

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

Regular Board Meeting Agenda

March 22, 2023 at 5:00 p.m.

121 Palomino Drive, Big Bear City, California

36-100 Date Palm Drive, Cathedral City, CA 92234

and via Zoom

Join Zoom Meeting

<https://us06web.zoom.us/j/82770789704?pwd=ZjZ2VWV3dBRVNNU1RRTXY4K3c3UT09>

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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.

Please note that the Governing Board is making efforts to follow the spirit and intent of the Brown Act and other applicable laws regulating the conduct of public meetings, in order to

maximize transparency and public access. Comments may be submitted via the Zoom chat feature during the meeting. Every effort will be made to attempt to review the Zoom chat during the course of the meeting. The Chair will endeavor to take a brief pause before Governing Board action is taken on agenda items to allow the Board Secretary time to review the public's electronic communications. Every effort will be made during the meeting to read aloud all electronically submitted comments. Please note, all electronically submitted correspondence relating to this meeting will become part of the meeting record and will be cited within the meeting minutes. Please limit written comments to 300 words or less. In addition, prior to the close of public comment portions of the meeting, the Chair will provide the public an opportunity to verbally state their comment live via Zoom teleconference.

5. PRESENTATION AND INTRODUCTION

5.A. Troy Bemisdarfer 15-year recognition

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 22, 2023 Regular Meeting and the March 7, 2023 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

7.D. Board Policy: Brown Act Teleconferencing Policy – Informational

8. ITEMS REMOVED FROM CONSENT CALENDAR

9. OLD BUSINESS

9.A. 2023 Rate and Fee Studies

10. NEW BUSINESS – DISCUSSION/ACTION ITEMS

- 10.A.** Resolution No. R. 02-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Clarifying the Fiscal Year 2024 Sewer Standby or Immediate Availability Charges
- 10.B.** Public Hearing: Resolution No. R. 03-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Establishing Sewer User Charges Subject to Annual Review and Taking Certain Other Actions Related Thereto
- 10.C.** Public Hearing: Resolution No. R. 05-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency to Increase the Current Fee Schedule for the Disposal of Waste Delivered to the Regional Treatment Plant Subject to Annual Review
- 10.D.** Public Hearing: Resolution No. R. 04-2023, 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 2024, Approving Budgeted Projects and Finding Approval of the Budget and Budgeted Projects Exempt from Review Under the California Environmental Quality Act
- 10.E.** Governing Board Committee Appointments
- 10.F.** Replenish Big Bear Advisory Committee
- 10.G.** Resolution No. R. 06-2023, A Resolution of the Big Bear Area Regional Wastewater Agency Changing the Date and Time of Regular Meetings

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
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 6.A.

MEETING DATE: March 22, 2023

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

SUBJECT: General Manager's Report

DISCUSSION:

Operations

Emergency Repair - 42825 Big Bear Blvd, Big Bear Lake

The Agency was notified on March 11, 2023 at 10:42 a.m. regarding a possible sewage spill near 42825 Big Bear Blvd, Big Bear Lake. Staff discovered a 4" hole in the mainline. Flow continued for 22 minutes and spilled 6,500 gallons. Per Resolution No. R. 02-2020, the General Manager made an emergency finding and took necessary action in response to the emergency to repair the pipe. No drinking water sources were threatened. Notification to the California Office of Emergency Services, Santa Ana and Colorado Regional Water Quality Control Boards, State Water Resource Control Board Division of Drinking Water and Field Operations, Department of Environmental Health Services, Big Bear Municipal Water District, and the U.S. Forest Service Big Bear Station was made in accordance with the Agency's Emergency Action Plan. Staff will bring the full cost of the repair to the April Governing Board meeting.

Headworks Grit System Rehabilitation Project (No Update)

The Contractor notified the Agency of additional procurement delays and has provided an updated project schedule to include completing items as the material is available.

Solar Production

The February 2023 monthly performance report is attached.

2023 Treatment Plant Data

There were no reportable violations during February 2023 for the plant. The influent flow (MG) chart is attached to this report.

Flow Percentages			
Member Agency	December	January	February
City of Big Bear Lake	53.96%	62.46%	60.81%
Big Bear City	42.99%	32.43%	35.52%
County of San Bernardino	3.05%	5.11%	3.67%

Connections

MONTH	FYE 6/30/2023									
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	CITY-BBL	CSD	CSA-53B
July	3	4	3	7	3	11	2	1	1	0
August	12	6	10	2	12	5	13	5	8	0
September	4	6	3	7	3	7	8	2	6	0
October	9	8	3	5	10	9	6	1	5	0
November	5	11	5	2	2	5	4	1	3	0
December	4	2	3	1	2	3	2	0	1	1
January	0	0	1	1	2	2	0	0	0	0
February	1	0	0	1	0	6	0	0	0	0
March	2	0	3	1	3	9	0	0	0	0
April	3	0	3	7	12	12	0	0	0	0
May	4	0	5	5	6	7	0	0	0	0
June	16	0	6	6	13	11	0	0	0	0
TOTAL	63	37	45	45	68	87	35	10	24	1

Replenish Big Bear

Stakeholder Coordination

On March 6, 2023, the Agency met with the Lucerne Valley farmer to discuss using excess Project water for growing grain in the winter, which will help the Agency to maintain its Colorado River Basin waste discharge permit. On March 13, 2023, the Project Team met the Mojave Water Agency (MWA) and Lucerne Valley Economic Development Association (LVEDA) to discuss the Project and responses to their Notice of Preparation (NOP) comments. The Project Team will have further discussions with MWA regarding additional uses of excess Project water that will not be utilized by the farmer that could provide a greater benefit to the Mojave basin. A meeting with Chuck Bell of the LVEDA regarding site restoration of BBARWA’s Lucerne Valley property is being scheduled. On March 16, 2023, the Project Team will meet with the East Valley Water District, Bear Valley Mutual, and the City of Redlands to discuss the Project overview and status, water quality, monitoring and pilot plans, regulatory pathway, and their NOP comments. Coordination with key stakeholders for the draft Environmental Impact Report (EIR) will continue. It is anticipated that the draft EIR will be ready for public review in April/May 2023.

Environmental Review

The target completion date for the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) processes is the summer of 2023.

Water Systems Consulting, Inc. (WSC) is updating the water balance data (based on input from the Lucerne Valley farmer) to quantify the Lucerne Valley net change in recharge due to the Project. An assessment of groundwater levels to determine if effluent disposal contributes to surface/subsurface flows in the wash was completed with no connection based on groundwater levels. The 2017 Lucerne Valley Site Groundwater Report was updated and confirmed prior conclusions that effluent disposal is not the cause of groundwater quality issues.

