



AGENDA

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

**MONDAY, MAY 4, 2026
10:00 A.M.**

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

www.ierca.org

TELEPHONE ACCESS: (415) 856-9169 / Phone Conference ID: 730 354 3#

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 recordingsecretary@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 2, 2026 Board Meeting.

B. APPROVE INVESTMENT AND DISBURSEMENT REPORT

Staff recommends that the Board approve the total disbursements for the months of January 2026 through March 2026 in the amount of \$2,556,620.11.

2. ACTION ITEMS

A. ELECT OFFICERS

Elect, by majority vote, a Chair and Vice Chair of the Inland Empire Regional Composting Authority Board of Directors for a term beginning May 4, 2026.

B. APPROVE STRUCTURAL COLUMN AND ROOF REPAIR PROJECT AND RATIFY EMERGENCY RESPONSE AND REPAIR

Staff recommends that the Board:

1. Approve the total project budget of \$2,500,000 for Project No. RA26007, Structural Column and Roof Repair, to cover emergency repair work;
2. Ratify the emergency actions taken to stabilize and repair the damaged structural column, roof system, and associated components; and
3. Acknowledge that all project costs, apart from the \$100,000 deductible, are expected to be reimbursed by the insurance provider.

C. APPROVE THE ANNUAL MANAGEMENT PLAN FOR FISCAL YEAR 2026/27

Staff recommends that the Board approve the Annual Management Plan for the Fiscal Year 2026/27.

D. APPROVE THE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2025

Staff recommends that the Board:

1. Approve the Inland Empire Regional Composting Authority (IERCA) Annual Financial Report for Fiscal Year ended June 30, 2025, when ready; 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. ADOPT THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY BUDGET FOR FISCAL YEAR 2026/27

Staff recommends that the Board:

1. Adopt the Inland Empire Regional Composting Authority budget for Fiscal Year 2026/27;
2. Increase the tipping fee from \$69.50 to \$73.00 per wet ton; and
3. Approve a capital call of \$3.35 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.

F. ADOPT THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY INVESTMENT POLICY FOR FISCAL YEAR 2026/27

Staff recommends that the Board adopt Resolution No. 2026-5-1, approving the Authority's Investment Policy for Fiscal Year 2026/27.

G. APPROVE AGREEMENT WITH ORANGE COUNTY SANITATION DISTRICT FOR BIOSOLIDS MANAGEMENT

Staff recommends that the Board:

1. Approve an agreement with Orange County Sanitation District for the management of biosolids for a base fee of \$73.00 per wet ton with

up to a 6% annual increase plus \$5.00 per wet ton management fee for a term of five years with two one-year renewal options; and

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

3. INFORMATION ITEMS

A. PROJECT MANAGER'S REPORT (WRITTEN)

B. ANNUAL WRITE-OFFS OF ACCOUNTS RECEIVABLE FOR THE FISCAL YEAR ENDED JUNE 30, 2025 (WRITTEN)

C. TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED MARCH 31, 2026 (WRITTEN)

4. DIRECTOR COMMENTS

ADJOURN

The next regular meeting is scheduled for Monday, August 3, 2026 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, 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 and on the Authority's website at www.ierca.org at least seventy-two (72) hours prior to the regular 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 recordingsecretary@ieua.org, 48 hours prior to the scheduled meeting so that IERCA can make reasonable arrangements to ensure accessibility.

**CONSENT
CALENDAR
ITEM**

1A



**MEETING OF THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
FEBRUARY 2, 2026
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.

Director Finlay called the meeting to order at 10:02 a.m. and led the pledge of allegiance. Vice Chair Paul Hofer was absent. The following Directors were present:

Christiana Daisy, Director
Margaret Finlay, Director
Jasmin A. Hall, Director
Martha Tremblay, Alternate 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. APPROVE INVESTMENT AND DISBURSEMENT REPORT QUARTER 4 FISCAL YEAR 2024/25

C. APPROVE INVESTMENT AND DISBURSEMENT REPORT QUARTER 1 FISCAL YEAR 2025/26

D. APPROVE INVESTMENT AND DISBURSEMENT REPORT QUARTER 2 FISCAL YEAR 2025/26

MOVED BY DIRECTOR TREMBLAY, SECONDED BY DIRECTOR HALL, AGENDA ITEM NOS. 1A THROUGH 1D, WERE APPROVED AS RECOMMENDED BELOW, BY THE FOLLOWING VOTE:

Ayes: Daisy, Finlay, Hall, Tremblay

Noes: None

Absent: Hofer

- o Approved the minutes of the November 3, 2025 Board Meeting.
- o Approved the total disbursements for the months of April 2025 through June 2025 in the amount of \$3,203,940.00.
- o Approved for the months of July 2025 through September 2025: Total disbursements in the amount of \$4,918,585.52; and an investment of \$500,000 in Local Agency Investment Fund on September 4, 2025, and an investment of \$500,000 in California Asset Management Program (CAMP) on September 4, 2025.
- o Approved for the months of October 2025 through December 2025: Total disbursements in the amount of \$3,205,930.29; and an investment of \$500,000 in CAMP on October 2, 2025, an investment of \$500,000 in Local Agency Investment Fund on November 26, 2025, and an investment of \$500,000 in CAMP on December 1, 2025.

2. **ACTION ITEM**

A. **ELECT OFFICERS**

The item was deferred to the next regular meeting.

3. **INFORMATION ITEMS**

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

IERCA Project Manager Arin Boughan and Compost Facility Supervisor Jason Racz provided the presentation.

Discussion ensued regarding the impressive safety record and recognition for staff for their safety practices.

B. **TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE QUARTER ENDED DECEMBER 31, 2025 (WRITTEN)**

IEUA Treasurer Alex Lopez provided the presentation.

4. **DIRECTOR COMMENTS**

There were no Director comments.

ADJOURN

With no further business, Director Finlay adjourned the meeting at 10:21 a.m.

Respectfully submitted,

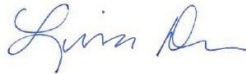
Denise Garzaro
IEUA Director of Board and Administrative Services

APPROVED: MAY 4, 2026

**CONSENT
CALENDAR
ITEM**

1B



Date: May 4, 2026
To: Honorable Board of Directors
From: Lisa Dye
IEUA Assistant General Manager 
Subject: Approve Investment and Disbursement Report Quarter 3
Fiscal Year 2025/26

RECOMMENDATION

Staff recommends that the Board approve for the months of January 2026 through March 2026:

1. Total disbursements in the amount of \$2,556,620.11.

There were no new investments during this period.

BACKGROUND

January 2026 through March 2026 disbursement activity includes Automated Clearing House (ACH) and Wire Transfer payments of \$2,556,620.11 for vendor payments. A detailed listing of the electronic disbursements (ACH/Wire) is attached.

Payment Type	Checks From – To	Transactions	Total Amount
Check		0	\$ 0.00
ACH		172	\$ 2,555,112.11
Wire Transfer		1	\$ 1,508.00
TOTAL		173	\$ 2,556,620.11

PRIOR BOARD ACTION

On February 2, 2026, the Board of Directors approved the Investment and Disbursement Report for Quarter 4 of Fiscal Year 2024/25, covering the months of April 2025 through June 2025, in the amount of \$3,203,940.00.

On February 2, 2026, the Board of Directors approved the Investment and Disbursement Report for Quarter 1 of Fiscal Year 2025/26, covering the months of July 2025 through September 2025, in the amount of \$5,918,585.52.

Approve Investment and Disbursement Report Quarter 3 Fiscal Year 2025/26

May 4, 2026

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On February 2, 2026, the Board of Directors approved the Investment and Disbursement Report for Quarter 2 of Fiscal Year 2025/26, covering the months of October 2025 through December 2025, in the amount of \$4,705,930.29.

BUDGET IMPACT

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

ATTACHMENT(S)

Attachment 1 - Details, Investment, and Disbursement Report

Check	Payee / Description		Amount
ACH	GENSCO AMERICA INC Down Pmt-25% MAGNETIC OVERBELT-X2=50%	PR46604	19,212.50
	GENSCO AMERICA INC	\$	19,212.50
ACH	METTLER-TOLEDO 35%Down Pmnt-Truck Scale Project	147145634M	20,317.76
	METTLER-TOLEDO	\$	20,317.76
ACH	INLAND EMPIRE UTILITIES AGENCY 11/25 Volumetric NRW Charges	90041409	6,384.42
	INLAND EMPIRE UTILITIES AGENCY	\$	6,384.42
ACH	COUNTY SANITATION DISTRICTS 11/25 C4051-Construction Inspech Health & 51035		3,216.00
	COUNTY SANITATION DISTRICTS	\$	3,216.00
ACH	ROYAL INDUSTRIAL SOLUTIONS MOTOR 20HP 4P 3PH 254/6TC	6441-1169580	2,408.57
	ROYAL INDUSTRIAL SOLUTIONS	\$	2,408.57
ACH	BEJAC CORPORATION MANIFOLD; PRESS	C13854	225.53
	BEJAC CORPORATION	\$	225.53
ACH	APPLIED INDUSTRIAL TECHNOLOGIE GOLD SKIRTBOARD	7033517666	816.75
	APPLIED INDUSTRIAL TECHNOLOGIE	\$	816.75
ACH	WAXIE SANITARY SUPPLY WAXIE 1855 CLEAN & SOFT WHITE	83700133	917.89
	WAXIE SANITARY SUPPLY	\$	917.89
ACH	MOTION INDUSTRIES INC 48" X 600 3PLY 3/16 X 1/16 MOR	CA18-00836381	17,746.61
	MOTION INDUSTRIES INC	\$	17,746.61
ACH	RDO EQUIPMENT COMPANY FLOODLAMPS	P3912535	2,384.80
	RDO EQUIPMENT COMPANY	\$	2,384.80
ACH	VIRAMONTES EXPRESS INC 11/25-11/26/25 Biosolids Hauling-Multipl	136481	1,845.66
	VIRAMONTES EXPRESS INC	\$	1,845.66
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy W/E 12/27/2025	01-7223229	1,781.57

Check	Payee / Description	Amount
	APPLEONE EMPLOYMENT SERVICES \$	1,781.57
ACH	FAIRBANKS SCALES INC 11/17/25 Load Cells -Scale	1750087
		3,085.40
	FAIRBANKS SCALES INC \$	3,085.40
ACH	CINTAS CORPORATION NO 2 12/31 SD EYEWASH SERVICE AGREEMENT	9353285625
		446.09
	CINTAS CORPORATION NO 2 \$	446.09
ACH	CINTAS CORPORATION NO 3 12/29 Scrapers, Towels, Mats, Air RFL, B	4254597898
	RCA-12/30 Uniform/Mat/Freshener Svcs	4254744047
		480.55
		526.73
	CINTAS CORPORATION NO 3 \$	1,007.28
ACH	DAVID WHEELER'S PEST CONTROL I RCA-12/24 Pest Control Refill	78956
		31.00
	DAVID WHEELER'S PEST CONTROL I \$	31.00
ACH	VIRAMONTES EXPRESS INC 12/1-12/12/25 Biosolids Hauling	136500
		7,861.41
	VIRAMONTES EXPRESS INC \$	7,861.41
ACH	WE-DO EQUIPMENT REPAIR & SUPPL AIRMAN 185CFM COMPRESSOR	W317428
		26,937.49
	WE-DO EQUIPMENT REPAIR & SUPPL \$	26,937.49
ACH	ROCA ENGINEERING 2 new shafts	2948
		389.94
	ROCA ENGINEERING \$	389.94
ACH	BAGHOUSE AMERICA INC Solenoid Valve with Coil	INV-2509422
		1,560.22
	BAGHOUSE AMERICA INC \$	1,560.22
ACH	APPLIED INDUSTRIAL TECHNOLOGIE GOLDSPEC SKIRTBOARD	7033532779
	LUBE FILTER, SPIN-ON FULL FLOW	7033608435
	AIR FILTER, SAFETY RADIALSEAL	7033608434
	PULL_C5-35TE-48PLE HDPE COATED	7033616258
	PRECISION PULLEY	7033625856
		8.17
		64.47
		61.65
		2,679.87
		258.69
	APPLIED INDUSTRIAL TECHNOLOGIE \$	3,072.85
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy, W/E 01/07/2026	01-7226846
		2,043.05
	APPLEONE EMPLOYMENT SERVICES \$	2,043.05
ACH	RDO EQUIPMENT COMPANY Cover Skid Steer Load	P4050135
		118.22

Check	Payee / Description	Amount
	OIL LINE	P4049935 283.85
	RDO EQUIPMENT COMPANY	\$ 402.07
ACH	ROCA ENGINEERING Stainless Steel Rings	2941 1,054.81
	ROCA ENGINEERING	\$ 1,054.81
ACH	APPLIED INDUSTRIAL TECHNOLOGIE AIR FILTER, PRIMARY RADIALSEAL	7033517536 1,034.41
	APPLIED INDUSTRIAL TECHNOLOGIE\$	1,034.41
ACH	KONICA MINOLTA RCA 12/25 Copier Leasing	48436438 150.85
	KONICA MINOLTA	\$ 150.85
ACH	KONICA MINOLTA BUSINESS SOLUTI RCA-11/27/25-12/26/25 Copier Ovr/Mnt	9010718264 22.21
	KONICA MINOLTA BUSINESS SOLUTI\$	22.21
ACH	PRIORITY BUILDING SERVICES LLC 12/25 Junitorial Svcs	98870 1,389.05
	PRIORITY BUILDING SERVICES LLC\$	1,389.05
ACH	APPLIED INDUSTRIAL TECHNOLOGIE GOLD SKIRTBOARD	7033649016 808.58
	APPLIED INDUSTRIAL TECHNOLOGIE\$	808.58
ACH	U S BANK *4246044555725724 1/26	5572 5724 1/2 51,166.92
	U S BANK	\$ 51,166.92
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy, W/E 01/17/2026	01-7234055 1,721.60
	Zaragoza, Stacy W/E 1/10/2026	01-7230999 1,377.28
	APPLEONE EMPLOYMENT SERVICES \$	3,098.88
ACH	KONICA MINOLTA BUSINESS SOLUTI RCA 12/31 Copier Ovr/Mnt	506032044 29.08
	RCA 12/25 Copier Ovr/Mnt	506021679 8.01
	KONICA MINOLTA BUSINESS SOLUTI\$	37.09
ACH	PALM AUTO DETAIL INC 12/25 Truck Wash, Cart Wash & Water Truc	251299-1 775.00
	PALM AUTO DETAIL INC	\$ 775.00
ACH	TRICO CORPORATION 11/10,11/20 Engine Oil / Vital Analysis	P75851 134.00
	11/7,11/24 Industrial Oil /Advanced Anal	P75849 67.00

Check	Payee / Description	Amount
	11/7,11/24 Industrial Oil /Advanced Anal P75850	148.00
	TRICO CORPORATION	\$ 349.00
ACH	LIBERTY LANDSCAPING INC 12/25 Monthly Maintenance	141054 956.00
	LIBERTY LANDSCAPING INC	\$ 956.00
ACH	DAVID WHEELER'S PEST CONTROL I 1/2/26 Monthly Pest Control	79418 1,565.00
	01/02/26 Refill 12 rRat boxes	79364 928.00
	DAVID WHEELER'S PEST CONTROL I\$	2,493.00
ACH	RESOURCE MACHINERY & ENGINEERI Trommel screens gauge T3044SS wire	3602 13,581.93
	RESOURCE MACHINERY & ENGINEERI\$	13,581.93
ACH	THE CARPENTER GROUP HELICAL-PARALLEL GEAR POWER WINCH	3-60126727 8,545.58
	THE CARPENTER GROUP	\$ 8,545.58
ACH	MODULAR BUILDING CONCEPTS INC 1/1/2026 -2/1/2026 Step/Ramp Rental	226308 1,191.71
	MODULAR BUILDING CONCEPTS INC	\$ 1,191.71
ACH	RADAR ENVIRONMENTAL INC 12/25 Monthly site survey	3545 454.65
	RADAR ENVIRONMENTAL INC	\$ 454.65
ACH	HAAKER EQUIPMENT COMPANY BROOM, SIDE 26" " NYL	INV26925 278.72
	HAAKER EQUIPMENT COMPANY	\$ 278.72
ACH	APPLIED INDUSTRIAL TECHNOLOGIE FUEL FILTER KIT	7033669620 188.10
	ASGCO ASG-SBB-54A-1	7033691207 2,525.08
	HYDRAULIC FILTER, SPIN-ON	7033686785 118.74
	APPLIED INDUSTRIAL TECHNOLOGIE\$	2,831.92
ACH	GOVCONNECTION INC Vehicle Adapter car power adpt	77223580 230.13
	GOVCONNECTION INC	\$ 230.13
ACH	CINTAS CORPORATION NO 3 RCA 01/06/26 Uniforms, Mats, Air Freshen	4255461885 489.93
	CINTAS CORPORATION NO 3	\$ 489.93
ACH	INLAND EMPIRE UTILITIES AGENCY 12/25 Land Lease RP4 Facilities	90041529 8,240.51

Check	Payee / Description	Amount
	INLAND EMPIRE UTILITIES AGENCY\$	8,240.51
ACH	APPLIED INDUSTRIAL TECHNOLOGIE MISC HYDRAULIC PROD 7033737850	2,060.23
	APPLIED INDUSTRIAL TECHNOLOGIE\$	2,060.23
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy W/E 01/24/26 01-7237548	1,785.89
	APPLEONE EMPLOYMENT SERVICES \$	1,785.89
ACH	MOTION INDUSTRIES INC COUPLING CA18-00838570	90.68
	MOTION INDUSTRIES INC \$	90.68
ACH	CINTAS CORPORATION NO 3 01/05 Scraper, Mats, Air RFL, Towels 4255277509	480.55
	CINTAS CORPORATION NO 3 \$	480.55
ACH	RESOURCE MACHINERY & ENGINEERI LEV BLK 6-12 NYLON 3608	8,340.58
	RESOURCE MACHINERY & ENGINEERI\$	8,340.58
ACH	BEJAC CORPORATION AIR FILTER, INNER C43669	1,302.45
	BEJAC CORPORATION \$	1,302.45
ACH	CASCO EQUIPMENT CORPORATION Service call inspect & repair door #A4 I-R111298	2,273.35
	CASCO EQUIPMENT CORPORATION \$	2,273.35
ACH	VIRAMONTES EXPRESS INC 12/5-12/23/25 Biosolids Hauling-Multiple 136604	7,024.08
	VIRAMONTES EXPRESS INC \$	7,024.08
ACH	FRONTIER PERFORMANCE LUBRICANT Silver 70 NLGI #1 LBA3693204	4,492.75
	FRONTIER PERFORMANCE LUBRICANT\$	4,492.75
ACH	INLAND EMPIRE UTILITIES AGENCY 12/25 Volumetric NRW Charges 90041572	6,299.14
	INLAND EMPIRE UTILITIES AGENCY\$	6,299.14
ACH	MOTION INDUSTRIES INC SUSTAINED PRESSURE FITTING CA18-00838630	34.02
	PRESSURE FITTING CA18-00838612	21.66
	MOTION INDUSTRIES INC \$	55.68

Check	Payee / Description	Amount
ACH	CINTAS CORPORATION NO 2 1/12 Cabinet Organization and Supplies 5312471604	1,228.54
	CINTAS CORPORATION NO 2 \$	1,228.54
ACH	CINTAS CORPORATION NO 3 1/12 Scraper, Mats, Air RFL, Towels 4256036886	504.11
	01/20 Uniforms, Mats, Bowl Clips, Towels 4256961333	460.24
	RCA-1/13 Uniform/Mat/Freshener, Clips Sv 4256231597	555.01
	RCA-1/19/26 SCRAPER, CLIPS, MAT, AIR RFL 4256789161	510.00
	CINTAS CORPORATION NO 3 \$	2,029.36
ACH	SECURADYNE SYSTEMS INTERMEDIAT RCA Authority Fire Alarm 8 Panels 1/26 IN1-910461977	140.00
	Credit-Inv#IN1-910430248B-Perimeter Beam IN1-910430248	35.00
	Credit-IN1-91043585-8/25 Perimeter Beem IN1-910435855	35.00
	SECURADYNE SYSTEMS INTERMEDIAT\$	70.00
ACH	APPLIED INDUSTRIAL TECHNOLOGIE DONA_P551124 FUEL FILTER KIT 7033796752	368.17
	PREMALUBE 7033839330	2,330.26
	CONTINENTAL CX162 7033822922	1,036.38
	APPLIED INDUSTRIAL TECHNOLOGIE\$	3,734.81
ACH	FAIRBANKS SCALES INC 1/22/26 Truck Scales Repair Svcs 1757017	914.00
	FAIRBANKS SCALES INC \$	914.00
ACH	KONICA MINOLTA BUSINESS SOLUTI RCA 1/26 Copier Ovr/Mnt 9010753695	16.76
	KONICA MINOLTA BUSINESS SOLUTI\$	16.76
ACH	GOVCONNECTION INC Getac F110G5 Vehicle Dock 77290515	1,314.55
	GOVCONNECTION INC \$	1,314.55
ACH	KVAC ENVIRONMENTAL SERVICES IN 46-3515 1/7/26 Prof Svcs KV2601010	3,775.79
	KVAC ENVIRONMENTAL SERVICES IN\$	3,775.79
ACH	CONTROL LABORATORIES INC 1/26 Size Distribution and Inerts (Solid 6010137	59.00
	1/26 Finished Compost - Package (Solids) 6010136	431.00
	CONTROL LABORATORIES INC \$	490.00
ACH	CINTAS CORPORATION NO 3 1/26 Scrapers, Mats, Bowl Clips, Towels 4257525035	515.88
	RCA-1/27 Uniform, Bowl, Air Freshener 4257715328	454.97
	CINTAS CORPORATION NO 3 \$	970.85

Check	Payee / Description	Amount
ACH	DAVID WHEELER'S PEST CONTROL I 01/27 Monthly Pest Conrl ADMIN, OPS, MA 79252	31.00
	DAVID WHEELER'S PEST CONTROL I\$	31.00
ACH	EGGLETON TRUCKING INC 1/16 Hauling/load-Winchester 10707	373.50
	EGGLETON TRUCKING INC \$	373.50
ACH	BS&B PRESSURE SAFETY MANAGEMEN Power Supply Triple With System INV17262	5,128.79
	BS&B PRESSURE SAFETY MANAGEMEN\$	5,128.79
ACH	VIRAMONTES EXPRESS INC 12/30/25 Biosolids Hauling-Fontana 136687 1/6-1/15/25 Biosolids Hauling Multiple s 136786	1,017.00 3,146.85
	VIRAMONTES EXPRESS INC \$	4,163.85
ACH	YORKE ENGINEERING LLC 46-2654 -12/25 IERCF Bioflt ST 47730 46-2654 -12/25 IERCF SOP Spt 47731	271.50 2,794.20
	YORKE ENGINEERING LLC \$	3,065.70
ACH	MODULAR BUILDING CONCEPTS INC 2/1/2026 -2/31/2026 Step/Ramp Rental 226543	1,191.72
	MODULAR BUILDING CONCEPTS INC \$	1,191.72
ACH	MCKINLEY EQUIPMENT CORPORATION DYNALOGIX II CONTROLLER M144809-IN	2,113.55
	MCKINLEY EQUIPMENT CORPORATION\$	2,113.55
ACH	DIVERSIFIED THERMAL SERVICES I ERC JAN 2026 MAINT 1 OF 6 S411890	2,696.00
	DIVERSIFIED THERMAL SERVICES I\$	2,696.00
ACH	COUNTY SANITATION DISTRICTS 12/25 C4051-Construction Inspec & Health 51377	3,216.00
	COUNTY SANITATION DISTRICTS \$	3,216.00
ACH	APPLIED INDUSTRIAL TECHNOLOGIE AIR FILTERS-Primary,Secondary,Safety,Rad 7033841615	715.72
	APPLIED INDUSTRIAL TECHNOLOGIE\$	715.72
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy, W/E 1/31/2026 01-7241683	1,721.60
	APPLEONE EMPLOYMENT SERVICES \$	1,721.60
ACH	KONICA MINOLTA BUSINESS SOLUTI RCA1/26 Copier Ovr/Mnt 506525324	6.14

