



Bear Valley Basin
Groundwater Sustainability Agency (BVBGSA)
C/O City of Big Bear Lake, Department of Water and Power (DWP)
Attention: Reginald A. Lamson
41972 Garstin Drive Big Bear Lake, CA 92315

Special Board Meeting Agenda
November 13, 2023 at 9:00 am

**This meeting will be held by Zoom and in person in the DWP Boardroom
at 41972 Garstin Drive, Big Bear Lake, CA, 92315.**

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability related modification or accommodation to participate in this meeting, please contact Reggie Lamson at (909) 866-5050. Requests must be made as early as possible and at least one full business day before the start of the meeting. Documents and material relating to an open session agenda item that are provided to the Board of Directors not less than 72 hours prior to a regular meeting will be available for public inspection and copying at 41972 Garstin Drive, Big Bear Lake, CA 92315 or on our web site at bvbgsa.org.

ZOOM ACCESS INFORMATION

This meeting will be available at: <https://us02web.zoom.us/j/85758118218>

Passcode: bigbear

Meeting ID: 857 5811 8218

You may also call into the meeting by dialing one of the phone numbers below, entering the meeting ID, and entering the password.

Meeting ID: 857 5811 8218

Password: 6369473

Dial by your location

- +1 669 900 9128 US (San Jose)
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- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)
- +1 309 205 3325 US

BOARD MEMBERS

James Miller, Vice-Chair
Craig Hjorth, Treasurer
Steve Ludecke, Secretary
John Russo

OPEN SESSION

CALL MEETING TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC FORUM

The public may address the Board by completing a speaker card. All remarks shall be addressed to the Board as a body only. There is a three-minute maximum time limit when addressing the Board. Please note that California law prohibits the Board from taking action on any item not appearing on the agenda.

1. CONSENT CALENDAR

1.1 Approve Minutes of the Board Meeting Dated June 20, 2023

2. ITEMS REMOVED FROM CONSENT CALENDAR

3. DISCUSSION/ACTION ITEMS

3.1 Agreement with Thomas Harder & Co. to Prepare the Groundwater Sustainability Plan 2022/23 Annual Report

Board to review and consider approving an Agreement with Thomas Harder & Co. to prepare the GSP 2022/23 Annual Report.

3.2 Appointment of Officers

Board to discuss and appoint officers.

3.3 Approval of Claims Payments

Board to review and consider authenticating the claims payments.

3.4 Financial Statement Audit 2023

Board to review and discuss the Financial Statement Audit 2023.

3.5 Resolution No. 2023-XX - Member Cash Balance Funding Realignment

Board to review and consider adopting Resolution No. 2023-XX realigning member cash advances.

3.6 Replenish Big Bear Status Update

Board to review and discuss the Replenish Big Bear Status Update.

3.7 Management and Board Member Discussion

Board members and/or staff to identify matters for future BVBGSA Agenda Items.

ADJOURNMENT

**BOARD OF BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY
MEETING MINUTES
June 20, 2023**

OPEN SESSION

A meeting of the Bear Valley Basin Groundwater Sustainability Agency Board of Directors was called to order at 9:04 a.m. on June 20, 2023, by Vice-Chair Miller at 41972 Garstin Drive, Big Bear Lake, CA 92315.

BOARD MEMBERS PRESENT:

John Green, Chair
Jim Miller, Vice-Chair
Craig Hjorth, Treasurer
Steve Ludecke, Secretary

PLEDGE OF ALLEGIANCE

David Lawrence, General Manager BBARWA

PUBLIC FORUM:

No comments from the public.

1. PUBLIC HEARING

Vice-Chair Miller opened the public hearing.

1.1 Resolution No. 2023-01 Budget for Fiscal Year 2023/24

Secretary Ludecke inquired into the disparity in contributions for FY 2019-20 between BBARWA and the other agencies. Dani McGee responded that the process has changed since 2019-20. Previously, BBARWA billed the GSA, and the GSA billed the agencies. Secretary Ludecke stated his understanding that in the FY 2023/24 budget, each agency is expected to contribute approximately \$12,000. Dani confirmed that was correct.

Vice-Chair Miller closed the public hearing.

Motion made by Secretary Ludecke, seconded by Vice-Chair Miller, and carried 4-0 to Adopt Resolution No. 2023-01 adopting the Budget for FY 2023/24.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

2. CONSENT CALENDAR**2.1 Approve Minutes of Board Meeting Dated February 16, 2023**

Motion made by Treasurer Hjorth, seconded by Secretary Ludecke, and carried 4-0 to approve the Consent Calendar.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

3. ITEMS REMOVED FROM CONSENT CALENDAR

None

4. DISCUSSION/ACTION ITEMS**4.1 Authentication of Claims Payments**

Vice-Chair Miller asked if the claims payments are typical for the future. Dani responded that the only exception has been the funds that the DWP has been floating for the GSA. The balance is now down to approximately \$3,500.

Motion made by Treasurer Hjorth, seconded by Secretary Ludecke, and carried 4-0 to authenticate the claims payments from February 14, 2023 through June 16, 2023.

AYES: Green, Hjorth, Ludecke, Miller

NOES: -

ABSTAIN: -

4.2 Replenish Big Bear Update

David shared the following:

The Replenish Big Bear Team (Team) will be submitting the Pilot Study Report to the Regional Board. The pilot equipment including the UV disinfectant and advanced oxidation process have been delivered. BBARWA will be piloting the equipment through September to ensure we can support the claims that we have made for the Replenish Big Bear Project. On July 19, 2023, BBARWA will be holding an Open House and Pilot Tour. Come for the Tacos and stay for the Tour. From 2:00 pm - 3:00 pm, the Regional Board and local Board members will have an opportunity for a Pilot Tour. The public is invited to join us from 3:00 -6:00 pm. BBARWA is expecting 200-300 people to attend. The CSD and the DWP have confirmed that they will host booths at the event. David asked Mike Stephenson, General Manager MWD, if they want to host a booth at the event. Mike responded that he will get back to David.

David shared his understanding that CSD had only a couple of Prop 218 protests and the City of Big Bear Lake to date has received five protest letters. The County of San Bernardino is only proposing to increase the sewer rates in Fawnskin by 3-3.5% and will absorb the remaining costs. Secretary Ludecke asked how many Equivalent Dwelling Units (EDU) are in Fawnskin. David responded approximately 1,000. Secretary Ludecke inquired into the timing of the permitting process. David responded that according to East Valley Water District, their project was built except a couple of valves before they received their permit. Secretary Ludecke stated that he is concerned about that. David responded that the Team has been working with the Regional Board and it is unlikely that the project will not be permitted. David added that the Team has submitted plans such as monitoring plans and water quality plans to the Regional Board.

Secretary Ludecke asked if we have a Plan B. David responded yes; there is a Plan B. We currently have a permit to discharge to Baldwin Lake and put the water into Baldwin Lake but there is no real benefit to that because of the clay layer and evaporation. David stated another option is to send the water down the hill and get money for it. Another option is to inject the water into the ground. And the last option would be to send the water down to Lucerne Valley. BBARWA is keeping that option open. There are standards in place for this method. Secretary Ludecke asked what would happen if someone did not want the water to go into the lake after all is said and done. David responded that we would modify the process.

4.3 Management and Board Members Discussion

None.

ADJOURN

No additional business came before the Board. At 9:24 a.m., Vice-Chair Miller adjourned the meeting.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: November 13, 2023

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Agreement with Thomas Harder & Co. to Prepare the Groundwater Sustainability Plan-2022/23 Annual Report**

Background & Discussion:

On June 21, 2022, the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) adopted the Bear Valley Basin Groundwater Sustainability Plan (GSP). With the adoption and submittal of the GSP and in accordance with the Sustainable Groundwater Management Act (SGMA), the BVBGSA is required to prepare and submit annual reports to the California Department of Water Resources (DWR).

Tom Harder prepared the first GSP 2021/22 Annual Report and submitted it prior to the April 1, 2023 deadline. Tom Harder has proposed to prepare the GSP-2022/23 Annual Report for a not to exceed fee of \$35,000. The scope of work includes the following:

- Obtaining, reviewing, QA/QC, and processing of groundwater level data collected during the 2022/23 water year;
- Preparation of groundwater contour maps for Spring 2023 and Fall 2023 (two maps);
- Updating hydrographs for Representative Monitoring Sites (RMS) wells;
- Preparing groundwater storage change tables and graphs;
- Obtaining, reviewing and compiling groundwater extraction and total water use data from the City of Big Bear Lake, Department of Water and Power and the Big Bear City Community Services District;
- Preparing a Draft and Final version of the GSP-2022/23 Annual Report for submittal to the DWR by April 1, 2024; and
- Posting of the Annual Report on the CDWR SGMA website.

Financial Impact:

The not to exceed fee for the proposed scope of work to prepare the GSP-2022/23 Annual Report is \$35,000. If approved by the BVBGSA Board and the member agencies, funding will be secured from each agency in the amount of \$8,750. Funding for these services was approved in the 2023/24 adopted budget.

Recommendation:

Approve an agreement with Tom Harder to prepare the GSP-2022/23 Annual Report contingent upon concurrence of approval by the member agencies that will be responsible for reimbursing the BVBGSA.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: November 13, 2023
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
RE: **Appointment of Board Officers**

Background:

At the February 15, 2023 Board Meeting, the Board appointed John Green as Chair, Jim Miller as Vice-Chair, Craig Hjorth as Treasurer, and Steve Ludecke as Secretary. Sadly, with the passing of Chair Green, the Board needs to review and consider appointments of Board Officers until the next regular Board Meeting scheduled for June 18, 2023.

Financial Impact:

None.

Recommendations:

Discuss and appoint Board Officers.



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: November 13, 2023
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
RE: **Approval of Claims Payments**

Background & Discussion:

Pursuant to paragraph 7.2 of the Bylaws of Bear Valley Basin Groundwater Sustainability Agency, the Board shall authenticate all claims payments. All checks issued for payment of claims have been signed by the Treasurer and the Administrator.

Recommendation:

Authenticate the claims payments as presented in the attached check register.

Attachments:

Check Register June 17, 2023 through November 13, 2023.

**Bear Valley Basin GSA
 Claims Payment
 June 16 through November 13, 2023**

Vendor	Date	Number	Memo	Split	Amount
ACWA JPIA	07/27/2023	2034	Cyber Liability Insurance 7/1/2023 - 6/30/2024	0986386 · Insurance	\$ 100.00
ACWA	10/19/2023	2035	2024 Annual Agency Dues	0986927 · Memberships, Due,Subscriptions	820.00
Total Checks					\$ 920.00
US Bank	07/27/2023	578	June Bank Fees	0986335 · Bank Charges & Misc. Fees	\$ 274.44
US Bank	08/14/2023	581	July Bank Fees	0986335 · Bank Charges & Misc. Fees	266.40
US Bank	09/15/2023	582	August Bank Fees	0986335 · Bank Charges & Misc. Fees	270.96
US Bank	10/15/2023	586	September Bank Fees	0986335 · Bank Charges & Misc. Fees	268.64
Total ACH Payments					\$ 1,080.44
Total Payments					\$ 2,000.44



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: November 13, 2023
TO: Board of Directors
FROM: Reginald A. Lamson, Administrator
RE: **Financial Statement Audit 2023**

Background & Discussion:

BVBGSA has completed the audit process with Lance, Soll & Lunghard, LLP (LSL), BVBGSA's audit firm for the fiscal year ended June 30, 2023. BVBGSA started the year-end financial close process in July 2023 and began remote year-end field work with audit staff in early September.

There were several items of discussion regarding financial statement disclosure and presentation with audit staff, but there were no significant discrepancies noted during the audit. LSL provided an unmodified opinion on BVBGSA's financial statements, which is the highest level of assurance a certified public accounting firm can give. LSL has provided an Audit Communication Letter to the Board that is required under Generally Accepted Auditing Standards attached hereto as Exhibit A. The letter points out that there were no difficulties encountered or misstatements identified during the audit. LSL also assessed the BVBGSA's internal controls during the audit. This assessment was for the purposes of completing the audit only and not to provide an opinion on the adequacy of the BVBGSA's internal controls; however, no significant deficiencies or material weaknesses were noted as described in the Independent Auditor's Report on Internal Controls attached here to as Exhibit B.

