

# AGENDA REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

MONDAY, MAY 5, 2025 10:00 A.M.

# INLAND EMPIRE REGIONAL COMPOSTING FACILITY ADMIN CONFERENCE ROOM 12645 6<sup>TH</sup> STREET RANCHO CUCAMONGA, CA 91739

### www.ierca.org

TELEPHONE ACCESS: (415) 856-9169 / Conf Code: 644 157 597#

The public may participate and provide public comment during the meeting by attending the meeting in-person or by dialing the number provided above. Comments may also be submitted by email to IEUA Director of Board and Administrative Services Denise Garzaro at dgarzaro@ieua.org prior to the completion of the Public Comment section of the meeting.

Comments will be distributed to the Board of Directors.

**CALL TO ORDER** 

**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 wishing to address the Board on any matter, whether or not it appears on the agenda, are requested to email the Recording Secretary prior to the public comment section or request to address the Board during the public comments section of the meeting. Comments will be limited to three minutes per speaker.

### **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.

## 1. CONSENT CALENDAR ITEMS

NOTICE: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by the Board by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Board votes unless any Board members, staff or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

## A. MINUTES

Approve minutes of the February 3, 2025 Board Meeting.

## B. APPROVE INVESTMENT AND DISBURSEMENT REPORT

Staff recommends that the Board approve total disbursements for the months of January 2025 through March 2025 in the amount of \$3,449,808.93.

## 2. ACTION ITEMS

## A. <u>APPROVE PROPOSED BUDGET AMENDMENT FOR FISCAL YEAR</u> 2024/25 - ELECTRICITY

Staff recommends that the Board:

- 1. Approve a fourth quarter budget amendment, increasing Electricity in the amount of \$300,000; and
- 2. Amend the total project budget in the amount of \$1,857,517.

# B. <u>APPROVE PROPOSED BUDGET AMENDMENT FOR FISCAL YEAR</u> 2024/25 – ROOF TRUSS REPAIRS

Staff recommends that the Board:

- 1. Approve a fourth quarter budget amendment, increasing the amount by \$150,000 to Roof Truss Repair Project RA24006; and
- 2. Amend the total project budget in the amount of \$266,000.

## C. APPROVE PURCHASE OF REPLACEMENT TELESCOPING FORKLIFT FOR CAPITAL REPLACEMENT PROJECT

Staff recommends that the Board approve the purchase of a replacement telescoping forklift in the amount of \$220,000.00 under Capital Replacement Project, RA25002.

## D. <u>APPROVE THE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED</u> JUNE 30, 2024

Staff recommends that the Board:

- 1. Approve the Inland Empire Regional Composting Authority Annual Financial Report for Fiscal Year ended June 30, 2024, 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. <u>APPROVE THE ANNUAL MANAGEMENT PLAN FOR FISCAL YEAR</u> 2025/26

Staff recommends that the Board approve the Annual Management Plan for Fiscal Year 2025/26.

# F. ADOPT THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY BUDGET FOR FISCAL YEAR 2025/26

Staff recommends that the Board:

- 1. Adopt the Inland Empire Regional Composting Authority budget for Fiscal Year 2025/26;
- 2. Increase the tipping fee from \$65.50 to \$69.50 per wet ton; and
- 3. Approve a capital call of \$2.25 million to be shared equally by the Inland Empire Utilities Agency and Los Angeles County Sanitation Districts to support capital improvement project costs and meet the minimum reserve balance, as needed.

## G. ADOPT THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY INVESTMENT POLICY FOR FISCAL YEAR 2025/26

Staff recommends that the Board adopt Resolution No. 2025-5-1, approving the Authority's Investment Policy for Fiscal Year 2025/26.

## H. <u>APPROVE PROPERTY INSURANCE POLICY RENEWAL FOR FISCAL YEAR</u> 2025/26

Staff recommends that the Board:

- 1. Approve the renewal of the Inland Empire Regional Composting Authority's existing property, general and excess liability insurance policies for Fiscal Year 2025/26 for a not-to-exceed amount of \$1,200,000 including fees and taxes; and
- 2. Authorize the Project Manager to finalize and execute the contract, subject to non-substantive changes.

## 3. **INFORMATION ITEMS**

- A. PROJECT MANAGER'S REPORT (WRITTEN)
- B. AIR QUALITY COMPLIANCE UPDATE (POWERPOINT)
- C. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED MARCH 31, 2025 (WRITTEN)

## 4. **DIRECTOR COMMENTS**

## <u>ADJOURN</u>

The next regular meeting is scheduled for Monday, August 4, 2025 at 10:00 a.m.

## **Declaration of Posting**

I, Denise Garzaro, CMC, Director of Board and Administrative Services of the Inland Empire Utilities Agency, hereby certify that, per Government Code Section 54954.2, a copy of this agenda has been posted at the Inland Empire Regional Composting Authority, 12645 6th Street, Rancho Cucamonga, CA and on the Authority's website at <a href="www.ierca.org">www.ierca.org</a> at the Los Angeles County Sanitation District, 1955 Workman Mill Road, Whittier, CA and at the Inland Empire Utilities Agency, 6075 Kimball Ave, Chino, CA at least twenty-four (24) hours prior to the special meeting date and time above.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Recording Secretary at (909) 993-1736 or dgarzaro@ieua.org, 48 hours prior to the scheduled meeting so that IERCA can make reasonable arrangements to ensure accessibility.

# CONSENT CALENDAR ITEM

## MEETING OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY FEBRUARY 3, 2025 10:00 A.M.

A meeting of the Board of Directors of the Inland Empire Regional Composting Authority (IERCA) was held at the Inland Empire Regional Composting Facility located at 12645 6th Street, Rancho Cucamonga, California and via teleconference on the above date.

Chair Blickenstaff called the meeting to order at 10:01 a.m. and led the pledge of allegiance. The following Directors were present:

Jon Blickenstaff, Chair Paul Hofer, Vice Chair (arrived at 10:07 a.m.) Shivaji Deshmukh, Director Robert Ferrante, Director Margaret Finlay, Director (arrived at 10:01 a.m.) Jasmin A, Hall, Director

### **PUBLIC COMMENT**

There were no public comments.

### **ADDITIONS TO THE AGENDA**

There were no additions to the agenda.

### 1. CONSENT ITEMS

#### A. MINUTES

## B. <u>INVESTMENT AND DISBURSEMENT REPORT</u>

MOVED BY DIRECTOR FINLAY, SECONDED BY DIRECTOR DESHMUKH, AGENDA ITEM NOS. 1A AND 1B, APPROVED AS RECOMMENDED BELOW, BY THE FOLLOWING VOTE:

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall

Noes: None

Absent: Hofer

- o Approved the minutes of the November 4, 2024 Board Meeting.
- o Approved total disbursements for the months of October 2024 through December 2024 in the amount of \$3,001,048.22; and approved the investments of \$1,000,000 in the Local Agency Investment Fund (LAIF) on October 24, 2024, and of \$1,000,000 in the California Asset Management Program (CAMP) on October 25, 2024.

## 2. ACTION ITEMS

### A. ELECTION OF OFFICERS

General Counsel Marty Cihigoyenetche explained the process for the Board's election of officers for the positions of Chair and Vice Chair of the IERCA Board of Directors. The floor was opened for nominations for the positions.

Director Finlay nominated a slate of officers as follows: Director Blickenstaff as Chair and Director Hofer as Vice Chair.

MOVED BY DIRECTOR FINLAY, SECONDED BY DIRECTOR HALL, THE BOARD ELECTED, BY MAJORITY VOTE, DIRECTOR BLICKENSTAFF AS CHAIR AND DIRECTOR HOFER AS VICE CHAIR OF THE INLAND REGIONAL COMPOSTING AUTHORITY BOARD OF DIRECTORS FOR A TERM BEGINNING FEBRUARY 4, 2025, BY THE FOLLOWING VOTE:

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall

Noes: None

Absent: Hofer

## B. <u>APPROVE DESIGNATION OF INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY TREASURER</u>

General Counsel Cihigoyenetche explained that the Commission must appoint a Treasurer.

He stated that the IERCA Treasurer shall be the depository and have custody of the monies of the Authority; will draw warrants and pay demands against the Authority as approved by the Board; will be strictly accountable for all funds and shall report all receipts and disbursements; and will establish and maintain funds and accounts as may be required by good accounting practice.

MOVED BY DIRECTOR DESHMUKH AND DULY SECONDED, THE BOARD APPROVED THE DESIGNATION OF ALEX LOPEZ, TREASURER FOR THE INLAND EMPIRE UTILITIES AGENCY, AS THE IERCA TREASURER, AS RECOMMENDED, BY THE FOLLOWING VOTE:

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall

Noes: None

Absent: Hofer

## C. ADOPT PROCEDURE FOR WRITE-OFF OF UNCOLLECTABLE RECEIVABLES

IEUA Controller Kim Snow provided the presentation. Discussion ensued on the definition of write-off, the procedure, and thresholds.

Director Hofer arrived at 10:07 a.m.

MOVED BY DIRECTOR FINLAY, SECONDED BY DIRECTOR HALL, THE BOARD ADOPTED THE PROCEDURE FOR WRITE-OFF OF UNCOLLECTABLE RECEIVABLES, AS RECOMMENDED, BY THE FOLLOWING VOTE:

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall,

Hofer

Noes: None

Absent: None

## D. ADOPT DEPOSITORY AGREEMENT AND INVESTMENT FUND SIGNATORY RESOLUTIONS

IEUA Treasurer Alex Lopez provided the presentation.

MOVED BY DIRECTOR FINLAY, SECONDED BY DIRECTOR HALL, THE BOARD ADOPTED RESOLUTION NO. 2025-2-1, AUTHORIZING AND DESIGNATING SIGNATORIES FOR DEPOSITORY AGREEMENT, DEPOSITORY CARDS, DEPOSITS, TRANSFERS, CHECKS, AND WITHDRAWAL OF FUNDS: ADOPTED RESOLUTION NO. 2025-2-2. AUTHORIZING PARTICIPATION IN THE LOCAL AGENCY INVESTMENT FUND AND DESIGNATING FOR THE **DEPOSIT** SIGNATORIES WITHDRAWAL OF FUNDS: ADOPTED RESOLUTION NO. 2025-2-3. AUTHORIZING INVESTMENT OF MONIES IN THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENT FUND; AND ADOPTED **AUTHORIZING** RESOLUTION 2025-2-4, NO. INVESTMENT OF MONIES IN THE CALIFORNIA MANAGEMENT ASSET PROGRAM. RECOMMENDED, BY THE FOLLOWING VOTE:

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall,

Hofer

Noes: None

Absent: None

## E. AWARD CONTRACT FOR COMPOST SPREADING SERVICES

IERCA Project Manager Arin Boughan provided the presentation.

MOVED BY DIRECTOR FINLAY, SECONDED BY DIRECTOR HOFER, THE BOARD AWARDED A CONTRACT TO HOLLIDAY AG SERVICES FOR COMPOST SPREADING SERVICES FOR A FIVE-YEAR PERIOD WITH THE OPTION OF TWO ONE-YEAR EXTENSIONS, FOR A TOTAL POTENTIAL CONTRACT TERM OF SEVEN YEARS, FOR AN AGGREGATE NOT-TO-EXCEED AMOUNT OF \$1,050,000; AND AUTHORIZED THE PROJECT

MANAGER TO FINALIZE AND EXECUTE THE CONTRACT, SUBJECT TO NON-SUBSTANTIVE CHANGES, AS RECOMMENDED, BY THE FOLLOWING VOTE:

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall,

Hofer

Noes: None

Absent: None

## F. <u>APPROVE CONTRACT AMENDMENT FOR FINISHED COMPOST TRANSPORTATION</u> SERVICES

IERCA Project Manager Arin Boughan provided the presentation.

MOVED BY DIRECTOR FINLAY, SECONDED BY DIRECTOR HALL, THE BOARD APPROVED A CONTRACT AMENDMENT WITH VIRAMONTES **EXPRESS** FOR **FINISHED** COMPOST TRANSPORTATION SERVICES, FOR AN ADDITIONAL AMOUNT OF \$900,000, INCREASING THE AGGREGATE NOT-TO-EXCEED AMOUNT FROM \$1.900.000 TO \$2.800.000: AND AUTHORIZED THE PROJECT MANAGER TO FINALIZE AND **EXECUTE** THE CONTRACT AMENDMENT, SUBJECT TO NON-SUBSTANTIVE RECOMMENDED, CHANGES, AS BY THE **FOLLOWING VOTE:** 

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall,

Hofer

Noes: None

Absent: None

## G. <u>APPROVE CONTRACT AMENDMENT FOR FINISHED COMPOST TRANSPORTATION</u> SERVICES

IERCA Project Manager Arin Boughan provided the presentation.

MOVED BY DIRECTOR FINLAY, SECONDED BY DIRECTOR HALL, THE BOARD APPROVED A CONTRACT AMENDMENT WITH **EGGLETON TRUCKING** FOR **FINISHED** COMPOST TRANSPORTATION SERVICES, FOR ΑN ADDITIONAL AMOUNT OF \$900,000, INCREASING THE AGGREGATE NOT-TO-EXCEED AMOUNT **FROM** \$1,900,000 TO \$2,800,000; AND AUTHORIZED THE PROJECT MANAGER TO EXECUTE THE FINALIZE AND CONTRACT AMENDMENT, SUBJECT TO NON-SUBSTANTIVE CHANGES, AS RECOMMENDED. BY **FOLLOWING VOTE:** 

Ayes: Blickenstaff, Deshmukh, Ferrante, Finlay, Hall,

Hofer

Noes: None

Absent: None

## 3. <u>INFORMATION ITEMS</u>

### A. PROJECT MANAGER'S REPORT (WRITTEN)

IERCA Project Manager Arin Boughan, Compost Facility Supervisor Jason Racz, and Compost Sales Representative Marcus Coulombe provided the presentation.

## B. <u>AIR QUALITY COMPLIANCE UPDATE: FEBRUARY 2023 SOURCE TEST (POWERPOINT)</u>

IEUA Senior Associate Engineer Sarah Recinto provided the presentation.

# C. CALIFORNIA ASSOCIATION OF SANITATION AGENCIES BIOSOLIDS AND COMPOSTING: PER- AND POLYFLUOROALKYL SUBSTANCES 'FOREVER CHEMICAL' CHALLENGES

California Association of Sanitation Agencies Director of Renewable Resources Maile Lono-Batura provided the presentation.

Director Hall left the meeting at 11:26 a.m.

Director Finlay left the meeting at 11:37 a.m.

## D. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED DECEMBER 31, 2024 (WRITTEN)

IEUA Treasurer Alex Lopez provided the presentation.

## 4. DIRECTOR COMMENTS

There were no Director comments.

## **ADJOURN**

With no further business, Chair Blickenstaff adjourned the meeting at 11:42 a.m.

Respectfully submitted,

Denise Garzaro

Director of Board and Administrative Services

APPROVED: MAY 5, 2025

# CONSENT CALENDAR ITEM



Date: May 5, 2025

To: Honorable Board of Directors

From: Lisa Dye Lynn A.

**IEUA Acting Assistant General Manager** 

**Subject:** Approve Investment and Disbursement Report

## **RECOMMENDATION**

Staff recommends that the Board approve for the months of January 2025 - March 2025:

1. Total disbursements in the amount of \$3,449,808.93.

There were no new investments during this reporting period.

## **BACKGROUND**

The January 2025 through March 2025 disbursement activity includes check numbers 9234 – 9237 in the amount of \$30,401.19, and ACH and Wire Transfer payments of \$3,419,407.74 for vendor payments and investments. A detailed listing of the check registers and electronic disbursements (ACH/Wire) is attached.

Payment Type	Checks From – To	Transactions	Total Amount
Check (JPMC)	9234 – 9237	4	\$ 30,401.19
ACH		159	\$ 3,310,310.68
Wire Transfer		4	\$ 109,097.06
TOTAL		167	\$ 3,449,808.93

### PRIOR BOARD ACTION

On February 3, 2025, the Board of Directors approved the October 2024 through December 2024 Report on General Disbursements totaling \$5,001,048.22.

## **IMPACT ON BUDGET**

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

Regional Composting Auth Rancho Cucamonga, CA Company code 2000 Check Register

JPMC Disbursement Account - 3rd Qtr '25

User: Page:

TAMPA FL 336100000

04/07/2025 / 13:39:45 User: CCAMPBEL

1

Bank JPMC J.P. MORGAN CHASE BANK, N.A.

Bank Key 322271627

Acct number CHECK 520829378

Check

Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./voi
009234	2200015814	01/10/2025	USD	3,752.03	PACIFIC SOUTHWEST INDUSTRIES LAKE ELSINORE CA	01/13/202
009235	2200015895	02/28/2025	USD	2,861.95	PACIFIC SOUTHWEST INDUSTRIES LAKE ELSINORE CA	03/03/202
009236	2200015938	03/21/2025	USD	816.21	GC LANDSCAPING CITY OF INDUSTRY CA	03/27/202
009237	2200015952	03/28/2025	USD	22,971.00	SOUTH COAST AQMD DIAMOND BAR CA	
* Payment method Check			USD	30,401.19		

Check Register 04/07/2025 / 13:39:45 Total of all entries JPMC Disbursement Account - 3rd Qtr '25 User: Page:

CCAMPBEL 2

	Check number from to	Payment	Pmnt date	Crcy	Amount paid (FC)	Recipient/void reason code	Enca./void
* *	**			USD	30,401.19		

Report: ZFIR TREASURER	Inland Empire Regional Composting	
For $01/01/20\overline{25} \sim 03/31/2025$	Treasurer Report	Date 04/07/202

Amount

Check Payee / Description

ACH	ROCK SYSTEMS INC 25% Down payment or	Feed Hopper	RS18616-1	85,000.00
		ROCK SYSTEMS INC	Ş	85,000.00
ACH	FAIRBANKS SCALES IN 12/3 Installation of	IC of Motherboard in Remo	1709293	1,628.92
		FAIRBANKS SCALES INC		1,628.92
ACH				371.10
		CINTAS CORPORATION N	O 3	1,163.44
ACH	DAVID WHEELER'S PES 12/3 Pest Control S		75397	1,565.00
		DAVID WHEELER'S PEST	CONTROL IS	1,565.00
ACH	BEJAC CORPORATION BATTERY WET		C09630	1,440.94
		BEJAC CORPORATION	Ş	1,440.94
ACH	CASCO EQUIPMENT COPENCODER GREEN DOT,		I -R107533	1,524.51
		CASCO EQUIPMENT CORP	ORATION S	1,524.51
ACH	VIRAMONTES EXPRESS 12/4-12/6/24 Biosol	INC ids Hauling Multiple	133269	1,973.60
		VIRAMONTES EXPRESS I	NC S	1,973.60
ACH	LIQUIVISION TECHNOI Removal of Clog	OGY INC	1121	6,100.00
		LIQUIVISION TECHNOLO	GY INC S	6,100.00
ACH	COUNTY SANITATION I			
	11/24 C4051-Constru	action Inspec Health &	47295	1,586.00
		COUNTY SANITATION DI	STRICTS S	1,586.00
ACH	APPLIED INDUSTRIAL Primary Blade	TECHNOLOGIE	7031128400	6,084.38
		APPLIED INDUSTRIAL T	ECHNOLOGIES	6,084.38
ACH	CINTAS CORPORATION 12/13 Cabinet Org. 12/31 Eye Wash	NO 2 Maintenance and Suppl	5244484001 9302639341	
		CINTAS CORPORATION N	O 2	1,447.71

Report: ZFIR_TREASURER	Inland Empire Regional Composting		
For 01/01/2025 ~ 03/31/2025	Treasurer Report	Date	04/07/2025

Check ACH	Payee / Description PALM AUTO DETAIL INC 12/24 Truck Wash	C		Amour
ACH		C		
		PALM AUTO DETAIL INC	241299-1	775.00 775.00
ACH	12/31 Freshner, Mat		4216452077 4214754346	371.10 421.24 516.19 371.10
ACH	RDO EQUIPMENT COMPAI LOADER -4WD	NY RDO EQUIPMENT COMPANY	W0645635	4,244.96 
ACH	DAVID WHEELER'S PES' 12/20 Monthly Pest 0 01/02 Pest Control 3 01/02 Pest Control 1	Control Service Boxes	75231 75754 75693	31.00 1,565.00 928.00
ACH	EGGLETON TRUCKING II 12/10 Hauling/Load-I 12/18 Hauling/load-I 12/18 Hauling/load-I	San Diego Riverside Winchester	8578 8577 8579	2,524.00 545.45 227.60 360.76
ACH	RED BEACON FIRE & E: PIV Replacement	EGGLETON TRUCKING INC LECTRIC RED BEACON FIRE & ELF	421	1,133.83 19,905.00 
ACH	APPLIED INDUSTRIAL ' 160 RIVETED 10FT LG	TECHNOLOGIE APPLIED INDUSTRIAL TE	7031158652 ECHNOLOGIE\$	3,902.73  3,902.73
ACH		Oil /Advanced Analys trial Oil/Advanced An TRICO CORPORATION		70.00 280.00  350.00
ACH	BEJAC CORPORATION AIR FILTER OUTER, WI	PER BLADE BEJAC CORPORATION	C32745	799.92 799.92
ACH	PRIORITY BUILDING ST 12/24 Janitorial Sv		94907	1,346.23  1,346.23
ACH	LIBERTY LANDSCAPING			1,313.23