Check	Payee / Description	Amount
	KONICA MINOLTA BUSINESS SOLUTI\$	6.14
ACH	CINTAS CORPORATION NO 2 1/31 SD EYEWASH SERVICE AGREEMENT 9357564201	446.09
	CINTAS CORPORATION NO 2 \$	446.09
ACH	TRICO CORPORATION 12/19-1/12/25 Industrial Oil /Advanced A P76125	54.00
	12/17-1/6/26 Industrial Oil /Advanced An P76124	444.00
	12/3-1/12/26 Industrial Oil /Advanced An P76127	134.00
	12/2-1/12/26 Industrial Oil /Advanced An P76126	259.00
	TRICO CORPORATION \$	891.00
ACH	LIBERTY LANDSCAPING INC 1/25 Monthly Maintenance 141839	956.00
	LIBERTY LANDSCAPING INC \$	956.00
ACH	BAKER TILLY US LLP RCA-11/25 Financial Audit Svcs BT3480222	7,000.00
	BAKER TILLY US LLP \$	7,000.00
ACH	APPLIED INDUSTRIAL TECHNOLOGIE AIR FILTER, SAFETY RADIALSEAL 7032949162	145.65
	APPLIED INDUSTRIAL TECHNOLOGIE\$	145.65
ACH	AUTOZONE PARTS INC PURPLE POWER DEGREASER 05623707115	72.36
	AUTOZONE PARTS INC \$	72.36
ACH	BEJAC CORPORATION VEH2103 Keyed Machine-No Faults,Battery W21840	725.91
	BEJAC CORPORATION \$	725.91
ACH	Inland Empire Utilities Agency Oct 2025 O&M Charges IEUA Interco Billin SAP1025-RCAO&	41,571.25
	Oct 2025 L&B Charges IEUA Interco Billin SAP1025-RCAL&	435,224.32
	Inland Empire Utilities Agency\$	476,795.57
ACH	INLAND EMPIRE UTILITIES AGENCY 1/26 Volumetric NRW Charges 90041770	5,983.81
	INLAND EMPIRE UTILITIES AGENCY\$	5,983.81
ACH	APPLIED INDUSTRIAL TECHNOLOGIE PRECISION PULLEY 7033900179	2,733.75
	MORSE 7033891765	992.66
	APPLIED INDUSTRIAL TECHNOLOGIE\$	3,726.41
ACH	WAXIE SANITARY SUPPLY	

Check	Payee / Description	Amount
	ENMOTION 10IN BROWN ECOLO 83779010	604.14
	WAXIE SANITARY SUPPLY \$	604.14
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy W/E 02/7/26 01-7244810	1,785.89
	APPLEONE EMPLOYMENT SERVICES \$	1,785.89
ACH	KONICA MINOLTA RCA 2/26 Copier Lease 48610514	150.85
	KONICA MINOLTA \$	150.85
ACH	CINTAS CORPORATION NO 2 RCA 2/4 Cabinet Organization and Supplie 5316736402	1,095.47
	CINTAS CORPORATION NO 2 \$	1,095.47
ACH	CINTAS CORPORATION NO 3 RP4 2/9 Scraper, Mats, Freshn, Towel, Bo 4259017327 RCA -2/10 Scraper, Mats, Air FRSH, Unifo 4259175370 02/2 Scrapers, Towels, Mats, Air Rfl, Cl 4258234756 RCA-2/3 Uniform/Mat/Freshener Svcs 4258407280	515.88 529.22 515.88 454.97
	CINTAS CORPORATION NO 3 \$	2,015.95
ACH	RDO EQUIPMENT COMPANY 4" AIR FILTER P4455935	119.07
	RDO EQUIPMENT COMPANY \$	119.07
ACH	DAVID WHEELER'S PEST CONTROL I 2/2/26 Monthly Pest Control 79655 2/2/26 Pest Control Svcs 79711	928.00 1,565.00
	DAVID WHEELER'S PEST CONTROL I \$	2,493.00
ACH	TRICO CORPORATION 2/3/26 Industrial Oil /Advanced Analyysi 250140	742.45
	TRICO CORPORATION \$	742.45
ACH	BEJAC CORPORATION Cutting Edge, Plow Bolt, Nut C44487	5,787.40
	BEJAC CORPORATION \$	5,787.40
ACH	EGGLETON TRUCKING INC 2/5/26 Hauling/load -Thermal 10816 1/30/26 Hauling/load-Winchester 10768 1/27-1/29/26 Hauling/load-Cochella 10767	8,232.96 376.86 1,319.61
	EGGLETON TRUCKING INC \$	9,929.43
ACH	PRIORITY BUILDING SERVICES LLC 01/26 Junitorial Svcs 99209	1,273.68
	PRIORITY BUILDING SERVICES LLC \$	1,273.68

Check	Payee / Description	Amount
ACH	VIRAMONTES EXPRESS INC 1/26 Biosolids Hauling - Various Locatio 136903	25,472.16
	VIRAMONTES EXPRESS INC	\$ 25,472.16
ACH	RADAR ENVIRONMENTAL INC 1/26 Monthly site survey 3561	52.50
	RADAR ENVIRONMENTAL INC	\$ 52.50
ACH	U S BANK *4246044555725724 2/26	63,214.28
	U S BANK	\$ 63,214.28
ACH	INLAND EMPIRE UTILITIES AGENCY 1/26 Bldg Lease Pymt 90041661	8,240.51
	INLAND EMPIRE UTILITIES AGENCY	\$ 8,240.51
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy W/E 2/14/26 01-7249625	1,721.60
	APPLEONE EMPLOYMENT SERVICES	\$ 1,721.60
ACH	CINTAS CORPORATION NO 3 RCA-2/17 UNIFORM/AIR FRESHNER/MAT SVCS 4259932111	454.97
	CINTAS CORPORATION NO 3	\$ 454.97
ACH	VIRAMONTES EXPRESS INC 1/20 -2/10/26 Biosolids Hauling Multiple 136951	13,902.39
	VIRAMONTES EXPRESS INC	\$ 13,902.39
ACH	APPLIED INDUSTRIAL TECHNOLOGIE AIR FILTER, PRIMARY RADIALSEAL, VAACUM P 7033861932	614.22
	See CM 9000575649-RTV for Credit Only 7033321653	895.53
	See Inv 7033294568-RTV for Credit Only 9000575650	187.25-
	See Inv 7033321653-RTV for Credit Only 9000575649	750.07-
	See CM 9000575650-RTV for Credit Only 7033294568	263.00
	APPLIED INDUSTRIAL TECHNOLOGIE	\$ 835.43
ACH	CINTAS CORPORATION NO 3 RCA-2/23 Scrapers/Mats/Towels/Bowl Clips 4260520152	531.85
	RCA-2/16 Scrapers/Mats/Freshner/Towels S 4259755320	515.88
	CINTAS CORPORATION NO 3	\$ 1,047.73
ACH	AUTOZONE PARTS INC Windshield Fluids,RTV-Line 1-Wrong Size 05623701406	55.43
	See Inv 05623701406-Credit for Wrong Siz 05623707178	6.71-
	See Inv 05623701406-Credit for Wrong Siz 05623742385	20.14-
	AUTOZONE PARTS INC	\$ 28.58
ACH	EGGLETON TRUCKING INC	

Check	Payee / Description	Amount
	2/3/26 Hauling/load-San Diego	10815 693.01
	1/28/26-Hauling/load-San Diego	10745.01 570.40
	2/5/26 Hauling/load-San Diego	10820.01 693.01
	EGGLETON TRUCKING INC	\$ 1,956.42
ACH	BS&B PRESSURE SAFETY MANAGEMEN	
	TRAVEL SERVICES	INV17215 6,002.70
	Canister with Tank refit & STD	INV17344 12,027.08
	BS&B PRESSURE SAFETY MANAGEMEN\$	18,029.78
ACH	SECURADYNE SYSTEMS INTERMEDIAT	
	RCA-2/26 Fire & Alarm System Monitoring	IN1-910465991 140.00
	SECURADYNE SYSTEMS INTERMEDIAT\$	140.00
ACH	APPLIED INDUSTRIAL TECHNOLOGIE	
	PRECISION PULLEY	7033924301 1,011.34
	PRECISION PULLEY & I D5-RRD-48SB	7033980445 2,207.33
	APPLIED INDUSTRIAL TECHNOLOGIE\$	3,218.67
ACH	PALM AUTO DETAIL INC	
	1/26 Truck Wash, Cart Wash & Water Truck	26199-1 620.00
	2/26 Truck Wash, Cart Wash & Water Truck	26299-1 620.00
	PALM AUTO DETAIL INC	\$ 1,240.00
ACH	CINTAS CORPORATION NO 3	
	2/24 Uniform, Mat Svcs	4260699037 454.97
	CINTAS CORPORATION NO 3	\$ 454.97
ACH	EGGLETON TRUCKING INC	
	12/18 Hauling/load-Thermal	10845 5,544.08
	2/12/26 Hauling/load-Cochella	10844 672.42
	EGGLETON TRUCKING INC	\$ 6,216.50
ACH	LIBERTY LANDSCAPING INC	
	2/26 Monthly -46-2927 New Break Area	142014 15,815.58
	LIBERTY LANDSCAPING INC	\$ 15,815.58
ACH	APPLIED INDUSTRIAL TECHNOLOGIE	
	REDUCERS, VALVES	7033428981 1,851.02
	APPLIED INDUSTRIAL TECHNOLOGIE\$	1,851.02
ACH	APPLEONE EMPLOYMENT SERVICES	
	Zaragoza, Stacy W/E 02/28/26	01-7257350 1,671.39
	Zaragoza, Stacy W/E 2/21/26	01-7253760 1,700.08
	APPLEONE EMPLOYMENT SERVICES	\$ 3,371.47
ACH	GOVCONNECTION INC	
	GETAC F110 FULLY RUGGED	77338944 6,406.20

Check	Payee / Description	Amount
	GOVCONNECTION INC	\$ 6,406.20
ACH	CINTAS CORPORATION NO 2 2/28 SD EYEWASH SERVICE AGREEMENT 9361626742	446.09
	CINTAS CORPORATION NO 2	\$ 446.09
ACH	ROCA ENGINEERING two new shafts 2974	441.77
	ROCA ENGINEERING	\$ 441.77
ACH	RED BEACON FIRE AND ELECTRIC Underground PIV Replacement 1087R	34,995.00
	RED BEACON FIRE AND ELECTRIC	\$ 34,995.00
ACH	COUNTY SANITATION DISTRICTS 1/26 C4051-Construction Inspec & Health 51635	16,520.50
	COUNTY SANITATION DISTRICTS	\$ 16,520.50
ACH	APPLIED INDUSTRIAL TECHNOLOGIE Air Filters 7034023022 Fastners 7034034701	1,318.50 3,745.27
	APPLIED INDUSTRIAL TECHNOLOGIE\$	5,063.77
ACH	WAXIE SANITARY SUPPLY BROWN ECOLO, KLEENLINE MIC STEEL 83785327	210.83
	WAXIE SANITARY SUPPLY	\$ 210.83
ACH	KONICA MINOLTA RCA 3/26 Copier Lease 48777327	150.85
	KONICA MINOLTA	\$ 150.85
ACH	KONICA MINOLTA BUSINESS SOLUTI RCA 2/26 Copier Ovr/Mnt 9010788446	20.86
	KONICA MINOLTA BUSINESS SOLUTI\$	20.86
ACH	CONTROL LABORATORIES INC 2/26 Size Distribution and Inerts (Solid 6020165 2/26 Finished Compost - Package (Solids) 6020164	59.00 399.00
	CONTROL LABORATORIES INC	\$ 458.00
ACH	DAVID WHEELER'S PEST CONTROL I 3/02 Rat Boxes Refills 79957 3/02 Quarterly Treatment 79910 2/25/26 Monthly Pest Control 79557	928.00 190.00 31.00
	DAVID WHEELER'S PEST CONTROL I\$	1,149.00
ACH	TRICO CORPORATION Engine Oil / Vital Analysis & Services P76453 H002T / Industrial Oil /Advanced Analyysi P76451	469.00 333.00

Check	Payee / Description	Amount
	Engine Oil / Vital Analysis & Services P76455	201.00
	Industrial Oil /Advanced Analysis & Svcs P76454	444.00
	TRICO CORPORATION	\$ 1,447.00
ACH	TOTAL TEMPERATURE INSTRUMENTAT Cable-OptD Pressure Transmitters IN671572	1,427.66
	TOTAL TEMPERATURE INSTRUMENTAT\$	1,427.66
ACH	BEJAC CORPORATION WHEEL LOADER W21939	3,774.43
	L566 WHEEL LOADER W22411	4,294.37
	BEJAC CORPORATION	\$ 8,068.80
ACH	VIRAMONTES EXPRESS INC 2/05 -2/18/26 Biosolids Hauling Multiple 137020	2,369.61
	2/23-2/24/26 Hauling - Various Locations 137107	868.68
	VIRAMONTES EXPRESS INC	\$ 3,238.29
ACH	YORKE ENGINEERING LLC 46-2654 -1/26 IERCF Bioflt ST 48010	111.75
	YORKE ENGINEERING LLC	\$ 111.75
ACH	LIBERTY LANDSCAPING INC FebruaryMonthlyMaintenance 142205	956.00
	2/26 Monthly Maintenance 142065	535.60
	LIBERTY LANDSCAPING INC	\$ 1,491.60
ACH	DWIGHT BLACKMORE JR. Stainless Steel Installation Svcs 2245	9,980.00
	DWIGHT BLACKMORE JR.	\$ 9,980.00
ACH	INLAND EMPIRE UTILITIES AGENCY 10/1-12/31/25 2Q26 Strength Charges 90041819	31,261.12
	INLAND EMPIRE UTILITIES AGENCY\$	31,261.12
ACH	HAAKER EQUIPMENT COMPANY HOPPER PARTS INV29988	518.27
	HAAKER EQUIPMENT COMPANY	\$ 518.27
ACH	APPLIED INDUSTRIAL TECHNOLOGIE AIR FILTER, SAFETY/AIR FILTER, PRIMARY R 7034076770	194.15
	AIR FILTER, PANEL VENTILATION 7034066949	81.91
	TRICO WG-060410-EX 7034023023	1,199.84
	PRECISION PULLEY & I C5-35TE-48PLE HDPE 7034034193	2,870.54
	APPLIED INDUSTRIAL TECHNOLOGIE\$	4,346.44
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy W/E 3/07/26 01-7262111	1,721.60

Check	Payee / Description	Amount
	APPLEONE EMPLOYMENT SERVICES \$	1,721.60
ACH	O RINGS & THINGS Inv-3/16 x 3/8 x 3/32 Buna-70 155865	98.51
	O RINGS & THINGS \$	98.51
ACH	CINTAS CORPORATION NO 2 3/03 First Aid & Safety Supplies 5321621102 3/03 First Aid & Safety Supplies 5321621101	411.66 1,252.34
	CINTAS CORPORATION NO 2 \$	1,664.00
ACH	CINTAS CORPORATION NO 3 RP4- 3/02 BATH TOWEL-WHITE 4261270451 RP4- 3/02 TOWEL, SCRAPER, MAT, AIR FRESH 4262019936 3/10/26 Scrapers, Mats, Towels, Bowl Clip 4262192509 RP4- 3/26 BATH TOWEL-WHITE 4261428294 3/10 Uniform, Mat Svcs 4262192507	531.85 531.85 609.83 457.22 342.44
	CINTAS CORPORATION NO 3 \$	2,473.19
ACH	RDO EQUIPMENT COMPANY Shock Absorber, Screws, Lock Nuts P4913235	698.84
	RDO EQUIPMENT COMPANY \$	698.84
ACH	DAVID WHEELER'S PEST CONTROL I 3/26 MONTHLY SERVICE 80009	1,565.00
	DAVID WHEELER'S PEST CONTROL I \$	1,565.00
ACH	AUTOZONE PARTS INC FLEX 75W140 SYN 05623760927	447.80
	AUTOZONE PARTS INC \$	447.80
ACH	EGGLETON TRUCKING INC Hauling/load San Diego 11025 Credit-Inv#10476-Hauling/load-Temecula CM10476 Credit-Inv#10555-Hauling/load-Temecula CM10555 2/25 Hauling/load-Landscape 10910 2/24 Hauling/load-Winchester 10911 Hauling/load IERCA-H 11022 Hauling/load San Diego 11024 Hauling/load Lancaster 11023 Hauling/load Winchester 11026	1,260.49 3,027.84 1,487.36 574.78 383.59 383.46 758.93 1,739.47 420.60
	EGGLETON TRUCKING INC \$	1,006.12
ACH	VIRAMONTES EXPRESS INC 02/27 Biosolids Hauling -Lancaster 137147	396.72
	VIRAMONTES EXPRESS INC \$	396.72
ACH	MODULAR BUILDING CONCEPTS INC 3/1/2026 -3/31/2026 Step/Ramp Rental 226793	1,191.72
	MODULAR BUILDING CONCEPTS INC \$	1,191.72

Check	Payee / Description	Amount
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ACH	RADAR ENVIRONMENTAL INC 2/26 Monthly site survey	3567	52.50
	RADAR ENVIRONMENTAL INC	\$	52.50
ACH	RED BEACON FIRE AND ELECTRIC 2/15 Pipe & Couplings Repair Svcs	1116R	43,165.00
	RED BEACON FIRE AND ELECTRIC	\$	43,165.00
ACH	KONICA MINOLTA BUSINESS SOLUTI RCA-2/26 Copier Ovr/Mnt C4501	507003902	2.89
	RCA-2/26 Copier Ovr/Mnt C4501	507011281	31.29
	KONICA MINOLTA BUSINESS SOLUTI	\$	34.18
ACH	CINTAS CORPORATION NO 3 RCA-3/16-Mat/Towel/Freshener/Bowl Slip S 4262779156		531.85
	CINTAS CORPORATION NO 3	\$	531.85
ACH	BEJAC CORPORATION POWER WHEEL	W22416	15,123.54
	L566 WHEEL LOADER/ L566 XWHEEL	W22555	14,681.92
	BEJAC CORPORATION	\$	29,805.46
ACH	YORKE ENGINEERING LLC 4-1964-1/26-2/26 IERCF Hrdwre-SOP Spt	48011	646.00
	YORKE ENGINEERING LLC	\$	646.00
ACH	ROCA ENGINEERING New Frames & Rings	2994	7,630.74
	ROCA ENGINEERING	\$	7,630.74
ACH	SECURADYNE SYSTEMS INTERMEDIAT RCA-3/26 Alarm & Fire Panels Svcs	IN1-910469649	140.00
	SECURADYNE SYSTEMS INTERMEDIAT	\$	140.00
ACH	MEE INDUSTRIES INC Nozzle Reconditioning, Nozzels	61712	9,406.64
	MEE INDUSTRIES INC	\$	9,406.64
ACH	AUTOZONE PARTS INC WINDSHLD FLUID	05623772527	32.20
	AUTOZONE PARTS INC	\$	32.20
ACH	BEJAC CORPORATION Cutting Edge, Plow Bolt, Nut	W21940	8,368.64
	BEJAC CORPORATION	\$	8,368.64
ACH	U S BANK		

Check	Payee / Description	Amount
*4246044555725724 3/26	5572 5724 3/2	44,444.84
	U S BANK	\$ 44,444.84
ACH	BAKER TILLY US LLP RCA-3/26 Financial Statement Audit Svcs BT3523816	1,500.00
	BAKER TILLY US LLP	\$ 1,500.00
ACH	INLAND EMPIRE UTILITIES AGENCY 2/26 Bldg Lease Pymt 90041958	8,240.51
	INLAND EMPIRE UTILITIES AGENCY	\$ 8,240.51
ACH	APPLIED INDUSTRIAL TECHNOLOGIE FLEXCO EZP1-248 7034119059	2,754.61
	FLEXCO ACS-48-1 7034148854	1,995.02
	APPLIED INDUSTRIAL TECHNOLOGIE	\$ 4,749.63
ACH	APPLEONE EMPLOYMENT SERVICES Zaragoza, Stacy W/E 3/14/26 01-7265699	1,721.60
	APPLEONE EMPLOYMENT SERVICES	\$ 1,721.60
ACH	BEJAC CORPORATION 2/5-2/12/26 L566 X POWER WHEEL Rental Sv R40594	4,462.50
	BEJAC CORPORATION	\$ 4,462.50
ACH	EGGLETON TRUCKING INC 3/23 Haulingfoad-Victorville 11043	483.36
	EGGLETON TRUCKING INC	\$ 483.36
ACH	VIRAMONTES EXPRESS INC 02/04-03/04/26 Biosolids Hauling-Multipl 137212	3,797.34
	VIRAMONTES EXPRESS INC	\$ 3,797.34
ACH	STAPLES INC WINDEX 32OZ. W/TRIGGER 6058083304	29.73
	STAPLES INC	\$ 29.73
ACH	Inland Empire Utilities Agency Dec 2025 L&B Charges IEUA Interco Billin SAP1225-RCAL& 397,534.79	397,534.79
	Nov 2025 L&B Charges IEUA Interco Billin SAP1125-RCAL& 353,275.06	353,275.06
	Dec 2025 O&M Charges IEUA Interco Billin SAP1225-RCOA& 7,000.00	7,000.00
	Jan 2026 O&M Charges IEUA Interco Billin SAP0126-RCOA& 180,528.65	180,528.65
	Nov 2025 O&M Charges IEUA Interco Billin SAP1125-RCOA& 302,847.05	302,847.05
	Inland Empire Utilities Agency	\$ 1,241,185.55
Wire	STATE BOARD OF EQUALIZATION 10/1/25-12/31/25 State Sales/Use Tax-4th 101-112048 12	1,508.00
	STATE BOARD OF EQUALIZATION	\$ 1,508.00

Check	Payee / Description	Amount
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Grand Total Payment Amount: \$ 2,537,407.61

ACH	GENSCO AMERICA INC		
	Down Pmt-Add'l 25% MAGNETIC OVERBELT-X2=50%	PR46604	19,212.50

Final Grand Total Payment Amount: \$ 2,556,620.11


**ACTION
ITEM**

2A



Date: May 4, 2026

To: Honorable Board of Directors

From: Arin Boughan 
Project Manager

Matt Bao
Assistant Project Manager

Subject: Elect Officers

RECOMMENDATION

Elect, by majority vote, a Chair and Vice Chair of the Inland Empire Regional Composting Authority Board of Directors for a term beginning May 4, 2026.

BACKGROUND

In accordance with the Joint Powers Agreement (JPA) (Section 2.B.1), the Chair and Vice Chair shall be elected at the first meeting of the calendar year.

The current officers are as follows: Chair – Vacant, Vice Chair – Paul Hofer.

PRIOR BOARD ACTION

On February 3, 2025, the Board elected, by majority vote, Director Blickenstaff as Chair and Director Hofer as Vice Chair of the Inland Empire Regional Composting Authority Board of Directors for a term beginning February 4, 2025.

BUDGET IMPACT

There is no budget impact.


**ACTION
ITEM**

2B



Date: May 4, 2026

To: Honorable Board of Directors

From: Arin Boughan 
Project Manager

Matt Bao
Assistant Project Manager

Subject: Approve Structural Column and Roof Repair Project and Ratify
Emergency Response and Repair – Project No. RA26007

RECOMMENDATION

Staff recommends that the Board:

1. Approve the total project budget of \$2,500,000 for Project RA26007, Structural Column and Roof Repair, to cover emergency repair work;
2. Ratify the emergency actions taken to stabilize and repair the damaged structural column, roof system, and associated components; and
3. Acknowledge that all project costs, apart from the \$100,000 deductible, are expected to be reimbursed by the insurance provider.

BACKGROUND

On February 12, 2026, a front-end loader operating in the curing room struck a structural column while moving material into a curing row. The impact caused significant damage to the structural column, roof framing system, ceiling, and fire sprinkler system, creating an unsafe condition and immediate risk of structural failure.

