

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

Special Board Meeting/Budget Workshop Agenda

February 28, 2024 at 10:00 a.m.

121 Palomino Drive, Big Bear City, California

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **APPROVAL OF AGENDA**
4. **PUBLIC FORUM**

Public testimony is permitted at this time only on consent calendar items and other matters not listed on the posted agenda that are within the subject matter jurisdiction of the Agency. State law prohibits the Agency from taking action on any items not listed on the posted agenda. Public comment on items listed on the posted agenda will be taken at the time each item is called for discussion.

5. **PRESENTATION AND INTRODUCTION**

5.A. Jim Miller 5-Year Recognition

5.B. Kendi Segovia – City of Big Bear Lake Appointment to the Governing Board

5.C. Budget Presentation and Discussion

1. Projected Performance FY 2024
2. New Budget FY 2025
3. Five-Year Forecast FY 2025 – FY 2029

6. **INFORMATION/COMMITTEE REPORTS**

6.A. General Manager's Report

7. **CONSENT CALENDAR**

All matters listed on the Consent Calendar will be enacted by one motion at the appropriate time. There will be no separate discussion of these items. If a detailed discussion is necessary, any Governing Board Member may request that an item be removed from the Consent Calendar and considered separately.

7.A. Approval of the Meeting Minutes from the December 19, 2023 Special Meeting

7.B. Monthly Disbursements Report for December and January - Informational

- 7.C. Investment Report Identifying Agency Investments and Reporting Interest Income for December and January – Informational
- 7.D. Second Quarter Report, Six Months Ended December 31, 2023 - Informational
- 8. **ITEMS REMOVED FROM CONSENT CALENDAR**
- 9. **OLD BUSINESS**

None
- 10. **NEW BUSINESS – DISCUSSION/ACTION ITEMS**
 - 10.A. Resolution No. R. 01-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Making Emergency Findings and Authorizing and Ratifying the Emergency Contracts for the Oxidation Ditch #1 Shaft #1 Repair; Reallocate \$134,487 from the Capital Budget for Repairs
 - 10.B. Governing Board Reorganization
 - 10.C. Consideration of Solar Panel Installation in Lucerne Valley
 - 10.D. Consideration of Pine Knot Marina Trailer Storage
- 11. **COMMENTS AND ANNOUNCEMENTS**
 - 11.A. General Manager Comments
 - 11.B. Governing Board Member Comments
- 12. **ADJOURNMENT**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if you need special assistance to participate in an Agency meeting or other services offered by the Agency, please contact the Agency at (909) 584-4018. Notification at least 48 hours prior to the meeting or time when services are needed will assist Agency staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are on file in the office of the Big Bear Area Regional Wastewater Agency and are available for public inspection during normal business hours.

Visit www.bbarwa.org to view and/or print the Agenda Package.



Annual Budget Workshop Proposed Operating And Capital Budget

FISCAL YEAR ENDING JUNE 30, 2025

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

Effectively collecting, treating and beneficially reusing wastewater
and bio-solids in an environmentally and fiscally responsible
manner.

www.bbarwa.org

121 Palomino Drive, Big Bear City, California 92314



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Financial Summaries

BBARWA Budget Framework

While the Agency completes a one-year budget, it also looks closely at the next five-year period. Most of the discussion and analysis, and financial information presented will include the five-year period, from FY 2025 through FY 2029.

Replenish Big Bear Project (RBB)

During this budget cycle, the Agency has budgeted for expenses associated with RBB through FY 2029 and has determined a rate adjustment tied to these expenses. In the discussion that follows, the Agency’s current operations and proposed rate adjustments will include the impact of RBB on the Agency’s expenses and rates.

Important Assumptions

The budget and the forecast period were prepared using the following assumptions:

Rate Increases: The budget and forecast period were prepared assuming adjustments in the Agency's sewer user fee (annual charges) each year during the 5-year period, from FY 2025 - 2029. Rates through FY 2029 have been structured to meet the Agency’s current operating and capital needs during the next five years. It should be noted that the Agency’s rates have been structured to cover 98% of its annual debt service. The remaining 2% (approximately \$75,000) is projected to be funded through connection fee revenue.¹ It is the Agency’s intent to manage rate adjustments to a level that is near inflation. With the addition of RBB, rate adjustments will be higher than inflation through FY 2029 in order to fund required reserves and additional operational needs. Rate adjustments are expected to return to at or near inflation in FY 2030.

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Rate per EDU	\$ 302.37	\$ 356.79	\$ 421.02	\$ 496.80	\$ 586.22	\$ 612.60
% Change	22.5%	18%	18%	18%	18%	4.5%
Prior Projected Rates		356.79	421.02	496.8	586.22	
Prior Projected % Change		18%	18%	18%	18%	

Average Dry Weather Flow: The Agency budgets for dry weather. Based on historical experience, this is approximately 788 million gallons of influent flow on an annual basis. If, during the budget period, the Agency incurs wet weather flows or other operational variances from the budget, and the operating budget is unable to absorb the increased costs, the Agency has established a contingency fund from which the Governing Board may appropriate funds. The contingency fund is recommended to be two months of operating and maintenance expense by the Government Finance Officers Association. Based on staff’s review, we believe the amount to be adequate.

Inflation: Annual price change assumptions are used in the multi-year forecast to project year-over-year changes in certain revenues and costs. The Agency considers the Riverside, San Bernardino, Ontario, CA CPI-U (Consumer Price Index for all Urban Consumers, All Items; published by the Bureau of Labor Statistics), the 20-City Construction Cost Index (published by Engineering News Record), and the Survey of Professional Forecasters CPI forecast as indicators in determining future

¹ The amount of debt service collected through connection fee revenue has been estimated based on the level of connection fee revenue that can be expected during an economic recession. During the last recession, the Agency’s lowest number of annual connections to the system was 18, or \$75,240 in connection fee revenue.



price changes. Inflation began to moderate in FY 2024 and is expected to continue to moderate thereafter driven by expectations of the receding pandemic (ending government stimulus, disrupted supply chains, and shortages of intermediate goods), and tightening monetary policy. Recent rapid and unexpected increases in inflation have resulted in wide variations in forecasts and forecast revisions. While the level and timing of future price changes is uncertain, we believe the Agency’s assumptions are reasonable based on the economic information available.

Inflation

Month	Riverside, SB, Ontario CPI – U	West Region CPI-U	National CPI-U	CCI
November 2023	4.3%	3.3%	3.1%	2.5%
January 2024	2.9%	3.3%	3.1%	2.6%

Survey of Professional Forecasters², CPI Forecast (as of February 10, 2023)

Fiscal Year	Annual Average
2024	2.6%
2025	2.3%
2026	2.6%
2027-2029	2.4%

The Agency has assumed average inflation of 2.5% during the forecast period, decreasing from 3% in FY 2024 to 2.5% in FY 2029.

	Projected <u>FY 2024</u>	Budget <u>FY 2025</u>	Forecast <u>FY 2026</u>	Forecast <u>FY 2027</u>	Forecast <u>FY 2028</u>	Forecast <u>FY 2029</u>	5-Year <u>Average</u>
Inflation Rate	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Comparisons

Financial performance comparisons throughout this document include historical, current, and future periods. The periods prior to and including FY 2023 are periods of actual financial performance, FY 2024 is the projected performance, FY 2025 is the budget period, and FY 2026 – FY 2029 is the forecast period:

<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026 - FY 2029</u>
Actual	Projected	Budget	Forecast Period

² The Survey of Professional Forecasters is the oldest quarterly survey of macroeconomic forecasts in the United States. The survey began in 1968 and has been conducted by the Federal Reserve Bank of Philadelphia since 1990.



Items Impacting Financial Performance

Salaries and Benefits Expense – Salaries and benefits expense is expected to grow during the five-year period with an average annual change of 7%. This is primarily due to staffing changes and an increase in health premiums as well as retirement and other post-employment benefit (OPEB) contributions.

Salaries and Wages Expense – The average annual increase in salaries and wages over the forecast period is projected to be 6%. The Agency is expected to experience 9% growth in FY 2025 compared to the prior year, decreasing to 6% in FY 2026 then slowing to 5% growth in FY 2027 through FY 2028 as more employees reach the top of their pay scales³ and inflation slows.

The 9% growth in FY 2025 is primarily the result of the annual COLA adjustment as well as the addition of an administrative staff position. In the past, the Agency has been able to manage salary and wage growth during uncertain times by capping the maximum annual pay adjustment. To manage higher COLA adjustments stemming from recent spikes in inflation, the Agency has incorporated the Governing Board approved change in the CPI calculation method to annual average versus November year-over-year. In FY 2025, the Agency has incorporated a 4.7% COLA⁴ with a cap on wage adjustments of 8%, not including longevity (maximum 3.3% merit adjustments).

With the additional administrative duties that are required to be completed for the RBB project and taking into account current essential daily duties, an administrative staff position has been added to assist the Administrative Services Manager/Board Secretary and Finance Manager complete these necessary tasks. This administrative position will also be performing some of the duties that the Human Resources/Accounting Technician currently performs. With this change in duties, the Human Resources/Accounting Technician position will be reduced to 36 hours per week.

Benefits expense – The average annual increase in benefits expense is expected to be 8% over the five-year period. The largest annual increases will be in Pension and OPEB contributions as well as medical premiums.

Increases in pension contributions have been driven by changes in the assumed rate of return on pension assets, which was lowered from 7.5% to 6.8% over the last few years. Pension contributions are expected to increase from approximately \$519,000 in FY 2025 to approximately \$698,000 in FY 2029, an average annual increase of 8% over the forecast period. OPEB contributions will increase during the forecast period as a result of a lower assumed rate of return than previously projected of 6.15%. The annual average increase for OPEB is also 8%.

Increases in medical premiums result in an annual average growth rate of 8% over the forecast period.

Rising Costs – The Agency is experiencing higher than inflationary growth in chemicals, materials, insurance, and permits and fees.

³ When employees reach the top of their pay scale, they are eligible for cost-of-living adjustments only compared to both merit and cost-of-living adjustments.

⁴ It is important for the Agency to continue to pass through market-level COLA adjustments, so that higher adjustments will not be indicated during the annual compensation study update. Please see page 19 for further discussion of the COLA calculation.



Higher Interest Income – With the uncertainty revolving around interest rates and the Federal Governments attempt to curb inflation, the Agency is projecting interest rates to be lower than FY 2024 and is projecting an annual average over the five-year period of 3%.

Increase of OPEB Unfunded Accrued Liability (OPEB UAL) – In an effort to reduce the Agency’s OPEB UAL, the Agency has a multi-year plan to reduce the liability by \$200,000 for five years for a total of \$1 million. The Agency made contributions in the amount of \$200,000 in FY 2017, 2018, and 2020, leaving \$400,000 remaining.

A goal of the Agency has been to reduce its unfunded pension/OPEB liabilities so that the Agency's pension/OPEB assets are nearly equal to its pension/OPEB liabilities, resulting in annual pension/OPEB expense near the normal cost. Maintaining a higher funded ratio better ensures that the Agency's obligations will be met, and that intergenerational equity will be maintained among ratepayers.

The Agency’s goal has been to reach a near 90% funded ratio on its pension and OPEB liabilities. At June 30th, the Agency’s OPEB funding position decreased slightly from 67.9% to 65.6% as a result of lower investment returns. The Agency will not recommend a contribution to the OPEB UAL in FY 2025 at this point in time. At fiscal year end, the Agency will reevaluate actual costs to budget to determine if a payment can be made.

Financial Performance: Income Statement and Cash Flow Comparisons

Income statement and cash flow comparisons have been provided on the following pages. The following should be noted as it relates to the financial comparisons: 1) all references to the FY 2024 Budget are the revised budget (revised during the year through amendments and new appropriations) unless noted otherwise, 2) actual results may not match audited financial statements due to the exclusion of GASB adjustments related to pension and OPEB expenses, and 3) an “nm” is notated when dividing by “0” or when the percent change calculation includes a loss or negative number. A written financial summary is provided for each comparison. A discussion and analysis of the NEW FY 2025 Budget follows.



Statement Comparison: Projected FY 2024 to Budget FY 2024

INCOME STATEMENT				
Comparison Projected FY 2024 to Budget FY 2024				
	Budget FY 2024	Projected FY 2024	Projected FY 2024 vs. Budget FY 2024	
			\$	%
Operating Revenues:				
Annual Charges	7,671,077	7,671,077	0	0%
Standby Charges	75,297	75,297	0	0%
Rental Income	0	0	0	nm
Waste Disposal	21,690	24,110	2,420	11%
Other Revenue	<u>0</u>	<u>38,899</u>	<u>38,899</u>	<u>nm</u>
Total Operating Revenue	7,768,065	7,809,383	41,319	1%
Operating Expenses:				
Salaries and Benefits	2,958,007	2,977,200	19,193	1%
Power	499,429	497,519	-1,910	0%
Sludge Removal	336,212	336,212	0	0%
Chemicals	95,080	102,530	7,450	8%
Materials and Supplies	175,989	178,192	2,203	1%
Repairs and Replacements	305,850	300,403	-5,446	-2%
Equipment Rental	912	1,406	494	54%
Utilities Expense	37,000	38,769	1,769	5%
Communications Expense	72,644	58,973	-13,671	-19%
Contractual Services - Other	154,321	163,212	8,892	6%
Contractual Services - Professional	189,027	189,027	0	0%
Permits and fees	259,973	259,973	0	0%
Property Tax Expense	4,124	4,196	72	2%
Insurance	240,678	229,023	-11,655	-5%
Other Operating Expense	59,826	53,580	-6,246	-10%
Depreciation Expense	<u>901,809</u>	<u>901,809</u>	<u>0</u>	<u>0%</u>
Total Operating Expense	6,290,880	6,292,025	1,145	0%
Operating Income	1,477,184	1,517,358	40,174	3%
Nonoperating Income				
Gain (loss) on Asset Disposition	2,555	2,555	0	0%
Interest Income	126,395	413,570	287,175	227%
Other Nonoperating Income	0	0	0	nm
Lease Revenue	<u>55,048</u>	<u>55,048</u>	<u>0</u>	<u>0%</u>
Nonoperating Income	183,998	471,174	287,175	156%
Nonoperating Expense				
Other Expense	171,029	175,822	4,793	3%
Interest Expense	<u>227,713</u>	<u>288,881</u>	<u>61,168</u>	<u>27%</u>
Nonoperating expense	398,742	464,703	65,961	17%
Income before Contributions	1,262,440	1,523,829	261,389	21%
Connection Fees	188,100	459,800	271,700	144%
RBB Capital Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>nm</u>
Change in Net Position	1,450,540	1,983,629	533,089	37%



CASH FLOW STATEMENT
Comparison Projected FY 2024 to Budget FY 2024

	Budget FY 2024	Projected FY 2024	Projected FY 2024 vs. Budget FY 2024
Cash from Operating Activities:			
Operating Income (Loss)	1,477,184	1,527,964	50,780
Depreciation Expense	901,809	901,809	0
Other Miscellaneous Income (Exp)	0	0	0
Change in Working Capital, Other Adj.	<u>231,213</u>	<u>159,402</u>	<u>-71,811</u>
Net Cash Provided by Op Activities	2,610,206	2,589,174	-21,031
Cash from Noncapital Financing:			
Payment of Pension Related Debt/Liab	0	0	0
Cash from Capital and Related Financing:			
Other Nonoperating Expense	0	-4,756	-4,756
Capital Expenditures	-7,867,087	-7,867,087	0
Proceeds from Asset Disposition	0	0	0
Connection Fee (Capital Contrib)	188,100	459,800	271,700
Proceeds from Debt Issuance, Grants	5,465,048	5,465,048	0
Debt Service:			
Interest Expense	-227,713	-227,713	0
Principal Debt Amortization	<u>-425,903</u>	<u>-425,903</u>	<u>0</u>
Total Debt Service	-653,617	-653,617	0
Lease Revenue	55,048	55,048	0
Net Cash Used for Cap and Financing	-2,812,507	-2,545,562	266,944
Cash from Investing:			
(Increase) Decrease in Other Assets	0	0	0
Other Proceeds	0	0	0
Interest Income	126,395	413,570	287,175
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	126,395	413,570	287,175
Net Change in Cash	-75,906	457,182	533,088
Beginning Cash Balance	11,458,134	11,458,134	0
Ending Cash Balance	<u>11,382,227</u>	<u>11,915,317</u>	<u>533,089</u>
Change in Cash Balance	-75,907	457,182	533,089



Discussion: Projected FY 2024 Compared to Budget FY 2024

The comparison below is made to the Agency's budget, as amended during the year to include approximately \$3.2 million in carryover and new appropriations during the period: 1) \$132,051 operating expenses, and 2) \$3.1 million in capital expenditures.

Operating Revenues are projected to be \$7,809,383, within 1% difference from budget.

Operating Expenses are projected to be \$6,292,025, less than 1% difference from budget.

Operating Income is projected to be \$1,517,358, up \$40,174 driven by slightly higher operating income partially offset by higher operating expenses.

Change in Net Position is projected to be \$1,983,629, up \$533,089 or 37% from the budget. The increase is primarily driven by an increase in interest income and connection fee revenue.

Change in Cash for the Period is projected to be \$457,182 in FY 2024, up \$533,089 compared to the budget. The difference in change in cash for the period was primarily a result of a \$287,175 increase in interest income and \$271,700 increase in connection fee revenue partially offset by an increase in nonoperating expense of \$65,691 and a \$40,174 increase in operating income.



Statement Comparison: NEW Budget FY 2025 to Projected FY 2024

INCOME STATEMENT
Comparison NEW Budget FY 2025 to Projected FY 2024

	Projected FY 2024	NEW Budget FY 2025	NEW Budget FY 2025 vs. Projected FY 2024	
			\$	%
Operating Revenues:				
Annual Charges	7,671,077	9,143,600	1,472,523	19%
Standby Charges	75,297	73,252	-2,046	-3%
Rental Income	0	10,924	10,924	nm
Waste Disposal	24,110	22,244	-1,866	-8%
Other Revenue	38,899	0	-38,899	nm
Total Operating Revenue	7,809,383	9,250,019	1,440,636	18%
Operating Expenses:				
Salaries and Benefits	2,977,200	3,274,752	297,552	10%
Power	497,519	516,348	18,829	4%
Sludge Removal	336,212	344,723	8,511	3%
Chemicals	102,530	106,023	3,494	3%
Materials and Supplies	178,192	178,420	228	0%
Repairs and Replacements	300,403	295,861	-4,542	-2%
Equipment Rental	1,406	2,004	598	43%
Utilities Expense	38,769	39,739	969	3%
Communications Expense	58,973	58,862	-111	0%
Contractual Services - Other	163,212	135,701	-27,512	-17%
Contractual Services - Prof	189,027	158,535	-30,492	-16%
Permits and fees	259,973	276,859	16,886	6%
Property Tax Expense	4,196	4,252	56	1%
Insurance	229,023	270,724	41,701	18%
Other Operating Expense	53,580	65,744	12,164	23%
Depreciation Expense	901,809	1,509,638	607,830	67%
Total Operating Expenses	6,292,025	7,238,184	946,159	15%
Operating Income	1,517,358	2,011,835	494,477	33%
Nonoperating Income				
Gain (loss) on Asset Disposition	2,555	2,575	20	1%
Interest Income	413,570	315,625	-97,946	-24%
Other Nonoperating Income	0	4,747,377	4,747,377	nm
Lease Revenue	55,048	55,917	868	2%
Nonoperating Income	471,174	5,121,493	4,650,320	987%
Nonoperating Expense				
Other Expense	175,822	5,040	-170,782	-97%
Interest Expense	288,881	299,323	10,442	4%
Nonoperating Expense	464,703	304,364	-160,339	-35%
Income before Contributions	1,523,829	6,828,964	5,305,135	348%
Connection Fees	459,800	188,100	-271,700	-59%
Change in Net Position	1,983,629	7,017,064	5,033,435	254%

"nm" means not meaningful



CASH FLOW STATEMENT
Comparison NEW Budget FY 2025 to Projected FY 2024

	Projected FY 2024	NEW Budget FY 2025	Budget FY 2025 vs. Projected FY 2024
Cash from Operating Activities:			
Operating Income (Loss)	1,527,964	2,011,835	483,871
Depreciation Expense	901,809	1,509,638	607,830
Other Miscellaneous Income (Exp)	0	0	0
Change in Working Capital, Other Adjustments	<u>159,402</u>	<u>-60,933</u>	<u>-220,334</u>
Net Cash Provided by Op Activities	2,589,174	3,460,540	871,366
Cash from Noncapital Financing:			
Payment of Pension Related Debt/Liability	0	0	0
Cash from Capital and Related Financing:			
Other Nonoperating Expense (Interagency)	-4,756	0	4,756
Capital Expenditures	-7,867,087	-5,845,546	2,021,541
Proceeds from Asset Disposition	0	0	0
Connection Fee (Capital Contrib)	459,800	188,100	-271,700
Proceeds from Debt Issuance, Grants	5,465,048	4,596,763	-868,285
Debt Service:			
Interest Expense	-227,713	-299,323	-71,610
Principal Debt Amortization	<u>-425,903</u>	<u>-440,493</u>	<u>-14,590</u>
Total Debt Service	-653,617	-739,816	-86,200
Lease Revenue	55,048	55,917	
Net Cash Used for Cap and Related Financing	-2,545,562	-1,744,583	800,979
Cash from Investing:			
(Increase) Decrease in Other Assets	0	0	0
Other Proceeds	0	0	0
Interest Income	413,570	315,625	-97,946
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	413,570	315,625	-97,946
			0
Net Change in Cash	<u>457,183</u>	<u>2,031,582</u>	<u>1,574,400</u>
Beginning Cash Balance	11,458,134	11,915,317	457,183
Ending Cash Balance	<u>11,915,317</u>	<u>13,946,899</u>	<u>2,031,582</u>
Change in Cash Balance	<u>457,183</u>	<u>2,031,582</u>	<u>1,574,400</u>



Discussion: NEW Budget FY 2025 Compared to Projected FY 2024

Operating Revenues are budgeted to be approximately \$9.3 million, up \$1,440,636 or 18% from FY 2024. The increase is driven by higher annual charges which include a 4% increase for BBARWA operations and 14% for RBB to fund required reserves for debt service.

Operating Expenses (not including depreciation) are budgeted to be approximately \$5.7 million, up \$338,330 or 6% from FY 2024. The increase is driven by increases across multiple line items. Budgeted increases that exceed 5% and \$20,000 are as follows:

- **Salaries and Benefits** expense is budgeted to be \$3,274,752, up \$297,552 or 10% from FY 2024. The Agency is incorporating a 4.7% COLA with a wage adjustment cap of 8% (maximum of 3.3% merit adjustments). Also, the addition of an administrative position and the reduction of hours for the Human Resources/Accounting Technician position accounts for approximately 2.53% or an \$80,731 increase to salaries and benefits. An increase in benefits expense of \$125,416 is due to higher pension and OPEB expenses of \$59,840 and higher medical premium expenses of \$65,576.
- **Insurance** expense is budgeted to be \$270,724, up \$41,701 or 18% from FY 2024. Cost estimates were not available from the Agency's insurance provider at the time of publication; therefore, insurance expense increase is estimated based on annual CPI for general liability and property insurance. Workers compensation insurance is estimated based on a percentage of payroll and prior experience.

Budgeted decreases that exceed 5% and \$20,000 are as follows:

- **Contractual Services Other** expense is budgeted to be \$135,701, down \$27,512 or 17% from FY 2024. Labor/electrical included carryovers of approximately \$41,000 in FY 2024. This variance is partially offset by appropriations in the amount of \$20,000 in FY 2025 for an Arc Flash study and electrical preventative maintenance.
- **Contractual Services Professional** expense is budgeted to be \$158,535, down \$30,492 or 16% from FY 2024 as a result of reduced legal services of approximately \$30,000 to be more in line with the most recent 10 year average.

Operating Income is budgeted to be \$2,011,835, an increase of \$494,476 or 33% from FY 2024. The increase in operating income reflects an 18% growth in operating revenues and a 15% growth in operating expense (including depreciation).

Net Nonoperating Income/Expenses are budgeted to be approximately \$4.8 million, up from FY 2024. The variance is primarily due to an increase in the expected grant revenue that will offset RBB capital expenditures.

Change in Net Position is budgeted to be \$7,017,064, up \$5,033,435 or 254% from FY 2024. The increase is driven by higher operating income of \$494,476, a positive variance in non-operating income (expense) of \$4,810,659, and a decrease in connection fees of \$271,700.

Change in Cash for the Period is budgeted to be \$2,031,582 in FY 2025, higher by approximately \$1.6 million when compared to FY 2024. Higher cash flow is due mostly to lower capital expenditures of approximately \$1.2 million, higher operating income of \$494,476, and lower interest income of \$97,946.



Financial Summary

Based on the current forecast, the Agency will need annual rate adjustments through FY 2029. During the next five-year period, growth in operating expenses are just under that of revenues (by 1%). Revenues are expected to grow at an average annual rate of 15%, reflecting the proposed rate adjustments, and expenses are expected to grow at an average annual rate of 14% (before depreciation). Growth in operating expenses is higher than average inflation over the period and is being driven by higher salaries and benefits expense, which is expected to grow at an average annual rate of 7% over the period, and the addition of RBB operations in FY 2028. When factoring in depreciation, operating expenses grow at an average annual rate of 19%. Operating income varies over the forecast period with the addition of RBB operations and much higher depreciation expense as a result of the addition; however, when combined with connection fee revenue, grants, and interest income, provides good cash flow with sufficient funds to meet operating and capital requirements during the five-year period.

Debt service coverage at the end of FY 2025 is expected to be 5.44x and is projected to decrease to 1.42x at the end of the forecast period due in part to the addition of debt related to the RBB project. Minimum debt service coverage pursuant to the Agency's borrowing agreements is 1.2x. The Agency's debt capacity is estimated⁴ at \$4 million at the end of FY 2029.

At the end of FY 2029, the Agency is projected to have \$11 million in the capital and replacement fund. This amount reflects the cash that is available for future capital projects beginning in FY 2029. This next five-year period, from FY 2029 through FY 2034, is an aggressive capital investment schedule with estimated capital investment of \$12.5 million, or approximately \$2.5 million per year. Based on the current capital improvement plan and the projected rate collection, the Agency is expected to have a shortfall. The Agency may need to reschedule certain projects, increase its rate collection, or enter into new debt to meet the timing of the current capital improvement plan.

The Agency is expected to generate net positive cash flow over the five-year period of approximately \$11.6 million, with \$4.1 million of the increase going to the capital and replacement fund for future capital requirements, and the remaining \$7.5 million going to meet required reserve balances in the operating, liquidity, and debt service reserve funds.

