

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

Regular Board Meeting Agenda
March 27, 2024 at 5:00 p.m.
121 Palomino Drive, Big Bear City, California

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **APPROVAL OF AGENDA**

4. **PUBLIC FORUM**

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

5. **PRESENTATION AND INTRODUCTION**

None

6. **INFORMATION/COMMITTEE REPORTS**

6.A. General Manager's Report

7. **CONSENT CALENDAR**

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

7.A. Approval of the Meeting Minutes from the February 28, 2024 Special Meeting Budget Workshop

7.B. Monthly Disbursements Report for February - Informational

7.C. Investment Report Identifying Agency Investments and Reporting Interest Income for February – Informational

8. **ITEMS REMOVED FROM CONSENT CALENDAR**

9. **OLD BUSINESS**

9.A. Replenish Big Bear Options

10. NEW BUSINESS – DISCUSSION/ACTION ITEMS

- 10.A.** Resolution No. R. 02-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Clarifying the Fiscal Year 2025 Sewer Standby or Immediate Availability Charges
- 10.B.** Public Hearing: Resolution No. R. 03-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Amending the Sewer User Charge Subject to Annual Review and Taking Certain Other Actions Related Thereto
- 10.C.** Public Hearing: Resolution No. R. 04-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency to Increase the Fee Schedule for the Disposal of Waste Delivered to the Regional Treatment Plant Subject to Annual Review
- 10.D.** Public Hearing: Resolution No. R. 05-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Adopting the Operating and Capital Budget of the Big Bear Area Regional Wastewater Agency for Fiscal Year 2025, Approving Budgeted Projects and Finding Approval of the Budget and Budgeted Projects Exempt from Review Under the California Environmental Quality Act
- 10.E.** Resolution No. R. 06-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Expressing Appreciation to Bynette Mote for Dedicated Service as a Member of Said Governing Board
- 10.F.** Governing Board Committee Appointments
- 10.G.** Replenish Big Bear Advisory Committee Appointment

11. COMMENTS AND ANNOUNCEMENTS

- 11.A.** General Manager Comments
- 11.B.** Governing Board Member Comments

12. ADJOURNMENT

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

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

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



Big Bear Area Regional
Wastewater Agency

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

AGENDA ITEM: 6.A.

MEETING DATE: March 27, 2024

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

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

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

SUBJECT: General Manager's Report

DISCUSSION:

Administration

Lucerne Valley Solar Panels

This item is in process with no update at this time.

Operations

Headworks Grit System Rehabilitation Project

The project is substantially complete.

LPS Generator & Fuel System Project

The generator has been shipped, with a delivery date pending.

Clarifier #1 Emergency Repair

The emergency repair was completed.

Oxidation Ditch #1 Shaft 1 Emergency Repair

The emergency repair was completed.

2023 and 2024 Treatment Plant Data

The influent flow (MG) chart is attached.

Flow Percentages			
<u>Member Agency</u>	<u>December</u>	<u>January</u>	<u>February</u>
City of Big Bear Lake	49.77%	51.18%	57.73%
Big Bear City CSD	47.01%	45.69%	38.32%
County of San Bernardino CSA 53B	3.22%	3.13%	3.95%

Solar Production

The February 2024 monthly performance report is attached.

Actual Net Generation (kWh)			
<u>Month</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
July		215,598.25	285,573.00
August		229,947.25	261,893.00
September		230,749.75	280,457.00
October		276,600.50	293,122.50
November		241,524.25	247,757.00
December	29,294.26	190,418.50	206,571.00
January	212,982.42	192,716.50	202,574.00
February	260,767.19	224,106.25	204,564.50
March	295,923.69	269,443.75	
April	319,902.94	316,650.00	
May	330,560.38	302,288.50	
June	316,253.50	287,765.00	
Total	1,765,684.38	2,977,808.50	1,982,512.00

Connections

Connections						FYE 6/30/2023		
<u>Month</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>CBBL</u>	<u>CSD</u>	<u>CSA 53B</u>
July	7	3	11	2	5	3	2	0
August	2	12	5	13	4	1	3	0
September	7	3	7	8	69 ¹	64	5	0
October	5	10	9	6	6	2	4	0
November	2	2	5	4	2	1	1	0
December	1	2	3	2	3	2	1	0
January	1	2	2	0	2	0	2	0
February	1	0	6	0	1	0	1	0
March	1	3	9	2				
April	7	12	12	4				
May	5	6	7	8				
June	6	13	11	10				
Total	45	68	87	59	92	73	19	0

Replenish Big Bear

Environmental Review

The draft Program Environmental Impact Report (PEIR) was published on December 21, 2023. The public review period was extended to February 20, 2024, for a total of a 60-day review and

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

comment period. The Replenish Big Bear Program involves multiple projects to retain recycled water in the Big Bear Valley for beneficial use to increase the sustainability of local water supplies. The draft PEIR for this Program, therefore, only focuses on the projects the Agency is proposing, and the Agency will consider the approval of, to accomplish this goal. We anticipate bringing the PEIR to the Agency's Governing Board in April for adoption consideration.

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

The EPA Water Infrastructure Finance and Innovation Act (WIFIA) staff will coordinate review efforts with Title XVI and EPA STAG grant staff. The WIFIA Programmatic Environmental Assessment (PEA) was submitted on February 20, 2024. Target completion for the WIFIA and Title XVI NEPA is April 2024.

Preliminary Engineering

The pilot study is almost complete. The brine minimization results are being reviewed by Trussell. Water Systems Consulting, Inc. (WSC) is currently collecting and reviewing pilot data and exploring brine management alternatives. Next steps include the Basis of Design Validation Report to confirm the final treatment train, and pending responses to the draft PEIR, confirmation of the pipeline alignment to the Lake and initiation of utility research, survey, and geotechnical investigations.

Regulatory Analysis and Coordination (no update)

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

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

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

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

Agreements and Contracts

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

Funding and Financing (no update)

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

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

The Agency and its consultants have been working with the EPA on obtaining federal financing for Replenish Big Bear in the form of a loan secured by revenues of the Agency, otherwise known as the WIFIA Loan. The EPA has certain underwriting requirements. In order to meet such requirements, the Agency will need amendments to its Joint Exercise of Powers Agreement (JPA) and Operating Agreement No. 1. The modifications are required to clarify existing terms of the JPA and Operating Agreement No. 1 so that the EPA has a clear understanding of the credit for the WIFIA Loan process, the risks associated with lending to the Agency, and to reduce the risk of a payment default. The WIFIA loan will be used for construction funding. On March 5, 2024, EPA staff submitted the WIFIA loan approval package for internal review. The WIFIA Build America Buy America (BABA) waiver was granted, with additional coordination with the United States Bureau of Reclamation (USBR) underway.

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

Actual Project Revenue and Expenditures as of February 29, 2024 ²	
Revenue	
Program Partner Contributions (DWP, CSD, & MWD) ³	\$1,800,000
Grant Reimbursements	\$2,114,724
<u>Total Revenue</u>	<u>\$3,914,724</u>
Expenditures	
Pilot Study	\$698,370
Other (engineering, environmental, legal, etc.)	\$3,331,130
Grant Reimbursements to Program Partners	\$957,538
<u>Total Expenditures</u>	<u>\$4,987,038</u>

Grants Awarded or Recommended for Funding			
Grant	Status	Amount	Remaining
DCI Technical Assistance	Fully Funded	\$500,000	\$0
IRWM Prop 1 Round 1	In Process	\$4,563,338	\$2,948,614
<u>Subtotal State Grants</u>		<u>\$5,063,338</u>	<u>\$2,948,614</u>
2021 & 2022 Title XVI	In Process	\$9,967,112	\$9,967,112
2022 & 2023 EPA STAG	Included in Federal Budget; CEQA and NEPA must be completed prior to an Award	\$1,960,000	\$1,960,000
2024 EPA STAG	Recommended for funding in FY 24 Appropriations Bill	\$1,000,000	\$1,000,000
<u>Subtotal Federal Grants</u>		<u>\$12,927,112</u>	<u>\$12,927,112</u>
Grand Total		\$17,990,450	\$15,875,726

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

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

Grant Applications Outstanding		
Grant	Status	Amount
2023 Title XVI (Federal)	Application Submitted	\$9,052,543
Total		\$9,052,543

Integrated Regional Water Management Proposition 1 Round 1 (IRWM Prop 1 Round 1) Grant – The next quarterly report is due on April 30, 2024.

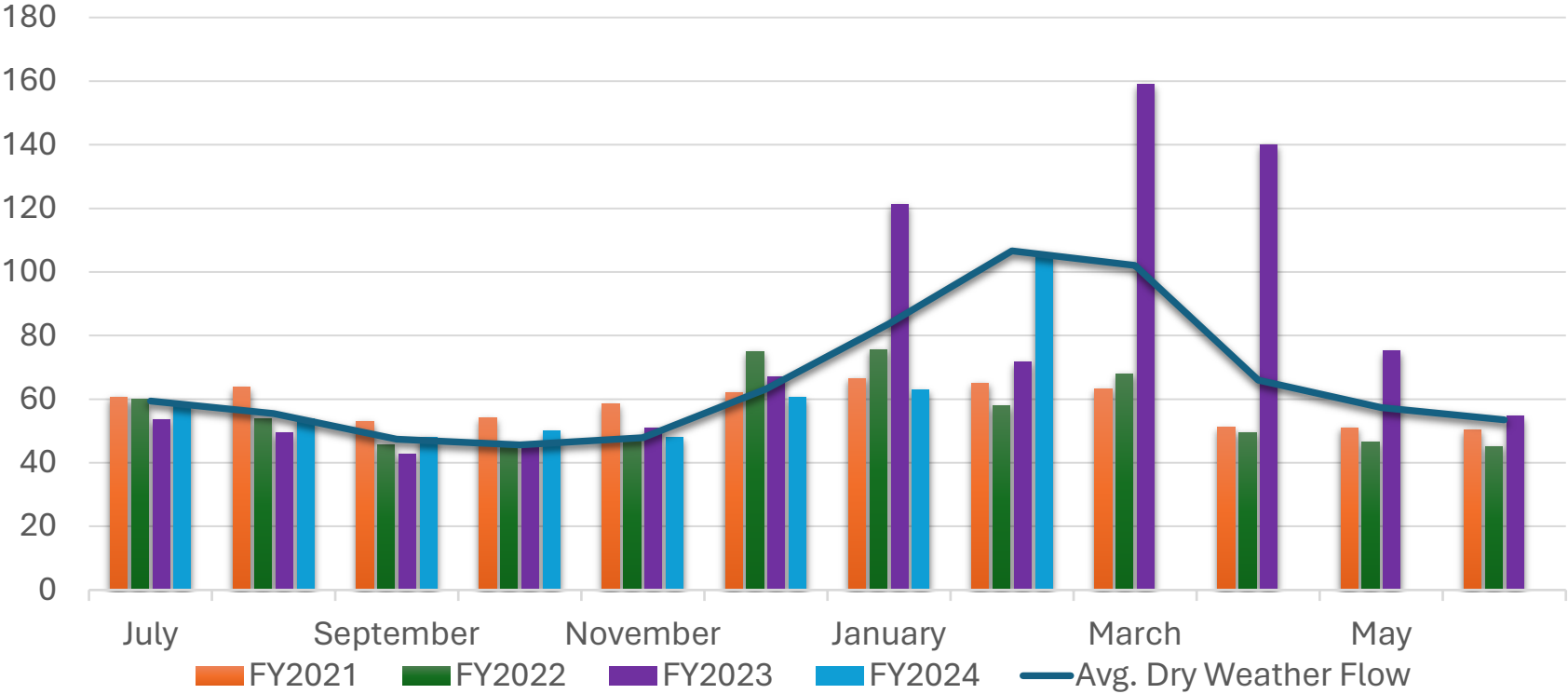
2021 & 2022 Title XVI Grant –WSC is coordinating with USBR to approve the WIFIA BABA waiver as the cognizant waiver. Per previous discussion between the EPA and USBR, an affirmative determination was agreed to by both USBR and EPA that the EPA WIFIA waiver can be applied to USBR’s projects since EPA is the agency that provides the preponderance of funds for the project and is therefore the cognizant agency for the project. The Agency will need to submit a statement that the federal funds from the EPA are greater than the USBR funds. USBR will confirm by looking at the amounts on EPA’s website. The next semi-annual report is due on April 30, 2024.

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

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

2024 EPA State and Tribal Assistance Grants (STAG) – Senator Padilla and Congressman Obernolte secured another \$1 million for Replenish Big Bear.

Influent Flow (MG)





MONTHLY REPORT
February 2024

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



As Contracted Energy Last Month (kWh)

Time	Net Generation (kWh)		
	A	F	Δ
01 Feb 2024	1,411.00	4,453.41	-68.32%
02 Feb 2024	6,184.50	4,453.41	38.87%
03 Feb 2024	8,366.00	4,453.41	87.86%
04 Feb 2024	6,706.50	4,453.41	50.59%
05 Feb 2024	867.00	4,453.41	-80.53%
06 Feb 2024	1,338.00	4,453.41	-69.96%
07 Feb 2024	5,200.00	4,453.41	16.76%
08 Feb 2024	7,238.50	4,453.41	62.54%
09 Feb 2024	7,685.50	4,453.41	72.58%
10 Feb 2024	7,727.00	4,453.41	73.51%
11 Feb 2024	9,523.50	4,453.41	113.85%
12 Feb 2024	9,522.50	4,453.41	113.83%
13 Feb 2024	9,607.00	4,453.41	115.72%
14 Feb 2024	9,698.50	4,453.41	117.78%
15 Feb 2024	9,360.50	4,453.41	110.19%
16 Feb 2024	7,995.50	4,453.41	79.54%
17 Feb 2024	8,379.00	4,453.41	88.15%
18 Feb 2024	9,728.00	4,453.41	118.44%
19 Feb 2024	6,616.00	4,453.41	48.56%
20 Feb 2024	1,428.50	4,453.41	-67.92%
21 Feb 2024	5,028.50	4,453.41	12.91%
22 Feb 2024	9,798.50	4,453.41	120.02%
23 Feb 2024	7,195.00	4,453.41	61.56%
24 Feb 2024	7,431.00	4,453.41	66.86%
25 Feb 2024	6,484.00	4,453.41	45.60%
26 Feb 2024	4,268.50	4,453.41	-4.15%
27 Feb 2024	9,714.50	4,453.41	118.14%
28 Feb 2024	9,966.50	4,453.41	123.80%
29 Feb 2024	10,095.00	4,453.41	126.68%
Totals	204,564.50	129,148.76	58.39%

Energy Produced Last Month (kWh)

Time	Net Generation (kWh)		
	A	F	Δ
01 Feb 2024	1,411.00	6,335.55	-77.73%
02 Feb 2024	6,184.50	6,335.55	-2.38%
03 Feb 2024	8,366.00	6,335.55	32.05%
04 Feb 2024	6,706.50	6,335.55	5.86%
05 Feb 2024	867.00	6,335.55	-86.32%
06 Feb 2024	1,338.00	6,335.55	-78.88%
07 Feb 2024	5,200.00	6,335.55	-17.92%
08 Feb 2024	7,238.50	6,335.55	14.25%
09 Feb 2024	7,685.50	6,335.55	21.31%
10 Feb 2024	7,727.00	6,335.55	21.96%
11 Feb 2024	9,523.50	6,335.55	50.32%
12 Feb 2024	9,522.50	6,335.55	50.30%
13 Feb 2024	9,607.00	6,335.55	51.64%
14 Feb 2024	9,698.50	6,335.55	53.08%
15 Feb 2024	9,360.50	6,335.55	47.75%
16 Feb 2024	7,995.50	6,335.55	26.20%
17 Feb 2024	8,379.00	6,335.55	32.25%
18 Feb 2024	9,728.00	6,335.55	53.55%
19 Feb 2024	6,616.00	6,335.55	4.43%
20 Feb 2024	1,428.50	6,335.55	-77.45%
21 Feb 2024	5,028.50	6,335.55	-20.63%
22 Feb 2024	9,798.50	6,335.55	54.66%
23 Feb 2024	7,195.00	6,335.55	13.57%
24 Feb 2024	7,431.00	6,335.55	17.29%
25 Feb 2024	6,484.00	6,335.55	2.34%
26 Feb 2024	4,268.50	6,335.55	-32.63%
27 Feb 2024	9,714.50	6,335.55	53.33%
28 Feb 2024	9,966.50	6,335.55	57.31%
29 Feb 2024	10,095.00	6,335.55	59.34%
Totals	204,564.50	183,730.82	11.34%



MONTHLY REPORT

Last Three Months Performance

Produced Energy (kWh)

Time	Net Generation (kWh)	
	F	W
Nov 2023	209,274.45	238,267.44
Dec 2023	170,000.16	188,491.76
Jan 2024	173,657.32	180,140.18
Totals	552,931.93	606,899.38

Availability (%) and PR

Time	Availability (%)			Performance Ratio (fraction)		
	A	F	Δ	A	F	Δ
Nov 2023	100.00	99.00	1.01%	1.19	0.00	100.00%
Dec 2023	100.00	99.00	1.01%	1.23	0.00	100.00%
Jan 2024	100.00	99.00	1.01%	1.19	0.00	100.00%
Totals	100.00	99.00	1.01%	1.20	0.00	100.00%

Closed Events Last 3 Months

Open Events Last 3 Months



MONTHLY REPORT

Definitions

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

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

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

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

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

Availability (%): The Max theoretical generation capacity

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

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

Special Meeting Budget Workshop Minutes

February 28, 2024

1. CALL TO ORDER

A Special Meeting Budget Workshop of the Governing Board of the Big Bear Area Regional Wastewater Agency was called to order by Chair Walsh at 10:00 a.m. on February 28, 2024 at 121 Palomino Drive, Big Bear City, California.

BOARD MEMBERS PRESENT

Larry Walsh, Chair
Jim Miller, Vice-Chair
John Russo, Director
Kendi Segovia, Director

BOARD MEMBERS ABSENT

Rick Herrick, Director

STAFF MEMBERS PRESENT

David Lawrence, General Manager
Christine Bennett, Finance Manager
Bridgette Burton, Administrative Services Manager/Board Secretary
Sonja Kawa, Human Resources Coordinator/Accounting Technician
John Shimmin, Plant Manager

OTHERS

Glenn Jacklin, General Manager, Big Bear City Community Services District
Brittany Lamson, Interim General Manager, Big Bear Municipal Water District
Sean Sullivan, Assistant City Manager/Director of Public Works, City of Big Bear Lake

Members of the public who signed in included:

Craig Brewster
Joyce Crist, Big Bear City
Steve Ludecke, Big Bear City
Kelly Ohlson, Big Bear City

2. PLEDGE OF ALLEGIANCE

Director Segovia

3. APPROVAL OF AGENDA

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

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

4. PUBLIC FORUM

- 4.A.** Tom Sitton, of Big Bear City, expressed concern about the government and stated he did not want solar panels on the south side of the Administrative Building which would affect his property value.
- 4.B.** Steve Ludecke, of Big Bear City, voiced concern over the location of the solar panels and requested another location be used.
- 4.C.** Charles Brewster, of Big Bear Lake, presented lake level calculations, spoke about his concern over the cost related to the benefit he presented, and advised that Bear Valley Mutual owns the lake water.
- 4.D.** Joyce Crist, of Big Bear City, advised that people do not want taxes increased or any projects that cost the community money. She further stated that the Agency needs to work within its budget.
- 4.E.** Kelly Ohlson, of Big Bear City, was concerned about people on fixed incomes and increased costs from BBARWA, electricity, gas, and food.

5. PRESENTATION AND INTRODUCTION

5.A. Jim Miller 5-Year Recognition

The General Manager thanked Vice-Chair Miller for his five years of service on the Governing Board and listed Agency accomplishments that were approved or adopted during that time.

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

The General Manager and Governing Board welcomed Director Segovia to the BBARWA Governing Board.

5.C. Budget Presentation and Discussion

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

The Finance Manager presented the projected performance in fiscal year 2024, the new fiscal year 2025 budget, and the five year forecast, with the General Manager

discussing a reallocation from the Oxidation Ditch Wall Rehabilitation Project to the Force Main Lining Project.

The Governing Board inquired about the CalPERS over projection and an estimate to line the Force Main. The Governing Board clarified the differences in flow between residents and visitors and the increase in salaries is due to adding personnel.

The Governing Board asked questions about the Replenish Big Bear Project which included state grant funds, state grants from federal funds, potential revenue sources from outside agencies, downward trend of winter precipitation, why beneficiaries aren't jumping on board, contributions from visitors, annual operating expenses, and the useful life of the RO unit. The Governing Board commented on the expense on the project versus the possibility of constructing a similar project in the future due to regulatory changes by Sacramento and measuring similar projects by cost per acre foot.

Joyce Crist, of Big Bear City, stated that she is not against the project but is concerned about debt and increased taxes and suggested putting the water into Baldwin Lake.

Carol Neu asked questions about how the Agency and the Replenish Big Bear Project works and conveyed concern over the RO process and beneficiaries not committing to the project.

6. INFORMATION/COMMITTEE REPORTS

6.A. General Manager's Report

The General Manager advised the Agency will be lining the force main.

The Governing Board asked questions regarding the pressure of the force main, the additional EDUs from the Hampton Inn, and requested an update on the EIR.

7. CONSENT CALENDAR APPROVED ITEMS

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

7.B. Monthly Disbursements Report for December and January

7.C. Investment Report Identifying Agency Investments and Reporting Interest Income for December and January

7.D. Second Quarter Report, Six Months Ended December 31, 2023

Upon motion by Vice-Chair Miller seconded by Director Russo and carried, the Governing Board approved the Consent Calendar as presented.

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

8. ITEMS REMOVED FROM CONSENT CALENDAR

None

9. OLD BUSINESS

None

10. NEW BUSINESS – DISCUSSION/ACTION ITEMS

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

The General Manager detailed the need for an emergency repair on Oxidation Ditch #1 Shaft #1.

The Governing Board asked if replacement parts are on the shelf for these type of situations.

Upon motion by Director Russo, seconded by Vice-Chair Miller and carried, the Governing Board adopted Resolution No. R. 01-2024; reallocated \$134,487 from the Capital Budget for costs related to the repair; and authorized the General Manager to take any other actions necessary to remediate the emergency repair to Oxidation Ditch #1 Shaft #1.

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

10.B. Governing Board Reorganization

The Governing Board discussed the past practice of the member agency rotation for the positions of Chair and Vice-Chair.

Upon motion by Vice-Chair Miller, seconded by Director Russo and carried, the Governing Board appointed Director Miller to the position of Chair.

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

Upon motion by Vice-Chair Miller, seconded by Director Segovia and carried, the Governing Board appointed Director Herrick to the position of Vice-Chair.

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

10.C. Consideration of Solar Panel Installation in Lucerne Valley

The General Manager explained the Agency was approached by two solar companies to install solar panels at the Agency's Lucerne Valley property.

The Governing Board asked what the financial impact would be, if the solar panels for Replenish Big Bear could be installed in Lucerne Valley, and clarified the developer would be responsible for an environmental impact report.

Steve Ludecke, of Big Bear City, commented that if an opportunity exists to build solar panels in Lucerne Valley and sell power to offset costs in Big Bear, the Agency should pursue it.

Upon motion by Vice-Chair Miller, seconded by Director Segovia and carried, the Governing Board authorized the General Manager to negotiate an agreement with a developer for use of Agency property located in Lucerne Valley (APNs 449-082-01, 449-082-02, 449-082-03, 449-082-04) for solar panel installation and directed the General Manager to investigate the opportunity for a solar panel project with Bear Valley Electric Service at the same location.

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

10.D. Consideration of Pine Knot Marina Trailer Storage

The General Manager explained that Pine Knot Marina approached the Agency to lease property for trailer storage.

The Governing Board discussed being a good neighbor to the Garstin residences, zoning, and its concern over complaints going to the City of Big Bear Lake.

Upon motion by Director Segovia, seconded by Chair Walsh and carried, the Governing Board directed the General Manager to not move forward with the Pine Knot Marina Trailer Storage.

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

11. COMMENTS AND ANNOUNCEMENTS

11.A. General Manager Comments

The General Manager thanked the members of the public for attending the meeting.

11.B. Governing Board Member Comments

Director Segovia thanked everyone for having her on the Board and looks forward to making a positive contribution. The Governing Board expressed support for Replenish Big Bear and concern over the expense.

12. ADJOURNMENT

With no further business to come before the Governing Board, Chair Walsh adjourned the meeting at 12:25 p.m.

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



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 7.B.

MEETING DATE: March 27, 2024

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

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

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Monthly Disbursements Report

BACKGROUND:

Attached is the Agency's February check register which reflects accounts paid during that period.

FINANCIAL IMPACT:

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

RECOMMENDATION:

Informational

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Feb 1, 2024 to Feb 29, 2024

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

Check #	Date	Payee	Cash Account	Amount
23839	2/8/24	VC3, INC.	1000-20	3,339.76
23840	2/8/24	AMAZON CAPITAL SERVICES	1000-20	572.89
23841	2/8/24	ARAMARK UNIFORM SERVICES	1000-20	3,044.41
23842	2/8/24	BEST BEST & KRIEGER LLP	1000-20	17,522.83
23843	2/8/24	BIG BEAR CITY COMMUNITY SERVICES DIST.	1000-20	465.21
23844	2/8/24	ROBIN A. BRADLEY	1000-20	960.00
23845	2/8/24	BUTCHER'S BLOCK & BUILDING	1000-20	92.75
23846	2/8/24	BEAR VALLEY ELECTRIC	1000-20	14,090.61
23847	2/8/24	CAR QUEST OF BIG BEAR	1000-20	198.18
23848	2/8/24	JOHN CONNELLY	1000-20	1,650.00
23849	2/8/24	DAVE'S AUTO, INC.	1000-20	479.34
23850	2/8/24	DIY HOME CENTER-BIG BEAR	1000-20	240.61
23851	2/8/24	DISTRIBUTED SOLAR DEVELOPMENT, LLC	1000-20	15,537.43
23852	2/8/24	DIRECT TV	1000-20	34.06
23853	2/8/24	DEPARTMENT OF WATER & POWER	1000-20	50.70
23854	2/8/24	EVANS-HYDRO	1000-20	39,336.78
23855	2/8/24	FLYERS ENERGY	1000-20	2,231.33
23856	2/8/24	FRONTIER COMMUNICATIONS	1000-20	1,128.78
23857	2/8/24	GEIGER SUPPLY, INC	1000-20	55.59
23858	2/8/24	GRAINGER	1000-20	441.69
23859	2/8/24	HACH COMPANY	1000-20	95.94
23860	2/8/24	HUGHESNET	1000-20	101.52
23861	2/8/24	LOR GEOTECHNICAL GROUP, INC.	1000-20	80.00
23862	2/8/24	MCMASTER-CARR SUPPLY COMPANY	1000-20	1,223.53
23863	2/8/24	NEXOM (US), INC.	1000-20	32,600.00
23864	2/8/24	POLYDYNE INC	1000-20	8,464.71
23865	2/8/24	R.I.C. CONSTRUCTION CO., INC.	1000-20	102,634.40
23866	2/8/24	ROI ENGINEERING LLC	1000-20	1,895.00
23867	2/8/24	SAFETY-KLEEN SYSTEMS, INC.	1000-20	399.23
23868	2/8/24	RYAN R. ABELN	1000-20	14,059.88
23869	2/8/24	SPECTRUM BUSINESS	1000-20	1,023.93
23870	2/8/24	USA BLUEBOOK	1000-20	564.40
23871	2/8/24	UNDERGROUND SERVICE ALERT	1000-20	109.31
23872	2/8/24	VIKING MAINTENANCE SERVICES, LLC	1000-20	1,445.00

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Feb 1, 2024 to Feb 29, 2024

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

Check #	Date	Payee	Cash Account	Amount
23873	2/8/24	VOLVO CONSTRUCTION EQUIP & SERVICES	1000-20	360.64
23874	2/8/24	WATER SYSTEMS CONSULTING, INC.	1000-20	1,545.00
23875	2/8/24	TROY BEMISDARFER	1000-20	50.00
23876	2/8/24	CHRISTINE BENNETT	1000-20	50.00
23877	2/8/24	BRIDGETTE BURTON	1000-20	50.00
23878	2/8/24	SONJA KAWA	1000-20	50.00
23879	2/8/24	DAVID LAWRENCE	1000-20	50.00
23880	2/8/24	CHRIS SANTILLAN	1000-20	50.00
23881	2/8/24	JOHN SHIMMIN	1000-20	50.00
23882	2/22/24	ALL PROTECTION ALARM	1000-20	1,222.20
23883	2/22/24	AMAZON CAPITAL SERVICES	1000-20	309.64
23884	2/22/24	BUSINESS CARD	1000-20	4,885.97
23885	2/22/24	COUNTY OF SAN BERNARDINO SOLID WAST	1000-20	259.38
23886	2/22/24	GRAINGER	1000-20	260.82
23887	2/22/24	BEAR VALLEY BASIN GSA	1000-20	916.10
23888	2/22/24	IE-PSHRA	1000-20	25.00
23889	2/22/24	LAKESIDE EQUIPMENT CORP	1000-20	206,223.03
23890	2/22/24	MITEL	1000-20	404.81
23891	2/22/24	RANDY J. SPITZ	1000-20	249.19
23892	2/22/24	NHA ADVISORS, LLC	1000-20	2,812.50
23893	2/22/24	POLYDYNE INC	1000-20	8,464.71
23894	2/22/24	S PORTER, INC.	1000-20	1,000.00
23895	2/22/24	QUILL	1000-20	12.16
23896	2/22/24	READY REFRESH	1000-20	270.62
23897	2/22/24	ROI ENGINEERING LLC	1000-20	1,895.00
23898	2/22/24	SOUTHERN CALIFORNIA EDISON	1000-20	50.79
23899	2/22/24	SOUTHWEST GAS	1000-20	2,549.60
23900	2/22/24	SYNAGRO-WWT, INC.	1000-20	35,236.58
23901	2/22/24	VERIZON WIRELESS	1000-20	231.01
23902	2/22/24	KEN WILLIS CONSTRUCTION	1000-20	500.00
23903	2/22/24	WATER SYSTEMS CONSULTING, INC.	1000-20	36,154.15
CASH 24042	2/1/24	LINCOLN FINANCIAL GROUP	1000-20	1,983.18
CASH 24043	2/1/24	THE LINCOLN NAT'L LIFE INS CO	1000-20	3,330.92

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Feb 1, 2024 to Feb 29, 2024

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

Check #	Date	Payee	Cash Account	Amount
CASH 24044	2/2/24	PAYA	1000-20	19.99
CASH 24045	2/2/24	VISION SERVICE PLAN	1000-20	306.46
CASH 24046	2/2/24	EMPLOYMENT DEVELOPMENT DEPARTMENT	1000-20	2,523.76
CASH 24047	2/2/24	PRINCIPAL FINANCIAL GROUP	1000-20	3,923.21
CASH 24048	2/2/24	INTERNAL REVENUE SERVICE	1000-20	7,638.63
CASH 24049	2/2/24	CALPERS HEALTH	1000-20	32,513.50
CASH 24050	2/5/24	AMERICAN FIDELITY ASSURANCE CO	1000-20	737.49
CASH 24051	2/5/24	CALPERS RETIREMENT	1000-20	4,276.36
CASH 24052	2/5/24	CA PERS 457 PROGRAM	1000-20	4,500.80
CASH 24053	2/5/24	CALPERS RETIREMENT	1000-20	9,334.27
CASH 24054	2/15/24	LINCOLN FINANCIAL GROUP	1000-20	1,983.18
CASH 24055	2/15/24	THE LINCOLN NAT'L LIFE INS CO	1000-20	3,330.92
CASH 24056	2/16/24	EMPLOYMENT DEVELOPMENT DEPARTMENT	1000-20	2,603.82
CASH 24057	2/16/24	INTERNAL REVENUE SERVICE	1000-20	7,994.56
CASH 24058	2/20/24	AMERICAN FIDELITY ASSURANCE CO	1000-20	737.49
CASH 24059	2/20/24	CALPERS RETIREMENT	1000-20	4,276.36
CASH 24060	2/20/24	CA PERS 457 PROGRAM	1000-20	4,500.80
CASH 24061	2/20/24	CALPERS RETIREMENT	1000-20	9,334.27
CASH 24062	2/26/24	PAYA	1000-20	12,691.81
CASH 24063	2/28/24	LEGALSHIELD	1000-20	67.80
CASH 24064	2/28/24	TEXAS LIFE INSURANCE COMPANY	1000-20	285.00
CASH 24065	2/28/24	AMERICAN FIDELITY ASSURANCE CO	1000-20	1,045.94
CASH 24066	2/29/24	PAYA	1000-20	60.83
Total				692,360.05



Big Bear Area Regional
Wastewater Agency

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

AGENDA ITEM: 7.C.