A Level 1 Emergency was declared to address the incident and ensure the safety of personnel and continued facility operations. The affected area was immediately secured, fire protection systems were isolated, and a 24-hour fire watch was implemented.

Emergency response efforts included mobilization of an on-call contractor and structural engineer to assess the damage and stabilize the structure. Temporary shoring and stabilization measures were installed to prevent further structural movement.

Following stabilization, permanent repairs were completed, including removal and replacement of the damaged column, reinforcement and repair of roof structural members and trusses, restoration of the fire suppression system, and reconstruction of the affected ceiling and operational areas. All major structural, fire system, and ceiling repairs were completed in April 2026. The project is currently in closeout, with final documentation and minor remaining work ongoing. The completed repairs have restored the structural integrity of the facility and returned the curing room to safe and normal operations.

An insurance claim related to the incident was filed on February 20, 2026, and coordination with the insurance provider is ongoing for reimbursement of eligible project costs.

PRIOR BOARD ACTION

BUDGET IMPACT

A cost-reimbursable project, RA26007, Structural Column and Roof Repair, has been established to track all emergency repair costs. The total project budget is \$2,500,000, which will be funded through the Inland Empire Regional Composting Authority (IERCA) unrestricted reserves. Upon project completion, a claim for damages and associated costs will be submitted to the facility's insurance provider. All eligible project costs, apart from the \$100,000 deductible, are expected to be reimbursed through the insurance claim. The deductible will be funded through the existing Operations and Maintenance (O&M) budget.

ATTACHMENT(S)

Attachment 1 – PowerPoint



Approve Structural Column and Roof Repair Project and Ratify Emergency Response and Repair

Project No. RA26007

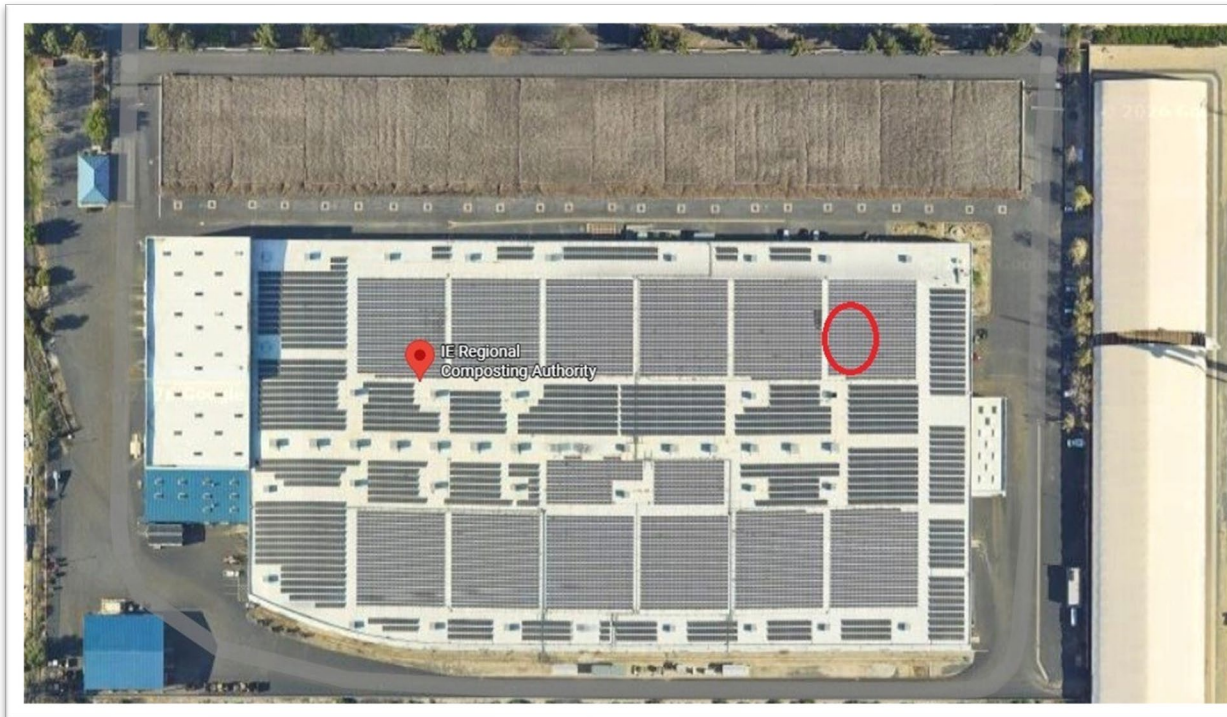
Arin Boughan

Manager of Regional Composting Authority
Organics Management

May 2026

2 Background

- February 2026 loader impact to structural column in curing room (Level 1 Emergency)
- Damage to roof framing, ceiling, and fire suppression system
- Area secured; fire suppression system isolated and monitored
- Operations continued at reduced capacity
- Repairs required to restore structural integrity and maintain facility operations



Inland Empire Regional Composting Authority (IERCA) and Impact Location



Structural Column Damage

3 Pictures



Roof Depression

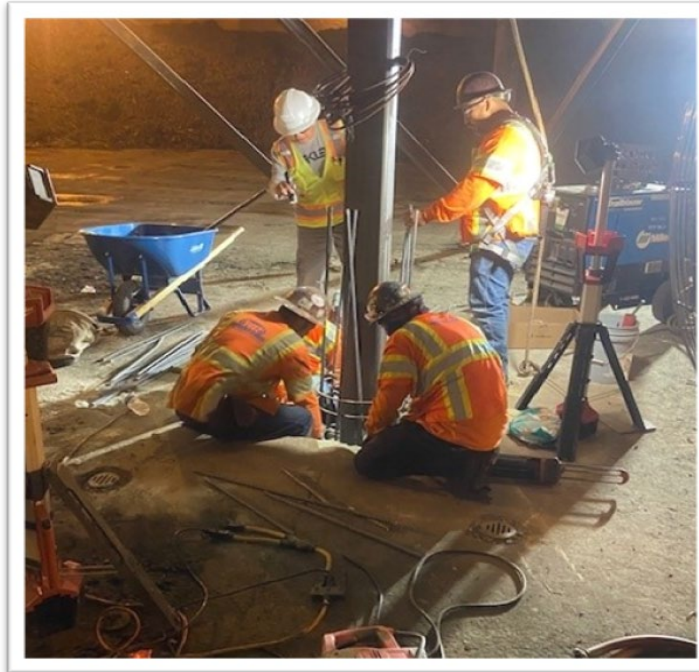


Scaffolding and Shoring Installation



Damaged Glulam Beams

4 Pictures Cont.



Contractors Installing New Column



Scaffolding Installation



Loader Reinforcing Column

5 Emergency Response & Stabilization

- Area secured; access restricted immediately
- Fire system isolated; 24-hour fire watch implemented
- Emergency contractor and engineer mobilized
- Temporary shoring installed for stabilization



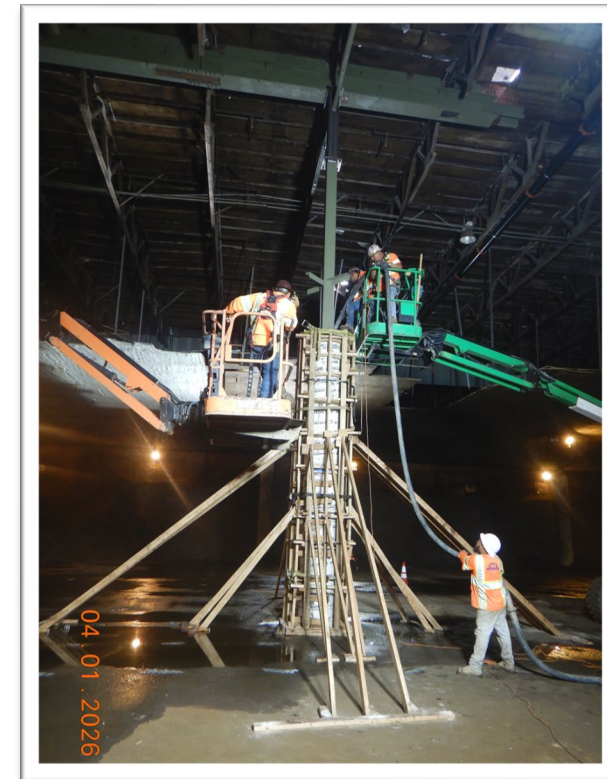
Emergency Stabilization and Shoring Installation

6 Repair & Restoration

- Repair approach developed with structural engineer
- Temporary jacking supports installed to stabilize and realign roof
- Beam reinforcement, column replacement, and truss repairs completed
- Fire sprinkler system and ceiling restoration completed



Structural Repairs in Progress



Column Replacement in Progress

7 Risk & Project Justification

- Emergency structural damage created unsafe conditions
- Immediate risk of structural failure
- Repairs required to restore safe operations and structural integrity



Column Before Repair



Column After Repair

8 Final Work Completed

Description	Estimated Costs
Emergency Stabilization	\$113,000
Structural and Ceiling Repairs	\$1,700,000
Fire Suppression Repairs	\$170,000
Engineering Services	\$60,000
IEUA Construction Management Support and Contingency	\$295,000
Total Project Costs	\$2,348,000
Total Project Budget (This Action)	\$2,500,000

- Initial funding provided through IERCA reserves/capital contribution
- Costs shared between IEUA and Los Angeles County Sanitation District (LACSD)
- Insurance claim to reimburse the project costs
- IERCA responsible for \$100,000 deductible Operations & Maintenance (O&M)

Project Milestone	Date
Incident Occurred	February 2026
Emergency Stabilization Complete	February 2026
Structural Repairs Complete	April 2026
Fire Sprinkler and Ceiling Complete	April 2026
Project Closeout	May 2026

Project Timeline



9 Staff Recommendation

1. Approve the total project budget of \$2,500,000 for Project RA26007, Structural Column and Roof Repair, to cover emergency repair work;
2. Ratify the emergency actions taken to stabilize and repair the damaged structural column, roof system, and associated components; and
3. Acknowledge that all project costs, apart from the \$100,000 deductible, are expected to be reimbursed by the insurance provider.

*This item aligns with Strategic Goal: Public and Environmental Health
(Supports safe facility operations and environmental compliance.)*


**ACTION
ITEM**

2C



Date: May 4, 2026

To: Honorable Board of Directors

From: Arin Boughan
Project Manager 

Matt Bao
Assistant Project Manager

Subject: Approve the Annual Management Plan for Fiscal Year 2026/27

RECOMMENDATION

Staff recommends that the Board approve the Annual Management Plan for Fiscal Year 2026/27.

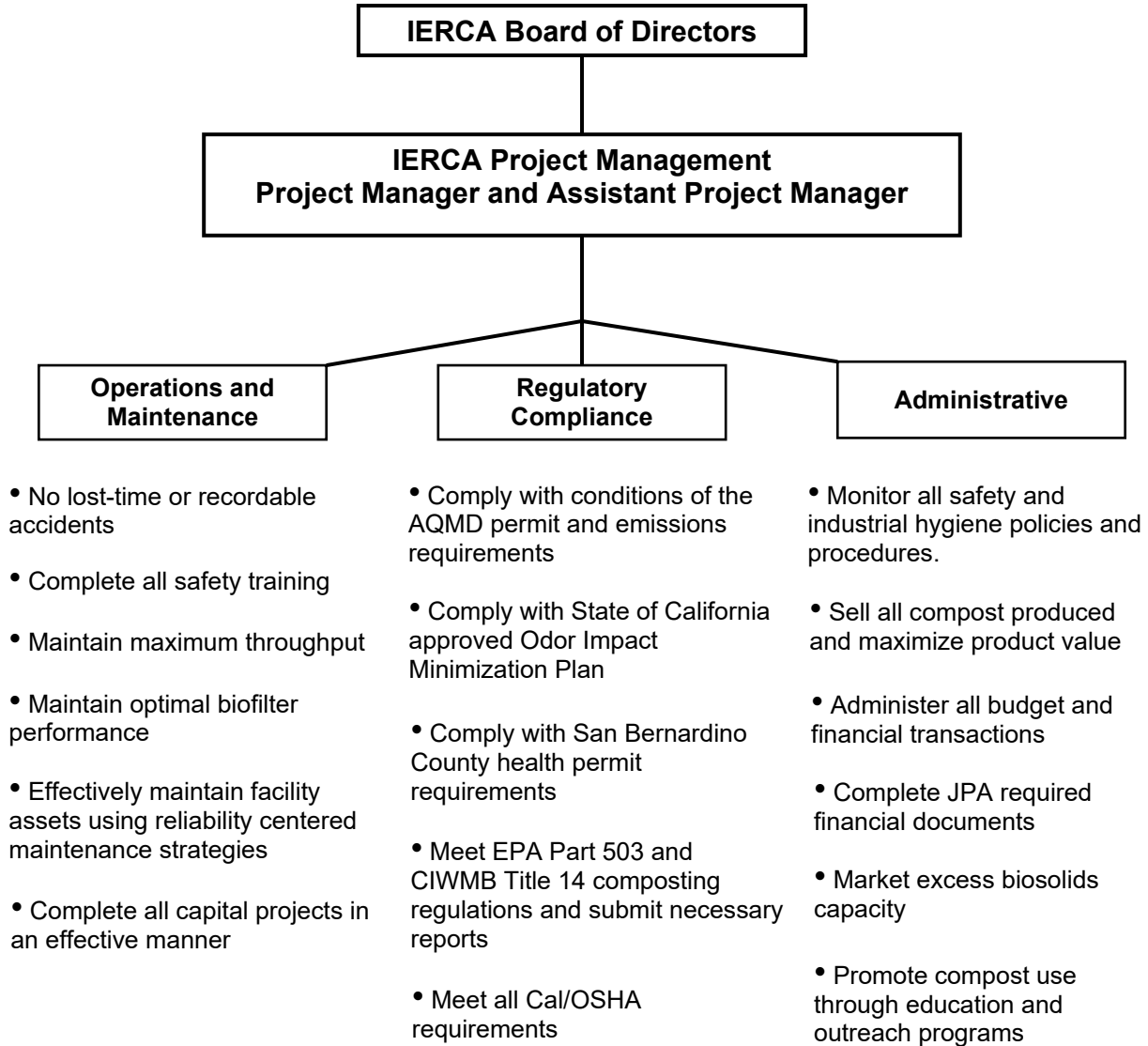
BACKGROUND

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 Authority (IERCA). 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 2026/27 Annual Management Plan For the
 Inland Empire Regional Composting Facility**



Throughput

The IERCA team will continue to focus on maintaining maximum throughput at the composting facility. IERCA’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. IERCA 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 IERCA capacity at best value to other biosolids generators. The diversified supply of biosolids will enable the team to ensure that the IERCA remains at maximum throughput.

Compliance

The IERCA 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: IERCA Staffing

Title	QTY
Mgr. of Regional Compost Authority	1
Administrative Assistant II	1
Compost Sales Representatives	2
Compost Facility Supervisors	2
Senior Compost O&M Technicians	2
Compost Facility Operators I-III	10
Mechanics I-III	5
Maintenance Planner/Scheduler	1
Electrical & Instrument Technician I-III	1
IERCA Total	25

In addition to the IERCA 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 IERCA 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 25% of the IERCA 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 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 IERCA 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: IERCA 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 5, 2025, the Annual Management Plan for Fiscal Year 2025/26 was approved by the Board of Directors.

BUDGET IMPACT

None.

ATTACHMENT(S)

None.

**ACTION
ITEM**

2D



Date: May 4, 2026

To: Honorable Board of Directors

From: Kim Snow
IEUA Controller 

Subject: Approve the Annual Financial Report for the Fiscal Year Ended June 30, 2025

RECOMMENDATION

Staff recommends that the Board:

1. Approve the Inland Empire Regional Composting Authority (IERCA) Annual Financial Report for fiscal year ended June 30, 2025, when ready; 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 Annual Financial Report for the fiscal year ended June 30, 2025, was prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). State law requires IERCA 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 (GASB). The financial statements are audited 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. by a firm of licensed certified public accountants. Baker Tilly US, LLP (Baker Tilly), an independent public accounting firm, performed the annual financial audit. A copy of the draft Annual Financial Report is attached. The Annual Financial Report will be finalized in May 2026.

Baker Tilly will issue an unmodified (“clean”) opinion on the financial statements for the fiscal year ended June 30, 2025. This is the highest level of assurance an auditor can provide. There are no reportable findings from the audit. A draft of the independent auditors’ report is located at the front of the Annual Financial Report.

Approve the Annual Financial Report for the Fiscal Year Ended June 30, 2025

May 4, 2026

Page 2 of 2

Fiscal Year (FY) 2024/25 Financial Highlights

Total operating revenues for FY 2024/25 were \$11.3 million, a 12.3% increase from FY 2023/24 total operating revenues of \$10 million. In FY 2024/25, the biosolids recycling tipping fee per wet ton increased to \$65.50 compared to \$62.50 in FY 2023/24, a \$3.00 (4.8%) rate increase.

Total operating expenses for FY 2024/25 were \$14.2 million, a 8% increase from FY 2023/24 total operating expenses of \$13.2 million.

Total ending net position for FY 2024/25 increased by \$0.2 million (0.2%) to \$77.9 million, of which approximately \$71.8 million represents the Authority's net investment in capital assets. The remaining \$6.1 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 \$2.9 million was executed in FY 2024/25.

PRIOR BOARD ACTION

On May 5, 2025, the Board approved the Annual Financial Report for FY 2023/24.

On May 6, 2024, the Board approved the Budget for FY 2024/25.

BUDGET IMPACT

There is no budget impact.

ATTACHMENT(S)

Attachment 1 - Draft Annual Financial Report for the Fiscal Year Ended June 30, 2025.

Inland Empire Regional Composting Authority

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2025**

Prepared by

The Inland Empire Utilities Agency
Accounting Department

Acknowledgments

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

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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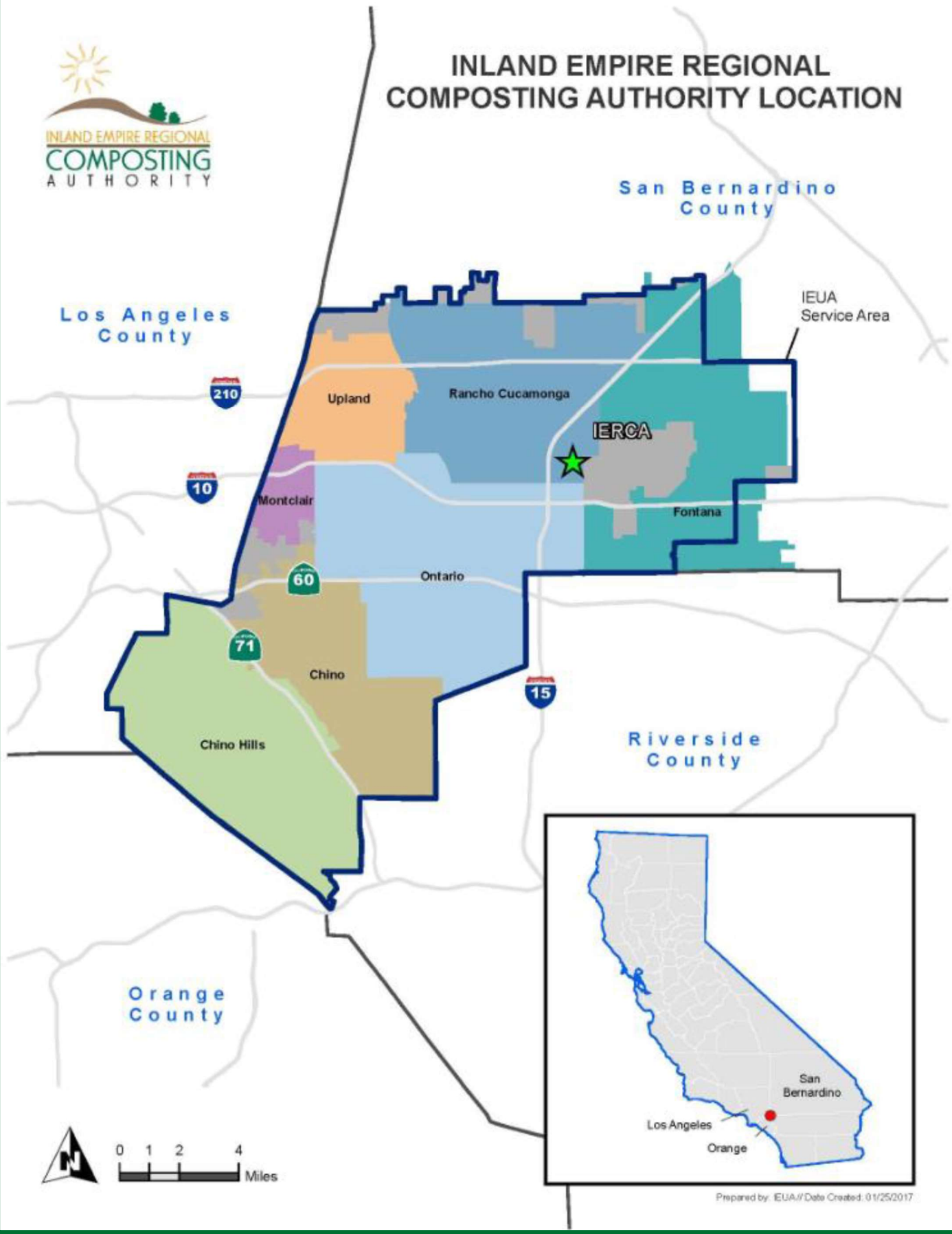
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DRAFT



INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY LOCATION



[REPORT DATE]

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, 2025. 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 generally 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, 2025. 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.

The Authority is staffed by 25 full-time IEUA employees. The Authority is also supported by LACSD employees on a part-time basis. 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 (RP-4). The entire system can provide all the energy required during peak operating hours.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In fiscal year (FY) 2024/25, the Authority produced and sold over 215,000 cubic yards of compost. In FY 2023/24, the Authority 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 2024/25 compared to FY2023/24 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 FY 2024/25

- Completed the Active Hopper replacement
- Started the Biofilter Media replacement
- Hosted facility tours and participated in community outreach events
- Sold all compost produced
- Met all budgeted targets



New Active Hopper



Biofilter Replacement

MAJOR INITIATIVES AND ACCOMPLISHMENTS (CONTINUED)

Major Initiatives for FY 2025/26

- Complete the Biofilter Media Replacement
- Clean the 12-foot reinforced concrete pipe that feeds the foul air to the biofilter.
- Install new upgraded lift pumps.



Biofilter New Media

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.

FINANCIAL INFORMATION (CONTINUED)

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.

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.

