



**REGULAR MEETING OF THE
BOARD OF DIRECTORS
MONDAY, MAY 01, 2023
10:00 A.M.**

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

www.ierca.org

The public may participate by attending the meeting and may provide public comment by submitting via email to the Recording Secretary at afernandez@ieua.org no later than 24 hours prior to the scheduled meeting time. Comments will be distributed to the Board of Directors.

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

FLAG SALUTE

PUBLIC COMMENT

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

ADDITIONS TO THE AGENDA

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

INTRODUCTIONS

NONE

1. CONSENT CALENDAR

A. MINUTES

The Board will be asked to approve the minutes from the February 06, 2023, regular meeting.

B. INVESTMENT AND DISBURSEMENT REPORT

It is recommended that the Board of Directors approve for the months of January 2023 - March 2023:

1. Total disbursements in the amount of \$1,468,327.33 during January 1, 2023 - March 31, 2023.

There were no new investments during this period.

2. ACTION ITEMS

A. ADOPTION OF BUDGET FOR FISCAL YEAR 2023/24

It is recommended that the Board of Directors;

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2023/24;
2. Increase the tipping fee from \$59 to \$62.50 per wet ton; and
3. Approve a capital call of \$1.5 million to be shared equally by the Inland Empire Utilities Agency (IEUA) and Los Angeles County Sanitation Districts (LACSD) to support capital improvement project costs and meet the minimum reserve balance, as needed.

B. ANNUAL MANAGEMENT PLAN

It is recommended that the Board of Directors approve the Fiscal Year 2023/24 Annual Management Plan.

C. ADOPTION OF THE INVESTMENT POLICY FOR FY 2022/23

It is recommended that the Board of Directors adopt Resolution No. 2023-05-1, approving the Authority's Investment Policy for FY 2023/24.

D. ANNUAL COMPREHENSIVE FINANCIAL REPORT

It is recommended that the Board of Directors;

1. Approve the Inland Empire Regional Composting Authority (IERCA/Authority) Annual Financial Report for the Fiscal Year ended June 30, 2022, as presented; and

2. Direct staff to distribute the report, as appropriate, to the various federal, state, and local agencies, financial institutions, and other interested parties.

E. COMPLIANCE TESTING AND BUDGET AMENDMENT

It is recommended that the Board of Directors:

1. Authorize the Project Manager expend up to \$300,000 to verify compliance with biofilter source test requirements; and,
2. Amend the IERCA Fiscal Year 2023 Budget by \$300,000; and,
3. Authorize the Project Manager to finalize and execute the agreement.

3. INFORMATION ITEMS

A. PROJECT MANAGER'S REPORT

B. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED MARCH 31, 2023

4. DIRECTOR COMMENTS

Next regular meeting is scheduled for Monday, August 07, 2023, at 10:00 a.m.

5. ADJOURN

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

Declaration of Posting

I, Adrienne Fernandez, Recording Secretary to the Inland Empire Regional Composting Authority, hereby certify that a copy of this agenda has been posted by 5:30 p.m. at the Los Angeles County Sanitation District 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, April 26, 2023.



Adrienne Fernandez, Recording Secretary

**CONSENT
CALENDAR
ITEM**

1A

**REGULAR MEETING OF THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA)
FEBRUARY 06, 2023
10:00 A.M.**

DIRECTORS PRESENT via video/teleconference:

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

STAFF PRESENT or via video/teleconference

Jeff Ziegenbein, Project Manager, IERCA
Mike Sullivan, Assistant Project Manager, IERCA
Adrienne Fernandez, Recording Secretary, IERCA
Martin Cihigoyenetché, General Counsel
Arin Boughan, Acting Manager, IERCA
Javier Chagoyen Lazaro, Treasurer, IERCA
Randy Lee, Acting Director of Finance, IEUA
Denise Garzaro, Board Secretary, Office Manager, IEUA
Christiana Daisy, Deputy General Manager, IEUA
Kristine Day, Assistant General Manager, IEUA
Marcus Coulombe, Compost Sales Coordinator, IERCA
Teresa Velarde, Manager of Internal Audit, IEUA

A regular meeting of the Board of Directors of the IERCA was held at the Inland Empire Regional Composting Authority building located at 12645 6th St. Rancho Cucamonga, California and via video/teleconference 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. Recording Secretary, Adrienne Fernandez, took a roll call and established a quorum was present.

PUBLIC COMMENT

There were no public comments.

ADDITIONS TO THE AGENDA

None

INTRODUCTIONS

Jeff Ziegenbein introduced new hires Raymond Matus and Aaron Hernandez, Compost Workers at IERCF and acknowledged Nelson Delgado on his promotion to Senior Compost Operations and Maintenance Technician.

PUBLIC HEARING

**A. PUBLIC HEARING AND ADOPTION OF RESOLUTION NO. 2023-02-01,
ADOPTING AMENDMENTS TO THE INLAND EMPIRE REGIONAL
COMPOSTING AUTHORITY CONFLICT OF INTEREST CODE**

Martin Cihigoyenetché, General Counsel, provided an explanation of the amendments made to the IERCA Conflict of Interest Code.

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

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

CONSENT CALENDAR

A. ADOPTION OF RESOLUTION NO. 2023-02-02

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

B. MINUTES

The Board approved the minutes from the November 6, 2022, regular meeting.

C. INVESTMENT AND DISBURSEMENT REPORT

The Board of Directors approved the months of October 2022 - December 2022:

1. Total disbursements in the amount of \$3,859,533.71.

No new investments during this period.

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

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

ACTION ITEMS

A. ELECTION OF OFFICERS

Martin Cihigoyenette, General Counsel, gave instructions on the election process. The Board of Directors had a brief discussion, resulting in the re-election of the current Chairman and Vice Chairperson. Jon Blickenstaff was nominated as Board Chairman. Paul Hofer was nominated as Vice Chairperson.

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

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

INFORMATION ITEMS

A. PROJECT MANAGER'S REPORT

Jeff Ziegenbein briefed the Board on the IERCF's average biosolids rate and revenue and gave a KPI's overview. He advised the Board there would be an update at the next meeting regarding SCAQMD NOV status.

INFORMATION ITEM ONLY; NO ACTION TAKEN

B. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED DECEMBER 31, 2022

Javier Chagoyen-Lazaro, IERCA Treasurer, presented the quarterly report ending December 31, 2022, with total cash, investments and restricted deposits equaled \$4,343,164 reflecting a decrease of \$1,047,206 in comparison to the September balance of \$5,400,370. He explained the decrease was primarily due higher operational disbursements.

INFORMATION ITEM ONLY; NO ACTION TAKEN

DIRECTORS' COMMENTS

None.

With no further business, Chairperson Blickenstaff adjourned the meeting at 10:38 a.m.

Adrienne Fernandez, Recording Secretary

APPROVED:

**CONSENT
CALENDAR
ITEM**

1B



Date: May 1, 2023

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Treasurer

Subject: Investment and Disbursement Report

^{DS}
JC #882

RECOMMENDATION

It is recommended that the Board of Directors approve for the months of January 2023 – March 2023:

1. Total disbursements in the amount of \$1,468,327.33 during January 1, 2023 – March 31, 2023.

There were no new investments during this period.

BACKGROUND

The January - March 2023 disbursement activity includes check numbers 8959-9000 in the amount of \$166,329.10 and ACH and Wire Transfer payments of \$1,301,998.23 for vendor payments and investment. A detailed listing of the check register and electronic disbursements (ACH/Wire) is attached.

Payment Type	Checks From – To	Transactions	Total Amount
Check	8959 - 9000	42	\$ 166,329.10
ACH		149	\$ 1,299,877.23
Wire Transfer		1	\$ 2,121.00
TOTAL		192	\$ 1,468,327.33

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

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

Inland Empire Utilities Agency

Sanitation Districts of Los Angeles County

Bank		CBB	CITIZENS BUSINESS BANK		ONTARIO CA 917610000	
Bank Key		122234149				
Acct number		CHECK	231157042			
Check						
Check number from to	Payment	Print date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
008904	2200013783	10/06/2022	USD	16,602.05	A & R TARPAILINS INC FONTANA CA	10/14/2022
008905	2200013782	10/06/2022	USD	8,073.10	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	10/11/2022
008906	2200013784	10/06/2022	USD	557.32	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	10/14/2022
008907	2200013785	10/06/2022	USD	1,894.06	MIKE'S WELDING ENTERPRISES INCFONTANA CA	10/18/2022
008908	2200013810	10/11/2022	USD	1,609.11	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	10/17/2022
008909	2200013813	10/11/2022	USD	1,962.42	BURRTEC WASTE INDUSTRIES INC FONTANA CA	10/18/2022
008910	2200013812	10/11/2022	USD	1,403.95	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	10/21/2022
008911	2200013811	10/11/2022	USD	2,367.22	CUTTING EDGE SUPPLY CO COLTON CA	10/14/2022
008912	2200013838	10/18/2022	USD	15,176.11	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	10/21/2022
008913	2200013840	10/18/2022	USD	337.99	CINTAS FIRST AID & SAFETY LOCCINCINNATI OH	10/27/2022
008914	2200013839	10/18/2022	USD	14,250.00	POWER SYSTEMS SERVICES INC CHINO CA	10/31/2022
008915	2200013841	10/18/2022	USD	6,007.26	U S BANK ST LOUIS MO	10/25/2022
008916	2200013859	10/20/2022	USD	296.95	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	10/25/2022
008917	2200013860	10/20/2022	USD	9,231.61	MIKE'S WELDING ENTERPRISES INCFONTANA CA	10/25/2022
008918	2200013882	10/27/2022	USD	3,240.73	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/01/2022
008919	2200013885	10/27/2022	USD	553.42	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	11/03/2022
008920	2200013883	10/27/2022	USD	434.00	CITY OF RANCHO CUCAMONGA RANCHO CUCAMONGA CA	11/15/2022
008921	2200013886	10/27/2022	USD	19,057.54	U S BANK ST LOUIS MO	11/04/2022
008922	2200013884	10/27/2022	USD	446.95	VERTIZON WIRELESS DALLAS TX	11/04/2022
008923	2200013910	11/03/2022	USD	7,720.12	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/07/2022
008924	2200013913	11/03/2022	USD	1,019.04	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	11/10/2022
008925	2200013911	11/03/2022	USD	1,189.77	CINTAS FIRST AID & SAFETY LOCCINCINNATI OH	11/15/2022
008926	2200013912	11/03/2022	USD	2,643.50	CUTTING EDGE SUPPLY CO COLTON CA	11/08/2022
008927	2200013924	11/08/2022	USD	4,469.97	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/14/2022
008928	2200013925	11/08/2022	USD	509.52	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	11/18/2022
008929	2200013937	11/10/2022	USD	1,757.89	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/14/2022
008930	2200013953	11/17/2022	USD	2,826.93	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/21/2022
008931	2200013955	11/17/2022	USD	4,498.86	BROFIL CLEAN AIR SOLUTIONS SPRUCE GROVE AB	
008932	2200013954	11/17/2022	USD	87.23	INLAND BOBCAT INC RIVERSIDE CA	12/05/2022
008933	2200013956	11/17/2022	USD	3,537.11	PACIFIC SOUTHWEST INDUSTRIES LAKE ELSINORE CA	11/22/2022
008934	2200013969	11/22/2022	USD	7,011.73	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	11/28/2022
008935	2200013972	11/22/2022	USD	14.70	BURRTEC WASTE INDUSTRIES INC FONTANA CA	11/29/2022
008936	2200013970	11/22/2022	USD	617.48	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	12/05/2022
008937	2200013971	11/22/2022	USD	352.62	CUCAMONGA VALLEY WATER DISTRICTLOS ANGELES CA	12/06/2022
008938	2200013997	12/01/2022	USD	1,941.23	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	12/05/2022
008939	2200013998	12/01/2022	USD	1,099.22	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	12/09/2022
008940	2200013999	12/01/2022	USD	631.56	PARKHOUSE TIRE SERVICE INC BELL GARDENS CA	12/06/2022
008941	2200013996	12/01/2022	USD	942.81	REM LOCK & KEY ONTARIO CA	12/07/2022
008942	2200014021	12/08/2022	USD	9,979.47	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	12/12/2022
008943	2200014022	12/08/2022	USD	509.52	CINTAS CORPORATION- LOCH#150 PHOENIX AZ	12/19/2022
008944	2200014043	12/15/2022	USD	29,959.40	A & R TARPAILINS INC FONTANA CA	
008945	2200014040	12/15/2022	USD	2,281.63	APPLIED INDUSTRIAL TECHNOLOGIEPASADENA CA	
008946	2200014045	12/15/2022	USD	9,824.00	BROFIL CLEAN AIR SOLUTIONS SPRUCE GROVE AB	12/19/2022
008947	2200014047	12/15/2022	USD	1,241.21	BURRTEC WASTE INDUSTRIES INC FONTANA CA	12/21/2022

Bank		CBB		CITIZENS BUSINESS BANK		ONTARIO CA 917610000	
Bank Key		122234149					
Acct number		CHECK		231157042			
Check							
Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void	
008948	2200014044	12/15/2022	USD	622.95	CINTAS CORPORATION- LOC#150 PHOENIX AZ	01/04/2023	
008949	2200014042	12/15/2022	USD	577.17	CINTAS FIRST AID & SAFETY LOC#CINCINNATI OH	01/04/2023	
008950	2200014046	12/15/2022	USD	374.99	CUCAMONGA VALLEY WATER DISTRICT#LOS ANGELES CA	12/22/2022	
008951	2200014041	12/15/2022	USD	174.03	NADMANN HOBBS MATERIAL HANDLING#PASADENA CA	12/20/2022	
008952	2200014068	12/22/2022	USD	3,360.80	A & R TARPAILLINS INC FONTANA CA		
008953	2200014067	12/22/2022	USD	4,707.74	APPLIED INDUSTRIAL TECHNOLOGIES#PASADENA CA	12/27/2022	
008954	2200014069	12/22/2022	USD	617.25	CINTAS CORPORATION- LOC#150 PHOENIX AZ	01/04/2023	
008955	2200014084	12/29/2022	USD	617.25	CINTAS CORPORATION- LOC#150 PHOENIX AZ		
008956	2200014082	12/29/2022	USD	4,738.94	KAMAN INDUSTRIAL TECHNOLOGIES LOS ANGELES CA	01/03/2023	
008957	2200014085	12/29/2022	USD	7,456.88	VALLEY SPLICING INC NORCO CA		
008958	2200014083	12/29/2022	USD	1,190.79	VERIZON WIRELESS DALLAS TX		
* Payment method Check			USD	224,607.10			

Total of all entries

Check Register
CBB Disbursement Account -Oct'22-Dec'22

01/06/2023 / 12:05:07
User: CCAMPBELL
Page: 3

Check number from to	Payment	Prnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
**			USD	224,607.10		

Check	Payee / Description	Amount
ACH	HAAKER EQUIPMENT COMPANY Floorsweeper	M1A02I 98,989.16
	HAAKER EQUIPMENT COMPANY	\$ 98,989.16
ACH	HOME DEPOT CREDIT SERVICES Hose, Buckets, Connectors, Wrench Set, Dynaf Conduit, Squeegees, Rakes, Gloves, Elbows Cabinet E Deposit Frees Rubber Straps, Box Cover, Extension Cords,	9012449 366.43 4610794 278.47 1258007 382.50 1903277 350.00 1258462 656.70 3622592 137.63
	HOME DEPOT CREDIT SERVICES	\$ 2,171.73
ACH	WAXIE SANITARY SUPPLY Kitchen Towels	81196405 91.72
	WAXIE SANITARY SUPPLY	\$ 91.72
ACH	GRAINGER INC HPS Blubs	9454727729 155.03
	GRAINGER INC	\$ 155.03
ACH	DELL MARKETING L P Computer, Laptop, Monitor, Base, Soundbar Dell Latitude, Dell Thunderbolt Dock	10610704764 2,621.82 10607328225 1,957.80
	DELL MARKETING L P	\$ 4,579.62
ACH	KONICA MINOLTA BUSINESS SOLUTI 11/13/21-12/12/21 Maintenance Agreement- 5/13/22-5/29/22 Maintenance Agreement-C4 4/13/22-5/12/22 Maintenance Agreement-C4 4/1/22-4/5/22 Maintenance Agreement-C452 3/13/22-4/12/22 Maintenance Agreement-C4 2/1/22-4/5/22 Maintenance Agreement-C452 2/1/22-2/28/22 Maintenance Agreement-C45 2/13/22-3/12/22 Maintenance Agreement-C4 1/13/22-2/12/22 Maintenance Agreement-C4 12/1/21-12/31/21 Maintenance Agreement-C 1/1/22-1/31/22 Maintenance Agreement-C45 12/13/21-1/12/22 Maintenance Agreement-C	9008251148 17.27 9008658573 9.57 9008593225 5.32 9008568027 3.35 9008526424 5.55 9008515360 20.35 9008423029 202.30 9008451101 8.02 9008384895 5.19 9008292373 93.26 9008358317 70.36 9008318352 8.06
	KONICA MINOLTA BUSINESS SOLUTI	\$ 448.60
ACH	PALM AUTO DETAIL INC 9/22 Carwash Svcs f/Agency Fleet Vehicle	22989-1 601.40
	PALM AUTO DETAIL INC	\$ 601.40
ACH	REOTEMP INSTRUMENTS CORP USB Wireless Interface	0348209-IN 457.50
	REOTEMP INSTRUMENTS CORP	\$ 457.50
ACH	MIKE BUBALO CONSTRUCTION CO IN	

Check	Payee / Description		Amount
	RA22001-Ret Rls 1-Final	RA22001-RET R	2,676.00
			- - - - -
	MIKE BUBALO CONSTRUCTION CO IN\$		2,676.00
ACH	RDO EQUIPMENT COMPANY		
	Cutting Edge,Plow Bolt,Nut	P7365535	821.40
	Credit f/ Cutting Edges,Plow Bolt, Nut-I	P8220435	821.40-
	Fuel Cap	P7919535	68.62
	Hose Clamp,Tube,Hydraulic	P8575635	709.33
	Repair Loader-A/C System,Refrigerant Hos	W8515135	3,890.64
	Travel Warning Alarm	P8577035	121.44
	Fuel Cap	P7838635	30.35
			- - - - -
	RDO EQUIPMENT COMPANY	\$	4,820.38
ACH	ALTA FOODCRAFT		
	Coffee,Hot Cocoa,Stirrers,Pot Cleaner	12245503	150.92
			- - - - -
	ALTA FOODCRAFT	\$	150.92
ACH	DAVID WHEELER'S PEST CONTROL I		
	9/12/22-Refill Rat Boxes	63478	928.00
	9/22 Quarterly Spider Treatment	63312	190.00
			- - - - -
	DAVID WHEELER'S PEST CONTROL I\$		1,118.00
ACH	TRICO CORPORATION		
	7/22/22 Oil Analysis	P63551	35.00
	8/22/22 Oil Analysis	P63552	105.00
	8/22/22 Oil Analysis	P63557	70.00
	8/22/22 Oil Analysis	P63555	210.00
	8/22/22 Oil Analysis	P63556	378.00
			- - - - -
	TRICO CORPORATION	\$	798.00
ACH	BEJAC CORPORATION		
	Air Filters	C12179	492.80
			- - - - -
	BEJAC CORPORATION	\$	492.80
ACH	EGGLETON TRUCKING INC		
	9/21/22 Compost Hauling	4566	15,577.38
	9/22-9/23/22 Domenigoni Compost Hauling	4565	9,586.08
			- - - - -
	EGGLETON TRUCKING INC	\$	25,163.46
ACH	PRIORITY BUILDING SERVICES LLC		
	7/22 RCA Janitorial Services	84268	1,204.31
			- - - - -
	PRIORITY BUILDING SERVICES LLC\$		1,204.31
ACH	VIRAMONTES EXPRESS INC		
	9/7/22-9/14/22 Compost Hauling	127087	5,328.54
			- - - - -
	VIRAMONTES EXPRESS INC	\$	5,328.54
ACH	MODULAR BUILDING CONCEPTS INC		
	9/22 Trailer/Step/Ramp Rental	213752	921.26
			- - - - -

Check	Payee / Description	Amount
	MODULAR BUILDING CONCEPTS INC \$	921.26
ACH	FRONTIER PERFORMANCE LUBRICANT Silver 70 NLGI #1 Grease LBA1915655	3,594.20
	FRONTIER PERFORMANCE LUBRICANT\$	3,594.20
ACH	INLAND EMPIRE WINDUSTRIAL CO Nipples,Bush Imp 042204 01 1,457.04 Couplings 042351 01 113.27	1,570.31
	INLAND EMPIRE WINDUSTRIAL CO \$	1,570.31
ACH	AGRICULTURAL SOIL PRODUCTS LLC 8/8/22 103.77 Cyds Wood Bio Filter Media 13724 2,282.94 8/22-8/26/22 575.25 Cyds Wood Bio Filter 13767 12,655.50 8/29-8/31/22 327.72 Cyds Wood Bio Filter 13782 7,700.00	22,638.44
	AGRICULTURAL SOIL PRODUCTS LLC\$	22,638.44
ACH	HOLLADAY AG SERVICES INC 9/21/22 46 Loads Spreading Services 477	9,082.48
	HOLLADAY AG SERVICES INC \$	9,082.48
ACH	HAAKER EQUIPMENT COMPANY 9/6/22-9/19/22 Sweeper Rental INV. E1A0DI 3,735.50 8/9/22-9/5/22 Sweeper Rental INV. E1A0BR 4,417.75	8,153.25
	HAAKER EQUIPMENT COMPANY \$	8,153.25
ACH	HARRINGTON INDUSTRIAL PLASTICS Couplings 012M0479	41.71
	HARRINGTON INDUSTRIAL PLASTICS\$	41.71
ACH	SOUTHWEST ALARM SERVICE 9/22 Rpr Alarm Service 078526	1,133.12
	SOUTHWEST ALARM SERVICE \$	1,133.12
ACH	KONICA MINOLTA BUSINESS SOLUTI 8/1/21-8/31/21 Maintenance Agreement-C45 9008017661 138.35 11/1/21-11/30/21 Maintenance Agreement-C 9008223318 101.65 10/13/21-11/12/21 Maintenance Agreement- 9008183095 23.20 10/13/21-10/31/21 Maintenance Agreement- 9008157489 203.30	466.50
	KONICA MINOLTA BUSINESS SOLUTI\$	466.50
ACH	RDO EQUIPMENT COMPANY Hy-Gard Oil P8702635	3,057.77
	RDO EQUIPMENT COMPANY \$	3,057.77
ACH	VIRAMONTES EXPRESS INC 9/19/22-9/24/22 Compost Hauling 127201	14,677.50
	VIRAMONTES EXPRESS INC \$	14,677.50

