

2024 BUDGET

FISCAL YEAR ENDING JUNE 30, 2024



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

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Section 1: BBARWA Budget Framework

Replenish Big Bear Project (RBB)

During this budget cycle, the Agency has budgeted for expenses associated with RBB through FY 2028 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 be addressed first, with Section 2 addressing 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 each year during the 5-year period, from FY 2024 - 2028. The rates through FY 2028 have been structured to meet the Agency’s current operating and capital needs during the next five years and assumes no new debt financing during the period. It should be noted that the Agency’s rates have been structured to cover 85% of its annual debt service. The remaining 15% (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. Over the long-term, the Agency is expected to do so.

	Actual FY 2014	Actual FY 2015	Actual FY 2016	Actual FY 2017	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Rate per EDU	\$193.58	\$201.32	\$201.32	\$201.32	\$204.34	\$210.06	\$216.78	\$223.07	\$231.77	\$241.04	\$250.68	\$260.71	\$271.14	\$281.98	\$291.85
% Change	3.0%	4.0%	0.0%	0.0%	1.5%	2.8%	3.2%	2.9%	3.9%	4.0%	4.0%	4.0%	4.0%	4.0%	3.5%
Prior Projected Rates											\$250.68	\$260.71	\$269.05	\$277.66	
Prior Projected % Change											4.0%	4.0%	3.2%	3.2%	

The Agency is experiencing higher than inflation increases for materials, supplies, and utilities resulting in the current projected rate adjustments to be slightly higher than those projected a year ago.

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 (“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 price changes. The overall inflationary outlook is for inflation to moderate

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.



in FY 2024 and 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 2022	7.5%	7.1%	7.1%	7.7%
January 2023	7.3%	6.3%	6.4%	8.0%

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

Fiscal Year	Annual Average
2023	3.1%
2024	2.5%
2025	2.4%
2026-2028	2.5%

The Agency has assumed average inflation of 2.6% during the forecast period, decreasing from 3% in FY 2024 to 2.5% in FY 2028.

	Actual FY 2015	Actual FY 2016	Actual FY 2017	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year Average
Inflation Rate	0.8%	1.8%	2.2%	4.0%	2.9%	0.9%	5.9%	8.7%	3.6%	3.0%	2.5%	2.5%	2.5%	2.5%	2.6%

Actual inflation represents the CPI, Los Angeles-Riverside-Orange County, All Urban Consumers for FY 2013 - 2018, and the CPI for Riverside, San Bernardino, Ontario CA, beginning in FY 2019.

Comparisons

Financial performance comparisons throughout this document include historical, current and future periods. The periods prior to and including FY 2022 are periods of actual financial performance, FY 2023 is the projected performance, FY 2024 is the budget period, and FY 2024 – FY 2028 is the forecast period:

<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2024 - FY 2028</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 at a slightly slower pace than the previous five-year period with an average annual change of 5% compared to 7%. This is primarily due to staffing changes.

Salaries and Wages Expense – The average annual increase in salaries and wages over the forecast period is projected to be 5%, slightly lower than the average growth during the previous five-year period. The Agency is expected to experience less than 1% growth in FY 2024 compared to the prior year, increasing to 7% in FY 2025 then slowing to 4% growth in FY 2028 as more employees reach the top of their pay scales³ and inflation slows.

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 Board approved change in the CPI calculation method to annual average versus November year-over-year. In FY 2024, the Agency is proposing an 8.7% COLA⁴ with a cap on wage adjustments (no merit adjustments).

Benefits expense – The average annual increase in benefits expense is expected to be 7% over the five-year period. Increases in pension costs have been driven by changes in the assumed rate of return on pension assets which was lowered from 7.5% to 7% in prior years, and in July 2021 lowered further to 6.8%. Pension costs are expected to increase from approximately \$470,000 in FY 2024 to approximately \$580,000 in FY 2028, an average annual increase of 6% over the forecast period. Lower increases in medical premiums then expected results in an estimated 0.3% increase for the budget year and a 4% annual growth over the forecast period. OPEB contribution expense will increase in FY 2024 as a result of a lower assumed rate of return then previously projected from 6.95% to 6.15%.

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

Higher Interest Income – Interest rates are expected to rise, with the federal reserve expected to raise rates multiple times in FY 2023. This should result in higher interest income on the Agency's cash balances and is expected to result in an 7% average increase over the forecast period.

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.

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 is projected to be 67.9%, much lower than previously projected due to a decrease in market returns from 6.95% to 6.15%. Staff will recommend an additional contribution of \$200,000 at the end of

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 24 for further discussion of the COLA calculation.



FY 2023 which would bring the funded position to 72.9%. If the Agency experiences unplanned expenditures before the fiscal year end, this payment could be eliminated or reduced.

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.

Terminology

CAGR	the Compound Annual Growth Rate which is the average annual growth rate over the period referenced
CAPEX	capital expenditures
CalPERS	California Public Employees Retirement System
FY	means the fiscal year ending June 30 th of the year referenced, i.e., FY 2023 is the fiscal year ending June 30, 2023
nm	means "not meaningful". It is input as the outcome when dividing by "0" or when the percent change calculation includes a loss or negative number
Projected performance	based on six months of actual performance through November 2021 and represents the Agency's best estimate of full-year, FY 2022 performance
RBB	Replenish Big Bear
UAL	unfunded accrued liability (used in reference to pension and OPEB unfunded liabilities)



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 2023 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 2024 Budget follows.



Statement Comparison: Projected FY 2023 to Actual FY 2022 and Budget FY 2023

INCOME STATEMENT
Comparison Projected FY 2023 to Actual FY 2022 and Budget FY 2023

	Actual FY 2022	Budget FY 2023	Projected FY 2023	Projected FY 2023 vs. Actual FY 2022		Projected FY 2023 vs. Budget FY 2023	
				\$	%	\$	%
Operating Revenues:							
Annual Charges	5,845,163	6,095,347	6,095,347	250,184	4%	0	0%
Standby Charges	79,220	77,602	77,590	-1,630	-2%	-12	0%
Rental Income	70	0	0	-70	-100%	0	nm
Waste Disposal	22,000	21,690	21,690	-310	-1%	0	0%
Other Revenue	<u>7,709</u>	<u>0</u>	<u>0</u>	<u>-7,709</u>	<u>nm</u>	<u>0</u>	<u>nm</u>
Total Operating Revenue	5,954,162	6,194,639	6,194,628	240,466	4%	-11	0%
Operating Expenses:							
Salaries and Benefits	2,549,891	2,846,457	2,789,641	239,750	9%	-56,816	-2%
Power	388,721	479,055	412,736	24,015	6%	-66,319	-14%
Sludge Removal	271,361	315,295	315,295	43,934	16%	0	0%
Chemicals	51,788	83,084	88,661	36,873	71%	5,577	7%
Materials and Supplies	120,638	146,053	142,400	21,761	18%	-3,653	-3%
Repairs and Replacements	156,609	342,897	327,897	171,287	109%	-15,000	-4%
Equipment Rental	111	885	2,043	1,932	1735%	1,158	131%
Utilities Expense	22,427	48,301	48,301	25,874	115%	0	0%
Communications Expense	48,093	57,223	59,836	11,743	24%	2,613	5%
Contractual Services - Other	86,212	107,232	108,983	22,770	26%	1,750	2%
Contractual Services - Professional	196,672	166,621	166,621	-30,051	-15%	0	0%
Permits and fees	234,270	245,225	245,225	10,955	5%	0	0%
Property Tax Expense	4,017	4,070	4,070	53	1%	0	0%
Insurance	188,844	243,708	227,384	38,540	20%	-16,324	-7%
Other Operating Expense	42,987	64,749	55,807	12,819	30%	-8,943	-14%
Depreciation Expense	<u>883,556</u>	<u>921,287</u>	<u>921,687</u>	<u>38,130</u>	<u>4%</u>	<u>399</u>	<u>0%</u>
Total Operating Expense	5,246,199	6,072,141	5,916,585	670,386	13%	-155,556	-3%
Operating Income	707,963	122,498	278,043	-429,920	-61%	155,545	127%
Nonoperating Income							
Gain (loss) on Asset Disposition	-33,519	0	2,535	36,054	nm	2,535	nm
Interest Income	-71,645	83,228	99,027	170,672	-238%	15,799	19%
Other Nonoperating Income	134,777	0	0	-134,777	-100%	0	nm
Lease Revenue	<u>52,741</u>	<u>54,205</u>	<u>61,783</u>	<u>9,042</u>	<u>17%</u>	<u>7,578</u>	<u>nm</u>
Nonoperating Income	82,354	137,433	163,345	80,991	nm	25,912	19%
Nonoperating Expense							
Other Expense	108,222	5,208	6,096	-102,126	-94%	888	17%
Interest Expense	<u>110,916</u>	<u>97,319</u>	<u>97,319</u>	<u>-13,597</u>	<u>-12%</u>	<u>0</u>	<u>0%</u>
Nonoperating expense	219,138	102,527	103,415	-115,723	-53%	888	1%
Income before Contributions	571,179	157,404	337,973	-233,206	-41%	180,569	115%
Connection Fees	<u>363,660</u>	<u>188,100</u>	<u>188,100</u>	<u>-175,560</u>	<u>-48%</u>	<u>0</u>	<u>0%</u>
Change in Net Position	934,839	345,504	526,073	-408,766	-44%	180,569	52%

Notes

"nm" means not meaningful and is used when dividing by 0



CASH FLOW STATEMENT
Comparison Projected FY 2023 to Actual FY 2022 and Budget FY 2023

	Actual FY 2022	Budget FY 2023	Projected FY 2023	Projected FY 2023 vs. Actual FY 2022	Projected FY 2023 vs. Budget FY 2023
Cash from Operating Activities:					
Operating Income (Loss)	707,963	122,498	278,043	-429,920	155,545
Depreciation Expense	883,556	921,287	921,687	38,130	400
Other Miscellaneous Income (Exp)	0	0	0	0	0
Change in Working Capital, Other Adj.	<u>124,420</u>	<u>-144,231</u>	<u>-28,703</u>	<u>-153,123</u>	<u>115,528</u>
Net Cash Provided by Op Activities	1,715,940	899,554	1,171,027	-544,913	271,473
Cash from Noncapital Financing:					
Payment of Pension Related Debt/Liab	0	0	0	0	0
Cash from Capital and Related Financing:					
Other Nonoperating Expense	-103,172	0	-1,067	102,105	-1,067
Capital Expenditures	-463,903	-2,056,835	-2,056,835	-1,592,932	0
Proceeds from Asset Disposition	13,905	0	0	-13,905	0
Connection Fee (Capital Contrib)	372,020	188,100	188,100	-183,920	0
Proceeds from Debt Issuance, Grants	133,391	0	0	-133,391	0
Debt Service:					
Interest Expense	-398,160	-110,916	-97,319	300,841	13,597
Principal Debt Amortization	<u>-110,883</u>	<u>-398,160</u>	<u>-411,798</u>	<u>-300,914</u>	<u>-13,638</u>
Total Debt Service	-509,043	-509,076	-509,117	-73	-41
Lease Revenue	58,173	54,205	61,783	3,610	7,578
Net Cash Used for Cap and Financing	-498,629	-2,323,606	-2,317,135	-1,818,506	6,471
Cash from Investing:					
(Increase) Decrease in Other Assets	0	0	0	0	0
Other Proceeds	0	0	0	0	0
Interest Income	-79,723	83,228	99,027	178,750	15,799
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	-79,723	83,228	99,027	178,750	15,799
Net Change in Cash	1,137,588	-1,340,824	-1,047,082	-2,184,670	293,742
Beginning Cash Balance	6,694,849	7,832,439	7,832,439	1,137,590	0
Ending Cash Balance	<u>7,832,439</u>	<u>6,491,615</u>	<u>6,785,357</u>	<u>-1,047,082</u>	<u>293,742</u>
Change in Cash Balance	1,137,590	-1,340,824	-1,047,082	-2,184,672	293,742



Discussion: Projected FY 2023 Compared to Actual FY 2022

Operating Revenues are projected to be approximately \$6.2 million, up \$240,466 or 4% in FY 2023. The increase is driven by higher annual charges driven by a 4% rate increase.

Operating Expenses are projected to be \$5.9 million, up \$670,386 or 13% in FY 2023. The Agency is projected to experience higher operating expenses across multiple line items compared to the prior year. Projected increases that exceed 5% and \$20,000 are as follows:

- **Salaries and Benefits** expense is projected to be \$2.8 million, up \$239,750 or 9% from FY 2022. The increase is driven by a 13% increase in salaries and wages (higher by \$209,150) due to annual merit and COLA adjustments (merit adjustments of 2.2% and COLA adjustments of 5.8%) combined with longevity adjustments⁴ and a managerial position transition period.
- **Sludge Removal** expense is projected to be \$315,295, up \$43,934 or 16% from FY 2022 due to higher solids removal compared to the prior period.
- **Chemicals** expense is projected to be \$88,661, up \$36,873 or 71% from FY 2022 due to higher actual costs for chemicals than anticipated.
- **Materials and Supplies** expense is projected to be \$142,400, up \$21,761 or 18% from FY 2022 as a result of the addition of lease accounting software and a cost increase in vehicle maintenance supplies.
- **Repairs and Replacements** expense is projected to be \$327,897, up \$171,287 or 109% from FY 2022. The primary driver was an unexpected replacement of the oxidation ditch 2 rotor shaft 4.
- **Utilities Expense (other than power)** is projected to be \$48,301, up \$25,874 or 115% from FY 2022 primarily due to an increase in solid waste disposal.
- **Contractual Services Other** expense is projected to be \$108,983, up \$22,770 or 26% from FY 2022 as a result of an increase in EAP services, website hosting, and landscaping and snow removal.
- **Insurance** expense is projected to be \$227,384, up \$38,540 or 20% from FY 2022 primarily due to an increase in general and property insurance.

The above increases are projected to be offset by the following decrease compared to the prior year.

- **Contractual Services – Professional** expense is projected to be \$166,621, down \$30,051 or 15% from FY 2022 as a result of an arc flash study conducted in FY 2022 that was not budgeted for FY 2023.