Preliminary Engineering

The denitrification filter from Nexom, Inc. is in operation. Negotiations with other pilot equipment vendors is complete and the Agency is preparing for final agreements. Brine minimization will likely occur off-site.

WSC is developing a framework to evaluate and support Agency decisions on delivery approaches for each Project component (i.e., Design Bid Build, Fixed Price Design Build, Progressive Design Build, etc.).

Regulatory Analysis and Coordination

A work plan to lay out the next steps and timeline for the National Pollutant Discharge Elimination System (NPDES) permitting process is underway. The draft will be shared with the Regional Board and Division of Drinking Water (DDW).

WSC continues work on the Monitoring Plan to collect information from the Lake and the final full advanced treated effluent to inform the next steps in response to Regional Board comments. The Monitoring Plan will be shared with the Regional Board and DDW before Lake sampling begins.

WSC has requested a quote to complete an aerial survey of Stanfield Marsh to update the contour information for the Division wells and to support the future outfall design. Tom Harder & Co. will complete the work plan once they receive the survey information. WSC will send the work plan to DDW and request a meeting to discuss.

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

Agreements and Contracts – no update

The Agency continues to work with legal counsel and project beneficiaries to develop preliminary terms associated with the distribution of Project water and future monetary contributions to the Project.

Funding and Financing – no update

The short-term financing loan of \$3.4 million closed in the beginning of February 2023. The Agency has engaged NHA Advisors, LLC (NHA) to assist with the Water Infrastructure Finance and Innovation Act (WIFIA) loan application and financial development plan for the Project. NHA will start the process to obtain the preliminary rating letter.

The Agency was invited to apply for a loan under the WIFIA Program provided by the U.S. Environmental Protection Agency (EPA). Under this loan program the Agency may borrow up to 80 percent of the total eligible project costs. An introductory meeting was held with the EPA on November 10, 2022 wherein the Agency’s team met with the EPA underwriter to discuss the application, underwriting and loan close process. The Agency expects to submit an application by June 2023 and if approved, close the loan by February 2024.

Grant Status

Grants Awarded or Recommended for Funding	Amount	Status
DCI Technical Assistance	\$500,000	Awarded and Fully Funded
IRWM Prop 1 Round 1	\$4,563,338	Awarded, In Process
2021 Title XVI	\$1,700,000	Awarded, In Process, \$100,000 for grant agency administration
2022 EPA STAG	\$960,000	CEQA and NEPA must be completed prior to an Award
2022 Title XVI	\$8,267,112	Recommended for Funding
2023 Community Funding Request	\$1,000,000	Included in Federal Budget
Total	\$16,990,450	

Grant Applications Outstanding	Amount	Status
2024 Community Funding Request	\$2,500,000	Applications Submitted
Total	\$2,500,000	

IRWM Prop 1 Round 1 Grant –Reimbursement for Invoice #4 in the amount of \$59,842.47 was received in February.

2021 Title XVI Grant – The agreement has been finalized. The Financial Capability Assessment and Build America, Buy America (BABA) waiver must be completed before requesting any funds. The WateReuse programmatic waiver is being reviewed by the White House Office of Management and Budget. WSC recently provided updated wastewater rates for Southern California agencies, as requested.

2022 EPA STAG Grant – No update. EPA confirmed that EIR/EA is required before an application can be submitted. The application will be submitted once EIR/EA is certified.

2022 Title XVI Grant – No update. The formal award from the United States Bureau of Reclamation (USBR) in the amount of \$8,267,112 is pending.

2023 Community Funding Request – No update. The \$1 million request was included in the Federal budget. We expect to receive information regarding the next steps in the next several months.

2024 Community Funding Request - The Project Team submitted applications to Senator Padilla, Senator Feinstein, and Congressman Obernolte in the amount of \$2,500,000.

2023 Title XVI - The Notice of Funding Opportunity is anticipated to be released in early summer. The Project is eligible to apply again to receive additional grant funds up to 25% of the total.



MONTHLY REPORT
February 2023

Plant Name:	Big Bear Area Regional Wastewater Agency
Plant ID:	P-3998
Capacity (DC):	1660.01
Resource:	Solar
Address:	121 Palomino Drive - 92314 Big Bear - California/United States
Configuration:	Mohawk, GM CPY



As Contracted Energy Last Month (kWh)

Energy Produced Last Month (kWh)

Time	Energy (kWh)				
	A	F	Δ	W	Δ
01 Feb 2023	9,354.25	4,635.63	101.79%	5,384.77	73.72%
02 Feb 2023	8,431.50	4,635.63	81.88%	4,904.70	71.91%
03 Feb 2023	6,500.50	4,635.63	40.23%	4,247.77	53.03%
04 Feb 2023	9,126.50	4,635.63	96.88%	5,371.54	69.90%
05 Feb 2023	9,004.25	4,635.63	94.24%	5,315.96	69.38%
06 Feb 2023	9,139.75	4,635.63	97.16%	5,588.16	63.56%
07 Feb 2023	9,639.00	4,635.63	107.93%	5,661.78	70.25%
08 Feb 2023	9,482.50	4,635.63	104.56%	5,592.08	69.57%
09 Feb 2023	9,674.25	4,635.63	108.69%	5,703.52	69.62%
10 Feb 2023	9,511.75	4,635.63	105.19%	5,740.52	65.69%
11 Feb 2023	9,440.50	4,635.63	103.65%	5,677.94	66.27%
12 Feb 2023	8,024.50	4,635.63	73.10%	5,150.23	55.81%
13 Feb 2023	8,091.50	4,635.63	74.55%	5,307.67	52.45%
14 Feb 2023	5,912.75	4,635.63	27.55%	4,298.07	37.57%
15 Feb 2023	9,973.75	4,635.63	115.15%	6,104.80	63.38%
16 Feb 2023	9,324.00	4,635.63	101.14%	5,760.59	61.86%
17 Feb 2023	6,582.50	4,635.63	42.00%	4,606.13	42.91%
18 Feb 2023	7,784.25	4,635.63	67.92%	5,033.33	54.65%
19 Feb 2023	9,943.00	4,635.63	114.49%	6,161.87	61.36%
20 Feb 2023	9,924.25	4,635.63	114.09%	6,217.39	59.62%
21 Feb 2023	8,155.25	4,635.63	75.93%	5,398.79	51.06%
22 Feb 2023	5,070.25	4,635.63	9.38%	3,901.90	29.94%
23 Feb 2023	4,042.50	4,635.63	-12.80%	3,569.62	13.25%
24 Feb 2023	6,530.50	4,635.63	40.88%	4,330.52	50.80%
25 Feb 2023	1,112.50	4,635.63	-76.00%	2,925.90	-61.98%
26 Feb 2023	9,037.75	4,635.63	94.96%	6,809.20	32.73%
27 Feb 2023	8,555.50	4,635.63	84.56%	6,056.23	41.27%
28 Feb 2023	6,736.75	4,635.63	45.33%	4,561.27	47.69%
Totals	224,106.25	129,797.75	72.66%	145,382.26	54.15%