As shown in the BVBGSA's audited financial statements (Exhibit C), BVBGSA ended the year with a deficit fund balance of \$110. This negative balance was caused by the timing of payments and member reimbursements for cyber-crime insurance premiums. The BVBGSA came in under budget by \$7,120 or 13%, leading to lower-than-expected member contributions.

Financial Impact:

There is no fiscal impact associated with this item.

Recommendation:

The Board receive and file BVBGSA's 2023 audited financial statements and related auditor reports and communications.

Attachments:

Exhibit A – Audit Communication Letter 2023

Exhibit B – Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.

Exhibit C – Audited Financial Statements 2023



[Date]

To the Board of Directors
 Bear Valley Basin Groundwater Sustainability Agency
 Big Bear Lake, California

We have audited the financial statements of the governmental activities of Bear Valley Basin Groundwater Sustainability Agency (the "Agency") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated [Date]. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2023. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.



To the Board of Directors
 Bear Valley Basin Groundwater Sustainability Agency
 Big Bear Lake, California

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated [Date of Management Representation Letter].

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2023-2024

GASB Statement No. 99, *Omnibus 2022*.

Fiscal Year 2024-2025

GASB Statement No. 101, *Compensated Absences*.



To the Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
Big Bear Lake, California

Future Projects

Comprehensive Project, *Financial Reporting Model*.

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Classification of Nonfinancial Assets*.

Practice Issue, *Risks and Uncertainties Disclosures*.

Pre-Agenda Research Activities, *Subsequent Events*.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Solt & Lughard, LLP

Brea, California

DRAFT



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
Big Bear Lake, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Bear Valley Basin Groundwater Sustainability Agency (the Agency), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated [REDACTED], 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

FOR FISCAL YEAR ENDED JUNE 30, 2023

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

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Focused
on YOU



BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY

Basic Financial Statements and
Independent Auditors' Report

For the Fiscal Year Ended June 30, 2023

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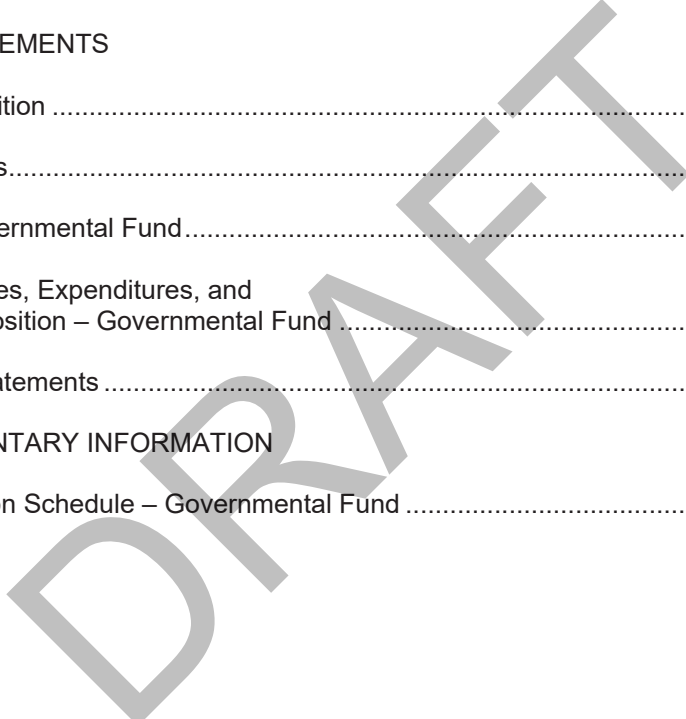
BEAR VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY

Basic Financial Statements and
Independent Auditors' Report

For the Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
 Bear Valley Basin Groundwater Sustainability Agency
 Big Bear Lake, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Bear Valley Basin Groundwater Sustainability Agency (the "Agency"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



To the Board of Directors
 Bear Valley Basin Groundwater Sustainability Agency
 Big Bear Lake, California

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule for the general fund, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Summarized Comparative Information

We have previously audited the financial statements of the Agency for the year ended June 30, 2022, and expressed an unmodified audit opinion on those financial statements in our report dated December 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



To the Board of Directors
Bear Valley Basin Groundwater Sustainability Agency
Big Bear Lake, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated [redacted], 2023, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency’s internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
[redacted], 2023

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Bear Valley Basin Groundwater Sustainability Agency
Management Discussion and Analysis
Fiscal Year Ending June 30, 2023

Overview

In 2017, the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) was formed through the adoption of a Joint Powers Agreement (JPA) between Big Bear Municipal Water District (BBMWD), Big Bear Regional Wastewater Agency (BBARWA), Big Bear City Community Services District (BBCCSD), and the City of Big Bear Lake, Department of Water and Power (DWP), (collectively, the Member Agencies). BVBGSA was formed primarily to satisfy the requirements of California's Sustainable Groundwater Management Act of 2014 (SGMA) that applies to the Bear Valley Basin, which is the unadjudicated water basin for the Member Agencies.

In 2014, the Bear Valley Basin was ranked as a medium priority basin and therefore in accordance with SGMA, a Groundwater Sustainability Agency (GSA) was required for the purpose of implementing sustainable groundwater management practices. Based upon its prioritization, BVBGSA was required to develop and adopt a Groundwater Sustainability Plan (GSP).

In September 2018, the BVBGSA was awarded a grant in the amount of \$177,000 from the State of California, under Proposition 1 (2017) for the preparation of a GSP. In October 2019, BVBGSA entered into a contract with Thomas Harder & Co. Groundwater Consulting, to develop BVBGSA's GSP, which was completed and adopted June 27, 2022. One critical deficiency in groundwater management within the Bear Valley Basin was highlighted in the GSP – the discharge of wastewater to a watershed outside the Bear Valley Basin. Currently, BBARWA discharges approximately 2,000 acre-feet of treated wastewater effluent to an alfalfa field in the Lucerne Valley.

In 2018, Member Agencies entered into a Memorandum of Understanding in support of a groundwater recharge project utilizing recycled, treated wastewater in an effort to ensure adequate groundwater supplies for the future. Each Member Agency made an initial pledge of support to the recycled water project through BBARWA as the lead agency and purveyor of exported wastewater within the Bear Valley. BBARWA has completed a pilot facility and initial process testing to demonstrate the feasibility of a recycled water facility. The project, known as Replenish Big Bear, if approved by regulators, would provide enhanced treatment capabilities and alternatives for treated wastewater discharge within the Bear Valley Basin. Replenish Big Bear is currently in the permitting phase. Contingent upon regulatory approval and funding opportunities, the Member Agencies are expected to continue to support Replenish Big Bear as a means of ensuring adequate supplies of water for the Bear Valley Basin.

Fiscal Year Ending June 30, 2023 Budgetary Analysis – See Schedule A

For the year ended June 30, 2023, total revenues, all from member contributions, were \$46,044, under budget by \$7,230 (14%). Member Contributions were budgeted to include projected spending on legal fees and hydrologist expenses. Both legal and hydrologist costs were less than expected. Member Contributions are based upon BVBGSA actual spending, which was less than budgeted.

For the year ended June 30, 2023, total expenditures were \$46,154, under budget by \$7,566 (14%). Professional services totaled \$38,845, under budget by \$6,525 (14%). No legal fees were incurred for the year ending June 30, 2023, resulting in a favorable variance of \$1,750. Other expenses totaled \$3,213, under budget by \$587 (15%). Administrative expenses totaled \$4,096, over budget by \$1,296 (46%).

Fiscal Year Ended June 30, 2023 Prior Year Comparison – See Schedule A

Compared with the year ended June 30, 2022, total revenues decreased \$20,534 (31%). Grant proceeds decreased \$56,285 (100%) as a result of finalizing the GSP, which fully utilized the remaining Proposition 1 funding in fiscal year 2022. Member contributions increased \$35,751 (347%) to cover the BVBGSA spending as described below. For the year ended June 30, 2023, total expenditures were \$46,154, under budget by \$7,120 (13%). Professional services totaled \$38,845, under budget by \$6,525 (14%). No legal fees were incurred for the year ending June 30, 2023, resulting in a favorable variance of \$1,000. Other expenses totaled \$3,213, under budget by \$891 (22%). Administrative expenses totaled \$4,096, over budget by \$1,296 (14%).

Compared with the year ended June 30, 2022, total expenditures decreased \$20,424 (31%). Professional services decreased \$21,590 (36%) primarily related to completion of the GSP. Administrative expenses of \$4,096 and other expenses of \$3,213 were incurred primarily to secure directors & officers' insurance, for advertising public hearings and for banking charges.

Schedule A							
	6/30/2023 Actual	Final Budget	Budget to Actual Variance	Budget to Actual % Variance	6/30/2022 Actual	Year To Year Change	% Year To Year Change
Revenues:							
Member Contributions	\$ 46,044	\$ 53,274	\$ (7,230)	-14%	\$ 10,293	\$ 35,751	347%
Grants	-	-	-	0%	56,285	(56,285)	-100%
Total Revenues	\$ 46,044	\$53,274	\$ (7,230)	-14%	\$ 66,578	\$(20,534)	-31%
Expenditures:							
Professional Services	\$ 38,845	\$ 45,370	\$ (6,525)	-14%	\$ 60,435	(21,590)	-36%
Legal Fees	-	1,000	(1,000)	-100%	-	-	0%
Other Expenses	3,213	4,104	(891)	-22%	3,599	(386)	-11%
Administrative Expenses	4,096	2,800	1,296	46%	2,544	1,552	61%
Total Expenditures	\$ 46,154	\$53,274	\$ (7,120)	-13%	\$ 66,578	\$(20,424)	-31%

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

Statement of Net Position

June 30, 2023

(With comparative totals for June 30, 2022)

	Governmental Activities	
	2023	2022
Assets:		
Cash	\$ 2,888	\$ 49,973
Grants receivable	-	19,128
Due from member agencies	276	312
Total Assets	3,164	69,413
Liabilities:		
Due to member agencies	\$ 3,000	\$ 69,055
Accounts payable	274	358
Total Liabilities	3,274	69,413
Net Position (Deficit):		
Unrestricted (deficit)	(110)	-
Total Net Position (Deficit)	\$ (110)	\$ -

DRAFT

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
Statement of Activities
For the Year Ended June 30, 2023
(With comparative totals for June 30, 2022)

	Governmental Activities	
	2023	2022
Expenses:		
Professional services	\$ 38,845	\$ 60,435
Other expenses	3,213	3,599
Administrative expenses	4,096	2,544
Total Program Expenses	46,154	66,578
Program Revenues:		
Operating Contributions and Grants	46,044	66,578
Total Program Revenues	46,044	66,578
Change in Net Position	(110)	-
Net Position (Deficit) at the End of the Year	\$ (110)	\$ -

DRAFT

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
Balance Sheet
Governmental Fund
June 30, 2023
(With comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets:		
Cash	\$ 2,888	\$ 49,973
Grants receivable	-	19,128
Due from member agencies	276	312
Total Assets	\$ 3,164	\$ 69,413
Liabilities and Fund Balance (Deficit):		
Liabilities:		
Due to member agencies	\$ 3,000	\$ 69,055
Accounts payable	274	358
Total Liabilities	3,274	69,413
Unrestricted (Deficit)	(110)	-
Total Fund Balance (Deficit)	(110)	-
Total Liabilities and Fund Balance (Deficit)	\$ 3,164	\$ 69,413

DRAFT

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
Statement of Revenues, Expenditures, and Changes In Fund Balance
Governmental Fund
For the Year Ended June 30, 2023
(With comparative totals for June 30, 2022)

	2023	2022
Revenues:		
Operating contributions and grants	\$ 46,044	\$ 66,578
Total Revenues	46,044	66,578
Expenditures:		
Current:		
Professional services	\$ 38,845	60,435
Other expenses	3,213	3,599
Administrative expenses	4,096	2,544
Total Expenditures	46,154	66,578
Net Change in Fund Balance	(110)	-
Fund Balance at the Beginning of the Year	-	-
Fund Balance (Deficit) at the End of the Year	\$ (110)	\$ -

DRAFT

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
Notes to Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

In September 2017, the Big Bear City Community Services District (BCCSD), Big Bear Municipal Water District (BBMWD), the Big Bear Regional Wastewater Agency (BBARWA) and the City of Big Bear Lake – Department of Water and Power (DWP) entered into a joint powers agreement to form the Bear Valley Basin Groundwater Sustainability Agency (the Agency). The Agency was created primarily to satisfy the requirements of the Sustainable Groundwater Management Act. The Agency is governed by one representative from BCCSD, one representative from BBARWA, one elected representative from BBMWD and one appointed commissioner from DWP.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

C. Cash and Cash Equivalents

The Agency considers cash on hand, demand deposits at financial institutions to be cash and cash equivalents. At June 30, 2023, the Agency had \$2,888 in cash or cash equivalents.