Operating Income is projected to be \$278,043, a decrease of \$429,920 or 61% from FY 2022. The decrease in operating income is due to the growth in operating expenses outpacing the growth in operating revenues, with operating expenses increasing \$670,386 or 13% and operating revenues increasing \$240,466 or 4%.

Change in Net Position is projected to be \$526,073 down \$408,766, or 44% from FY 2022. The decrease is primarily driven by much higher operating expenses and lower connection fee revenue when compared to FY 2022.

Change in Cash for the Period is projected to be (\$1,047,082) in FY 2023, lower by \$2,184,672 when compared to FY 2022. Lower cash flow is due mostly to higher capital expenditures (higher by approximately \$1,592,932) and lower operating income (lower by approximately \$429,920) compared to FY 2022.

⁴ The Agency budgets salary adjustments as follows: employees that are below the top of scale and are eligible to receive a merit adjustment are budgeted to receive a 5% salary adjustment; employees that have 7 years or more of service are budgeted to receive a 1% longevity adjustment; all employees are budgeted to receive a COLA adjustment based on CPI annual average. Estimates based on these assumptions are for budgeting purposes only.



Discussion: Projected FY 2023 Compared to Budget FY 2023

The comparison below is made to the Agency's budget, as amended during the year to include approximately \$1.7 million in carry over and new appropriations during the period: 1) \$207,514 operating expenses, and 2) \$1,525,016 in capital expenditures.

Operating Revenues are projected to be \$6.2 million, on plan with the budget.

Operating Expenses are projected to be \$5.9 million, down \$155,556 or 3% compared to the Agency's budget. Lower operating expenses are driven by lower projected Salaries and Benefits, Power, Insurance, and Repairs and Replacements. Projected decreases from the budget are as follows:

- **Salaries and Benefits** expense is projected to be \$2.8 million, down \$56,816 or 2% from the budget. The decrease is primarily driven by staffing changes and lower premiums for medical, dental, life, and vision.
- **Power** expense is projected to be \$412,736, down \$66,319 or 14% from the budget and is driven by lower solar power purchases due to weather and differences in the net metering cost agreement versus actual cost.
- **Insurance** expense is projected to be \$227,384, down \$16,324 or 7% from the budget and is driven by a larger longevity discount than expected and lower rates for sanitary workers than budgeted.
- **Repairs and Replacements** expense is projected to be \$327,897, down \$15,000 or 4% from the budget as a result of the rotor replacement project coming in under budget by \$15,000.

Operating Income is projected to be \$278,043, up \$155,545 driven by lower operating expenses.

Change in Net Position is projected to be \$526,073, up \$180,570 from the budget. The increase is driven by a decrease in operating expenses of \$155,556 and a positive variance of \$25,025 in net non-operating income (expense) due an increase in interest income.

Change in Cash for the Period is projected to be (\$1,047,082) in FY 2023, up \$293,743 compared to the budget. Higher cash flow compared to the budget is due mostly to lower capital expenditures of \$113,159, lower operating expenses of \$155,556, and higher net nonoperating income/expense of \$25,025.



Statement Comparison: NEW Budget FY 2024 to Projected FY 2023

INCOME STATEMENT
Comparison NEW Budget FY 2024 to Projected FY 2023

	Projected FY 2023	NEW Budget FY 2024	NEW Budget FY 2024 vs. Projected FY 2023	
			\$	%
Operating Revenues:				
Annual Charges	6,095,347	6,359,717	264,370	4%
Standby Charges	77,590	75,297	-2,293	-3%
Rental Income	0	0	0	nm
Waste Disposal	21,690	21,690	0	0%
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>nm</u>
Total Operating Revenue	6,194,628	6,456,705	262,077	4%
Operating Expenses:				
Salaries and Benefits	2,789,641	2,924,650	135,009	5%
Power	412,736	499,429	86,692	21%
Sludge Removal	315,295	336,212	20,918	7%
Chemicals	88,661	95,080	6,419	7%
Materials and Supplies	142,400	180,189	37,789	27%
Repairs and Replacements	327,897	247,688	-80,209	-24%
Equipment Rental	2,043	912	-1,131	-55%
Utilities Expense	48,301	37,000	-11,301	-23%
Communications Expense	59,836	72,644	12,808	21%
Contractual Services - Other	108,983	109,588	606	1%
Contractual Services - Prof	166,621	189,027	22,407	13%
Permits and fees	245,225	259,973	14,748	6%
Property Tax Expense	4,070	4,124	54	1%
Insurance	227,384	240,678	13,294	6%
Other Operating Expense	55,807	59,826	4,019	7%
Depreciation Expense	<u>921,687</u>	<u>901,809</u>	<u>-19,878</u>	<u>-2%</u>
Total Operating Expenses	5,916,585	6,158,829	242,244	4%
Operating Income	278,043	297,876	19,833	7%
Nonoperating Income				
Gain (loss) on Asset Disposition	2,535	2,555	20	nm
Interest Income	99,027	126,395	27,368	28%
Other Nonoperating Income	0	0	0	nm
Lease Revenue	<u>61,783</u>	<u>55,048</u>	<u>-6,735</u>	<u>-11%</u>
Nonoperating Income	163,345	183,998	20,653	13%
Nonoperating Expense				
Other Expense	6,096	5,029	-1,067	-18%
Interest Expense	<u>97,319</u>	<u>83,213</u>	<u>-14,106</u>	<u>-14%</u>
Nonoperating Expense	103,415	88,242	-15,173	-15%
Income before Contributions	337,973	393,631	55,658	16%
Connection Fees	<u>188,100</u>	<u>188,100</u>	<u>0</u>	<u>0%</u>
Change in Net Position	526,073	581,731	55,658	11%

"nm" means not meaningful



CASH FLOW STATEMENT
Comparison NEW Budget FY 2024 to Projected FY 2023

	Projected FY 2023	NEW Budget FY 2024	Budget FY 2024 vs. Projected FY 2023
Cash from Operating Activities:			
Operating Income (Loss)	278,043	297,876	19,833
Depreciation Expense	921,687	901,809	-19,878
Other Miscellaneous Income (Exp)	0	0	0
Change in Working Capital, Other Adjustments	<u>-28,703</u>	<u>16,752</u>	<u>45,455</u>
Net Cash Provided by Op Activities	1,171,027	1,216,437	45,410
Cash from Noncapital Financing:			
Payment of Pension Related Debt/Liability	0	0	0
Cash from Capital and Related Financing:			
Other Nonoperating Expense (Interagency)	-1,067	0	1,067
Capital Expenditures	-2,056,835	-644,978	1,411,856
Proceeds from Asset Disposition	0	0	0
Connection Fee (Capital Contrib)	188,100	188,100	0
Proceeds from Debt Issuance, Grants	0	0	0
Debt Service:			
Interest Expense	-97,319	-83,213	14,106
Principal Debt Amortization	<u>-411,798</u>	<u>-425,903</u>	<u>-14,106</u>
Total Debt Service	-509,117	-509,117	0
Lease Revenue	61,783	55,048	
Net Cash Used for Cap and Related Financing	-2,317,135	-910,236	1,406,899
Cash from Investing:			
(Increase) Decrease in Other Assets	0	0	0
Other Proceeds	0	0	0
Interest Income	99,027	126,395	27,368
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	99,027	126,395	27,368
			0
Net Change in Cash	<u>-1,047,082</u>	<u>432,595</u>	<u>1,479,677</u>
Beginning Cash Balance	7,832,439	6,785,357	-1,047,082
Ending Cash Balance	<u>6,785,357</u>	<u>7,217,953</u>	<u>432,595</u>
Change in Cash Balance	<u>-1,047,082</u>	<u>432,595</u>	<u>1,479,677</u>



Discussion: NEW Budget FY 2024 Compared to Projected FY 2023

Operating Revenues are budgeted to be approximately \$6.5 million, up \$262,077 or 4% from FY 2023. The increase reflects a 4% increase in annual charges driven by a 4% increase in the sewer user fee and new connections to the system.

Operating Expenses are budgeted to be approximately \$6.2 million, up \$242,244 or 4% from FY 2023. 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 \$2.9 million, up \$135,009 or 5% from FY 2023. The increase is primarily driven by an increase in benefits expense of \$122,961 due to higher pension and OPEB expenses of \$115,724 and higher premium expenses of \$7,237. The Agency is proposing an 8.7% COLA with a wage adjustment cap at 8.7% with no merit adjustments. Even with the proposed COLA, salaries and wages increase less than 1% as a result of lower salaries due to staffing changes and two positions that were frozen based on the annual Compensation Study.
- **Power** expense is budgeted to be \$499,429, up \$86,692 or 21% from FY 2023. The increase is primarily driven by increases in Bear Valley Electric rates for FY 2024 of 25%.
- **Sludge Removal** expense is budgeted to be \$336,212, up \$20,918 or 7% from FY 2023 and is consistent with baseline projections for sludge removal. The sludge removal budget is based on annual CPI and Fuel Base Rate adjustments that are incorporated into the contract for sludge removal.
- **Materials and Supplies** expense is budgeted to be \$180,189, up \$37,789 or 27% from FY 2023. This increase is primarily driven by an increase in software license fees and laboratory supply costs.
- **Contractual Services – Professional** expense is budgeted to be \$189,027, up \$22,407 or 13% from FY 2023. The primary drivers of this increase are information technology, audit services, and the biennial OPEB actuarial.

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

- **Repairs and Replacements** expense is budgeted to be \$247,688, down \$80,209 or 24% from FY 2023. FY 2023 included an unexpected repair which increased that year's budget.

Operating Income is budgeted to be \$297,879, an increase of \$19,833 or 7% from FY 2023. The increase in operating income reflects a 4% growth in operating revenues and a 4% growth in operating expense.

Change in Net Position is budgeted to be \$581,731, up \$55,658 or 11% from FY 2023. The increase is driven by higher operating income of \$19,833 and a positive variance in non-operating income (expense) of \$35,826.

Change in Cash for the Period is budgeted to be \$432,595 in FY 2024, higher by approximately \$1.5 million when compared to FY 2023. Higher cash flow is due mostly to lower capital expenditures of approximately \$1.4 million, higher operating income of \$19,833, and higher interest income of \$27,368.



Financial Summary

Based on the current forecast, the Agency will need annual rate adjustments through FY 2028. During the next five-year period, growth in operating expenses equal that of revenues. Revenues are expected to grow at an average annual rate of 4%, reflecting the proposed rate adjustments, and expenses are also expected to grow at an average annual rate of 4%. Growth in operating expenses is slightly 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 5% over the period. Other operating expenses on a combined basis, grow at an average annual rate of 2% over the period. Operating income over the forecast period improves, and when combined with connection fee revenue 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 2023 is expected to be 2.9 x and is projected to increase to 10.7 x at the end of the forecast period due in part to reduced debt service in FY 2027. Minimum debt service coverage pursuant to the Agency's borrowing agreements is 1.2 x. The Agency's debt capacity is estimated⁵ at \$2.5 million at the end of FY 2023 and is expected to increase to approximately \$7.3 million at the end of FY 2028.

At the end of FY 2028, the Agency is projected to have \$4 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 2033, is an aggressive capital investment schedule with estimated capital investment of \$14.2 million, or approximately \$2.8 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 \$2.2 million, with \$1.8 million of the increase going to the capital and replacement fund for future capital requirements, and the remaining \$400,000 of the increase going to meet required reserve balances in the operating, liquidity, and debt service reserve funds.

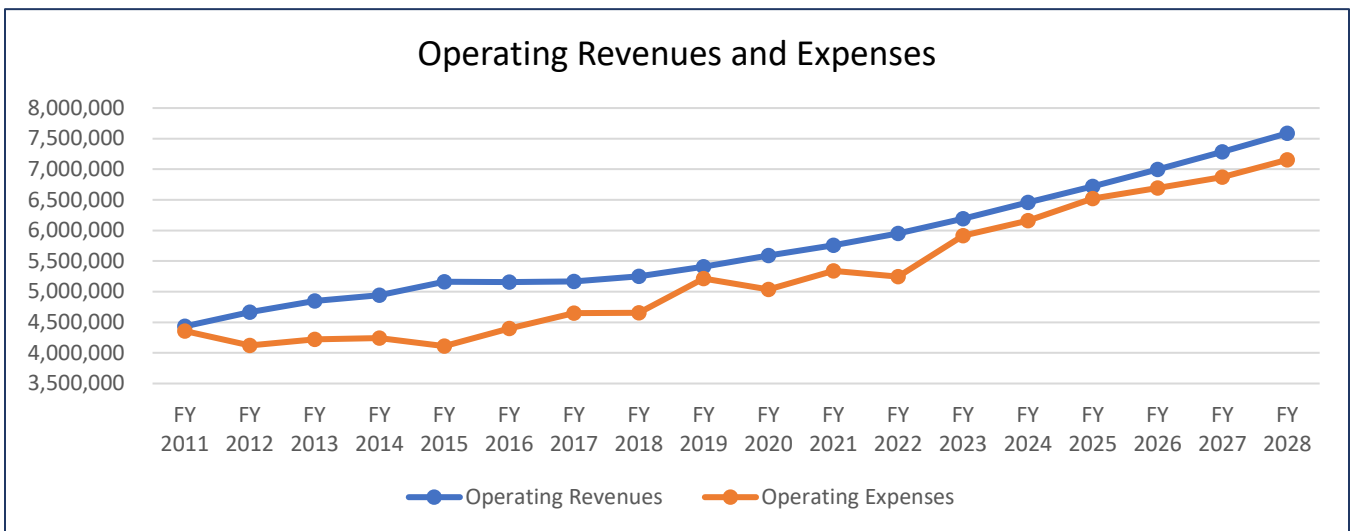
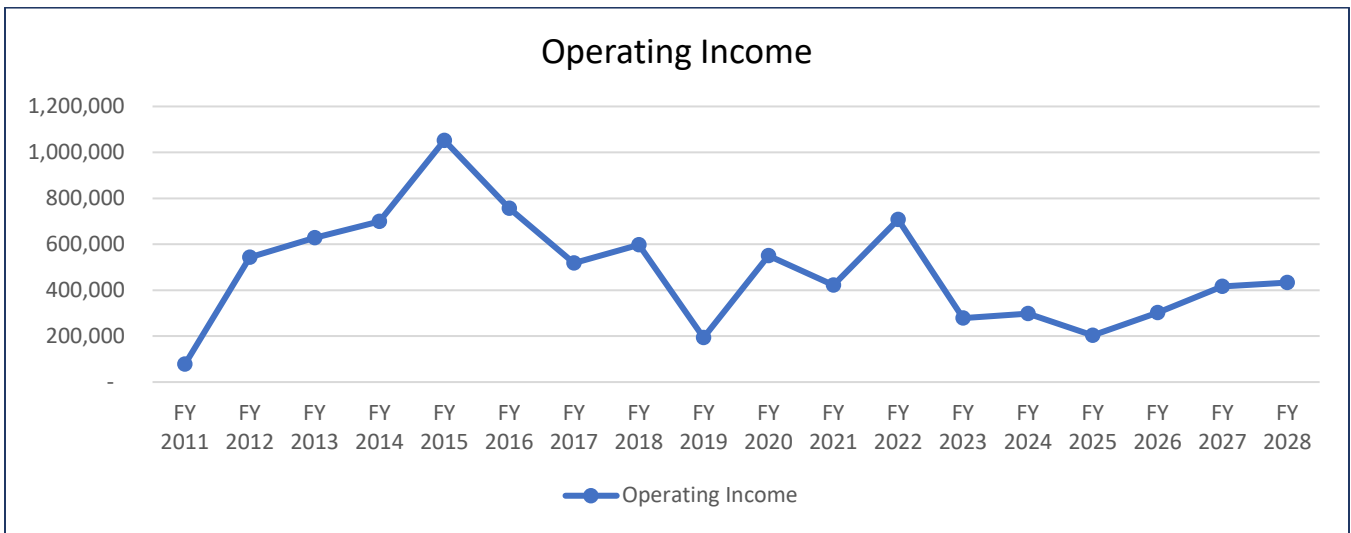
Operating Trends and Outlook