Time	Energy (kWh)				
	Actual	Forecasted	Δ	Weather Adjusted	Δ
01 Feb 2023	9,354.25	6,594.79	41.84%	7,783.10	20.19%
02 Feb 2023	8,431.50	6,594.79	27.85%	7,089.21	18.93%
03 Feb 2023	6,500.50	6,594.79	-1.43%	6,139.69	5.88%
04 Feb 2023	9,126.50	6,594.79	38.39%	7,763.97	17.55%
05 Feb 2023	9,004.25	6,594.79	36.54%	7,683.65	17.19%
06 Feb 2023	9,139.75	6,594.79	38.59%	8,077.08	13.16%
07 Feb 2023	9,639.00	6,594.79	46.16%	8,183.49	17.79%
08 Feb 2023	9,482.50	6,594.79	43.79%	8,082.74	17.32%
09 Feb 2023	9,674.25	6,594.79	46.70%	8,243.81	17.35%
10 Feb 2023	9,511.75	6,594.79	44.23%	8,297.30	14.64%
11 Feb 2023	9,440.50	6,594.79	43.15%	8,206.85	15.03%
12 Feb 2023	8,024.50	6,594.79	21.68%	7,444.10	7.80%
13 Feb 2023	8,091.50	6,594.79	22.70%	7,671.66	5.47%
14 Feb 2023	5,912.75	6,594.79	-10.34%	6,212.39	-4.82%
15 Feb 2023	9,973.75	6,594.79	51.24%	8,823.82	13.03%
16 Feb 2023	9,324.00	6,594.79	41.38%	8,326.31	11.98%
17 Feb 2023	6,582.50	6,594.79	-0.19%	6,657.66	-1.13%
18 Feb 2023	7,784.25	6,594.79	18.04%	7,275.12	7.00%
19 Feb 2023	9,943.00	6,594.79	50.77%	8,906.32	11.64%
20 Feb 2023	9,924.25	6,594.79	50.49%	8,986.56	10.43%
21 Feb 2023	8,155.25	6,594.79	23.66%	7,803.37	4.51%
22 Feb 2023	5,070.25	6,594.79	-23.12%	5,639.78	-10.10%
23 Feb 2023	4,042.50	6,594.79	-38.70%	5,159.50	-21.65%
24 Feb 2023	6,530.50	6,594.79	-0.97%	6,259.30	4.33%
25 Feb 2023	1,112.50	6,594.79	-83.13%	4,229.07	-73.69%
26 Feb 2023	9,037.75	6,594.79	37.04%	9,841.96	-8.17%
27 Feb 2023	8,555.50	6,594.79	29.73%	8,753.62	-2.26%
28 Feb 2023	6,736.75	6,594.79	2.15%	6,592.82	2.18%
Totals	224,106.25	184,654.09	21.37%	210,134.27	6.65%



MONTHLY REPORT

Last Three Months Performance

Produced Energy (kWh)

Time	Energy (kWh)	
	F	W
Nov 2022	211,383.00	232,624.59
Dec 2022	171,713.00	178,868.80
Jan 2023	174,529.97	178,005.29
Totals	557,625.97	589,498.69

Availability (%) and PR

Time	Availability (%)			Performance Ratio (fraction)		
	A	F	Δ	A	F	Δ
Nov 2022	100.00	99.20	0.81%	1.20	0.00	100.00%
Dec 2022	100.00	99.20	0.81%	1.20	0.00	100.00%
Jan 2023	100.00	99.20	0.81%	1.16	0.00	100.00%
Totals						

Closed Events Last 3 Months

Plant ID(s)	Event ID	Event Date	Status	Event Name	Notes	Root Cause
P-3998	99846	17 Jan 2023 08:41	Closed	Additional Veg	<p>\$2520 - price per cut as per contract (COVERED SERVICES) \$11,520 - debris removal and disposal (NOT COVERED)</p> <p>Note from the FSP originally contracted to perform the work: We would be adding 2 additional crew members to this job as well as the extra equipment. It's a lot more labor intensive to remove and dispose of the clippings than it is just to cut this site. It is a high price tag, but it is a lot of work and we don't have the equipment necessary on hand. We can handle this job, but you might be able to find a local landscaping company that could do this a little cheaper. I just want to throw that out there because I get this is a big bump in pricing.</p>	-

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

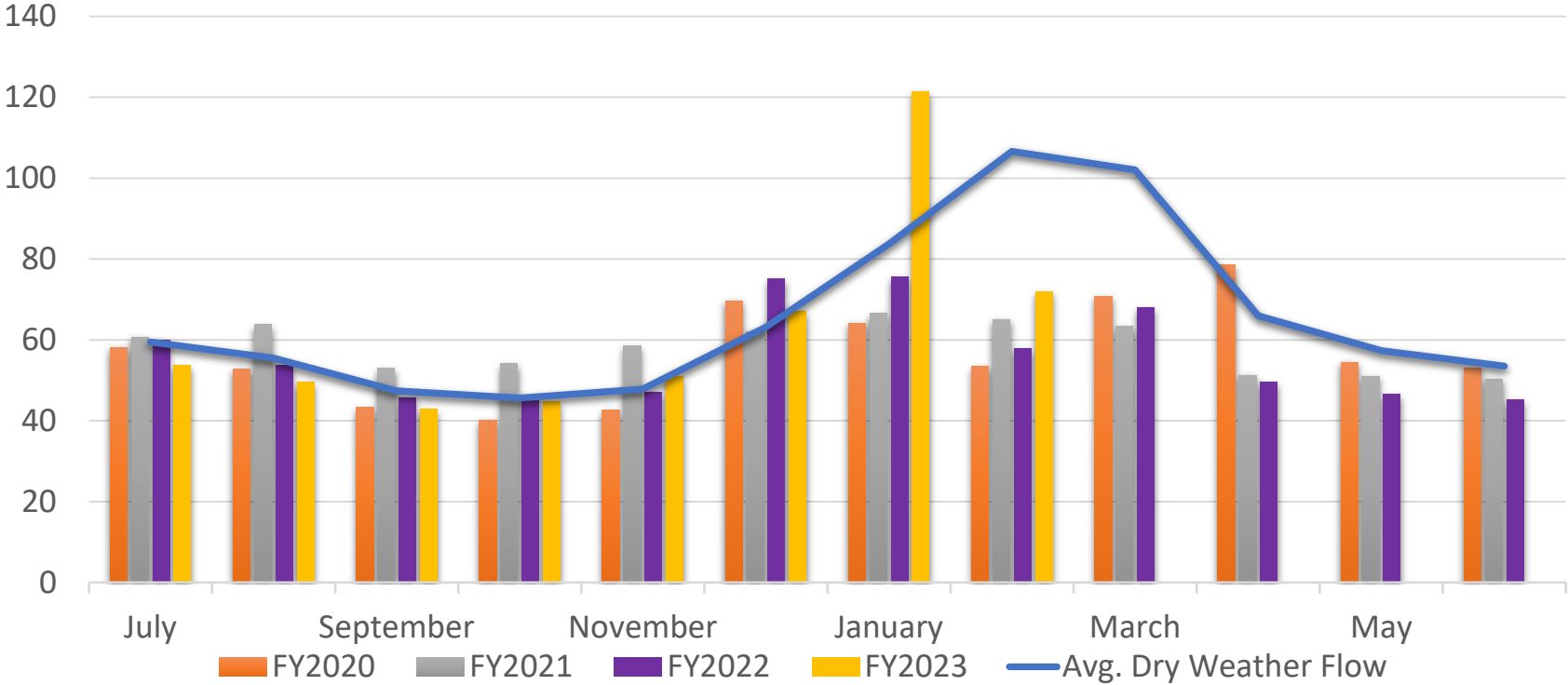
As Contracted Energy: (kWh) Energy proposed to be generated by your system contractually