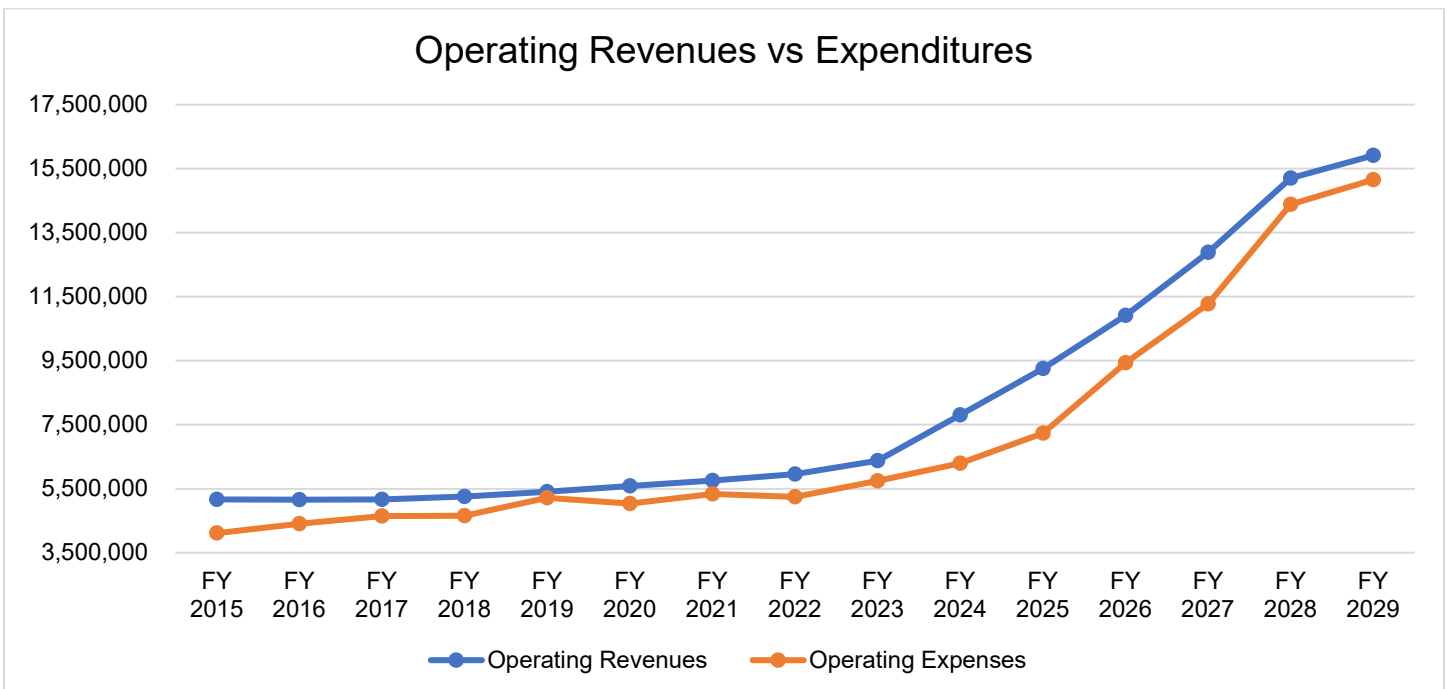
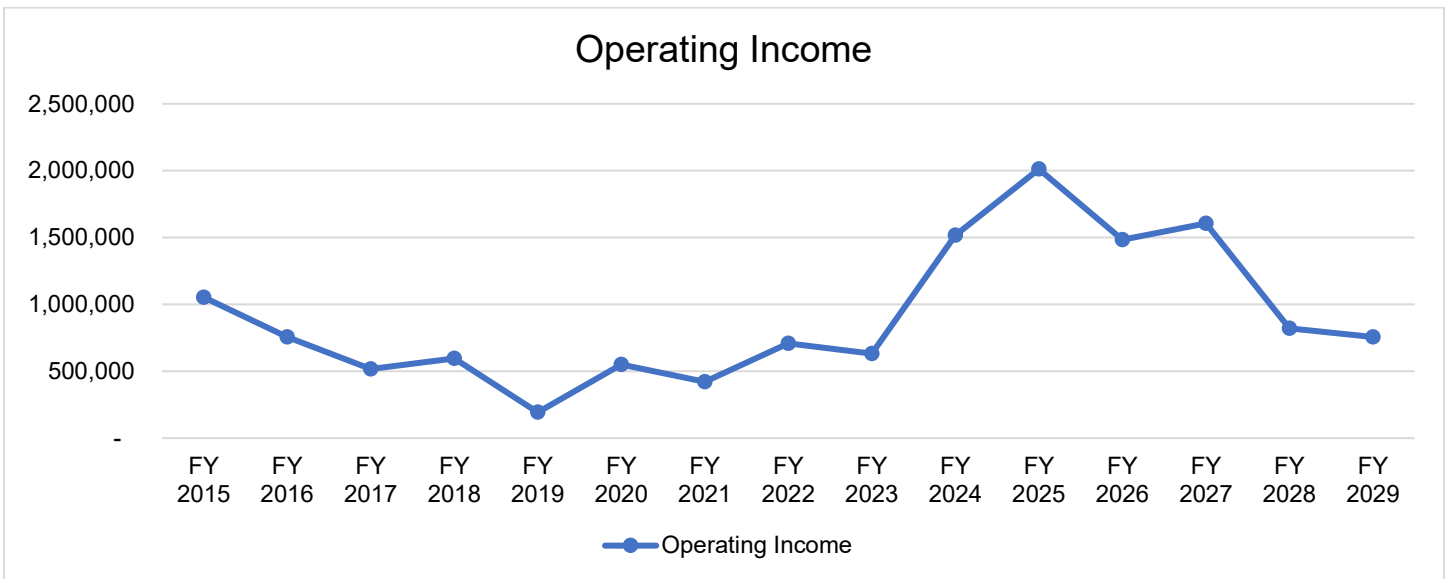
Operating Trends and Outlook

Operating Income Improves

The Agency's operating expenses are expected to grow at an average annual rate of 14% (not including depreciation) over the next five years, outpacing average inflation of approximately 2.5% for the same period. The 14% growth in operating expenses over the period is primarily being driven by the addition of RBB operations, which is responsible for a 9% average increase over the period. Additionally, salaries and benefits expense is expected to have an annual average increase of 7% over the same period. Annual increases in operating expenses are expected to return to at or near inflation in FY 2030.

When including depreciation, operating expenses are expected to grow at an average annual rate of 19% as a result of the addition of the RBB treatment equipment.

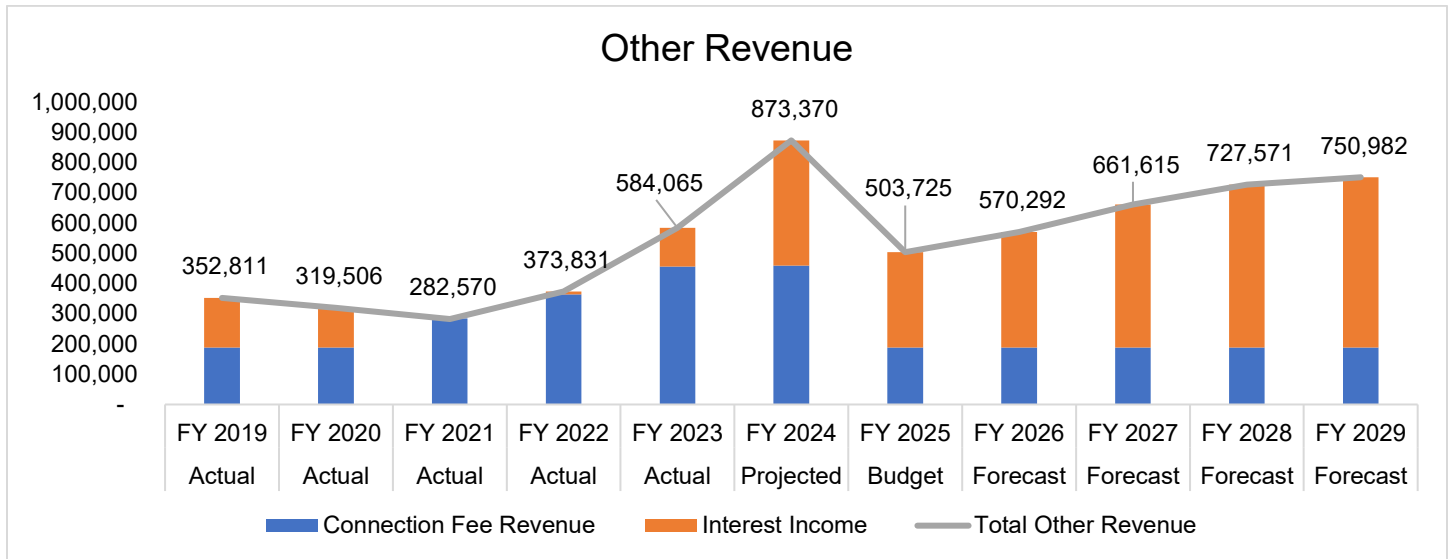
⁴ The calculation utilizes a 1.2x debt service coverage and assumes borrowing terms of 20 years at 5.5%.





Other Revenue Decreases

Other revenue sources, interest income and connection fee revenue, average approximately \$545,000 annually, with connection fee revenue decreasing significantly from FY 2024. FY 2024 included the addition of 62 connections as a result of the construction of the Hampton Inn hotel.



Capital

Average Maintenance Capital Expenditures

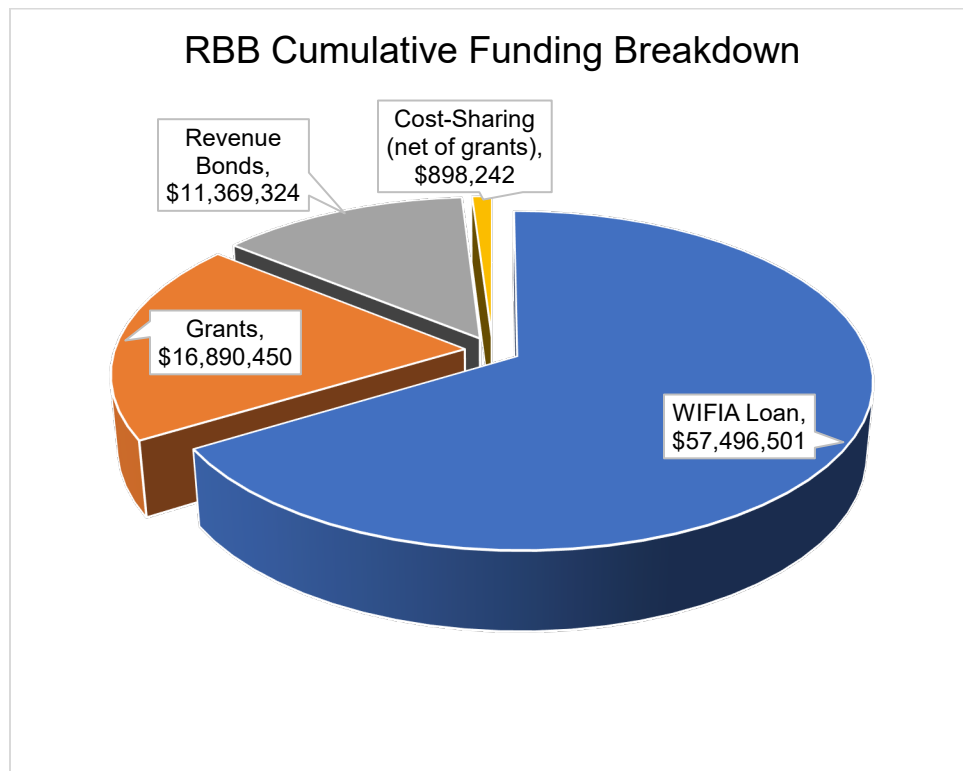
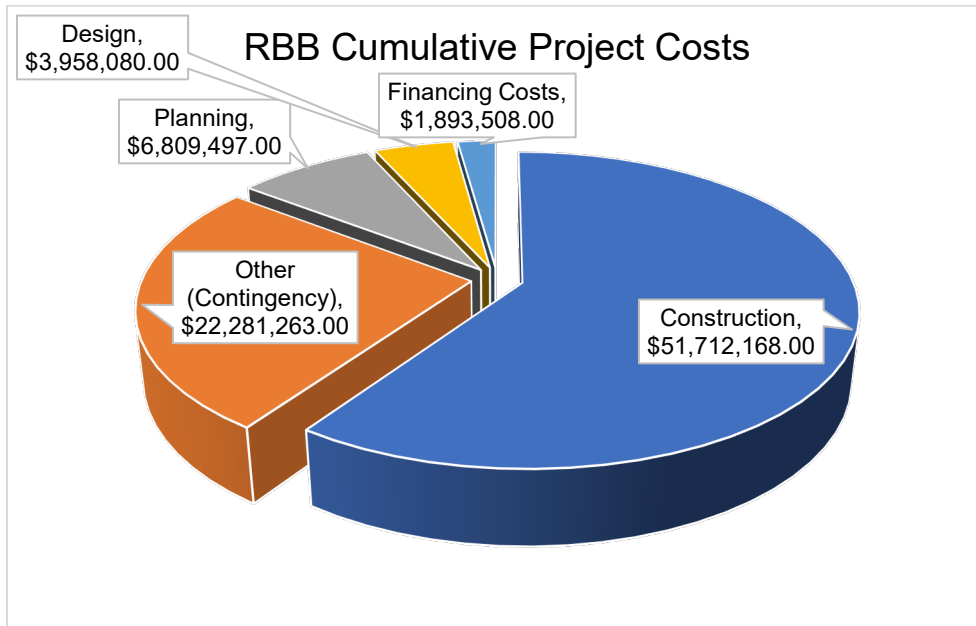
During the budget cycle, the Agency reviews its capital inventory to determine which capital assets are due for replacement or upgrade based on its physical condition and useful life. Assets are funded based on the Agency’s review. The next five-year period is a lower-than-normal maintenance period for the Agency. Maintenance capital expenditures total \$506,564 and average \$101,313 per year. This amount is lower than the long-term, historical depreciation of approximately \$850,000 and the annual maintenance requirement of approximately \$1.2 million indicated in the Agency’s current 20-year CIP. The lower maintenance capex during the next five-year period is mostly due to timing, with larger assets not reaching the end of their useful life during this time period.

RBB Project

During the next five-year period the Agency will be completing the RBB project which is anticipated to cost approximately \$77 million during the period. The Agency has performed three series of studies to review different possibilities for retaining and reusing treated wastewater in Big Bear. The most recent studies to determine the feasibility of a water reclamation project began in FY 2019. The Agency engaged the services of Water Systems Consulting, Inc. (WSC), an engineering firm, to assist with the completion of the studies.

In order to confirm that the anticipated new treatment processes will deliver the required water quality results, a pilot facility was constructed and operated during FY 2024. Data from the operation of the pilot facility will be considered when refining the final design for the full-scale project.

RBB cumulative project costs through completion are expected to be \$86.6 million and includes planning, design, construction, financing costs, and contingency. Funding for the RBB project consists of cost-sharing, grants, and debt financing.



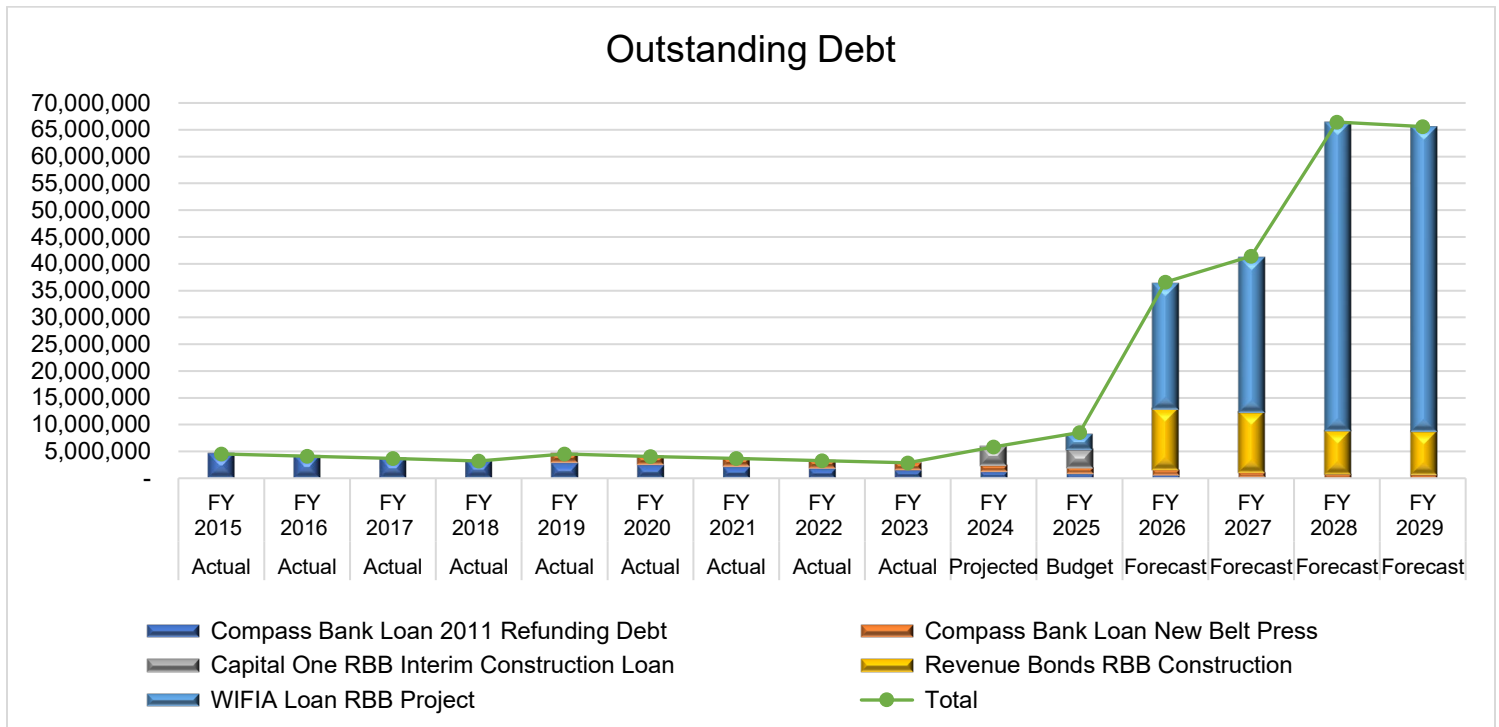


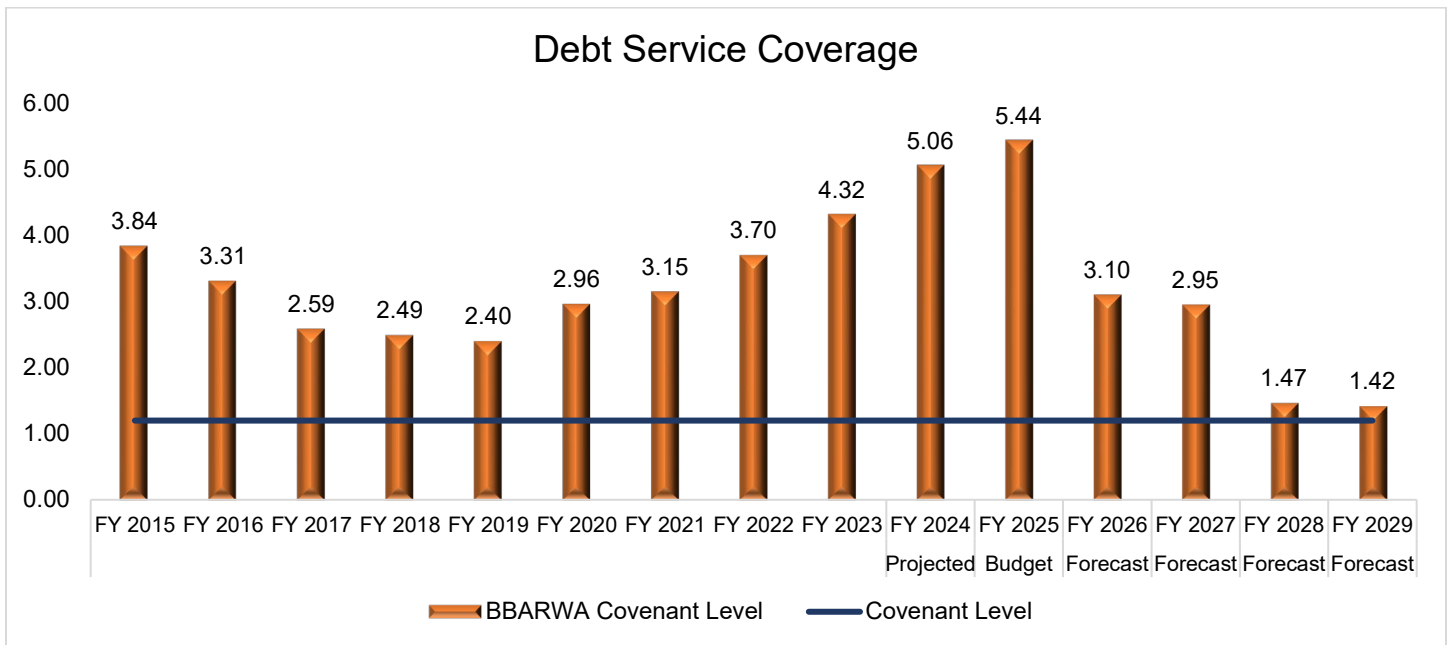
New Debt Anticipated for the RBB Project, Debt Service Coverage Within Debt Covenant Requirements

Leverage and Debt Service

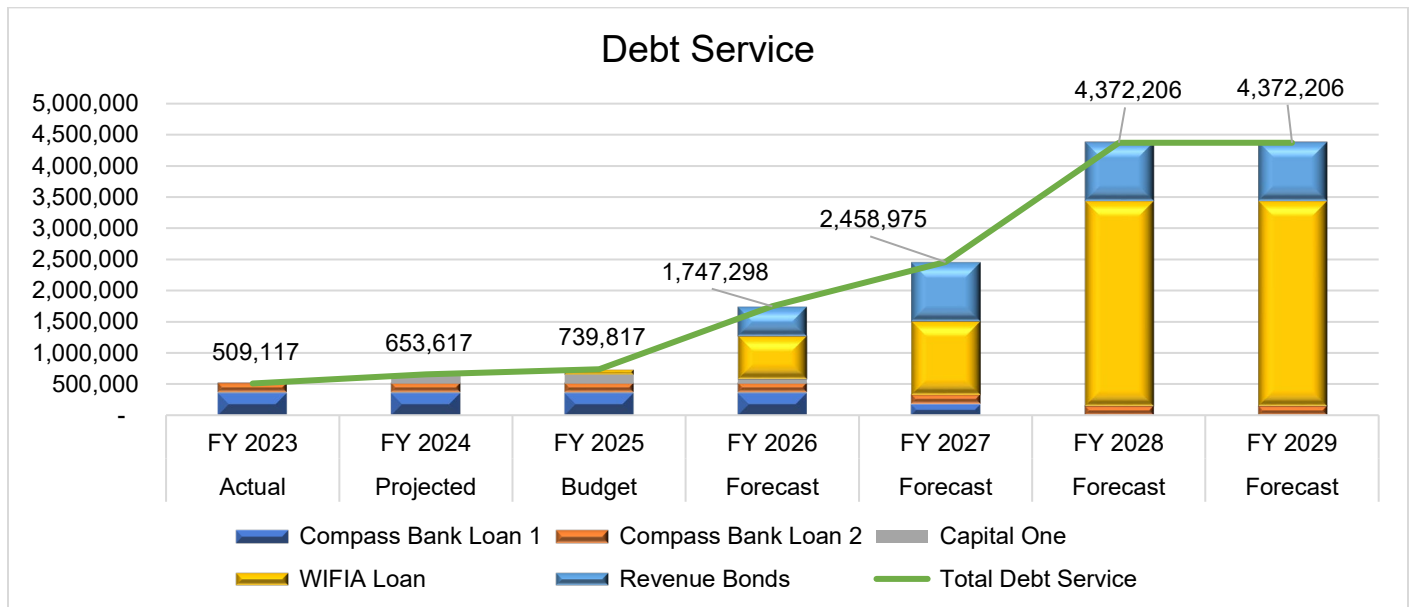
The Agency's debt outstanding will be approximately \$5.9 million at the beginning of FY 2025 and will increase to \$65.6 million by the end of FY 2029. Since FY 2015, the Agency's highest debt outstanding has been \$4.6 million. Debt usage is based on the Agency's debt policy, the timing of capital projects, and debt capacity. Based on the current capital plan, the Agency will need to utilize debt in the next 15 years to fund larger projects such as the RBB project, clarifier replacements, and the equalization basin/storage pond conversion.

The Agency's leverage is restricted through its debt service coverage covenant contained in its borrowing agreements. Essentially, the covenant requires that the Agency maintain the ability to cover its debt service (principal and interest expense) with operating income (before depreciation) plus other income (connection fees and interest income) at 1.2x. The Agency's debt service coverage is expected to decrease to 1.42x by the end of FY 2029 as a result of new debt for the RBB project.





The Agency's debt service (annual principal and interest payment) will increase to \$4,372,206 by FY 2029. The Compass Bank Loan 1 will be satisfied in FY 2027. The Capital One Loan will be satisfied by either WIFIA loan or Revenue Bond proceeds in FY 2026.





Discussion and Analysis

Operations

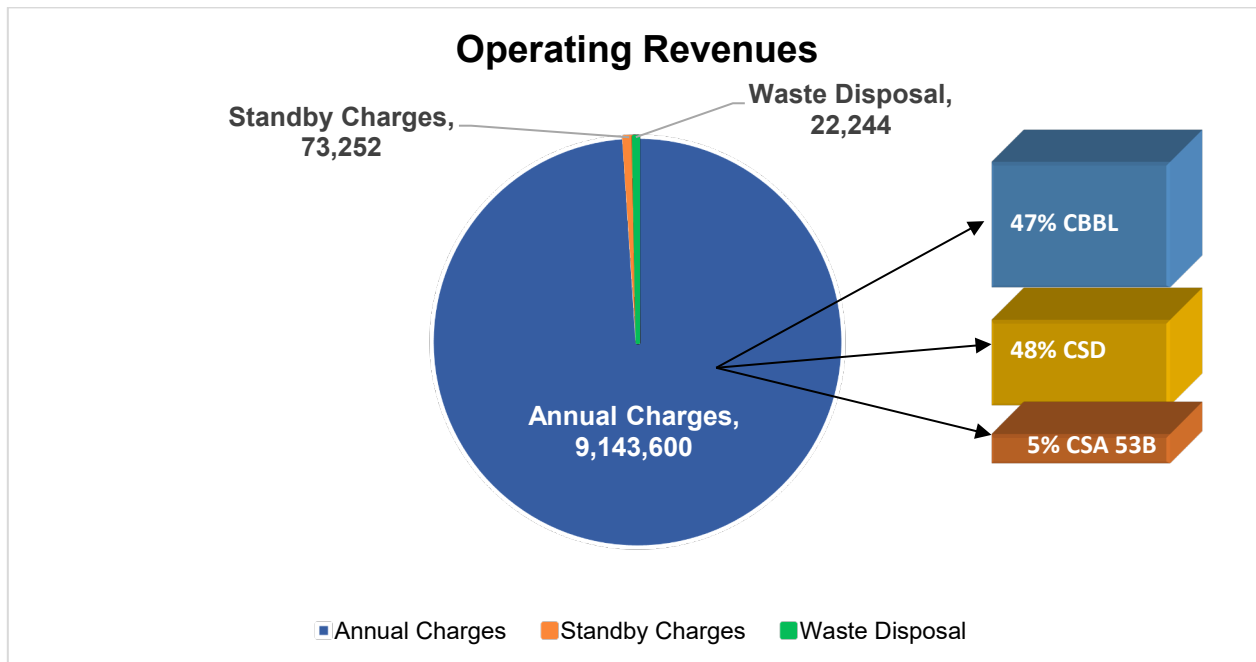
Operating Revenues

Operating revenues are budgeted to increase 18% FY 2025 through FY 2028 and 4.5% in FY 2029. This growth reflects annual rate adjustments during the period and new connections to the system.

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
Operating Revenues:												
Annual Charges	5,251,542	5,437,076	5,602,113	5,845,163	6,241,883	7,671,077	9,143,600	10,808,594	12,776,404	15,102,434	15,809,611	16%
Standby Charges	83,200	81,660	80,300	79,220	77,590	75,297	73,252	72,338	71,406	70,484	69,561	-2%
Rental Income	51,071	51,855	52,592	70	11,096	0	10,924	11,252	11,589	11,937	12,295	nm
Waste Disposal	20,608	18,755	23,859	22,000	25,263	24,110	22,244	22,244	22,244	22,244	22,244	-2%
Other Revenue	765	0	793	7,709	19,819	38,899	0	0	0	0	0	nm
Total Op Revenues	5,407,186	5,589,346	5,759,656	5,954,162	6,375,651	7,809,383	9,250,020	10,914,428	12,881,644	15,207,098	15,913,710	15%
Annual Change		3%	3%	3%	7%	22%	18%	18%	18%	18%	4.5%	

Annual Charges

Operating revenues are largely driven by annual charges, which account for approximately 98% of the Agency’s operating revenues. Annual charges, pursuant to the Agency’s Operating Agreement No. 1, are collected annually from the three member agencies based on EDUs and flow per Agency.





Member Agency Billing

	3-Year Average <u>Flows</u>	Reported <u>EDUs</u>	Implicit Charge <u>per EDU</u>	Rate <u>Increase</u>	Fixed <u>Charge</u>	Variable <u>Charge</u>	Annual Charge <u>Adjustment</u>	<u>Total</u>
Annual Charges:								
City of Big Bear Lake	404,171	11,813.70	\$ 367.67	17.9%	\$ 3,338,382	\$ 974,859	\$30,341	\$4,343,581
Big Bear City CSD	331,617	12,545.70	\$ 348.33	17.8%	3,545,234	799,858	24,894	\$4,369,986
CSA 53 B	<u>28,835</u>	<u>1,268.00</u>	\$ 339.14	21.0%	<u>358,319</u>	<u>69,550</u>	<u>2,165</u>	\$430,033
Total	764,623	25,627.40			\$ 7,241,934	\$ 1,844,267	\$57,399	\$9,143,600
Standby Charges:								
City of Big Bear Lake								\$27,088
Big Bear City CSD								40,841
CSA 53 B								<u>5,323</u>
Total Annual Charges								\$73,252
Connection Fee:								
Connection Fee per EDU								\$4,180

(a) The annual charge adjustment reflects charges in excess or below the total of 1) the required rate revenues and 2) estimated costs associated with flow during the prior 3-year period and is prorated among the member agencies based on 3-year average flow.