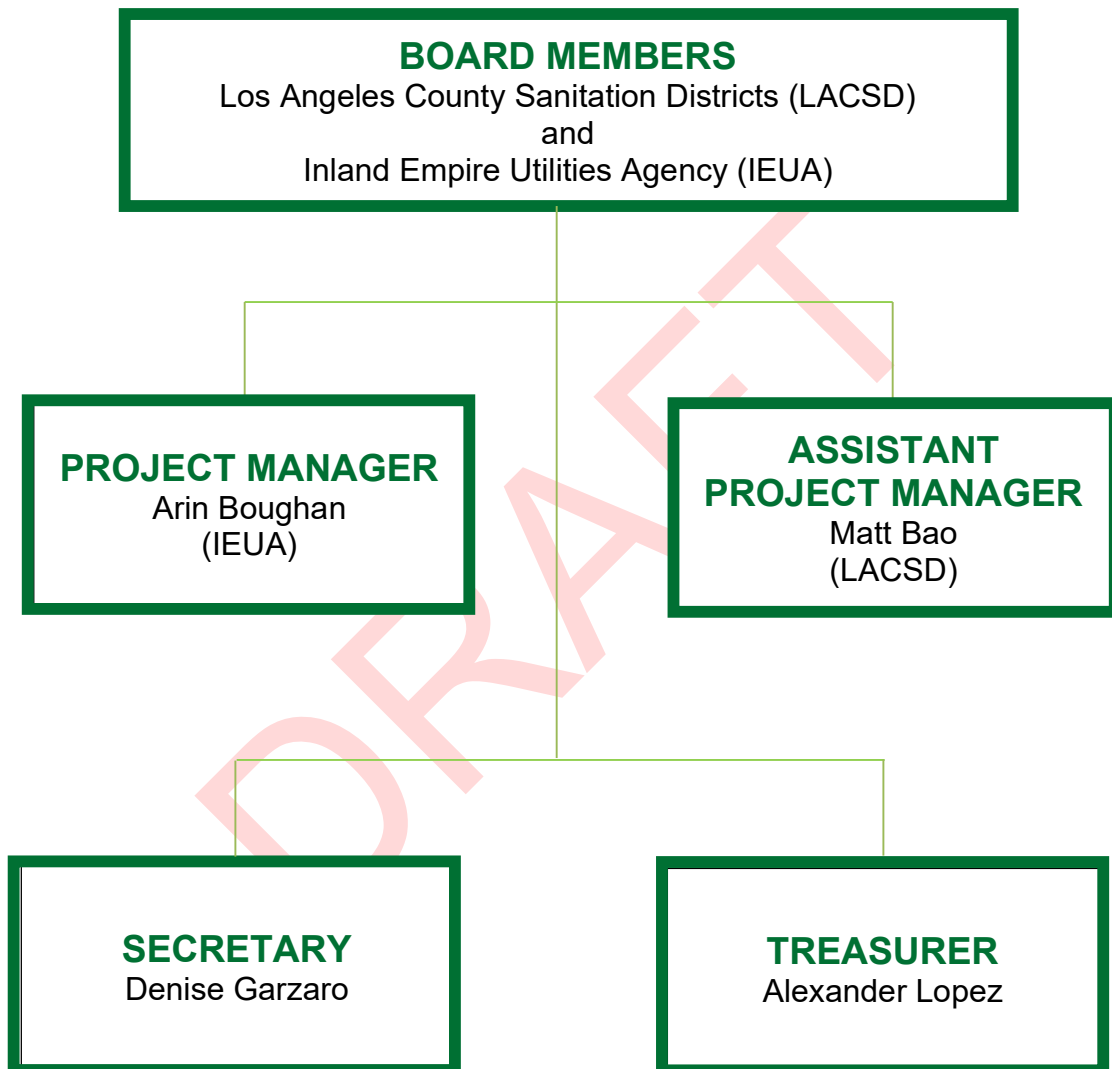
Additionally, we would like to acknowledge the Board of Directors for their continued support of the Authority's goal of sound accountable fiscal management, and for maintaining the highest standards of professionalism in the management of the Authority's finances. We genuinely appreciate their unfailing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

Respectfully submitted,



Alexander Lopez, Treasurer

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA)
ORGANIZATIONAL CHART**
As of **[REPORT DATE]**



INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY (IERCA)

PRINCIPAL OFFICIALS

As of **[REPORT DATE]**

BOARD OF DIRECTORS

Vacant, Chairperson
Paul Hofer, Vice Chairperson
Kevin Alexander, Director
Robert Ferrante, Director
Margaret Finlay, Director
Jasmin A. Hall, Director
Martha Tremblay, Alternate Director

OFFICERS OF THE AUTHORITY

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

GENERAL COUNSEL

Marty Cihigoyenette

MAY 4 - 10, 2025

INTERNATIONAL COMPOST AWARENESS WEEK



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, 2025, 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, 2025, 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, as listed in the table of contents, 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 [REDACTED], 2026 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
[REDACTED], 2026

DRAFT

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, 2025. 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

In fiscal year (FY) 2024/25, the IERCF processed 152,478 tons of biosolids and 35,393 tons of wood and stable bedding into approximately 218,792 cubic yards (76,587 tons) of high-quality compost. In FY 2023/24, 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.

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 FY 2024/25, a total of 187,871 tons of feedstock, equal to 90% of permitted capacity, was received by the IERCF. During FY 2023/24, a total of 191,499 tons of feedstock, equal to 91% of permitted capacity, was received by the IERCF.

To date as of June 30, 2025, the Authority has processed over 3.4 million tons of organic materials and sold over 3.8 million cubic yards of high-quality compost to customers across Southern California and Nevada.

The Authority's Operations – an Overview (continued)

For comparison, 3.8 million cubic yards of compost can:

- Fill Madison Square Garden almost 4 times
- Load 63,000 semi-trucks
- Increase soil health and save over 760 million gallons of water

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 for more than four years with no recordable or lost time accidents, underscoring the team's strong safety culture and disciplined operational practices. Further, the team has worked with local jurisdictions to provide opportunities to comply with California's SB 1383 (Short Lived Climate Reduction Strategy), which mandates reductions in organic waste and methane emissions. To comply with SB 1383, the Authority offers discounts to its customers on approved compost materials.

Financial Highlights

The Authority's operations and changes in net position for the fiscal year ended June 30, 2025, reflects the eighteenth year of operations for the IERCF. Total operating revenues for FY 2024/25 were \$11,273,159, a \$1,237,494 (12.3%) increase from FY 2023/24 total operating revenues of \$10,035,665. Total operating expenses for FY 2024/25 were \$14,202,703, a \$1,049,537 (8.0%) increase from FY 2023/24 total operating expenses of \$13,153,166.

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.

- 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, non-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, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	FY 2024/25	FY 2023/24	Increase (Decrease)	
			Amount	% of Change
ASSETS				
Current Assets	\$ 8,455,784	\$ 6,665,357	\$ 1,790,427	26.9
Noncurrent Assets	71,780,923	72,418,557	(637,634)	(0.9)
Total Assets	80,236,707	79,083,914	1,152,793	1.5
LIABILITIES				
Current Liabilities	2,377,704	1,398,087	979,617	70.1
Total Liabilities	2,377,704	1,398,087	979,617	70.1
NET POSITION				
Net Investment in Capital Assets	71,780,923	72,405,396	(624,473)	(0.9)
Unrestricted	6,078,080	5,280,431	797,649	15.1
Total Net Position	\$77,859,003	\$77,685,827	\$ 173,176	0.2

The FY 2024/25 net increase in current assets of \$1,790,427 (26.9%) is primarily due to increases in cash and investments of \$2,620,352 (62.4%), accounts receivable, net of \$129,055 (10.9%), and interest receivable and other receivables of \$11,920 (92.5%). These increases were partially offset by decreases in prepaid expenses of \$955,712 (100.0%) and inventory of \$15,188 (4.9%). The increase in cash and investments is primarily due to an increase in contributed capital of \$1,425,000 (95.0%) and a decrease in prepaid expenses of \$955,712 (100.0%). Contributed capital are contributions made by the two JPA member agencies, IEUA and LACSD equally. Contributed capital can vary from year to year depending on the needs of the Authority.

The FY 2024/25 net decrease in noncurrent assets of \$637,634 (0.9%) is primarily due to a net increase in accumulated depreciation and amortization of \$2,631,993 (6.2%), partially offset by a net increase in capital assets – depreciated and amortized of \$677,630 (0.6%) and an increase in jobs in progress of \$1,316,729 (100.0%). Jobs in progress can vary from year to year depending on the jobs in progress at the end of the fiscal year.

The FY 2024/25 net increase in current liabilities of \$979,617 (70.1%) is primarily due to an increase in accounts payable of \$992,778 (71.7%). The increase in accounts payable is primarily due to the timing of payments at the end of the fiscal year and the decrease in prepaid expenses of \$955,712 (100.0%). Increases in accounts payable are also the result of increase in operating expenses. The net increase in current liabilities is partially offset by a decrease in retentions payable of \$13,161 (100.0%).

Summary of Operations and Changes in Net Position (continued)

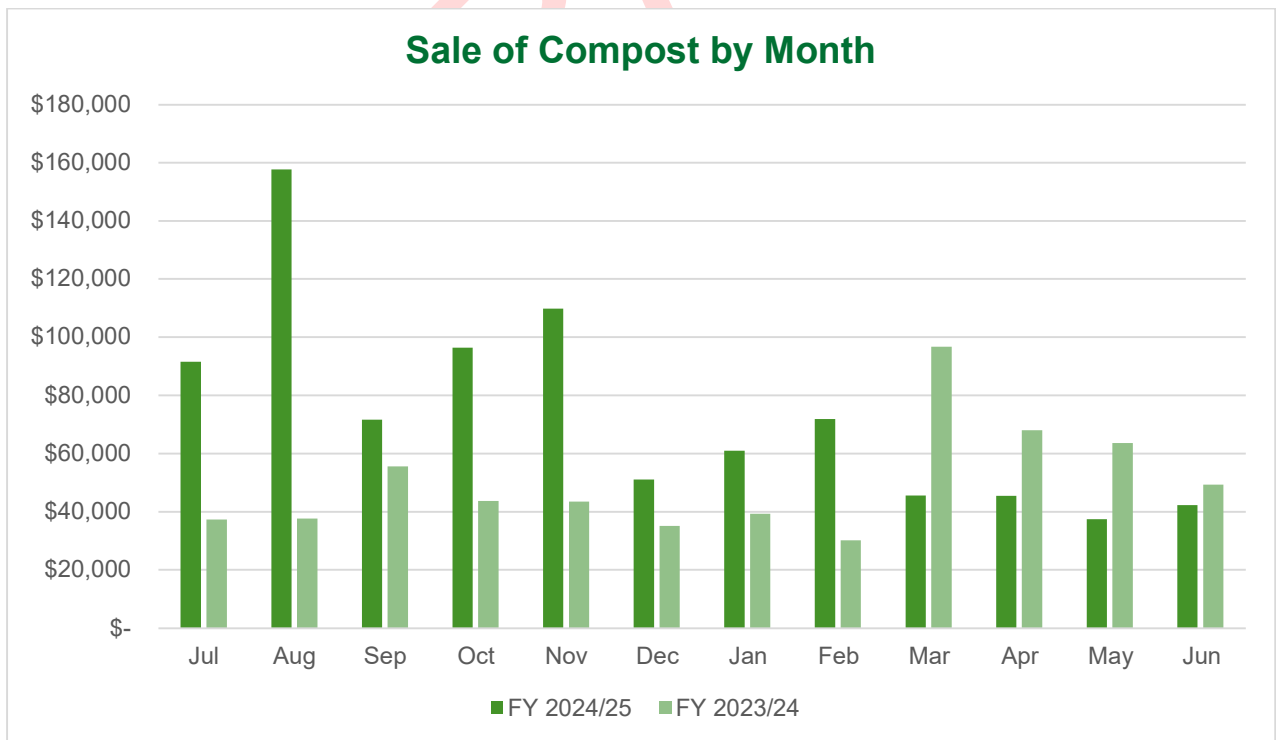
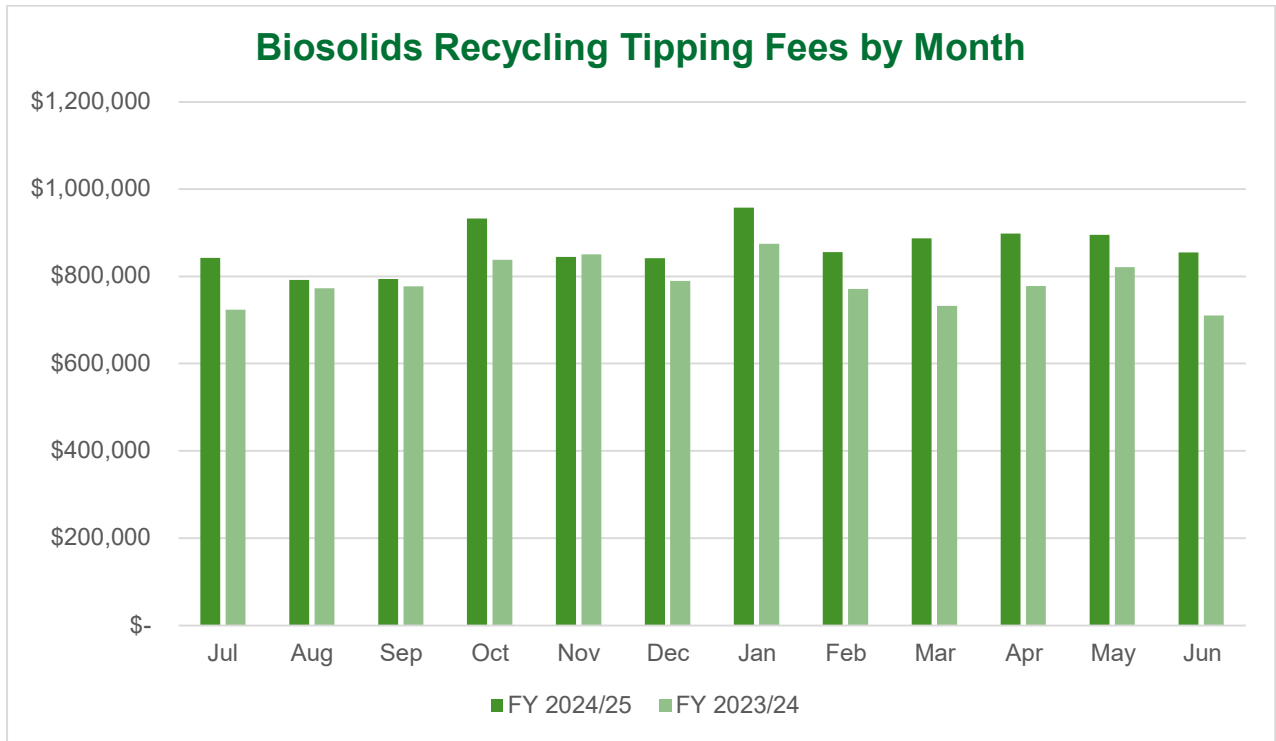
The FY 2024/25 net increase in net position of \$173,176 (0.2%) is primarily due to an increase in unrestricted net position of \$797,649 (15.1%), partially offset by a decrease in net investment in capital assets of \$624,473 (0.9%). The net decrease in net investment in capital assets is driven by capital and intangible asset activity during FY 2024/25, which consists of accumulated depreciation and amortization, partially offset by capital and intangible asset additions.

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2025
(With Comparative Totals for the Fiscal Year Ended June 30, 2024)

	FY 2024/25	FY 2023/24	Increase (Decrease)	
			Amount	% of Change
OPERATING REVENUES	\$11,273,159	\$10,035,665	\$ 1,237,494	12.3
OPERATING EXPENSES	14,202,703	13,153,166	1,049,537	8.0
Operating Loss	(2,929,544)	(3,117,501)	187,957	(6.0)
NONOPERATING REVENUES (EXPENSES)				
Nonoperating Revenues	311,782	207,195	104,587	50.5
Nonoperating Expenses	(134,062)	(17,457)	(116,605)	668.0
Total Nonoperating Revenues, Net	177,720	189,738	(12,018)	(6.3)
Loss Before Capital Contributions	(2,751,824)	(2,927,763)	175,939	(6.0)
CAPITAL CONTRIBUTIONS				
Contributed Capital	2,925,000	1,500,000	1,425,000	95.0
Total Capital Contributions	2,925,000	1,500,000	1,425,000	95.0
Change in Net Position	173,176	(1,427,763)	1,600,939	(112.1)
Total Net Position - Beginning of Year	77,685,827	79,113,590	(1,427,763)	(1.8)
Total Net Position - End of Year	<u>\$77,859,003</u>	<u>\$77,685,827</u>	<u>\$ 173,176</u>	0.2

The FY 2024/25 increase in operating revenues of \$1,237,494 (12.3%) is primarily due to an increase in revenues from biosolids recycling tipping fees of \$955,888 (10.1%). In FY 2024/25, the biosolids recycling tipping fee per wet ton increased to \$65.50 compared to \$62.50 in FY 2023/24, a \$3.00 (4.8%) rate increase per wet ton. The increase in operating revenues is also due to an increase in revenues from the sale of compost of \$281,606 (46.9%).

Summary of Operations and Changes in Net Position (continued)



Summary of Operations and Changes in Net Position (continued)

Increases or decreases in operating expenses are primarily driven by increases or decreases in operating revenues. The FY 2024/25 net increase in operating expenses of \$1,049,537 (8.0%) is primarily due to an increase in operating revenues, as increases in revenues require additional resources and other variable operating expenses directly associated with generating operating revenues. The net increase in operating expenses includes an increase in operations and maintenance expense of \$1,028,176 (10.9%) and an increase in depreciation and amortization expense of \$104,852 (3.5%). These increases were partially offset by a decrease in administration and general expenses of \$83,491 (11.7%) due to cost savings.

The net decrease in net nonoperating revenues of \$12,018 (6.3%) is primarily due to an increase in other nonoperating expenses of \$116,605 (668.0%) and a decrease in other nonoperating revenues of \$29,032 (47.5%). The increase in other nonoperating expenses is primarily due to a loss on sale of capital assets and an increase in allowance for doubtful accounts. The net decrease was partially offset by increases in interest income of \$133,619 (91.5%) due to an improvement in interest rates and market performance.

Capital Contributions

The FY 2024/25 capital contributions of \$2,925,000 increased by \$1,425,000 (95.0%). Contributed capital are contributions made by the two JPA member agencies, IEUA and LACSD equally. Contributed capital can vary from year to year depending on the needs of the Authority.

Capital and Intangible Assets

Capital Assets	Balance at June 30, 2025	Balance at June 30, 2024	Increase (Decrease)	
			Amount	% of Change
Capital Assets - Not Depreciated or Amortized:				
Land	\$ 4,285,096	\$ 4,285,096	\$ -	-
Jobs in Progress	1,316,729	-	1,316,729	100.0
Total Capital Assets - Not Depreciated or Amortized	5,601,825	4,285,096	1,316,729	30.7
Capital Assets - Depreciated and Amortized:				
Facility	10,998,610	10,998,610	-	-
Structures and Improvements	75,099,293	75,099,293	-	-
Operations Equipment	24,009,995	23,332,365	677,630	2.9
Intangible Assets	1,047,580	1,047,580	-	-
Total Capital Assets - Depreciated and Amortized	<u>\$ 111,155,478</u>	<u>\$ 110,477,848</u>	<u>\$ 677,630</u>	0.6

Capital and Intangible Assets (continued)

Capital Assets (continued)	Balance at June 30, 2025	Balance at June 30, 2024	Increase (Decrease) Amount	% of Change
Less: Accumulated Depreciation and Amortization:				
Facility	\$ (3,796,130)	\$ (3,575,321)	\$ (220,809)	6.2
Structures and Improvements	(25,303,549)	(23,756,932)	(1,546,617)	6.5
Operations Equipment	(15,536,126)	(14,697,229)	(838,897)	5.7
Intangible Assets	(340,575)	(314,905)	(25,670)	8.2
Total Accumulated Depreciation and Amortization	<u>(44,976,380)</u>	<u>(42,344,387)</u>	<u>(2,631,993)</u>	6.2
Total Capital Assets - Depreciated and Amortized, Net	<u>66,179,098</u>	<u>68,133,461</u>	<u>(1,954,363)</u>	(2.9)
Total Capital Assets, Net	<u>\$ 71,780,923</u>	<u>\$ 72,418,557</u>	<u>\$ (637,634)</u>	(0.9)

Total capital assets – not depreciated or amortized increased by \$1,316,729 (30.7%) in FY 2024/25 compared to FY 2023/24. The increase is due to jobs in progress at the end of FY 2024/25.

Total capital assets – depreciated and amortized increased by \$677,630 (0.6%) in FY 2024/25 compared to FY 2023/24. The increase is primarily due to the Authority completing jobs in progress and placing capital assets into service during FY 2024/25. The Authority placed assets into service totaling \$1,271,533 during FY 2024/25. The increase in total capital assets was partially offset by the disposal of capital assets totaling \$593,903.

Accumulated depreciation and amortization increased by \$2,631,993 (6.2%) during FY 2024/25, which was primarily due to FY 2024/25 depreciation and amortization expense of \$3,134,149. The increase was partially offset by the disposal of capital assets, which resulted in a reduction to accumulated depreciation and amortization of \$502,156. 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 FY 2024/25, 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. The investment strategy continues to take a conservative approach consistent with the Authority's approved Investment Policy.

Total interest income for FY 2024/25 was \$279,701, an increase of \$133,619 (91.5%) compared to \$146,082 in FY 2023/24. The increase in interest income is primary due to an improvement in interest rates and market performance. 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, 2025

	<u>2025</u>
ASSETS	
Current Assets:	
Cash and Investments (Note 2)	\$ 6,817,679
Accounts Receivable, Net	1,315,854
Interest Receivable	21,851
Other Receivables	2,960
Inventory	<u>297,440</u>
Total Current Assets	8,455,784
Noncurrent Assets:	
Land	4,285,096
Jobs in Progress	1,316,729
Capital Assets, Net of Accumulated Depreciation	65,472,093
Intangible Assets, Net of Accumulated Amortization	<u>707,005</u>
Total Capital Assets	<u>71,780,923</u>
Total Noncurrent Assets	<u>71,780,923</u>
Total Assets	80,236,707
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>2,377,704</u>
Total Current Liabilities	<u>2,377,704</u>
Total Liabilities	2,377,704
NET POSITION	
Net Investment in Capital Assets	71,780,923
Unrestricted	<u>6,078,080</u>
Total Net Position	<u><u>\$ 77,859,003</u></u>

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

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2025

	2025
OPERATING REVENUES	
Biosolids Recycling Tipping Fees	\$ 10,391,667
Sale of Compost	881,492
Total Operating Revenues	11,273,159
OPERATING EXPENSES	
Operations and Maintenance	10,437,126
Administration and General	631,428
Depreciation and Amortization	3,134,149
Total Operating Expenses	14,202,703
Operating Loss	(2,929,544)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	279,701
Other Nonoperating Revenues	32,081
Other Nonoperating Expenses	(134,062)
Total Nonoperating Revenues, Net	177,720
Loss Before Capital Contributions	(2,751,824)
CAPITAL CONTRIBUTIONS	
Contributed Capital	2,925,000
Change in Net Position	173,176
Total Net Position - Beginning of Year	77,685,827
Total Net Position - End of Year	\$ 77,859,003

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

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

	<u>2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 11,142,062
Cash Payments to Suppliers for Goods and Services	(4,130,414)
Cash Payments for Contract Labor	<u>(4,974,462)</u>
Net Cash Provided by Operating Activities	2,037,186
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Contract Reimbursement from Others (Other Nonoperating Revenues)	32,081
Cash Paid to Others (Other Nonoperating Expenses)	<u>(134,062)</u>
Net Cash Used for Noncapital Financing Activities	(101,981)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(2,509,676)
Contributed Capital	<u>2,925,000</u>
Net Cash Provided by Capital and Related Financing Activities	415,324
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>269,823</u>
Net Cash Provided by Investing Activities	<u>269,823</u>
Net Increase in Cash and Cash Equivalents	2,620,352
Cash and Cash Equivalents - Beginning of Year	<u>4,197,327</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,817,679</u>

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

Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2025

	<u>2025</u>
RECONCILIATION OF OPERATING LOSS TO NET	
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating Loss	\$ (2,929,544)
Adjustments to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation and Amortization	3,134,149
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	(129,055)
Other Receivables	(2,042)
Inventory	15,188
Prepaid Expenses	955,712
Increase (Decrease) in:	
Accounts Payable	<u>992,778</u>
Net Cash Provided by Operating Activities	<u>\$ 2,037,186</u>

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

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 accounts for its activities in a single Enterprise Fund. An Enterprise Fund is presented in the financial statements 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 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 revenue transactions generated as a direct result of the core business in which the Authority is engaged. These transactions can be repetitive in nature within the normal business cycle. Examples include biosolids recycling, compost delivery services, 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 operations of the Authority. Typically, operating expenses include such items as operations and maintenance, administration and general, and depreciation and amortization. In contrast, 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 \$108,772 as of June 30, 2025. When an account is determined to be uncollectible, it is written off against the allowance.

Inventories

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

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 - 15 Years
	Improvements	15 Years
	Buildings and Plants	5 - 50 Years
	Intangible Assets	3 - 50 Years

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority secures liability, boiler, and machinery insurance to protect itself from any risk exposure, relative to its business operations. Since the Authority has no employees and the operations and management of its facility is contracted out to IEUA, 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, 2025, 2024, and 2023.