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

Influent Flow (MG)



BIG BEAR AREA REGIONAL WASTEWATER AGENCY

REGULAR BOARD MEETING MINUTES

February 22, 2023

1. CALL TO ORDER

A Regular Meeting of the Governing Board of the Big Bear Area Regional Wastewater Agency was called to order by Vice-Chair Green at 5:00 p.m. on February 22, 2023 at 121 Palomino Drive, Big Bear City, California.

BOARD MEMBERS PRESENT

John Green, Vice-Chair
Jim Miller, Director
Bynette Mote, Director
Larry Walsh, Director

BOARD MEMBERS ABSENT

Rick Herrick, Chair

STAFF MEMBERS PRESENT

David Lawrence, General Manager
Christine Bennett, Finance Manager
John Shimmin, Plant Manager
Bridgette Burton, Management Analyst/Board Secretary

OTHERS

Shawn Koorn, Associate Vice-President, HDR Engineering, Inc.

Members of the public who signed in included:

None

2. PLEDGE OF ALLEGIANCE

Director Walsh

3. APPROVAL OF THE AGENDA

Upon motion by Director Mote, seconded by Director Miller and carried, the Governing Board approved the agenda as presented.

Ayes: Green, Miller, Mote, Walsh

Noes: None

Absent: Herrick

Abstain: None

4. PUBLIC FORUM

No comments

5. PRESENTATIONS AND INTRODUCTIONS

5.A. Rate Study Presentation

Shawn Koorn, Associate Vice-President at HDR Engineering, Inc. presented the rate study. The Governing Board clarified the Agency base rate plus the Replenish

Big Bear rate, discussed contributions from local agencies and its effect on the Replenish Big Bear rate, requested the monthly rate for the Agency's base rate plus Replenish Big Bear and information about the reduced construction costs of \$71 million, and estimated inflation after fiscal year 2028. Rates will be brought before the Governing Board in March or April for Governing Board consideration. Discussion ensued between the Governing Board and staff.

Michael Perry clarified grants were not included in the Replenish Big Bear rate – no contributions line, and contributions only included those from local agencies. Mr. Perry commented that a \$5.38 per month difference between contributions and no contributions is not a project killer and this is way too important for \$5.00 a month to get in the way. Mr. Perry requested the Agency to keep the public informed.

6. INFORMATION/COMMITTEE REPORTS

6.A. General Manager's Report

The General Manager explained the first piece of equipment for the pilot study has arrived. A Governing Board tour will be scheduled once all the equipment is on-site and running. Discussion included the 62% of flow from the City of Big Bear Lake, treatment requirements from the Regional Board, pilot study processes and equipment, the Build America Buy America waiver, and the contingency plan if IDE's brine minimization process does not meet the minimum requirements. The Governing Board made recommendations to the Replenish Big Bear public outreach strategy.

The Governing Board requested the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) meeting information be added to the Information/Committee Report section of the agenda. The General Manager highlighted the BVBGSA budget adoption, annual report, and reorganization of the Board of Directors.

Michael Perry asked if the Lucerne Valley ponds would be able to be utilized for drying out the Replenish Big Bear brine. The General Manager expressed concern over sending brine to Lucerne Valley due to its caustic nature and concluded that the brine would not meet the current permit requirements.

6.B. Administrative Committee

Vice-Chair Green advised the Governing Board that the items discussed during the Administrative Committee were placed on the agenda for this meeting.

7. CONSENT CALENDAR

7.A. Approval of the Meeting Minutes from the January 25, 2023 Regular Meeting

- 7.B. Monthly Disbursements Report for January
- 7.C. Investment Report Identifying Agency Investments and Reporting Interest Income for January
- 7.D. Second Quarter Report, Six Months Ended December 31, 2022

Upon motion by Director Miller, seconded by Director Mote and carried, the Governing Board approved the Consent Calendar as presented.

Ayes: Green, Miller, Mote, Walsh
Noes: None
Absent: Herrick
Abstain: None

8. **ITEMS REMOVED FROM THE CONSENT CALENDAR**

None

9. **OLD BUSINESS**

None

10. **NEW BUSINESS**

- 10.A. Multi-Year Contract Approval for an On-Call Electrical Services Contractor for Wastewater Treatment Facilities

The General Manager explained the procurement process for the on-call electrical services. The Governing Board inquired about the contractor's emergency response capabilities, experience and prioritization with the Agency, responses from local contractors, and contingency plans if the contractor is unable to respond. Discussion ensued between the Governing Board and staff.

Upon motion by Director Walsh, seconded by Director Mote and carried, the Governing Board authorized the General Manager to renew the contract annually at his discretion for no more than two additional one-year terms.

Ayes: Green, Miller, Mote, Walsh
Noes: None
Absent: Herrick
Abstain: None

- 10.B. Compensation Study 2022; Pay Schedule

The General Manager presented background information, survey agencies, comparable matches per classification, study methods, policy requirements, and the current Compensation Study results. The Governing Board clarified that once an

operator becomes a Grade I, the pay schedule would remain as an Operator-in-Training pay schedule until the operator passes the Grade II certification. The Governing Board questioned the market check references in the agenda report attachment.