MEETING DATE: March 27, 2024

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

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

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Investment Report Identifying Agency Investments and Reporting Interest Income

BACKGROUND:

Attached is the February Monthly Investment Report pursuant to the Agency's Investment Policy.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Informational

BBARWA
Monthly Investment Report
February 2024

<u>INVESTMENT TYPE</u>	<u>COST</u>	<u>FAIR MARKET VALUE (1)</u>	<u>YEAR TO DATE INTEREST(2)</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
LOCAL AGENCY INVESTMENT FUND	\$ 9,891,882	\$ 9,828,011	\$ 271,212	4.122%	DAILY
TOTAL	<u>\$ 9,891,882</u>	<u>\$ 9,828,011</u>	<u>\$ 271,212</u>		

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

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

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

Attachment (s): Monthly LAIF Statement

California State Treasurer
Fiona Ma, CPA



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

March 18, 2024

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

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

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

[Tran Type Definitions](#)

Account Number:

February 2024 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
2/7/2024	2/6/2024	RW	1747889	1708305	CHRISTINE BENNETT	-500,000.00
2/27/2024	2/26/2024	RW	1748438	1708856	CHRISTINE BENNETT	-500,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	10,891,881.84
Total Withdrawal:	-1,000,000.00	Ending Balance:	9,891,881.84



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 9.A.

MEETING DATE: March 27, 2024

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

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

SUBJECT: Replenish Big Bear Options

BACKGROUND:

On March 19, 2024, the Big Bear Area Regional Wastewater Agency (BBARWA) Governing Board held a special meeting to discuss three options for Replenish Big Bear (RBB). These options were to 1) pursue private placement funding, 2) reconsideration of the amendments, or 3) cancel Replenish Big Bear. The Governing Board directed staff to bring the following information to its March 27, 2024 meeting for consideration.

DISCUSSION:

Agreement with the Big Bear Municipal Water District

BBARWA is negotiating a Funding Letter of Intent with the Big Bear Municipal Water District (MWD). An outline has been sent for MWD's consideration.

Agreement with Big Bear Mountain Resorts

The City of Big Bear Lake, Department of Water and Power (DWP) is negotiating the agreement with Big Bear Mountain Resorts (BBMR) for use of the pipeline to percolate water into Sand Canyon. The timeline for completion is unknown at this time.

Advisory Election

Per BBARWA's legal counsel, BB&K, a Joint Powers Authority (JPA) typically does not put measures (binding or advisory) on the ballot because JPA's do not have voters who vote within their agency, unlike the JPA's Member Agencies (cities, counties and special districts who do hold elections). BB&K is unaware of any JPA that has put a binding or advisory measure on the ballot. There would need to be a mechanism developed with the San Bernardino County Registrar of Voters (ROV) to prepare, distribute to and count the ballots submitted by the JPA's residents. At this time, it is unknown if this would be legally or practically feasible. Developing a binding measure for a JPA adds complication to the process, and if allowed by ROV, it would take time to develop and needs to be legally defensible. This would be an expensive process to explore and, if allowable, complete.

Extensive public opinion polling of JPA residents is an alternative to an advisory ballot measure. It is a simpler process in which a polling firm is retained to develop a comprehensive survey, conduct the poll with ideally 1,500-2,000 participants (although this number could be tailored to the JPA's needs), and report back to the Governing Board with the results. The polling results should be available in a few months, sooner than the results from a November election. Costs for this option are unknown at this time, but it is believed to be less expensive than placing an advisory measure on the ballot. Further, unlike a ballot measure, which may only ask a single "yes" or "no" question under State Elections Code, a poll has the flexibility to ask multiple questions and use different answering formats (such as asking residents to rank priorities, rather than just saying "yes" or "no" to a question).

Neither the advisory measure nor polling would be binding on BBARWA, and there is no guarantee that JPA Member Agencies would approve or adopt items related to RBB based on the results.

WIFIA Loan Deadline

The Environmental Protection Agency advised that a six month pause (September 2024) would not affect the loan process; however, a pause beyond one year may be problematic with the National Environmental Policy Act (NEPA) documentation; environmental documents may have to be updated or recreated. It is unknown at this time the cost, as each federal grant agency has different requirements and expiration dates.

It is estimated that delaying the WIFIA Loan past September 2024 would result in the funds available for RBB to be completely depleted.

Grant Deadlines

The IRWM DCI Technical Assistance grant has been completed. It is unknown at this time if this grant would need to be repaid if RBB is canceled. The California Department of Water Resources, the administrator of these grant funds, has stated that they have never requested a project proponent to pay back a grant, except in extreme conditions. The definition for an extreme condition is unknown.

The IRWM Prop 1 Round 1 grant is being used to cover administration, planning, design, engineering, and environmental documentation costs. All work must be completed by December 31, 2025, with final reimbursement requests submitted by March 31, 2026. It cannot be extended beyond this date because Prop 1 grant funds expire statewide. This grant agreement states all grant funds must be paid back immediately with interest and possible damages. Again, the California Department of Water Resources, the administrator of these grant funds, stated that they have never requested a project proponent to pay back a grant, except in extreme conditions. The definition for an extreme condition is unknown.

The Memorandum of Understanding between BBARWA and Program Partners¹ states if grant reimbursements are required to be returned to the grantor for any reason, the Program Partners agree to

¹ Big Bear City Community Services District (CSD), the City of Big Bear Lake, Department of Water and Power (DWP), and the Big Bear Municipal Water District (MWD)

return any grant reimbursements that have been received. Currently BBARWA has received \$2,114,724 in IRWM grant funds, with \$957,538 to Program Partners.

The Title XVI grants will be used for planning and project management, design and permitting, piloting, environmental compliance, and construction. Final reimbursement requests must be submitted by August 31, 2026. Funding from the last award round included Bipartisan Infrastructure Law funds that may have deadlines that we are not certain of at this time. BBARWA can request an amendment to extend the grant deadline; the timeline to request an extension is approximately two to three months for completion. No grant reimbursements have been requested yet; however, data collection for the reimbursement request has been started with approximately \$200,000 eligible for reimbursement.

The EPA STAG grants require: 1) Environmental Impact Report (EIR), required by the California Environmental Quality Act (CEQA), and 2) Environmental Assessment (EA) required by NEPA, be completed before submitting the formal application. The estimated deadline for grant reimbursements is in 2031.

Program Water Equity

Current Method: The existing Funding Letter of Intent (LOI) is between DWP, CSD, and BBARWA. It was fully executed on September 27, 2022, with Amendment No. 1 extending the term to September 27, 2024. The LOI was developed based upon water demand per water agency, with DWP's demand being 68% and CSD's demand being 32% of the water pumped from the Bear Valley Basin. The estimated amount of Program Water used for groundwater replenishment was calculated at 380 acre-feet per year (AFY) with an additional 120 AFY used for golf course irrigation (in-lieu groundwater recharge by DWP) for a total of 500 AFY. The cost per AFY (\$866.82) was developed by DWP and CSD and was based upon the cost to pump water from the Bear Valley Basin. These funds would be contributed towards BBARWA's annual Operations and Maintenance costs.

Agency	AFY	Amount
CSD	160	\$138,691.20
DWP	<u>220 + 120</u>	<u>294,718.80</u>
Total	500	\$433,410.00

Alternative Method 1: Program Water may be distributed based upon the previous three fiscal years average flow for each Member Agency². This is the same data used to calculate the Infiltration/Inflow Charge (variable charge) portion of the Total Annual Charge³. The table below shows Member Agency flows in thousands of gallons.

Member Agency	Flow FY 2021	Flow FY 2022	Flow FY 2023	3 Yr Average	% of Total Flow
CSD	316,385	304,217	374,248	331,617	43%
City	359,227	341,177	512,109	404,171	53%
CSA 53B	23,942	22,315	40,240	28,835	4%

The table below calculates each Member Agency's portion of Program Water based upon 2,200 acre-feet per year (AFY).

Member Agency	% of Total Flow	AFY
CSD	43%	954
City	53%	1163
CSA 53B	4%	83

The March 22, 2023 adopted rates would remain, and Member Agencies or Program Partners would not contribute towards BBARWA's annual Operations and Maintenance costs. BBARWA would continue to discharge to Stanfield Marsh to maintain the project scope of work.

Each Member Agency would determine the location where its portion of Program Water would be percolated and be responsible for all aspects of its respective groundwater recharge projects. Each Member Agency would also be responsible for any contracts or agreements related to its portion of Program Water. The 2004 Recharge Evaluation completed by GEOSCIENCE and the 2016 Bear Valley Water Sustainability Study by Water Systems Consulting, Inc. may be used to identify additional groundwater recharge locations.

Equivalent Dwelling Unit (EDU) Calculation Methods for Member Agencies

Current Method: Section 1.09 of Operating Agreement No. 1 (1977) defines an EDU as a quantity of sewage and wastewater equivalent to the average daily quantity produced by a single family residence and having a pollutant loading equivalent to that of the sewage and wastewater from a single family residence. This is the most common method of calculating one EDU.

² CSD, City of Big Bear Lake (City), and County of San Bernardino CSA 53B (CSA 53B)

³ The Total Annual Charge is a combination of the Service Charge (fixed charge) and the Infiltration/Inflow Charge (variable charge) per Operating Agreement No. 1.

EDUs are assigned by each respective Member Agency and the total quantity of EDUs is reported to BBARWA each year. The total EDUs per Member Agency are then used to calculate the Total Annual Charge (fixed charge) portion of BBARWA's rates⁴.

EDU counts for FY 2025 are in the table below:

Member Agency or Collection Agency	FY 2025 EDUs
Big Bear City Community Services District	12,545.7
City of Big Bear Lake	11,813.7
County of San Bernardino CSA 53B	<u>1,268</u>
Total	25,627.4

Any change to the current method must be agreed upon by all three Member Agencies through an amendment to Operating Agreement No. 1. It is recommended that Member Agencies confer with legal counsel to determine the process of changing the EDU method.

Alternative Method 1: Square Footage. This method requires Member Agencies to determine the square footage that correlates to one EDU. This would require each Member Agency to survey its entire system and reassign EDUs based upon square footage and report the new total number of EDUs to BBARWA.

Alternative Method 2: Fixture Count. This method requires Member Agencies to determine the number of fixtures that equal one EDU. This would require each Member Agency to survey its entire system and reassign EDUs based upon fixture count and report the new total number of EDUs to BBARWA.

Alternative Method 3: Flow Quality and Quantity. Wastewater treatment and disposal charges could be calculated by Member Agencies by allocating the costs of wastewater treatment and disposal in accordance with sewage quantity (flow) and quality (indicated by suspended solids and biological oxygen demand or BOD). Member Agencies would have to install individual meters at each sewer connection and provide testing of the sewer strength. This would be the most difficult option to calculate and implement.

FINANCIAL IMPACT:

There is no financial impact at this time.

RECOMMENDATION:

1. The Governing Board to consider the three options listed below and direct staff on which option to pursue: 1) private placement funding, 2) reconsideration of amendments, or 3) cancel Replenish Big Bear; and/or
2. Provide additional direction to staff.

⁴ The Total Annual Charge is a combination of the Service Charge (fixed charge) and the Infiltration/Inflow Charge (variable charge) per Operating Agreement No. 1.

ATTACHMENT:

- Letter of Intent between the Big Bear Area Regional Wastewater and the City of Big Bear Lake, Department of Water and Power, and the Big Bear City Community Services District



BIG BEAR AREA REGIONAL WASTEWATER AGENCY

P.O. Box 517, 121 Palomino Drive, Big Bear City, CA 92314-0517
(909) 584-4018 • FAX (909) 585-4340

August 24, 2022

Reginald A. Lamson, General Manager
City of Big Bear Lake Department of Water
P.O. Box 1929
Big Bear Lake, CA 92315-1929

Mary Reeves, General Manager
Big Bear City Community Services District
P.O. Box 558
Big Bear City, CA 92314

Re: Replenish Big Bear Funding Letter of Intent between the Big Bear Area Regional Wastewater Agency, the City of Big Bear Lake Department of Water and Power, and the Big Bear City Community Services District

Dear Reggie and Mary:

This letter ("Funding Letter of Intent") confirms the intent of both the City of Big Bear Lake, Department of Water and Power ("DWP") and the Big Bear City Community Services District ("CSD") to assist in the funding of the Replenish Big Bear Project ("Project") in exchange for certain options described here below. Although DWP and CSD understand that this Funding Letter of Intent does not create any contractual commitments, the arrangements described below are intended to memorialize terms for a potential future agreement. Following the completion of the CEQA process, and if acceptable to both DWP and CSD, DWP and CSD, together, intend to enter into a funding agreement with the Big Bear Area Regional Wastewater Agency ("BBARWA") to more formally agree to the following arrangements (the "Funding Agreement"):

- After the Project has been installed and begins delivering water from the Project ("Project Water"), DWP/CSD will have an option (the "Option") to withdraw up to 380 acre-feet per year of Project Water from Big Bear Lake (the "DWP/CSD Withdrawal Amount"), at any time during each year, for the purpose of groundwater recharge, until such time as BBARWA no longer delivers Project Water into Big Bear Lake, or until the future Funding Agreement terminates (the "Withdrawal Term").
- The value of the Project Water provided pursuant to the Option is currently estimated to be \$866.82 per acre-foot, or \$329,391.60 per year, and will increase annually at an inflationary rate of 3% (the "Option Value").
- There is a potential for Bear Mountain Golf Course to utilize Project Water to irrigate the golf course. Irrigating the Golf Course with Project Water would result in an additional in

lieu groundwater recharge amount of 120 AF/YR. The value of this additional Option is \$104,018.40 per year, also subject to annual inflationary rate adjustment of 3%..

- The Option will benefit both the DWP and the CSD, and each will pay to BBARWA their proportionate share of the Option Value, up to a total current amount of \$433,410 per year, adjusted at the 3% inflationary rate each year. It is currently estimated that the DWP will pay 68% of the current Option Value (\$294,718.80), and the CSD will pay 32% of the current Option Value (\$138,691.20) to BBARWA ("Option Payments").
- The first Option Payment will be paid on approximately July 1 of the first fiscal year Project Water is anticipated to be delivered to Big Bear Lake, and annually each fiscal year thereafter during the Withdrawal Term, regardless of whether any water is actually withdrawn from the Lake. Even though anticipated, if Project Water delivery is delayed beyond the next fiscal year, then BBARWA would refund the payments from that original fiscal year.

Subject to the completion of the CEQA process, if the DWP, the CSD and BBARWA do not enter into a written funding agreement for the Project within three hundred sixty-five (365) days of the date of acceptance of this Funding Letter of Intent by DWP and CSD, this Funding Letter of Intent may be terminated by any of the parties. The period of time may be extended if necessary to complete the necessary CEQA process and to consider the issuance of approvals by the appropriate boards. If terminated, neither DWP, CSD nor BBARWA owe anything (i.e., funding or water, as applicable) to the other party.

This nonbinding Funding Letter of Intent contains the entire expression of the intention of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings, or letters of intent. This Funding Letter of Intent may only be modified by a writing signed by all parties.

If and when the binding Funding Agreement has been executed by all of the parties, it shall replace and supersede this nonbinding Funding Letter of Intent.

Please sign and return one copy of this Funding Letter of Intent to BBARWA no later than November 1, 2022.

Sincerely,

By:

A handwritten signature in dark ink, appearing to read 'David Lawrence', with a long horizontal flourish extending to the right.

David Lawrence, P.E., General Manager
Big Bear Area Regional Wastewater Agency

**ACCEPTANCE OF THE REPLENISH BIG BEAR FUNDING LETTER OF INTENT
BETWEEN THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY, THE CITY
OF BIG BEAR LAKE DEPARTMENT OF WATER AND POWER, AND THE BIG
BEAR CITY COMMUNITY SERVICES DISTRICT**

Agreed and accepted this __ day of ____, 2022
City of Big Bear Lake Department of Water

By: 
Reginald A. Lamson, General Manager

Date: 9-27-22

Agreed and accepted this __ day of ____, 2022
Big Bear City Community Services District

By: 
Mary Reeves, General Manager

Date: 9-20-22



Big Bear Area Regional

Wastewater Agency

Jim Miller – Chair

Rick Herrick – Vice-Chair

John Russo – Director

Kendi Segovia – Director

Larry Walsh – Director

AGENDA ITEM: 10.A.

MEETING DATE: March 27, 2024

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

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

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Resolution No. R. 02-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Clarifying the Fiscal Year 2025 Sewer Standby or Immediate Availability Charges

BACKGROUND & DISCUSSION:

Annually, the Governing Board clarifies and confirms standby fees for the upcoming fiscal year. Standby fees are charged to owners of vacant or improved parcels of real property located within 200 feet of a Member Agency's sewer main, but which are not connected to the public sewer system. These fees are used to maintain the regional system in an immediately available state. Standby fees for FY 2025 remain unchanged and are charged based upon parcel size, as follows:

Parcel Size	Amount
≤ 1 acre	\$20
> 1 acre	\$30

FINANCIAL IMPACT:

During FY 2025, the Member Agencies will collect the standby fee (approximately \$73,000 in FY 2025) and submit such standby fee revenue to BBARWA.

RECOMMENDATION:

Adopt Resolution No. R. 02-2024.

ATTACHMENT:

Resolution No. R. 02-2024

RESOLUTION NO. R. 02-2024

**A RESOLUTION OF THE GOVERNING BOARD OF THE BIG
BEAR AREA REGIONAL WASTEWATER AGENCY
CLARIFYING THE FISCAL YEAR 2025 SEWER STANDBY OR
IMMEDIATE AVAILABILITY CHARGES**

WHEREAS, the Governing Board previously adopted its sewer standby or immediate availability charges pursuant to Ordinance No. O. 03-2018 on April 25, 2018 (the “Ordinance”), in accordance with a prior comprehensive sewer rate study; and

WHEREAS, the Ordinance authorized BBARWA to make future adjustments to the sewer standby or immediate availability charges by resolution, and pursuant to this Resolution, BBARWA seeks to continue to impose the existing Sewer Standby or Immediate Availability Charges as described below; and

WHEREAS, the sewer standby or immediate availability charges are not being increased or extended beyond levels previously approved in accordance with article XIII D of the California Constitution. This Resolution only clarifies that the standby or immediate availability charges previously approved shall continue to be imposed in the same manner, and at the same amounts, as in previous years; and

WHEREAS, in accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, the Big Bear Area Regional Wastewater Agency (“BBARWA”) staff has determined that the adoption of the sewer standby or immediate availability charges are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines and Public Resources Code section 21080(b)(8) because: (i) the charges are for the purpose of meeting operational and maintenance expenses of the aforementioned services; and (ii) the charges constitute the creation of a funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and

WHEREAS, the adoption of this Resolution is exempt from CEQA for the reasons stated above.

NOW, THEREFORE, the Governing Board of the Big Bear Area Regional Wastewater Agency hereby resolves as follows:

1. Recitals. The recitals set forth above are true and correct and by this reference incorporated herein.

2. Amount of Standby Charges. The Governing Board does hereby clarify and confirm that the rates for the sewer standby charges or immediate availability charges (hereinafter “standby charge”) are not increasing beyond levels previously adopted in accordance with article XIII D of the California Constitution. The Governing Board hereby clarifies and confirms that such standby charges shall continue to be imposed in the same manner, and at the same amounts as in previous years, and such rates shall be effective July 1, 2024 as follows: Owners of parcels

of real property which are an acre or less in size shall pay a standby charge in the amount of \$20.00, and owners of parcels of real property which are more than an acre shall pay a standby charge in the amount of \$30.00.

3. Amendment to Code of Regulations and Ordinances. Chapter 5.20 of the Big Bear Area Regional Wastewater Agency Code of Regulations and Ordinances is hereby amended to read as follows:

“Chapter 5.20

SEWER STANDBY OR IMMEDIATE AVAILABILITY CHARGES

Sections:

5.20.010 Properties subject to charges.

5.20.020 Amount of charges.

5.20.030 Collection

5.20.040 Credit against connection fee.

5.20.010 Properties subject to charges.

This Governing Board is authorized to prescribe sewer standby or immediate availability charges (hereinafter "standby charge") for each applicable fiscal year ending June 30 of such year, by resolution or ordinance, in the amounts specified in such resolution or ordinance, to be paid by the owners of all vacant parcels of real property which are located within 200 feet of a sewer main of the public sewer system of either the Big Bear City Community Services District or the City of Big Bear Lake or the public sewer system within Improvement Zone "B" of San Bernardino County Service Area 53 and by the owners of all improved parcels of real property which are so located but not connected to the public system. Such standby charges shall be collected from all owners of vacant parcels of real property which are so located and which are vacant as of July 1, 2024 and from all owners of improved parcels of real property which are so located and which are not connected to the public sewer system as of said date; provided, however, that owners of parcels of real property which are used primarily for public parking areas shall not be required to pay such a standby charge. The term "parcel of real property" means a parcel to which the County Assessor of the County of San Bernardino has assigned a separate assessor's parcel number, whether such parcel consists of a single lot or parcel or combination of lots or parcels.

5.20.020 Amount of charges.

The standby charge shall be due in the amounts set forth on the most recently adopted schedule of standby charges, which schedule shall be on file in the administrative offices of BBARWA and posted on the BBARWA website.

5.20.030 Collection.

Such standby charges shall be collected by the Big Bear City Community Services District, the City of Big Bear Lake, and the County of San Bernardino from all owners of parcels of real property within their respective service area, the service area of said County being the territory within Improvement Zone "B" of San Bernardino County Service Area 53, whose parcels are

subject to such charges, and shall be remitted by said District, City and County to the Agency on or before December 31, 2024 (fifty percent of such charges) and April 30, 2025 (fifty percent of such charges). Said District, City and County are hereby designated as and shall be the agents of the Agency for purposes of collecting such standby charges and shall have and exercise all powers which could be exercised by the Agency with respect to the collection of such charges.

5.20.040 Credit against connection fee.

Any owner of a parcel of real property who pays a standby charge and who later during said fiscal year makes application to connect to the public sewer system a home or business establishment which is located upon the parcel of real property for which such standby charge was paid, shall receive a credit against the connection fee, if any is due, in the amount of such standby charge.”

4. Validity. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, including any portion of the standby charges confirmed and continued herein, such invalidity shall not affect other provisions or applications of this Resolution, including any portion of the standby charges not held invalid, and to this end the provisions of this Resolution are declared to be severable.

5. Prior Rates. All ordinances, resolutions or administrative actions by the Governing Board, or parts thereof that are inconsistent with any provision of this Resolution, are hereby superseded only to the extent of such inconsistency.

6. Effective Date. This Resolution shall become effective immediately. The rates for the standby charges set forth herein shall become effective as authorized herein.

ADOPTED, this 27th day of March, 2024.

Jim Miller, Chair of the Governing Board
of the Big Bear Area Regional Wastewater Agency

ATTEST:

I, Bridgette Burton, Secretary to the Big Bear Area Regional Wastewater Agency, DO HEREBY CERTIFY, that the foregoing Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency, being Resolution No. R. 02-2024, Clarifying the Fiscal Year 2025 Sewer Standby or Immediate Availability Charges, was duly adopted at a regular meeting of the Governing Board held on the 27th day of March 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 10.B.

MEETING DATE: March 27, 2024

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

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

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Public Hearing: Resolution No. R. 03-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Amending the Sewer User Charge Subject to Annual Review and Taking Certain Other Actions Related Thereto

BACKGROUND:

Based on the Agency's financial requirements, the annual Sewer User Charge will increase 18% per year for FY 2025 through FY 2028. The annual increases per equivalent dwelling unit, will be effective July 1 of each year. The increases reflect an increase in the Agency's revenue requirements driven by higher expenses, including expenses associated with the Replenish Big Bear Project (RBB). Pursuant to Ordinance No. O. 01-2018, proposed rates for the User Charge consists of a Base Rate to which adjustments are applied to account for varying levels of demand on the sewer system by each Member Agency as set forth in the Payment Collection Agreement dated August 23, 2011. The rate impact by Member Agency for FY 2025 is set based on the agreed upon calculations. FY 2026 through FY 2028 Member Agency rates are based on a five-year average per Member Agency and may change based on annual calculations.

FINANCIAL IMPACT:

The FY 2025 through FY 2028 established rate, or Sewer User Charge, is used to calculate the Agency's rate revenues. The rate revenues are collected by the Member Agencies pursuant to the Payment and Collection Agreement dated August 2011, as amended. The Governing Board shall take action annually in conjunction with budget approval to either affirm or adjust the rate for such fiscal year based on that year's budget.

RECOMMENDATION:

Adopt Resolution No. R. 03-2024.

ATTACHMENTS:

- Resolution No. R. 03-2024
- Member Agency Rate Impact

RESOLUTION NO. R. 03-2024

A RESOLUTION OF THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY AMENDING THE SEWER USER CHARGE SUBJECT TO ANNUAL REVIEW AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

WHEREAS, the Big Bear Area Regional Wastewater Agency (“BBARWA”) is a joint powers authority that provides wholesale sewer service to customers within its service area, including the City of Big Bear Lake, the Big Bear City Community Services District (“Big Bear City CSD”), and Zone “B” of County Service Area 53 (“CSA 53 B”) (each a “Collecting Agency” and, collectively, the “Collecting Agencies”); and

WHEREAS, the Governing Board of BBARWA has been empowered to establish sewer rates and charges, including the Sewer User Charge (“User Charge”) to be imposed on the Collecting Agencies during the applicable fiscal year; and

WHEREAS, the costs of providing service have increased; and

WHEREAS, BBARWA retained the services of HDR Engineering, Inc. to develop recommendations and a comprehensive sewer rate study (“HDR 2023 Report”) regarding the amount for the User Charge in order to address BBARWA's increased costs of providing service, and a copy of the HDR 2023 Report is on file at BBARWA's Administrative Office and available for public review; and

WHEREAS, pursuant to Health and Safety Code Section 5471 and Government Code Section 61115(a), the Governing Board is empowered to prescribe and collect rates and charges for services and facilities furnished by BBARWA in connection with its sewerage system; and

WHEREAS, the Governing Board is required by BBARWA Operating Agreement No. 1 to present to each Collecting Agency a statement showing the amount of the User Charge to be collected for each Equivalent Dwelling Unit (“EDU”) during the ensuing fiscal year, as such term is defined in the HDR 2023 Report, and it is therefore necessary that the Governing Board establish the amount of the User Charge to be so collected for the applicable fiscal year; and

WHEREAS, the proposed rates for the User Charge consist of a single charge, per EDU (referred to in this Resolution as the “Base Rate”), as set forth in the HDR 2023 Report, to which the Collecting Agencies have agreed to apply adjustments to account for varying levels of demand on the sewer system by each Collecting Agency, as set forth in that certain Payment and Collection Agreement, dated as of August 23, 2011, by and among BBARWA and the Collecting Agencies, as has been amended from time to time (the “Agreement”); and

WHEREAS, as a result, the User Charge for certain Collecting Agencies will be higher than the Base Rate in the applicable fiscal year, and for others the User Charge will be lower than the Base Rate pursuant to the Agreement; and

WHEREAS, the Governing Board previously adopted its User Charge pursuant to Ordinance No. O. 01-2018 on April 25, 2018 (the “Ordinance”), in accordance with a prior comprehensive sewer rate study completed by HDR Engineering, Inc.; and

WHEREAS, the Ordinance authorized BBARWA to make future adjustments to the User Charge by resolution, and pursuant to this Resolution, BBARWA seeks to increase the User Charge to reflect increased costs, as reflected by the HDR 2023 Report; and

WHEREAS, pursuant to California Constitution article XIII C, section 1(e)(2), a fee or charge is a tax and subject to voter approval if it is imposed on a fee payer for a service and that service is provided to others who are not charged for the same service, or the fee exceeds the cost of providing the service; and

WHEREAS, wholesale sewer service fees, such as the User Charges, are fees for a service subject to California Constitution article XIII C, section 1(e)(2); and

WHEREAS, pursuant to California Constitution article XIII C, section 1(e), an agency imposing fees for wholesale sewer services has the burden of demonstrating that the amount of the fees imposed are no more than necessary to cover the reasonable costs of providing the wholesale sewer services, and that the manner in which those costs are allocated to a payer bear a fair or reasonable relationship to the payer’s burdens on, or benefits received from, the governmental activities provided; and

WHEREAS, based on the HDR 2023 Report, the Governing Board has determined that the amount of the proposed User Charge, is no more than necessary to cover the reasonable costs of providing the wholesale sewer services, that the manner in which those costs are allocated to the Collecting Agencies bears a fair or reasonable relationship to each of the Collecting Agencies burden on, or benefit received from, BBARWA’s wholesale sewer service, and that the User Charge is not a property-related fee or fee imposed as an incident of property ownership; and

WHEREAS, in accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, BBARWA staff has determined that the increases in User Charges are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines and Public Resources Code section 21080(b)(8) because: (i) the increased charges are for the purpose of meeting operational and maintenance expenses of the aforementioned services; and (ii) the charges constitute the creation of a funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and

WHEREAS, the adoption of this Resolution is exempt from CEQA for the reasons stated above.

NOW, THEREFORE, be it resolved by the Governing Board of the Big Bear Area Regional Wastewater Agency as follows:

1. Recitals. The recitals set forth above are true and correct and by this reference incorporated herein.

2. New User Charge Adopted. The Governing Board hereby adopts the User Charge for Fiscal Year 2025 in the maximum amount set forth below effective July 1, 2024., and projects the User Charge for future years, commencing Fiscal Year 2026, in the amounts set forth below and subject to Section 4 below.

Collecting Agency	FY 2025 Effective July 1, 2024	FY 2026 Effective July 1, 2025	FY 2027 Effective July 1, 2026	FY 2028 Effective July 1, 2027
Base Rate	\$356.79	\$421.02	\$496.80	\$586.22
City of Big Bear Lake	\$367.67	\$431.35	\$509.03	\$601.20
Big Bear City CSD	\$348.33	\$414.53	\$489.12	\$576.81
CSA 53 B	\$339.14	\$388.79	\$458.65	\$539.49

The User Charge imposed on each Collecting Agency is determined in accordance with the provisions of the Agreement in order to fairly allocate the costs of BBARWA based on demand placed on the system by each Collecting Agency. FY 2026 – FY 2028 charges are based on five year average flows and will adjust based on actuals each year in accordance with Section 4 below.

3. Amendment to Code of Regulations and Ordinances. Chapter 5.16.020 of the Big Bear Area Regional Wastewater Agency Code of Regulations and Ordinances is hereby amended in its entirety to read as follows:

“Chapter 5.16

USER CHARGES

5.16.020 User Charge.

BBARWA is authorized to adopt a User Charge for provision of wholesale sewer service. The rates for the User Charge may be adopted in accordance with applicable law, from time to time, by ordinance or resolution. BBARWA shall maintain a schedule of rates for its User Charge at its offices, and/or post such schedule of rates on the BBARWA website, and such schedule of rates for the User Charge shall be updated upon adoption and implementation of new or increased User Charges.