Operating Income⁶ Improves

The Agency's operating expenses are expected to grow at an average annual rate of 4% over the next five years, slightly outpacing average inflation of approximately of 3% for the same period. The 4% growth in operating expenses over the period is being driven by salaries and benefits expense which is expected to grow at 5% on average during the period. Salaries and benefits expense peaked in FY 2023 at 9% annual growth and is budgeted to grow at 5% in FY 2024 to 7% in FY 2025, slowing to 4% growth by FY 2028. This slowdown in salaries and benefits expense combined with slower growth in other operating expenses will help manage the Agency's overall growth in operating expenses to 4% on average over the period. This combined with the planned rate adjustments will contribute to slightly improving operating income over the period.

⁵ The calculation utilizes a 2.0 x debt service coverage and assumes borrowing terms of 20 years at 4%.

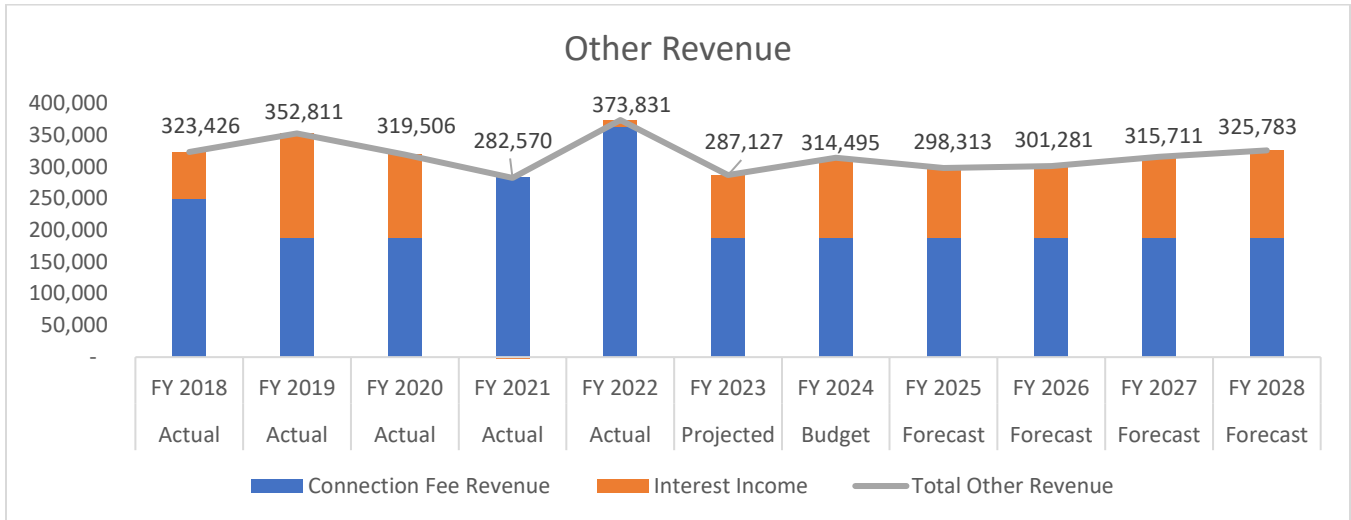
⁶ Operating Income is Operating Revenues less Operating Expenses.





Other Revenue Increases

Other revenue sources, interest income and connection fee revenue, average approximately \$300,000 annually, with interest income increasing from FY 2023 levels due to higher interest rates. Interest rates are projected to increase to 2% over the period, increasing from 1.7% in FY 2023.



Capital

Average Maintenance Capital Expenditures

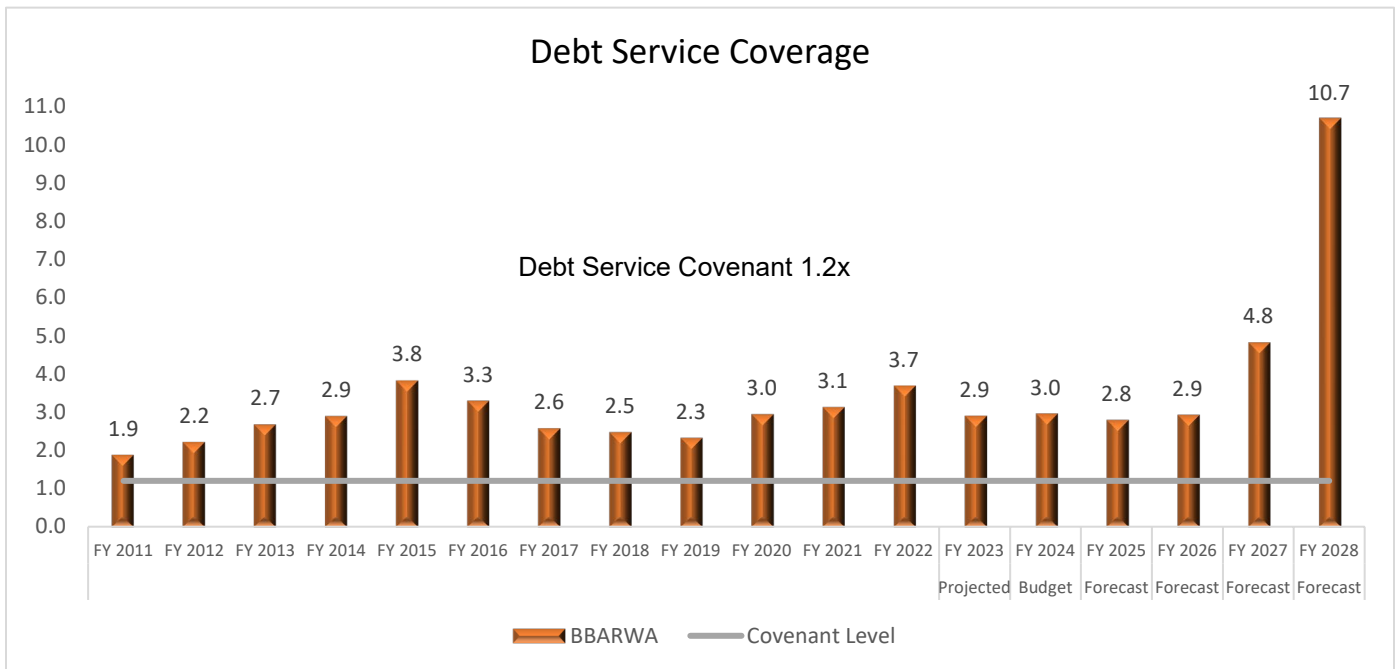
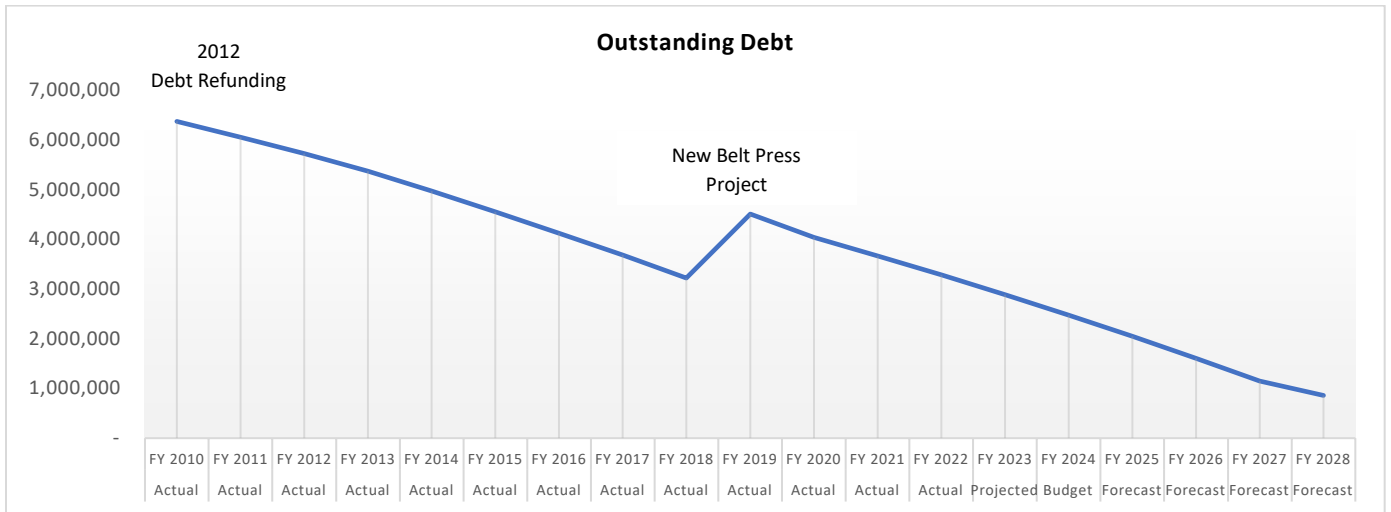
The next five-year period is a slightly lower-than-normal maintenance period for the Agency. Capital expenditures total \$3.9 million and average \$768,794 per year. This amount is below the long-term, historical depreciation of approximately \$850,000 and the annual maintenance requirement of approximately \$1.3 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 fewer assets reaching the end of their useful life during this time period.

No New Debt, Debt Service Coverage Improves

Leverage and Debt Service

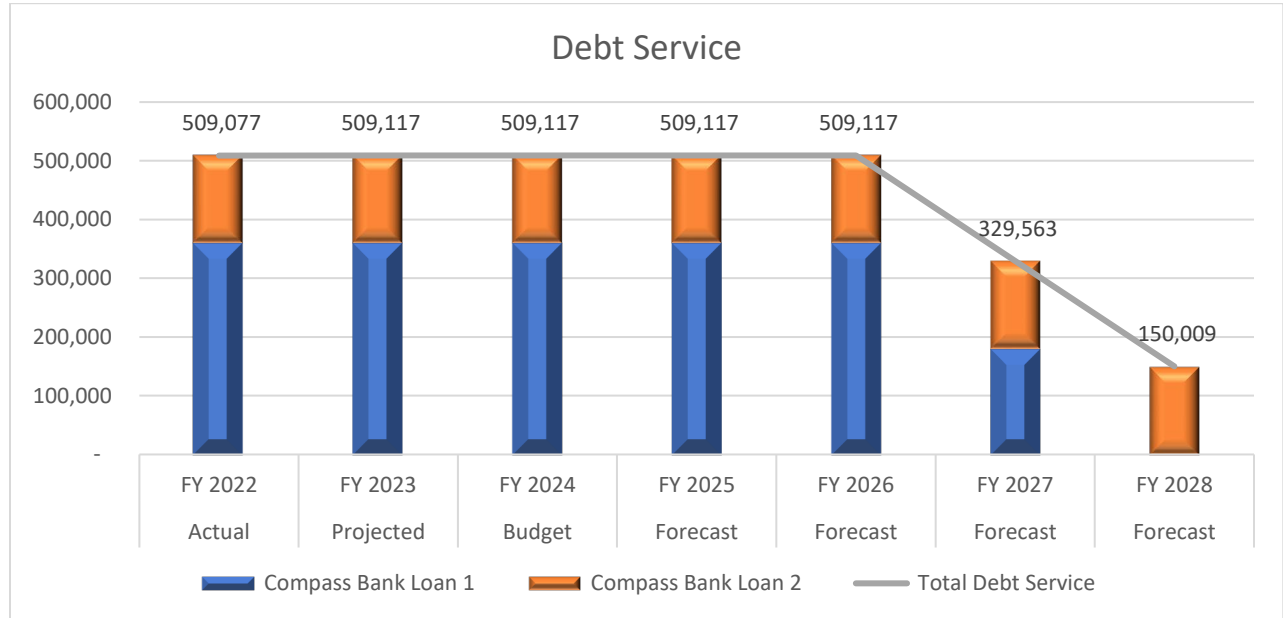
The Agency’s debt outstanding will be approximately \$2.5 million at the beginning of FY 2024 and will lower to \$740,000 by the end of FY 2028. Since 2009, the Agency’s highest debt outstanding has been \$7.6 million in FY 2009. Debt usage is based on the Agency’s debt policy, the timing of capital projects and debt capacity. Based on the current capital plan, the Agency would need to utilize debt in the next 15 years to fund larger projects such as the clarifier replacements, the oxidation ditch bubble diffuser, 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) 1.2 x. The Agency’s debt service coverage is expected to increase from 2.9 x to 10.7 x by the end of FY 2028.





The Agency's debt service (annual principal and interest payment) will decrease to \$150,009 in FY 2028.