Report: ZFIR TREASURER	Inland Empire Regional Composting		
For 01/01/2025 ~ 03/31/2025	5 Treasurer Report	Date	04/07/2025

		J Heabarer Report		Date 01/07/2023
Check	Payee / Description			Amount
	January Monthly Mai	ntenance	131854	956.00
		LIBERTY LANDSCAPING	INC \$	956.00
ACH	APPLIED INDUSTRIAL PRECISION PULLEY & PRECISION PULLEY AIR FILTER, SAFETY	I C5-35TE-48PLE HDPE RADIALSEAL	7031193228 7031240066	2,620.36 938.25 113.41
		APPLIED INDUSTRIAL T	TECHNOLOGIE\$	3,672.02
ACH	SOUTHWEST ALARM SER 1/25 Monitoring Sec		086201	532.00
		SOUTHWEST ALARM SERV	/ICE \$	532.00
ACH	KONICA MINOLTA 1/25 Copier Lease-C	450I	46285194	150.85
		KONICA MINOLTA	\$	150.85
ACH	CINTAS CORPORATION 1/7 Air Freshners,	NO 3 Mats & Uniform Svcs	4217105387	482.73
		CINTAS CORPORATION N	10 3 \$	482.73
ACH		ties Agency s IEUA Interco Billin s IEUA Interco Billin		
		Inland Empire Utilit	ies Agency\$	613,165.16
ACH	ROYAL INDUSTRIAL SO ANALOG INPUT MODS	LUTIONS	6441-1140113	14,738.95
		ROYAL INDUSTRIAL SOL	LUTIONS \$	14,738.95
ACH	KONICA MINOLTA BUSI 12/24 Copy Ovrg/Mnt		9010250177	38.73
		KONICA MINOLTA BUSIN	JESS SOLUTI\$	38.73
ACH	CONTROL LABORATORIE 12/16/24 Finished C	S INC ompost - Package (Sol	4120188	379.00
		CONTROL LABORATORIES	S INC \$	379.00
ACH	BEJAC CORPORATION L566 XPOWER WHEEL		W17307	924.87
		BEJAC CORPORATION	\$	924.87
ACH	VIRAMONTES EXPRESS 12/9-12/20/24 Bioso	INC lids Hauling-Multiple	e 133353	10,861.40
		VIRAMONTES EXPRESS I	INC \$	10,861.40
ACH	CINTAS CORPORATION 1/13 First Aid Supp	NO 2 lies & Safety Inspect	5248769901	1,030.60

	: ZFIR_TREASURER /01/2025 ~ 03/31/202	Inland Empire Region 5 Treasurer Report	al Compostin		4 04/07/2025
Check	Payee / Description				Amount
		CINTAS CORPORATION N	O 2 \$		1,030.60
ACH	CINTAS CORPORATION : 1/13 Mat/Towel/Sani		4217659181		371.10  371.10
ACH	AUTOZONE PARTS INC WINDSHLD FLUID	AUTOZONE PARTS INC	05623210303 \$		36.07  36.07
ACH	CLEARSPAN FABRIC ST PREVAILING WAGE RAT		49885 UCTURES \$		16,695.00  16,695.00
ACH	CINTAS CORPORATION : 1/21 Uniform/Freshe 1/20 Mat/Towel/Sani	ner Svcs	4218529582 4218354279		445.29 371.10  816.39
ACH	EGGLETON TRUCKING II 1/10/25 Hauling/Loa 01/15/25 Hauling/lo 1/17/25 Hauling/loa 1/13/25 Hauling/loa	d-Nuevo ad -Winchester d-La Habra	8660 8709 8708 8661		652.27 367.31 334.87 364.03
		EGGLETON TRUCKING IN	C \$		1,718.48
ACH	U S BANK *4246044555725724 1	/25 U S BANK	5572 5724 1	/2	58,226.41  58,226.41
ACH	INLAND EMPIRE UTILI 12/24 Bldg Lease Py 12/24 NRW Charges	TIES AGENCY	90039120 90039158		8,000.13 6,518.93  14,519.06
ACH	COUNTY SANITATION D 12/24 C4051-Constru		47555		14,062.80
ACH	APPLIED INDUSTRIAL Hanger Bearings Precision Pulley-Co Precision Pulley, R Key Stocks-15574,15 Pillow Blocks,Fuel	mplete Roll Assembly ound Air Filters 615	7031296505 7031313582 7031254791 7031285240 7031282975		248.17 4,195.47 570.04 272.67 4,508.04  9,794.39
ACH	DELL MARKETING L P Dell Latitude 9450	2in1 XCTO Base	<u> </u>		2,253.65

	: ZFIR_TREASURER /01/2025 ~ 03/31/202		al Composting	5 04/07/2025
Check	Payee / Description			Amount
		DELL MARKETING L P	\$	 2,253.65
ACH	CONTROL LABORATORIES Size Distribution as Size Distribution as	nd Inerts (Solids)	5010117	 48.00 48.00  96.00
ACH	CINTAS CORPORATION I 1/14 Uniform/Fresher	NO 3 ner/Sanis Clip Svcs CINTAS CORPORATION NO		 469.78  469.78
ACH	RDO EQUIPMENT COMPAI WING SCREW, CLEVIS	NY RDO EQUIPMENT COMPAN	P9560535 Y \$	 62.86  62.86
ACH	DAVID WHEELER'S PES' 1/20 Monthly Pest Co		75576 CONTROL I\$	 31.00  31.00
ACH	BEJAC CORPORATION Cutting Edge, Nuts,	Bolts, Air Outer BEJAC CORPORATION	C34278	 8,540.90  8,540.90
ACH	BS&B PRESSURE SAFET Inline Pressure Sen		INV15374 MANAGEMEN\$	 6,546.90  6,546.90
ACH	STAPLES INC BROTHER TN630 BLACK	STAPLES INC	6021537887	 187.23  187.23
ACH	INLAND EMPIRE WINDU: Inv-Nipples	STRIAL CO INLAND EMPIRE WINDUS'	058869 01 TRIAL CO \$	 1,297.27  1,297.27
ACH	ROCA ENGINEERING New Shaft	ROCA ENGINEERING	2703	 1,347.89  1,347.89
ACH	SOLAR STAR CALIFORN RCA-12/24 Solar 128		INV-000763 A VI LLC \$	 8,746.61  8,746.61
ACH	APPLIED INDUSTRIAL 'DODGE BEARING P2B51		7031374655 ECHNOLOGIE\$	 4,919.74  4,919.74

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Check	Payee / Description				Amount
ACH	MOTION INDUSTRIES IN Long Vulcanized Bel		CA18-008118	19	20,715.62
		MOTION INDUSTRIES INC	Ç \$		20,715.62
ACH	CONTROL LABORATORIES Finished Compost - 1	S INC Package (Solids)	5010114		379.00
		CONTROL LABORATORIES	INC \$		379.00
ACH	TRICO CORPORATION 11/12-11/25 Industr	ial Oil /Advanced Ana			245.00
		TRICO CORPORATION	\$		245.00
ACH	RADAR ENVIRONMENTAL 12/24 Monthly site		3013		52.50
		RADAR ENVIRONMENTAL	INC \$		52.50
ACH	DIVERSIFIED THERMAL IERC JANUARY 2025 M		S401765		2,617.00
		DIVERSIFIED THERMAL S	SERVICES I\$		2,617.00
ACH	BACTEE SYSTEMS CORPO Trench Covers & Base		256-010 A		57,147.50
		BACTEE SYSTEMS CORPOR	RATION \$		57,147.50
ACH	ROYAL INDUSTRIAL SO: ANALOG INPUT MOD	LUTIONS	6441-114018	3	7,369.48
		ROYAL INDUSTRIAL SOLU	JTIONS \$		7,369.48
ACH	SOUTHWEST ALARM SER' 2/25 Monitoring Sec		086517		532.00
		SOUTHWEST ALARM SERV	ICE \$		532.00
ACH		NC REPLACEMENT Parts in Motions Leg	CA18-008133 CA18-008136 CA97102384	79	11,010.64 10,911.49 906.86-
		MOTION INDUSTRIES INC	C \$		21,015.27
ACH		NO 3 Mats, Uniform Svcs , Towels, Urinal Scre			479.68 376.94
		CINTAS CORPORATION NO	3 \$		856.62
ACH	EGGLETON TRUCKING II 1/24/25 Hauling/load 1/22-24/25 Hauling/	d-San Diego	8720 8721		555.30 825.36

EGGLETON TRUCKING INC

1,380.66

\$

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Check	Payee / Description			Amount
ACH	ALLIANCE SOURCE TES Biofilter Biennial	Source Test, January		128,400.00
		ALLIANCE SOURCE TEST:	ING LLC \$	128,400.00
ACH	Dec 2024 L&B Charge Nov 2024 L&B Charge	ties Agency s IEUA Interco Billin	SAP1224-RCAL& SAP1124-RCAL& SAP1224-RCAO&	380,689.15 384,898.47 154,506.62
ACH	MOTTON INDUCTORE T	N.C.		
ACH	MOTION INDUSTRIES IN BELT CONV IDLERS	NC	CA18-00813947	1,175.36
		MOTION INDUSTRIES IN	C \$	1,175.36
ACH	CINTAS CORPORATION : RCA-1/31 Eyewash Sv		9306907446	420.23
		CINTAS CORPORATION NO	O 2 \$	420.23
ACH	CINTAS CORPORATION : 2/3 Mat/Towel/Sanis		4219855978	376.94
		CINTAS CORPORATION NO	O 3 \$	376.94
ACH	DAVID WHEELER'S PES' 2/3 Pest Control Sv 2/3 Rat Control Svc	cs	76039 75983 CONTROL I\$	1,565.00 928.00  2,493.00
ACH	EGGLETON TRUCKING I		8719	2,656.05
		EGGLETON TRUCKING INC	C \$	2,656.05
ACH	VIRAMONTES EXPRESS 12/24-1/2/25 Biosol	INC ids Hauling-Multiple VIRAMONTES EXPRESS II		8,602.50  8,602.50
ACH	C&L SUPPLY COMPANY Lubers, Bracket Kit	s, Block Kits	94633	4,206.69
		C&L SUPPLY COMPANY	\$	4,206.69
ACH	KONICA MINOLTA BUSI: 12/27/2024-01/26/20		9010290803	19.14
		KONICA MINOLTA BUSINI	ESS SOLUTI\$	19.14
ACH	CINTAS CORPORATION : 2/4 Uniform/Mat/Fre		4220024010	439.19
		CINTAS CORPORATION NO	O 3 \$	439.19

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For 01,	/01/2025 ~ 03/31/202	5 Treasurer Report		Date	04/07/2025
Check	Payee / Description				Amount
ACH	12/17-1/8/25 Indust: 12/6/24-1/27/25 Ind 1/8-1/27/25 Industr: 1/3-1/27/25 Engine	rial Oil/Advanced Ana rial Oil Quality Test ustrial Oil /Advanced ial Oil/Advanced Anal Oil/Vital Analysis Sv e Oil/Vital Analysis	P72280 P72279 P72286 P72283		70.00 25.00 105.00 140.00 63.00 378.00
		TRICO CORPORATION	\$		781.00
ACH	BEJAC CORPORATION HYDRAULIC OIL	BEJAC CORPORATION	C34508		1,892.08  1,892.08
ACH	EGGLETON TRUCKING II 1/30/25 Hauling/load 1/30/25 Hauling/load	d -Riverside	8768 8769		233.81 1,111.79
		EGGLETON TRUCKING INC	C \$		1,345.60
ACH	YORKE ENGINEERING LE 46-2654-12/24 TO#18		42025		477.25
		YORKE ENGINEERING LLO	<b>C</b> \$		477.25
ACH	APPLIED INDUSTRIAL 'Motor Mount, Brush K		7031446133 ECHNOLOGIE\$		1,801.01  1,801.01
ACH	INLAND EMPIRE WINDU	STRIAL CO	058869 02		230.67
		INLAND EMPIRE WINDUST	TRIAL CO \$		230.67
ACH	INLAND EMPIRE UTILI' 1/25 Bldg Lease Pym	t	90039229		8,000.13
		INLAND EMPIRE UTILIT	IES AGENCYS		8,000.13
ACH	APPLIED INDUSTRIAL 'Inv-Air Filters	FECHNOLOGIE APPLIED INDUSTRIAL TE	7031438029 ECHNOLOGIE\$		41.10  41.10
ACH	KONICA MINOLTA BUSI 1/25 Copy Ovrg/Mnt	NESS SOLUTI	500312849		4.74
		KONICA MINOLTA BUSINE	ESS SOLUTI\$		4.74
ACH	CINTAS CORPORATION 1 2/6 First Aid & Safe	ety Supplies	5252987705		1,095.82
		CINTAS CORPORATION NO	) 2 \$		1,095.82
ACH	PALM AUTO DETAIL IN 1/08-01/29 Truck Wa		25199-1		620.00

	: ZFIR_TREASURER /01/2025 ~ 03/31/202		al Composting	g Page 9 Date 04/07/2025
Check	Payee / Description			Amount
		PALM AUTO DETAIL INC	\$	620.00
ACH	EGGLETON TRUCKING II 2/7/25 Hauling/load 2/4-2/6/25 Hauling/	-San Diego load-Winchester	8801.01 8802.01	662.78 4,778.31
		EGGLETON TRUCKING IN	IC \$	5,441.09
ACH	APPLIED INDUSTRIAL Inv-Self-Aligning RALL Spk MPC MPB Timing Belt Inv-Air Filters		7031514156 7031463502 7031438428 7031447386	2,680.00 338.45 172.30 344.58
		APPLIED INDUSTRIAL T	ECHNOLOGIE\$	3,535.33
ACH		NO 3 Clips and Uniforms S Bwl Clips, Urinal Sc		439.19 376.94
		CINTAS CORPORATION N	IO 3 \$	816.13
ACH	PRIORITY BUILDING St 1/25 Janitorial Svc		95282	1,242.61
		PRIORITY BUILDING SE	RVICES LLC\$	1,242.61
ACH	MODULAR BUILDING CO. 2/1-3/1/25 Trailer/	NCEPTS INC Step/Ramp Rental	222872	1,191.71
		MODULAR BUILDING CON	ICEPTS INC \$	1,191.71
ACH	LIBERTY LANDSCAPING February Monthly Ma		132685	956.00
		LIBERTY LANDSCAPING	INC \$	956.00
ACH	THE GATE GUY 2/12 Service Call		1567	150.00
		THE GATE GUY	\$	150.00
ACH	CINTAS CORPORATION 3 2/10 Scrapers, Mats	NO 3 , Clips, Urinal Scree	4220613361	376.94
		CINTAS CORPORATION N	IO 3 \$	376.94
ACH	BEJAC CORPORATION Inv-Fuel Tank Cap,	Air, Inner Filter	C34689	703.93
		BEJAC CORPORATION	\$	703.93
ACH	EGGLETON TRUCKING II 2/10-2/11/25 Hauling 2/10-2/11/25 Hauling	g/Load-Winchester	8850 8849	5,558.95 1,660.03
		EGGLETON TRUCKING IN	IC \$	7,218.98
ACH	VIRAMONTES EXPRESS	TNC		

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Check	Payee / Description				Amount
	1/08-1/22/25 Biosol	ids Hauling-Multiple	133950		8,125.83
		VIRAMONTES EXPRESS IN	NC \$		8,125.83
ACH	RADAR ENVIRONMENTAL 1/25 Monthly site s		3026		704.55
		RADAR ENVIRONMENTAL	INC \$		704.55
ACH	U S BANK *4246044555725724 2	/25	5572 5724 2/3	2	63,906.82
		U S BANK	\$		63,906.82
ACH	INLAND EMPIRE UTILI 1/25 NRW Charges	TIES AGENCY	90039352		5,672.74
		INLAND EMPIRE UTILIT	IES AGENCY\$		5,672.74
ACH	APPLIED INDUSTRIAL Inv-Desiceant Breat Inv-Drive Belt		7031546403 7031561244		968.93 1,523.41
		APPLIED INDUSTRIAL TR	ECHNOLOGIE\$		2,492.34
ACH	SOUTHWEST ALARM SER 3/25 Monitoring Sec		086807		532.00
		SOUTHWEST ALARM SERV	ICE \$		532.00
ACH	WAXIE SANITARY SUPP White Bar Towels, C		83059975		769.81
		WAXIE SANITARY SUPPLY	Y \$		769.81
ACH	KONICA MINOLTA BUSI 11/24 Copier Ovr/Mn		297272872		3.96
		KONICA MINOLTA BUSIN	ESS SOLUTI\$		3.96
ACH			5020071 5020070		48.00 399.00
		CONTROL LABORATORIES	INC \$		447.00
ACH		NO 3 eshener/Mat Svcs ats/Clips/Urinal Scre		_	437.89
		CINTAS CORPORATION NO	O 3 \$		832.50
ACH	BIG SKY ELECTRIC IN VFD Programming	C	25-011-01		5,280.00
		BIG SKY ELECTRIC INC	\$		5,280.00
ACH	VIRAMONTES EXPRESS 1/28-2/11/25 Biosol	INC ids Hauling-Multiple	134097		2,807.84

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Check	Payee / Description			Amount
		VIRAMONTES EXPRESS I	NC \$	2,807.84
ACH	INLAND EMPIRE UTILI' 10/1-12/31/24-2Q25		90039409	17,319.48
		INLAND EMPIRE UTILIT	IES AGENCY\$	17,319.48
ACH	COUNTY SANITATION DE 1/25 C4051-Construct	ISTRICTS tion Inspec Health &	47895	2,226.00
		COUNTY SANITATION DI	STRICTS \$	2,226.00
ACH	KONICA MINOLTA 2/25 Copier Lease-C	450I	46473982	150.85
		KONICA MINOLTA	\$	150.85
ACH	KONICA MINOLTA BUSI 2/25 Copier Ovr/Mnt	NESS SOLUTI	500840663	2.03
		KONICA MINOLTA BUSIN	ESS SOLUTI\$	2.03
ACH	PALM AUTO DETAIL IN 2/5-2/26 Truck Wash	C	25199-1	620.00
		PALM AUTO DETAIL INC	\$	620.00
ACH	CINTAS CORPORATION D 2/11 Freshener, Mat	NO 3 s, Clips and Uniform	4220775911	514.12
		CINTAS CORPORATION N	O 3 \$	514.12
ACH	DAVID WHEELER'S PES' 2/25 Monthly Pest Co		75883	31.00
		DAVID WHEELER'S PEST	CONTROL I\$	31.00
ACH	VIRAMONTES EXPRESS 1/29-1/30/25 Biosol	INC ids Hauling-Lake Elsi	134068	1,574.10
		VIRAMONTES EXPRESS I	NC \$	1,574.10
ACH	Inland Empire Utili 12/24 IEUA PCard Re		12/24 IEUA PO	290.35
		Inland Empire Utilit	ies Agency\$	290.35
ACH	INLAND EMPIRE UTILI' 2/25 Bldg Lease Pym		90039456	8,000.13
		INLAND EMPIRE UTILIT	IES AGENCY\$	8,000.13
ACH	APPLIED INDUSTRIAL 'SHEAVES, BUSHINGS	TECHNOLOGIE	7031605235	1,824.51
		APPLIED INDUSTRIAL T	ECHNOLOGIE\$	1,824.51
ACH	ROYAL INDUSTRIAL SO	LUTIONS		

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Check	Payee / Description			Amount
	DRV, Module, Powerf	lex, Bridge	6441-1126796	29,937.41
		ROYAL INDUSTRIAL SOLU	UTIONS \$	29,937.41
ACH	CINTAS CORPORATION Eye Wash Service 2		9310830258	420.23
		CINTAS CORPORATION NO	O 2 \$	420.23
ACH	DAVID WHEELER'S PES 3/3 Pest Control Sv 3/3 Pest Control Sv 3/3 Rat Control Svc	CS CS	76236 76349 76289	190.00 1,565.00 928.00
7.011	DELIA GODDODAMION	DAVID WHEELER'S PESI	CONTROL 15	2,683.00
ACH	BEJAC CORPORATION 2106-L566X-Srvc Coo	ling System	W18286	1,784.87
		BEJAC CORPORATION	\$	1,784.87
ACH	EGGLETON TRUCKING I	NC g/Load-Winchester	8870	2,964.77
		EGGLETON TRUCKING INC	C \$	2,964.77
ACH	PRIORITY BUILDING S 2/25 Junitorial Svc		95622	1,242.61
		PRIORITY BUILDING SE	RVICES LLC\$	1,242.61
ACH	MODULAR BUILDING CO 3/1-4/1/25 Trailer/	NCEPTS INC Step/Ramp Rental	22315	1,191.71
		MODULAR BUILDING CON	CEPTS INC \$	1,191.71
ACH	SOLAR STAR CALIFORN RCA-1/25 Solar 1281		INV-000806	5,118.23
		SOLAR STAR CALIFORNIA	A VI LLC \$	5,118.23
ACH	EGGLETON TRUCKING I 2/25-2/28 Hauling/L 2/24-2/28 Hauling/l	oad-Winchester	8879 8878	4,817.76 14,042.61
		EGGLETON TRUCKING INC	C \$	18,860.37
ACH		ties Agency s IEUA Interco Billin s IEUA Interco Billin		
		Inland Empire Utilit:	ies Agency\$	661,730.75
ACH	APPLIED INDUSTRIAL Inv-AIR FILTER, PRI		7031611379	168.09
		APPLIED INDUSTRIAL T	ECHNOLOGIE\$	168.09
ACH	KONICA MINOLTA			