Standby Charges and Waste Disposal Fees

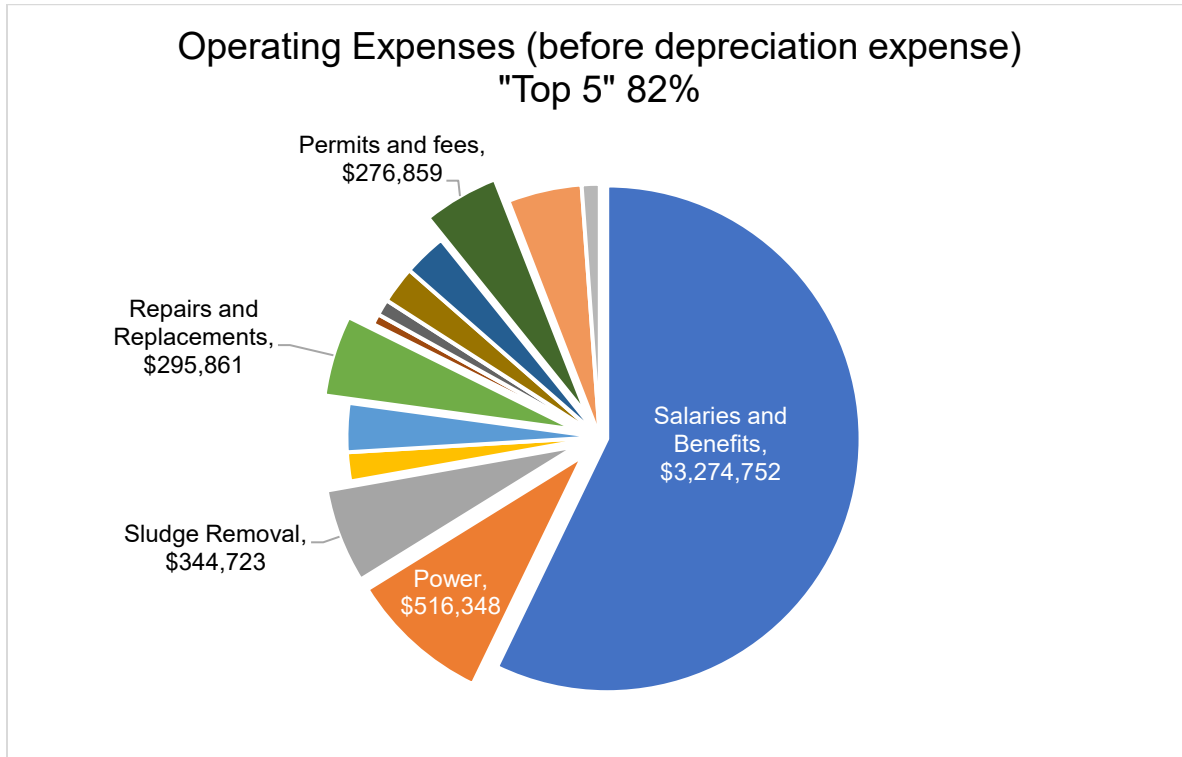
Standby charges are stable and predictable. Standby charges are the fees paid by the owners of vacant parcels and are collected from the member agencies at the same time as the annual charges. These charges decline annually as parcels are developed and connect to the system or are combined. Waste disposal fees are charged for disposal of sewage at the treatment plant by pumping companies. On a combined basis these revenues average approximately \$93,650 annually and are expected to remain fairly flat over the forecast period.

	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Standby Charges	73,252	72,329	71,406	70,484	69,561
Waste Disposal	22,244	22,244	22,244	22,244	22,244
Total	95,496	94,573	93,650	92,728	91,805



Operating Expenses

The Agency's top five operating expenses account for 82% of the Agency's total operating expenses (before depreciation), with salaries and benefits expense being the largest line item at 57%.



Discussion and Analysis of the Top Five Operating Expense Categories

Salaries and Benefits Expense

The growth in salaries and benefits expense is slowing as expected, as more employees reach the top of scale. FY 2025 includes the addition of an administrative position. Based on the current projections and the proposed rate structure, the Agency is expected to be able to continue to afford the projected increases over the forecast period (7% average annual growth).

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
SALARIES AND BENEFITS:												
Salaries and Wages	1,389,029	1,517,147	1,528,547	1,595,352	1,780,518	1,868,138	2,031,255	2,157,843	2,271,043	2,376,255	2,488,766	6%
Employee Benefits	747,486	813,241	894,808	931,797	953,201	1,083,023	1,208,440	1,298,236	1,395,207	1,473,764	1,587,265	8%
Unemployment Expense	6,309	245	2,058	-	1,201	-	6,076	6,076	6,076	6,076	6,076	nm
Payroll Taxes	20,033	22,782	22,293	22,742	25,376	26,038	28,982	30,780	32,355	33,829	35,316	6%
Total Salaries and Benefits	2,162,857	2,353,415	2,447,706	2,549,891	2,760,296	2,977,199	3,274,752	3,492,935	3,704,681	3,889,924	4,117,423	7%
% Change	9%	9%	4%	4%	8%	8%	10%	7%	6%	5%	6%	
Average Annual Change (a)	2%	2%	3%	3%	3%	3%	4%	4%	4%	4%	4%	

(a) Base Year FY 2009



Salaries and Wages – Salaries and wages expense increase by 9%, when comparing FY 2025 to FY 2024, and includes a proposed 4.7% COLA adjustment. Additionally, with the increased job duties associated with the RBB project, FY 2025 includes the addition of a full time administrative position. Salaries and wages are projected to decrease from FY 2025 through FY 2029 based on annual projected CPI, longevity, and merit adjustments with an annual average increase of 6%.

COLA Adjustment – Under direction from the Governing Board, the Agency calculates the annual COLA adjustment that is included in the budget using the annual average of the regional Consumer Price Index for all Urban Consumers (currently Riverside, San Bernardino, Ontario). For the FY 2025 Budget, which begins July 1, 2024, the 2023 Annual Average Consumer Price Index (CPI) is used. While incorporated into the budget, approval of the COLA is at the Governing Board's discretion and is brought before the Governing Board each May or June, prior to the July 1 fiscal year.

Consumer Price Index
Year-Over-Year vs. Average Annual Changes

Year	Jan	Mar	May	Jul	Sep	Nov	Average	Annual Average
2019	103.991	104.749	105.959	105.816	106.412	106.573	105.697	2.9%
2020	107.143	107.162	106.899	107.640	108.201	108.626	107.672	1.9%
2021	109.550	110.981	113.222	114.682	115.557	117.206	113.875	5.8%
2022	118.963	122.127	123.893	125.262	125.272	125.983	123.784	8.7%
2023	127.683	127.707	128.768	129.525	131.372	131.372	129.545	4.7%

The annual change in the 2023 CPI was 4.7% and the Agency has incorporated this change in the FY 2025 Budget.

Capping Annual Wage Adjustments

Making annual inflationary adjustments to the Agency's pay scales helps the Agency stay competitive with the market and in line with comparable agency groups in its compensation and classification study updates. We believe it is important to make the indicated COLA adjustment; however, to manage increases in the COLA adjustment, it is recommended that total wage adjustments be capped at 8%, allowing for a 4.7% COLA adjustment and 3.3% annual merit adjustment for those employees that are eligible.

Employee Benefits – Employee benefits expense is expected to grow 12% in FY 2025, and 8% on average over the projected period. The 12% growth in FY 2025 is due to higher medical premium costs, the addition of an administrative position, and required retirement and OPEB contribution increases. Per the Agency's 2024 Actuarial Valuation, medical premiums are expected to increase by 6% in FY 2025 and Pension and OPEB contributions are expected to increase by 14%.

Power Expense

Beginning in November/December of 2022, the Agency began to purchase solar power under a power purchase agreement and began operating under a net metering agreement with Bear Valley Electric Service, Inc. (BVE). The Agency will purchase electricity during periods of net usage and receive compensation credits for periods of excess solar production from BVE. The Agency expects a 3% annual increase in power costs which is driven by annual price adjustments in the power purchase agreement and rate increases expected by BVE. BVE rates will increase 5% in FY 2025, then are projected to increase at a rate of 3% thereafter.



	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
POWER:												
Solar Purchases	0	0	0	127,462	225,521	253,843	258,889	264,034	269,282	274,634	280,092	2%
Fuel for Power Production	345,792	364,152	273,825	107,950	4,404	12,279	12,578	12,900	13,223	13,553	13,892	2%
Gas Admin Building	3,982	3,725	3,508	4,936	6,935	6,140	6,293	6,451	6,612	6,777	6,947	3%
Gas Treatment Plant	6,172	5,872	5,759	7,390	11,888	11,426	11,712	12,005	12,305	12,612	12,928	3%
Electricity Treatment Plant	107,175	36,411	127,983	86,346	110,927	125,863	134,529	139,878	145,143	149,082	153,440	4%
Electricity Stations	47,889	39,667	36,477	45,163	71,632	74,413	78,134	80,478	82,490	84,552	86,666	3%
Electricity Admin Building	8,572	3,068	11,456	9,010	2,730	12,798	13,438	13,842	14,188	14,542	14,906	3%
Electricity Lucerne	<u>652</u>	<u>410</u>	<u>474</u>	<u>464</u>	<u>320</u>	<u>755</u>	<u>774</u>	<u>794</u>	<u>814</u>	<u>834</u>	<u>855</u>	<u>3%</u>
Total	520,234	453,306	459,483	388,721	434,357	497,517	516,348	530,382	544,055	556,587	569,726	3%
% Change	35%	-13%	1%	-15%	12%	15%	4%	3%	3%	2%	2%	

Sludge Removal Expense

Sludge removal expense has historically been volatile resulting from 1) changes in processes related to sludge drying and the introduction and elimination of the cannibal system, 2) changes in plant operating parameters (optimal ranges of operation achieved during aeration and clarification that improve treatment efficiency and impact solids retention/disposal) associated with changing plant management, and 3) changes in transportation costs associated with hauling contracts.

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
SLUDGE REMOVAL	298,241	276,292	319,660	271,361	258,216	336,212	344,723	352,842	361,476	370,325	379,396	2%
% Change	-25%	-7%	16%	-15%	-5%	30%	3%	2%	2%	2%	2%	

On a normal basis, under average dry weather flow and average expected BOD, the Agency is expected to produce and haul approximately 5,000 tons per year of sludge. Changes in flow and BOD concentrations, combined with the timing of sludge removal, can impact sludge removal expense. The Agency has budgeted for baseline sludge removal of approximately 5,000 tons annually in FY 2025 through FY 2029 with inflationary increases in the rate per ton and an increase in the fuel base rate, consistent with the current contract.

Repairs and Replacements Expense

Annual repairs and replacements expense is forecast to be \$284,718 on average per year compared to the previous five-year period of \$287,000. This is higher than the previous ten-year period by \$49,220. The Agency is experiencing increased costs, greater than CPI, on many of the supplies needed for repairs and replacements.

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
REPAIRS AND REPLACEMENTS:												
Mainline	12,209	2,319	64,158	48,981	60,358	58,757	73,860	39,504	15,994	21,863	22,409	-18%
Pumps, Motors, Bearings	35,814	34,964	60,756	27,149	31,438	81,886	89,810	92,055	94,357	96,716	99,133	4%
Equip and Machinery	156,712	62,791	8,940	10,320	149,967	28,474	25,160	25,789	26,434	27,095	27,772	0%
Vehicles	11,113	10,356	6,889	8,884	17,371	7,825	11,336	11,619	11,910	12,208	12,513	10%
Generators	68,011	70,988	25,290	38,889	5,050	7,223	7,412	7,597	7,787	7,982	8,181	3%
Irrigation System - Lucerne	1,342	-	-	-	-	-	-	-	-	-	-	nm
Other	<u>159,839</u>	<u>72,371</u>	<u>96,761</u>	<u>22,387</u>	<u>75,474</u>	<u>116,238</u>	<u>88,283</u>	<u>110,490</u>	<u>113,252</u>	<u>116,084</u>	<u>118,986</u>	<u>0%</u>
Total repairs and replacements	445,040	253,789	262,795	156,609	339,659	300,403	295,861	287,055	269,734	281,946	288,995	-1%
	186%	-43%	4%	-40%	117%	-12%	-2%	-3%	-6%	5%	3%	



FY 2019 included emergency repairs as a result of high seasonal flows as well as ditch paddle replacements in the oxidation ditches due to normal wear. FY 2023 included an emergency replacement of the oxidation ditch 2 rotor 4 shaft and repairs to the force main line. FY 2024 included installing an access point and conducting an investigation on the force main to ascertain the integrity of the line.

Permits and Fees Expense

The Agency continues to experience material increases in its permit and fees, year after year with an average of 8% per year. Additionally, the fees fluctuate year to year as the Environmental Laboratory Accreditation Program (ELAP) accreditation renewal is completed every other year. The Agency has budgeted for annual average increases in permits and fees expense that are in line with average historical changes.

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
PERMITS AND FEES:												
SWRCB	138,092	158,531	172,006	200,903	210,276	226,263	244,978	265,521	287,787	311,919	338,075	8%
All Others	<u>20,436</u>	<u>26,520</u>	<u>29,446</u>	<u>33,367</u>	<u>28,780</u>	<u>33,710</u>	<u>31,881</u>	<u>39,340</u>	<u>33,661</u>	<u>41,165</u>	<u>35,532</u>	<u>1%</u>
Total	158,528	185,051	201,452	234,270	239,056	259,973	276,859	304,861	321,448	353,084	373,607	8%
% Change	9%	17%	9%	16%	2%	9%	6%	10%	5%	10%	6%	

Capital Contributions - Connection Fees

Connection fees are projected at 45 annually over the forecast period. New connections to the wastewater system have remained low during the current economic cycle. Connections increased in FY 2024 as a result of the addition of 62 connections for the Hampton Inn hotel. Increases in FY 2021 through FY 2022 are likely due to the COVID-19 migration. Excluding multi-unit developments, connections have averaged 76 per year for the last 3 years with only 45 during FY 2019 and FY 2020. There are currently 113 connections for the trailing twelve months ended January 31, 2024 which includes the additional connections for the new hotel.

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
Connections	45	45	68	87	59	110	45	45	45	45	45	
Connection Fee	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	
Connection Fees	188,100	188,100	284,240	363,660	246,620	459,800	188,100	188,100	188,100	188,100	188,100	-16%
% Change	-24.6%	0.0%	51.1%	27.9%	-32.2%	86.4%	-59.1%	0.0%	0.0%	0.0%	0.0%	

Debt Service and Bond Covenant Calculations

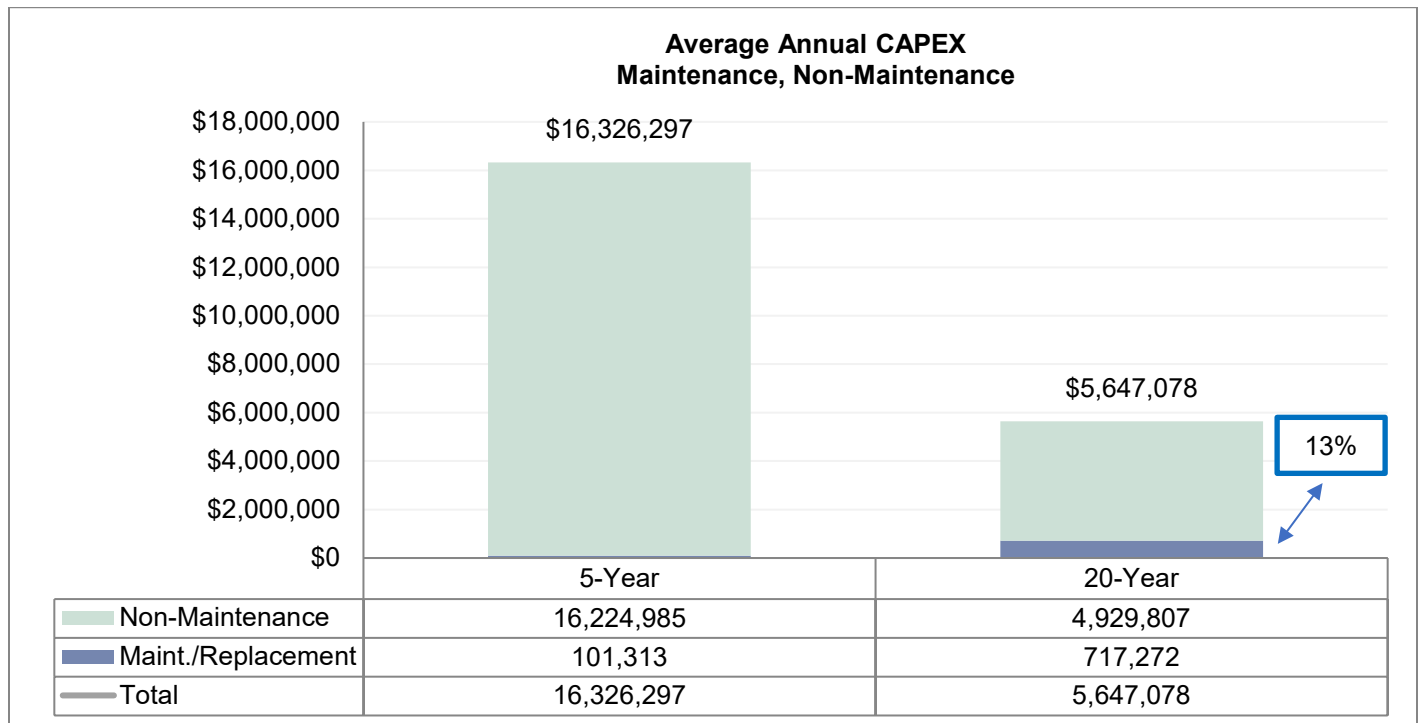
The Agency borrowed \$1.8 million of new debt in FY 2019 to fund the New Belt Press Project (new belt press, conveyor, and hopper). Although the Agency incurred new debt in FY 2019, the Agency’s total debt service was lower beginning in FY 2020 due to reduced amortization requirements under its existing debt. Debt service will increase from \$739,816 in FY 2025 to \$4,372,206 in FY 2029, as scheduled amortization increases with the addition of the WIFIA loan and Revenue Bonds for RBB construction partially offset by the FY 2011 installment purchase loan fully amortizing in FY 2027. Debt service coverage is expected to decrease over the period from 5.44x in FY 2025 to 1.42x at the end of FY 2029. Minimum debt service coverage is met.



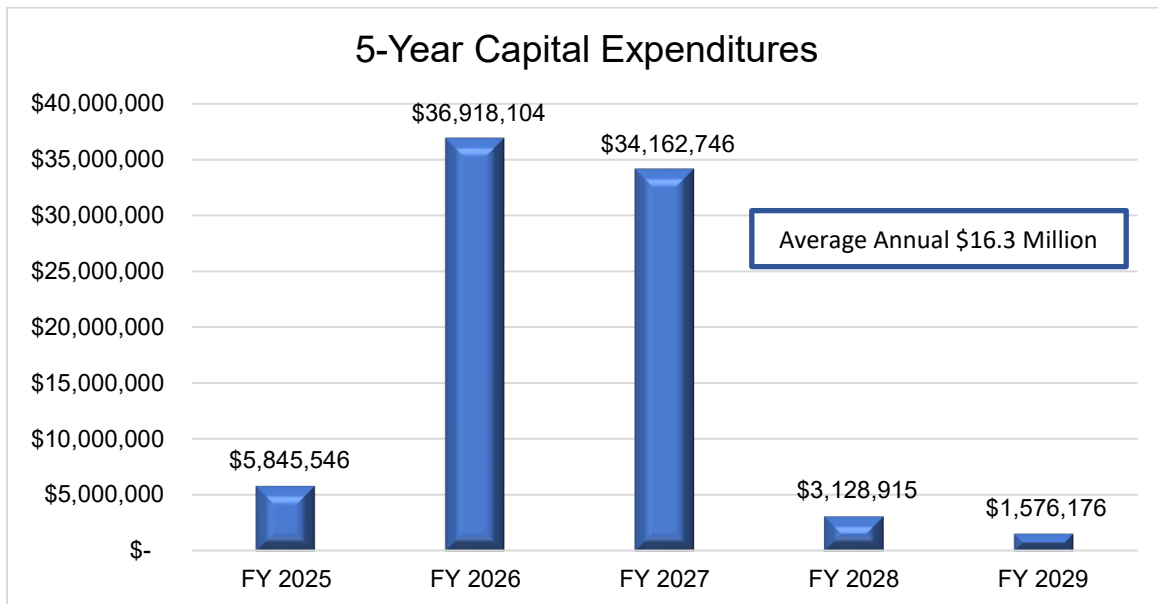
	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Debt Service	\$598,433	\$509,077	\$509,077	\$509,077	\$509,117	\$653,617	\$739,816	\$1,747,298	\$2,458,975	\$4,372,206	\$4,372,206
Net Rev / Debt Srv	2.34	2.96	3.15	3.70	4.32	5.06	5.44	3.10	2.95	1.47	1.42
Covenant Test	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
PASS / FAIL	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

Capital Expenditures (capex)

Over the long term, the Agency expects maintenance capex to be approximately 13% of total capital expenditures and non-maintenance capex to be 87%. We can see from the chart below that the maintenance capex in the 20-year capital plan is 13%, which is lower than expected due to several larger non-maintenance projects during the period including the RBB project, oxidation ditch bubble diffuser, and equalization basin/storage pond conversion.



During the five-year forecast, capex totals \$81.6 million and averages \$16.3 million per year. The largest investments over the five-year period are for the RBB project in the amount of \$77 million, clarifier 1 rehabilitation in the amount of \$1.2 million, and asphalt replacement in the amount of \$1.1 million.





5-YEAR CAPITAL IMPROVEMENT PLAN FY 2025 – 2029

	New Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year FY 2025-2029
ADMINISTRATION BUILDING						
Admin Building - HVAC Boiler and Controls	<u>66,617</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>66,617</u>
Total	66,617	0	0	0	0	66,617
EFFLUENT DISPOSAL ASSETS						
Irrigation						
Irrigation Wheel Line - Wheels (4)	0	0	0	14,295	14,724	29,019
Outfall Lines						
Lucerne Valley Pressure Relief Valves	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,812</u>	<u>19,812</u>
Total	0	0	0	14,295	34,536	48,831
FLOW MEASURING DEVICES						
Effluent Flow Meter	0	0	0	12,668	0	12,668
Flow Meter CSD/CSA - OAC	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,432</u>	<u>0</u>	<u>16,432</u>
Total flow measuring devices	0	0	0	29,100	0	29,100
INTERCEPTOR SYSTEM						
Pumping Equipment						
Pump 1 and 2, Flygt 45 HP	0	0	0	0	89,382	89,382
Structures						
LPS Sinkhole Piping Repair	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>59,010</u>	<u>59,010</u>
Total interceptor system	0	0	0	0	148,392	148,392
OTHER EQUIPMENT						
Communications						
IT System - Production Host	0	26,399	0	0	0	26,399
IT System - Backup Appliance w/Firewall	0	24,356	0	0	0	24,356
Electrical						
VFD T/P - Rotor 1 60 HP (7 yr)	0	0	16,837	0	0	16,837
VFD T/P - Rotor 2 60 HP (7 yr)	0	0	17,015	0	0	17,015
VFD T/P - Rotor 4 60 HP (7 yr)	0	0	0	17,525	0	17,525
VFD T/P - Rotor 5 60 HP (7 yr)	0	0	0	17,525	0	17,525
VFD T/P - Rotor 7 60 HP (7 yr)	0	0	0	0	18,238	18,238
VFD T/P - Rotor 8 60 HP (7 yr)	0	0	0	0	18,051	18,051
VFD Interceptor - Station 3 (7 yr) Softstarts	0	0	13,150	0	0	13,150



5-YEAR CAPITAL IMPROVEMENT PLAN FY 2025 – 2029 Continued

	New Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year FY 2025-2029
Mobile Pumping Equipment						
Emergency By-Pass Pump 4"	0	66,089	0	0	0	66,089
Emergency By-Pass Pump 4"	0	64,477	0	0	0	64,477
Emergency Back-up Pump 6 "	0	0	0	0	93,585	93,585
Office Equipment						
Copier	0	19,390	0	0	0	19,390
Security						
Security Lights Treatment Plant	0	0	43,714	0	0	43,714
Surveillance System	0	0	49,419	0	0	49,419
Total	0	200,711	140,135	35,050	163,024	538,920
OTHER TANGIBLE PLANT						
Admin Parking Lot Grind and Overlay	0	0	0	148,268	0	148,268
Palomino Drive Repave	0	0	0	329,484	0	329,484
Asphalt and Paving	<u>0</u>	<u>0</u>	<u>0</u>	<u>650,000</u>	<u>0</u>	<u>650,000</u>
Total	0	0	0	1,127,752	0	1,127,752
TRANSPORTATION EQUIPMENT						
Vehicles						
1989 Dump Truck Replacement	102,355	0	0	0	0	102,355
2010 GMC 1/2 Ton	0	0	75,000	0	0	75,000
Heavy Equipment and Accessories						
Trailer	0	0	0	0	11,118	11,118
Loader	<u>147,946</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>147,946</u>
Total transportation equipment	250,301	0	75,000	0	11,118	336,419
TREATMENT PLANT						
HVAC						
Headworks Heating System	0	0	0	0	19,396	19,396
Miscellaneous Equipment:						
Pro Easy Analyzer	0	0	17,973	0	0	17,973
Piping						
Processing Equipment:						
Oxidation Ditch Wall Rehabilitation	762,569	0	0	0	0	762,569
Auxiliary Pump Building:						
Auxiliary Pump 1	0	47,191	0	0	0	47,191
Main Pump Building:						
RAS Pump 5	0	0	0	0	19,508	19,508
Effluent Pump 3 100 HP	0	0	0	32,354	0	32,354
Effluent Pump 4 100 HP	0	0	31,411	0	0	31,411



5-YEAR CAPITAL IMPROVEMENT PLAN FY 2025 – 2029 Continued

	New Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year FY 2025-2029
Structures						
Sludge Building - Siding	11,086	0	0	0	0	11,086
Sludge Building - Roofing Sheet Metal	79,105	0	0	0	0	79,105
OAC						
OAC Roof	79,105	0	0	0	0	79,105
Treatment Equipment						
Clarifier 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,180,202</u>	<u>1,180,202</u>
Total treatment plant equipment	931,865	47,191	49,384	32,354	1,219,106	2,279,900
STUDIES AND MAPS						
New Pipeline Maps	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Total Studies and Maps	0	0	100,000	0	0	100,000
Replenish Big Bear	4,596,763	36,670,202	33,798,227	1,890,364	0	76,955,556
TOTAL	<u>5,845,546</u>	<u>36,918,104</u>	<u>34,162,746</u>	<u>3,128,915</u>	<u>1,576,176</u>	<u>81,631,487</u>

Capital Expenditures – FY 2025

Administration Building

HVAC Boiler and Controls (\$66,617): Replace the boiler and controls in the HVAC system in the administration building.

Transportation Equipment

1989 Dump Truck Replacement (\$102,355): The Agency needs to replace the dump truck based on mileage and years of service. The dump truck is currently used to haul sludge from the sludge hopper to the covered drying bed. The dump truck currently can only be used in the treatment plant due to driver licensing requirements. The replacement truck will be utilized outside the plant to facilitate disposals at the local landfill.

Loader (\$147,946): The current loader is used for loading sludge trailers and snow removal at the facility and lift stations. The current loader is undersized for the Agency’s needs. A larger loader is needed to load trailers and snow removal. The current, smaller loader will continue to be used as a forklift for the plant.

Treatment Plant

Oxidation Ditch Wall Engineering (\$762,569): The wall on the north side of the ditch (tank) is bulging from groundwater. A portion of the wall will be cut out and repoured using concrete. Concrete slurry will be used on the dry, backside of the



wall. Asphalt between oxidation ditches 1 and 2 will be removed and replaced during the project. Engineering for the project was budgeted in FY 2024.

Sludge Building - Siding (\$11,086): Replace aged and damaged siding on the sludge building.

Sludge Building - Roofing (\$79,105): Replace aged and damaged roofing on the sludge building.

Operations Administrative/Laboratory Building Roof (\$79,105): The operations building roof has surpassed its useful life and will be replaced.

Replenish Big Bear (RBB)

Replenish Big Bear Project (\$4,596,763): The RBB project is a multi-year project that includes the construction of advanced water treatment processes that will be added to the existing treatment process to allow the Agency to return safe, high quality recycled water back into the environment, providing Big Bear with a sustainable water supply. Final design is scheduled to be completed in FY 2025 with construction beginning during the FY.

Capital Expenditures – FY 2026 – FY 2029

Projects discussed below are in the 5-year capital plan, beyond the budget year, and exceed \$100,000.

Asphalt and Paving (\$1,127,752): The asphalt needs replacement due to age and climate. The asphalt work includes the grading and paving of the Administrative Building Parking Lot, repaving of Palomino Drive, and in-plant asphalt.

Clarifier 1 Rehabilitation (\$1,180,202): Clarifier 1 will undergo a complete rebuild including a new arm gearbox, weir replacement, and weir leveling.

Replenish Big Bear Project (RBB) (\$72,358,793): The RBB project is a multi-year project that includes the construction of advanced water treatment processes, adding to the existing treatment processes, which will return safe high quality recycled water back to the environment, providing Big Bear with a sustainable water supply. The project is expected to be completed in October 2027. The RBB project will be funded through cost-sharing, low interest loans, and grants.