Discussion and Analysis

Operations

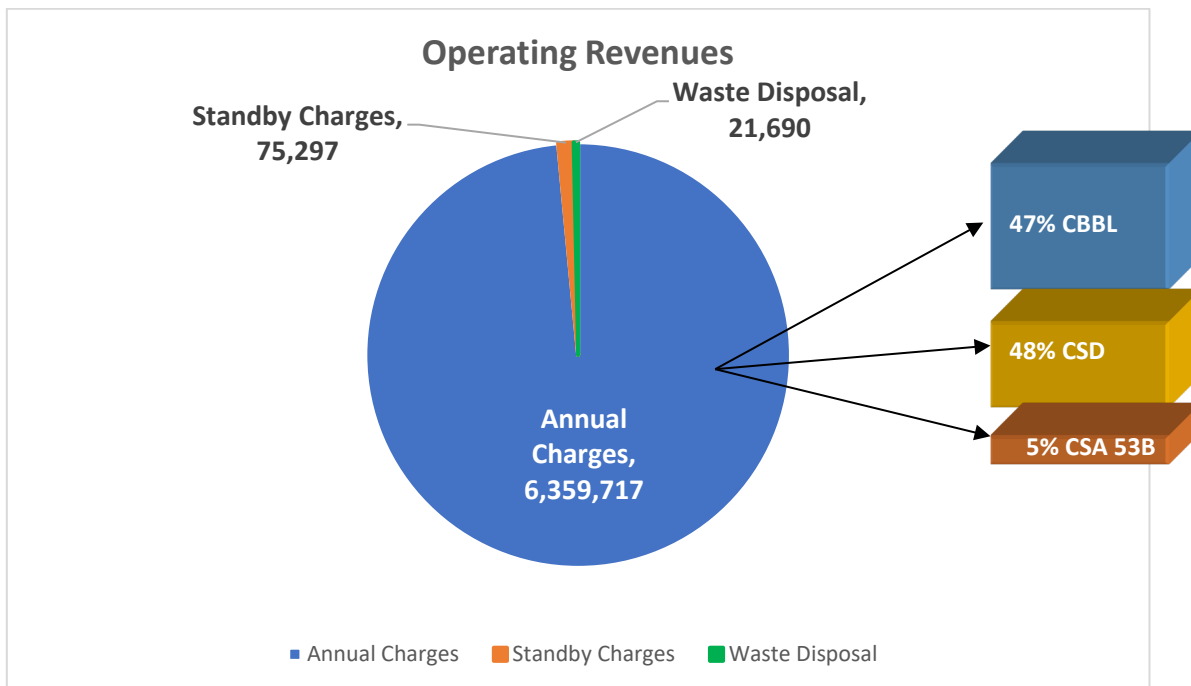
Operating Revenues

Operating revenues are budgeted to increase approximately 4% FY 2024 to FY 2028. This growth reflects average annual rate adjustments during the period and new connections to the system.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Operating Revenues:											
Annual Charges	5,091,576	5,251,542	5,437,076	5,602,113	5,845,163	6,095,347	6,359,717	6,625,838	6,903,072	7,191,884	7,492,757
Standby Charges	85,180	83,200	81,660	80,300	79,220	77,590	75,297	74,383	73,470	72,556	72,556
Rental Income	50,449	51,071	51,855	52,592	70	0	0	0	0	0	0
Waste Disposal	23,113	20,608	18,755	23,859	22,000	21,690	21,690	21,690	21,690	21,690	21,690
Other Revenue	<u>1,916</u>	<u>765</u>	<u>0</u>	<u>793</u>	<u>7,709</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Op Revenues	5,252,233	5,407,186	5,589,346	5,759,656	5,954,162	6,194,627	6,456,704	6,721,911	6,998,232	7,286,130	7,587,003
Annual Change	2%	3%	3%	3%	3%	4%	4%	4%	4%	4%	4%

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	359,532	11,723.70	\$ 258.53	3.5%	\$ 2,220,207	\$ 709,223	\$101,456	\$3,030,887
Big Bear City CSD	306,098	12,381.00	\$ 245.12	4.7%	2,344,685	603,818	86,378	\$3,034,881
CSA 53 B	<u>24,120</u>	<u>1,265.00</u>	\$ 232.37	2.1%	<u>239,563</u>	<u>47,580</u>	<u>6,806</u>	\$293,949
Total	689,750	25,369.70			\$ 4,804,455	\$ 1,360,621	\$194,641	\$6,359,717
Standby Charges:								
City of Big Bear Lake								\$27,489
Big Bear City CSD								42,293
CSA 53 B								<u>5,516</u>
Total Annual Charges								\$75,298
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.

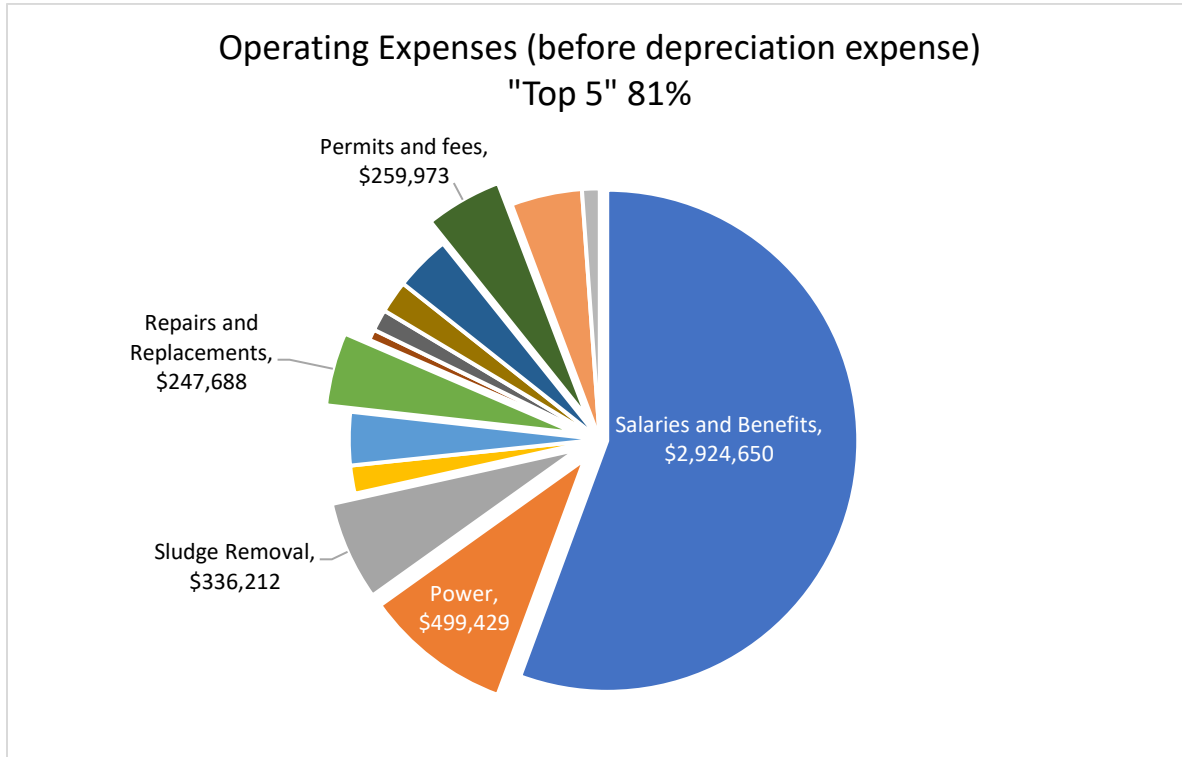
Standby Charges and Waste Disposal Fees

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 \$95,000 annually and are expected to remain flat over the forecast period.



Operating Expenses

The Agency's top five operating expenses account for 81% of the Agency's total operating expenses (before depreciation), with salaries and benefits expense being the largest line item at 56%.



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. 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 (5% average annual growth).

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year CAGR
SALARIES AND BENEFITS:												
Salaries and Wages	1,253,739	1,389,029	1,517,147	1,528,547	1,595,352	1,804,502	1,815,588	1,941,418	2,047,271	2,142,681	2,229,755	4%
Employee Benefits	686,944	747,486	813,241	894,808	931,797	960,062	1,083,023	1,157,431	1,228,537	1,294,461	1,342,952	7%
Unemployment Expense	28,631	6,309	245	2,058	-	-	-	6,076	6,076	6,076	6,076	nm
Payroll Taxes	18,964	20,033	22,782	22,293	22,742	25,077	26,038	27,744	29,208	30,537	31,755	5%
Total Salaries and Benefits	1,988,278	2,162,857	2,353,415	2,447,706	2,549,891	2,789,641	2,924,650	3,132,669	3,311,092	3,473,755	3,610,538	5%
% Change	1%	9%	9%	4%	4%	9%	5%	7%	6%	5%	4%	
Average Annual Change (a)	1%	2%	2%	3%	3%	3%	3%	4%	4%	4%	4%	

(a) Base Year FY 2009



Salaries and Wages – Salaries and wages expense increase by less than 1% when comparing FY 2024 to FY 2023 even with the proposed 8.7% COLA adjustment, primarily driven by lower salaries due to staffing changes and two positions that are frozen based on the annual Compensation Study. Salaries and wages are projected to increase from FY 2024 through FY 2028 based on annual projected CPI, longevity, and merit adjustments with an annual average increase of 4%.

COLA Adjustment – Under direction from the 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), i.e., for the FY 2024 Budget which begins July 1, 2023, the 2022 Annual Average Consumer Price Index (CPI) is used. While incorporated into the budget, approval of the COLA is at the Board’s discretion and is brought before the 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
2019	103.991	104.749	105.959	105.816	106.412	106.573	105.697
2020	107.143	107.162	106.899	107.640	108.201	108.626	107.672
% Change	3.0%	2.3%	0.9%	1.7%	1.7%	1.9%	1.9%
2021	109.550	110.981	113.222	114.682	115.557	117.206	113.875
% Change	2.2%	3.6%	5.9%	6.5%	6.8%	7.9%	5.8%
2022	118.963	122.127	123.893	125.262	125.272	125.983	123.784
% Change	8.6%	10.0%	9.4%	9.2%	8.4%	7.5%	8.7%

The annual change in the 2022 CPI was 8.7% and the Agency has incorporated this change in the FY 2024 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 the comparable agency group in its annual compensation and classification study update. We believe it is therefore important to make the indicated COLA adjustment; however, to manage the large and unplanned increase in the COLA adjustment, it is recommended that total wage adjustments be capped at 8.7%, allowing for an 8.7% COLA adjustment and no annual merit adjustment for those employees that are eligible. This results in an overall, budgeted annual increase in salaries and wages of less than 1%.

Employee Benefits – Employee benefits expense is expected to grow 14% in FY 2024, and 7% on average over the projection period. The 14% growth in FY 2024 is due to higher premium costs and OPEB contribution expense. An increase in dental, vision, and life premiums resulted in an estimated 17% increase for the budget year. OPEB contribution expense is projected to increase in FY 2024 as a result of recent investment losses. The 5% average annual increase in benefits expense over the projection period is driven mostly by higher pension and OPEB contribution expenses. Increases in pension costs have been driven by changes in the assumed rate of return on pension assets which was lowered from 7.5% to 7% in prior years, and in July 2021 lowered further to 6.8%. Pension costs are expected to increase from approximately \$470,000 in FY 2024 to approximately \$580,000 in FY 2028, an average annual increase of 5% over the forecast period.

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).



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

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 6% 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 25% in FY 2024, reducing to 5% in FY 2025, then projected at 3% thereafter.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year CAGR
POWER:												
Solar Purchases	0	0	0	0	127,462	235,991	253,843	258,889	264,034	269,282	274,634	3%
Fuel for Power Production	271,509	345,792	364,152	273,825	107,950	5,816	12,279	12,586	12,900	13,223	13,553	18%
Gas Admin Building	3,627	3,982	3,725	3,508	4,936	4,339	5,771	5,915	6,063	6,214	6,370	8%
Gas Treatment Plant	3,886	6,172	5,872	5,759	7,390	8,322	11,069	11,345	11,629	11,920	12,218	8%
Electricity Treatment Plant	61,865	107,175	36,411	127,983	86,346	95,375	131,404	134,529	139,878	145,143	149,082	9%
Electricity Stations	35,015	47,889	39,667	36,477	45,163	51,961	71,510	75,085	77,338	79,271	81,253	9%
Electricity Admin Building	9,703	8,572	3,068	11,456	9,010	10,198	12,798	13,438	13,842	14,188	14,542	7%
Electricity Lucerne	<u>762</u>	<u>652</u>	<u>410</u>	<u>474</u>	<u>464</u>	<u>734</u>	<u>755</u>	<u>774</u>	<u>794</u>	<u>814</u>	<u>834</u>	<u>3%</u>
Total	386,367	520,234	453,306	459,483	388,721	412,736	499,429	512,561	526,478	540,055	552,486	6%
% Change	-26%	35%	-13%	1%	-15%	6%	21%	3%	3%	3%	2%	

Higher electricity costs in FY 2019 and FY 2021 reflect the use of utility power for treatment plant operations during generator shutdowns associated with repairs.

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. The most recent five-year period has been impacted by drier conditions and higher biological oxygen demand (“BOD”) which also impacts sludge production.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year CAGR
SLUDGE REMOVAL	397,813	298,241	276,292	319,660	271,361	315,295	336,212	344,419	352,842	361,476	370,325	3%
% Change	42%	-25%	-7%	16%	-15%	16%	7%	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 2024 through FY 2028 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

Average annual repairs and replacements expense is forecast to be \$264,517 on average per year compared to the previous five-year period of \$289,226, lower by an average of \$24,709 per year but slightly higher than the previous ten-year period. The Agency is experiencing increased costs, greater than CPI, on many of the supplies needed for repairs and replacements which is the main driver in the higher average costs compared to the previous ten-year period.