Check	Payee / Description	Amount
	Stapler,Dry-Erase Whiteboard,Glass Cubic 3519550617	485.72
	STAPLES CONTRACT & COMMERCIAL \$	485.72
ACH	SOLAR STAR CALIFORNIA VI LLC	
	8/2022 Solar 12811 Sixth St E02M0612-5871	25,226.74
	7/2022 Solar 12811 Sixth St E02M0612-5744	26,392.86
	SOLAR STAR CALIFORNIA VI LLC \$	51,619.60
ACH	INLAND EMPIRE UTILITIES AGENCY	
	8/22 NRW Charges 90032587	1,935.88
	7/21-6/22 NRWSCU Exceedance Chgs 90032485	4,329.42
	INLAND EMPIRE UTILITIES AGENCY\$	6,265.30
ACH	HARRINGTON INDUSTRIAL PLASTICS	
	Filter 012M0603	3,558.75
	HARRINGTON INDUSTRIAL PLASTICS\$	3,558.75
ACH	HOME DEPOT CREDIT SERVICES	
	Diamond Braid Polypro Roll 5614769	24.76
	HOME DEPOT CREDIT SERVICES \$	24.76
ACH	FAIRBANKS SCALES INC	
	9/30/22 Service Triple Platform Truck Sc 1612781	1,925.00
	FAIRBANKS SCALES INC \$	1,925.00
ACH	BERNELL HYDRAULICS	
	Hose Compact Spiral,O-Ring,Crimp 0440790-IN	1,079.87
	BERNELL HYDRAULICS \$	1,079.87
ACH	AEROTEK INC	
	Hernandez,A W/E 9/24/22 24 Hours EV00082865-A	955.68
	Trunick,S W/E 9/24/22 24 Hours EV00082865-B	955.68
	Hernandez,A W/E 10/1/22 40 Hours EV00085173-A	1,592.80
	Trunick,S W/E 9/24/22 39.5 Hours EV00085173-B	1,572.89
	AEROTEK INC \$	5,077.05
ACH	RDO EQUIPMENT COMPANY	
	Filters P8884635	426.45
	RDO EQUIPMENT COMPANY \$	426.45
ACH	RESOURCE MACHINERY & ENGINEERI	
	Trommel Screens 3183	23,155.27
	RESOURCE MACHINERY & ENGINEERI\$	23,155.27
ACH	BEJAC CORPORATION	
	Rpr Loader-Rear Wiper W09579	1,038.41
	BEJAC CORPORATION \$	1,038.41

Check	Payee / Description	Amount
ACH	EGGLETON TRUCKING INC 9/26/22 Compost Hauling	4643.01 720.72
	EGGLETON TRUCKING INC \$	720.72
ACH	VIRAMONTES EXPRESS INC 9/27/22-10/3/22 Compost Hauling	127293 6,892.20
	VIRAMONTES EXPRESS INC \$	6,892.20
ACH	STAPLES CONTRACT & COMMERCIAL Black Ink	3520134056 184.83
	STAPLES CONTRACT & COMMERCIAL \$	184.83
ACH	AGRICULTURAL SOIL PRODUCTS LLC 10/3-10/6/22 587.22 Cyds Bio Filter Medi 13862	12,918.84
	AGRICULTURAL SOIL PRODUCTS LLC\$	12,918.84
ACH	HOLLADAY AG SERVICES INC 10/4/22 101 Loads Spreading Services-Dom 489	19,487.36
	HOLLADAY AG SERVICES INC \$	19,487.36
ACH	Inland Empire Utilities Agency June 2022 O&M Charges-IEUA Interco Billi SAP0622-RCAO& June 2022 O&M Charges-IEUA Interco Billi SAP0622-RCAO& June 2022 O&M Charges-IEUA Interco Billi SAP0522-RCAO& June 2022 L&B Charges-IEUA Interco Billi SAP0622-RCAL& June 2022 O&M Charges-IEUA Interco Billi SAP0622-RCAO& May 2022 L&B Charges-IEUA Interco Billin SAP0522-RCAL&	49,135.29- 49,135.29 24,627.50 289,450.95 8,442.37 312,856.75
	Inland Empire Utilities Agency\$	635,377.57
ACH	CITY RENTALS INC 14 Gals Propane 14.1 Gals Propane Air Compressor Repair 9/19/22-9/21/22 Submersible Pump Rental 15 Propane Gas 7/8/22 Air Hammer Rental 6/20/22-7/11/22 Air Compressor Rental Gas Refill f/Rental 8/1/22-8/2/22 Scissorlift Rental	97196 65.02 96657 65.48 W2407 1,867.24 98083 124.20 97001 69.66 96577 139.80 94984B 1,676.70 97885 107.28 97096 355.00
	CITY RENTALS INC \$	4,470.38
ACH	PATTON SALES CORP CRS Rounds,Electrode Sticks Flats-See CM 4398490 Credit f/Flats-See Inv 4398478 Tubing	4467614 841.05 4398478 90.94 4398490 90.94- 4485927 632.71
	PATTON SALES CORP \$	1,473.76
ACH	AEROTEK INC Hernandez,A W/E 10/08/22 24 Hours Trunick,S W/E 10/08/22 39.5 Hours	EV00087497-A 955.68 EV00087497-B 1,572.89

Check	Payee / Description		Amount
	AEROTEK INC	\$	2,528.57
ACH	AUTOZONE PARTS INC Motorcrafts,Oil Filter	5623971014	151.24
	AUTOZONE PARTS INC	\$	151.24
ACH	AEROTEK INC Parker,J W/E 12/25/21 24 Hours	OC5275020	955.68
	AEROTEK INC	\$	955.68
ACH	RDO EQUIPMENT COMPANY Bolts,Nuts,Lock Washers Bushing,Washer Turbocharger	P9020035 P9019935 P8884335	25.04 27.10 3,092.50
	RDO EQUIPMENT COMPANY	\$	3,144.64
ACH	CARRIER CORPORATION Replace Condensor Coil	90212146	16,975.00
	CARRIER CORPORATION	\$	16,975.00
ACH	DOWNNS ENERGY 2,008.70 Gals Red Dyed Diesel Fuel	0306163-IN	10,380.24
	DOWNNS ENERGY	\$	10,380.24
ACH	TRICO CORPORATION 8/17/22-9/6/22 Oil Analysis 6/22/22 Oil Analysis 8/9/22-8/10/22 Oil Analysis 7/4/22-8/23/22 Oil Analysis	P63805 P63806 P63811 P63810	315.00 25.00 140.00 294.00
	TRICO CORPORATION	\$	774.00
ACH	BEJAC CORPORATION Power Wheel Loader L566	E00020	611,481.25
	BEJAC CORPORATION	\$	611,481.25
ACH	EGGLETON TRUCKING INC 10/4/22 Compost Hauling-Winchester 10/10-10/12/22 Compost Hauling-Domenigon 10/10/22 Compost Hauling-Winchester 10/7/22 Compost Hauling-Domenigon 10/14/22 Compost Hauling-Marvo	4637 4657 4659 4636 4658	1,188.75 6,133.95 408.93 1,188.75 2,862.51
	EGGLETON TRUCKING INC	\$	11,782.89
ACH	VIRAMONTES EXPRESS INC 9/29/22-10/7/22 Compost Hauling	127316	5,960.00
	VIRAMONTES EXPRESS INC	\$	5,960.00
ACH	STAPLES CONTRACT & COMMERCIAL Paper Shipping Address Labels	3521089526	14.00

Check	Payee / Description	Amount
	Rectangle Paper 3521089525	60.01
	STAPLES CONTRACT & COMMERCIAL \$	74.01
ACH	INLAND EMPIRE WINDUSTRIAL CO	
	Natural Color Sheets 041617 01	3,426.45
	Additional Freight for Inv 041784 01 041784 02	26.14
	INLAND EMPIRE WINDUSTRIAL CO \$	3,452.59
ACH	LIBERTY LANDSCAPING INC	
	10/22 Monthly Maintenance 111538	919.00
	LIBERTY LANDSCAPING INC \$	919.00
ACH	NETFILE INC	
	10/11/22-10/10/23 Annl Subscription Form 8271	500.00
	NETFILE INC \$	500.00
ACH	INLAND EMPIRE UTILITIES AGENCY	
	7/22 NRW Charges 90032337	1,966.84
	INLAND EMPIRE UTILITIES AGENCY\$	1,966.84
ACH	CITY RENTALS INC	
	9/8-9/26/22 Boomlift Rental 97844	2,305.00
	CITY RENTALS INC \$	2,305.00
ACH	SOUTHWEST ALARM SERVICE	
	Feb 22 Monitoring Sec. Sys 076057	462.00
	SOUTHWEST ALARM SERVICE \$	462.00
ACH	TRICO CORPORATION	
	8/10-8/30/22 Oil Analysis P63812	182.00
	TRICO CORPORATION \$	182.00
ACH	INLAND EMPIRE UTILITIES AGENCY	
	9/2022 Bldg Lease Pymt 90032705	7,416.31
	9/22 NRW Charges 90032742	1,877.26
	INLAND EMPIRE UTILITIES AGENCY\$	9,293.57
ACH	HAAKER EQUIPMENT COMPANY	
	Filters,Brooms CIA1VD	1,589.71
	HAAKER EQUIPMENT COMPANY \$	1,589.71
ACH	HOME DEPOT CREDIT SERVICES	
	Premium Adhesive,Magnetic Hooks,Armor Al 7514833	508.48
	Credit f/7.5 Amp Xlocks-Inv 304154 1253869	213.35
	Wds Slnt,Grinder Side Switches,Caulk Gun 9015523	597.78
	7.5 Amp Xloks, Shrt Slv Shirts,Scrprs,Pt 3014154	521.92
	HOME DEPOT CREDIT SERVICES \$	1,414.83

Check	Payee / Description		Amount
ACH	GRAINGER INC		
	Lockout Stations	9493591532	274.40
	Flagging Tape, Replacement Sensor, Batteri	9466356491	3,425.42
	Adhesive Kit, Flap Wheel, Fiber Disc	9465037662	391.01
	Valves	9493591540	281.06

	GRAINGER INC	\$	4,371.89
ACH	BERNELL HYDRAULICS		
	John Deere Cylinder Repair	0440871-IN	3,765.87

	BERNELL HYDRAULICS	\$	3,765.87
ACH	CHAMPION FIRE SYSTEMS INC		
	Fire Sprinklers	64646	2,550.98

	CHAMPION FIRE SYSTEMS INC	\$	2,550.98
ACH	RDO EQUIPMENT COMPANY		
	Cab Filter	P8981035	18.64
	Skid Steer Loader, Broom, Dirt Bucket	E1155635	74,052.28
	Fuel Caps	P9088435	137.23
	Air Filters, Oil Filters, Fuel Filters	P9075835	348.30
	Bolt	P9177635	46.76

	RDO EQUIPMENT COMPANY	\$	74,603.21
ACH	BEJAC CORPORATION		
	Paint	C02413	350.37
	Hose Repair Kit	C02434	873.29

	BEJAC CORPORATION	\$	1,223.66
ACH	EGGLETON TRUCKING INC		
	10/17-10/18/22 Compost Hauling-Nuevo	4697	1,465.44
	10/18/22 Compost Hauling-Brea	4695.01	372.81
	10/17-10/18/22 Compost Hauling-Marvo	4696	2,862.51

	EGGLETON TRUCKING INC	\$	4,700.76
ACH	VIRAMONTES EXPRESS INC		
	10/10/22-10/17/22 Compost Hauling	127427	7,618.74
	10/11/22-10/18/22 Compost Hauling	127390	23,336.52
	10/18-10/25/22 Compost Hauling	127462	20,381.44

	VIRAMONTES EXPRESS INC	\$	51,336.70
ACH	INLAND EMPIRE WINDUSTRIAL CO		
	Natural Color Sheets	041617 02	19,182.19

	INLAND EMPIRE WINDUSTRIAL CO	\$	19,182.19
ACH	HOLLADAY AG SERVICES INC		
	10/16/22 56 Loads Spreading Services-Dom 494		10,725.84

	HOLLADAY AG SERVICES INC	\$	10,725.84
ACH	PARAGON SPRAY FOAM INC		
	Install Spray Foam Insulation	364	3,587.00

Check	Payee / Description	Amount
	PARAGON SPRAY FOAM INC \$	3,587.00
ACH	SOLAR STAR CALIFORNIA VI LLC 9/2022 Solar 12811 Sixth St E02M0612-5959	20,595.45
	SOLAR STAR CALIFORNIA VI LLC \$	20,595.45
ACH	COUNTY SANITATION DISTRICTS 9/2022 Construction Inspection,Health,Sa 37830 204.00 8/2022 Construction Inspection,Health,Sa 37651 101.00	
	COUNTY SANITATION DISTRICTS \$	305.00
ACH	AEROTEK INC Trunick,S W/E 10/22/22 40 Hours EV00092193-B 1,592.80 Morales Jr,C W/E 7/16/22 24 Hours EV00058978 955.68 Hernandez,A W/E 10/22/22 40 Hours EV00092193-A 1,592.80	
	AEROTEK INC \$	4,141.28
ACH	DAVID WHEELER'S PEST CONTROL I 10/22 Pest Control 63759	31.00
	DAVID WHEELER'S PEST CONTROL I\$	31.00
ACH	BEJAC CORPORATION Late Fee for Inv C00072 C00072 LATE F 245.62 Late Fee for Inv C05486 C05486 LATE F 1.00 Late Fee for Inv W05044 W05044 LATE F 179.44 Late Fee for Inv C09250 C09250 LATE F 14.21 Late Fee for Inv R39026 R39026 LATE F 147.88 Late Fee for Inv W05409 W05409 LATE F 57.75	
	BEJAC CORPORATION \$	645.90
ACH	STAPLES CONTRACT & COMMERCIAL Cork Enclosed Bulletin Board 3492681151	507.61
	STAPLES CONTRACT & COMMERCIAL \$	507.61
ACH	RADAR ENVIRONMENTAL INC 10/22 Monthly Site Survey 1856	52.50
	RADAR ENVIRONMENTAL INC \$	52.50
ACH	AGRICULTURAL SOIL PRODUCTS LLC 10/24-10/28/22 588.21 Cyds Bio Filter Me 13909	12,940.62
	AGRICULTURAL SOIL PRODUCTS LLC\$	12,940.62
ACH	HAAKER EQUIPMENT COMPANY Pressure Switch,Controller, Oil/Fuel Fil W72321	5,578.76
	HAAKER EQUIPMENT COMPANY \$	5,578.76
ACH	PALM AUTO DETAIL INC 10/22 Carwash Svcs f/Agency Fleet Vehicl 221089-1	620.00

Check	Payee / Description	Amount
	PALM AUTO DETAIL INC	\$ 620.00
ACH	AEROTEK INC Trunick,S W/E 10/15/22 36 Hours EV00089809-B 1,298.96 Hernandez,A W/E 10/15/22 24 Hours EV00089809-A 955.68	
	AEROTEK INC	\$ 2,254.64
ACH	AON RISK INSURANCE SERVICES WE 10/20/22-10/20/23 Excess Liability Cover 8700000606003 16,682.81 10/20/21-10/20/22 General Liability 8700000605888 29,312.00	
	AON RISK INSURANCE SERVICES WE\$	45,994.81
ACH	RDO EQUIPMENT COMPANY Rpr Loader-F/Veh 0624-Air Conditoning Di W8620035 4,564.70 Repair Loader 1402-Control Valve W8659935 17,722.40 Cylinder P8617135 1,468.17	
	RDO EQUIPMENT COMPANY	\$ 23,755.27
ACH	DAVID WHEELER'S PEST CONTROL I 9/22 Monthly Pest Control 63225 31.00	
	DAVID WHEELER'S PEST CONTROL I\$	31.00
ACH	DOWNNS ENERGY 2,200.10 Gals Dyed Diesel Fuel 0307343-IN 9,541.23 Diesel Exhaust Fluid DEF 55Gal 0306654-IN 531.94 1,828.20 Gals Red Dyed Diesel Fuel-Inv 0 305512C-CM 8,590.93-	
	DOWNNS ENERGY	\$ 1,482.24
ACH	VIRAMONTES EXPRESS INC 10/27-11/2 Compost Hauling 127521 6,967.22	
	VIRAMONTES EXPRESS INC	\$ 6,967.22
ACH	HOLLADAY AG SERVICES INC 11/1/22 99 Loads Spreading Services-Marv 503 18,774.16	
	HOLLADAY AG SERVICES INC	\$ 18,774.16
ACH	INLAND EMPIRE UTILITIES AGENCY 7/22-9/22 1Q22 Strength Charges 90032886 3,043.55	
	INLAND EMPIRE UTILITIES AGENCY\$	3,043.55
ACH	SOUTHWEST ALARM SERVICE 10/2022 Monitoring Security System 078360 462.00 11/2022 Monitoring Security System 078641 462.00	
	SOUTHWEST ALARM SERVICE	\$ 924.00
ACH	INDUSTRIAL SUPPLY CO Flanges,Bolts,Screws,Nuts 7369 271.30	
	INDUSTRIAL SUPPLY CO	\$ 271.30

Check	Payee / Description		Amount
ACH	RDO EQUIPMENT COMPANY		
	Diagnose Problem for Cat Skid Steer	W8426935	1,253.58
	Pump	P9269035	113.29
	Bobcat Skidsteer-Diagnose Problem-VQUI40	W8662935	1,222.10
	Rpr Loader-A/C Compressor 644J	W8747735	2,155.72
	Rpr Loader-Replaced Bell Crank	W8726635	4,559.67
	Rpr Loader-Replaced Turbocharger	W8715835	10,674.25
			- - - - -
	RDO EQUIPMENT COMPANY	\$	19,978.61
ACH	DAVID WHEELER'S PEST CONTROL I		
	10/24/22-Refill Rat Boxes	63987	928.00
			- - - - -
	DAVID WHEELER'S PEST CONTROL I\$		928.00
ACH	BEJAC CORPORATION		
	Maintenance Loader 2606	C02459	12,918.83
			- - - - -
	BEJAC CORPORATION	\$	12,918.83
ACH	VIRAMONTES EXPRESS INC		
	10/28/22-11/7/22 Compost Hauling	127555	6,823.71
	10/25/22-10/27/22 Compost Hauling	127473	8,500.46
			- - - - -
	VIRAMONTES EXPRESS INC	\$	15,324.17
ACH	CP GENERATOR INC		
	Sweeper Warranty-3 Yrs	89578	301.70
	T Plug	89657	204.73
			- - - - -
	CP GENERATOR INC	\$	506.43
ACH	AGRICULTURAL SOIL PRODUCTS LLC		
	10/10/22-10/14/22 685.37 Yards of Bio Fi	13876	15,078.14
	11/1/22-11/4/22 473.70 Cyds Bio Filter M	13947	10,421.40
	10/17/22-10/21/22 650.31 Cyds Bio Filter	13891	14,306.82
			- - - - -
	AGRICULTURAL SOIL PRODUCTS LLC\$		39,806.36
ACH	AEROTEK INC		
	Trunick,S W/E 10/29/22 40 Hours	EV00094149-B	1,592.80
	Hernandez,A W/E 10/29/22 37.85 Hours	EV00094149-A	1,507.19
			- - - - -
	AEROTEK INC	\$	3,099.99
ACH	RDO EQUIPMENT COMPANY		
	SkidSteer Engine Diagnosis-VQUI0420	W8664335	404.00
	Rpr Loader-Miscell Diagnostics	W8767835	987.50
			- - - - -
	RDO EQUIPMENT COMPANY	\$	1,391.50
ACH	ALTA FOODCRAFT		
	Coffee, Sweetener, Sugar, Cocoa, Tea	12250891	304.21
			- - - - -
	ALTA FOODCRAFT	\$	304.21
ACH	TRICO CORPORATION		
	8/4/22-8/17/22 Oil Analysis	P64136	385.00
	8/22/22-10/22/22 Oil Analysis	P64142	322.00

Check	Payee / Description		Amount
	8/9/22-9/12/22 Oil Analysis	P64141	105.00
	8/9/22 Oil Analysis	P64140	56.00
	9/30/22 Oil Analysis	P64137	105.00
			- - - -
	TRICO CORPORATION	\$	973.00
ACH	PRIORITY BUILDING SERVICES LLC		
	10/22 RCA Janitorial Services	85546	1,204.31
			- - - -
	PRIORITY BUILDING SERVICES LLC\$		1,204.31
ACH	MODULAR BUILDING CONCEPTS INC		
	11/22 Trailer/Step/Ramp Rental	214607	1,050.56
			- - - -
	MODULAR BUILDING CONCEPTS INC \$		1,050.56
ACH	LIBERTY LANDSCAPING INC		
	11/22 Monthly Maintenance	112376	919.00
			- - - -
	LIBERTY LANDSCAPING INC	\$	919.00
ACH	IBS INLAND VALLEY		
	4D Battery	150030631	562.08
	Probe Batteries LIT 2960	1015155	171.97
			- - - -
	IBS INLAND VALLEY	\$	734.05
ACH	Inland Empire Utilities Agency		
	July 2022 O&M Charges-IEUA Inter-Co Bill SAP0722-RCOA&		863.18
	July 2022 L&B Charges-IEUA Inter-Co Bill SAP0722-RCAL&		257,587.52
			- - - -
	Inland Empire Utilities Agency\$		258,450.70
ACH	MIKE BUBALO CONSTRUCTION CO IN		
	Women's Bathroom Shower Converison	3016	38,774.65
			- - - -
	MIKE BUBALO CONSTRUCTION CO IN\$		38,774.65
ACH	INLAND EMPIRE UTILITIES AGENCY		
	10/2022 Bldg Lease Pymt	90032807	7,416.31
			- - - -
	INLAND EMPIRE UTILITIES AGENCY\$		7,416.31
ACH	KONICA MINOLTA BUSINESS SOLUTI		
	9/13-10/12/22 Copier Ovrgr,Mnt-C454e	9008912990	17.77
	9/27-10/26/22 Copier Ovrgr,Mnt-C454e	9008937360	10.93
	7/13-8/12/22 Copier Ovrgr,Mnt-C454e	9008787874	19.93
	6/27-7/26/22 Copier Ovrgr,Mnt-C454e	9008751034	2.28
	8/27-9/26/22 Copier Ovrgr,Mnt-C454e	9008874358	5.42
	4/27-5/26/22 Copier Ovrgr,Mnt-C454e	9008620764	2.45
			- - - -
	KONICA MINOLTA BUSINESS SOLUTI\$		58.78
ACH	U S BANK		
	*4246044555725724 11/22 Credit Card Chgs 5572 5724 11/		2,880.53
			- - - -
	U S BANK	\$	2,880.53
ACH	SOLAR STAR CALIFORNIA VI LLC		