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	,,	Treasurer keport		Date 04/07/2025
Check	Payee / Description			Amount
	3/25 Copier Lease		46660256	164.85
		KONICA MINOLTA	\$	164.85
ACH	CINTAS CORPORATION : 3/7 Cabinet Org Mai		5258084801	1,055.90
		CINTAS CORPORATION NO	O 2 \$	1,055.90
ACH		craper/Sanis Bowl Cli t/Clip/Urinal Screen	4223570297 4223697145	394.61 394.61 421.40  1,210.62
ACH	TRICO CORPORATION		·	<u> </u>
ACH	2/4-2/13 Industrial	Oil /Advanced Analys Oil /Advanced Analys		105.00 280.00
		TRICO CORPORATION	\$	385.00
ACH	EGGLETON TRUCKING I 3/3-3/4/25 Hauling/ 3/04 Hauling/load-W	load-Anaheim	8951 8952	1,227.50 1,852.98
		EGGLETON TRUCKING IN	C \$	3,080.48
ACH	SPIRAC USA INC Spirac Liners-U620		US24013-01	8,409.89
		SPIRAC USA INC	\$	8,409.89
ACH	VIRAMONTES EXPRESS 2/24-2/28/25 Biosol	INC ids Hauling- Multiple	134248	2,752.68
		VIRAMONTES EXPRESS II	NC \$	2,752.68
ACH	DWIGHT BLACKMORE JR Catwalk Removal & I		2201	23,808.13
		DWIGHT BLACKMORE JR.	\$	23,808.13
ACH	TRICO CORPORATION 11/19/24-2/13/25-En 2/5-2/13/25-Industr	gine Oil/Vital Analys ial Oil /Advanced Ana	P72588 P72586	126.00 126.00
		TRICO CORPORATION	\$	252.00
ACH	ROCA ENGINEERING Shaft-Fully Keyed		2737	1,240.06
		ROCA ENGINEERING	\$	1,240.06
ACH	INLAND EMPIRE UTILI 2/25 NRW Charges	TIES AGENCY	90039571	5,616.16
		INLAND EMPIRE UTILIT	IES AGENCY\$	5,616.16

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Check	Payee / Description			Amount
ACH	APPLIED INDUSTRIAL Air Filters Inv-Air Filters Inv-Strut Channel T		7031681496 7031689906 7031686867 ECHNOLOGIE\$	 525.59 161.67 1,751.39  2,438.65
ACH	MEE INDUSTRIES INC Nozzle Reconditioni	ng, New Nozzle MEE INDUSTRIES INC	60494 \$	 7,039.32  7,039.32
ACH		r, Clips and Uniform	4224447396	 607.39 394.61  1,002.00
ACH	RESOURCE MACHINERY SCREEN PANELS	& ENGINEERI RESOURCE MACHINERY &	3496 ENGINEERI\$	 21,570.70  21,570.70
ACH	EGGLETON TRUCKING I 3/14 Hauling/load-V 3/11 Hauling/load-R	ictorville	8998 8997	 412.68 233.81  646.49
ACH	FRONTIER PERFORMANC Inv-Silver 70 NLGI	E LUBRICANT	LBA3259666	4,492.75
		FRONTIER PERFORMANCE	LUBRICANT\$	 4,492.75
ACH	RADAR ENVIRONMENTAL 2/25 Monthly site s		3078 INC \$	 52.50  52.50
ACH	WEST SALEM MACHINER Spacer Sprocket, Sp	Y CO rocket Segments, Spri WEST SALEM MACHINERY		 13,197.23  13,197.23
ACH	C&L SUPPLY COMPANY Luber, Braket Kit,	Ultra Battery Pack C&L SUPPLY COMPANY	94777	 4,636.53  4,636.53
ACH	RDO EQUIPMENT COMPA Bushing To credit back dupl	NY icate PCard Payment RDO EQUIPMENT COMPAN		 1,478.12 1,445.70-  32.42
ACH	U S BANK *4246044555725724 3	/25 U S BANK	5572 5724 3/2 \$	 45,428.50  45,428.50

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ACH	SOUTHWEST ALARM SERVICE 4/25 Monitoring Security Svcs	087110	532.00	
	SOUTHWEST ALARM SERV	ICE \$	532.00	
ACH	MIKE BUBALO CONSTRUCTION CO IN RA23007-Ret Rls 1-Final	RA23007-RET R	2,675.72	
	MIKE BUBALO CONSTRUC	TION CO IN\$	2,675.72	
ACH	CINTAS CORPORATION NO 3 RCA 3/18 Unifor/Mat/Fershner Svcs	4224491840	414.51	
	CINTAS CORPORATION N	O 3 \$	414.51	
ACH	, 5,	9020 9018 9019 9017	367.31 1,316.26 231.74 334.87	
	EGGLETON TRUCKING IN	C \$	2,250.18	
ACH	VIRAMONTES EXPRESS INC 3/05-3/10/25 Biosolids Hauling-Multiple 2/24-3/12/25 Biosolids Hauling-Multiple		4,008.11 1,180.85	
	VIRAMONTES EXPRESS I	NC \$	5,188.96	
ACH	SOLAR STAR CALIFORNIA VI LLC RCA-2/25 Solar 12811 Sixth St-Meter 3	INV-000849	5,171.58	
SOLAR STAR CALIFORNIA VI LLC \$ 5,171.58				

Grand Total Payment Amount: \$ 3,310,310.68

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Check	Payee / Description			Amount
Wire	SUANES Repair/Complete 2 x	Grease Pump	241104	2,055.91
		SUANES	\$	2,055.91
Wire	STATE BOARD OF EQUA 10/1/24-12/31/24 St	LIZATION ate Sales/Use Tax-4th	101-112048 1:	2 4,969.00
		STATE BOARD OF EQUAL	IZATION \$	4,969.00
Wire	SUANES Dust Filters & Carb	on Filters	250117	26,167.10
		SUANES	\$	26,167.10

Dust Filter, Carbon Filter K Ammonia

SUANES

Wire

SUANES

Grand Total Payment Amount: \$ 109,097.06

\$

250303

75,905.05

75,905.05

# ACTION ITEM 2A



Date: May 5, 2025

To: Honorable Board of Directors

From: Arin Boughan

**Project Manager** 

**Matt Bao** 

**Assistant Project Manager** 

Subject: Approve Proposed Budget Amendment for Fiscal Year 2024/25 -

**Electricity** 

## RECOMMENDATION

Staff recommends that the Board:

1. Approve a fourth quarter budget amendment, increasing the Electricity budget in the amount of \$300,000; and

2. Approve the total Utilities budget in the amount of \$1,857,517.

## **BACKGROUND**

The Inland Empire Regional Composting Authority (IERCA) is fully connected to the Southern California Edison (SCE) electrical grid and, as such, relies heavily on SCE for the majority of its power needs. Like other large-scale industrial operations in California, IERCA is subject to fluctuating commercial utility rates, time-of-use charges, and demand-based billing structures that can significantly impact operational costs.

In recent years, SCE's commercial electricity rates have steadily increased, driven by rising infrastructure investments, wildfire mitigation efforts, and expanding regulatory requirements. As a result, electricity has become an increasingly significant share of IERCA's annual operating expenses. Further compounding the challenge, SCE's pending General Rate Case currently under review by the California Public Utilities Commission (CPUC) proposes a 23% increase in base revenue requirements for 2025, along with additional annual increases through 2028. If approved, these changes will lead to higher electricity costs for large commercial customers like IERCA, even if energy usage remains flat.

Approve Proposed Budget Amendment for Fiscal Year 2024/25 - Electricity May 5, 2025 Page 2 of 2

To help manage these rising costs and protect public funds, IERCA has partnered with the Inland Empire Utilities Agency to invest in on-site renewable energy systems. Solar 1 and Solar 2 comprising solar photovoltaic arrays and battery storage—help reduce reliance on the grid by capturing energy during off-peak hours and discharging during peak demand periods. This not only lowers demand charges but also shifts consumption away from the highest-cost periods, improving overall cost efficiency.

These renewable systems have made measurable progress in reducing grid dependency and stabilizing long-term energy costs. However, IERCA remains connected to the grid to maintain uninterrupted operations, and recent rate pressures continue to drive up our monthly electricity expenditures.

Given these escalating costs and to ensure that IERCA can continue uninterrupted operations through the end of the year, it is necessary to amend and increase the fourth-quarter electricity budget to provide sufficient funding to cover these additional utility expenses.

## **PRIOR BOARD ACTION**

On May 6, 2024, the Board adopted the annual budget for Fiscal Year 2024/25.

## **IMPACT ON BUDGET**

This amendment will reduce IERCA reserves by \$300,000.

## **ATTACHMENT(S)**

None.

# ACTION 1TEM 2B



Date: May 5, 2025

To: Honorable Board of Directors

From: Arin Boughan

**Project Manager** 

**Matt Bao** 

**Assistant Project Manager** 

Subject: Approve Proposed Budget Amendment for Fiscal Year 2024/25 - Roof

Truss Repairs (Project RA24006)

## RECOMMENDATION

Staff recommend that the Board:

1. Approve a fourth quarter budget amendment, increasing the annual budget amount by \$175,000 to Project RA24006 Roof Truss Repair; and

2. Approve the increased total project budget amount of \$322,000.

## **BACKGROUND**

Project RA24006 was initiated to repair a known roof truss failure identified in Curing Row 9 of the Inland Empire Regional Composting Authority (IERCA) facility. During the early stages of mobilization and structural preparation, staff identified a second roof depression in close proximity, caused by a similar truss issue. The engineering team confirmed that this secondary depression presents similar structural concerns and requires timely correction.

To mitigate costs and minimize facility disruptions, the contractor has proposed completing both repairs during the same mobilization period. This would eliminate the need for separate staging, equipment transport, and site clearance at a later date, ultimately reducing total project expenses and ensuring the roof structure is restored to a safe and reliable condition.

The requested \$175,000 amendment will cover the material, labor, and structural reinforcement costs associated with the additional truss repair.

Approve Proposed Budget Amendment for Fiscal Year 2024/25 - Roof May 5, 2025 Page 2 of 2

## **PRIOR BOARD ACTION**

On May 6, 2024, the IERCA Board adopted the annual budget for Fiscal Year 2024/25, which included funding for Project RA24006 Roof Truss Repair.

## **IMPACT ON BUDGET**

The amendment will reduce IERCA reserves by \$175,000.

## **ATTACHMENT(S)**

None.

# ACTION ITEM 2C



Date: May 5, 2025

To: Honorable Board of Directors

From: Arin Boughan

**Project Manager** 

Matt Bao

**Assistant Project Manager** 

Subject: Approve Purchase of Replacement Telescoping Forklift for – Capital

**Replacement Project** 

#### RECOMMENDATION

Staff recommend that the Board approve the purchase of a replacement telescoping forklift in the amount of \$220,000 included in project RA25002 Capital Replacement budget.

#### **BACKGROUND**

The Inland Empire Regional Composting Authority (IERCA) relies on a fleet of specialized mobile equipment to support day-to-day operations within its indoor composting facility. Among the most critical pieces of equipment is a telescoping forklift, which is used to move structural materials, perform elevated maintenance tasks, and assist with confined space operations.

The current telescoping forklift has reached the end of its useful life. It is a Tier 0 diesel unit with no emission controls. In addition to increasing maintenance costs and the potential for operational downtime, continued use of Tier 0 equipment places the Authority at risk of non-compliance with evolving California Air Resources Board (CARB) regulations. Replacing this unit with a compliant model helps ensure IERCA maintains its fleet within regulatory thresholds and continues to meet CARB's in-use off-road diesel vehicle requirements.

Replacement of this equipment was anticipated and included as part of the approved Fiscal Year 2024/25 RA25002 Capital Replacement project budget. Staff have completed a competitive procurement process and identified a replacement unit that meets all operational, safety, and emissions specifications. The total cost of the new forklift is \$220,000.00, including delivery and applicable taxes.

Approve Purchase of Replacement Telescoping Forklift for Capital Replacement Project May 5, 2025
Page 2 of 2

#### **PRIOR BOARD ACTION**

On May 6, 2024, the IERCA Board adopted the Fiscal Year 2024/25 budget, which included funding for RA25002 Capital Replacement project..

#### **IMPACT ON BUDGET**

There is no impact on the budget.

#### **ATTACHMENT(S)**

None.

# ACTION ITEM 2D



Date: May 05, 2025

To: Honorable Board of Directors

From: Kim Snow

Controller &

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

2024

#### RECOMMENDATION

Staff recommends that the Board:

- 1. Approve the Inland Empire Regional Composting Authority (IERCA/Authority) Annual Financial Report for fiscal year ended June 30, 2024, 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, 2024, was prepared in conformity with generally accepted accounting principles in the United States of America (US GAAP), as set forth by the Governmental Accounting Standards Board (GASB). As required by state law, Baker Tilly US, LLP (Baker Tilly), the Authority's independent audit firm, performed the annual financial audit. A copy of the Annual Financial Report is attached.

#### **Audit Findings**

Baker Tilly issued an unmodified ("clean") opinion indicating the financial statements are presented fairly and free of material misstatements. There were no reportable findings.

#### Fiscal Year (FY) 2023/24 Financial Highlights

Total operating revenues for FY 2023/24 were \$10 million, a 5.6% increase from FY 2022/23 total operating revenues of \$9.5 million. In FY 2023/24, the biosolids recycling tipping fee per wet ton increased to \$62.50 compared to \$59 in FY 2022/23, a \$3.50 (5.9%) rate increase.

Total operating expenses for FY 2023/24 were \$13.2 million, a 6.5% increase from FY 2022/23 total operating expenses of \$12.3 million.

Approve the Annual Financial Report for Fiscal Year Ended June 30, 2024 May 5, 2025 Page 2 of 2

The total ending net position for FY 2023/24 decreased by \$1.4 million (1.8%) to \$77.7 million, of which approximately \$72.4 million has been invested in capital assets. The remaining \$5.3 million in total ending net position is unrestricted working capital to support fund balances designated for operating contingencies, self-insurance liability costs, and capital replacement and construction investment. A capital call of \$1.5 million was executed of the \$1.5 million budgeted in FY 2023/24.

#### PRIOR BOARD ACTION

The Board approved the IERCA Annual Financial Report for FY 2022/23 in March 2024.

The Board approved the IERCA Budget for FY 2023/24 in May 2023.

#### **IMPACT ON BUDGET**

None.

#### **ATTACHMENT:**

Attachment A – Annual Financial Report for Fiscal Year Ended June 30, 2024



# ANNUAL COMPREHENSIVE Financial Report



Rancho Cucamonga, CA Fiscal Year Ended June 30, 2024 Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2024

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

## Inland Empire Regional Composting Authority

ierca.org

12645 Sixth Street Rancho Cucamonga, CA 91739

PO Box 2470 Chino Hills, CA 91709

Phone: (909) 993-1500

Fax: (909) 993-1510

# Inland Empire Regional Composting Authority

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2024

#### Prepared by

The Inland Empire Utilities Agency Accounting Department

#### **Acknowledgments**

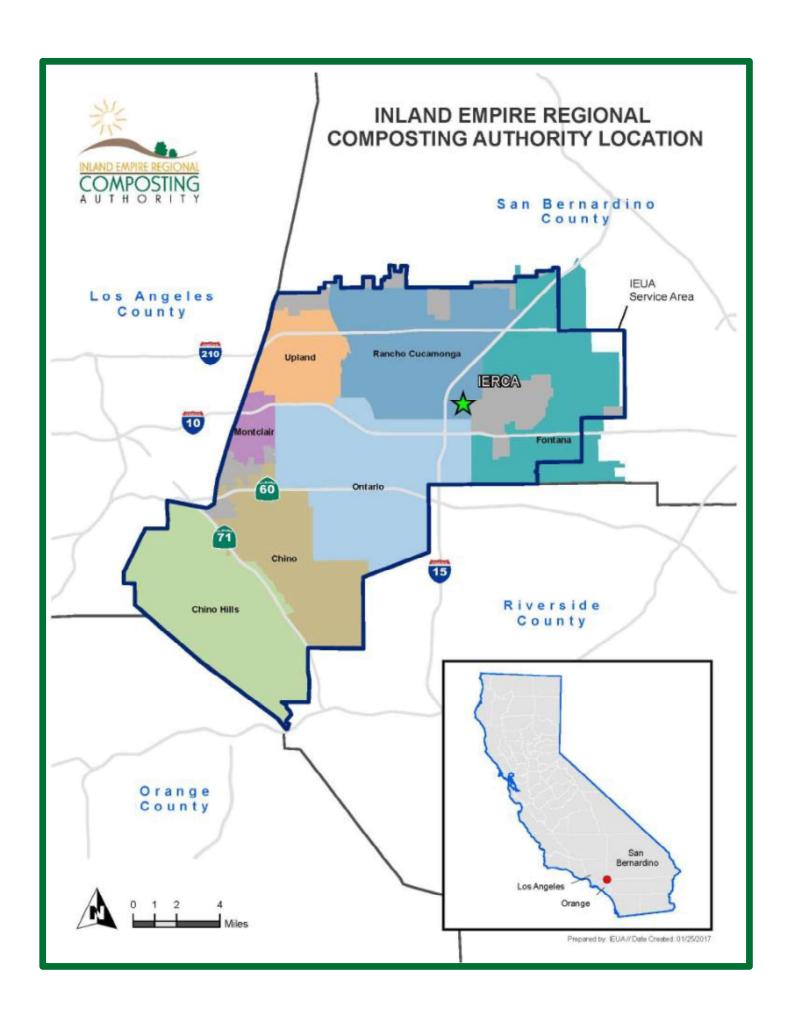
Special thanks to employees who contributed photographs and their expertise for this Annual Comprehensive Financial Report

#### **INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY**

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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April 9, 2025 Inland Empire Regional Composting Authority Rancho Cucamonga, California

To the Chairperson of the Board of Directors, members of the Board, and Joint Powers Authority members of the Inland Empire Regional Composting Authority:

We are pleased to submit the Annual Financial Report of the Inland Empire Regional Composting Authority (Authority) for the fiscal year ended June 30, 2024. State law and local ordinances require the Authority to annually publish a report of its financial condition and activities in compliance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board and audited in accordance with general accepted auditing standards in the United States of America by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Authority. Management assumes full responsibility for the completeness and reliability of the information presented in this report, based on a comprehensive framework of internal control established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

Baker Tilly US, LLP (Baker Tilly), an independent public accounting firm, has issued an unmodified opinion on the Authority's financial statements for the fiscal year ended June 30, 2024. The independent auditors' report is located at the front of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the independent auditors' report.

#### INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY PROFILE

The Authority was formed on 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. The Inland Empire Utilities Agency (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 Managers. The Treasurer of IEUA serves as the Treasurer of the Authority.

In March 2007, the two JPA member agencies completed construction of the Inland Empire Regional Composting Facility (IERCF). The IERCF is 445,275 square feet and is the nation's largest indoor biosolids composting facility. The Authority 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)

Operations at the IERCF began in April 2007 and reached full capacity in December 2008. At full capacity, the IERCF processes approximately 200,000 wet tons of biosolids and wood waste from local communities and produces approximately 230,000 cubic yards (80,000 tons) of high-quality compost each year.

Beginning in FY 2009/10 the Authority implemented a cost-of-service rate (biosolids recycling tipping fees) to support the operational costs of the Authority. Biosolids recycling tipping fees paid by each JPA member agency are based on the tonnage of biosolids shipped to IERCF for recycling. As defined by accounting principles generally accepted in the United States of America (US GAAP) 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.

IERCA 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.

The Authority 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. The 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 the air by removing odors and other regulated compounds before it is exhausted to the atmosphere.



Compost Storage Facility

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.

Marketed as SoilPro Premium Compost, the composted product is sold as a soil conditioner that enhances water retention, leading to improved 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).

The Authority completed the compost storage facility in 2010 to produce recycled products year-round and to allow compost storage during the winter season.

Additionally, the Authority entered into two separate agreements to host approximately 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, 2024, the IERCF produced and sold over 200,000 cubic yards of compost, More than 80 active customers purchased SoilPro products for various applications.

The tiered pricing system for the sale of compost remained unchanged in FY 2023/24 compared to FY2022/23 due to market stability. This structure provides volume-based discounts to customers, as detailed below.

