

Big Bear Area Regional Wastewater Agency

Special Board Meeting Budget Workshop Agenda
February 24, 2026 at 3:00 p.m.
121 Palomino Drive, Big Bear City, CA 92314 and
44-506 Hoomau St., Honokaa, HI 96727

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Public Forum** - Public testimony is permitted at this time on any other matters within the Agency's subject matter jurisdiction that are not included on the posted agenda. If you are unsure whether your public testimony falls within the subject matter jurisdiction or which agenda item it pertains to, please contact the Board Secretary before the meeting.

Each speaker is allotted a maximum of three minutes to address the Governing Board during this Public Forum. Public testimony on non-agenda items shall be limited to 30 minutes for all speakers. Please note that state law prohibits the Agency from taking action on matters not listed on the posted agenda.

For items on the posted agenda, public testimony will be taken prior to the Governing Board's deliberation of each item. Each speaker will be allotted a maximum of three minutes per item.

The Governing Board requests that public testimony focus specifically on BBARWA business. The Chair, by majority vote, may waive these time limitations and may rule out of order testimony that is unduly repetitious or irrelevant.

4. **New Business – Discussion Items**
 - a. Budget Presentation
5. **Adjournment**

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

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

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



Budget Workshop

February 24, 2026

Budget Projections and Proposal



- Projected Performance FY 2026
- Proposed New Budget FY 2027
- Five-Year Forecast FY 2027 – FY 2031



Projected Performance FY 2026



Changes to Budget FY 2026



Carryover Appropriations \$ 5.9 Million

Capital Expenditures	\$ 5,781,285
Lucerne Valley Service Upgrade	16,945
Force Main Project	973,785
Cactus Flats Outfall Line Repair	23,063
RAS Header Replacement Project	83,415
Replenish Big Bear	4,684,077

Operating Expenses *	\$ 79,082
Mainline	58,093
Contractual Services – Electrical	9,911
Contractual Services – HVAC	10,578
Contractual Services – Other	500

* Operating expense carryovers include:

- Clean and Camera Inspect Gravity Sewer Line
- Miscellaneous electrical maintenance
- Quarterly HVAC Service and Repair
- Interim Audit



New Appropriations \$ 265,498

Capital Expenditures	\$ 221,498
Outfall Line Investigation Project	146,498
Pump Station Condition Investigation (4)	75,000

Operating Expenses *	\$ 44,000
Salaries and Benefits	44,000

* Operating expense appropriations include:

- Maintenance Worker Position



Financial Summary

FY 2026

Income Statement Comparison FY 2026 Amended Budget to Projected



	Amended Budget FY 2026	Projected FY 2026	Budget vs Projected	
			\$	%
Operating Revenues	\$ 9,809,189	\$ 9,817,294	\$ 8,105	0%
Operating Expenses	<u>-7,106,456</u>	<u>-7,041,082</u>	<u>65,374</u>	<u>-1%</u>
Operating Income	2,702,733	2,776,212	73,480	3%
Nonoperating Income	4,175,838	1,968,677	-2,207,161	-53%
Nonoperating Expense	<u>-130,817</u>	<u>-103,135</u>	<u>27,682</u>	<u>-21%</u>
Total Nonoperating Income/Expense	4,045,021	1,865,542	-2,179,479	-54%
Income Before Capital Contributions	6,747,753	4,641,753	-2,106,000	-30%
Connection Fees – Capital Contributions	<u>188,100</u>	<u>188,100</u>	<u>0</u>	<u>0%</u>
Change in Net Position	6,935,853	4,829,853	-2,106,000	-30%

Discussion – Income Statement Comparison FY 2026 Amended Budget to Projected



	Amended Budget FY 2026	Projected FY 2026	Budget vs Projected	
			\$	%
Operating Expenses	\$ -7,106,456	\$ -7,041,082	\$ 65,374	-1%
Significant Variances:				
Sludge Removal	342,583	310,516	-32,068	-9%
Insurance Expense	317,839	277,160	-40,679	-13%

Discussion – Income Statement Comparison FY 2026 Amended Budget to Projected



- **Sludge Removal**
 - Budgeted based on removal of 4,992 tons, projected to remove approximately 4,500 tons.
- **Insurance Expense**
 - Workman's Compensation Insurance adjustment for longevity distribution
 - 7% Incentive Program Discount
 - 5% Multi-Program Discount

Discussion – Income Statement Comparison FY 2026 Amended Budget to Projected



	Amended Budget FY 2026	Projected FY 2026	Budget vs Projected	
			\$	%
Nonoperating Income/Expense	\$ 4,045,021	\$ 1,865,542	\$ -2,179,479	-54%
Significant Variances:				
RBB Grant Proceeds	3,788,852	1,523,530	-2,265,322	-60%

RBB grant proceeds are directly tied to eligible RBB expenditures, which are projected to be below budget based on invoices received during the FY, resulting in a reduction in anticipated grant reimbursements.



Proposed Budget and Five-Year Forecast FY 2027 – FY 2031



Financial Performance Impacts

Financial Performance Impact



Impacts to Financial Performance:

- Replenish Big Bear (RBB)
 - Budgeted expenses do not reflect the increased construction estimate presented to the Governing Board in October 2025.
 - A Funding and Financing Plan will need to be completed and construction funding approved before the increase can be included in the budget and rate schedule.
 - Proposed rate adjustments are consistent with the 5-year rates approved by the Governing Board in March 2025.
 - If RBB stops at final design, once all project costs are reconciled, any remaining funds collected for RBB can be reallocated to future capital projects.



Financial Performance Impact continued

Impacts to Financial Performance:

- Wastewater Treatment and Outfall Master Plan, Collection System Master Plan
 - Will incorporate the Capital Improvement Plan methodology adopted in FY 2025.
 - Projects will be assigned a priority based on the analysis and may be phased over multiple fiscal years.
 - The FY 2027 proposed budget includes capital improvements that are considered priority one projects.
 - With the completion of the Master Plans, project priorities could change which could influence rates in future budget cycles.



Financial Performance Impact continued

Impacts to Financial Performance:

- 2011 Refunding Loan
 - The 2011 Refunding Loan was a \$5.5 million 15yr loan.
 - This loan will be satisfied in FY 2027.



FY 2027 Proposed Budget



Financial Summary

FY 2027

Proposed Budget

Income Statement Comparison

FY 2026 Projected to FY 2027 Proposed Budget



	Projected FY 2026	Proposed Budget FY 2027	Projected vs Proposed	
			\$	%
Operating Revenues	\$ 9,817,294	\$ 11,595,559	\$ 1,778,264	18%
Operating Expenses	<u>-7,041,082</u>	<u>-7,493,384</u>	<u>452,302</u>	<u>6%</u>
Operating Income	2,776,212	4,102,175	1,325,962	48%
Nonoperating Income	1,968,677	1,292,674	-676,002	-34%
Nonoperating Expense	<u>-103,135</u>	<u>-50,397</u>	<u>52,738</u>	<u>-51%</u>
Total Nonoperating Income/Expense	1,865,542	1,242,277	-623,264	-33%
Income Before Capital Contributions	4,641,754	5,344,452	702,698	15%
Connection Fees – Capital Contributions	<u>188,100</u>	<u>188,100</u>	<u>0</u>	<u>0%</u>
Change in Net Position	4,829,854	5,532,552	702,698	15%



FY 2027 Proposed Operating Budget

Discussion – Operating Budget Comparison FY 2026 Projected to FY 2027 Proposed Budget



	Projected FY 2026	Proposed Budget FY 2027	Projected vs Proposed	
			\$	%
Operating Revenues	\$ 9,817,294	\$ 11,595,559	\$ 1,778,264	18%
Operating Expenses	7,041,082	7,493,384	452,302	6%

- Based on the proposed established rate increase, operating revenues increase by 18%.
- Operating expenses increase by 6%. Variances that exceed 5% and \$20,000 will be discussed in the following slides.

Operating Expense Major Variances FY 2026 Projected to FY 2027 Proposed Budget



	Projected FY 2026	Proposed Budget FY 2027	Projected vs Proposed	
			\$	%
Salaries and Benefits	\$ 3,462,748	\$ 3,790,636	\$ 327,889	9%
Sludge Removal	310,516	355,849	45,333	15%
Insurance	277,160	299,292	22,132	8%
Repairs and Replacements	320,146	284,755	-35,391	-11%
Communications	183,101	141,731	-41,370	-23%
Contractual Services – Other	200,464	163,993	-36,471	-18%

Operating Expense – Salaries and Benefits FY 2026 Projected to FY 2027 Proposed Budget



	Projected FY 2026	Proposed Budget FY 2027	Projected vs Proposed	
			\$	%
Salaries and Benefits	\$ 3,462,748	\$ 3,790,636	\$ 327,889	9%

- Salaries and Wages increase 10%
 - CPI/COLA – 3.3%
 - Those employees that have not reached the top of their pay-scale are eligible for a merit adjustment annually.
 - Includes the addition of the Maintenance Worker position.

- Benefits increase 9%
 - Retirement and OPEB required contributions increase per actuarial valuation.
 - Medical premiums increase 12%.
 - Includes the addition of the Maintenance Worker position.

Operating Expense – Salaries and Benefits COLA – Average Annual Change



CPI for All Urban Consumers (CPI-U)

Area: Riverside-San Bernardino-Ontario, CA

Year	Jan	Mar	May	Jul	Sep	Nov	Annual	Annual Average
2021	109.550	110.981	113.222	114.682	115.557	117.206	113.875	5.8%
2022	118.963	122.127	123.893	125.262	125.272	125.983	123.784	8.7%
2023	127.683	127.707	128.768	129.525	131.372	131.372	129.545	4.7%
2024	131.358	133.144	133.943	133.113	133.179	132.853	132.932	2.6%
2025	135.215	136.511	137.456	137.708	138.029	138.851	137.293	3.3%

Operating Expense FY 2026 Projected to FY 2027 Proposed Budget



	Projected FY 2025	Proposed Budget FY 2026	Projected vs Proposed	
			\$	%
Sludge Removal	\$ 310,516	\$ 355,849	\$ 45,333	15%
Insurance	277,160	299,292	22,132	8%

- Sludge removal is budgeted based on hauling 4,992 tons. FY 2026 projection is 4,500 tons, a difference of 492 tons. Additionally, the hauling contract includes an annual CPI increase.
- Workers' Compensation Insurance is expected to increase by 20% and is based on annual payroll as well as an Experience Modification Factor (EMOD). General Liability and Property Insurance is expected to increase by 3%.

Operating Expense FY 2026 Projected to FY 2027 Proposed Budget



	Projected FY 2026	Proposed Budget FY 2027	Projected vs Proposed	
			\$	%
Repairs and Replacements	\$ 320,146	\$ 284,755	\$ -35,391	-11%
Communications	183,101	141,731	-41,370	-23%
Contractual Services – Other	200,464	163,993	-36,471	-18%

- There are savings across several line items within repairs and replacements, with the most notable savings in mainline. FY 2026 included a carryover appropriation to clean and camera inspect the gravity sewer line, which is generally completed every four years.
- FY 2026 included the replacement of Agency computers and setting up new VPN connections and firewalls for the Lake Pump Station, Division meter, and Lucerne Valley reservoir resulting in the decrease in the FY 2027 Communications expense.
- With the addition of the Maintenance Worker position, the Agency will be able to cancel contracted services for landscaping and janitorial services, reducing Contractual Service – Other expenses.



FY 2027 Proposed Capital Expenditures



FY 2027 Proposed Capital Expenditures \$ 3,572,298

Effluent Disposal

- **Outfall Line Investigation**

\$ 1,350,000

Interceptor System

- **North Shore Pump Station 3 Well Rehabilitation – Engineering**

\$ 225,000

Other Equipment

- **VFD for Rotors and Softstarts**
- **Security Lights and Surveillance System**

\$ 47,963

\$ 94,608

Transportation Equipment

- **Truck Replacement – Plant Manager**

\$ 75,000



FY 2027 Proposed Capital Expenditures continued

Treatment Plant

• Effluent Pump Rebuild	\$ 50,000
• Headworks Carbon Tower Replacement	\$ 65,331
• Headworks Equipment Panel Relocation	\$ 60,000

Studies and Maps

• Wastewater Treatment and Outfall Master Plan	\$ 368,500
• Collection System Master Plan	\$ 330,000

Replenish Big Bear

• Replenish Big Bear	\$ 905,896
----------------------	------------

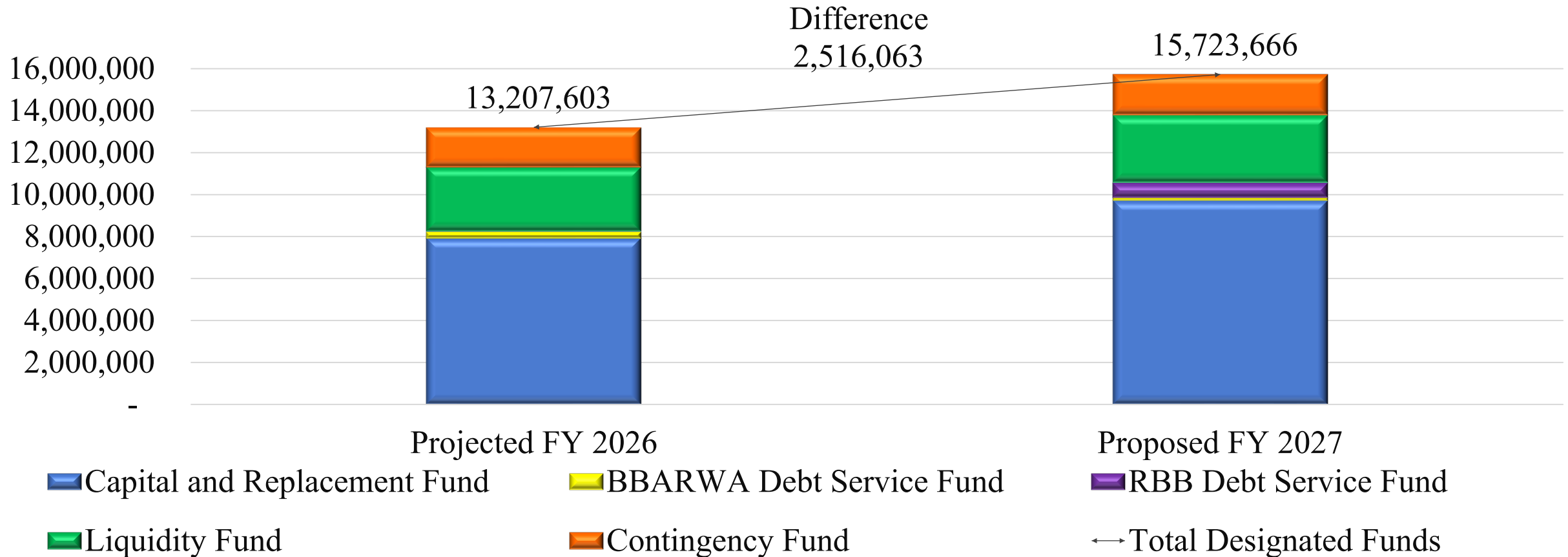
Ratepayer Impact – Per EDU

FY 2026 to FY 2027 Proposed Budget



	Projected FY 2026	Proposed Budget FY 2027	Budget vs Proposed	
			\$	%
Proposed Established Rate:				
BBARWA Rate	\$ 282.12	\$ 296.39	\$ 14.27	
RBB Rate	<u>96.08</u>	<u>149.88</u>	<u>53.80</u>	
Total Proposed Established Rate	\$ 378.20	\$ 446.27	\$ 68.07	18%
City of Big Bear Lake	\$ 391.81	\$ 462.56	\$ 70.75	18%
Big Bear City CSD	\$ 367.25	\$ 432.97	\$ 65.72	18%
County CSA 53B	\$ 360.06	\$ 426.90	\$ 66.84	18%

Designated Fund Balance – End of Year FY 2026 Projected to FY 2027 Proposed Budget



Discussion – Designated Fund Balance FY 2027 Proposed Budget



Beginning Designated Fund Balances	\$ 13,207,603
Net Cash Provided by Operating Activities	5,043,585
Payment of OPEB Related Liability	-100,000
Cash Used for Capital and Related Financing	-2,758,266
Interest Income	<u>330,745</u>
Ending Designated Fund Balance	\$ 15,723,666

- Payment of OPEB Related Liability
 - A goal of the Agency has been to reduce its unfunded OPEB Liability.
 - The Governing Board approved a multi-year plan to reduce the liability by \$1 million.
 - Contributions were made in FY 2017, 2018, and 2020 in the amount of \$200,000 each year. The Agency plans to make an additional \$100,000 contribution in FY 2026.
 - FY 2027 proposed budget includes a payment of \$100,000.

Discussion – Designated Fund Balance FY 2027 Proposed Budget continued



Net Cash Provided by Operating Activities	\$ 5,043,585
Operating Income (Loss)	240,052
RBB Income (Loss)	3,862,213
Depreciation and amortization expense	1,102,983
Change in working capital	-161,574

- Operating Income (Loss) equals BBARWA operating revenues less operating expenses.
- RBB Income (Loss) equals RBB revenues based on rate revenues.

