

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

Special Board Meeting

April 3, 2020

At

4:00 p.m.

Due to Executive Order N-29-20, there will be no physical location for members of the public to participate. Members of the public may listen and provide public comments telephonically during the Public Forum (Item 6) by calling the following number: 1 (213) 443-6768, Conference ID: 988 394 026# or joining online by clicking the meeting link at www.bbarwa.org.

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **APPROVAL OF AGENDA**

4. **PRESENTATION AND INTRODUCTION**

4.A. FY 2021 Budget – Rate Options

5. **PUBLIC FORUM RESPONSE**

6. **PUBLIC FORUM** – The Public Forum portion of the meeting is an opportunity for members of the public to directly address the Governing Board on matters within the jurisdiction of this Agency. Ordinance No. 57 limits individual public testimony to three minutes or less. The cumulative time that an individual may provide public testimony during a meeting is fifteen minutes, and the public testimony shall be limited to thirty minutes for all speakers. Whenever a group of persons wishes to address the Governing Board on the same item, the Chair or the Governing Board by majority vote may request a spokesperson be chosen for the group or limit the number of such persons addressing the Governing Board. Since the discussion of an item not on the posted agenda is not allowed, these concerns may be addressed in a future meeting under “Public Forum Response.”

7. 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 Kimberly Booth, Administrative Assistant at (909) 584-4018. **Please address requests under the ADA for reasonable modification and accommodation related to the implementation of Executive Order N-29-20 to Kimberly Booth.** Notification at least 48 hours prior to the meeting or time when services are needed will assist the 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



2021 BUDGET SCENARIOS

COVID-19 RESPONSE



GOVERNING BOARD DIRECTION

- Reconsider Rate Adjustment
 - Lower the Burden of Rate Adjustment on Ratepayers
 - 3.9% Current Proposed Adjustment
 - Increase - \$8.46 per Year
 - Total - \$225.24 per Year
- Consider 0% Rate Adjustment
- Look at Other Options

CONSIDERATIONS

- Amount billed by Member Agencies on behalf of BBARWA
 - CSD and CBBL – Placed on Property Tax Bill, Due December 2020 and April 2021
 - CSA 53 B – Billed during the year beginning July 2020
- A 0% rate increase will be difficult for the Agency to recover from
 - subsequent year adjustments will be difficult to pass through to ratepayers
- A 0% rate increase
 - forces a contraction in the Agency's spending
 - is unlikely to have an impact on payment defaults
 - is likely to negatively affect community/region at a time when recovery will be important
- Ratepayer assistance, if needed, may be available at the time of billing, i.e. grace periods and payment extensions (tax filing extensions, mortgage payment extensions).

RATE ADJUSTMENTS

- Rates are structured so that current revenues cover current expenses (on average):
 - Current operating expenses
 - Annual capital expenditures of \$800,000
 - Debt service of \$434,000
 - Changes in minimum required balances for liquidity and contingency funds
- If operating expenses are increasing, difficult to skip a rate adjustment unless we are currently over collecting
- BBARWA's rate structure is tight, our costs are largely fixed and are increasing

2021 RATE ADJUSTMENT - 3.9% (PREVIOUSLY PROPOSED)

	Actual FY 2019	Projected FY 2020	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	5-Year Total	CAGR
Revenue Requirements	\$5,466,242	\$5,491,935	\$5,735,643	\$5,831,782	\$6,048,900	\$6,229,006	\$6,487,835	\$30,333,167	3.4%
Proposed Rate	\$210.06	\$216.78	\$225.24	\$233.57	\$242.21	\$250.93	\$259.97		3.7%
Annual Change	2.8%	3.2%	3.9%	3.7%	3.7%	3.6%	3.6%		
Rate Revenue per Proposed Rate EDUs	25,001	25,081		25,159	25,204	25,249	25,294		
Rate Revenues - Proposed Billing	\$5,251,542	\$5,437,076		\$5,876,358	\$6,104,683	\$6,335,744	\$6,575,529	\$30,548,870	
Rate Revenue Excess (Shortfall)	(\$214,700)	(\$54,859)	(\$79,088)	\$44,576	\$55,783	\$106,738	\$87,694	\$215,703	
FY 2025 C&R Fund Ending Balance	\$1,392,106								
FY 2025 C&R Fund Requirement	\$1,196,155								
Excess (Shortfall)	\$195,951								

Cumulative Excess (Shortfall) Rate Revenues

← Excess (Shortfall) Capital Project Funding for 2026 - 2030

2021 RATE ADJUSTMENT – 0%

	Actual FY 2019	Projected FY 2020	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	5-Year Total	CAGR
Revenue Requirements	\$5,466,242	\$5,491,935	\$5,735,643	\$5,831,782	\$6,048,900	\$6,229,006	\$6,487,835	\$30,333,167	3.4%
Proposed Rate	\$210.06	\$216.78	\$216.78	\$224.80	\$233.12	\$241.51	\$250.21		2.9%
Annual Change	2.8%	3.2%	0.0%	3.7%	3.7%	3.6%	3.6%		
Rate Revenue per Proposed Rate EDUs	25,001	25,081	25,114	25,159	25,204	25,249	25,294		
Rate Revenues - Proposed Billing	\$5,251,542	\$5,437,076	\$5,444,230	\$5,655,783	\$5,875,537	\$6,097,925	\$6,328,710	\$29,402,185	
Rate Revenue Excess (Shortfall)	(\$214,700)	(\$54,859)	(\$291,413)	(\$176,000)	(\$173,363)	(\$131,081)	(\$159,125)	(\$930,982)	
FY 2025 C&R Fund Ending Balance	\$249,230								
FY 2025 C&R Fund Requirement	\$1,196,155								
	(\$946,925)								