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year CAGR
REPAIRS AND REPLACEMENTS:												
Mainline	16,017	12,209	2,319	64,158	48,981	8,511	8,757	97,951	54,225	33,217	38,891	36%
Pumps, Motors, Bearings	6,469	35,814	34,964	60,756	27,149	65,705	81,886	83,933	86,031	88,182	90,387	7%
Equip and Machinery	13,785	156,712	62,791	8,940	10,320	134,902	24,547	25,161	25,790	26,434	27,095	-27%
Vehicles	11,956	11,113	10,356	6,889	8,884	10,410	11,066	11,343	11,626	11,917	12,215	3%
Generators	86,872	68,011	70,988	25,290	38,889	14,030	7,223	7,404	7,589	7,778	7,973	-11%
Irrigation System - Lucerne	2,321	1,342	-	-	-	5,955	6,133	6,286	6,443	6,605	6,770	3%
Other	18,027	159,839	72,371	96,761	22,387	88,383	108,076	70,147	72,281	74,479	76,745	-3%
Total repairs and replacements	155,447	445,040	253,789	262,795	156,609	327,897	247,688	302,224	263,985	248,613	260,075	-5%
	21%	186%	-43%	4%	-40%	109%	-24%	22%	-13%	-6%	5%	

Permits and Fees Expense

The Agency continues to experience material increases in its permit fees, year after year with an average of 8% per year. Communication with the State Water Resources Control Board indicated that the current increases were related to higher salaries and wages expense. The Agency has budgeted for annual average increases in permits and fees expense that are in line with average historical changes.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year CAGR
PERMITS AND FEES:												
SWRCB	126,112	138,092	158,531	172,006	200,903	208,538	226,025	244,978	266,521	287,787	311,919	8%
All Others	19,403	20,436	26,520	29,446	33,367	36,687	33,948	29,672	34,539	31,301	37,209	0%
Total	145,515	158,528	185,051	201,452	234,270	245,225	259,973	274,650	301,060	319,088	349,128	7%
% Change	-2%	9%	17%	9%	16%	5%	6%	6%	10%	16%	9%	

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. Connection increases in FY 2021 through FY 2022 are likely due to the COVID-19 migration. Excluding multi-unit developments, connections have averaged 67 per year for the last 3 years with only 45 during FY 2019 and FY 2020. There are currently 80 connections for the trailing twelve months ended January 31, 2023.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year CAGR
Connections	68	45	45	68	87	45	45	45	45	45	45	
Connection Fee	\$3,670	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	
Connection Fees	249,560	188,100	188,100	284,240	363,660	188,100	188,100	188,100	188,100	188,100	188,100	0%
% Change	7.9%	-24.6%	0.0%	51.1%	27.9%	-48.3%	0.0%	0.0%	0.0%	0.0%	0.0%	



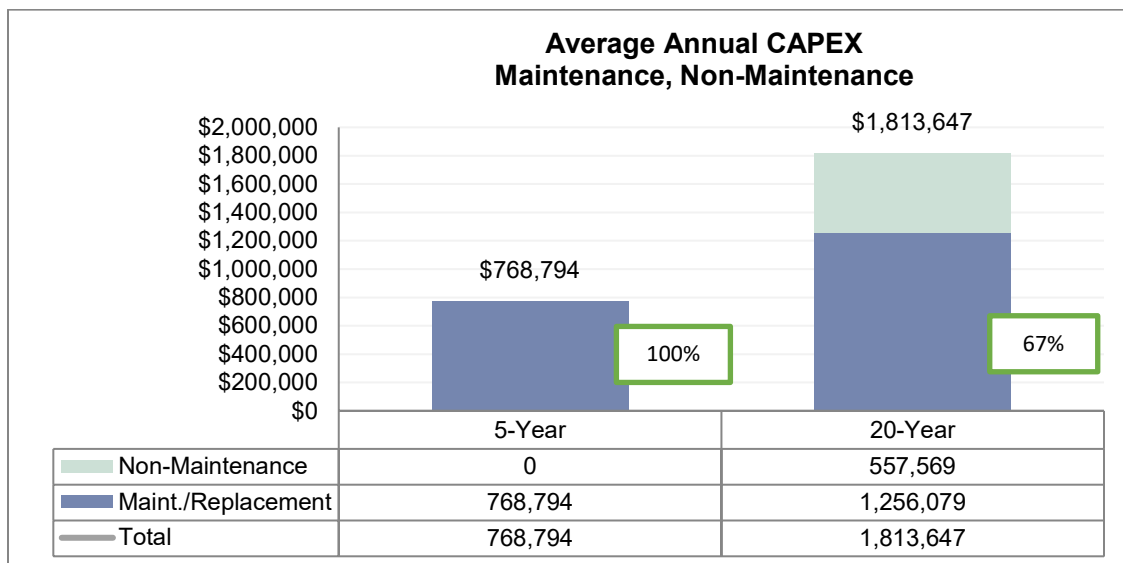
Debt Service and Bond Covenant Calculations

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 lower from \$509,077 to \$150,009 in FY 2028, as scheduled amortization is further reduced by the Capital Bank Loan 1 being fully amortized. Debt service coverage is expected to improve over the period from 3.0 x to 10.9 x at the end of FY 2028.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Debt Service	\$576,084	\$598,433	\$509,077	\$509,077	\$509,077	\$509,117	\$509,117	\$509,117	\$509,117	329,563	150,009
Net Rev / Debt Srv	2.49	2.34	2.96	3.15	3.70	2.92	2.97	2.81	2.94	4.84	10.93
Covenant Test	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
PASS / FAIL	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

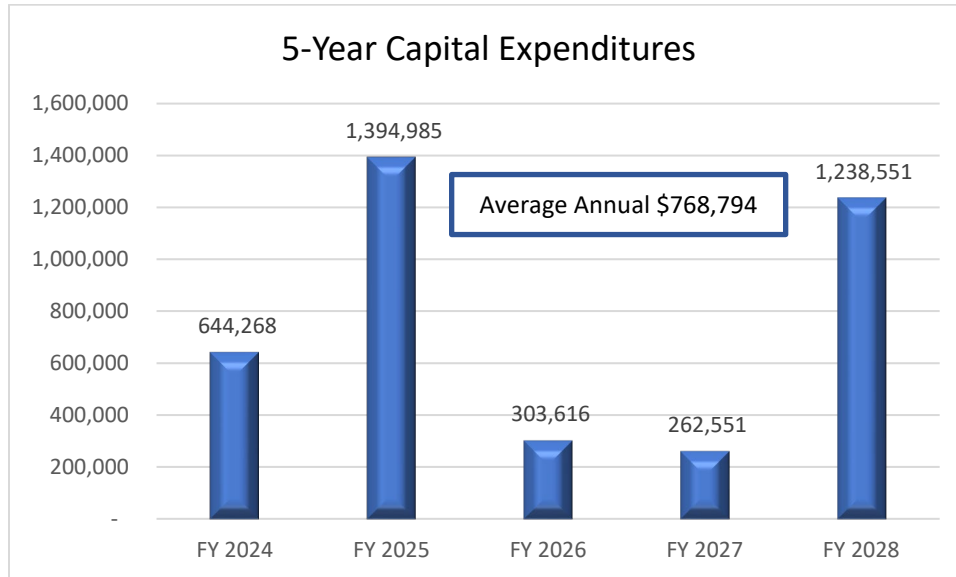
Capital Expenditures (capex)

Over the long-term, the Agency expects maintenance capex to be approximately 75% of total capital expenditures and non-maintenance capex to be 25%. We can see from the chart below that the maintenance capex in the 20-year capital plan is 67%, and lower than expected due to two larger projects during the period that are non-maintenance (oxidation ditch bubble diffuser, equalization basin/storage pond conversion).





During the five-year forecast, capex totals \$3.9 million and averages \$768,794 per year. This amount is below 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 largest investments over the five-year period are for the oxidation ditch wall rehabilitation in the amount of \$871,431 and asphalt replacement in the amount of \$1.1 million.





5-YEAR CAPITAL IMPROVEMENT PLAN FY 2024 – 2028

	NEW					5 Year
	Budget	Forecast	Forecast	Forecast	Forecast	FY 2024 2028
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
ADMINISTRATION BUILDING						
Admin Building - HVAC Boiler and Controls	0	66,617	0	0	0	66,617
Boardroom AV Upgrade	<u>42,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,000</u>
Total	42,000	66,617	0	0	0	108,617
EFFLUENT DISPOSAL EQUIPMENT						
Irrigation						
Irrigation Wheel Line - Wheels (4)	0	0	0	0	14,295	14,295
Outfall Lines						
Cactus Flats Repair	131,841	0	0	0	0	131,841
Controls						
Service Upgrade	21,095	0	0	0	0	21,095
Cabinet	<u>36,916</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,916</u>
Total	189,852	0	0	0	14,295	204,147
FLOW MEASURING DEVICES						
Effluent Flow Meter (10 year replacement)	0	0	0	0	12,668	12,668
Flow Meter CSD/CSA - OAC (10 yr replacement)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,432</u>	<u>16,432</u>
Total flow measuring devices	0	0	0	0	29,100	29,100
INTERCEPTOR SYSTEM						
Structures						
NSPS 1 Dry Well Rehab	0	0	40,866	0	0	40,866
NSPS 2 Dry Well Rehab	0	39,791	0	0	0	39,791
LPS Outbuilding Storage	<u>51,350</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,350</u>
Total interceptor system	51,350	39,791	40,866	0	0	132,007
OTHER EQUIPMENT						
Communications						
IT System - Production Host	0	0	26,399	0	0	26,399
IT System - Backup Appliance w/Firewall	0	0	24,356	0	0	24,356
Electrical						
VFD T/P - Rotor 1 60 HP (7 yr)	0	0	0	16,837	0	16,837
VFD T/P - Rotor 2 60 HP (7 yr)	0	0	0	17,015	0	17,015
VFD T/P - Rotor 4 60 HP (7 yr)	0	0	0	0	17,525	17,525
VFD T/P - Rotor 5 60 HP (7 yr)	0	0	0	0	17,525	17,525
VFD Interceptor - LPS (7 yr)	0	0	0	31,479	0	31,479
Mobile Pumping Equipment						
Emergency By-Pass Pump 4"	0	0	66,089	0	0	66,089
Emergency By-Pass Pump 4"	0	0	64,477	0	0	64,477
Office Equipment						
Copier	0	0	19,390	0	0	19,390



5-YEAR CAPITAL IMPROVEMENT PLAN FY 2024 – 2028, Cont.

	NEW					5 Year	
	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	FY 2024	2028
Security							
Security Lights Treatment Plant	0	0	0	43,714	0	43,714	
Surveillance System	<u>0</u>	<u>0</u>	<u>0</u>	<u>49,419</u>	<u>0</u>	<u>49,419</u>	
Total	0	0	200,711	158,464	35,050	394,225	
OTHER TANGIBLE PLANT							
Admin Parking Lot Grind and Overlay	0	0	0	0	148,268	148,268	
Palomino Drive Repave	0	0	0	0	329,484	329,484	
In Plant Asphalt and Paving	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>650,000</u>	650,000	
Total	0	0	0	0	1,127,752	1,127,752	
TRANSPORTATION EQUIPMENT							
Vehicles							
1989 Dump Truck Replacement	0	102,355	0	0	0	102,355	▲
2010 GMC 1/2 Ton	0	0	0	54,703	0	54,703	▲
Heavy Equipment and Accessories							
Volvo Compact Wheel Loader (upsized)	0	147,946	0	0	0	147,946	▲
Bobcat Backhoe	0	94,797	0	0	0	94,797	
Bobcat Hammer Attachment	<u>0</u>	<u>0</u>	<u>14,848</u>	<u>0</u>	<u>0</u>	<u>14,848</u>	
Total transportation equipment	0	345,098	14,848	54,703	0	414,649	
TREATMENT PLANT							
Miscellaneous Equipment:							
Pro Easy Analyzer	0	0	0	17,973	0	17,973	▲
Piping							
Processing Equipment:							
Oxidation Ditch Wall Rehabilitation	108,862	762,569	0	0	0	871,431	
Pumping Equipment:							
Auxiliary Pump Building:							
Auxiliary Pump 1	44,742	0	0	0	0	44,742	▲
Auxiliary Pump 2	0	0	47,191	0	0	47,191	▲
Main Pump Building:							
RAS Pump Rebuild 1	5,655	0	0	0	0	5,655	
RAS Pump 2 Rebuild	0	5,807	0	0	0	5,807	
RAS Pump 3 Rebuild	0	5,807	0	0	0	5,807	
RAS Pump 4 7.5 HP Rebuild	5,655	0	0	0	0	5,655	
Effluent Pump 3 100 HP	0	0	0	0	32,354	32,354	▲
Effluent Pump 4 100 HP	0	0	0	31,411	0	31,411	
Effluent Pump 5 100 HP	28,998	0	0	0	0	28,998	
Effluent Pump 6 100 HP	28,998	0	0	0	0	28,998	
Structures							
Sludge Building - Siding	0	11,086	0	0	0	11,086	▲
Sludge Building - Roofing Sheet Metal	0	79,105	0	0	0	79,105	▲



5-YEAR CAPITAL IMPROVEMENT PLAN FY 2024 – 2028, Cont.

	NEW					5 Year FY 2024 2028
	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	
OAC						
OAC Roof	0	79,105	0	0	0	79,105
Treatment Equipment						0
Wash Press Headworks	<u>138,156</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,156</u>
Total treatment plant equipment	<u>361,066</u>	<u>943,480</u>	<u>47,191</u>	<u>49,384</u>	<u>32,354</u>	<u>1,433,475</u>
TOTAL	<u>644,268</u>	<u>1,394,986</u>	<u>303,616</u>	<u>262,551</u>	<u>1,238,551</u>	<u>3,843,973</u>

Capital Expenditures – FY 2024

Effluent Disposal Equipment

Lucerne Valley Controls (\$58,011): Replace electrical service panel at Lucerne Valley reservoir and the electrical control panels at the Lucerne Valley irrigation area.

Start Date: October 1, 2023
 Target Completion Date: April 1, 2024

Outfall Lines

Cactus Flats Repair (\$131,841): A section of outfall pipeline was exposed due to storm water runoff from the County dump site. Approximately 75 feet of BBARWA 18-inch pipeline was exposed along with a Southwest Gas line. The repair is needed to ensure that our pipeline is covered with a material that can withstand the runoff and to ensure the safety of our line. The repair will be a joint effort with Southwest Gas and BBARWA and will consist of a concrete encasement of the pipeline.