Discussion – Designated Fund Balance FY 2027 Proposed Budget continued



Cash Used for Capital and Related Financing	\$-2,758,266
Other Nonoperating Expenses	-6,435
Capital Expenditures – BBARWA	-2,666,402
Capital Expenditures – RBB	-905,896
Proceeds from Grants Funds – RBB	905,896
Connection Fee (Capital Contributions)	188,100
BBARWA Debt Service	-329,563
RBB Debt Service	0
Lease Revenue	56,033



FY 2027 Proposed Budget (end of Period)

- Agency is financially strong
- Debt Service Coverage is 17.37x
- Minimum reserve requirements are met



Five-Year Forecast FY 2027 – FY 2031



Assumptions

Five-Year Forecast

- Replenish Big Bear (RBB)
 - Budgeted expenses do not reflect the increased construction estimate presented to the Governing Board in October 2025.
 - A Funding and Financing Plan will need to be completed and construction funding approved before the increase can be included in the budget and rate schedule.
 - Proposed rate adjustments are consistent with the 5-year rates approved by the Governing Board in March 2025.
 - If RBB stops at final design, once all project costs are reconciled, any remaining funds collected for RBB can be reallocated to future capital projects.



Assumptions

Five-Year Forecast

- Inflation is assumed at an annual average of 2.6% during the forecast period using the following indicators:
 - The annual average inflation rate as of December 31, 2025
 - Riverside, San Bernardino, Ontario CA CPI-U (Consumer Price Index for All Urban Consumers) was 3.3%
 - 20-City Construction Cost Index was 2.4%
 - Survey of Professional Forecasters, CPI Forecast as of November 17, 2025:

2026	2027 – 2029	2030-2031
2.8%	2.5%	2.4%

Discussion – Operating Budget Comparison

Five-Year Forecast



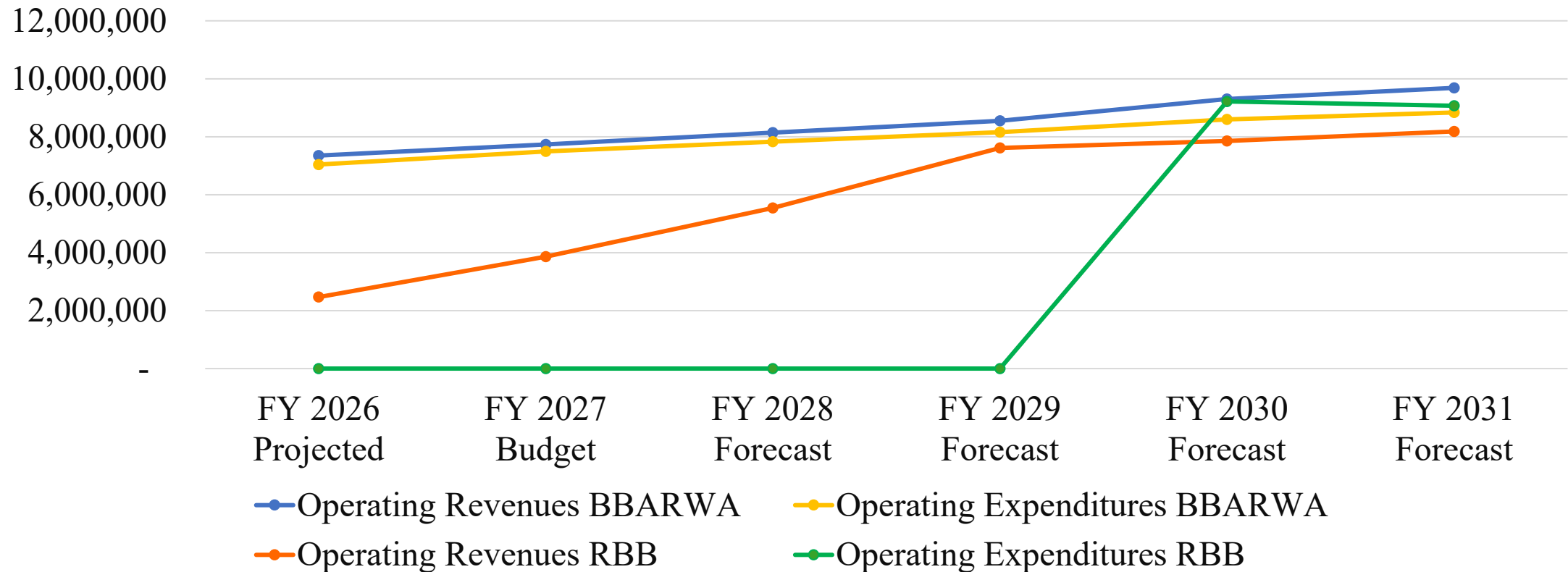
	Proposed Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Operating Revenues	\$ 11,595,559	\$ 13,688,262	\$ 16,162,084	\$ 17,154,880	\$ 17,867,251
Operating Expenses	7,493,384	7,827,858	8,160,772	17,816,542	17,903,898

- Annual average increase in operating revenues is 13% based on the proposed established rate increases.
- Annual average increase in operating expenses is 21% with the addition of operating expenses for RBB and an increase in depreciation with the addition of the RBB treatment plant upgrades in FY 2030.

Operating Revenues vs. Expenditures Five-Year Forecast



Operating Revenues vs Expenditures



Ratepayer Impact – per EDU

Five-Year Forecast



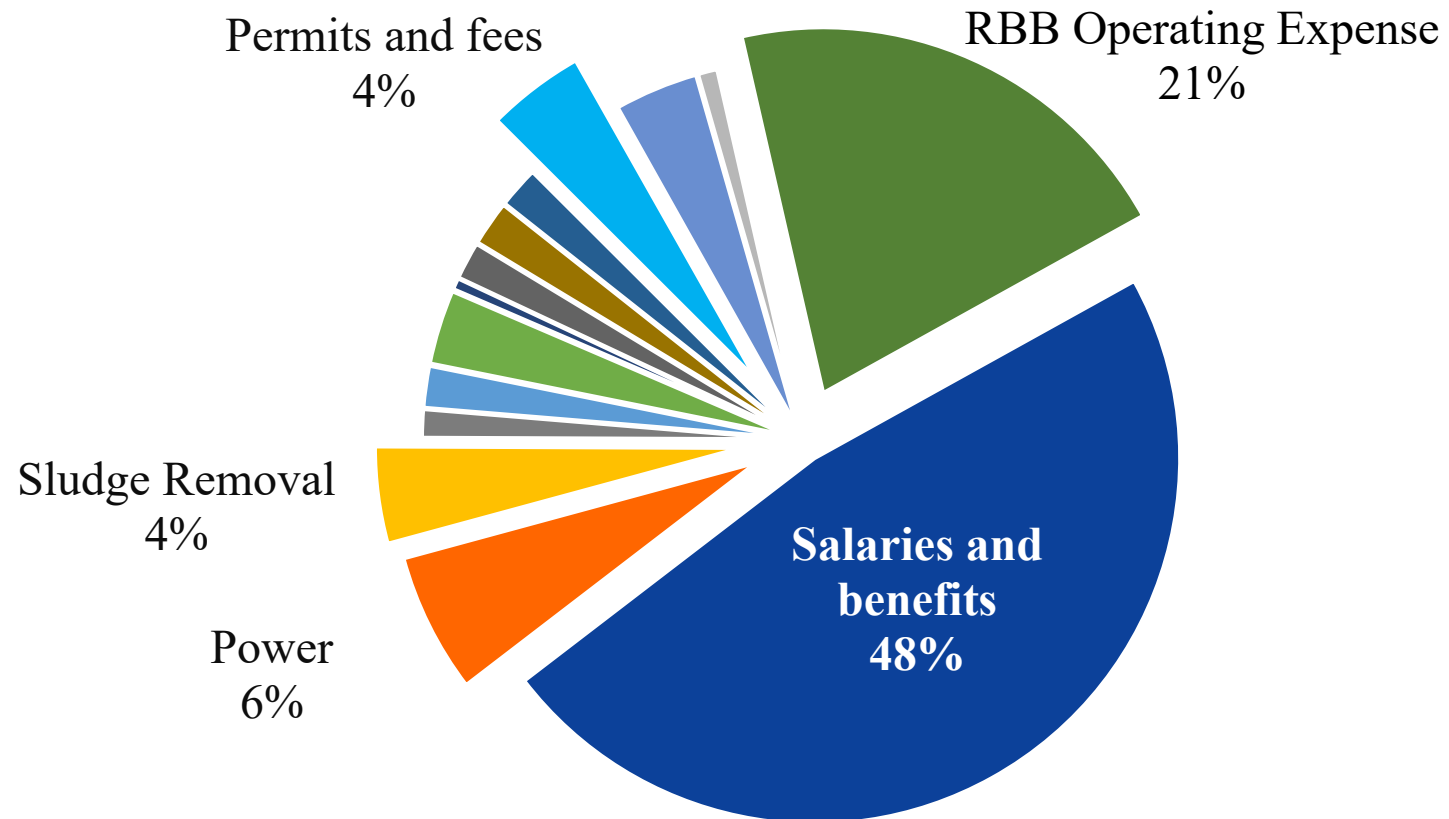
	Proposed Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Proposed Established Rate:					
BBARWA Rate	\$ 296.39	\$ 311.79	\$ 327.03	\$ 355.48	\$ 369.70
RBB Rate	<u>149.88</u>	<u>214.81</u>	<u>294.36</u>	<u>303.19</u>	<u>315.32</u>
Total Proposed Established Rate	446.27	526.60	621.39	658.67	685.02
% Increase	18%	18%	18%	6%	4%

- When analyzing rates, the Agency takes into account operating costs, reserve requirements, and future capital requirements.
- FY 2027 through FY 2029 RBB rates are set to build reserve requirements so that reserves are in place to meet debt service requirements, operational needs, and required liquidity and operational reserves.

Top 5 Operating Expenses Five-Year Forecast



Operating Expenses (before depreciation) "Top 5" 83%



Discussion – Top 5 Operating Expenses Five-Year Forecast



	5-Year CAGR*	Description
Salaries and Benefits	6%	FY 2026 added a Maintenance Worker in the last quarter of the year. Salaries and wages increase 5% on average with benefits increasing 6% on average.
RBB Operating Expenses	NM	Anticipated to go online in FY 2030. Includes general operating and maintenance expenses, water monitoring, and nutrient offset program. Annual increases based on CPI.
Power	2%	Based on expected annual price adjustments to the power purchase agreement and rate increases expected by Bear Valley Electric.
Sludge Removal	5%	Sludge removal is based on removing 4,992 tons. Increase includes the expected annual price adjustments to the hauling contract.
Permits and Fees	7%	Annual average increases are budgeted to be in line with average historical changes.



FY 2027 – FY 2031 Proposed Capital Expenditures



5-Year Capital Improvement Plan Highlights

RBB (BBARWA's Wastewater Treatment Upgrade Project)

- Estimated \$75.6 million (does not include updated cost estimate)

North Shore Pump Station 3 Well Rehabilitation

- Estimated \$2.75 Million

Asphalt Replacement (Admin Building, Palomino Drive, and Plant)

- Estimated \$2.2 Million

Clarifier Splitter Gates

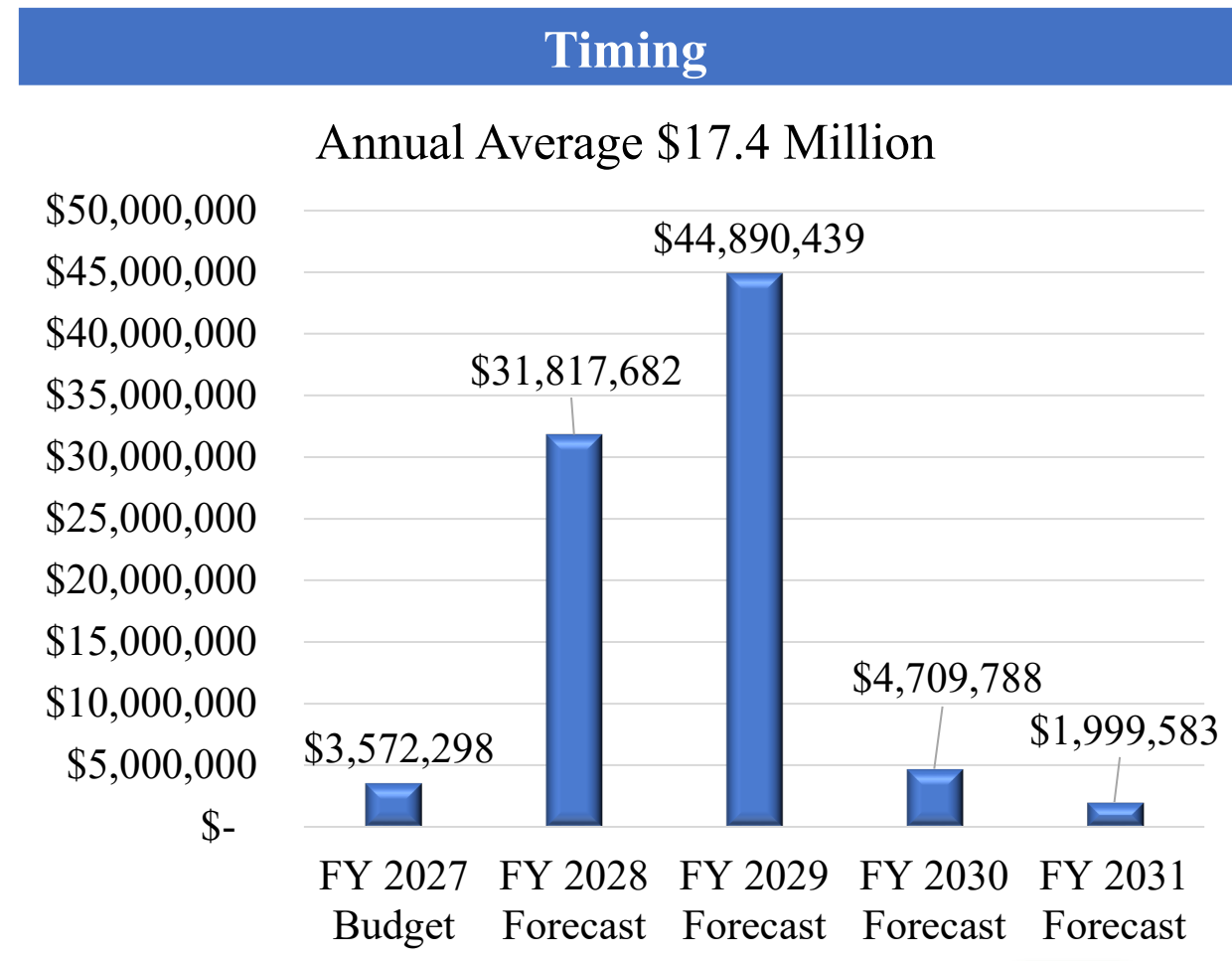
- Estimated \$900,000



Discussion – Five-Year CIP

Five-Year CIP Totals \$87 Million

Asset Investment	
\$76 million	RBB (BBARWA’s Wastewater Treatment Upgrade Project)
\$4.4 million	Interceptor System
\$1.4 million	Treatment Plant
\$2.2 million	Asphalt Replacement
\$1.5 million	Effluent Disposal Equipment
\$ 798,500	Studies and Maps
\$ 656,960	Other equipment including IT and Laboratory Equipment, Electrical Upgrades, Misc Pumps, Security Upgrades
\$ 496,716	Transportation Equipment