Cash and Designated Fund Balances

All references to Agency funds and designated fund balances are related to internal reserve funds maintained by the Agency for various operating and capital related purposes. The following is a summary of the Agency’s internally designated funds:

Fund	Description
Capital and Replacement	Fund balance is maintained for capital expenditure requirements. The current year portion reflects capital expenditures appropriated for the budget and goes up and down as funds are appropriated or expensed during the budget year. The current year portion of the fund balance is reestablished annually prior to July 1 for the ensuing budget year. The future year portion reflects cash available for future capital requirements identified in the Agency’s 20-Year CIP.
Debt Service	Fund balance is maintained for debt service requirements appropriated for the budget and goes down as funds are expensed during the budget year. The fund balance is re-established annually prior to July 1 for the ensuing budget year.
Liquidity	Fund balance is maintained to meet the Agency’s operating requirements due to the timing and infrequent nature of the Agency’s revenues. The Agency, in general, needs approximately \$2.5 million as of July 1 of each fiscal year. This amount will go up and down with changes in operating expense. The fund balance is re-established annually prior to July 1 for the ensuing budget year.
Contingency	The Agency has established 1) an emergency fund of \$500,000 and 2) an operating fund in the amount of two months operating expense. The operating portion of the contingency fund required balance will go up and down with changes in operating expense. The fund balance is re-established annually prior to July 1 for the ensuing budget year.
Connection Fees	The use of connection fee revenue is restricted by law. The Agency accounts for accrued and unspent connection fee revenue through this internal fund.

CASH AND DESIGNATED FUND BALANCES

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Total Change
ENDING BALANCE:							
Cash Balance	11,915,317	13,946,899	17,477,129	21,983,153	23,138,429	23,491,384	11,576,068
Designated Fund Balances:							
Capital and Replacement Fund							
Current Year	1,248,783	247,902	364,519	1,238,551	1,576,176	1,521,842	273,059
Future Years	<u>5,768,407</u>	<u>7,402,975</u>	<u>9,722,424</u>	<u>10,624,091</u>	<u>9,666,677</u>	<u>9,542,844</u>	<u>3,774,437</u>
Total C & R	7,017,190	7,650,877	10,086,943	11,862,642	11,242,853	11,064,686	4,047,496
Debt Service Fund	726,779	1,747,298	2,458,975	4,372,206	4,372,206	4,372,206	3,645,427
Liquidity Fund	2,716,590	2,887,103	3,059,053	3,166,512	4,783,201	5,262,118	2,545,528
Contingency Fund:							
Emergency	500,000	650,000	825,000	1,000,000	1,000,000	1,000,000	500,000
Operating	<u>954,758</u>	<u>1,011,621</u>	<u>1,047,157</u>	<u>1,581,792</u>	<u>1,740,169</u>	<u>1,792,374</u>	<u>837,616</u>
Total Contingency	1,454,758	1,661,621	1,872,157	2,581,792	2,740,169	2,792,374	1,337,616
Designated Funds	11,915,317	13,946,899	17,477,129	21,983,153	23,138,429	23,491,384	11,576,068

At the end of FY 2029, the Agency is projected to have \$11 million in the capital and replacement fund. This amount reflects the cash that is available for future capital projects beginning in FY 2030. The next five-year period, from FY 2030 through FY 2034, is an aggressive capital investment schedule with an estimated capital investment of \$12.5 million, or approximately \$2.5 million per year. Based on the current capital improvement plan and the projected rate collection, the



Agency is expected to have a shortfall. The Agency may need to reschedule certain projects, increase its rate collection, or enter into new debt to meet the timing of the current capital improvement plan.

Rate Review

Adequacy of Rates

The budget and forecast period were prepared assuming adjustments in the Agency's sewer user fee (annual charges) of 18% in FY 2025 - 2028, and 4.5% in FY 2029. The rate adjustments should be adequate to cover future operating and capital requirements for the budget and forecast period. The forecast period is a "best estimate" of the Agency's future revenue requirements and may change as we move into the future, which could impact the timing and size of potential rate adjustments.

Rate Requirements

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year Total
Revenue Requirements:							
Op Expenses b/f Depreciation	\$ 5,390,216	\$ 5,728,547	\$ 6,069,727	\$ 6,282,945	\$ 9,490,755	\$ 10,441,015	\$ 38,012,988
Rate Funded Capital:							
Debt Service	\$ 578,204	\$ 664,404	\$ 1,671,885	\$ 2,383,975	\$ 4,298,455	\$ 4,298,455	\$ 13,317,175
Capital Expenditures	\$ 800,000	\$ 800,000	\$ 850,000	\$ 1,000,000	\$ 1,200,000	\$ 1,200,000	\$ 5,050,000
Total Rate Funded Capital	\$ 1,378,204	\$ 1,464,404	\$ 2,521,885	\$ 3,383,975	\$ 5,498,455	\$ 5,498,455	\$ 18,367,175
Subtotal	\$ 6,768,420	\$ 7,192,950	\$ 8,591,612	\$ 9,666,920	\$ 14,989,210	\$ 15,939,470	\$ 56,380,163
LESS Other Revenues:							
Other Revenue:							
Standby Charges	\$ 75,297	\$ 73,252	\$ 72,338	\$ 71,424	\$ 70,510	\$ 69,596	\$ 357,118
Rental Income/Lease Revenue	\$ 65,654	\$ 66,840	\$ 68,063	\$ 69,321	\$ 70,618	\$ 71,954	\$ 346,796
Waste Disposal	\$ 24,110	\$ 22,244	\$ 22,244	\$ 22,244	\$ 22,244	\$ 22,244	\$ 111,220
	\$ 165,061	\$ 162,336	\$ 162,644	\$ 162,989	\$ 163,372	\$ 163,793	\$ 815,134
Revenue Requirements	\$ 6,603,359	\$ 7,030,615	\$ 8,428,968	\$ 9,503,931	\$ 14,825,838	\$ 15,775,677	\$ 55,565,029
Proposed Rate	\$ 302.37	\$ 356.79	\$ 421.02	\$ 496.80	\$ 586.22	\$ 612.60	
Annual Change	22.5%	18.0%	18.0%	18.0%	18.0%	4.5%	
Rate Revenue per Proposed Rate							
EDUs	25,370	25,627	25,672	25,717	25,762	25,807	
Rate Revenues - Proposed Billing	\$ 7,671,036	\$ 9,143,600	\$ 10,808,594	\$ 12,776,404	\$ 15,102,434	\$ 15,809,611	\$ 63,640,643
Rate Revenue Excess (Shortfall) - Proposed	\$ 1,067,677	\$ 2,112,985	\$ 2,379,626	\$ 3,272,474	\$ 276,596	\$ 33,934	\$ 8,075,614
Bond Covenant with Proposed Rate							
BBARWA	5.06	5.44	3.10	2.95	1.47	1.42	
Covenant Test Ratio	1.20	1.20	1.20	1.20	1.20	1.20	
PASS/FAIL	PASS	PASS	PASS	PASS	PASS	PASS	





FY 2025 Rate per EDU - \$356.79

Based on the Agency's current budget and five-year forecast, a rate of \$356.79 per EDU is budgeted in FY 2025, an 18% increase over the FY 2024 rate of \$302.37.

Ratepayer Impact

The financial impact to the ratepayer in FY 2025, based on an 18% increase to the established rate is as follows:

Rate	FY 2024	FY 2025	Change	
	Actual	Budgeted	\$	%
Established	\$302.37	\$356.79	\$54.42	18.0%
CBBL	\$311.83	\$367.67	\$55.84	17.9%
CSD	\$295.67	\$348.33	\$52.66	17.8%
CSA 53 B	\$280.28	\$339.14	\$58.86	21.0%



Appendix

Five-Year Forecast

Income Statement

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Yr CAGR (a)
Operating Revenue:							
Annual Charges	7,671,077	9,143,600	10,808,594	12,776,404	15,102,434	15,809,611	16%
Standby Charges	75,297	73,252	72,329	71,424	70,484	69,561	-2%
Rental Income	0	10,924	11,252	11,589	11,937	12,295	nm (b)
Waste Disposal	24,110	22,244	22,244	22,244	22,244	22,244	-2%
Other Revenue	38,899	0	0	0	0	0	nm (b)
Total Operating Revenue	7,809,383	9,250,019	10,914,418	12,881,661	15,207,098	15,913,710	15%
Operating Expenses:							
Salaries and Benefits	2,977,200	3,274,752	3,492,935	3,704,680	3,889,924	4,117,423	7%
Power	497,519	516,348	530,381	544,055	556,587	569,726	3%
Sludge Removal	336,212	344,723	352,842	361,476	370,325	379,396	2%
Chemicals	102,530	106,023	141,170	111,391	114,176	153,232	8%
Materials and Supplies	178,192	178,420	183,753	188,457	188,951	193,940	2%
Repairs and Replacements	300,403	295,861	287,055	269,734	281,946	288,995	-1%
Equipment Rental	1,406	2,004	2,054	2,105	2,158	2,212	9%
Utilities Expense (other than power)	38,769	39,739	40,732	41,750	42,794	43,864	3%
Communications Expense	58,973	58,862	60,244	61,660	63,111	64,599	2%
Contractual Services - Other	163,212	135,701	139,010	142,880	146,876	151,002	-2%
Contractual Services - Prof	189,027	158,535	180,765	166,561	180,460	174,993	-2%
Permits and fees	259,973	276,859	304,861	321,448	353,084	373,607	8%
Property Tax Expense	4,196	4,252	4,308	4,365	4,423	4,482	1%
Insurance	229,023	270,724	282,230	293,310	304,681	316,373	7%
Other Operating Expense	53,580	65,744	67,388	69,072	70,799	72,569	6%
Replenish Big Bear Operating Expense	0	0	0	0	2,920,458	3,534,603	nm (b)
Depreciation Expense	901,809	1,509,638	3,361,454	4,992,431	4,895,263	4,715,769	39%
Total Operating Expense	6,292,025	7,238,184	9,431,181	11,275,376	14,386,017	15,156,784	19%
Operating Income	1,517,358	2,011,835	1,483,237	1,606,286	821,081	756,926	-13%
Nonoperating Income							
Gain (loss) on Asset Disposition	2,555	2,575	2,596	2,616	2,637	2,658	1%
Interest Income	413,570	315,625	382,192	473,515	539,471	562,882	6%
Other Nonoperating Income	55,048	4,803,293	5,155,639	4,789,484	1,013,910	59,659	nm (b)
Nonoperating Income	471,174	5,121,493	5,540,427	5,265,615	1,556,019	625,198	6%
Nonoperating Expense							
Other Expense	175,822	5,040	5,035	5,031	5,031	5,031	-51%
Interest Expense	288,881	299,323	1,132,185	1,834,995	3,203,789	3,147,997	61%
Nonoperating Expense	464,703	304,364	1,137,220	1,840,027	3,208,820	3,153,027	47%
Income before Contributions	1,523,829	6,828,965	5,886,444	5,031,874	-831,720	-1,770,903	- (c)
Connection Fees	459,800	188,100	188,100	188,100	188,100	188,100	-16%
Net Income, Change in Net Position	1,983,629	7,017,065	6,074,544	5,219,974	-643,620	-1,582,803	- (c)

(a) Compound Annual Growth Rate (average annual change)

(b) "nm" means not meaningful

(c) Percent change is not provided if either of the comparison periods contains a loss or negative number. If the actual performance is improved when compared to the budget a "+" is given. If the actual performance is worse when compared to the budget, a "-" is given.



Big Bear Area Regional Wastewater Agency
 Projected Budget and Forecast
 FY 2025 – FY 2029

Cash Flow Statement and Designated Fund Balances

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Total
Cash from Operating Activities:							
Operating Income (Loss)	1,527,964	2,011,835	1,483,237	1,606,268	821,081	756,926	6,679,346
Depreciation Expense	901,809	1,509,638	3,361,454	4,992,431	4,895,263	4,715,769	19,474,556
Change in Working Capital, Other Adjustments	<u>159,402</u>	<u>-60,933</u>	<u>53,635</u>	<u>11,472</u>	<u>263,437</u>	<u>18,002</u>	<u>285,615</u>
Net Cash Provided by Op Activities	2,589,175	3,460,540	4,898,327	6,610,171	5,979,781	5,490,697	26,439,517
Cash from Noncapital Financing:							
Payment of Pension Related Debt/Liability	0	0	0	0	0	0	0
Cash from Capital and Related Financing:							
Other Nonop Expense (Interagency)	-4,756	0	0	0	0	0	0
Capital Expenditures	-7,867,087	-5,845,546	-36,918,104	-34,162,746	-3,128,915	-1,576,176	-81,631,487
Proceeds from Asset Disposition	0	0	0	0	0	0	0
Connection Fee (Capital Contrib)	459,800	188,100	188,100	188,100	188,100	188,100	940,500
Proceeds from Debt Issuance, Grants	5,465,048	4,596,763	36,670,202	33,798,227	1,890,364	0	76,955,556
Debt Service:							
Interest Expense	-227,713	-299,323	-1,132,185	-1,834,995	-3,203,789	-3,147,997	-9,618,289
Principal Debt Amortization	<u>-425,903</u>	<u>-440,493</u>	<u>-615,113</u>	<u>-623,980</u>	<u>-1,168,417</u>	<u>-1,224,210</u>	<u>-4,072,213</u>
Total Debt Service	<u>-653,617</u>	<u>-739,816</u>	<u>-1,747,298</u>	<u>-2,458,975</u>	<u>-4,372,206</u>	<u>-4,372,206</u>	<u>-13,690,502</u>
Lease Revenue	55,048	55,917	56,811	57,732	58,681	59,659	288,800
Net Cash Used for Cap and Related Financing	-2,545,562	-1,744,583	-1,750,289	-2,577,662	-5,363,976	-5,700,624	-17,137,133
Cash from Investing:							
Interest Income	<u>413,570</u>	<u>315,625</u>	<u>382,192</u>	<u>473,515</u>	<u>539,471</u>	<u>562,882</u>	<u>2,273,684</u>
Net Cash from Investing	413,570	315,625	382,192	473,515	539,471	562,882	2,273,684
Net Change in Cash	457,183	2,031,582	3,530,230	4,506,024	1,155,276	352,955	11,576,068
Beginning Cash Balance	11,458,134	11,915,317	13,946,899	17,477,129	21,983,153	23,138,429	88,460,926
Ending Cash Balance	<u>11,915,317</u>	<u>13,946,899</u>	<u>17,477,129</u>	<u>21,983,153</u>	<u>23,138,429</u>	<u>23,491,384</u>	<u>100,036,994</u>
Change in Cash Balance	457,183	2,031,582	3,530,230	4,506,024	1,155,276	352,955	11,576,068

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Change
DESIGNATED FUND BALANCES (Ending)							
Cash Balance	11,915,317	13,946,899	17,477,129	21,983,153	23,138,429	23,491,384	11,576,068
Capital and Replacement Fund							
Current Year	1,248,783	247,902	364,519	1,238,551	1,576,176	1,521,842	273,059
Future Years	<u>5,763,778</u>	<u>7,402,975</u>	<u>9,722,424</u>	<u>10,624,091</u>	<u>9,666,677</u>	<u>9,542,844</u>	<u>3,779,066</u>
Total C & R	7,012,561	7,650,877	10,086,943	11,862,642	11,242,853	11,064,686	4,052,125
Debt Service Fund	726,779	1,747,298	2,458,975	4,372,206	4,372,206	4,372,206	3,645,427
Liquidity Fund	2,716,590	2,887,103	3,059,053	3,166,512	4,783,201	5,262,118	2,545,528
Contingency Fund:							
Emergency	500,000	650,000	825,000	1,000,000	1,000,000	1,000,000	500,000
Operating	<u>959,387</u>	<u>1,011,621</u>	<u>1,047,157</u>	<u>1,581,792</u>	<u>1,740,169</u>	<u>1,792,374</u>	<u>832,987</u>
Total Contingency	1,459,387	1,661,621	1,872,157	2,581,792	2,740,169	2,792,374	1,332,987
Designated Funds	11,915,317	13,946,899	17,477,129	21,983,153	23,138,429	23,491,384	11,576,068

Proposed FY 2025 Budget
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Period Ending June 30, 2025

	<u>Budget FY 2025</u>
Operating Revenues:	
Annual Charges	\$9,143,600
Standby Charges	73,252
Rental Income	10,924
Waste Disposal	22,244
Other Revenue	<u>0</u>
Total Operating Revenues	9,250,019
 Operating Expenses:	
Salaries and Benefits	3,274,752
Power	516,348
Sludge Removal	344,723
Chemicals	106,023
Materials and Supplies	178,420
Repairs and Replacements	295,861
Equipment Rental	2,004
Utilities Expense (other than power)	39,739
Communications Expense	58,862
Contractual Services - Other	135,701
Contractual Services - Professional	158,535
Permits and fees	276,859
Property Tax Expense	4,252
Insurance	270,724
Other Operating Expense	65,744
Depreciation Expense	<u>1,509,638</u>
Total Operating Expenses	7,238,185
 Operating Income	 2,011,835
 Nonoperating Income	
Gain (loss) on asset disposition	2,575
Grant Proceeds	4,747,377
Interest Income	315,625
Other Nonoperating Income	<u>55,917</u>
Nonoperating income	5,121,493
 Nonoperating Expense	
Other Expense	5,040
Interest Expense	<u>299,323</u>
Nonoperating expense	304,364
 Income before Contributions	 6,828,964
Connection Fees	<u>188,100</u>
Change in Net Position	\$7,017,064

Proposed FY 2025 Budget
 STATEMENT OF CASH FLOWS
 For the Period Ending June 30, 2025

Budget
FY 2025

Cash from operating activities:

Operating Income (Loss)	\$2,011,835
Depreciation expense	1,509,638
Change in Working Capital	<u>(60,933)</u>
Net cash provided by op activities	3,460,540

Cash from noncapital financing:

Payment of pension related debt/liability	0
---	---

Cash from capital and related financing:

Interagency expense	0
Capital Expenditures	(5,845,546)
Proceeds from Asset Disposition	0
Connection Fee (Capital Contrib)	188,100
Proceeds from Debt Issuance, Grants Replenish Big Bear	4,596,763
Debt Service:	
Interest Expense	(299,323)
Principal Debt Amortization	<u>(440,493)</u>
Total Debt Service	(739,816)
Lease Revenue	55,917
Net cash used for cap and related financing	(1,744,583)

Cash from investing:

(Increase) Decrease in Other Assets	0
Other Proceeds	0
Interest Income	315,625
Proceeds from the Sale of Investment	<u>0</u>
Net cash from investing	315,625

NET CHANGE IN CASH

\$2,031,582

Beginning Cash Balance

\$11,915,317

Ending Cash Balance

13,946,899

Change in Cash Balance

\$2,031,582

Proposed FY 2025 Budget
CAPITAL EXPENDITURES
For the Period Ending June 30, 2025

Budget
FY 2025

ADMINISTRATION BUILDING

Administration Building - HVAC Boiler and Controls
Total administration building

\$66,617
66,617

TRANSPORTATION EQUIPMENT

Vehicles

Dump Truck Replacement

102,355

Heavy Equipment and Accessories

Loader

147,946

Total transportation equipment

250,301

TREATMENT PLANT

Processing Equipment

Oxidation Ditch Wall Rehabilitation

762,569

Structures

Sludge Building- Siding

11,086

Sludge Building - Roofing

79,105

OAC

OAC Roofing

79,105

Total treatment plant

931,865

REPLENISH BIG BEAR

4,596,763

TOTAL

\$5,845,546

Budget Workshop

February 28, 2024



Budget Projections and Proposal

- **Projected Performance FY 2024**
- **Proposed New Budget FY 2025**
- **Proposed Five-Year Forecast FY 2025 – 2029**



Projected Performance Including Replenish Big Bear

FY 2024

Changes to FY 2024 Budget

- **Carryover Appropriations**
 - **New Appropriations**

Carryover Appropriations Total \$3.1 Million

Capital Expenditures	\$ 3,030,200
Grit System Rehab	1,028,237
LPS Generator & Fuel System	185,779
Solids Separation Bldg Pump	18,782
Scum and Tank Drain Pump	18,318
Headers & Check Valves	200,000
NSPS Well Rehab	125,000
New Pipeline Maps	100,000
Replenish Big Bear Project	1,354,084

Operating Expenses*	\$ 48,694
Repairs and Replacements	24,000
Contractual Services	24,694

- * Operating expense carryovers include:
- Clarifier 3 post lighting upgrades and maintenance
 - Cummins cooling valve
 - Miscellaneous electrical maintenance

New Appropriations Total \$128,357

Capital Expenditures	\$ 45,000
Administrative Building Roof Replacement	45,000

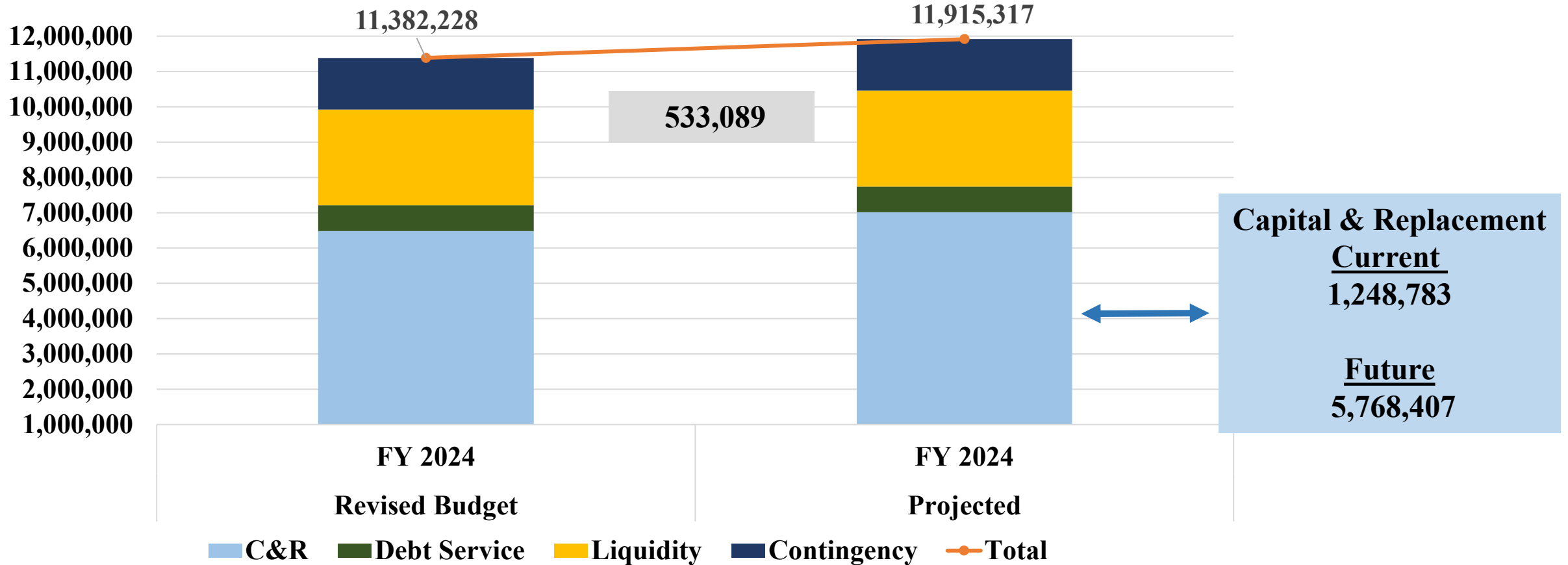
Operating Expenses*	\$ 83,357
Salaries and Wages	33,357
Repairs and Replacements	50,000

- * Operating Expense appropriations include:
- Reclassification of the Senior Management Analyst/Board Secretary to Administrative Services Manager/Board Secretary
 - Force Main Investigation

Financial Summary

- **FY 2024**

Cash and Designated Fund Balances



Financial Summary

Projected vs. Budget	
Higher Operating Income	\$40,174
Higher Net Nonoperating Income/Expense	221,215
Higher Connection Fees	<u>271,700</u>
Higher Cash Flow	\$533,089

Higher Net Operating Income/Expense \$ 40,174

	Budget	Projected	Difference	% Change
Higher Operating Revenues:				
Waste Disposal Fees	\$ 21,690	\$ 24,110	\$ 2,420	11%
Other Revenue	0	38,899	38,899	nm
Higher Operating Expenses:				
Operating Expenses	5,389,072	5,390,216	(1,145)	0%

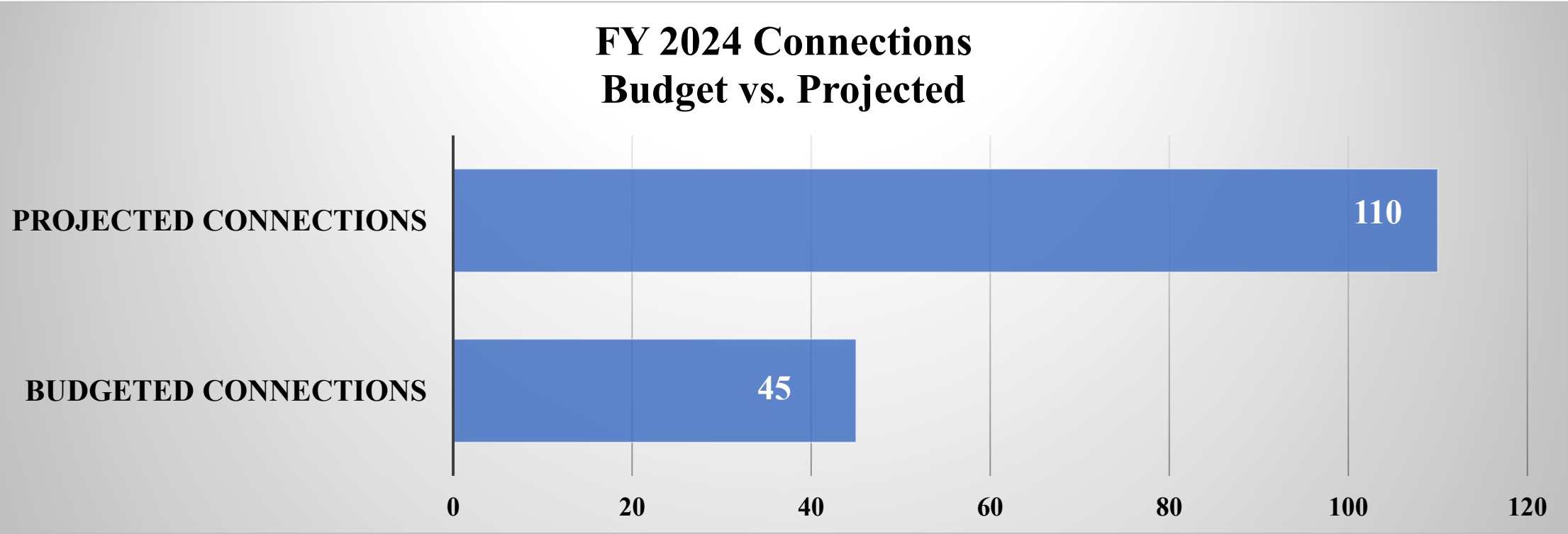
- Increase in Waste Disposal Fees are a result of an increase in waste hauler activity.
- Other Revenue includes solar energy credits.

Higher Net Nonoperating Income/Expense \$221,215

	Budget	Projected	Difference	% Change
Interest Income	\$ 126,395	\$ 413,570	\$ 287,176	227%
Interest Expense	227,713	288,881	(61,168)	27%
Other Nonoperating Expenses	171,029	175,822	(4,793)	2%

- Interest income increased as a result of higher than anticipated interest earned.
- Interest expense is lower due to an accounting entry. Payments are due in May and November. A portion of the November payment is reported as an expense in the prior Fiscal Year.

Higher Connections



Higher connections are primarily a result of the new Hampton Inn which accounts for 62 new connections.

Proposed New Budget Including Replenish Big Bear

FY 2025

Operating Budget

- **FY 2025**

Operating Budget

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Operating Revenues	\$ 7,809,383	\$ 9,250,019	\$ 1,440,636	18%
Operating Expenses (not including depreciation)	5,390,216	5,728,547	338,330	6%

- Based on established rate increases, operating revenues increase by 18%.
- Operating expenses increase by 6%. Variances for operating expenses will be discussed in the following slides.

Operating Expenses Increase 6% (\$338,330)

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Salaries and Benefits	\$ 2,977,200	\$ 3,274,752	\$ 297,552	10%
Contractual Services Other	163,212	135,701	(27,512)	(17%)
Contractual Service Professional	189,027	158,535	(30,492)	(16%)
Permits and Fees	259,973	276,859	16,886	6%
Insurance Expense	229,023	270,724	41,701	18%
Other Operating Expense	53,580	65,744	12,164	23%

Salaries and Benefits Increase 10%

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Salaries and Benefits	\$ 2,977,200	\$ 3,274,752	\$ 297,552	10%

- Salaries and Wages increase 9%
 - CPI/COLA – 4.7%
 - Wage adjustment cap 8% (merit adjustments capped at 3.3%)
 - Proposing to add a full-time administrative position and reduce the Human Resources position to 36 hours per week.