D. Capital Assets

Assets with an initial cost of more than \$5,000 are capitalized at cost. In the case of acquisition value at the time of acquisition. Land and construction in progress are not depreciated. Other tangible property, plant equipment of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings	30-40
Improvements	15-40
Furniture, Fixtures, and Equipment	5-50
Vehicles	5-10

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
Notes to Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

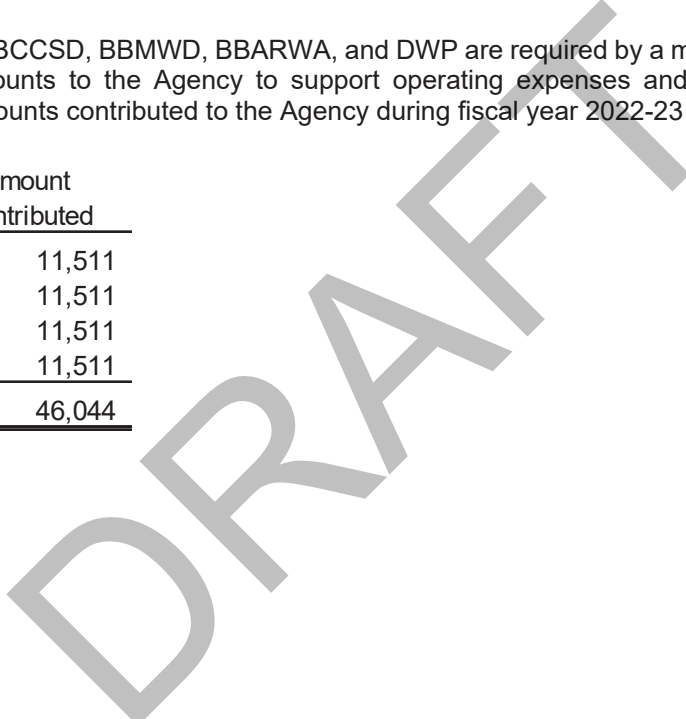
F. Due from Member Agencies

The Agency invoices member organizations for apportioned costs incurred by the Agency in the normal course of operations. The Agency considers accounts receivable from its members to be fully collectible; accordingly, no allowance for doubtful accounts is required.

NOTE 2: RELATED PARTY TRANSACTIONS

The member agencies, BBCCSD, BBMWD, BBARWA, and DWP are required by a memorandum of understanding to contribute certain amounts to the Agency to support operating expenses and in support of the Replenish Big Bear Project. The amounts contributed to the Agency during fiscal year 2022-23 were:

Member	Amount Contributed
BBCCSD	\$ 11,511
BBMWD	11,511
BBARWA	11,511
DWP	11,511
Total	\$ 46,044



BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY
Budgetary Comparison Schedule
Governmental Fund
For the Year Ended June 30, 2023
(With comparative totals for June 30, 2022)

	2023			Variance with Final Budget Positive (Negative)	2022
	Original	Final	Actual Amounts		Actual Amounts
Revenues:					
Member contributions	\$ 12,164	\$ 53,274	\$ 46,044	\$ (7,230)	\$ 10,293
Grants	-	-	-	-	56,285
Total Revenues	12,164	53,274	46,044	(7,230)	66,578
Expenditures:					
Current:					
Professional services	4,260	45,370	38,845	6,525	60,435
Legal fees	1,000	1,000	-	1,000	-
Other expenses	4,104	4,104	3,213	891	3,599
Administrative expenses	2,800	2,800	4,096	(1,296)	2,544
Total Expenditures	12,164	53,274	46,154	7,120	66,578
Net Change in Fund Balance	-	-	(110)	(110)	-
Fund Balance at the Beginning of the Year	-	-	-	-	-
Fund Balance (Deficit) at the End of the Year	\$ -	\$ -	\$ (110)	\$ (110)	\$ -

DRAFT



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: November 13, 2023

TO: Board of Directors

FROM: Reginald A. Lamson, Administrator

RE: **Resolution No. 2023-XX - Member Cash Balance Funding Realignment**

Background & Discussion:

The BVBGSA (Agency) experienced limited financial activity in fiscal year 2023 when compared to prior years. When going through the Agency's audit process for fiscal year 2023, certain questions regarding available cash and DWP staffing arrangements were noted. The Agency is structured as a Joint Powers Authority (JPA) with each member organization contributing equal shares of Agency expenses. Being structured as a JPA, the Agency does not show an equity position since members organizations did not contribute initial working capital to the Agency and no member has the expectation of sharing in any profits of the Agency.

The Agency currently has a cash balance of \$3,000. The entire amount is an advance from DWP. Under current accounting standards, entities are classified as dependent on other entities depending on the level of control exercised between the entities. Given that all the financial resources of the Agency are contributed by DWP, the presumption initially made by the Agency's audit firm was that DWP exercises disproportionate control over the Agency. DWP staff clarified with the auditors that this is not the intent and DWP has an equal role with other member organizations. However, to mitigate future misclassifications, it would be prudent to ensure equal contributions between member organizations. To facilitate this, it is recommended that DWP be repaid \$2,000 of the \$3,000 currently advanced and the other three member agencies be billed for \$1,000 each. This will leave the Agency a cash balance of \$4,000. While this balance represents less than 10% of the annual budget, it should be sufficient to meet ongoing cash needs without significantly delaying payments.

A further concern that was raised during the audit, which also supported the implication that DWP exercises disproportionate control over the Agency was management and accounting services are being provided by DWP staff. While DWP understands this role to represent contributed services at the specific direction of the BVBGSA Board, the fact that no formal agreement exists to document this role leads outside stakeholders to an incorrect conclusion. Implementing a management and accounting services contract between the Agency and DWP with a nominal fee would sufficiently address the accounting classification confusion noted during the audit. Staff is seeking Board direction on this matter.

Member Cash Balances
November 13, 2023
Page 2 of 2

Financial Impact:

This action will impact the Agency's available cash balances but will have no overall effect on the Agency's fund balance.

Recommendation:

The board adopt Resolution No. 2023-XX, assessing member contributions equal to \$1,000 and repay DWP excess lent funds in the amount of \$2,000.

RESOLUTION NO. 2023-XX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY,
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
REALIGNING MEMBER CASH ADVANCES**

WHEREAS, on May 25, 2017, the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) was formed; and

WHEREAS, on October 18, 2017, the Board of Directors (Board) acknowledged the updated Joint Powers Agreement (JPA) by and among the City of Big Bear Lake, Department of Water and Power (DWP), the Big Bear City Community Services District, the Big Bear Municipal Water District, and the Big Bear Regional Wastewater Agency for the BVBGSA; and

WHEREAS, BVBGSA has a need for cash balances to facilitate payments for expenditures in the normal course of operations prior to receiving reimbursements from member agencies; and

WHEREAS, current cash balances have been advanced by a single member (DWP) leading to a perceived imbalance in financial interests between member organizations;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of BVBGSA does hereby approve the repayment of excess advanced funds in the amount of \$2,000 to DWP and directs staff to invoice the remaining member agencies for \$1,000 in advances to accumulate sufficient cash balances to pay expenses as incurred. The Board of Directors stipulates that these advances represent funds advanced by each member organization and are owed in equal proportions to each member organization.

PASSED, APPROVED, and ADOPTED this 13th day of November 2023.

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Jim Miller, Vice-President,
Board of Directors

ATTEST:

Steve Ludecke, Secretary
Board of Directors



REPLENISH
— *Big Bear* —

September 25, 2023

STATUS UPDATE



REPLENISH
— *Big Bear* —

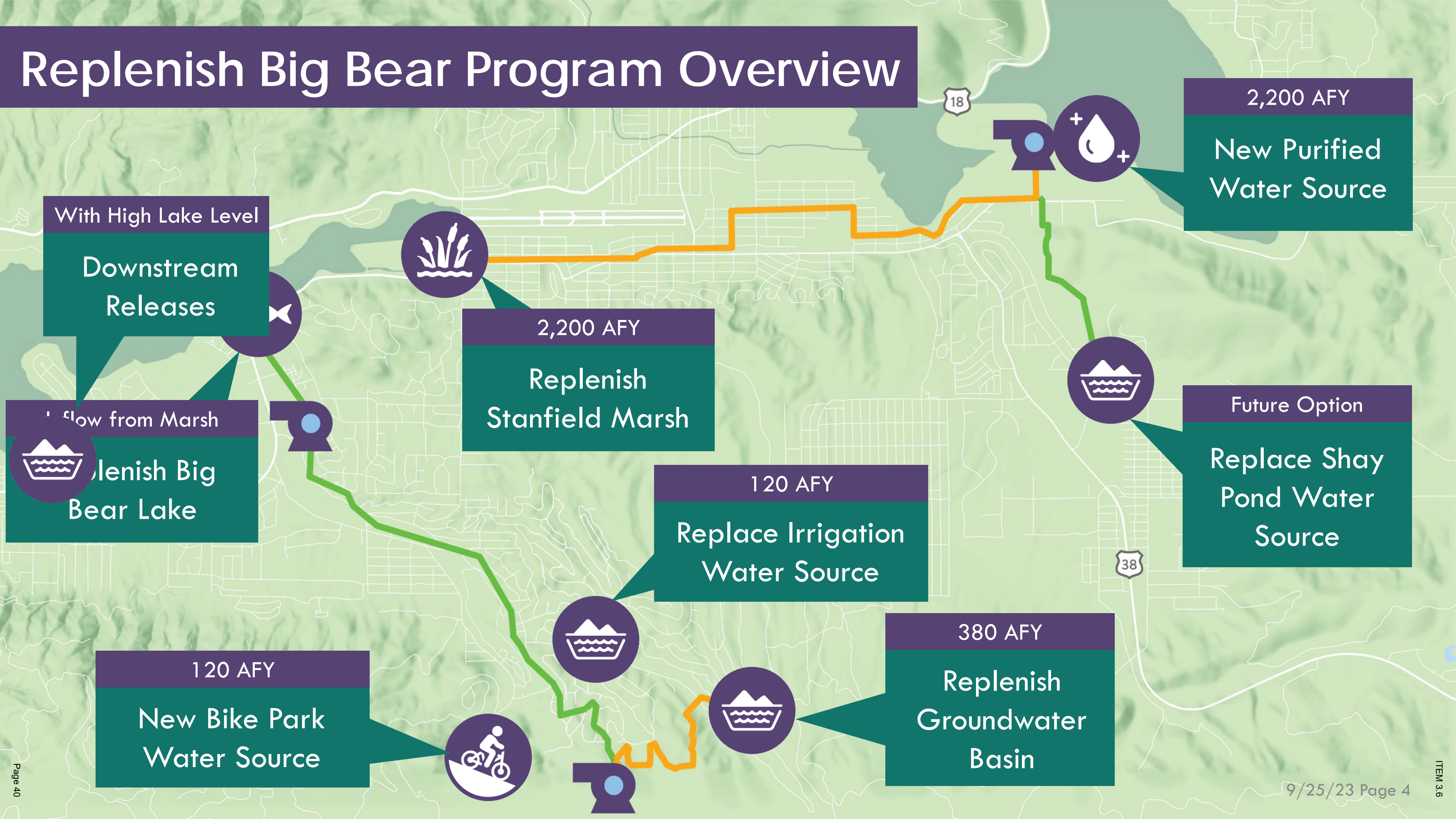
- **Benefit Resources**
- **Program Schedule**
- **Pilot Study**
- **Environmental Documentation**
- **Regulatory Timeline**
- **Grant Funding**
- **Funding & Rate Collection**