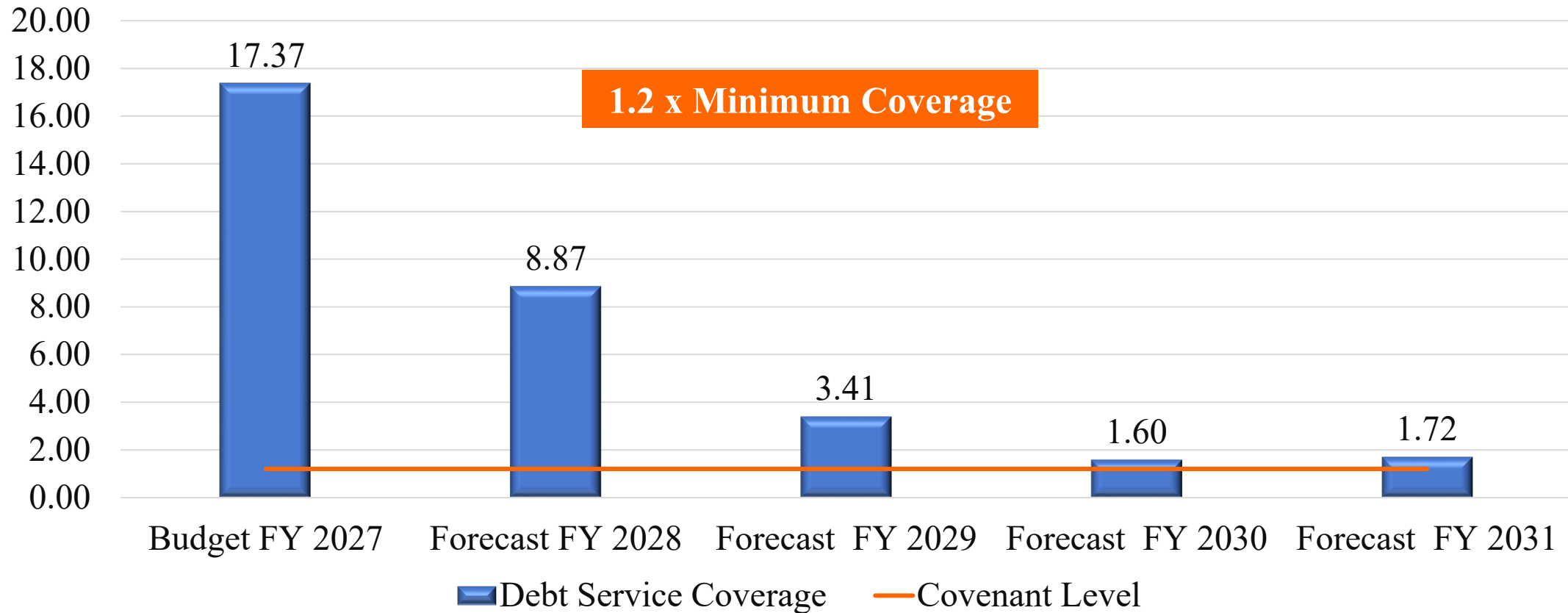
FY 2027 – FY 2031

Debt Service

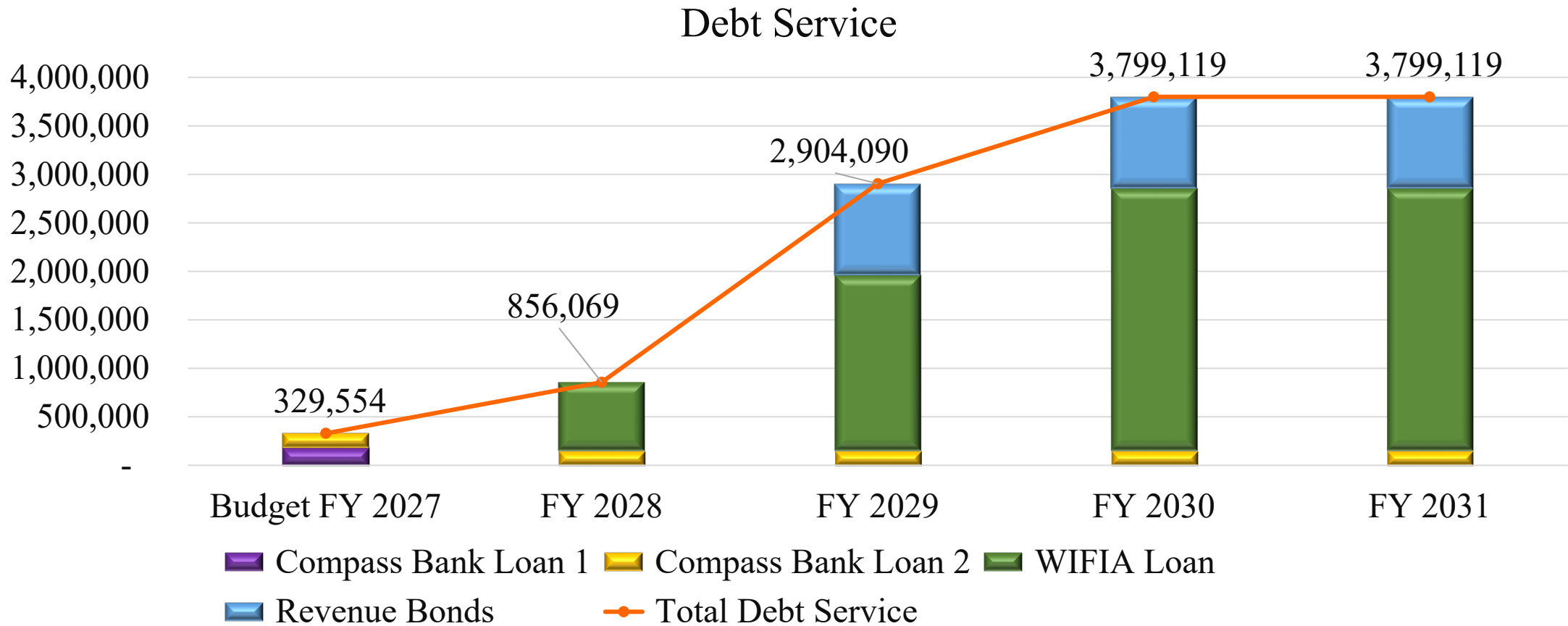
Debt Service Coverage FY 2027 – FY 2031



Debt Service Coverage



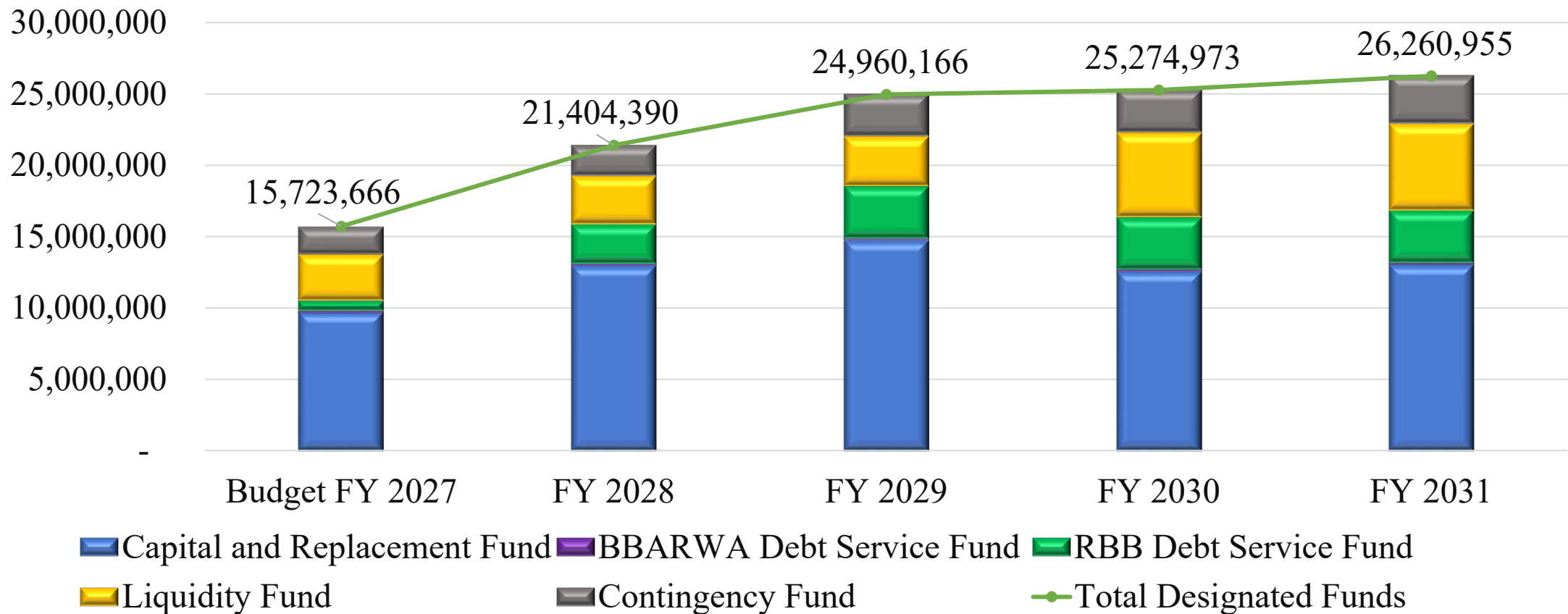
Debt Service Payments FY 2027 – FY 2031





FY 2027 – FY 2031 Financial Summary

Cash and Designated Fund Balances FY 2027 – FY 2031





FY 2027 – FY 2031 Summary

- Agency is financially strong
- Reserve funds are adequate
 - Minimum balance requirements are met.
- Capital expenditures total \$87 million
 - New debt for RBB project, cash funding for the remaining capital projects.
 - Does not include updated construction costs for RBB.
- Agency will make payments in the amount of \$100,000 per year in FY 2027 – FY 2029 to complete the multi-year plan to contribute \$1 million towards the OPEB UAL to reduce the liability.



FY 2027 – FY 2031 Summary continued

- Debt increases over the period
 - FY 2027 2011 Installment Purchase Agreement fully amortizes
 - Funding for RBB begins in FY 2027
- Debt Service Coverage starts at 17.37x decreasing to 1.72x by FY 2031

Questions and Discussion



Annual Budget Workshop Proposed Operating And Capital Budget

FISCAL YEAR ENDING JUNE 30, 2027



BIG BEAR AREA REGIONAL WASTEWATER AGENCY

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

www.bbarwa.org

121 Palomino Drive, Big Bear City, California 92314



Table of Contents

Financial Summaries.....	3
Big Bear Area Regional Wastewater Agency (BBARWA or Agency) Budget Framework.....	3
Replenish Big Bear (RBB).....	3
Important Assumptions	3
Comparisons.....	5
Items Impacting Financial Performance.....	5
Financial Performance: Income Statement and Cash Flow Comparisons.....	6
Statement Comparison: FY 2026 Amended Budget to FY 2026 Projected.....	7
Discussion: FY 2026 Amended Budget Compared to FY 2026 Projected.....	9
Statement Comparison: NEW Budget FY 2027 to Projected FY 2026.....	10
Discussion: NEW Budget FY 2027 Compared to Projected FY 2026.....	12
Financial Summary	13
Operating Trends and Outlook.....	13
Changes in Operating Income	13
Changes in Operating Revenues and Expenditures	14
Other Revenue Increases	14
Capital.....	15
Average Maintenance Capital Expenditures.....	15
RBB (BBARWA’s Wastewater Treatment Upgrades Project).....	15
Debt Service Coverage Within Debt Covenant Requirements, New Debt Anticipated for RBB.....	16
Leverage and Debt Service	16
Discussion and Analysis	18
Operations	18
Operating Revenues	18
Annual Charges	19
Standby Charges and Waste Disposal Fees	20
Operating Expenses	20
Discussion and Analysis of the Top Five Operating Expense Categories	21
Salaries and Benefits Expense.....	21
RBB Operating Expenses.....	22
Power Expense.....	22
Sludge Removal Expense.....	22
Permits and Fees Expense	23
Capital Contributions - Connection Fees.....	23



Debt Service and Bond Covenant Calculations	23
Capital Expenditures (capex).....	24
Capital Expenditures – FY 2027	26
Capital Expenditures – FY 2028 – FY 2031	27
Cash and Designated Fund Balances	28
Rate Review	29
Adequacy of Rates.....	29
Rate Requirements.....	29
FY 2027 Proposed Rate per EDU - \$446.27	30
Ratepayer Impact	30
Appendix: Five Year Forecast	31
Income Statement.....	31
Cash Flow Statement.....	32



Financial Summaries

Big Bear Area Regional Wastewater Agency (BBARWA or Agency) Budget Framework

While the Agency completes a one-year budget, it also looks closely at the next five-year period. Most of the discussion and analysis, and financial information presented will include the five-year period, from FY 2027 through FY 2031.

Replenish Big Bear (RBB)

Budgeted expenses associated with RBB (BBARWA’s Wastewater Treatment Upgrades Project) through FY 2031 do not reflect the increased construction estimate presented to the Governing Board in October 2025. Until a Funding and Financing Plan can be developed and construction funding approved, these costs cannot be included in the budget and rate schedule. As such, proposed rate adjustments remain consistent with the 5-year rates approved by the Governing Board in March of 2025. The proposed rate structure is sufficient to complete final design but will need to be re-evaluated in future budget cycles to include changes to project costs.

Construction costs for RBB currently include capital improvements that will need to be completed regardless of the completion of RBB. If RBB stops at final design, once all project costs are reconciled, any remaining funds collected for RBB can be reallocated to those capital projects that will need to be reprogrammed, and future year rates will be adjusted accordingly.

Important Assumptions

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

Rate Structure: The proposed budget and forecast period were prepared assuming adjustments in the Agency's sewer user charge (annual charges) each year during the 5-year period, from FY 2027 - 2031. Rates through FY 2031 have been structured to meet the Agency’s current operating and capital needs during the next five years; with the exception of the increase in RBB construction costs. Until a Funding and Financing Plan can be developed and construction funding approved, these costs cannot be included in the budget and rate schedule. As such, proposed rate adjustments remain consistent with the 5-year rates approved by the Governing Board in March of 2025

It should be noted that the Agency’s rates have been structured to cover the majority of its annual debt service with approximately \$75,000 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; however, current adjustments exceed inflation due to the increased rates required to fund RBB. Rate adjustments are expected to return to at or near inflation by FY 2031.

	Actual FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
BBARWA Rate per EDU	282.12	296.39	311.79	327.03	355.48	369.70
RBB Rate per EDU	96.08	149.88	214.81	294.36	303.19	315.32
Total Rate per EDU	378.20	446.27	526.60	621.39	658.67	685.02
% Change	6%	18%	18%	18%	6%	4%
Prior Projected Rates		446.27	526.60	621.39	658.67	
Prior Projected % Change		18%	18%	18%	6%	

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.



Average Dry Weather Flow: The Agency budgets for dry weather. Based on historical experience, this is approximately 788 million gallons of influent flow on an annual basis. If, during the budget period, the Agency incurs wet weather flows or other operational variances from the budget, and the operating budget is unable to absorb the increased costs, the Agency has established a contingency fund from which the Governing Board may appropriate funds. The Government Finance Officers Association recommends the contingency fund to be at minimum two months of operating and maintenance expense. Based on staff review, we believe this 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. When looking at key CPI categories, inflation has shown both moderation and acceleration over the past year. Even with the Federal Reserve’s continued efforts to balance price stability; continued supply chain disruptions, lagged effects of tariffs, a tightening labor market, and geopolitical factors are expected to influence inflation over the coming year, but not to the extent that we have experienced in the past. Predictions vary, with some experts predicting inflation will soften to 2.7 percent while others believe inflation will grow to above 4 percent by the end of 2026. 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.

Annual Average Inflation Rate (as of December 31, 2025)

Riverside, San Bernardino, Ontario CPI-U	CCI
3.3%	2.4%

The Survey of Professional Forecasters², CPI Forecast (as of November 17, 2025)

Fiscal Year	Annual Average
2026	2.8%
2027 – 2029	2.5%
2030 – 2031	2.4%

The Agency has assumed average inflation of 2.6% during the forecast period.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year Average
Inflation Rate	2.5%	3%	2.5%	2.5%	2.5%	2.5%	2.6%

For capital related construction projects, the Handy-Whitman Index, a widely recognized benchmark that tracks construction cost trends across various regions and project types, will be used to estimate future project cost escalations.

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.



Comparisons

Financial performance comparisons throughout this document include current and future periods. FY 2026 is the projected performance, FY 2027 is the budget period, and FY 2028 – FY 2031 is the forecast period:

<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028- FY 2031</u>
Projected	Budget	Forecast Period

Items Impacting Financial Performance

Salaries and Benefits Expense – Salaries and benefits expense is expected to grow during the five-year period with an average annual change of 6%. This is primarily due to increases in health premiums, other post-employment benefit (OPEB) contributions, the addition of a Maintenance Worker, and annual cost of living adjustments (COLA).

Salaries and Wages Expense – The average annual increase in salaries and wages over the forecast period is projected to be 5%. The Agency is expected to experience 9% growth in FY 2027 compared to the prior year, decreasing to 5% in FY 2028, then slowing to 4% growth by FY 2031 as more employees reach the top of their pay scales.³

The 9% growth in FY 2027 is primarily the result of the proposed annual COLA and merit adjustments for those employees that have not reached the top of their pay scale as well as the addition of a Maintenance Worker position. The annual average Riverside, San Bernardino, Ontario, CA CPI-U is used as the basis for the COLA. In FY 2027, the Agency proposes to incorporate a 3.3% COLA⁴. Additionally, any employee that has not reached the top of their pay scale will be eligible for a merit adjustment.

Benefits expense – The average annual increase in benefits expense is expected to be 7% over the five-year period. The largest annual increases can be found in medical premiums and OPEB contributions.

Medical Premiums – The average annual increase in medical premiums is expected to be 7% over the five-year period, with the greatest increase being realized in FY 2027, at 12%. FY 2027 includes a 5.8% increase in medical premiums and the addition of the Maintenance Worker position. This position is eligible for medical benefits per the Agency's Health Benefit Plan in the Personnel Policies and Procedures Manual.

Growth in medical premium is expected to slow to an average of 5% from FY 2029 through FY 2031. Forecast medical premium increases are based on the Governmental Accounting Standards Board (GASB) 75 Actuarial Report that was completed for the Agency by Macleod Watts for fiscal year end June 30, 2025. The Actuarial Report uses the Getzen Model 2023 published by the Society of Actuaries when developing healthcare trends. Based on this report, the Agency has forecast premium increases ranging from 5.8% to 5.2% over the 5-year period.

Increase of OPEB Unfunded Accrued Liability (OPEB UAL) – OPEB contributions increase over the forecast period as a result of changes in the funding status, changes in plan experience, assumption changes, and investment experience. Forecast OPEB contributions are based on the GASB 75 Actuarial Report and are expected to increase from \$292,218 in FY 2027 to \$370,573 in FY 2031, an average annual increase of 6% over the forecast period.

A goal of the Agency has been to reduce its unfunded OPEB liabilities so that the Agency's OPEB assets are nearly equal to its OPEB liabilities, resulting in annual OPEB expense near the normal cost. Maintaining a higher funded ratio better ensures that the Agency's

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

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



obligations will be met, and that intergenerational equity will be maintained among ratepayers. Based on the FY 2025 Actuarial Report, at June 30, 2024, the Agency’s OPEB funding position decreased slightly from 65.6% to 64%, primarily a result of increases in medical premiums.

In an effort to reduce the Agency’s OPEB UAL, the Agency developed a multi-year funding plan to reduce the liability by \$200,000 annually for five years, for a total of \$1 million. The funding plan is contingent on budget availability. The Agency made contributions in the amount of \$200,000 in FY 2017, 2018, and 2020, leaving \$400,000 remaining. The Agency plans on making a contribution in the amount of \$100,000 in FY 2026. To complete the contribution goal of \$1 million and to make it more achievable, the FY 2027 budget and forecast includes three payments of \$100,000 one each in FY 2027 through FY 2029.

