of Contracts & Facilities Services
Inland Empire Utilities Agency

P.O. Box 9020
Chino Hills, CA 91709

Contractor: Jason Decena
Next Stage Engineering
516 W Shaw Ave Suite 200
Fresno, CA 93704

Any notice given pursuant to this section shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.

15. SUCCESSORS AND ASSIGNS: All of the terms, conditions and provisions of this Contract shall take effect to the benefit of and be binding upon the Authority, the Contractor, and their respective successors and assigns. No assignment of the duties or benefits of the Contractor under this Contract may be assigned, transferred or otherwise disposed of without the prior written consent of the Authority; and any such purported or attempted assignment, transfer or disposal without the prior written consent of the Authority shall be null, void and of no legal effect whatsoever.
16. PUBLIC RECORDS POLICY: Information made available to the Authority may be subject to the California Public Records Act (Government Code Section 6250 et seq.) The Authority's use and disclosure of its records are governed by this Act. The Authority shall use its best efforts to notify Contractor of any requests for disclosure of any documents pertaining to this work. In the event of litigation concerning disclosure of information Contractor considers exempt from disclosure; (e.g., Trade Secret, Confidential, or Proprietary) Authority shall act as a stakeholder only, holding the information until otherwise ordered by a court or other legal process. If Authority is required to defend an action arising out of a Public Records Act request for any of the information Contractor has marked "Confidential," "Proprietary," or "Trade Secret," Contractor shall defend and indemnify Authority from all liability, damages, costs, and expenses, in any action or proceeding arising under the Public Records Act.
17. RIGHT TO AUDIT: The Authority reserves the right to review and/or audit all Contractor's records related to the Work. The option to review and/or audit may be exercised during the term of the Contract, upon termination, upon completion of the Contract, or at any time thereafter up to twelve (12) months after final payment has been made to the Contractor. The Contractor shall make all records and related documentation available within three (3) working days after said records are requested by the Authority.
18. INTEGRATION: The Contract Documents represent the entire Contract of the Authority and the Contractor as to those matters contained in this contract. No prior oral or written understanding shall be of any force or effect with respect to those

matters covered by the Contract Documents. This Contract may not be modified, altered or amended except by written mutual agreement by the Authority and the Contractor.

19. GOVERNING LAW: This Contract is to be governed by and constructed in accordance with the laws of the State of California, in the County of San Bernardino.
20. TERMINATION FOR CONVENIENCE: The Authority reserves and has the right to immediately suspend, cancel or terminate this Contract at any time upon written notice to the Contractor. In the event of such termination, the Authority shall pay Contractor for all authorized and Contractor-invoiced services up to the date of such termination, as approved by the Project Manager.
21. FORCE MAJEURE: Neither party shall hold the other responsible for the effects of acts occurring beyond their control; e.g., war, riots, strikes, natural disasters, etcetera.
22. LIQUIDATED DAMAGES: Liquidated Damages, in the amount of \$500 per day, may be assessed by the Authority for each calendar day that the Contractor fails to complete the services in accordance with the contractually-committed delivery schedule. Any and all Liquidated Damages assessed by the Authority will be taken as a direct credit against the Contractor's invoice for the missed services. The Contractor's acceptance of a contract subsequently issued in conjunction with this solicitation, shall serve to indicate acceptance of this Liquidated Damages clause, and the daily assessment of damages expressed in this section.
23. NOTICE TO PROCEED: No services shall be performed or provided under this Contract unless and until this document has been properly signed by all responsible parties and a Notice to Proceed order has been issued to the Contractor by the Project Manager.
24. AUTHORITY TO EXECUTE CONTRACT: The Signatories, below, each represents, warrants, and covenants that they have the full authority and right to enter into this Contract on behalf of the separate entities shown below.
25. DELIVERY OF DOCUMENTS: The Parties to this Contract and the individuals named to facilitate the realization of its intent, with the execution of the Contract, authorize the delivery of documents via facsimile, via email, and via portable document format (PDF) and covenant agreement to be bound by such electronic versions.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

The parties hereto have caused the Contract to be entered as of the day and year written above.

**INLAND EMPIRE REGIONAL:
COMPOSTING AUTHORITY**

Next Stage Engineering:

Jeff Ziegenbein (Date)
Manger of Regional Compost
Operations

Jason Decena _____ *04/18/2019*
Jason Decena (Date)
Sr. Manager

Design/Build IERCF Wash Pad Cover Contract Award Project No. RA17007 May 6, 2019



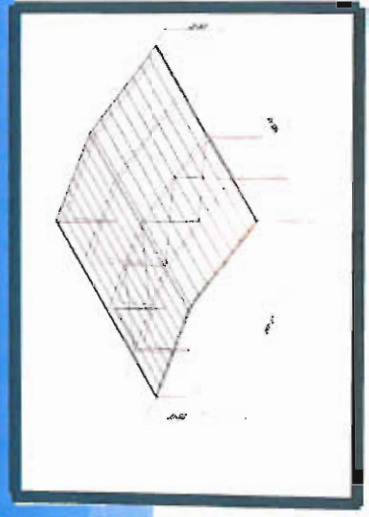
Project Location



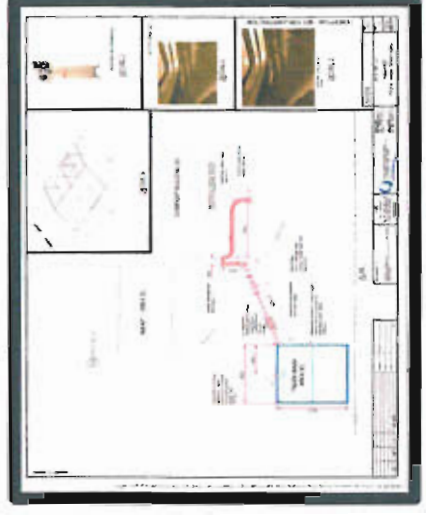
IERCF Location of Civil Improvements

The Project

- Construct an 80' X 80' Wash Pad Cover
- Provide Electrical to New Facility with:
 - Lighting
 - Outlets
 - Air Compressor
- Protect staff from weather
- Reduce stormwater to Non-reclaimable Waste System



Wash Pad Structure



Project Schematic

Contractor Selection

Five bids received on April 4, 2019:

Contractor's Name	Total Price
Next Stage Engineering	\$295,000.00
PK Construction	\$328,000.00
W.A. Rasic Construction	\$443,788.00
Ferreira Construction	\$467,940.00
Bird Group	\$623,383.92
Engineer's Estimate	\$282,000.00

Project Budget and Schedule

Description	Estimated Cost
Construction:	\$ 339,000.00
-Construction Contract (This Action)	\$ 295,000.00
-IEUA Construction Contingency 15%	\$ 44,000.00
Construction Services:	\$ 67,000.00
-IEUA Construction Services 15%	\$ 51,000.00
-Engineering (Permits, review, as-built	\$ 10,000.00
-Administrative Contingency 10%	\$ 6,000.00
Total Project Cost:	\$ 549,000.00
Total Project Budget, 2018/2019:	\$ 200,000.00
Amount to Amend from 2019/20 Budget, SAY:	\$ 350,000.00
Total Amended RA17007 Budget:	\$ 550,000.00

Project Schedule: May 2019 to December 2019

Recommendation

- Award a construction contract for the Design/Build of the IERCF Wash Pad Cover, Project RA17007, to Next Stage Engineering, in the amount of \$295,000; and,
- Authorize the Project Manager to execute the contract.



Date: May 6, 2019

To: Honorable Board of Directors

From: Jeff Ziegenbein *JZ*
Project Manager
Ann Heil *AH*
Assistant Project Manager

Subject: Compost Water Connection Internship Program

RECOMMENDATION

This is an information item for discussion and possible action.