Check	Payee / Description	Amount
	10/2022 Solar 12811 Sixth St E02M0612-6139	18,438.89
	SOLAR STAR CALIFORNIA VI LLC \$	18,438.89
ACH	GRAINGER INC Gloves,Mask Rsprtrs,Ear Muffs/Vending Ma 9497273533	990.14
	GRAINGER INC \$	990.14
ACH	MCMASTER-CARR SUPPLY CO Solenoid On/Off Valve,Plastic Tubing 88409671	465.69
	MCMASTER-CARR SUPPLY CO \$	465.69
ACH	AEROTEK INC Acosta,D W/E 11/5/22 32 Hours EV00096848-C 1,274.24 Hernandez,A W/E 11/5/22 40 Hours EV00096848-A 1,592.80 Trunick,S W/E 11/17/22 8 Hours EV00096848-B 318.56	
	AEROTEK INC \$	3,185.60
ACH	RDO EQUIPMENT COMPANY Rpr Loader-Hose Leak W8854335 2,413.10 Rpr Loader-Replace Engine W8778135 52,158.31 Oil Lines P9464835 885.98 Clamps,Bushings,Screws P9454535 86.82	
	RDO EQUIPMENT COMPANY \$	55,544.21
ACH	DOWNNS ENERGY 2,002.1 Gals Dyed Diesel Fuel 0308249-IN 8,594.27 Diesel Exhaust Fluid DEF 55Gal 0307848-IN 555.41	
	DOWNNS ENERGY \$	9,149.68
ACH	AUTOZONE PARTS INC Windshield Washer Fluid 5623243241 38.73	
	AUTOZONE PARTS INC \$	38.73
ACH	VIRAMONTES EXPRESS INC 10/28/22-11/10/22 Compost Hauling 127603 6,400.80 11/9/22-11/17/22 Compost Hauling 127619 11,134.09	
	VIRAMONTES EXPRESS INC \$	17,534.89
ACH	BELZONA COATING SERVICES Immersion Epoxy Coats 1032 12,459.29	
	BELZONA COATING SERVICES \$	12,459.29
ACH	CP GENERATOR INC Warranty-4 Yrs 89737 323.25	
	CP GENERATOR INC \$	323.25
ACH	ATEK FLUIDALL LLC 660 Gallon Heated Pump 637948 14,227.38	

Check	Payee / Description		Amount
	ATEK FLUIDALL LLC	\$	14,227.38
ACH	Inland Empire Utilities Agency		
	August 2022 O&M Charges-IEUA Inter-Co Bi SAP0822-RCAO&		20,781.25
	August 2022 L&B Charges-IEUA Inter-Co Bi SAP0822-RCAL&		338,002.26
	Inland Empire Utilities Agency\$		358,783.51
ACH	GRAINGER INC		
	Full Face Respirators 9504723538		1,878.75
	Faston 6VDC Batteries 9528726889		34.08
	Antislip Tape 9528726897		151.31
	GRAINGER INC	\$	2,064.14
ACH	BERNELL HYDRAULICS		
	Parflex, Brass Nipples 0443931-IN		1,042.24
	BERNELL HYDRAULICS	\$	1,042.24
ACH	KONICA MINOLTA BUSINESS SOLUTI		
	5/27-6/26/21 Copier Ovrgr, Mnt-C454e 9007857812		7.90
	6/27-7/26/21 Copier Ovrgr, Mnt-C454e 9007932087		10.23
	5/27-6/26/22 Copier Ovrgr, Mnt-C454e 9008685458		4.54
	2/27-3/26/21 Copier Ovrgr, Mnt-C454e 9007628401		4.23
	KONICA MINOLTA BUSINESS SOLUTI\$		26.90
ACH	MCMASTER-CARR SUPPLY CO		
	Distilled Water-100% 88866947		40.73
	MCMASTER-CARR SUPPLY CO	\$	40.73
ACH	AEROTEK INC		
	Hernandez, A W/E 11/12/22 32 Hours EV00099184-A		1,274.24
	Acosta, D W/E 11/12/22 32 Hours EV00099184-B		1,274.24
	AEROTEK INC	\$	2,548.48
ACH	RDO EQUIPMENT COMPANY		
	Straps P9520435		143.46
	Credit F/Inv P9464835 Shipping Charge P9465335		55.01-
	RDO EQUIPMENT COMPANY	\$	88.45
ACH	ALTA FOODCRAFT		
	Coffee, Splenda, Tea, Cocoa 12255094		163.37
	ALTA FOODCRAFT	\$	163.37
ACH	DAVID WHEELER'S PEST CONTROL I		
	11/15/22-Refill Rat Boxes 64447		928.00
	DAVID WHEELER'S PEST CONTROL I\$		928.00
ACH	BIG SKY ELECTRIC INC		
	12 Kv Switchgear Inspection 22-035-01.1		7,228.00
	BIG SKY ELECTRIC INC	\$	7,228.00

Check	Payee / Description		Amount
ACH	BEJAC CORPORATION Pipe Sockets,Sleeves	C13763	349.48

	BEJAC CORPORATION	\$	349.48
ACH	R & S INDUSTRIAL FIELD SERVICE Repair Conveyor Belt	3527	7,505.26

	R & S INDUSTRIAL FIELD SERVICE	\$	7,505.26
ACH	FRONTIER PERFORMANCE LUBRICANT Silver 70 NLGI #1 Grease	LBA2045481	3,594.20

	FRONTIER PERFORMANCE LUBRICANT	\$	3,594.20
ACH	INLAND EMPIRE WINDUSTRIAL CO Nipples,Couplings	043217 01	541.12

	INLAND EMPIRE WINDUSTRIAL CO	\$	541.12
ACH	THE GATE GUY Employee Entrance Gate Service	385	195.00

	THE GATE GUY	\$	195.00
ACH	AGRICULTURAL SOIL PRODUCTS LLC 11/7-11/11/22 563.09 Yds Biofilter Media 13961		12,387.98
	11/14-11/18/22 564.44 Cyds Bio Filter Me 13975		12,417.68

	AGRICULTURAL SOIL PRODUCTS LLC	\$	24,805.66
ACH	BIG ASS FANS Wired Standard Control,Ceiling Fan Kit,M 10149694		24,061.56

	BIG ASS FANS	\$	24,061.56
ACH	Inland Empire Utilities Agency June 2022 O&M Charges-IEUA Interco Billi SAP0622-RCAO&		49,135.29

	Inland Empire Utilities Agency	\$	49,135.29
ACH	INLAND EMPIRE UTILITIES AGENCY 10/22 NRW Charges	90033008	1,787.58

	INLAND EMPIRE UTILITIES AGENCY	\$	1,787.58
ACH	BERNELL HYDRAULICS MPxFP Street,Parflex,Couplings	0444063-IN	250.50
	Airman Compressor,Tubing	0444337-IN	75.04
	Swivel Loks,Hose,Ties,Swivel Seals	0444436-IN	442.74

	BERNELL HYDRAULICS	\$	768.28
ACH	KONICA MINOLTA BUSINESS SOLUTI 7/27-8/26/22 Copier Ovrq,Mnt-C454e	9008813768	5.01
	10/13-11/12/22 Copier Ovrq,Mnt-C454e	9008972656	22.65
	6/1-6/30/21 Copier Ovrq,Mnt-C452	9007872654	118.71
	12/1-12/31/20 Copier Ovrq,Mnt-C452	9007409040	92.44

Check	Payee / Description	Amount
	5/30-6/12/21 Copier Ovrgr,Mnt-C454e 9007827041	16.86
	KONICA MINOLTA BUSINESS SOLUTI\$	255.67
ACH	AEROTEK INC Acosta,D W/E 11/19/22 32 Hours EV00101407-B Hernandez,A W/E 11/19/22 40 Hours EV00101407-A	1,274.24 1,592.80
	AEROTEK INC \$	2,867.04
ACH	DOWNNS ENERGY 2,200.1 Gals Dyed Diesel Fuel 0309253-IN 611.40 Gals Diesel Exhaust Fluid DEFL 0308841-IN	7,130.04 2,047.50
	DOWNNS ENERGY \$	9,177.54
ACH	VIRAMONTES EXPRESS INC 11/17/22-11/22/22 Compost Hauling 127654	4,471.74
	VIRAMONTES EXPRESS INC \$	4,471.74
ACH	AGRICULTURAL SOIL PRODUCTS LLC 12/2/22 259.94 Yds Biofilter Media 14028	5,718.68
	AGRICULTURAL SOIL PRODUCTS LLC\$	5,718.68
ACH	GRAINGER INC Threaded Plugs,Insulating/Elec Tape 9528726905 Battery Protector, Coated Gloves 9522182196 Ear Plugs Credit 9519390752	709.30 408.08 61.10
	GRAINGER INC \$	1,056.28
ACH	FAIRBANKS SCALES INC Rpr Triple Platform Truck Scale,Rplc Loa 1617939	4,738.59
	FAIRBANKS SCALES INC \$	4,738.59
ACH	PALM AUTO DETAIL INC 11/22 Carwash Svcs f/Agency Fleet Vehicl 221189-1	740.00
	PALM AUTO DETAIL INC \$	740.00
ACH	BS&B PRESSURE SAFETY MANAGEMEN PSI N2 Switch Assemblies, Tank Fill Valv INV11248	2,343.57
	BS&B PRESSURE SAFETY MANAGEMEN\$	2,343.57
ACH	AGRICULTURAL SOIL PRODUCTS LLC 11/21/22-11/23/22 357.59 Yds Bio Filter 13998 11/28-11/30/22 380.06 Yds Biofilter Medi 14018	7,866.98 8,361.32
	AGRICULTURAL SOIL PRODUCTS LLC\$	16,228.30
ACH	SOUTHWEST ALARM SERVICE 12/2022 Monitoring Security System 078923	462.00
	SOUTHWEST ALARM SERVICE \$	462.00

Check	Payee / Description		Amount
ACH	BERNELL HYDRAULICS Air Brake Tube	0444812-IN	71.48
	BERNELL HYDRAULICS	\$	71.48
ACH	AEROTEK INC Hernandez,A W/E 11/26/22 24 Hours	EV00103567-A	955.68
	Acosta,D W/E 11/26/22 24 Hours	EV00103567-B	955.68
	AEROTEK INC	\$	1,911.36
ACH	TRICO CORPORATION 10/12/22-11/7/22 Oil Analysis	P64413	315.00
	9/30/22 Oil Analysis	P64414	25.00
	10/07/22 Oil Analysis	P64419	105.00
	9/12/22-10/12/22 Oil Analysis	P64417	140.00
	10/17/22-11/3/22 Oil Analysis	P64418	315.00
	TRICO CORPORATION	\$	900.00
ACH	IBS INLAND VALLEY Probe Batteries LIT 2060	1015289	515.91
	IBS INLAND VALLEY	\$	515.91
ACH	ALLIANCE SOURCE TESTING LLC 2022 4th Quarter Flow Balance	INV5896	1,990.00
	ALLIANCE SOURCE TESTING LLC	\$	1,990.00
ACH	COUNTY SANITATION DISTRICTS 10/2022 Construction Inspection,Health,S 38390		201.00
	COUNTY SANITATION DISTRICTS	\$	201.00
ACH	KONICA MINOLTA BUSINESS SOLUTI 10/27-11/26/22 Copier Ovrgr,Mnt-C454e	9008995459	13.65
	KONICA MINOLTA BUSINESS SOLUTI\$		13.65
ACH	TRICO CORPORATION 10/10/22-11/7/22 Oil Analysis	P64416	224.00
	TRICO CORPORATION	\$	224.00
ACH	PRIORITY BUILDING SERVICES LLC 11/22 Janitorial Services	85971	1,346.23
	PRIORITY BUILDING SERVICES LLC\$		1,346.23
ACH	VIRAMONTES EXPRESS INC 11/22/22-11/28/22 Compost Hauling	127746	2,059.94
	VIRAMONTES EXPRESS INC	\$	2,059.94
ACH	MODULAR BUILDING CONCEPTS INC 12/22 Trailer/Step/Ramp Rental	214902	1,050.56
	MODULAR BUILDING CONCEPTS INC \$		1,050.56

Check	Payee / Description	Amount
	11/14-11/16/22 Compost Hauling-Wincheste 4847	798.84
	11/21-11/22/22 Compost Hauling-Marvo 4870	1,597.68
	EGGLETON TRUCKING INC	\$ 19,757.28
ACH	VIRAMONTES EXPRESS INC	
	2/22/22 Compost Hauling 125006	2,034.32
	7/29-8/25/22 Compost Hauling 126937	22,003.75
	VIRAMONTES EXPRESS INC	\$ 24,038.07
ACH	YORKE ENGINEERING LLC	
	8/22-9/22 Air Quality, Environmental, Safe 31163R	2,129.38
	YORKE ENGINEERING LLC	\$ 2,129.38
ACH	INLAND EMPIRE WINDUSTRIAL CO	
	Inbound Freight f/Inv 043217 01 043217 02	20.02
	INLAND EMPIRE WINDUSTRIAL CO	\$ 20.02
ACH	U S BANK	
	*4246044555725724 12/22 Credit Card Chgs 5572 5724 12/	9,370.51
	U S BANK	\$ 9,370.51
ACH	Inland Empire Utilities Agency	
	Sept 2022 L&B Charges-IEUA Inter-Co Bill SAP0922-RCAL&	310,436.39
	Inland Empire Utilities Agency\$	310,436.39

Grand Total Payment Amount: \$ 3,634,590.61

Check	Payee / Description	Amount
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Wire	STATE BOARD OF EQUALIZATION	
	7/1/22-9/30/22 State Sales/Use Tax-3rd Q 101-112048 09	336.00
		- - - - -
	STATE BOARD OF EQUALIZATION \$	336.00

Grand Total Payment Amount: \$ 336.00

**ACTION
ITEM**

2A



Date: May 01, 2023

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Treasurer

Subject: Adoption of IERCA Budget for Fiscal Year 2023/24

^{DS}
JC #882

RECOMMENDATION

It is recommended that the Board of Directors;

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2023/24;
2. Increase the tipping fee from \$59.00 to \$62.50 per wet ton; and
3. Approve a capital call of \$1.5 million to be shared equally by the Inland Empire Utilities Agency (IEUA) and Los Angeles County Sanitation Districts (LACSD) to support capital improvement project costs and meet the minimum reserve balance, as needed.

BACKGROUND

Pursuant to the Inland Empire Regional Composting Authority Joint Powers Agreement (JPA), an annual operating and capital budget is to be presented and adopted by the JPA Board prior to June 30 each year. The proposed FY 2023/24 budget is based on the following key assumptions:

Revenues

- Increased the tipping fee from \$59.00 to \$62.50 per wet ton,
- Maintain the estimated biosolids receipts of 148,500 tons, and
- \$1.5 million capital call to support the proposed capital improvement plan (CIP).

O&M Expenses

- Operating expenses increased due to:
 - Utilities – Increase costs per kWh and expected usage in FY 23/24
 - Professional Fees and Services – Increase in cost related to all contracted services, such as transportation costs
 - Leases and Rentals – Increase in cost related to all leases and equipment rentals, such as RP4 Storage Facility lease and support equipment rentals
- Maintain staffing at 25 full time equivalent (FTE) positions

Adoption of Budget for Fiscal Year 2023/24

May 1, 2023

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Capital Improvement Plan (CIP)

The proposed FY 2023/24 capital improvement plan of \$1.5 million is funded by capital contributions. A summary of the CIP is shown below in Table 1.

Table 1: FY 2023/24 Proposed Capital Improvement Plan

Amount (\$ in Thousands)	Actual FY 2021/22	Projected Actual FY 2022/23	Proposed Budget FY 2023/24
Replacement & Rehabilitation (R&R)	\$1,268	\$1,600	\$1,500
Capital Expansion	0	0	0
Total	\$1,268	\$1,600	\$1,500

The proposed FY 2023/24 CIP of \$1.5 million includes the replacement of augers for hopper #2, expansion of IERCF lunchroom, and improvement of compost facility tent storage cover. Capital replacement and rehabilitation (R&R) continues to be the emphasis of the proposed CIP.

FY 2023/24 Budget Summary

The following section summarizes the proposed FY 2023/24 budget for total revenues, expenses, and capital expenditures.

FY 2023/24 total revenues of \$11.5 million, as shown in Table 2 below, are \$0.4 million higher than the FY 2022/23 projected actual mainly due to the increase in the tipping fee.

Table 2: FY 2023/24 Revenues

REVENUES	Amount (\$ in Thousands)	Assumptions
Tipping Fees	\$9,281	Based on 148,500 wet tons per year at a rate of \$62.50/ton
Contributed Capital	1,500	Capital call equally shared by IEUA and LACSD to support capital process improvements
Compost Sales/ Organics Waste Recycling/Compost Deliveries	640	100% sales of compost products compost delivery service and green waste recycling.
Biosolids Administration Fees	16	Tipping fee surcharge paid by third party biosolids suppliers.
Interest Income & Other Revenues	59	Assumes 1.75% annual interest rate.
Total Revenues	\$11,496	

Total operating expenses of \$10.0 million proposed for FY 2023/24 are \$0.9 million higher than FY 2022/23 projected actual of \$9.1 million. The key driver for the increase is employment costs related to cost-of-living adjustment, merit increases, and higher pension and health benefit costs and anticipated increases in electricity rates from Southern California Edison. No change in the

Adoption of Budget for Fiscal Year 2023/24

May 1, 2023

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authorized staffing level of 25 full time equivalent (FTE) position is proposed. A summary of the FY 2023/24 operating expenses is reported in Table 3.

Table 3: FY 2022/23 Expenses

OPERATING EXPENSES	Amount (\$ in Thousands)	Assumptions
Employment	\$4,733	Maintain 25 FTE operation support provided by IEUA/ LACSD.
Utilities	1,456	Includes power purchases from the grid, solar renewable energy, and disposal service.
Professional Services	1,609	Includes compost transport and contracted services.
Materials & Supplies	1,145	Includes facility maintenance supplies, fuel, and biofilter media replacement reserve.
Office & Admin/Insurance	797	Includes software license fees, memberships, insurance, and office supplies.
Other Expenses	234	Includes leases/rental and financial expenses, operating fees (Non-Reclaimable Wastewater charges, permits and licenses.)
Total Expenses	\$9,974	

Major capital includes the compost facility tent storage cover replacement and operation building improvements. A capital replacement contingency project of \$375,000 is also proposed to support unforeseen expenditures. Schedule C provides a detailed listing of the proposed CIP.

Table 4: FY 2023/24 Capital Improvement Plan

CAPITAL PROJECTS	Amount (\$ in Thousands)	Project Description
Compost Facility Tent Storage Cover Replacement	\$800	Compost facility tent storage cover with an OEM twenty-year warranty
Capital Replacement	375	For minor construction projects and unforeseen capital expenditures.
Operations Building Expansion	200	Expansion of IERCF lunchroom to extend larger eating area with more tables and chairs.
Hopper #2 Auger Replacement	125	Replacement of new auger screws to maintain equipment.
Total Capital Improvement Plan	\$1,500	

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Fund Balance

Based on the proposed budget, the total ending fund balance is estimated to be \$5.80 million at the end of FY 2023/24; a \$0.03 million increase from the FY 2022/23 projected actual ending fund balance of \$5.77 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 \$5.80 million at the end of FY 2023/24, along with the intended funding sources. The projected ending reserves meet the minimum required level as defined in the Board adopted Reserve Policy.

Table 5: FY 2023/24 Fund Balance

Fund Balance Category	Description	Estimated Ending Balance as of 6/30/2024 Amount (\$ in Thousands)	Funding Source
Operating Contingency	Equal to three months of operating expenses to address unforeseen events	\$2,494	Tipping fees
Bio-Filter Replacement	Replacement of one sector per year	350	
Commercial Insurance	Self-insurance program	250	
Capital/Replacement/Rehabilitation	Projected R&R costs over the next 5 years averages about \$4.70 per wet ton	2,702	Capital Call and Tipping Fees
Total		\$5,796	

PRIOR BOARD ACTION

The Board adopted the FY 2022/23 budget on June 6, 2022.

IMPACT ON BUDGET

None.