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)****Effect of New Accounting Standards on Current Period Financial Statements**

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The statement is effective for the periods beginning after June 15, 2024, or fiscal year ending June 30, 2025. This statement did not have an impact on the Authority.

GASB has approved GASB Statement No. 103, *Financial Reporting Model Improvements*, Statement No. 104, *Disclosure of Certain Capital Assets* and GASB Statement No. 105, *Subsequent Events*. When they become effective, application of these standards may restate portions of these financial statements.

NOTE 2 – CASH AND INVESTMENTS**Deposits**

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

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

In addition, the Authority'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 ten (\$10) billion dollars; and a core capital/asset ratio of five percent (5%) or better; or, (b) have total assets in excess of five hundred million dollars (\$500,000,000); and a core capital/asset ratio of six percent (6%) or better. State statutes and the Authority's investment policy authorize the Authority to maintain cash deposits in demand accounts, savings accounts, and in certificates of deposit.

The bank balance reflects the amount credited by a financial institution to the Authority's account as opposed to the Authority's own ledger balance for the account. The carrying value reflects the ledger balance, which includes checks written by the Authority that have not cleared the bank as of June 30, 2025. As of June 30, 2025, the carrying amount and bank balance of the Authority's deposits was \$1,720,913.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)**Investments**

The Authority invests 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.

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

Cash and Investments

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

	<u>2025</u>
Statement of Net Position:	
Cash and Investments	\$ 6,817,679
Total Cash and Investments	<u>\$ 6,817,679</u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)**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 (LAIF)	N/A	\$75M	None
Local Agency Investment Pools	N/A	None	None
Bank Deposits	N/A	None	None

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.

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

Investment Type	Remaining Maturity of 12 Months or Less	Fair Value
Los Angeles County Investment Pooled Investment Fund	\$ 1,372,042	\$ 1,372,042
California Asset Management Pool (CAMP)	2,125,256	2,125,256
Local Agency Investment Fund (LAIF)	1,599,468	1,599,468
Total	\$ 5,096,766	\$ 5,096,766

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, 2025 for each investment type:

Investment Type	Amount	Minimum Legal Rating	Unrated
Los Angeles County Investment Pooled Investment	\$ 1,372,042	N/A	\$ 1,372,042
California Asset Management Pool (CAMP)	2,125,256	N/A	2,125,256
Local Agency Investment Fund (LAIF)	1,599,468	N/A	1,599,468
Total	\$ 5,096,766		\$ 5,096,766

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, 2025. 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.

Investment Type	As of June 30, 2025	Level 1	Level 2	Unrated
Los Angeles County Investment Pooled Investment Fund	\$ 1,372,042	\$ -	\$ -	\$ 1,372,042
California Asset Management Pool (CAMP)	2,125,256	-	-	2,125,256
Local Agency Investment Fund (LAIF)	1,599,468	-	-	1,599,468
Total	\$ 5,096,766	\$ -	\$ -	\$ 5,096,766

NOTE 3 – CHANGES IN CAPITAL ASSETS

The following is a summary of capital assets, intangible assets, and jobs in progress as of June 30, 2025:

Capital Assets	Balance at June 30, 2024	Additions	Transfers and Retirements	Balance at June 30, 2025
Capital Assets - Not Depreciated or Amortized:				
Land	\$ 4,285,096	\$ -	\$ -	\$ 4,285,096
Jobs in Progress	-	2,588,262	(1,271,533)	1,316,729
Total Capital Assets - Not Depreciated or Amortized	4,285,096	2,588,262	(1,271,533)	5,601,825
Capital Assets - Depreciated and Amortized:				
Facility	10,998,610	-	-	10,998,610
Structures and Improvements	75,099,293	-	-	75,099,293
Operations Equipment	23,332,365	1,271,533	(593,903)	24,009,995
Intangible Assets	1,047,580	-	-	1,047,580
Total Capital Assets - Depreciated and Amortized	<u>\$110,477,848</u>	<u>\$ 1,271,533</u>	<u>\$ (593,903)</u>	<u>\$111,155,478</u>
Less: Accumulated Depreciation and Amortization:				
Facility	\$ (3,575,321)	\$ (220,809)	\$ -	\$ (3,796,130)
Structures and Improvements	(23,756,932)	(1,546,617)	-	(25,303,549)
Operations Equipment	(14,697,229)	(1,341,053)	502,156	(15,536,126)
Intangible Assets	(314,905)	(25,670)	-	(340,575)
Total Accumulated Depreciation and Amortization	<u>(42,344,387)</u>	<u>(3,134,149)</u>	<u>502,156</u>	<u>(44,976,380)</u>
Total Capital Assets - Depreciated and Amortized, Net	<u>68,133,461</u>	<u>(1,862,616)</u>	<u>(91,747)</u>	<u>66,179,098</u>
Total Capital Assets, Net	<u>\$ 72,418,557</u>	<u>\$ 725,646</u>	<u>\$ (1,363,280)</u>	<u>\$ 71,780,923</u>

NOTE 3 – CHANGES IN CAPITAL ASSETS (CONTINUED)

Intangible Assets	Balance at June 30, 2024	Additions	Transfers and Retirements	Balance at June 30, 2025
Intangible Assets - Amortized:				
Software Licenses	\$ 54,108	\$ -	\$ -	\$ 54,108
Emission Reduction Credits	993,472	-	-	993,472
Total Intangible Assets - Amortized	1,047,580	-	-	1,047,580
Less: Accumulated Amortization:				
Software Licenses	(29,312)	(5,411)	-	(34,723)
Emission Reduction Credits	(285,593)	(20,259)	-	(305,852)
Total Accumulated Amortization	(314,905)	(25,670)	-	(340,575)
Total Intangible Assets, Net	<u>\$ 732,675</u>	<u>\$ (25,670)</u>	<u>\$ -</u>	<u>\$ 707,005</u>

In FY 2024/25, the Authority added \$2,588,262 assets to job in progress, placed \$1,271,533 assets into service and increased accumulated depreciation and amortization by \$3,134,149.

Jobs in Progress

As of fiscal year end June 30, 2025, the Authority had \$1,316,729 capital improvement projects in progress.

NOTE 4 – SUBSEQUENT EVENTS

The Authority evaluated subsequent events through [REPORT DATE], 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.


**ACTION
ITEM**

2E



Date: May 4, 2026

To: Honorable Board of Directors

From: Alexander Lopez ^{DS}
Treasurer

Subject: Adopt the Inland Empire Regional Composting Authority Budget for Fiscal Year 2026/27

RECOMMENDATION

Staff recommends that the Board:

1. Adopt the Inland Empire Regional Composting Authority (IERCA) budget for fiscal year 2026/27;
2. Increase the tipping fee from \$69.50 to \$73.00 per wet ton; and
3. Approve a capital call of \$3.35 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) 2026/27 budget is based on the following key assumptions:

Revenues

- Increase the tipping fee from \$69.50 to \$73.00 per wet ton,
- Maintain the estimated biosolids receipts of 148,500 tons, and
- \$3.35 million capital call to support the proposed capital improvement plan (CIP).

Operations and Maintenance (O&M) Expenses

- The proposed budget includes a \$2.5 million amendment to the FY 2025/26 budget for O&M Project RA26007, IERCF Emergency – Structural Column and Roof Repairs. The amendment is needed to address recent emergency repairs to a structural column and related components. All eligible costs, net of the applicable deductible, are expected to be reimbursed through the current insurance claim, the anticipated reimbursement is reflected in the FY 2025/26 projections.

- Operating expense increases due to:
 - Insurance – Anticipated increase in insurance premiums for FY 2026/27.
 - Professional Fees and Services – Increased contract services costs, including biofilter source testing and compost transportation.
 - Materials and Supplies – Increased demand for equipment and preventive maintenance to reduce major equipment failures.
 - Staffing remains at 25 full-time equivalent (FTE) positions – Employment costs were adjusted to reflect cost-of-living increases and rising health benefit expenses in accordance with the approved Memorandum(s) of Understanding.

FY 2026/27 Budget Summary

The following section summarizes the proposed FY 2026/27 budget for total revenues, expenses, and capital expenditures.

FY 2026/27 total revenues of \$15.6 million, as shown in Table 1 below, are \$0.7 million lower than the FY 2025/26 projected actual, primarily due to anticipated insurance reimbursements associated with the \$2.5 million FY 2025/26 proposed budget amendment for O&M Project RA26007, IERCF Emergency – Structural Column and Roof Repairs.

Table 1: FY 2026/27 Revenues

REVENUES	Amount	Assumptions
Tipping Fees	\$10,840,500	Based on 148,500 wet tons per year at a rate of \$73.00/ton.
Contributed Capital	3,350,000	Capital call equally shared by IEUA and LACSD to support capital process improvements.
Compost Sales/Compost Deliveries	817,060	100% sales of compost products from compost delivery service.
Non-Biosolid Recycling Fees	420,000	Generated by non-biosolid feedstock materials (Green Waste, Stable Bedding, and Structured Wood).
Biosolids Administration Fees	50,000	Tipping fee surcharge paid by third party biosolids suppliers.
Interest Income & Other Revenues	150,709	Assume 2.25% annual interest rate.
Total Revenues	\$15,628,269	

The proposed FY 2026/27 operating expenses total \$12.9 million, \$1.2 million lower than the FY 2025/26 projected actual of \$14.1 million, primarily attributed to the \$2.5 million FY 2025/26 proposed budget amendment for O&M Project RA26007, IERCF Emergency – Structural Column and Roof Repairs.

The authorized staffing level remains unchanged at 25 FTE positions. A summary of the FY 2026/27 operating expenses is reported in Table 2.

Table 2: FY 2026/27 Expenses

OPERATING EXPENSES	Amount	Assumptions
Employment	\$5,582,359	Maintain 25 FTE operation support provided by IEUA/ LACSD.
Utilities	2,070,517	Includes power purchases from the grid, solar renewable energy, and disposal service.
Professional Services	2,012,111	Includes compost transport and contracted services.
Materials & Supplies	1,396,398	Includes facility maintenance supplies and equipment.
Office & Admin/Insurance	1,380,948	Includes software license fees, memberships, insurance, and office supplies.
Other Expenses	423,039	Includes leases/rental and financial expenses, operating fees (Non-Reclaimable Wastewater charges, permits and licenses).
Total Expenses	\$12,865,372	

The proposed FY 2026/27 Capital Improvement Plan (CIP) totals \$3.35 million and is fully funded by capital contributions. Capital replacement and rehabilitation (R&R) remain the primary focus of the FY 2026/27 CIP. Additionally, a \$500,000 capital replacement contingency project is included to address unforeseen expenditures, as shown in Table 3.

Table 3: FY 2026/27 Capital Improvement Plan

CAPITAL PROJECTS	Amount	Project Description
Trommel Screen #2 Replacement	\$2,000,000	Remove and restore reliable screening and ensure compliant biosolids processing.
Wheel Loader Replacement	850,000	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	\$3,350,000	

Fund Balance

Based on the proposed budget, the total ending fund balance is estimated to be \$5.5 million at the end of FY 2026/27; a \$0.6 million decrease from the FY 2025/26 projected actual ending fund balance of \$6.1 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 \$5.5 million at the end of FY 2026/27, 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 2026/27 Fund Balance

Fund Balance Category	Description	Estimated Ending Balance Amount as of 6/30/2027	Funding Source
Operating Contingency	Equal to three months of operating expenses to address unforeseen events	\$3,216,343	Tipping fees
Bio-Filter Replacement	Replacement of one sector per year	350,000	
Commercial Insurance	Self-insurance program	250,000	
Capital/Replacement/Rehabilitation	Projected R&R costs over the next 5 years average about \$9.20 per wet ton	1,736,348	Capital Call and Tipping Fees
Total		\$5,552,691	

PRIOR BOARD ACTION

On May 5, 2025, the Board adopted the FY 2025/26 budget.

BUDGET IMPACT

There is no budget impact.

ATTACHMENT(S)

- Attachment 1 - 2026/27 IERCA Budget Summary (Schedule A)
- Attachment 2 - 2026/27 IERCA Budget Details (Schedule B)
- Attachment 3 - 2026/27 IERCA Budget Project Lists (Schedule C)
- Attachment 4 - PowerPoint

Inland Empire Regional Composting Authority
Schedule A - Budget Summary

	ACTUAL 2023/24	ACTUAL 2024/25	ADOPTED 2025/26	AMENDED 2025/26	PROJECTED 2025/26	PROPOSED 2026/27	Forecast			
							2027/28	2028/29	2029/30	2030/31
Rate Per Ton	\$62.50	\$65.50	\$69.50	\$69.50	\$69.50	\$73.00	\$77.00	\$81.00	\$84.50	\$87.50
Actual/Projected Tonnage	149,756	152,478	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500
Revenues										
Contributed Capital	(\$1,500,000)	(\$2,925,000)	(\$2,250,000)	(\$2,250,000)	(\$2,250,000)	(\$3,350,000)	(\$2,000,000)	(\$500,000)	(\$500,000)	(\$500,000)
Biosolids Recycling (Tipping Fees)	(9,339,581)	(9,987,276)	(10,320,750)	(10,320,750)	(10,335,980)	(10,840,500)	(11,434,500)	(12,028,500)	(12,548,250)	(12,993,750)
Biosolids Recycling Admin Fees	(13,744)	(55,796)	(45,000)	(45,000)	(61,612)	(50,000)	(51,500)	(53,045)	(54,636)	(56,275)
Non-Biosolids Recycling	(82,454)	(348,595)	(400,000)	(400,000)	(339,740)	(420,000)	(450,000)	(500,000)	(550,000)	(600,000)
Compost Delivery Svs	(255,034)	(452,786)	(385,000)	(385,000)	(348,000)	(392,700)	(400,554)	(408,565)	(416,736)	(425,071)
Compost Sales	(344,852)	(428,706)	(412,000)	(412,000)	(373,000)	(424,360)	(437,091)	(450,204)	(463,710)	(477,621)
Interest Income	(127,827)	(252,527)	(120,000)	(120,000)	(150,000)	(125,000)	(105,000)	(85,000)	(85,000)	(86,000)
Grants & Subsidies	13,521	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	(28,605)	(27,174)	(4,360)	(4,360)	(3,706)	(4,491)	(4,626)	(4,764)	(4,907)	(5,054)
Other Non Operating Revenues	(50,763)	(32,081)	(20,600)	(2,420,600)	(2,432,123)	(21,218)	(21,855)	(22,510)	(23,185)	(23,881)
Total Revenues Available for Expenses	(\$11,729,339)	(\$14,509,941)	(\$13,957,710)	(\$16,357,710)	(\$16,294,161)	(\$15,628,269)	(\$14,905,126)	(\$14,052,588)	(\$14,646,424)	(\$15,167,652)
Expenses										
Labor	4,417,791	\$4,958,122	\$5,056,625	\$5,056,625	\$5,150,829	\$5,582,359	\$5,721,918	\$5,864,966	\$6,011,590	\$6,161,880
Office & Administration	49,320	80,028	55,859	55,859	55,831	60,948	62,778	64,660	66,601	68,598
Professional Fees & Services	1,305,272	1,591,774	1,760,951	1,760,951	1,401,200	1,927,111	1,855,725	2,050,946	1,967,825	2,181,411
Professional Fees - Contract Labor LACSD	38,956	\$85,405	\$63,355	\$63,355	\$86,876	85,000	87,550	90,177	92,882	95,668
Materials & Supplies/O&M Projects	1,406,808	1,325,730	1,305,859	4,135,285	4,095,108	1,396,398	1,438,290	1,481,439	1,525,881	1,571,658
Materials - Bio Filter Media Replacement	4,550	-	-	-	-	-	250,000	-	250,000	-
Insurance	917,836	1,007,412	1,200,000	1,200,000	1,085,593	1,320,000	1,359,600	1,400,388	1,442,400	1,485,672
Operating Fees	210,901	206,324	240,959	240,959	240,565	262,293	270,162	278,266	286,614	295,213
Utilities	1,669,089	1,718,523	2,015,242	2,015,242	1,875,792	2,070,517	2,132,633	2,196,611	2,262,510	2,330,385
Leases & Rentals	106,531	109,531	155,736	155,736	146,266	160,408	165,220	170,176	175,281	180,540
Financial Expenses/Non Operating Expenses	3,949	134,062	328	328	328	338	348	358	369	380
Total Expenses	\$10,131,003	\$11,216,911	\$11,854,914	\$14,684,340	\$14,138,387	\$12,865,372	\$13,344,223	\$13,597,987	\$14,081,953	\$14,371,405
Capital Projects										
Capital Replacement Project	1,642,219	\$2,588,600	\$2,250,000	\$2,583,270	\$2,291,202	\$3,350,000	\$2,000,000	\$500,000	\$500,000	\$500,000
Total Capital Projects	\$1,642,219	\$2,588,600	\$2,250,000	\$2,583,270	\$2,291,202	\$3,350,000	\$2,000,000	\$500,000	\$500,000	\$500,000
Net Increase (Decrease)	(\$43,883)	\$704,430	(\$147,204)	(\$909,900)	(\$135,428)	(\$587,103)	(\$439,097)	(\$45,399)	\$64,472	\$296,247
Reserves										
Beginning Reserve Balance	\$5,614,675	5,570,792	5,042,511	6,275,222	6,275,222	\$6,139,794	\$5,552,691	\$5,113,594	\$5,068,195	\$5,132,666
Ending Reserve Balance	\$5,570,792	\$6,275,222	\$4,895,307	\$5,365,322	\$6,139,794	\$5,552,691	\$5,113,594	\$5,068,195	\$5,132,666	\$5,428,914
Operating Contingency (3mths Expenses)	2,531,613	\$2,804,228	\$2,963,729	\$3,671,085	\$3,534,597	\$3,216,343	\$3,273,556	\$3,399,497	\$3,457,988	\$3,592,851
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	2,439,179	2,870,994	1,331,578	1,094,236	2,005,197	1,736,348	1,240,038	1,068,698	1,074,678	1,236,063
Total Reserve Balance	\$5,570,792	\$6,275,222	\$4,895,307	\$5,365,321	\$6,139,793	\$5,552,691	\$5,113,594	\$5,068,195	\$5,132,666	\$5,428,914

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

Cost Center	Cost Element	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED	Forecast				
		2023/24	2024/25	2025/26	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Tonage/Rate												
	Tons	149,756	152,478	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500	148,500
	O&M Cost per ton	\$ 67.17	\$ 73.56	\$ 79.83	\$ 98.88	\$ 95.21	\$ 86.64	\$ 89.86	\$ 91.57	\$ 94.83	\$ 96.78	
	Capital Replacement Cost per Ton	\$ 10.97	\$ 16.98	\$ 15.15	\$ 17.40	\$ 15.43	\$ 22.56	\$ 13.47	\$ 3.37	\$ 3.37	\$ 3.37	
	Total Cost Per Ton	\$ 78.14	\$ 90.54	\$ 94.98	\$ 116.28	\$ 110.64	\$ 109.19	\$ 103.33	\$ 94.94	\$ 98.19	\$ 100.14	
	Member Contributions	\$ 10.02	\$ 19.18	\$ 15.15	\$ 15.15	\$ 15.15	\$ 22.56	\$ 13.47	\$ 3.37	\$ 3.37	\$ 3.37	
	CIP Funded by Reserves	\$ 0.95	\$ (2.21)	\$ -	\$ 2.24	\$ 0.28	\$ -	\$ -	\$ -	\$ -	\$ -	
	Rate Per Ton	\$ 67.17	\$ 73.56	\$ 79.83	\$ 98.88	\$ 95.21	\$ 86.64	\$ 89.86	\$ 91.57	\$ 94.83	\$ 96.78	
	Adopted Rate Per Ton	\$ 62.50	\$ 65.50	\$ 69.50	\$ 69.50	\$ 69.50	\$ 73.00	\$ 77.00	\$ 81.00	\$ 84.50	\$ 87.50	
Revenues												
211112	406000 Compost Delivery Svs	(\$255,034)	(\$452,786)	(385,000)	(385,000)	(\$348,000)	(\$392,700)	(\$400,554)	(\$408,565)	(\$416,736)	(\$425,071)	
211112	406200 Compost Sales	(344,852)	(428,706)	(412,000)	(412,000)	(373,000)	(424,360)	(437,091)	(450,204)	(463,710)	(477,621)	
	Service Charges	(599,886)	(881,492)	(797,000)	(797,000)	(721,000)	(817,060)	(837,645)	(858,769)	(880,446)	(902,692)	
211112	404010 Biosolids Recycling (<i>Tipping Fees</i>)	(9,339,581)	(9,987,276)	(10,320,750)	(10,320,750)	(10,335,980)	(10,840,500)	(11,434,500)	(12,028,500)	(12,548,250)	(12,993,750)	
211112	409920 Biosolids Recycling Admin Fees	(13,744)	(55,796)	(45,000)	(45,000)	(61,612)	(50,000)	(51,500)	(53,045)	(54,636)	(56,275)	
200112	404012 Non-Biosolids Recycling	(82,454)	(348,595)	(400,000)	(400,000)	(339,740)	(420,000)	(450,000)	(500,000)	(550,000)	(600,000)	
	Sales	(9,435,779)	(10,391,667)	(10,765,750)	(10,765,750)	(10,737,332)	(11,310,500)	(11,936,000)	(12,581,545)	(13,152,886)	(13,650,025)	
	Operating Revenues	(\$10,035,665)	(11,273,159)	(\$11,562,750)	(\$11,562,750)	(\$11,458,332)	(\$12,127,560)	(\$12,773,645)	(\$13,440,314)	(\$14,033,332)	(\$14,552,717)	
211112	480110 Interest Income	(127,827)	(252,527)	(120,000)	(120,000)	(150,000)	(\$125,000)	(105,000)	(85,000)	(85,000)	(86,000)	
211112	483010 Contributed Capital	(1,500,000)	(2,925,000)	(2,250,000)	(2,250,000)	(2,250,000)	(3,350,000)	(2,000,000)	(500,000)	(500,000)	(500,000)	
211112	484020 Grants & Subsidies	13,521	-	-	-	-	-	-	-	-	-	
211112	493100 Gain - Sale of Asset	(28,605)	(27,174)	(4,360)	(4,360)	(3,706)	(4,491)	(4,626)	(4,764)	(4,907)	(5,054)	
211112	499010 Other Non Operating Revenues	(50,763)	(32,081)	(20,600)	(2,420,600)	(2,432,123)	(21,218)	(21,855)	(22,510)	(23,185)	(23,881)	
	Non Operating Revenues	(\$1,693,674)	(\$3,236,782)	(\$2,394,960)	(\$4,794,960)	(\$4,835,829)	(\$3,500,709)	(\$2,131,481)	(\$612,274)	(\$613,092)	(\$614,935)	
	TOTAL REVENUES	(\$11,729,339)	(\$14,509,941)	(\$13,957,710)	(\$16,357,710)	(\$16,294,161)	(\$15,628,269)	(\$14,905,126)	(\$14,052,588)	(\$14,646,424)	(\$15,167,652)	