Upon motion by Director Mote, seconded by Director Miller and carried, the Governing Board adjusted the Plant Operator-in-Training pay schedule by 10% and froze the Human Resources Coordinator/Accounting Technician and Operations Administrative/Laboratory Assistant pay schedule with no COLA adjustment to the pay range until after the next study or other determination by the Governing Board.

Ayes: Green, Miller, Mote, Walsh
Noes: None
Absent: Herrick
Abstain: None

10.C. Governing Board Reorganization

The Governing Board reviewed the options for the appointment of Chair and Vice-Chair. Discussion ensued between the Governing Board.

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

Ayes: Green, Miller, Mote, Walsh
Noes: None
Absent: Herrick
Abstain: None

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

Ayes: Green, Miller, Mote, Walsh
Noes: None
Absent: Herrick
Abstain: None

11. COMMENTS AND ANNOUNCEMENTS

11.A. General Manager Comments

The General Manager suggested placing an item on the next agenda for the Governing Board to consider changing the date and time of regular meetings.

11.B. Governing Board Member Comments

The Governing Board thanked emergency workers and requested information regarding the Forest Service breeding capabilities for the Three-spined Unarmored Stickleback fish.

12. ADJOURNMENT

With no further business to come before the Governing Board, Vice-Chair Green adjourned the meeting at 6:26 p.m.

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

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

SPECIAL MEETING BUDGET WORKSHOP MINUTES

March 7, 2023

1. CALL TO ORDER

A Special Meeting Budget Workshop of the Big Bear Area Regional Wastewater Agency was called to order by Chair Green at 10:00 a.m. on March 7, 2023 at 121 Palomino Drive, Big Bear City, California and via Zoom teleconference.

In accordance with AB 2449, which modifies Government Code 54953, Director Herrick requested to participate remotely for an emergency circumstance. Director Herrick provided a general description of the need to participate remotely and confirmed there were no other individuals 18 years of age or older present in the room at the remote location.

Upon motion by Director Walsh, seconded by Director Mote and carried, the Governing Board approved Director Herrick participating remotely.

Ayes: Herrick, Miller, Mote, Walsh, Green
Noes: None
Absent: None
Abstain: None

BOARD MEMBERS PRESENT

John Green, Chair
Jim Miller, Vice-Chair
Rick Herrick, Director (joined via Zoom at 10:08 a.m.)
Bynette Mote, Director
Larry Walsh, Director

BOARD MEMBERS ABSENT

None

STAFF MEMBERS PRESENT

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

OTHERS

Kelly Ent, Director of Administrative Services, City of Big Bear Lake (via Zoom)
Mary Reeves, General Manager, Big Bear City Community Services District (via Zoom)
Jeanette Prickett, Finance Manager, Big Bear City Community Services District (via Zoom)

Members of the public who signed in included:
None

2. PLEDGE OF ALLEGIANCE

Director Walsh

3. APPROVAL OF THE AGENDA

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

Ayes: Miller, Mote, Walsh, Green
Noes: None
Absent: Herrick
Abstain: None

4. PUBLIC FORUM

No comments

5. PRESENTATIONS AND INTRODUCTIONS

5.A. Budget Presentation and Discussion

1. Projected Performance FY 2023
2. Five-Year Forecast FY 2024 – FY 2028
3. New Budget FY 2024
4. Replenish Big Bear Current Timing, Funding, and Rate Collection

The Finance Manager presented the Budget Workshop information. The rates discussed in the Budget Workshop will be presented to the Governing Board for consideration at the March 22, 2023 regular meeting.

The Governing Board requested clarification on acronyms for CCI (Construction Cost Index) ELAP (Environmental Lab Accreditation Program), and Capex (capital expenditures). Further discussion ensued regarding estimates for asphalt replacement/repair, covenant levels, increases to power expense, merit increases, and debt capacity. Replenish Big Bear (RBB) questions included lab changes, future staffing needs, federal grant audit and grant accounting requirements, possible brine storage, expended project costs, reimbursements, annual O&M costs, fully weighted costs, BBARWA labor reimbursements from grants, future regulatory requirements, and the possibility of having RBB as a separate line item on property tax bills. The Governing Board directed staff to review the reserve limits for Replenish Big Bear and add to a future agenda for Governing Board consideration. The Governing Board provided suggestions for the presentation slides and social media strategy regarding future regulatory requirements if Replenish Big Bear was not constructed.

6. **ADJOURNMENT**

With no further business to come before the Governing Board, Chair Green adjourned the meeting at 11:35 a.m.

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



Big Bear Area Regional
Wastewater Agency
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 7.B.

MEETING DATE: March 22, 2023

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 the period. While printing checks, the power was disrupted and check numbers 22893 and 22895 through 22898 printed incorrectly and were voided. Those checks were replaced with check numbers 22914 through 22918.

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, 2023 to Feb 28, 2023

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

Check #	Date	Payee	Cash Account	Amount
22828	2/8/23	ALLISON MECHANICAL, INC.	1000-20	3,444.00
22829	2/8/23	AMAZON CAPITAL SERVICES	1000-20	242.73
22830	2/8/23	ARAMARK UNIFORM SERVICES	1000-20	1,938.55
22831	2/8/23	BIG BEAR CITY COMMUNITY SERVICES DI	1000-20	449.67
22832	2/8/23	BUTCHER'S BLOCK & BUILDING	1000-20	362.82
22833	2/8/23	BEAR VALLEY ELECTRIC	1000-20	31,759.21
22834	2/8/23	BEAR VALLEY PAVING, INC.	1000-20	28,928.00
22835	2/8/23	CALOLYMPIC SAFETY	1000-20	839.31
22836	2/8/23	COMMERCIAL DOOR METAL SYSTEMS, INC	1000-20	20,732.93
22837	2/8/23	CLINICAL LAB OF SAN BERNARDINO	1000-20	2,132.50
22838	2/8/23	CWEA	1000-20	702.00
22839	2/8/23	DIY HOME CENTER-BIG BEAR	1000-20	247.60
22840	2/8/23	DISTRIBUTED SOLAR DEVELOPMENT, LLC	1000-20	14,415.10
22841	2/8/23	DIRECT TV	1000-20	79.99
22842	2/8/23	DEPARTMENT OF WATER & POWER	1000-20	48.75
22843	2/8/23	EVANS-HYDRO	1000-20	5,965.00
22844	2/8/23	EVANTEC CORPORATION	1000-20	311.97
22845	2/8/23	FAMCON PIPE & SUPPLY, INC.	1000-20	582.66
22846	2/8/23	FLYERS ENERGY	1000-20	1,927.06
22847	2/8/23	FRONTIER COMMUNICATIONS	1000-20	1,100.78
22848	2/8/23	GEIGER SUPPLY, INC	1000-20	143.43
22849	2/8/23	GRAINGER	1000-20	2,147.08
22850	2/8/23	BEAR VALLEY BASIN GSA	1000-20	1,137.34
22851	2/8/23	HUGHESNET	1000-20	102.33
22852	2/8/23	NAPA AUTO PARTS	1000-20	616.87
22853	2/8/23	CONSTANCE M. ALVARADO	1000-20	55.00
22854	2/8/23	PHENOVA	1000-20	628.04
22855	2/8/23	POLYDYNE INC	1000-20	8,464.71
22856	2/8/23	QUILL	1000-20	119.56
22857	2/8/23	R.I.C. CONSTRUCTION CO., INC.	1000-20	43,891.97
22858	2/8/23	ROBERTSON'S	1000-20	479.49
22859	2/8/23	SCHRODER & SON, INC.	1000-20	2,350.00
22860	2/8/23	RYAN R. ABELN	1000-20	1,621.89