Tier	Cubic Yards (CYDs) per Month	Premium	
1	less than or equal to 499	\$5.00	
2	500 - 999	\$4.00	
3	greater than or equal to 1,000	\$3.50	

#### Major Accomplishments for the Fiscal Year Ended June 30, 2024

- Completed the Compost Storage Facility Tent Cover Replacement
- Completed the Operations Breakroom and Workstations Remodel
- Sold all compost produced
- Met all budgeted targets







Compost Storage Tent

**Operations Workstations** 

#### Major Initiatives for the Fiscal Year Ending June 30, 2025

During the fiscal year ending June 30, 2025, the feed hopper in the active section of the IERCF will be replaced.

#### FINANCIAL INFORMATION

#### **Internal Controls**

Management and staff at the Authority are 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 ensure that adequate accounting data is compiled to allow for the preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP).

The internal control structure is designed to provide reasonable, but not absolute, 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 calculation of costs and benefits requires estimates and judgments by management.

#### **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 expenses cannot legally exceed the appropriated amount) is 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 the end of the fiscal year. However, outstanding encumbrances are generally re-appropriated as part of the following fiscal year's budget following Board approval.

#### OTHER INFORMATION

#### **Independent Audit**

State statutes require an annual audit by independent certified public accountants. The Authority's Board of Directors appointed Baker Tilly US, LLP to perform the annual audit. In their opinion, the financial statements are presented fairly in all material aspects, and comply with the applicable laws and regulations related to financial activities conducted by the Authority. Government Auditing Standards, issued by the Comptroller General of the United States, were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements is included in the financial section of this report.

#### OTHER INFORMATION (CONTINUED)

#### **Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Accounting and Finance Department staff of the member agencies of the Authority. We would also like to express our appreciation to the other staff of the member agencies of the Authority for their cooperation, assistance, and support.

We further acknowledge the thorough and professional way our auditors, Baker Tilly US, LLP conducted the audit.

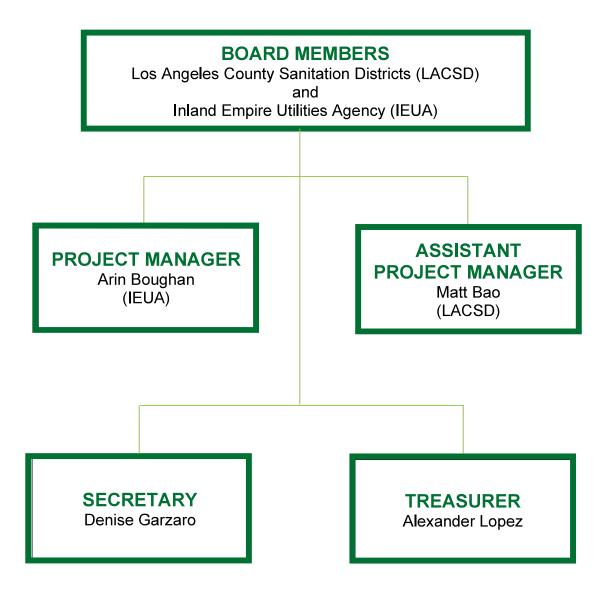
Additionally, we would like to acknowledge the Board of Directors for their continued support of the Authority's goal of sound accountable fiscal management, and for maintaining the highest standards of professionalism in the management of the Authority's finances. We genuinely appreciate their unfailing interest and support.

Respectfully submitted,

Alexander Lopez, Treasurer

## INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA) ORGANIZATIONAL CHART

As of April 9, 2025



## INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA) PRINCIPAL OFFICIALS As of April 9, 2025

BOARD OF DIRECTORS

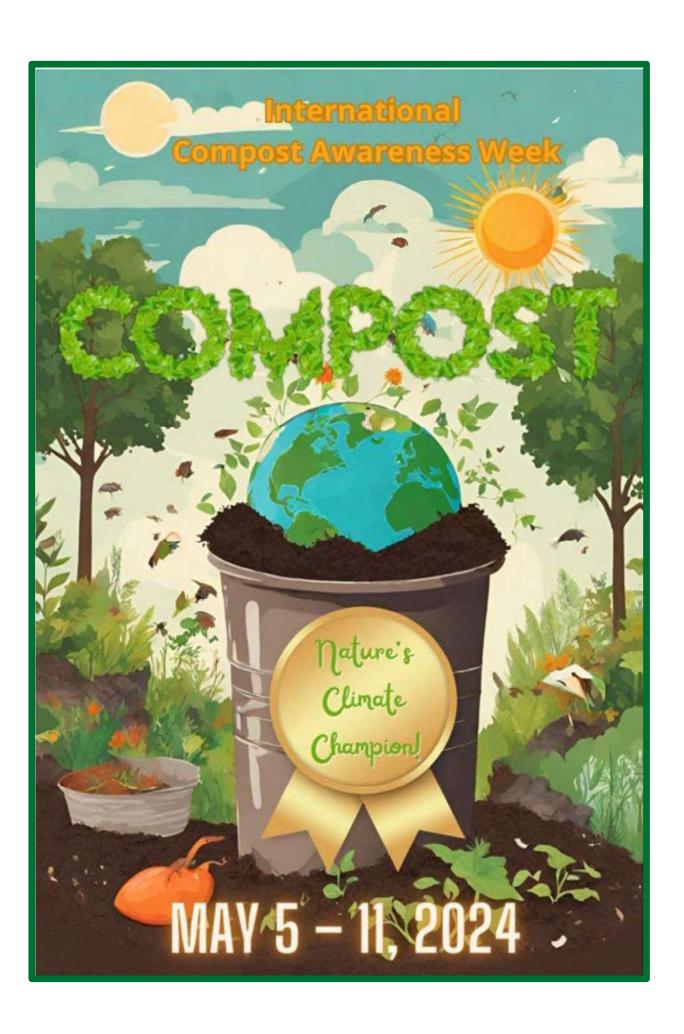
Jon Blickenstaff, Chairperson Paul Hofer, Vice Chairperson Shivaji Deshmukh, Director Robert Ferrante, Director Margaret Finlay, Director Jasmin A. Hall, Director

#### **OFFICERS OF THE AUTHORITY**

Arin Boughan, Project Manager Matt Bao, Assistant Project Manager Alexander Lopez, Treasurer

#### **GENERAL COUNSEL**

Marty Cihigoyenetche





#### **Independent Auditors' Report**

To the Board of Directors of Inland Empire Regional Composting Authority

#### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the Inland Empire Regional Composting Authority (Authority), as of and for the year ended June 30, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the changes in financial position and cash flows 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 (*Government Auditing Standards*). 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 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.

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

#### 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 does 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2025 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.

Madison, Wisconsin April 9, 2025

Baker Tilly US, LLP

#### MANAGEMENT DISCUSSION AND ANALYSIS

The intent of the Management Discussion and Analysis (MD&A) is to provide highlights of the financial activities of the Authority for the fiscal year ended June 30, 2024. 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 (JPA), the Authority owns a composting facility, the IERCF, on approximately 22 acres of land in the City of Rancho Cucamonga, California. 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 IEUA. The proximity of the IERCF to RP-4 provides opportunities to optimize staffing options and energy usage.



Living Wall at IERCA Headquarters

The IERCF processed 149,756 tons of biosolids and 41,743 tons of wood and stable bedding into approximately 202,095 cubic yards (70,747 tons) of high-quality compost during the fiscal year ended June 30, 2024.

The IERCF 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 IERCF's emissions are treated with a biofilter to meet air quality requirements. During the fiscal year ended June 30, 2024, a total of 191,499 tons of feedstock, equal to 91% permitted capacity, was received by the IERCF.

To date as of June 30, 2024, the Authority has processed over 3.2 million tons of organic materials and sold over 3.6 million cubic yards of high-quality compost to customers across Southern California and Nevada.

For comparison, 3 million cubic yards of compost can:

- Fill the Roman Colosseum to the top 1.75 times
- Load 58,000 semi-trucks
- Increase soli health and water retention for 100.000 football fields

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

The Authority has maintained an outstanding environmental compliance record recognized throughout the state and across the country resulting in numerous awards. Most recently, it recognized the operations team with an award for more than 3 years with no recordable or lost time accidents. Further, the team has worked with local jurisdictions to provide opportunities to comply with California's SB 1383 (Short Lived Climate Reduction Strategy) by offering discounts on approved compost materials and documentation to comply with the state's mandate.

#### Financial Highlights

The Authority's operations and changes in net position for the fiscal year ended June 30, 2024 reflects the fifteenth year of operations for the IERCF. Total operating revenues for FY 2023/24 were \$10,035,665, a 5.6% increase from FY 2022/23 total operating revenues of \$9,505,031. Total operating expenses for FY 2023/24 were \$13,153,166, a 6.5% increase from FY 2022/23 total operating expenses of \$12,345,408.

#### **Overview of the Financial Statements**

The Authority's basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, a statement of cash flows, and notes to the basic financial statements. This report also includes other supplementary information in addition to the basic financial statements.

- Statement of Net Position This statement presents information on the Authority's assets and liabilities, with the difference reported as net position.
- Statement of Revenues, Expenses and Changes in Net Position This statement presents information on the Authority's current fiscal year revenue and expenses. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.
- Statement of Cash Flows This statement provides relevant information about the Authority's cash receipts and cash payments segregated among operating, capital, and related financing, and investing activities.
- Notes to the Basic Financial Statements These notes provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

#### **Summary of Operations and Changes in Net Position**

Statement of Net Position
For the Fiscal Year Ended June 30, 2024
(With Comparative Totals for the Fiscal Year Ended June 30, 2023)

			Increase (De from FY 20	•
	FY 2023/24	FY 2022/23	Amount	% of Change
ASSETS				
Current Assets	\$ 6,665,357	\$ 6,206,801	\$ 458,556	7.4
Noncurrent Assets	72,418,557	73,805,633	(1,387,076)	(1.9)
Total Assets	79,083,914	80,012,434	(928,520)	(1.2)
LIABILITIES				
Current Liabilities	1,398,087	898,844	499,243	55.5
Total Liabilities	1,398,087	898,844	499,243	55.5
NET POSITION				
Net Investment in Capital Assets	72,405,396	73,795,148	(1,389,752)	(1.9)
Unrestricted	5,280,431	5,318,442	(38,011)	(0.7)
Total Net Position	\$77,685,827	\$79,113,590	\$ (1,427,763)	(1.8)

The net increase in current assets of \$458,556 (7.4%) is primarily due to an increase in cash and investments of \$76,420, an increase in inventory of \$75,923, and an increase in prepaid expenses of \$955,712. These increases were partially offset by a decrease of \$648,002 in accounts receivable, net due to an improvement in customer collections during FY 2023/24.

The decrease in noncurrent assets of \$1,387,076 (1.9%) is primarily due to an increase in accumulated depreciation and amortization on capital and intangible assets of \$2,996,002. The increase in accumulated depreciation and amortization is partially offset by a net increase in capital and intangible asset additions of \$1,608,926. All jobs in progress from FY 2022/23 were completed and placed in service during FY 2023/24.

The increase in current liabilities of \$499,243 (55.5%) is primarily due to an increase in accounts payable of \$498,255. Increases in accounts payable are primarily due to increases in operating expenses, which are driven by an increase in operating revenues.

The decrease in net position of \$1,427,763 (1.8%) is primarily due to a decrease in net investment in capital assets of \$1,389,752 and a decrease in unrestricted net position of \$38,011. The decrease in net investment in capital assets is driven by capital asset and intangible asset additions during FY 2023/24, offset by accumulated depreciation and amortization.

Ingrassa (Degrassa)

#### **Summary of Operations and Changes in Net Position (continued)**

Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2024 (With Comparative Totals for the Fiscal Year Ended June 30, 2023)

			Increase (De from FY 20	
	FY 2023/24	FY 2022/23	Amount	% of Change
OPERATING REVENUES OPERATING EXPENSES	\$10,035,665 13,153,166	\$ 9,505,031 12,345,408	\$ 530,634 807,758	5.6 6.5
Operating Income (Loss)	(3,117,501)	(2,840,377)	(277,124)	9.8
NONOPERATING REVENUES (EXPENSES)  Nonoperating Revenues  Nonoperating Expenses	207,195 (17,457)	64,932 (12,995)	142,263 (4,462)	219.1 34.3
Total Nonoperating Revenues (Expenses), Net	189,738	51,937	137,801	265.3
Income (Loss) Before Capital Contributions	(2,927,763)	(2,788,440)	(139,323)	5.0
CAPITAL CONTRIBUTIONS  Contributed Capital  Capital Grants	1,500,000	1,600,000 164,437	(100,000) (164,437)	(6.3) (100.0)
Total Capital Contributions	1,500,000	1,764,437	(264,437)	(15.0)
Change in Net Position	(1,427,763)	(1,024,003)	(403,760)	39.4
Total Net Position - Beginning of Year	79,113,590	80,137,593	(1,024,003)	(1.3)
Total Net Position - End of Year	\$77,685,827	\$79,113,590	\$ (1,427,763)	(1.8)

The net increase in operating revenues of \$530,634 (5.6%) is primarily due to an increase in revenues from biosolids recycling tipping fees of \$615,502. In FY 2023/24, the biosolids recycling tipping fee per wet ton increased to \$62.50 compared to \$59 in FY 2022/23, a \$3.50 (5.9%) rate increase per wet ton. This increase was partially offset by a decrease in revenues from the sale of compost of \$84,868.

The increase in operating expenses of \$807,758 (6.5%) is primarily due to an increase in operating revenues as operating expenses are driven by operating revenues. Increases in operating expenses include an increase in operations and maintenance expense of \$617,531, an increase in administration and general expense of \$111,361, and an increase in depreciation and amortization expense of \$78,866.

#### **Summary of Operations and Changes in Net Position (continued)**

The net increase in nonoperating revenues (expenses) of \$137,801 (265.3%) is primarily due to an increase in interest income of \$98,243 due to an improvement in interest rates and market performance and an increase in other nonoperating revenues of \$44,020. These increases were partially offset by an increase in other nonoperating expenses of \$4,462.

#### **Capital Contributions**

The decrease in capital contributions of \$264,437 (15.0%) is primarily due to a decrease in contributed capital of \$100,000 and a decrease in capital grants of \$164,437. Contributed capital are contributions made by the two JPA member agencies, IEUA and LACSD equally. Additionally, the IEUA and LACSD contributed a total of \$15,116,229 for the original property. Contributed capital and capital grants can vary from year to year depending on the needs of the Authority.

Total net position as of June 30, 2024 is \$77,685,827 compared to \$79,113,590 as of June 30, 2023.

#### **Capital and Intangible Assets**

			Increase (Dec from FY 202	•
	Balance at	Balance at		% of
Capital Assets	June 30, 2024	June 30, 2023	Amount	Change
Capital Assets - Not Depreciated or Amortized:				
Land	\$ 4,285,096	\$ 4,285,096	\$ <del>-</del>	_
Jobs in Progress		2,263,296	(2,263,296)	(100.0)
Total Capital Assets - Not				
Depreciated or Amortized	4,285,096	6,548,392	(2,263,296)	(34.6)
Capital Assets - Depreciated and Amortized:				
Facility	10,998,610	10,831,133	167,477	1.5
Structures and Improvements	75,099,293	73,920,844	1,178,449	1.6
Operations Equipment	23,332,365	20,816,562	2,515,803	12.1
Intangible Assets	1,047,580	1,037,087	10,493	1.0
Total Capital Assets -				
Depreciated and Amortized	\$ 110,477,848	\$ 106,605,626	\$ 3,872,222	3.6

#### Capital and Intangible Assets (continued)

			Increase (Decrease) from FY 2022/23		
Capital Assets (continued)	Balance at June 30, 2024	Balance at June 30, 2023	Amount	% of Change	
Less: Accumulated Depreciation and Amortization:					
Facility	\$ (3,575,321)	\$ (3,357,651)	\$ (217,670)	6.5	
Structures and Improvements	(23,756,932)	(22,232,781)	(1,524,151)	6.9	
Operations Equipment	(14,697,229)	(13,468,632)	(1,228,597)	9.1	
Intangible Assets	(314,905)	(289,321)	(25,584)	8.8	
Total Accumulated Depreciation and Amortization	(42,344,387)	(39,348,385)	(2,996,002)	7.6	
Total Capital Assets - Depreciated and Amortized, Net	68,133,461	67,257,241	876,220	1.3	
Total Capital Assets, Net	\$ 72,418,557	\$ 73,805,633	\$ (1,387,076)	(1.9)	

Total capital assets – depreciated and amortized increased by \$3,872,222 (3.6%) in FY 2023/24 compared to FY 2022/23. The increase is primarily due to the Authority completing jobs in progress and placing capital assets into service during FY 2023/24. All jobs in progress from FY 2022/23 totaling \$2,263,296 were completed and placed in service during FY 2023/24. In addition to placing the prior fiscal year outstanding jobs in progress, the Authority placed additional assets into service totaling \$1,642,221 during FY 2023/24. The increase in total capital assets was partially offset by the disposal of a fully depreciated capital asset in the amount of \$33,295.

Accumulated depreciation and amortization increased by \$2,996,002 (7.6%) during FY 2023/24, which was primarily due to FY 2023/24 depreciation and amortization expense of \$3,029,297 partially offset by the disposal of a fully depreciated capital asset in the amount of \$33,295. Refer to Note 3 of the Notes to Basic Financial Statements for additional information.

#### **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 authorized investment types and any restrictions.

Consistent with Government Code Section 53646, the Authority adopts an investment policy annually that requires the Authority 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.

#### **Cash and Investment Management (continued)**

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, 2024, idle funds were invested in accordance with this policy. These investments primarily consisted of deposits in a pooled investment fund administered by the Los Angeles County Investment Officer, the Local Agency Investment Fund (LAIF) of the California State Treasurer's Office, and the California Asset Management Program (CAMP).

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

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.

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

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

#### **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.

Total interest income for FY 2023/24 was \$146,082, an increase of 205.4% compared to \$47,839 in FY 2022/23. The increase in interest income is primary due to higher interest rates during the majority of FY 2024/23. Refer to Note 2 of the Notes to Basic Financial Statements for additional information.

#### **Contacting the Authority's Financial Management**

This financial report is prepared to provide the Authority's members, citizens, customers, investors, creditors, and regulatory agencies with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the revenues it receives. If you have any questions about this report or need additional financial information, please contact the IEUA's Accounting Department at departmentaccounting@ieua.org.

#### Statement of Net Position June 30, 2024

	 2024
ASSETS	
Current Assets:	
Cash and Investments (Note 2)	\$ 4,197,327
Accounts Receivable, Net	1,186,799
Interest Receivable Other Receivables	11,973 918
Inventory	312,628
Prepaid Expenses	955,712
·	 <u> </u>
Total Current Assets	6,665,357
Noncurrent Assets:	
Land	4,285,096
Capital Assets, Net of Accumulated Depreciation	67,400,786
Intangible Assets, Net of Accumulated Amortization	 732,675
Total Capital Assets	 72,418,557
Total Noncurrent Assets	 72,418,557
Total Assets	79,083,914
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,384,926
Retentions Payable	 13,161
Total Current Liabilities	 1,398,087
Total Liabilities	1,398,087
NET POSITION	
Net Investment in Capital Assets	72,405,396
Unrestricted	 5,280,431
Total Net Position	\$ 77,685,827

### Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2024

		2024
OPERATING REVENUES  Biosolids Recycling Tipping Fees	\$	9,435,779
Sale of Compost	<u> </u>	599,886
Total Operating Revenues		10,035,665
OPERATING EXPENSES		
Operations and Maintenance		9,408,950
Administration and General		714,919
Depreciation and Amortization		3,029,297
Total Operating Expenses		13,153,166
Operating Income (Loss)		(3,117,501)
NONOPERATING REVENUES (EXPENSES)		
Interest Income		146,082
Other Nonoperating Revenues		61,113
Other Nonoperating Expenses		(17,457)
Total Nonoperating Revenues (Expenses), Net		189,738
Income (Loss) Before Capital Contributions		(2,927,763)
CAPITAL CONTRIBUTIONS		
Contributed Capital		1,500,000
Change in Net Position		(1,427,763)
Total Net Position - Beginning of Year		79,113,590
Total Net Position - End of Year	\$	77,685,827

#### Statement of Cash Flows For the Fiscal Year Ended June 30, 2024

	 2024
CASH FLOWS FROM OPERATING ACTIVITIES  Cash Received from Customers  Cash Payments to Suppliers for Goods and Services  Cash Payments for Contract Labor	\$ 10,519,282 (6,240,196) (4,418,741)
Net Cash Provided by (Used for) Operating Activities	(139,655)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES  Contract Reimbursement from Others (Other Nonoperating Revenues)  Cash Paid to Others (Other Nonoperating Expenses)  Net Cash Provided by (Used for) Noncapital Financing Activities	 61,113 (17,457) 43,656
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets Contributed Capital Capital Grants Received Changes in Contractor Deposits and Retentions	(1,642,221) 1,500,000 164,437 2,676
Net Cash Provided by (Used for) Capital and Related Financing Activities	24,892
CASH FLOWS FROM INVESTING ACTIVITIES Interest on Investments	147,527
Net Cash Provided by (Used for) Investing Activities	147,527
Net Increase (Decrease) in Cash and Cash Equivalents	76,420
Cash and Cash Equivalents - Beginning of Year	4,120,907
Cash and Cash Equivalents - End of Year	\$ 4,197,327

#### Statement of Cash Flows (Continued) For the Fiscal Year Ended June 30, 2024

	2024
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES Operating Income (Loss)	\$ (3,117,501)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation and Amortization	3,029,297
Changes in Assets and Liabilities:	
(Increase) Decrease in: Accounts Receivable	483,565
Other Receivables	400,000 52
Inventory	(75,923)
Prepaid Expenses	(955,712)
Increase (Decrease) in:	
Accounts Payable	498,255
Other Accrued Liabilities	(1,688)
Net Cash Provided by (Used for) Operating Activities	\$ (139,655)

#### NOTE 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) (hereafter referred to as the Authority), was formed in February 2002. The Authority consists of two JPA member agencies, 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 Authority are shared equally by both JPA member agencies.