Attachments:

Attachment A – 2023/24 IERCA Budget Summary (Schedule A)

Attachment B – 2023/24 IERCA Budget Details (Schedule B)

Attachment C – 2023/24 IERCA Budget Project Lists (Schedule C)

Attachment D – 2023/24 IERCA Budget Presentation

Inland Empire Regional Composting Authority
Schedule A - Budget Summary

	ACTUAL 2019/20	ACTUAL 2020/21	ACTUAL 2021/22	ADOPTED 2022/23	AMENDED 2022/23	PROJECTED 2022/23	PROPOSED 2023/24	2024/25	2025/26	2026/27	2027/28
Rate Per Ton	\$56.00	\$57.00	\$58.00	\$59.00	\$59.00	\$59.00	\$62.50	\$65.50	\$68.00	\$70.00	\$72.00
Actual/Projected Tonnage	147,606	150,217	154,196	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500
Revenues											
Contributed Capital	\$0	(\$500,000)	(\$1,000,000)	(\$2,000,000)	(\$2,000,000)	(\$1,600,000)	(\$1,500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Biosolids Recycling (Tipping Fees)	(8,331,673)	(8,606,406)	(9,012,280)	(8,761,500)	(8,761,500)	(8,809,343)	(9,281,250)	(9,726,750)	(10,098,000)	(10,395,000)	(10,692,000)
Biosolids Recycling Admin Fees	(14,325)	(19,002)	(16,955)	(20,000)	(20,000)	(18,000)	(16,000)	(16,000)	(16,480)	(16,974)	(17,484)
Compost Delivery Svcs	(225,750)	(192,752)	(349,890)	(250,000)	(250,000)	(242,600)	(250,000)	(325,000)	(334,750)	(344,793)	(355,136)
Compost Sales	(372,832)	(398,680)	(380,563)	(460,000)	(460,000)	(391,000)	(390,000)	(400,000)	(412,000)	(424,360)	(437,091)
Interest Income	(62,576)	(11,928)	(7,659)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
Proceeds from Sale of Assets	(58,977)	11,507	29,511	(3,987)	(3,987)	(3,987)	(4,107)	(4,230)	(4,357)	(4,487)	(4,622)
Other Non Operating Revenues	(57,246)	(3,691)	(18,859)	(25,255)	(25,255)	(7,600)	(20,000)	(20,000)	(20,600)	(21,218)	(21,855)
Total Revenues Available for Expenses	(\$9,123,379)	(\$9,720,952)	(\$10,756,695)	(\$11,555,742)	(\$11,555,742)	(\$11,107,530)	(\$11,496,357)	(\$11,026,980)	(\$11,421,187)	(\$11,741,832)	(\$12,063,188)
Expenses											
Labor	\$4,205,388	\$4,135,598	\$3,569,542	\$4,594,900	\$4,594,900	\$4,135,410	4,732,700	\$4,874,700	\$5,020,900	\$5,171,500	\$5,326,600
Office & Administration	37,520	29,447	39,058	52,070	52,070	40,030	47,500	52,200	53,766	55,379	57,040
Professional Fees & Services	1,382,259	1,204,212	1,260,664	1,149,890	1,533,936	1,379,034	1,561,100	1,661,268	1,711,107	1,762,438	1,815,312
Professional Fees - Contract Labor LACSD	\$105,063	\$73,372	\$88,083	\$40,500	\$40,500	\$73,704	47,500	\$51,100	\$52,633	\$54,212	\$55,839
Materials & Supplies/O&M Projects	994,681	1,087,677	1,055,598	1,121,165	1,078,708	975,697	1,145,030	1,244,446	1,281,780	1,320,234	1,359,840
Materials - Bio Filter Media Replacement	100,000	194,103	-	250,000	250,000	250,000	-	350,000	-	350,000	-
Insurance	406,254	621,799	602,031	686,050	686,050	786,050	750,000	810,000	834,300	859,329	885,109
Operating Fees	77,554	74,494	95,404	90,743	90,743	71,413	94,527	95,527	98,393	101,344	104,385
Utilities	1,182,701	1,134,048	1,106,810	1,181,870	1,181,870	1,231,926	1,456,016	1,668,233	1,718,280	1,769,828	1,822,923
Leases & Rentals	158,257	106,694	142,416	117,700	123,818	117,627	140,000	151,200	155,736	160,408	165,220
Financial Expenses/Non Operating Expenses	85,937	6,323	4,077	300	300	250	309	318	328	338	348
Total Expenses	\$8,735,614	\$8,667,766	\$7,963,683	\$9,285,188	\$9,632,895	\$9,061,142	9,974,682	\$10,958,993	\$10,927,223	\$11,605,009	\$11,592,616
Capital Projects											
Capital Replacement Project	\$838,895	\$797,470	\$1,268,235	\$2,275,000	\$2,380,845	\$1,600,000	1,500,000	\$500,000	\$500,000	\$500,000	\$500,000
Capital Expansion Projects	343,565	-	-	-	-	-	-	-	-	-	-
Total Capital Projects	\$1,182,459	\$797,470	\$1,268,235	\$2,275,000	\$2,380,845	\$1,600,000	1,500,000	\$500,000	\$500,000	\$500,000	\$500,000
Net Profit/(Loss)	(\$794,694)	\$255,716	\$1,524,777	(\$4,446)	(\$457,998)	\$446,388	\$21,675	(\$432,013)	(\$6,036)	(\$363,177)	(\$29,428)
Reserves											
Beginning Reserve Balance	\$4,341,984	\$3,547,290	\$3,803,006	\$4,201,306	\$5,327,782	\$5,327,782	5,774,170	5,795,845	\$5,363,832	\$5,357,797	\$4,994,619
Ending Reserve Balance	\$3,547,290	\$3,803,006	\$5,327,782	\$4,196,860	\$4,869,784	\$5,774,170	5,795,845	\$5,363,832	\$5,357,797	\$4,994,619	\$4,965,191
Operating Contingency (3mths Expenses)	\$2,158,904	\$2,118,416	\$1,990,921	\$2,258,797	\$2,345,724	\$2,202,785	2,493,671	\$2,652,248	\$2,731,806	\$2,813,752	\$2,898,154
Replacement Reserve - BioFilter	250,000	250,000	250,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Commercial Insurance	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Replacement & Construction	888,386	1,184,590	2,836,861	1,338,063	1,924,060	2,971,385	2,702,174	2,111,584	2,025,991	1,580,867	1,467,037
Total Reserve Balance	\$3,547,290	\$3,803,006	\$5,327,782	\$4,196,860	\$4,869,784	\$5,774,170	\$5,795,845	\$5,363,832	\$5,357,797	\$4,994,619	\$4,965,191

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	ACTUAL 2019/20	ACTUAL 2020/21	ACTUAL 2021/22	ADOPTED 2022/23	AMENDED 2022/23	PROJECTED 2022/23	PROPOSED 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Tonage/Rate													
	Tons	147,606	150,217	154,196	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500
	O&M Cost per ton	\$ 59.18	\$ 57.70	\$ 51.65	\$ 62.53	\$ 62.53	\$ 62.53	\$ 67.17	\$ 73.80	\$ 73.58	\$ 78.15	\$ 78.06	\$ 82.76
	Biofilter Media Replacement Reserve	\$ 1.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Expansion Cost per Ton	\$ 2.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Replacement Cost per Ton	\$ 5.68	\$ 5.31	\$ 8.22	\$ 15.32	\$ 16.03	\$ 10.77	\$ 10.10	\$ 3.37	\$ 3.37	\$ 3.37	\$ 3.37	\$ 3.37
	Total Cost Per Ton	\$ 68.59	\$ 63.01	\$ 59.87	\$ 77.85	\$ 78.56	\$ 73.30	\$ 77.27	\$ 77.16	\$ 76.95	\$ 81.52	\$ 81.43	\$ 86.13
	Member Contributions	\$ -	\$ 3.33	\$ 6.49	\$ 13.47	\$ 13.47	\$ 10.77	\$ 10.10	\$ 3.37	\$ 3.37	\$ 3.37	\$ 3.37	\$ 3.37
	CIP Funded by Reserves	\$ 8.01	\$ 1.98	\$ 1.74	\$ 1.85	\$ 2.56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Rate Per Ton	\$ 60.58	\$ 57.70	\$ 51.65	\$ 62.53	\$ 62.53	\$ 62.53	\$ 67.17	\$ 73.80	\$ 73.58	\$ 78.15	\$ 78.06	\$ 82.76
	Adopted Rate Per Ton	\$ 56.00	\$ 57.00	\$ 58.00	\$ 59.00	\$ 59.00	\$ 59.00	\$ 62.50	\$ 65.50	\$ 68.00	\$ 70.00	\$ 72.00	\$ 74.00
Revenues													
200112	406000 Compost Delivery Svs	(\$225,750)	(\$192,752)	(\$349,890)	(\$250,000)	(\$250,000)	(\$242,600)	(\$250,000)	(\$325,000)	(\$334,750)	(\$344,793)	(\$355,136)	(\$365,790)
200112	406200 Compost Sales	(372,832)	(398,680)	(380,563)	(460,000)	(460,000)	(391,000)	(390,000)	(400,000)	(412,000)	(424,360)	(437,091)	(450,204)
	Service Charges	(598,582)	(591,432)	(730,453)	(710,000)	(710,000)	(633,600)	(640,000)	(725,000)	(746,750)	(769,153)	(792,227)	(815,994)
200112	404010 Biosolids Recycling (<i>Tiping Fees</i>)	(8,331,673)	(8,606,406)	(9,012,280)	(8,761,500)	(8,761,500)	(8,809,343)	(9,281,250)	(9,726,750)	(10,098,000)	(10,395,000)	(10,692,000)	(10,989,000)
200112	409920 Biosolids Recycling Admin Fees	(14,325)	(19,002)	(16,955)	(20,000)	(20,000)	(18,000)	(16,000)	(16,000)	(16,480)	(16,974)	(17,484)	(18,008)
	Sales	(8,345,998)	(8,625,407)	(9,029,235)	(8,781,500)	(8,781,500)	(8,827,343)	(9,297,250)	(9,742,750)	(10,114,480)	(10,411,974)	(10,709,484)	(11,007,008)
211112	412030 Energy/Cap Rebates	-	-	-	-	-	-	-	-	-	-	-	-
	Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-
	Operating Revenues	(\$8,944,580)	(\$9,216,839)	(\$9,759,687)	(\$9,491,500)	(\$9,491,500)	(\$9,460,943)	(9,937,250)	(\$10,467,750)	(\$10,861,230)	(\$11,181,127)	(\$11,501,711)	(\$11,823,002)
211112	480110 Interest Income	(\$62,576)	(11,928)	(\$7,659)	(\$35,000)	(\$35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)
211112	483010 Contributed Capital		(500,000)	(1,000,000)	(2,000,000)	(2,000,000)	(1,600,000)	(1,500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
211112	493110 Proceeds from Investments	(58,977)	11,507	29,511	(3,987)	(3,987)	(3,987)	(4,107)	(4,230)	(4,357)	(4,487)	(4,622)	(4,761)
211112	499010 Other Non Operating Revenues	(57,246)	(3,691)	(18,859)	(25,255)	(25,255)	(7,600)	(20,000)	(20,000)	(20,600)	(21,218)	(21,855)	(22,510)
	Non Operating Revenues	(\$178,799)	(\$504,113)	(\$997,007)	(\$2,064,242)	(\$2,064,242)	(\$1,646,587)	(1,559,107)	(\$559,230)	(\$559,957)	(\$560,705)	(\$561,477)	(\$562,271)
	TOTAL REVENUES	(\$9,123,379)	(\$9,720,952)	(\$10,756,695)	(\$11,555,742)	(\$11,555,742)	(\$11,107,530)	(\$11,496,357)	(\$11,026,980)	(\$11,421,187)	(\$11,741,832)	(\$12,063,188)	(\$12,385,273)

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

Cost Center	Cost Element	ACTUAL 2019/20	ACTUAL 2020/21	ACTUAL 2021/22	ADOPTED 2022/23	AMENDED 2022/23	PROJECTED 2022/23	PROPOSED 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Expenses													
Office & Administration													
211112	511220 Travel Costs - Mileage Reimbursement	\$44	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
211112	511330 Safety Awards	-	-	1,851	500	500	500	500	500	515	530	546	563
211112	512010 Office Supplies-General	6,006	9,418	5,644	8,240	8,240	7,531	8,000	9,000	9,270	9,548	9,835	10,130
211112	512210 Forms, Printing and Copying costs	609	709	277	4,000	4,000	1,931	2,000	2,000	2,060	2,122	2,185	2,251
211112	512350 Postage and Delivery Charges	2,731	2,896	2,374	2,575	2,575	2,318	3,000	3,000	3,090	3,183	3,278	3,377
211112	512520 Computer Software & License Fees	5,097	-	1,789	16,000	16,000	2,000	10,000	10,000	10,300	10,609	10,927	11,255
211112	513010 Meeting Expenses	688	575	2,416	2,000	2,000	2,000	1,500	1,500	1,545	1,591	1,639	1,688
211112	514010 Memberships - Agency Wide	12,200	11,450	10,750	12,000	12,000	10,800	13,000	15,000	15,450	15,914	16,391	16,883
211112	514210 Registration-DMV, Title, Permit, Applic	-	-	-	515	515	2,890	1,000	1,500	1,545	1,591	1,639	1,688
211112	515030 Contributions-Sponsorships	750	750	750	1,000	1,000	750	1,000	1,500	1,545	1,591	1,639	1,688
211112	519110 Inventory-Count Adjustment	2,315	2,009	(35)	3,090	3,090	2,318	2,000	2,500	2,575	2,652	2,732	2,814
211112	519130 Inventory-Freight/Price	7,347	2,026	9,786	4,120	4,120	6,500	4,000	4,000	4,120	4,244	4,371	4,502
211112	519160-Price Adjustment Inventory	(873)	(1,594)	217	(3,000)	(3,000)	(500)	-	-	-	-	-	-
211112	519150 FrgtExpln Inv/Nonl	-	-	303	-	-	(37)	-	-	-	-	-	-
211112	519530 Fines & Penalties	-	-	(410)	-	-	-	-	-	-	-	-	-
211112	519590 GI/IR Expense Clearing	606	1,207	3,348	1,030	1,030	1,030	1,500	1,700	1,751	1,804	1,858	1,913
Office & Administration Expenses		\$37,520	\$29,447	\$39,058	\$52,070	\$52,070	\$40,030	\$47,500	\$52,200	\$53,766	\$55,379	\$57,040	\$58,752
Materials & Supplies													
211112	512110 Operating Supplies - General	\$8,991	\$378	\$13,962	\$0	\$0	\$800	\$0	\$0	\$0	\$0	\$0	\$0
211112	512140 Uniform / Throw Rugs	31,755	32,629	33,377	37,080	37,080	33,372	40,000	44,000	45,320	46,680	48,080	49,522
211112	512170 Operations & Maintenance Supplies	590,251	797,405	627,657	700,000	657,543	591,788	700,000	750,000	772,500	795,675	819,545	844,132
211112	512410 Fuel	126,459	123,954	202,334	170,980	170,980	163,144	200,000	225,000	231,750	238,703	245,864	253,239
211112	512450 Fleet Parts & Supplies	2,403	-	89	-	-	-	-	-	-	-	-	-
211112	512610 Equipment - Small Tools/Equip. <\$1000	1,093	-	-	1,540	1,540	1,540	-	-	-	-	-	-
211112	512660 Equipment - Small Tools/Equip.< \$2000	1,030	-	-	515	515	515	530	546	563	580	597	615
211112	512710 Equipment Maintenance & Supplies	220,555	133,013	177,059	175,000	175,000	157,500	200,000	220,000	226,600	233,398	240,400	247,612
211112	512910 Other Materials & Supplies	12,144	298	-	36,050	36,050	27,038	4,500	4,900	5,047	5,198	5,354	5,515
211112	512920 Biofilter Media Replacement	100,000	194,103	-	250,000	250,000	250,000	0	350,000	0	350,000	0	350,000
211112	512950 Promotional & Giveaway Items	-	-	1,120	-	-	-	-	-	-	-	-	-
Materials & Supplies		\$1,094,681	\$1,281,780	\$1,055,598	\$1,371,165	\$1,328,708	\$1,225,697	\$1,145,030	\$1,594,446	\$1,281,780	\$1,670,234	\$1,359,840	\$1,750,635
Insurance													
211112	517010 Insurance Premiums - Liability	\$406,254	\$621,799	\$602,031	\$650,000	\$650,000	\$750,000	\$750,000	\$810,000	\$834,300	\$859,329	\$885,109	\$911,662
211112	517210 Insurance Premiums - Casualty	-	-	-	36,050	36,050	36,050	0	0	0	0	0	0
Insurance		\$406,254	\$621,799	\$602,031	\$686,050	\$686,050	\$786,050	\$750,000	\$810,000	\$834,300	\$859,329	\$885,109	\$911,662

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

Cost Center	Cost Element	ACTUAL 2019/20	ACTUAL 2020/21	ACTUAL 2021/22	ADOPTED 2022/23	AMENDED 2022/23	PROJECTED 2022/23	PROPOSED 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Professional Fees & Services													
211112	520110 External Audit Services	\$4,310	\$4,400	\$4,935	\$4,500	\$4,500	\$4,050	\$4,500	\$4,860	\$5,006	\$5,156	\$5,311	\$5,470
211112	520210 Legal Fees - General	7,860	8,670	19,920	20,000	25,000	20,000	22,000	20,000	20,600	21,218	21,855	22,510
211112	520980 Professional Services - Other	243,088	269,909	228,594	249,375	270,156	243,141	250,000	250,000	257,500	265,225	273,182	281,377
211112	521015 Contract Labor_I EUA (211112-701009-2:	4,205,388	4,135,598	3,569,542	4,594,900	4,594,900	4,135,410	4,732,700	4,874,700	5,020,900	5,171,500	5,326,600	5,486,400
211112	521010 Contract Labor - LACSD	104,474	62,963	69,445	33,000	33,000	66,204	45,000	48,600	50,058	51,560	53,107	54,700
212112	521018 Contract Labor-LACSD	178	10,409	18,638	7,500	7,500	7,500	2,500	2,500	2,575	2,652	2,732	2,814
211112	521050 Contract Materials	62	3,304	3,505	-	-	(500)	-	-	-	-	-	-
211112	521080 Other Contractual Services	1,086,246	849,873	963,744	824,000	1,182,265	1,064,039	1,200,000	1,296,000	1,334,880	1,374,926	1,416,174	1,458,659
211112	521110 Outside Svc's-Lndscaping/Weed/Pest Cn	6,590	16,838	9,217	12,360	12,360	13,000	45,000	48,000	49,440	50,923	52,451	54,024
211112	521120 Outside Services - Security	15,257	21,113	10,694	15,450	15,450	15,450	17,000	18,360	18,911	19,478	20,062	20,664
211112	521130 Outside Services - Janitorial	13,801	14,685	16,613	15,450	15,450	13,905	17,000	18,360	18,911	19,478	20,062	20,664
211112	521220 Laboratory Services - Outside	5,044	3,477	301	7,725	7,725	5,000	4,500	4,500	4,635	4,774	4,917	5,065
211112	521410 Computer Systems Maintenance		11,943	3,143	1,030	1,030	950	1,100	1,188	1,224	1,260	1,298	1,337
	Prof. fees & Services	\$5,692,710	\$5,413,181	\$4,918,289	\$5,785,290	\$6,169,336	\$5,588,148	\$6,341,300	\$6,587,068	\$6,784,640	\$6,988,150	\$7,197,751	\$7,413,684
Operating Fees													
211112	519310 Operating Permits, Licenses & Fees	\$16,734	\$17,785	\$20,286	\$22,660	\$22,660	\$20,394	\$21,000	\$22,000	\$22,660	\$23,340	\$24,040	\$24,761
211112	540110 Wastewater-Volumetric Fees	8,462	7,455	9,006	10,815	10,815	8,500	11,680	11,680	12,030	12,391	12,763	13,146
211112	540210 Strength Charges-BOD/COD	8,957	7,448	8,637	8,755	8,755	8,755	9,455	9,455	9,739	10,031	10,332	10,642
211112	540211 Strength Charges-BOD/COD Imbalance	1,184	1,904	3,345	2,060	2,060	1,854	2,224	2,224	2,291	2,359	2,430	2,503
211112	540220 Strength Charges-TSS	8,102	5,993	6,013	9,785	9,785	6,000	10,567	10,567	10,884	11,211	11,547	11,893
211112	540221 Wste - TSS Imbal		1,042	7,756	-	-	-	0	0	0	0	0	0
211112	540223 Strength Charges-TSS Discrepancy Charge	3,944	1,877	4,329	5,768	5,768	3,100	6,229	6,229	6,416	6,608	6,807	7,011
211112	540320 Monthly Capacity Charge-Regional			-	-	-	(5,000)	0	0	0	0	0	0
211112	540330 Capital Improv Proj (CIP) Fees	30,171	30,990	36,031	30,900	30,900	27,810	33,372	33,372	34,373	35,404	36,466	37,560
	Operating Fees	\$77,554	\$74,494	\$95,404	\$90,743	\$90,743	\$71,413	\$94,527	\$95,527	\$98,393	\$101,344	\$104,385	\$107,516
Utilities													
211112	545110 Electricity	\$948,915	\$894,172	\$911,226	\$928,030	\$928,030	\$1,001,169	\$1,200,000	\$1,400,000	\$1,442,000	\$1,485,260	\$1,529,818	\$1,575,712
211112	545220 Solar Power	206,120	211,820	168,255	225,000	225,000	202,500	224,400	234,090	241,113	248,346	255,796	263,470
211112	545310 Cell Phone Accessories			-	206	206	206	250	270	278	286	295	304
211112	545311 Cell Phone Expenses	6,906	6,764	6,155	7,725	7,725	6,566	8,343	9,010	9,280	9,559	9,845	10,141
211112	545320 Telephone	1,962	146	183	309	309	185	775	837	862	888	915	942
211112	545360 Disposal Service	11,643	16,555	16,774	15,450	15,450	16,665	16,686	18,020	18,561	19,117	19,691	20,282
211112	545370 Water	7,156	4,592	4,217	5,150	5,150	4,635	5,562	6,006	6,186	6,372	6,563	6,760
	Utilities	\$1,182,701	\$1,134,048	\$1,106,810	\$1,181,870	\$1,181,870	\$1,231,926	\$1,456,016	\$1,668,233	\$1,718,280	\$1,769,828	\$1,822,923	\$1,877,611
Leases / Rentals													
211112	512730 Equipment Rental (Non Lease)	\$71,744	\$11,890	\$37,463	\$25,000	\$31,118	\$29,562	\$35,000	\$37,800	\$38,934	\$40,102	\$41,305	\$42,544
211112	547110 Building / Trailer Leases	86,513	86,962	107,679	92,700	92,700	88,065	105,000	113,400	116,802	120,306	123,915	127,633
211112	547220 Equipment Lease/Rental - Operations & Ma		7,842	(2,726)	-	-	-	-	-	-	-	-	-
	Lease/Rentals	158,257	106,694	142,416	117,700	123,818	117,627	140,000	151,200	155,736	160,408	165,220	170,177
	Operating Expenses	\$8,649,677	8,661,444	7,959,606	9,284,888	9,632,595	9,060,892	9,974,373	\$10,958,674	\$10,926,895	\$11,604,672	\$11,592,268	\$12,290,037

Inland Empire Regional Composting Authority
Schedule B - Budget Detail

Cost Center	Cost Element	ACTUAL 2019/20	ACTUAL 2020/21	ACTUAL 2021/22	ADOPTED 2022/23	AMENDED 2022/23	PROJECTED 2022/23	PROPOSED 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<u>Financial Expenses</u>													
211112	551010 Bank Service Charges / Fees	\$0	\$86	\$271	\$300	\$300	\$250	\$309	\$318	\$328	\$338	\$348	\$358
211112	580050 Bad Debt Expense	3,728	3,987	3,806	-	-	-	-	-	-	-	-	-
	Financial Expenses	\$3,728	\$4,073	\$4,077	\$300	\$300	\$250	\$309	\$318	\$328	\$338	\$348	\$358
<u>Other Non-Operating Expenses</u>													
211112	580090 Non-Operating Other Expenses	\$82,209	\$2,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Interest Expenses	\$82,209	\$2,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Non-Operating Expenses	\$85,937	\$6,323	\$4,077	\$300	\$300	\$250	\$309	\$318	\$328	\$338	\$348	\$358
<u>Capital Projects</u>													
	Capital Replacement Projects	\$838,895	\$797,470	\$1,268,235	\$2,275,000	\$2,380,845	\$1,600,000	\$1,500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
	Capital Expansion Projects	343,565	-	-	-	-	-	-	-	-	-	-	-
	Capital Projects	\$1,182,459	\$797,470	\$1,268,235	\$2,275,000	\$2,380,845	\$1,600,000	\$1,500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
	TOTAL EXPENSES	\$9,918,073	\$9,465,236	\$9,231,918	\$11,560,188	\$12,013,740	\$10,661,142	\$11,474,682	\$11,458,993	\$11,427,223	\$12,105,009	\$12,092,616	\$12,790,395
	Net Profit/(Loss)	(\$794,694)	\$255,716	\$1,524,777	(\$4,446)	(\$457,998)	\$446,388	\$21,675	(\$432,013)	(\$6,036)	(\$363,177)	(\$29,428)	(\$405,122)