BACKGROUND

To promote the water saving benefits of compost and spark interest in future careers in the composting industry, staff drafted the Compost/Water Connection Internship Program. The Program seeks to establish the connection between healthy soils and water conservation. Healthy soils amended with compost require about 30% less water to support plants among other benefits. Applicants may also explore other compost research topics including fertilizer and pesticide reduction, carbon sequestration, improved plant health and crop yield.

The Chino Basin Water Conservation District (CBWCD) has expressed interest in partnering with IERCA to carry out the research and will provide administrative and technical services to oversee the project at their facility in Montclair. CBWCD has an area with approximately 30,000 square feet of turf that is currently maintained using traditional practices including the use of chemical fertilizers. The Program will use compost to improve the soil for a portion of the turf at the CBWCD site and measure the water and fertilizer demand versus control plots at the same location. CBWCD will hire and employ the intern, develop the research procedures and supervise the data collection and reporting activities.

The internship opportunity will be marketed at local colleges such as California State Polytechnic University Pomona, Mt. San Antonio College, University of California Irvine, and University of California Riverside. The intern must live or attend a college in the IERCA service area and have a GPA of 2.5 or higher.

IERCA will fund the Program up to \$10,000. IEUA has partnered with CBWCD in the past to carry out programs such as the “Garden in Every School” Program.

Key Program Concepts:

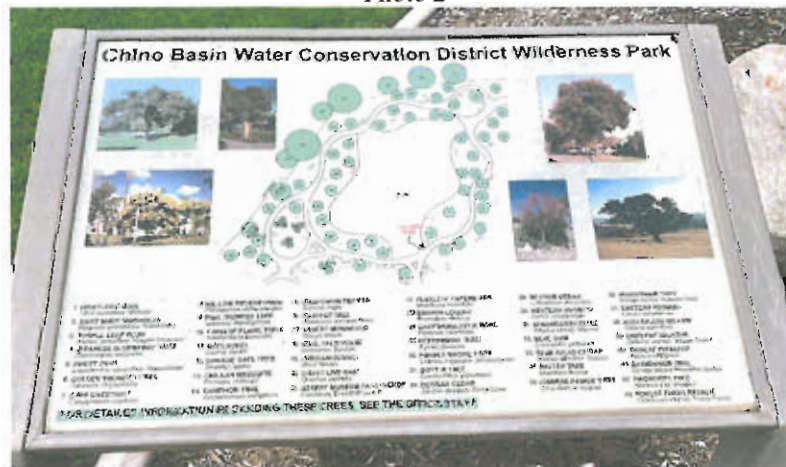
- Enter into an agreement with CBWCD detailing the roles and responsibilities of each partner
- One-year Program with updates to the Board each quarter and a final report presented by project partners
- Final report may be published to promote SoilPro and the benefits of compost

The Program will include a rubric to fairly evaluate research contents, creativity, topic matter, and grammar.

Photo 1



Photo 2



PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

The proposed impact on budget in the amount of \$10,000 will be appropriated in the IERCA FY 2019/20 budget under account number 20200/211112/210000/515030.



Date: May 6, 2019

To: Honorable Board of Directors

From: Jeff Ziegenbein *JZ*
Project Manager

Ann Heil *AH*
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) maintained maximum throughput levels processing up to 650 wet tons of biosolids and up to 300 wet tons of amendments Monday through Friday each week.

Since the last update, the IERCF staff has:

- Maintained compost sales volumes that match production volumes
- Maintained 100% compliance with permit regulations
- Completed SCAQMD source testing of the biofilter

IERCF has logged 110 days with no lost time accidents. There was a recordable injury with no lost time on February 28, 2019. A maintenance technician received minor burns to his face while welding on a bucket cylinder. He is fine and returned to full duty.

Table 1 lists materials processed for the current fiscal year 2018/19 through March 25, 2019, the same time period in the previous fiscal year, and since start-up in April 2007.

Table 1: Process summary

	FY 2018/19	FY 2017/18	2007-2018
Biosolids Processed (wet tons)	110,881	105,858	1,571,635
Amendments Processed (wet tons)	30,627	29,637	638,112
Compost Sold (cubic yards)	151,385	173,568	2,498,525

The IERCF team made it through one of the most challenging winter seasons since starting daily operations in 2007. This winter’s above-normal rain and cold temperatures resulted in excessive moisture within the IERCF production areas. As fresh, cold air is drawn into the building, it mixes with the warm, moist air from the compost piles resulting in fog and rain-like drops from moisture condensed on the ceiling. The moisture ultimately collects on the floor creating slick conditions.

Staff did an outstanding job maintaining full throughput and operating the loaders safely. The weather conditions also increased the moisture and density of the compost during the compost and curing phases which increased housekeeping and maintenance demands. This was especially noticed with the facility’s material handling equipment which tended to plug from sticky compost. Warmer weather has helped return the facility to normal operations.

Maintenance

Table 2: Work completed January-March 2019

SCHEDULE COMPLETION	109%
Work Orders Scheduled	399
Work Orders Completed	434
SCHEDULE ON TIME PERCENT	
Corrective Maintenance (CM’s) Created	148
Break in Work	49
Average work order age	14 Days

A newly finished compost water spray system was installed between screening and load-out. This system will add extra moisture into the final product to control quality during the dryer seasons or when increased moisture is desired for a longer storage duration. Five more spray nozzles will be added on to the current system to give staff the ability to control the desired moisture content.

Photo 1



Photo2



A new humidification filtration system was also purchased. This newly designed system uses a media and an auto backflush that will replace the current paper filter currently being used. The current system was performing below expectation and caused numerous break-in work orders to replace filters and nozzles within the humidification system. Rough numbers estimate the new system will save the facility an annual cost of around \$40,000.

Photo 3



Photo 4



Outreach

Table 3: Summary of IERCA outreach activities for the quarter:

Item	Number
IERCF Tours (groups/people)	7
Garden in Every School	0
Site visitors (contractors)	258

IERCA sent four staff members, Michael Butler, Steve Mrochek, Joshua Oelrich, and Christopher Stull, to the Compost Operations Training Course in Pomona for the week of March 11th. The training course is put on by the Composting Council Research & Education Foundation (CCREF) where attendees learn more about what it takes to run a compost facility. The hands-on class includes experienced guest lecturers, creating and monitoring their own compost piles, and taking tours of local composting facilities including the IERCF.

Photo 5



Photo 6



Sales and Marketing Report

The sales staff is currently servicing over 100 active customers. IERCA's customer base is currently 65% landscape markets and 30% agriculture with 5% going to our "Give Back" program. Over the last quarter, IERCA has added six new customers.

The SoilPro brand maintains the industry standard in consistent quality and value throughout the market. Sales have steadily matched production and have allowed IERCA to sustain a minimum reserve inventory balance through the entire quarter. This market diversification has allowed IERCA to achieve a more even sales distribution throughout the winter and spring season.

Despite diversifying the customer base, SoilPro has continued to be the leading supplier of Premium Compost throughout the landscape and bulk material market segment. IERCA continues to provide SoilPro to many cities affiliated with IEUA, OCSD and SDLAC under the "Give Back" program. 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.