COLA

Consumer Price Index

Average Annual Change

CPI for All Urban Consumers (CPI-U)

Area: Riverside-San Bernardino-Ontario, CA

Year	Jan	Mar	May	Jul	Sep	Nov	Annual	Annual Average
2019	103.991	104.749	105.959	105.816	106.412	106.573	105.697	2.9%
2020	107.143	107.162	106.899	107.640	108.201	108.626	107.672	1.9%
2021	109.550	110.981	113.222	114.682	115.557	117.206	113.875	5.8%
2022	118.963	122.127	123.893	125.262	125.272	125.983	123.784	8.7%
2023	127.683	127.707	128.768	129.525	131.372	131.372	129.545	4.7%

Comparison of Salaries and Benefits No Staffing Changes vs. Staffing Changes

	<u>FY 2025</u>
Salaries and Wages no staffing changes	\$ 1,988,720
Salaries and Wages with staffing changes	<u>2,031,256</u>
Difference	42,536
	2.14%
Employee Benefits no staffing changes	\$ 1,205,305
Employee Benefits with staffing changes	<u>1,243,497</u>
Difference	38,192
	3.17%
Total Salaries & Benefits no staffing changes	\$ 3,194,025
Total Salaries & Benefits with staffing changes	<u>3,274,752</u>
Difference	80,727
	2.53%



Benefits increase 12%

- Increased medical premiums
 - Per 2024 Actuarial Valuation – 6% in FY 2025
- Increased Retirement and OPEB contributions
 - Per 2024 Actuarial Valuation – 14% in FY 2025
- Proposing to add a full-time administrative position and reduce the Human Resources position to 36 hours per week.

Contractual Services Other Decrease 17%

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Contractual Services Other	163,212	135,701	(27,512)	(17%)

- Labor/electrical included carryovers of approximately \$41,000 in FY 2024. This variance is partially offset by appropriations in the amount of \$20,000 in FY 2025 for an Arc Flash study and electrical preventative maintenance.

Contractual Services Professional Decrease 16%

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Contractual Services Professional	189,027	158,535	(30,492)	(16%)

- Reduced legal services by approximately \$30,000 to be more inline with the most recent 10 year average.

Permits and Fees Increase 6%

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Permits and Fees	259,973	276,859	16,886	6%

- Permits and fees increase is a result of an estimated 8.39% increase in State Water Resources Control Board (SWRCB) permit renewal fees.
- The increase is partially offset by a decrease in Environmental Laboratory Accreditation Program (ELAP) fees. Every other FY the agency is required to conduct an on-site assessment by a third party assessor. This assessment does not occur in FY 2025.

Insurance Expense Increases 18%

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Insurance Expense	229,023	270,724	41,701	18%

- Insurance expense increase is estimated based on annual CPI for general liability and property insurance.
- Workers compensation insurance is estimated based on a percentage of payroll and prior experience.

Other Operating Expense Increases 23%

	FY 2024 Projected	FY 2025 Proposed	Difference	% Change
Other Operating Expense	53,580	65,744	12,164	23%

- The largest variance is in education and training. During FY 2024, staff did not attend all of the training opportunities that were budgeted which reduced the projected expenses. The FY 2025 proposed budget includes all education and training opportunities expected to be attended.

Capital Expenditures

- **FY 2025**

FY 2025 Capital Expenditures \$ 5,845,546

Administration Building

- HVAC Boiler and Controls \$ 66,617

Transportation Equipment

- Dump Truck \$ 102,355
- Volvo Compact Wheel Loader \$ 147,946

Treatment Plant

- Oxidation Ditch Wall Rehabilitation \$ 762,569
- Sludge Building Roof and Siding \$ 90,191
- OAC Roof \$ 79,105

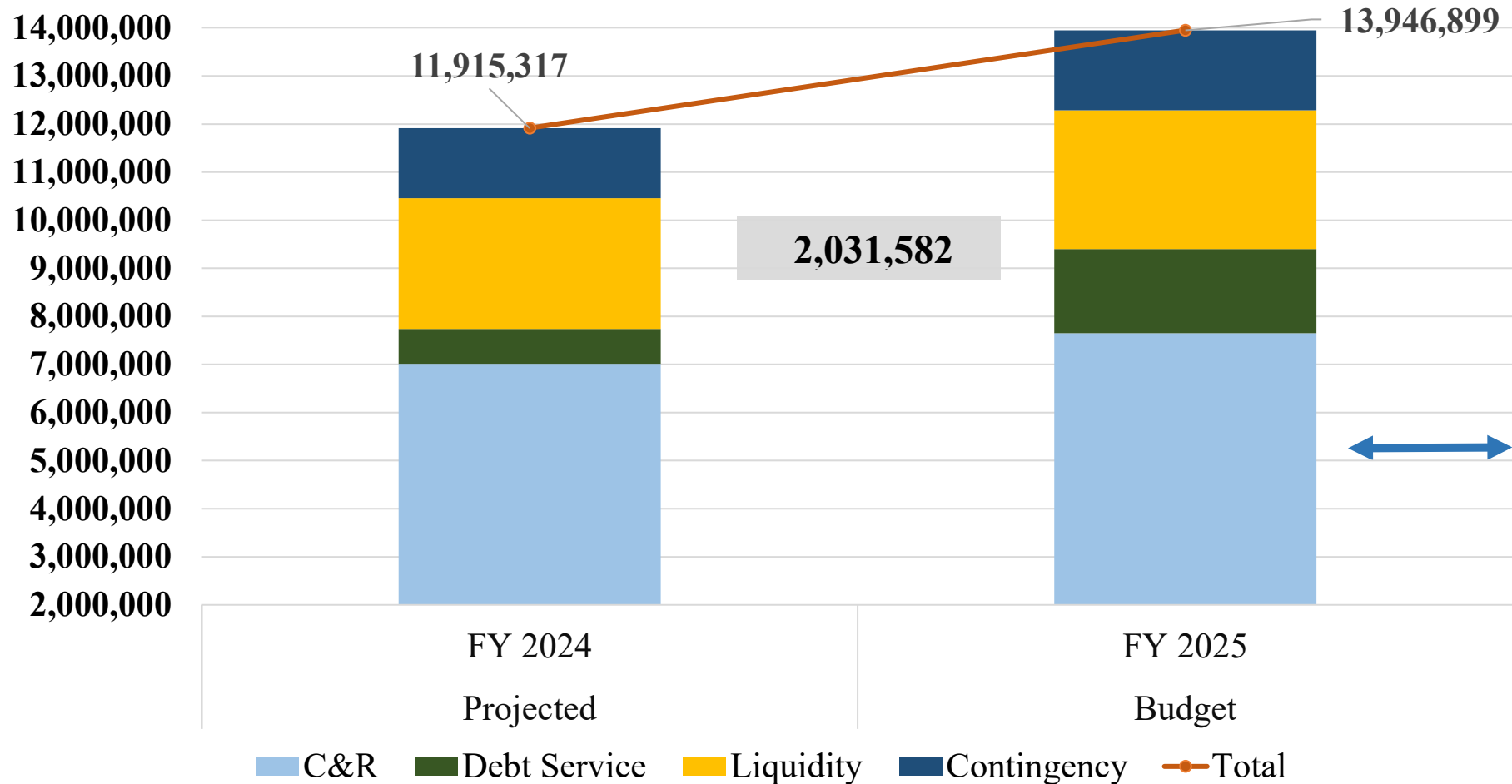
Replenish Big Bear

- Replenish Big Bear Project \$ 4,596,763

Financial Summary

- **FY 2025**

Cash and Designated Fund Balances



Capital & Replacement
Current (FY 2026)
 247,902

Future
 7,402,975

FY 2025 (end of period)

- Agency is financially strong
- Debt Service Coverage 5.44x
- Minimum Reserve Requirements Met



Proposed Five-Year Forecast

FY 2025 – FY 2029

Economic Outlook

- **FY 2025 – FY 2029**



➤ Inflation Forecast

➤ Survey of Professional Forecasters

- 2024 CPI 2.6%
- 2025 CPI 2.3%

➤ Regional CPI at 4.7% vs 8.7% a year ago (annual average)

➤ CCI 2.7% vs 7.4% a year ago (annual average)

➤ Operating Expenses (not including depreciation)

- FY 2025 6% - FY 2029 10%
- 14% Average

➤ Rate Adjustments

- FY 2025 – FY 2028 18%
- FY 2029 4.5% (Forecast)

Replenish Big Bear (RBB)

- **FY 2025 – FY 2029**



REPLENISH — *Big Bear* —

RBB Project Updates

- ❖ Total Project Cost \$86.7 million
 - ❖ Includes \$1.9 million in financing costs
 - ❖ Includes \$22 million contingency

- ❖ Grants
 - ❖ State Grants Awarded \$5 million
 - ❖ Federal Grants Awarded \$11.8 million
 - ❖ EPA Stag Grant Application Submitted \$2.5 million
 - ❖ USBR Title XVI Grant Application Submitted \$9.1 million
 - ❖ Budget includes only awarded grants

- ❖ Debt Service
 - ❖ WIFIA Loan \$57.5 million (up to \$59.7 million)
 - ❖ Revenue Bonds \$11.4 million

- ❖ Project Online in FY 2028 (October 2027)

Replenish Big Bear Income

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Revenues	\$2,423,583	\$3,528,415	\$4,621,417	\$5,921,488	\$6,198,763
Grant Revenues	4,747,377	5,098,828	4,731,752	955,299	0

- ❖ Annual charges for FY 2025 through FY 2027 are set to build required reserves. Annual charges for FY 2028 and FY 2029 are set to cover operating expenses and annual debt service.
- ❖ Current state grants are expected to be expended in FY 2025.
- ❖ Federal grants are capped at 25% of construction costs. The current federal grants awarded are 14% of project costs. When including grants that have been applied for and not yet awarded, federal grants will reach the 25% cap. If the grant applications are selected and awarded, the WIFIA loan amount will be reduced.
- ❖ BBARWA and the project team are exploring more state grant opportunities. If more state grants are awarded, the revenue bonds and or WIFIA loan amounts could be reduced.

Replenish Big Bear Expenses

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses	\$ 0	\$ 0	\$ 0	\$ 2,920,458	\$ 3,534,603
Debt Service (WIFIA)	86,200	693,746	1,185,042	3,277,827	3,277,827
Debt Service (Bonds)	0	472,185	944,370	944,370	944,370

- ❖ Operating Expenses include general operating and maintenance, water monitoring, and nutrient offset. FY 2028 is a partial year (October through June).
- ❖ WIFIA debt service for FY 2025 through FY 2027 is interest only through construction. FY 2028 through FY 2029 is the full debt service (Interest and Principal).
- ❖ FY 2026 Bond debt service is a partial year.

Replenish Big Bear Capital Expenses

FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
\$ 4,596,763	\$ 36,670,202	\$ 33,798,227	\$ 1,890,364	\$ 0

- ❖ Total RBB Capital Expenditures FY 2025 through FY 2028 \$77 million
- ❖ All RBB Capital Expenditures will be paid using grant funding and debt.

BBARWA and RBB Combined

- **FY 2025 – FY 2029**

Operating Budget

- **FY 2025 – FY 2029**

Operating Budget

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Revenues	\$ 9,250,019	\$ 10,914,418	\$ 12,881,644	\$ 15,207,098	\$ 15,913,710
Operating Expenses (not including depreciation)	5,728,547	6,069,727	6,282,945	9,490,755	10,441,015
Debt Service	739,816	1,747,298	2,458,975	4,372,206	4,372,206
Increase in Reserves	2,781,656	3,097,393	4,139,724	1,344,137	1,100,489

Operating Budget

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Revenues	\$ 9,250,019	\$ 10,914,418	\$ 12,881,644	\$ 15,207,098	\$ 15,913,710

- Based on established rate increases, operating revenues increase by 18% for FY 2025 through FY 2028. Rate increases are forecast to be 4.5% in FY 2029.
- When analyzing rates, the Agency takes into account operating costs, reserve requirements, and future capital requirements.
- FY 2025 through FY 2027 rates were set to build reserve requirements so that reserves were in place to:
 - Meet debt service requirements, including bond covenant requirements
 - Meet operational needs, including increasing liquidity and operational reserves

Operating Budget

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses (not including depreciation)	\$ 5,728,547	\$ 6,069,727	\$ 6,282,945	\$ 9,490,755	\$ 10,441,015
Debt Service	739,816	1,747,298	2,458,975	4,372,206	4,372,206

- Operating expenses (not including depreciation) increase by 14% on average.
 - Average increase for FY 2025 through FY 2027 is 5%.
 - FY 2028 increases by 51% over the prior period as a result of the RBB project coming online in October of 2027.
 - FY 2029 increases by 10% over the prior period as this is forecast to be the first full FY that RBB will be in operation.
- Debt service increases from \$739,816 to \$4.4 million with the addition of debt service for RBB.

Operating Budget

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Debt Service	\$ 1,007,481	\$ 711,677	\$ 1,913,231	\$ 0	\$ 0
Emergency	150,000	175,000	175,000	0	0
Current and Future Capital	650,689	1,237,230	1,078,007	1,344,137	1,100,489
RBB Expenses (1 st year)	<u>973,486</u>	<u>973,486</u>	<u>973,486</u>	<u>0</u>	<u>0</u>
Increase in Reserves	2,781,656	3,097,393	4,139,724	1,344,137	1,100,489

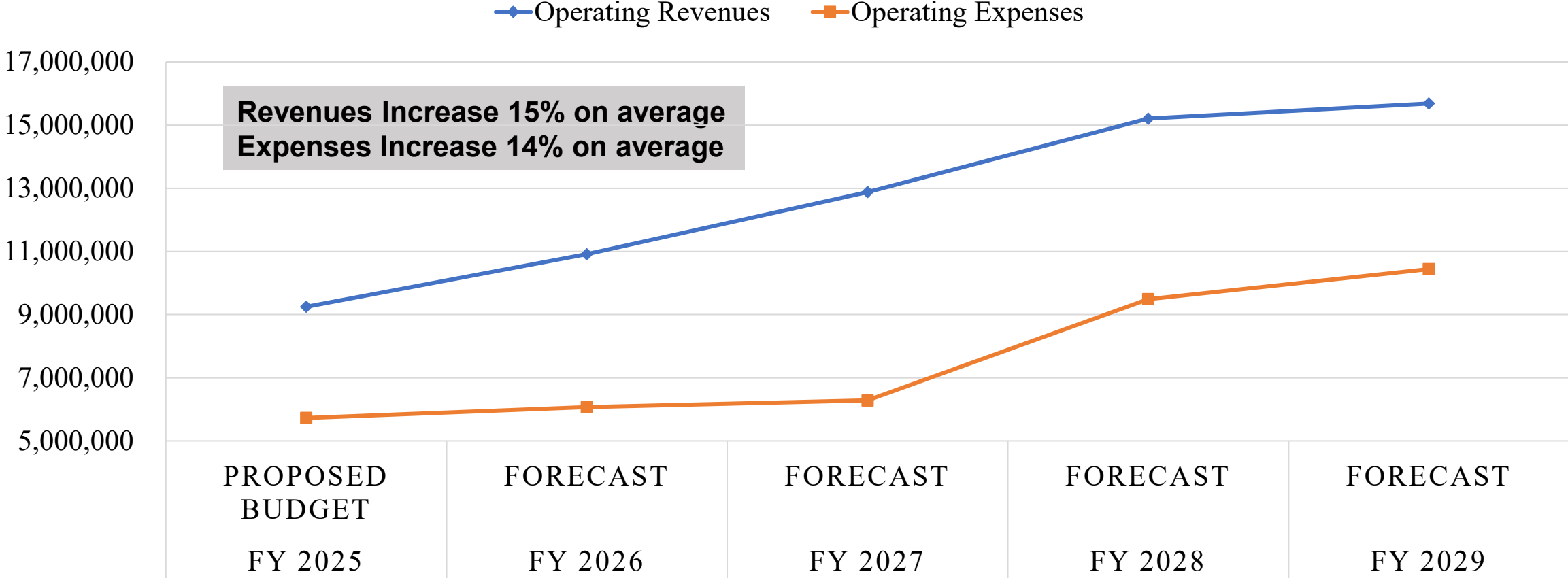
- Debt services increases to \$4.7 million
- Emergency contingency fund increases from \$500,000 to \$1 million
- First year RBB operating expenses forecast to be \$2.9 million

Operating Budget

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Net Revenues	\$ 4,025,198	\$ 5,414,983	\$ 7,260,313	\$ 6,443,915	\$ 6,223,677
Bond Covenant Revenue Requirements (1.2x)	887,780	2,096,757	2,950,770	5,246,648	5,246,648
Covenant Level	5.44	3.10	2.95	1.47	1.42

- The bond covenant requires the agencies net revenues are at least 1.2x of the total annual debt service.
 - Net revenues include operating revenues plus connection fees and interest income minus operating expenses before depreciation.
 - FY 2025 through FY 2027 were set to build required reserves and the first year of operations for RBB.

Operating Budget



Operating Expenses Increase 14% on Average

	5-Year CAGR	Description
Salaries and Benefits	7%	Addition of Administrative position and increase in benefits based on FY 2024 Actuarial Valuation
Chemicals	8%	Fluctuates – Carbon Tower replacements are scheduled every 3 rd year
Permits and Fees	8%	Fluctuates year to year – ELAP Accreditation Services done every other year
Insurance Expense	7%	Based on actuals from FY 2024 plus inflationary adjustments
RBB Expenses	32%	RBB goes online in FY 2028 - October of 2027

* These line items have the greatest variances and account for 75% of operating expenses.

Capital Expenditures

- **FY 2025 – FY 2029**



5-year Capital Improvement Plan Highlights

RBB Project

- Estimated **\$ 77 million**

Oxidation Ditch Wall Rehabilitation

- Estimated **\$ 762,569**

Asphalt Replacement/Repair

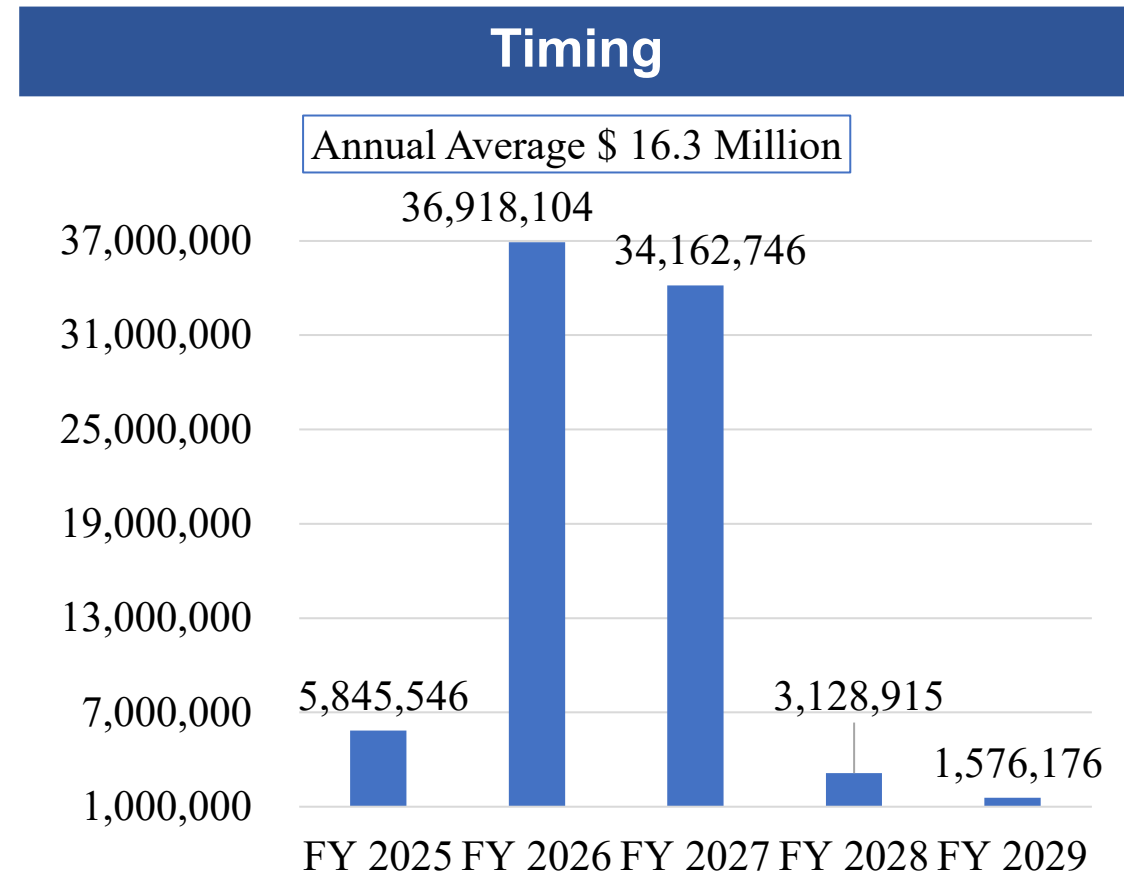
- Administrative Parking Lot/Palomino Drive
 - Estimated **\$478,000**
- In Plant Asphalt (after completion of the RBB project)
 - Estimated **\$650,000**

Clarifier 1 Rehabilitation

- Estimated **\$ 1.2 million**

5-year CIP Totals \$ 81.6 Million

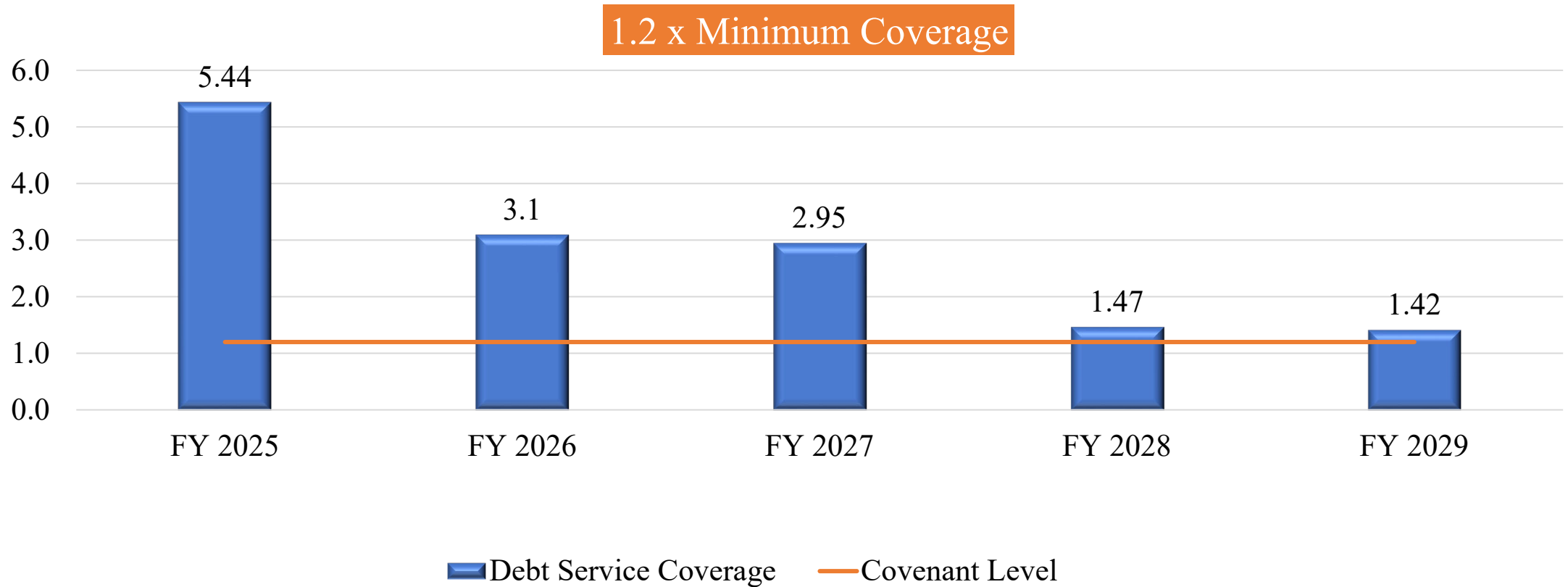
Asset Investment	
\$ 77 million	Replenish Big Bear
\$ 2.2 million	Treatment Plant
\$ 1.1 million	Asphalt Replacement/Repair
\$ 605,537	Other Equipment (HVAC, IT System Upgrades, Electrical, Mobile Pumping Equipment, Copier, Security System Upgrades)
\$ 336,419	Transportation Equipment
\$ 148,392	Interceptor System
\$ 100,000	Pipeline Maps
\$ 48,831	Effluent Disposal Equipment
\$ 29,100	Flow Measuring Devices



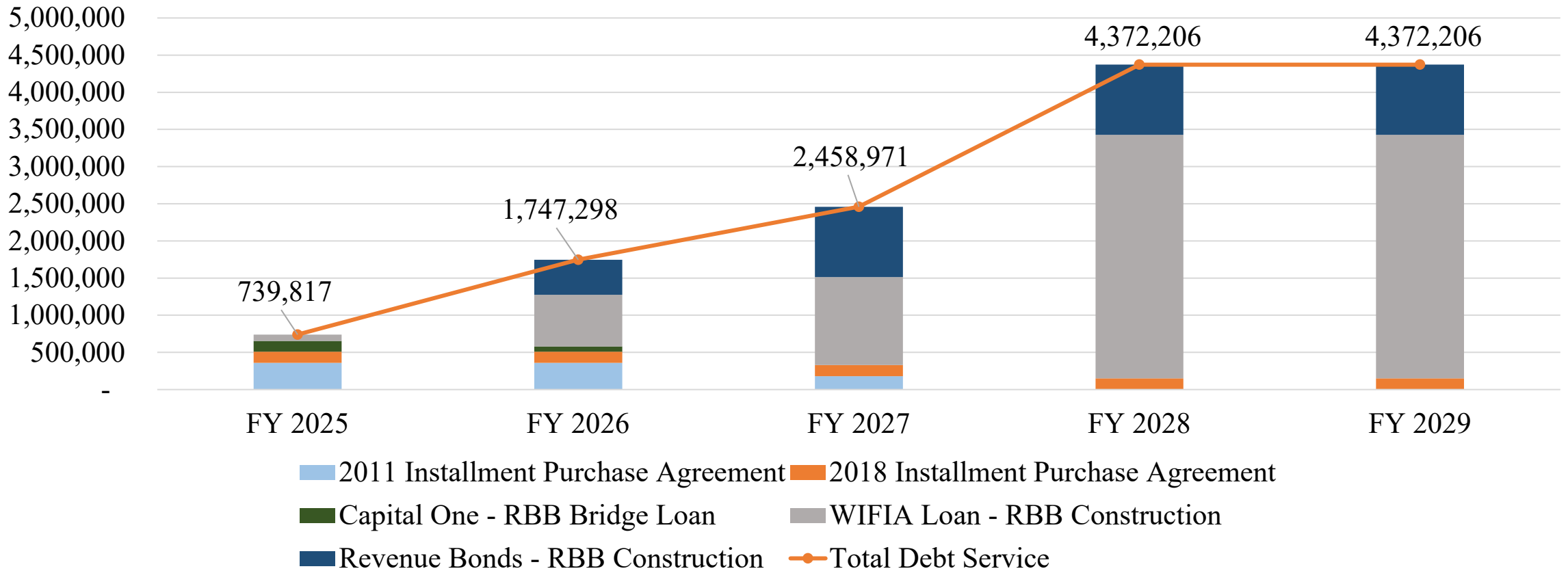
Debt Service

- **FY 2025 – FY 2029**

Debt Service Coverage



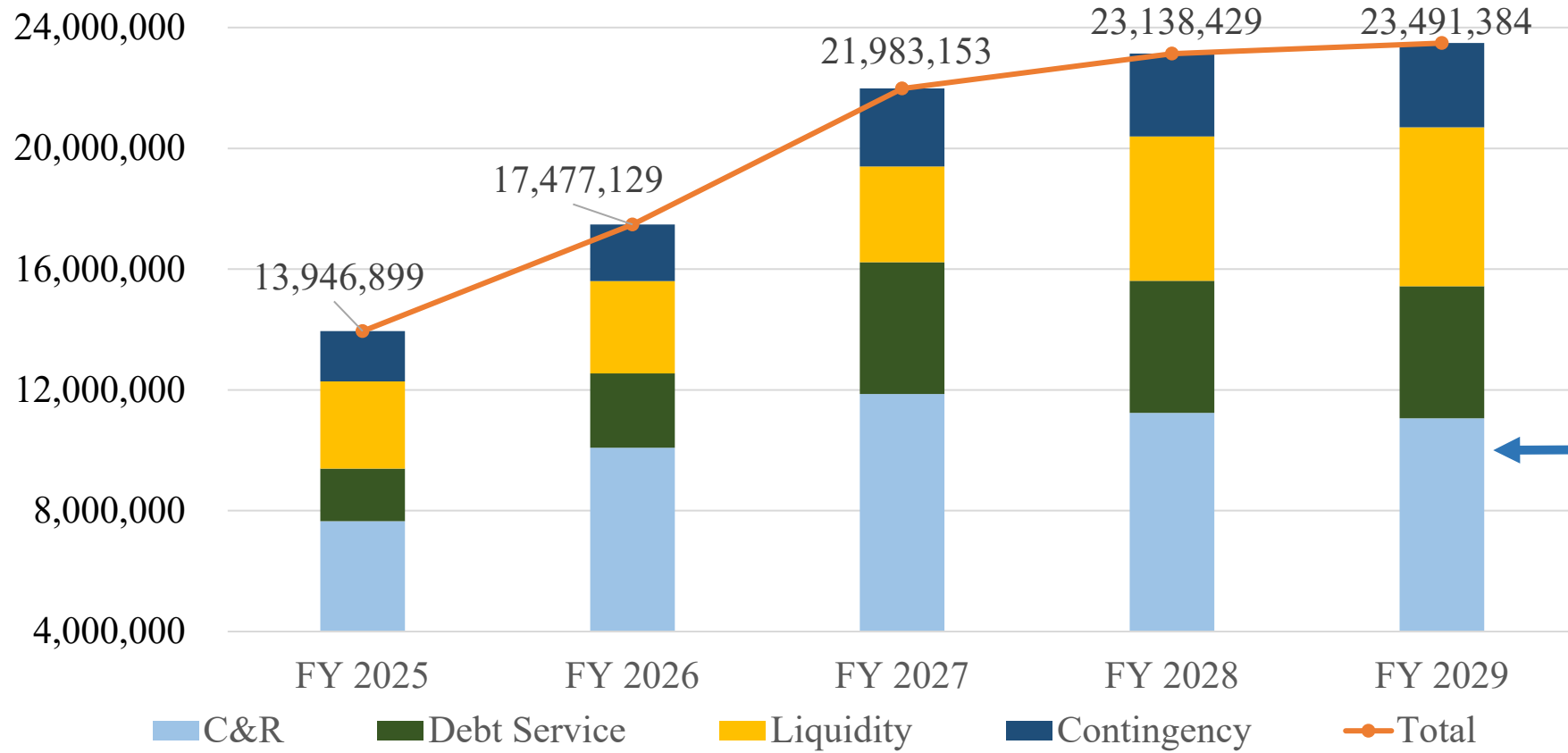
Debt Service Payments



Financial Summary

- **FY 2025 – FY 2029**

Cash and Designated Fund Balances



Capital & Replacement
Current (FY 2030)
1,521,842

Future
9,542,844

- **Agency is financially strong**
- **Reserve funds are adequate**
 - Minimum balance requirements are met
- **Capital expenditures total \$81.6 million**
 - New debt for RBB project, cash funding for remaining capital projects



- **Debt increases over the period**

- FY 2025 RBB WIFIA loan interest only payments begin through construction
- FY 2026 RBB Revenue Bond payments begin
- FY 2027 2011 Installment Purchase Agreement fully amortizes
- FY 2028 RBB WIFIA loan principal and interest payments begin

- **Debt Service coverage starts at 5.44x decreasing to 1.42x by FY 2029**

- \$4 million debt capacity in FY 2029





Thank you

Questions or Comments?