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

Cost Center	Cost Element	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED	Forecast			
		2023/24	2024/25	2025/26	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Expenses											
211112	511210 Overtime - Meal Costs	\$0	\$1,749	\$389	\$389	\$1,416	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
211112	511220 Travel Costs - Mileage Reimbursement	949	-	-	-	-	-	-	-	-	-
211112	511330 Safety Awards	-	-	515	515	438	530	546	562	579	596
211112	512010 Office Supplies-General	11,744	9,019	9,270	9,270	7,880	9,548	9,834	10,129	10,433	10,746
211112	512210 Forms, Printing and Copying costs	2,365	1,196	2,575	2,575	4,769	2,652	2,732	2,814	2,898	2,985
211112	512350 Postage and Delivery Charges	1,774	4,826	2,060	2,060	3,227	3,000	3,090	3,183	3,278	3,377
211112	512520 Computer Software & License Fees	9,453	2,599	10,300	10,300	7,725	10,609	10,927	11,255	11,593	11,941
211112	513010 Meeting Expenses	2,923	3,706	1,854	1,854	1,841	2,500	2,575	2,652	2,732	2,814
211112	513020 Conference Expenses	2,110	10,586	5,000	5,000	3,750	5,150	5,305	5,463	5,628	5,796
211112	514010 Memberships - Agency Wide	11,875	10,000	14,420	14,420	10,815	14,852	15,298	15,757	16,230	16,717
211112	514210 Registration-DMV, Title, Permit, Applic	578	17,834	1,030	1,030	1,485	3,000	3,090	3,183	3,278	3,377
211112	515030 Contributions-Sponsorships	-	-	1,545	1,545	927	1,000	1,030	1,061	1,093	1,126
211112	516010 Ad's-Newspaper/Mag Announce	96	-	-	-	-	-	-	-	-	-
211112	519110 Inventory-Count Adjustment	-	-	2,575	2,575	(2,960)	2,652	2,732	2,814	2,898	2,985
211112	519130 Inventory-Freight/Price	2,487	3,340	2,575	2,575	2,189	2,652	2,732	2,814	2,898	2,985
211112	519160-Price Adjustment Inventory	2,795	11,956	-	-	12,075	-	-	-	-	-
211112	519150 FrtExplan Inv/Nonl	17	3,269	-	-	-	-	-	-	-	-
211112	519590 GI/R Expense Clearing	154	(52)	1,751	1,751	255	1,803	1,857	1,913	1,970	2,029
Office & Administration Expenses		\$49,320	\$80,028	\$55,859	\$55,859	\$55,831	\$60,948	\$62,778	\$64,660	\$66,601	\$68,598
Materials & Supplies											
211112	512110 Operating Supplies - General	\$6,636	\$0	\$5,150	\$5,150	\$9,485	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441
211112	512140 Uniform / Throw Rugs	36,244	-	40,000	40,000	32,000	41,200	42,436	43,709	45,020	46,371
211112	512160 Laboratory Supplies	59	-	-	-	-	-	-	-	-	-
211112	512170 Operations & Maintenance Supplies	961,850	938,611	824,000	824,000	700,000	950,000	978,500	1,007,855	1,038,091	1,069,233
211112	512190 Disaster Preparedness Supplies	-	-	-	-	-	-	-	-	-	-
211112	512410 Fuel	173,907	154,203	200,850	200,850	167,160	190,000	195,700	201,571	207,618	213,847
211112	512420 Diesel Fuel - Clear	-	-	-	-	-	-	-	-	-	-
211112	512440 Industrial Gases	-	-	-	-	-	-	-	-	-	-
211112	512450 Fleet Parts & Supplies	1,181	-	-	-	-	-	-	-	-	-
211112	512620 Equipment - Small Tools/Equip. <\$2000	468	-	-	-	-	-	-	-	-	-
211112	512660 Equipment - Small Tools/Equip.< \$2000	2,268	-	562	562	4,333	2,500	2,575	2,652	2,732	2,814
211112	512710 Equipment Maintenance & Supplies	120,882	129,559	180,250	180,250	335,000	200,000	206,000	212,180	218,545	225,102
211112	512910 Other Materials & Supplies	11,261	7,783	5,047	5,047	7,770	5,198	5,354	5,515	5,680	5,850
211112	512920 Biofilter Media Replacement	4,550	-	-	-	-	-	250,000	-	250,000	-
211112	O&M Projects	92,052	95,574	50,000	2,879,426	2,839,360	-	-	-	-	-
211112	512950 Promotional & Giveaway Items	-	-	-	-	-	-	-	-	-	-
Materials & Supplies		\$1,411,358	\$1,325,730	\$1,305,859	\$4,135,285	\$4,095,108	\$1,396,398	\$1,688,290	\$1,481,439	\$1,775,881	\$1,571,658
Insurance											
211112	517010 Insurance Premiums - Liability	\$830,953	\$51,700	\$1,200,000	\$1,200,000	\$65,593	\$1,320,000	\$1,359,600	\$1,400,388	\$1,442,400	\$1,485,672
211112	517210 Insurance Premiums - Casualty	86,883	955,712	-	-	1,020,000	-	-	-	-	-
Insurance		\$917,836	\$1,007,412	\$1,200,000	\$1,200,000	\$1,085,593	\$1,320,000	\$1,359,600	\$1,400,388	\$1,442,400	\$1,485,672

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

Cost Center	Cost Element	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED	Forecast			
		2023/24	2024/25	2025/26	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Professional Fees & Services											
211112	520110 External Audit Services	\$5,000	\$15,000	\$15,000	\$15,000	\$21,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
211112	520210 Legal Fees - General	8,222	24,521	20,600	20,600	15,450	10,000	10,300	10,609	10,927	11,255
211112	520980 Professional Services - Other	270,156	249,433	257,500	257,500	250,000	265,225	273,182	281,377	289,818	298,513
211112	521015 Contract Labor_I EUA (211112-701009-	4,417,791	4,958,122	5,056,625	5,056,625	5,150,829	5,582,359	5,721,918	5,864,966	6,011,590	6,161,880
211112	521010 Contract Labor - LACSD	18,667	42,247	46,350	46,350	64,642	60,000	61,800	63,654	65,564	67,531
212112	521018 Contract Labor-LACSD	20,289	43,158	17,005	17,005	22,234	25,000	25,750	26,523	27,318	28,138
211112	521080 Other Contractual Services	938,112	1,232,655	1,375,000	1,375,000	1,030,000	1,416,250	1,458,738	1,502,500	1,547,575	\$1,594,002
211112	521080 - Biofilter Source Testing	-	-	-	-	-	125,000	-	140,000	-	155,000
211112	521110 Outside Svc's-Lndscaping/Weed/Pest C	42,586	44,057	49,440	49,440	47,500	50,923	52,451	54,025	55,646	57,315
211112	521120 Outside Services - Security	2,124	5,432	10,000	10,000	8,000	10,300	10,609	10,927	11,255	11,593
211112	521130 Outside Services - Janitorial	15,019	15,408	18,911	18,911	18,000	19,478	20,062	20,664	21,284	21,923
211112	521220 Laboratory Services - Outside	6,919	5,224	7,000	7,000	6,000	7,210	7,426	7,649	7,879	8,115
211112	521410 Computer Systems Maintenance	14,719	44	7,500	7,500	5,250	7,725	7,957	8,195	8,441	8,695
Prof. fees & Services		\$5,762,019	\$6,635,301	\$6,880,931	\$6,880,931	\$6,638,905	\$7,594,470	\$7,665,193	\$8,006,088	\$8,072,297	\$8,438,959
Operating Fees											
211112	519310 Operating Permits, Licenses & Fees	\$32,349	\$16,496	\$38,000	\$38,000	\$28,500	\$39,140	\$40,314	\$41,523	\$42,769	\$44,052
211112	540110 Wastewater-Volumetric Fees	12,329	10,976	13,390	13,390	10,043	13,792	14,206	14,632	15,071	15,523
211112	540210 Strength Charges-BOD/COD	22,384	37,394	35,440	35,440	30,292	36,503	37,598	38,726	39,888	41,085
211112	540211 Strength Charges-BOD/COD Imbalance	9,650	27,526	29,713	29,713	44,332	34,000	35,020	36,071	37,153	38,267
211112	540220 Strength Charges-TSS	31,977	30,639	33,000	33,000	52,460	40,000	41,200	42,436	43,709	45,020
211112	540221 Wste - TSS Imbal	10,599	12,476	10,000	10,000	18,688	15,000	15,450	15,914	16,391	16,883
211112	540223 Strength Charges-TSS Discrepancy Chai	-	-	6,416	6,416	-	6,608	6,806	7,010	7,220	7,437
211112	540330 Capital Improv Proj (CIP) Fees	91,613	70,817	75,000	75,000	56,250	77,250	79,568	81,955	84,413	86,946
Operating Fees		\$210,901	\$206,324	\$240,959	\$240,959	\$240,565	\$262,293	\$270,162	\$278,266	\$286,614	\$295,213
Utilities											
211112	545110 Electricity	\$1,422,068	\$1,610,879	\$1,750,000	\$1,750,000	\$1,709,764	\$1,802,500	\$1,856,575	\$1,912,272	\$1,969,640	\$2,028,730
211112	545220 Solar Power	221,022	79,052	231,132	231,132	138,679	238,066	245,208	252,564	260,141	267,945
211112	545310 Cell Phone Accessories	-	-	278	278	-	-	-	-	-	-
211112	545311 Cell Phone Expenses	4,398	4,110	9,280	9,280	3,881	5,050	5,202	5,358	5,518	5,684
211112	545320 Telephone	114	-	862	862	517	500	515	530	546	563
211112	545360 Disposal Service	17,294	19,441	18,540	18,540	17,490	19,096	19,669	20,259	20,867	21,493
211112	545370 Water	4,193	5,041	5,150	5,150	5,460	5,305	5,464	5,628	5,797	5,971
Utilities		\$1,669,089	\$1,718,523	\$2,015,242	\$2,015,242	\$1,875,792	\$2,070,517	\$2,132,633	\$2,196,611	\$2,262,510	\$2,330,385
Leases / Rentals											
211112	512730 Equipment Rental (Non Lease)	\$0	\$0	\$38,934	\$38,934	\$33,094	\$40,102	\$41,305	\$42,544	\$43,820	\$45,135
211112	547110 Building / Trailer Leases	106,380	109,504	116,802	116,802	113,172	120,306	123,915	127,632	131,461	135,405
211112	547210 Equipment Lease/Rental - Operations &	151	27	-	-	-	-	-	-	-	-
Lease/Rentals		\$106,531	\$109,531	\$155,736	\$155,736	\$146,266	\$160,408	\$165,220	\$170,176	\$175,281	\$180,540
Operating Expenses		\$10,127,054	\$11,082,849	\$11,854,586	\$14,684,012	\$14,138,059	\$12,865,034	\$13,343,875	\$13,597,629	\$14,081,584	\$14,371,025

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

Cost Center	Cost Element	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED	Forecast			
		2023/24	2024/25	2025/26	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<u>Financial Expenses</u>											
211112	551010 Bank Service Charges / Fees	\$361	\$62,127	\$328	\$328	\$328	\$338	\$348	\$358	\$369	\$380
211112	580050 Bad Debt Expense	3,449	71,935	-	-	-	-	-	-	-	-
	Financial Expenses	\$3,810	\$134,062	\$328	\$328	\$328	\$338	\$348	\$358	\$369	\$380
<u>Other Non-Operating Expenses</u>											
211112	580090 Non-Operating Other Expenses	\$139	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Interest Expenses	\$139	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Non-Operating Expenses	\$3,949	\$134,062	\$328	\$328	\$328	\$338	\$348	\$358	\$369	\$380
<u>Capital Projects</u>											
	Capital Replacement Projects	\$1,642,219	\$2,588,600	\$2,250,000	\$2,583,270	\$2,291,202	\$3,350,000	\$2,000,000	\$500,000	\$500,000	\$500,000
	Capital Projects	\$1,642,219	\$2,588,600	\$2,250,000	\$2,583,270	\$2,291,202	\$3,350,000	\$2,000,000	\$500,000	\$500,000	\$500,000
	TOTAL EXPENSES	\$11,773,222	\$13,805,511	\$14,104,914	\$17,267,610	\$16,429,589	\$16,215,372	\$15,344,223	\$14,097,987	\$14,581,953	\$14,871,405
	Net Profit/(Loss)	(43,883)	704,430	(147,204)	(909,900)	(135,428)	(587,103)	(439,097)	(45,399)	64,472	296,247

Inland Empire Regional Composting Authority
Schedule C - Projects

Project No.	Project Title	ACTUAL	ACTUAL	ADOPTED	AMENDED	PROJECTED	PROPOSED	FORECAST			
		2023/24	2024/25	2025/26	2025/26	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Capital Projects											
Capital Replacement											
RA23002	IERCF South MCC HVAC Upgrade	173,394	-	-	-	-	-	-	-	-	-
RA23003	IERCF Active Hopper Replacement	-	379,972	-	-	-	-	-	-	-	-
RA23005	IERCF Fire Sprinkler Upgrades	8,895	-	-	-	-	-	-	-	-	-
RA23006	RCA Capital Replacement	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	-	498,685	-	-	-	-	-	-	-	-
RA25003	IERCF Server Replacement	-	125,907	-	-	-	-	-	-	-	-
RA25004	VFD Replacements	-	119,971	-	-	-	-	-	-	-	-
RA25005	Fire System PIV Replacement	-	147,335	-	-	-	-	-	-	-	-
RA25006	Roof Fan Replacement	-	10,565	-	139,435	104,576	-	-	-	-	-
RA25007	Biofilter Replacement	-	1,306,165	1,000,000	1,193,835	1,134,143	-	-	-	-	-
RA26002	Wheel Loader Replacement	-	-	750,000	750,000	677,483	-	-	-	-	-
RA26003	RCA Capital Replacement	-	-	500,000	500,000	375,000	-	-	-	-	-
RA27001	Trommel Screen #2 Replacement	-	-	-	-	-	2,000,000	-	-	-	-
RA27002	Wheel Loader Replacement	-	-	-	-	-	850,000	-	-	-	-
RA27003	RCA Capital Replacement	-	-	-	-	-	500,000	500,000	500,000	500,000	500,000
RA28001	North and South Foul Air Ducts	-	-	-	-	-	-	1,500,000	-	-	-
Total Capital Replacement Projects		\$1,642,219	\$2,588,600	\$2,250,000	\$2,583,270	\$2,291,202	\$3,350,000	\$2,000,000	\$500,000	\$500,000	\$500,000
O&M Projects											
RA23007	IERCF Column Repair	67,239	-	-	-	-	-	-	-	-	-
RA24006	CURG Row 9 Roof Failure	24,813	27,872	-	219,128	217,826	-	-	-	-	-
RA25008	Ventilation Pipe Jetting Repair	-	67,702	-	110,298	82,724	-	-	-	-	-
RA26005	IERCF Interior Roadway Widening	-	-	50,000	50,000	38,810	-	-	-	-	-
RA26007	IERCF Emergency - Structural Column and Roof Repair	-	-	-	2,500,000	2,500,000	-	-	-	-	-
Total O&M Projects (included in Materials & Supplies)		\$92,052	\$95,574	\$50,000	\$2,879,426	\$2,839,360	\$0	\$0	\$0	\$0	\$0
Total Projects		\$1,734,271	\$2,684,174	\$2,300,000	\$5,462,696	\$5,130,562	\$3,350,000	\$2,000,000	\$500,000	\$500,000	\$500,000



Adopt the Inland Empire Regional Composting Authority Budget for Fiscal Year 2026/27

Arin Boughan
Manager of Regional Composting Authority
Organics Management
May 2026

2 Key Assumptions

- \$73.00 tipping fee
- \$3,350,000 capital call
- Maintain 25 full time employee staffing level
- Timely stewardship of key assets to ensure consistent service levels



3 Tipping Fee

\$73.00 per wet ton

(5.0% increase)

- **Includes a proposed Fiscal Year (FY) 2025/26 budget amendment of \$2.5 million** for Operations and Maintenance (O&M) project RA26007: IERCF Emergency – Structural Column and Roof Repairs to address recent emergency repairs to the column and associated structural components
- **~14% Increase in O&M Cost* for FY 2026/27:**
 - Insurance – Anticipated rise in insurance premiums
 - Professional Fees and Services – Includes increased costs for contracted services, such as biofilter source testing (biennially), and compost transportation
 - Materials and Supplies – Increased need for equipment and preventive maintenance to prevent major equipment failures
 - Employment – Reflects cost-of-living adjustments and increased health benefit expenditures in accordance with the approved Memorandum of Understanding(s)

**Excludes O&M Projects*

4 FY 2026/27 Proposed Budget

	FY 2025/26 Projected Actual	FY 2026/27 Proposed Budget	Increase/ (Decrease)
Revenues and Other Funding Sources			
Operating Revenues	\$11,458,332	\$12,127,560	\$669,228
Other Revenue and Funding Sources ¹	4,835,829	3,500,709	(1,335,120)
Total Revenues and Other Funding Sources	\$16,294,161	\$15,628,269	(\$665,892)
Expenses and Other Uses of Funds			
Operating Expense	\$14,138,387	\$12,865,372	(\$1,273,015)
Capital Project Expense	2,291,202	3,350,000	1,058,798
Total Expenses and Other Uses of Funds	\$16,429,589	\$16,215,372	(\$214,217)
Increase/(Decrease) Net Position	(\$135,428)	(\$587,103)	(\$451,675)

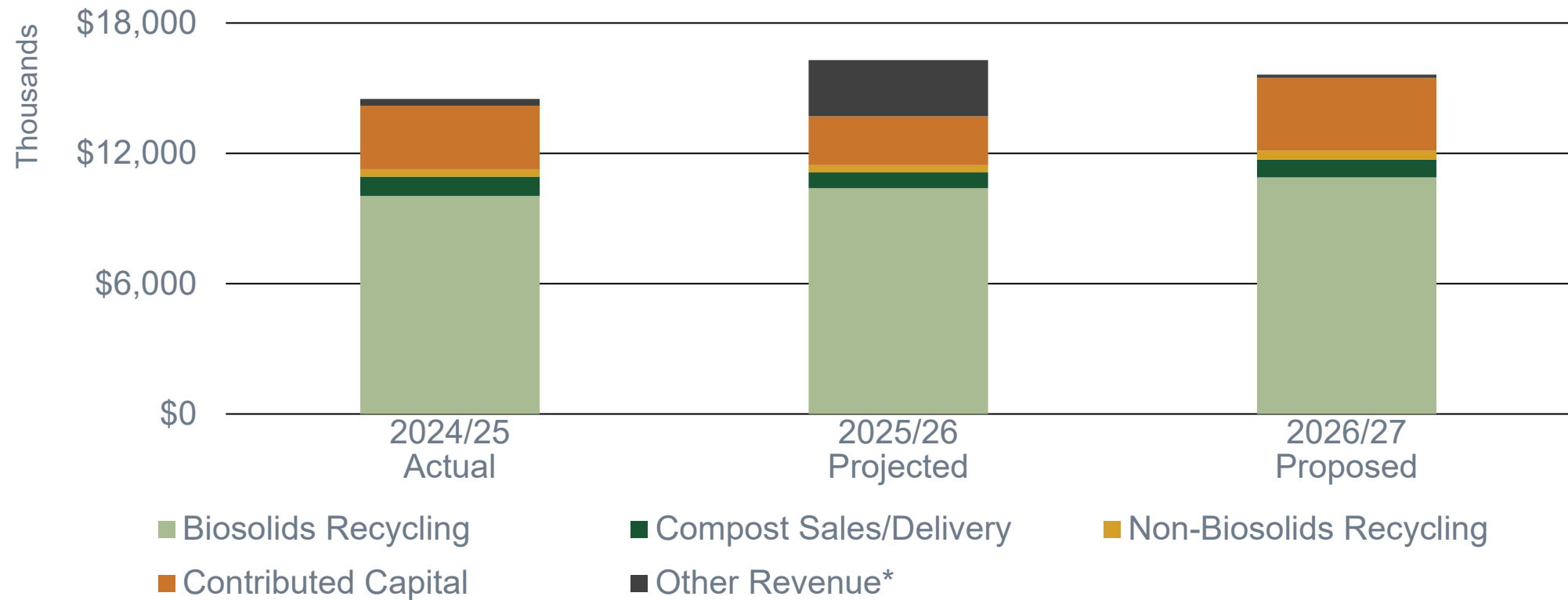
¹ Includes proposed capital call, interest income, and other non-operating revenues

5 Capital Improvement Plan

Project Description	FY 2025/26 Projected Actual	FY 2026/27 Proposed Budget
Trommel Screen #2 Replacement	\$0	\$2,000,000
Biofilter Replacement	1,134,143	-
Wheel Loader Replacement	677,483	850,000
Regional Composting Authority Capital Replacement	375,000	500,000
Roof Fan Replacement	104,576	-
Total Capital Improvement Plan	\$2,291,202	\$3,350,000

6 Revenues

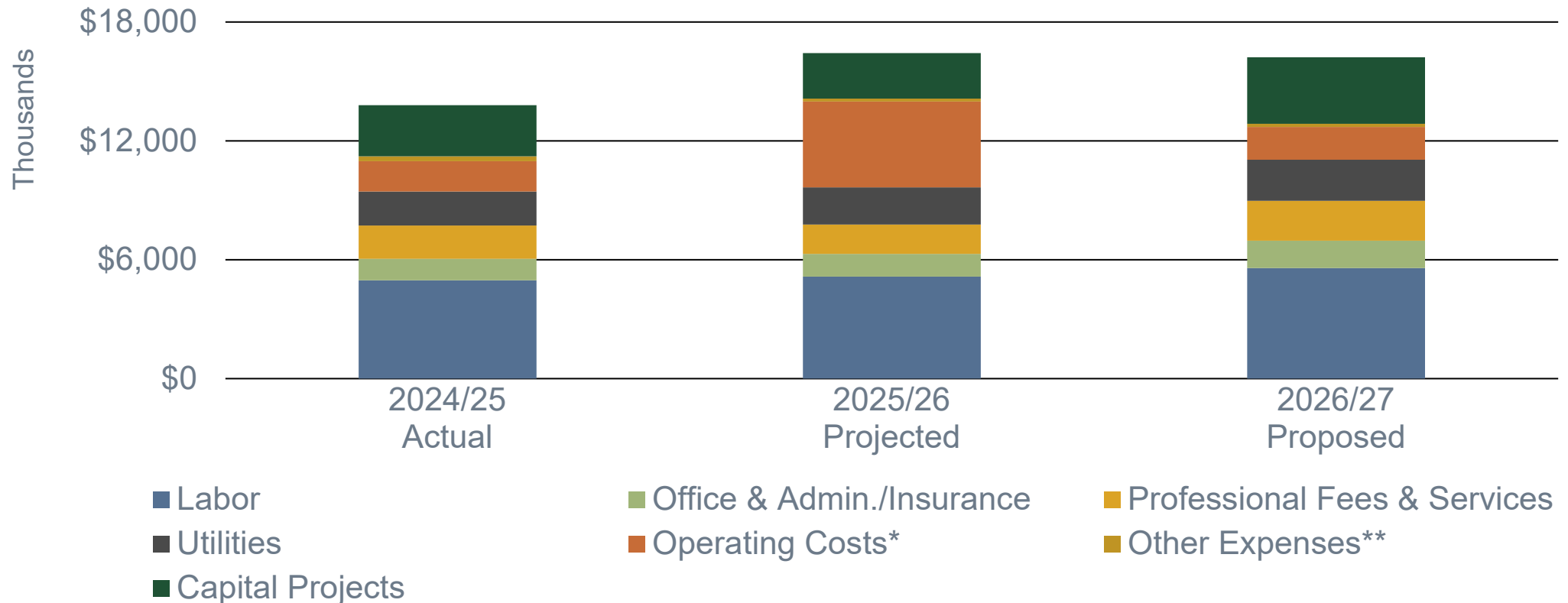
- Increase in Biosolids and Non-Biosolids Recycle Fees



*Other Income include interest income and miscellaneous revenues

7 Expenses

- Increase in projected Insurance Premiums and Professional Fees and Services

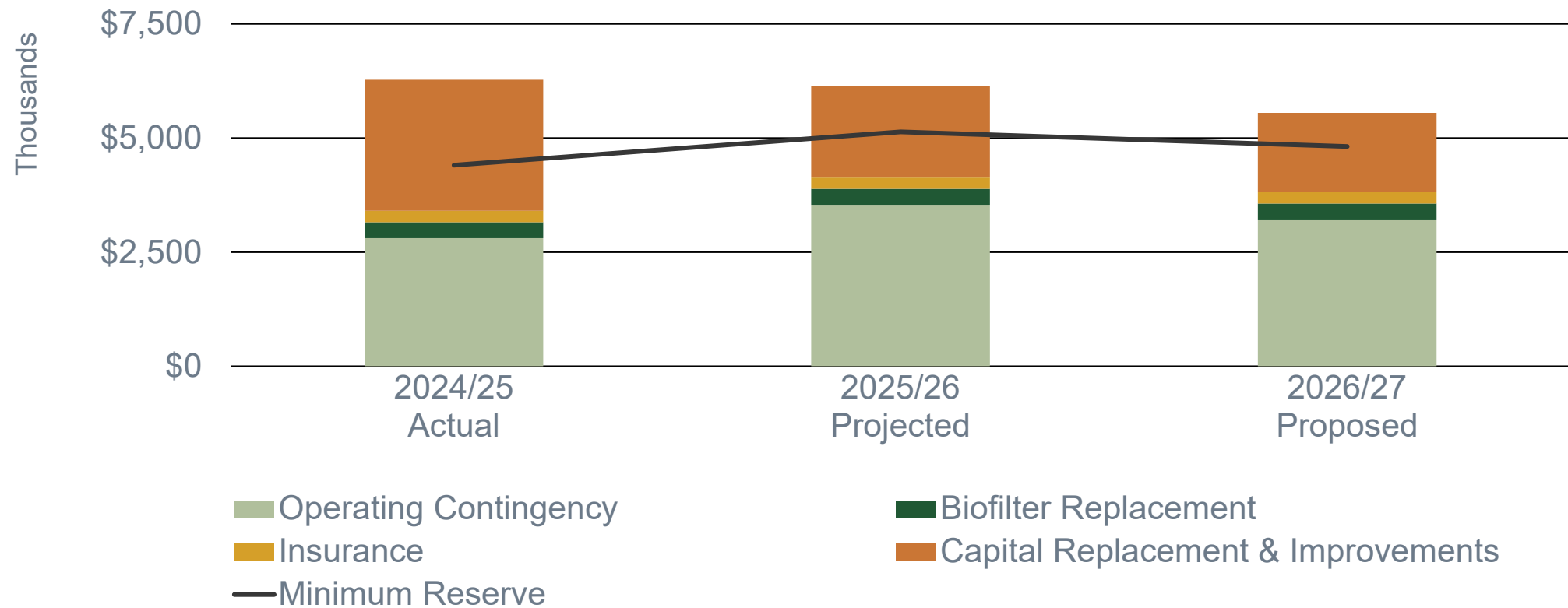


*Operating costs include operating fees, biofilter replacement, materials and supplies

**Other expenses include lease and rentals, financial expenses

8 Fund Balance

- *Maintaining reserve levels per policy*



Questions?



ierca.org



The Inland Empire Regional Composting Authority (IERCA) was created as a public entity on February 27, 2002, by a Joint Powers Agreement between the Inland Empire Utilities Agency (IEUA) and County Sanitation Districts of LA County (LACSD). This agreement empowered both IEUA and LACSD to acquire, construct, operate and maintain the largest indoor composting facility in North America. IEUA and LACSD have jointly evaluated composting as an economically and environmentally-sound method of beneficially reusing biosolids that are generated from the wastewater treatment facilities operated by each.