Photo 7



Photo 8



Table 4: Summary of monthly sales and revenue

MONTH	TOTAL YARDS 2018/2019	TOTAL YARDS 2017/2018	TOTAL REVENUE 2018/2019	TOTAL REVENUE 2017/2018
July	14,910.11	21,518.61	\$24,972.01	\$31,737.00
August	15,194.50	19,226.62	\$28,866.84	\$37,071.78
September	17,728.97	16,170.64	\$24,979.50	\$35,038.33
October	19,523.68	25,631.94	\$28,489.44	\$34,569.24
November	22,037.03	24,481.44	\$28,310.45	\$30,053.63
December	17,885.11	16,420.31	\$21,300.70	\$30,053.63
January	18,469.01	18,881.17	\$16,332.32	\$31,911.26
February	14,605.08	17,041.52	\$16,386.55	\$30,291.21
March	13,938.50	18,773.56	\$24,669.74	\$27,869.46
TOTAL	154,291.99	178,145.81	\$214,307.55	\$288,595.54
AVERAGE	17,143.55	19,793.98	\$23,811.95	\$32,066.17

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

Table 5

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 \$	59,477.87	6,506.71	4,073.73	6,954.93	262.28	7,208.20	84,483.72
2	# of Invoices	59	10	7	6	2	12	96
3	# of Customers	45	10	7	6	2	9	79

Table 6

Quarterly Accounts Receivable Ageing Report of IERCA (Sales only to third parties)				
Sr. #	Description	From FY 2007/08 to FY 2017/18	FY 2018/19 (Jan thru Mar)	Total
1	Sales	6,086,500.02	330,488.32	6,416,988.34
2	Write off	33,701.60	-	33,701.60
3	Percentage of Write Off Sales	0.5537%		0.5252%

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

INFORMATION
ITEM

4B



Date: May 6, 2019
To: Honorable Board of Directors
From: Christina Valencia
Treasurer
Subject: Treasurer's Report of Financial Affairs for the Quarter Ended
March 31, 2019

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the quarter ended March 31, 2019 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. 2018-5-1), 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 March 31, 2019 is hereby submitted in a format consistent with State requirements. As shown in the table below, March's total cash, investments, and restricted deposits equaled \$4,870,509 showing a decrease of \$365,592 when compared to the December balance of \$5,236,101. The decrease was mainly due to an increase in spending for operating and administrative expenses.

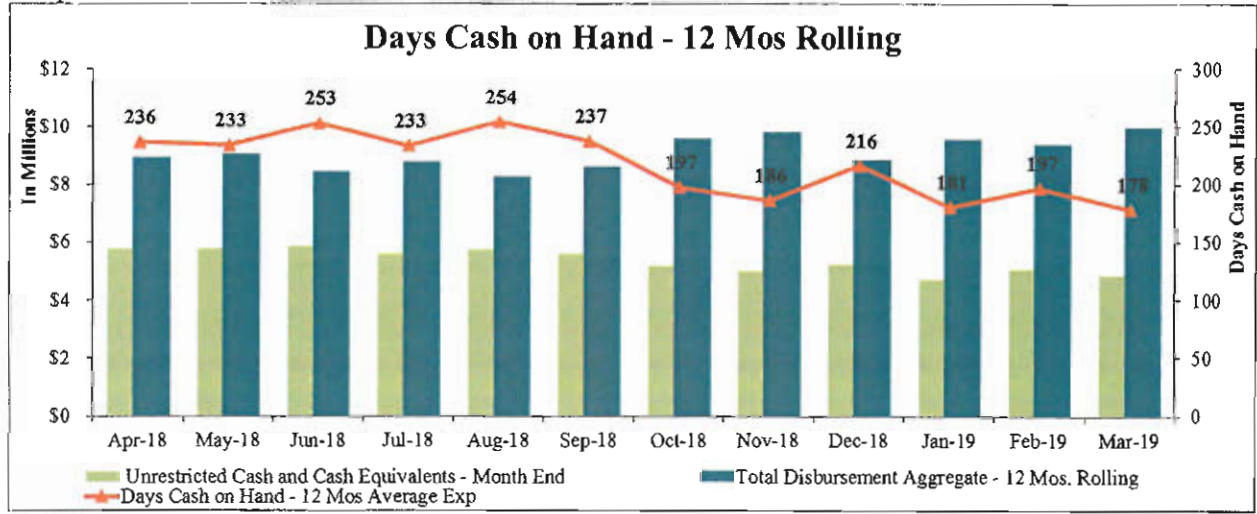
The Authority's investment portfolio average rate of return in March 2019⁽¹⁾ was 1.707 percent compared to the December 2018 yield of 1.781 percent. Interest earnings on the Authority's investment portfolio totaled \$65,956 for the year to date from July 2018 through March 2019⁽¹⁾.

(1) Information from LA County Pooled Investment and Local Agency Investment Fund is as of February 28, 2019.

	December 31, 2018	March 31, 2019	Changes from Prior Quarter
Total Cash, Investments, Restricted Deposits	\$5,236,101	\$4,870,509	(\$365,592)
Investment Portfolio Average Rate of Return	1.781%	1.707%	(0.074%)

Cash on hand (COH) for the month ended March 31, 2019 was 178 days compared to December 31, 2018 COH of 216 days, due to higher disbursements for the quarter. 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.

Graph 1



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 March 31, 2019.

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Quarter Ended March 31, 2019



All investment transactions have been executed in accordance with the criteria stated in the Authority's Investment Policy (Resolution No. 2018-5-1), adopted by the Inland Empire Regional Composting Authority's Board of Directors during its regular meeting held on May 7, 2018. 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
 March 31, 2019

	March	December
<u>Unrestricted Accounts</u>		
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>	\$534,665	\$439,647
<u>Investments</u>		
Citizens Business Bank (CBB) Repurchase (Sweep)	\$1,565,369	\$872,949
LA County Pooled Investment	\$257,288	\$1,423,499
Local Agency Investment Fund (LAIF)	\$2,513,186	\$2,500,006
Total Investments	\$4,335,844	\$4,796,454
Total Unrestricted Cash and Investments Available to the Authority	\$4,870,509	\$5,236,101
Total Unrestricted Cash and Investments	\$4,870,509	\$5,236,101
Net Change from previous Quarter	(\$365,592)	

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
Cash and Investment Summary

*Quarter Ended
 March 31, 2019*

Unrestricted Accounts

Cash, Bank Deposits, and Bank Investment Accounts

Demand (Checking) Accounts	\$534,665
Subtotal Demand Deposits	\$534,665

\$534,665

Total Cash and Bank Investment Accounts

Investments

Citizens Business Bank (CBB) Repurchase (Sweep)	\$1,565,369
Local Agency Investment Fund (LAIF)	\$2,513,186
LA County Pooled Investment	\$257,288
	\$4,335,844

\$4,335,844

Total Investments

Total Cash, Investments and Restricted Deposits as of March 31, 2019

\$4,870,509

Total Unrestricted Cash and Investments as of 3/31/2019

\$4,870,509

Less: Total Unrestricted Cash and Investments as of 12/31/2018

\$5,236,101

Total Quarterly Increase (Decrease)

(\$365,592)

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
Cash and Investment Summary

Quarter Ended
 March 30, 2019

Investments	Purchased	Par Amount	Principal Amount	Term (Days)	March Amortization	March Value	% Yield	Maturity Date	Market Value
Unrestricted Accounts									
Cash, Bank Deposits, and Bank Investment Accounts									
Citizens Business Bank									
Checking Account		\$534,665	\$534,665	N/A	N/A	\$534,665	N/A	N/A	\$534,665
Subtotal CBB		\$534,665	\$534,665			\$534,665	N/A		\$534,665
Total Cash and Bank Deposits									
		\$534,665	\$534,665			\$534,665			\$534,665
Investments									
Citizens Business Bank Sweep ⁽¹⁾									
		\$1,565,369	\$1,565,369			\$1,565,369	1.100%		\$1,565,369
LA County Pooled Investment ⁽²⁾									
		\$257,288	\$257,288			\$257,288	2.250%		\$257,288
Local Agency Investment Fund ⁽²⁾									
		\$2,513,186	\$2,513,186	N/A	N/A	\$2,513,186	2.392%	N/A	\$2,513,186
Subtotal Investments		\$4,335,844	\$4,335,844			\$4,335,844	1.917%		\$4,335,844
Total Investments									
		\$4,335,844	\$4,335,844			\$4,335,844			\$4,335,844
Total Unrestricted Cash and Investments as of March 31, 2019									
		\$4,870,509	\$4,870,509			\$4,870,509			\$4,870,509

⁽¹⁾ Citizens Business Bank Sweep rate increased from 0.9% to 1.10% on November 2, 2018.