AGENDA ITEM: 6.A.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

REVIEWED BY: Christine Bennett, Finance Manager; John Shimmin, Plant Manager;
Bridgette Burton, Administrative Services Manager/Board Secretary

SUBJECT: General Manager's Report

DISCUSSION:

Operations

Headworks Grit System Rehabilitation Project

Construction is ongoing with anticipated completion in March.

LPS Generator & Fuel System Project (no update)

On May 24, 2023, the Governing Board approved the contract for 70 weeks due to ongoing procurement delays in the construction industry. The generator has been ordered.

Clarifier #1 Emergency Repair

The repair is expected to be completed in February 2024.

2023 and 2024 Treatment Plant Data

The influent flow (MG) chart is attached.

Flow Percentages			
<u>Member Agency</u>	<u>November</u>	<u>December</u>	<u>January</u>
City of Big Bear Lake	46.36%	49.77%	51.18%
Big Bear City CSD	50.10%	47.01%	45.69%
County of San Bernardino CSA 53B	3.54%	3.22%	3.13%

Solar Production

The December 2023 and January 2024 monthly performance reports are attached.

Actual Net Generation (kWh)			
Month	FY 2022	FY 2023	FY 2024
July		215,598.25	285,573.00
August		229,947.25	261,893.00
September		230,749.75	280,457.00
October		276,600.50	293,122.50
November		241,524.25	247,757.00
December	29,294.26	190,418.50	206,571.00
January	212,982.42	192,716.50	202,574.00
February	260,767.19	224,106.25	
March	295,923.69	269,443.75	
April	319,902.94	316,650.00	
May	330,560.38	302,288.50	
June	316,253.50	287,765.00	
Total	1,765,684.38	2,977,808.50	1,777,947.50

Connections

Month	Connections					FYE 6/30/2023		
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	CBBL	CSD	CSA 53B
July	7	3	11	2	5	3	2	0
August	2	12	5	13	4	1	3	0
September	7	3	7	8	69 ¹	64	5	0
October	5	10	9	6	6	2	4	0
November	2	2	5	4	2	1	1	0
December	1	2	3	2	3	2	1	0
January	1	2	2	0	2	0	2	0
February	1	0	6	0				
March	1	3	9	2				
April	7	12	12	4				
May	5	6	7	8				
June	6	13	11	10				
Total	45	68	87	59	91	73	18	0

Replenish Big Bear

Stakeholder Coordination

The Program Team met with the Mojave Water Agency’s new General Manager on January 25, 2024 and presented a Program update to their Technical Advisory Committee on February 1, 2024.

¹ Hampton Inn in the City of Big Bear Lake was 62 connections.

Environmental Review

The draft Program Environmental Impact Report (PEIR) was published on December 21, 2023. The public review period was extended to February 20, 2024, for a total of a 60-day review and comment period. The timeline for responses is dependent upon the extent of comments received. The Replenish Big Bear Program involves multiple projects to retain recycled water in the Big Bear Valley for beneficial use to increase the sustainability of local water supplies. The draft PEIR for this Program, therefore, only focuses on the projects the Agency is proposing, and the Agency will consider the approval of, to accomplish this goal.

The Environmental Protection Agency (EPA) will start the National Environmental Policy Act (NEPA) review in parallel to expedite the NEPA review, with a target completion of Spring 2024. Each of the federal agencies that have awarded grants has different requirements that must be met to comply with NEPA. NEPA compliance will be prepared to meet the requirements of each individual agency.

EPA Water Infrastructure Finance and Innovation Act (WIFIA) staff have started their review and will coordinate review efforts with Title XVI and EPA STAG grant staff.

Preliminary Engineering

The pilot study is underway. The purpose of the pilot study is to demonstrate process performance for site-specific wastewater conditions to regulatory agencies, confirm the proposed treatment process as a viable design approach to meet the target treatment levels, and quantify total system recovery for product water. The pilot study consists of four processes: nutrient removal, ultrafiltration (UF), reverse osmosis (RO), UV disinfection and an advanced oxidation process (UV-AOP) that will produce purified water that is higher than drinking water quality and meets all state and federal regulations. Dupont's closed circuit reverse osmosis (CCRO) unit is on-site and will operate in series with the UF and UV-AOP system.

Brine minimization results are pending. The results from the piloting study will be used in the final design of the facility.

The final design kickoff meeting was held on February 6, 2024. Water Systems Consulting, Inc. (WSC) is currently collecting and reviewing pilot data and exploring brine management alternatives.

Regulatory Analysis and Coordination

On October 10, 2023, the Santa Ana Regional Water Quality Control Board (Regional Board) advised that the Agency will be receiving a completed application letter regarding the Report of Waste Discharge (ROWD), which was submitted in February 2022. An ROWD is used to officially initiate the National Pollutant Discharge Elimination System (NPDES) permit process. This permit is required in order to discharge Program water to Stanfield Marsh and Big Bear Lake. WSC received the water quality data and is evaluating the results.

The Division area survey was completed for the Division of Drinking Water (DDW) permit. Tom Harder & Co. updated the Domestic Wells Workplan with the new lake buffer. WSC is reviewing the workplan and preparing a response plan to move discussions with DDW forward.

The Program Team continues to work on the Recycled Water Title 22 Engineering Report (ER).

The Agency met with the Colorado River Regional Board to discuss the permitting pathway on February 7, 2024 for the Lucerne Valley site. The Colorado River Regional Board recommended completing the ROWD application a year before the treatment plant upgrades are completed. The typical timeframe to adopt a new permit is estimated at 6 – 12 months.

Agreements and Contracts

The City of Big Bear Lake adopted JPA Amendment No. 7 and Operating Agreement No. 1 Amendment No. 6 at its February 14, 2024 meeting. The Agency is working with BBCCSD and San Bernardino County to adopt the amendments.

Funding and Financing

On January 25, 2023, the Governing Board authorized the execution of interim financing (bridge loan) in the amount of \$3,400,000 with a term of 3 years, an interest rate of 4.25%, and debt service requirements of interest only (no principal payments) with a lump-sum payment in the final year. This loan is expected to be refunded or paid prior to maturity with the construction funding (financing to repay this loan prior to maturity and to cover the costs of construction expected to begin in fiscal year 2025).

The Agency's Governing Board adopted a five-year sewer user charge/fee schedule on March 22, 2023. These fees are to fund debt service and required reserves. Debt service includes interest only on the current bridge loan and future project funding, such as the WIFIA Loan. CSD adopted the Agency's sewer user fees for fiscal year 2023-24, and the City of Big Bear Lake adopted the Agency's sewer user fees through fiscal year 2027-28. The County of San Bernardino Service Area 53B absorbed the sewer user charge.

The Agency and its consultants have been working with the EPA on obtaining federal financing for Replenish Big Bear in the form of a loan secured by revenues of the Agency, otherwise known as the WIFIA Loan. The EPA has certain underwriting requirements. In order to meet such requirements, the Agency will need amendments to its Joint Exercise of Powers Agreement (JPA) and Operating Agreement No. 1. The modifications are required to clarify existing terms of the JPA and Operating Agreement No. 1 so that the EPA has a clear understanding of the credit for the WIFIA Loan process, the risks associated with lending to the Agency, and to reduce the risk of a payment default. The WIFIA loan will be used for construction funding.

Additional funding is being pursued from key Big Bear Valley beneficiaries. Any additional grants or contributions from Program Partners or beneficiaries could reduce the Agency's sewer user charge.

Actual Project Revenue and Expenditures as of December 31, 2023 ²	
Revenue	
Program Partner Contributions (DWP, CSD, & MWD) ³	\$1,800,000
Grant Reimbursements	\$1,731,947
<u>Total Revenue</u>	<u>\$3,531,948</u>
Expenditures	
Pilot Study	\$546,385
Other (engineering, environmental, legal, etc.)	\$3,393,770
Grant Reimbursements to Program Partners	\$957,538
<u>Total Expenditures</u>	<u>\$4,897,693</u>

Grants Awarded or Recommended for Funding			
Grant	Status	Amount	Remaining
DCI Technical Assistance	Fully Funded	\$500,000	\$0
IRWM Prop 1 Round 1	In Process	\$4,563,338	\$3,331,391
<u>Subtotal State Grants</u>		<u>\$5,063,338</u>	<u>\$3,331,391</u>
2021 & 2022 Title XVI	In Process	\$9,967,112	\$9,967,112
2022 & 2023 EPA STAG	Included in Federal Budget; CEQA and NEPA must be completed prior to an Award	\$1,960,000	\$1,960,000
<u>Subtotal Federal Grants</u>		<u>\$11,927,112</u>	<u>\$11,927,112</u>
Grand Total		\$16,990,450	\$15,258,503

Grant Applications Outstanding		
Grant	Status	Amount
2024 Community Funding Request (Federal)	Applications Submitted	\$2,500,000
2023 Title XVI (Federal)	Application Submitted	\$9,052,543
Total		\$11,552,543

² Sewer user fees are not included in Project revenue as those fees collected are to fund debt service and required reserves for the Project. Debt service includes interest only on the current bridge loan and future project funding, such as the WIFIA loan.

³ Program Partner Contributions are those contributions made by DWP, CSD, and MWD through a Memorandum of Understanding (MOU) from July 2018 to June 2022. Each Agency, including BBARWA, paid 25% or \$600,000 of the initial engineering and environmental studies.

Integrated Regional Water Management Proposition 1 Round 1 (IRWM Prop 1 Round 1) Grant – The quarterly report was submitted by the due date of January 31, 2024 in the amount of \$200,076.83.

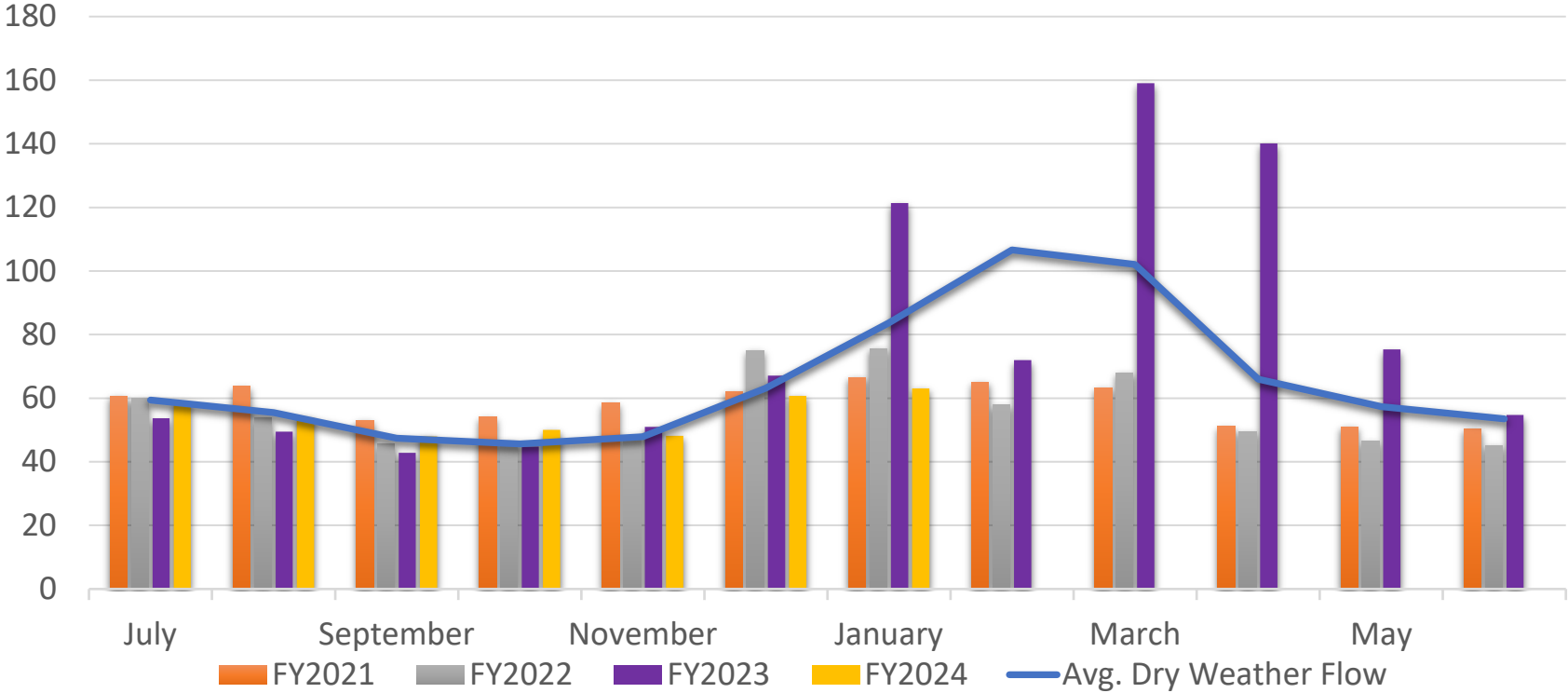
2021 & 2022 Title XVI Grant (no update) – The Build America Buy America (BABA) waiver must be completed before requesting funds. The WaterReuse programmatic BABA waiver is still in review at the White House Office of Management and Budget. Reimbursement requests are being prepared for expenses incurred from April 2019 to June 2021 and July 2021 to December 2023.

2023 Title XVI Grant (no update) – The application was submitted on December 6, 2023. The Agency requested \$9,052,543, which is 25% of the total costs during the eligible timeframe (\$20,979,655), minus federal funding awarded via FY21 and FY22 Title XVI and FY22 and FY23 EPA STAG grants. Award notifications are anticipated in May 2024.

2022 and 2023 EPA State and Tribal Assistance Grants (STAG) (no update) – These two grants were originally submitted through Community Funding Requests and have both been assigned to the EPA STAG program. EPA confirmed that EIR/EA is required before an application can be submitted. The application will be submitted once the EIR/EA is certified.

2024 Community Funding Request (no update) – Congressman Obernolte requested \$2.5 million in fiscal year 2024 from the House Committee on Appropriations. Senator Padilla requested \$2.5 million in fiscal year 2024 from the Senate Committee on Appropriations - Subcommittee on Interior, Environment, and Related Agencies Appropriations Bill. The Agency anticipates one award, if selected, through the EPA STAG program for \$2.5 million.

Influent Flow (MG)





MONTHLY REPORT
December 2023

Plant Name:	Big Bear Area Regional Wastewater Agency
Plant ID:	P-3998
Capacity (DC):	1660010.0
Resource:	Solar
Address:	121 Palomino Drive - 92314 Big Bear - California/United States
Configuration:	Mohawk, GM CPY



As Contracted Energy Last Month (kWh)

Energy Produced Last Month (kWh)

Time	Net Generation (kWh)		
	A	F	Δ
01 Dec 2023	8,266.50	3,252.39	154.17%
02 Dec 2023	8,158.00	3,252.39	150.83%
03 Dec 2023	7,505.50	3,252.39	130.77%
04 Dec 2023	5,918.00	3,252.39	81.96%
05 Dec 2023	7,812.50	3,252.39	140.21%
06 Dec 2023	7,959.00	3,252.39	144.71%
07 Dec 2023	8,080.50	3,252.39	148.45%
08 Dec 2023	7,884.50	3,252.39	142.42%
09 Dec 2023	8,044.00	3,252.39	147.33%
10 Dec 2023	7,639.50	3,252.39	134.89%
11 Dec 2023	6,191.50	3,252.39	90.37%
12 Dec 2023	7,815.00	3,252.39	140.28%
13 Dec 2023	4,681.00	3,252.39	43.92%
14 Dec 2023	7,886.00	3,252.39	142.47%
15 Dec 2023	7,899.50	3,252.39	142.88%
16 Dec 2023	7,428.50	3,252.39	128.40%
17 Dec 2023	6,041.00	3,252.39	85.74%
18 Dec 2023	5,041.00	3,252.39	54.99%
19 Dec 2023	2,369.50	3,252.39	-27.15%
20 Dec 2023	7,284.50	3,252.39	123.97%
21 Dec 2023	8,106.00	3,252.39	149.23%
22 Dec 2023	2,817.50	3,252.39	-13.37%
23 Dec 2023	7,725.50	3,252.39	137.53%
24 Dec 2023	7,906.50	3,252.39	143.10%
25 Dec 2023	7,362.00	3,252.39	126.36%
26 Dec 2023	5,583.50	3,252.39	71.67%
27 Dec 2023	6,092.50	3,252.39	87.32%
28 Dec 2023	7,913.00	3,252.39	143.30%
29 Dec 2023	4,605.00	3,252.39	41.59%
30 Dec 2023	4,354.00	3,252.39	33.87%
31 Dec 2023	4,200.00	3,252.39	29.14%
Totals	206,571.00	100,824.15	104.88%

Time	Net Generation (kWh)		
	A	F	Δ
01 Dec 2023	8,266.50	5,483.88	50.74%
02 Dec 2023	8,158.00	5,483.88	48.76%
03 Dec 2023	7,505.50	5,483.88	36.86%
04 Dec 2023	5,918.00	5,483.88	7.92%
05 Dec 2023	7,812.50	5,483.88	42.46%
06 Dec 2023	7,959.00	5,483.88	45.13%
07 Dec 2023	8,080.50	5,483.88	47.35%
08 Dec 2023	7,884.50	5,483.88	43.78%
09 Dec 2023	8,044.00	5,483.88	46.68%
10 Dec 2023	7,639.50	5,483.88	39.31%
11 Dec 2023	6,191.50	5,483.88	12.90%
12 Dec 2023	7,815.00	5,483.88	42.51%
13 Dec 2023	4,681.00	5,483.88	-14.64%
14 Dec 2023	7,886.00	5,483.88	43.80%
15 Dec 2023	7,899.50	5,483.88	44.05%
16 Dec 2023	7,428.50	5,483.88	35.46%
17 Dec 2023	6,041.00	5,483.88	10.16%
18 Dec 2023	5,041.00	5,483.88	-8.08%
19 Dec 2023	2,369.50	5,483.88	-56.79%
20 Dec 2023	7,284.50	5,483.88	32.83%
21 Dec 2023	8,106.00	5,483.88	47.82%
22 Dec 2023	2,817.50	5,483.88	-48.62%
23 Dec 2023	7,725.50	5,483.88	40.88%
24 Dec 2023	7,906.50	5,483.88	44.18%
25 Dec 2023	7,362.00	5,483.88	34.25%
26 Dec 2023	5,583.50	5,483.88	1.82%
27 Dec 2023	6,092.50	5,483.88	11.10%
28 Dec 2023	7,913.00	5,483.88	44.30%
29 Dec 2023	4,605.00	5,483.88	-16.03%
30 Dec 2023	4,354.00	5,483.88	-20.60%
31 Dec 2023	4,200.00	5,483.88	-23.41%
Totals	206,571.00	170,000.16	21.51%



MONTHLY REPORT

Last Three Months Performance

Produced Energy (kWh)

Time	Net Generation (kWh)	
	F	W
Sep 2023	263,710.98	280,504.64
Oct 2023	256,463.01	285,233.02
Nov 2023	209,274.45	238,267.44
Totals	729,448.44	804,005.09

Availability (%) and PR

Time	Availability (%)			Performance Ratio (fraction)		
	A	F	Δ	A	F	Δ
Sep 2023	100.00	99.00	1.01%	0.87	0.00	100.00%
Oct 2023	99.92	99.00	0.93%	1.03	0.00	100.00%
Nov 2023	100.00	99.00	1.01%	1.19	0.00	100.00%
Totals	99.97	99.00	0.98%	1.03	0.00	100.00%

Closed Events Last 3 Months

Plant ID(s)	Event ID	Event Date	Status	Event Name	Notes	Root Cause
P-3998	121062	05 Sep 2023 16:24	Closed	Reoccurring GFDIErr	<p>Site Host Reports:</p> <p>Tripping site host's building 2-3x a week for the last 4 months around 5:45PM Local Time.</p> <p>Electrician on site has SCADA Logs.</p> <p>Across C Phase.</p> <p>DSD Team identified many mismatches present.</p> <p>Historical Logs attached.</p> <p>9/8 - refining scope 10/23 - engaged mvfsp 10/25 - fsp declined; engaged other 10/31 - pending 11/3 - pending estimate 11/7 - pending estimate 11/13- MV tech visit estimate pending with fsp 11/21 - reviewing SOW + estimate 11/28 - estimate sent 12/1 - estimate approved 12/5 fu for date 12/6 - scheduled for 12/13</p>	Pending Investigation

Open Events Last 3 Months



MONTHLY REPORT

Definitions

Energy (kwh): Radiant light and heat from the Sun

Irradiation (kwh): The power per unit area produced by the Sun in the form of electromagnetic radiation. The solar irradiance integrated over time is called solar irradiation, solar exposure, or insolation.

Produced Energy (kwh): Energy generated by your system, transferred through an API

As Contracted Energy: (kWh) Energy proposed to be generated by your system contractually

Change (Δ): The % difference between actual and forecasted production

Availability (%): The Max theoretical generation capacity

PR (Performance Ratio): The ratio measured output to the expected output for a given reporting period based on the system name-plate rating



MONTHLY REPORT
January 2024

Plant Name:	Big Bear Area Regional Wastewater Agency
Plant ID:	P-3998
Capacity (DC):	1660010.0
Resource:	Solar
Address:	121 Palomino Drive - 92314 Big Bear - California/United States
Configuration:	Mohawk, GM CPY



As Contracted Energy Last Month (kWh)

Energy Produced Last Month (kWh)

Time	Net Generation (kWh)		
	A	F	Δ
01 Jan 2024	6,858.00	3,599.22	90.54%
02 Jan 2024	7,850.00	3,599.22	118.10%
03 Jan 2024	3,271.00	3,599.22	-9.12%
04 Jan 2024	7,969.00	3,599.22	121.41%
05 Jan 2024	4,655.50	3,599.22	29.35%
06 Jan 2024	7,559.50	3,599.22	110.03%
07 Jan 2024	8,141.00	3,599.22	126.19%
08 Jan 2024	8,404.00	3,599.22	133.50%
09 Jan 2024	8,149.50	3,599.22	126.42%
10 Jan 2024	8,355.50	3,599.22	132.15%
11 Jan 2024	8,374.50	3,599.22	132.68%
12 Jan 2024	8,307.50	3,599.22	130.81%
13 Jan 2024	8,002.00	3,599.22	122.33%
14 Jan 2024	8,372.50	3,599.22	132.62%
15 Jan 2024	6,878.50	3,599.22	91.11%
16 Jan 2024	7,827.50	3,599.22	117.48%
17 Jan 2024	3,457.50	3,599.22	-3.94%
18 Jan 2024	8,156.00	3,599.22	126.60%
19 Jan 2024	3,882.50	3,599.22	7.87%
20 Jan 2024	1,641.00	3,599.22	-54.41%
21 Jan 2024	3,505.50	3,599.22	-2.60%
22 Jan 2024	1,739.00	3,599.22	-51.68%
23 Jan 2024	3,090.00	3,599.22	-14.15%
24 Jan 2024	2,763.00	3,599.22	-23.23%
25 Jan 2024	8,935.00	3,599.22	148.25%
26 Jan 2024	8,324.00	3,599.22	131.27%
27 Jan 2024	8,768.00	3,599.22	143.61%
28 Jan 2024	7,786.50	3,599.22	116.34%
29 Jan 2024	9,038.00	3,599.22	151.11%
30 Jan 2024	8,610.50	3,599.22	139.23%
31 Jan 2024	3,902.00	3,599.22	8.41%
Totals	202,574.00	111,575.82	81.56%

Time	Net Generation (kWh)		
	A	F	Δ
01 Jan 2024	6,858.00	5,601.85	22.42%
02 Jan 2024	7,850.00	5,601.85	40.13%
03 Jan 2024	3,271.00	5,601.85	-41.61%
04 Jan 2024	7,969.00	5,601.85	42.26%
05 Jan 2024	4,655.50	5,601.85	-16.89%
06 Jan 2024	7,559.50	5,601.85	34.95%
07 Jan 2024	8,141.00	5,601.85	45.33%
08 Jan 2024	8,404.00	5,601.85	50.02%
09 Jan 2024	8,149.50	5,601.85	45.48%
10 Jan 2024	8,355.50	5,601.85	49.16%
11 Jan 2024	8,374.50	5,601.85	49.50%
12 Jan 2024	8,307.50	5,601.85	48.30%
13 Jan 2024	8,002.00	5,601.85	42.85%
14 Jan 2024	8,372.50	5,601.85	49.46%
15 Jan 2024	6,878.50	5,601.85	22.79%
16 Jan 2024	7,827.50	5,601.85	39.73%
17 Jan 2024	3,457.50	5,601.85	-38.28%
18 Jan 2024	8,156.00	5,601.85	45.59%
19 Jan 2024	3,882.50	5,601.85	-30.69%
20 Jan 2024	1,641.00	5,601.85	-70.71%
21 Jan 2024	3,505.50	5,601.85	-37.42%
22 Jan 2024	1,739.00	5,601.85	-68.96%
23 Jan 2024	3,090.00	5,601.85	-44.84%
24 Jan 2024	2,763.00	5,601.85	-50.68%
25 Jan 2024	8,935.00	5,601.85	59.50%
26 Jan 2024	8,324.00	5,601.85	48.59%
27 Jan 2024	8,768.00	5,601.85	56.52%
28 Jan 2024	7,786.50	5,601.85	39.00%
29 Jan 2024	9,038.00	5,601.85	61.34%
30 Jan 2024	8,610.50	5,601.85	53.71%
31 Jan 2024	3,902.00	5,601.85	-30.34%
Totals	202,574.00	173,657.32	16.65%



MONTHLY REPORT

Last Three Months Performance

Produced Energy (kWh)

Time	Net Generation (kWh)	
	F	W
Oct 2023	256,463.01	285,233.02
Nov 2023	209,274.45	238,267.44
Dec 2023	170,000.16	188,491.76
Totals	635,737.62	711,992.22

Availability (%) and PR

Time	Availability (%)			Performance Ratio (fraction)		
	A	F	Δ	A	F	Δ
Oct 2023	99.92	99.00	0.93%	1.03	0.00	100.00%
Nov 2023	100.00	99.00	1.01%	1.19	0.00	100.00%
Dec 2023	100.00	99.00	1.01%	1.23	0.00	100.00%
Totals	99.97	99.00	0.98%	1.15	0.00	100.00%

Closed Events Last 3 Months

Open Events Last 3 Months



MONTHLY REPORT

Definitions

Energy (kwh): Radiant light and heat from the Sun

Irradiation (kwh): The power per unit area produced by the Sun in the form of electromagnetic radiation. The solar irradiance integrated over time is called solar irradiation, solar exposure, or insolation.

Produced Energy (kwh): Energy generated by your system, transferred through an API

As Contracted Energy: (kWh) Energy proposed to be generated by your system contractually

Change (Δ): The % difference between actual and forecasted production

Availability (%): The Max theoretical generation capacity

PR (Performance Ratio): The ratio measured output to the expected output for a given reporting period based on the system name-plate rating

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

Special Board Meeting Minutes

December 19, 2023

1. CALL TO ORDER

A Special Meeting of the Governing Board of the Big Bear Area Regional Wastewater Agency was called to order by Chair Walsh at 10:00 a.m. on December 19, 2023 at 121 Palomino Drive, Big Bear City, California.