REPLENISH
— *Big Bear* —

Benefit Resources

Replenish Big Bear Program Overview



2,200 AFY

New Purified Water Source

2,200 AFY

Replenish Stanfield Marsh

120 AFY

Replace Irrigation Water Source

Future Option

Replace Shay Pond Water Source

120 AFY

New Bike Park Water Source

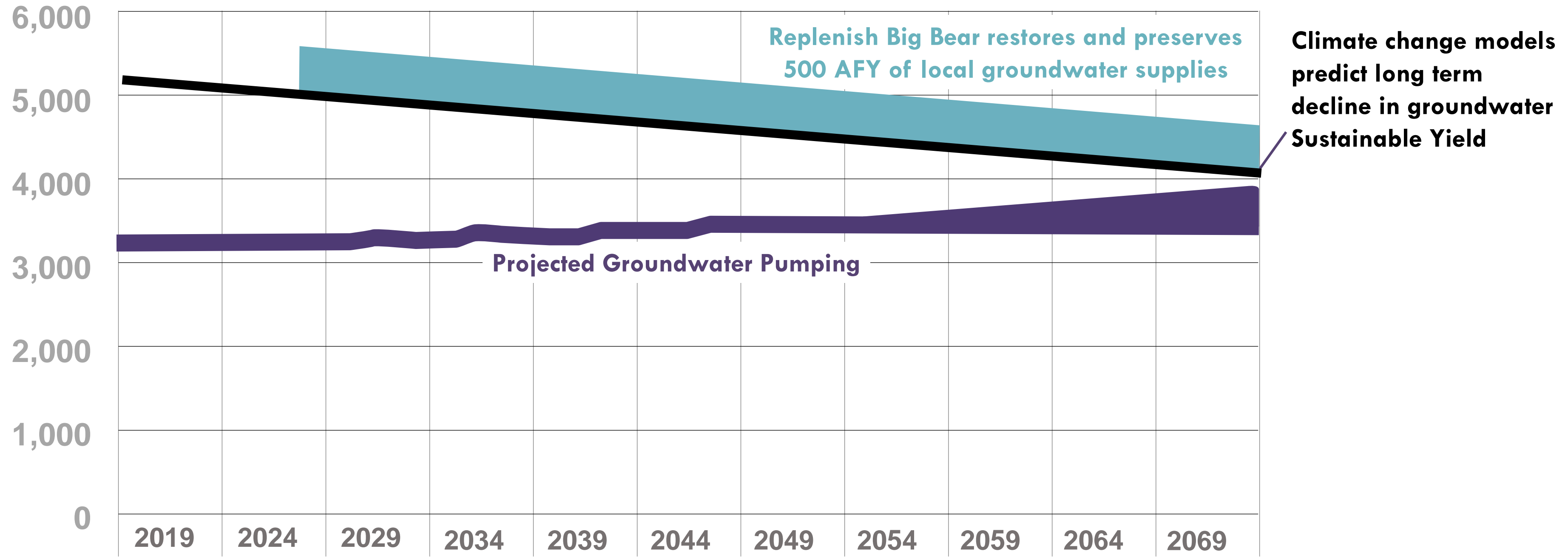
380 AFY

Replenish Groundwater Basin

New Water Source Enhances Groundwater Sustainability



- Projected Sustainable Yield
- Sustainable Yield with Project



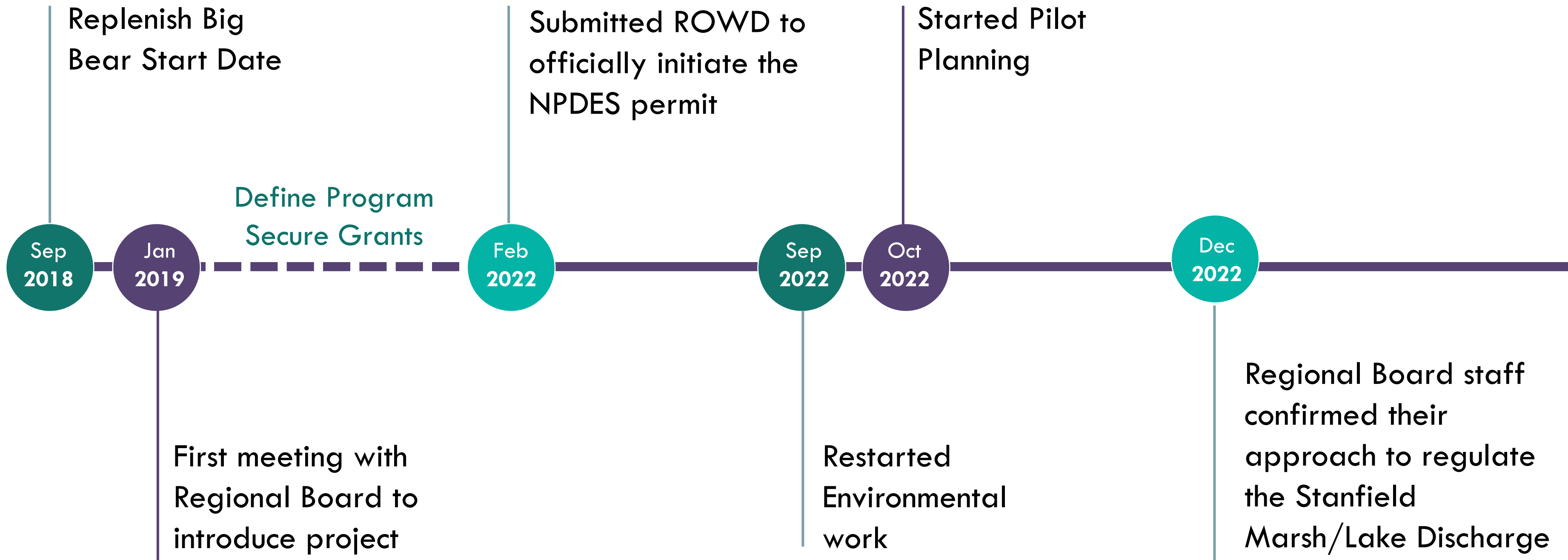


REPLENISH
— *Big Bear* —

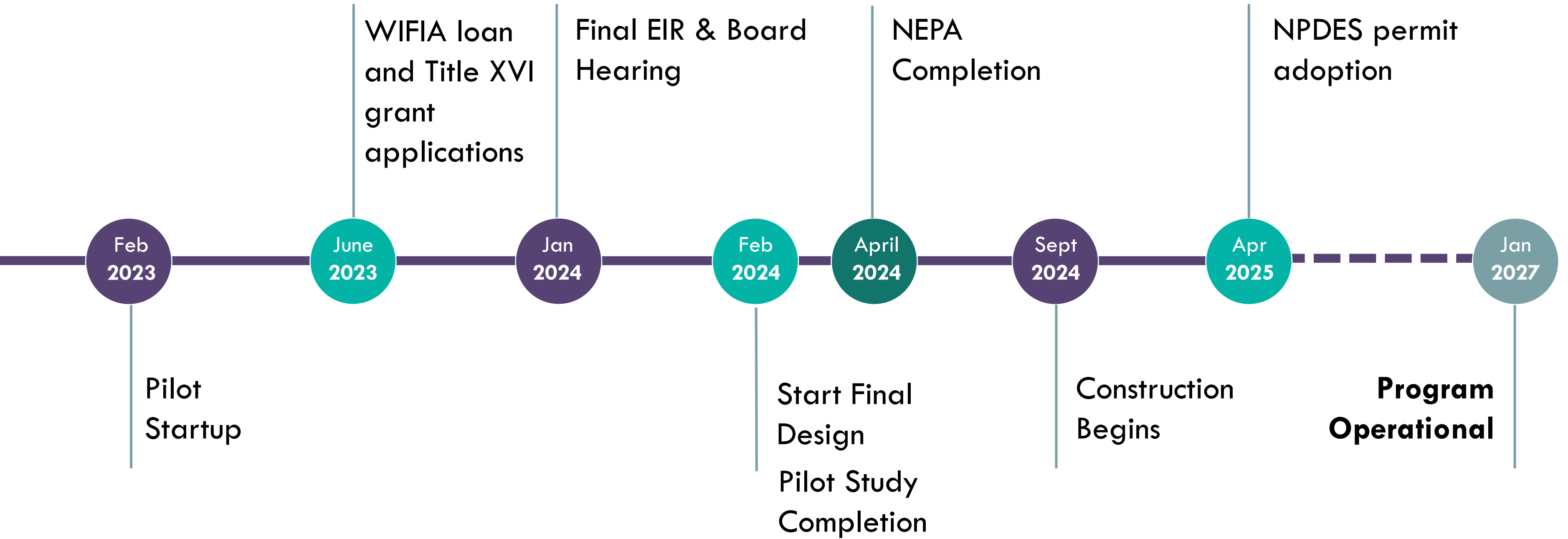
Program Schedule



Program Milestones



Program Milestones





REPLENISH
— *Big Bear* —

Pilot Study

Pilot Plan - Goals



Demonstrate process performance for site-specific wastewater conditions to regulatory agencies



Confirm the proposed treatment process as a viable design approach to meet the target treatment levels

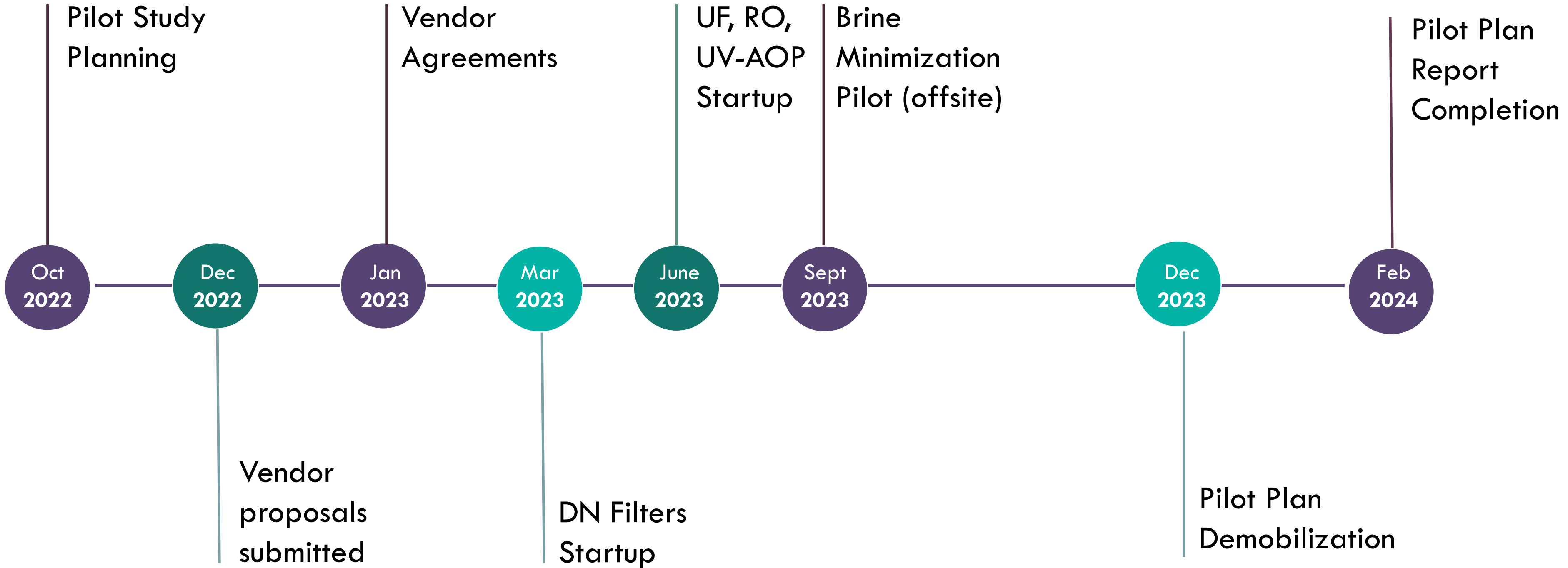


Quantify total system recovery for product water

Pilot Plan Timeline



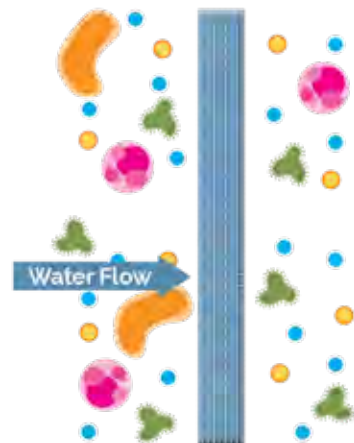
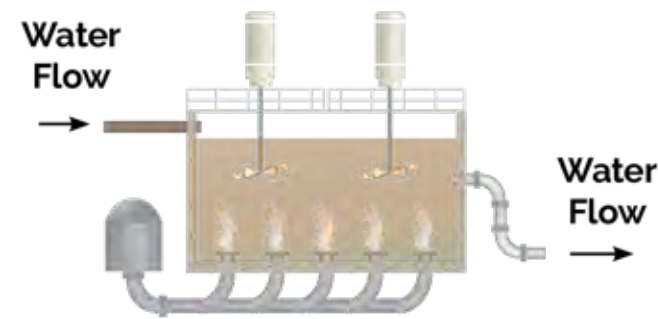
REPLENISH
- Big Bear -