Cumulative Excess (Shortfall) Rate Revenues

← Excess (Shortfall) Capital Project Funding for 2026 - 2030

2021 RATE ADJUSTMENT – 0%

- Will need higher rate increases in subsequent years to recover
- Need to cut operating expenses if possible
 - Try to keep operating expenses aligned with revenues
 - One option is to reduce growth in salaries and benefits expense
 - Cap wage increases to 5% (2.9% COLA, 2.1% Merit) in 2021
- Reduce other funding by \$100,000
 - Replenish Big Bear and/or OPEB Liability Reduction
- If Agency has unplanned repairs expense
 - Reduce other funding further

2021 RATE ADJUSTMENT 0%
5% WAGE CAP
REDUCE OTHER FUNDING BY \$100,000

SCENARIO A

	<u>Actual FY 2019</u>	<u>Projected FY 2020</u>	<u>Budget FY 2021</u>	<u>Forecast FY 2022</u>	<u>Forecast FY 2023</u>	<u>Forecast FY 2024</u>	<u>Forecast FY 2025</u>	<u>5-Year Total</u>	<u>CAGR</u>
Revenue Requirements	\$5,466,242	\$5,491,935	\$5,698,759	\$5,804,838	\$6,023,393	\$6,211,232	\$6,481,957	\$30,220,180	3.4%
Proposed Rate	\$210.06	\$216.78	\$216.78	\$229.79	\$241.05	\$249.73	\$258.72		3.5%
Annual Change	2.8%	3.2%	0.0%	6.0%	4.9%	3.6%	3.6%		
Rate Revenue per Proposed Rate EDUs	25,001	25,081	25,114	25,159	25,204	25,249	25,294		
Rate Revenues - Proposed Billing	<u>\$5,251,542</u>	<u>\$5,437,076</u>	<u>\$5,444,230</u>	<u>\$5,781,225</u>	<u>\$6,075,352</u>	<u>\$6,305,302</u>	<u>\$6,543,935</u>	\$30,150,044	
Rate Revenue Excess (Shortfall)	(\$214,700)	(\$54,859)	(\$254,529)	(\$23,614)	\$51,959	\$94,070	\$61,978	(\$70,135)	
FY 2025 C&R Fund Ending Balance	\$1,214,874								
FY 2025 C&R Fund Requirement	<u>\$1,196,155</u>								
	\$18,720								

Higher subsequent year rate increases.

Cumulative Excess (Shortfall) Rate Revenues

← Excess (Shortfall) Capital Project Funding for 2026 - 2030

2021 RATE ADJUSTMENT 2.9%

5% WAGE CAP

- Rate adjustment is inflation only. Riverside, San Bernardino, Ontario CPI:
 - SEPT – 3.0%
 - **NOV – 2.9% - Used for COLA**
 - JAN – 3.0%
- Reasonable subsequent year adjustments
- 2021 5% Wage Cap
- Reduces potential burden on ratepayer
- Maintains Agency spending at a time when community/region may be trying to recover from recession

2021 RATE ADJUSTMENT 2.9%

5% WAGE CAP

SCENARIO B

	Actual FY 2019	Projected FY 2020	Budget FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	5-Year Total	CAGR
Revenue Requirements	\$5,466,242	\$5,491,935	\$5,698,759	\$5,804,838	\$6,023,393	\$6,211,232	\$6,481,957	\$30,220,180	3.4%
Proposed Rate	\$210.06	\$216.78	\$223.07	\$231.32	\$239.88	\$248.52	\$257.46		3.5%
Annual Change	2.8%	3.2%	2.9%	3.7%	3.7%	3.6%	3.6%		
Rate Revenue per Proposed Rate EDUs	25,001	25,081	25,114	25,159	25,204	25,249	25,294		
Rate Revenues - Proposed Billing	\$5,251,542	\$5,437,076	\$5,602,113	\$5,819,801	\$6,045,928	\$6,274,765	\$6,512,242	\$30,254,848	
Rate Revenue Excess (Shortfall)	(\$214,700)	(\$54,859)	(\$96,646)	\$14,962	\$22,535	\$63,532	\$30,285	\$34,669	
FY 2025 C&R Fund Ending Balance	\$1,220,167								
FY 2025 C&R Fund Requirement	\$1,196,155								
	\$24,013								

Cumulative Excess (Shortfall) Rate Revenues

← Excess (Shortfall) Capital Project Funding for 2026 - 2030

SCENARIO B

IMPACT ON RATES

Rate	Current	Proposed	\$ Change	% Change
Established Rate	\$216.78	\$223.07	\$6.29	2.9%
City of Big Bear Lake	\$224.90	\$231.70	\$6.80	3.0%
Big Bear City CSD	\$210.37	\$216.02	\$5.65	2.7%
CSA 53B	\$204.76	\$212.56	\$7.80	3.8%