⁽²⁾ Interest Rate information from LA County Pooled Investment and Local Agency Investment Fund is as of February 28, 2019

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
Cash and Investment Summary

Quarter Ended
 March 31, 2019

	Amount Invested	Yield
<u>Unrestricted Accounts</u>		
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>		
Citizens Business Bank - Sweep Account ⁽¹⁾	\$1,565,369	1.100%
LA County Pooled Investment ⁽²⁾	\$257,288	2.250%
Local Agency Investment Fund ⁽²⁾	\$2,513,186	2.392%
	\$4,335,844	1.917%
<u>Bank Accounts</u>		
Citizens Business Bank -Demand Account	\$534,665	N/A
	\$534,665	
<u>Total Portfolio</u>	\$4,870,509	1.707%
<u>Investment Portfolio Rate of Return</u>		
<u>Restricted/Transitory/Other Demand Accounts</u>		
	Amount Invested	Yield
	\$0	0.000%
<u>Total Authority Directed Deposits</u>	\$4,870,509	

⁽¹⁾ Citizens Business Bank Sweep rate increased from 0.9% to 1.10% on November 2, 2018

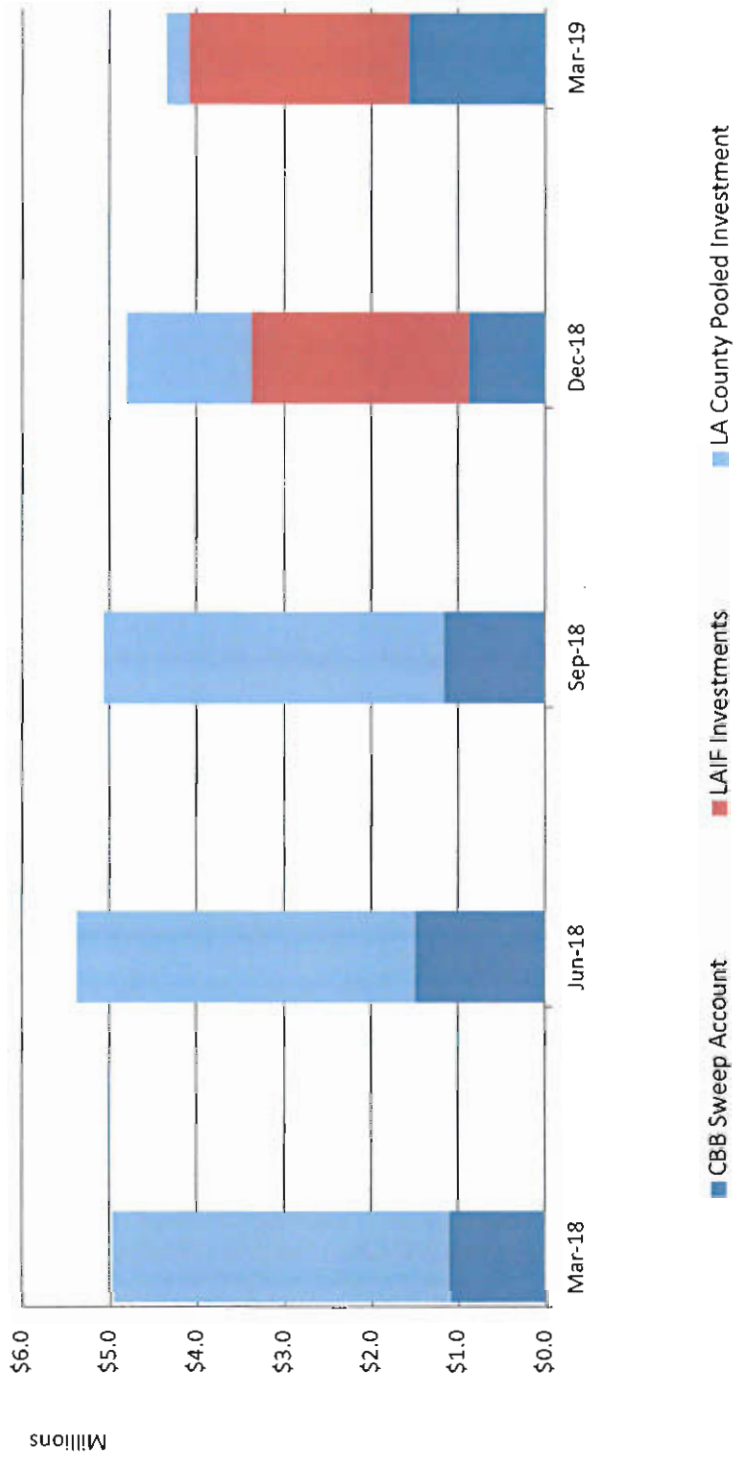
⁽²⁾ Interest Rate information from LA County Pooled Investment and Local Agency Investment Fund is as of February 28, 2019

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash Position

Quarter Ended
March 31, 2019

Total Cash, Investments and Restricted Deposits





IERCFC Biofilter Performance Update



May 2019

South Coast Air Quality Management District's Rule 1133.2

- Adopted: January 2003
- Purpose: Reduce emissions from co-composting operations
 - Volatile Organic Compounds (VOC)
 - Ammonia (NH₃)
- Co-composting exhausts vented to biofilter