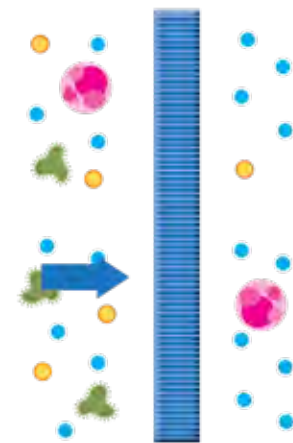
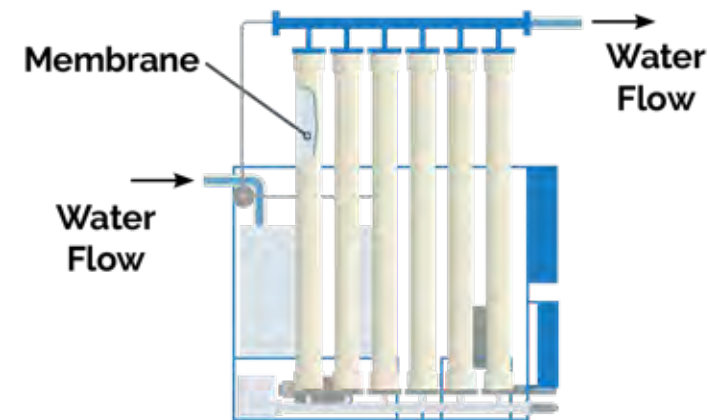
Advanced Purification Facility

The existing BBARWA Wastewater Treatment Plant (WWTP) will be supplemented with a full advanced treatment facility with a capacity of 2.2 MGD, capable of producing up to 2,200 AFY. Multiple treatment processes will use the best available technology to produce purified water that meets or exceeds all State and Federal water quality standards to protect public health and the environment.

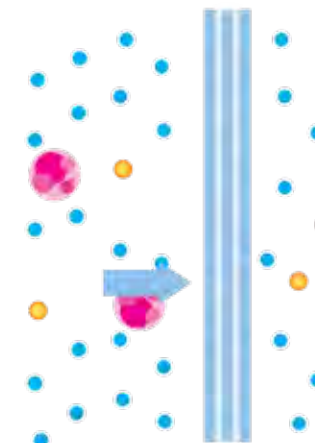
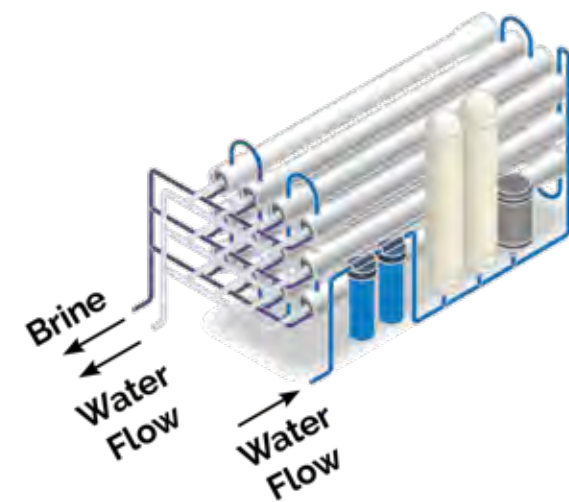
Nutrient Removal



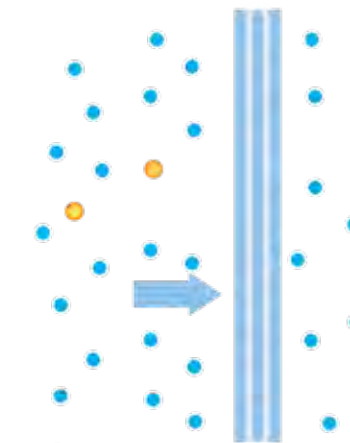
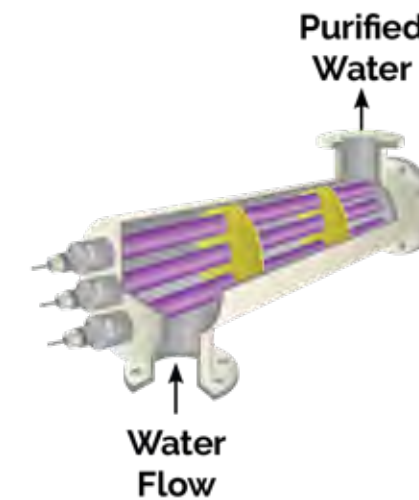
Ultra Filtration



Reverse Osmosis (RO)

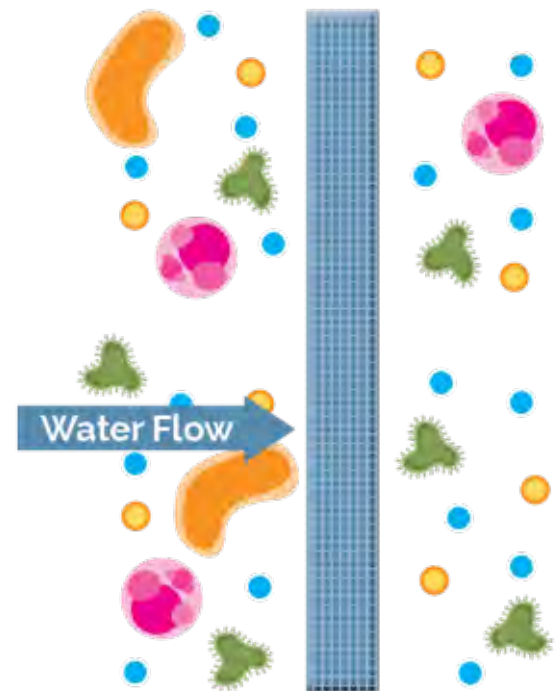
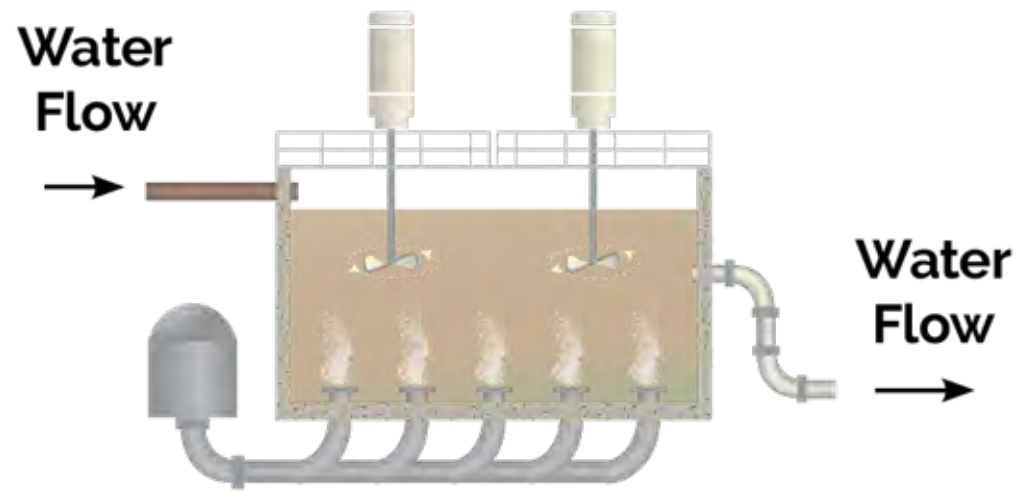


UV Disinfection & Advanced Oxidation Process



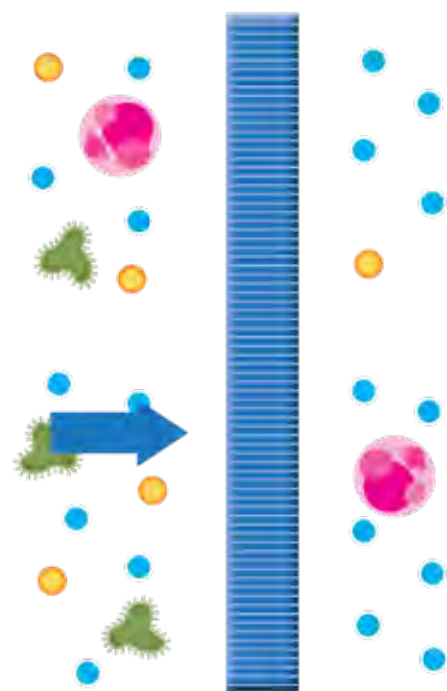
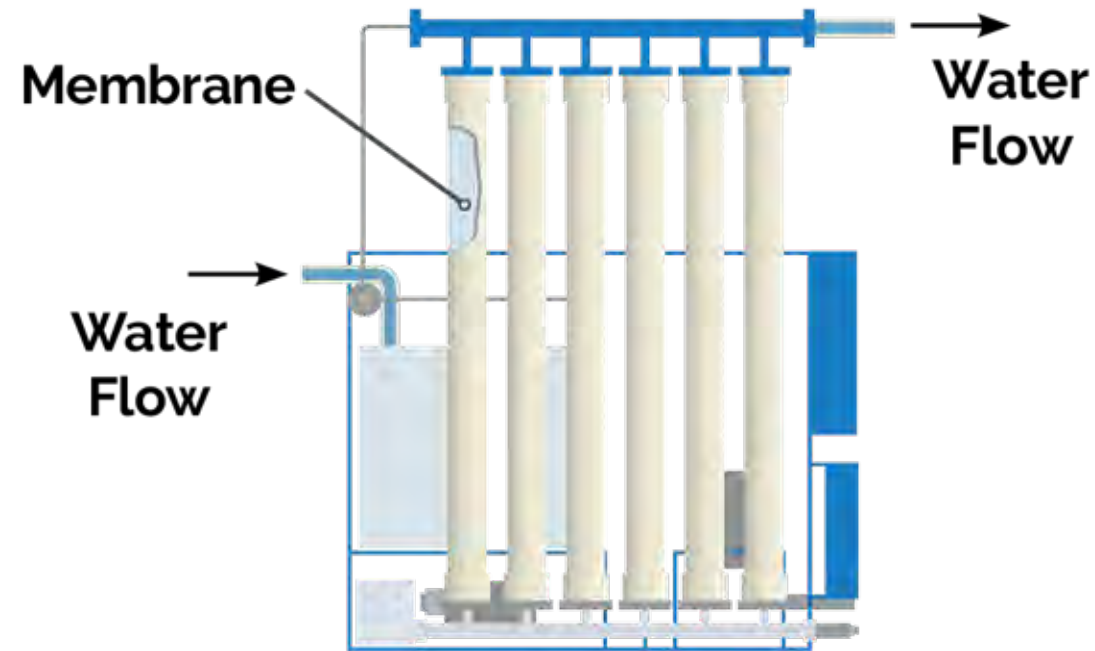
Nutrient Removal

Specialized biological, chemical and physical treatment processes remove most of the organics, nitrogen, and phosphorous from the water.