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

Project No.	Project Title	ACTUAL 2019/20	ACTUAL 2020/21	ACTUAL 2021/22	ADOPTED 2022/23	AMENDED 2022/23	PROJECTED 2022/23	PROPOSED 2023/24	2024/25	2025/26	2026/27	2027/28
Capital Projects												
Capital Replacement												
RA19001	IERCF Pugmill Improvements	43,407		(52,075)	-	-	-	-	-	-	-	-
RA19002	IERCF Trommel Screen Improvements	75,893	43,046	-	-	-	-	-	-	-	-	-
RA19003	IERCF Front End Loader Replacement	101,019		-	-	-	-	-	-	-	-	-
RA20003	IERCF Belt Conveyor Improvements			-	-	-	-	-	-	-	-	-
RA20004	IERCF Misc Fan Improvements			-	-	-	-	-	-	-	-	-
RA20005	RCA Capital Replacement	193,563	132,099	224,602	500,000	599,220	-	-	-	-	-	-
RA20006	IERCF Exterior Paint	153,750		-	-	-	-	-	-	-	-	-
RA20007	Compost Storage Conveyor	1,310	(1,310)	27,269	-	-	-	-	-	-	-	-
RA20008	Glulam Repair Roof	3,636	305,449	-	-	-	-	-	-	-	-	-
RA21001	IERCF Fire Sprinkler Improvements			-	-	-	-	-	-	-	-	-
RA21002	Front End Loader Replacement			994,964	-	-	-	-	-	-	-	-
RA22001	IERCF Column Repair			73,475	-	6,625	-	-	-	-	-	-
RA23001	IERCF Inner Roof Lining Repair			-	-	-	-	-	-	-	-	-
RA23002	IERCF South MCC HVAC Upgrade			-	175,000	175,000	181,000	-	-	-	-	-
RA23003	IERCF Active Hopper Replacement			-	200,000	200,000	-	-	-	-	-	-
RA23004	IERCF Front End Loader Replacement			-	1,200,000	1,200,000	1,220,000	-	-	-	-	-
RA23005	IERCF Fire Sprinkler Upgrades			-	200,000	200,000	-	-	-	-	-	-
RA23006	RCA Capital Replacement			-	-	-	199,000	-	-	-	-	-
RA24001	IERCF Corrosion Replacement			-	-	-	-	-	-	-	-	-
RA25001	IERCF Compost Storage Facility Tent Cover			-	-	-	-	-	-	-	-	-
RA26001	IERCF Projects AMP			-	-	-	-	-	-	-	-	-
RA24xx1	IERCF Operations Building Improvements							200,000	-	-	-	-
RA24xx2	IERCF Compost Facility Tent Storage Cover Repla							800,000	-	-	-	-
RA24xx3	RCA Capital Replacement							375,000	500,000	500,000	500,000	500,000
RA24xx4	IERCF Amendment Hopper #2 Auger Replacemei							125,000	-	-	-	-
Total Capital Replacement Projects		\$838,895	\$797,470	\$1,268,235	\$2,275,000	\$2,380,845	\$1,600,000	\$1,500,000	\$500,000	\$500,000	\$500,000	\$500,000
Capital Expansion												
RA15001	IERCF Baghouse Improvements	343,532			-	-	-	-	-	-	-	-
Total Capital Expansion Projects		\$343,565	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Projects		\$1,182,459	\$797,470	\$1,268,235	\$2,275,000	\$2,380,845	\$1,600,000	\$1,500,000	\$500,000	\$500,000	\$500,000	\$500,000
Total Projects		\$1,182,459	\$797,470	\$1,268,235	\$2,275,000	\$2,380,845	\$1,600,000	\$1,500,000	\$500,000	\$500,000	\$500,000	\$500,000



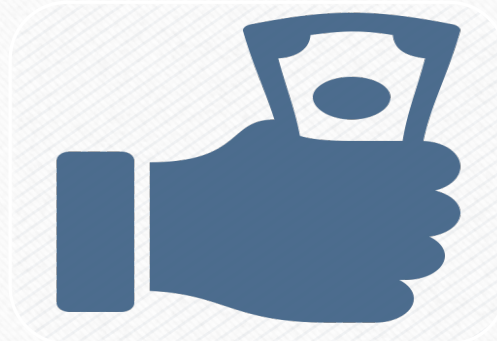
**FY 2023/24
Proposed Budget**



Key Assumptions



**\$62.50 per wet Ton
– Tipping Fees
(5.9% increase)**



**\$1.5 Million
Capital Call**



**25 FTE Staffing
Level Maintained**



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



Key Assumptions – Tipping Fee



**\$62.50 per wet Ton – Tipping Fees
(5.9% increase)**

Increase in O&M Cost:

- Utilities – Increase cost per kWh and usage in FY 23/24
- Professional Fees and Services – Increase in cost related to all contracted services, such as transportation costs
- Leases and Rentals – Increase in cost related to all leases and equipment rentals, such as RP4 Storage Facility lease and support equipment rentals



FY 2023/24 Proposed Budget

(\$ in thousand)	FY 2022/23 Projected Actual	FY 2023/24 Proposed Budget	Increase/ (Decrease)
<i>Tipping fee per wet ton</i>	\$59.00	\$62.50	\$3.50
<i>Wet tons</i>	148,500	148,500	0
Operating Revenues	\$9,461	\$9,937	\$476
Operating Expenses	9,061	9,974	913
Net Operating Increase/(Decrease)	\$400	(\$37)	(\$437)
Other Funding Sources ¹	\$1,646	\$1,559	(\$87)
Other Uses of Funds ²	1,600	1,500	(100)
Net Non-Operating Increase/(Decrease)	\$46	\$59	(\$187)
Total Net Change	\$446	\$22	(\$624)

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

² Includes planned capital project costs



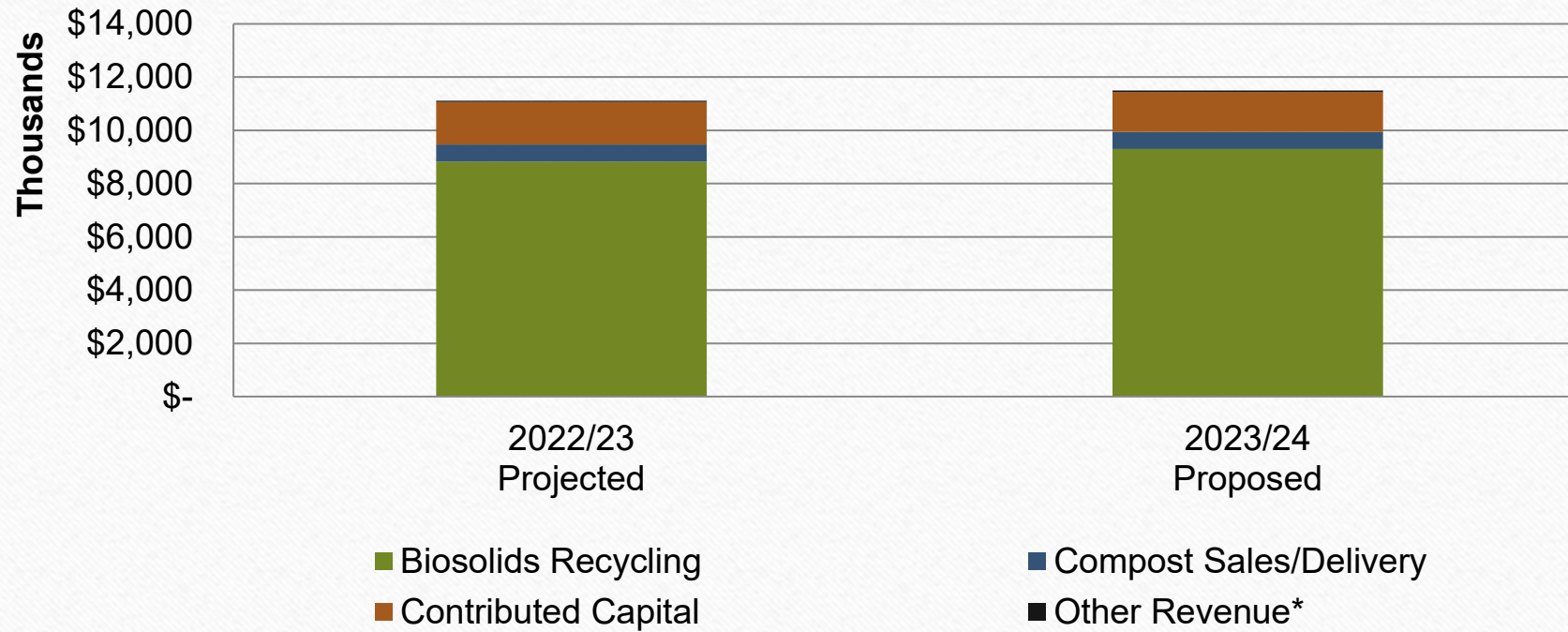
Capital Improvement Plan

Project Description (\$ in thousand)	FY 2022/23 Projected Budget	FY 2023/24 Proposed Budget	Increase/ (Decrease)
Front End Loader Replacement	\$1,220	-	(\$1,220)
Compost Facility Tent Storage Cover Replacement	-	\$800	800
Capital Replacement & Rehabilitation (R&R)	199	375	176
Operations Building Improvements	-	200	200
Other Major Projects	181	125	(56)
Total Capital Improvement Plan	\$1,600	\$1,500	(\$100)



Revenues

Increase due to tipping fee

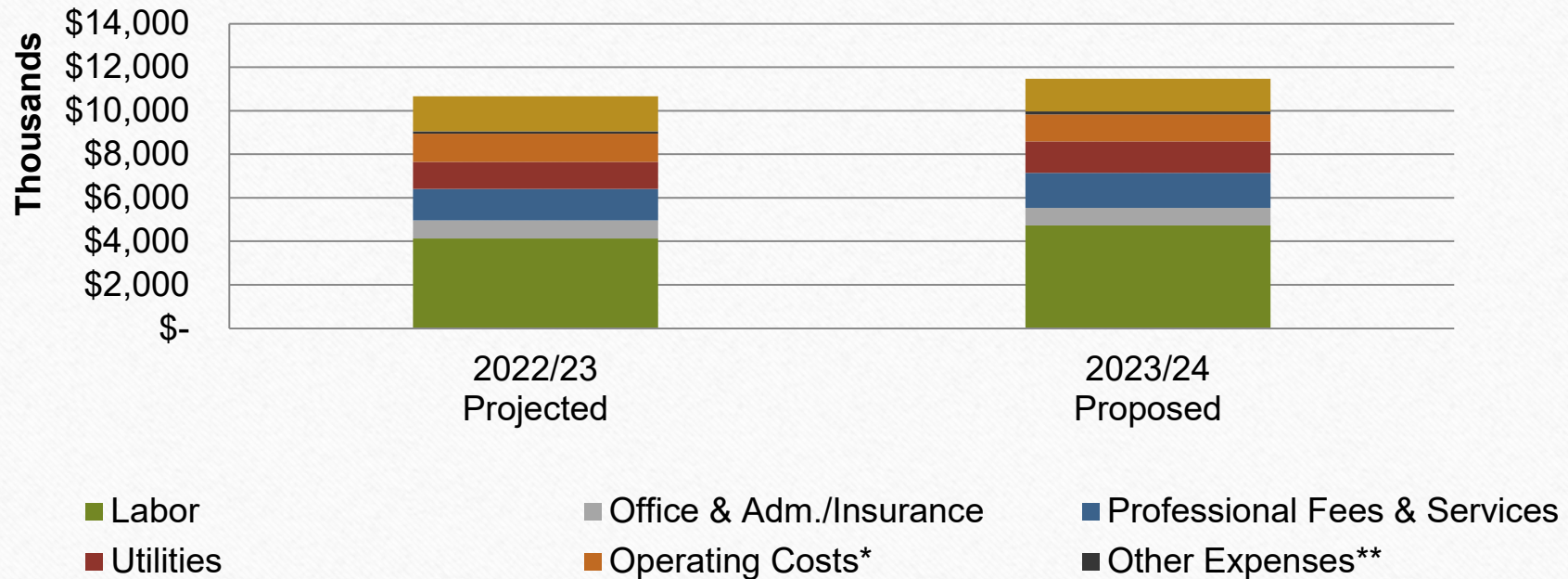


*Other Income include interest income and credits



Expenses

Increase due to increase in Operating Costs



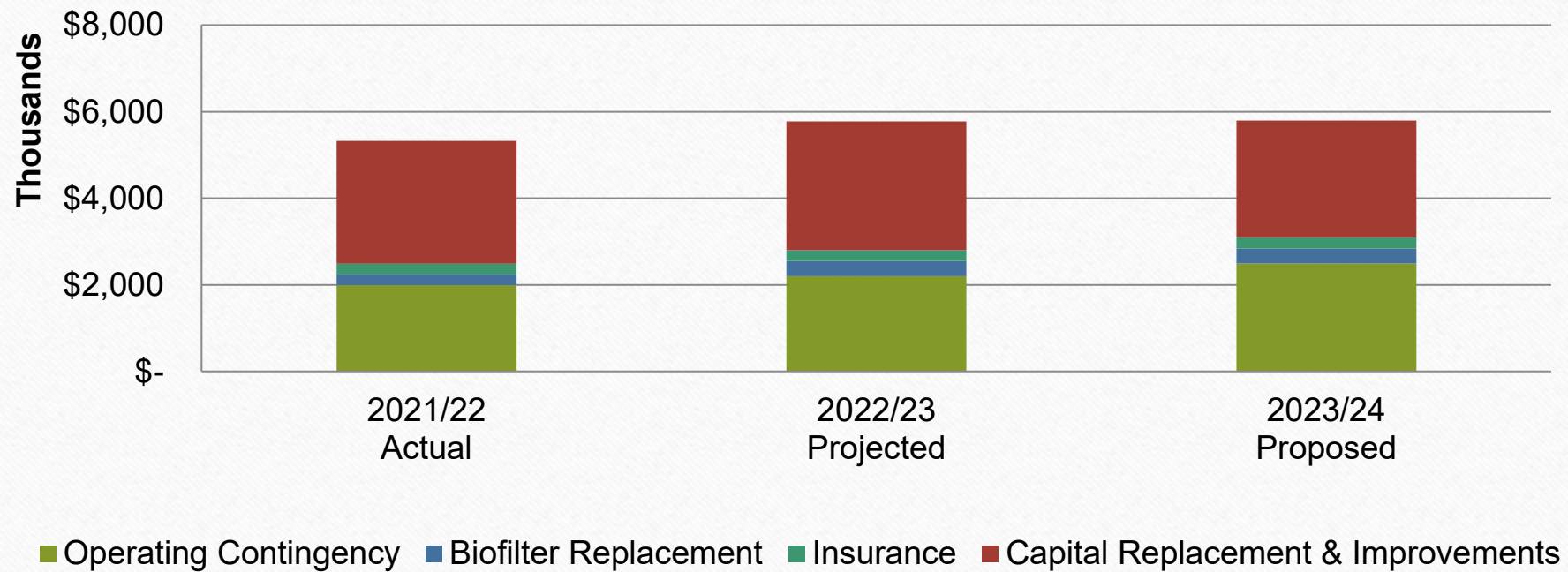
**Operating costs include operating fees, biofilter replacement, materials & supplies*

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



Fund Balance

Meets Reserve Policy Minimum Reserve Levels



Questions?



**ACTION
ITEM**

2B



Date: May 1, 2023

To: Honorable Board of Directors

From: Jeff Ziegenbein *JZ#836*
Project Manager

Mike Sullivan
Assistant Project Manager

Subject: Annual Management Plan

RECOMMENDATION

It is recommended that the Board of Directors approve the Fiscal Year 2023/24 Annual Management Plan.

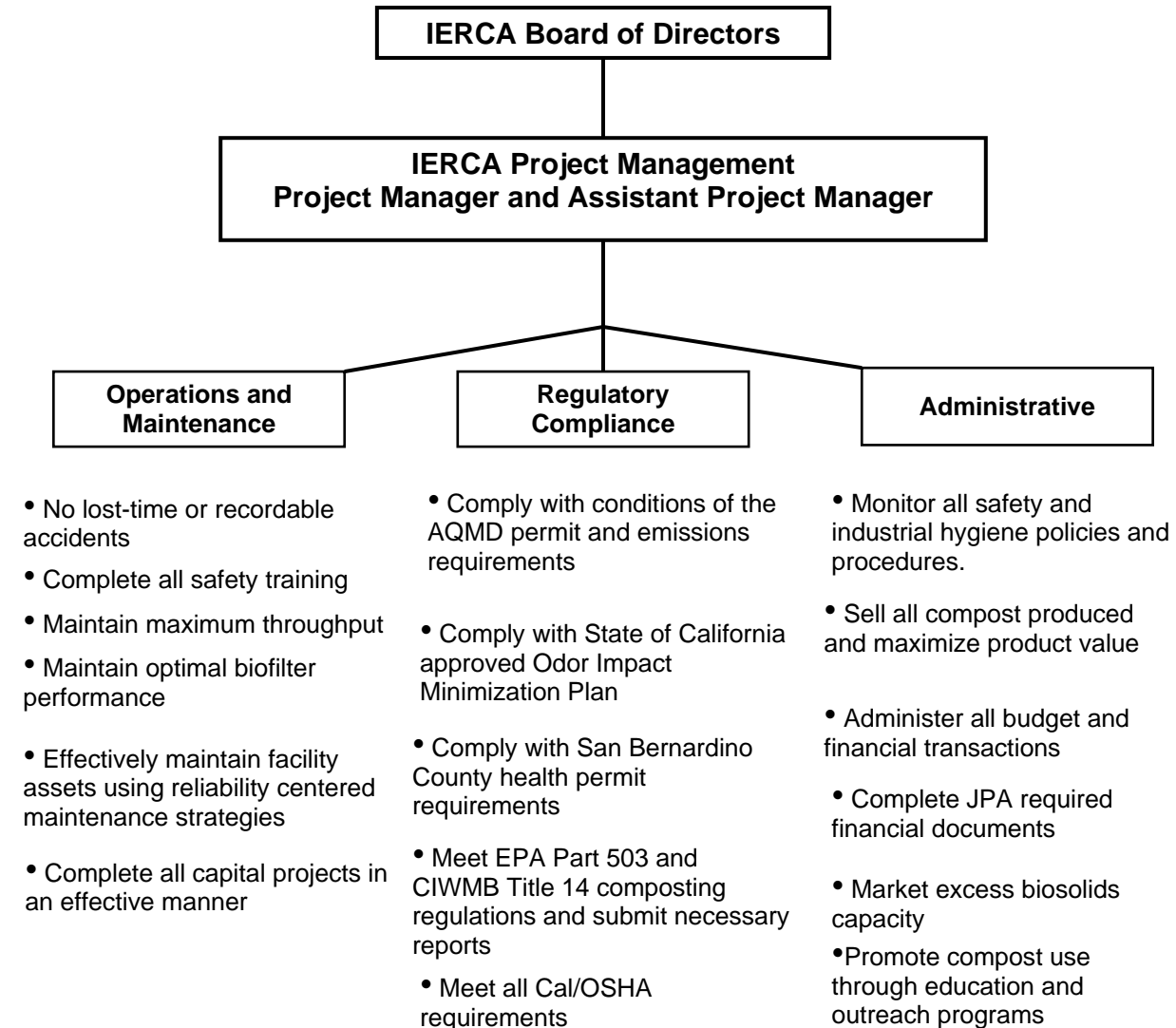
BACKGROUND

The Joint Powers Agreement (JPA) between the Inland Empire Utilities Agency (IEUA) and the Los Angeles County Sanitation Districts (LACSD) 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 2023/24 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 148,500 tons of biosolids for the fiscal year. IERCF is currently receiving 200 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	23/24
Mgr. of Regional Compost Authority	1
Administrative Assistant	2
Compost Sales Representative	1
Compost Facility Supervisors	2
Compost Operators	8
Compost Workers	3
Maintenance	8
IERCF Total	25

In addition to the IERCF staff, LACSD 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

Inland Empire Utilities Agency

Los Angeles County Sanitation Districts

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 2022/23 Annual Management Plan was approved by the Board of Directors on June 06, 2022.

IMPACT ON BUDGET

None

**ACTION
ITEM**

2C



Date: May 1, 2023

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Treasurer DS
JC #882

Subject: Adoption of the Inland Empire Regional Composting Authority's Investment Policy for Fiscal Year (FY) 2023/24

RECOMMENDATION

It is recommended that the Board of Directors adopt Resolution No. 2023-5-1 approving the Authority's Investment Policy for FY 2023/24

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 last updated and approved on June 6, 2022.

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.

The Authority's Policy continues to emphasize the primary objectives of the investment activities of safety, liquidity, and return on investments, listed in order of priority.

The Policy remains unchanged from the prior year. Attached for your consideration is a copy of the proposed IERCA Investment Policy for FY 2023/24.

Adoption of the IERCA Investment Policy

May 1, 2023

Page 2 of 2

PRIOR BOARD ACTION

On June 6, 2022, the Board of Directors adopted Resolution No. 2022-6-1 approving the Inland Empire Regional Composting Authority FY 2022/23 Investment Policy.

IMPACT ON BUDGET

There is no impact on the Authority's FY 2023/24 budget.

Attachments:

Attachment A- Resolution No. 2023-5-1

Exhibit A – Investment Policy

RESOLUTION NO. 2023-5-1

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. 2023-5-1 on May 1, 2023, 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 1, 2023 will be adopted for FY 2023/24.

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

Section 3: Upon adoption of this resolution, Resolution No. 2022-6-1 is hereby rescinded in its entirety.

ADOPTED AND APPROVED this 1st day of May 2023.

ATTEST:

Jon Blickenstaff
Chairperson

Paul Hofer
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. 2023-5-1 was duly and adopted by the Board of Directors of the Inland Empire Regional Composting Authority at its meeting held on the 1st day of May 2023 by the following vote:

Authority by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Paul Hofer
Vice Chairperson



FY 2023/2024
INVESTMENT
POLICY

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
FY 2023/2024 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 IERCA 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.

- 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 IERCA has a 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. IEUA may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. IEUA may hold these instruments until their maturity dates.