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Feb 1, 2023 to Feb 28, 2023

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

Check #	Date	Payee	Cash Account	Amount
22861	2/8/23	SPECTRUM BUSINESS	1000-20	1,023.93
22862	2/8/23	STREAMLINE	1000-20	300.00
22863	2/8/23	SWRCB - DWOCP	1000-20	55.00
22864	2/8/23	TWIN BEAR EQUIPMENT RENTAL, INC	1000-20	311.97
22865	2/8/23	UNDERGROUND SERVICE ALERT	1000-20	69.34
22866	2/8/23	VIKING MAINTENANCE SERVICES, LLC	1000-20	1,350.00
22867	2/8/23	JON E. WREESMAN	1000-20	855.00
22868	2/8/23	WATER SYSTEMS CONSULTING, INC.	1000-20	2,022.50
22869	2/8/23	TROY BEMISDARFER	1000-20	50.00
22870	2/8/23	CHRISTINE BENNETT	1000-20	50.00
22871	2/8/23	BRIDGETTE BURTON	1000-20	50.00
22872	2/8/23	RICHARD T. HERRICK	1000-20	300.00
22873	2/8/23	SONJA KAWA	1000-20	50.00
22874	2/8/23	DAVID LAWRENCE	1000-20	50.00
22875	2/8/23	JAMES J. MILLER	1000-20	300.00
22876	2/8/23	JOHN SHIMMIN	1000-20	50.00
22877	2/22/23	ACCENT COMPUTER SOLUTIONS, INC.	1000-20	2,906.44
22878	2/22/23	ALL PROTECTION ALARM	1000-20	1,132.17
22879	2/22/23	BEST BEST & KRIEGER LLP	1000-20	8,470.00
22880	2/22/23	BUSINESS CARD	1000-20	1,243.35
22881	2/22/23	BRYCE CONSULTING, INC.	1000-20	665.00
22882	2/22/23	BEAR VALLEY LOCK AND KEY	1000-20	347.50
22883	2/22/23	BEAR VALLEY PAVING, INC.	1000-20	995.00
22884	2/22/23	CHEM-TECH INTERNATIONAL, INC.	1000-20	6,261.57
22885	2/22/23	COUNTY OF SAN BERNARDINO SOLID WA	1000-20	1,237.47
22886	2/22/23	EVANTEC CORPORATION	1000-20	348.07
22887	2/22/23	FIELDMAN, ROLAPP & ASSOCIATES, INC.	1000-20	15,588.19
22888	2/22/23	GOLDEN BELL PRODUCTS INC	1000-20	2,883.72
22889	2/22/23	GRAINGER	1000-20	1,081.58
22890	2/22/23	BIG BEAR CITY CSD	1000-20	14,960.63
22891	2/22/23	DEPARTMENT OF WATER & POWER	1000-20	14,960.63
22892	2/22/23	BIG BEAR MUNICIPAL WATER DISTRICT	1000-20	14,960.63
22893	2/22/23	HACH COMPANY	1000-20	523.46

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Feb 1, 2023 to Feb 28, 2023

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

Check #	Date	Payee	Cash Account	Amount
22893V	2/22/23	HACH COMPANY	1000-20	-523.46
22894	2/22/23	KING'S FIRE PROTECTION, INC.	1000-20	354.00
22895	2/22/23	MITEL	1000-20	375.22
22895V	2/22/23	MITEL	1000-20	-375.22
22896	2/22/23	NEW PIG CORPORATION	1000-20	5,842.11
22896V	2/22/23	NEW PIG CORPORATION	1000-20	-5,842.11
22897	2/22/23	PHIL'S AUTOMOTIVE	1000-20	327.00
22897V	2/22/23	PHIL'S AUTOMOTIVE	1000-20	-327.00
22898	2/22/23	POLYDYNE INC	1000-20	8,464.71
22898V	2/22/23	POLYDYNE INC	1000-20	-8,464.71
22899	2/22/23	READY REFRESH	1000-20	357.42
22900	2/22/23	ROBERTSON'S	1000-20	568.92
22901	2/22/23	SOUTHERN CALIFORNIA EDISON	1000-20	47.91
22902	2/22/23	RYAN R. ABELN	1000-20	11,594.96
22903	2/22/23	SUPPORT PRODUCT SERVICES, INC.	1000-20	2,123.10
22904	2/22/23	SOUTHWEST GAS	1000-20	3,904.88
22905	2/22/23	SYNAGRO-WWT, INC.	1000-20	11,929.24
22906	2/22/23	NANCY R. BOHL, INC.	1000-20	150.00
22907	2/22/23	TWIN BEAR EQUIPMENT RENTAL, INC	1000-20	433.59
22908	2/22/23	UNIVAR SOLUTIONS USA INC.	1000-20	2,676.51
22909	2/22/23	USA BLUEBOOK	1000-20	1,750.15
22910	2/22/23	VERIZON WIRELESS	1000-20	243.93
22911	2/22/23	VICTORVILLE MOTORS	1000-20	464.24
22912	2/22/23	REGINA A. WEISS	1000-20	200.00
22913	2/22/23	WINZER CORP	1000-20	618.00
22914	2/22/23	HACH COMPANY	1000-20	523.46
22915	2/22/23	MITEL	1000-20	375.22
22916	2/22/23	NEW PIG CORPORATION	1000-20	5,842.11
22917	2/22/23	PHIL'S AUTOMOTIVE	1000-20	327.00
22918	2/22/23	POLYDYNE INC	1000-20	8,464.71
CASH 23710	2/2/23	PAYA	1000-20	19.99
CASH 23711	2/2/23	VISION SERVICE PLAN	1000-20	284.57
CASH 23712	2/2/23	PRINCIPAL FINANCIAL GROUP	1000-20	3,319.95