BOARD MEMBERS PRESENT

Larry Walsh, Chair
Jim Miller, Vice-Chair
Rick Herrick, Director
Bynette Mote, Director
John Russo, Director

BOARD MEMBERS ABSENT

None

STAFF MEMBERS PRESENT

David Lawrence, General Manager
Christine Bennett, Finance Manager
Bridgette Burton, Administrative Services Manager/Board Secretary
John Shimmin, Plant Manager

OTHERS

Laine Carlson, Vice-President, Water Systems Consulting, Inc.
Kaitlyn Dodson-Hamilton, Vice-President, Tom Dodson & Associates
Glenn Jacklin, General Manager, Big Bear City Community Services District
Megan Kilmer, Associate, Best Best & Krieger, LLP
Charity Schiller, Partner, Best Best & Krieger, LLP
Ward Simmons, Partner, Best Best & Krieger, LLP

Members of the public who signed in included:

None

2. PLEDGE OF ALLEGIANCE

Director Russo

3. APPROVAL OF AGENDA

Upon motion by Director Mote, seconded by Vice-Chair Miller and carried, the Governing Board approved the agenda as presented.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

4. PUBLIC FORUM

None

5. PRESENTATION AND INTRODUCTION

5.A. Bridgette Burton 5-yr recognition

The General Manager thanked Ms. Burton for her service and presented her with a 5-yr pin.

5.B. Replenish Big Bear Program: Overview Presentation of the Draft Program Environmental Impact Report (DPEIR) by Water Systems Consulting, Inc., and Tom Dodson & Associates

Laine Carlson, Water Systems Consulting, Inc., presented an overview of the Replenish Big Bear Program. Kaitlyn Dodson-Hamilton, Tom Dodson & Associates, briefly explained the California Environmental Quality Act and National Environmental Policy Act, and presented the report analysis, conclusions, schedule, and process. Ms. Dodson-Hamilton advised that the Notice of Availability will be published on December 21, 2023, which will start the public review period of 45 days, ending on February 5, 2024.

The Governing Board requested additional information on the environmental impact if the project is not constructed, if keeping the water in this watershed would have a positive impact to the farmland in Redlands, and the possibility of discharging on the east side of the airport property in the existing ditch to reduce the length of the pipeline. The Governing Board requested clarification on how the DPEIR addresses the Sand Canyon Recharge Area of the project even though BBARWA will not be constructing that portion, the Shay Pond evaluation, nitrogen levels, and the impact on the Lucerne Valley farming potential production.

6. INFORMATION/COMMITTEE REPORTS

6.A. General Manager's Report

The Governing Board requested the Hampton Inn connection count be indicated in the General Manager's Report.

6.B. Bear Valley Basin Groundwater Sustainability Agency Meeting on November 13, 2023

Vice-Chair Miller reviewed the meeting items which included renewing the contract with Thomas Harder & Co. to prepare the 2022/23 Groundwater Sustainability Plan Annual Report, appointing a new Chair, and discussing the bank account fees.

The Governing Board inquired who is appointed to the Agency.

7. CONSENT CALENDAR APPROVED ITEMS

7.A. Meeting Minutes from the October 25, 2023 Regular Meeting

7.B. Monthly Disbursements Report for October and November

7.C. Investment Report Identifying Agency Investments and Reporting Interest Income for October and November

7.D. First Quarter Report, Three Months Ended September 30, 2023

Upon motion by Director Herrick seconded by Director Mote and carried, the Governing Board approved the Consent Calendar as presented.

Ayes: Herrick, Miller, Mote, Russo, Walsh

Noes: None

Absent: None

Abstain: None

8. ITEMS REMOVED FROM CONSENT CALENDAR

None

9. OLD BUSINESS

None

10. NEW BUSINESS – DISCUSSION/ACTION ITEMS

10.A. Amendments to the Joint Exercise of Powers Agreement and Operating Agreement No. 1: Adding the Replenish Big Bear Program to the Definition of the Regional System and Amending Termination and Indebtedness Language

The General Manager explained the Environmental Protection Agency is requiring amendments to the Joint Powers Agreement and Operating Agreement No. 1 for the WIFIA loan. The General Manager discussed the amendments with the member agencies. The goal is to have the amendments approved by April.

The Governing Board requested an explanation on whether and how their member agency's respective liabilities for indebtedness may change as a result of the Amendment and what happens if one of the member agencies wanted to withdraw

while some amount of loan/indebtedness was still outstanding. The Governing Board advised in the past San Bernardino County would require revisions to agreements after the two other member agencies have approved, and inquired if there was a way to circumvent the process by sending the amendments to San Bernardino County first. The Governing Board asked why the City Manager is the signatory for the City of Big Bear Lake and Board Chairs are the signatories for San Bernardino County and the Big Bear City Community Services District.

Upon motion by Director Herrick, seconded by Vice-Chair Miller and carried, the Governing Board authorized the General Manager to negotiate and work with the Member Agencies in adopting the Seventh Amendment to the Joint Exercise of Powers Agreement and Amendment No. 6 to Operating Agreement No. 1, and authorized the Governing Board Chair to execute the final versions, together with any changes approved by the General Manager, in consultation with BB&K, of the Seventh Amendment to the Joint Exercise of Powers Agreement and Amendment No. 6 to Operating Agreement No. 1.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

10.B. Award Contract for Design Services for the Replenish Big Bear Program

The General Manager described the process for the Request for Proposals for the Replenish Big Bear Program Design Services and advised the cost was included in the Agency's fiscal year 2024 and 2025 budgets.

The Governing Board questioned if there would be any issues if three bids were not received, and requested clarification on the schedule, budget, engineering services during construction, and the process for approving contracts over one year.

Upon motion by Director Mote, seconded by Director Herrick and carried, the Governing Board awarded a contract to Water Systems Consulting, Inc. for the Design Services for the Replenish Big Bear Program in the amount of \$3,896,725 with a contract term expiring October 13, 2027, and authorized the General Manager to negotiate and execute the contract documents.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

10.C. Resolution No. R. 18-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Approving the Agency's Proposal for the United States Department of the Interior Bureau of Reclamation's WaterSMART:

Title XVI WIIN Act Water Reclamation and Reuse Project Grant Application for the Replenish Big Bear Project and Designating an Authorized Representative

The General Manager presented the resolution for the Title XVI grant.

Upon motion by Director Herrick, seconded by Vice-Chair Miller and carried, the Governing Board adopted Resolution No. R. 18-2023.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

- 10.D.** Resolution No. R. 19-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Approving Adoption of a 401(a) Retirement Savings Plan; Revision to Big Bear Area Regional Wastewater Agency Personnel Policies and Procedures Manual Section 7.06

The General Manager presented the resolution for the 401(a) plan.

The Governing Board inquired if a Board Member can defer compensation to a 457 account. Director Mote advised the Administrative Committee reviewed the 401(a) plan and recommended it be considered for approval by the Governing Board.

Upon motion by Director Mote, seconded by Vice-Chair Miller and carried, the Governing Board adopted Resolution No. R. 19-2023, authorized the General Manager to finalize and execute the 401(a) Retirement Savings Plan document, and approved the revision to Personnel Policies and Procedures Manual Section 7.06.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

- 10.E.** Resolution No. R. 20-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Making Emergency Findings and Authorizing and Ratifying the Emergency Contract for the Clarifier #1 Repair; Reallocate \$90,000 from the Capital Budget for Repairs

The General Manager presented the resolution for the emergency repair to Clarifier #1 and explained that the Plant Manager developed an operating plan if the plant receives high flows.

The Governing Board questioned if this was a repair or recast, if the Agency has a plan for the other clarifier which is the same age as Clarifier #1, the completion date, and utilizing the City of Big Bear Lake's overflow ponds.

Upon motion by Director Herrick, seconded by Director Russo and carried, the Governing Board adopted Resolution No. R. 20-2023, reallocated \$90,000 from the Capital Budget for costs related to the repair, and authorized the General Manager to take any other actions necessary to remediate the emergency repair to Clarifier #1.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

10.F. Resolution No. R. 21-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Granting an Easement for Electric Service to Southern California Edison

The General Manager presented the resolution granting an easement for electric service to Southern California Edison.

The Governing Board asked if public utilities had the right to take easements, if the guy wire was already installed, and clarified the difference between the staff report indicating no compensation and the resolution indicating for a good and valuable consideration.

Upon motion by Vice-Chair Miller, seconded by Director Mote and carried, the Governing Board adopted Resolution No. R. 21-2023, and authorized the General Manager to negotiate, execute, and deliver to the Southern California Edison Company the Southern California Edison Company Easement Grant with such change as recommended by legal counsel.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

10.G. 41500 Swan Drive Connection Fee Refund Request

The Finance Manager explained the connection fee refund request from the City of Big Bear Lake and the Agency policy regarding refunds.

The Governing Board inquired about the process to reduce the connection fee count and revenue, and how the connection fee could be paid twice.

Upon motion by Vice-Chair Miller, seconded by Director Russo and carried, the Governing Board approved the connection fee refund for 41500 Swan Drive.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

10.H. Schedule Budget Workshop

The Governing Board discussed dates and times for the Budget Workshop.

Upon motion by Director Mote, seconded by Director Russo and carried, the Governing Board scheduled a special meeting for the Budget Workshop on February 28, 2024 beginning at 10:00 a.m. The regular meeting on February 28, 2024 at 5:00 p.m. will be adjourned to the special meeting on February 28, 2024 at 10:00 a.m.

Ayes: Herrick, Miller, Mote, Russo, Walsh
Noes: None
Absent: None
Abstain: None

11. COMMENTS AND ANNOUNCEMENTS

11.A. General Manager Comments

The General Manager advised the solar panels were cleaned recently.

11.B. Governing Board Member Comments

The Governing Board thanked Water Systems Consulting, Inc. and Tom Dodson and Associates for the presentation and wished everyone Happy Holidays.

12. ADJOURNMENT

With no further business to come before the Governing Board, Chair Walsh adjourned the meeting at 11:58 a.m.

ATTEST: _____
Bridgette Burton, Secretary to the Governing Board
Big Bear Area Regional Wastewater Agency



Big Bear Area Regional
Wastewater Agency

*Larry Walsh – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
John Russo - Director
Kendi Segovia – Director*

AGENDA ITEM: 7.B.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Monthly Disbursements Report

BACKGROUND:

Attached are the Agency's December and January check registers which reflect accounts paid during those periods.

FINANCIAL IMPACT:

There is no financial impact. The funds have previously been appropriated.

RECOMMENDATION:

Informational

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Dec 1, 2023 to Dec 31, 2023

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
23688	12/8/23	VC3, INC.	1000-20	2,766.00
23689	12/8/23	ALLISON MECHANICAL, INC.	1000-20	2,157.18
23690	12/8/23	AMAZON CAPITAL SERVICES	1000-20	682.30
23691	12/8/23	ARAMARK UNIFORM SERVICES	1000-20	2,034.70
23692	12/8/23	BEST BEST & KRIEGER LLP	1000-20	19,448.30
23693	12/8/23	BIG BEAR CITY COMMUNITY SERVICES DIST.	1000-20	465.21
23694	12/8/23	BUTCHER'S BLOCK & BUILDING	1000-20	1,166.24
23695	12/8/23	BEAR VALLEY ELECTRIC	1000-20	12,315.87
23696	12/8/23	CAR QUEST OF BIG BEAR	1000-20	153.37
23697	12/8/23	DADDY'S PEST CONTROL	1000-20	300.00
23698	12/8/23	DIY HOME CENTER-BIG BEAR	1000-20	174.23
23699	12/8/23	DISTRIBUTED SOLAR DEVELOPMENT, LLC	1000-20	18,537.18
23700	12/8/23	DIRECT TV	1000-20	59.24
23701	12/8/23	DEPARTMENT OF WATER & POWER	1000-20	50.70
23702	12/8/23	EUROFINS EATON ANALYTICAL, LLC	1000-20	5,460.00
23703	12/8/23	EVANS-HYDRO	1000-20	32,945.07
23704	12/8/23	FAMCON PIPE & SUPPLY, INC.	1000-20	2,653.75
23705	12/8/23	FEDEX	1000-20	31.57
23706	12/8/23	FLYERS ENERGY	1000-20	1,470.04
23707	12/8/23	FRONTIER COMMUNICATIONS	1000-20	1,126.81
23708	12/8/23	NAVY MEN, LLC	1000-20	100.00
23709	12/8/23	GRAINGER	1000-20	777.58
23710	12/8/23	BIG BEAR GRIZZLY	1000-20	173.25
23711	12/8/23	HACH COMPANY	1000-20	283.18
23712	12/8/23	HUGHESNET	1000-20	101.52
23713	12/8/23	MCMASTER-CARR SUPPLY COMPANY	1000-20	11.61
23714	12/8/23	NHA ADVISORS, LLC	1000-20	4,718.75
23715	12/8/23	PHIL'S AUTOMOTIVE	1000-20	149.20
23716	12/8/23	PITNEY BOWES GLOBAL FINANCIAL SERVICES	1000-20	127.67
23717	12/8/23	POLYDYNE INC	1000-20	8,464.71
23718	12/8/23	READY REFRESH	1000-20	267.74
23719	12/8/23	R.I.C. CONSTRUCTION CO., INC.	1000-20	108,773.10
23720	12/8/23	ROI ENGINEERING LLC	1000-20	5,024.23
23721	12/8/23	SPECTRUM BUSINESS	1000-20	1,023.93

**Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Dec 1, 2023 to Dec 31, 2023**

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
23722	12/8/23	SWRCB - ANNUAL FEES	1000-20	226,263.00
23723	12/8/23	SYNAGRO-WWT, INC.	1000-20	25,155.02
23724	12/8/23	UNDERGROUND SERVICE ALERT	1000-20	116.31
23725	12/8/23	VIKING MAINTENANCE SERVICES, LLC	1000-20	1,445.00
23726	12/8/23	WINZER CORP	1000-20	243.36
23727	12/8/23	WATER SYSTEMS CONSULTING, INC.	1000-20	7,064.00
23728	12/8/23	TROY BEMISDARFER	1000-20	50.00
23729	12/8/23	CHRISTINE BENNETT	1000-20	50.00
23730	12/8/23	BRIDGETTE BURTON	1000-20	50.00
23731	12/8/23	SONJA KAWA	1000-20	50.00
23732	12/8/23	DAVID LAWRENCE	1000-20	50.00
23733	12/8/23	CHRIS SANTILLAN	1000-20	50.00
23734	12/8/23	JOHN SHIMMIN	1000-20	50.00
23735	12/22/23	ALLISON MECHANICAL, INC.	1000-20	552.71
23736	12/22/23	AMAZON CAPITAL SERVICES	1000-20	756.60
23737	12/22/23	BUSINESS CARD	1000-20	1,345.69
23738	12/22/23	CALIFORNIA TOOL & WELDING SUPPLY	1000-20	955.42
23739	12/22/23	CANON SOLUTIONS AMERICA, INC.	1000-20	1,549.26
23740	12/22/23	CITY OF BIG BEAR LAKE	1000-20	4,180.00
23741	12/22/23	CLINICAL LAB OF SAN BERNARDINO	1000-20	590.00
23742	12/22/23	COUNTY OF SAN BERNARDINO SOLID WASTE M	1000-20	1,949.30
23743	12/22/23	GRAINGER	1000-20	69.49
23744	12/22/23	BEAR VALLEY BASIN GSA	1000-20	1,559.13
23745	12/22/23	GSM ENGINEERED FABRICS, LLC	1000-20	237.50
23746	12/22/23	HACH COMPANY	1000-20	425.62
23747	12/22/23	MACLEOD WATTS, INC.	1000-20	7,400.00
23748	12/22/23	MITEL	1000-20	403.89
23749	12/22/23	RANDY J. SPITZ	1000-20	137.65
23750	12/22/23	QUILL	1000-20	104.47
23751	12/22/23	ROI ENGINEERING LLC	1000-20	1,895.00
23752	12/22/23	SOUTHERN CALIFORNIA EDISON	1000-20	8.00
23753	12/22/23	SOUTHLAND PIPE CORP.	1000-20	1,255.29
23754	12/22/23	SOUTHWEST GAS	1000-20	2,856.28

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Dec 1, 2023 to Dec 31, 2023

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
23755	12/22/23	NANCY R. BOHL, INC.	1000-20	95.00
23756	12/22/23	TOP SCALE, INC.	1000-20	291.99
23757	12/22/23	VERIZON WIRELESS	1000-20	248.49
23758	12/22/23	RICHARD T. HERRICK	1000-20	150.00
23759	12/22/23	JAMES J. MILLER	1000-20	150.00
23760	12/22/23	JOHN J. RUSSO	1000-20	150.00
23761	12/22/23	ISN GLOBAL ENTERPRISES, INC.	1000-20	35,215.50
23762	12/22/23	ALLISON MECHANICAL, INC.	1000-20	2,145.00
23763	12/22/23	FILMTEC CORPORATION	1000-20	30,000.00
CASH 23991	12/4/23	PAYA	1000-20	19.99
CASH 23992	12/4/23	VISION SERVICE PLAN	1000-20	306.46
CASH 23993	12/4/23	PRINCIPAL FINANCIAL GROUP	1000-20	3,662.78
CASH 23994	12/4/23	CALPERS HEALTH	1000-20	30,285.37
CASH 23995	12/7/23	THE LINCOLN NAT'L LIFE INS CO	1000-20	4,387.29
CASH 23996	12/8/23	EMPLOYMENT DEVELOPMENT DEPARTMENT	1000-20	2,701.39
CASH 23997	12/8/23	INTERNAL REVENUE SERVICE	1000-20	8,136.09
CASH 23998	12/11/23	AMERICAN FIDELITY ASSURANCE CO	1000-20	699.98
CASH 23999	12/11/23	CALPERS RETIREMENT	1000-20	4,445.94
CASH 24000	12/11/23	CA PERS 457 PROGRAM	1000-20	5,388.35
CASH 24001	12/11/23	CALPERS RETIREMENT	1000-20	9,334.27
CASH 24002	12/19/23	THE LINCOLN NAT'L LIFE INS CO	1000-20	4,387.29
CASH 24003	12/22/23	EMPLOYMENT DEVELOPMENT DEPARTMENT	1000-20	2,561.52
CASH 24004	12/22/23	INTERNAL REVENUE SERVICE	1000-20	7,854.36
CASH 24005	12/26/23	LEGALSHIELD	1000-20	67.80
CASH 24006	12/26/23	CALPERS RETIREMENT	1000-20	4,276.36
CASH 24007	12/26/23	CA PERS 457 PROGRAM	1000-20	5,388.35
CASH 24008	12/26/23	CALPERS RETIREMENT	1000-20	9,334.27
CASH 24009	12/27/23	AMERICAN FIDELITY ASSURANCE CO	1000-20	699.98
CASH 24010	12/27/23	PAYA	1000-20	12,691.81
CASH 24011	12/28/23	TEXAS LIFE INSURANCE COMPANY	1000-20	241.25
CASH 24012	12/28/23	AMERICAN FIDELITY ASSURANCE CO	1000-20	842.14
CASH 24013	12/29/23	PAYA	1000-20	64.23
CASH 24014	12/27/23	BYNETTE L. MOTE	1000-20	300.00
CASH 24015	12/27/23	LAWRENCE C. WALSH	1000-20	300.00

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Dec 1, 2023 to Dec 31, 2023

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
Total				709,685.47

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Jan 1, 2024 to Jan 31, 2024

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
23764	1/8/24	VC3, INC.	1000-20	2,764.00
23765	1/8/24	AMAZON CAPITAL SERVICES	1000-20	520.60
23766	1/8/24	ARAMARK UNIFORM SERVICES	1000-20	1,944.70
23767	1/8/24	BEST BEST & KRIEGER LLP	1000-20	22,202.23
23768	1/8/24	BIG BEAR CITY COMMUNITY SERVICES DI	1000-20	1,462.73
23769	1/8/24	BIG BEAR PAINT CENTER	1000-20	26.55
23770	1/8/24	BUTCHER'S BLOCK & BUILDING	1000-20	200.00
23771	1/8/24	BEAR VALLEY ELECTRIC	1000-20	13,341.96
23772	1/8/24	CALIFORNIA TOOL & WELDING SUPPLY	1000-20	109.72
23773	1/8/24	CALOLYMPIC SAFETY	1000-20	796.49
23774	1/8/24	CWEA TCP/MEMBERSHIP	1000-20	839.00
23775	1/8/24	DIY HOME CENTER-BIG BEAR	1000-20	86.71
23776	1/8/24	DISTRIBUTED SOLAR DEVELOPMENT, LLC	1000-20	15,672.40
23777	1/8/24	DIRECT TV	1000-20	52.99
23778	1/8/24	DEPARTMENT OF WATER & POWER	1000-20	50.70
23779	1/8/24	EUROFINS EATON ANALYTICAL, LLC	1000-20	3,200.00
23780	1/8/24	EVANTEC CORPORATION	1000-20	463.39
23781	1/8/24	FLYERS ENERGY	1000-20	1,324.18
23782	1/8/24	FRONTIER COMMUNICATIONS	1000-20	1,157.94
23783	1/8/24	BIG BEAR GRIZZLY	1000-20	1,320.00
23784	1/8/24	HACH COMPANY	1000-20	588.06
23785	1/8/24	HAZ MAT TRANS, INC.	1000-20	2,281.25
23786	1/8/24	HUGHESNET	1000-20	101.52
23787	1/8/24	LINCOLN FINANCIAL GROUP	1000-20	1,000.00
23788	1/8/24	LOR GEOTECHNICAL GROUP, INC.	1000-20	1,447.40
23789	1/8/24	MALLORY SAFETY & SUPPLY LLC	1000-20	1,745.76
23790	1/8/24	NAPA AUTO PARTS	1000-20	1,381.83
23791	1/8/24	PITNEY BOWES RESERVE ACCOUNT	1000-20	500.00
23792	1/8/24	READY REFRESH	1000-20	252.75
23793	1/8/24	R.I.C. CONSTRUCTION CO., INC.	1000-20	162,565.0
23794	1/8/24	RITE-WAY ROOF CORPORATION	1000-20	6,486.50
23795	1/8/24	RYAN R. ABELN	1000-20	10,669.12
23796	1/8/24	SPECTRUM BUSINESS	1000-20	1,023.93
23797	1/8/24	USA BLUEBOOK	1000-20	2,027.69

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Jan 1, 2024 to Jan 31, 2024

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
23798	1/8/24	UNDERGROUND SERVICE ALERT	1000-20	105.81
23799	1/8/24	VIKING MAINTENANCE SERVICES, LLC	1000-20	1,445.00
23800	1/8/24	WATER SYSTEMS CONSULTING, INC.	1000-20	71,570.83
23801	1/8/24	TROY BEMISDARFER	1000-20	50.00
23802	1/8/24	CHRISTINE BENNETT	1000-20	50.00
23803	1/8/24	BRIDGETTE BURTON	1000-20	50.00
23804	1/8/24	SONJA KAWA	1000-20	50.00
23805	1/8/24	DAVID LAWRENCE	1000-20	50.00
23806	1/8/24	CHRIS SANTILLAN	1000-20	50.00
23807	1/8/24	JOHN SHIMMIN	1000-20	50.00
23808	1/22/24	VC3, INC.	1000-20	1,789.66
23809	1/22/24	BUSINESS CARD	1000-20	4,340.34
23810	1/22/24	BEAR VALLEY LOCK AND KEY	1000-20	358.60
23811	1/22/24	CLINICAL LAB OF SAN BERNARDINO	1000-20	1,882.50
23812	1/22/24	JOHN CONNELLY	1000-20	854.99
23813	1/22/24	CA SOCIETY of MUNICIPAL FINANCE OFFI	1000-20	135.00
23814	1/22/24	COUNTY OF SAN BERNARDINO SOLID WA	1000-20	4,397.15
23815	1/22/24	TOM DODSON & ASSOCIATES	1000-20	27,775.30
23816	1/22/24	FILMTEC CORPORATION	1000-20	2,325.00
23817	1/22/24	EUROFINS EATON ANALYTICAL, LLC	1000-20	800.00
23818	1/22/24	EVANS-HYDRO	1000-20	17,070.95
23819	1/22/24	BRUCE R. FROST	1000-20	50,000.00
23820	1/22/24	GOVERNMENT FINANCE OFFICERS ASSN	1000-20	160.00
23821	1/22/24	GRAINGER	1000-20	288.46
23822	1/22/24	BEAR VALLEY BASIN GSA	1000-20	1,673.47
23823	1/22/24	HOUSTON & HARRIS PCS, INC	1000-20	4,265.00
23824	1/22/24	ISN GLOBAL ENTERPRISES, INC.	1000-20	2,835.54
23825	1/22/24	MITEL	1000-20	403.92
23826	1/22/24	NHA ADVISORS, LLC	1000-20	1,112.50
23827	1/22/24	PETTY CASH	1000-20	463.11
23828	1/22/24	POLYDYNE INC	1000-20	8,464.71
23829	1/22/24	S PORTER, INC.	1000-20	4,000.00
23830	1/22/24	QUILL	1000-20	390.01

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Jan 1, 2024 to Jan 31, 2024

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
23831	1/22/24	READY REFRESH	1000-20	337.25
23832	1/22/24	SOUTHERN CALIFORNIA EDISON	1000-20	47.10
23833	1/22/24	SOUTHWEST GAS	1000-20	3,498.23
23834	1/22/24	SWRCB-WWOC	1000-20	125.00
23835	1/22/24	SYNAGRO-WWT, INC.	1000-20	21,816.95
23836	1/22/24	USA BLUEBOOK	1000-20	1,883.98
23837	1/22/24	VERIZON WIRELESS	1000-20	253.55
23838	1/22/24	WATER SYSTEMS CONSULTING, INC.	1000-20	41,510.25
CASH 24016	1/3/24	PAYA	1000-20	19.99
CASH 24017	1/3/24	VISION SERVICE PLAN	1000-20	306.46
CASH 24018	1/3/24	CALPERS HEALTH	1000-20	32,513.50
CASH 24019	1/4/24	THE LINCOLN NAT'L LIFE INS CO	1000-20	3,176.86
CASH 24020	1/4/24	PRINCIPAL FINANCIAL GROUP	1000-20	3,923.21
CASH 24021	1/5/24	EMPLOYMENT DEVELOPMENT DEPARTME	1000-20	2,537.79
CASH 24022	1/5/24	INTERNAL REVENUE SERVICE	1000-20	7,837.82
CASH 24023	1/8/24	CALPERS RETIREMENT	1000-20	4,359.43
CASH 24024	1/8/24	CA PERS 457 PROGRAM	1000-20	4,888.54
CASH 24025	1/8/24	CALPERS RETIREMENT	1000-20	9,334.27
CASH 24026	1/9/24	CALIF DEPT OF TAX & FEE ADMINISTRATI	1000-20	17.00
CASH 24027	1/12/24	AMERICAN FIDELITY ASSURANCE CO	1000-20	737.49
CASH 24028	1/17/24	LINCOLN FINANCIAL GROUP	1000-20	1,983.18
CASH 24029	1/19/24	LINCOLN FINANCIAL GROUP	1000-20	1,983.18
CASH 24030	1/19/24	EMPLOYMENT DEVELOPMENT DEPARTME	1000-20	2,533.57
CASH 24031	1/19/24	THE LINCOLN NAT'L LIFE INS CO	1000-20	3,176.86
CASH 24032	1/19/24	INTERNAL REVENUE SERVICE	1000-20	7,769.90
CASH 24033	1/22/24	AMERICAN FIDELITY ASSURANCE CO	1000-20	737.49
CASH 24034	1/22/24	CALPERS RETIREMENT	1000-20	4,369.85
CASH 24035	1/22/24	CA PERS 457 PROGRAM	1000-20	4,500.80
CASH 24036	1/22/24	CALPERS RETIREMENT	1000-20	9,334.27
CASH 24037	1/25/24	LEGALSHIELD	1000-20	67.80
CASH 24038	1/26/24	TEXAS LIFE INSURANCE COMPANY	1000-20	285.00
CASH 24039	1/26/24	AMERICAN FIDELITY ASSURANCE CO	1000-20	1,045.94
CASH 24040	1/26/24	PAYA	1000-20	12,691.81
CASH 24041	1/31/24	PAYA	1000-20	60.83

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Jan 1, 2024 to Jan 31, 2024

Filter Criteria includes: 1) Accounts Payable only. Report order is by Check Number.

Check #	Date	Payee	Cash Account	Amount
				<hr/>
Total				<u><u>658,530.1</u></u>



Big Bear Area Regional
Wastewater Agency

Larry Walsh – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
John Russo - Director
Kendi Segovia – Director

AGENDA ITEM: 7.C.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Investment Report Identifying Agency Investments and Reporting Interest
Income

BACKGROUND:

Attached are the December and January Monthly Investment Reports pursuant to the Agency's Investment Policy.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Informational

BBARWA
 Monthly Investment Report
 December 2023

<u>INVESTMENT TYPE</u>	<u>COST</u>	<u>FAIR MARKET VALUE (1)</u>	<u>YEAR TO DATE INTEREST(2)</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
LOCAL AGENCY INVESTMENT FUND	\$ 11,301,725	\$ 11,228,751	\$ 181,055	3.929%	DAILY
TOTAL	\$ 11,301,725	\$ 11,228,751	\$ 181,055		

The Investment Portfolio of the Big Bear Area Regional Wastewater Agency is in compliance with the investment policy approved in August 2023. The Agency will be able to meet its expenditure requirements for the next six months.