9.0 AUTHORIZED INVESTMENTS FOR BOND PROCEEDS

Bond proceeds 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 proceeds 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 proceeds. In addition to the securities listed in Section 8.0 above, bond proceeds 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- percent 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 remaining term to maturity in excess of five years unless the Board of Directors 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 quarterly 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 quarterly 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 4,200 brokerage firms, about 162,000 branch offices and approximately 634,000 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 IERCA) with an agreement to repurchase them at a fixed date. The security "buyer" (e.g. the IERCA) 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 IERCA) with an agreement to sell them back at a fixed date. The counter party in effect lends the seller (e.g. the IERCA) 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**

2D



Date: May 1, 2023

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Treasurer

^{DS}
JC #882

Subject: Annual Financial Report for the Fiscal Year Ended June 30, 2022

RECOMMENDATION

It is recommended that the Board of Directors:

1. Approve the Inland Empire Regional Composting Authority (IERCA/Authority) Annual Financial Report for the Fiscal Year ended June 30, 2022, as presented; and
2. Direct staff to distribute the report, as appropriate, to the various federal, state and local agencies, financial institutions, and other interested parties.

BACKGROUND

The Authority's Annual Financial Report for the fiscal year ended June 30, 2022 was prepared in conformity with generally accepted accounting principles in the United States of America (GAAP), as set forth by the Governmental Accounting Standards Board (GASB). As required by state law, Clifton Larson Allen, LLP (CLA), the Authority's independent audit firm, performed the annual financial audit. A review was also conducted by Internal Audit department of the Inland Empire Utilities Agency. A copy of both reports are attached.

Audit Findings

CLA issued an unmodified ("clean") opinion indicating the financial statements are presented fairly and free of material misstatements. CLA also identified a material weakness in internal controls over financial reporting. A prior period adjustment related to a restatement fiscal year 2020/21 beginning net position was recorded incorrectly, resulting in an additional adjustment in fiscal year 2021/22. The Agency concurs with the finding and the required adjustments to the financial statements have been incorporated herein. The Agency has implemented additional layers of management review to the final review process to ensure any future adjusting journals are correctly represented in the financial statements.

Annual Financial Report for the Fiscal Year Ended June 30, 2022

May 1, 2023

Page 2 of 2

FY 2021/22 Financial Highlights

Total operating revenue in FY 2021/22 of \$9.76 million reflects a \$0.54 million increase from \$9.22 million reported in the prior fiscal year. During the fiscal year, the Authority executed a capital call of \$1.0 million compared with the \$2.0 million budgeted in FY 2021/22.

Total expenses of \$11.1 million reflects a decrease of \$0.88 million compared to last fiscal year, primarily due to a decrease in operating expenses of \$0.63 million plus a decrease in non-operating expenses of \$0.25 million.

The total ending net position decreased by \$0.22 million to \$80.1 million as of June 30, 2022, of which approximately \$75.1 million has been invested in capital assets. The remaining \$5.0 million is working capital to support fund balances designated for operating contingencies, self-insurance liability costs, and capital replacement and construction investment.

PRIOR BOARD ACTION

The Board approved the IERCA Financial Statements for FY 2020/21 in February 2022.

The Board approved the IERCA Budget for FY 2021/22 in June 2022.

IMPACT ON BUDGET

None.



Annual Comprehensive Financial Report



Fiscal Year Ended June 30, 2022
Rancho Cucamonga, CA

**A regional, cost effective
approach to sustainable
organics management.**

**Inland Empire Regional
Composting Facility**

ierca.org

12645 Sixth Street
Rancho Cucamonga,
CA 91739

P.O. Box 2470
Chino Hills, CA 91709

Phone: (909) 993-1500

Fax: (909) 993-1510

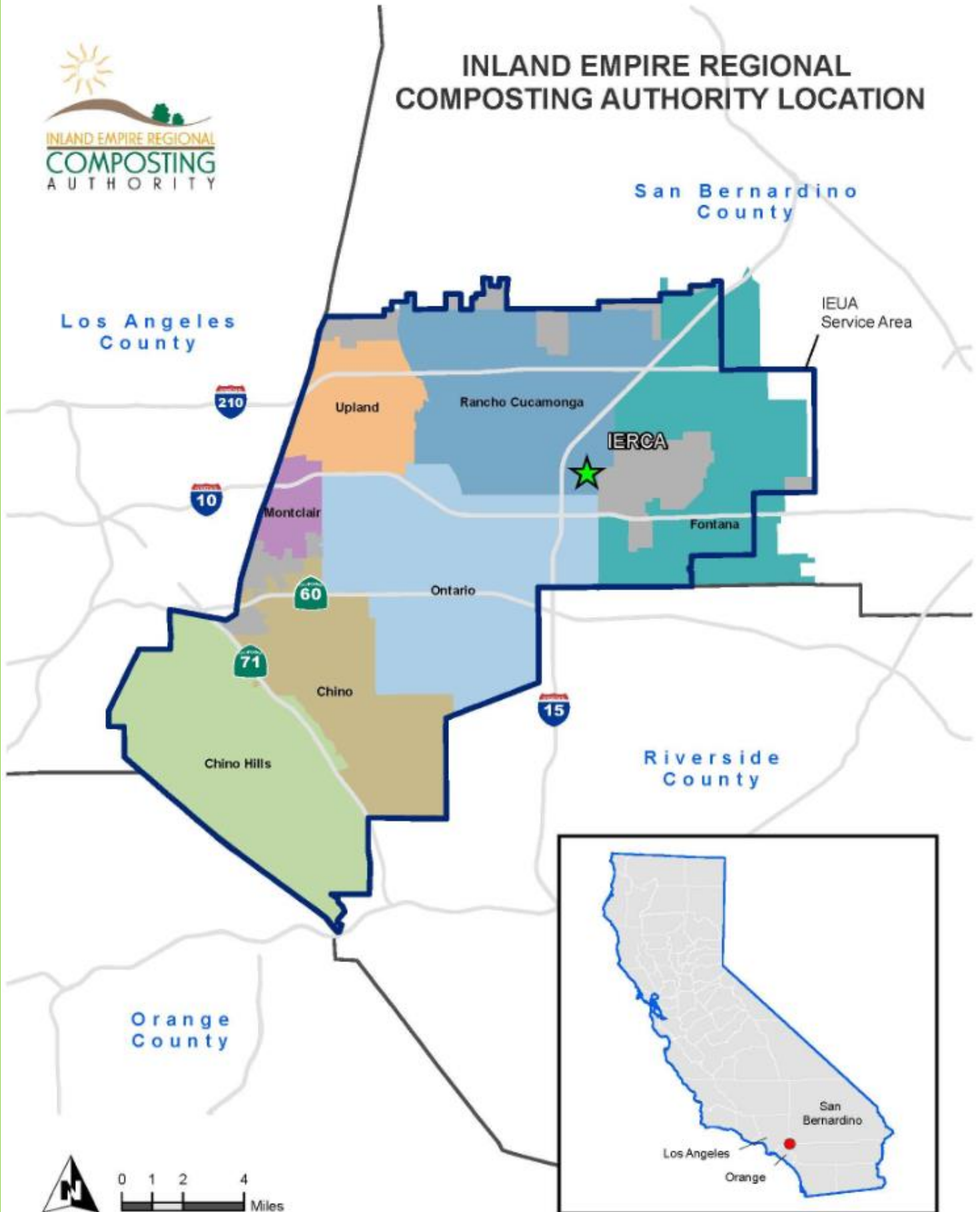
INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
Annual Financial Report
For the Fiscal Year Ended June 30, 2022

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INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY LOCATION





February 6, 2023

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

The Annual Financial Report of the Inland Empire Regional Composting Authority (IERCA or the Authority) is hereby submitted for the Fiscal Year ended June 30, 2022. State and local ordinances and statutes require the Authority to annually publish a report of its financial condition and activities, audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

Management Responsibility for Financial Information

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

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY PROFILE

Up to the Present

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

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

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

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY PROFILE (continued):

Up to the Present (continued):

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

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



IERCA Composting Facility

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

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

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

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

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

MAJOR INITIATIVES and ACCOMPLISHMENTS

During the fiscal year ended June 30, 2022, the IERCF surpassed 3.2 million cubic yards of compost produced and sold from the facility. There are over 80 active customers who purchase SoilPro products for a variety of applications each year.

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

Table 1:

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

Major Initiatives for FY 2022/23

For the coming fiscal year we will upgrade cooling system in south motor control center to protect electrical assets and complete a biofilter replenishment project and successfully pass air district-required source test to verify biofilter compliance.

Major Accomplishments for FY 2021/22

- Received two new Liebherr wheel loaders and documented improved performance and compatibility with IERCF.
- Completed the year with no recordable or lost time safety incidents.
- Completed the year with no environmental compliance violations. Met all budgeted targets.



IERCA Main Office

FINANCIAL INFORMATION

Internal Controls

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

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

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

Budgetary Controls

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

Independent Audit

State statutes require an annual audit by independent certified public accountants. The Authority's Board of Directors appointed the firm of CliftonLarsonAllen LLP to perform the annual audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2022 are free of any material misstatement. As part of the independent audit, reviews on a test basis were made to determine the adequacy of internal controls, and to ensure compliance with applicable laws and regulations related to all financial activities conducted by the Authority. Generally accepted auditing standards, issued by the Controller General of the United States of America, were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements is included in the financial section of this report.

The independent audit concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the Inland Empire Regional Composting Authority's financial statements for the year ended June 30, 2022 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

FINANCIAL INFORMATION (continued):

Cash and Investment Management

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

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

The Authority's cash management system is also designed to forecast revenues and expenses, and to invest idle funds to the fullest extent possible. During the Fiscal Year ended June 30, 2022, idle funds were invested in accordance with this policy. These investments consisted primarily of deposits in a pooled investment fund administered by the Los Angeles County Investment Officer and the Local Agency Investment Fund of the California State Treasurer's Office.

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

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

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

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

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

February 6, 2023
To the Chairperson and Members of
The Board of The Inland Empire Regional Composting Authority

FINANCIAL INFORMATION (continued):

Cash and Investment Management (continued):

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

Acknowledgements

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

Respectfully submitted,



Javier Chagoyen-Lazaro, Treasurer



IERCA Staff First Aid Safety Training

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Principal Officials

June 30, 2022

BOARD OF DIRECTORS

Jon Blickenstaff, *Chairperson*

Paul Hofer, *Vice-Chairperson*

Shivaji Deshmukh, *Director*

Robert Ferrant, *Director*

Margaret Finlay, *Director*

Jasmin A. Hall, *Director*

OFFICERS OF THE AUTHORITY

Jeffrey Ziegenbein, *Project Manager*

Mike Sullivan, *Assistant Project Manager*

Javier Chagoyen-Lazaro, *Treasurer*

LEGAL COUNSEL

JC Law Firm

Jean Cihigoyenette, APC

Chino Hills, California

Inland Empire Regional Composting Authority

Organizational Chart

June 30, 2022

Board Members

Los Angeles County Sanitation Districts
and
Inland Empire Utilities Agency

PROJECT MANAGER
Jeffrey Ziegenbein
(IEUA)

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

SECRETARY
IERCA Board Secretary
Denise Garzaro

TREASURER
Javier Chagoyen-Lazaro

For Healthier Soil, Healthier Food...

COMPOST

International Compost Awareness Week

May 7 - 13, 2023



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Inland Empire Regional Composting Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position the Authority as of June 30, 2022, and its changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Inland Empire Regional Composting Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Information


Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Information

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
January 25, 2023



IERCA Staff Stretch & Flex Program Participation

Stretching Principles

- Only stretch to your level of comfort and relax fully after each stretch.
- Start with feet spread shoulder-width apart and knees slightly bent.
- Hold each stretch for 8-10 seconds. Move in and out of stretches slowly.
- Protect your back by keeping your eyes up and head forward.

Warm Up

Shot Put

Plant one foot, turn your body toward the planted foot, & reach high. Pivot opposite foot to avoid back strain. Switch planted foot & repeat in other direction.

Skyward Reach

Reach up with hands facing forward, rise on toes, & hold. While reaching, lower heels & flex wrists so fingers point down. Hold stretch by turning hands in & out.

Chest

Spread your arms until they are straight out of your side. Slowly pull arms in at the elbow & push out.

Tricep

Raise one arm & place palm between shoulder blades. Grasp elbow with the other arm & gently pull back.

Shoulder

Stretch arm across chest. Grasp elbow with opposite hand & gently pull. Tilt head in opposite direction.

Neck

Slowly tilt your head forward & back your chin. With eyes forward & head up, tilt your head to each side while pushing downward with the opposite arm.

Shoulder Release

Stand with feet spread shoulder-width apart. Extend arms behind back & clasp hands. Tilt wrists upward gently by bending of elbows.

Forearm

Extend arm with fingers pointing up. With other hand, gently pull back on fingers/palm. Point fingers down & with thumb behind wrist, press against back of hand.

Calf

Extend one foot 2-3 feet backwards in line with opposite foot. Keep both hands on front knee & gently lean forward.

Hamstring

Extend one foot at a slight angle, 1-2 feet in front of other foot. Lift toes on extended foot, keeping the heel on the ground. Place both hands on stabilized thigh & lean forward slightly at the waist.

Quadricep

Keeping both knees together, bring one foot up behind thigh. Grasp foot with hand & gently pull up. Bring heel close to buttocks & hold.

Squats

Stand with feet flat & spread slightly more than shoulder width apart. Bend slowly at the knees, lowering your rear end back & down. Keeping your weight on your heels, rise slowly.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The intent of the management's discussion and analysis is to provide highlights of the Authority's financial activities for the fiscal year ended June 30, 2022. Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

The Authority's Operations – an Overview

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



Living wall at IERCA headquarters

The 445,275-square foot composting facility is a fully enclosed biosolids processing plant that processed 154,196 tons of biosolids and 48,254 tons of wood and greenwaste into 213,406 cubic yards (74,723 tons) of high-quality compost during the fiscal year.

The facility utilizes aerated static pile composting technology to process a mixture of biosolids, greenwaste and woodwaste to generate Class 'A' Exceptional Quality compost for use in local agriculture and horticulture markets. All the facility's emissions are treated with a biofilter to meet air quality requirements. In FY 2021/22, a total of 202,450 tons of feedstock, equal to 97% permitted capacity, was received by the facility.

As of June 30, 2022, the IERCA had sold over 3.2 million cubic yards of high-quality compost to various customers in Southern California, Arizona, and Nevada and processed nearly 2.63 million tons of recycled materials.

For comparison, 3 million cubic yards of compost can:

- ☀ Fill the Roman Colosseum to the top 1 3/4 times
- ☀ Load 58,000 semi-trucks
- ☀ Increase soil health and water retention for 100,000 football fields

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

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

In the 2021/2022 fiscal year, IERCF projects improved compost quality, production efficiency and worker safety. Major projects include:

- Procurement of upgraded wheel loader to replace a unit passed its useful life. – Used first loader as a pilot and secured approval to replace three more units next fiscal year.
- Secured a grant to assist in funding the new loaders
- Found a product to restore and protect structural infrastructure from corrosion and initiated application

Future Goals

Upgrade cooling system in south motor control center to protect electrical assets

Complete a biofilter replenishment project and successfully pass air district-required source test to verify biofilter compliance

Basic Financial Statements

The basic financial statements present a summary of the Authority's financial position as of June 30, 2022. The Authority uses full accrual accounting, which recognizes transactions when they occur, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2022 reflects the fourteenth year of operations for the IERCF. Total operating revenues were \$9,759,688, a 6% increase from prior year of \$9,216,839, while total operating expenses were increased to \$11,139,297, or a 7% decrease compared to prior year total of \$12,019,814. The expenses included \$3,133,655 of depreciation and amortization expense on capitalized assets.

FINANCIAL HIGHLIGHTS

	FY2021/22	FY2020/21	Increase (Decrease) from FY2020/21	
Current assets	\$7,262,922	\$4,866,839	2,396,083	49.23%
Capital & Intangible assets	75,116,991	76,981,959	(1,864,968)	-2.42%
Total Assets	82,379,913	81,848,798	531,115	0.65%
Current liabilities	2,242,320	1,488,134	754,186	50.68%
Total Liabilities	2,242,320	1,488,134	754,186	50.68%
Net investment in capital assets	75,116,991	76,971,474	(1,854,483)	-2.41%
Unrestricted	5,020,602	3,389,189	1,631,413	48.14%
Total net position	\$80,137,593	\$80,360,663	(\$223,070)	-0.28%
Operating revenues	\$9,759,688	\$9,216,839	542,849	5.89%
Operating expenses	(11,139,297)	(12,019,814)	880,517	-7.33%
Net operating income (loss)	(1,379,609)	(2,802,975)	1,423,366	-50.78%
Other Non-operating revenues	(39,384)	4,112	(43,496)	-1057.78%
Other Non-operating expenses	(4,077)	(6,323)	2,246	-35.52%
Net nonoperating revenues (expenses)	(43,461)	(2,211)	(41,250)	1865.67%
Net income (loss) before capital contributions	(1,423,070)	(2,805,186)	1,382,116	-49.27%
Contributed Capital	1,000,000	500,000	500,000	0.00%
Prior period adjustment	200,000	200,000	0	0.00%
Total change in net position	(223,070)	(2,105,186)	1,882,116	-89.40%
Total net position-beginning	80,360,663	82,465,849	(2,105,186)	-2.55%
Total net position- ending	\$80,137,593	\$80,360,663	(\$223,070)	-0.28%

Changes in Financial Conditions of the Authority

- The net increase of \$2,396,083 in Current Assets is mainly due to an increase of \$1,994,921, in Cash and Investments, an increase of \$405,536 in Customer Receivables, an increase of \$1,087 in Interest Receivable, and a decrease of \$5,461 in Inventory.

FINANCIAL HIGHLIGHTS (continued):

Changes in Financial Conditions of the Authority (continued):

- The decrease in Capital and Intangible assets of \$1,864,968 is primarily due to an increase of \$3,133,655 in Accumulated Depreciation and Amortization, partially offset by an increase of \$109,026 in Jobs in Progress and an increase of \$1,159,661 in Capital Assets.
- The increase of \$542,849 in Operating Revenues is due to an increase of \$403,828 in Biosolids Recycling Tipping Fee Revenue, and an increase of \$139,021 in Compost Sales.
- The \$880,517 decrease in Operating Expenses is mainly due to a decrease of \$567,451 in Labor, Burden, Overhead allocation expenses, a decrease of \$169,748 in Operations & Maintenance Supplies, a decrease of \$194,103 in Bio Filter Media, a decrease of \$17,176 in Solar Power expenses, a decrease of \$10,419 in Security Services expenses and an increase of \$78,380 in Fuel expenses.

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

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

The accumulated contributed capital from LACSD and IEUA was \$84,864,402 equally split between the partners. Additionally, the JPA partners contributed a total of \$15,116,229 for the original property, which resulted in a total contribution of \$99,980,631. In FY 2021/22, each JPA member was charged \$58 per ton tipping fee for bio-solids deliveries. Orange County Sanitation Districts also delivered 8,478 tons of biosolids at a fee of \$60 per ton. The total net position at June 30, 2022 was \$80,137,593 compared to \$80,360,663 in FY 2020/21.

Capital & Intangible Assets

On June 30, 2022, the Authority had total capital and intangible assets of \$75,116,991, net of depreciation and amortization. Jobs in progress of \$624,223 include the cost of all design and construction work, and rehabilitation and replacement (R & R) need to maintain and improve the facility. Please refer to Note #3 to the basic financial statements for additional information regarding capital asset balances.

FINANCIAL HIGHLIGHTS (continued):

Investment Summary

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

The net interest loss for FY 2021/22 totaled \$58,243 and includes unrealized losses on investments in amount of \$65,902, offset by interest income of \$7,659. The interest income represents an average yield of 0.167%. The Authority's short-term investment fund balance for the fiscal year ended June 30, 2022 was \$4,554,050 comprised of \$2,335,893 in Sweep Investment Fund with Citizens Business Bank, \$1,223,253 in the Los Angeles County Pooled Surplus Investing Fund (LAC PSIF) and \$994,904 in the Local Agency Investment Agency Fund (LAIF). Please see Note #2 of the basic financial statements for additional information regarding investment balances.

Contacting the Authority's Financial Management

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

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

Financial Statements

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

The Basic Financial Statements consist of:

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

Inland Empire Regional Composting Authority
Statement of Net Position
Year Ended June 30, 2022

	<u>Totals</u>
	<u>2022</u>
ASSETS	
Current assets	
Cash & Investments (Note 2)	\$ 5,129,310
Accounts receivable	1,887,162
Interest receivable	2,067
Inventory	<u>244,383</u>
Total current assets	<u>7,262,922</u>
Noncurrent assets	
Land	4,285,096
Jobs in progress	624,223
Capital assets, net of accumulated depreciation	69,435,285
Intangible assets, net of accumulated amortization	<u>772,387</u>
Total capital assets	<u>75,116,991</u>
Total noncurrent assets	<u>75,116,991</u>
Total assets	<u>82,379,913</u>
LIABILITIES	
Current liabilities	
Accounts payable	2,228,221
Accrued liabilities other	1,164
Retentions payable	<u>12,935</u>
Total current liabilities	<u>2,242,320</u>
Total liabilities	<u>2,242,320</u>
NET POSITION	
Net investment in capital assets	75,116,991
Unrestricted	<u>5,020,602</u>
Total net position	<u>\$ 80,137,593</u>

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

Inland Empire Regional Composting Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

	<u>Totals</u>
	<u>2022</u>
Operating revenues	
Biosolids Recycling Tipping Fees	\$ 9,029,235
Sale of compost	<u>730,453</u>
Total operating revenues	<u>9,759,688</u>
Operating expenses	
Operations and maintenance	7,287,810
Administration and general	717,832
Depreciation and amortization	<u>3,133,655</u>
Total operating expenses	<u>11,139,297</u>
Operating income (loss)	<u>(1,379,609)</u>
Nonoperating revenues (expenses)	
Interest income	(58,243)
Other nonoperating revenues	18,859
Other nonoperating expenses	<u>(4,077)</u>
Net nonoperating revenues (expenses)	<u>(43,461)</u>
Income (loss) before capital contributions	<u>(1,423,070)</u>
Contributed Capital	<u>1,000,000</u>
Change in net position	(423,070)
Prior period Adjustment	200,000
Total net position - beginning	<u>80,360,663</u>
Total net position - ending	<u>\$ 80,137,593</u>

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

Inland Empire Regional Composting Authority
Statement of Cash Flows
Year Ended June 30, 2022

	Totals
	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$9,359,612
Cash payments to suppliers for goods and services	(3,485,501)
Cash payments for contract labor	<u>(3,568,407)</u>
Net cash provided (used) by operating activities	<u>2,305,704</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contract reimbursement from other (Other Non Op Rev)	18,859
Cash paid to others (Other Non Op Exp)	<u>(4,077)</u>
Net cash provided by (used for) noncapital financing activities	<u>14,782</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,268,685)
Changes in contractor deposits/retentions	<u>2,450</u>
Net cash provided (used) by capital and related financing activities	<u>(266,235)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	6,572
Change in Fair Value	<u>(65,902)</u>
Net cash provided (used) by investing activities	<u>(59,330)</u>
Net increase (decrease) in cash and cash equivalents	1,994,921
Cash and cash equivalents - beginning	<u>3,134,389</u>
Cash and cash equivalents - ending	<u><u>\$5,129,310</u></u>

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

Inland Empire Regional Composting Authority
Statement of Cash Flows (Continued)
Year Ended June 30, 2022

	<u>Totals</u>
	<u>2022</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FOR (USED BY) OPERATING ACTIVITIES	
Operating income (loss)	(\$1,379,609)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization	3,133,655
(Increase) decrease in operating assets	
Accounts receivable	(405,537)
Inventory	5,461
Increase (decrease) in operating liabilities	
Accounts payable	954,119
Other accrued liabilities	<u>(2,385)</u>
Net cash provided (used) by operating activities	<u><u>\$2,305,704</u></u>
RECONCILIATION OF CASH & CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash	\$2,911,153
Investments	<u>2,218,157</u>
Total Cash and Investment at the end of the year	<u><u>\$5,129,310</u></u>

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

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Index of Notes to the Basic Financial Statements

JUNE 30, 2022

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NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

Description of the Reporting Entity

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

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

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

Fund Accounting

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

Proprietary Fund Types

A Proprietary Fund is accounted for on a cost of services or "economic resources maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on the statement of net position. The reported fund equity (net fund position) is segregated into net investment in capital assets, and restricted and unrestricted net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

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

Proprietary Fund Types (continued):

Enterprise Funds

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

Basis of Accounting

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

Use of Estimates

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

Operating and Non-Operating Revenues and Expenses

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

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

Budgetary Policy and Control

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

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

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

Cash and Investments

All investments are carried at fair value.