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Feb 1, 2023 to Feb 28, 2023

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

Check #	Date	Payee	Cash Account	Amount
CASH 23713	2/2/23	THE LINCOLN NAT'L LIFE INS CO	1000-20	5,207.12
CASH 23714	2/2/23	CALPERS HEALTH	1000-20	30,737.59
CASH 23715	2/3/23	EMPLOYMENT DEVELOPMENT DEPARTME	1000-20	2,872.59
CASH 23716	2/3/23	INTERNAL REVENUE SERVICE	1000-20	8,832.99
CASH 23717	2/6/23	AMERICAN FIDELITY ASSURANCE CO	1000-20	699.98
CASH 23718	2/6/23	CALPERS RETIREMENT	1000-20	3,363.83
CASH 23719	2/6/23	CA PERS 457 PROGRAM	1000-20	4,551.18
CASH 23720	2/6/23	CALPERS RETIREMENT	1000-20	7,940.77
CASH 23721	2/10/23	BYNETTE L. MOTE	1000-20	150.00
CASH 23722	2/10/23	JOHN GREEN	1000-20	150.00
CASH 23723	2/10/23	LAWRENCE C. WALSH	1000-20	150.00
CASH 23724	2/16/23	THE LINCOLN NAT'L LIFE INS CO	1000-20	5,207.12
CASH 23725	2/17/23	EMPLOYMENT DEVELOPMENT DEPARTME	1000-20	2,671.10
CASH 23726	2/17/23	INTERNAL REVENUE SERVICE	1000-20	8,123.56
CASH 23727	2/21/23	AMERICAN FIDELITY ASSURANCE CO	1000-20	699.98
CASH 23728	2/21/23	CALPERS RETIREMENT	1000-20	3,458.92
CASH 23729	2/21/23	CA PERS 457 PROGRAM	1000-20	4,608.20
CASH 23730	2/21/23	CALPERS RETIREMENT	1000-20	7,940.77
CASH 23731	2/24/23	PAYA	1000-20	12,435.29
CASH 23732	2/27/23	LEGALSHIELD	1000-20	67.80
CASH 23733	2/27/23	TEXAS LIFE INSURANCE COMPANY	1000-20	241.25
CASH 23734	2/27/23	AMERICAN FIDELITY ASSURANCE CO	1000-20	842.14
CASH 23735	2/28/23	PAYA	1000-20	53.18
Total				440,477.25



Big Bear Area Regional
Wastewater Agency
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 7.C.

MEETING DATE: March 22, 2023

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 2023

<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	\$ 10,112,518	\$ 9,924,317	\$ 62,563	2.624%	DAILY
TOTAL	<u>\$ 10,112,518</u>	<u>\$ 9,924,317</u>	<u>\$ 62,563</u>		

The Investment Portfolio of the Big Bear Area Regional Wastewater Agency is in compliance with the investment policy approved in Sept 2022. 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 2023 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 01, 2023

[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 2023 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
2/7/2023	2/7/2023	RD	1723618	N/A	CHRISTINE BENNETT	3,300,000.00

Account Summary

Total Deposit:	3,300,000.00	Beginning Balance:	6,812,518.28
Total Withdrawal:	0.00	Ending Balance:	10,112,518.28



Big Bear Area Regional
Wastewater Agency
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 7.D.

MEETING DATE: March 22, 2023

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

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

PREPARED BY: Bridgette Burton, Management Analyst/Board Secretary

SUBJECT: Board Policy: Brown Act Teleconferencing Policy

BACKGROUND & DISCUSSION:

The purpose of the Brown Act Teleconferencing Policy is to establish a uniform set of procedures by which Governing Board meetings may occur fully remotely, or partially in-person with one or more Governing Board Members attending remotely. The authority for this Policy derives from Government Code section 54953(b), which provides that “the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law.” This Policy implements Government Code section 54953(b) and governs the Governing Board’s use of audio and video teleconferencing in connection with meetings of the Governing Board.

All teleconference meetings, whether held fully remotely or partially in person and partially remotely, must be held in compliance with the applicable Brown Act requirements. There are three possible options for teleconferencing, each with unique requirements and procedures which are discussed in depth in the “Procedures” section of the attached Policy:

Standard Brown Act teleconferencing: no specific circumstances must exist to use this option; it can be used for any meeting, as long as the procedural obligations are met.

Teleconferencing pursuant to AB 2449: there must be an “individual emergency” or “just cause” for a Governing Board Member to request to use this option, and it may only be used for a few meetings a year. The law authorizing this teleconferencing option will expire January 1, 2026, unless extended by the Legislature.

Teleconferencing pursuant to AB 361: meeting must be held during a Governor proclaimed state of emergency, plus (a) state or local officials have imposed or recommended social distancing measures; (b) meeting is held for purpose of determining, by majority vote of body, whether meeting in person would present imminent risk to health or safety of attendees; or (c) the body has determined by majority vote that meeting in person would present imminent risk to health or safety of attendees. The law authorizing this teleconferencing option will expire January 1, 2024, unless extended by the Legislature.

Governing Board Members who are requesting remote attendance must notify the Board Secretary as soon as possible so that appropriate arrangements may be made. Occasional absences from meetings are expected; teleconferencing is not encouraged for Governing Board Member absences solely due to schedule conflicts. Agency counsel has approved the attached policy.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Informational

ATTACHMENT:

Board Policy: Brown Act Teleconferencing Policy



BOARD POLICY
BROWN ACT TELECONFERENCING POLICY

I. PURPOSE

The purpose of the Brown Act Teleconferencing Policy is to establish a uniform set of procedures by which Governing Board meetings may occur fully remotely, or partially in-person with one or more Governing Board Members attending remotely. The authority for this Policy derives from Government Code section 54953(b), which provides that “the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law.” This Policy implements Government Code section 54953(b) and governs the Governing Board’s use of audio and video teleconferencing in connection with meetings of the Governing Board.

II. POLICY

A. All teleconference meetings, whether held fully remotely or partially in person and partially remotely, must be held in compliance with the applicable Brown Act requirements. There are three possible options for teleconferencing, each with unique requirements and procedures which are discussed in depth in the “Procedures” section of this Policy:

1. Standard Brown Act teleconferencing: no specific circumstances must exist to use this option; it can be used for any meeting, as long as the procedural obligations are met.
2. Teleconferencing pursuant to AB 2449: there must be an “individual emergency” or “just cause” for a Governing Board Member to request to use this option, and it may only be used for a few meetings a year.
3. Teleconferencing pursuant to AB 361: meeting must be held during a Governor proclaimed state of emergency, plus (a) state or local officials have imposed or recommended social distancing measures; (b) meeting is held for purpose of determining, by majority vote of body, whether meeting in person would present imminent risk to health or safety of attendees; or (c) the body has determined by majority vote that meeting in person would present imminent risk to health or safety of attendees.