(1) LOCAL AGENCY INVESTMENT FUND (LAIF) IS A STATE-RUN INVESTMENT POOL PROVIDED FOR PUBLIC AGENCIES. THE LAIF MARKET VALUE SHOWN ON THIS TREASURER'S REPORT REPRESENTS BBARWA'S SHARE OF THE **LIQUID VALUE** OF LAIF'S PORTFOLIO IF IT WAS LIQUIDATED AS OF THE END OF THE REPORTED MONTH. THIS NUMBER SERVES AS AN INDICATOR OF WHETHER OR NOT THE **MARKET VALUE** OF LAIF'S INVESTMENTS IS ABOVE OR BELOW THE **COST** OF THOSE INVESTMENTS.

(2) Interest paid quarterly on LAIF investment. Amount reflects interest income received at the reporting date during FY 2024 and excludes accrued interest.

Attachment (s): Monthly LAIF Statement

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

January 02, 2024

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

FINANCE MANAGER
 P.O. BOX 517
 BIG BEAR CITY, CA 92314

[Tran Type Definitions](#)

Account Number:

December 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
12/5/2023	12/5/2023	RW	1743505	1703912	CHRISTINE BENNETT	-500,000.00
12/18/2023	12/18/2023	RD	1743959	1704370	CHRISTINE BENNETT	1,500,000.00
12/28/2023	12/27/2023	RD	1744351	1704750	CHRISTINE BENNETT	1,750,000.00

Account Summary

Total Deposit:	3,250,000.00	Beginning Balance:	8,551,725.00
Total Withdrawal:	-500,000.00	Ending Balance:	11,301,725.00

BBARWA
 Monthly Investment Report
 January 2024

<u>INVESTMENT TYPE</u>	<u>COST</u>	<u>FAIR MARKET VALUE (1)</u>	<u>YEAR TO DATE INTEREST(2)</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
LOCAL AGENCY INVESTMENT FUND	\$ 10,891,882	\$ 10,821,554	\$ 271,212	4.012%	DAILY
TOTAL	\$ 10,891,882	\$ 10,821,554	\$ 271,212		

The Investment Portfolio of the Big Bear Area Regional Wastewater Agency is in compliance with the investment policy approved in August 2023. The Agency will be able to meet its expenditure requirements for the next six months.

(1) LOCAL AGENCY INVESTMENT FUND (LAIF) IS A STATE-RUN INVESTMENT POOL PROVIDED FOR PUBLIC AGENCIES. THE LAIF MARKET VALUE SHOWN ON THIS TREASURER'S REPORT REPRESENTS BBARWA'S SHARE OF THE **LIQUID VALUE** OF LAIF'S PORTFOLIO IF IT WAS LIQUIDATED AS OF THE END OF THE REPORTED MONTH. THIS NUMBER SERVES AS AN INDICATOR OF WHETHER OR NOT THE **MARKET VALUE** OF LAIF'S INVESTMENTS IS ABOVE OR BELOW THE **COST** OF THOSE INVESTMENTS.

(2) Interest paid quarterly on LAIF investment. Amount reflects interest income received at the reporting date during FY 2024 and excludes accrued interest.

Attachment (s): Monthly LAIF Statement

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

February 06, 2024

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

FINANCE MANAGER
P.O. BOX 517
BIG BEAR CITY, CA 92314

[Tran Type Definitions](#)



Account Number:

January 2024 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
1/9/2024	1/9/2024	RW	1744667	1705079	CHRISTINE BENNETT	-500,000.00
1/12/2024	1/11/2024	QRD	1745857	N/A	SYSTEM	90,156.84

Account Summary

Total Deposit:	90,156.84	Beginning Balance:	11,301,725.00
Total Withdrawal:	-500,000.00	Ending Balance:	10,891,881.84



Big Bear Area Regional
Wastewater Agency

Larry Walsh – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
John Russo - Director
Kendi Segovia – Director

AGENDA ITEM: 7.D.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Second Quarter Report, Six Months Ended December 31, 2023

BACKGROUND & DISCUSSION:

Please find attached the Second Quarter Report, which discusses the most recent six month's financial performance compared to the budget.

The Agency performed under the budget for the second quarter with operating expenses falling below the budget by approximately \$224,239 or 7%. A detailed description of the major variances to budget is included in the attached report.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Informational

ATTACHMENT:

Second Quarter Report

Big Bear Area Regional Wastewater Agency

2nd Quarter Report

Six Months ended December 31, 2023



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Q1 9/30/2023 <u>Actual</u>	Q2 12/31/2023 <u>Actual</u>	YTD <u>Actual</u>	YTD <u>Budget</u>	YTD Actual vs Budget \$	YTD Actual vs Budget %
Operating revenues:						
Annual charges	-	3,835,518	3,835,518	3,835,538	(20)	0%
Waste disposal fees	6,871	6,486	13,357	10,937	2,420	22%
Rental income	9,080	9,080	18,159	25,996	(7,837)	-30%
Standby fees	-	37,649	37,649	37,649	(0)	0%
Other operating revenue	40,234	1,400	41,634	-	41,634	nm (b)
Total operating revenues	56,185	3,890,132	3,946,317	3,910,120	36,197	1%
Operating expenses:						
Salaries and benefits	899,155	596,418	1,495,573	1,544,253	(48,680)	-3%
Power	94,476	96,925	191,400	208,943	(17,543)	-8%
Sludge removal	72,237	65,314	137,551	163,822	(26,271)	-16%
Chemicals	19,821	28,558	48,378	45,141	3,237	7%
Materials and supplies	44,661	32,162	76,823	81,120	(4,297)	-5%
Repairs and replacements	43,410	116,931	160,341	197,688	(37,347)	-19%
Equipment rental	950	-	950	456	494	108%
Utilities expense	2,937	7,087	10,024	22,844	(12,820)	-56%
Communications expense	17,119	18,706	35,825	36,322	(497)	-1%
Contractual services - other	31,724	35,650	67,374	100,177	(32,804)	-33%
Contractual services - prof	29,812	39,091	68,903	94,870	(25,968)	-27%
Permits and fees	11,475	232,671	244,146	250,994	(6,848)	-3%
Property tax expense	-	4,196	4,196	4,124	72	2%
Insurance expense	229,350	(327)	229,023	240,678	(11,655)	-5%
Other operating expense	16,864	19,230	36,093	39,406	(3,312)	-8%
Depreciation expense (a)	-	-	-	-	-	nm (b)
Total operating expenses	1,513,990	1,292,610	2,806,601	3,030,839	(224,239)	-7%
Operating Income	(1,457,806)	2,597,522	1,139,716	879,280	260,436	30%
Nonoperating income (expense):						
Nonoperating income	169,476	97,141	266,617	34,154	232,464	681%
Nonoperating expense	(228)	(89,471)	(89,699)	(115,650)	25,951	+ (c)
Total nonoperating income (exp)	169,248	7,671	176,919	(81,496)	258,415	+ (c)
Income before capital contributions:	(1,288,558)	2,605,193	1,316,635	797,784	518,850	65%
Capital contrib - conn fees	326,040	41,800	367,840	96,140	271,700	283%
Change in Net Position	(962,518)	2,646,993	1,684,475	893,924	790,550	88%

(a) Currently, the Agency depreciates its assets at the end of the year. Therefore, depreciation expense is presented as \$0.00 on an interim basis.

(b) nm = not meaningful and is the result when dividing by 0.

(c) Percent change is not provided if either of the comparison periods contains a loss or negative number. If the actual performance is improved when compared to the budget a "+" is given. If the actual performance is worse when compared to the budget, a "-" is given.



STATEMENT OF CASH FLOW**Q2**
12/31/2023**Cash flows from operating activities:**

Cash received from customers and other sources	4,421,800
Cash payments to suppliers for goods and services	(1,173,917)
Cash payments to employees	<u>(1,492,934)</u>
Net cash provided by operating activities	1,754,949

Cash flows from capital and related financing activities

Interagency and GSA Expense	(3,156)
Purchases of property, plant and equip	(1,633,854)
Sale, Disposal of PP&E and Other	0
Capital contributions	217,063
Proceeds from debt issuance	0
Proceeds from grant issuance	6,401
Prepayment premiums and issuance costs	(37)
Principal payments on long-term debt	(211,158)
Interest paid on long-term debt	<u>(115,650)</u>
Net cash used for capital and related financing activities	(1,740,390)

Cash flows from investing activities:

Investment income received	<u>350,531</u>
Net cash provided by investing activities	350,531

Net change in cash equivalents 365,090

Cash equivalents, beginning of period	11,458,134
Cash equivalents, end of period	<u>11,823,223</u>
	<u>365,089</u>



Discussion and Analysis

Operating Revenues

Operating revenues were higher than the budget by \$36,197 or 1% primarily due to receipt of the insurance claim reimbursement for the administrative building roof replacement.

	Q1 9/30/2023 Actual	Q2 12/31/2023 Actual	YTD Actual	YTD Budget	YTD Actual vs Budget \$	YTD Actual vs Budget %
Operating revenues:						
Annual charges	0	3,835,518	3,835,518	3,835,538	(20)	0%
Waste disposal fees	6,871	6,486	13,357	10,937	2,420	22%
Rental income	9,080	9,080	18,159	25,996	(7,837)	-30%
Standby fees	0	37,649	37,649	37,649	(0)	0%
Other operating revenue	40,234	1,400	41,634	-	41,634	nm (a)
Total operating revenues	56,185	3,890,132	3,946,317	3,910,120	36,197	1%

(a) nm = not meaningful and is the result when dividing by 0.

Operating Expenses

Operating expenses were below the budget by \$224,239 or 7%. Variances greater than 5% and \$10,000 are highlighted below and discussed on the next page.

	Q1 9/30/2023 Actual	Q2 12/31/2023 Actual	YTD Actual	YTD Budget	YTD Actual vs Budget \$	YTD Actual vs Budget %
Operating expenses:						
Salaries and benefits	899,155	596,418	1,495,573	1,544,253	(48,680)	-3%
Power	94,476	96,925	191,400	208,943	(17,543)	-8%
Sludge removal	72,237	65,314	137,551	163,822	(26,271)	-16%
Chemicals	19,821	28,558	48,378	45,141	3,237	7%
Materials and supplies	44,661	32,162	76,823	81,120	(4,297)	-5%
Repairs and replacements	43,410	116,931	160,341	197,688	(37,347)	-19%
Equipment rental	950	0	950	456	494	108%
Utilities expense	2,937	7,087	10,024	22,844	(12,820)	-56%
Communications expense	17,119	18,706	35,825	36,322	(497)	-1%
Contractual services - other	31,724	35,650	67,374	100,177	(32,804)	-33%
Contractual services - prof	29,812	39,091	68,903	94,870	(25,968)	-27%
Permits and fees	11,475	232,671	244,146	250,994	(6,848)	-3%
Property tax expense	0	4,196	4,196	4,124	72	2%
Insurance expense	229,350	(327)	229,023	240,678	(11,655)	-5%
Other operating expense	16,864	19,230	36,093	39,406	(3,312)	-8%
Depreciation expense (a)	0	0	0	0	0	nm (a)
Total operating expenses	1,513,990	1,292,610	2,806,601	3,030,839	(224,239)	-7%

(a) nm = not meaningful and is the result when dividing by 0.

An explanation of the major variances by line item is as follows.



Power was under the budget by \$17,543 or 8% which was mainly a result of higher production of solar power resulting in a decrease in electricity costs for the treatment plant and administration building. Electricity costs are budgeted based on an average. Solar production came online in December of Fiscal Year 2022. As more data is available, the budget for solar purchases and electricity will adjust.

Sludge Removal expense was under the budget by \$26,271 or 16% which was due to lower sludge removal compared to the budget. Sludge removal was budgeted based on removing 2,416 tons; however, actual tons hauled was 2,071, a reduction of 345 tons for the year-to-date period.

Repairs and Replacements expense was under the budget by \$37,347 or 19% mostly due to timing associated with sludge building lighting and treatment plant door replacements which will be completed later in the year.

Utilities expense was under the budget by \$12,820 or 56% mainly driven by a delay in solid waste (scum and grit) disposal hauling.

Contractual services other expense was under the budget by \$32,804 or 33% due to delays in electrical services.

Contractual services professional expense was under the budget by \$25,968 or 27% primarily due to lower legal expenses.

Insurance expense was under the budget by \$11,655 or 5% due mostly to a reduction in workman's compensation insurance partially offset by an increase in general liability and vehicle insurance. Lower workman's compensation insurance was primarily a result of a change in the experience modification factor from 110% to 76% based on the Agency's claims history. The experience modification factor compares the Agency's claim experience to other agencies similar in size and types of jobs.

Non-Operating Income (Expense)

Non-operating Income (Expense) had a positive variance of \$258,415 mostly due to higher nonoperating income related to fair market value accounting adjustments and an increase in interest income.

	Q1 9/30/2023 Actual	Q2 12/31/2023 Actual	YTD Actual	YTD Budget	YTD Actual vs. Budget \$	YTD Actual vs. Budget %
Nonoperating income (expense):						
Nonoperating income	169,476	97,141	266,617	34,154	232,464	681%
Nonoperating expense	(228)	(89,471)	(89,699)	(115,650)	25,951	+ (a)
Total nonoperating income (exp)	169,248	7,671	176,919	(81,496)	258,415	+ (a)

(a) Percent change is not provided if either of the comparison periods contains a loss or negative number. If the actual performance is improved when compared to the budget a "+" is given. If the actual performance is worse when compared to the budget, a "-" is given.



Capital Contributions - Connection Fees

Income before capital contributions was ahead of the budget by \$518,850 for the period due to higher operating income than budgeted by \$36,197, lower operating expenses than budgeted of \$224,239, and a positive variance in net nonoperating income (expense) of \$258,415. Capital contributions (or connection fee revenues) were higher than the budget due to higher connections of 65 primarily resulting from connection fees for the new Hampton Inn. Actual connections were 88 compared to 23 budgeted for the quarter.

	Q1 9/30/2023 Actual	Q2 12/31/2023 Actual	YTD Actual	YTD Budget	YTD Actual vs Budget \$	YTD Actual vs Budget %
Income before capital contributions	(1,288,558)	2,605,193	1,316,635	797,784	518,850	65%
Capital contrib - conn fees	<u>326,040</u>	<u>41,800</u>	<u>367,840</u>	<u>96,140</u>	<u>271,700</u>	<u>283%</u>
Net Income, Change in net assets	(962,518)	2,646,993	1,684,475	893,924	790,550	88%

(a) Percent change is not provided if either of the comparison periods contains a loss or negative number. If the actual performance is improved when compared to the budget a "+" is given. If the actual performance is worse when compared to the budget, a "-" is given.

Capital Expenditures

Capital expenditures for the period were approximately \$1.6 million, below the budget by approximately \$3.9 million. The variance is due to timing associated with multiple projects.

Cash and Fund Balances

The Agency had positive cash flow of \$365,089 through the second quarter. The positive cash flow reflects approximately \$1.8 million in positive cash flow from operations, approximately \$217,000 in capital contributions, and approximately \$351,000 in investment income offset by approximately \$1.6 million in capital expenditures and approximately \$327,000 in debt service payments.

	Beginning Balance	Activity During Period	Ending Balance
Cash Balance	11,458,134		11,823,223
Designated Fund Balances:			
Capital and Replacement Fund			
Current Year	3,954,942	-1,633,854	2,321,089
Future Year	<u>2,860,666</u>	<u>0</u>	<u>2,860,666</u>
Total C&R	6,815,609	-1,633,854	5,181,755
Debt Service Fund	653,616	-326,808	326,809
Liquidity Fund	2,612,739	2,237,045	4,849,785
Contingency Fund:			
Emergency	500,000	-95,000	405,000
Operating	<u>876,170</u>	<u>-33,357</u>	<u>842,813</u>
Total	1,376,170	-128,357	1,247,813
	11,458,134		
Restricted Funds:			
Connection Fees	0	217,063	217,063
Total Designated & Restricted Funds	11,458,134	365,089	11,823,223



AGENDA ITEM: 10.A.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

PREPARED BY: Bridgette Burton, Administrative Services Manager/Board Secretary

REVIEWED BY: John Shimmin, Plant Manager

SUBJECT: Resolution No. R. 01-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Making Emergency Findings and Authorizing and Ratifying the Emergency Contracts for the Oxidation Ditch #1 Shaft #1 Repair; Reallocate \$134,487 from the Capital Budget for Repairs

BACKGROUND & DISCUSSION:

On December 19, 2023, Agency staff discovered Oxidation Ditch #1 Shaft #1 was no longer working properly. Oxidation Ditch #1 is one of the main components of the activated sludge and biological nutrient removal system and is needed during peak flows at the wastewater treatment plant.

Under Public Contract Code Section 28682.5 (g), the Governing Board can elect to forgo strict competitive bidding (a process that would take approximately four months) in the event of an emergency but must follow the procedures set forth in Section 22050 of the Public Contract Code. It is generally understood that the definition of an emergency stipulates there is imminent risk to public health, safety, welfare, or property. Under this definition, the potential for a discharge violation due to the facility not being able to handle high flows, potentially resorting in a spill or overload of the wastewater treatment process, qualifies this event as an imminent risk.

The Agency engaged Lakeside Equipment Corporation for parts and S. Porter, Inc. to repair Oxidation Ditch #1 Shaft #1. S. Porter, Inc. had the ability to respond quickly and has installed and repaired similar equipment at the treatment plant.

The estimated cost for the emergency repair is below:

	Amount
Lakeside Equipment Corporation	\$94,487
S. Porter, Inc.	\$40,000
Total	\$134,487

Staff will report to the Governing Board at the next regularly scheduled meeting and at every meeting thereafter until the action is terminated to determine if there is a need to continue the action. The repair is expected to be completed in March 2024.

FINANCIAL IMPACT:

There is no financial impact anticipated. Funds will be re-allocated from the Cactus Flats outfall line repair. The repairs for the Cactus Flats outfall line are contingent on coordination with the US Forest Service. The Agency is actively working with the US Forest Service regarding this project. Once project components have been defined and a plan for cost sharing is completed, this project will be reprogrammed.

RECOMMENDATION:

1. Adopt Resolution No. R. 01-2024;
2. Reallocate \$134,487 from the Capital Budget for costs related to the repair; and
3. Authorize the General Manager to take any other actions necessary to remediate the emergency repair to Oxidation Ditch #1 Shaft #1.

ATTACHMENT:

Resolution No. R. 01-2024

RESOLUTION NO. R. 01-2024

**A RESOLUTION OF THE GOVERNING BOARD OF THE
BIG BEAR AREA REGIONAL WASTEWATER AGENCY
MAKING EMERGENCY FINDINGS AND AUTHORIZING
AND RATIFYING THE EMERGENCY CONTRACTS FOR
THE OXIDATION DITCH #1 SHAFT #1 REPAIR**

WHEREAS, on December 19, 2023, Agency staff discovered Oxidation Ditch #1 Shaft #1 was no longer working properly. Oxidation Ditch #1 is one of the main components of the Big Bear Area Regional Wastewater Agency's ("BBARWA") activated sludge and biological nutrient removal system and is needed during peak flows at the wastewater treatment plant ("Facility");

WHEREAS, staff immediately took Oxidation Ditch #1 Shaft #1 offline for inspection;

WHEREAS, repair tasks were required on Oxidation Ditch #1 Shaft #1;

WHEREAS, pursuant to Public Contract Code section 22050, the Agency, by four-fifths vote of its governing body, may repair or replace a public facility without engaging in competitive bidding if it finds that an emergency situation exists that poses a threat to public health, safety and welfare or property and that the emergency will not permit a delay resulting from a competitive solicitation for bids;

WHEREAS, a protected water body is located near the Facility;

WHEREAS, staff estimated a competitive bidding process would take up to four (4) months to complete;

WHEREAS, BBARWA cannot operate the wastewater treatment plant without Oxidation Ditch #1 Shaft #1 for four (4) months;

WHEREAS, based on the emergency conditions that would not allow the delay resulting from a traditional competitive solicitation of bids, the General Manager negotiated and executed contracts with Lakeside Equipment Corporation and S. Porter, Inc. for repair of Oxidation Ditch #1 Shaft #1;

WHEREAS, the total cost of the Oxidation Ditch #1 Shaft #1 repair ("Project") is estimated at \$134,487; and

WHEREAS, the Agency's Capital Budget will provide sufficient funding for the Project.

NOW, THEREFORE BE IT RESOLVED that the Governing Board of the Big Bear Area Regional Wastewater Agency as follows:

1. The foregoing recitals are found to be true and correct and incorporated as if fully set forth herein.

2. Pursuant to Public Contract Code section 22050, it is determined that the damaged Oxidation Ditch #1 Shaft #1 at the Facility constitutes an emergency condition that poses a threat to public health, safety and welfare, and property and that such condition did not permit a delay resulting from a competitive solicitation of bids.
3. The emergency contracts awarded to Lakeside Equipment Corporation and S. Porter, Inc. for the Project in the total cumulative amount of \$134,487 are hereby ratified.
4. Agency staff is hereby authorized and directed to take any actions necessary to remediate Oxidation Ditch #1 Shaft #1 at the Facility.
4. Funding for the Project shall be reallocated from the fiscal year 2024 Capital Budget for repair of Oxidation Ditch #1 Shaft #1 at the Facility.
5. Staff is directed to report to the Governing Board at the next regularly scheduled meeting and at every meeting thereafter until the action is terminated to determine if there is a need to continue the action.

ADOPTED, SIGNED AND APPROVED this 28th day of February, 2024.

Larry Walsh, Chair of the Governing Board
Big Bear Area Regional Wastewater Agency

ATTEST:

I, Bridgette Burton, Secretary to the Governing Board of the Big Bear Area Regional Wastewater Agency, DO HEREBY CERTIFY, that the foregoing Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency, being Resolution No. R. 01-2024, Making Emergency Findings and Authorizing and Ratifying Emergency Contracts for the Oxidation Ditch #1 Shaft #1 Repair; Appropriate \$134,487 from the Capital Budget for Repairs, was duly adopted at a regular meeting of the Governing Board held on the 28th day of February 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Bridgette Burton, Secretary to the Governing Board
Big Bear Area Regional Wastewater Agency



AGENDA ITEM: 10.B.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

PREPARED BY: Bridgette Burton, Administrative Services Manager/Board Secretary

SUBJECT: Governing Board Reorganization

BACKGROUND & DISCUSSION:

Pursuant to applicable law governing the formation and operation of the Agency, the Governing Board shall hold an annual election of officers at a meeting in February or as soon thereafter as practicable. The election of officers will normally follow a rotation between the various member agencies. A Governing Board member must serve on the Governing Board for a period of one year (12-months) before qualifying for the position of Chair. Prior appointments/assignments to the Governing Board will satisfy the one-year service requirement for the office of Chair.

Chair Walsh will begin by opening nominations for the position of Chair, a second is offered, followed by a vote of the Governing Board. The same procedure will be utilized for the position of Vice-Chair. The designated officers will assume their new positions at the next scheduled meeting.

For reference, appointments for the previous three years are below:

<u>2021</u>	<u>2022</u>	<u>2023</u>
Chair Miller, CSA 53B	Chair Herrick, CBBL	Chair Walsh, BBCCSD
Vice-Chair Herrick, CBBL	Vice-Chair Green, BBCCSD	Vice-Chair Miller, CSA 53B

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Appointment of Chair and Vice-Chair at the discretion of the Governing Board.



Big Bear Area Regional
Wastewater Agency

*Larry Walsh – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
John Russo - Director
Kendi Segovia – Director*

AGENDA ITEM: 10.C.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

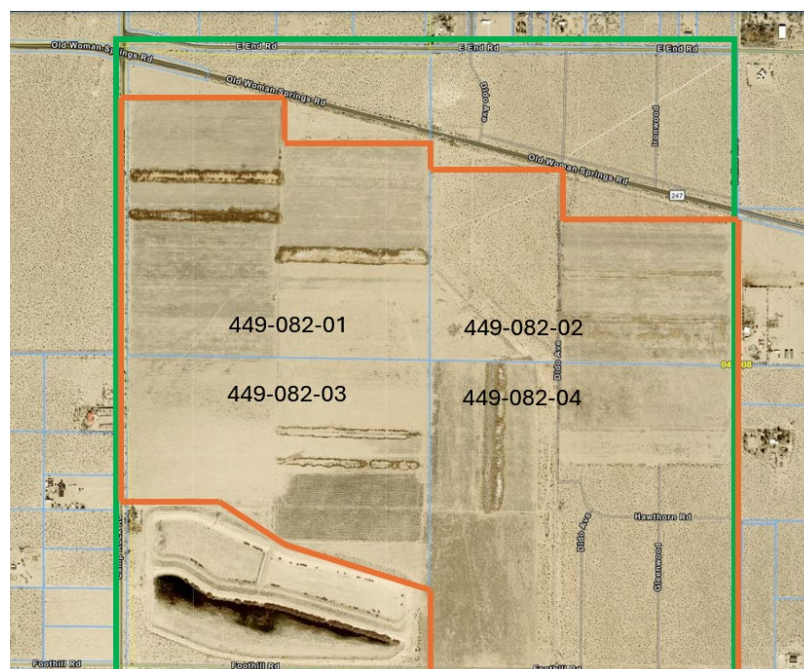
PREPARED BY: Bridgette Burton, Administrative Services Manager/Board Secretary

SUBJECT: Consideration of Solar Panel Installation in Lucerne Valley

BACKGROUND & DISCUSSION:

The Agency has been approached by Brian Scharnberg from Stadia Realty, Inc., who represents a developer who is interested in leasing a portion of the Agency's Lucerne Valley property (APNs 449-082-01, 449-082-02, 449-082-03, 449-082-04) for solar panel installation. The Agency is requesting Governing Board direction as to whether the Governing Board would like the General Manager to pursue this opportunity.

The Agency leases 433 acres of its Lucerne Valley property to Trinidad, Emma, and Miguel Gaeta for growing fodder crops. The Gaeta lease agreement may need to be modified to allow for the solar panel installation; however, the Gaeta's are not, and have not been, utilizing the entire 433 acres. The map below shows the Agency's Lucerne Valley property (green outline) and the existing Gaeta property lease (orange outline).



If the Governing Board directs the Agency to proceed, it will negotiate an agreement with a developer outlining the terms of use. The Agency's intention would be to provide use of existing property while incurring little to no incremental costs. The developer would be responsible for all costs associated with any necessary permits, CEQA documentation, and improvements. The Agency would include standard provisions related to indemnification and rights of termination.

ENVIRONMENTAL CONSIDERATION:

The environmental consideration will be determined once the parameters of the lease have been agreed upon.

FINANCIAL IMPACT:

There is currently no financial impact anticipated. There is the possibility of an increase in revenue; however, the exact impact will not be known until a lease agreement has been finalized.

RECOMMENDATION:

Authorize the General Manager to negotiate an agreement with a developer for use of Agency property located in Lucerne Valley (APNs 449-082-01, 449-082-02, 449-082-03, 449-082-04) for solar panel installation for Governing Board approval.



Big Bear Area Regional
Wastewater Agency

*Larry Walsh – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
John Russo - Director
Kendi Segovia – Director*

AGENDA ITEM: 10.D.

MEETING DATE: February 28, 2024

TO: Governing Board of the Big Bear Area Regional Wastewater Agency

FROM: David Lawrence, P.E., General Manager

PREPARED BY: Bridgette Burton, Administrative Services Manager/Board Secretary

SUBJECT: Consideration of Pine Knot Marina Trailer Storage

DISCUSSION:

Pine Knot Marina has approached the Agency requesting to use Agency property for boat trailer storage for approximately 5 months per year. After careful consideration, the Agency identified property at the end of Garstin Dr (APN 2328-011-01), adjacent to the Lake Pump Station, that may be used for this purpose. There are no future plans for this portion of the property. The Agency is requesting Governing Board direction as to whether the Governing Board would like the General Manager to pursue this opportunity.

If the Governing Board directs the Agency to proceed, it will negotiate an agreement with Pine Knot Marina outlining the terms of use. The Agency's intention would be to provide use of existing property while incurring little to no incremental costs. Pine Knot Marina would be responsible for all costs associated with any necessary permits, CEQA documentation, and improvements. The Agency would include standard provisions related to indemnification and rights of termination.



ENVIRONMENTAL CONSIDERATION:

The environmental consideration will be determined once the parameters of the lease have been agreed upon.

FINANCIAL IMPACT:

There is currently no financial impact anticipated. There is the possibility of an increase in revenue; however, the exact impact will not be known until a lease agreement has been finalized.

RECOMMENDATION:

Authorize the General Manager to negotiate an agreement with Pine Knot Marina for use of Agency property located at the end of Garstin Drive (APN 2328-011-01) for boat trailer storage for Governing Board approval.