**ACTION
ITEM**

2F



Date: May 4, 2026

To: Honorable Board of Directors

From: Alexander Lopez ^{DS} 
Treasurer

Subject: Adopt the Inland Empire Regional Composting Authority Investment Policy for Fiscal Year 2026/27

RECOMMENDATION

Staff recommends that the Board adopt Resolution No. 2026-5-1 approving the Authority's Investment Policy for Fiscal Year 2026/27.

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 mandates review and approval of the Policy by the Board annually, or whenever there are significant changes. The Policy was last updated and approved on May 5, 2025.

The IERCA Policy is based on the Inland Empire Utilities Agency Investment Policy, which is reviewed annually by IEUA's investment advisor, PFM Asset Management, LLC (PFMAM). PFMAM's review focuses on four key policy elements: compliance, comprehensiveness, balance, and clarity. Overall, PFMAM 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, with only minor updates to reflect the provisions of Senate Bill (SB) 858 and Senate Bill (SB) 595, effective January 1, 2026, which extends the maximum maturity for prime quality commercial paper from 270 days to 397 days.

In addition, recent legislation, specifically SB 827 and SB 852, introduced expanded ethics and fiscal training, and financial disclosure requirements for local agency officials to improve ethical oversight and prevent the mismanagement of public funds. While these statutory changes do not modify IERCA's core investment authority or permissible investments, they mandate that officials involved in financial oversight undergo biennial ethics and fiscal training, while requiring those managing public investments to file Form 700 Statement of Economic Interests electronically with the Fair Political Practices Commission (FPPC).

The attached proposed Investment Policy for Fiscal Year 2026/27 is submitted for the Board's consideration.

PRIOR BOARD ACTION

On May 5, 2025, the Board of Directors adopted Resolution No. 2025-5-1 approving the Inland Empire Regional Composting Authority FY 2025/26 Investment Policy.

BUDGET IMPACT

There is no budget impact.

ATTACHMENT(S)

Attachment 1 - Resolution No. 2026-5-1
Attachment 2 - Investment Policy
Attachment 3 - Investment Policy Redline

RESOLUTION NO. 2026-5-1

**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. 2026-5-1 on May 4, 2026, 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 4, 2026, will be adopted for FY 2026/27.

Section 2. This resolution shall take effect on July 1, 2026.

Section 3. That upon the effective date of this resolution, Resolution No. 2025-5-1 is hereby rescinded in its entirety.

ADOPTED this 4th day of May 2026.

Board Chair

ATTEST:

Board Vice Chair

STATE OF CALIFORNIA)
COUNTY OF)SS
SAN BERNARDINO)

The Board Vice Chair of the Inland Empire Regional Composting Authority, DO
HEREBY CERTIFY that the foregoing Resolution being No. 2026-5-1 was duly adopted by
the Board of Directors on the 4th day of May 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Board Vice Chair



FISCAL YEAR 2026/27

INVESTMENT

POLICY

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
FY 2026/27 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).

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 397 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:

Title:

Date:

APPENDIX 1: GLOSSARY OF CASH MANAGEMENT TERMS

BOND PROCEEDS:

The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. 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 397 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, approximately 162,000 branch offices and 634,000 registered securities representatives.

INTEREST ONLY STRIPS:

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

INTEREST RATE RISK:

The risk of gain or loss in 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



FISCAL YEAR 20256/267

INVESTMENT

POLICY

**INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
FY 2025~~6~~/26~~7~~ 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 persons/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~~397 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 ~~take~~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 assureensure 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:

Title:

Date:

APPENDIX 1: ~~GLOSSARY~~: GLOSSARY OF CASH MANAGEMENT TERMS

pledged by a bank to secure deposits of public monies.

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

COMMERCIAL PAPER:

A short-term, unsecured, promissory note with a fixed maturity of no more than ~~270~~397 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.

to decline.

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, approximately about 162,000 branch offices and approximately 634,000 registered securities representatives.

INTEREST ONLY STRIPS:

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

INTEREST RATE RISK:

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

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 ~~eonsent~~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~~ whodealers 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.

Income yield is obtained by dividing the current dollar income by the current market price for the security.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO):

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

YIELD:

The annual rate of return on an investment expressed as a percentage of the investment.

Exhibit A

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY
TREASURER
Authorized Brokers/Dealers

NONE


**ACTION
ITEM**

2G



Date: May 4, 2026

To: Honorable Board of Directors

From: Arin Boughan 
Project Manager

Matt Bao
Assistant Project Manager

Subject: Approve Agreement for Orange County Sanitation District Biosolids Management

RECOMMENDATION

Staff recommends that the Board:

1. Approve an agreement to Orange County Sanitation District for the management of their biosolids for a base fee of \$73.00 per wet ton with up to a 6% annual increase plus \$5.00 per wet ton management fee for a term of five years with two one-year renewal options; and
2. Authorize the Project Manager to finalize and execute an agreement, subject to non-substantive changes.

BACKGROUND

In June of 2019, the Inland Empire Regional Composting Authority (IERCA) Board authorized the Project Manager to negotiate and execute agreements for the management of non-partner biosolids to the IERCA. In May 2019, an agreement was executed with Orange County Sanitation District (OCSD) for the management of approximately 10,000 tons per year and that agreement has been renewed each year since and is set to expire in July 2026. OCSD's biosolids are compatible with the IERCA composting process and their delivery schedules have proven to be compatible with the facility's workflow.

The Project Manager and OCSD determined that a long-term contract would be beneficial and negotiated a rate with an annual not to exceed percentage increase that would allow rates to match those set by the IERCA Board.

PRIOR BOARD ACTION

On May 6, 2019, the IERCA Board authorized the Project Manager to negotiate and execute an agreement for the management of non-partner biosolids to the IERCA.

BUDGET IMPACT

Revenue from managing OCSD's biosolids will result in approximately \$4.25 million over the five-year term of the agreement.

ATTACHMENT(S)

Attachment 1 – Contract



AGREEMENT NUMBER 4600003688
FOR
THE REUSE OF BIOSOLIDS

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

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

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

1. DEFINITIONS

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

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

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

2. BIOSOLIDS TRANSPORTATION AND REUSE

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

2.2 Site delivery hours are from 6:15AM to 3:30PM, Monday through Friday. Hours may change at the sole discretion of the Authority.

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

2.4 OC San shall use belt trailers to transport Biosolids to the Site. Trailers delivering Biosolids to the Site must meet the following clearance specifications to off-load material into the biosolids hoppers:

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

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

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

3. PERMITS AND REGULATORY COMPLIANCE

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

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

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

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

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

4. SITE INSPECTION, MONITORING, RECORDKEEPING, AND REPORTS

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

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

4.3 The Authority shall submit monthly reports to OC San that demonstrate compliance with all required permits and authorizations. The Authority shall submit the reports within 90 days after the closing of each reporting period. The reports must include, at a minimum, a description of all activities and operations performed during the reporting period, the items described in Section 4.2, and a certification that all activities and operations were performed in compliance with all applicable regulations. The Authority shall forward to OC San, within five days of receipt or transmission, copies of all correspondence with regulatory agencies in regard to the activities or operations performed at the Site. Similarly, OC San shall furnish monthly, annual, and other periodic reports to the Authority detailing and certifying compliance with permits and applicable regulations. OC San shall provide all information relevant to its operations that the Authority may need or request to complete regulatory reports or permits.

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

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

5. COMPOSITION OF BIOSOLIDS

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

6. INCLEMENT WEATHER

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

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

See also Section 11, Force Majeure.

7. FEE FOR BIOSOLIDS REUSE

7.1 OC San shall pay, to the Authority, a starting base fee of \$73.00 per wet ton for Biosolids received and processed, plus an administrative fee of \$5.00 per wet ton. The base fee may be adjusted annually by the IERCA Board of Directors in accordance with the approved fiscal year operating budget, with an annual increase not to exceed six percent (6%). The administrative fee shall remain at \$5.00 per wet ton for the duration of this contract, unless revised by a mutually agreed-upon Contract Amendment. OC San shall pay all hauling and transportation-related costs.

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

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

8. OWNERSHIP OF BIOSOLIDS

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

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

9. INSURANCE

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

Automobile Liability:

Bodily Injury	\$5,000,000 each person \$5,000,000 each occurrence
Property Damage	\$5,000,000 each occurrence \$5,000,000 aggregate
General Liability: Bodily Injury	\$5,000,000 each occurrence \$5,000,000 aggregate products and completed operations
Property Damage	\$5,000,000 each occurrence \$5,000,000 aggregate

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

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

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

10. INDEMNITY

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

11. FORCE MAJEURE

Neither the Authority nor OC San shall be responsible or liable for failure to meet their respective obligations under this Agreement if such failure is due to causes beyond the Authority's or OC San's control. Such causes include, but are not limited to: strikes, fire, flood, civil disorder, acts of God or of a public enemy, acts of the federal government, or any unit of state or local government in either its sovereign or contractual capacity, epidemics/pandemics, freight embargoes or delays in

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

12. DURATION OF AGREEMENT

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

13. SUSPENSION, TERMINATION, AND EARLY TERMINATION

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

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

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

14. ADDITIONAL PROVISIONS

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

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

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

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

15. NOTICE

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

TO THE AUTHORITY:

Inland Empire Regional Composting Authority
Attn: Arin Boughan
12645 Sixth Street
Rancho Cucamonga, CA 91739

TO OC SAN:

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

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

ORANGE COUNTY SANITATION DISTRICT

By: _____

Title: _____

ATTEST:

By: _____

Kelly Lore
Clerk of the Board

APPROVE AS TO FORM:

By: _____

Bradley R. Hogin
General Counsel

INLAND EMPIRE REGIONAL
COMPOSTING AUTHORITY

Arin Boughan
Project Manager

INFORMATION
ITEM

3A



Date: May 4, 2026

To: Honorable Board of Directors

From: Arin Boughan
Project Manager *Arin Boughan*

Subject: Project Manager's Report

RECOMMENDATION

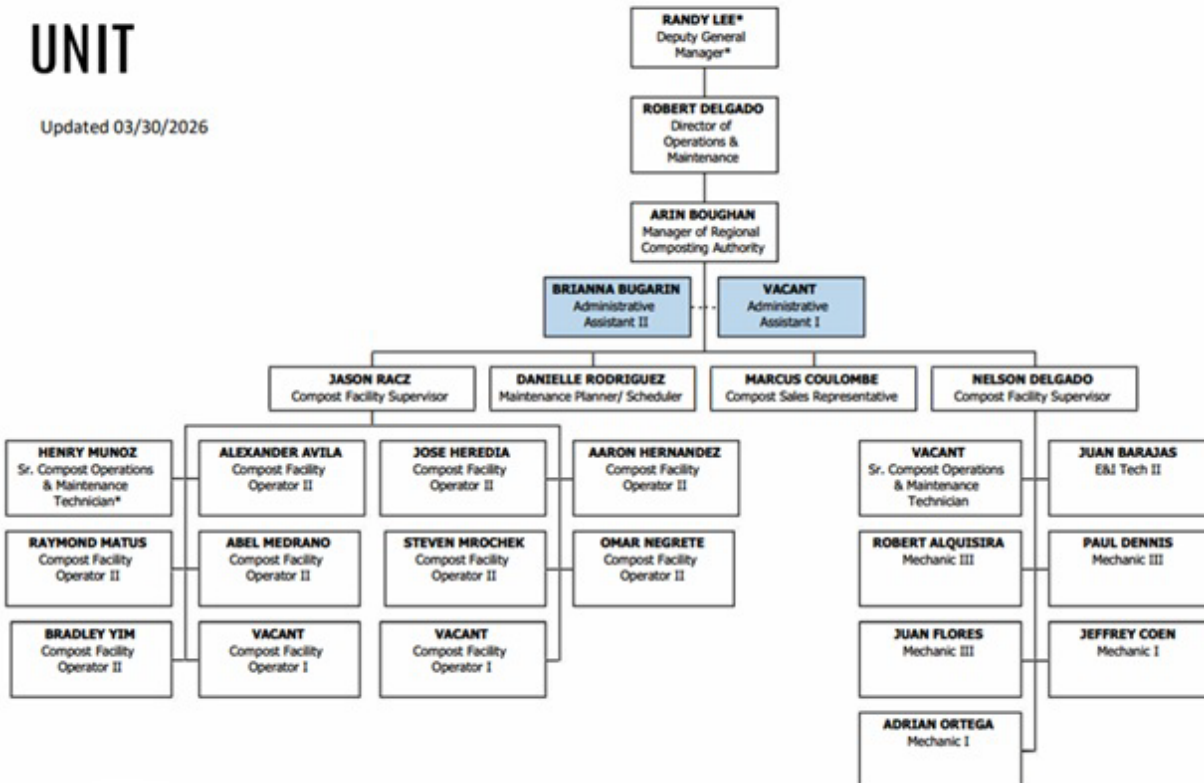
This is an information item.

Staffing

We are currently hiring (2) Compost Facility Operators I-III (DOQ). We celebrate the promotions of Danielle Rodriguez, Maintenance Planner/Scheduler and Nelson Delgado, Compost Facility Supervisor.

ORGANICS MANAGEMENT UNIT

Updated 03/30/2026



Operations Summary

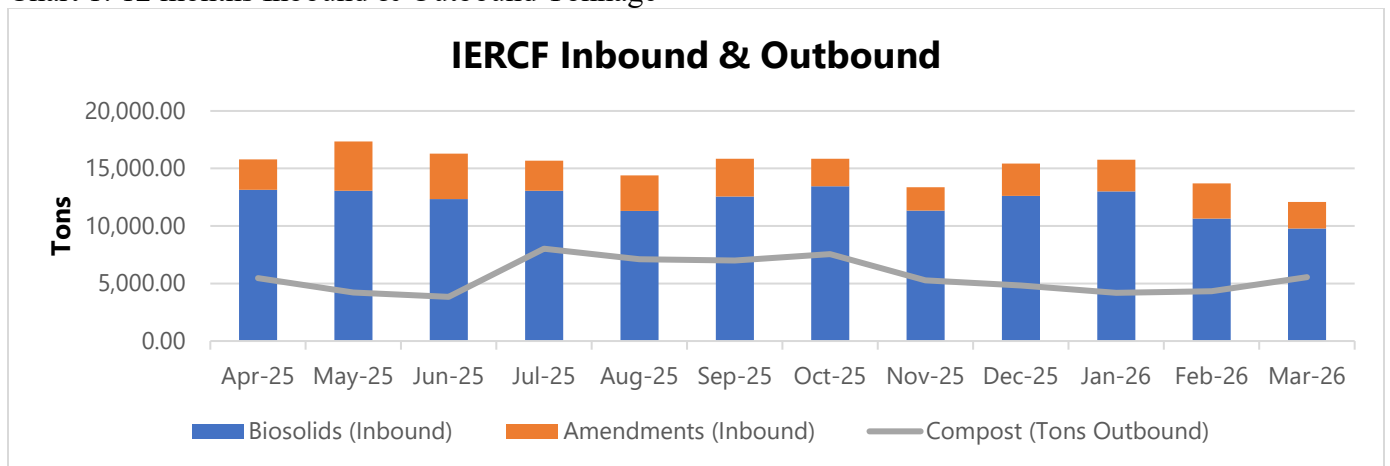
Due to a recent incident at the Inland Empire Regional Composting Authority (IERCA), daily throughput was temporarily reduced by approximately 30% from normal production levels. As a result of this unforeseen event, the facility is no longer projected to meet its budgeted annual target of 148,500 tons of biosolids. With operations anticipated to return to normal capacity by mid-April, current projections indicate the facility will achieve approximately 98% of its annual throughput goal, representing a shortfall of approximately 4,450 tons. While this reduction impacts overall production performance, it is important to recognize the exceptional response from facility staff and partner agencies. The recovery effort included extensive overtime, continuous 24-hour fire watch coverage, active contractor coordination, and comprehensive safety evaluations. In addition, the facility received strong support and collaboration from partner agencies, Los Angeles County Sanitation Districts (LACSD) and the Orange County Sanitation District (OCSAN), which contributed significantly to stabilizing operations and advancing recovery efforts.

Comparative Performance

To provide a clearer view of operational trends, the following table compares current FY 2025/26 performance and projected forecasts with those of the previous two fiscal years. This approach highlights performance consistency and simplifies future updates by focusing on recent years rather than cumulative historical totals.

Metric	FY 2023/24	FY 2024/25	FY 2025/26 (YTD + Forecast)
Biosolids Processed (wet tons)	149,756	152,478	144,537 (107,737 to date)
Amendments Processed (wet tons)	41,743	35,393	35,495 (24,359 to date)
Compost Sold (cubic yards)	198,410	202,095	205,000 (63,271 to date)

Chart 1: 12 months Inbound & Outbound Tonnage



Safety

The IERCA has now surpassed 1,775 consecutive days, over four years, without a recordable or lost-time incident, underscoring the team's strong safety culture and disciplined operational practices.

Maintenance/Asset Management

The Maintenance team continued to demonstrate a strong commitment to maintaining the reliable and efficient operation of all equipment and infrastructure while minimizing downtime. Efforts remained focused on key priorities such as preventive maintenance, corrective repairs, proactive system monitoring, safety, and regulatory compliance. Scheduled maintenance activities were successfully carried out on all conveyance systems, supporting optimal performance, while routine inspections and servicing of electrical systems helped reduce the risk of unexpected outages.

Safety and compliance remained a primary focus, supported by regular safety tailgate meetings, policy reviews, and thorough equipment inspections to ensure adherence to all applicable standards and regulations. Management remains dedicated to the ongoing training and professional development of IERCA staff, providing opportunities to stay current with evolving maintenance technologies and safety practices, as well as encouraging participation in certification programs to strengthen specialized skill sets.

In addition, the team emphasized onboarding and training new employees, ensuring they are properly introduced to operational procedures, safety protocols, and maintenance standards. This includes hands-on guidance and mentorship to support their integration into the team and promote long-term success. Maintenance staff also continued to actively participate in health and safety training programs, including cardiopulmonary resuscitation (CPR), confined space entry, rigging, fall protection, and hot work permitting, reinforcing a culture of safety and preparedness across all operations.

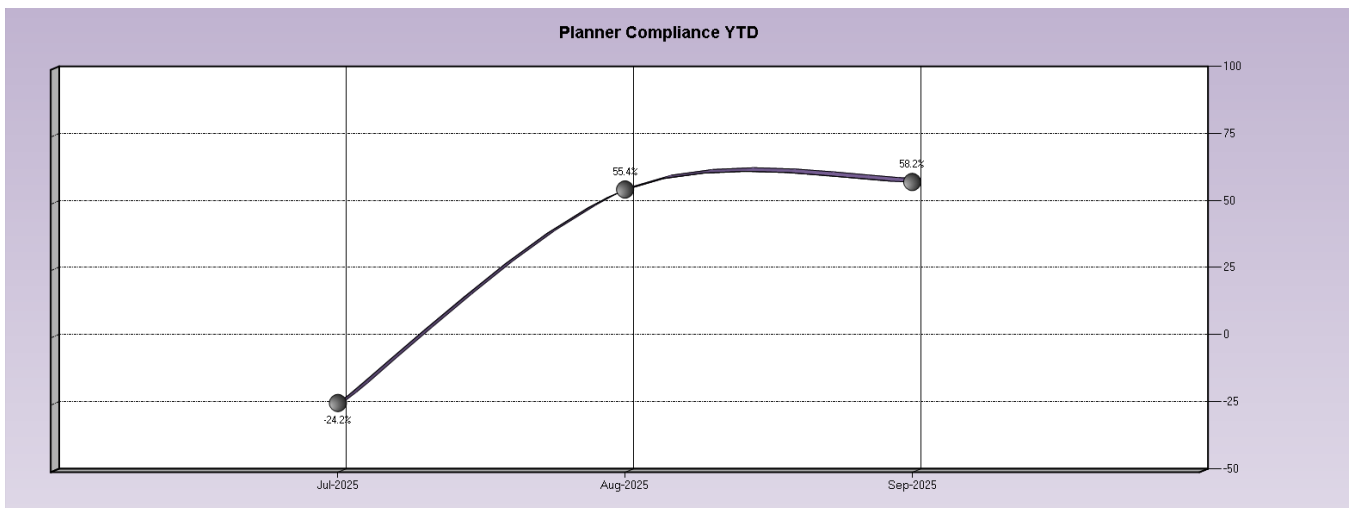
Corrective Maintenance & Preventive Maintenance Comparison

Preventive maintenance is intended to reduce equipment failure and extend asset lifespan, while corrective maintenance addresses equipment that has failed or is no longer functioning properly. Preventive maintenance is a proactive approach performed on a regular basis, whereas corrective maintenance is reactive and performed in response to failures. Maintenance staff continually monitor facility data and compare it with industry best management practices. Planning strategies are adjusted as needed based on this information.