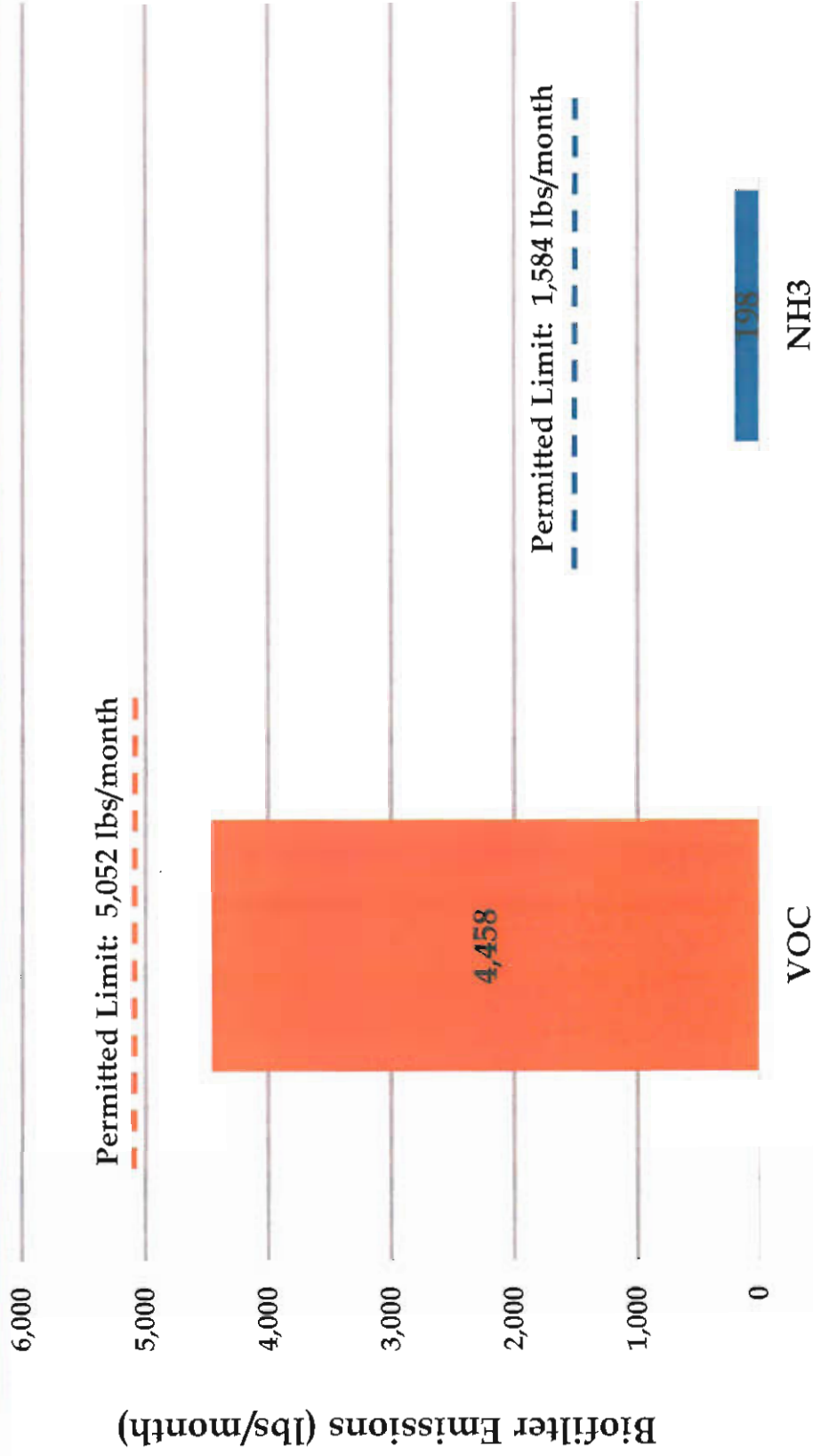
Biofilter Source Test Results

- Test required every 2 years
- Test completed on 2/12/19 & 2/13/19
- Results indicate compliance:

	Parameter	Limit	Result	Compliance
VOC	Control efficiency*	At least 80%	93.7%	✓
	Emissions	5,052 lbs/ month	4,458 lbs/ month	✓
NH3	Control efficiency*	At least 80%	100.0%	✓
	Emissions	1,584 lbs/ month	198 lbs/ month	✓

* Refers to the overall emission reduction

Biofilter Source Test Results



	Inlet Emission	Outlet Emission	Control Efficiency
VOC	70,427 lbs/month	4,458 lbs/month	93.7%
NH3	1,238,599 lbs/month	198 lbs/month	100.0%

IERCF Biosolids Price Analysis

May 6, 2019



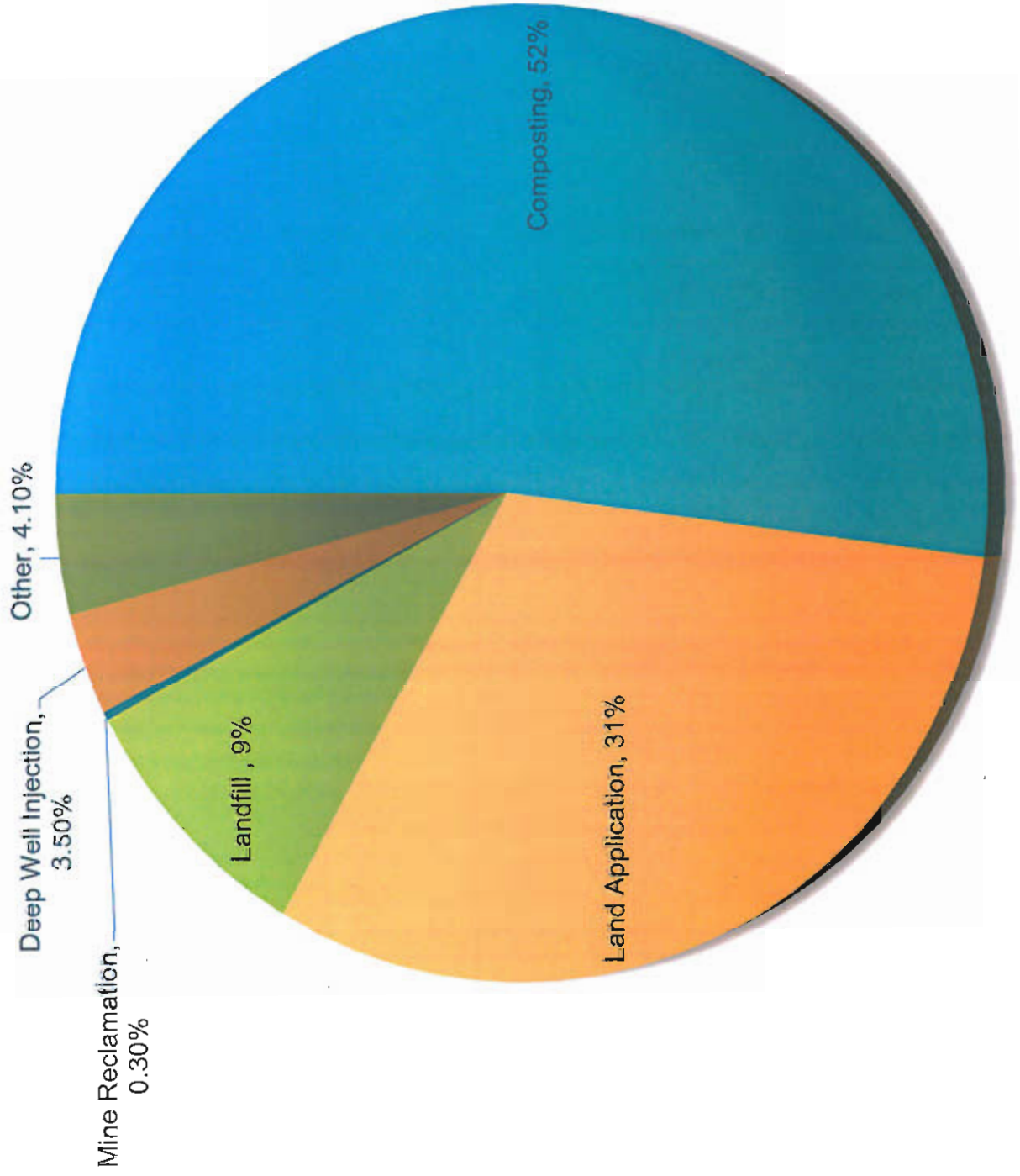
Jeff Ziegenbein
Project Manager

Biosolids Management Options in So. California

Technology/Option	Wet Tons	Percent by Vol.	Cost/Ton Range	Cost/Ton Avg.
Composting	1,432,444	52%	\$29.41-\$78.83	\$54.12
Land Application	856,815	31%	\$41.40-\$54.50	\$47.95
Landfill	236,269	9%	\$46.70-\$61	\$53.85
Mine Reclamation	9,257	0.3%	\$48.00	\$48.00
Deep Well Injection	98,821	3.5%	\$83.53-\$83.74	\$83.64
Other (Pellets, Pyrolysis)	120,619	4.1%	N/A	N/A
Total	2,754,218	100%		