The User Charge imposed on each Collecting Agency is determined in accordance with the provisions of the Payment and Collection Agreement, dated as of August 23, 2011, by and among BBARWA and the Collecting Agencies, as has been amended from time to time in order to fairly allocate the costs of BBARWA based on demand placed on the system by each Collecting Agency.

The rates will be effective July 1 of each fiscal year with the member agencies receiving notice of the rate change by May 1 of the preceding fiscal year.

The rate schedule represents the maximum rates that may be charged by the Agency, and in any given year, may be reduced by Governing Board action.”

4. Amendments to User Charges. On or before adoption of BBARWA's annual budget, or at any other appropriate time, the Governing Board shall review the amount of the User Charge that will be effective for the upcoming fiscal year and shall affirm or amend the rates set forth herein based on the budget for such year. Such action may include, without limitation, establishing an increased or reduced amount for the User Charge than the amount set forth in Section 2 above for the applicable fiscal year. In the event the Governing Board does not take any such action, the amount of the User Charge set forth in Section 2 above shall remain in effect for the applicable fiscal year.

5. Relationship Between Costs and User Charges. By adoption of this Resolution, the Governing Board finds that the amount of the User Charge is no more than necessary to cover the costs of providing wholesale sewer service, and that the manner in which those costs are allocated bears a fair or reasonable relationship to burdens on, or benefits received from, BBARWA's wholesale sewer service activities. This relationship is more fully documented in the HDR 2023 Report. The new User Charge shall not be used for any other purpose than that for which the new User Charge is imposed. The new User Charge is not imposed upon real property or upon persons as an incident of property ownership. The User Charge is imposed only as a condition of service upon the request of the Collecting Agency. As documented in the HDR 2023 Report, the User Charge is based upon reasonable estimates of the demand placed upon BBARWA in its role as a provider of regional wholesale sewer services.

6. Validity. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, including any portion of the User Charge adopted herein, such invalidity shall not affect other provisions or applications of this Resolution, including any portion of the fee not held invalid, and to this end the provisions of this Resolution are declared to be severable.

7. Prior Rates. All ordinances, resolutions or administrative actions by the Governing Board, or parts thereof that are inconsistent with any provision of this Resolution, are hereby superseded only to the extent of such inconsistency.

8. Effective Date. This Resolution shall be effective immediately. The increased rates for the User Charges set forth herein shall become effective as authorized herein.

ADOPTED, this 27th day of March, 2024.

Jim Miller, Chair of the Governing Board
of the Big Bear Area Regional Wastewater Agency

ATTEST:

I, Bridgette Burton, Secretary to the Big Bear Area Regional Wastewater Agency, DO HEREBY CERTIFY, that the foregoing Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency, being Resolution No. R. 03-2024, Amending the Sewer User Charge Subject to Annual Review and Taking Certain Other Actions Related Thereto, was duly adopted at a regular meeting of the Governing Board held on the 27th day of March 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

Member Agency Rate Impact

Rate	FY 2024	FY 2025	<u>FY 2025 Breakout</u>		<u>Annual Change</u>		<u>Monthly Change</u>
	Actual	Proposed	BBARWA	RBB	\$	%	\$
Established	\$ 302.37	\$ 356.79	\$ 260.71	\$ 96.08	\$ 54.42	18.0%	\$ 4.54
CBBL	\$ 309.85	\$ 367.67	\$ 269.06	\$ 98.61	\$ 57.82	18.7%	\$ 4.82
CSD	\$ 297.78	\$ 348.33	\$ 253.84	\$ 94.49	\$ 50.55	17.0%	\$ 4.21
CSA 53 B	\$ 278.03	\$ 339.14	\$ 250.95	\$ 88.19	\$ 61.11	22.0%	\$ 5.09

Rate Impact Below is Based on a 5 Year Average Flow

Rate	FY 2025	FY 2026	<u>2026 Breakout</u>		<u>Annual Change</u>		<u>Monthly Change</u>
	Proposed	Proposed	BBARWA	RBB	\$	%	\$
CBBL	\$ 367.67	\$ 431.35	\$ 277.79	\$ 153.56	\$ 63.68	17.3%	\$ 5.31
CSD	\$ 348.33	\$ 414.53	\$ 266.96	\$ 147.57	\$ 66.20	19.0%	\$ 5.52
CSA 53 B	\$ 339.14	\$ 388.79	\$ 250.39	\$ 138.41	\$ 49.65	14.6%	\$ 4.14

Rate	FY 2026	FY 2027	<u>2027 Breakout</u>		<u>Annual Change</u>		<u>Monthly Change</u>
	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$ 421.02	\$ 496.80	\$ 281.98	\$ 214.82	\$ 75.78	18.0%	\$ 6.32
CBBL	\$ 431.35	\$ 509.03	\$ 288.92	\$ 220.11	\$ 77.68	18.0%	\$ 6.47
CSD	\$ 414.53	\$ 489.12	\$ 277.62	\$ 211.50	\$ 74.59	18.0%	\$ 6.22
CSA 53 B	\$ 388.79	\$ 458.65	\$ 260.33	\$ 198.33	\$ 69.86	18.0%	\$ 5.82

Rate	FY 2027	FY 2028	<u>FY 2028 Breakout</u>		<u>Annual Change</u>		<u>Monthly Change</u>
	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$ 496.80	\$ 586.22	\$ 291.85	\$ 294.37	\$ 89.42	18.0%	\$ 7.45
CBBL	\$ 509.03	\$ 601.20	\$ 299.31	\$ 301.89	\$ 92.17	18.1%	\$ 7.68
CSD	\$ 489.12	\$ 576.81	\$ 287.17	\$ 289.64	\$ 87.69	17.9%	\$ 7.31
CSA 53 B	\$ 458.65	\$ 539.49	\$ 268.59	\$ 270.91	\$ 80.84	17.6%	\$ 6.74



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 10.C.

MEETING DATE: March 27, 2024

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

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

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Public Hearing: Resolution No. R. 04-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency to Increase the Fee Schedule for the Disposal of Waste Delivered to the Regional Treatment Plant Subject to Annual Review

BACKGROUND:

The waste disposal fees were reviewed as part of the 2023 Wastewater Rate Study. In general, these rates are designed to equal the Agency's cost to treat the waste, with annual rate changes reflecting annual changes in treatment costs. Beginning with the prior rate study, adjustments in waste disposal fees have been equivalent with the timing and percentage change in the Sewer User Charge.

DISCUSSION:

For FY 2025 through FY 2027, the change in the Sewer User Charge is expected to be 18% each year. Replenish Big Bear construction related costs are 14% for FY 2025 through FY 2027 and are not directly related to the treatment of waste. Therefore, it is recommended to increase the waste disposal fees by 4% for those fiscal years. The change in the Sewer User Charge for FY 2028 is expected to be 18% each, with Replenish Big Bear starting full operations and treatment of waste. Therefore, it is recommended to increase the waste disposal fees by 18% for that fiscal year. The proposed rates for FY 2025 through FY 2028 are as follows (rate is per 1,000 gallons):

Waste Type	Current FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028
Chemical Toilet	\$74.15	\$77.12	\$80.21	\$83.45	\$98.43
Holding Tank	\$7.88	\$8.20	\$8.53	\$8.87	\$10.47
Septic Tank	\$88.75	\$92.30	\$95.99	\$99.83	\$117.8
% Change	4.0%	4.0%	4.0%	4.0%	18.0%

FINANCIAL IMPACT:

Waste disposal fee revenue averages approximately \$22,000 annually. The Governing Board shall take action annually in conjunction with budget approval to either affirm or adjust the rate for such fiscal year based on that year's budget.

RECOMMENDATION:

Adopt Resolution No. R. 04-2024.

ATTACHMENT:

Resolution No. R. 04-2024

RESOLUTION NO. R. 04-2024

**A RESOLUTION OF THE GOVERNING BOARD OF THE BIG
BEAR AREA REGIONAL WASTEWATER AGENCY TO
INCREASE THE FEE SCHEDULE FOR THE DISPOSAL OF
WASTE DELIVERED TO THE REGIONAL TREATMENT PLANT
SUBJECT TO ANNUAL REVIEW**

WHEREAS, the Big Bear Area Regional Wastewater Agency (“BBARWA”) is a joint powers agency created under Government Code sections 6500 *et seq.* to exercise specified common powers of the member agencies for the purpose of constructing, maintaining and operating a regional system for the treatment and disposal of sewage and wastewater for the entire Big Bear Valley area (“Regional System”); and

WHEREAS, the Regional System is operated by BBARWA pursuant to the Waste Discharge Requirements and/or National Pollution Discharge Elimination System permits issued to BBARWA by a California Regional Water Quality Control Board in conformity with sections 13263, 13377, and 13523 of the California Water Code and Title 40 CFR Part 403 of the Clean Water Act; and

WHEREAS, Title 7 of the BBARWA Code of Resolutions and Ordinances (“BBARWA Code”) provides uniform rules for the regulation of wastewater discharges by establishing terms, limits, conditions, and permits for discharges, whether from existing, new or increased pollutant contributions, to provide for equitable distribution of BBARWA’s and collecting agencies’ costs, and to provide procedures for complying with requirements placed upon BBARWA and collecting agencies by local, state and federal regulations (BBARWA Code 7.040.020 A); and

WHEREAS, Section 7.24.090 (A) of the BBARWA Code requires in part that “[a]ll domestic waste haulers discharging sanitary waste to BBARWA’s regional treatment plant pay applicable fees related to said discharge” (“Waste Disposal Fee”); and

WHEREAS, the costs of operating and maintaining the regional treatment plant have increased, resulting in the need for a Waste Disposal Fee increase in order to recover and fairly allocate BBARWA’s costs; and

WHEREAS, BBARWA retained the services of HDR Engineering, Inc. in order to develop recommendations and a Wastewater Rate Study (the “HDR 2023 Report”). A copy of the HDR 2023 Report dated March 2023 is on file at BBARWA’s administrative offices and is available for public review; and

WHEREAS, the Governing Board previously adopted its Waste Disposal Fee pursuant to Ordinance No. O. 04-2018 on April 25, 2018 (the “Ordinance”), in accordance with a prior HDR report; and

WHEREAS, the Ordinance authorized BBARWA to make future adjustments to the Waste Disposal Fee by resolution, and pursuant to this Resolution, BBARWA seeks to increase the Waste Disposal Fee to reflect increased costs, as reflected by the HDR 2023 Report; and

WHEREAS, section 5741 of the Health and Safety Code and Government Code sections 54344-54358, and Government Code Section 61000 *et seq.*, authorize the Governing Board to prescribe and collect rates and charges for services and facilities furnished by BBARWA in connection with its sewerage system; and

WHEREAS, following the HDR 2023 Report's recommendations, the Governing Board finds it necessary to revise the current "fee for discharge" as defined in Section 7.24.090 (B) of the BBARWA Code while using the same formula for Equivalent Dwelling Units (EDU) as such term is defined in the Report; and

WHEREAS, notice of public hearing has been given in compliance with Government Code section 66018; and

WHEREAS, pursuant to California Constitution article XIII C, section 1(e)(2), a fee or charge is a tax and subject to voter approval if it is imposed on a fee payer for a service and that service is provided to others who are not charged for the same service, or the fee exceeds the cost of providing the service; and

WHEREAS, Waste Disposal Fees are fees for a service subject to California Constitution article XIII C, section 1(e)(2); and

WHEREAS, pursuant to California Constitution article XIII C, section 1(e), BBARWA has the burden of demonstrating that the amount of the Waste Disposal Fees imposed is no more than necessary to cover the reasonable costs of providing discharge services, and that the manner in which those costs are allocated to a payer bear a fair or reasonable relationship to the payer's burdens on, or benefits received from, the governmental activities provided; and

WHEREAS, the Governing Board has determined that: (1) the proposed Waste Disposal Fees do not exceed the estimated reasonable cost of the services and facilities for which the Waste Disposal Fees will be imposed; (2) the allocation of those costs bear a fair or reasonable in relationship to the burdens on, or benefits that those who pay the Waste Disposal Fees will receive from such services and facilities; and (3) the proposed Waste Disposal Fees are imposed for public facilities in existence at the time the Waste Disposal Fees are imposed or for new facilities to be acquired or constructed in the future; and

WHEREAS, in accordance with the California Environmental Quality Act (CEQA) and the CEQA Guidelines, BBARWA staff has determined that the increases in Waste Disposal Fees are exempt from CEQA pursuant to Section 15378 and Section 15273 of the CEQA Guidelines and Public Resources Code section 21080(b)(8) because: (i) the increased charges are for the purpose of meeting operational and maintenance expenses of

the aforementioned services; and (ii) the charges constitute the creation of a funding mechanism/other governmental fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and

WHEREAS, the adoption of this Resolution is exempt from CEQA for the reasons stated above.

NOW, THEREFORE, the Governing Board of the Big Bear Area Regional Wastewater Agency hereby resolves as follows:

1. Recitals. The recitals set forth above are true and correct and by this reference incorporated herein.

2. Adoption of Waste Disposal Fee. The Governing Board hereby adopts the Waste Disposal Fees for Fiscal Year 2025 in the maximum amounts set forth below effective July 1, 2024, measured in \$/1,000 gallons, and projects the Waste Disposal Fees for future years, subject to annual review, commencing Fiscal Year 2026 in the amount set forth below:

	FY 2025 Effective July 1, 2024	FY 2026 Effective July 1, 2025	FY 2027 Effective July 1, 2026	FY 2028 Effective July 1, 2027
Chemical Toilet	\$ 77.12	\$ 80.21	\$ 83.45	\$ 98.43
Holding Tank	\$ 8.20	\$ 8.53	\$ 8.87	\$ 10.47
Septic Tank	\$ 92.30	\$ 95.99	\$ 99.83	\$ 117.80

The treatment and disposal costs shall be prorated for discharges less than or in excess of 1,000 gallons.

3. Amendment to BBARWA Code. Section 7.24.090 of the BBARWA Code is hereby replaced in its entirety, to read as follows:

“Section 7.24.090 Fee for discharge

A. All domestic waste haulers discharging sanitary waste to the Agency’s regional treatment plant shall pay all applicable fees relating to said discharge. Failure to pay any applicable fee on a timely basis after billing by the agency may result in suspension of the domestic waste hauler’s DWH permit.

B. For discharge, treatment, and disposal of sanitary waste, a domestic waste hauler shall pay a fee to the Agency to compensate the Agency for the costs of discharge, treatment, and disposal for various types of sanitary waste (measured in dollars per 1,000 gallons). The “fee for discharge” shall be posted on BBARWA’s website and/or available for inspection at the administrative offices of BBARWA. The treatment and

disposal costs shall be prorated for discharges less than or in excess of 1,000 gallons.

C. All domestic waste haulers will be required to submit an annual fee for the base cost of monitoring, as set forth on BBARWA's schedule of rates."

4. Findings. The Governing Board finds that there is a reasonable relationship between the amount of the Waste Disposal Fee and the cost of providing the service for which the Waste Disposal Fee is charged. This relationship is more fully documented in the HDR 2023 Report. The Waste Disposal Fee shall not be used for any other purpose than that for which the Waste Disposal Fee is imposed. The Waste Disposal Fee is not imposed upon real property or upon persons as an incident of property ownership. The Waste Disposal Fee is imposed only as a condition of service upon the request of the Collecting Agency. The Waste Disposal Fee is based on reasonable estimates of the demand placed upon BBARWA in its role as a provider of regional wastewater services.

5. Prior Rates. All ordinances, resolutions or administrative actions by the Governing Board, or parts thereof that are inconsistent with any provision of this Resolution, are hereby superseded only to the extent of such inconsistency.

6. Validity. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, including any portion of the fee adopted herein, such invalidity shall not affect other provisions or applications of this Resolution, including any portion of the fee not held invalid, and to this end the provisions of this Resolution are declared to be severable.

7. Effective Date. This Resolution shall take effect immediately. The Waste Disposal Fees shall take effect as authorized herein.

ADOPTED, this 27th day of March, 2024.

Jim Miller, Chair of the Governing Board
of the Big Bear Area Regional Wastewater Agency

ATTEST:

I, Bridgette Burton, Secretary of the Big Bear Area Regional Wastewater Agency, DO HEREBY CERTIFY, that the foregoing Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency, being Resolution No. R. 04-2024, to Increase the Fee Schedule for the Disposal of Waste Delivered to the Regional Treatment Plant Subject to Annual Review, was duly adopted at a regular meeting of the Governing Board held on the 27th day of March 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 10.D.

MEETING DATE: March 27, 2024

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

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

PREPARED BY: Christine Bennett, Finance Manager

SUBJECT: Public Hearing: Resolution No. R. 05-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Adopting the Operating and Capital Budget of the Big Bear Area Regional Wastewater Agency for Fiscal Year 2025, Approving Budgeted Projects and Finding Approval of the Budget and Budgeted Projects Exempt from Review Under the California Environmental Quality Act

BACKGROUND & DISCUSSION:

Pursuant to the Agency's appropriation and expenditure policy, the Agency will annually prepare a balanced budget for review, approval, and adoption prior to May 1st.

On February 28, 2024, a Budget Workshop was held wherein the Governing Board reviewed and discussed the Agency's proposed FY 2025 Budget and five-year forecast. There has been one change to the proposed budget since the Budget Workshop. The Agency received estimated insurance costs from the insurance provider which are higher than forecasted. Insurance costs are estimated to increase by 30% or \$69,279 (vs. 18% or \$41,701 previously presented) as a result of higher than anticipated increases in pool reinsurance rates based on early estimates from the reinsurance brokers.

Information pertaining to finding approval of the budget and budgeted projects exempt from review under CEQA is an attachment to this staff report.

ENVIRONMENTAL ANALYSIS:

As in past years, the 2025 Fiscal Year Budget sets financial priorities for BBARWA and authorizes staff to expend funds on the pursuit of certain projects. This year, the specific projects identified within the Budget involve in-kind equipment replacement, and repairs and maintenance to existing facilities in addition to the engineering, environmental, and complete pre-construction activities associated with the Replenish Big Bear Project ("RBB"). Specifically, the proposed projects identified in the Budget before the Governing Board include: 1) replacement of the HVAC chiller in the administrative building, 2) replacement of a dump truck, 3) replacement of a loader 4) rehabilitation of the oxidation ditch wall, 5) replacement of siding and roofing on the sludge building, 6) repair and replacement of the roofing on the operations building, and 7) performing engineering, environmental, other pre-construction activities, and construction related to Replenish Big Bear ("RBB").

Based on the nature of projects 1 through 6, and as described in greater detail in the proposed Governing Board Resolution, staff is recommending that the Governing Board find that the adoption of the Budget and approval of projects 1 through 6 are exempt from environmental review under CEQA. Project 7 is currently being reviewed in accordance with CEQA and funding is contingent upon CEQA approval. Staff would return to the Governing Board for further Governing Board authorization as to any major projects outside of these improvements or if the nature and scope of these proposed activities changes in any significant way.

Specifically, staff recommend that the Governing Board find that the Budget is not a “project” under State CEQA Guidelines section 15378 because there is no potential that approval of the Budget will result in either a direct physical change or reasonably foreseeable indirect change in the environment. In the alternative, and even assuming the FY 2025 Budget is a “project” within the meaning of CEQA, the Budget is nonetheless exempt from CEQA review pursuant to State CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that approval of the Budget has no potential for direct physical impacts to the environment.

Likewise, each of the six proposed activities identified in the Budget are exempt, both individually and in the aggregate, for the same reasons as the Budget. Finally, each of the six proposed activities are also exempt from CEQA, because the activities merely involve the in-kind replacement of existing facilities, and repair/maintenance of facilities that already exist, or the installation of small new equipment and facilities in small structures—all of which are exempt under State CEQA Guidelines section 15301, 15302, and 15303 as set forth in the proposed Governing Board Resolution.

Lastly, the Budget is exempt from under State CEQA Guidelines § 15273 since the Budget includes rate adjustments to assist in funding RBB to maintain service within existing service areas. Moreover, the Budget and related Project Approvals do not constitute an approval of RBB subject to CEQA. The Budget provides funding for engineering, environmental, and other pre-construction activities related to RBB, and this pre-project activity is exempt from CEQA under State CEQA Guidelines section 15262. RBB construction activities are currently being reviewed in accordance with CEQA and funding is contingent upon CEQA approval. The Budget and related Project Approvals do not commit BBARWA to approving RBB. BBARWA has prepared an Environmental Impact Report (EIR) for RBB pursuant to CEQA, and BBARWA has circulated the EIR for public review, and will consider the EIR along with any public comment before considering approval of RBB in the future.

FINANCIAL IMPACT:

The FY 2025 Budget will provide appropriations for the fiscal year ending June 30, 2025.

RECOMMENDATION:

1. Adopt Resolution No. R. 05-2024;
2. Adopt the Budget, approve the seven proposed activities described above;
3. Direct staff to file a CEQA Notice of Exemption, as set forth in the attached Governing Board Resolution No. R. 05-2024; and
4. In the event that the Replenish Big Bear Project is cancelled, direct staff to bring a budget amendment to the Governing Board once final costs have been determined.

ATTACHMENTS:

- Resolution No. R. 05-2024
- Notice of Exemption
- FY 2025 Budget

RESOLUTION NO. R. 05-2024

A RESOLUTION OF THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY ADOPTING THE OPERATING AND CAPITAL BUDGET OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY FOR FISCAL YEAR 2025, APPROVING BUDGETED PROJECTS, AND FINDING APPROVAL OF THE BUDGET AND CERTAIN BUDGETED PROJECTS EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, the Big Bear Area Regional Wastewater Agency (“BBARWA” or “Agency”), established in 1974, is a public agency formed to transport, treat and dispose of wastewater for the entire Big Bear Valley area residents and businesses; and

WHEREAS, the purpose of BBARWA, pursuant to its Joint Powers Agreement, is to create an agency that will acquire, construct, install, maintain, and operate a regional system for the treatment and disposal of sewage and wastewater for the entire Big Bear Valley area; and

WHEREAS, to fulfill this purpose, it is necessary that BBARWA’s Governing Board adopt a budget for the Agency for the 2025 Fiscal Year; and

WHEREAS, staff evaluated the estimated budgetary needs for the Agency for the 2025 Fiscal Year and prepared a budget proposal, which includes funding for seven projects to maintain or replace existing equipment, purchase small equipment, and complete pre-construction activities associated with the Replenish Big Bear Project (“Budget”). The seven potential projects include: 1) replacement of the HVAC chiller in the administrative building, 2) replacement of a dump truck, 3) replacement of a loader 4) rehabilitation of the oxidation ditch wall, 5) replacement of siding and roofing on the sludge building, 6) repair and replacement of the roofing on the operations building, and 7) performing engineering, environmental, other pre-construction activities, and construction related to Replenish Big Bear (“RBB”).

WHEREAS, staff evaluated the potential projects in light of the standards for environmental review outlined in the California Environmental Quality Act (Pub. Resources Code, §§ 21000 et seq.) and the California Code of Regulations (Cal. Code Regs., tit. 14, §§ 15000 et seq.) (“State CEQA Guidelines”); and

WHEREAS, as for projects 1 through 6 detailed above, staff evaluated the proposals and determined that each proposal, as well as the proposals in the aggregate, would not constitute a project within the meaning of State CEQA Guidelines section 15378; and

WHEREAS, even assuming each of projects 1 through 6 constitute a project within the meaning of CEQA, staff have evaluated each proposal and determined that each, individually and in the aggregate, would be exempt from CEQA review pursuant to one or more of the

following sections of the State CEQA Guidelines: 15061(b)(3), 15301, 15302, 15303, 1527, and 15378; and

WHEREAS, project 7 is currently being reviewed in accordance with CEQA and funding is therefore contingent upon approval, if any, of project 7; and

WHEREAS, on March 27, 2024 at a regularly scheduled meeting, the Governing Board considered staff's proposed budget and staff report, and accepted any oral and written testimony from interested parties; and

WHEREAS, having reviewed and considered the information contained in the potential projects, together with the staff report, all comments made at the meeting, and all other information before the Governing Board, the Governing Board has determined that projects 1 through 6 are not subject to further environmental review under CEQA; and

WHEREAS, the proposed budget is attached hereto as Exhibit "A"; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Compliance with the California Environmental Quality Act and Findings on Environmental Impacts. The Governing Board hereby finds and determines that the approval by the Governing Board of the Annual Budget for the 2025 Fiscal Year ("FY 2025 Budget" or "Budget") is not a project pursuant to CEQA. Specifically, the Governing Board finds that approval of the FY 2025 Budget is not a project under State CEQA Guidelines section 15378 because there it is a fiscal planning activity and there is no potential that approval of the Budget will result in either a direct physical change or reasonably foreseeable indirect change in the environment. In the alternative, and assuming the FY 2025 Budget is a project within the meaning of CEQA, the Governing Board finds that the Budget is nonetheless exempt from CEQA review pursuant to State CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that approval of the Budget has no potential for direct physical impacts to the environment.

Additionally, and even if the Budget and projects 1 through 6 are a CEQA "project," they are still categorically exempt from further environmental review pursuant to State CEQA Guidelines, §§ 15301, 15302, and 15303 because the Budget and the proposed projects 1 through 6 involve:

- the operation, repair, maintenance, or minor alteration of existing public structures, facilities, or mechanical equipment that will result in negligible or no expansion of use beyond that existing today, such that the proposed projects 1 through 6 are categorically exempt from CEQA pursuant to State CEQA Guidelines §15301;

- the replacement or reconstruction of existing structures and facilities, which will be located on the same site have substantially the same purpose and capacity as the structure or facility replaced, such that projects 1 through 6 are categorically exempt from CEQA pursuant to State CEQA Guidelines § 15302;
- the construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure, such that projects 1 through 6 are categorically exempt from CEQA pursuant to State CEQA Guidelines § 15303.

Further, the Governing Board finds that none of the “exceptions” to the use of the categorical exemptions exist pursuant to State CEQA Guidelines § 15300.2. Specifically, the Governing Board finds that none of projects 1 through 6 will:

- be located within or adjacent to a particularly sensitive environment, because projects 1 through 6 will occur within BBARWA’s existing facilities or in areas already fully developed with existing facilities;
- result in a potentially significant cumulative impact, because projects 1 through 6 are intended to maintain the existing system and existing services rather than to introduce new facilities which may result in cumulative impacts;
- result in a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances, because projects 1 through 6 are exactly the type of repair and replacement actions commonly required for the ongoing maintenance of public infrastructure and thus do not present any “unusual circumstances”;
- result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway; or
- be located on a hazardous waste site included on any list compiled pursuant to § 65962.5 of the Government Code.

Lastly, the Budget is exempt from under State CEQA Guidelines § 15273 since the Budget includes rate adjustments to maintain service within existing service areas.

As to the Replenish Big Bear Project (“RBB”) (i.e., project 7), the approval of the Budget does not constitute an approval of RBB, but rather allows BBARWA to approve the Budget for fiscal planning purposes. Accordingly, funding for RBB from this Budget is contingent upon approval of RBB. BBARWA is currently preparing an Environmental Impact Report (EIR) for RBB pursuant to CEQA in order to solicit public input and evaluate whether BBARWA may approve RBB.

SECTION 2. Approval and Adoption of the Annual Budget for Fiscal Year 2025.

The Governing Board hereby approves and adopts the FY 2025 Budget, a copy of which has been provided to each Governing Board Member. By approving the Budget, the Governing Board hereby also approves each of the seven projects recommended by staff, including: 1) replacement of the HVAC chiller in the administrative building, 2) replacement of a dump truck, 3) replacement of a loader 4) rehabilitation of the oxidation ditch wall, 5) replacement of siding and roofing on the sludge building, and 6) repair and replacement of the roofing on the operations building. The RBB will be considered for potential approval by the Board only after consideration of the Final EIR for RBB at a later date.

SECTION 3. Execution of Resolution.

The Chair of the Governing Board shall sign this Resolution and the Secretary to the Governing Board shall certify this Resolution was duly and properly adopted by the Governing Board.

SECTION 4. Notice of Exemption.

The Governing Board hereby directs staff to file a Notice of Exemption with the San Bernardino County Clerk within five (5) working days of the adoption of this resolution.

SECTION 5. Location of Documents.

The documents and materials that constitute the record of proceedings on which these findings have been based are located at BBARWA's office located at 121 Palomino Drive, Big Bear City, California 92314. The custodian for these records is the General Manager of BBARWA.

SECTION 6. Certified Copies.

Certified copies of this Resolution and copies of said budget shall be delivered to the County of San Bernardino on behalf of County Service Area 53B, the Big Bear City Community Services District, and the City of Big Bear Lake.

PASSED, ADOPTED, AND APPROVED this 27th day of March, 2024.