Additional Items Impacting Financial Performance

Master Plans – FY 2027 Capital Projects include the Wastewater Treatment and Outfall Master Plan, and the Collection System Master Plan. These Master Plans will incorporate the Capital Improvement Plan (CIP) methodology, adopted in FY 2025, that focuses on the prioritization of capital improvements and addressing outdated project cost estimates. The methodology begins with analyzing the Agency’s assets and assigning likelihood of failure (LoF) and consequence of failure (CoF) scores. Based on this analysis, projects are assigned a priority and may be phased over multiple fiscal years to manage resources effectively. The budget and forecast period include those capital improvements that are currently considered priority one projects; however, with the completion of the Master Plans, project priorities could change which could influence rates in future budget cycles.

2011 Refunding Loan – The 2011 Refunding Loan (Compass Bank Loan 1) was issued in November of 2011 and satisfied the debt payments made under the 1998 Agreement for Water and Wastewater Revenue Bonds which included treatment plant upgrades and partial funding for the construction of the Administration building; the 2006 Agreement for construction of the Cannibalization System, a natural gas generator, as well as several smaller projects; and financed replacement of the Lake Pump Station Building. The \$5.5 million 15yr loan will be satisfied in FY 2027 which reduces the Agency’s debt service requirements in the forecast period.

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 2026 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 2027 Budget follows.



Statement Comparison: FY 2026 Amended Budget to FY 2026 Projected

INCOME STATEMENT				
Comparison FY 2026 Amended Budget to FY 2026 Projected				
	Budget FY 2026	Projected FY 2026	Budget vs Projected	
			\$	%
Operating Revenues				
Annual Charges – BBARWA	7,243,788	7,243,788	0	0%
Annual Charges – RBB	2,466,998	2,466,998	0	0%
Standby Fees	71,807	71,807	0	0%
Rental Income	4	6,565	6,561	164017%
Waste Disposal Fees	26,593	27,531	938	4%
Other Operating Income	<u>0</u>	<u>607</u>	<u>607</u>	<u>nm</u>
Total Operating Revenues	9,809,189	9,817,294	8,105	0%
Operating Expenses				
Salaries and Benefits	3,478,500	3,462,748	-15,752	0%
Power	529,090	504,851	-24,239	-5%
Sludge Removal	342,583	310,516	-32,068	-9%
Chemicals	100,939	104,912	3,973	4%
Materials and Supplies	153,095	163,421	10,326	7%
Repairs and Replacements	295,905	320,146	24,240	8%
Equipment Rental	2,054	2,140	86	4%
Utilities Expense	41,003	41,003	0	0%
Communications Expense	181,057	183,101	2,043	1%
Contractual Services – Other	195,760	200,464	4,705	2%
Contractual Services – Professional	150,247	150,247	0	0%
Permits and Fees	304,861	304,861	0	0%
Property Tax Expense	4,309	4,354	46	1%
Insurance Expense	317,839	277,160	-40,679	-13%
Other Operating Expense	73,208	75,153	1,945	3%
Depreciation Expense	<u>936,007</u>	<u>936,007</u>	<u>0</u>	<u>0%</u>
Total Operating Expenses	7,106,456	7,041,082	-65,374	-1%
Operating Income	2,702,733	2,776,212	73,479	3%
Nonoperating Income				
Gain (Loss) on Asset Sale	0	0	0	0%
RBB Grant Proceeds	3,788,852	1,523,530	-2,265,322	-60%
Interest Income	316,806	374,967	58,161	18%
Lease Revenue	70,180	70,180	0	0%
Other Nonoperating Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Total Nonoperating Income	4,175,838	1,968,677	-2,207,161	-53%
Nonoperating Expense				
Other Expense	5,035	6,229	1,194	24%
BBARWA Interest Expense	53,532	48,659	-4,873	-9%
RBB Interest Expense	<u>72,250</u>	<u>48,247</u>	<u>-24,003</u>	<u>-33%</u>
Total Nonoperating Expense	130,817	103,135	-27,682	-21%
Income Before Capital Contributions	6,747,753	4,641,753	-2,106,000	-30%
Connection Fees – Capital Contributions	<u>188,100</u>	<u>188,100</u>	<u>0</u>	<u>0%</u>
Change in Net Position	6,935,853	4,829,853	-2,106,000	-30%



CASH FLOW STATEMENT			
Comparison FY 2026 Amended Budget to FY 2026 Projected			
	Budget FY 2026	Projected FY 2026	Budget vs Projected FY 2026
Cash from Operating Activities			
BBARWA Operating Income (Loss)	235,735	309,214	73,480
RBB Operating Income (Loss)	2,466,998	2,466,998	0
Depreciation Expense	936,007	936,007	0
Other Miscellaneous Income (Exp)	0	0	0
Change in Working Capital, Other Adjustments	<u>-85,036</u>	<u>-85,036</u>	<u>0</u>
Net Cash Provided by Operating Activities	3,553,703	3,627,183	73,480
Cash from Noncapital Financing			
Payment of Pension Related Debt/Liabilities	-100,000	-100,000	0
Cash from Capital and Related Financing			
Other Nonoperating Expenses	0	-1,194	-1,194
BBARWA Capital Expenditures	-3,172,919	-3,172,919	0
RBB Capital Expenditures	-4,937,301	-1,523,530	3,413,771
Proceeds from Asset Disposition	0	0	0
Connection Fee (Capital Contributions)	188,100	188,100	0
Proceeds from Debt Issuance, Grants	4,937,301	1,523,530	-3,413,771
BBARWA Debt Service:			
Interest Expense	-53,532	-48,659	4,873
Principal Debt Amortization	<u>-455,584</u>	<u>-455,584</u>	<u>0</u>
Total BBARWA Debt Service	-509,116	-504,243	4,873
RBB Debt Service:			
Interest Expense	-72,250	-48,247	24,003
Principal Debt Amortization	<u>-3,400,000</u>	<u>-3,400,000</u>	<u>0</u>
Total RBB Debt Service	-3,472,250	-3,448,247	24,003
Lease Revenue	<u>70,180</u>	<u>70,180</u>	<u>0</u>
Net Cash Used for Capital and Financing	-6,896,006	-6,868,323	27,682
Cash from Investing			
(Increase) Decrease in Other Assets	0	0	0
Other Proceeds	0	0	0
Interest Income	316,806	374,967	58,161
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	316,806	374,967	58,161
Net Change in Cash	-3,125,496	-2,966,174	159,323
Beginning Cash Balance	16,173,777	16,173,777	0
Ending Cash Balance	<u>13,048,280</u>	<u>13,207,603</u>	<u>159,323</u>
Change in Cash Balance	-3,125,496	-2,966,174	159,323



Discussion: FY 2026 Amended Budget Compared to FY 2026 Projected

This comparison is of the amended budget compared to what is projected at the end of the fiscal year. The amended budget includes carryovers of approximately \$5.9 million and new appropriations of \$44,000 during the period which consists of approximately \$5.8 million in capital expenditures and \$124,000 in operating expenses.

Operating Revenues: Operating revenues are projected to be \$9,817,294 compared to \$9,809,189 budgeted, including RBB. This equates to a less than 1% difference from budget.

Operating Expenses: Operating expenses are projected to be \$7,041,082 compared to \$7,106,456 budgeted. This equates to a 1% difference from budget. Explanations of the greatest variances are below:

Sludge Removal – Sludge removal expense is projected to decrease by \$32,068 or 9%. Sludge removal is projected based on the removal of 4,500 tons versus 4,992 tons budgeted.

Insurance Expense – Insurance expense is below budget by \$40,679 or 13% due mostly to adjustments for longevity distribution, a 6% credit incentive program discount, a 5% multi-program discount, and credits earned for Agency training. Additionally, final insurance premiums were much lower than the Agency's insurance provider quoted during the FY 2026 budget process.

Operating Income is projected to be \$2,776,212 compared to \$2,702,733 budgeted. This is an increase of \$73,479 or 3%, which is primarily driven by lower operating expenses.

Net Nonoperating Income/Expenses: Net nonoperating income/expense is expected to be \$1,865,542 compared to \$4,045,021 budgeted. The variance is primarily driven by lower than anticipated RBB grant proceeds. RBB grant proceeds are directly tied to eligible RBB expenditures, which are projected to be below budget based on invoices received during the FY, resulting in a reduction in anticipated grant reimbursements.

Change in Net Position is projected to be \$4,829,853 compared to \$6,935,853 budgeted, resulting in a decrease of \$2,106,000 or 30% below budget. The variance is primarily driven by lower RBB grant proceeds partially offset by higher operating income.

Change in Cash for the Period is projected to be -\$2,966,174, higher than budget by \$159,323. The difference in change in cash for the period was a result of an increase in interest income in the amount of \$58,161, a decrease in RBB debt service of \$24,003 due to interest savings by paying off the short-term financing loan in December 2025 instead of May 2026, and an increase in cash provided by operating activities of \$73,480.



Statement Comparison: NEW Budget FY 2027 to Projected FY 2026

INCOME STATEMENT				
Comparison New Budget 2027 to Projected FY 2026				
	Projected FY 2026	New Budget FY 2027	New Budget vs Projected	
			\$	%
Operating Revenues				
Annual Charges – BBARWA	7,243,788	7,637,483	393,695	5%
Annual Charges – RBB	2,466,998	3,862,123	1,395,125	57%
Standby Fees	71,807	70,057	-1,750	-2%
Rental Income	6,565	4	-6,561	-100%
Waste Disposal Fees	27,531	25,892	-1,639	-6%
Other Operating Income	<u>607</u>	<u>0</u>	<u>-607</u>	<u>-100%</u>
Total Operating Revenues	9,817,294	11,595,559	1,778,264	18%
Operating Expenses				
Salaries and Benefits	3,462,748	3,790,636	327,889	9%
Power	504,851	517,426	12,575	2%
Sludge Removal	310,516	355,849	45,333	15%
Chemicals	104,912	103,967	-944	-1%
Materials and Supplies	163,421	153,726	-9,695	-6%
Repairs and Replacements	320,146	284,755	-35,391	-11%
Equipment Rental	2,140	2,124	-16	-1%
Utilities Expense	41,003	42,233	1,230	3%
Communications Expense	183,101	141,731	-41,370	-23%
Contractual Services – Other	200,464	163,993	-36,471	-18%
Contractual Services – Professional	150,247	136,497	-13,749	-9%
Permits and Fees	304,861	321,612	16,751	5%
Property Tax Expense	4,354	4,412	58	1%
Insurance Expense	277,160	299,292	22,132	8%
Other Operating Expense	75,153	71,749	-3,405	-5%
Depreciation Expense	<u>936,007</u>	<u>1,102,983</u>	<u>166,977</u>	<u>18%</u>
Total Operating Expenses	7,041,082	7,493,384	452,302	6%
Operating Income	2,776,212	4,102,175	1,325,962	48%
Nonoperating Income				
Gain (Loss) on Asset Sale	0	0	0	0%
RBB Grant Proceeds	1,523,530	905,896	-617,634	-41%
Interest Income	374,967	330,745	-44,222	-12%
Lease Revenue	70,180	56,033	-14,147	-20%
Other Nonoperating Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Total Nonoperating Income	1,968,677	1,292,674	-676,002	-34%
Nonoperating Expense				
Other Expense	6,229	11,463	5,234	84%
BBARWA Interest Expense	48,659	38,934	-9,725	-20%
RBB Interest Expense	<u>48,247</u>	<u>0</u>	<u>-48,247</u>	<u>nm</u>
Total Nonoperating Expense	103,135	50,397	-52,738	-51%
Income Before Capital Contributions	4,641,754	5,344,452	702,698	15%
Connection Fees – Capital Contributions	<u>188,100</u>	<u>188,100</u>	<u>0</u>	<u>0%</u>
Change in Net Position	4,829,854	5,532,552	702,698	15%



CASH FLOW STATEMENT			
Comparison New Budget 2027 to Projected FY 2026			
	Projected FY 2026	New Budget FY 2027	New Budget vs. Projected
Cash from Operating Activities			
BBARWA Operating Income (Loss)	309,214	239,962	-69,252
RBB Operating Income (Loss)	2,466,998	3,862,213	1,395,215
Depreciation Expense	936,007	1,102,983	166,977
Other Miscellaneous Income (Exp)	0	0	0
Change in Working Capital, Other Adjustments	<u>-85,036</u>	<u>-161,574</u>	<u>-76,537</u>
Net Cash Provided by Operating Activities	3,627,183	5,043,585	1,416,402
Cash from Noncapital Financing			
Payment of Pension Related Debt/Liabilities	-100,000	-100,000	0
Cash from Capital and Related Financing			
Other Nonoperating Expenses	-1,194	-6,435	-5,241
BBARWA Capital Expenditures	-3,172,919	-2,666,402	506,517
RBB Capital Expenditures	-1,523,530	-905,896	617,634
Proceeds from Asset Disposition	0	0	0
Connection Fee (Capital Contributions)	188,100	188,100	0
Proceeds from Debt Issuance, Grants	1,523,530	905,896	-617,634
BBARWA Debt Service:			
Interest Expense	-48,659	-37,923	10,736
Principal Debt Amortization	<u>-455,584</u>	<u>-291,640</u>	<u>163,944</u>
Total BBARWA Debt Service	-504,243	-329,563	174,680
RBB Debt Service:			
Interest Expense	-48,247	0	48,247
Principal Debt Amortization	<u>-3,400,000</u>	<u>0</u>	<u>3,400,000</u>
Total RBB Debt Service	-3,448,247	0	3,448,247
Lease Revenue	<u>70,180</u>	<u>56,033</u>	<u>-14,147</u>
Net Cash Used for Capital and Financing	-6,868,324	-2,758,266	4,110,057
Cash from Investing			
(Increase) Decrease in Other Assets	0	0	0
Other Proceeds	0	0	0
Interest Income	374,967	330,745	-44,222
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	374,967	330,745	-44,222
Net Change in Cash	-2,966,174	2,531,466	5,497,640
Beginning Cash Balance	16,173,777	13,207,603	-2,966,174
Ending Cash Balance	<u>13,207,603</u>	<u>15,723,666</u>	<u>2,516,063</u>
Change in Cash Balance	-2,966,174	2,516,063	5,482,238



Discussion: NEW Budget FY 2027 Compared to Projected FY 2026

Operating Revenues are proposed to be approximately \$11.6 million, an increase of approximately \$1.8 million or 18% compared to FY 2026. The majority of the Agency's revenues come from Annual Charges/Sewer User Rates. The proposed rate increase for FY 2027 is 18% and includes an increase for BBARWA operating and capital expenditures as well as an increase for RBB.

Operating Expenses (including depreciation) are proposed to be approximately \$7.5 million, an increase of \$452,302 or 6% compared to FY 2026. This is driven by increases across multiple line items. Budgeted increases that exceed 5% and \$20,000 are as follows:

- **Salaries and Benefits** expense is proposed to be \$3,790,636, higher by \$327,889 or 9% compared to FY 2026. In December of 2025, the Governing Board approved the addition of a Maintenance Worker position. This additional position has an impact on salaries and wages as well as benefits and is partially responsible for the overall increase. Other factors responsible for the increase include:
 - **Salaries and Wages:** Salaries and wages increase by \$203,154 or 10%. The Agency is proposing to incorporate a 3.3% COLA based on the annual average Riverside, San Bernardino, Ontario, CA CPI-U. Those employees that have not reached the top of their pay scale are eligible for a merit adjustment annually.
 - **Benefits:** An increase in benefits expense of \$114,989 or 9% is primarily due to higher retirement expenses of \$38,802 or 7%, higher OPEB expenses of \$36,772 or 8%, and higher medical premium expenses of \$50,463 12%.
- **Sludge Removal** expense increases by \$45,333 or 15% primarily due to a budgeted 3% increase in hauling costs and the FY 2026 projection of 4,500 tons removed versus 4,992 tons budgeted.
- **Insurance** expense increases by \$22,132 or 8% and is based on expected increases in General Liability and Property Insurance as well as Workers' Compensation Insurance. General Liability and Property Insurance is expected to increase by 3%, or \$5,902 when compared to FY 2026. Workers' Compensation Insurance is expected to increase by 20%, or \$16,231. Workers' Compensation Insurance is based on annual payroll and incorporates an Experience Modification Factor (EMOD) into the equation. The EMOD is anticipated to be 100% for FY 2027 and is a representation of the Agency's claims history compared to similar Special Districts and is calculated by comparing actual claims costs to the expected losses of similar Special Districts.

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

- **Repairs and replacements** expense is lower by \$35,391 or 11% compared to FY 2026. There were savings across several line items, with the most notable savings in mainline partially offset by an increase in other repairs and replacements. FY 2026 mainline included a carryover appropriation of approximately \$58,000 to clean and camera inspect the gravity sewer line. This is generally completed every four years. FY 2027 includes the purchase of storage equipment that will be placed in the old Sludge Building to house parts and equipment for the treatment plant.
- **Communications** expense decreases by \$41,370 or 23%. FY 2026 included the replacement of Agency computers due to the operating systems reaching end of life as well as setting up firewalls and VPN (Virtual Private Network) connections for the Lake Pump Station, Division meter, and the Lucerne Valley reservoir.
- **Contractual Services - Other** expense decreases by \$36,471 or 18%, primarily a result of the addition of the Maintenance Worker position and the Agency's ability to cancel the contracted services for landscaping and janitorial.

Operating Income: Based on the proposed operating revenues and expenditures, operating income is expected to be \$4,102,175, an increase of \$1,325,962 when compared to FY 2026. The increase in operating income reflects an 18% growth in operating revenues, offset by a 6% growth in operating expenses. This is expected as revenues related to RBB are collected to increase RBB reserves for debt service and those RBB capital expenditures that are not offset by grant reimbursements.

Net Nonoperating Income/Expenses are budgeted to be approximately \$1.25 million, a decrease of approximately \$620,000 from the FY 2026 projection. The variance is primarily due to a decrease in the expected grant revenue that will offset eligible RBB expenditures.