Beginning in FY 2009/10 the Authority implemented a cost-of-service rate (biosolids recycling tipping fees) to support the operational costs of the Authority. Biosolids recycling tipping fees paid by each JPA member agency are based on the tonnage of biosolids shipped to the IERCF for recycling. As defined by accounting principles generally accepted in the United States of America (US GAAP) 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 JPA member agency. The principal office of the Authority is established by resolution of the Board. The Authority has appointed a Secretary, a Treasurer, a Project Manager, and an Assistant Project Manager. The appointed officers come from the membership of the Authority.

The accounting policies of the Authority conform to US GAAP 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 resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The Authority accounts for its activities in a single Enterprise Fund. An Enterprise Fund is included in the financial statements and has been grouped into a fund type described as a Proprietary Fund Type.

#### **Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. Proprietary Funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included in the statement of net position. The reported fund equity (net fund position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in the 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.

## NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Enterprise Funds**

Enterprise Funds are 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 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.

#### **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 Nonoperating Revenues and Expenses**

Operating revenues relate to direct revenues generated from the core operations in which the Authority is engaged. These transactions can be repetitive in nature within the normal business cycle. Examples include biosolids recycling tipping fees, compost delivery services, and compost sales. Nonoperating revenues do not relate to the Authority's core operations and include interest income, gain on sales of assets, and other nonoperating revenues.

The Authority classifies expense types based upon the goods and/or services directly related to the core operations of the Authority. Typically, operating expenses include operations and maintenance, administration and general, and depreciation and amortization. Nonoperating expenses are not directly related to the Authority's core operations.

#### **Budgetary Policy and Control**

The Authority's Board approves a 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 basic financial statements.

## NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Budgetary Policy and Control (continued)**

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.

#### **Cash and Investments**

Investments in short-term highly liquid debt instruments that have a remaining maturity at the time of purchase of one year or less and nonparticipating interest earning investment contracts are reported at amortized cost. All other investments are reported 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.

#### Accounts Receivable

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 \$36,837 as of June 30, 2024. When an account is determined to be uncollectible, it is written off against the allowance.

#### **Inventories and Prepaids**

Inventory is valued at the weighted average cost of items on hand. Inventories of operating supplies are maintained and accounted for.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the accompanying financial statements.

#### Capital Assets

Capital assets are stated at cost. The cost of a capital investment includes purchase, rehabilitation, installation 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. Capital assets include intangible assets, which are without physical substance, that provide economic benefits through the rights and privileges associated with their possession. 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. Routine maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are expensed as incurred.

# NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Capital Assets (continued)**

The Authority's 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	> 1 Year
Multi-Year Capital Projects	> \$15,000	> 1 Year

Depreciation and amortization of capital assets has been provided using the straight-line method over the following estimated useful lives. One-half year depreciation and amortization are recorded in the years of acquisition and disposal.

Estimated useful lives are:	Furniture, Machinery, and Equipment	3 <b>-</b> 15 Years
	Improvements	15 Years
	Buildings and Plants	5 <b>-</b> 50 Years
	Intangible Assets	3 <b>-</b> 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, workers' compensation insurance is carried by IEUA.

The Authority maintains insurance for commercial general liability, up to \$1 million per occurrence, subject to a \$10,000 deductible per occurrence.

The Authority maintains auto liability insurance up to \$1 million per accident, with zero deductible.

The Authority maintains an excess liability policy which provides coverage up to \$4 million.

Insurance for property damage has a \$70 million 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, 2024, 2023, and 2022.

# NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Effect of New Accounting Standards on Current Period Financial Statements**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 101, *Compensated Absences*, Statement No. 102, *Certain Risk Disclosures*, Statement No. 103, *Financial Reporting Model Improvements*, and Statement No. 104, *Disclosure of Certain Capital Assets*. When they become effective, the application of these standards may restate portions of these financial statements.

#### **NOTE 2 – CASH AND INVESTMENTS**

#### **Cash and Investments**

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

	 2024
Statement of Net Position:	
Cash and Investments	\$ 4,197,327
Total Cash and Investments	\$ 4,197,327

#### **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 (US Government Securities) with a market value of at least ten percent greater than that remaining amount. The Authority has chosen to enter into these agreements.

In addition, the Authority's 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 \$10 billion dollars; and a core capital/asset ratio of five percent or better; or, (b) have total assets in excess of \$500 million dollars; and a core capital/asset ratio of six percent 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.

As of June 30, 2024, the carrying amount of the Authority's deposits was \$1,310,701 and the bank balance was \$1,317,927. The \$7,226 difference represents the outstanding checks.

#### NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

#### **Investments**

In FY 2023/24, the Authority invested in the Los Angeles County Pooled Surplus Investment Fund (LAC PSIF), which is managed by Los Angeles County Investment Officer. The Authority invests in the Local Agency Investment Fund (LAIF), which is an investment pool managed by the Treasurer of the State of California. The Authority invests in the California Asset Management Program (CAMP), a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. 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, CAMP, and LAC PSIF for the entire LAIF, CAMP. and LAC PSIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and CAMP, which are recorded on an amortized cost basis and are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the Authority has sufficient amounts to meet the redemption request, LAIF and CAMP are not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF and CAMP are made based on one dollar and not fair value. Accordingly, the Authority's investment in these pools are measured on uncategorized inputs not defined as Level 1 or 2. LAIF CAMP, 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 allow the Authority to invest (short-term and long-term) in US Treasury Obligations, US 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 certificates of deposit, LAIF, CAMP, and medium-term notes.

# 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 and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	5 Years	None	None
US 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 Deposit	5 Years	30%	None
Repurchase Agreements	90 Days	None	None
Medium-Term Notes	5 Years	30%	None
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	\$75 <b>M</b>	None
Local Agency Investment Pools	N/A	None	None
Bank Deposits	N/A	None	None

#### NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

#### 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, 2024 for each investment type:

		Minimum	
Investment Type	 Amount	Legal Rating	 Unrated
Los Angeles County Investment Pooled Investment	\$ 1,301,125	N/A	\$ 1,301,125
California Asset Management Pool	1,042,623	N/A	1,042,623
Local Agency Investment Fund	 542,878	N/A	 542,878
Total	\$ 2,886,626		\$ 2,886,626

#### **Custodial Credit Risk**

The custodial credit risk 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 other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless waived by the governmental unit). LAIF, CAMP, and LAC PSIF are not subject to custodial credit risk.

#### **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.

As of June 30, 2024, the Authority had the following investments and original maturities:

Investment Type	I	Remaining Maturity of 12 Months or Less	ı	Fair Va <b>l</b> ue
Los Angeles County Investment Pooled Investment Fund	<u> </u>	1,301,125	<u>'</u> \$	1,301,125
California Asset Management Pool	Ψ	1,042,623	Ψ	1,042,623
Local Agency Investment Fund		542,878		542,878
Total	\$	2,886,626	\$	2,886,626

#### NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

#### **Fair Value Measurement (GASB 72)**

Government Accounting Standards Board Statement No. 72 (GASB 72) Fair Value Measurement and Application requires an authority to use valuation techniques to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

The fair value hierarchy has three levels which are summarized below: Level 1 inputs are quoted prices in active markets for identical assets or liabilities at the measurement date. Level 2 inputs are inputs - other than quoted prices - that are observable for identical assets or liabilities, either directly or indirectly; and Level 3 inputs are unobservable inputs for an asset or liability.

The information below shows the Authority's investments fair value measurements (market approach) as of June 30, 2024. 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.

		As of			
Investment Type	Ju	ne 30, 2024	Level 1	Level 2	Unrated
Los Angeles County Investment Pooled					
Investment Fund	\$	1,301,125	\$ -	\$ -	\$ 1,301,125
California Asset Management Pool		1,042,623	-	-	1,042,623
Local Agency Investment Fund		542,878	 	 	 542,878
Total	\$	2,886,626	\$ 	\$ 	\$ 2,886,626

#### **NOTE 3 – CHANGES IN CAPITAL ASSETS**

The following is a summary of capital assets, intangible assets, and jobs in progress as of June 30, 2024:

Capital Assets	Balance at June 30, 2023	Additions	Transfers and Retirements	Balance at June 30, 2024
Capital Assets - Not Depreciated or Amortized: Land Jobs in Progress	\$ 4,285,096 2,263,296	\$ <u>-</u>	\$ <del>-</del> (2,263,296)	\$ 4,285,096 
Total Capital Assets - Not Depreciated or Amortized	6,548,392	_	(2,263,296)	4,285,096
Capital Assets - Depreciated and Amortized: Facility Structures and Improvements Operations Equipment Intangible Assets	10,831,133 73,920,844 20,816,562 1,037,087	167,477 1,020,932 453,812	- 157,517 2,061,991 10,493	10,998,610 75,099,293 23,332,365 1,047,580
Total Capital Assets - Depreciated and Amortized	\$ 106,605,626	\$ 1,642,221	\$ 2,230,001	\$ 110,477,848

#### NOTE 3 – CHANGES IN CAPITAL ASSETS (CONTINUED)

Capital Assets (continued)		Balance at ine 30, 2023	 Additions		nsfers and tirements		alance at ne 30, 2024
Less: Accumulated Depreciation and Amortization:							
Facility	\$	(3,357,651)	\$ (217,670)	\$	_	\$	(3,575,321)
Structures and Improvements		(22,232,781)	(1,524,151)		_		(23,756,932)
Operations Equipment		(13,468,632)	(1,261,892)		33,295	(	(14,697,229)
Intangible Assets		(289,321)	 (25,584)				(314,905)
Total Accumulated Depreciation							
and Amortization		(39,348,385)	 (3,029,297)		33,295	(	(42,344,387)
Total Capital Assets -							
Depreciated and Amortized, Net		67,257,241	(1,387,076)		2,263,296		68,133,461
Total Capital Assets, Net	\$	73,805,633	\$ (1,387,076)	\$	_	\$	72,418,557
		Balance at			nsfers and		Balance at
Intangible Assets	Ju	ine 30, 2023	 Additions	Re	tirements	Jui	ne 30, 2024
Intangible Assets - Amortized:							
Software Licenses	\$	43,615	\$ -	\$	10,493	\$	54,108
Emission Reduction Credits		993,472	 				993,472
Total Intangible Assets -							
Amortized		1,037,087	-		10,493		1,047,580
Less: Accumulated Amortization:							
Software Licenses		(23,989)	(5,323)		_		(29,312)
Emission Reduction Credits		(265,332)	(20,261)		-		(285,593)
Total Accumulated Amortization		(289,321)	(25,584)				(314,905)
Total Intangible Assets, Net	\$	747,766	\$ (25,584)	\$	10,493	\$	732,675
	-		 			_	

#### **Jobs in Progress**

As of fiscal year end June 30, 2024, the Authority did not have any capital modification, improvement projects, or sub-projects in progress.

#### **NOTE 4 – SUBSEQUENT EVENTS**

The Authority evaluated subsequent events through April 9, 2025, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements. No subsequent events were identified.

Inland Empire
Utilities Agency

ieua.org

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#### **Connect with us:**

ierca.org

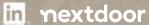












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Phone: (909) 993-1500

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PO Box 2470

Chino Hills, CA 91709

# ACTION ITEM 2E



Date: May 5, 2025

To: Honorable Board of Directors

From: Arin Boughan

**Project Manager** 

Matt Bao

**Assistant Project Manager** 

**Subject:** Approve the Annual Management Plan for Fiscal Year 2025/26

#### RECOMMENDATION

Staff recommends that the Board approve the Annual Management Plan for Fiscal Year 2025/26.

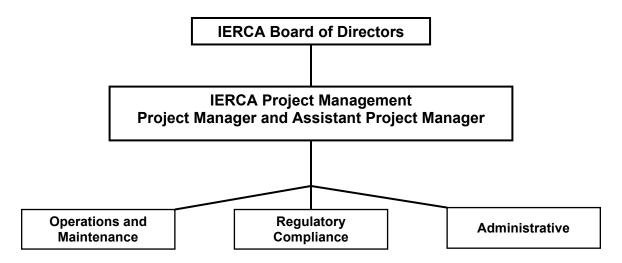
#### **BACKGROUND**

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 2025/26 Annual Management Plan For the Inland Empire Regional Composting Facility



- No lost-time or recordable accidents
- · Complete all safety training
- Maintain maximum throughput
- Maintain optimal biofilter performance
- Effectively maintain facility assets using reliability centered maintenance strategies
- Complete all capital projects in an effective manner

- Comply with conditions of the AQMD permit and emissions requirements
- Comply with State of California approved Odor Impact Minimization Plan
- Comply with San Bernardino County health permit requirements
- Meet EPA Part 503 and CIWMB Title 14 composting regulations and submit necessary reports
- Meet all Cal/OSHA requirements

- Monitor all safety and industrial hygiene policies and procedures.
- Sell all compost produced and maximize product value
- Administer all budget and financial transactions
- Complete JPA required financial documents
- Market excess biosolids capacity
- Promote compost use through education and outreach programs

#### **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 150 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 regulatory 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	QTY
Mgr. of Regional Compost Authority	1
Administrative Assistant	2
Compost Sales Representative	1
Compost Facility Supervisors	2
Senior Compost O&M Technicians	2
Compost Operators	8
Compost Workers	2
Mechanics I-III	5
Maintenance Planner/Scheduler	1
Electrical & Instrument Technician I-III	1
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**

The IERCF sales team will continue to focus on the expansion of compost sales with our landscape markets while maintaining a diversified customer base to include the agricultural sector. The agricultural market sector currently represents approximately 23% of the IERCF sales with potential to grow.

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 call 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

On May 6, 2024, the Annual Management Plan for Fiscal Year 2024/25 was approved by the Board of Directors.

On May 1, 2023 the Annual Management Plan for Fiscal Year 2023/24 was approved by the Board of Directors

#### **IMPACT ON BUDGET**

None.

#### **ATTACHMENT(S)**

None.

# ACTION ITEM **2F**



Date: May 05, 2025

To: Honorable Board of Directors

From: Alexander Lopez

Treasurer

Adopt the Inland Empire Regional Composting Authority Budget for Fiscal

Year 2025/26

#### RECOMMENDATION

Subject:

Staff recommends that the Board:

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2025/26;

2. Increase the tipping fee from \$65.50 to \$69.50 per wet ton; and

3. Approve a capital call of \$2.25 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 Fiscal Year (FY) 2025/26 budget is based on the following key assumptions:

#### Revenues

- Increased the tipping fee from \$65.50 to \$69.50 per wet ton,
- Maintain the estimated biosolids receipts of 148,500 tons, and
- \$2.25 million capital call to support the proposed capital improvement plan (CIP).

#### **O&M** Expenses

- Operating expenses increased due to:
  - Utilities Anticipated increase in electricity rates from Southern California Edison (SCE).
  - Operating Fees Increase in fees for operating permits and non-reclaimable wastewater.

- Professional Fees and Services Increase in costs associated with all contracted services, including collection services and compost transportation services.
- Maintain staffing at 25 full-time equivalent (FTE) positions -- Adjusted labor costs to reflect cost-of-living adjustments and higher health benefit expenses, as set forth in the approved Memorandum of Understanding(s).

#### FY 2025/26 Budget Summary

The following section summarizes the proposed FY 2025/26 budget for total revenues, expenses, and capital expenditures.

FY 2025/26 total revenues of \$14.0 million, as shown in Table 1 below, are \$0.01 million higher than the FY 2024/25 projected actual mainly due to the increase in biosolids and non-biosolids recycling fees.

Table 1: FY 2025/26 Revenues

REVENUES	Amount	Assumptions
Tipping Fees	\$10,320,750	Based on 148,500 wet tons per year at a rate of \$69.50/ton.
Contributed Capital	2,250,000	Capital call equally shared by IEUA and LACSD to support capital process improvements.
Compost Sales/Compost Deliveries	797,000	100% sales of compost products from compost delivery service.
Non-Biosolid Recycling Fees	400,000	Generated by Non-Biosolid feedstock materials (Green Waste, Stable Bedding, and Structured Wood).
Biosolids Administration Fees	45,000	Tipping fee surcharge paid by third party biosolids suppliers.
Interest Income & Other Revenues	144,960	Assume 2.50% annual interest rate.
Total Revenues	\$13,957,710	

Total operating expenses of \$11.9 million proposed for FY 2025/26 are \$0.3 million higher than FY 2024/25 projected actuals of \$11.6 million. The primary factors driving the increases are anticipated increases in electricity rates from Southern California Edison, non-reclaimable wastewater operating fees and permit fee increases, and employment costs related to cost-of-living adjustment, merit increases, higher pension and health benefit costs. No change in the authorized staffing level of 25 FTE positions is proposed. A summary of the FY 2025/26 operating expenses is reported in Table 2.

Table 2: FY 2025/26 Expenses

OPERATING EXPENSES	Amount	Assumptions
Employment	\$5,056,625	Maintain 25 FTE operation support provided by IEUA/ LACSD.
Utilities	2,015,242	Includes power purchases from the grid, solar renewable energy, and disposal service.
Professional Services	1,824,306	Includes compost transport and contracted services.
Materials & Supplies	1,255,859	Includes facility maintenance supplies, and fuel.
Operations and Maintenance Projects	50,000	IERCF Column Repair project.
Office & Admin/Insurance	1,255,859	Includes software license fees, memberships, insurance, and office supplies.
Other Expenses	397,023	Includes leases/rental and financial expenses, operating fees (Non-Reclaimable Wastewater charges, permits and licenses).
Total Expenses	\$11,854,914	

The proposed FY 2025/26 capital improvement plan of \$2.25 million is funded by capital contributions. Capital replacement and rehabilitation (R&R) continues to be the emphasis of the proposed CIP. A contingency capital replacement project of \$500,000 is proposed to support unforeseen expenditure as shown in Table 3.

Table 3: FY 2025/26 Capital Improvement Plan

CAPITAL PROJECTS	Amount	Project Description
Biofilter Replacement	\$1,000,000	Removal and disposal of spent biofilter media and replacement with new media.
Wheel Loader Replacement	750,000	Replacement of aging wheel loader to meet regulatory standards.
Capital Replacement	500,000	For minor construction projects and unforeseen capital expenditures.
Total Capital Improvement Plan	\$2,250,000	

#### **Fund Balance**

Based on the proposed budget, the total ending fund balance is estimated to be \$4.9 million at the end of FY 2025/26; a \$0.5 million decrease from the FY 2024/25 projected actual ending fund balance of \$5.4 million.

#### **Designation of Fund Balance**

Maintaining an adequate fund balance is essential in ensuring the JPA's ability to support day-to-day operations and near term operating and capital requirements. Table 4 below summarizes the proposed designation for the estimated fund balance of \$4.9 million at the end of FY 2025/26, along with the intended funding sources. The projected ending reserves meet the minimum required level as defined in the Board adopted Reserve Policy.

Table 4: FY 2025/26 Fund Balance

Fund Balance Category	Description	Estimated Ending Balance Amount as of 6/30/2026	Funding Source
Operating Contingency	Equal to three months of operating expenses to address unforeseen events	\$2,963,729	Tipping fees
Bio-Filter Replacement	Replacement of one sector per year	350,000	1.pp.mg 1445
Commercial Insurance	Self-insurance program	250,000	
Capital/Replacement/ Rehabilitation	Projected R&R costs over the next 5 years average about \$8.40 per wet ton	1,331,578	Capital Call and Tipping Fees
Total		\$4,895,307	

#### **PRIOR BOARD ACTION**

The Board adopted the FY 2024/25 budget on May 6, 2024.

#### **IMPACT ON BUDGET**

None.