Jim Miller, Chair of the Governing Board
of the Big Bear Area Regional Wastewater Agency

ATTEST:

I, Bridgette Burton, Secretary to the Governing Board of the Big Bear Area Regional Wastewater Agency, DO HEREBY CERTIFY that the foregoing Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency, Adopting the Operating and Capital Budget of the Big Bear Area Regional Wastewater Agency for Fiscal Year 2025, Approving Budgeted Projects and Finding Approval of the Budget and Budgeted Projects Exempt from Review Under the California Environmental Quality Act, being Resolution No. R. 05-2024, was adopted at a regular meeting on March 27, 2024 of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

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

	Budget <u>FY 2025</u>
Operating Revenues:	
Annual Charges	\$9,143,600
Standby Charges	73,252
Rental Income	10,924
Waste Disposal	22,244
Other Revenue	<u>0</u>
Total Operating Revenues	9,250,019
Operating Expenses:	
Salaries and Benefits	3,274,752
Power	516,348
Sludge Removal	344,723
Chemicals	106,023
Materials and Supplies	178,420
Repairs and Replacements	295,861
Equipment Rental	2,004
Utilities Expense (other than power)	39,739
Communications Expense	58,862
Contractual Services - Other	135,701
Contractual Services - Professional	158,535
Permits and fees	276,859
Property Tax Expense	4,252
Insurance	298,302
Other Operating Expense	65,744
Depreciation Expense	<u>1,509,638</u>
Total Operating Expenses	7,265,763
Operating Income	1,984,256
Nonoperating Income	
Gain (loss) on asset disposition	2,575
Grant Proceeds	4,747,377
Interest Income	315,625
Other Nonoperating Income	<u>55,917</u>
Nonoperating income	5,121,493
Nonoperating Expense	
Other Expense	5,040
Interest Expense	<u>299,323</u>
Nonoperating expense	304,364
Income before Contributions	6,801,386
Connection Fees	<u>188,100</u>
Change in Net Position	\$6,989,486

EXHIBIT A CONTINUED
FY 2025 Budget
STATEMENT OF CASH FLOWS
For the Period Ending June 30, 2025

Budget
FY 2025

Cash from operating activities:

Operating Income (Loss)	\$1,984,256
Depreciation expense	1,509,638
Change in Working Capital	<u>(59,294)</u>
Net cash provided by op activities	3,434,601

Cash from noncapital financing:

Payment of pension related debt/liability	0
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Cash from capital and related financing:

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

Cash from investing:

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

NET CHANGE IN CASH	\$2,005,642
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Beginning Cash Balance	\$11,915,317
Ending Cash Balance	<u>13,920,959</u>
Change in Cash Balance	\$2,005,642

EXHIBIT A CONTINUED
FY 2025 Budget
CAPITAL EXPENDITURES
For the Period Ending June 30, 2025

Budget
FY 2025

ADMINISTRATION BUILDING

Administration Building - HVAC Boiler and Controls	<u>\$66,617</u>
Total administration building	66,617

TRANSPORTATION EQUIPMENT

Vehicles

Dump Truck Replacement	102,355
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Heavy Equipment and Accessories

Loader	<u>147,946</u>
Total transportation equipment	250,301

TREATMENT PLANT

Processing Equipment

Oxidation Ditch Wall Rehabilitation	762,569
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Structures

Sludge Building- Siding	11,086
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Sludge Building - Roofing	79,105
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OAC

OAC Roofing	<u>79,105</u>
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Total treatment plant	931,865
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REPLENISH BIG BEAR

Replenish Big Bear Pre-Construction	1,386,158
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Replenish Big Bear Construction (contingent on EIR approval)	3,210,605
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TOTAL

\$5,845,546

NOTICE OF EXEMPTION

TO: Clerk of the Board of Supervisors County of San Bernardino 385 North Arrowhead Avenue, 2nd Fl. San Bernardino, CA 92415	FROM: Big Bear Area Regional Wastewater Agency P.O. Box 517 121 Palomino Dr. Big Bear City, CA 92314 Phone: (909) 584-4018
Project Title:	Adoption of the Annual Budget for Fiscal Year 2025 and Approval of Repair, Maintenance and Pre-Construction Activities.
Project Location – Identify street address and cross streets or attach a map showing project site (preferably a USGS 15’ or 7 1/2’ topographical map identified by quadrangle name):	Big Bear Area Regional Wastewater Agency (“BBARWA”) service area (map of location where projects will occur is attached)
a) Project Location – City:	Big Bear City
Project Location – County:	County of San Bernardino
Description of nature, purpose, and beneficiaries of Project:	Adoption of the annual budget for Fiscal Year 2025 (the “Budget”), which includes funding for six separate and independent projects to maintain or replace existing equipment, purchase small equipment, and complete pre-construction activities associated with the Replenish Big Bear Project (“Budget”). The six separate potential projects include: 1) replacement of the HVAC chiller in the administrative building 2) replacement of a dump truck, 3) replacement of a loader, 4) rehabilitation of the oxidation ditch wall, 5) replacement the siding and roofing on the sludge building, and 6) repair and replacement of the roofing on the operations. (collectively, “Proposed Approvals”)
Name of Public Agency approving project:	Big Bear Area Regional Wastewater Agency
Name of Person or Agency undertaking the project, including any person undertaking an activity that receives financial assistance from the Public Agency as part of the activity or the person receiving a lease, permit, license, certificate, or other entitlement of use from the Public Agency as part of the activity:	Big Bear Area Regional Wastewater Agency P.O. Box 517 121 Palomino Dr. Big Bear City, CA 92314 Phone: (909) 584-4018
Exempt status: (check one)	
<input checked="" type="checkbox"/> Not a project.	State CEQA Guidelines § 15378
<input checked="" type="checkbox"/> Statutory Exemption.	State CEQA Guidelines § 15273
<input checked="" type="checkbox"/> Categorical Exemption.	State CEQA Guidelines § 15301, 15302, 15303
<input checked="" type="checkbox"/> Other. Explanation:	State CEQA Guidelines § 15061(b)(3)
Reason why project was exempt:	The March 27, 2024 approval of the Budget and Proposed Approvals is not a CEQA “project,” because the Budget and Proposed Approvals will not result in any direct or reasonably foreseeable indirect environmental impacts under State CEQA Guidelines § 15378. Further, the

	<p>Budget and Proposed Approvals are not subject to CEQA review, because it can be seen with certainty that they have no potential to impact the environment under State CEQA Guidelines § 15061(b)(3).</p> <p>Additionally, and even if the Budget and the Proposed Approvals are a CEQA “project,” they are still categorically exempt from environmental review pursuant to State CEQA Guidelines, §§ 15301, 15302, 15303, and 15311 because the Budget and the Proposed Approvals involve:</p> <ul style="list-style-type: none"> • the operation, repair, maintenance, or minor alteration of existing public structures, facilities, or mechanical equipment that will result in negligible or no expansion of use beyond that existing today pursuant to State CEQA Guidelines §15301; • the replacement or reconstruction of existing structures and facilities, which will be located on the same site have substantially the same purpose and capacity as the structure or facility replaced pursuant to State CEQA Guidelines § 15302; • the construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure pursuant to State CEQA Guidelines § 15303. <p>Finally, none of the “exceptions” to the categorical exemptions apply under State CEQA Guidelines § 15300.2.</p> <p>Lastly, the Budget is exempt from under State CEQA Guidelines § 15273 since the Budget includes rate adjustments to maintain service within existing service areas.</p>
Contact Person:	David Lawrence
Telephone:	(909) 584-4018

Date Received for Filing: _____

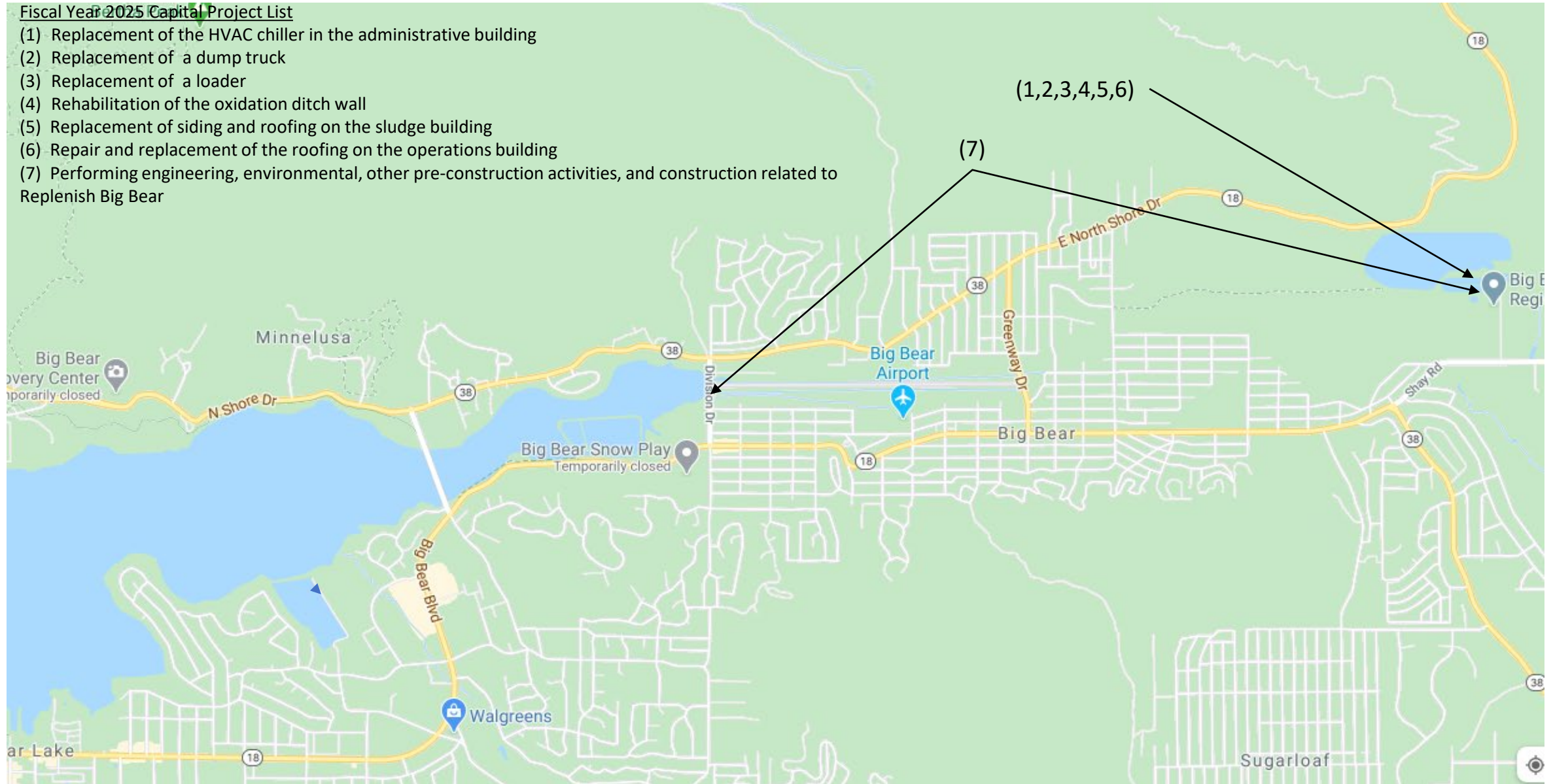
(Clerk Stamp Here)

Signature (Lead Agency Representative)/Title

Project Location Map

Fiscal Year 2025 Capital Project List

- (1) Replacement of the HVAC chiller in the administrative building
- (2) Replacement of a dump truck
- (3) Replacement of a loader
- (4) Rehabilitation of the oxidation ditch wall
- (5) Replacement of siding and roofing on the sludge building
- (6) Repair and replacement of the roofing on the operations building
- (7) Performing engineering, environmental, other pre-construction activities, and construction related to Replenish Big Bear





2025 BUDGET

FISCAL YEAR ENDING JUNE 30, 2025

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

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

www.bbarwa.org

121 Palomino Drive, Big Bear City, California 92314



Our Mission

Our mission is to effectively collect, treat and beneficially reuse wastewater and biosolids in an environmentally and fiscally responsible manner.

Board of Directors

Jim Miller, Chair

Rick Herrick, Vice Chair

John Russo, Director

Kendi Segovia, Director

Larry Walsh, Director

General Manager

David Lawrence

Finance Manager

Christine Bennett

Plant Manager

John Shimmin

The Big Bear Area Regional Wastewater Agency is a joint powers agency proudly serving the areas of Big Bear Lake, Big Bear City, Erwin Lake, Fawnskin, Lake Williams, and Sugarloaf.



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Section 1: Introduction and Overview

Message from the General Manager

As we embark on our 50th year of continuous service to the Big Bear Valley (Valley), we are pleased to present the Fiscal Year ending June 30, 2025 Operating and Capital Budget. This budget is balanced and fiscally sound and demonstrates the Agency's commitment to providing continuous quality service to the Member Agencies and the community while preserving long-term financial stability.

Factors considered when making budgetary decisions include cost control, timely maintenance of infrastructure, and meeting or exceeding all operating and regulatory requirements for the treatment and disposal of wastewater while keeping in line with Governing Board directed policies and strategic initiatives. The FY 2025 budget encompasses the Agency's mission, vision, and goals by:

- Implementing a plan for reclaimed water.
- Prudent capital improvement planning.
- Succession planning.
- Improving efficiency, sustainability, and energy independence.
- Having a trained and talented workforce.
- Service sharing with partners in the region.
- Leveraging opportunities to support the Agency's mission.

With the Replenish Big Bear project (RBB) in flux at the time of publication, this budget includes revenues and expenditures related to the project. Piloting for RBB began in FY 2023 and was completed in FY 2024 providing valuable data on the processes anticipated to be used for the project. Construction is set to begin in FY 2025 and project completion is anticipated to be in FY 2028. Funding for RBB includes federal and state grants, partner agency contributions, and debt. The Agency has applied for a Water Infrastructure Finance and Innovation Act (WIFIA) loan which is a long-term low interest loan that will fund the majority of the construction costs. Funding the project through debt allows intergenerational equity by distributing ratepayer fee increases over a period of time so as not to assess unmanageable rate increases in any given year. This project will provide many benefits to the Valley including protecting essential water supplies, improving wildlife and fish habitats, and supporting recreation so the tourism economy can continue to thrive.

Based on the approved 5 year rate schedule, operating revenues increase by 18% in FY 2025. Operating expenses (before depreciation) increase by 7%. Capital expenditures, including RBB are projected to be approximately \$5.8 million with \$1.2 million funded through pay-go for current operations and the remaining \$4.6 million for RBB funded through grants and low-interest loans. In summary, the Agency is financially strong with all minimum reserve requirements met due to the Governing Board's conservative fiscal management, and the Agency's commitment to accountability and strong financial management.

We wish to thank the Governing Board for their guidance and support throughout the development of this budget.

A handwritten signature in dark ink, appearing to read "David Lawrence".

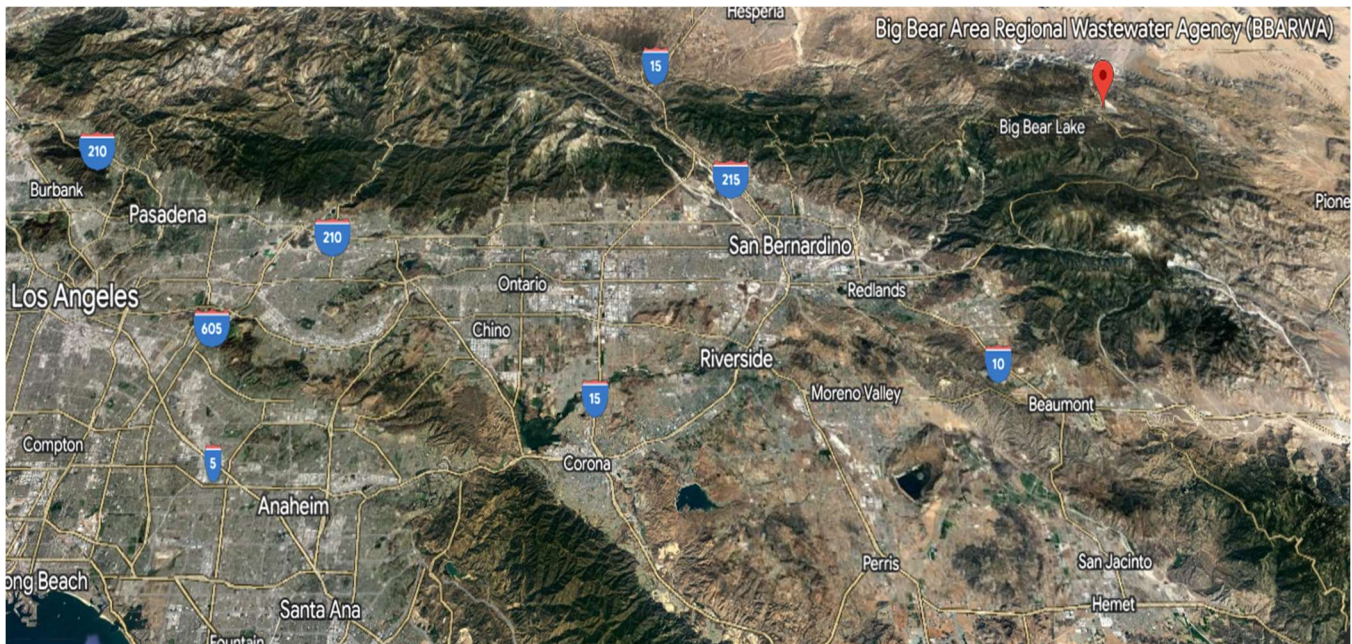
David Lawrence, P.E.
General Manager



Agency Profile

Location

The Agency is located in the San Bernardino Mountains of Southern California. The Big Bear Area is a resort community located approximately 100 miles northeast of the City of Los Angeles and provides year-round recreational opportunities which include biking, boating, fishing, camping, golfing, hiking, snow skiing, and snowboarding. The Big Bear area has a growing population of permanent residents and seasonal visitors. There are approximately 22,000 residential structures throughout the area serving permanent and part-time residents, with several million visitors arriving each year to engage in recreational activities.



Formation

The Agency was formed in 1974 under a Joint Powers Agreement for the purpose of conveying, treating, and disposing of sewage from the Big Bear City Community Services District, the City of Big Bear Lake, and the County of San Bernardino on behalf of San Bernardino County Service Area 53B (the Member Agencies). The Agency was created as a management agency, obligated to provide service to the three Member Agencies under the terms set forth in its operating agreements. Each Member Agency maintains and operates its own wastewater collection system and delivers wastewater to the Agency's interceptor system for transport to the wastewater treatment plant. The Agency's service area encompasses the entire 79,000 acres of the Big Bear area.

Facilities

The Agency's facilities include a 4.8 million gallon-per-day sewage treatment plant, interceptors, outfall line, and disposal site. The Agency operates three main lines: Lake Pump Station (LPS) force main that services the City of Big Bear Lake's wastewater system; North Shore Interceptor that services the County's wastewater system, and the trunk line that services the Big Bear City Community Services District's wastewater system and conveys flow from the North Shore Interceptor to the wastewater treatment plant. The Agency's facilities operate under permit from the California Regional Water Quality Control Board, Santa Ana Region, Order No. R8-2005-0044. The Agency's 640-acre disposal site is located northeast of the Agency in the desert community of Lucerne Valley. The effluent from the treatment plant is pumped to Lucerne Valley for irrigation of fodder and fiber crops under permit from the California Regional Water Quality Control Board, Colorado River Basin, Order No. R7-2021-0023. The disposal site is leased to an independent contractor.



Administration and Operations

The Agency is governed by a five-member Governing Board appointed annually by the governing bodies of its three Member Agencies. The Agency has permanent staffing consisting of five administrative personnel and ten operations personnel.

Strategic Goals and Strategies

In 2015, the Agency retained the services of a consultant to facilitate and coordinate the development of the strategic plan. The development process was a collaborative effort which included input from multiple agencies, the Governing Board, BBARWA staff, and the public. Workshops were held with the public, partner agencies, BBARWA staff, and the Governing Board. Based on input from the workshops, the Governing Board developed the mission, vision, and core values and set the overall structure of the strategic plan. The Agency then collaborated with the consultant to address the Agency's key areas of focus for strategic elements, develop objectives for each strategic element incorporating the established components of the strategic vision where applicable, and establish an action plan. The plan is reviewed periodically to evaluate the existing plan for progress and changing needs.

The Agency's strategic plan sets important direction for the Agency and establishes the mission, vision, and core values.

MISSION

The mission statement is a succinct statement of BBARWA's purpose. It focuses on the present, defines the customers and critical processes, and informs about the desired level of performance.

BBARWA's mission is to efficiently collect, treat, and beneficially reuse wastewater and bio-solids in an environmentally and fiscally responsible manner.



VISION

The vision statement is a statement of where BBARWA wants to be. It focuses on the future, is a source of inspiration, and drives the Agency's plan.

Our Vision:

- Implement a plan for reclaimed water.
- Continue to be on track with the implementation of the capital improvement plan.
- Have a succession plan for all levels of the organization.
- Have updated operational systems to improve efficiency, sustainability, and energy independence.
- Continue to have a trained, talented, and motivated workforce.
- Be sharing services with our partners in the region.
- Leveraging any and all opportunities in support of the mission.

CORE VALUES

Core Values are those things to which the Board of Directors is fiercely dedicated. The Board of Directors can return to the Core Values to remind themselves of their overall importance. Core Values drive "the way we work here."

- Fairness (equity among member agencies).
- Ethical Behavior
- Integrity
- Respect
- Honesty
- Accountability
- Open Mindedness
- Transparent Communications
- Cooperation, as we implement the Vision and Mission
- BBARWA employees (as a valuable asset)

Over the past several years, and continuing into the future, the Agency has implemented and will implement projects and processes to align with goals stated in the Vision statement. Those projects and processes are indicated below.

- Implement a plan for reclaimed water.
 - Complete and implement a plan for recycled/reclaimed water.
 - After several years of research and planning, piloting for the Replenish Big Bear (RBB) project was completed in FY 2024. Through state of the art processes, the RBB project will produce high-quality water that exceeds drinking water standards. The reclaimed water will be used to restore water levels above and below ground throughout the Big Bear Valley increasing groundwater levels in the valley to protect the community's drinking water supply, restoring lake levels that will support recreation and enhance the tourism economy, and supplying needed water to improve wildlife and fish habitats. Construction for the RBB project is expected to begin during this Fiscal Year.



- Continue to be on track with the implementation of the capital improvement plan.
 - Maintain a 20-Year capital improvement plan.
 - The Agency maintains a 20-year capital improvement plan to ensure completion of capital maintenance and replacement projects in a timely manner.
- Have a succession plan for all levels of the organization.
 - Develop a succession plan for all Agency positions.
 - The Agency continues to assess staffing needs for all levels of the organization.
- Have updated operational systems to improve efficiency, sustainability, and energy independence.
 - Analyze and assess systems and processes.
 - Through the 20-year capital improvement plan, the Agency continues to look to improve operational efficiency.
 - The Agency has installed solar which has drastically reduced energy dependence.
- Continue to have a trained, talented, and motivated workforce.
 - Evaluate current training programs and assess needs for additional training.
 - Staff continue to utilize training offerings to enhance their working knowledge.
 - All plant operations staff have obtained the required certifications to keep in compliance with mandates.
- Be sharing services with our partners in the region.
 - Identify partners and stakeholders and ways to support and share services.
 - Planning, design, and project completion for the RBB project relies on input from many stakeholders in the community.
 - Local agencies pledged monies to help with the planning and design process of the RBB project which helped to bring the project to where we are today.
 - The Agency continues to work with local agencies and stakeholders to help with cost sharing once the RBB project is up and running.
- Leveraging any and all opportunities in support of the mission.
 - Assess and implement processes that efficiently collect, treat, and beneficially reuse wastewater and bio-solids in an environmentally and fiscally responsible manner.
 - The Agency continues to improve operational efficiency through its 20-year capital improvement plan.
 - The RBB project is set to be online by FY 2028. The finished project will treat and reuse wastewater in an environmentally and fiscally responsible manner.

The strategic plan is an important management tool for the Agency. It aids in decision making and goal setting, promotes operational effectiveness, and influences the Agency's ability to successfully plan for the future. The agency has created a framework of performance objectives by function. A summary is below:

Administration

To be a well-managed, strategically focused, and forward-looking organization.

Finance

To be a financially strong and stable organization.

Personnel & Organization

To attract and sustain a trained, talented, motivated workforce committed and engaged in integrating the Agency's mission and core values in their daily work.



Operations

To operate and maintain facilities in a manner that produces high-quality effluent and bio-solids, exceeds all regulatory requirements, and is financially responsible.

Partnerships

To build partnerships through honest, open dialogue.

Water Sustainability

To cost-effectively implement a comprehensive water sustainability program to promote the beneficial use of treated municipal wastewater in order to supplement and augment fresh water supplies while protecting the region's environment and public health. The Agency will work together through regional collaboration to protect and conserve the region's resources.

Short-Term Factors Influencing the FY 2025 Budgetary Decision

The Agency, as a matter of practice, focuses on 1) cost control, with the growth in operating costs maintained at or near inflation, 2) timely maintenance of infrastructure, and 3) meeting or exceeding all operating and regulatory requirements for the treatment and disposal of wastewater. These factors influence each budget and overlap with Governing Board directed priorities and strategic initiatives. Controlling costs is paramount and allows the Agency to better maintain adequate, affordable, and stable rates. Adequate rates, in turn, provide for the timely maintenance of infrastructure, and the satisfaction of mandated regulatory and operating requirements and the terms of the Agency's operating agreement with its Member Agencies. Other factors impacting financial performance and operational/financial management during FY 2025 are as follows:

Replenish Big Bear

Construction for the RBB project is expected to begin in FY 2025. RBB will provide a constant drought-proof source of water to restore wetland habitat and sustain the area's diverse species as well as provide more stable lake levels and groundwater sustainability. This will be accomplished through an advanced purification facility which will utilize multiple treatment processes to produce purified water that meets or exceeds all state and federal water quality standards to protect health and the environment. A five-year rate study was conducted in FY 2023 to account for costs related to reserve requirements, debt financing, and the first year of operations for RBB. As a result of the rate study, the RBB portion of the sewer user rates result in a 14% increase in FY 2025.

Inflation

In response to the COVID19 pandemic, inflation has been extremely volatile over the last several years. The rapid and unexpected increases in inflation resulted in wide variations in forecasts. Inflation began to moderate in FY 2024 and is expected to continue to decrease to acceptable levels (approximately 3%) thereafter driven by upward adjustments to the federal funds rate which increased interest rates, effectively slowing economic growth. Additionally, supply pressures on the prices of many goods are receding.

Staffing Changes and COLA Adjustment

Per Governing Board direction, the annual COLA adjustment is based on the annual average of the regional Consumer Price Index for all Urban Consumers (currently Riverside, San Bernardino, Ontario). The 2023 Annual Average Consumer Price Index (CPI) was 4.7% and has been incorporated in the FY 2025 budget. In an effort to curb growing personnel costs, merit adjustments are capped at 3.3%. The annual allowable adjustment is 8% (not including Longevity).



With the additional administrative duties that are required to be completed for the RBB project and taking into account current essential daily duties, an Administrative Assistant position has been added to assist the Administrative Services Manager/Board Secretary and Finance Manager complete these necessary tasks.

Employee Benefits Increase

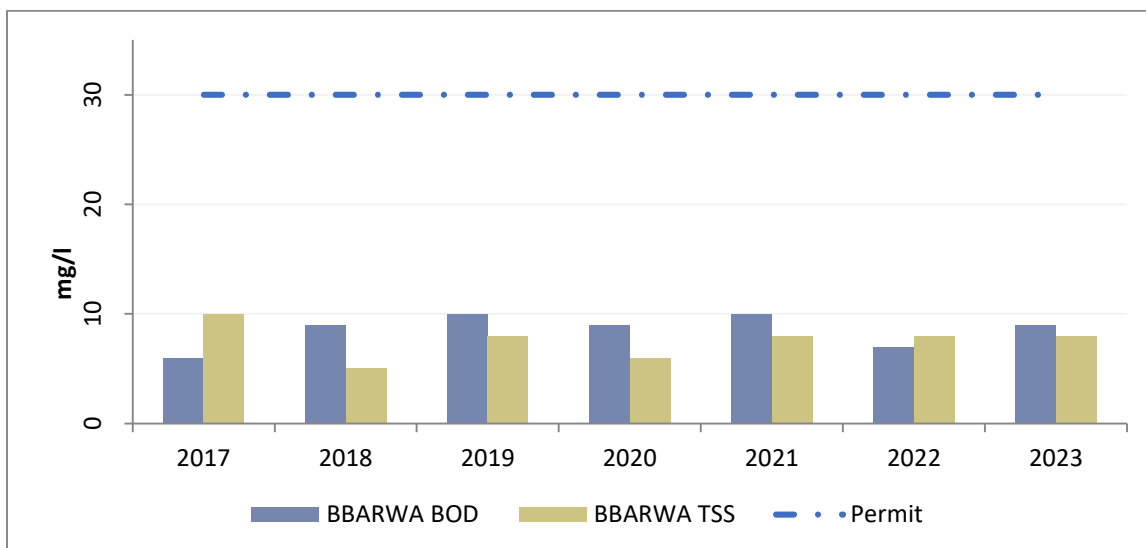
Employee benefits expense is expected to grow 12% in FY 2025. An increase in medical premiums will result in an estimated 6% increase per individual plan. The Agency is expected to experience an increase in pension costs driven by changes in the assumed rate of return on pension assets which was lowered from 7.5% to 6.8% over the last few years. Additionally, OPEB contributions will increase during the forecast period as a result of a lower assumed rate of return than previously projected of 6.15%.

Core Business and Operating Objectives

Core Business

The Agency's core business is operating and maintaining the collection, treatment, and disposal system in a manner that ensures all federal and state requirements associated with the Agency's treatment and discharge of wastewater are met. Industry measures for effluent quality and the effectiveness of wastewater treatment include the Biological Oxygen Demand (BOD) and Total Suspended Solids (TSS). BOD is a measure of how much oxygen is required to biologically decompose organic matter in the water. TSS is the total amount of suspended materials in the water. Both measure the strength of wastewater discharges and are each limited to 30 milligrams per liter (30 mg/l) under the Agency's Santa Ana Region and Colorado River Basin Region discharge permits.

Discharge Permit Requirements Compared to Actual



Operating Objectives

The Agency's near-term operating objectives remain primarily unchanged from the prior period. The Agency's objectives for FY 2025 are 1) maintaining adequate rates, 2) controlling labor costs, and 3) capital planning for infrastructure replacements and capacity expansion.



Maintaining Adequate Rates

Budgeting and long-term financial planning contribute to both the adequacy and stability of rates. Through the annual budget process, the Agency analyzes sewer user fees, and the level of fees needed each year. The Agency conducted a comprehensive rate review by a qualified rate consultant for a five-year period beginning FY 2023 through FY 2028.

Annual charges for sewer user fees, pursuant to the Agency's Operating Agreement No. 1, are collected from three member agencies based on Equivalent Dwelling Units (EDU's) and flow per Agency and account for approximately 98% of the Agency's operating revenues. The Agency's goal is to manage annual changes at or near inflation.

With the addition of the RBB project, annual charges will be higher than inflation as the Agency builds required reserves and funds operational needs for the project through FY 2029. Beginning FY 2030, annual rate changes are expected to return to near inflation.

Controlling Labor Costs

In an attempt to keep pay scales in line with market, better stabilize costs, and to avoid large, infrequent pay schedule adjustments that can be difficult to manage, the Governing Board approved the Compensation Studies Policy which established uniform practices for periodic compensation studies by a qualified consultant. Positions with a top of pay scale that is more than 5% of the labor market medium will be frozen until the next study is completed or other determination by the Governing Board. A compensation study was completed for the FY 2024 budget cycle.

Additionally, making annual inflationary adjustments to the Agency's pay scales helps the Agency stay competitive with the market. To manage the increase in the COLA adjustment for FY 2025 and in an effort to control labor costs, the Agency is reducing annual merit adjustments (up to 5%) for those employees that are eligible to 3.3%.

Capital Planning

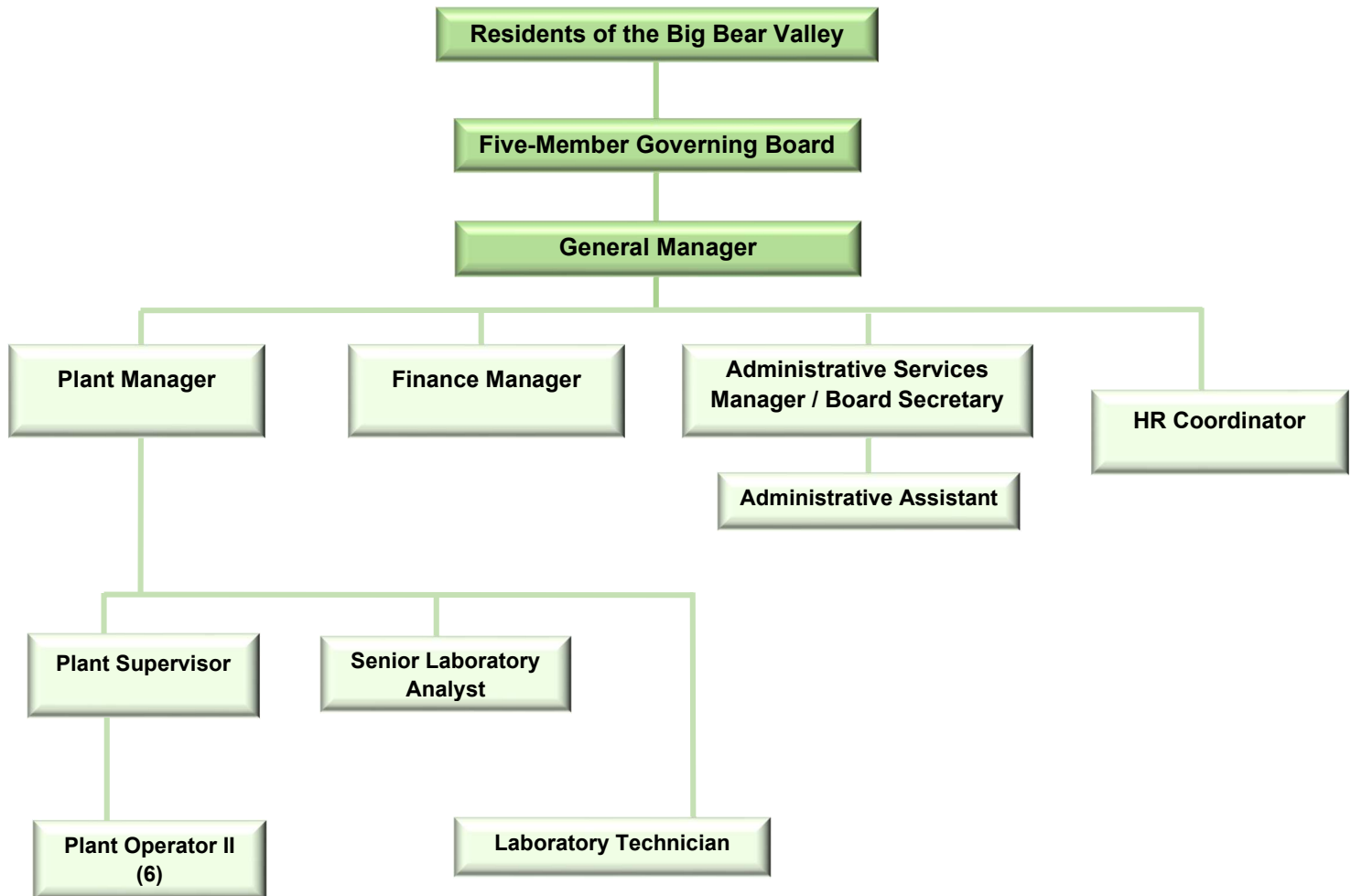
The Agency maintains a 20-year capital plan to ensure completion of capital maintenance and replacement projects in a timely manner. This optimizes system performance, enabling the Agency to produce high quality effluent and bio-solids, meet discharge requirements, and avoid the high cost of crisis management and system failure. Construction is expected to begin on the RBB project in FY 2025. The RBB project will enhance BBARWA's treatment process with additional steps, using proven technology to achieve safe high-quality water that exceeds drinking water quality standards. Infrastructure upgrades will include new and extended pipelines, wastewater treatment facility upgrades, and two new pump stations.