Change in Net Position is budgeted to be \$5,532,552, an increase of \$702,698 or 15% when compared to FY 2026. The increase is driven by higher operating income of approximately \$1.3 million and lower non-operating income (expense) of approximately \$620,000.



Change in Cash for the Period is budgeted to be \$2,516,063 in FY 2027, an increase of approximately \$5.5 million when compared to FY 2026 projections. FY 2026 included the required principal payment of \$3.4 million for the RBB short-term financing loan, which was paid from RBB reserves. This is partially offset by an increase in net cash provided by operating activities of approximately \$1.4 million.

Financial Summary

Based on the current forecast, the Agency will need annual rate adjustments through FY 2031. During the next five-year period, growth in operating expenses (not including depreciation) is 2% higher than revenues. Revenues are expected to grow at an average annual rate of 13%, reflecting the proposed rate adjustments, and expenses are expected to grow at an average annual rate of 15%. Growth in operating expenses is higher than average inflation over the period and is being driven by higher salaries and benefits expense, which is expected to grow at an average annual rate of 6% over the period, and the addition of RBB operations in FY 2030. When factoring in depreciation, operating expenses grow at an average annual rate of 21% as a result of the addition of the RBB treatment equipment. Operating income varies over the forecast period with the addition of RBB operations and much higher depreciation expense as a result of the RBB additions; however, when combined with connection fee revenue, grants, and interest income, operating 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 2026 is expected to be 7.67x and is projected to decrease to 1.72x at the end of the forecast period due in part to the addition of debt related to the RBB project. This does not reflect the increased construction estimate presented to the Governing Board in October 2025. Until a Funding and Financing Plan can be developed and construction funding approved, these costs cannot be included in the budget and rate, which could have a direct effect on debt service coverage. Minimum debt service coverage pursuant to the Agency's borrowing agreements is 1.2x. The Agency's debt capacity is estimated⁴ at \$7.5 million at the end of FY 2031.

At the end of FY 2031, the Agency is projected to have \$13 million in the capital and replacement fund. This amount reflects the cash that is available for future capital projects beginning in FY 2031. The next five-year period, from FY 2032 through FY 2036, is an aggressive capital investment schedule with estimated capital investments of \$20 million, or approximately \$4 million per year. Based on the current capital improvement plan and the projected collection rate, the Agency is expected to have a shortfall and may need to reschedule certain projects, increase its collection rate, or enter into new debt to meet the timing of the current capital improvement plan.

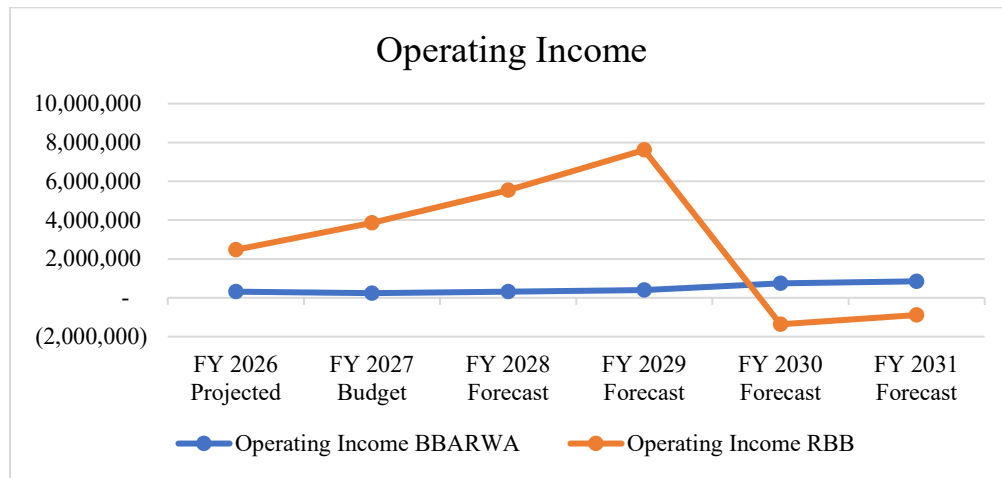
The Agency is expected to generate net positive cash flow over the five-year period of approximately \$13.1 million to meet required reserve balances.

Operating Trends and Outlook

Changes in Operating Income

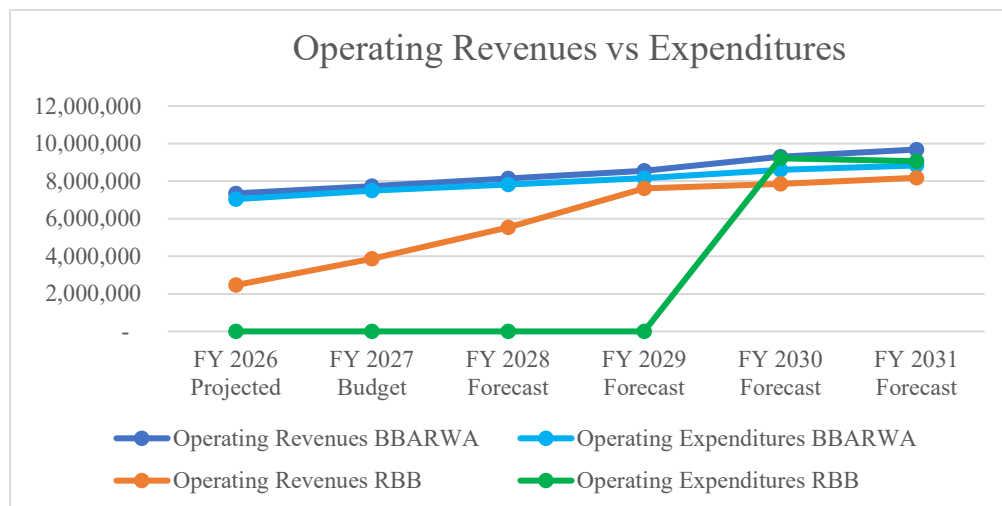
Operating income steadily increases through FY 2029 as a result of rate collection for RBB. Operating income then decreases in FY 2030, primarily being driven by the addition of RBB operations, which is forecast to go online in FY 2030, and the increase in depreciation for the RBB treatment equipment. Annual increases in operating expenses are expected to return to at or near inflation in FY 2031, resulting in an improved operating income.

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



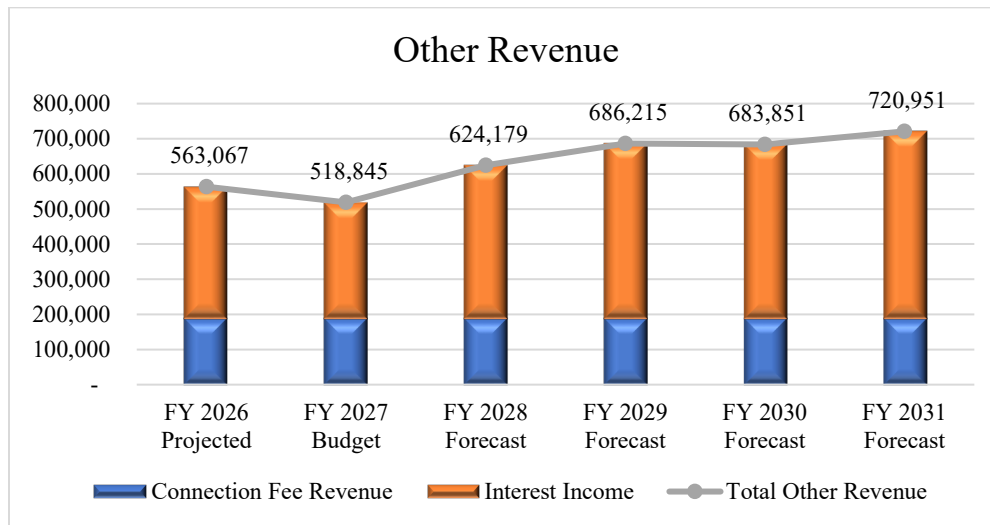
Changes in Operating Revenues and Expenditures

Operating revenues are expected to increase at an average annual rate of 13% with the additional rate collection for RBB. The Agency's operating expenses are expected to grow at an average annual rate of 15% (not including depreciation) over the next five years, outpacing average inflation of approximately 2.5% for the same period. The 15% growth in operating expenses over the period is primarily being driven by the addition of RBB operations, which is forecast to go online in FY 2030. Additionally, salaries and benefits expense is expected to have an annual average increase of 6% over the same period. Annual increases in operating expenses are expected to return to at or near inflation in FY 2031. When including depreciation, operating expenses are expected to grow at an average annual rate of 21% as a result of the addition of the RBB treatment equipment.



Other Revenue Increases

Other revenue sources, interest income and connection fee revenue, average approximately \$633,000 annually. Connection fees are budgeted at 45 per fiscal year, and FY 2026 is projected to end with 45 connections. Interest income increases over the period as a result of higher fund balances due to an increase in net revenue to ensure the Agency meets its debt coverage requirements.



Capital

Average Maintenance Capital Expenditures

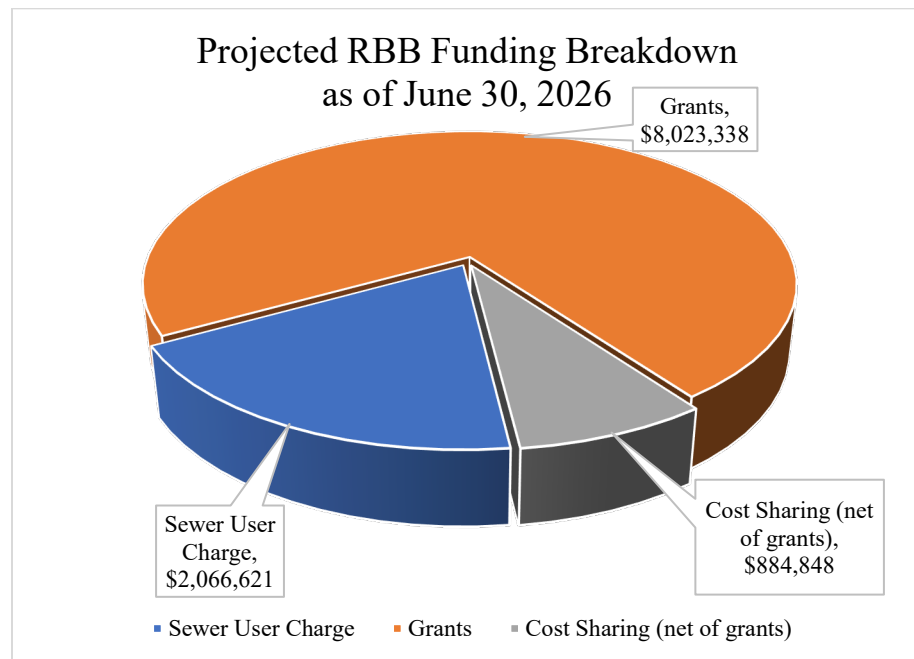
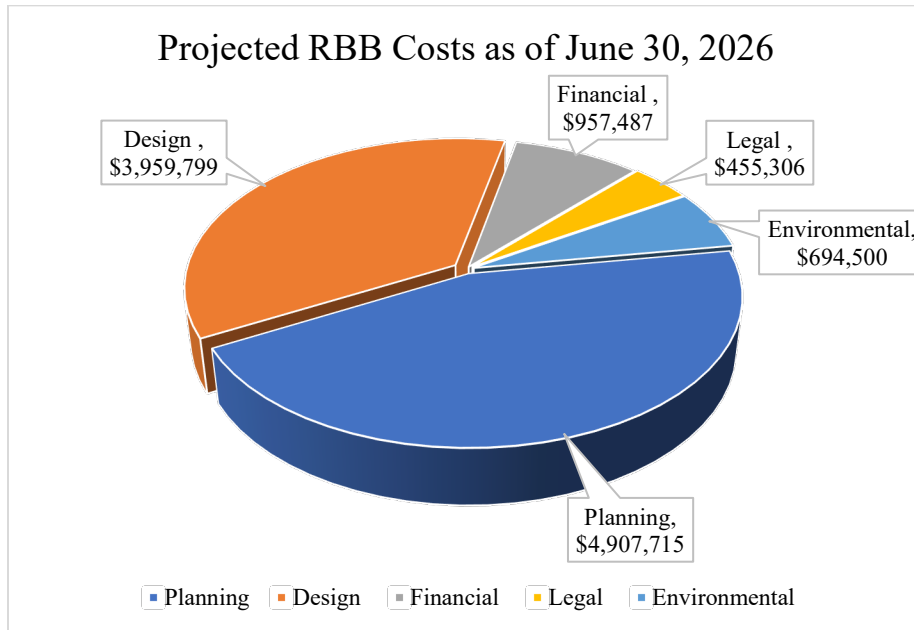
The Agency has developed a Capital Improvement Plan (CIP) methodology that focuses on the prioritization of capital improvements and addresses outdated project cost estimates. Based on this analysis, projects are assigned a priority and are phased over multiple fiscal years to manage resources effectively. As such, the budget and forecast period includes those capital improvements that are considered priority one projects. Assets are funded based on this analysis. With the new CIP methodology, the next five-year period is a higher-than-normal maintenance period for the Agency. Maintenance capital expenditures total \$11.3 million and average \$2.3 million per year. This amount is higher than the long-term, historical depreciation of approximately \$900,000 and the annual maintenance requirement of approximately \$1.9 million indicated in the Agency’s current 20-year CIP. The higher maintenance capex during the next five-year period is mostly due to the new CIP methodology and updated project costs.

FY 2027 Capital Projects include the Wastewater Treatment and Outfall Master Plan, and the Collection System Master Plan. These plans will incorporate the Capital Improvement Plan (CIP) methodology, adopted in FY 2025. With the completion of the Master Plans, project priorities could change which could influence future budget cycles.

RBB (BBARWA’s Wastewater Treatment Upgrades Project)

During the next five-year period the Agency is forecasting the completion of RBB construction. In order to confirm that the anticipated new treatment processes will deliver the required water quality results, a pilot facility was constructed and operated during FY 2024. Data from the operation of the pilot facility was incorporated into the Preliminary Design Report (PDR) which serves as the basis for the final design of the full-scale project.

RBB project costs through FY 2026 are projected to be approximately \$11 million and includes actual planning, design, environmental, legal, and financing costs as well as budgeted costs through the end of FY 2026. Those budgeted costs that are not expended in FY 2026 will be carried over to the FY 2027 budget during the carryover process. Funding for RBB consists of cost-sharing, grants, and the Agency Sewer User Charge (costs paid by ratepayers).



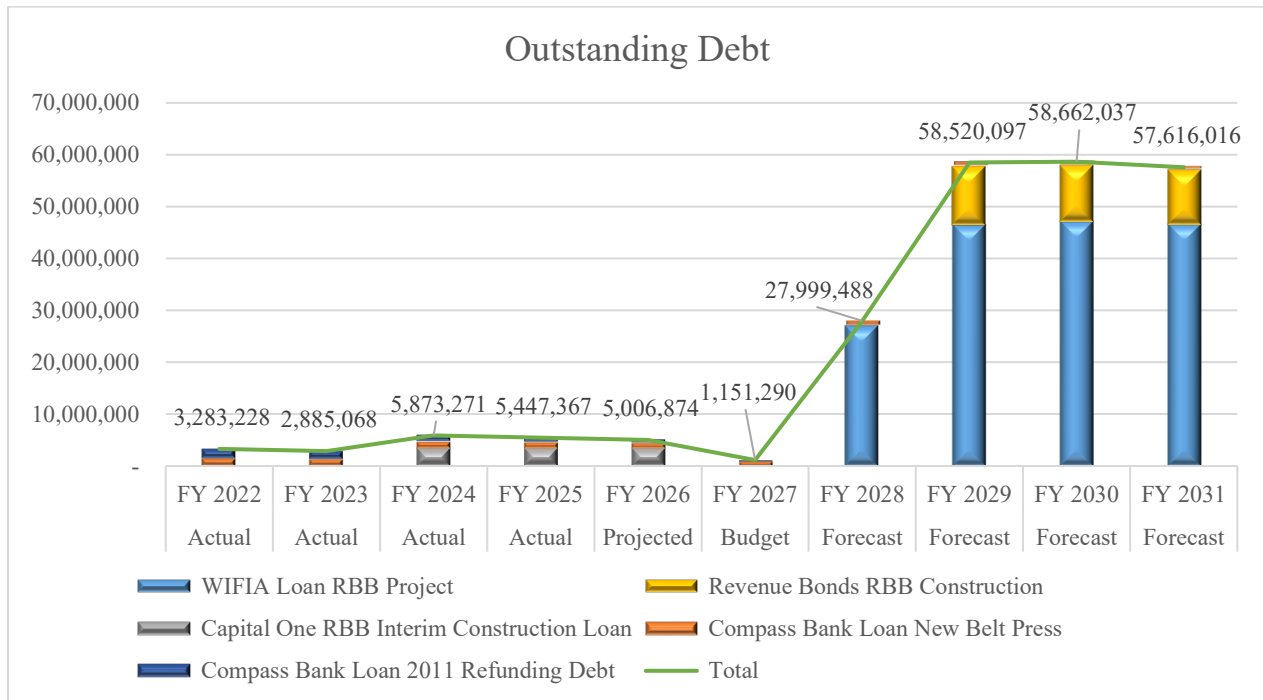
Debt Service Coverage Within Debt Covenant Requirements, New Debt Anticipated for RBB