Start Date: September 1, 2023
 Target Completion Date: May 1, 2024

Interceptor System

Lake Pump Station Outbuilding Replacement (\$51,350) - The existing garage building near the Lake Pump Station will be replaced with a similar structure.

Start Date: January 1, 2024
 Target Completion Date: May 1, 2024

Other Equipment

Boardroom AV Upgrade (\$42,000): Replacement of audio/visual equipment in the Agency’s boardroom to improve sound and video quality.

Start Date: July 1, 2023
 Target Completion Date: October 31, 2023



Treatment Plant

Oxidation Ditch Wall Engineering (\$108,862): The wall on the north side of the ditch (tank) is bulging from groundwater. Project engineering is scheduled for FY 2024 with project rehabilitation beginning in FY 2025.

Start date: September 1, 2023

Target completion date: May 1, 2024

Auxiliary Pump 1 (\$44,742): Auxiliary Pump 1 is at the end of its service life and is scheduled for a rebuild.

Start date: July 15, 2023

Target completion date: October 1, 2023

RAS Pump 1 (\$5,655): RAS Pump 1 is at the end of its service life and is scheduled for a rebuild.

Start date: July 15, 2023

Target completion date: October 1, 2023

RAS Pump 4 (\$5,655): RAS Pump 4 is at the end of its service life and is scheduled for a rebuild.

Start date: October 1, 2023

Target completion date: January 1, 2024

Effluent Pump 5 (\$28,998): Effluent Pump 5 is at the end of its service life and is scheduled for a rebuild.

Start date: July 15, 2023

Target completion date: October 1, 2023

Effluent Pump 6 (\$28,998): Effluent Pump 6 is at the end of its service life and is scheduled for a rebuild.

Start date: October 1, 2023

Target completion date: January 1, 2024

Headworks Wash Press (\$138,156): Replace the bar screen wash press that is at the end of its useful life.

Start date: July 15, 2023

Target completion date: October 1, 2023

Capital Expenditures – FY 2024 – FY 2028

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

Asphalt and Paving (\$650,000): The asphalt needs replacement due to age and climate. The asphalt work includes the grading and paving of the Admin Parking Lot, repaving of Palomino Drive, and in-plant asphalt.

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 of the 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.

TCM Loader and Accessories (\$109,645): The current Bobcat needs to be replaced with the accessories based on mileage and years of service. The Bobcat is used for sweeping the treatment plant, snow removal, general digging and dirt removal and cleaning the oxidation ditches.

Oxidation Ditch Wall Rehabilitation (\$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 is budgeted in FY 2024.



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 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Total Change
ENDING BALANCE:							
Cash Balance	6,785,357	7,217,953	6,819,914	7,573,716	8,644,535	8,971,051	2,185,694
Designated Fund Balances:							
Capital and Replacement Fund							
Current Year	644,268	1,394,985	303,616	262,551	1,238,551	1,543,027	898,759
Future Years	<u>1,606,341</u>	<u>1,063,818</u>	<u>1,616,517</u>	<u>2,457,948</u>	<u>2,568,800</u>	<u>2,465,224</u>	<u>858,883</u>
Total C & R	2,250,609	2,458,803	1,920,133	2,720,499	3,807,351	4,008,251	1,757,642
Debt Service Fund	509,117	509,117	509,117	329,563	150,009	150,009	-359,108
Liquidity Fund	2,649,461	2,818,096	2,923,778	3,027,761	3,161,406	3,256,248	606,787
Contingency Fund:							
Emergency	500,000	500,000	500,000	500,000	500,000	500,000	0
Operating	<u>876,170</u>	<u>931,937</u>	<u>966,886</u>	<u>995,893</u>	<u>1,025,769</u>	<u>1,056,543</u>	<u>180,373</u>
Total Contingency	1,376,170	1,431,937	1,466,886	1,495,893	1,525,769	1,556,543	180,373
Designated Funds	6,785,357	7,217,953	6,819,914	7,573,716	8,644,535	8,971,051	2,185,694



At the end of FY 2028, the Agency is projected to have \$4 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 2033, is an aggressive capital investment schedule with estimated capital investment of \$14.2 million, or approximately \$2.8 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 of 4% in FY 2024 - 2027, and 3.5% in FY 2028. 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 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5 Year Total
Revenue Requirements:							
Op Expenses before Depreciation	\$ 4,994,898	\$ 5,257,021	\$ 5,591,623	\$ 5,801,317	\$ 6,007,638	\$ 6,272,814	\$ 28,930,413
Rate Funded Capital:							
Debt Service	\$ 433,704	\$ 433,704	\$ 433,704	\$ 433,704	\$ 291,856	\$ 150,009	\$ 1,742,977
Capital Expenditures (cash funded)	\$ 800,000	\$ 800,000	\$ 800,000	\$ 850,000	\$ 1,000,000	\$ 1,200,000	\$ 4,650,000
Total Rate Funded Capital	\$ 1,233,704	\$ 1,233,704	\$ 1,233,704	\$ 1,283,704	\$ 1,291,856	\$ 1,350,009	\$ 6,392,977
Subtotal	\$ 6,228,602	\$ 6,490,725	\$ 6,825,327	\$ 7,085,021	\$ 7,299,494	\$ 7,622,823	\$ 35,323,390
LESS Other Revenues:							
Other Revenue:							
Standby Charges	\$ 77,590	\$ 75,297	\$ 74,383	\$ 73,470	\$ 72,556	\$ 72,556	\$ 368,262
Rental Income	\$ 61,783	\$ 55,048	\$ 55,917	\$ 56,811	\$ 57,732	\$ 58,681	\$ 284,189
Waste Disposal	\$ 21,690	\$ 21,690	\$ 21,690	\$ 21,690	\$ 21,690	\$ 21,690	\$ 108,450
	\$ 161,063	\$ 152,035	\$ 151,990	\$ 151,971	\$ 151,978	\$ 152,927	\$ 760,901
Revenue Requirements	\$ 6,067,539	\$ 6,338,690	\$ 6,673,337	\$ 6,933,050	\$ 7,147,516	\$ 7,469,896	\$ 34,562,489
Proposed Rate	\$ 241.04	\$ 250.68	\$ 260.71	\$ 271.14	\$ 281.98	\$ 291.85	
Annual Change	4.0%	4.0%	4.0%	4.0%	4.0%	3.5%	
Rate Revenue per Proposed Rate							
EDUs	25,288	25,370	25,415	25,460	25,505	25,550	
Rate Revenues - Proposed Billing	\$6,095,347	\$6,359,717	\$6,625,838	\$6,903,072	\$7,191,884	\$7,456,734	\$ 34,537,245
Rate Revenue Excess (Shortfall)	\$27,808	\$21,027	-\$47,499	-\$29,978	\$44,368	-\$13,162	\$ (25,244)
Bond Covenant with Proposed Rate							
Net Revenue / Debt Service Ratio	2.9	3.0	2.8	2.9	4.8	10.7	
Covenant Test Ratio	1.2	1.2	1.2	1.2	1.2	1.2	
PASS / FAIL	PASS	PASS	PASS	PASS	PASS	PASS	



FY 2024 Rate per EDU - \$250.68 / EDU BBARWA Only

Based on the Agency’s current budget and five-year forecast, a rate of \$250.68 per EDU is recommended in FY 2024, a 4.0% increase over the FY 2023 rate of \$241.04.

Ratepayer Impact

The financial impact to the ratepayer in FY 2024, based on a 4% increase to the established rate is as follows:

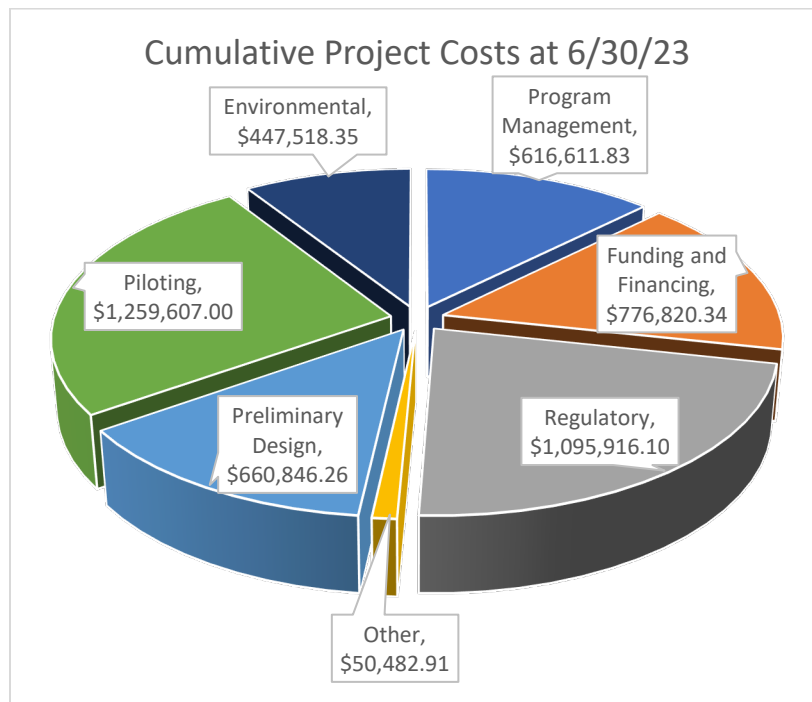
Rate	FY 2023	FY 2024	Change	
	Actual	Proposed	\$	%
Established	\$241.04	\$250.68	\$9.64	4.0%
CBBL	\$249.79	\$258.52	\$8.73	3.5%
CSD	\$234.11	\$245.12	\$11.01	4.7%
CSA 53 B	\$227.63	\$232.37	\$4.74	2.1%



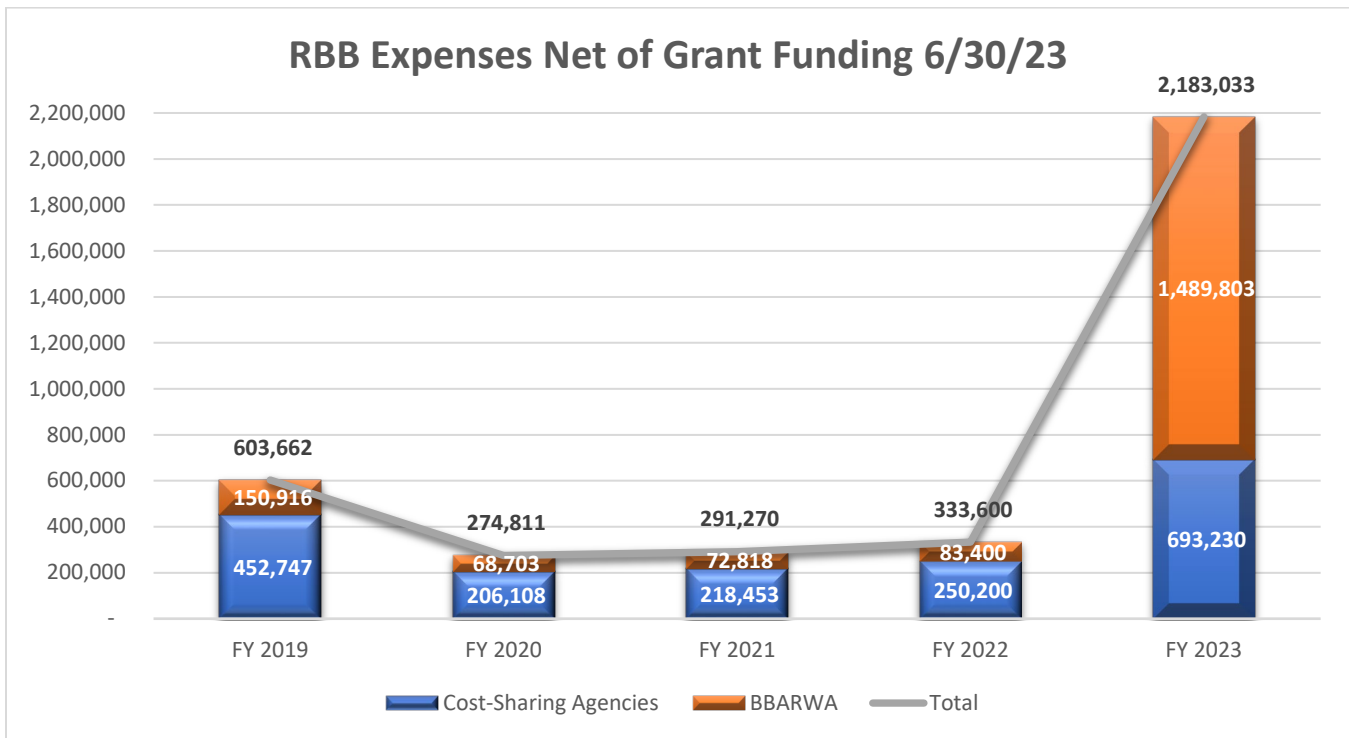
Section 2: Replenish Big Bear (RBB)

The most recent studies to determine the feasibility of a water reclamation project began in FY 2019. The Agency has performed two series of studies previously to review different possibilities for retaining and reusing treated wastewater in Big Bear.

The Agency engaged the services of Water Systems Consulting, Inc. (“WSC”), an engineering firm, to assist the Agency in completing the studies. Through FY 2023, the Agency and its cost-sharing partners are projected to have cost shared \$4.9 million (\$3.7 million net of grant funding received) for the project with the largest expenses related to piloting, regulatory, and funding and financing expenses.



Total grant funding expected to be received at 6/30/23 totals \$1,221,428, bringing the out-of-pocket costs for the cost-sharing agencies to \$1.8 million and approximately \$1.9 million for the Agency at 6/30/23.



RBB Project Status and Timeline

WSC has completed a project timeline with related cash flow requirements. The cash flow projection provides the Agency with a planning tool to financially manage the project. The project timeline and the cash flow projections are very fluid and will change over time. In order to apply for the WIFIA loan and obtain a commercial credit rating from S&P, a five-year rate structure is recommended. This timeframe will take the project through construction, which is expected to be completed in January 2027 (FY 2027) and the first full year of operations (FY 2028).