Section 2: Financial Structure, Policy, and Process

Organizational Chart





Governance

The Agency is governed by a five-member Governing Board appointed annually by the governing bodies of its three Member Agencies.

The Governing Board of Directors

<u>Member Agency</u>	<u>Number of Appointments</u>
Big Bear City Community Service District	2
City of Big Bear Lake	2
County of San Bernardino Service Area 53B	1



Jim Miller, Chair
County Service Area 53B



Rick Herrick, Vice-Chair
City of Big Bear Lake



John Russo, Director
Big Bear City CSD



Kendi Segovia, Director
City of Big Bear Lake



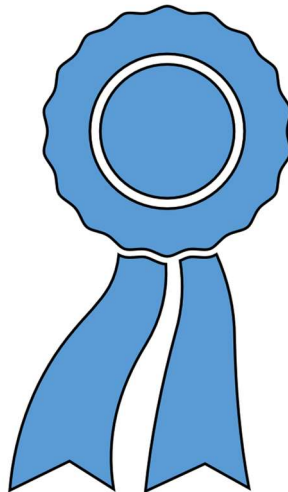
Larry Walsh, Director
Big Bear City CSD



Staffing

The Agency's employees are accountable for the efficient operation and administration of the treatment plant and related facilities. The Agency maintains informal departments due to the small, single-service nature of the Agency's operations. The operations department consists of the plant manager, plant supervisor, and six plant operators. The laboratory department includes one senior laboratory analyst and one laboratory technician. The administrative department includes the general manager, finance manager, administrative services manager/board secretary, human resource coordinator, and administrative assistant.

The Agency has a dedicated team with 36% of the employees employed for more than ten years and 79% employed for more than five. Employee longevity provides the organization with decades of experience and lends itself to efficient operations.



Service Recognition and Awards

The Agency has received multiple industry awards over the years.

The Agency received the Small Plant of the Year Award from the California Water Environment Association Desert and Mountain Section for three consecutive years from 2019 through 2021.

In 2022 the Agency received the District Transparency Certificate of Excellence from the Special District Leadership Foundation.

The Agency has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for 11 consecutive years.

FY 2024 was the Agency's first submittal for the Distinguished Budget Presentation Award from the Government Finance Officers Association since 2017, and we are proud to say that the Agency received this prestigious award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Big Bear Area Regional Wastewater
California**

For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morrill

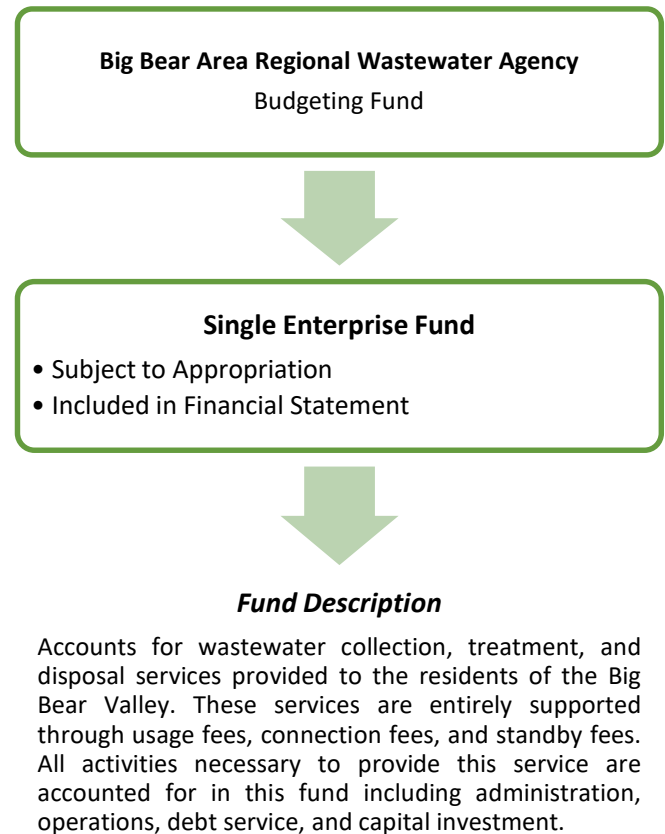
Executive Director



Fund Descriptions and Fund Structure

As noted in subsequent sections, the Agency operates and reports as a proprietary enterprise fund, using standards that are similar to private sector accounting. This allows the Agency to readily determine the cost of providing its service and the amount that is recovered through the Agency's fees: usage fee, connection fee, and standby fee. Any excess cash flow translates into retained earnings and is maintained in the Agency's Capital and Replacement reserve fund unless or until designated to another reserve fund or otherwise appropriated.

The Agency's cash position is allocated among its designated reserve funds in accordance with its Designated Funds Policy. The Agency maintains multiple reserve funds through its formal Designated Funds Policy for management purposes. These funds include debt service, capital expenditures, contingency and liquidity reserve funds. **These designated funds are for internal financial management purposes only and are not included in the audited financial statements.** The Agency is currently meeting and is projected to meet all minimum balance requirements associated with its designated reserve funds over the next five-year period through FY 2029.





Debt Service

- Reserve for principal and interest expense on the Agency's debt
- Minimum balance requirement at July 1 is 100% of current-year debt service

Capital and Replacement

- Current Year
 - Reserve for current-year capital expenditures
 - Minimum balance requirement at July 1 is 100% of current-year capital project
- Future Year
 - Reserve for future-year capital expenditures
 - No minimum balance requirement
 - Contains earmarked funds for future scheduled projects

Contingency

- Emergency
 - Reserve for emergencies
 - Minimum balance requirement is \$500,000
- Operations
 - Reserve for unexpected variances from the budget
 - Minimum balance requirement is based on two months of operating expenses

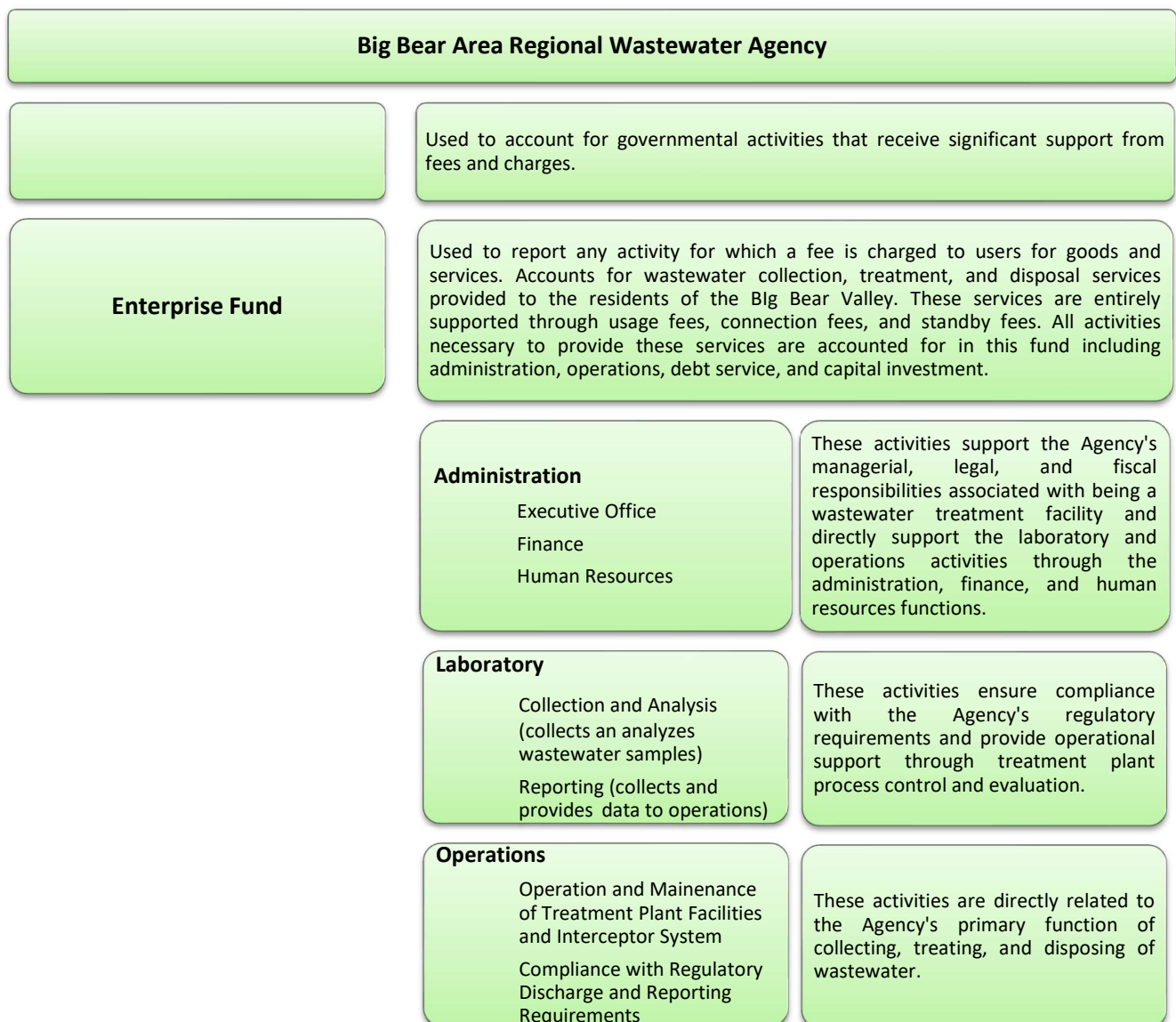
Liquidity

- Reserve for liquidity purposes. The seasonal nature of the Agency's revenues requires this fund (98% of the Agency's operating revenues are received in December and April)
- The minimum balance of \$2,400,000 is required on July 1 of each year



Departmental/Fund Relationship

Governmental accounting and financial reporting systems are organized and operated on a “fund” basis for the purpose of demonstrating compliance with various potential legal and contractual obligations associated with government activities. Examples of these obligations would be special purpose revenues which are collected for a specific purpose and therefore restricted to a specific use by law or regulation. An example provided by the GFOA in its Governmental Accounting, Auditing, and Financial Reporting publication is a government establishing a separate fund to account for revenues in gasoline tax that can only be spent on road repair and construction so as to ensure and demonstrate compliance with that requirement. Funds are separate fiscal and accounting entities and may be presented separately and in aggregate in a government's financial statements. Different governmental departments may have distinct activities which are represented by separate funds. The Big Bear Area Regional Wastewater Agency is considered a proprietary single enterprise fund for accounting and financial reporting purposes. All of its activities/departments are included in a single accounting and reporting entity.





Basis of Accounting and Budgeting

Basis of Accounting

The Agency operates and reports as an enterprise utilizing the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The Agency applies all applicable Government Accounting Standards Board (GASB) pronouncements in accounting and reporting for its proprietary operations. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities.

Basis of Budgeting

The Agency's annual budget and five year forecast are based on the accrual method of accounting and are structured to reflect the same format as the Agency's audited financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use unrestricted resources first, then restricted resources as they are needed.

Financial Policies

The Agency has developed multiple financial policies which have laid the foundation for the Agency's continued financial strength. Financial strength is assessed by the bond rating agencies using various frameworks for measurement. Utilizing Standard and Poor's Top 10 Management Characteristics for comparison purposes, the Agency's achievement of strong leadership and financial management is evident.

Top Ten Management Characteristics

Agency Performance

1. Focus on structural balance



Structural balance references the ability of recurring revenues to cover recurring expenditures. The Agency's current and future rates (operating revenues) are structured to cover recurring expenditures. These include ongoing operating expenses, debt service, and maintenance capital expenditures.

2. Strong liquidity management



The Agency maintains reserves to meet its minimum debt service obligations, emergency fund requirements, and operational variances equal to two months of operating expense in addition to maintaining additional debt capacity.

3. Regular economic and revenue updates to identify shortfalls early



Management staff reviews monthly variance reports. Quarterly variance reports are prepared and presented to the Governing Board.



4. An established rainy day/budget stabilization reserve



The Agency maintains contingency funds specifically for emergency and budget variance purposes.

5. Prioritized spending plans and established contingency plans



The annual budget and five-year forecast, including both the operating and capital budget, prioritizes spending. The Agency has established a contingency fund to fund any unexpected and unabsorbed variances from budget.

6. Strong long-term and contingent liability management



The Agency completes annual and bi-annual actuarial valuations of its pension and OPEB obligations and funds 100% of its annual required contributions. Information related to these liabilities is audited and disclosed annually in the Agency's financial statements.

7. Comprehensive multiyear financial planning



The Agency prepares and maintains a five-year operating and capital plan and a twenty-year capital plan. The timing of capital projects is based on need and affordability.

8. A formal debt management policy



The Agency's debt policy specifically requires a review of the Agency's debt capacity prior to new debt issuance. The Agency's debt capacity is measured using S&P and Moody's criteria.

9. A capital planning process, including risk mitigation



The Agency uses a pay-as-you go financing strategy as part of the operating and capital budget and has structured its rates to collect approximately 60% - 70% of its average annual capital requirements on a cash basis.

10. A well-defined and coordinated economic development strategy



As a wastewater agency, an economic development strategy is not directly applicable; however, the economic impact or the Agency's operating and financial decisions are paramount with priorities placed on 1) affordable and competitive rates, 2) local contractor preference, and 3) volunteer and internship programs for on-the-job training.



Policies

The Agency has established financial controls pertaining to revenues and expenditures, designated funds, assets, investments, debt, and budget to improve effectiveness, ensure reliable financial reporting, and comply with legal requirements. The Governing Board formally adopts the Designated Funds, Debt, and Investment Policies.

The INTERNAL CONTROL POLICIES outline internal controls and procedures for accounts payable, purchase orders, appropriations and expenditures, credit card purchases, banking activities and verifications, contractual bidding, budget amendments and adjustments, and business meeting and professional development reimbursement.

The BUDGET ADOPTION POLICY ensures the Agency's compliance with the budget adoption requirements of the California Government Code and the Operating Agreement No. 1 among Member Agencies and the requirements for operating and capital planning, rate review, and the budget development process.

- The Agency is subject to Government Code Section 61110 which prescribes that a preliminary budget be adopted prior to July 1 of each year. Pursuant to Operating Agreement No. 1, the Agency must adopt a budget prior to May 1.
- The annual operating budget will be based on historical performance and staff input and includes an income statement, cash flow statement, and ending designated fund balances.
- A five-year operating projection will include an income statement, cash flow statement, and designated fund balances. This forecast combined with the long-term capital plan is used to assess the adequacy of the Agency's rates and to plan for capital financing.
- Capital planning will include both a five-year and twenty-year plan. Strategic capital projects for the purposes of cost savings should include calculations of payback period, NPV (Net Present Value), and IRR (Internal Rate of Return) for comparison purposes.
- During the budget development process, the Agency will address the adequacy of rates (sewer usage fees) based on the five-year forecast and long-term capital needs. The Agency's connection fee will be evaluated based on changes in the capital plan, capital financing, and EDUs over the capital planning horizon.

The DESIGNATED FUNDS POLICY establishes reserves and designated reserve balances for the purposes of contingency, liquidity, debt service, and capital investment.

- Provides funding for specific purposes related to the management and operation of the Agency.
- The designated funds are financial resources available to finance expenditures and are not limited by legal or contractual requirements and may be appropriated elsewhere at the discretion of the Governing Board.
- The Agency's designated funds are outlined on page 18 of this budget document.

The DEBT POLICY establishes the conditions and analysis required for debt issuance and recognizes the essentials of 1) ensuring the Agency's ability to meet its debt service requirements and 2) maintain sufficient financial flexibility to respond to unexpected events.

- The debt policy applies to all forms of debt obligations including bonds, certificates of participation, lease/purchase agreements, and other obligations permitted to be issued by the Agency under California Law.
- Debt issuance may be considered for financing options for 1) expenditures that have been formalized in a capital improvement plan and approved by the Governing Board and are considered major infrastructure projects, 2) capital expenditures that have long economic useful lives, usually



five years or greater, and 3) capital expenditures where the use of debt financing would better “match” the benefit received by the Agency’s ratepayers with the economic impact to the ratepayers.

- Factors to consider when issuing debt are the impact on customers, the timing of the Agency’s infrastructure needs, the Agency’s debt capacity, the nature of the asset and availability of resources (i.e. the useful life of the project should be commensurate with the term of the debt), and the economic and interest rate environment.
- Analysis requirements prior to debt issuance include a cost and benefit analysis incorporating the impact of the project and debt financing on the budget and multi-year forecast.

The INVESTMENT POLICY applies to all financial assets and has the primary objectives of safety, liquidity, and yield (in priority order). When managing public funds, the Agency understands that investment success cannot be measured in terms of achieving the highest possible return but must be measured in terms of prudent investing that utilizes uncommitted dollars in safe, short-term investments to earn the Agency reasonable returns with the least amount of risk and to maintain adequate liquidity.

- Investments permitted by policy and authorized by the California Government Code 43646 include: 1) LAIF managed by the Treasurer of the State of California; 2) CDs insured by the FDIC with maturities less than two years (purchases less than 30% of Agency surplus funds); 3) U. S. Treasury Bills, Notes and Bonds with maturities less than two years; and 4) AAA-rated money market mutual funds regulated by the SEC and consisting only of U.S. Treasury securities.
- The Finance Manager reports to the General Manager and the Governing Board, on a monthly basis, the Agency’s investments and the ability of the Agency to meet its expenditure requirements for a period of six months.

The FINANCIAL REPORTING POLICY is for the purpose of fiscal monitoring.

- The Finance Manager will prepare monthly financial reports for review by management staff. These reports include an income statement, cash flow statement, balance sheet, and a fund balance report. The presentation will include actual performance compared to the budget on a period and year-to-date basis.
- The Finance Manager will prepare quarterly and annual reports for the Governing Board of Directors. These reports include an income statement, a cash flow statement, and a fund balance report. The presentation will include 1) actual performance compared to the budget on a period and year-to-date basis and 2) an explanation of variances from the budget.

The RATES POLICY ensures the Agency’s compliance with the legal requirements associated with setting and maintaining rates. Maintaining adequate, stable, and competitive rates is an Agency priority.

- The policy establishes that the Agency’s rates are:
 - Cost-based, equitable, and meet the Agency’s full revenue requirements.
 - Easy to understand and administer.
 - Have been set based on generally accepted rate-setting techniques.
 - Are stable in the ability to provide adequate revenues for meeting the Agency’s current and future financial requirements.
 - Have been established at a level that is stable from year to year from a ratepayer perspective.
 - Have been adopted according to legal requirements.
- The policy outlines the legal requirements for each of its rates: the sewer user fee (also referenced as the Agency’s annual charges), the connection fee, and the standby fee.



Balanced Budget

The Agency considers the budget balanced when recurring revenues are equal to or in excess of recurring expenditures or in the case where recurring revenues are less than recurring expenditures, there are adequate reserves to cover the excess expenditures. Recurring revenues include annual charges (user fees), standby fees, wastewater disposal fees, and rental income. Recurring expenditures include ongoing expenses, debt service, and average annual maintenance capital expenditures. The Agency is projected to have a balanced budget during the current budget year.

Budget Process

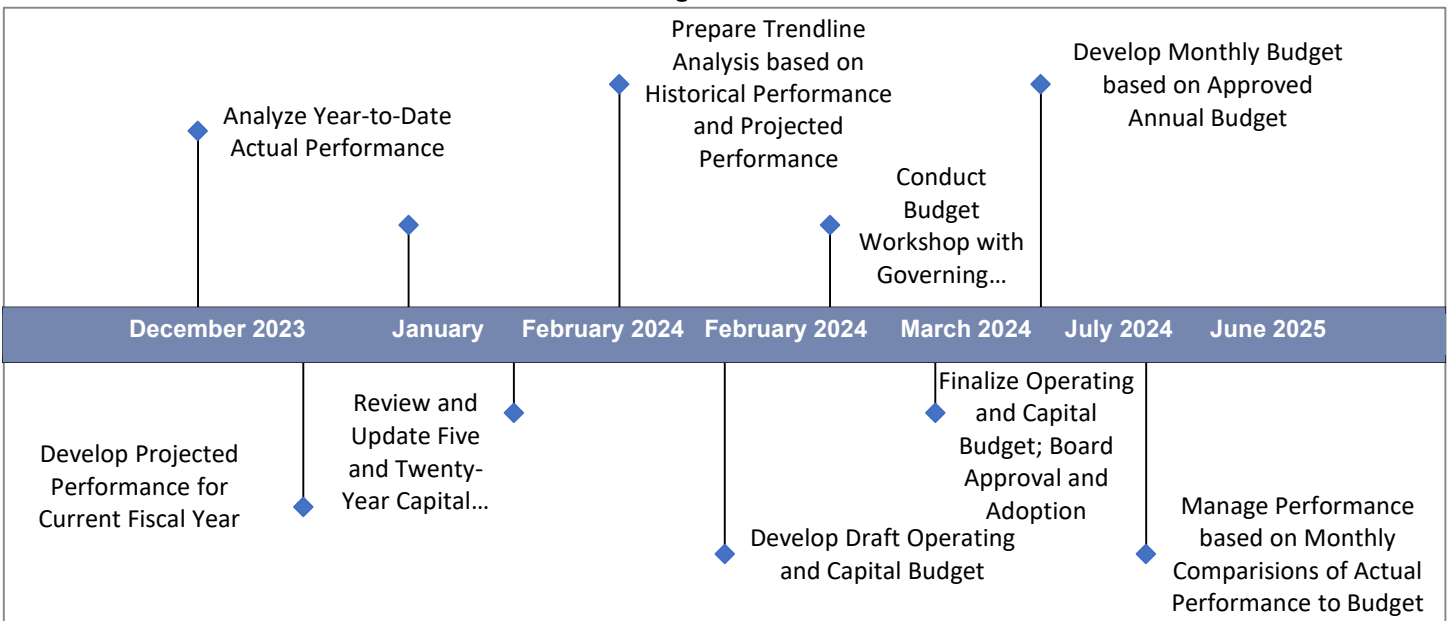
Pursuant to financial policy, a budget must be reviewed, approved, and adopted prior to May 1 of each year for the subsequent fiscal year beginning July 1. The budget adoption deadline of May 1 is also established in the Agency's operating agreement amongst BBARWA and its member agencies. According to the California Government Code, the Agency must adopt its budget by July 1 of each year.

Development of the budget is influenced by the strategic plan, organizational goals and objectives, and external factors such as economic conditions. The Governing Board, General Manager, Agency Staff, and the public participate in the development of the budget. A public workshop is held to review the draft budget and to get public input prior to the public hearing to adopt the budget.

The Agency's annual budget provides a solid picture of the Agency's expectations for the next twelve months and is an accountability tool for management while also reflecting the Agency's commitment to performance. Overall, the Agency's operations are fairly stable, and the goal is to be within five percent of the original budget during any given year, unless unexpected events occur.

After the annual budget has been adopted by the Governing Board, a monthly budget is created from which actual performance will be compared. The General Manager, Administrative Services Manager/Board Secretary, Plant Manager, and Finance Manager review financial performance on a monthly basis to assess operating performance and variances from the budget. This aids in understanding the Agency's operating and financial performance, changing patterns of performance, trends in costs, and general economic data. On a quarterly basis, a quarterly financial report is presented to the Governing Board for review. Variances from the budget may require a budget amendment and/or newly appropriated funds by the Governing Board. Pursuant to financial policy, Governing Board approval is required to amend the budget if 1) the Operating Budget is unable to absorb a cost overage, 2) a capital project exceeds the original budgeted expenditure by \$20,000 or more, or 3) any new capital expenditures need to be added to the Agency's current-year capital improvement plan.

Budget Timeline





Section 3: Financial Summaries

BBARWA Budget Framework

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

Replenish Big Bear Project (RBB)

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

Important Assumptions

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

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

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

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

Inflation: Annual price change assumptions are used in the multi-year forecast to project year-over-year changes in certain revenues and costs. The Agency considers the Riverside, San Bernardino, Ontario, CA CPI-U (Consumer Price Index for all Urban Consumers, All Items; published by the Bureau of Labor Statistics), the 20-City Construction Cost Index (published by Engineering News Record), and the Survey of Professional Forecasters CPI forecast as indicators in determining future price changes. Inflation began to moderate in FY 2024 and is expected to continue to moderate thereafter driven by

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.



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

Inflation

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

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

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

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

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

Actual inflation represents the CPI for Riverside, San Bernardino, Ontario CA

Comparisons

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

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

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



Items Impacting Financial Performance

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

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

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

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

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

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

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

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

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

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 45 for further discussion of the COLA calculation.



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

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

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

Financial Performance: Income Statement and Cash Flow Comparisons

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



Statement Comparison: Projected FY 2024 to Actual FY 2023 and Budget FY 2024

INCOME STATEMENT							
Comparison Projected FY 2024 to Actual FY 2023 and Budget FY 2024							
	Actual FY 2023	Budget FY 2024	Projected FY 2024	Projected FY 2024 vs. Actual FY 2023		Projected FY 2024 vs. Budget FY 2024	
				\$	%	\$	%
Operating Revenues:							
Annual Charges	6,241,883	7,671,077	7,671,077	1,429,194	23%	0	0%
Standby Charges	77,590	75,297	75,297	-2,293	-3%	0	0%
Rental Income	11,096	0	0	-11,096	-100%	0	nm
Waste Disposal	25,263	21,690	24,110	-1,153	-5%	2,420	11%
Other Revenue	19,819	0	38,899	19,080	96%	38,899	nm
Total Operating Revenue	6,375,651	7,768,065	7,809,383	1,433,732	22%	41,319	1%
Operating Expenses:							
Salaries and Benefits	2,760,296	2,958,007	2,977,200	216,904	8%	19,193	1%
Power	434,357	499,429	497,519	63,162	15%	-1,910	0%
Sludge Removal	258,216	336,212	336,212	77,996	30%	0	0%
Chemicals	80,548	95,080	102,530	21,981	27%	7,450	8%
Materials and Supplies	148,013	175,989	178,192	30,179	20%	2,203	1%
Repairs and Replacements	339,659	305,850	300,403	-39,255	-12%	-5,446	-2%
Equipment Rental	3,097	912	1,406	-1,691	-55%	494	54%
Utilities Expense	48,982	37,000	38,769	-10,213	-21%	1,769	5%
Communications Expense	58,941	72,644	58,973	32	0%	-13,671	-19%
Contractual Services - Other	80,920	154,321	163,212	82,292	102%	8,892	6%
Contractual Services - Professional	123,963	189,027	189,027	65,064	52%	0	0%
Permits and fees	239,056	259,973	259,973	20,917	9%	0	0%
Property Tax Expense	4,096	4,124	4,196	99	2%	72	2%
Insurance	226,698	240,678	229,023	2,325	1%	-11,655	-5%
Other Operating Expense	42,370	59,826	53,580	11,210	26%	-6,246	-10%
Depreciation Expense	893,690	901,809	901,809	8,118	1%	0	0%
Total Operating Expense	5,742,904	6,290,880	6,292,025	549,121	10%	1,145	0%
Operating Income	632,747	1,477,184	1,517,358	884,612	140%	40,174	3%
Nonoperating Income							
Gain (loss) on Asset Disposition	-6,030	2,555	2,555	8,585	-142%	0	0%
Interest Income	127,719	126,395	413,570	285,851	224%	287,175	227%
Other Nonoperating Income	576,596	0	0	-576,596	nm	0	nm
Lease Revenue	0	55,048	55,048	55,048	nm	0	0%
Nonoperating Income	698,285	183,998	471,174	-227,113	nm	287,175	156%
Nonoperating Expense							
Other Expense	71,119	171,029	175,822	104,703	147%	4,793	3%
Interest Expense	159,520	227,713	288,881	129,361	81%	61,168	27%
Nonoperating expense	230,640	398,742	464,703	234,063	101%	65,961	17%
Income before Contributions	1,100,392	1,262,440	1,523,829	423,437	38%	261,389	21%
Connection Fees	246,620	188,100	459,800	213,180	86%	271,700	144%
RBB Capital Contributions	209,726	0	0	-209,726	nm	0	nm
Change in Net Position	1,556,738	1,450,540	1,983,629	426,891	27%	533,089	37%



CASH FLOW STATEMENT
Comparison Projected FY 2024 to Actual FY 2023 and Budget FY 2024

	Actual FY 2023	Budget FY 2024	Projected FY 2024	Projected FY 2024 vs. Actual FY 2023	Projected FY 2024 vs. Budget FY 2024
Cash from Operating Activities:					
Operating Income (Loss)	722,040	1,477,184	1,527,964	805,924	50,780
Depreciation Expense	893,690	901,809	901,809	8,118	0
Other Miscellaneous Income (Exp)	0	0	0	0	0
Change in Working Capital, Other Adj.	<u>-362,458</u>	<u>231,213</u>	<u>159,402</u>	<u>521,859</u>	<u>-71,811</u>
Net Cash Provided by Op Activities	1,253,272	2,610,206	2,589,174	1,335,902	-21,031
Cash from Noncapital Financing:					
Payment of Pension Related Debt/Liab	0	0	0	0	0
Cash from Capital and Related Financing:					
Other Nonoperating Expense	-20,993	0	-4,756	16,237	-4,756
Capital Expenditures	-1,496,011	-7,867,087	-7,867,087	-6,371,076	0
Proceeds from Asset Disposition	2,535	0	0	-2,535	0
Connection Fee (Capital Contrib)	460,526	188,100	459,800	-726	271,700
Proceeds from Debt Issuance, Grants	3,865,893	5,465,048	5,465,048	1,599,155	0
Debt Service:					
Interest Expense	-142,955	-227,713	-227,713	-84,758	0
Principal Debt Amortization	<u>-411,798</u>	<u>-425,903</u>	<u>-425,903</u>	<u>-14,106</u>	<u>0</u>
Total Debt Service	-554,753	-653,617	-653,617	-98,864	0
Lease Revenue	69,334	55,048	55,048	-14,286	0
Net Cash Used for Cap and Financing	2,326,531	-2,812,507	-2,545,562	-4,872,093	266,944
Cash from Investing:					
(Increase) Decrease in Other Assets	0	0	0	0	0
Other Proceeds	0	0	0	0	0
Interest Income	45,892	126,395	413,570	367,678	287,175
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	45,892	126,395	413,570	367,678	287,175
Net Change in Cash	3,625,696	-75,906	457,182	-3,168,513	533,088
Beginning Cash Balance	7,832,439	11,458,134	11,458,134	3,625,696	0
Ending Cash Balance	<u>11,458,134</u>	<u>11,382,227</u>	<u>11,915,317</u>	<u>457,182</u>	<u>533,089</u>
Change in Cash Balance	3,625,696	-75,907	457,182	-3,168,513	533,089



Discussion: Projected FY 2024 Compared to Actual FY 2023

Operating Revenues are projected to be approximately \$7.8 million, up \$1,433,732 or 22.5% in FY 2024. The increase is driven by higher annual charges which include a 4% increase for BBARWA operations, and 18.5% for RBB to fund required reserves for debt service.