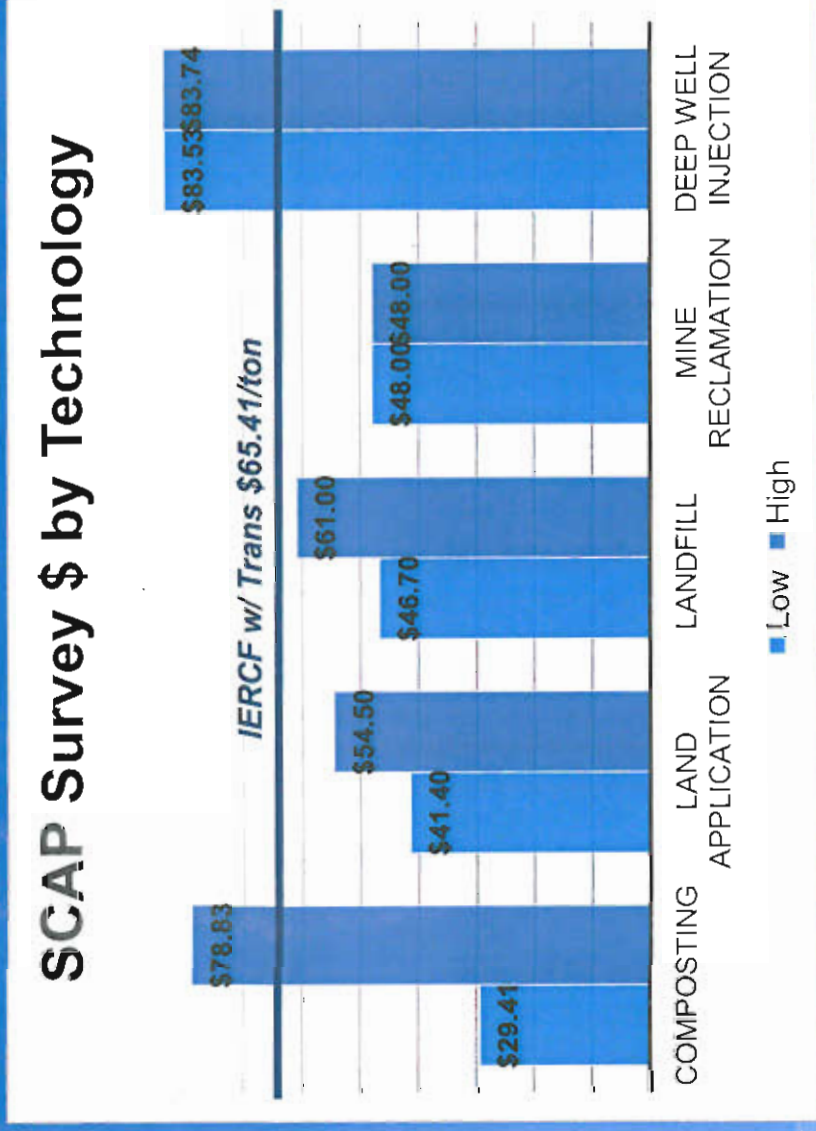
Source: 2017 SCAP Preliminary Biosolids Trends Survey
 Cost per ton includes transportation

2017 Biosolids Management Options



Biosolids Management Options in So. California

- Composting is among the more costly alternatives
- IERCF costs are relatively stable
- Markets may change rapidly



IERCF's price is average delivered price for LACSD and IEUA

LACSD/IEUA Biosolids Portfolio

	Contractor	Technology	Percent Vol. 2017	Cost/Ton with Haul or FPA ²
L A C S D	Liberty	Composting	15%	\$57.50
	Nursery Products	Composting	23%	\$45.50
	Synagro - SKIC	Composting	15%	\$45.50
	Tulare Lake Compost	Composting	6%	N/A ⁴
	Denali	Land Application	10%	\$54.90
	Holloway	Landfill / Mine Reclamation	16%	\$48.50
	LA/IERCF	Composting	15%	\$68.97
	IEUA/IERCF	Composting	100%	\$61.86
	IEUA/Nursery Products	Composting	0%	\$48.54
	I E U A			

JZ [2]4

- 1- JWPCP contracts generally include transportation in Base Fee. For hauling to IERCF, LACSD currently pays \$11.79/ton flat.
- 2- FPA = Fuel Price Adjustment. FPAs shown for March 2017, mostly negative due to low diesel price.
- 3- Liberty price is tiered from \$52.77 - \$60.46 based on volume. Fee shown applies to 8501-9500 ton/mo.
- 4- TLC commenced operation on 1/5/16. Hauling is ~\$35/ton. Full cost is unavailable.
- 5- Dryer pilot project is a 30 TPD unit, with 578 tons processed in 2016. Cost is unavailable.
- 6- Average \$/ton is weighted average for March 2017. Total JWPCP volume is approx. 450,000 wet tons/yr.

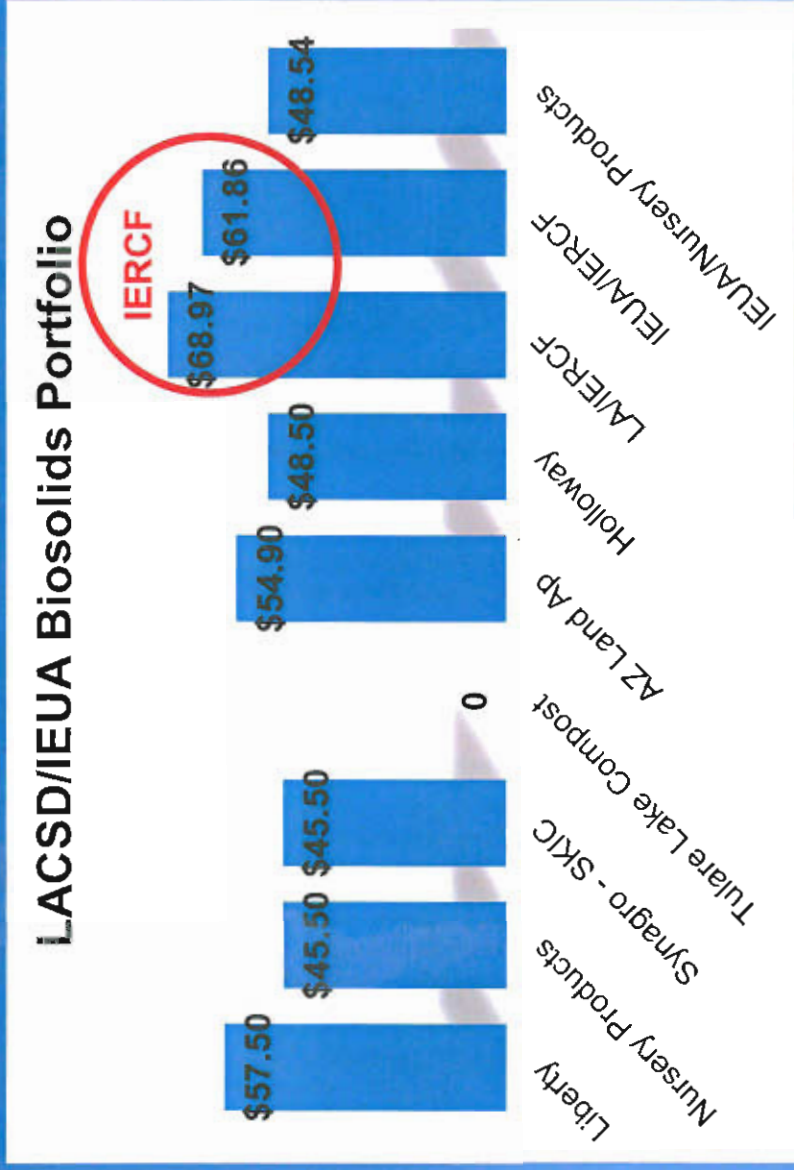
Slide 5

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notes are not updated. Table is.
Jeff Ziegenbein, 3/28/2019