#### **ATTACHMENTS**

Attachment A – 2025/26 IERCA Budget Summary (Schedule A)

Attachment B – 2025/26 IERCA Budget Details (Schedule B)

Attachment C – 2025/26 IERCA Budget Project Lists (Schedule C)

Attachment D – PowerPoint

	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED		Foreca	st	
	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Rate Per Ton	\$59.00	\$62.50	\$65.50	\$65.50	\$65.50	\$69.50	\$73.00	\$76.50	\$79.50	\$82.00
Actual/Projected Tonnage	148,483	149,756	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500
Revenues										
Contributed Capital	(\$1,600,000)	(\$1,500,000)	(2,925,000)	(\$2,925,000)	(\$2,925,000)	(\$2,250,000)	(\$2,500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Biosolids Recycling (Tipping Fees)	(8,800,953)	(9,339,581)	(9,726,750)	(9,726,750)	(9,726,750)	(10,320,750)	(10,840,500)	(11,360,250)	(11,805,750)	(12,177,000)
Biosolids Recycling Admin Fees	(19,325)	(13,744)	(16,000)	(16,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
Non-Biosolids Recycling	-	(82,454)	-	-	(296,491)	(400,000)	(420,000)	(441,000)	(463,050)	(486,203)
Compost Delivery Svs	(337,128)	(255,034)	(325,000)	(325,000)	(375,000)	(385,000)	(392,700)	(400,554)	(408,565)	(416,736)
Compost Sales	(347,626)	(344,852)	(400,000)	(400,000)	(410,000)	(412,000)	(424,360)	(437,091)	(450,204)	(463,710)
Interest Income	(60,482)	(127,827)	(87,000)	(87,000)	(88,000)	(120,000)	(105,000)	(93,000)	(85,000)	(90,000)
Grants & Subsidies	(164,437)	13,521	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	12,643	(28,605)	(4,230)	(4,230)	(4,230)	(4,360)	(4,491)	(4,626)	(4,764)	(4,907)
Other Non Operating Revenues	(17,093)	(50,763)	(20,000)	(20,000)	(20,000)	(20,600)	(21,218)	(21,855)	(22,510)	(23,185)
Total Revenues Available for Expenses	(\$11,334,401)	(\$11,729,339)	(\$13,503,980)	(\$13,503,980)	(\$13,890,471)	(\$13,957,710)	(\$14,753,269)	(\$13,303,376)	(\$13,784,843)	(\$14,206,741)
<b>5</b>										
Expenses	62.027.202	4 447 704	4 074 700	¢4.074.700	¢4.074.700	ĆE 056 635	ĆE 202 250	ĆE 420 C20	ĆE 547.000	¢6.005.643
Labor	\$3,837,392	4,417,791	4,874,700	\$4,874,700	\$4,874,700	\$5,056,625	\$5,282,359	\$5,439,620	\$5,547,606	\$6,005,642
Office & Administration	36,527	49,320	49,378	49,378	54,949	55,859	57,532	59,260	61,037	62,870
Professional Fees & Services	1,581,270	1,305,272	1,753,080	1,753,080	1,733,304	1,760,951	1,938,329	1,867,280	2,062,848	1,980,084
Professional Fees - Contract Labor LACSD	144,512	38,956	47,500	\$47,500	\$50,926	\$63,355	65,256	67,213	69,229	71,305
Materials & Supplies/O&M Projects	975,790	1,406,808	1,495,446	1,495,446	1,333,306	1,305,859	1,293,535	1,332,341	1,372,311	1,413,479
Materials - Bio Filter Media Replacement	260,525	4,550	4 200 000	1 200 000	- 4 474 004	4 200 000				- 4 244 272
Insurance	796,781	917,836	1,200,000	1,200,000	1,171,994	1,200,000	1,200,000	1,236,000	1,273,080	1,311,272
Operating Fees	145,867	210,901	98,280	98,280	209,667	240,959	248,187	255,633	263,301	271,200
Utilities	1,490,521	1,669,089	1,557,517	1,557,517	2,001,848	2,015,242	2,075,699	2,137,971	2,202,109	2,268,172
Leases & Rentals	126,255	106,531	151,200	151,200	119,453	155,736	160,408	165,220	170,176	175,281
Financial Expenses/Non Operating Expenses  Total Expenses	12,996 <b>\$9,408,436</b>	3,949 <b>\$10,131,003</b>	\$11,227,420	\$11,227,419	\$11,550,465	\$11,854,914	338 <b>\$12,321,643</b>	\$48 \$12,560,886	\$13,022,055	\$13,559,674
Total Expenses	39,408,430	\$10,131,003	311,227,420	311,227,415	\$11,330,403	311,034,914	312,321,043	312,300,880	313,022,033	313,333,074
Capital Projects										
Capital Replacement Project	\$1,639,072	1,642,219	\$2,925,000	\$2,979,718	\$2,539,637	\$2,250,000	\$2,500,000	\$500,000	\$500,000	\$500,000
Total Capital Projects	\$1,639,072	\$1,642,219	\$2,925,000	\$2,979,718	\$2,539,637	\$2,250,000	\$2,500,000	\$500,000	\$500,000	\$500,000
	****	(****	(4000 000)	(4=== +==)	(4400.004)	(4	(400.000)	40.00.000	40.00	****
Net Increase (Decrease)	\$286,893	(\$43,883)	(\$648,440)	(\$703,157)	(\$199,631)	(\$147,204)	(\$68,374)	\$242,490	\$262,788	\$147,067
Reserves										
Beginning Reserve Balance	\$5,327,782	\$5,614,675	\$5,690,951	5,690,951	5,570,792	5,042,511	\$4,895,307	\$4,826,933	\$5,069,423	\$5,332,211
Ending Reserve Balance	\$5,614,675	\$5,570,792	\$5,042,511	\$4,987,794	\$5,371,161	\$4,895,307	\$4,826,933	\$5,069,423	\$5,332,211	\$5,479,278
Operating Contingency (3mths Expenses)	\$2,286,978	2,531,613	\$2,806,855	\$2,806,855	\$2,887,616	\$2,963,729	\$3,080,411	\$3,140,222	\$3,255,514	\$3,389,919
Replacement Reserve - BioFilter	350,000	350,000	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
Capital Replacement & Construction	2,727,697	2,439,179	1,635,656	1,580,939	1,883,545	1,331,578	1,146,522	1,329,202	1,476,697	1,489,360
Total Reserve Balance	\$5,614,675	\$5,570,792	\$5,042,511	\$4,987,794	\$5,371,161	\$4,895,307	\$4,826,933	\$5,069,423	\$5,332,211	\$5,479,278

		ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED		Forec	ast	
Cost Center	Cost Element	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Tonage/Rate		•	-		-						
	Tons	148,483	149,756	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500
	O&M Cost per ton	\$ 63.01	\$ 67.17	\$ 75.61	\$ 75.61	\$ 75.61	\$ 79.83	\$ 82.97	\$ 84.59	\$ 87.69	\$ 91.31
	Biofilter Media Replacement Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Expansion Cost per Ton	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Capital Replacement Cost per Ton	\$ 11.04	\$ 10.97	\$ 19.70	\$ 20.07	\$ 17.10	\$ 15.15	\$ 16.84	\$ 3.37	\$ 3.37	\$ 3.37
	Total Cost Per Ton	\$ 74.05	\$ 78.14	\$ 95.30	\$ 95.67	\$ 92.71	\$ 94.98	\$ 99.81	\$ 87.95	\$ 91.06	\$ 94.68
	Member Contributions	\$ 10.78	\$ 10.02	\$ 19.70	\$ 19.70	\$ 19.70	\$ 15.15	\$ 16.84	\$ 3.37	\$ 3.37	\$ 3.37
	CIP Funded by Reserves	\$ 0.26	\$ 0.95	\$ -	\$ 0.37	\$ (2.60)	\$ -	\$ -	\$ -	\$ -	\$ -
	Rate Per Ton	\$ 63.01	\$ 67.17	\$ 75.61	\$ 75.61	\$ 75.61	\$ 79.83	\$ 82.97	\$ 84.59	\$ 87.69	\$ 91.31
	Adopted Rate Per Ton	\$ 59.00	\$ 62.50	\$ 65.50	\$ 65.50	\$ 65.50	\$ 69.50	\$ 73.00	\$ 76.50	\$ 79.50	\$ 82.00
Revenues											
211112	406000 Compost Delivery Svs	(\$337,128)	(\$255,034)	(\$325,000)	(\$325,000)	(\$375,000)	(385,000)	(\$392,700)	(\$400,554)	(\$408,565)	(\$416,736)
211112	406200 Compost Sales	(347,626)	(344,852)	(400,000)	(400,000)	(410,000)	(412,000)	(424,360)	(437,091)	(450,204)	(463,710)
	Service Charges	(684,754)	(599,886)	(725,000)	(725,000)	(785,000)	(797,000)	(817,060)	(837,645)	(858,769)	(880,446)
211112	404010 Biosolids Recycling (Tipping Fees)	(8,800,953)	(9,339,581)	(9,726,750)	(9,726,750)	(9,726,750)	(10,320,750)	(10,840,500)	(11,360,250)	(11,805,750)	(12,177,000)
211112	409920 Biosolids Recycling Admin Fees	(19,325)	(13,744)	(16,000)	(16,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
200112	404012 Non-Biosolids Recycling	-	(82,454)	-	-	(296,491)	(400,000)	(420,000)	(441,000)	(463,050)	(486,203)
	Sales	(8,820,278)	(9,435,779)	(9,742,750)	(9,742,750)	(10,068,241)	(10,765,750)	(11,305,500)	(11,846,250)	(12,313,800)	(12,708,203)
	Operating Revenues	(\$9,505,032)	(\$10,035,665)	(\$10,467,750)	(10,467,750)	(10,853,241)	(\$11,562,750)	(\$12,122,560)	(\$12,683,895)	(\$13,172,569)	(\$13,588,649)
211117	480110 Interest Income	(\$60,482)	(127,827)	(87,000)	(87,000)	(88,000)	(120,000)	(105,000)	(93,000)	(85,000)	(90,000)
	483010 Interest income 483010 Contributed Capital	(1,600,000)	(1,500,000)	(2,925,000)	(2,925,000)	(2,925,000)	(2,250,000)	(2,500,000)	(500,000)	(500,000)	(500,000)
	484020 Grants & Subsidies	(1,600,000)	13,521	(2,925,000)	(2,925,000)	(2,925,000)	(2,250,000)	(2,500,000)	(500,000)	(500,000)	(500,000)
	493110 Proceeds from Investments	12,643	•		- (4.220)	- (4.220)	- (4.260)		- (4.626)	- (4.764)	(4.007)
	499010 Other Non Operating Revenues	(17,093)	(28,605) (50,763)	(4,230) (20,000)	(4,230) (20,000)	(4,230) (20,000)	(4,360) (20,600)	(4,491) (21,218)	(4,626) (21,855)	(4,764) (22,510)	(4,907) (23,185)
211112	Non Operating Revenues	(\$1,829,369)	(\$1,693,674)	(\$3,036,230)	(\$3,036,230)	(\$3,037,230)	(\$2,394,960)	(\$2,630,709)	(\$619,481)	(\$612,274)	(\$618,092)
	Non Operating nevenues	(31,023,303)	(31,055,074)	(33,030,230)	(33,030,230)	(33,037,230)	(32,334,360)	(32,030,703)	(5013,401)	(3012,274)	(3010,032)
	TOTAL REVENUES	(\$11,334,401)	(\$11,729,339)	(\$13,503,980)	(\$13,503,980)	(\$13,890,471)	(\$13,957,710)	(\$14,753,269)	(\$13,303,376)	(\$13,784,843)	(\$14,206,741)

_	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED		Foreca	st	
Cost Center Cost Element	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Expenses			•	•						
211112 511210 Overtime - Meal Costs	\$35	\$0	\$378	\$378	\$600	\$389	\$401	\$413	\$425	\$438
211112 511220 Travel Costs - Mileage Reimbursement	52	949	· <u>-</u>	-	· -	· <u>-</u>	-	· -	-	· -
211112 511330 Safety Awards	_	-	500	500	-	515	530	546	562	579
211112 512010 Office Supplies-General	5,859	11,744	9,000	9,000	4,500	9,270	9,548	9,834	10,129	10,433
211112 512210 Forms, Printing and Copying costs	1,810	2,365	2,500	2,500	1,000	2,575	2,652	2,732	2,814	2,898
211112 512350 Postage and Delivery Charges	2,416	1,774	2,000	2,000	2,000	2,060	2,122	2,186	2,252	2,320
211112 512520 Computer Software & License Fees	6,098	9,453	10,000	10,000	7,673	10,300	10,609	10,927	11,255	11,593
211112 513010 Meeting Expenses	1,849	2,923	1,800	1,800	2,386	1,854	1,910	1,967	2,026	2,087
211112 513020 Conference Expenses	-	2,110	-	-	3,615	5,000	5,150	5,305	5,463	5,628
211112 514010 Memberships - Agency Wide	11,730	11,875	14,000	14,000	5,600	14,420	14,852	15,298	15,757	16,230
211112 514210 Registration-DMV, Title, Permit, Applic	4,961	578	1,000	1,000	14,000	1,030	1,060	1,092	1,125	1,159
211112 515030 Contributions-Sponsorships	750	-	1,500	1,500	600	1,545	1,591	1,639	1,688	1,739
211112 516010 Ad's-Newspaper/Mag Announce	-	96	-	-	-	-	-	-	-	-
211112 519110 Inventory-Count Adjustment	(249)	-	2,500	2,500	1,000	2,575	2,652	2,732	2,814	2,898
211112 519130 Inventory-Freight/Price	(6,082)	2,487	2,500	2,500	3,000	2,575	2,652	2,732	2,814	2,898
211112 519160-Price Adjustment Inventory	988	2,795	-	-	9,000	-	-	-	-	-
211112 519150 FrgtExpln Inv/Nonl	1,656	17	-	-	-	-	-	-	-	
211112 519530 Fines & Penalties	112	-	-	-	-	-	-	-	-	-
211112 519590 GI/IR Expense Clearing	4,542	154	1,700	1,700	(25)	1,751	1,803	1,857	1,913	1,970
Office & Administration Expenses	\$36,527	\$49,320	\$49,378	\$49,378	\$54,949	\$55,859	\$57,532	\$59,260	\$61,037	\$62,870
Materials & Supplies										
211112 512110 Operating Supplies - General	\$2,603	\$6,636	\$5,000	\$5,000	\$4,620	\$5,150	\$5,305	\$5,464	\$5,628	\$5,797
211112 512140 Uniform / Throw Rugs	33,232	36,244	40,000	40,000	34,738	40,000	41,200	42,436	43,709	45,020
211112 512160 Laboratory Supplies	-	59	-	-	-	-	-	-	-	-
211112 512170 Operations & Maintenance Supplies	704,044	961,850	800,000	800,000	800,000	824,000	848,720	874,182	900,407	927,419
211112 512410 Fuel	166,379	173,907	195,000	195,000	170,143	200,850	206,875	213,081	219,473	226,057
211112 512450 Fleet Parts & Supplies	-	1,181	-	-	-	-	-	-	-	-
211112 512620 Equipment - Small Tools/Equip. <\$2000	12,804	468	-	-	-	-	-	=	-	-
211112 512660 Equipment - Small Tools/Equip.< \$2000	136	2,268	546	546	546	562	579	596	614	632
211112 512710 Equipment Maintenance & Supplies	38,568	120,882	175,000	175,000	141,299	180,250	185,658	191,228	196,965	202,874
211112 512910 Other Materials & Supplies	17,564	11,261	4,900	4,900	1,960	5,047	5,198	5,354	5,515	5,680
211112 512920 Biofilter Media Replacement	260,525	4,550	-	-	-	-	-	-	-	-
211112 O&M Projects	460	92,052	275,000	275,000	180,000	50,000	-	-	-	
Materials & Supplies	\$1,236,315	\$1,411,358	\$1,495,446	\$1,495,446	\$1,333,306	\$1,305,859	\$1,293,535	\$1,332,341	\$1,372,311	\$1,413,479
<u>Insurance</u>										
211112 517010 Insurance Premiums - Liability	\$796,781	\$830,953	\$1,200,000	\$1,200,000	\$1,171,994	\$1,200,000	\$1,200,000	\$1,236,000	\$1,273,080	1,311,272
211112 517110 Insurance Premiums - Motor vehicles	=	-	-	-	-	-	=	=	-	-
211112 517210 Insurance Premiums - Casualty	<del></del>	86,883	<u> </u>	-	-	-	<u> </u>	<del>-</del>	<u> </u>	<del></del>
Insurance	\$796,781	\$917,836	\$1,200,000	\$1,200,000	\$1,171,994	\$1,200,000	\$1,200,000	\$1,236,000	\$1,273,080	\$1,311,272

	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED		Foreca	ıst	
Cost Center Cost Element	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Professional Fees & Services			Į.			-				
211112 520110 External Audit Services	\$4,998	\$5,000	\$4,860	\$4,860	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
211112 520210 Legal Fees - General	17,390	8,222	20,000	20,000	8,000	20,600	21,218	21,855	22,511	23,186
211112 520920 Professional Services - Engineering	9,942	-	-	-	-	, -	-	-	-	-
211112 520980 Professional Services - Other	223,163	270,156	250,000	250,000	250,000	257,500	265,225	273,182	281,377	289,818
211112 521015 Contract Labor_IEUA (211112-701009	- 3,837,392	4,417,791	4,874,700	4,874,700	4,874,700	5,056,625	5,282,359	5,439,620	5,547,606	6,005,642
211112 521010 Contract Labor - LACSD	138,987	18,667	45,000	45,000	38,019	46,350	47,741	49,173	50,648	52,167
212112 521018 Contract Labor-LACSD	5,525	20,289	2,500	2,500	12,907	17,005	17,515	18,040	18,581	19,138
211112 521050 Contract Materials	(408)	2,415	-	-	-	-	-	-	-	-
211112 521080 Other Contractual Services	1,278,064	938,112	1,250,000	1,250,000	1,250,000	1,375,000	1,416,250	1,458,738	1,502,500	1,547,575
211112 521080 - Biofilter Source Testing	-	-	125,000	125,000	125,000	-	125,000	· · · · -	140,000	-
211112 521110 Outside Svc's-Lndscaping/Weed/Pest	27,513	42,586	48,000	48,000	48,000	49,440	50,923	52,451	54,025	55,646
211112 521120 Outside Services - Security	1,760	2,124	18,360	18,360	7,344	10,000	10,300	10,609	10,927	11,255
211112 521130 Outside Services - Janitorial	14,667	15,019	18,360	18,360	18,360	18,911	19,478	20,062	20,664	21,284
211112 521220 Laboratory Services - Outside	3,698	6,919	4,500	4,500	6,000	7,000	7,210	7,426	7,649	7,879
211112 521410 Computer Systems Maintenance	483	14,719	14,000	14,000	5,600	7,500	7,725	7,957	8,195	8,441
Prof. fees & Services	\$5,563,174	\$5,762,019	\$6,675,280	\$6,675,280	\$6,658,930	\$6,880,931	\$7,285,944	\$7,374,113	\$7,679,683	\$8,057,031
Operating Fees										
211112 519310 Operating Permits, Licenses & Fees	\$39,986	\$32,349	\$22,000	\$22,000	\$36,168	\$38,000	\$39,140	\$40,314	\$41,523	\$42,769
211112 540110 Wastewater-Volumetric Fees	2,723	12,329	13,000	13,000	9,569	13,390	13,792	14,206	14,632	15,071
211112 540210 Strength Charges-BOD/COD	1,126	22,384	9,455	9,455	29,494	35,440	36,503	37,598	38,726	39,888
211112 540211 Strength Charges-BOD/COD Imbalanc	e 401	9,650	2,224	2,224	24,729	29,713	30,604	31,522	32,468	33,442
211112 540220 Strength Charges-TSS	33,522	31,977	12,000	12,000	32,750	33,000	33,990	35,010	36,060	37,142
211112 540221 Wste - TSS Imbal	-	10,599	-	-	10,000	10,000	10,300	10,609	10,927	11,255
211112 540223 Strength Charges-TSS Discrepancy Charges	15,807	-	6,229	6,229	2,492	6,416	6,608	6,806	7,010	7,220
211112 540330 Capital Improv Proj (CIP) Fees	56,631	91,613	33,372	33,372	64,465	75,000	77,250	79,568	81,955	84,413
Operating Fees	\$145,867	\$210,901	\$98,280	\$98,280	\$209,667	\$240,959	\$248,187	\$255,633	\$263,301	\$271,200
<u>Utilities</u>										
211112 545110 Electricity	\$1,236,093	\$1,422,068	\$1,300,000	\$1,300,000	\$1,750,000	\$1,750,000	\$1,802,500	\$1,856,575	\$1,912,272	\$1,969,640
211112 545220 Solar Power	226,680	221,022	224,400	224,400	223,851	231,132	238,066	245,208	252,564	260,141
211112 545310 Cell Phone Accessories	-	-	270	270	270	278	286	295	304	313
211112 545311 Cell Phone Expenses	5,540	4,398	9,010	9,010	4,969	9,280	9,558	9,845	10,140	10,444
211112 545320 Telephone	260	114	837	837	335	862	888	915	942	970
211112 545360 Disposal Service	17,296	17,294	18,000	18,000	18,000	18,540	19,096	19,669	20,259	20,867
211112 545370 Water	4,652	4,193	5,000	5,000	4,423	5,150	5,305	5,464	5,628	5,797
Utilities	\$1,490,521	\$1,669,089	\$1,557,517	\$1,557,517	\$2,001,848	\$2,015,242	\$2,075,699	\$2,137,971	\$2,202,109	\$2,268,172
<u>Leases / Rentals</u>										
211112 512730 Equipment Rental (Non Lease)	\$24,319	\$0	\$37,800	\$37,800	\$15,120	\$38,934	\$40,102	\$41,305	\$42,544	\$43,820
211112 547110 Building / Trailer Leases	101,936	106,380	113,400	113,400	104,158	116,802	120,306	123,915	127,632	131,461
211112 <u>547220 Equipment Lease/Rental - Operations</u>		151	-	-	175	-	-	-	-	-
Lease/Rentals	126,255	106,531	151,200	151,200	119,453	155,736	160,408	165,220	170,176	175,281
Operating Expenses	\$9,395,440	\$10,127,054	\$11,227,101	\$11,227,101	\$11,550,147	\$11,854,586	\$12,321,305	\$12,560,538	\$13,021,697	\$13,559,305