Operating Expenses are projected to be approximately \$6.3 million, up \$549,121 or 10% in FY 2024. The Agency is projected to experience higher operating expenses across multiple line items when compared to the prior year. Projected increases that exceed 5% and \$20,000 are as follows:

- **Salaries and Benefits** expense is projected to be \$2,977,200, up \$216,904 or 8% from FY 2023. The increase is driven by a 5% increase in salaries and wages (higher by \$87,620) due to annual COLA adjustments (COLA adjustments of 8.7%) combined with longevity adjustments⁴ offset by a retirement and new hire of a managerial position at a lower rate. Additionally, benefits expense experienced a 13% increase (higher by \$129,284) primarily a result of higher retirement and OPEB contributions due to a change in the annual rate of return on investments and lower investment earnings than projected.
- **Power** expense is projected to be \$497,518, up \$63,162 or 15% from FY 2023. The increase is primarily driven by an increase in the cost for solar production and planned Bear Valley Electric rate increases.
- **Sludge Removal** expense is projected to be \$336,212, up \$77,996 or 30% from FY 2023 due to an increase in removal contract costs based on an approved change in CPI. Additionally, sludge removal is budgeted based on 4,992 tons removed. During FY 2023, tons removed were 3,927, which is 1,065 lower than budget.
- **Chemicals** expense is projected to be \$102,530, up \$21,981 or 27% from FY 2023 due to higher actual costs for chemicals than anticipated.
- **Materials and Supplies** expense is projected to be \$178,192, up \$30,179 or 20% from FY 2023 primarily resulting from an increase in software and software licensing fees, budgeted purchases of two iPads, and one-time costs related to the RBB Pilot Study Open House.
- **Contractual Services Other** expense is projected to be \$163,212, up \$82,292 or 102% from FY 2023 as a result of increases across all line items. Electrical work for various projects increased by \$46,745, with the remainder of the increase due to repairs on the Administrative Building HVAC unit and an increase in testing and laundry costs.
- **Contractual Services Professional** expense is projected to be \$189,027, up \$65,064 or 52% from FY 2023. Budget is based on the prior year budget plus CPI. In FY 2023, the budget for legal services was mostly untouched.
- **Permits and Fees** expense is projected to be \$259,973, up \$20,917 or 9% as a result of increases in State Water Resources Control Board (SWRCB) permit fees.

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

- **Repairs and Replacements** expense is projected to be \$300,403, down \$39,255 or 12% from FY 2023. During FY 2023, the oxidation ditch 2 rotor shaft 4 needed to be replaced. FY 2024 does not have repairs of this magnitude budgeted. Pump and motor rebuilds were moved from the capital improvement plan as they were not capitalizable expenditures and moved to repairs and replacements. This partially offset the savings in this line item.

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



Operating Income is projected to be \$1,517,358, an increase of \$884,612 or 140% from FY 2023. The increase in operating income is due to the growth in operating revenues offset by the growth in operating expenses, with operating revenues increasing \$1,433,732 or 22.5% and operating expenses increasing \$549,121 or 10%. The Governing Board approved a 22.5% rate increase for FY 2024 which includes funding for required reserves for the RBB project.

Change in Net Position is projected to be \$1,983,629 up \$426,890, or 27% from FY 2023. The increase is primarily driven by higher operating revenue and higher connection fee revenue when compared to FY 2023.

Change in Cash for the Period is projected to be \$457,183 in FY 2024, lower by \$3,168,513 when compared to FY 2024. Lower cash flow is due mostly to debt funding of \$3.4 million that was received in FY 2023 and was mostly unspent at fiscal yearend.

Discussion: Projected FY 2024 Compared to Budget FY 2024

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

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

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

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

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

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



Statement Comparison: NEW Budget FY 2025 to Projected FY 2024

INCOME STATEMENT
Comparison NEW Budget FY 2025 to Projected FY 2024

	Projected FY 2024	NEW Budget FY 2025	vs. Projected FY 2024 \$ %
Operating Revenues:			
Annual Charges	7,671,077	9,143,600	1,472,523 19%
Standby Charges	75,297	73,252	-2,046 -3%
Rental Income	0	10,924	10,924 nm
Waste Disposal	24,110	22,244	-1,866 -8%
Other Revenue	<u>38,899</u>	<u>0</u>	<u>-38,899</u> nm
Total Operating Revenue	7,809,383	9,250,019	1,440,636 18%
Operating Expenses:			
Salaries and Benefits	2,977,200	3,274,752	297,552 10%
Power	497,519	516,348	18,829 4%
Sludge Removal	336,212	344,723	8,511 3%
Chemicals	102,530	106,023	3,494 3%
Materials and Supplies	178,192	178,420	228 0%
Repairs and Replacements	300,403	295,861	-4,542 -2%
Equipment Rental	1,406	2,004	598 43%
Utilities Expense	38,769	39,739	969 3%
Communications Expense	58,973	58,862	-111 0%
Contractual Services - Other	163,212	135,701	-27,512 -17%
Contractual Services - Prof	189,027	158,535	-30,492 -16%
Permits and fees	259,973	276,859	16,886 6%
Property Tax Expense	4,196	4,252	56 1%
Insurance	229,023	298,302	69,279 30%
Other Operating Expense	53,580	65,744	12,164 23%
Depreciation Expense	<u>901,809</u>	<u>1,509,638</u>	<u>607,830</u> 67%
Total Operating Expenses	6,292,025	7,265,763	973,738 15%
Operating Income	1,517,358	1,984,257	466,898 31%
Nonoperating Income			
Gain (loss) on Asset Disposition	2,555	2,575	20 1%
Interest Income	413,570	315,625	-97,946 -24%
Other Nonoperating Income	0	4,747,377	4,747,377 nm
Lease Revenue	<u>55,048</u>	<u>55,917</u>	<u>868</u> 2%
Nonoperating Income	471,174	5,121,493	4,650,320 987%
Nonoperating Expense			
Other Expense	175,822	5,040	-170,782 -97%
Interest Expense	<u>288,881</u>	<u>299,323</u>	<u>10,442</u> 4%
Nonoperating Expense	464,703	304,364	-160,339 -35%
Income before Contributions	1,523,829	6,801,386	5,277,557 346%
Connection Fees	<u>459,800</u>	<u>188,100</u>	<u>-271,700</u> -59%
Change in Net Position	1,983,629	6,989,486	5,005,857 252%

"nm" means not meaningful



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

	Projected FY 2024	NEW Budget FY 2025	Budget FY 2025 vs. Projected FY 2024
Cash from Operating Activities:			
Operating Income (Loss)	1,527,964	1,984,256	456,292
Depreciation Expense	901,809	1,509,638	607,830
Other Miscellaneous Income (Exp)	0	0	0
Change in Working Capital, Other Adjustments	<u>159,402</u>	<u>-59,294</u>	<u>-218,696</u>
Net Cash Provided by Op Activities	2,589,174	3,434,600	845,426
Cash from Noncapital Financing:			
Payment of Pension Related Debt/Liability	0	0	0
Cash from Capital and Related Financing:			
Other Nonoperating Expense (Interagency)	-4,756	0	4,756
Capital Expenditures	-7,867,087	-5,845,546	2,021,541
Proceeds from Asset Disposition	0	0	0
Connection Fee (Capital Contrib)	459,800	188,100	-271,700
Proceeds from Debt Issuance, Grants	5,465,048	4,596,763	-868,285
Debt Service:			
Interest Expense	-227,713	-299,323	-71,610
Principal Debt Amortization	<u>-425,903</u>	<u>-440,493</u>	<u>-14,590</u>
Total Debt Service	-653,617	-739,816	-86,200
Lease Revenue	55,048	55,917	
Net Cash Used for Cap and Related Financing	-2,545,562	-1,744,583	800,979
Cash from Investing:			
(Increase) Decrease in Other Assets	0	0	0
Other Proceeds	0	0	0
Interest Income	413,570	315,625	-97,946
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash from Investing	413,570	315,625	-97,946
			0
Net Change in Cash	<u>457,183</u>	<u>2,005,642</u>	<u>1,548,459</u>
Beginning Cash Balance	11,458,134	11,915,317	457,183
Ending Cash Balance	<u>11,915,317</u>	<u>13,920,959</u>	<u>2,005,642</u>
Change in Cash Balance	<u>457,183</u>	<u>2,005,642</u>	<u>1,548,459</u>



Discussion: NEW Budget FY 2025 Compared to Projected FY 2024

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

Operating Expenses (not including depreciation) are budgeted to be approximately \$5.8 million, up \$365,909 or 7% from FY 2024. The increase is driven by increases across multiple line items. Budgeted increases that exceed 5% and \$20,000 are as follows:

- **Salaries and Benefits** expense is budgeted to be \$3,274,752, up \$297,552 or 10% from FY 2024. The Agency is incorporating a 4.7% COLA with a wage adjustment cap of 8% (maximum of 3.3% merit adjustments). Also, the addition of an administrative position and the reduction of hours for the Human Resources/Accounting Technician position accounts for approximately 2.53% or an \$80,731 increase to salaries and benefits. An increase in benefits expense of \$125,416 is due to higher pension and OPEB expenses of \$59,840 and higher medical premium expenses of \$65,576.
- **Insurance** expense is budgeted to be \$298,302, up \$69,279 or 30% from FY 2024 based on cost estimates from the Agency's insurance provider. Per the Agency's insurance provider, the primary reason for the increase in insurance is due to increases in pool reinsurance rates based on early estimates from the reinsurance brokers.

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

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

Operating Income is budgeted to be \$1,984,256, an increase of \$466,898 or 31% from FY 2024. The increase in operating income reflects an 18% growth in operating revenues and a 15% growth in operating expense (including depreciation).

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

Change in Net Position is budgeted to be \$6,989,486, up \$5,005,857 or 252% from FY 2024. The increase is driven by higher operating income by \$466,898, a positive variance in non-operating income (expense) of \$4,810,659 primarily due to grant reimbursements for RBB, and a decrease in connection fees of \$271,700.

Change in Cash for the Period is budgeted to be \$2,005,642 in FY 2025, higher by approximately \$1.5 million when compared to FY 2024. Higher cash flow is due mostly to lower pay-go capital expenditures of approximately \$1.2 million, higher operating income of \$466,898, and lower interest income of \$97,946.



Financial Summary

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

Debt service coverage at the end of FY 2025 is expected to be 5.40x and is projected to decrease to 1.42x at the end of the forecast period due in part to the addition of debt related to the RBB project. Minimum debt service coverage pursuant to the Agency's borrowing agreements is 1.2x. The Agency's debt capacity is estimated⁵ at \$4 million at the end of FY 2029.

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

The Agency is expected to generate net positive cash flow over the five-year period of approximately \$11.5 million, with \$4 million of the increase going to the capital and replacement fund for future capital requirements, and the remaining \$7.5 million going to meet required reserve balances in the operating, liquidity, and debt service reserve funds.

Operating Trends and Outlook

Operating Income Improves

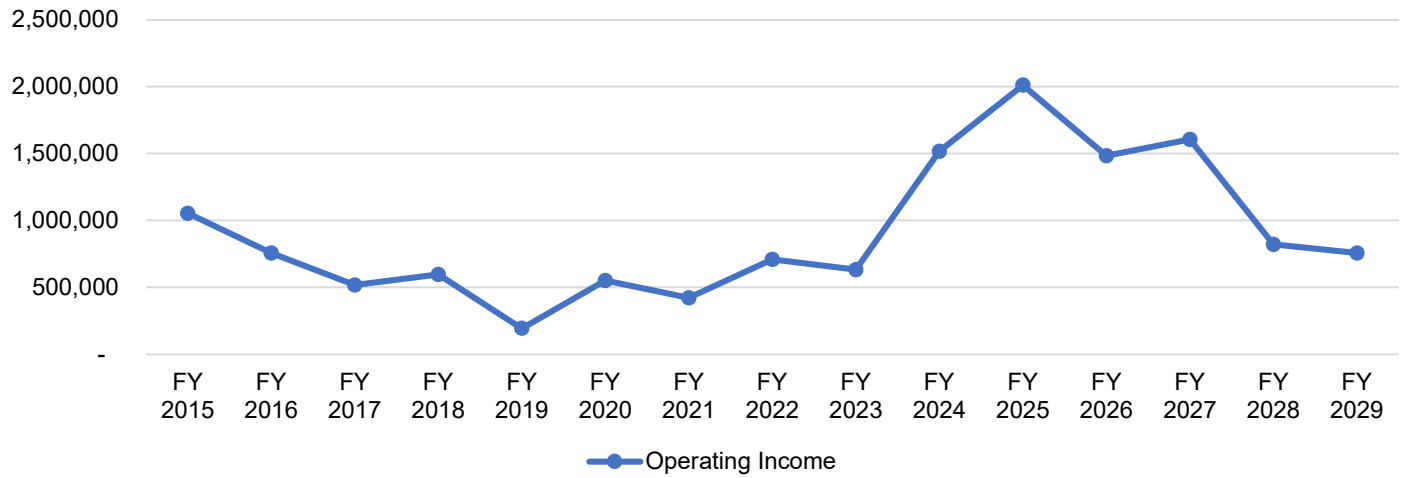
The Agency's operating expenses are expected to grow at an average annual rate of 14% (not including depreciation) over the next five years, outpacing average inflation of approximately 2.5% for the same period. The 14% growth in operating expenses over the period is primarily being driven by the addition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

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

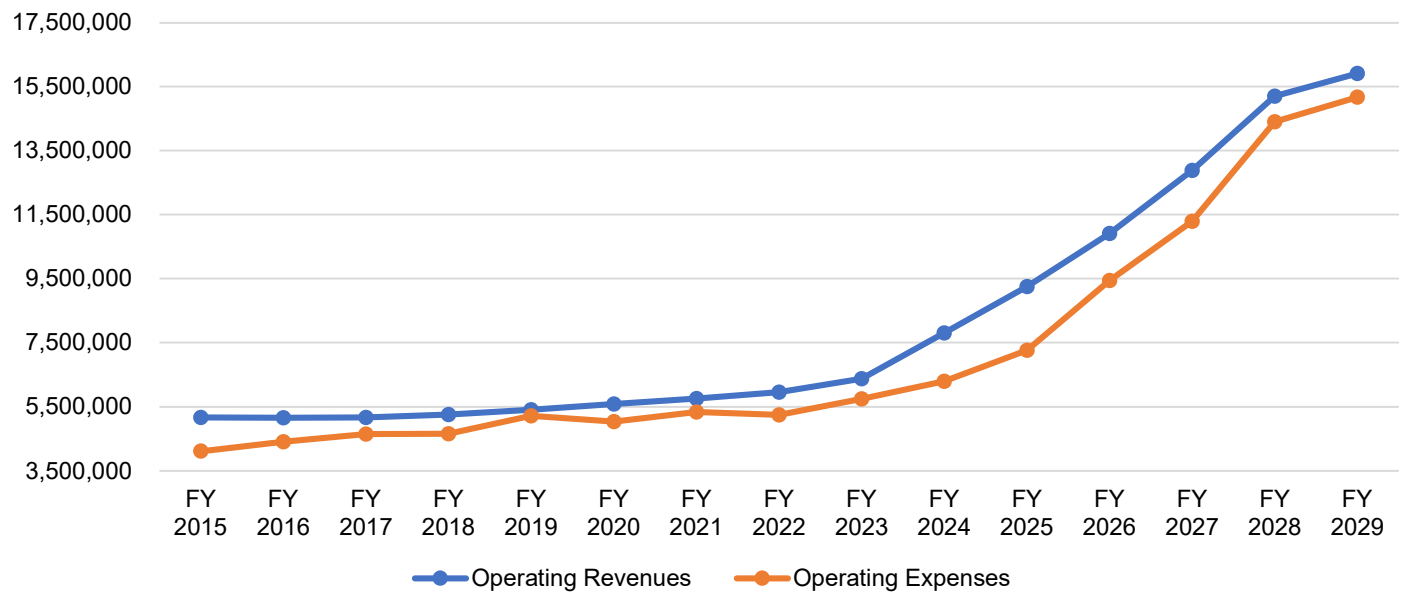
⁵ The calculation utilizes a 1.2x debt service coverage and assumes borrowing terms of 20 years at 5.5%.



Operating Income



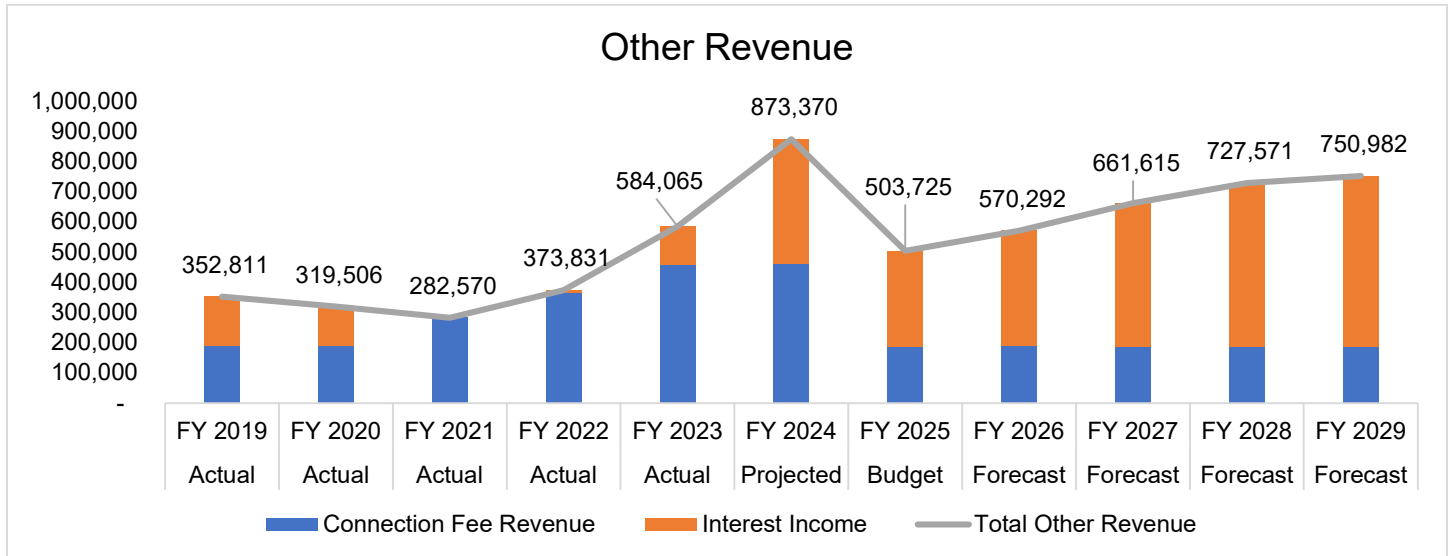
Operating Revenues vs Expenditures





Other Revenue Decreases

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



Capital

Average Maintenance Capital Expenditures

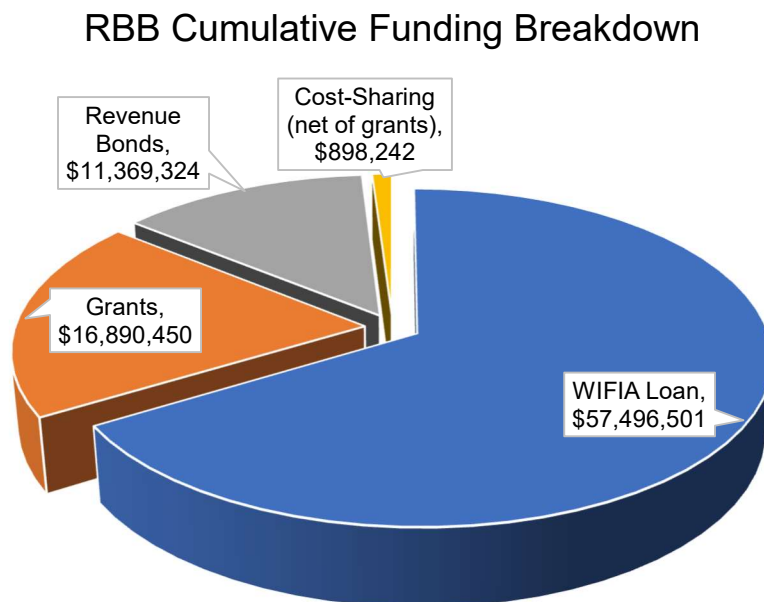
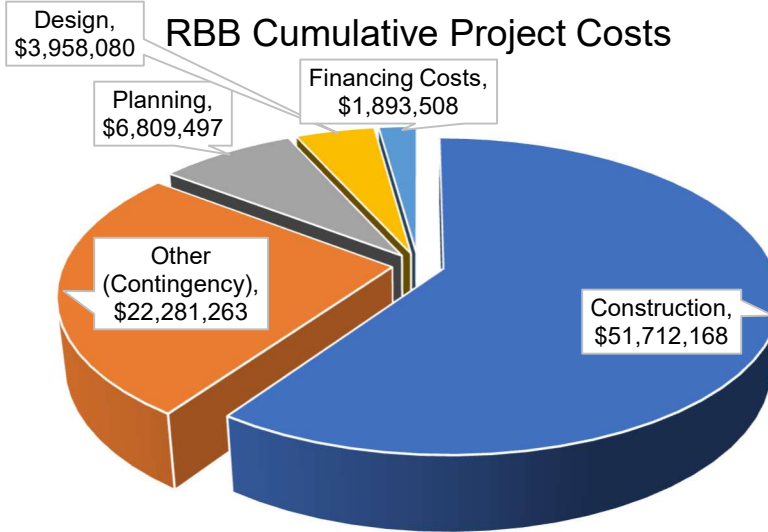
During the budget cycle, the Agency reviews its capital inventory to determine which capital assets are due for replacement or upgrade based on its physical condition and useful life. Assets are funded based on the Agency's review. The next five-year period is a lower-than-normal maintenance period for the Agency. Maintenance capital expenditures total \$506,564 and average \$101,313 per year. This amount is lower than the long-term, historical depreciation of approximately \$850,000 and the annual maintenance requirement of approximately \$1.2 million indicated in the Agency's current 20-year CIP. The lower maintenance capex during the next five-year period is mostly due to timing, with the greatest focus being on the RBB construction and completion.

RBB Project

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

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

RBB cumulative project costs through completion are expected to be \$86.7 million and includes planning, design, construction, financing costs, and contingency. Funding for the RBB project consists of cost-sharing, grants, and debt financing.



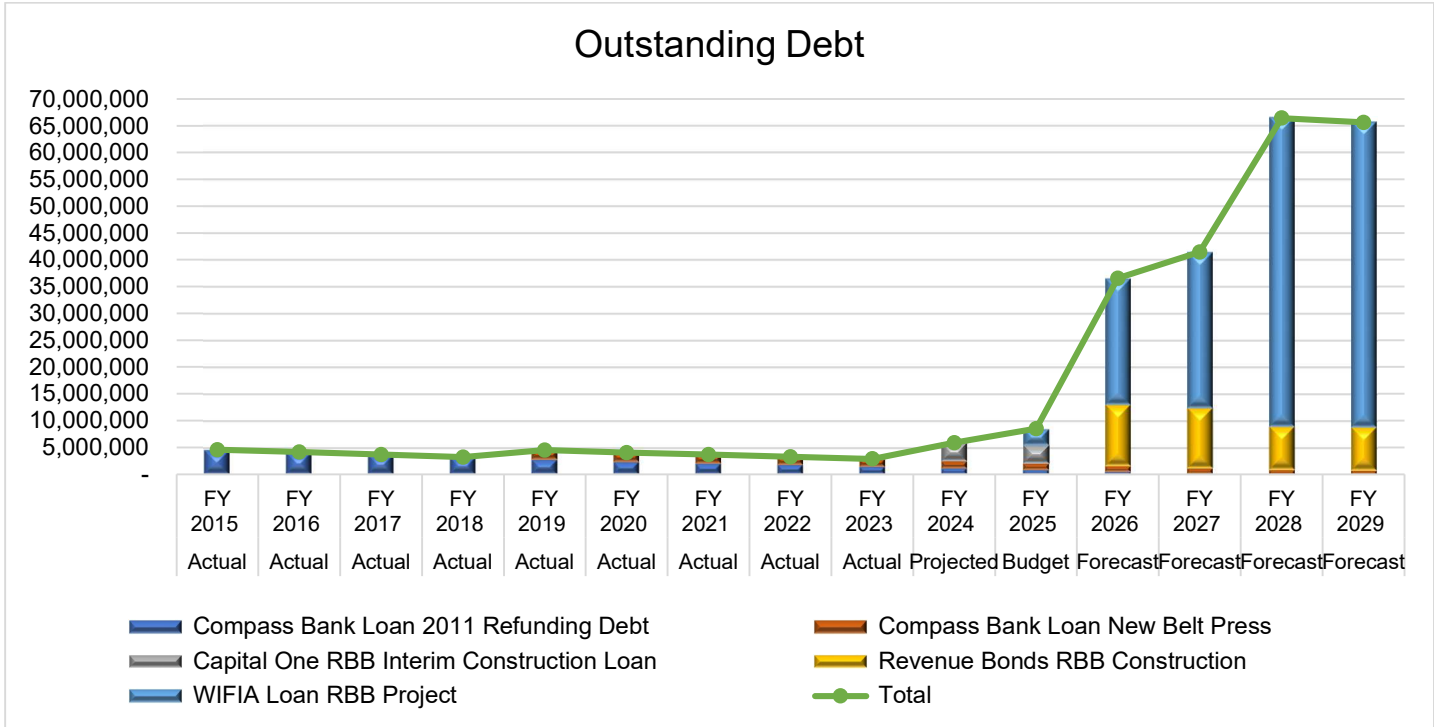


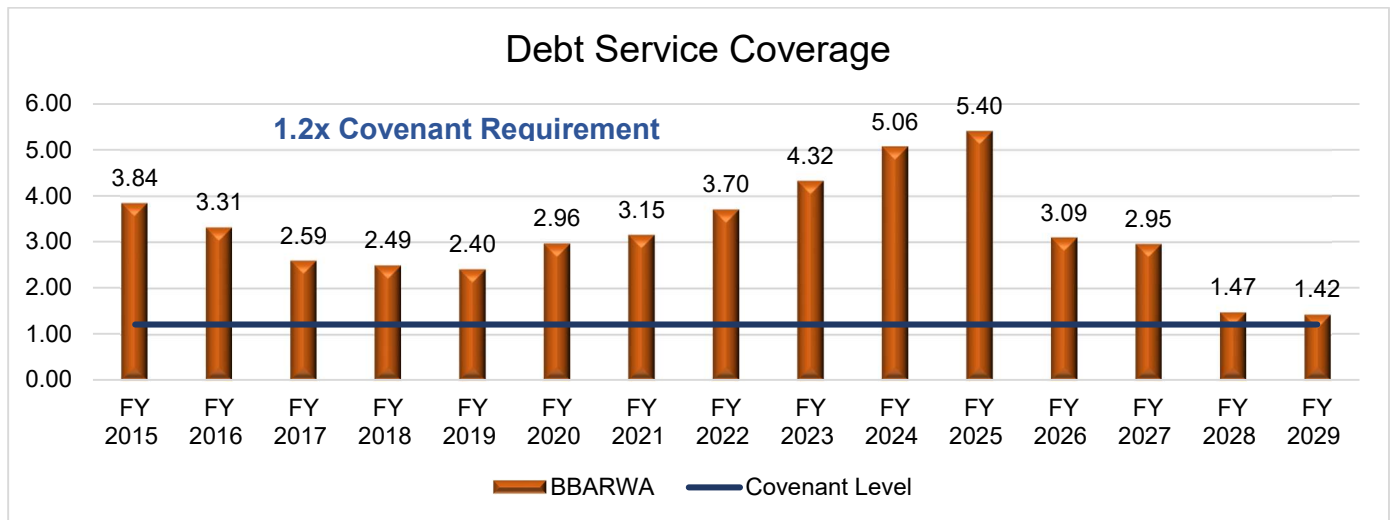
New Debt Anticipated for the RBB Project, Debt Service Coverage Within Debt Covenant Requirements

Leverage and Debt Service

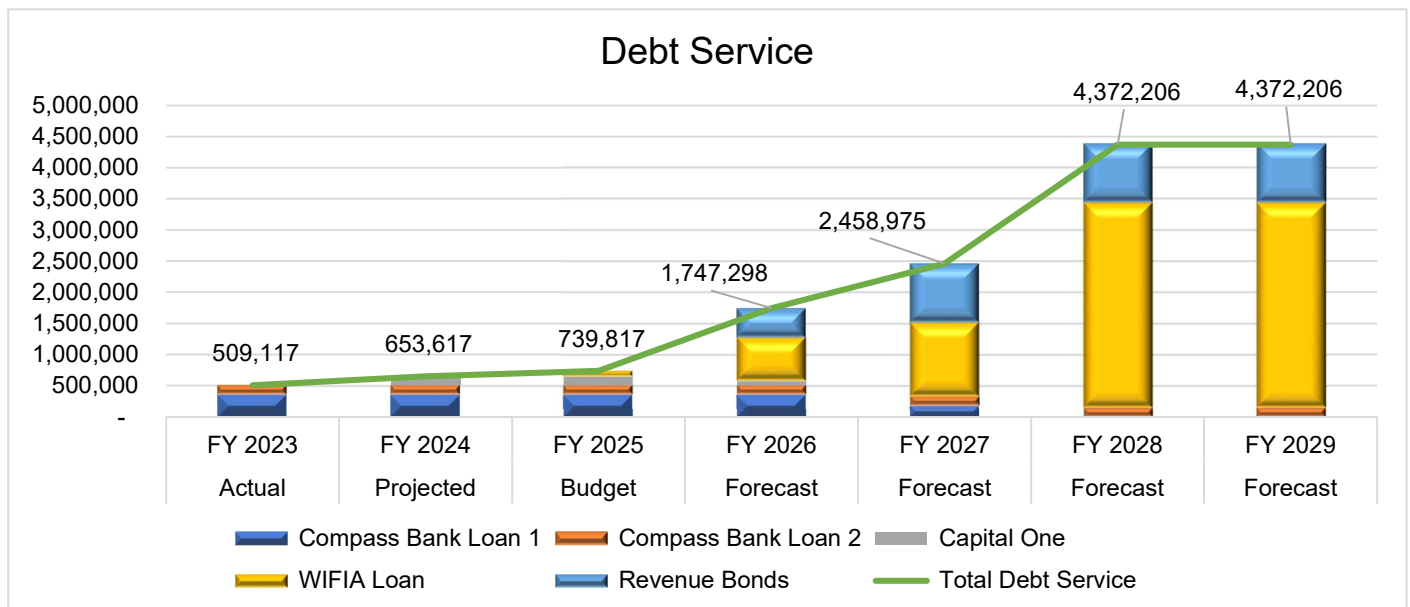
The Agency’s debt outstanding will be approximately \$5.9 million at the beginning of FY 2025 and will increase to \$65.6 million by the end of FY 2029. Since FY 2015, the Agency’s highest debt outstanding has been \$4.6 million. Debt usage is based on the Agency’s debt policy, the timing of capital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