For financial presentation purposes, cash and cash equivalents are considered to be demand deposits and short-term highly liquid investments with an initial maturity of three months or less.

Receivables and Payables

All receivables are shown net of an allowance for uncollectible accounts. The Authority extends credit to customers in the normal course of operations. Management has evaluated the accounts and approved an allowance for uncollectible accounts of \$29,912 for the fiscal year ended at June 30, 2022. When an account is determined to be uncollectible, it is written off against the allowance following Board approval.

Capital Assets

Property, plant and equipment are stated at cost. The cost of a capital investment includes purchase, rehabilitation or construction costs, Authority labor for engineering,

construction management and administrative activities, as well as ancillary expenses necessary to make productive use of the assets. Current capitalization thresholds are reflected in the following table:

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




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

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

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

Capital Assets (continued):

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

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

Risk Management

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

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

Settled claims from the risks discussed herein have not exceeded commercial insurance coverage in any of the last three fiscal years ending June 30, 2022, 2021, and 2020.

(2) Cash and Investments

Cash Deposits

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

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

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

The bank balance reflects the amount credited by a financial institution to the Authority's account as opposed to the Authority's own ledger balance for the account. The carrying value reflects the ledger balance, which includes checks written by the Authority that have not cleared the bank as of June 30, 2022. On June 30, 2022, the carrying amount of the Authority's deposits was \$574,959, and the bank balance was \$608,731. The \$33,772 difference represents the outstanding checks.

Investments

In FY 2021/2022, the Authority invested in the Los Angeles County Pooled Surplus Investment Fund (LAC PSIF), which is also managed by Los Angeles County Investment Officer. The Authority invests in the Local Agency Investment Fund (LAIF), which is an investment pool managed by the Treasurer of the State of California. The fair value of the Authority's investment in these pools are reported in the accompanying financial statements at amounts based on the Authority's pro rata share of the fair value provided by LAIF and LAC PSIF for the entire LAIF and LAC PSIF portfolio (in relation to the amortized cost of that portfolio). LAIF and LAC PSIF are authorized by California statutes to enter into investments on behalf of municipalities within California.

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

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

The investment in the repurchase agreement is uninsured with the collateral for the repurchase agreement held in the name of the bank and not in the name of the Authority.

(2) Cash and Investments (continued):

Cash and Investments

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash & Investments	<u>\$5,129,310</u>
Total Cash and Investments	<u><u>\$5,129,310</u></u>

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

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

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

Disclosures Relating to Interest Rate Risk

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

(2) Cash and Investments (continued):

Disclosures Relating to Interest Rate Risk (continued):

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

<u>Investment Type</u>	<u>Remaining Maturity (In Months)</u>	
	<u>Fair Value</u>	<u>12 or Less</u>
Los Angeles County Investment Pooled Investment Fund	\$ 1,223,253	\$ 1,223,253
Repurchase Agreement	2,335,893	2,335,893
Local Agency Investment Fund	994,904	994,904
Total	\$ 4,554,050	\$ 4,554,050

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the Authority's investment policy, and the actual Standard and Poor's rating as of fiscal year ended June 30, 2022 for each investment type:

<u>Investment Type</u>	<u>Value</u>	<u>Minimum</u>	
		<u>Legal Rating</u>	<u>Unrated</u>
Los Angeles County Investment Pooled Investment Fund	\$ 1,223,253	N/A	\$ 1,223,253
Repurchase Agreement	2,335,893	N/A	2,335,893
Local Agency Investment Fund	994,904	N/A	994,904
Total	\$ 4,554,050		\$ 4,554,050

Fair Value Measurement (GASB 72)

The information below shows the Authority's investments fair value measurements (market approach) as of June 30, 2022. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions.

<u>Investments by Fair Value Level</u>	<u>June 30, 2022</u>	<u>Level 1 ^(A)</u>	<u>Level 2 ^(B)</u>	<u>Uncategorized</u>
Los Angeles County Investment Pooled Investment Fund	\$ 1,223,253			\$ 1,223,253
Repurchase Agreement	2,335,893		2,335,893	
Local Agency Investment Fund	994,904			994,904
Total	\$ 4,554,050	\$ -	\$ 2,335,893	\$ 2,218,157

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

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

(3) Changes in Capital Assets

The following is a summary of capital assets, jobs in progress and intangible assets at June 30, 2022:

Capital assets	Balance at 6/30/2021	Additions	Transfers, Sales & Retirements	Balance at 6/30/2022
Capital assets, not being depreciated:				
Land	\$4,285,096	\$0	\$0	\$4,285,096
Jobs in progress	515,197	1,275,876	(1,166,850)	624,223
Total capital assets, not being depreciated	\$4,800,293	\$1,275,876	(\$1,166,850)	\$4,909,319
Capital assets, being depreciated:				
Facility	10,831,133	0	0	10,831,133
Structures & improvements	73,756,409	164,434	0	73,920,843
Operations equipment	19,821,336	995,227	0	20,816,563
Total capital assets, being depreciated	\$104,408,878	\$1,159,661	\$0	\$105,568,539
Less accumulated depreciation for:				
Facility	(2,924,408)	(216,623)	0	(3,141,031)
Structures & improvements	(19,197,191)	(1,516,972)	0	(20,714,163)
Operations equipment	(10,902,621)	(1,375,439)		(12,278,060)
Total accumulated depreciation	(\$33,024,220)	(\$3,109,034)	\$0	(\$36,133,254)
Total capital assets, being depreciated, net	\$71,384,658	(\$1,949,373)	\$0	\$69,435,285
Intangible assets, being amortized:				
Capacity rights	1,037,088	0	0	1,037,088
Total intangible assets, being amortized	\$1,037,088	\$0	\$0	\$1,037,088
Less accumulated amortization for:				
Capacity rights	(240,080)	(24,621)	0	(264,701)
Total accumulated amortization	(\$240,080)	(\$24,621)	\$0	(\$264,701)
Total capital assets, being amortized, net	\$797,008	(\$24,621)	\$0	\$772,387
Total capital assets, net	\$76,981,959	(\$698,118)	(\$1,166,850)	\$75,116,991

In FY 2021/22, the Authority added \$1,275,876 assets as Job in Progress, and increased Accumulated Depreciation and Amortization by \$3,133,655.

(3) Changes in Capital Assets (continued):

Jobs in Progress

As of fiscal Year-end June 30, 2022, the Authority had two capital modification and improvement projects and sub-projects in progress.

RCA Capital Replacement	\$	550,748
IERCF Column Repair ACTV Row 6		<u>73,475</u>
Total Jobs in Progress	\$	<u>624,223</u>

(4) Restatement of Net Position and Related Accounts

Net Position for Fiscal Year ending June 30, 2021.

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

Net position as previously reported July 1, 2021	\$	80,360,663
Reversal of prior year expense accruals		<u>200,000</u>
Net position as restated, July 1, 2021		<u>80,560,663</u>

In prior years, the Authority recognized future year expenses not yet incurred. In fiscal year 2020-21, these accruals should have been reversed but the adjustment was recorded incorrectly. Expenses were inadvertently increased, when it should have been decreased, by \$100,000, which caused net position at fiscal year ending June 30, 2021, to be overstated by \$200,000.



**Inland Empire
Utilities Agency**

ieua.org

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CA 91708

P.O. Box 9020
Chino Hills, CA 91709

Phone: (909) 993-1600

Fax: (909) 993-1986

**Los Angeles County
Sanitation Districts**

lacsds.org

1955 Workman
Mill Road Whittier,
CA 90601

P.O. Box 4998
Whittier, CA 90607

Phone: (562) 699-7411

Fax: (562) 699-5422



**Inland Empire Regional
Composting Facility**

12645 Sixth Street
Rancho Cucamonga,
CA 91739

Connect with us:

ierca.org



 **nextdoor**

@IEUAWater

Phone: (909) 993-1500

Fax: (909) 993-1510

P.O. Box 2470

Chino Hills, CA 91709

**ACTION
ITEM**

2E



Date: May 1, 2023
To: Honorable Board of Directors
From: Jeffrey Ziegenbein *JZ#836*
Project Manager
Subject: Recommendation to Verify Biofilter Compliance

RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the Project Manager to expend up to \$300,000 to verify compliance with biofilter source test requirements; and,
2. Amend the IERCA Fiscal Year 2023 Budget by \$300,000; and,
3. Authorize the Project Manager to finalize and execute the agreement.

BACKGROUND

The Inland Empire Regional Composting Facility (IERCF) biofilter is designed to control odors and reduce volatile organic compounds (VOC) and ammonia (NH₃) emissions originating from the co-composting operation by exhausting air within the facility to the biofilter. At a minimum, the biofilter must reduce VOC and ammonia emissions from the composting facility by 80%, pursuant to the South Coast Air Quality Management District (SCAQMD) Rule 1133.2. To determine compliance, the SCAQMD requires the biofilter to undergo biennial source testing for VOC and NH₃.

On February 1-3, 2023, Alliance Source Testing conducted the emissions source test, which resulted in only 5% VOC removal, and mass emissions limits exceeding the threshold for both VOC and ammonia. After reviewing the report, the data may not be representative of the biofilters performance. There have been no changes to the operation and maintenance strategy for over 15 years. The biofilter has consistently met the required removal efficiency and mass emissions rates since 2009.

Staff conducts regular maintenance and monitoring activities to ensure the performance of the biofilter. The media was recently replenished and fluffed to further improve the environment for

the bacteria to breakdown pollutants. Fluffing the media ensures even distribution of air throughout the entire 3 acres of biofilter. Additionally, introducing new media provided fresh carbon (new chunky wood) for the bacteria to thrive. The biofilter is consistently within the ammonia concentration threshold set by the SCAQMD permit and the recent smoke test demonstrated excellent air flow distribution. Overall, there are no signs of deterioration or performance concerns. In fact, field monitoring with handheld instrumentation and site observations prompted staff to believe that the biofilter is working exceptionally well exceeding the minimum requirements of the permits.

Furthermore, a third-party environmental consultant identified several errors in the source test report:

- Inconsistent sampling rates resulting in different sample volumes per location per sample
- 3 samples were received nearly at full vacuum, which suggests that improper sampling or handling of the samples had occurred
- 17 samples out of the 88 were invalid due to the method requirements for can pressure prior to analysis

These are only a few of the errors that were identified during the limited review of the test report, signaling potential concerns regarding the test and data content of the report. Additionally, data showing ammonia and methanol removal at 96% and 99%, respectively, demonstrates normal biofilter operation.

IERCA immediately secured a contract with an environmental contractor (CE Schmidt) to conduct a subsequent test with a smaller sample size of the same sample locations to validate or contradict the results. The subsequent test was conducted April 19, 2023. CE Schmidt was selected for this task as they developed the US EPA recommended surface emission isolation flux chamber area source assessment technology and is more experienced with VOC and NH₃ testing protocols under SCAQMD Rule 1133 as they aided in its development. The test results are expected to be available for review in late May 2023. There are two scenarios that may result from the outcome of the subsequent test:

1. The data shows that the media is performing well, confirming the initial source test was flawed. This will prompt an urgent repeat of a full source test to produce a report confirming full compliance with the permit and rules. The repeated source test may cost up to \$300,000.
2. The data shows that the initial source test was correct and the biofilter requires improvement. This scenario will require a detailed plan and authority from the SCAQMD. If this scenario is confirmed, a detailed plan, timeline and budget will be brought back to the IERCA Board for consideration, most likely at the regularly scheduled meeting in August 2023.

Staff have retained experienced legal counsel and has been in contact with SCAQMD. It has been determined that there are no additional intermediate steps required. The subsequent data will direct next steps. Staff recommends authorizing the Project Manager to spend up to

May 1, 2023

Page 3

\$300,000 to repeat source test activities contingent upon the data in the subsequent test confirming that the biofilter is performing as expected.

PRIOR BOARD ACTION

On June 31, 2022, The Board approved a two-year contract extension with Alliance Source Testing (AST) to provide air quality source testing from March 1, 2022, through December 31, 2024, for a not-to-exceed amount of \$101,920.

IMPACT ON BUDGET

Funds for the retest will require approval of additional funds in the amount of \$300,000.

IERCA Air Quality Compliance Update

Sarah Recinto
Associate Engineer
May 1, 2023

Background

- South Coast Air Quality Management District (SCAQMD) is the local regulatory agency responsible for improving air quality in the South Coast Air Basin
- SCAQMD Rule 1133.2: Reduce emission from co-composting operations
 - Volatile Organic Compounds (VOC)
 - Ammonia (NH₃)
- Co-composting exhaust treated by biofilter

Biofilter Source Test

- Permit conditions:
 - Minimum control efficiency: 80% Removal
 - Monthly maximum emissions:
 - VOC = 5,052 lbs
 - NH₃ = 1,584 lbs
- Test is every 2 years



Results

	VOC		NH3		Compliance
	Monthly Mass Emissions Rate	Removal Efficiency	Monthly Mass Emissions Rate	Removal Efficiency	
	lbs/month	%	lbs/month	%	
2009	4,974	87%	0	100%	✓
2011	4,443	98%	561	99%	✓
2013	1,154	97%	342	100%	✓
2015	3,867	97%	765	98%	✓
2017	815	100%	603	100%	✓
2019	4,458	94%	198	100%	✓
2021	1,371	81%	630	99%	✓
Permit Condition	<5,052	>80%	<1,584	>80%	

Results

	VOC		NH3		Compliance
	Monthly Mass Emissions Rate	Removal Efficiency	Monthly Mass Emissions Rate	Removal Efficiency	
	lbs/month	%	lbs/month	%	
2009	4,974	87%	0	100%	✓
2011	4,443	98%	561	99%	✓
2013	1,154	97%	342	100%	✓
2015	3,867	97%	765	98%	✓
2017	815	100%	603	100%	✓
2019	4,458	94%	198	100%	✓
2021	1,371	81%	630	99%	✓
2023	16,887	5%	3,143	96%	✗
Permit Condition	<5,052	>80%	<1,584	>80%	

2023 Source Test Result Evaluation

- No changes to maintenance and operation for 15+ years
- Historically the biofilter has met performance requirements
- Staff conducts regular maintenance and monitoring activities to ensure performance
- Third-party consultant identified several errors in the test report
 - Inconsistent sample volume collected at different locations
 - 17 of 88 samples were invalid due to method requirements
 - Ammonia and methanol destruction efficiencies $\geq 96\%$



Results may not be representative of biofilter performance

Compliance Activity

- Reported deviation with excess emissions to SCAQMD
- Submitted Source Test Report to SCAQMD
- Curtis Coleman, legal counsel, reached out to SCAQMD Enforcement and Legal to set up meeting to discuss source test results
- CE Schmidt, experts in VOC and NH₃ testing protocols per Rule 1133, conducted a small-scale engineering test to validate/invalidate results on April 19, 2023.

Next Steps

Dependent on subsequent test results:

Scenario 1

- The data shows that the media is performing well confirming the initial source test was flawed. This will prompt an urgent repeat of a full source test to produce a report confirming full compliance with the permit and rules. The repeated source test may cost up to \$300,000.

Scenario 2

- The data shows that the initial source test was correct and the biofilter requires improvement. If confirmed, a detailed plan, timeline and budget will be brought back to the IERCA Board for consideration, most likely at the regularly scheduled meeting in August 2023.

Next Steps

- Retest biofilter to verify compliance
 - Invite SCAQMD to witness the test
- Maintain open dialogue with SCAQMD
- Continue to receive legal guidance from Curtis Coleman, previous SCAQMD general counsel
- If appropriate, seek variance from SCAQMD

Recommendation

- Authorize the Project Manager to expend up to \$300,000 to verify compliance with biofilter source test requirements; and,
- Amend the IERCA Fiscal Year 2023 Budget by \$300,000; and,
- Authorize the Project Manager to finalize and execute the agreement.

INFORMATION
ITEM

3A



Date: May 01, 2023
To: Honorable Board of Directors
From: Jeff Ziegenbein *JZ#836*
Project Manager
Mike Sullivan
Assistant Project Manager
Subject: Project Manager's Report

RECOMMENDATION

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

BACKGROUND

Operations

The Inland Empire Regional Composting Facility (IERCF) continued to maintain high throughput levels processing up to 4,500 wet tons of biosolids and amendments weekly, Monday through Friday.

Since the last update, the IERCF staff has:

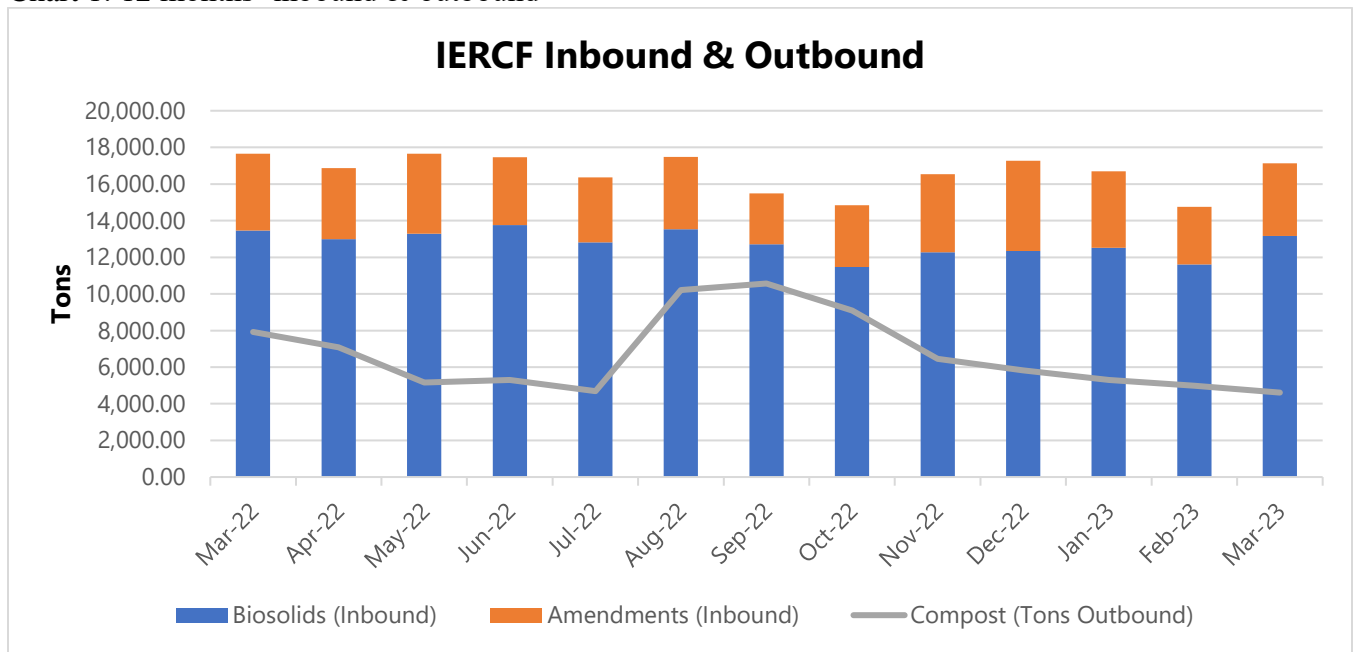
- Maintained maximum throughput, surpassing revenue targets
- Maintained compost sales volumes on pace with production volumes
- Passed over 600 days with no recordable or lost time incidents

Table 1 lists materials processed for the current fiscal year 2022/23, July 1, 2022 – March 31, 2023, the same period in the previous fiscal year 2021/2022, and since start-up in April 2007 through March 31, 2023.

Table 1: Process summary

	FY 2022/23	FY 2021/22	2007-2023
Biosolids Processed (wet tons)	112,406	114,187	2,176,680
Amendments Processed (wet tons)	34,107	36,310	802,555
Compost Sold (cubic yards)	176,375	163,387	3,388,661

Chart 1: 12 months' inbound & outbound



Liebherr Number 4

IERCF is expecting to receive the 4th and final Liebherr loader to be delivered in April of 2023. The four units will provide all the material handling required at the facility for normal production and allow for some of the older units to be sold or traded for a grant. The new loaders, along with service agreements and warranties will reduce operations and maintenance expenses significantly while improving uptime required for the facility to maintain full operations. Actual diesel fuel consumption is reduced by 50%, compared to the John Deere units previously operated. Updates will be provided in future Project Manager reports.