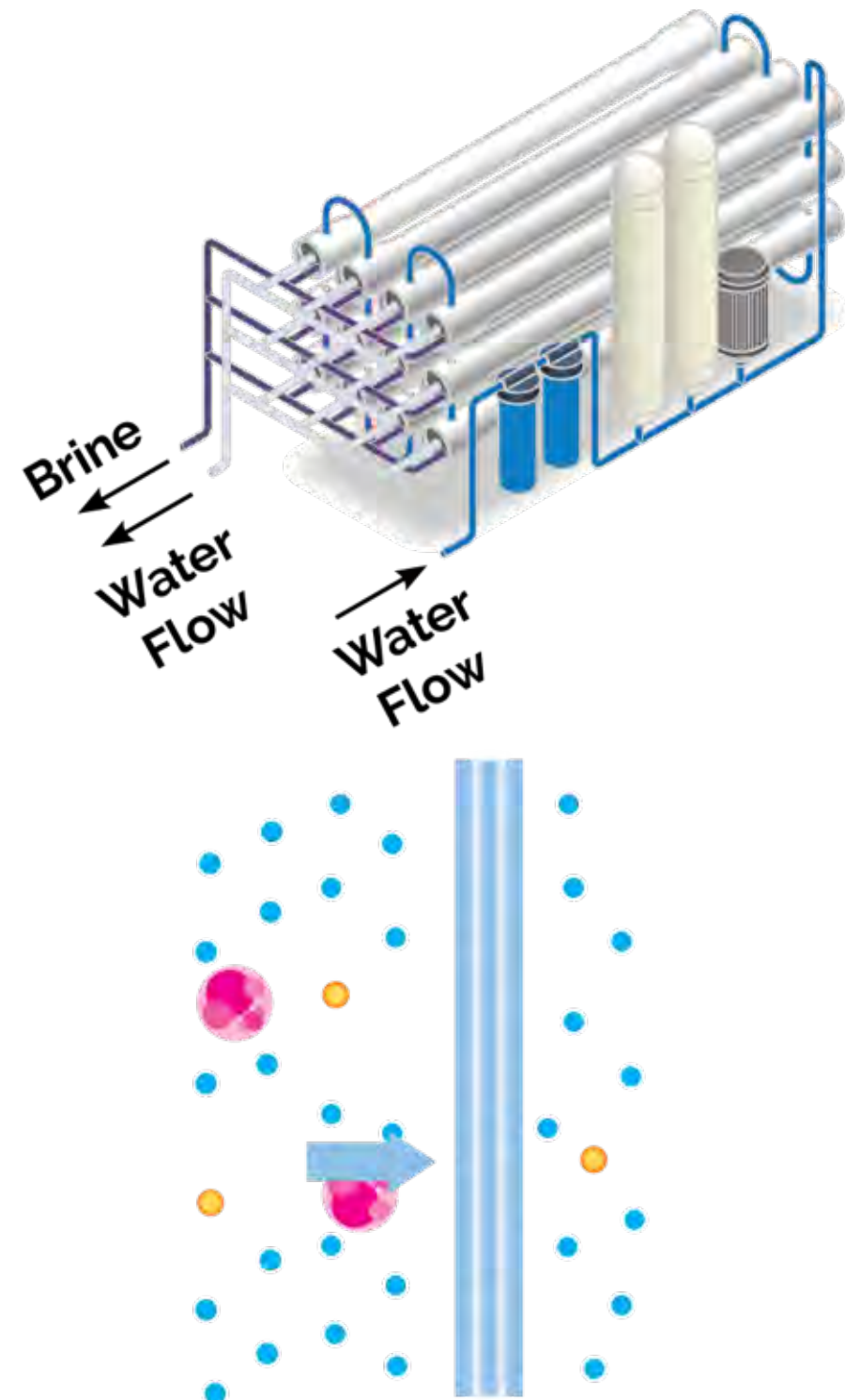


Ultra Filtration

An ultra filtration process uses permeable membranes to remove suspended solids and bacteria from the treated water as it passes through the filter.



Reverse Osmosis (RO)

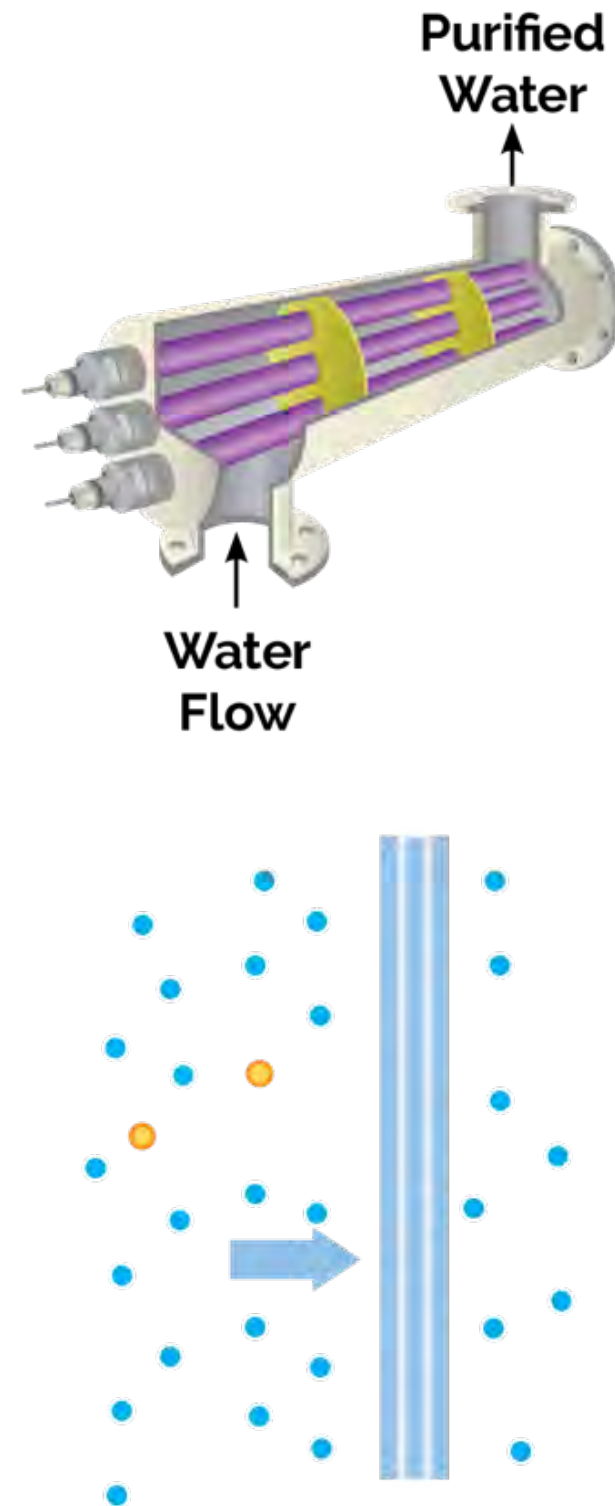


Water is forced under high pressure through reverse osmosis membranes to remove impurities, including salts, bacteria, viruses, pharmaceuticals, and personal care products.

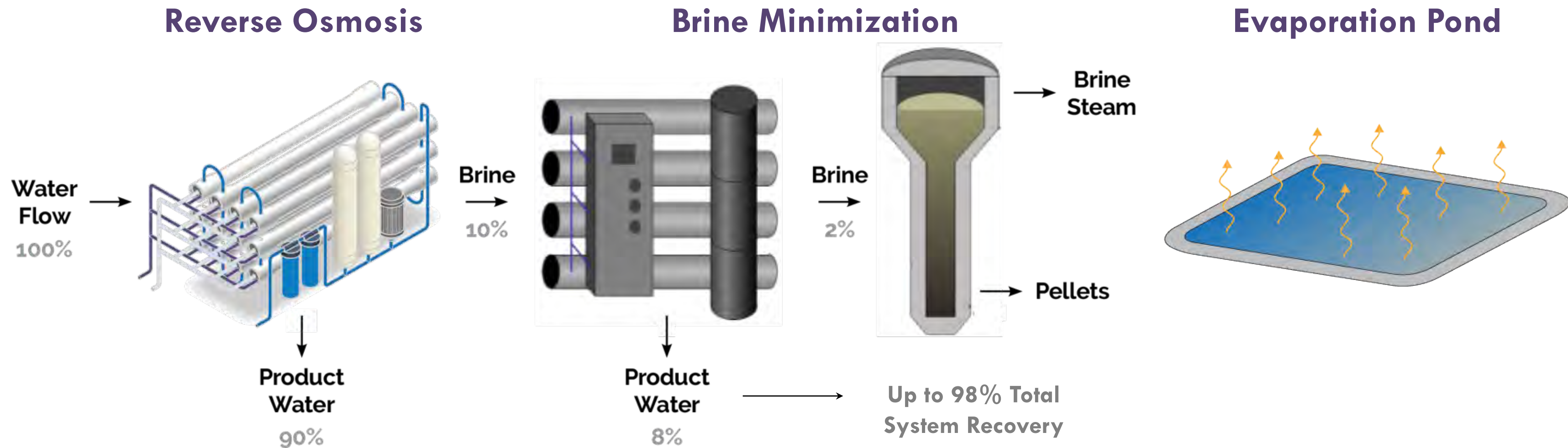


UV Disinfection & Advanced Oxidation

High-intensity UV light is combined with an oxidant to create oxidizing radicals that attack and decompose contaminants in the water so they are no longer harmful. At the same time, the UV light disinfects the water.



Proposed Brine Management Facilities



Brine Reduction and Evaporation

The Reverse Osmosis process produces a liquid brine concentrate that requires disposal. A Desalter system will use an additional RO process to reduce the liquid brine volume and a Pellet Reactor that will produce solid pellets for disposal or reuse. The remaining brine will be evaporated onsite using solar evaporation ponds.