	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED		Foreca	ıst	
Cost Center Cost Element	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Financial Expenses		-		-	-					
211112 551010 Bank Service Charges / Fees	\$279	\$361	\$318	\$318	\$318	\$328	\$338	\$348	\$358	\$369
211112 _ 580050 Bad Debt Expense	3,476	3,449	=	=	-	-	-	-	-	-
Financial Expenses	\$3,755	\$3,810	\$318	\$318	\$318	\$328	\$338	\$348	\$358	\$369
Other Non-Operating Expenses										
211112 580090 Non-Operating Other Expenses	\$9,241	\$139	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expenses	\$9,241	\$139	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Operating Expenses	\$12,996	\$3,949	\$318	\$318	\$318	\$328	\$338	\$348	\$358	\$369
Capital Projects										
Capital Replacement Projects	\$1,639,072	\$1,642,219	\$2,925,000	\$2,979,718	\$2,539,637	\$2,250,000	\$2,500,000	\$500,000	\$500,000	\$500,000
Capital Projects	\$1,639,072	\$1,642,219	\$2,925,000	\$2,979,718	\$2,539,637	\$2,250,000	\$2,500,000	\$500,000	\$500,000	\$500,000
TOTAL EXPENSES	\$11,047,508	\$11,773,222	\$14,152,420	\$14,207,137	\$14,090,102	\$14,104,914	\$14,821,643	\$13,060,886	\$13,522,055	\$14,059,674
Net Profit/(Loss)	286,893	(43,883)	(648,440)	(703,157)	(199,631)	(147,204)	(68,374)	242,490	262,788	147,067

## Inland Empire Regional Composting Authority Schedule C - Projects

		ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED		FOREC	AST	
Project No.	Project Title	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Capital Projects											
Capital Replace	ment										
RA20005	RCA Capital Replacement	167,904	-	-	-	-	-	-	-	-	-
RA22001	IERCF Column Repair	(73,475)	-	-	-	-	-	-	-	-	-
RA23002	IERCF South MCC HVAC Upgrade	-	173,394	-	-	-	-	-	-	-	-
RA23003	IERCF Active Hopper Replacement	-	-	300,000	344,000	370,350	-	-	-	-	-
RA23004	IERCF Front End Loader Replacement	1,222,962	-	-	-	-	-	-	-	-	-
RA23005	IERCF Fire Sprinkler Upgrades	-	8,895	-	-	-	-	-	-	-	-
RA23006	RCA Capital Replacement	321,681	34,995	-	-	-	-	-	-	-	-
RA24002	RCA Capital Replacement	-	280,198	-	-	-	-	-	-	-	-
RA24003	IERCF Operations Building Improvements	-	188,749	-	-	-	-	-	-	-	-
RA24004	IERCF Compost Facility Tent Storage Cover Replacement	-	831,240	-	-	-	-	-	-	-	-
RA24005	IERCF Amendment Hopper #2 Auger Replacement	-	124,748	-	-	-	-	-	-	-	-
RA25002	RCA Capital Replacement	-	-	500,000	510,718	204,287	-	-	-	-	-
RA25003	IERCF Server Replacement	-	-	200,000	200,000	130,000	-	-	-	-	-
RA25004	VFD Replacements	-	-	125,000	125,000	125,000	-	-	-	-	-
RA25005	Fire System PIV Replacement	-	-	150,000	150,000	150,000	-	-	-	-	-
RA25006	Roof Fan Replacement	-	-	150,000	150,000	60,000	-	-	-	-	-
RA25007	Biofilter Replacement	-	-	1,500,000	1,500,000	1,500,000	1,000,000	-	-	-	-
RA26002	Wheel Loader Replacement	-	-	-	-	-	750,000	-	-	-	-
RA26003	RCA Capital Replacement	-	-	-	-	-	500,000	500,000	500,000	500,000	500,000
RA27001	Trommel Screen #2 Replacement							2,000,000			
	Total Capital Replacement Projects	\$1,639,072	\$1,642,219	\$2,925,000	\$2,979,718	\$2,539,637	\$2,250,000	\$2,500,000	\$500,000	\$500,000	\$500,000
Capital Expansi	on										
	Total Capital Expansion Projects	-		-	-	-	-	-	-	-	-
	Total Capital Projects	\$1,639,072	\$1,642,219	\$2,925,000	\$2,979,718	\$2,539,637	\$2,250,000	\$2,500,000	\$500,000	\$500,000	\$500,000
O&M Projects											
RA23007	IERCF Column Repair	460	67,239	-	-	-	-	-	-	-	-
RA24006	CURG Row 9 Roof Failure	-	24,813	100,000	116,000	100,000	-	-	-	-	-
RA25008	Ventilation Pipe Jetting Repair	-	-	175,000	159,000	80,000	-	-	-	-	-
RA26005	IERCF Interior Roadway Widening	-	-	-	-	-	50,000	-	-	-	
	Total O&M Projects (included in Materials & Supplies)	\$460	\$92,052	\$275,000	\$275,000	\$180,000	\$50,000	-	-	-	-
	Total Projects	\$1,639,532	\$1,734,271	\$3,200,000	\$3,254,718	\$2,719,637	\$2,300,000	\$2,500,000	\$500,000	\$500,000	\$500,000
	Total i Tojotto	Q1,000,002	72,737,271	<del>45,230,000</del>	95,257,710	72,713,037	72,300,000	72,550,000	4550,000	4500,000	<del>4500,000</del>



Adopt the Inland Empire Regional Composting Authority Budget for Fiscal Year 2025/26







# **Key Assumptions**

- \$69.50 Tipping Fee
- \$2,250,000 Capital Call
- Maintain 25 FTE Staffing Level
- Proactive Upkeep of Assets to Support Level of Service





# **Tipping Fee**

\$69.50 per wet Ton (6.1% increase)

#### Increase in O&M Cost:

- Utilities Anticipated increase in electricity rates from Southern California Edison.
- Operating Fees Increase in fees for operating permits and non-reclaimable wastewater.
- Professional Fees and Services Higher expenses associated with all contracted services, including collection services and compost transportation costs.
- Employment Rise in labor cost to reflect cost-of-living adjustments and higher health benefit expenses, as set forth in the approved Memorandum of Understanding(s).



# FY 2025/26 Proposed Budget

	FY 2024/25 Projected Actual	FY 2025/26 Proposed Budget	Increase/ (Decrease)
Revenues and Other Funding Sources			
Operating Revenues	\$10,853,241	\$11,562,750	\$709,509
Other Revenue and Funding Sources <sup>1</sup>	3,037,230	2,394,960	(642,270)
<b>Total Revenues and Other Funding Sources</b>	\$13,890,471	\$13,957,710	\$67,239
Expenses and Other Uses of Funds			
Operating Expense	\$11,550,465	\$11,854,914	\$304,449
Capital Project Expense	2,539,637	2,250,000	(289,637)
Total Expenses and Other Uses of Funds	\$14,090,102	\$14,104,914	\$14,812
Increase/(Decrease) Net Position	(\$199,631)	(\$147,204)	\$52,427



<sup>&</sup>lt;sup>1</sup> Includes proposed capital call, interest income, and other non-operating revenues

# **Capital Improvement Plan**

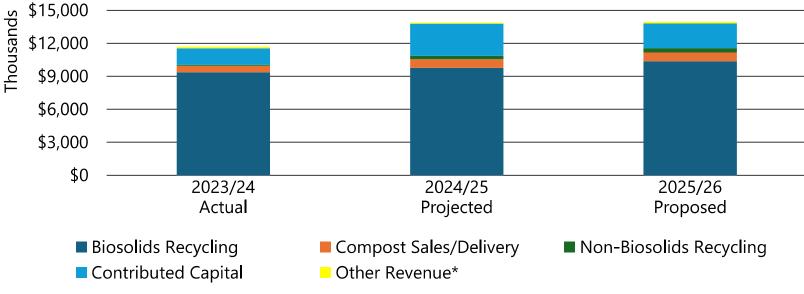
Project Description	FY 2024/25 Projected Actual	FY 2025/26 Proposed Budget
Biofilter Replacement	\$1,500,000	\$1,000,000
IERCF* Active Hopper Replacement	370,350	-
Regional Composting Authority Capital Replacement	204,287	500,000
Fire System Post Indicator Valve Replacement	150,000	-
IERCF* Server Replacement	130,000	-
Variable Frequency Drive Replacements	125,000	-
Roof Fan Replacement	60,000	-
Wheel Loader Replacement	- -	750,000
Total Capital Improvement Plan	\$2,539,637	\$2,250,000

<sup>\*</sup>Inland Empire Regional Composting Facility



### **Revenues**

• Increase due to Biosolids and Non-Biosolids Recycling Fees



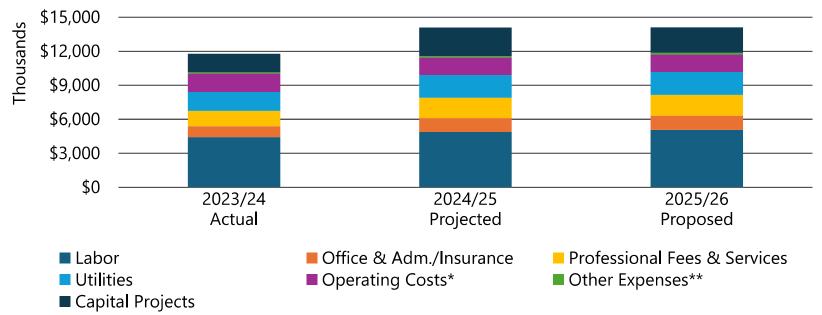


\*Other Income include interest income, discounts, credits, and miscellaneous other revenues



# **Expenses**

• Increase due to anticipated rises in Utilities and Operating Costs



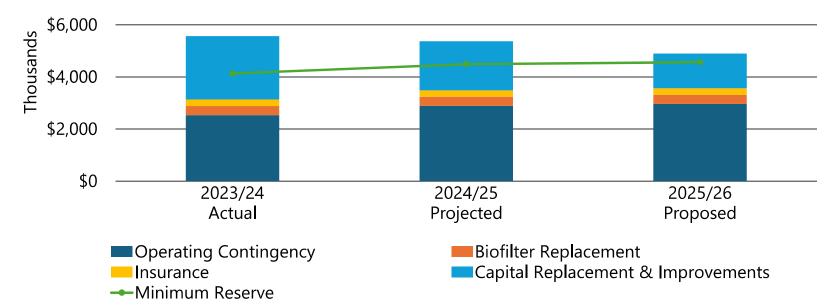


 $<sup>{}^*</sup>Operating\ costs\ include\ operating\ fees,\ biofilter\ replacement,\ materials\ \&\ supplies$ 

<sup>\*\*</sup>Other expenses include lease & rentals, financial expenses

## **Fund Balance**

• Maintain reserve levels per policy











# ACTION ITEM 2G



Date: May 5, 2025

To: Honorable Board of Directors

From: Alexander Lopez

Treasurer

Subject: Adopt the Inland Empire Regional Composting Authority Investment

Policy for Fiscal Year 2025/26

#### RECOMMENDATION

Staff recommends that the Board adopt Resolution No. 2025-5-1, approving the Authority's Investment Policy for Fiscal Year 2025/26.

#### **BACKGROUND**

The Investment Policy (Policy) establishes procedures and guidelines for managing temporarily idle funds 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 sets 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 to be done annually, or whenever there are significant changes. The Policy was last updated and approved on May 6, 2024.

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 (PFMAM). PFMAM'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 IERCA Policy continues to emphasize the primary objectives of investment activities of safety, liquidity, and return on investments, listed in order of priority.

The Policy remains largely unchanged from the prior year, except for minor grammatical changes. Attached for your consideration is a copy of the proposed IERCA Investment Policy for Fiscal Year (FY) 2025/26.

Adopt the Inland Empire Regional Composting Authority Investment Policy for Fiscal Year 2025/26 May 5, 2025 Page 2 of 2

#### **PRIOR BOARD ACTION**

On May 6, 2024, the Board of Directors adopted Resolution No. 2024-5-1, approving the Inland Empire Regional Composting Authority FY 2024/25 Investment Policy.

#### **IMPACT ON BUDGET**

There is no impact on the Authority's FY 2025/26 budget.

#### **ATTACHMENTS:**

Attachment A – Resolution No. 2025-5-1 Exhibit A – Investment Policy

#### RESOLUTION NO. 2025-5-1

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. 2025-5-1 on May 5, 2025, 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 Inland Empire Regional Composting Authority Investment Policy dated May 5, 2025, will be adopted for FY 2025/26.

**Section 2.** This resolution shall take effect on July 1, 2025.

**Section 3.** That upon the effective date of this resolution, Resolution No. 2024-5-1 is hereby rescinded in its entirety.

<b>ADOPTED</b> this 5 <sup>th</sup> day of May 2025.	
ATTEST:	Jon Blickenstaff Chair
Paul Hofer Vice Chair	

Resolution No. 2025-5-1 Page 2 of 2	
STATE OF CALIFORNIA COUNTY OF SAN BERNARDINO	) )SS )
Authority, DO HEREBY C	Board Chair of the Inland Empire Regional Composting ERTIFY that the foregoing Resolution being No. 2025-5-1 was f Directors on the 5 <sup>th</sup> day of May 2025 by the following vote:
AYES:	
NOES:	
ABSTAIN:	
ABSENT:	
	Jon Blickenstaff Chair



# FISCAL YEAR 2025/26 INVESTMENT POLICY

# INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY FY 2025/26 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 references to safekeeping, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. Such procedures should include explicit delegation of authority to people/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

If IERCA plans to initiate investment transactions on its own behalf, excluding bank deposits and investments made directly with an issuer, the Treasurer shall maintain a list of approved and authorized financial institutions and brokers/dealers, selected based on 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.

If IERCA plans to initiate investment transactions on its own behalf, 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.

To improve quality of 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 the 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 fifty 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 always 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 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 money 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 an LGIP, the Treasurer may 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 a master repurchase agreement which specifies the 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. IERCA 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. IERCA 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 delivery or third-party safekeeping requirements.

#### 11.0 DIVERSIFICATION

The Board of Directors recognizes 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 may 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

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 make 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 also be 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 ensure 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 the 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:
Citle:
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. This money is 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 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 transactions, 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 bookentry system.

#### **INTEREST RATE RISK:**

The risk of gain or loss in the market value of securities is 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 the 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 establishes 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 the 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 the year.

#### 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.

# INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY TREASURER

Authorized Brokers/Dealers

NONE

# ACTION ITEM 2H



Date: May 5, 2025

To: Honorable Board of Directors

From: Arin Boughan

**Project Manager** 

**Subject:** Approve Property Insurance Policy Renewal for Fiscal Year 2025/26

#### **RECOMMENDATION**

Staff recommends that the Board:

1. Approve the renewal of the Inland Empire Regional Composting Authority's existing property, general, and excess liability insurance policies for Fiscal Year 2025/26 for a not-to-exceed amount of \$1,200,000 including fees and taxes; and

2. Authorize the Project Manager to finalize and execute the contract, subject to non-substantive changes.

#### **BACKGROUND**

Each year, the Inland Empire Regional Composting Authority (IERCA) purchases insurance policies to protect the Authority and the public against potential liabilities related to property. Renewal of insurance policies is administered by the Los Angeles County Sanitation Districts (LACSD) Insurance and Claims Coordinator. As indicated in Table 1, premiums for Fiscal Year (FY) 2023/24 increased by \$185,995 due to a combination of extensive claims related to catastrophic events throughout the country and the uncertainty of the insurance market in California. Currently staff are being advised that rates will increase, however at this time there is no information as to exactly what the percentage change will be.

Staff are unable to find a single provider for the entire coverage target requiring the use of multiple providers. To find the best value, staff solicited multiple proposals and explored several alternatives including pooled coverage but determined the recommended proposal package as the best value. Staff intend to retain a consultant to perform a risk assessment to evaluate coverage options. Increases in premiums and concerns over coverage have created a need to reassess how the IERCA protects the assets while limiting exposure to risk. It is possible that coverage may be reduced without increasing the exposure to loss. It is expected that the evaluation will be completed, and a report will be presented to the IERCA Board.

**Table 1: Comparison of Annual Insurance Premiums** 

Coverage Description	2021-2022	2022-2023	2023-2024
Property -	ACE	ACE	STARR
\$50,000,000 Loss Limit	\$283,750.00	\$321,146.00	\$403,185.00
	+ \$1,200.00	+ \$3,500.00	+ \$12,821.28
	Boiler and Machinery	Loss Control	Taxes and Fees
	Jurisdictional	Engineering Inspection	
	Inspection Fee	Fee	
	Liberty	Liberty	Liberty
	\$230,100.00	\$252,314.00	\$320,296.00
	+ \$7,478.25	+ \$8,200.21	+ \$10,185.42
	Taxes and Fees	Taxes and Fees	Taxes and Fee
Excess Property -	\$82,500.00	\$93,750.00	\$117,721.00
\$20,000,000 excess of \$50mm	+ \$2,681.25	+ \$3,046.88	+ \$3,743.53
	Taxes and Fees	Taxes and Fees	Taxes and Fees
Total	\$596,350.00	\$667,210.00	\$841,202.00
	+ \$11,359.50	+ \$14,747.09	+ \$26,750.23
	Taxes and Fees	Taxes and Fees	Taxes and Fees

#### PRIOR BOARD ACTION

On May 6, 2024, the Board of Directors approved the IERCA FY 2024/25 Budget with an additional \$330,000 to cover the potential increase in insurance premiums.

On August 7, 2023, the Board of Directors approved the insurance budget amendment for an additional \$120,000 to cover the increase in insurance premiums; and ratified the renewal of the Authority's property insurance for Fiscal Year 2023/24 for \$867,952.23 including fees and taxes.

On May 1, 2023, the Board of Directors approved the IERCA FY 2023/24 Budget with an appropriation for insurance expense of \$750,000.

#### **IMPACT ON BUDGET**

If approved, the FY 2025/26 insurance premiums will be covered under the proposed budget of \$1,200,000.

#### **ATTACHMENT(S)**

None.

# INFORMATION ITEM 3A



Date: May 5, 2025

To: Honorable Board of Directors

From: Arin Boughan

**Project Manager** 

Subject: Project Manager's Report

#### **RECOMMENDATION**

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

#### Recruitment

The IERCA is currently recruiting for three positions: Compost Operator, Compost Worker and Mechanic I-III. We celebrate the hiring of Brianna Bugarin to Administrative Assistant II.

#### **Operations**

The Inland Empire Regional Composting Authority (IERCA) maintained maximum daily throughput levels up to 650 wet tons of biosolids and up to 300 wet tons of amendments.

The IERCA is on track to meet its fiscal year inbound biosolids target of 148,500 wet tons. During the first 9 months of 2024/2025 fiscal year, the facility processed 113,917 tons of biosolids, representing 77% of our targeted annual throughput.

Since the last update, the IERCA staff has:

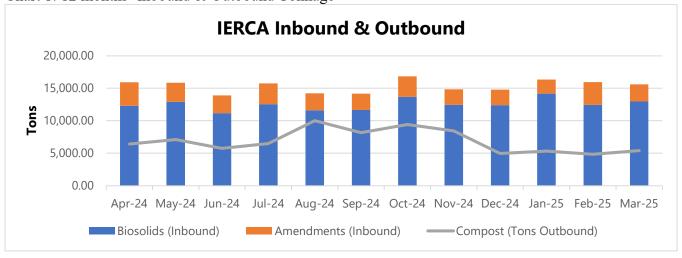
- Maintained throughput and revenue targets for the first 9 months of the 2024/2025 fiscal year.
- Maintained compost sales volumes aligning with production volumes.
- Surpassed 1,345 days (over three and half years) without any recordable or lost time incidents.

Table 1: Provides a summary of material processed during the current Fiscal Year (July 1, 2024 – March 31, 2024), the same period in the previous Fiscal Year (2023/2024), and the cumulative totals since the facility's start-up in April 2007 through December 31, 2024.