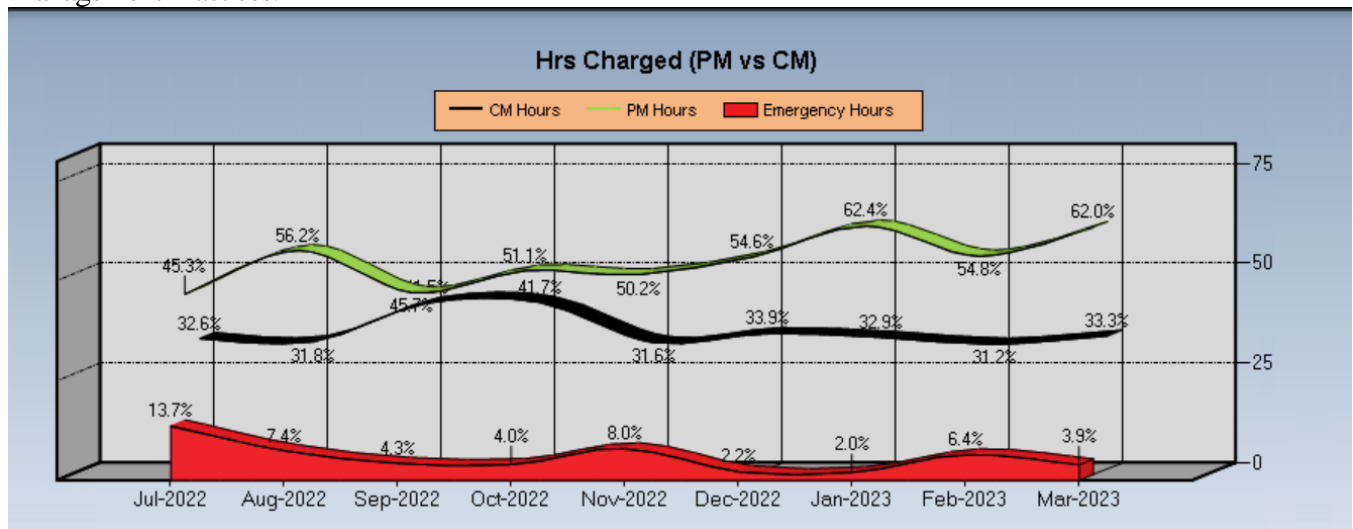


Liebherr 566

Maintenance/Asset Management

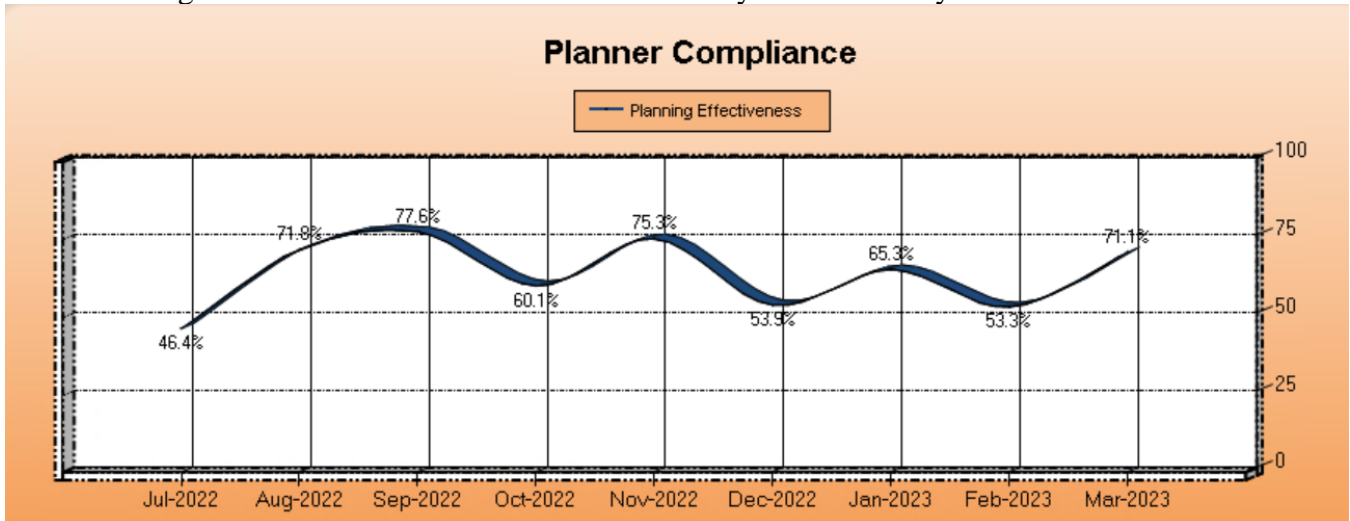
The Maintenance department continues to make progress in pursuit of continuous improvement and reliability-centered maintenance strategies. One key element is to track maintenance activities and to share the report with the team. The following are reports generated with our maintenance scheduling software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

CM & PM Comparison – Preventative maintenance aims to prevent equipment failure and prolong the lifespan of equipment, while corrective maintenance aims to fix equipment that has failed or is no longer functioning properly. Preventative maintenance is a proactive approach that is performed on a regular basis, while corrective maintenance is a reactive approach that is performed when something has gone wrong. Maintenance staff are continually monitoring these metrics to determine base line standards for our facility and compare with industry Best Management Practices.



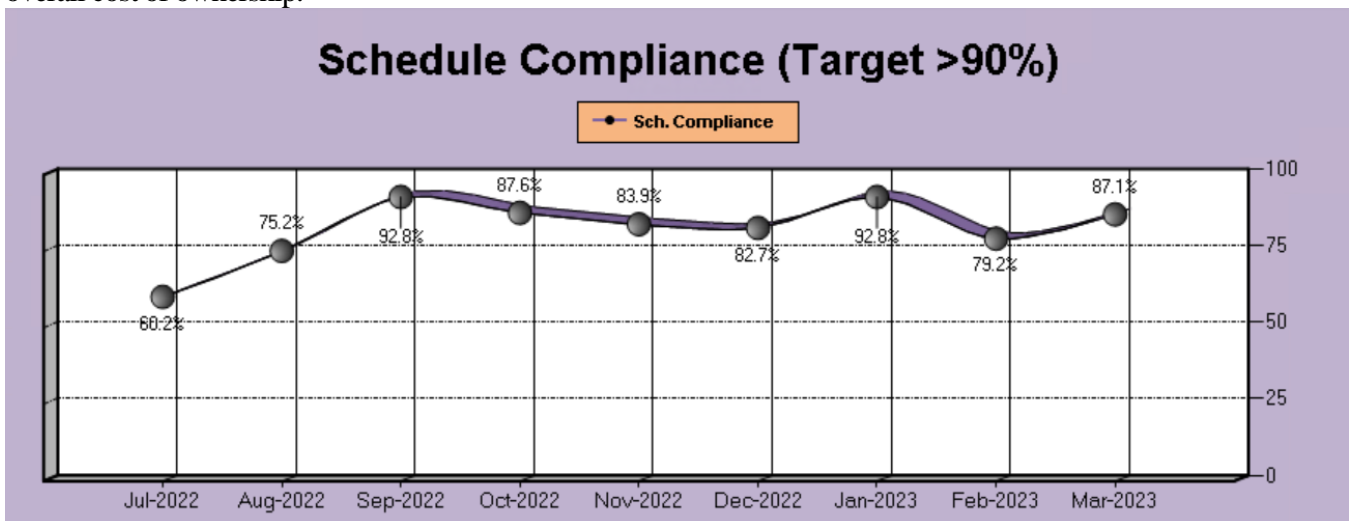
PM and CM compliance measures how successful the staff has been in completing preventative and corrective maintenance tasks and, in doing so, opens the door to building better processes, optimizing our maintenance schedule, reducing downtime, and using resources more efficiently. Reactive work is measured as a percentage of actual hours planned to determine amount of impact to planned schedule hours. This work is determined to be necessary and/or emergency work critical to the operations, maintenance, or safety of the assets. Reactive work directly impacts all other metrics negatively and is typically avoided when possible.

Planner Compliance – Planner compliance percentage is a measurement that allows Maintenance Staff to monitor and identify areas where improvements can be made to increase efficiency and reduce costs, while ensuring that maintenance work is carried out safely and effectively.



Planner compliance is a maintenance metric used for determining accuracy in job planning and the effectiveness of scheduled maintenance processes. Planner compliance measures the accuracy of planned work order hours completed in comparison to actual hours worked.

Schedule Compliance - Maintenance schedule compliance monitors the percentage to which maintenance activities are being performed according to a predetermined schedule. Compliance with the maintenance schedule is important because it ensures that equipment is properly maintained and in good working condition, which can help to prevent breakdowns and unplanned downtime. In addition to extending the useful life of equipment and reduce overall cost of ownership.



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

Projects

In Process:

- The Maintenance Department continues to install the new refillable style auto greaser on facility fans that run 24 hours. These new auto greasers are remotely mounted, allowing them to not be affected by the heat or vibration from the equipment running. Maintenance staff are monitoring the efficiency, costs, and durability of the units to determine strategies for a more widespread rollout to include other types of equipment. To date the auto greasers have performed above expectations with no maintenance, corrective, or repair issues.
- Maintenance staff have received quotes for the replacement of the underground valve on PIV #5 and will begin construction on project RA23005 within the next quarter. Staff will provide updates as they become available.
- The replacement Active Hopper RFP, project RA23003 is currently in process and staff will be reviewing the bids over the next month. Once awarded staff anticipate completion of the new hopper within the next 6 months.
- South MCC HVAC Project RA23002 has been awarded to ACCO Engineering and is experienced long lead times on the production of the new Chiller from Carrier. The arrival date has been pushed back multiple times due to supply chain issues but currently is set for August 2023.



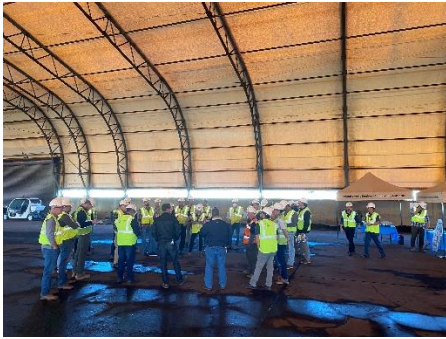
The Maintenance department continues to make progress in pursuit of continuous improvement and reliability-centered maintenance strategies. One key element is to track maintenance activities and to share the report with the team. The following are reports generated with our maintenance scheduling software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

Recruitment

IERCF is in process of completing the filling of 1 staff vacancy for Mechanic I-III and onboarding 1 Administrative Intern. After successful recruitments, individuals have accepted the position of Mechanic II and Administrative Intern, and both are currently in the onboarding process.

IERCF Outreach and Tours

IERCA sales staff participated in the USCC Compost conference in the City of Ontario in January. Multiple educational seminars were attended that promoted the science and beneficial use of different composts. The Masters Gardeners Association of San Bernardino County visited and toured the facility in February, where 25 members were guided around the property and educated on IERCA's composting processes. USCC hosted a weeklong compost operation training course (COTC) and toured the facility with 45 attendees in March.



Staff Conducting USCC Tours



COTC Training Course Tours



Taking Q&A

Sales and Marketing Report

IERCA continues to service over 100 active customers for retail bulk sales, landscaping, turf preparation, nursery blends and agricultural use. The STA certified quality of SoilPro Compost continues to be the main selling point for IERCA and large job bids. Compost sales remain strong in the 1st quarter of 2023 going into the warmer spring months and the facility is currently sold out. Will call and contract customers continue to be consistent, which is keeping up with the production goals and maintaining facility throughput. Many large department of transportation jobs are expected to start up in April and compost demand remains high throughout the industry.



Wheat fields composted in Summer 2022



Wheat fields after the rains in 2023

Association of Compost Producers, also known as ACP, in partnership with IERCF is still actively engaged with the newly formed marketing committee with Zero Foodprint to promote and advocate for the beneficial use of compost in Agriculture. Weekly meetings are being conducted with ZFP & ACP regularly to see how we can grow professionally with their organization and participate in composters map for Cities procurement requirements. A plan has been set in place to match up farmers with grant funding as well as match them up with Composters via website mapping expected to launch early 2023. Alba tech marketing solutions has teamed up with IERCA to make updates to the facility website to better engage with end users and promote the facility overall more effectively. Website is expected to migrate and go live sometime in early April.

Table 2: Summary of monthly sales and revenue

MONTH	TOTAL YARDS 2022/2023	TOTAL YARDS 2021/2022	TOTAL REVENUE 2022/2023	TOTAL REVENUE 2021/2022
January	14,445.60	17,698.60	\$15,529.58	\$27,803.11
February	14,241.42	17,749.10	\$22,607.45	\$28,615.14
March	13,040.60	22,647.71	\$20,652.16	\$38,749.62
TOTAL	41,727.62	58,095.41	\$58,789.19	\$95,167.87
AVERAGE	13,909.21	19,365.14	\$19,596.40	\$31,722.62

Table 3: Monthly Account Receivable Aging Report for IERCA (3/31/2023)

	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 to 120 days	121 days and above	Total
Amount	\$34,239.26	\$14,571.24	\$21,504.19	\$9,230.56	\$6,876.83	\$156,469.60	\$242,891.68
# of Invoices	33	22	9	9	4	108	185
# of Customers	31	19	8	10	5	30	60

IERCA Carry Forward Return Summary

The total return amount for the IERCA carry forward was \$14,277.93 and total amount extended was \$12,463.07.

Exhibit 1						
Inland Empire Regional Composting Authority						
Carry Forward Return Summary						
FY 2021/22 to FY 2022/23						
Purchase Oder No.	PO Line Item	Funded Program	Approved Carry Forward Amount	Carry Forward Amount Open Dec. 31, 2022	Amount to Return	Amount to Extend
4500038858	1	RA20005	90,242.32	-		
4500038858	1	RA20005	1,753.06	-		
4500039704	2	RA20005	2,679.75	-		
4500039704	3	RA20005	3,595.00	-		
4500039704	4	RA20005	350.00	-		
4500039704	5	RA20005	600.00	-		
4500040587	1	RA22001	6,625.18	-		
4300000030	1	O&M	1,431.36	1,431.36		1,431.36
4300000065	1	O&M	625.00	625.00	625.00	
4300000065	2	O&M	7,542.50	7,542.50	7,542.50	
4500033122	5	O&M	20,781.25	-		
4500036267	1	O&M	4,686.93	4,686.93	4,686.93	
4500038438	1	O&M	1,423.50	1,423.50	1,423.50	
4500039150	5	O&M	185.00	-		
4500039150	6	O&M	6,031.71	6,031.71		6,031.71
4500040180	1	O&M	5,000.00	5,000.00		5,000.00
Total			153,552.56	26,741.00	14,277.93	12,463.07

PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

None.

INFORMATION
ITEM

3B



Date: May 1, 2023

To: Honorable Board of Directors

From: Javier Chagoyen-Lazaro
Treasurer

DS
N #882

Subject: Treasurer's Report of Financial Affairs for the Quarter Ended
March 31, 2023

RECOMMENDATION

The Treasurer's Report of Financial Affairs for the quarter ended March 31, 2023, 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. 2022-6-1), 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, 2023, is hereby submitted in a format consistent with State requirements. As shown in the table below, the total cash, investments, and restricted deposits were \$5,540,770 reflecting an increase of \$1,187,606 compared to the December balance of \$4,353,164. The increase was primarily due to the timing of Biosolids payments.

The Authority's investment portfolio average rate of return in March 2023⁽²⁾ was 1.515 percent compared to the December 2022⁽¹⁾ yield of 1.440 percent. The increase was due to higher interest rates from Los Angeles County Pooled Investment and the Local Agency Investment Fund (LAIF) accounts. Interest earnings for the quarter ended March 31, 2023 were \$15,623.

	December (1)	March (2)	Changes from Prior Quarter
Total Cash, Investments, Restricted Deposits	\$4,353,164	\$5,540,770	\$1,187,606
Investment Portfolio Average Rate of Return	1.440%	1.515%	0.075%

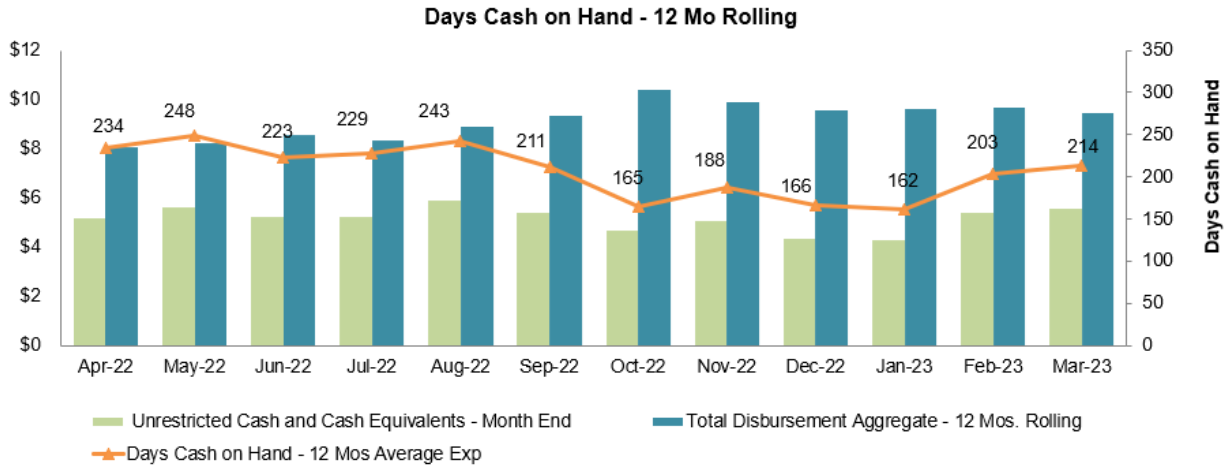
(1) Interest rates for the LA County Pooled Investment and LAIF as of November 2022

(2) Interest rates for the LA County Pooled Investment and LAIF as of February 2023

May 1, 2023

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Cash on hand (COH) for the month ended March 31, 2023, was 214 days compared to the December 31, 2022, COH of 166 days, the increase was primarily due to higher cash balance and lower twelve-month rolling disbursements. The COH is a financial ratio used to measure cash readily available to pay expenses. Average days of cash on hand is calculated using the monthly ending balance of unrestricted cash and cash equivalents divided by disbursements associated with operating and capital expense as recorded in the Authority’s cash flow.



PRIOR BOARD ACTION

None.

IMPACT ON BUDGET

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

Attachment: Treasurer’s Report of Financial Affairs for quarter ended March 31, 2023.

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Quarter Ended March 31, 2023



All investment transactions have been executed in accordance with the criteria stated in the Authority's Investment Policy (Resolution No. 2022-6-1), adopted by the Inland Empire Regional Composting Authority's Board of Directors during its regular meeting held on June 6, 2022. 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 Position

Quarter Ended

March 31, 2022

Unrestricted Accounts

Cash, Bank Deposits, and Bank Investment Accounts

Investments

Citizens Business Bank (CBB) Repurchase (Sweep)

LA County Pooled Investment

Local Agency Investment Fund (LAIF)

Total Investments

Total Unrestricted Cash and Investments Available to the Authority

Total Unrestricted Cash and Investments

Net Change from previous Quarter

	March	December
	\$552,245	\$537,747
	\$2,682,166	\$1,519,705
	1,287,864	1,282,509
	1,018,495	1,013,203
	\$4,988,525	\$3,815,417
	\$5,540,770	\$4,353,164
	\$5,540,770	\$4,353,164
	\$1,187,606	

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash Position

Quarter Ended
March 31, 2022

Unrestricted Accounts

Cash, Bank Deposits, and Bank Investment Accounts
For the Quarter Ended March 31, 2023

Demand (Checking) Accounts	\$552,245
Subtotal Demand Deposits	<u>\$552,245</u>
<i>Total Cash and Bank Investment Accounts</i>	<u><u>\$552,245</u></u>

Investments

Citizens Business Bank (CBB) Repurchase (Sweep)	\$2,682,166
Local Agency Investment Fund (LAIF)	1,018,495
LA County Pooled Investment	<u>1,287,864</u>
	\$4,988,525
<i>Total Investments</i>	<u><u>\$4,988,525</u></u>

Total Cash, Investments and Restricted Deposits as of March 31, 2023 \$5,540,770

Total Unrestricted Cash and Investments as of 3/31/2023	<u><u>\$5,540,770</u></u>
Less: Total Unrestricted Cash and Investments as of 12/31/2022	<u>\$4,353,164</u>
<i>Total Quarterly Increase (Decrease)</i>	<u><u>\$1,187,606</u></u>

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash Position

Quarter Ended
March 31, 2022

	Par Amount	Principal Amount	March Amortization	% Yield	Market Value
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For the Quarter Ended December 31, 2022

Cash, Bank Deposits, and Bank Investment Accounts

Citizens Business Bank

Checking Account	\$552,245	\$552,245	\$552,245	N/A	\$552,245
Preferred Money Market Acct		0	0		0
Subtotal CBB	\$552,245	\$552,245	\$552,245	N/A	\$552,245
Total Unrestricted Accounts	\$552,245	\$552,245	\$552,245		\$552,245

Investments

Citizens Business Bank Sweep ⁽¹⁾	\$2,682,166	\$2,682,166	\$2,682,166	0.500%	\$2,682,166
LA County Pooled Investment ⁽²⁾	\$1,287,864	\$1,287,864	\$1,287,864	3.400%	\$1,287,864
Local Agency Investment Fund	\$1,018,495	\$1,018,495	\$1,018,495	2.624%	\$1,018,495
Subtotal Investments	\$4,988,525	\$4,988,525	\$4,988,525	1.682%	\$4,988,525
Total Investments	\$4,988,525	\$4,988,525	\$4,988,525		\$4,988,525
 Total Unrestricted Cash and Investments as of March 31, 2023	 \$5,540,770	 \$5,540,770	 \$5,540,770		 \$5,540,770

⁽¹⁾ Citizens Business Bank Sweep rate increased from 0.25% to 0.50% on December 1, 2022.

⁽²⁾ Interest Rate information from LAIF and the LA County Pooled Investment is as of February 2023.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash Position

Quarter Ended
March 31, 2022

Unrestricted Accounts

Cash, Bank Deposits, and Bank Investment Accounts

	Amount Invested	Yield
Citizens Business Bank - Sweep Account ⁽¹⁾	\$2,682,166	0.500%
LA County Pooled Investment ⁽²⁾	1,287,864	3.400%
Local Agency Investment Fund	1,018,495	2.624%
	\$4,988,525	1.682%

Bank Accounts

Citizens Business Bank -Demand Account	\$552,245	N/A
	\$552,245	

Total Portfolio

Investment Portfolio Rate of Return

\$5,540,770

1.515%

Restricted/Transitory/Other Demand Accounts

Total Other Accounts

	Amount Invested	Yield
	\$0	0.000%

Total Authority Directed Deposits

\$5,540,770

(1) Citizens Business Bank Sweep rate increased from 0.25% to 0.50% on December 1, 2022.

(2) Interest Rate information from LAIF and the LA County Pooled Investment is as of February 2023.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash Position

Quarter Ended

March 31, 2022