Leverage and Debt Service

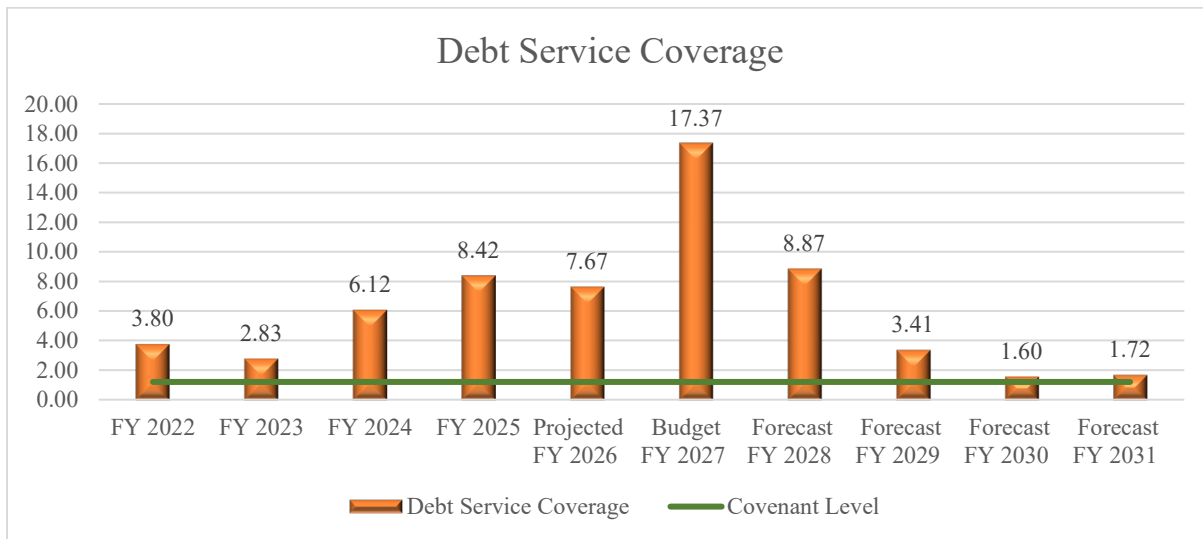
The Agency’s debt outstanding will be approximately \$1 million at the beginning of FY 2027. Debt is anticipated to increase by the end of FY 2031 with the anticipated new debt for RBB. This does not reflect the increased construction estimate for RBB presented to the Governing Board in October 2025. Until a Funding and Financing Plan can be developed and construction funding approved, these costs cannot be included in the debt calculations. Since FY 2022, the Agency’s highest debt outstanding has been \$5.9 million. Debt usage is based on the Agency’s debt policy, the timing of capital projects, and debt capacity. Based on the current capital plan, the Agency will need to utilize debt in the next 15 years to fund larger projects such as RBB, clarifier replacements, and the equalization basin/storage pond conversion. FY 2027 Capital Projects include the Wastewater Treatment and Outfall Master Plan, and the Collection System



Master Plan. These plans will incorporate the Capital Improvement Plan (CIP) methodology, adopted in FY 2025. With the completion of the Master Plans, project priorities could change which could influence the need for future debt obligations.



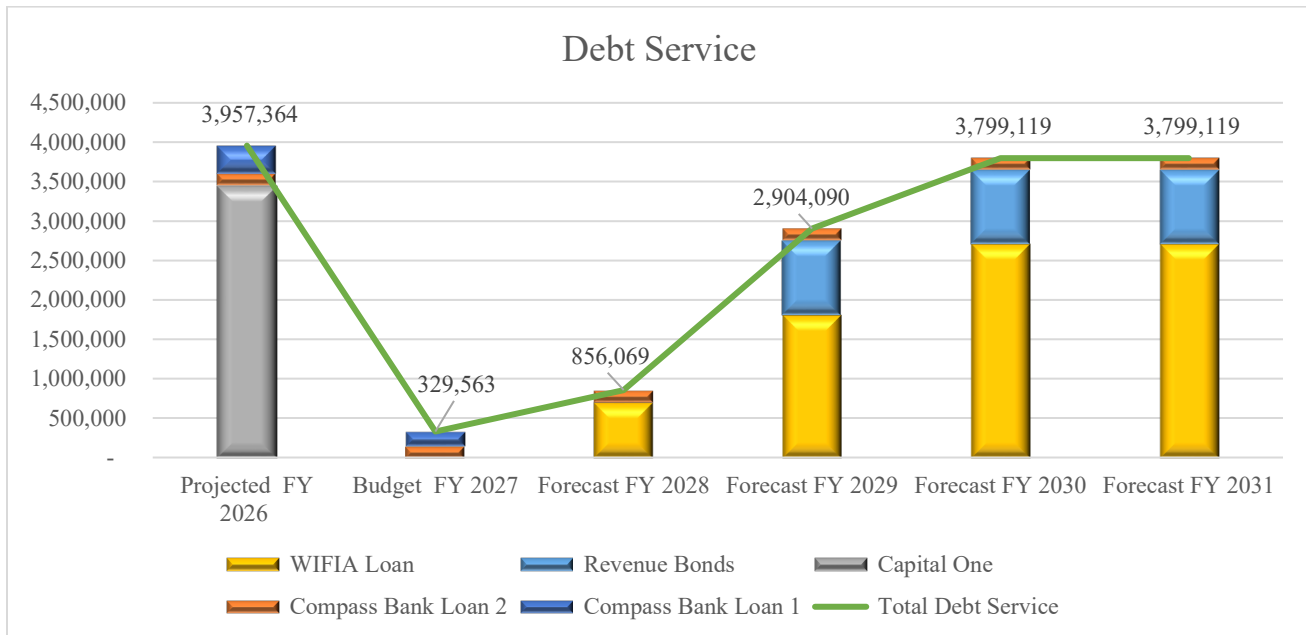
The Agency’s leverage is restricted through its debt service coverage covenant contained in its borrowing agreements. The covenant requires that the Agency maintain the ability to cover its debt service (principal and interest expense) with operating income (before depreciation) plus other income (connection fees and interest income) at 1.2x. The Agency’s debt service coverage is expected to decrease to 1.72x by the end of FY 2031 as a result of the anticipated new debt for RBB.



The Agency's debt service (annual principal and interest payment) is anticipated to increase to \$3.8 million by FY 2031. The RBB short-term financing loan required interest only payments through November of 2025, with the principal loan amount of \$3.4 million due in



May of 2026. Repayment of the short-term financing loan was paid in full from reserves for RBB in December of 2025. The 2011 Refunding Loan through Compass Bank (Compass Bank Loan 1) will be satisfied in FY 2027.



Discussion and Analysis

Operations

Operating Revenues

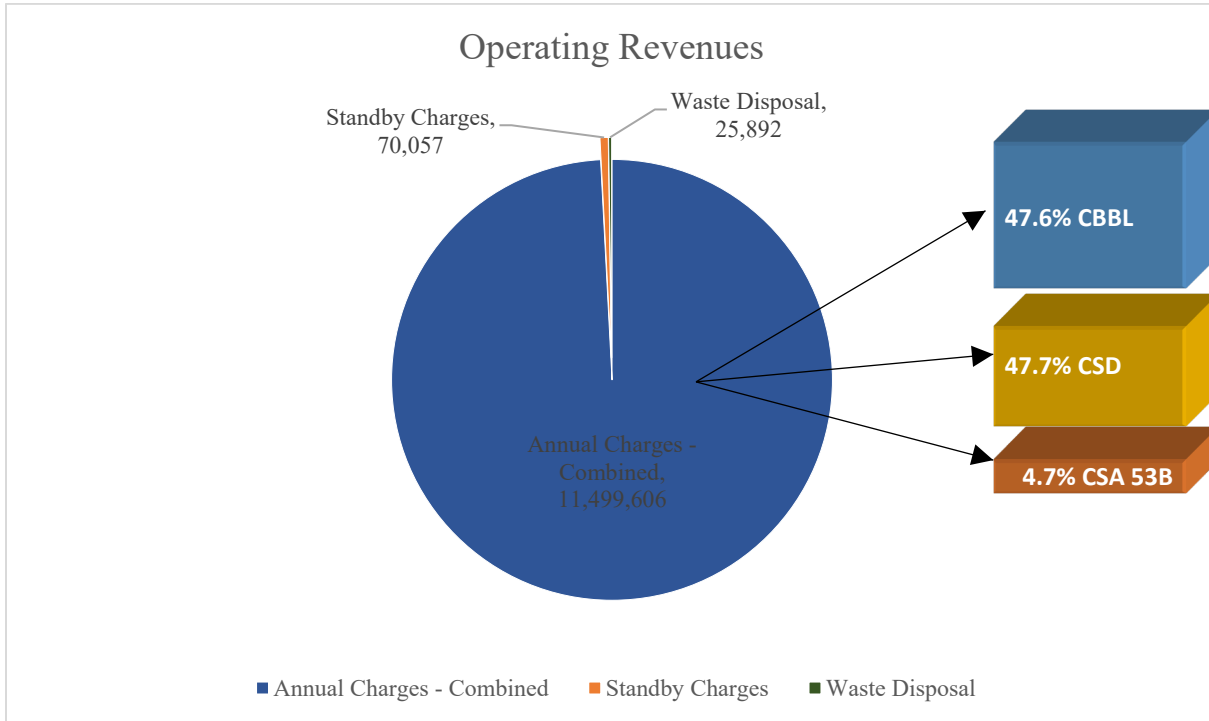
Operating revenues are budgeted to increase 18% FY 2027 through FY 2029, reducing to 6% in FY 2030 and 4% in FY 2031. This growth reflects annual rate adjustments during the period and new connections to the system. This does not reflect the increased construction estimate for RBB. Until a Funding and Financing Plan can be developed and construction funding approved, these costs cannot be considered when calculating the annual charges.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Annual Charges – BBARWA	7,243,788	7,637,483	8,048,320	8,456,386	9,208,134	9,593,096
Annual Charges – RBB	2,466,998	3,862,123	5,544,912	7,611,590	7,853,561	8,181,893
Standby Charges	71,807	70,057	69,134	68,212	67,289	66,366
Rental Income	6,565	4	4	4	4	4
Waste Disposal	27,531	25,892	25,892	25,892	25,892	25,892
Other Revenue	607	0	0	0	0	0
Total Operating Revenues	9,817,294	11,595,559	13,688,262	16,162,084	17,154,880	17,867,251



Annual Charges

Operating revenues are largely driven by annual charges (or sewer user charges), which account for approximately 99% of the Agency’s operating revenues in FY 2027. 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.



Pursuant to Operating Agreement No. 1 and the 2011 Payment and Collection Agreement with the member agencies, below is a breakdown of the FY 2027 member agency billing.

	3-Year Average Flows	Reported EDUs	Implicit Charge per EDU	Rate Increase	Fixed Charge	Variable Charge	Annual Charge Adjustment (a)	Total
Annual Charges:								
City of Big Bear Lake	426,321	11,844.2	\$ 462.56	18.1%	\$ 4,120,461	\$ 1,370,845	\$ -12,647	\$ 5,478,658
Big Bear City CSD	337,968	12,654.9	432.97	17.9%	4,402,494	1,086,743	-10,026	5,479,211
CSA 53B	<u>31,472</u>	<u>1,269</u>	426.90	18.6%	<u>441,471</u>	<u>101,200</u>	<u>- 934</u>	<u>541,737</u>
Total Annual Charges	795,762	25,768.1			\$8,964,890	\$2,558,318	\$ -23,603	\$ 11,499,606
Standby Charges:								
City of Big Bear Lake								\$ 25,627
Big Bear City CSD								39,204
CSA 53B								<u>5,226</u>
Total Standby Charges								\$ 70,057
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 the 3-year average flow.



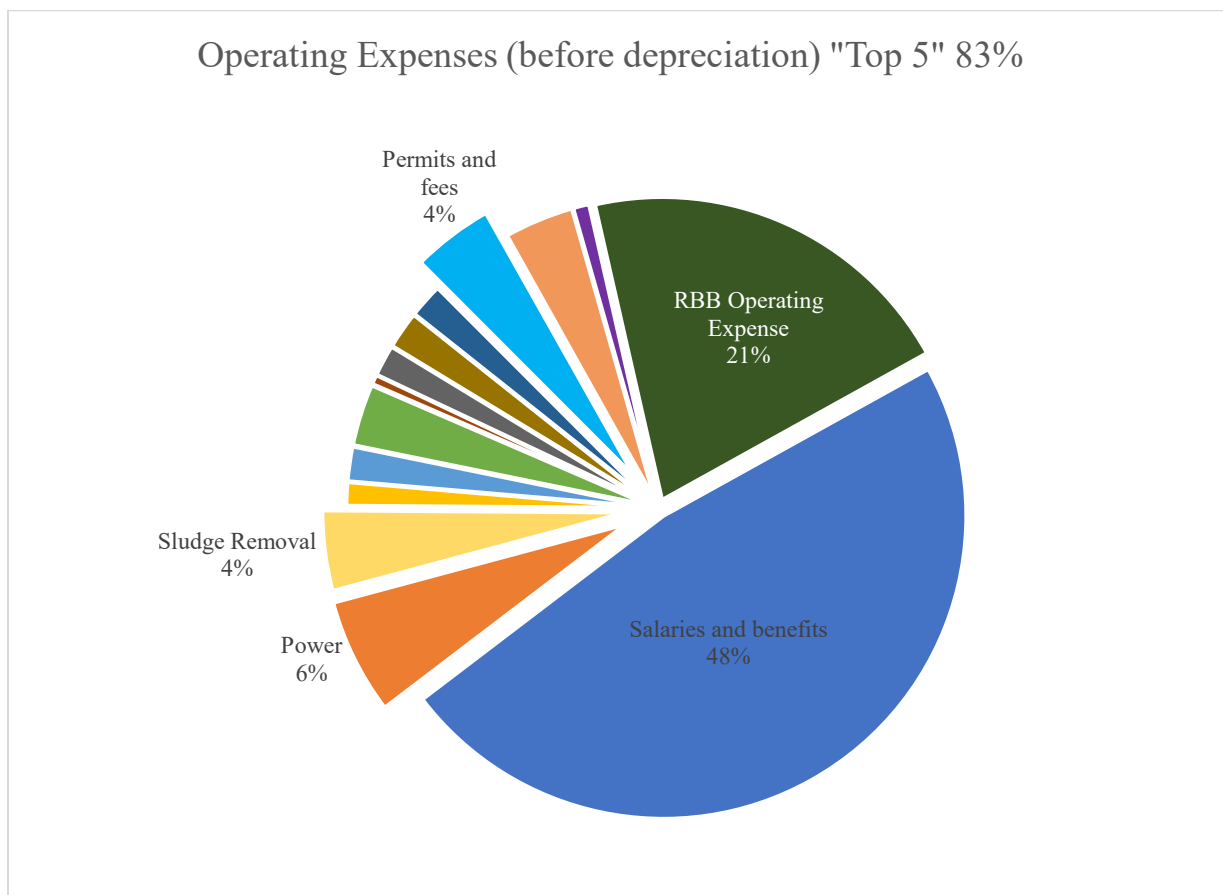
Standby Charges and Waste Disposal Fees

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 \$94,104 annually and are expected to remain fairly flat over the forecast period.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Standby Charges	71,807	70,057	69,134	68,212	67,289	66,366
Waste Disposal	<u>27,531</u>	<u>25,892</u>	<u>25,892</u>	<u>25,892</u>	<u>25,892</u>	<u>25,892</u>
Total	99,338	95,949	95,026	94,104	93,181	92,258

Operating Expenses

The Agency's top five operating expenses account for 83% of the Agency's total operating expenses (before depreciation), with salaries and benefits expense being the greatest expense at 48% over the budget and forecast period.





Discussion and Analysis of the Top Five Operating Expense Categories

Salaries and Benefits Expense

The growth in salaries and benefits expense is slowing as expected as more employees reach the top of scale. FY 2026 added a Maintenance Worker position in the last quarter of the year. Based on the current projections and the proposed rate structure, the Agency is expected to be able to continue to fund the projected increases over the forecast period (6% average annual growth).

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year CAGR
Salaries and Benefits:							
Salaries and Wages	2,108,542	2,311,695	2,426,390	2,525,234	2,651,808	2,748,775	5%
Employee Benefits	1,324,933	1,439,922	1,526,149	1,628,486	1,694,141	1,751,123	6%
Unemployment Expense	0	6,076	6,076	6,076	6,076	6,076	nm
Payroll Taxes	<u>29,273</u>	<u>32,943</u>	<u>34,552</u>	<u>35,840</u>	<u>37,634</u>	<u>39,006</u>	<u>5%</u>
Total Salaries and Benefits	3,462,748	3,790,636	3,993,167	4,195,636	4,389,659	4,544,980	6%
% Change Year over Year		9%	5%	5%	5%	4%	
Average Annual Change (a)		4%	4%	4%	4%	4%	

(a) Base Year FY 2009

Salaries and Wages – Salaries and wages expense increase by 9%, when comparing FY 2027 to FY 2026, which includes the addition of a Maintenance Worker position and a proposed 3.3% COLA adjustment. Salaries and wages are projected to increase 5% annually from FY 2028 to FY 2030. FY 2031 salaries and wages is forecast to increase by 4% when compared to the prior year. Annual increases are based on projected CPI, longevity, and merit adjustments which results in an annual average increase of 6%.

COLA Adjustment – Under direction from the Governing Board, the Agency calculates the annual COLA adjustment that is included in the budget using the annual average of the regional Consumer Price Index for all Urban Consumers (currently Riverside, San Bernardino, Ontario). For the FY 2027 Budget, which begins July 1, 2026, the 2025 Annual Average Consumer Price Index (CPI) is used. While incorporated into the budget, approval of the COLA is at the Governing Board’s discretion and is brought before the Governing Board each May or June, prior to the July 1 fiscal year. The annual change in the 2025 CPI was 3.3% and the Agency has incorporated this change in the FY 2027 Budget.