LACSD/IEUA Biosolids Portfolio

- IERCF costs are relatively stable
- Markets may change rapidly

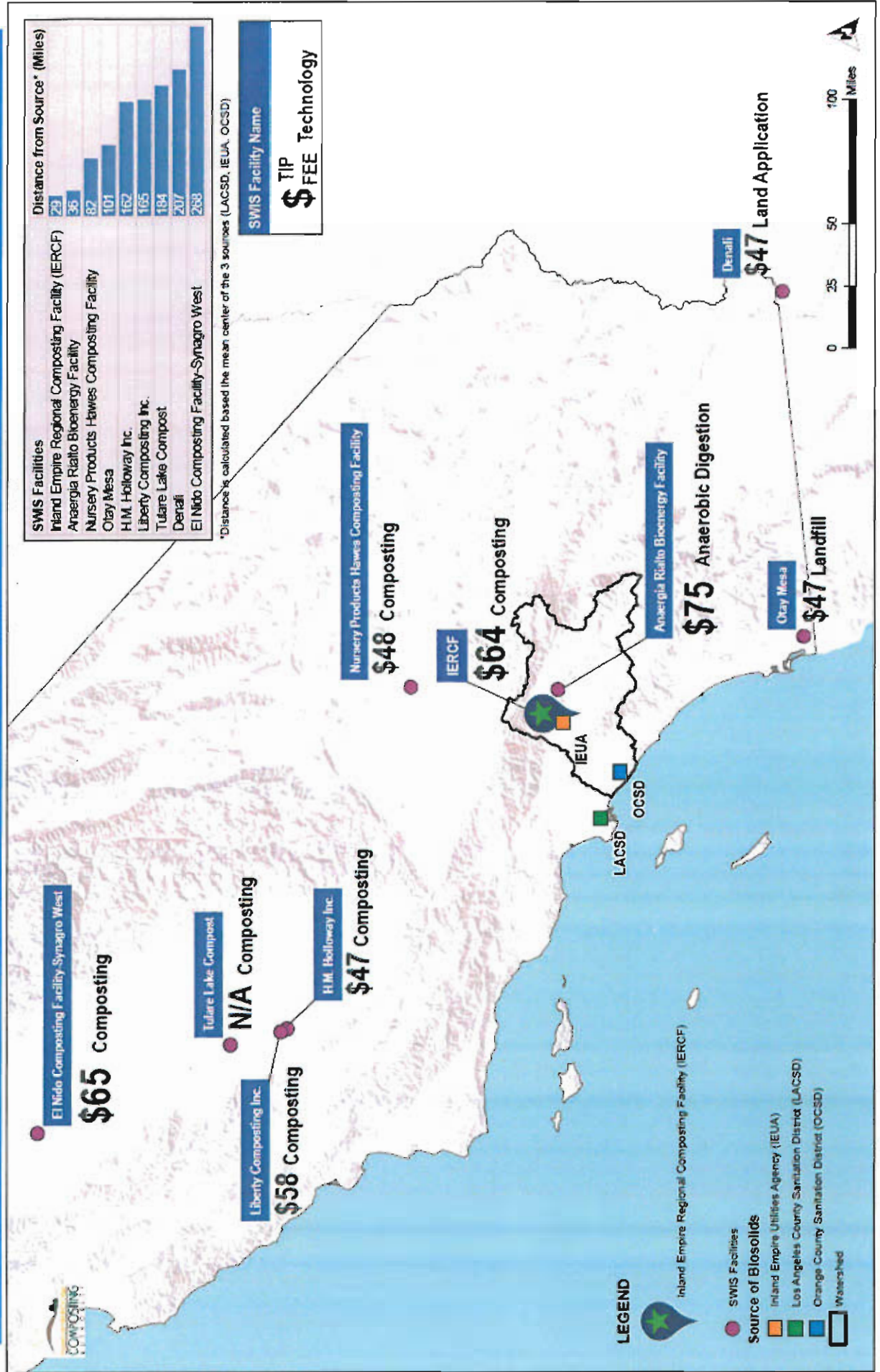


Tulare Lake Compost cost information not available due to start up

SWIS Facilities	Distance from Source* (Miles)
Inland Empire Regional Composting Facility (IERCF)	29
Anaeragia Rialto Bioenergy Facility	36
Nursery Products Hawes Composting Facility	82
Otay Mesa	101
H.M. Holloway Inc.	162
Liberty Composting Inc.	165
Tulare Lake Compost	184
Denali	207
El Nido Composting Facility-Synagro West	268

*Distance is calculated based the mean center of the 3 sources (LACSD, IEUA, OCSD)

SWIS Facility Name	TIP	FEE	Technology
Inland Empire Regional Composting Facility (IERCF)	\$64	Composting	
Nursery Products Hawes Composting Facility	\$48	Composting	
Anaeragia Rialto Bioenergy Facility	\$75	Anaerobic Digestion	
Otay Mesa	\$47	Landfill	
Denali	\$47	Land Application	



- LEGEND**
- Inland Empire Regional Composting Facility (IERCF)
 - SWIS Facilities
 - Source of Biosolids
 - Inland Empire Utilities Agency (IEUA)
 - Los Angeles County Sanitation District (LACSD)
 - Orange County Sanitation District (OCSD)
 - Watershed





IERCF Roof Solar Addition Project Update

Project No: EN0000000016



EN000000016 -- IERCF Roof Solar Addition Project Update

Project Goal: Addition of renewable energy.

- Advanced Microgrid Solutions (AMS) hosted an interactive training with multiple parties:
 - IEUA
 - IERCA
 - West Hills Construction (Solar Contractor)
 - Core States (Battery Storage Contractor)
- The purpose of this training was to:
 - Ensure proper operation
 - Identify responsible parties



AMS Solar and Battery Performance in March 2019

- Estimated Bill Savings: \$16,495*
- Peak Reduction: 1,543 kW
- Peak Incurred: 5,035 kW
- Solar production: 189,277 kWh



AMS Solar and Battery Performance in March 2019

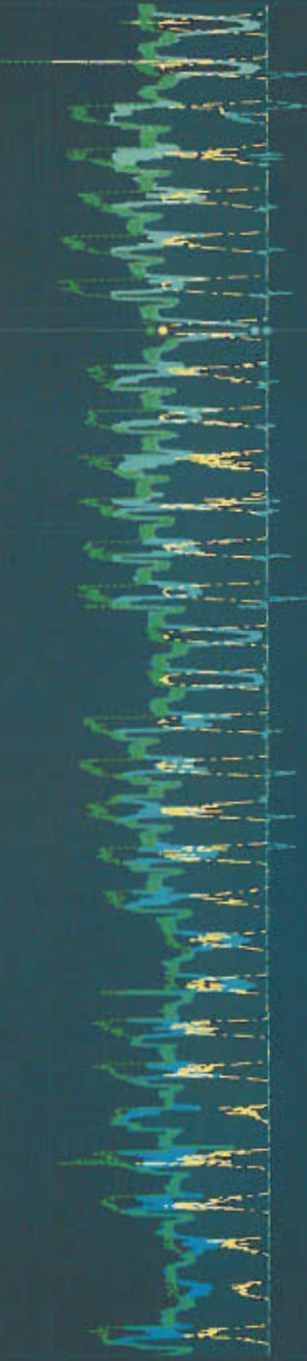
Energy usage & Battery charge

Custom date range

Energy usage for 3/1/2019 - 3/31/2019

03/24/19
1:15 PM

6000 kW
4000 kW
2000 kW
0 kW

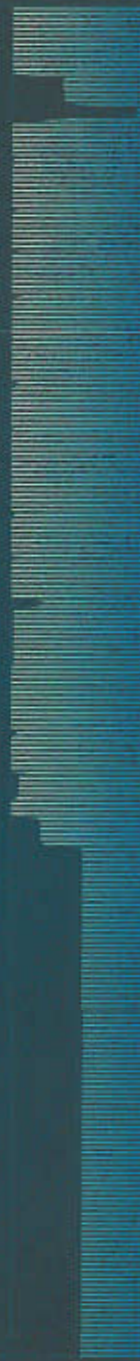


Grid 216.0 kW
Total building 2108.8 kW
On-site generation 1893.2 kW
Battery -0.4 kW