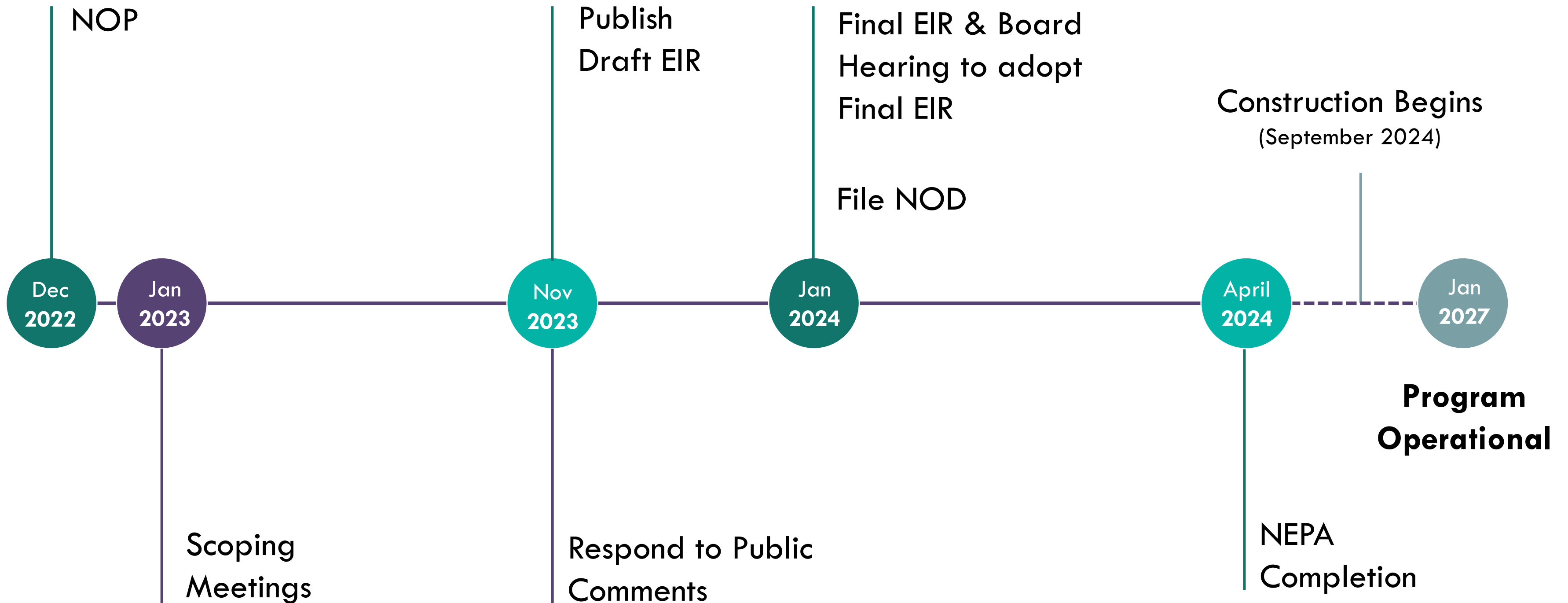


REPLENISH
— *Big Bear* —

Environmental Documentation



Environmental Documentation Milestones



Environmental Review Scoping Comments

Water quality impacts in Big Bear Lake and downstream

Reduced flow to Lucerne Valley

Consistency with the 1977 Judgment for Big Bear Lake

Letters of support (three from local residents)

Brine impacts

Energy use and renewable energy sources

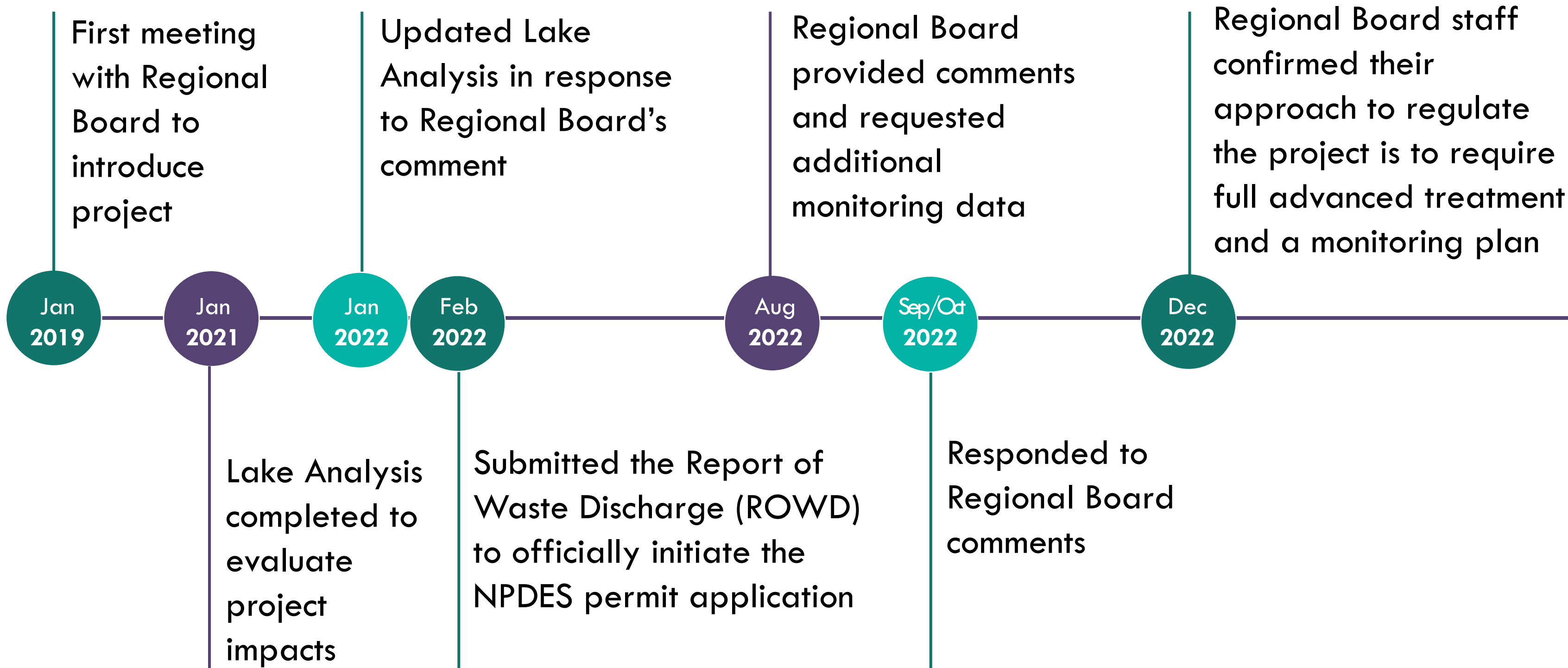
Consultation with Native American Tribes



REPLENISH
— *Big Bear* —

Regulatory Timeline

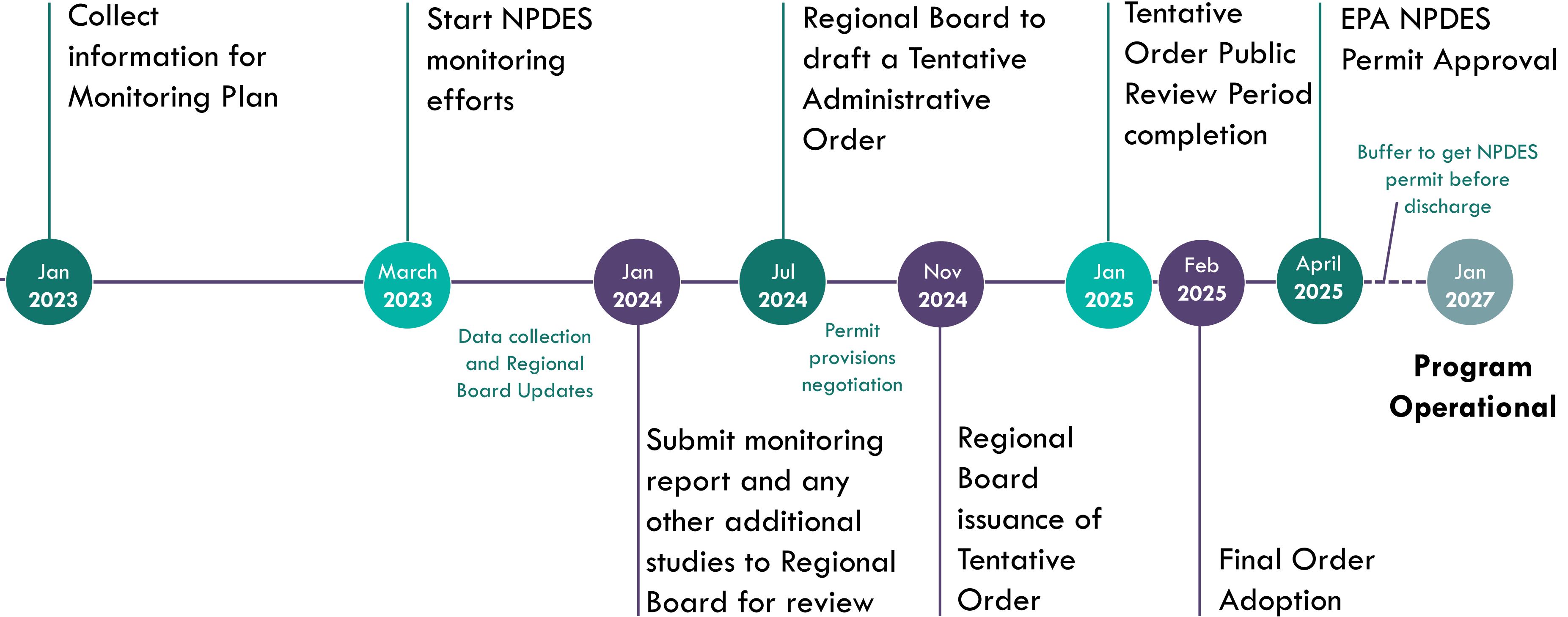
NPDES Permitting Process Milestones



Note: The Environmental documents must be completed before an NPDES permit can be adopted



NPDES Permitting Process Timeline



Note: The Environmental documents must be completed before an NPDES permit can be adopted



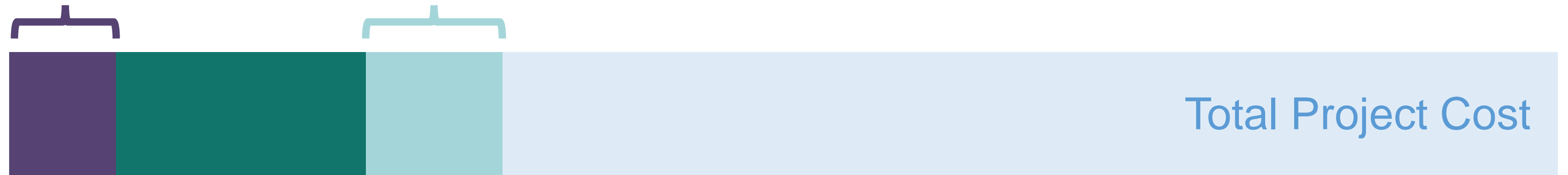
REPLENISH
— *Big Bear* —

Grant Funding

Grants

7% State Grants

9% Federal Grants Potential



Total Project Cost

16% Federal Grants

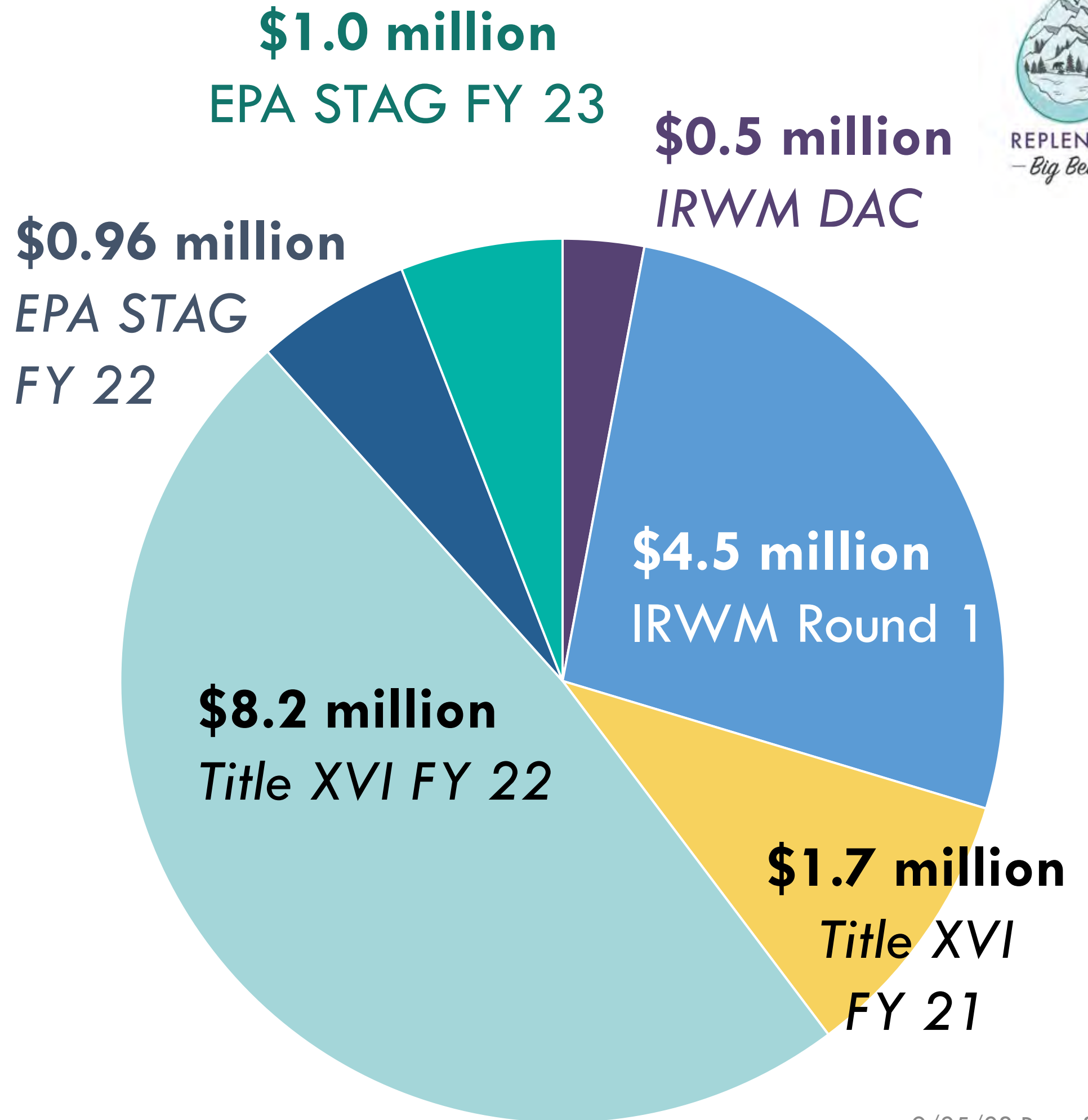
68% Other Financing Sources and State Grants

Federal grants can cover up to 25% of the total project cost

Grants to Date



Replenish Big Bear has been successful on over \$16.9 million in grants!