RBB Rate Assumptions

For the sake of current rate setting, the Agency has assumed stand-alone funding by BBARWA beginning in FY 2024 through FY 2028, the 5-year rate review period for RBB. The Agency entered into cost-sharing agreements with its cost-sharing partners to share the \$3.6 million of expenditures through June 30, 2023. The initial agreements with WSC and the associated cost-sharing agreements have covered much of the feasibility work and will be fully expended in FY 2023. It is assumed beginning in FY 2024, that the Agency will begin to fund the remaining pre-construction and construction costs of RBB on a stand-alone basis as the project will move from the feasibility stage to piloting, design and construction.

The rate calculation assumes the updated construction estimate of \$71 million with RBB being funded through long-term debt (primarily low interest loans) and grants. Annual debt service assumes interest only through construction and principal and interest at completion of construction in FY 2027. Additional O&M expenses start in FY 2027 with a partial year expense of approximately \$1.5 million, and full year operations in FY 2028 at approximately \$3.5 million. Annual debt service payments of approximately \$2.8 million will begin in FY 2027 (reflects total annual RBB debt service). The calculation also includes future capital expenditures in FY 2028 of approximately \$350,000.



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

RBB Rate Requirements

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue Requirements					
Op Expenses b/f Depreciation	0	0	0	1,448,383	3,504,549
Capital Maintenance	0	0	0	0	324,327
Debt Service	144,500	1,616,420	2,126,643	2,813,992	2,813,992
Less					
Other Revenue	0	0	0	0	0
Revenue Requirements	144,500	1,616,420	2,126,643	4,262,375	6,642,868
EDUs	25,370	25,415	25,460	25,505	25,550
Rate per EDU	\$ 5.70	\$ 63.60	\$ 83.53	\$ 167.12	\$ 260.00
Reserve Collection	\$ 45.99	\$ 32.48	\$ 66.35	\$ 47.69	\$ 34.39
Proposed RBB Rate Collection	\$ 51.69	\$ 96.08	\$ 149.88	\$ 214.81	\$ 294.39

The Board generally approves rates on an annual basis and does not typically approve a multi-year rate schedule; however, in order to apply for the WIFIA loan and an S&P rating, a five-year rate structure is recommended. This timeframe will take the project through construction, which is expected to be completed in January 2027 (FY 2027) and the first full year of operations (FY 2028). The Agency will evaluate the rates annually based on new information that may impact its revenue requirements and its rates.

Combined Rate Adjustment Including RBB

	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5 Year Total
Revenue Requirements:							
Op Expenses before Depreciation	\$ 4,995,965	\$ 5,257,021	\$ 5,591,623	\$ 5,801,317	\$ 7,456,021	\$ 9,777,363	\$ 33,883,345
Rate Funded Capital:							
Debt Service	475,058	578,616	2,050,536	2,560,759	3,068,555	2,889,001	11,147,467
Capital Expenditures (cash funded)	800,000	800,000	800,000	850,000	1,000,000	1,200,000	4,650,000
Reserve Funding	216,661	1,291,465	1,025,945	1,777,428	1,405,088	1,386,798	6,886,724
Subtotal	\$ 6,487,684	\$ 7,927,102	\$ 9,468,104	\$ 10,989,504	\$ 12,929,664	\$ 15,253,162	\$ 56,567,536
LESS Other Revenues:							
Other Revenue:							
Standby Charges	\$ 79,220	\$ 78,297	\$ 77,373	\$ 76,450	\$ 75,527	\$ 74,603	
Rental Income	61,783	55,048	55,764	56,489	57,223	58,720	283,244
Waste Disposal	21,690	21,690	21,690	21,690	21,690	21,690	108,450
Interest	83,228	112,301	258,697	131,525	122,916	142,798	768,237
	\$ 245,921	\$ 267,336	\$ 413,524	\$ 286,154	\$ 277,356	\$ 297,811	\$ 1,159,931
Revenue Requirements	\$ 6,241,763	\$ 7,659,766	\$ 9,054,580	\$ 10,703,350	\$ 12,652,308	\$ 14,955,351	\$ 55,407,605
Proposed Rate	\$ 246.83	\$ 302.37	\$ 356.79	\$ 421.02	\$ 496.80	\$ 586.22	
Annual Change		22.5%	18.0%	18.0%	18.0%	18.0%	
Rate Revenue per Proposed Rate							
EDUs	25,288	25,370	25,415	25,460	25,505	25,550	
Rate Revenues - Proposed Billing	\$6,241,837	\$7,671,127	\$9,067,818	\$10,719,169	\$12,670,884	\$14,977,921	\$55,106,919
Rate Revenue Excess (Shortfall)	\$74	\$11,361	\$13,238	\$15,819	\$18,576	\$22,570	\$81,564
Bond Covenant with Proposed Rate							
Net Revenue / Debt Service Ratio	3.0	4.4	1.9	2.0	1.8	1.9	
Covenant Test Ratio	1.2	1.2	1.2	1.2	1.2	1.2	
PASS / FAIL	PASS	PASS	PASS	PASS	PASS	PASS	



FY 2024 Rate per EDU Including RBB - \$302.37 / EDU

Based on the Agency’s current budget and five-year forecast, a rate of \$302.37 per EDU is recommended in FY 2024, a 22.5% increase over the FY 2023 rate of \$246.83.

Ratepayer Impact – Rate Adjustment Including RBB

	FY 2023	FY 2024	FY 2024 Breakout		Annual Change		Monthly Change
Rate	Actual	Proposed	BBARWA	RBB	\$	%	\$
Established	\$246.83	\$302.37	\$ 250.68	\$ 51.69	\$ 55.54	22.5%	\$ 4.63
CBBL	\$255.75	\$311.83	\$ 258.52	\$ 53.31	\$ 56.08	21.9%	\$ 4.67
CSD	\$239.78	\$295.67	\$ 245.12	\$ 50.54	\$ 55.89	23.3%	\$ 4.66
CSA 53 B	\$233.17	\$280.28	\$ 232.37	\$ 47.91	\$ 47.11	20.2%	\$ 3.93
Rate Impact Below is Subject to Annual Review							
	FY 2024	FY 2025	FY 2025 Breakout		Annual Change		Monthly Change
Rate	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$302.37	\$356.79	\$ 260.71	\$ 96.08	\$ 54.42	18.0%	\$ 4.54
CBBL	\$311.83	\$365.77	\$ 267.28	\$ 98.50	\$ 53.94	17.3%	\$ 4.50
CSD	\$295.67	\$351.27	\$ 256.68	\$ 94.59	\$ 55.60	18.8%	\$ 4.63
CSA 53 B	\$280.28	\$327.55	\$ 239.34	\$ 88.21	\$ 47.27	16.9%	\$ 3.94
	FY 2025	FY 2026	FY 2026 Breakout		Annual Change		Monthly Change
Rate	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$356.79	\$421.02	\$ 271.14	\$ 149.88	\$ 64.23	18.0%	\$ 5.35
CBBL	\$365.77	\$431.35	\$ 277.79	\$ 153.56	\$ 65.58	17.9%	\$ 5.46
CSD	\$351.27	\$414.53	\$ 266.96	\$ 147.57	\$ 63.26	18.0%	\$ 5.27
CSA 53 B	\$327.55	\$388.79	\$ 250.39	\$ 138.41	\$ 61.24	18.7%	\$ 5.10
	FY 2026	FY 2027	FY 2027 Breakout		Annual Change		Monthly Change
Rate	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$421.02	\$496.80	\$ 281.98	\$ 214.82	\$ 75.78	18.0%	\$ 6.32
CBBL	\$431.35	\$509.03	\$ 288.92	\$ 220.11	\$ 77.68	18.0%	\$ 6.47
CSD	\$414.53	\$489.12	\$ 277.62	\$ 211.50	\$ 74.59	18.0%	\$ 6.22
CSA 53 B	\$388.79	\$458.65	\$ 260.33	\$ 198.33	\$ 69.86	18.0%	\$ 5.82
	FY 2027	FY 2028	FY 2028 Breakout		Annual Change		Monthly Change
Rate	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$496.80	\$586.22	\$ 291.85	\$ 294.37	\$ 89.42	18.0%	\$ 7.45
CBBL	\$509.03	\$601.20	\$ 299.31	\$ 301.89	\$ 92.17	18.1%	\$ 7.68
CSD	\$489.12	\$576.81	\$ 287.17	\$ 289.64	\$ 87.69	17.9%	\$ 7.31
CSA 53 B	\$458.65	\$539.49	\$ 268.59	\$ 270.91	\$ 80.84	17.6%	\$ 6.74



Appendix
Five-Year Forecast – BBARWA Only

Income Statement

	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Yr CAGR (a)
Operating Revenue:							
Annual Charges	6,095,347	6,359,717	6,625,838	6,903,072	7,191,884	7,492,757	4%
Standby Charges	77,590	75,297	74,383	73,470	72,556	72,556	-1%
Rental Income	0	0	0	0	0	0	nm
Waste Disposal	21,690	21,690	21,690	21,690	21,690	21,690	0%
Other Revenue	0	0	0	0	0	0	nm
Total Operating Revenue	6,194,628	6,456,705	6,721,912	6,998,232	7,286,130	7,587,003	4%
Operating Expenses:							
Salaries and Benefits	2,789,641	2,924,650	3,132,669	3,311,092	3,473,755	3,610,538	5%
Power	412,736	499,429	512,561	526,477	540,054	552,486	6%
Sludge Removal	315,295	336,212	344,419	352,842	361,476	370,325	3%
Chemicals	88,661	95,080	130,327	100,048	102,632	140,602	10%
Materials and Supplies	142,400	180,189	165,476	175,618	178,672	181,141	5%
Repairs and Replacements	327,897	247,688	302,224	263,985	248,613	260,075	-5%
Equipment Rental	2,043	912	935	958	982	1,007	-13%
Utilities Expense (other than power)	48,301	37,000	37,925	38,873	39,845	40,841	-3%
Communications Expense	59,836	72,644	60,645	62,071	71,867	65,240	2%
Contractual Services - Other	108,983	109,588	112,201	115,336	118,568	121,902	2%
Contractual Services - Prof	166,621	189,027	184,713	207,597	194,064	208,650	5%
Permits and fees	245,225	259,973	274,650	301,060	319,088	349,128	7%
Property Tax Expense	4,070	4,124	4,179	4,234	4,290	4,347	1%
Insurance	227,384	240,678	267,377	278,271	289,305	300,492	6%
Other Operating Expense	55,807	59,826	61,322	62,855	64,426	66,037	3%
Depreciation Expense	<u>921,687</u>	<u>901,809</u>	<u>927,522</u>	<u>894,993</u>	<u>862,018</u>	<u>881,650</u>	<u>-1%</u>
Total Operating Expense	5,916,585	6,158,829	6,519,146	6,696,309	6,869,656	7,154,463	4%
Operating Income	278,043	297,876	202,766	301,923	416,475	432,540	9%
Nonoperating Income							
Gain (loss) on Asset Disposition	2,535	2,555	2,575	2,596	2,616	2,637	1%
Interest Income	99,027	126,395	110,213	113,181	127,611	137,683	7%
Other Nonoperating Income	<u>61,783</u>	<u>55,048</u>	<u>55,917</u>	<u>56,811</u>	<u>57,732</u>	<u>58,681</u>	<u>-1%</u>
Nonoperating Income	163,345	183,998	168,705	172,588	187,959	199,002	4%
Nonoperating Expense							
Other Expense	6,096	5,029	5,029	5,029	5,029	5,029	-4%
Interest Expense	<u>97,319</u>	<u>83,213</u>	<u>68,623</u>	<u>53,532</u>	<u>37,923</u>	<u>30,714</u>	<u>-21%</u>
Nonoperating Expense	103,415	88,242	73,652	58,561	42,951	35,742	-19%
Income before Contributions	337,973	393,632	297,819	415,950	561,482	595,799	12%
Connection Fees	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>0%</u>
Net Income, Change in Net Position	526,073	581,732	485,919	604,050	749,582	783,899	8%

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

(b) "nm" means not meaningful



Cash Flow Statement and Designated Fund Balances

	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Total
Cash from Operating Activities:							
Operating Income (Loss)	278,043	297,876	202,766	301,923	416,475	432,539	1,651,579
Depreciation Expense	921,687	901,809	927,522	894,993	862,018	881,650	4,467,992
Change in Working Capital, Other Adjustments	<u>-28,703</u>	<u>16,752</u>	<u>21,545</u>	<u>11,527</u>	<u>10,998</u>	<u>16,422</u>	<u>77,244</u>
Net Cash Provided by Op Activities	1,171,027	1,216,437	1,151,833	1,208,443	1,289,491	1,330,611	6,196,815
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)	-1,067	0	0	0	0	0	0
Capital Expenditures	-2,056,835	-644,268	-1,394,985	-303,616	-262,551	-1,238,551	-3,843,971
Proceeds from Asset Disposition	0	0	0	0	0	0	0
Connection Fee (Capital Contrib)	188,100	188,100	188,100	188,100	188,100	188,100	940,500
Proceeds from Debt Issuance, Grants	0	0	0	0	0	0	0
Debt Service:							
Interest Expense	-97,319	-83,213	-68,623	-53,532	-37,923	-30,714	-274,005
Principal Debt Amortization	<u>-411,798</u>	<u>-425,903</u>	<u>-440,493</u>	<u>-455,584</u>	<u>-291,640</u>	<u>-119,295</u>	<u>-1,732,916</u>
Total Debt Service	<u>-509,117</u>	<u>-509,117</u>	<u>-509,117</u>	<u>-509,117</u>	<u>-329,563</u>	<u>-150,009</u>	<u>-2,006,924</u>
Lease Revenue	61,783	55,048	55,917	56,811	57,732	58,681	284,189
Net Cash Used for Cap and Related Financing	-2,317,136	-910,237	-1,660,085	-567,822	-346,282	-1,141,779	-4,626,206
Cash from Investing:							
Interest Income	<u>99,027</u>	<u>126,395</u>	<u>110,213</u>	<u>113,181</u>	<u>127,611</u>	<u>137,683</u>	<u>615,083</u>
Net Cash from Investing	99,027	126,395	110,213	113,181	127,611	137,683	615,083
Net Change in Cash	-1,047,082	432,595	-398,039	753,802	1,070,820	326,515	2,185,692
Beginning Cash Balance	7,832,439	6,785,357	7,217,953	6,819,914	7,573,716	8,644,535	37,041,475
Ending Cash Balance	<u>6,785,357</u>	<u>7,217,953</u>	<u>6,819,914</u>	<u>7,573,716</u>	<u>8,644,535</u>	<u>8,971,051</u>	<u>39,227,169</u>
Change in Cash Balance	-1,047,082	432,596	-398,039	753,802	1,070,819	326,516	2,185,694
	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Change
DESIGNATED FUND BALANCES (Ending)							
Cash Balance	6,785,357	7,217,953	6,819,914	7,573,716	8,644,535	8,971,051	2,185,694
Capital and Replacement Fund							
Current Year	644,268	1,394,985	303,616	262,551	1,238,551	1,543,027	898,759
Future Years	<u>1,606,341</u>	<u>1,063,818</u>	<u>1,616,517</u>	<u>2,457,948</u>	<u>2,568,800</u>	<u>2,465,224</u>	<u>858,883</u>
Total C & R	2,250,609	2,458,803	1,920,133	2,720,499	3,807,351	4,008,251	1,757,642
Debt Service Fund							
Liquidity Fund	509,117	509,117	509,117	329,563	150,009	150,009	-359,108
Liquidity Fund							
Contingency Fund:	2,649,461	2,818,096	2,923,778	3,027,761	3,161,406	3,256,248	606,787
Emergency	500,000	500,000	500,000	500,000	500,000	500,000	0
Operating	<u>876,170</u>	<u>931,937</u>	<u>966,886</u>	<u>995,893</u>	<u>1,025,769</u>	<u>1,056,543</u>	<u>180,373</u>
Total Contingency	1,376,170	1,431,937	1,466,886	1,495,893	1,525,769	1,556,543	180,373
Designated Funds	6,785,357	7,217,953	6,819,914	7,573,716	8,644,535	8,971,051	2,185,694