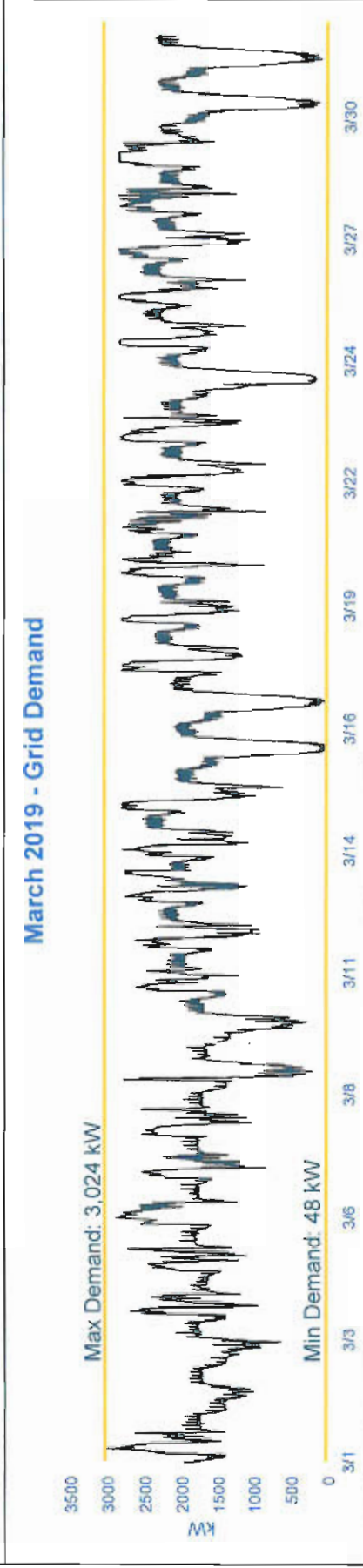
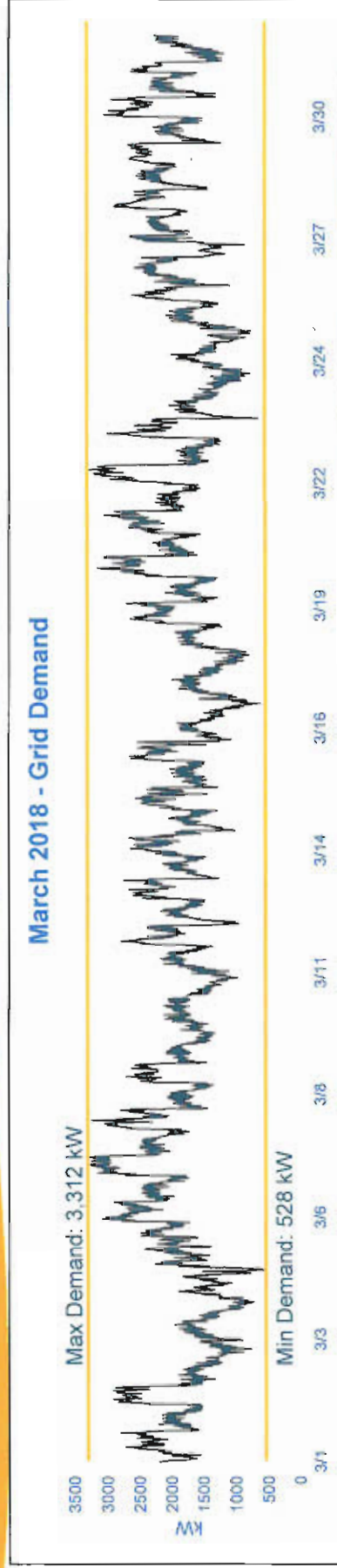
Battery charge

100.0%
50.0%
0.0%

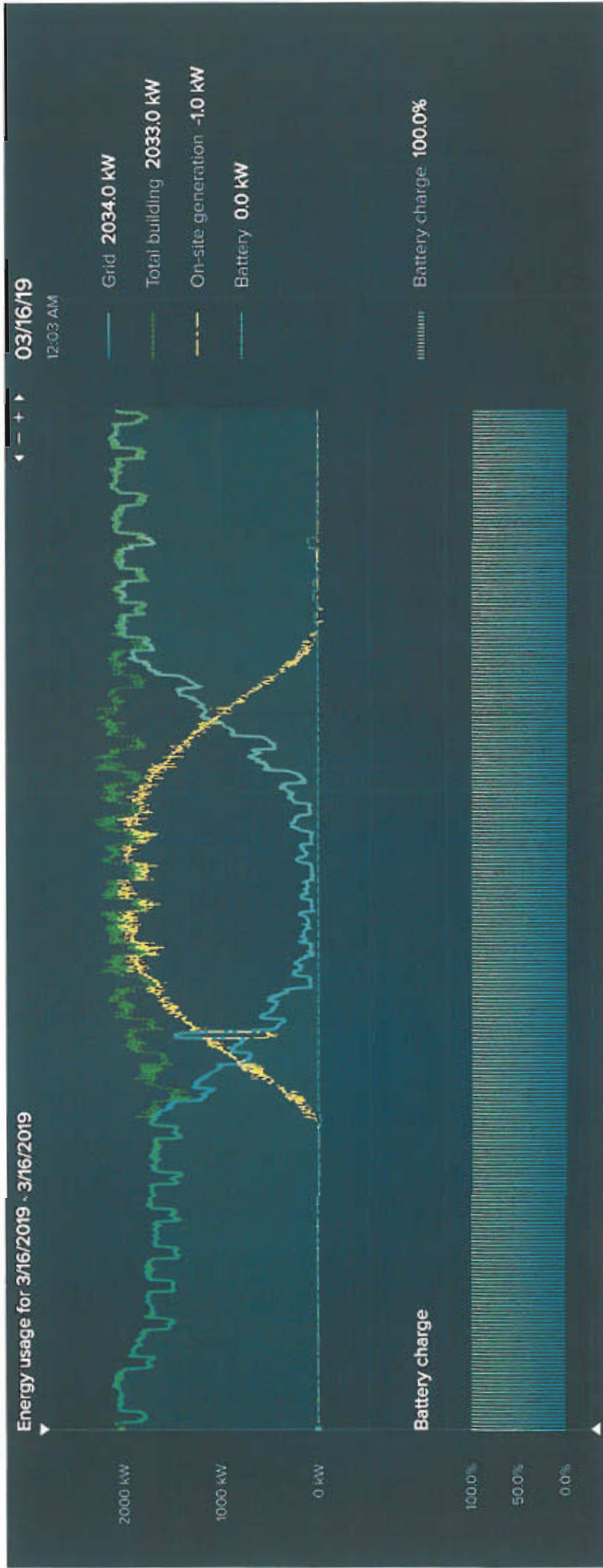
Battery charge 99.8%



March 2018 vs. March 2019 Grid Demand



Minimum Demand from the Grid: 48 kW



April 1, 2019: Battery Reacts to Increase in Demand