Additional Grant Opportunities

- Community Funding Request FY 23 (\$2.5M)
- Title XVI FY 23 (upcoming)
- Actively evaluating additional State grant opportunities
- Investigating the Clean Water State Revolving Fund (CWSRF) loan for loan forgiveness opportunities



REPLENISH
Big Bear

Funding & Rate Collection

RBB Funding

Pre-Construction Costs

- Costs funded by Partner Agencies, debt service, and grants
 - MWD, DWP, CSD and BBARWA
 - DCI, IRWM grants awarded (\$5.1 million)
 - Debt service (\$3.4 million)

Capital Costs

- Grants – in process/expected (\$17.3 million)
- Funded with debt
- Debt service paid by ratepayers

O & M

- Ratepayers
- Could be offset by other revenue from Project Beneficiaries
 - Other revenue from Project Beneficiaries is currently in negotiations

RBB Rates through FY 2028



- RBB construction starts FY 2025 to be completed in FY 2027
 - Updated construction estimate of \$71 M
- RBB funded through long-term debt (primarily low interest loans) and grants
 - Annual debt service assumes interest only through construction
 - Principal and interest at completion of construction (FY 2027)
 - Grants assume current awarded, no additional
- Additional annual O&M expense starting in FY 2027
 - FY 2027 is a partial year (approximately \$1.5 M)
 - FY 2028 is escalated and starts at approximately \$3.5 M
- Annual debt service of approximately \$2.8 M in FY 2027
 - Reflects total annual RBB debt service
- Future Capex included in FY 2028 (approximately \$350,000)
- Other agency contributions not included at this time

RBB Projected Cash Flow and Borrowing

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Revenues					
Sewer User Fees	\$1,311,375	\$2,441,873	\$3,815,945	\$5,478,729	\$7,521,665
Other	0	0	0	0	0
Total Revenues	1,311,375	2,441,873	3,815,945	5,478,729	7,521,665
Op Expenses	0	0	0	1,448,383	3,504,549
Total Operating Expenses	\$0	\$0	\$0	\$1,448,383	\$3,504,549
Non-operating Income					
Grant Revenue	4,113,578	871,999	8,159,595	8,615,928	0
Total Non-Operating Revenue	\$4,113,578	\$871,999	\$8,159,595	\$8,615,928	\$0
Non-operating Expense					
Debt Service Interest Expense	144,500	1,616,420	1,980,619	2,170,013	2,170,013
Total Non-Operating Expense	\$144,500	\$1,616,420	\$1,980,619	\$2,170,013	\$2,170,013
Capital Expenditures					
Maintenance Capex	0	0	0	0	324,327
Program Management	402,672	395,672	339,087	130,751	0
Funding and Financing	211,457	438,810	84,680	562,741	0
Regulatory	210,960	139,240	43,210	0	0
Water Quality Monitoring	43,622	42,261	121,991	79,731	0
Piloting	109,143	0	0	0	0
Environmental Compliance	50,326	0	0	0	0
Final Design	3,284,254	551,528	0	0	0
Engineering Services During Construction	0	640,894	647,541	195,844	0
Construction Management	0	1,596,224	1,819,684	937,979	0
Construction	0	15,762,373	30,424,866	8,861,761	0
Total Capital Expenditures	\$4,312,434	\$19,567,002	\$33,481,059	\$10,768,807	\$324,327
Net Cash Flow	968,019	-17,869,550	-23,486,138	-292,546	1,522,776
Cumulative Debt Service	2,846,657	21,541,660	46,683,125	49,016,004	



RBB Revenue Requirements

Revenue Requirements					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Op Expenses b/f					
Depreciation	\$0	\$0	\$0	\$1,448,383	\$3,504,549
Maintenance					
CAPEX	0	0	0	0	324,327
Debt Service	144,500	1,616,420	2,126,643	2,813,992	2,813,992
Less					
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenue Requirements	\$144,500	\$1,616,420	\$2,126,643	\$4,262,375	\$6,642,869
EDUs	25,370	25,415	25,460	25,505	25,550
Rate	5.70	63.60	83.53	167.12	260.00
Reserve Collection	45.99	32.48	66.35	47.69	34.39
Total RBB Rate	\$51.69	\$96.08	\$149.88	\$214.81	\$294.39

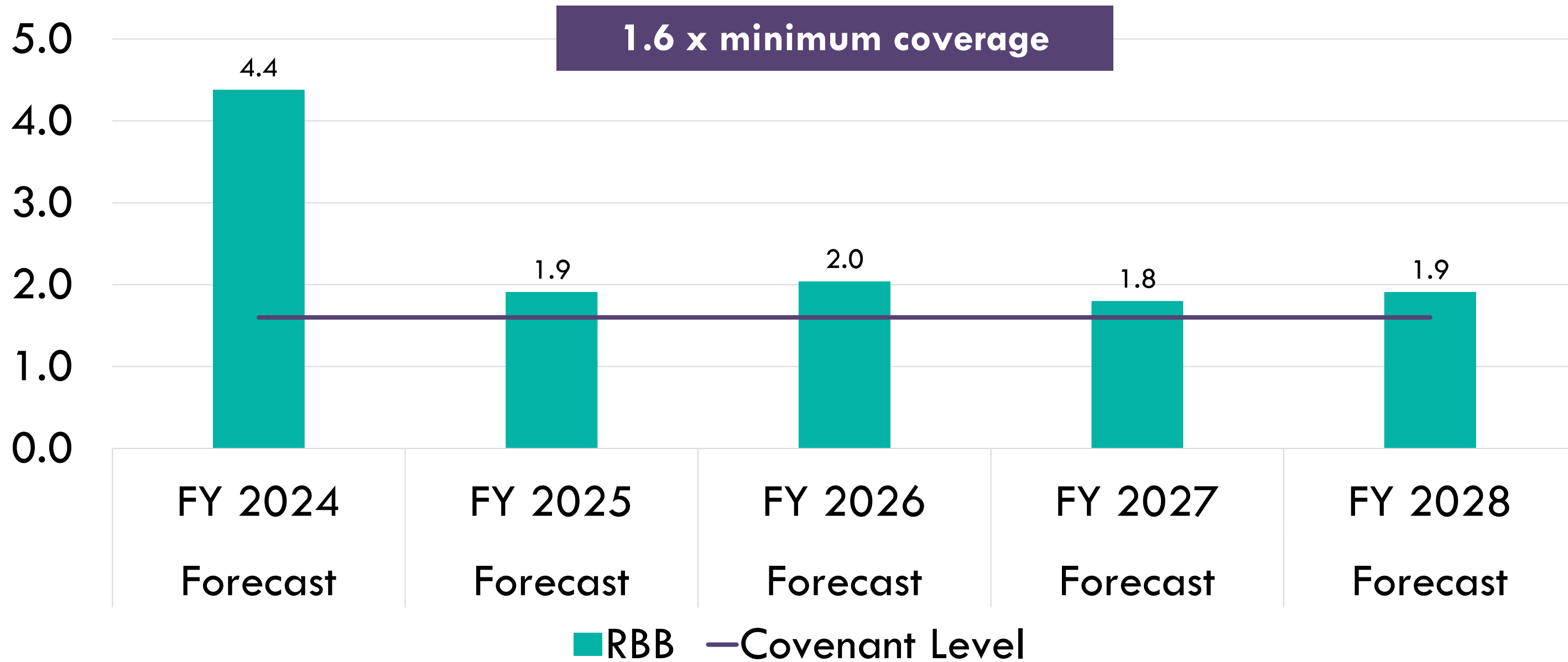


RBB Future Revenue Requirements

- Financial Management Requires Reserves at Startup (FY 2027)
 - Operating
 - Contingency (2 months of operating expense)
 - Emergency (\$500,000)
 - Liquidity (amount needed at July 1 to fund Agency's operations due to timing of revenues)
 - Debt Service (next 12 months debt service)
 - Maintain a 1.6 x debt service coverage
 - Per S&P a 1.6 x debt service coverage is recommended for an acceptable commercial credit rating
 - Capital and Replacement – Can Build Overtime
 - Current portion (next 12 months capex)
 - Future portion (available for future capex)

RBB Debt Service Coverage

(Target Covenant Level 1.6 x for S&P rating)



BBARWA and RBB Combined Rate Adjustment

(Assuming no Other Agency Contributions)



	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
BBARWA Base Rate	\$250.68	\$260.71	\$271.14	\$281.98	\$291.85
RBB Rate	51.69	96.08	149.88	214.81	294.39
Combined Rate	\$302.37	\$356.79	\$421.02	\$496.80	\$586.22
% Increase	22.5%	18%	18%	18%	18%
Monthly Combined Rate	\$25.20	\$29.73	\$35.09	\$41.40	\$48.85



REPLENISH
— *Big Bear* —

Questions?

Acronyms



REPLENISH
— Big Bear —

Acronym	Definition	Acronym	Definition
AFY	Acre-feet per year	MGD	Million gallons per day
AOP	Advanced oxidation process	MWD	Big Bear Municipal Water District
b/f	Balance forward	NEPA	National Environmental Policy Act
BBARWA	Big Bear Area Regional Wastewater Agency	NOD	Notice of Determination
Board	BBARWA's Governing Board	NOP	Notice of Preparation
CapEx	Capital expenditures	NPDES	National Pollutant Discharge Elimination System
CSD	Big Bear City Community Services District	O&M	Operations and maintenance
DAC	Disadvantaged community	Op	Operations
DCI	Disadvantaged community involvement	RBB	Replenish Big Bear
DN	Denitrate	Regional Board	Santa Ana Regional Water Quality Control Board
DWP	City of Big Bear Lake, Department of Water and Power	ROWD	Report of Waste Discharge
EDU	Equivalent Dwelling Unit	STAG	State and Tribal Assistance Grant
EIR	Environmental Impact Report	Title XVI	Title Sixteen Grant
EPA	Environmental Protection Agency	UF	Ultrafiltration
FY	Fiscal year	UV	Ultraviolet disinfection
IRWM	Integrated Regional Water Management	WIFIA	Water Infrastructure Finance Innovation Act
M	Million		



Bear Valley Basin Groundwater Sustainability Agency Agenda Report

DATE: November 13, 2023
TO: Board of Directors
RE: **Management and Board Member Discussion**

Board Members:

James Miller, Vice-Chair
Craig Hjorth, Treasurer
Steve Ludecke, Secretary
John Russo

Management:

David Lawrence, General Manager BBARWA
Glenn Jacklin, General Manager CSD
Brittany Lamson, Interim General Manager MWD
Reginald Lamson, BVBGSA Administrator/General Manager DWP