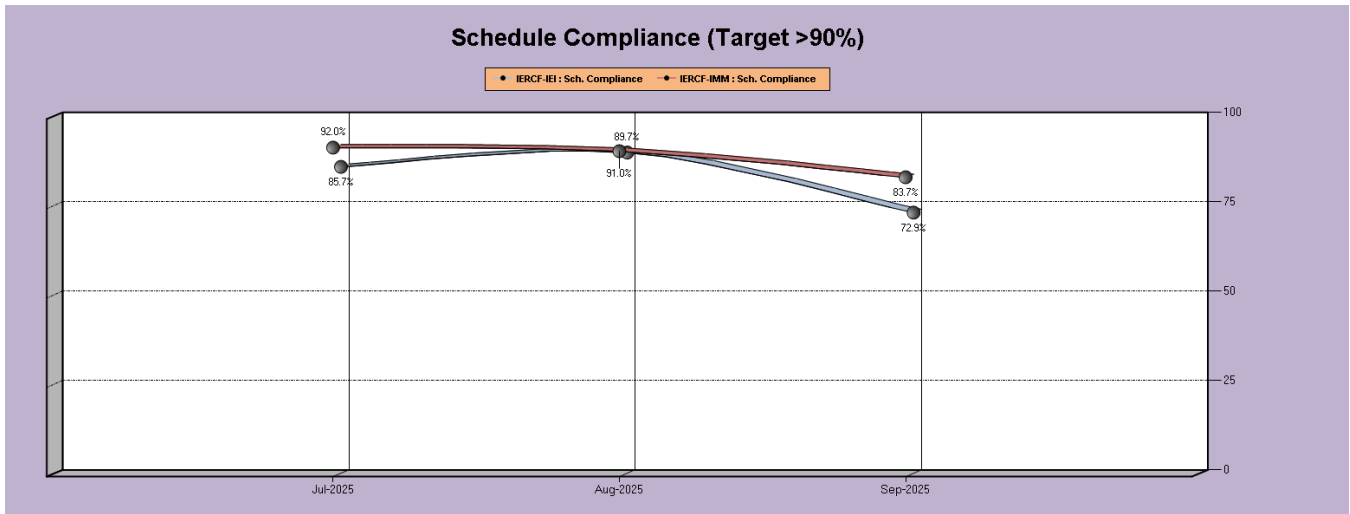
Planner Compliance

Planner compliance percentage is a metric that allows Maintenance staff to monitor and identify opportunities for improvement, increasing efficiency and effectiveness while ensuring that all work is carried out safely.



Schedule Compliance

Maintenance schedule compliance measures the extent to which maintenance activities are performed according to a predetermined schedule. Adherence to the maintenance schedule is critical, as it ensures equipment is properly maintained and remains in good working condition. Monitoring schedule compliance helps prevent breakdowns and unplanned downtime, extends the useful life of equipment, and reduces the overall cost of ownership.



Outreach and Tours

In the third quarter of fiscal year 2025/26, IERCA sold more than 40,000 cubic yards of compost, an outstanding achievement given the typically unfavorable weather conditions during this time of year. This performance underscores both the exceptional quality of IERCA's products and the continued dedication and effectiveness of the sales team.

Throughout the quarter, the agriculture sector remained strong, with modest gains in the landscaping market. Will-call and contract customers continued to provide consistent and reliable volume, allowing IERCA to remain aligned with production and throughput targets. The steady demand helped maintain smooth operations and guaranteed that customers' requirements were fulfilled. Looking ahead, staff anticipate increased activity in the landscaping sector as warmer spring conditions drive seasonal demand.

As regulatory requirements continue to evolve, California Senate Bill 1383 (SB 1383) remains a key driver of IERCA's marketing and outreach strategy. The legislation's mandate to reduce organic waste and methane emissions reinforces IERCA's critical role in supporting jurisdictions through compost procurement and organic waste diversion solutions.

Facility tours and community outreach continue to serve as foundational elements of IERCA's mission. During the quarter, multiple tours were hosted, providing valuable opportunities to engage industry partners and educate future environmental leaders on the importance of composting and sustainable waste management practices. In addition, the sales team's participation in the Compost 2026 convention in February strengthened industry relationships and demonstrated IERCA's ongoing commitment to leadership within the composting sector.

Project Manager's Report

May 4, 2026

Page 6 of 7



Year to Date Sales Summary

MONTH	TOTAL YARDS 2025/2026	TOTAL YARDS 2024/2025	TOTAL REVENUE 2025/2026	TOTAL REVENUE 2024/2025
January	11,962.75	15,247.44	\$17,522.24	\$31,727.85
February	12,399.57	13,877.24	\$20,482.36	\$31,266.84
March	15,845.51	15,420.80	\$26,455.62	\$29,595.87
TOTAL	40,207.83	44,545.48	\$64,460.22	\$92,590.56
AVERAGE	13,402.61	14,848.49	\$21,486.74	\$30,863.52

Aging Report

Description	Current	1 - 30 days	31 - 60 days	61 - 90 days	91 to 120 days	121 days and above	Total
Amount	\$334,393.41	\$25,337.92	\$14,069.99	\$7,359.77	\$8,995.52	\$42,402.31	\$432,558.92
# of Invoices	25	10	9	6	6	70	126
# of Customers	25	10	9	6	6	22	47

PRIOR BOARD ACTION

None.

BUDGET IMPACT

None.

ATTACHMENT(S)

None.

INFORMATION
ITEM

3B



Date: May 4, 2026

To: Honorable Board of Directors

From: Kim Snow
IEUA Controller Initial
KS

Subject: Annual Write-Offs of Accounts Receivable for the Fiscal Year Ended June 30, 2025

RECOMMENDATION

The Annual Write-Offs of Accounts Receivable for the fiscal year ended June 30, 2025, is an informational item for the Board's review.

BACKGROUND

On February 3, 2025, the Board adopted the Procedure for Write-Off of Uncollectible Receivables. This item is presented to the Board as an informational item for write-offs during the previous fiscal year ended June 30, 2025, in accordance with the procedure.

Government Finance Officers Association "Best Practices" provides that management of accounts receivable should include periodic write-offs to ensure that accounts receivable balances are not overstated. In accordance with generally accepted accounting principles, the Authority has established an allowance for doubtful accounts to reflect those outstanding accounts receivable balances which may not be collected. The allowance for doubtful accounts is evaluated annually or more frequently, as determined necessary by the IEUA Accounting Department.

If it is determined that an accounts receivable balance is unrecoverable, and after an allowance is recorded, then a receivable may be written off and removed from the allowance for doubtful. This is only done after due diligence after Authority collection procedures, as well as all reasonable means of securing payment have been exhausted, and the account remains unpaid.

There were no write-offs of uncollectible receivables during FY 2024/25.

PRIOR BOARD ACTION

On February 3, 2025, the Board adopted the Procedure for Write-Off of Uncollectible Receivables.

Annual Write-Offs of Accounts Receivable for the Fiscal Year Ended June 30, 2025

May 4, 2026

Page 2 of 2

BUDGET IMPACT

There is no budget impact.


ATTACHMENT(S)

None.



Date: May 4, 2026

To: Honorable Board of Directors

From: Alexander Lopez ^{DS}
Treasurer

Subject: Treasurer's Report of Financial Affairs for the Quarter Ended March 31, 2026

RECOMMENDATION

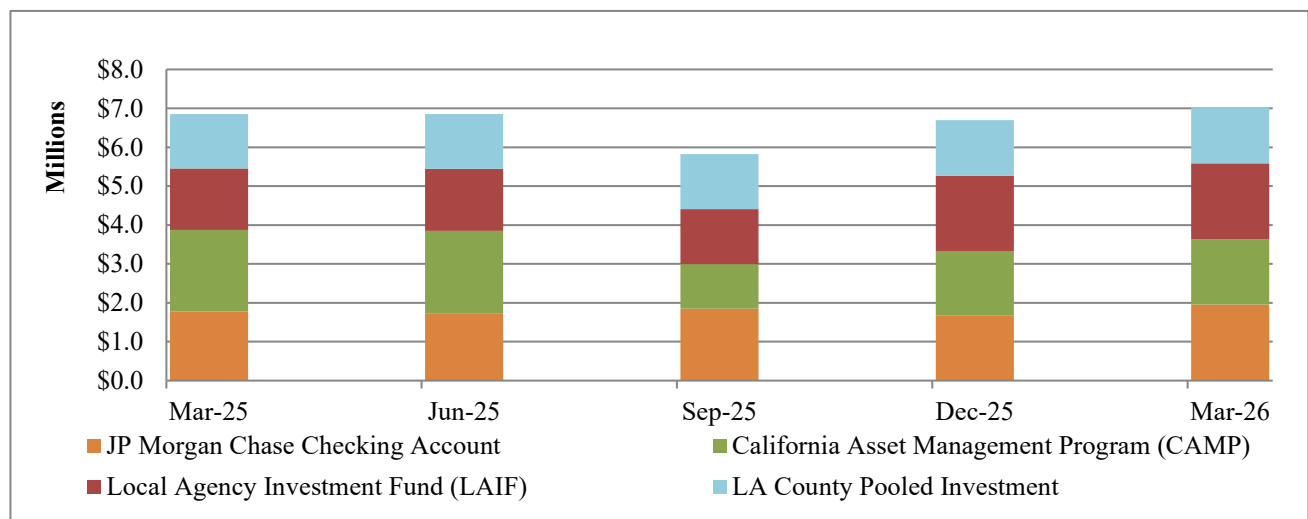
The Treasurer's Report of Financial Affairs for the quarter ended March 31, 2026, is an informational item for the Board's review.

BACKGROUND

In accordance with the State Code, Section 53646(b) (1), and the Authority's Investment Policy (Resolution No. 2025-5-1), 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, 2026, is hereby submitted in a format consistent with State requirements. As shown in Figure 1 below, the total cash, investments, and restricted deposits were \$7,025,592 an increase of \$331,231 compared to the December balance of \$6,694,361. The increase was primarily due to lower overall disbursements.

Figure 1: Cash, Investments, and Restricted Deposits



As shown in Figure 2 below, the Authority’s investment portfolio average rate of return in March 2026⁽¹⁾ was 3.232 percent, a decrease of 0.171 percent compared to the December 2025⁽²⁾ yield of 3.403 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, 2026, were \$55,767.

Figure 2: Investment Portfolio Average Rate of Return

	March ⁽¹⁾	December ⁽²⁾	Changes from Prior Quarter
Total Cash, Investments, Restricted Deposits	\$7,025,592	\$6,694,361	\$331,231
Investment Portfolio Average Rate of Return	3.232%	3.403%	(0.171%)

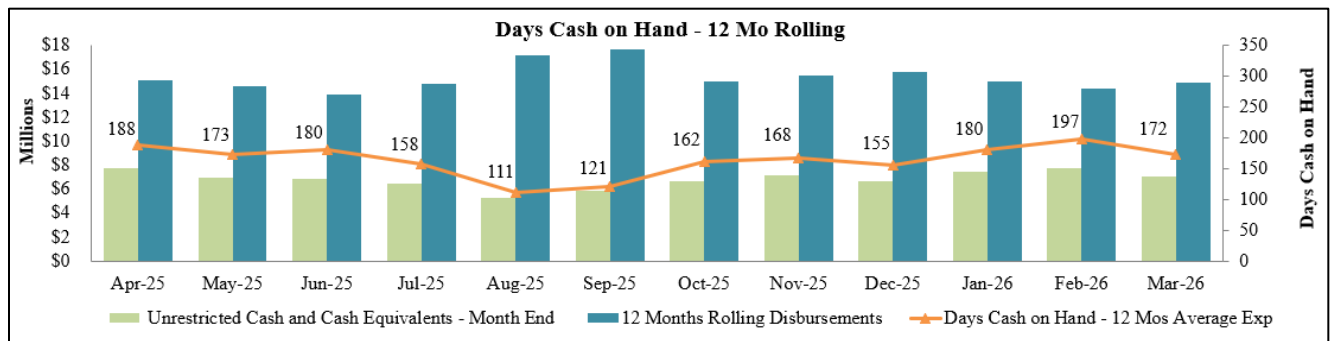
(1) Interest Rate information from the LA County Pooled Investment and Local Agency Investment Fund are as of February 2026.

(2) Interest rates are through December 2025 except for the LA County Pooled Investment Fund which is as of November 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, 2026, was 172 days, compared to 155 days as of December 31, 2025. This increase is primarily due to higher account balances resulting from the lower operational disbursements.

Figure 3: Days Cash on Hand – 12 Month (Mo) Rolling Average



PRIOR BOARD ACTION

Not applicable.

BUDGET IMPACT

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

ATTACHMENT(S)

Attachment 1 - Treasurer’s Report of Financial Affairs for quarter ended March 31, 2026

TREASURER'S REPORT OF FINANCIAL AFFAIRS

For the Quarter Ended March 31, 2026



All investment transactions have been executed in accordance with the criteria stated in the Authority's Investment Policy (Resolution No. 2025-5-1), adopted by the Inland Empire Regional Composting Authority's Board of Directors during its regular meeting held on May 5, 2025. The funds anticipated to be available during the next six-month period are expected to be sufficient to meet all foreseen expenditures during the period.

** A Joint Powers Authority*

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment Summary

Quarter Ended
March 31, 2026

<u>Unrestricted Accounts</u>	March	December
Cash, Bank Deposits, and Bank Investment Accounts	\$1,956,406	\$1,669,448
<u>Investments</u>		
California Asset Management Program (CAMP)	\$1,678,355	\$1,662,626
LA County Pooled Investment	1,443,411	1,432,062
Local Agency Investment Fund (LAIF)	1,947,420	1,930,225
Total Investments	\$5,069,186	\$5,024,913
Total Unrestricted Cash and Investments Available to the Authority	\$7,025,592	\$6,694,361
<i>Total Unrestricted Cash and Investments</i>	<i>\$7,025,592</i>	<i>\$6,694,361</i>
<i>Net Change from Previous Quarter</i>	<i>\$331,231</i>	

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment By Category

Quarter Ended
March 31, 2026

Unrestricted Accounts

Cash, Bank Deposits, and Bank Investment Accounts

Demand (Checking) Accounts	<u>\$1,956,406</u>
Subtotal Demand Deposits	\$1,956,406
<i>Total Cash and Bank Investment Accounts</i>	<u>\$1,956,406</u>

Investments

California Asset Management Program (CAMP)	\$1,678,355
Local Agency Investment Fund (LAIF)	1,947,420
LA County Pooled Investment	<u>1,443,411</u>
	\$5,069,186
<i>Total Investments</i>	<u>\$5,069,186</u>

Total Cash, Investments and Restricted Deposits as of March 31, 2026 **\$7,025,592**

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment Detail

Quarter Ended
March 31, 2026

Investments	Par Amount	Principal Amount	March Amortization	% Yield	Market Value
<u>Cash, Bank Deposits, and Bank Investment Accounts</u>					
JP Morgan Chase					
Demand Checking Account	\$1,956,406	\$1,956,406	\$1,956,406	2.200%	\$1,956,406
Subtotal JP Morgan Chase	\$1,956,406	\$1,956,406	\$1,956,406	2.200%	\$1,956,406
Total Unrestricted Accounts	\$1,956,406	\$1,956,406	\$1,956,406		\$1,956,406
<u>Investments</u>					
California Asset Management Program (CAMP)	\$1,678,355	\$1,678,355	\$1,678,355	3.800%	\$1,678,355
LA County Pooled Investment ⁽¹⁾	1,443,411	1,443,411	1,443,411	3.110%	1,443,411
Local Agency Investment Fund ⁽¹⁾	1,947,420	1,947,420	1,947,420	3.871%	1,947,420
Subtotal Investments	\$5,069,186	\$5,069,186	\$5,069,186	3.631%	\$5,069,186
Total Investments	\$5,069,186	\$5,069,186	\$5,069,186		\$5,069,186
Total Unrestricted Cash and Investments as of March 31, 2026	\$7,025,592	\$7,025,592	\$7,025,592		\$7,025,592

⁽¹⁾ Interest Rate information from the LA County Pooled Investment and Local Agency Investment Fund are as of February 2026.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Cash and Investment Interest Rate

Quarter Ended
March 31, 2026

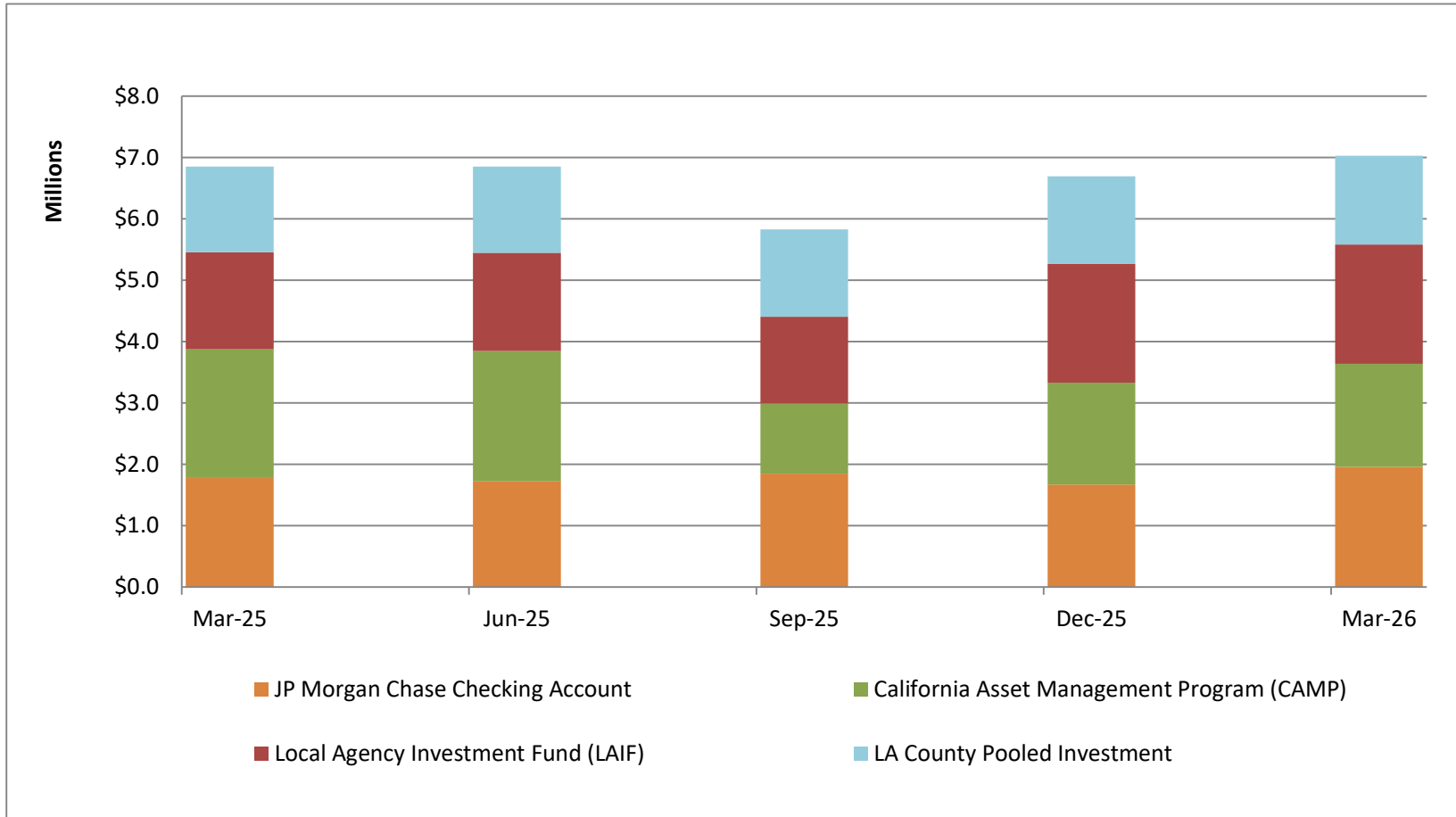
<u>Unrestricted Accounts</u> <u>Cash, Bank Deposits, and Bank Investment Accounts</u>	Amount Invested	Yield
California Asset Management Program (CAMP)	\$1,678,355	3.800%
LA County Pooled Investment ⁽¹⁾	1,443,411	3.110%
Local Agency Investment Fund ⁽¹⁾	1,947,420	3.871%
	\$5,069,186	3.631%
Bank Accounts		
JP Morgan Chase - Demand Checking Account	\$1,956,406	2.200%
	\$1,956,406	2.200%
Total Portfolio	\$7,025,592	
Investment Portfolio Rate of Return		3.232%
Total Authority Directed Deposits	\$7,025,592	

(1) Interest Rate information from the LA County Pooled Investment and Local Agency Investment Fund are as of February 2026.

INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Total Cash, Investments and Restricted Deposits

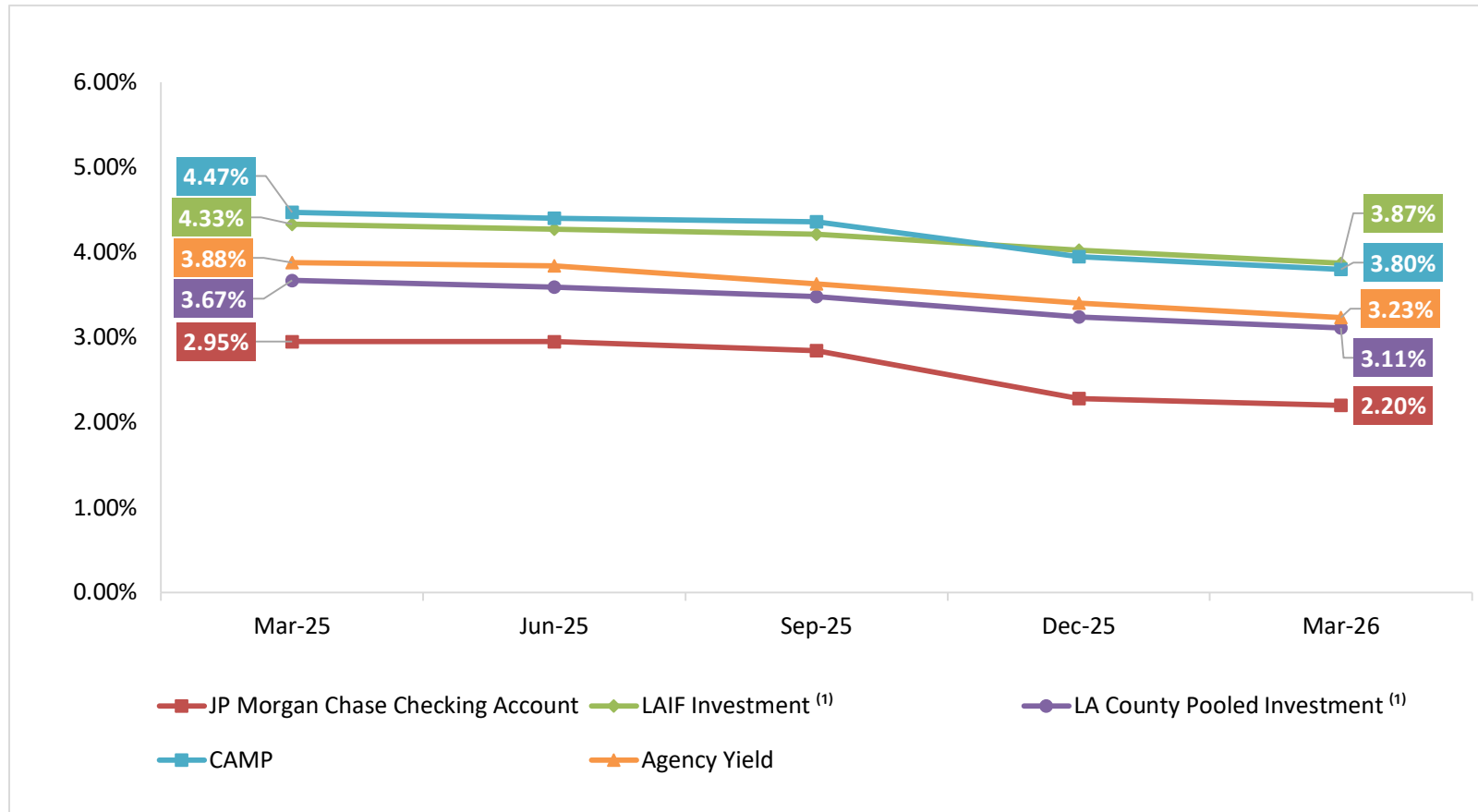
Quarter Ended
March 31, 2026



INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Agency Investment Portfolio Yield Comparison

Quarter Ended
March 31, 2026



(1) Interest Rate information from the LA County Pooled Investment and Local Agency Investment Fund are as of February 2026.