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

YEAR	JAN	MAR	MAY	JUL	SEP	NOV	AVERAGE	ANNUAL AVERAGE
2021	109.550	110.981	113.222	114.682	115.557	117.206	113.875	5.8%
2022	118.963	122.127	123.893	125.262	125.272	125.983	123.784	8.7%
2023	127.683	127.707	128.768	129.525	131.372	131.372	129.545	4.7%
2024	131.358	133.144	133.943	133.113	133.179	132.853	132.932	2.6%
2025	135.215	136.511	137.456	137.708	138.029	138.851	137.293	3.3%

Employee Benefits – Employee benefits expense is expected to grow 9% in FY 2027, and 6% on average over the projected period. The 9% growth in FY 2027 is due to higher medical premium costs and retirement and OPEB contribution increases, as well as the addition of the Maintenance Worker position. Per the Agency’s 2026 Actuarial Valuation (completed as of June 30, 2025), medical premiums are expected to increase by 12% in FY 2027. Retirement contributions are expected to increase by 7% and OPEB contributions are expected to increase by 8% in FY 2027 when compared to FY 2026.



RBB Operating Expenses

RBB is anticipated to go online in FY 2030. The RBB operating expenses include general operation and maintenance expenses, the addition of 6.15 full time equivalent positions (FTE), water monitoring, and a nutrient offset program and has been escalated to include the updated operating expense costs that were presented to the Governing Board in October of 2025 as a result of inflationary increases and additional expected expenses. Once the final design is completed, operating requirements could change and adjustments to the operating expense requirements will be made. The expenses are anticipated to increase annually based on the annual CPI.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
RBB Operating Expenses:						
General Operating and Maintenance	0	0	0	0	4,141,874	4,245,421
Water Monitoring	0	0	0	0	216,560	221,974
Nutrient Offset Program	0	0	0	0	80,840	82,862
Total RBB Operating Expenses	0	0	0	0	4,439,275	4,550,256

Power Expense

Beginning in November/December of 2022, the Agency began to purchase solar power under a Solar Power Purchase Agreement (PPA) and began operating under an Interconnection and Net Metering Agreement with Bear Valley Electric Service, Inc. (BVES). The Agency will purchase electricity during periods of net usage and receive compensation credits for periods of excess solar production from BVES. As more data has become available with Solar production being online for just over three years, budgeted and forecast costs have been adjusted based on actual production. The Agency expects a 2% average annual increase in power costs which is driven by annual price adjustments in the PPA and rate increases expected by BVES.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year CAGR
Power Expense:							
Solar Purchases	245,210	248,936	253,883	258,929	264,075	269,324	2%
Fuel for Power Production	6,593	6,781	6,943	7,109	7,280	7,454	2%
Gas Administration Building	6,742	6,944	7,118	7,296	7,478	7,665	3%
Gas Treatment Plant	11,629	11,978	12,277	12,584	12,899	13,221	3%
Electricity – Treatment Plant	139,878	145,143	149,082	153,440	157,926	162,544	3%
Electricity – Stations	80,478	82,893	84,965	87,089	89,266	91,498	3%
Electricity- Administration Building	13,842	14,257	14,613	14,979	15,353	15,737	3%
Electricity – Lucerne Valley	480	494	507	519	532	545	3%
Total Power Expense	504,851	517,426	529,389	541,946	554,810	567,988	2%
% Change Year over Year		2%	2%	2%	2%	2%	

Sludge Removal Expense

On a normal basis, under average dry weather flow and average biochemical oxygen demand (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. FY 2026 is trending lower; therefore, the projection for FY 2026 reflects the decrease in hauling. The Agency has budgeted for baseline sludge removal of approximately 5,000 tons annually in FY 2027 through FY 2031 with inflationary increases in the rate per ton and an increase in the fuel base rate, consistent with the current contract.



	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year CAGR
Sludge Removal:							
Sludge Removal	310,516	355,849	366,432	375,405	384,603	394,031	5%
% Change Year over Year		15%	3%	2%	2%	2%	

Permits and Fees Expense

The Agency continues to experience material increases in its permit and fees year after year, with an average of 7% per year. Additionally, the fees fluctuate year to year as the Environmental Laboratory Accreditation Program (ELAP) accreditation renewal is completed every other year. The Agency has budgeted for annual average increases in permits and fees expense that are in line with average historical changes.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year CAGR
Permits and Fees Expense:							
SWRCB	265,521	287,787	311,919	338,075	366,425	397,151	8%
All Others	<u>39,340</u>	<u>33,825</u>	<u>41,333</u>	<u>35,704</u>	<u>43,259</u>	<u>37,678</u>	<u>1%</u>
Total Permits and Fees	304,861	321,612	353,252	373,779	409,684	434,829	7%
% Change Year over Year		5%	10%	6%	10%	6%	

Capital Contributions - Connection Fees

Connection fees are projected at 45 annually over the forecast period. Connections are projected to be on budget in FY 2026. Excluding multi-unit developments, connections have averaged 54 per year for the last 3 years. There are currently 41 connections for the trailing twelve months ended December 31, 2025.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Connections	45	45	45	45	45	45
Connection Fee	<u>\$ 4,180</u>	<u>\$ 4,180</u>	<u>\$ 4,180</u>	<u>\$ 4,180</u>	<u>\$ 4,180</u>	<u>\$ 4,180</u>
Total Connection Fees	\$ 188,100	\$ 188,100	\$ 188,100	\$ 188,100	\$ 188,100	\$ 188,100

Debt Service and Bond Covenant Calculations

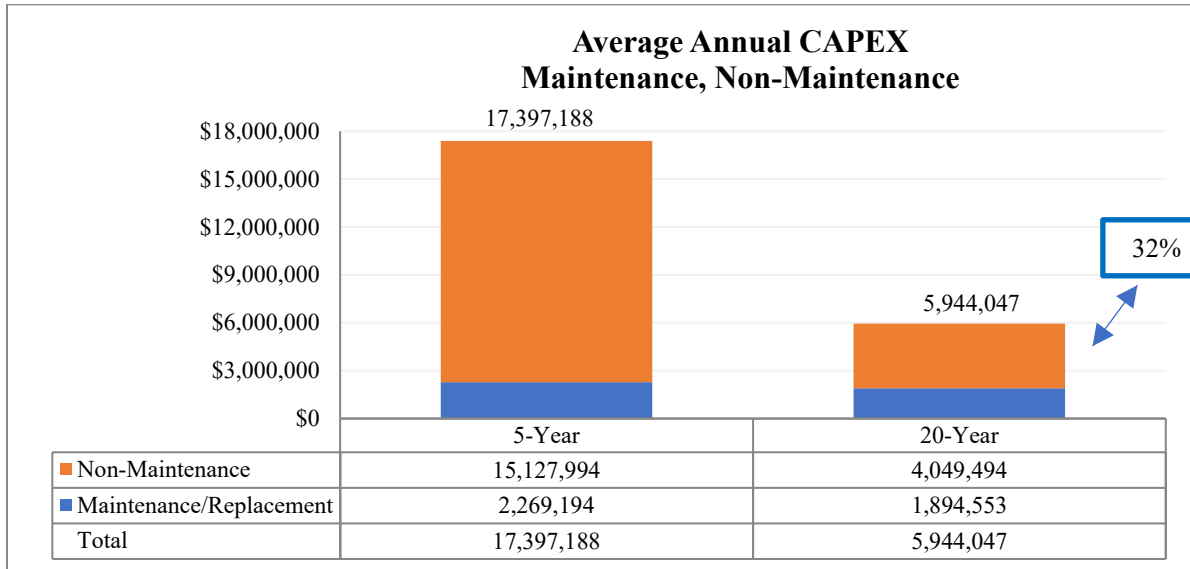
FY 2026 included the repayment of principal for the RBB short-term financing loan in the amount of \$3.4 million and was paid from RBB reserves. Debt service is anticipated to increase from \$329,563 in FY 2027 to \$3,799,199 by FY 2031, as scheduled amortization increases with the addition of RBB funding. This is partially offset by the FY 2011 installment purchase loan fully amortizing in FY 2027. Debt service coverage is expected to decrease over the period from 7.67x in FY 2026 to 1.72x at the end of FY 2031. Minimum debt service coverage is met.

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Debt Service	\$ 3,957,364	\$ 329,563	\$ 856,069	\$ 2,904,090	\$ 3,799,119	\$ 3,799,119
Net Revenue/ Debt Service	7.67	17.37	8.87	3.41	1.60	1.72
Covenant Test	1.20	1.20	1.20	1.20	1.20	1.20
Pass/Fail	Pass	Pass	Pass	Pass	Pass	Pass

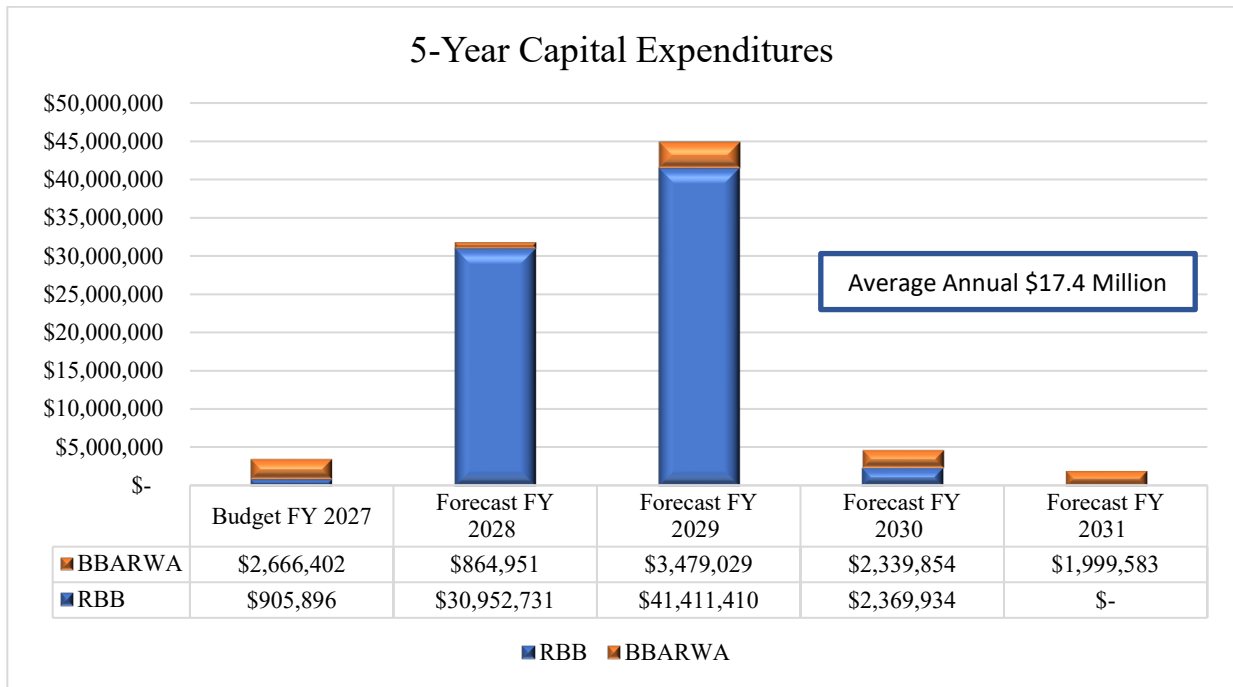


Capital Expenditures (capex)

Over the long term, the Agency expects maintenance capex to be approximately 32% of total capital expenditures and non-maintenance capex to be 68%. The maintenance capex in the 20-year capital plan is lower than expected due to larger non-maintenance projects during the period which includes RBB and the equalization basin/storage pond conversion.



During the five-year forecast, capex is anticipated to total \$87 million and averages \$17.4 million per year; however, this does not reflect the increased construction estimate for RBB presented to the Governing Board in October 2025. The largest investments over the five-year period are for RBB, the Outfall Line investigation, Northshore Pump Station 3 well rehabilitation, 21” Main Trunk Slip lining, and asphalt replacements.





5-YEAR CAPITAL IMPROVEMENT PLAN FY 2027 – FY 2031

	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year FY 2027 – 2031
Effluent Disposal						
Irrigation						
Irrigation Wheel Line – Wheels (4)	0	0	0	20,799	0	20,799
Outfall Lines						
Lucerne Valley Pressure Relief Valves	0	0	19,812	0	0	19,812
Outfall Line Investigation	1,350,000	0	0	0	0	1,350,000
Caltrans Project 0820000 Outfall Line	0	0	125,000	0	0	125,000
Total Effluent Disposal	1,350,000	0	144,812	20,799	0	1,515,611
Interceptor System						
Pipeline						
21” Main Trunk Slip lining	0	0	0	0	1,451,588	1,451,588
Pumping Equipment						
Pump 1 and 2, Flygt 45 HP	0	0	89,382	0	0	89,382
Pump 3, Flygt 150 HP Rebuild	0	0	0	58,005	0	58,005
Structure						
NSPS 3 Well Rehabilitation	225,000	225,000	2,300,000	0	0	2,750,000
Total Interceptor System	225,000	225,000	2,389,382	58,005	1,451,588	4,348,975
Other Equipment						
Communications						
IT System Production Host & Backup Appl	0	0	0	0	108,248	108,248
Electrical						
Variable Frequency Drive - Rotor 1 60 HP	17,181	0	0	0	0	17,181
Variable Frequency Drive - Rotor 2 60 HP	17,363	0	0	0	0	17,363
Variable Frequency Drive - Rotor 4 60 HP	0	17,525	0	0	0	17,525
Variable Frequency Drive - Rotor 5 60 HP	0	17,525	0	0	0	17,525
Variable Frequency Drive - Rotor 7 60 HP	0	0	18,238	0	0	18,238
Variable Frequency Drive - Rotor 8 60 HP	0	0	18,051	0	0	18,051
Variable Frequency Drive – Stat. 3 Softstarts	13,419	0	0	0	0	13,419
Variable Frequency Drive - LPS	0	0	33,150	0	0	33,150
Laboratory						
Effluent Composite Sampler	0	0	0	11,050	0	11,050
Ion Analyzer	0	0	0	0	52,030	52,030
Influent Composite Sampler	0	0	0	0	10,572	10,572
Mobile Pumping Equipment						
Emergency Bypass Pump 4”	0	67,000	0	0	0	67,000
Emergency Bypass Pump 4” (silenced)	0	80,000	0	0	0	80,000
Emergency Backup Pump 6” (silenced)	0	0	81,000	0	0	81,000
Security						
Security Lights – Treatment Plant	44,608	0	0	0	0	44,608
Surveillance System	50,000	0	0	0	0	50,000
Total Other Equipment	142,571	182,050	150,439	11,050	170,850	656,960
Transportation Equipment						
Vehicles						
Dump Truck Replacement	0	102,355	0	0	0	102,355
Truck Replacement – Plant Manager	75,000	0	0	0	0	75,000
Heavy Equipment and Accessories						
Dump Trailer	0	0	15,000	0	0	15,000



5-YEAR CAPITAL IMPROVEMENT PLAN FY 2026 – FY 2030 (Continued)

	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year FY 2027 – 2031
Loader Replacement	0	165,546	0	0	0	165,546
Bobcat Backhoe	0	0	0	0	121,302	121,302
Bobcat Hammer Attachment	0	0	0	0	17,513	17,513
Total Transportation Equipment	75,000	267,901	15,000	0	138,815	496,716
Treatment Plant						
HVAC						
Headworks Heating System	0	0	19,396	0	0	19,396
Pumping Equipment						
Auxiliary Pump Building						
Auxiliary Pump Building Roof	0	0	0	0	38,330	38,330
Main Pump Building						
Effluent Pump 1 40 HP (Rebuild)	0	0	0	50,000	0	50,000
Effluent Pump 2 40 HP (Rebuild)	0	0	0	50,000	0	50,000
Effluent Pump 3 100 HP (Rebuild)	0	50,000	0	0	0	50,000
Effluent Pump 4 100 HP (Rebuild)	50,000	0	0	0	0	50,000
Effluent Pump 5 100 HP (Rebuild)	0	0	0	0	50,000	50,000
Effluent Pump 6 100 HP (Rebuild)	0	0	0	0	50,000	50,000
Treatment Equipment						
Clarifier Splitter Gate	0	140,000	760,000	0	0	900,000
Carbon Tower – Headworks	65,331	0	0	0	0	65,331
Headworks Equipment Panel Relocation	60,000	0	0	0	0	60,000
Total Treatment Plant Equipment	175,331	190,000	779,396	100,000	138,330	1,383,057
Other Tangible Plant						
Administrative Parking Lot Paving	0	0	0	287,287	0	287,287
Palomino Drive Paving	0	0	0	710,136	0	710,136
Plant Asphalt and Paving	0	0	0	1,152,577	0	1,152,577
Total Other Tangible Plant	0	0	0	2,150,000	0	2,150,000
Studies and Maps						
Wastewater Treatment and Outfall Master Plan	368,500	0	0	0	0	368,500
Collection System Master Plan	330,000	0	0	0	0	330,000
Pipeline Maps	0	0	0	0	100,000	100,000
Total Studies and Maps	698,500	0	0	0	100,000	798,500
Replenish Big Bear						
Replenish Big Bear	905,896	30,952,731	41,411,410	2,369,934	0	75,639,971
Total Capital Improvements	3,572,298	31,817,682	44,890,439	4,709,788	1,999,583	86,989,790

Capital Expenditures – FY 2027

Projects discussed below are included in the FY 2027 capital plan and exceed \$100,000.