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





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





Discussion and Analysis

Operations

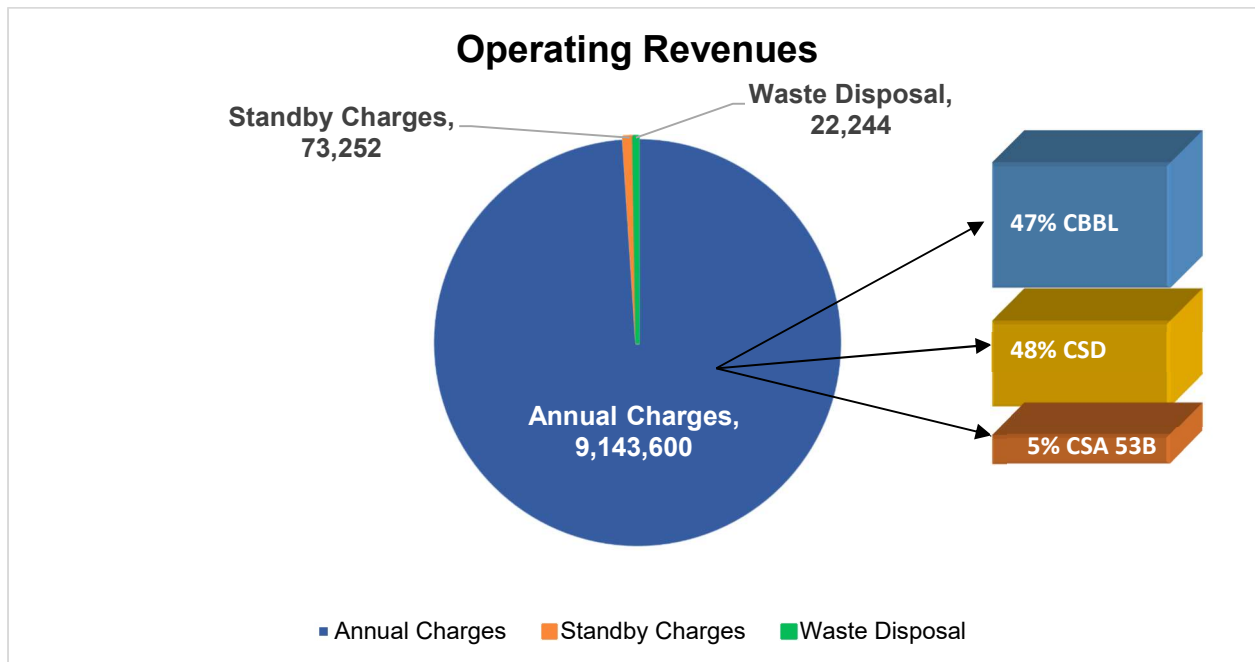
Operating Revenues

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

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
Operating Revenues:												
Annual Charges	5,251,542	5,437,076	5,602,113	5,845,163	6,241,883	7,671,077	9,143,600	10,808,594	12,776,404	15,102,434	15,809,611	16%
Standby Charges	83,200	81,660	80,300	79,220	77,590	75,297	73,252	72,338	71,424	70,510	69,596	-2%
Rental Income	51,071	51,855	52,592	70	11,096	0	10,924	11,252	11,589	11,937	12,295	nm
Waste Disposal	20,608	18,755	23,859	22,000	25,263	24,110	22,244	22,244	22,244	22,244	22,244	-2%
Other Revenue	765	0	793	7,709	19,819	38,899	0	0	0	0	0	nm
Total Op Revenues	5,407,186	5,589,346	5,759,656	5,954,162	6,375,651	7,809,383	9,250,019	10,914,427	12,881,661	15,207,125	15,913,745	15%
Annual Change	3%	3%	3%	3%	7%	22%	18%	18%	18%	18%	4.5%	

Annual Charges

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





Member Agency Billing

	3-Year Average <u>Flows</u>	Reported <u>EDUs</u>	Implicit Charge <u>per EDU</u>	Rate <u>Increase</u>	Fixed <u>Charge</u>	Variable <u>Charge</u>	Annual Charge <u>Adjustment</u>	<u>Total</u>
Annual Charges:								
City of Big Bear Lake	404,171	11,813.70	\$ 367.67	18.7%	\$ 3,338,382	\$ 974,859	\$30,341	\$4,343,581
Big Bear City CSD	331,617	12,545.70	\$ 348.33	17.0%	3,545,234	799,858	24,894	\$4,369,986
CSA 53 B	<u>28,835</u>	<u>1,268.00</u>	\$ 339.14	22.0%	<u>358,319</u>	<u>69,550</u>	<u>2,165</u>	\$430,033
Total	764,623	25,627.40			\$ 7,241,934	\$ 1,844,267	\$57,399	\$9,143,600
Standby Charges:								
City of Big Bear Lake								\$27,088
Big Bear City CSD								40,841
CSA 53 B								<u>5,323</u>
Total Annual Charges								\$73,252
Connection Fee:								
Connection Fee per EDU								\$4,180

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

Standby Charges and Waste Disposal Fees

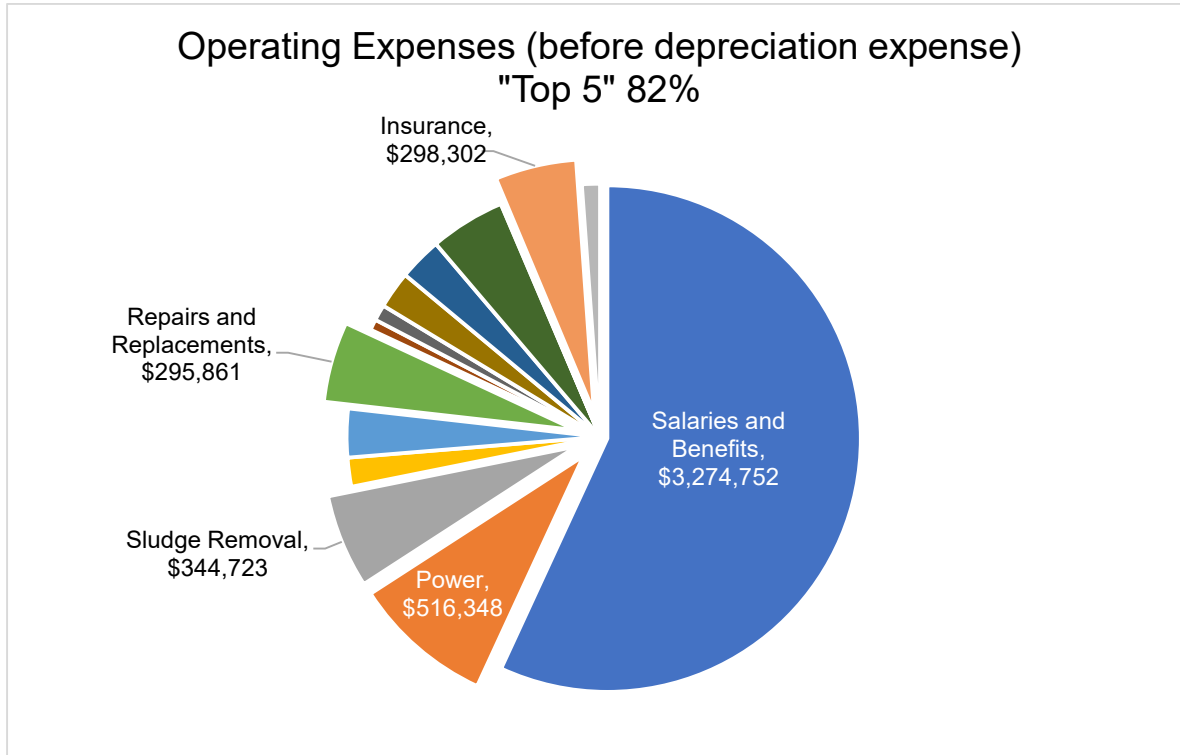
Standby charges are stable and predictable. Standby charges are the fees paid by the owners of vacant parcels and are collected from the member agencies at the same time as the annual charges. These charges decline annually as parcels are developed and connect to the system or are combined. Waste disposal fees are charged for disposal of sewage at the treatment plant by pumping companies. On a combined basis these revenues average approximately \$93,668 annually and are expected to remain fairly flat over the forecast period.

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



Operating Expenses

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



Discussion and Analysis of the Top Five Operating Expense Categories

Salaries and Benefits Expense

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

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

(a) Base Year FY 2009



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

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

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

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

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

Capping Annual Wage Adjustments

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

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

Power Expense

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



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2025 – FY 2029

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

Sludge Removal Expense

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

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

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

Insurance Expense

Based on cost estimates from the Agency's insurance provider, annual insurance expense is forecast to be \$312,090 on average per year with an 8% annual average increase. Per the Agency's insurance provider, the primary reason for the increase in insurance is due to increases in pool reinsurance rates based on early estimates from the reinsurance brokers.

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year CAGR
INSURANCE:												
Workers Compensation	42,024	39,953	70,959	57,310	69,689	39,203	88,335	82,801	88,895	95,156	101,609	21%
General and Propert	<u>58,928</u>	<u>72,309</u>	<u>100,921</u>	<u>131,534</u>	<u>157,009</u>	<u>189,819</u>	<u>209,967</u>	<u>215,216</u>	<u>220,597</u>	<u>226,111</u>	<u>231,764</u>	<u>4%</u>
Total	100,952	112,262	171,880	188,844	226,698	229,022	298,302	298,017	309,492	321,267	333,373	8%
% Change	1%	11%	53%	10%	20%	1%	30%	0%	4%	4%	4%	



Repairs and Replacements Expense

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

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

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

Capital Contributions - Connection Fees

Connection fees are projected at 45 annually over the forecast period. New connections to the wastewater system have remained low during the current economic cycle. Connections increased in FY 2024 as a result of the addition of 62 connections for the Hampton Inn hotel. Increases in FY 2021 through FY 2022 are likely due to the COVID-19 migration. Excluding multi-unit developments, connections averaged 61 per year from FY 2019 through FY 2023, with only 45 during FY 2019 and FY 2020. There are currently 113 connections for the trailing twelve months ended January 31, 2024 which includes the additional connections for the new hotel.

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

Debt Service and Bond Covenant Calculations

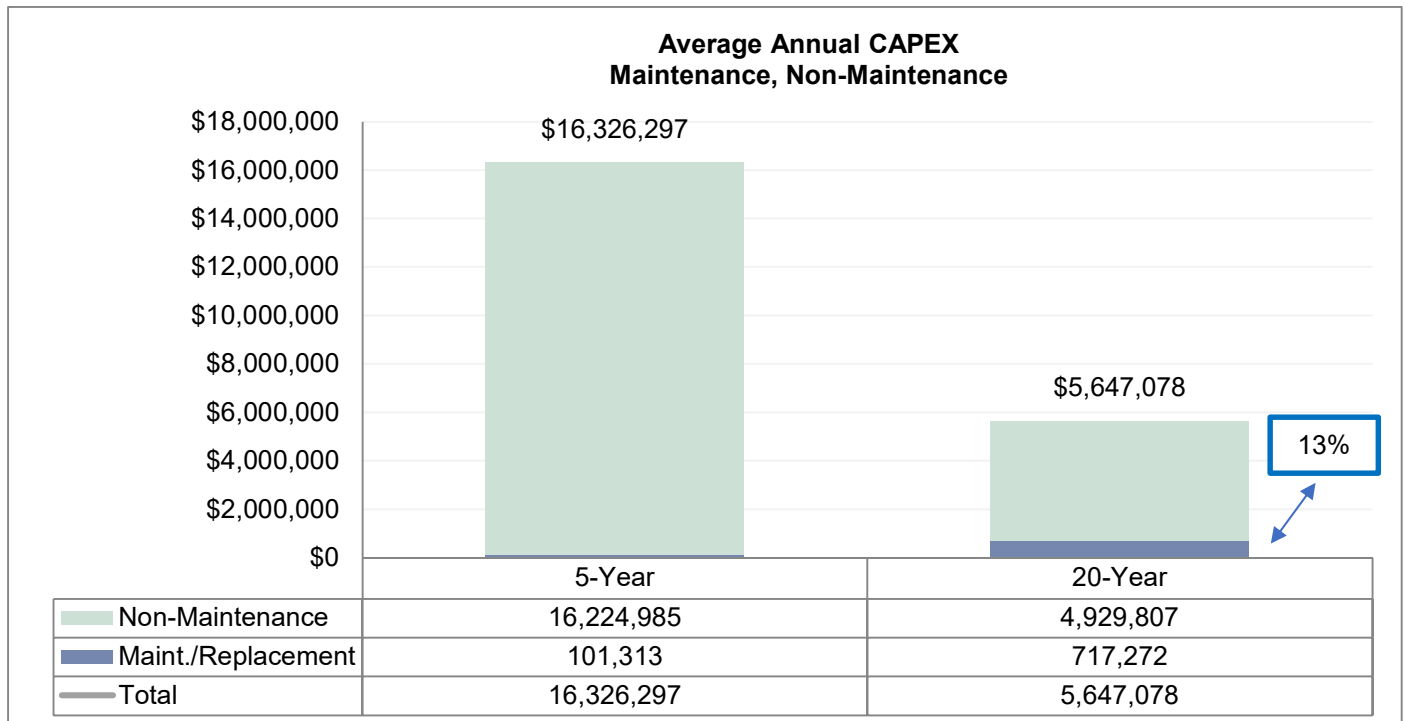
The Agency borrowed \$1.8 million of new debt in FY 2019 to fund the New Belt Press Project (new belt press, conveyor, and hopper). Although the Agency incurred new debt in FY 2019, the Agency's total debt service was lower beginning in FY 2020 due to reduced amortization requirements under its existing debt. Debt service will increase from \$739,816 in FY 2025 to \$4,372,206 in FY 2029, as scheduled amortization increases with the addition of the WIFIA loan and Revenue Bonds for RBB construction partially offset by the FY 2011 installment purchase loan fully amortizing in FY 2027. Debt service coverage is expected to decrease over the period from 5.40x in FY 2025 to 1.42x at the end of FY 2029. Minimum debt service coverage is met.



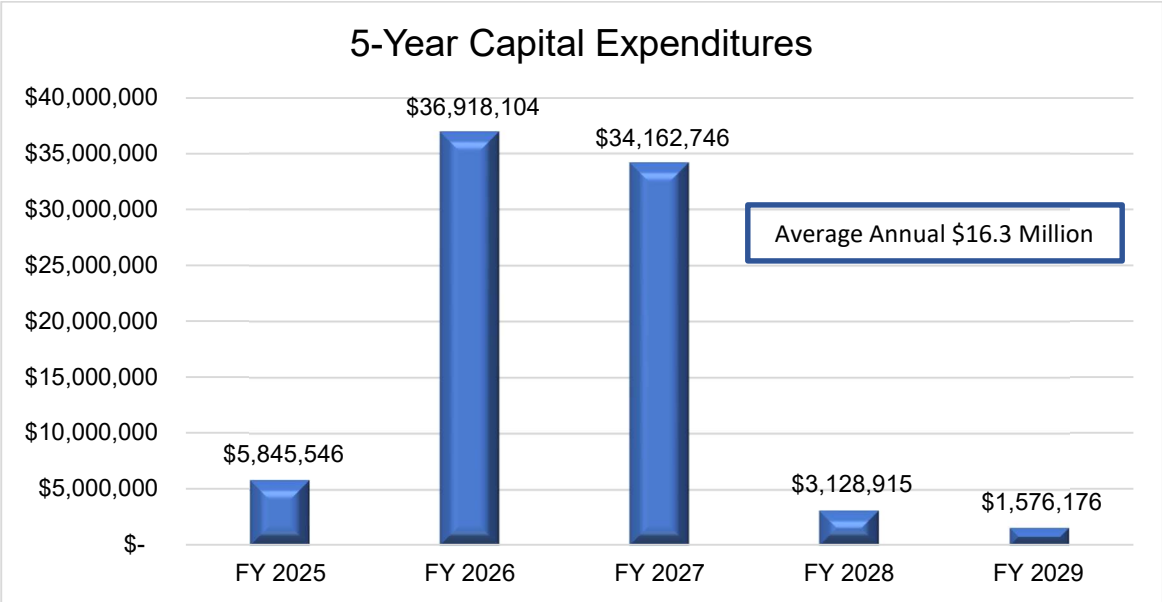
	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Debt Service	\$598,433	\$509,077	\$509,077	\$509,077	\$509,117	\$653,617	\$739,816	\$1,747,298	\$2,458,975	\$4,372,206	\$4,372,206
Net Rev / Debt Srv	2.34	2.96	3.15	3.70	4.32	5.06	5.40	3.09	2.95	1.47	1.42
Covenant Test	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
PASS / FAIL	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS

Capital Expenditures (capex)

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



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





5-YEAR CAPITAL IMPROVEMENT PLAN FY 2025 – 2029

	New Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year FY 2025-2029
ADMINISTRATION BUILDING						
Admin Building - HVAC Chiller	66,617	0	0	0	0	66,617
Total	66,617	0	0	0	0	66,617
EFFLUENT DISPOSAL ASSETS						
Irrigation						
Irrigation Wheel Line - Wheels (4)	0	0	0	14,295	14,724	29,019
Outfall Lines						
Lucerne Valley Pressure Relief Valves	0	0	0	0	19,812	19,812
Total	0	0	0	14,295	34,536	48,831
FLOW MEASURING DEVICES						
Effluent Flow Meter	0	0	0	12,668	0	12,668
Flow Meter CSD/CSA - OAC	0	0	0	16,432	0	16,432
Total flow measuring devices	0	0	0	29,100	0	29,100
INTERCEPTOR SYSTEM						
Force Main Sliplining	762,569	0	0	0	0	762,569
Pumping Equipment						
Pump 1 and 2, Flygt 45 HP	0	0	0	0	89,382	89,382
Structures						
LPS Sinkhole Piping Repair	0	0	0	0	59,010	59,010
Total interceptor system	762,569	0	0	0	148,392	148,392
OTHER EQUIPMENT						
Communications						
IT System - Production Host	0	26,399	0	0	0	26,399
IT System - Backup Appliance w/Firewall	0	24,356	0	0	0	24,356
Electrical						
VFD T/P - Rotor 1 60 HP (7 yr)	0	0	16,837	0	0	16,837
VFD T/P - Rotor 2 60 HP (7 yr)	0	0	17,015	0	0	17,015
VFD T/P - Rotor 4 60 HP (7 yr)	0	0	0	17,525	0	17,525
VFD T/P - Rotor 5 60 HP (7 yr)	0	0	0	17,525	0	17,525
VFD T/P - Rotor 7 60 HP (7 yr)	0	0	0	0	18,238	18,238
VFD T/P - Rotor 8 60 HP (7 yr)	0	0	0	0	18,051	18,051
VFD Interceptor - Station 3 (7 yr) Softstarts	0	0	13,150	0	0	13,150
VFD Interceptor - LPS (7 yr)	0	0	0	0	33,150	33,150



5-YEAR CAPITAL IMPROVEMENT PLAN FY 2025 – 2029 Continued

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



5-YEAR CAPITAL IMPROVEMENT PLAN FY 2025 – 2029 Continued

	New Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5-Year FY 2025-2029
Structures						
Sludge Building - Siding	11,086	0	0	0	0	11,086
Sludge Building - Roofing Sheet Metal	79,105	0	0	0	0	79,105
OAC						
OAC Roof	79,105	0	0	0	0	79,105
Treatment Equipment						
Clarifier 1	0	0	0	0	1,180,202	1,180,202
Total treatment plant equipment	169,296	47,191	49,384	32,354	1,219,106	2,279,900
STUDIES AND MAPS						
New Pipeline Maps	0	0	100,000	0	0	100,000
Total Studies and Maps	0	0	100,000	0	0	100,000
Replenish Big Bear	4,596,763	36,670,202	33,798,227	1,890,364	0	76,955,556
TOTAL	<u>5,845,546</u>	<u>36,918,104</u>	<u>34,162,746</u>	<u>3,128,915</u>	<u>1,576,176</u>	<u>81,631,487</u>

Capital Expenditures – FY 2025

Administration Building

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

Interceptor System

Force Main Sliplining (\$762,569): The force main is likely being impacted by hydrogen sulfide gas during low flow conditions due to the collection at the top of the pipe, which can cause corrosion. A video inspection was performed and showed signs of slight corrosion. Additionally, there have been three sewage leaks on this line since March of 2023. In response to this and to prevent further damage to the pipe, approximately 1,500 ft of lining will be installed in the force main.

Transportation Equipment

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

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



Treatment Plant

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

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

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

Replenish Big Bear (RBB)

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

Capital Expenditures – FY 2026 – FY 2029

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

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

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

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



Cash and Designated Fund Balances

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

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

CASH AND DESIGNATED FUND BALANCES

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Total Change
ENDING BALANCE:							
Cash Balance	11,915,317	13,920,959	17,434,701	21,924,567	23,063,281	23,399,260	11,483,943
Designated Fund Balances:							
Capital and Replacement Fund							
Current Year	1,248,783	247,902	364,519	1,238,551	1,576,176	1,521,842	273,059
Future Years	<u>5,768,407</u>	<u>7,360,505</u>	<u>9,669,343</u>	<u>10,554,586</u>	<u>9,580,336</u>	<u>9,439,233</u>	<u>3,670,826</u>
Total C & R	7,017,190	7,608,407	10,033,862	11,793,137	11,156,512	10,961,075	3,943,885
Debt Service Fund	726,779	1,747,298	2,458,975	4,372,206	4,372,206	4,372,206	3,645,427
Liquidity Fund	2,716,590	2,901,002	3,067,010	3,174,667	4,791,560	5,270,686	2,554,096
Contingency Fund:							
Emergency	500,000	650,000	825,000	1,000,000	1,000,000	1,000,000	500,000
Operating	<u>954,758</u>	<u>1,014,252</u>	<u>1,049,854</u>	<u>1,584,557</u>	<u>1,743,003</u>	<u>1,795,293</u>	<u>840,535</u>
Total Contingency	1,454,758	1,664,252	1,874,854	2,584,557	2,743,003	2,795,293	1,340,535
Designated Funds	11,915,317	13,920,959	17,434,701	21,924,567	23,063,281	23,399,260	11,483,943

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



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

Rate Review

Adequacy of Rates

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

Rate Requirements

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5 Year Total
Revenue Requirements:							
Op Expenses b/f Depreciation	\$ 5,390,216	\$ 5,756,125	\$ 6,085,514	\$ 6,299,127	\$ 9,507,341	\$ 10,458,016	\$ 38,106,123
Rate Funded Capital:							
Debt Service	\$ 578,204	\$ 664,404	\$ 1,671,885	\$ 2,383,975	\$ 4,298,455	\$ 4,298,455	\$ 13,317,175
Capital Expenditures	\$ 800,000	\$ 800,000	\$ 850,000	\$ 1,000,000	\$ 1,200,000	\$ 1,200,000	\$ 5,050,000
Total Rate Funded Capital	\$ 1,378,204	\$ 1,464,404	\$ 2,521,885	\$ 3,383,975	\$ 5,498,455	\$ 5,498,455	\$ 18,367,175
Subtotal	\$ 6,768,420	\$ 7,220,529	\$ 8,607,400	\$ 9,683,101	\$ 15,005,796	\$ 15,956,471	\$ 56,473,297
LESS Other Revenues:							
Other Revenue:							
Standby Charges	\$ 75,297	\$ 73,252	\$ 72,338	\$ 71,424	\$ 70,510	\$ 69,596	\$ 357,118
Rental Income/Lease Revenue	\$ 65,654	\$ 66,840	\$ 68,063	\$ 69,321	\$ 70,618	\$ 71,954	\$ 346,796
Waste Disposal	\$ 24,110	\$ 22,244	\$ 22,244	\$ 22,244	\$ 22,244	\$ 22,244	\$ 111,220
	\$ 165,061	\$ 162,336	\$ 162,644	\$ 162,989	\$ 163,372	\$ 163,793	\$ 815,134
Revenue Requirements	\$ 6,603,359	\$ 7,058,193	\$ 8,444,755	\$ 9,520,112	\$ 14,842,424	\$ 15,792,678	\$ 55,658,163
Proposed Rate	\$ 302.37	\$ 356.79	\$ 421.02	\$ 496.80	\$ 586.22	\$ 612.60	
Annual Change	22.5%	18.0%	18.0%	18.0%	18.0%	4.5%	
Rate Revenue per Proposed Rate							
EDUs	25,370	25,627	25,672	25,717	25,762	25,807	
Rate Revenues - Proposed Billing	\$ 7,671,036	\$ 9,143,600	\$ 10,808,594	\$ 12,776,404	\$ 15,102,434	\$ 15,809,611	\$ 63,640,643
Rate Revenue Excess (Shortfall) - Proposed	\$ 1,067,677	\$ 2,085,407	\$ 2,363,838	\$ 3,256,292	\$ 260,010	\$ 16,933	\$ 7,982,480
Bond Covenant with Proposed Rate							
BBARWA	5.06	5.40	3.09	2.95	1.47	1.42	
Covenant Test Ratio	1.20	1.20	1.20	1.20	1.20	1.20	
PASS/FAIL	PASS	PASS	PASS	PASS	PASS	PASS	



FY 2025 Rate per EDU - \$356.79

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

Ratepayer Impact

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

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



Section 4: Staffing and Departmental Information

Staffing

Overall, the Agency's staffing needs remain fairly stable over time due to the consistent nature of the Agency's sewage treatment and disposal services and relatively little increase in the annual MGDs (millions of gallons per day) treated.

In FY 2022 one plant operator left the Agency and the vacant position was not filled. Prior to FY 2022, the plant was operated using generators for power. Those generators required ongoing maintenance and accounted for a majority of staff time, equivalent to 1 FTE. With the installation of solar, the generators are no longer used as a main power source; therefore, the position could remain unfilled.

Individuals hired in Operations require certification to become a Plant Operator. With a limited candidate pool of certified plant operators, the Agency hires a Plant Operator in Training (OIT). This position learns the operations through on the job training and once the employee has received the required certification, the position is upgraded to a Plant Operator.

Full-Time Equivalent Staffing

Position	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Budget
<u>Administration</u>					
General Manager	1	1	1	1	1
Finance Manager	1	1	1	1	1
Administrative Services Manager	1	1	1	1	1
HR Coordinator/Accounting Tech	1	1	1	1	1
Administrative Assistant	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Subtotal</u>	4	4	4	4	5
<u>Operations</u>					
Plant Manager	1	1	1	1	1
Plant Supervisor	1	1	1	1	1
Plant Operator	5	6	6	6	6
Plant Operator-in-Training	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Subtotal</u>	9	9	8	8	8
<u>Laboratory</u>					
Senior Laboratory Analyst	1	1	1	1	1
Laboratory Technician	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<u>Subtotal</u>	2	2	2	2	2
<u>Seasonal / Temporary (a)</u>	0.5	0.5	0.5	0.5	0
Total	<u>15.5</u>	<u>15.5</u>	<u>14.5</u>	<u>14.5</u>	<u>15</u>

(a) Part-time and non-regular seasonal employees are considered a 0.5 full-time equivalent employee, although total hours worked may be greater than 50% of a full-time equivalent employee. This position is currently vacant.



Departments

The Agency does not have distinct and separate departments due to the small, single-service nature of its operations. From a functional standpoint, the Agency may say that it has the following departments: Administration, Operations, and Laboratory with both the Administration and Laboratory Departments supporting the Agency's Operations Department.

Administration Department

Positions: General Manager
Finance Manager
Administrative Services Manager/Board Secretary
Human Resources Coordinator / Accounting Technician
Administrative Assistant
Plant Manager (this position is the senior operations position but is also part of the Agency's key management staff)

Functions: Accountable for the Agency's managerial, legal, and fiscal responsibilities associated with being a public wastewater treatment facility and directly supports the operations department through the administration, finance, and human resource functions.



Operations Department

Positions: Plant Manager
Plant Supervisor
Plant Operator II (6)

Functions: The Agency expects to collect and treat approximately 800 million gallons of wastewater at the treatment plant in FY 2025. These services will be performed by the Operations Department, in compliance with discharge permits issued by the Colorado and Santa Ana Regions of the State Water Resource Control Boards which regulate the Agency's effluent quality as it leaves the treatment plant.



The Operations Department is responsible for operating, inspecting, maintaining, and troubleshooting the wastewater pumping stations and treatment plant equipment and processes. In addition, it is responsible for ensuring the treatment plant processes operate efficiently and all discharge requirements are fulfilled.

The Operations Department is a technical element of the Agency's operation which 1) utilizes complex valving schemes and flow patterns specific to a variety of treatment processes, 2) performs basic troubleshooting on systems as necessary, 3) reads meters, gauges, charts, and instruments, and 4) interprets, records, and logs plant performance. The department



is also responsible for maintaining and servicing the interceptor system which consists of 15 miles of pipelines, 93 manholes, 12 air release vents, and 4 lift stations.



Laboratory Department

Positions: Senior Laboratory Analyst

Laboratory Technician

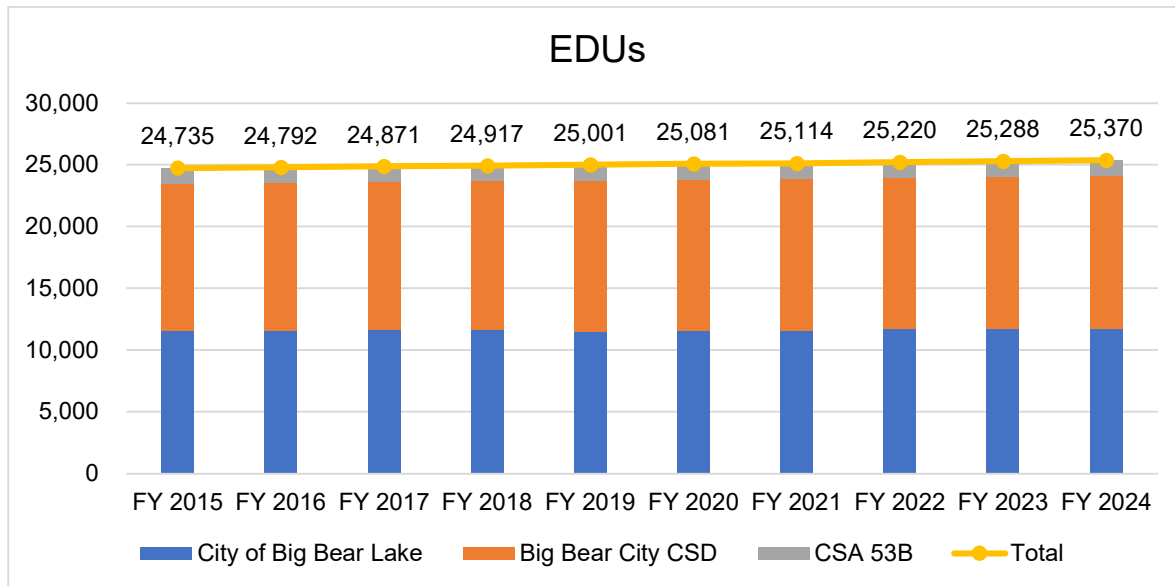
Functions: Collects and analyzes wastewater flows and biosolids to adhere to federal, state, and local guidelines and provides data to the operations department for implementing process control decisions. The laboratory analyses include but are not limited to 1) those required on a daily basis for compliance with the Agency's discharge order permits such as pH, biochemical oxygen demand, total dissolved solids, suspended solids, nitrates, chloride, fluoride, sulfate, conductivity, total and fecal Coliform and conductivity, and 2) wastewater solids inventory and microscopic examinations of activated sludge for process control. The laboratory department is also responsible for preparing evaluations of the treatment plant unit processes and making recommendations for process control based on analyses.