Table 1: Process summary

	FY 2024/25	FY 2023/24	2007-2024
Biosolids Processed (wet tons)	113,917	113,398	2,476,431
Amendments Processed (wet tons)	24,513	32,440	879,462
Compost Sold (cubic yards)	135,603	95,571	3,787,678

Chart 1: 12 months' Inbound & Outbound Tonnage

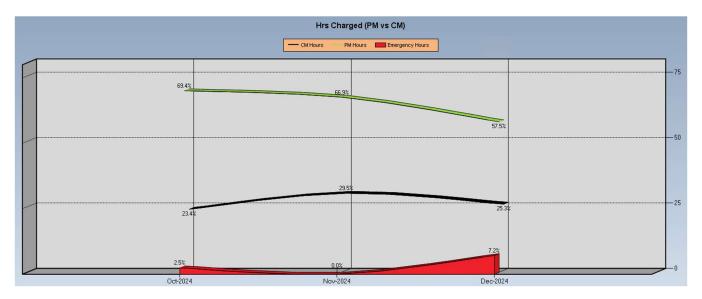


#### **Maintenance/Asset Management**

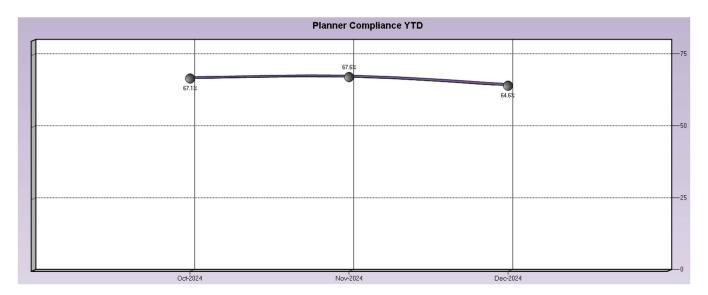
The Maintenance Department has been dedicated to ensuring the reliable and efficient operation of all equipment and infrastructure while minimizing downtime. Staff remained focused on key areas including preventative maintenance, corrective repairs, upgrades where possible, safety, and compliance. The team successfully completed scheduled maintenance checks on all conveyance systems, ensuring optimal performance, and conducted regular inspections and servicing of electrical systems to minimize downtime.

Safety and compliance remained top priority, with safety tailgates, safety policy review, and equipment inspections conducted to ensure adherence to all safety regulations. Management is equally committed to the continuous training and professional development of IERCA staff, offering programs to keep them updated on the latest maintenance technologies, safety protocols, and encouraging participation in certification courses to support specialized skills. Maintenance staff also actively engage in training opportunities, including CPR, confined space entry, and fall protection, whenever available.

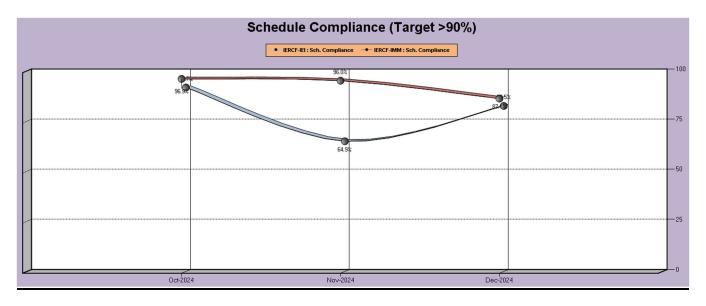
Corrective Maintenance & Preventive Maintenance Comparison — Preventative maintenance aims to prevent equipment failure and prolong the lifespan of equipment, while corrective maintenance aims to fix equipment that has failed or is no longer functioning properly. Preventative maintenance is a proactive 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 this data for our facility and compare it with industry Best Management Practices. Planning strategies are adjusted as needed based on information received.



**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 effectiveness while ensuring that all work is carried out safely.



**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 critical because it ensures that equipment is properly maintained and in good working condition. Monitoring schedule compliance will help to prevent breakdowns and unplanned downtime as well as extending the useful life of equipment while reducing the overall cost of ownership.



#### **Capital Projects**

- **IERCA Server Replacement** New server equipment has been successfully installed, and the IT group is currently updating firmware to complete the transition.
- Variable Frequency Drive (VFD) Replacement VFD drive units have been purchased and are being installed as they are received.
- Fire System Post Indicator Valve (PIV) Replacement Three PIV units have been installed. Project is complete, on time and under budget.
- **Roof Fan Replacement** Two fans have been acquired for testing to determine if they meet the facility's needs. Our existing fans are outdated and no longer in production.
- **IERCF Active Hopper Replacement** Rock Systems has been selected to design and construct the replacement Active Hopper. Design discussions are currently underway, with the completed hopper scheduled for delivery in May 2025.
- **Biofilter Replacement** The contract was awarded to Agricultural Soil Products. The biofilter replacement project will start at the beginning of February.

#### **Operations and Maintenance Projects**

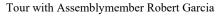
• CURG Row 9 Roof Column Repair – A contractor has been awarded, with work scheduled to begin in May 2025.

#### **Outreach and Tours**

The IERCA marketing activities and community outreach efforts not only strengthen our relationships with the community and industry but also enhance our brand visibility and commitment to sustainable practices. Multiple notable tours and outreach were conducted during this quarter.

- January 15<sup>th</sup> Fallbrook Public Utilities Facility Tour
- January 26<sup>th</sup>-30<sup>th</sup> Staff Attended "Compost 2025" seminars in Phoenix AZ
- February 13<sup>th</sup> Staff attended ACP Annual Members meeting in Long Beach
- February 27<sup>th</sup> Staff attended CWEA Special Seminar
- March 14<sup>th</sup> Staff conducted Facility tour with Assemblymember Robert Garcia
- March 18<sup>th</sup> UCR staff attended Facility tour
- March 28<sup>th</sup> Staff participated in City of Chino's earth day community event compost giveaway







Staff Attending "Compost 2025"



**UCR Facility Tours** 

#### **Sales and Marketing Report**

California Senate Bill 1383 (SB1383), which focuses on reducing organic waste and methane emissions, continues to influence strategic planning. Staff remain dedicated to educating stakeholders and promoting compost procurement as an essential component of meeting state requirements. STA Certified Premium SoilPro Compost has consistently outperformed competitors across various markets, reinforcing a strong leadership position. Sales have remained strong and continue to outpace throughput demand. Both will-call and contract customers have provided a consistent and reliable flow that aligns well with market needs and the operational capacity of the facility. During Q3, IERCA sales staff successfully sold over 44,000 cubic yards of compost. At the close of the quarter, all excess inventory had been sold out. The majority of sales were made to landscape and bulk material supply companies, underscoring the continued demand from these sectors. Q3 was marked by strong sales performance, successful inventory management, and consistent customer engagement. With all excess inventory sold and stable purchasing patterns in place, IERCA is well-positioned to transition into Q4 with a focus on agricultural markets. Continued alignment with SB1383 will ensure momentum is maintained in both regulatory compliance and market growth.

Table 2: Summary of monthly sales and revenue

	<i>J</i>			
MONTH	TOTAL YARDS 2024/2025	TOTAL YARDS 2023/2024	TOTAL REVENUE 2024/2025	TOTAL REVENUE 2023/2024
January	15,247.45	23,095.78	\$31,727.85	\$23,246.09
February	13,877.24	9,892.60	\$31,266.84	\$18,224.53
March	15,287.83	18,522.78	\$29,854.72	\$43,677.00
TOTAL	44,412.52	51,511.16	\$92,849.41	\$85,147.62
AVERAGE	14,804.17	17,170.39	\$30,949.80	\$28,382.54

#### **AGING REPORT**

Description	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 to 120 days	121 days and above	Total
Amount	\$498,050.07	\$89,817.05	\$6,856.19	\$19,045.77	\$5,218.14	\$149,191.62	\$768,178.84
# of Invoices	3	22	9	9	4	96	143
# of Customers	2	20	9	8	4	22	44

#### **PRIOR BOARD ACTION**

None.

#### **IMPACT ON BUDGET**

None.

#### **ATTACHMENT(S)**

None.

# INFORMATION ITEM 3B





# Air Quality Compliance Update

Sarah Recinto Senior Associate Engineer May 2025

#### 2 Background



January 11, 2022: SCAQMD issued a Notice of Violation (NOV) to IERCA

Administrative issue with no excess emissions

January - April 2022: IERCA was proactive and reached out to SCAQMD to resolve the NOV

May 4, 2022: The NOV for IERCA was dispositioned as in compliance

April 5, 2024: IERCA submitted letter of defense in response to SCAQMD Legal's pre-suit letter dated March 19th

July 30, 2024: SCAQMD Legal raised concerns about analyzer calibration practices for measuring background levels of ammonia at enclosure openings

- Analyzer calibrated per manufacturer's specification and provided accurate results
- SCAQMD inspected analyzer and calibration records for over a decade with no issue

August 29, 2024: New analyzer was delivered and tested

• Side by side testing comparing the existing and new analyzers' data showed identical results (0 ppm)

### 3 Recent Updates



March 7, 2025: SCAQMD Legal sent Settlement Offer Letter and Agreement

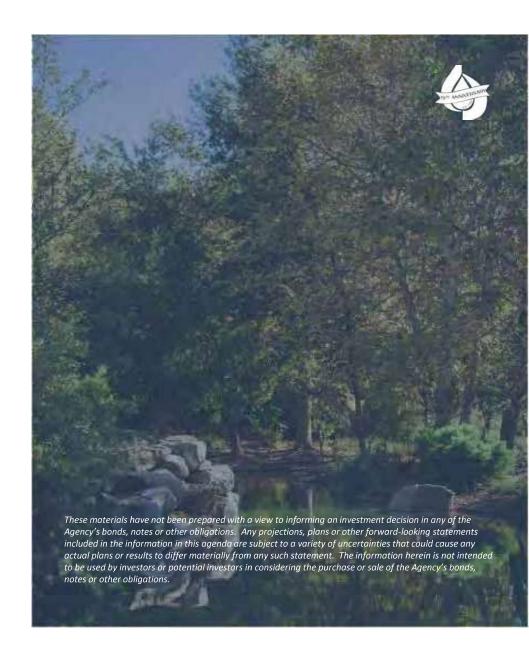
• Settlement Amount: **\$22,971** 

April 1, 2025: Accepted the settlement offer. IERCA submitted

- Response letter filed with the settlement agreement
- Signed agreement
- Payment

# **Questions?**





# INFORMATION ITEM 3C



Date: May 5, 2025

To: Honorable Board of Directors

From: Alexander Lopez

**Subject:** Treasurer's Report of Financial Affairs for the Quarter Ended

March 31, 2025

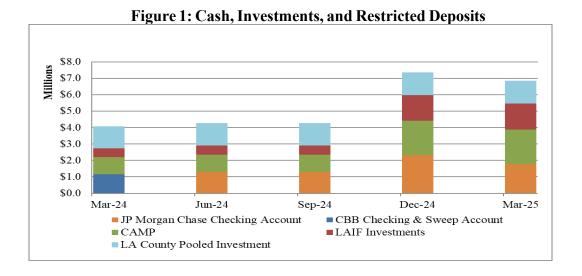
#### RECOMMENDATION

The Treasurer's Report of Financial Affairs for the quarter ended March 31, 2025, is an informational item for the Board's review.

#### **BACKGROUND**

In accordance with the State Code, Section 53646(b) (1), and the Authority's Investment Policy (Resolution No. 2024-5-1), a periodic investment report shall be submitted to members of the Board for review. This report includes in part the investment types, investment institutions, maturity dates, investment amount, current market value, and rate of interest/earnings yield.

The Treasurer's Report of Financial Affairs for the quarter ended March 31, 2025, is hereby submitted in a format consistent with State requirements. As shown in Figure 1 below, the total cash, investments, and restricted deposits were \$6,850,685 a decrease of \$503,898 compared to the December balance of \$7,354,583. The decrease was primarily due to increased reimbursement to IEUA for Labor and O&M Costs.



As shown in Figure 2 below, the Authority's investment portfolio average rate of return in March 2025<sup>(1)</sup> was 3.881 percent, a decrease of 0.077 percent compared to the December 2024<sup>(2)</sup> yield of 3.958 percent. The decrease was primarily due to lower yields for all cash and investment accounts. The total interest earnings for the quarter ending March 31, 2025, were \$64,293.

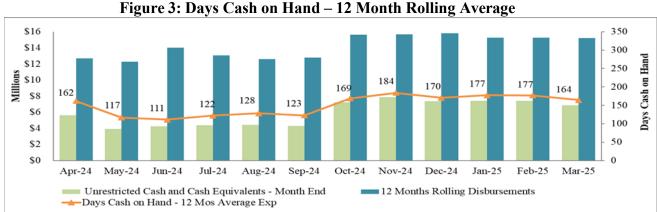
Figure 2: Investment Portfolio Average Rate of Return

	March	December (2)	Changes from Prior Quarter
Total Cash, Investments, Restricted Deposits	\$6,850,685	\$7,354,583	(\$503,898)
Investment Portfolio Average Rate of Return	3.881%	3.958%	(0.077%)

<sup>(1)</sup> Interest rates are through March except for the LA County Pooled Investment & Local Agency Investment Fund which are as of February 2025

Cash on hand (COH) is a financial ratio used to measure cash that is 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.

As shown in Figure 3, the COH for the month ending March 31, 2025, was 164 days, compared to 170 days as of December 31, 2024. This decrease is attributable to higher average expenditures during the third quarter.



#### PRIOR BOARD ACTION

None.

#### **IMPACT ON BUDGET**

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

#### **ATTACHMENTS:**

Attachment A- Treasurer's Report of Financial Affairs for quarter ended March 31, 2025.

<sup>(2)</sup> Interest rates are through December except for the LA County Pooled Investment Fund & Local Agency Investment Fund as of November 2024.

#### TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Quarter Ended March 31, 2025



All investment transactions have been executed in accordance with the criteria stated in the Authority's Investment Policy (Resolution No. 2024-5-1), adopted by the Inland Empire Regional Composting Authority's Board of Directors during its regular meeting held on May 6, 2024. 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 <u>Cash Position</u>

Quarter Ended March 31, 2025

Unrestricted Accounts	March	December
Cash, Bank Deposits, and Bank Investment Accounts	\$1,774,760	\$2,329,408
<u>Investments</u>		
California Asset Management Program (CAMP)	\$2,101,977	\$2,078,771
LA County Pooled Investment	1,393,812	1,381,576
Local Agency Investment Fund (LAIF)	1,580,136	1,564,828
Total Investments	\$5,075,925	\$5,025,175
Total Unrestricted Cash and Investments Available to the Authority	\$6,850,685	\$7,354,583
Total Unrestricted Cash and Investments	\$6,850,685	\$7,354,583
Net Change from Previous Quarter	(\$503,898)	

# INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY <u>Cash Position</u>

Quarter Ended March 31, 2025

#### **Unrestricted Accounts**

Cash, Bank Deposits, and Bank Investment Accounts For the Quarter Ended March 31, 2025	
Demand (Checking) Accounts	\$1,774,760
Subtotal Demand Deposits	\$1,774,760
Total Cash and Bank Investment Accounts	\$1,774,760
<u>Investments</u>	
California Asset Management Program (CAMP)	\$2,101,977
Local Agency Investment Fund (LAIF)	1,580,136
Local Agency Investment Fund (LAIF)  LA County Pooled Investment	1,393,812
	\$5,075,925
Total Investments	\$5,075,925
Total Cash, Investments and Restricted Deposits as of March 31, 2025	\$6,850,685
Total Unrestricted Cash and Investments as of 03/31/2025	\$6,850,685
Less: Total Unrestricted Cash and Investments as of 12/31/2024	\$7,354,583
Total Quarterly Increase (Decrease)	(\$503,898)

#### INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

#### **Cash Position**

Quarter Ended March 31, 2025

	Par	Principal	March	%	Market
Investments	Amount	Amount	Amortization	Yield	Value
For the Quarter Ended March 31, 2025					
Cash, Bank Deposits, and Bank Investment Accounts					
JP Morgan Chase	<b>** *** ** ** ** ** ** **</b>	<b>0.1 = 1.1 =</b> 60	<b>4. 55. 5</b> 60	<b>2</b> 0 <b>5</b> 0 0 /	<b>*** *** ** ** * * * * *</b>
Demand Checking Account	\$1,774,760 \$1,774,760	\$1,774,760 <b>\$1,774,760</b>	\$1,774,760 \$1,774,760	2.950% 2.950%	\$1,774,760 <b>\$1,774,760</b>
Subtotal JP Morgan Chase	\$1,774,700	\$1,774,700	\$1,774,700	2.930%	\$1,774,700
Total Unrestricted Accounts	\$1,774,760	\$1,774,760	\$1,774,760		\$1,774,760
<u>Investments</u>					
California Asset Management Program (CAMP)	\$2,101,977	\$2,101,977	\$2,101,977	4.470%	\$2,101,977
LA County Pooled Investment <sup>(1)</sup>	1,393,812	1,393,812	1,393,812	3.670%	1,393,812
Local Agency Investment Fund <sup>(1)</sup>	1,580,136	1,580,136	1,580,136	4.330%	1,580,136
Subtotal Investments	\$5,075,925	\$5,075,925	\$5,075,925	4.207%	\$5,075,925
Total Investments	\$5,075,925	\$5,075,925	\$5,075,925		\$5,075,925
Total Unrestricted Cash and Investments as of March 31, 2025	\$6,850,685	\$6,850,685	\$6,850,685		\$6,850,685

<sup>(1)</sup> Interest Rate information from the LA County Pooled Investment & Local Agency Investment Fund as of February 2025.

# INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY <u>Cash Position</u>

Quarter Ended March 31, 2025

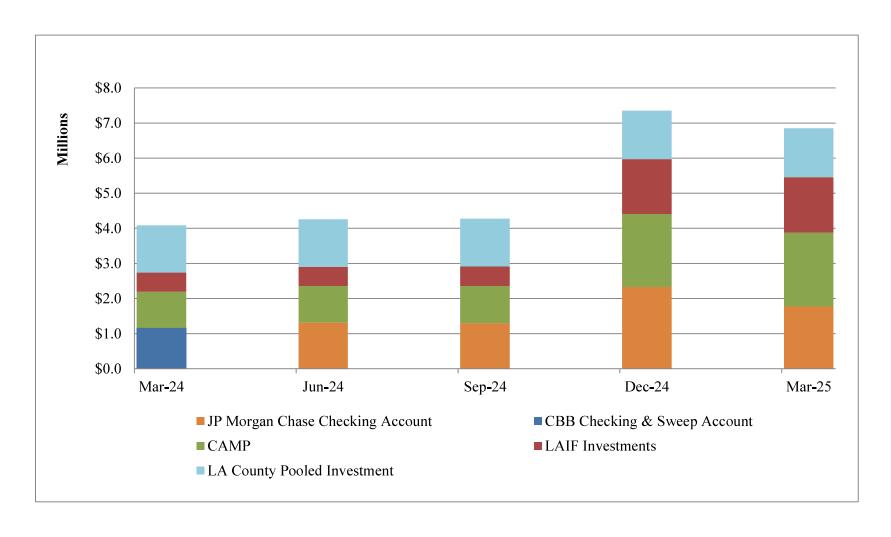
Unrestricted Accounts  Cash, Bank Deposits, and Bank Investment Accounts	Amount Invested	Yield
California Asset Management Program (CAMP)	\$2,101,977	4.470%
LA County Pooled Investment <sup>(1)</sup>	1,393,812	3.670%
Local Agency Investment Fund <sup>(1)</sup>	1,580,136	4.330%
	\$5,075,925	4.207%
Bank Accounts		
JP Morgan Chase -Demand Checking Account	\$1,774,760	2.950%
	\$1,774,760	2.950%
Total Portfolio	\$6,850,685	
Investment Portfolio Rate of Return		3.881%
Total Authority Directed Deposits	\$6,850,685	

(1) Interest Rate information from the LA County Pooled Investment & Local Agency Investment Fund as of February 2025.

# INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY <u>Cash Position</u>

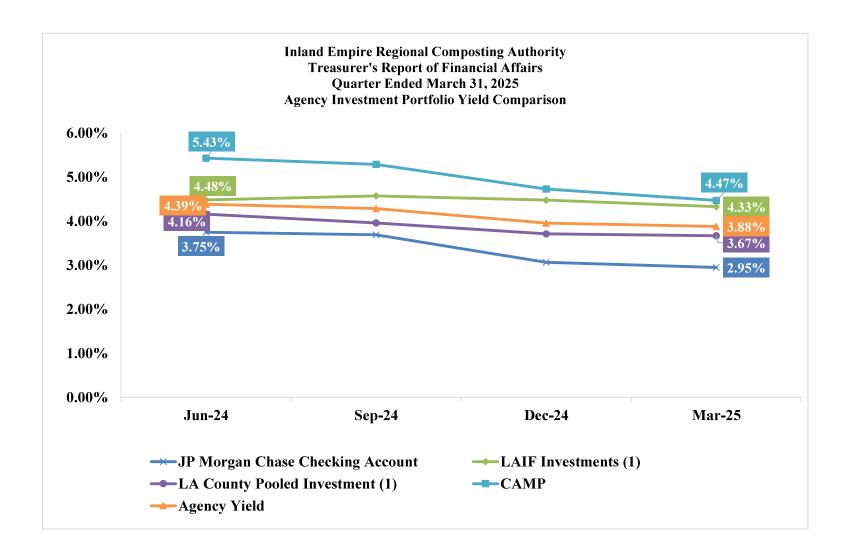
Quarter Ended March 31, 2025

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



#### INLAND EMPIRE REGIONAL COMPOSTING

Quarter Ended March 31, 2025



(1) Interest Rate information from the LA County Pooled Investment & Local Agency Investment Fund as of February 2025