Outfall Line Investigation (\$1,350,000): The Outfall Line is approximately 16.24 miles in length and conveys effluent flows to the discharge location in Lucerne Valley. The Outfall Line was constructed in the 1970’s, with venting and piping upgrades completed in the 1980’s and 1990’s. Most of the outfall pipeline is 16-inch concrete mortar lined and coated steel pipe. The scope of work may consist of visual inspections, soil corrosion analysis, non-destructive testing, and internal pipe camera investigations. The scope of work will include a phased investigation approach, beginning with lower cost and/or duration investigation methods to determine the condition of



the pipe. If the condition of the pipe is not conclusive from the preceding investigation effort, the next phase of investigations will be implemented. The planning and engineering phase of this project was moved to FY 2026.

North Shore Pump Station 3 Well Rehabilitation (\$225,000) (Planning and Partial Engineering): North Shore Pump Station No. 3 is located within the Big Bear Shores RV Resort. Staff have observed groundwater-related corrosion and identified the station is approaching the end of its useful life. A condition assessment (i.e. investigation) of the pump station is programmed in FY 2026. Planning and engineering for the replacement of the existing pump station will begin in FY 2027 and continue into FY 2028; with construction planned for FY 2029.

Wastewater Treatment and Outfall Master Plan and the Collection System Master Plan (\$698,000): Separate Master Plans will be developed for the wastewater treatment plant and outfall line, and the collection system. The Master Plans will evaluate current and future needs for repair, replacement, or rehabilitation of existing assets and facilities to maintain reliable operations, serve existing and future sewer demands, protect public health and operator safety, and meet regulatory compliance requirements.

Replenish Big Bear (RBB) (\$905,896): RBB is a multi-year project that includes the construction of advanced water treatment processes. Final design is expected to be completed in FY 2027.

Capital Expenditures – FY 2028 – FY 2031

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

North Shore Pump Station 3 Well Rehabilitation (\$2,525,000): North Shore Pump Station No. 3 is located within the Big Bear Shores RV Resort. Staff have observed groundwater-related corrosion and identified the station is approaching the end of its useful life. The existing pump station will be replaced with a new station containing submersible pumps in a single wet well with valving and appurtenances in an adjacent below grade vault. The existing force main, electrical facilities, and SCADA system will be re-used to operate the new lift station. Planning and engineering are budgeted to begin in FY 2027.

Dump Truck Replacement (\$102,355): The dump truck requires replacement based on mileage and years of service. It is currently used to haul sludge from the sludge hopper to the covered drying bed and 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. Additionally, the replacement truck will be downsized to ensure it can be operated without additional driver licensing requirements.

Loader Replacement (\$165,546): The current loader is used for loading sludge trailers and snow removal at the facility and lift stations. The loader is undersized for the Agency's needs; therefore, a larger loader is needed for these tasks. The current, smaller loader will continue to be used as a forklift for the plant.

Clarifier Splitter Gate (\$900,000): The clarifier splitter gates are currently used to modulate flow and control flow splits to the three clarifiers from the Oxidation Ditch splitter box. Staff manually adjusts the gates daily to maintain targeted flow splits. These gates have reached the end of their useful life. Hydraulic surges upstream will be investigated, and recommendations will be made to the Agency based on those investigations. Ten weir gates and operators upstream of the clarifiers with one weir gate per clarifier (three clarifiers) will be removed and replaced.

Asphalt Replacement at the Administrative Building Parking Lot, Palomino Drive, and the Plant (\$2,150,000): Grind and overlay existing asphalt within the WWTP fence line, the administration building parking lot, and along Palomino Drive from Shay Road to the entrance gate of the WWTP.

Replenish Big Bear (RBB) (\$74,734,075): RBB is a multi-year project that includes the construction of advanced water treatment processes which will return safe high quality recycled water to the environment, providing Big Bear with a sustainable water supply. The project is expected to be completed in FY 2030 and is anticipated to be funded through cost-sharing, low interest loans, and grants. This does not reflect the increased construction estimate for RBB presented to the Governing Board in October 2025.



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 \$825,000 in FY 2026 increasing to \$1,000,000 beginning in FY 2027 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 BALANCE

	<u>Projected FY 2026</u>	<u>Budget FY 2027</u>	<u>Forecast FY 2028</u>	<u>Forecast FY 2029</u>	<u>Forecast FY 2030</u>	<u>Forecast FY 2031</u>
Ending Cash Balance:	13,207,603	15,723,666	21,404,390	24,960,166	25,274,973	26,260,955
Designated Fund Balances:						
Capital and Replacement Fund						
Current Year	2,666,402	864,951	3,479,029	2,339,854	1,999,583	1,248,342
Future Years	<u>5,244,703</u>	<u>8,661,643</u>	<u>9,477,570</u>	<u>12,368,160</u>	<u>10,547,776</u>	<u>11,769,199</u>
Total Capital and Replacement Fund	7,911,105	9,526,594	12,956,599	14,708,014	12,547,359	13,017,541
BBARWA Debt Service Fund	329,563	150,009	150,009	150,009	150,009	150,009
RBB Debt Service Fund	<u>0</u>	<u>706,060</u>	<u>2,754,081</u>	<u>3,649,110</u>	<u>3,649,110</u>	<u>3,649,110</u>
Total Debt Service Fund	329,563	856,069	2,904,090	3,799,119	3,799,119	3,799,119
Liquidity Fund	3,076,868	3,220,668	3,387,793	3,495,363	5,919,819	6,074,058
Contingency Fund:						
Emergency	825,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating	<u>1,065,067</u>	<u>1,120,335</u>	<u>1,155,908</u>	<u>1,957,669</u>	<u>2,008,676</u>	<u>2,370,237</u>
Total Contingency	1,890,067	2,120,335	2,155,908	2,957,669	3,008,676	3,370,237
Designated Funds	13,207,603	15,723,666	21,404,390	24,960,166	25,274,973	26,260,955

At the end of FY 2031, the Agency is projected to have \$13 million in the capital and replacement fund. This amount reflects the cash that is available for future capital projects beginning in FY 2031. The next five-year period, from FY 2032 through FY 2036, is an aggressive capital investment schedule with estimated capital investments of \$20 million, or approximately \$4 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, enter into new debt, or increase its rate collection 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 charge (annual charges) of 18% in FY 2027 through FY 2029, 6% in FY 2030, and 4% in FY 2031. Rates through FY 2031 have been structured to meet the Agency's current operating and capital needs during the next five years; with the exception of the increase in RBB construction costs. Until a Funding and Financing Plan can be developed and construction funding approved, these costs cannot be considered in the budget and rate schedule. As such, proposed rate adjustments remain consistent with the 5-year rates approved by the Governing Board in March of 2025. 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 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031
Revenue Requirements:						
Operating Expenses before Depreciation	\$ 6,105,075	\$ 6,390,400	\$ 6,722,007	\$ 6,935,446	\$ 11,746,015	\$ 12,052,053
Rate Funded Capital:						
BBARWA Debt Service	433,704	291,856	150,009	150,009	150,009	150,009
RBB Debt Service*	66,309	0	690,174	2,713,363	3,588,254	3,588,254
Capital Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,250,000</u>	<u>1,500,000</u>	<u>1,750,000</u>	<u>2,000,000</u>
Total Rate Funded Capital	<u>1,500,013</u>	<u>1,291,856</u>	<u>2,090,183</u>	<u>4,363,372</u>	<u>5,488,263</u>	<u>5,738,263</u>
Revenue Requirement Subtotal	7,605,089	7,682,257	8,812,190	11,298,818	17,234,278	17,790,316
Less Other Revenues:						
Standby Charges	71,807	70,057	69,134	68,212	67,289	66,366
Rental Income/Lease Revenue	74,965	55,026	56,333	57,679	59,066	60,494
Waste Disposal	<u>27,531</u>	<u>25,892</u>	<u>25,892</u>	<u>25,892</u>	<u>25,892</u>	<u>25,892</u>
Total Other Revenues	174,302	150,975	151,360	151,783	152,247	152,753
Total Revenue Requirements	\$ 7,430,787	\$ 7,531,282	\$ 8,660,831	\$ 11,147,035	\$ 17,082,031	\$ 17,637,563
Proposed Rate	\$ 378.20	\$ 446.27	\$ 526.60	\$ 621.39	\$ 658.67	\$ 685.02
Annual % Change	6%	18%	18%	18%	6%	4%
Rate Revenue Per Proposed Rate						
EDU's	25,677	25,768	25,813	25,858	25,903	25,948
Rate Revenues – Proposed Billing	\$ 9,710,786	\$ 11,499,606	\$ 13,593,232	\$ 16,067,976	\$ 17,061,695	\$ 17,774,988
Rate Revenue Excess (Shortfall)	\$ 2,279,999	\$ 3,968,324	\$ 4,932,401	\$ 4,920,941	\$ -20,336	\$ 137,425
Bond Covenant with Proposed Rates	7.67	17.37	8.87	3.41	1.60	1.72
Covenant Test Ratio	1.20	1.20	1.20	1.20	1.20	1.20
PASS/FAIL	PASS	PASS	PASS	PASS	PASS	PASS

* FY 2026 RBB Debt Service does not include the \$3,400,000 short-term financing loan principal repayment. This repayment was funded by the current RBB Reserves.



FY 2027 Proposed Rate per EDU - \$446.27

Based on the Agency’s current budget and five-year forecast, a rate of \$446.27 per EDU is budgeted in FY 2027, an 18% increase over the FY 2026 rate of \$378.20.

Ratepayer Impact

The financial impact to the ratepayer in FY 2027, based on the proposed 18% increase to the established rate is as follows:

	FY 2026 Budgeted	FY 2027 Budgeted	Change \$	Change %
Established:				
BBARWA Rate	\$ 282.12	\$ 296.39	\$ 14.27	
RBB Rate	<u>\$ 96.08</u>	<u>\$ 149.88</u>	<u>\$ 53.80</u>	
Total Established Rate	\$ 378.20	\$ 446.27	\$ 68.07	18.0%
CBBL	\$ 391.81	\$ 462.56	\$ 70.75	18.1%
CSD	\$ 367.25	\$ 432.97	\$ 65.72	17.9%
CSA 53B	\$ 360.06	\$ 426.90	\$ 66.84	18.6%



Appendix: Five Year Forecast

Income Statement

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year CAGR (a)
Operating Revenues							
BBARWA Annual Charges	7,243,787	7,637,483	8,048,320	8,456,386	9,208,134	9,593,096	6%
RBB Annual Charges	2,466,998	3,862,123	5,544,912	7,611,590	7,853,561	8,181,893	27%
Standby Charges	71,807	70,057	69,134	68,212	67,289	66,366	-2%
Rental Income	6,565	4	4	4	4	4	-77%
Waste Disposal	27,531	25,892	25,892	25,892	25,892	25,892	-1%
Other Revenue	607	0	0	0	0	0	nm (b)
Operating Revenue	9,817,294	11,595,559	13,688,262	16,162,084	17,154,880	17,867,251	13%
Operating Expenses							
Salaries and Benefits	3,462,748	3,790,636	3,993,167	4,195,636	4,389,659	4,544,980	6%
Power	504,851	517,426	529,389	541,946	554,810	567,988	2%
Sludge Removal	310,516	355,849	366,432	375,405	384,603	394,031	5%
Chemicals	104,912	103,967	106,570	109,234	111,965	114,764	2%
Materials and Supplies	163,421	153,726	157,569	161,508	165,546	169,685	1%
Repairs and Replacements	320,146	284,755	263,163	268,615	343,325	283,398	-2%
Equipment Rental	2,140	2,124	2,177	2,232	2,287	2,344	2%
Utilities Expense	41,003	42,233	43,289	44,371	45,480	46,617	3%
Communications Expense	183,101	141,731	143,079	145,133	148,251	151,268	-4%
Contractual Services – Other	200,464	163,993	164,948	169,563	174,330	199,767	0%
Contractual Services – Professional	150,247	136,497	208,877	143,755	157,626	158,032	1%
Permits and Fees	304,861	321,612	353,252	373,779	409,684	434,829	7%
Property Tax	4,354	4,415	4,470	4,530	4,590	4,651	1%
Insurance	277,160	299,292	311,670	323,939	336,874	350,006	5%
Other Expense	75,153	71,749	73,523	75,340	77,204	79,113	1%
RBB Operating Expense	0	0	0	0	4,439,275	4,550,256	nm (b)
BBARWA Depreciation and Amortization	936,007	1,102,983	1,105,851	1,225,326	1,292,548	1,334,933	6%
RBB Depreciation and Amortization	0	0	0	0	4,777,979	4,516,912	nm (b)
Operating Expenses	7,041,082	7,493,384	7,827,858	8,160,772	17,816,542	17,903,898	21%
Operating Income	2,776,212	4,102,175	5,860,404	8,001,312	-661,662	-36,648	- (c)
Nonoperating Income							
Lease Revenue	70,180	56,033	56,544	57,891	59,277	60,706	-3%
Interest Income	374,967	330,745	436,079	498,115	495,751	532,851	7%
RBB Grants	1,523,530	905,896	22,556,854	10,859,216	0	0	nm (b)
Other Nonoperating Income	0	0	0	0	0	0	nm (b)
Total Nonoperating Income	1,968,677	1,292,674	23,049,477	11,415,221	555,028	593,557	-21%
Nonoperating Expenses							
BBARWA Interest	48,664	38,934	30,929	26,474	21,853	17,059	-19%
RBB Interest	48,247	0	706,060	2,430,636	2,731,460	2,686,201	123%
Other Nonoperating Expense	6,224	11,463	11,624	11,789	11,958	12,131	14%
Total Nonoperating Expenses	103,135	50,397	748,613	2,468,900	2,765,271	2,715,392	92%
Income Before Capital Contributions	4,641,754	5,344,452	28,161,268	16,947,634	-2,871,906	-2,158,483	- (c)
Capital Contributions (Connection Fees)	188,100	188,100	188,100	188,100	188,100	188,100	0%
Net Income, Change in Net Position	4,829,854	5,532,552	28,349,368	17,135,734	-2,683,806	-1,970,383	- (c)

(a) Compound Annual Growth Rate (Average Annual Change)

(b) “nm” means not meaningful and is the result when dividing by 0

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



Cash Flow Statement

	Projected FY 2026	Budget FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	5-Year Total
Cash from Operating Activities:							
Operating Income (Loss)	309,214	240,052	315,492	389,722	702,034	848,627	2,495,927
RBB Income (Loss)	2,466,998	3,862,123	5,544,912	7,611,590	-1,363,696	-885,275	14,769,654
Depreciation and Amortization	936,007	1,102,983	1,105,851	1,225,326	6,070,527	5,851,845	15,356,532
Change in Working Capital	<u>-85,036</u>	<u>-161,574</u>	<u>-138,639</u>	<u>74,913</u>	<u>308,718</u>	<u>194,932</u>	<u>278,350</u>
Net Cash Provided by Op Activities	3,627,183	5,043,585	6,827,616	9,301,550	5,717,582	6,010,130	32,900,463
Cash from Noncapital Financing:							
Payment of OPEB Related Liability	-100,000	-100,000	-100,000	-100,000	0	0	-300,000
Cash from Capital and Related Financing:							
Interagency Expense	-1,194	-6,435	-6,595	-6,760	-6,929	-7,103	-33,822
Capital Expenditures BBARWA	-3,172,919	-2,666,402	-864,951	-3,479,029	-2,339,854	-1,999,583	-11,349,819
Capital Expenditures RBB	-1,523,530	-905,896	-30,952,731	-41,411,410	-2,369,934	0	-75,639,971
Connection Fee (Capital Contrib)	188,100	188,100	188,100	188,100	188,100	188,100	940,500
Proceeds from Debt/Grants RBB	1,523,530	905,896	30,952,731	41,411,410	2,369,934	0	75,639,971
BBARWA Debt Service:							
Interest Expense	-48,659	-37,923	-30,714	-26,259	-21,638	-16,844	-133,377
Principal Debt Amortization	<u>-455,584</u>	<u>-291,640</u>	<u>-119,295</u>	<u>-123,750</u>	<u>-128,371</u>	<u>-133,165</u>	<u>-796,222</u>
Total BBARWA Debt Service	-504,243	-329,563	-150,009	-150,009	-150,009	-150,009	-929,599
RBB Debt Service:							
Interest Expense	-48,247	0	-706,060	-2,430,636	-2,731,460	-2,686,201	-8,554,357
Principal Debt Amortization	<u>-3,400,000</u>	<u>0</u>	<u>0</u>	<u>-323,445</u>	<u>-917,651</u>	<u>-962,909</u>	<u>-2,204,005</u>
Total RBB Debt Service	-3,448,247	0	-706,060	-2,754,081	-3,649,111	-3,649,110	-10,758,362
Lease Revenue	70,180	56,033	56,544	57,891	59,277	60,706	290,451
Net Cash Used for Capital & Related Financing	-6,868,324	-2,758,266	-1,482,971	-6,143,889	-5,898,525	-5,556,999	-21,840,651
Cash from Investing:							
Interest Income	<u>374,967</u>	<u>330,745</u>	<u>436,079</u>	<u>498,115</u>	<u>495,751</u>	<u>532,851</u>	<u>2,293,541</u>
Net Cash from Investing	374,967	330,745	436,079	498,115	495,751	532,851	2,293,541
Net Change in Cash	-2,966,174	2,516,063	5,680,724	3,555,776	314,808	985,982	13,053,352
Beginning Cash Balance	16,173,777	13,207,603	15,723,666	21,404,390	24,960,166	25,274,973	100,570,798
Ending Cash Balance	<u>13,207,603</u>	<u>15,723,666</u>	<u>21,404,390</u>	<u>24,960,166</u>	<u>25,274,973</u>	<u>26,260,955</u>	<u>113,624,150</u>
Change in Cash Balance	-2,966,174	2,516,063	5,680,724	3,555,776	314,808	985,982	13,053,352