Section 5: Supplemental Information

Demographics

The Agency serves an area that experiences relatively slow population growth. The average annual change in EDUs (Equivalent Dwelling Units) has been less than 1% over the last 10 years.



The Big Bear area is considered a four-season resort community and is characterized by a large, part-time population of second homeowners and seasonal peaks associated with tourism. The permanent population consists of approximately 20,000 residents and 1,400 businesses and on a busy weekend or holiday, can flourish to 100,000. Per 2020 census data, it is estimated that approximately 60% of residential sewer connections are full-time residents, with the remainder being part time or second homeowners.

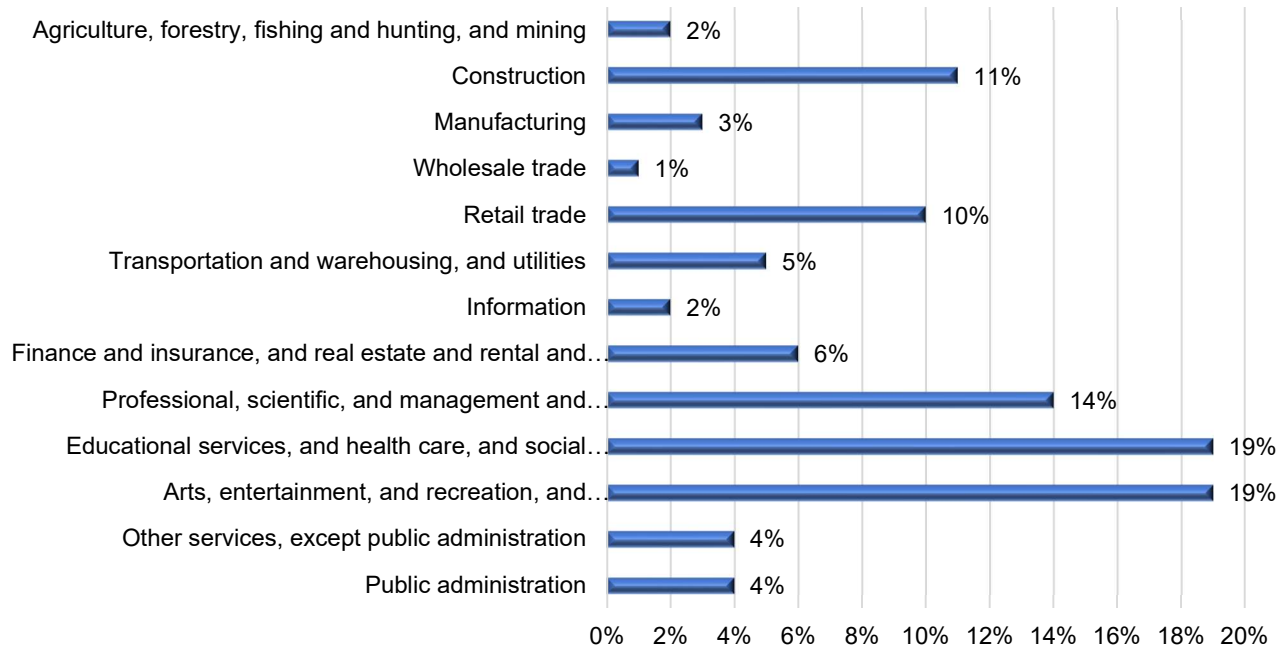
The following demographic, economic, and social statistics are important considerations for the Agency, especially in maintaining affordable rates for the permanent population of the Agency's service area. The information has been gathered from the U.S. Census Bureau and represents the areas of Big Bear Lake and Big Bear City, and excludes Erwin Lake, Lake Williams, Sugarloaf, and Fawnskin. While the information is incomplete, we believe it is representative of the Agency's service area.

Employment

As a resort community, the primary employer is the arts, entertainment, recreation, accommodation, and food service industries, employing approximately 19% of the workforce; however, educational services, health care, and social assistance has increased over the years and also accounts for by 19% of the workforce.



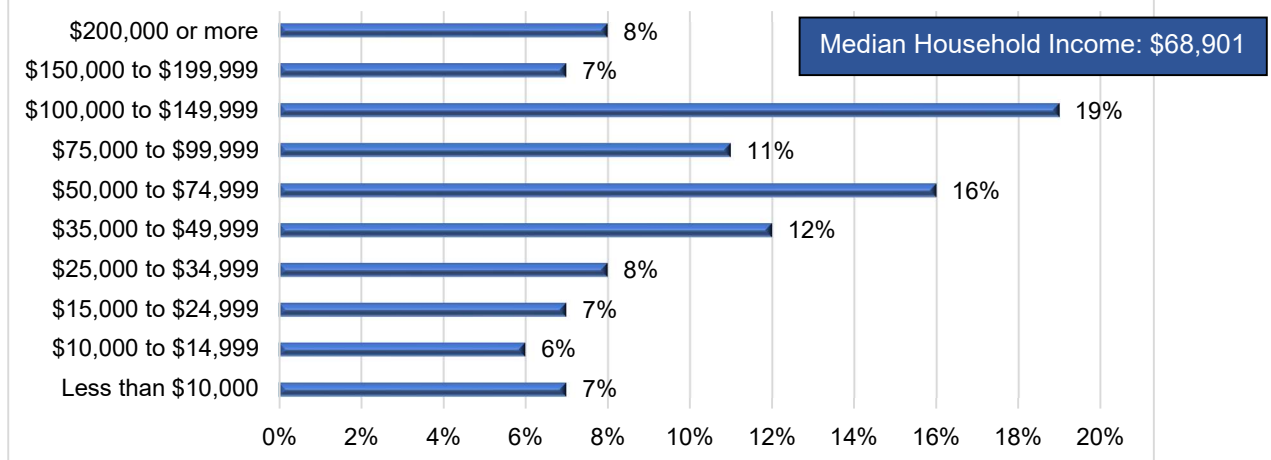
Major Employes by Industry



Household Income

The median household income for the area was \$68,901 in 2022, approximately \$6,248 below the national average of \$75,149 for the same period.

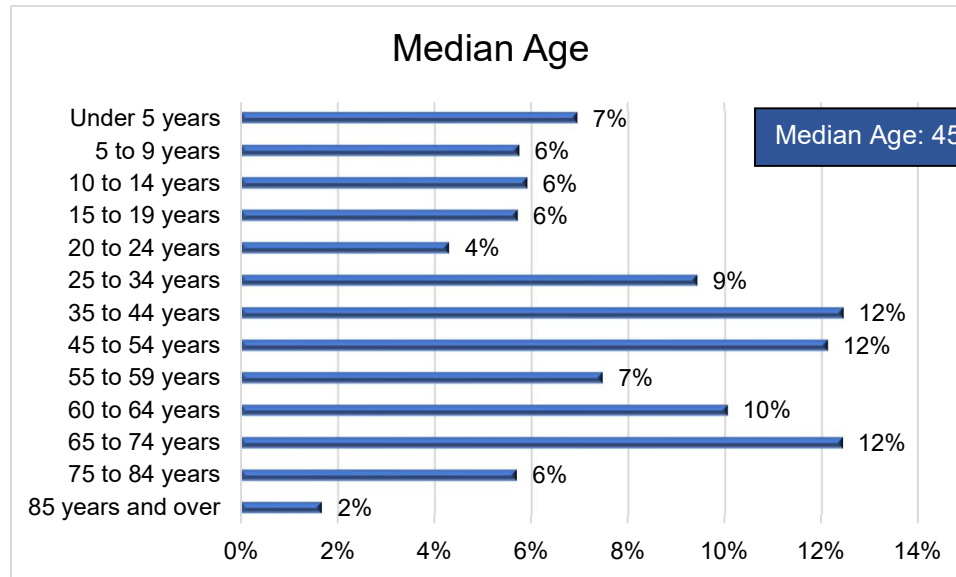
Household Income (in 2022 inflation-adjusted dollars)





Median Age

The median age of the area is 45.5 as of the 2022 Census data. Approximately 37% of the population is estimated to be 55 years and older, with 30% of the population 60 years and older.



Section 7: Glossary

Accrual accounting

A method of accounting in which revenues are recorded when earned and expenses are recognized when incurred.

Annual charges

The amount collected by the Agency to cover its revenue requirements, calculated by multiplying the number of equivalent dwelling units reported by each member agency by the user fee. This amount is then prorated based on member agency actual flow into the system. Annual charges are collected from the member agencies in April and December of each year. Each member agency, in turn, collects the fees from the respective ratepayers.

Appropriation

The act of setting aside money for a specific purpose. The formal approval of the Agency's budget by the Governing Board legally appropriates funding for the purposes outlined in the budget and places constraints on management pursuant to the budget.

Balanced budget

A balanced budget is when the Agency's recurring revenues are equal to or in excess of recurring expenditures or in the case where recurring revenues are less than recurring expenditures there are adequate contingency reserves to cover the excess expenditures. Recurring revenues include annual charges (user fees), standby fees, wastewater disposal fees, and rental income. Recurring expenditures include ongoing operating expenses, debt service, and average annual maintenance capital expenditures.



BOD	Biochemical oxygen demand. A chemical testing procedure for determining the uptake rate of dissolved oxygen by the biological organisms in a body of water. It is widely used as an indication of the quality of water.
Bond	A bond is a promise to repay borrowed money by a specific date in the future including specific interest on the amount borrowed at predetermined intervals during the life of the bond.
CAGR	The Compound Annual Growth Rate which is the average annual growth rate over the period referenced.
CAPEX	Capital expenditure(s)
Capital budget	The Agency's plan for capital expenditures during a one-year period.
Capital expenditure	An expenditure of \$5,000 or more that is used to purchase or improve an asset with a useful life of one year or more.
CBBL	City of Big Bear Lake
Connection fee	A system development fee or capacity charge and is a one-time fee paid at the time of connection to the system. The fee recovers a proportional share of capital costs incurred to provide service capacity for new wastewater customers.
CSD	Big Bear City Community Services District
CSA 53B	County of San Bernardino Service Area 53B
Debt service	Principal and interest payments on borrowed money.
Depreciation	A reduction in the value of an asset with the passage of time due to wear and tear. Annual depreciation is often considered a measure of annual maintenance expense.
EDU	An equivalent dwelling unit. EDU's are used to set water rates based on the amount of wastewater generated from an average single-family residence. Connections and EDUs may be used interchangeably to reference the number of single-family households in the system or connecting to the system at any given time.
Enterprise fund	A fund which establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods and services.
Fodder, fiber crops	Fodder and fiber crops are those cultivated explicitly or primarily for feeding animals.
FY	Means the fiscal year ending June 30 th of the year referenced, i.e., FY 2023 is the fiscal year ending June 30, 2023.
GASB	Governmental Accounting Standards Board



GFOA	Government Finance Officers Association
I & I	Infiltration and inflow. A term used to describe the ways the groundwater and stormwater enter into the sewer system. Inflow is stormwater that enters into sanitary sewer systems and point of direct connection to the system. Infiltration is groundwater that enters sanitary sewer systems through cracks and/or leaks in the sanitary sewer pipes.
IRR	Internal Rate of Return. The discount rate at which the present value of all future cash flow is equal to the initial cost of the investment. Used to compare multiple projects for decision making purposes or to determine the level at which a project's rate of return exceeds the Agency's cost of capital.
Interceptor system	The portion of the Agency's pipeline system that collects wastewater flow from the member agencies and transports it to the treatment plant.
Joint powers agreement	A formal legal agreement between two or more public agencies that shows a common power and where the agencies want to jointly implement programs, build facilities, or deliver services. Officials from those agencies formally approve a cooperative arrangement.
Member agencies	The member agencies pursuant to BBARWA's joint powers agreement are the Community Services District, the City of Big Bear Lake, and the County of San Bernardino Service Area 53B.
MGD	Million gallons per day.
nm	Means "not meaningful." It is input as the outcome when dividing by "0" or when the percent change calculation includes a loss or negative number.
NPV	Net Present Value. The present value of cash inflows and present value of cash outflows related to a capital project. Is used to determine the overall value or profitability of a project. Used to compare multiple projects for decision making purposes.
OPEB	Other poste employment benefits.
Operating income	Is equal to Operating Revenue less Operating Expenses. Is a key indicator of the Agency's ability to cover its debt service and maintain capital assets.
Operating budget	The Agency's plan for operating and maintenance expenses during a one-year period.
Projected performance	Based on six months of actual performance through December and represents the Agency's best estimate of performance for the full year.
Proprietary Fund	A proprietary fund is used to account for activities that involve business-like interactions. There are two types of proprietary funds, an enterprise fund and internal service fund. The Agency operates as an enterprise fund.
Pumping station	A pumping operation, usually located a long distance from the treatment plant, which provides for the lifting and conveyance of sewage through the force main to gravity flow points.



RBB	Replenish Big Bear.
Revenue requirements	Amount of revenue required to cover operating and capital costs. Operating costs are usually routine or periodic costs incurred to provide service on an ongoing basis. Capital costs relate to capital items such as equipment or facilities that provide benefits over multiple years.
SCADA	Supervisory Control and Data Acquisition (SCADA) is an automated system that uses programmable logic controls to monitor and control treatment processes and pump stations.
Sewage	Wastewater flow from residential and commercial units connected to the sewer system.
Sewerage	The infrastructure, including pipelines, drains, manholes, and other system facilities used to convey sewage.
Sludge	Refers to the residual, semi-solid material left from industrial wastewater, or sewage treatment processes.
Solids	The material removed from sludge such as grit, sand, or debris.
Standby fee	A charge to undeveloped parcel owners that recovers a proportional share of operating costs to maintain the wastewater facilities in a “ready” state.
UAL	Unfunded accrued liability (used in reference to pension and OPEB unfunded liabilities).
User Fee	The rate charged per equivalent dwelling unit. This rate is set by BBARWA based on its revenue requirements.
Wastewater	Any water that has been adversely affected in quality by anthropogenic influence. It comprises liquid waste discharged by the domestic residences, commercial properties, industry, and/or agriculture and can encompass a wide range of potential contaminants and concentrations. In the most common usage, it refers to the municipal wastewater that contains a broad spectrum of contaminants resulting from the mixing of wastewaters from different sources.



Appendix

Five-Year Forecast

Income Statement

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	5 Yr CAGR (a)
Operating Revenue:							
Annual Charges	7,671,077	9,143,600	10,808,594	12,776,404	15,102,434	15,809,611	16%
Standby Charges	75,297	73,252	72,329	71,406	70,484	69,561	-2%
Rental Income	0	10,924	11,252	11,589	11,937	12,295	nm (b)
Waste Disposal	24,110	22,244	22,244	22,244	22,244	22,244	-2%
Other Revenue	38,899	0	0	0	0	0	nm (b)
Total Operating Revenue	7,809,383	9,250,019	10,914,418	12,881,644	15,207,098	15,913,710	15%
Operating Expenses:							
Salaries and Benefits	2,977,200	3,274,752	3,492,935	3,704,680	3,889,924	4,117,423	7%
Power	497,519	516,348	530,381	544,055	556,587	569,726	3%
Sludge Removal	336,212	344,723	352,842	361,476	370,325	379,396	2%
Chemicals	102,530	106,023	141,170	111,391	114,176	153,232	8%
Materials and Supplies	178,192	178,420	183,753	188,457	188,951	193,940	2%
Repairs and Replacements	300,403	295,861	287,055	269,734	281,946	288,995	-1%
Equipment Rental	1,406	2,004	2,054	2,105	2,158	2,212	9%
Utilities Expense (other than power)	38,769	39,739	40,732	41,750	42,794	43,864	3%
Communications Expense	58,973	58,862	60,244	61,660	63,111	64,599	2%
Contractual Services - Other	163,212	135,701	139,010	142,880	146,876	151,002	-2%
Contractual Services - Prof	189,027	158,535	180,765	166,561	180,460	174,993	-2%
Permits and fees	259,973	276,859	304,861	321,448	353,084	373,607	8%
Property Tax Expense	4,196	4,252	4,308	4,365	4,423	4,482	1%
Insurance	229,023	298,302	298,017	309,492	321,267	333,374	8%
Other Operating Expense	53,580	65,744	67,388	69,072	70,799	72,569	6%
Replenish Big Bear Operating Expense	0	0	0	0	2,920,458	3,534,603	nm (b)
Depreciation Expense	901,809	1,509,638	3,361,454	4,992,431	4,895,263	4,715,769	39%
Total Operating Expense	6,292,025	7,265,763	9,446,968	11,291,557	14,402,604	15,173,785	19%
Operating Income	1,517,358	1,984,257	1,467,450	1,590,086	804,495	739,925	-13%
Nonoperating Income							
Gain (loss) on Asset Disposition	2,555	2,575	2,596	2,616	2,637	2,658	1%
Interest Income	413,570	315,625	382,192	473,515	539,471	562,882	6%
Other Nonoperating Income	55,048	4,803,293	5,155,639	4,789,484	1,013,910	59,659	nm (b)
Nonoperating Income	471,174	5,121,493	5,540,427	5,265,615	1,556,019	625,198	6%
Nonoperating Expense							
Other Expense	175,822	5,040	5,035	5,031	5,031	5,031	-51%
Interest Expense	288,881	299,323	1,132,185	1,834,995	3,203,789	3,147,997	61%
Nonoperating Expense	464,703	304,364	1,137,220	1,840,027	3,208,820	3,153,027	47%
Income before Contributions	1,523,829	6,801,386	5,870,657	5,015,675	-848,307	-1,787,904	-203%
Connection Fees	459,800	188,100	188,100	188,100	188,100	188,100	-16%
Net Income, Change in Net Position	1,983,629	6,989,486	6,058,757	5,203,775	-660,207	-1,599,804	-196%

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

(b) "nm" means not meaningful



Cash Flow Statement and Designated Fund Balances

	Projected FY 2024	Budget FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Total
Cash from Operating Activities:							
Operating Income (Loss)	1,527,964	1,984,256	1,467,450	1,590,086	804,494	739,925	6,586,212
Depreciation Expense	901,809	1,509,638	3,361,454	4,992,431	4,895,263	4,715,769	19,474,556
Change in Working Capital, Other Adjustments	<u>159,402</u>	<u>-59,294</u>	<u>52,935</u>	<u>11,496</u>	<u>263,461</u>	<u>18,027</u>	<u>286,625</u>
Net Cash Provided by Op Activities	2,589,175	3,434,601	4,881,839	6,594,013	5,963,219	5,473,721	26,347,392
Cash from Noncapital Financing:							
Payment of Pension Related Debt/Liability	0	0	0	0	0	0	0
Cash from Capital and Related Financing:							
Other Nonop Expense (Interagency)	-4,756	0	0	0	0	0	0
Capital Expenditures	-7,867,087	-5,845,546	-36,918,104	-34,162,746	-3,128,915	-1,576,176	-81,631,487
Proceeds from Asset Disposition	0	0	0	0	0	0	0
Connection Fee (Capital Contrib)	459,800	188,100	188,100	188,100	188,100	188,100	940,500
Proceeds from Debt Issuance, Grants	5,465,048	4,596,763	36,670,202	33,798,227	1,890,364	0	76,955,556
Debt Service:							
Interest Expense	-227,713	-299,323	-1,132,185	-1,834,995	-3,203,789	-3,147,997	-9,618,289
Principal Debt Amortization	<u>-425,903</u>	<u>-440,493</u>	<u>-615,113</u>	<u>-623,980</u>	<u>-1,168,417</u>	<u>-1,224,210</u>	<u>-4,072,213</u>
Total Debt Service	<u>-653,617</u>	<u>-739,816</u>	<u>-1,747,298</u>	<u>-2,458,975</u>	<u>-4,372,206</u>	<u>-4,372,206</u>	<u>-13,690,502</u>
Lease Revenue	55,048	55,917	56,811	57,732	58,681	59,659	288,800
Net Cash Used for Cap and Related Financing	-2,545,562	-1,744,583	-1,750,289	-2,577,662	-5,363,976	-5,700,624	-17,137,133
Cash from Investing:							
Interest Income	<u>413,570</u>	<u>315,625</u>	<u>382,192</u>	<u>473,515</u>	<u>539,471</u>	<u>562,882</u>	<u>2,273,684</u>
Net Cash from Investing	413,570	315,625	382,192	473,515	539,471	562,882	2,273,684
Net Change in Cash	457,183	2,005,642	3,513,742	4,489,866	1,138,714	335,979	11,483,943
Beginning Cash Balance	11,458,134	11,915,317	13,920,959	17,434,701	21,924,567	23,063,281	88,258,825
Ending Cash Balance	<u>11,915,317</u>	<u>13,920,959</u>	<u>17,434,701</u>	<u>21,924,567</u>	<u>23,063,281</u>	<u>23,399,260</u>	<u>99,742,769</u>
Change in Cash Balance	457,183	2,005,642	3,513,742	4,489,866	1,138,714	335,979	11,483,943
DESIGNATED FUND BALANCES (Ending)							
Cash Balance	11,915,317	13,920,959	17,434,701	21,924,567	23,063,281	23,399,260	11,483,943
Capital and Replacement Fund							
Current Year	1,248,783	247,902	364,519	1,238,551	1,576,176	1,521,842	273,059
Future Years	<u>5,763,778</u>	<u>7,360,505</u>	<u>9,669,343</u>	<u>10,554,586</u>	<u>9,580,336</u>	<u>9,439,233</u>	<u>3,675,455</u>
Total C & R	7,012,561	7,608,407	10,033,862	11,793,137	11,156,512	10,961,075	3,948,514
Debt Service Fund	726,779	1,747,298	2,458,975	4,372,206	4,372,206	4,372,206	3,645,427
Liquidity Fund	2,716,590	2,901,002	3,067,010	3,174,667	4,791,560	5,270,686	2,554,096
Contingency Fund:							
Emergency	500,000	650,000	825,000	1,000,000	1,000,000	1,000,000	500,000
Operating	<u>959,387</u>	<u>1,014,252</u>	<u>1,049,854</u>	<u>1,584,557</u>	<u>1,743,003</u>	<u>1,795,293</u>	<u>835,906</u>
Total Contingency	1,459,387	1,664,252	1,874,854	2,584,557	2,743,003	2,795,293	1,335,906
Designated Funds	11,915,317	13,920,959	17,434,701	21,924,567	23,063,281	23,399,260	11,483,943



Historical Income Statement

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

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Projected FY 2024	NEW Budget FY 2025
Operating Revenues:							
Annual Charges	5,251,542	5,437,076	5,602,113	5,845,163	6,241,883	7,671,077	9,143,600
Standby Charges	83,200	81,660	80,300	79,220	77,590	75,297	73,252
Rental Income	51,071	51,855	52,592	70	11,096	0	10,924
Waste Disposal	20,608	18,755	23,859	22,000	25,263	24,110	22,244
Other Revenue	<u>765</u>	<u>0</u>	<u>793</u>	<u>7,709</u>	<u>19,819</u>	<u>38,899</u>	<u>0</u>
Total Operating Revenue	5,407,186	5,589,346	5,759,657	5,954,162	6,375,651	7,809,383	9,250,019
Operating Expenses:							
Salaries and Benefits	2,162,857	2,353,414	2,447,706	2,549,891	2,760,296	2,977,200	3,274,752
Power	520,234	453,306	459,483	388,721	434,357	497,519	516,348
Sludge Removal	298,241	276,292	319,660	271,361	258,216	336,212	344,723
Chemicals	53,088	47,596	96,119	51,788	80,548	102,530	106,023
Materials and Supplies	162,695	159,052	120,308	120,638	148,013	178,192	178,420
Repairs and Replacements	445,040	253,789	262,795	156,609	339,659	300,403	295,861
Equipment Rental	1,363	351	835	111	3,097	1,406	2,004
Utilities Expense (other than power)	22,207	14,180	61,996	22,427	48,982	38,769	39,739
Communications Expense	32,160	39,043	44,988	48,093	58,941	58,973	58,862
Contractual Services - Other	97,296	78,879	90,873	86,212	80,920	163,212	135,701
Contractual Services - Professional	214,412	153,470	120,390	196,672	123,963	189,027	158,535
Permits and fees	158,528	185,051	201,452	234,270	239,056	259,973	276,859
Property Tax Expense	3,665	3,917	3,998	4,017	4,096	4,196	4,252
Insurance	100,952	112,262	171,882	188,844	226,698	229,023	298,302
Other Operating Expense	48,140	45,018	37,216	42,987	42,370	53,580	65,744
Depreciation Expense	<u>893,196</u>	<u>863,233</u>	<u>898,422</u>	<u>883,556</u>	<u>893,690</u>	<u>901,809</u>	<u>1,509,638</u>
Total Operating Expense	5,214,075	5,038,855	5,338,122	5,246,199	5,742,904	6,292,025	7,265,763
Operating Income	193,111	550,491	421,535	707,963	632,747	1,517,358	1,984,256
Nonoperating Income							
Gain (loss) on asset disposition	0	-9,178	-360,999	-33,519	-6,029	2,555	2,575
Interest Income	164,711	131,406	-1,670	10,171	127,719	413,570	315,625
Other Nonoperating Income	0	0	24,158	99,872	516,044	0	4,747,377
Lease Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,741</u>	<u>60,552</u>	<u>55,048</u>	<u>55,917</u>
Nonoperating income	164,711	122,228	-338,511	129,265	698,286	471,173	5,121,493
Nonoperating Expense							
Other Expense	181,528	174,573	103,896	108,222	71,119	175,822	5,040
Interest Expense	<u>134,569</u>	<u>136,848</u>	<u>122,832</u>	<u>110,916</u>	<u>159,520</u>	<u>288,881</u>	<u>299,323</u>
Nonoperating expense	316,097	311,421	226,728	219,138	230,640	464,703	304,364
Income before Contributions	41,725	361,298	-143,704	618,089	1,100,393	1,523,829	6,801,386
Connection Fees	<u>188,100</u>	<u>188,100</u>	<u>284,240</u>	<u>363,660</u>	<u>456,346</u>	<u>459,800</u>	<u>188,100</u>
Change in Net Position	229,825	549,398	140,536	981,750	1,556,738	1,983,629	6,989,486



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 10.E.

MEETING DATE: March 27, 2024

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

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

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

SUBJECT: Resolution No. R. 06-2024, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Expressing Appreciation to Bynette Mote for Dedicated Service as a Member of Said Governing Board

BACKGROUND & DISCUSSION:

Ms. Bynette Mote was appointed to the Big Bear Area Regional Wastewater Agency Governing Board in 2021. She served on the Administrative Committee and Replenish Big Bear Committee. She has been instrumental in the planning, implementation, and operation of BBARWA's wastewater treatment plant, disposal projects, and Replenish Big Bear. She has been a faithful and dedicated member of the Governing Board, guiding the Agency through several complex issues and projects. We thank her for her years of service to the Agency. Her enthusiasm, knowledge, and leadership will be greatly missed.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Execute the attached Resolution.

ATTACHMENT:

Resolution No. R. 06-2024

RESOLUTION NO. R. 06-2024

**A RESOLUTION OF THE GOVERNING BOARD OF THE
BIG BEAR AREA REGIONAL WASTEWATER AGENCY
EXPRESSING APPRECIATION TO BYNETTE MOTE
FOR DEDICATED SERVICE AS A MEMBER OF SAID
GOVERNING BOARD**

WHEREAS, Ms. Bynette Mote has served as a member of the Governing Board of the Big Bear Area Regional Wastewater Agency representing the City of Big Bear Lake since August 5, 2021; and

WHEREAS, Ms. Mote has been a faithful and dedicated member of this Governing Board and has been instrumental in the planning, implementation and operation of the Agency's wastewater treatment plant, disposal projects, and Replenish Big Bear; and

WHEREAS, Ms. Mote's dedicated service and cooperative attitude have been an inspiration to this Governing Board as well as communities within the Big Bear Valley.

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

The undersigned members of this Governing Board do hereby honor Ms. Bynette Mote for her service as a member of the Governing Board and for her dedicated leadership.

ADOPTED this 27th day of March 2024.

Jim Miller, Chair of the Governing Board
Big Bear Area Regional Wastewater Agency

Rick Herrick, Vice-Chair of the Governing Board
Big Bear Area Regional Wastewater Agency

John Russo, Director of the Governing Board
Big Bear Area Regional Wastewater Agency

Kendi Segovia, Director of the Governing Board
Big Bear Area Regional Wastewater Agency

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



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 10.F.

MEETING DATE: March 27, 2024

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

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

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

SUBJECT: Governing Board Committee Appointments

BACKGROUND:

The Governing Board has created three permanent committees to review specific agency functions, activities, and/or operations. Two Governing Board Members will be appointed to each committee. Members of the Administrative, Finance, and Operations Committees are appointed for no more than a 12-month term unless the Chair extends this term. The time commitment for these committees is normally minimal and expected to be less than six meetings per year, with travel typically limited to within the Big Bear Valley.

DISCUSSION:

The Chair will begin opening nominations for the following permanent committees:

Administrative Committee – This permanent committee is tasked with providing advice to the Governing Body regarding meetings with the General Manager, evaluating the General Manager's performance, participating in the development and hiring of managerial level employees, and other tasks as assigned by the Governing Body.

Finance Committee – This permanent committee is tasked with providing advice to the Governing Body regarding the draft budget, audit process, rates and fees and proposed changes, check approval/signing process, and other tasks as assigned by the Governing Body.

Operations Committee – This permanent committee is tasked with providing advice to the Governing Body regarding new facilities and capital expenditures, inter-governmental relationships, regulatory agencies, and other tasks as assigned by the Governing Body.

A second will be offered, followed by a vote of the Governing Board. The designated officers will assume their newly appointed positions at the next scheduled committee meeting.

For reference, current members of each committee are listed below:

<u>Administrative Committee</u>	<u>Finance Committee</u>	<u>Operations Committee</u>
Director Walsh	Chair Miller	Chair Miller
Vacant	Vice-Chair Herrick	Vice-Chair Herrick

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Appointment of two Governing Board Members each to the Administrative, Finance, and Operations Committees.



Big Bear Area Regional
Wastewater Agency
Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh – Director

AGENDA ITEM: 10.G.

MEETING DATE: March 27, 2024

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

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

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

SUBJECT: Replenish Big Bear Advisory Committee Appointment

BACKGROUND & DISCUSSION:

On March 22, 2023, the Governing Board created the Replenish Big Bear (RBB) Advisory Committee for the purpose of advising staff on RBB decisions and accompanying the General Manager to stakeholder meetings when needed.

The Governing Board Chair appoints no more than two Governing Board members to advisory committees. The committee shall be considered dissolved when its final report is completed or at the preset date determined by the Governing Board Chair. Members of the committee shall be appointed for no more than 12 months unless the Governing Board Chair extends this term.

Committee meetings will be conducted in accordance with the requirements of the Ralph M. Brown Act, shall consist of less than a quorum of the Governing Board, shall not contain any alternates, and shall not have a fixed meeting schedule. The Committee shall submit its findings and/or recommendations to the Governing Board at the next Governing Board meeting.

For reference, the current member of the committee is listed below:

<u>Replenish Big Bear Committee</u>
Director Walsh
Vacant

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

The Governing Board Chair appoint two Governing Board Members to the Replenish Big Bear Advisory Committee for the purpose of advising staff on RBB decisions and accompanying the General Manager to stakeholder meetings when needed, for a term of 12 months unless the Chair extends this term. No vote is needed.