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

Historical Income Statement

The historical information presented below does not match the audited financial statements and excludes GASB adjustments for pension and OPEB expense.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	NEW Budget FY 2024
Operating Revenues:							
Annual Charges	5,091,576	5,251,542	5,437,076	5,602,113	5,845,163	6,095,347	6,359,717
Standby Charges	85,180	83,200	81,660	80,300	79,220	77,590	75,297
Rental Income	50,449	51,071	51,855	52,592	70	0	0
Waste Disposal	23,113	20,608	18,755	23,859	22,000	21,690	21,690
Other Revenue	<u>1,916</u>	<u>765</u>	<u>0</u>	<u>793</u>	<u>7,709</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	5,252,233	5,407,186	5,589,346	5,759,657	5,954,162	6,194,627	6,456,704
Operating Expenses:							
Salaries and Benefits	1,988,278	2,162,857	2,353,414	2,447,706	2,549,891	2,789,641	2,924,650
Power	386,367	520,234	453,306	459,483	388,721	412,736	499,429
Sludge Removal	397,813	298,241	276,292	319,660	271,361	315,295	336,212
Chemicals	49,408	53,088	47,596	96,119	51,788	88,661	95,080
Materials and Supplies	127,277	162,695	159,052	120,308	120,638	142,400	180,189
Repairs and Replacements	155,447	445,040	253,789	262,795	156,609	327,897	247,688
Equipment Rental	37,215	1,363	351	835	111	2,043	912
Utilities Expense (other than power)	26,737	22,207	14,180	61,996	22,427	48,301	37,000
Communications Expense	37,064	32,160	39,043	44,988	48,093	59,836	72,644
Contractual Services - Other	74,947	97,296	78,879	90,873	86,212	108,983	109,588
Contractual Services - Professional	233,349	214,412	153,470	120,390	196,672	166,621	189,027
Permits and fees	145,515	158,528	185,051	201,452	234,270	245,225	259,973
Property Tax Expense	3,599	3,665	3,917	3,998	4,017	4,070	4,124
Insurance	99,428	100,952	112,262	171,882	188,844	227,384	240,678
Other Operating Expense	50,470	48,140	45,018	37,216	42,987	55,807	59,826
Depreciation Expense	<u>842,155</u>	<u>893,196</u>	<u>863,233</u>	<u>898,422</u>	<u>883,556</u>	<u>921,687</u>	<u>901,809</u>
Total Operating Expense	4,655,070	5,214,075	5,038,855	5,338,122	5,246,197	5,916,587	6,158,829
Operating Income	597,164	193,111	550,491	421,535	707,965	278,040	297,875
Nonoperating Income							
Gain (loss) on asset disposition	-1,709,527	0	-9,178	-360,999	-33,519	2,535	2,555
Interest Income	73,866	164,711	131,406	-1,670	-71,645	99,027	126,395
Other Nonoperating Income	0	0	0	24,158	134,777	0	0
Lease Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,741</u>	<u>61,783</u>	<u>55,048</u>
Nonoperating income	-1,635,661	164,711	122,228	-338,511	82,354	163,345	183,998
Nonoperating Expense							
Other Expense	31,477	181,528	174,573	103,896	108,222	6,096	5,029
Interest Expense	<u>100,536</u>	<u>134,569</u>	<u>136,848</u>	<u>122,832</u>	<u>110,916</u>	<u>97,319</u>	<u>83,213</u>
Nonoperating expense	132,013	316,097	311,421	226,728	219,138	103,415	88,242
Income before Contributions	-1,170,510	41,725	361,298	-143,704	571,180	337,970	393,631
Connection Fees	<u>249,560</u>	<u>188,100</u>	<u>188,100</u>	<u>284,240</u>	<u>363,660</u>	<u>188,100</u>	<u>188,100</u>
Change in Net Position	-920,950	229,825	549,398	140,536	934,840	526,070	581,731



Five-Year Forecast – BBARWA and RBB

Income Statement

	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Yr CAGR (a)
Operating Revenue:							
Annual Charges	6,241,883	7,671,077	9,067,682	10,718,972	12,670,549	14,977,794	19%
Standby Charges	77,590	75,297	74,383	73,470	72,556	72,556	-1%
Rental Income	0	0	0	0	0	0	nm (b)
Waste Disposal	21,690	21,690	21,690	21,690	21,690	21,690	0%
Other Revenue	0	0	0	0	0	0	nm (b)
Total Operating Revenue	6,341,164	7,768,064	9,163,755	10,814,132	12,764,795	15,072,040	19%
Operating Expenses:							
Salaries and Benefits	2,789,641	2,924,650	3,132,669	3,311,092	3,473,755	3,610,538	5%
Power	412,736	499,429	512,561	526,477	540,054	552,486	6%
Sludge Removal	315,295	336,212	344,419	352,842	361,476	370,325	3%
Chemicals	88,661	95,080	130,327	100,048	102,632	140,602	10%
Materials and Supplies	142,400	180,189	165,476	175,618	178,672	181,141	5%
Repairs and Replacements	327,897	247,688	302,224	263,985	248,613	260,075	-5%
Equipment Rental	2,043	912	935	958	982	1,007	-13%
Utilities Expense (other than power)	48,301	37,000	37,925	38,873	39,845	40,841	-3%
Communications Expense	59,836	72,644	60,645	62,071	71,867	65,240	2%
Contractual Services - Other	108,983	109,588	112,201	115,336	118,568	121,902	2%
Contractual Services - Prof	166,621	189,027	184,713	207,597	196,064	208,650	5%
Permits and fees	245,225	259,973	274,650	301,060	319,088	349,128	7%
Property Tax Expense	4,070	4,124	4,179	4,234	4,290	4,347	1%
Insurance	227,384	240,678	267,377	278,271	289,305	300,492	6%
Other Operating Expense	55,807	59,826	61,322	62,855	64,426	66,037	3%
RBB Operating Expenses	0	0	0	0	1,448,383	3,504,549	nm (b)
Depreciation Expense	<u>921,687</u>	<u>901,809</u>	<u>927,522</u>	<u>894,993</u>	<u>862,018</u>	<u>881,650</u>	<u>-1%</u>
Total Operating Expense	5,916,587	6,158,829	6,519,145	6,696,310	8,320,038	10,659,010	12%
Operating Income	424,577	1,609,235	2,644,610	4,117,822	4,444,757	4,413,030	60%
Nonoperating Income							
Gain (loss) on Asset Disposition	2,535	2,555	2,575	2,596	2,616	2,637	1%
Finance Charge Income	-	0	0	0	0	0	nm (b)
Interest Income	99,027	126,395	110,213	113,181	127,611	137,683	7%
Grant Revenue	187,863	4,113,578	871,999	8,159,595	8,615,928	0	nm (b)
Other Nonoperating Income	-	0	0	0	0	0	nm (b)
Lease Revenue	<u>61,783</u>	<u>55,048</u>	<u>55,917</u>	<u>56,811</u>	<u>57,732</u>	<u>58,681</u>	<u>-1%</u>
Nonoperating Income	351,208	4,297,576	1,040,704	8,332,183	8,803,887	199,001	-11%
Nonoperating Expense							
Other Expense	6,096	5,029	5,029	5,029	5,029	5,029	-4%
Interest Expense	<u>138,261</u>	<u>227,713</u>	<u>1,685,043</u>	<u>2,034,151</u>	<u>2,208,862</u>	<u>2,201,653</u>	<u>74%</u>
Nonoperating Expense	144,357	232,742	1,690,072	2,039,180	2,213,891	2,206,682	73%
Income before Contributions	631,428	5,674,069	1,995,242	10,410,825	11,034,753	2,405,349	31%
Connection Fees	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>0%</u>
Net Income, Change in Net Position	819,528	5,862,169	2,183,342	10,598,925	11,222,853	2,593,449	26%

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

(b) "nm" means not meaningful



Cash Flow Statement and Designated Fund Balances

	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Total
Cash from operating activities:							
Operating Income (Loss)	424,459	1,609,112	2,644,710	4,117,778	4,446,897	4,413,028	17,231,525
Depreciation expense	921,687	901,809	927,522	894,993	862,018	881,650	4,467,992
Other Miscellaneous Income (Exp)	0	0	0	0	0	0	0
Change in Working Capital	<u>-27,124</u>	<u>-1,708</u>	<u>176,623</u>	<u>20,347</u>	<u>103,297</u>	<u>122,955</u>	<u>421,514</u>
Net cash provided by op activities	1,319,022	2,509,213	3,748,855	5,033,118	5,412,212	5,417,633	22,121,031
Cash from noncapital financing:							
Payment of pension/OPEB related debt/liability	0	0	0	0	0	0	0
Cash from capital and related financing:							
Interagency expense	0	0	0	0	0	0	0
Capital Expenditures BBARWA	-2,056,835	-644,268	-1,394,985	-303,616	-262,551	-1,238,551	-3,843,971
Capital Expenditures RBB	-2,835,665	-4,312,433	-19,567,002	-33,481,059	-10,768,807	0	-68,129,301
Proceeds from Asset Disposition	0	0	0	0	0	0	0
Connection Fee (Capital Contrib)	188,100	188,100	188,100	188,100	188,100	188,100	940,500
Proceeds from Debt Issuance/Grant Funds RBB	3,556,652	41,060,398	1,183,903	18,676,290	11,206,846	-386,333	71,741,104
Debt Service:							
Interest Expense	-138,261	-227,713	-2,078,551	-4,003,360	-4,966,795	-2,292,075	-13,568,494
Principal Debt Amortization	<u>-411,798</u>	<u>-425,903</u>	<u>-440,493</u>	<u>-601,609</u>	<u>-934,692</u>	<u>-791,221</u>	<u>-3,193,918</u>
Total Debt Service	-550,059	-653,616	-2,519,044	-4,604,969	-5,901,487	-3,083,296	-16,762,412
Lease Revenue	61,783	55,048	55,917	56,811	57,732	58,681	284,189
Net cash used for cap and related financing	-1,636,024	35,693,228	-22,053,111	-19,468,442	-5,480,167	-4,461,399	-15,769,891
(Increase) Decrease in Other Assets	0	0	0	0	0	0	0
Other Proceeds	0	0	0	0	0	0	0
Interest Income	99,027	126,395	110,213	113,181	127,611	137,683	615,083
Proceeds from the Sale of Investment	0	0	0	0	0	0	0
Net cash from investing	99,027	126,395	110,213	113,181	127,611	137,683	615,083
NET CHANGE IN CASH	-217,974	38,328,836	-18,194,043	-14,322,142	59,658	1,093,920	6,966,223
Beginning Cash Balance	<u>7,832,439</u>	<u>7,614,465</u>	<u>45,943,301</u>	<u>27,749,258</u>	<u>13,427,114</u>	<u>13,486,772</u>	<u>5,654,333</u>
Ending Cash Balance	<u>7,614,465</u>	<u>45,943,301</u>	<u>27,749,258</u>	<u>13,427,114</u>	<u>13,486,772</u>	<u>14,580,692</u>	<u>6,966,227</u>
Change in Cash Balance	-217,974	38,328,836	-18,194,043	-14,322,144	59,658	1,093,920	1,311,894
	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Change
DESIGNATED FUND BALANCES (Ending)							
Cash Balance	7,614,465	45,943,301	27,749,258	13,427,114	13,486,772	14,580,692	6,966,227
Capital and Replacement Fund							
Current Year	644,268	1,394,985	303,616	262,551	1,238,551	1,543,027	898,759
Future Years	<u>2,344,581</u>	<u>38,570,235</u>	<u>20,441,616</u>	<u>4,433,109</u>	<u>2,361,679</u>	<u>2,014,325</u>	<u>-330,256</u>
Total C & R	2,988,849	39,965,220	20,745,232	4,695,660	3,600,230	3,557,352	568,503
Debt Service Fund	579,362	1,829,362	2,229,362	2,639,362	3,144,362	2,964,362	2,385,000
Liquidity Fund	2,713,771	2,771,236	3,193,181	4,300,609	4,495,697	5,337,495	2,623,724
Contingency Fund:							
Emergency	500,000	500,000	650,000	825,000	1,000,000	1,000,000	500,000
Operating	<u>832,483</u>	<u>877,483</u>	<u>931,483</u>	<u>966,483</u>	<u>1,246,483</u>	<u>1,721,483</u>	<u>889,000</u>
Total Contingency	1,332,483	1,377,483	1,581,483	1,791,483	2,246,483	2,721,483	1,389,000
Designated Funds	7,614,465	45,943,301	27,749,258	13,427,114	13,486,772	14,580,692	6,966,227