B. Governing Board Members who are requesting remote attendance must notify the Board Secretary as soon as possible so that appropriate arrangements may be made. Occasional absences from meetings are expected; teleconferencing is not encouraged for Governing Board Member absences solely due to schedule conflicts.

III. PROCEDURES

A. Use of Traditional Teleconferencing Procedures

1. A Governing Board Member may attend a meeting remotely (or the entire meeting may be held remotely) as long as at least a quorum of the remote attendees are participating from locations within the Governing Board's jurisdictional area.
2. The Board Secretary must be given at least five days' advance notice of a request to participate remotely under this procedure, as the law requires each teleconference location to be identified on the agenda, and a copy of the agenda must be posted (subject to the Brown Act's 24- or 72-hour requirement) at each teleconference location.
3. Members of the public must be allowed to participate, including the right to give public comment, from any place where Governing Board Members are attending (including the Governing Board's usual in-person location, if used, and each teleconference location).
4. All votes must be taken by roll call (no voice votes or raised hands).
5. There are no limits on the number of times this teleconference option may be used, subject to the Governing Board's discretion.

B. Use of AB 2449 Teleconferencing Procedures

1. A Governing Board Member may attend a meeting remotely in the event of an individual emergency, or where just cause otherwise exists. For any Governing Board Member to use this option, at least a quorum of the Governing Board must be participating in person from a single physical location that is open to the public (i.e., the Governing Board's regular meeting place). In other words, a meeting where any Governing Board Member is calling in under the AB 2449 rules must be a hybrid meeting with both in-person and remote attendance options.
 - a. "Individual emergency" means a physical or family medical emergency that prevents a member from attending in person.
 - b. "Just cause" means (i) a caregiving need for a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner; (ii) a contagious illness preventing in-person attendance; (iii) a need related to a physical or mental disability that is not already accommodated by the Governing Board; or (iv) travel while on official business of the Governing Board or another state or local agency.
2. The Board Secretary should be given as much advance notice as possible (although in the event of an emergency, of course, notice may not be possible until just before a meeting). At the beginning of the meeting, the Governing Board should take action to approve or deny the request to participate remotely by a majority vote on the record (no formal resolution is required).

3. If approved to participate remotely, the Governing Board Member(s) calling in must participate through audio and visual means (camera must stay on), and publicly disclose – before any Governing Board action is taken – whether any individuals 18+ are present in the room with the Governing Board Member, and the nature of the Governing Board Member’s relationship with that person.
4. Members of the public must be allowed to participate in person and through the same remote means that the Governing Board Member is using (Zoom, Teams, etc.) Public comments must be accepted both in person and remotely. The Governing Board must allow for public comments in real time, and may not require (but may request, for convenience) that the public submit their comments in advance.
5. If a technology disruption occurs that interferes with the online/telephonic broadcast of the meeting, or if the public is prevented from providing comments remotely because of a disruption, the Governing Board must not take any action on agenda items until the public access is restored.
6. All votes must be taken by roll call (no voice votes or raised hands).
7. There are limits on the number of times an AB 2449 exception may be used. The “just cause” provision can only be used by each Governing Board Member for two meetings in any calendar year, and the “just cause” plus “emergency” provisions, together, cannot be used for more than three consecutive months or 20% of the Governing Board’s regular meetings in a calendar year.
8. The law authorizing this teleconferencing option will expire January 1, 2026, unless extended by the Legislature.

C. Use of AB 361 Teleconferencing Procedures

1. The Governing Board may meet entirely remotely, or partially in person and partially remotely, without meeting all of the strict requirements of the traditional teleconferencing rules in three specific circumstances.
 - a. The Governor has proclaimed a statewide state of emergency, and state or local officials have recommended or imposed social distancing measures.
 - b. The Governor has proclaimed a statewide state of emergency, and the Governing Board is meeting to determine, by majority vote, whether meeting in person would present imminent risks to the health or safety of attendees.
 - c. The Governor has proclaimed a statewide state of emergency, and the Governing Board has already determined, by majority vote, that meeting in person would present imminent risks to the health or safety of attendees.

2. If the Governing Board has made the AB 361 findings (and continues to make them at least once every 30 days) it can meet entirely remotely (or partially remotely, partially in person) without needing to post agendas at each Governing Board Member's teleconference location, or identify each teleconference location on the agenda itself.
3. The agenda must include a means for the public to attend via a call-in or internet-based option (such as Zoom). Public comments must be accepted both in person and remotely. The Governing Board must allow for public comments in real time, and may not require (but may request, for convenience) that the public submit their comments in advance.
4. If a technology disruption occurs that interferes with the online/telephonic broadcast of the meeting, or if the public is prevented from providing comments remotely because of a disruption, the Governing Board must not take any action on agenda items until the public access is restored.
5. All votes must be taken by roll call (no voice votes or raised hands).
6. The law authorizing this teleconferencing option will expire January 1, 2024, unless extended by the Legislature.

III. RESOLUTION OF REQUESTS FOR REASONABLE ACCOMMODATION

Any member of the public may submit a request for a reasonable meeting-related accommodation to the Board Secretary. The Governing Board will consider and swiftly resolve all such requests in accordance with the Americans with Disabilities Act and Governing Board policy, with any doubts resolved in favor of accessibility.



Big Bear Area Regional
Wastewater Agency
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 9.A.

MEETING DATE: March 22, 2023

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: 2023 Rate and Fee Studies

BACKGROUND:

During the Agency's January 2022 Governing Board Meeting, it was recommended that the Agency undertake a comprehensive rate study (the 2023 Rate and Fee Studies) to be completed by HDR Engineering, Inc. (HDR) that would include a review of the Agency's current rates and rates associated with the Replenish Big Bear Project (RBB). HDR completed a previous rate study in 2022 that included rates associated with RBB financing only. Guidance by the Governing Board for the 2023 Rate and Fee Studies included a comprehensive 5-year review of the RBB rates. During the February Governing Board Meeting, HDR presented the preliminary results of the 2023 Rate and Fee Studies, which were subject to finalization of the Agency's FY 2024 Budget.

DISCUSSION:

The results of the studies (see attached) are unchanged from those presented at the February 2023 Governing Board Meeting. The recommendations are outlined below:

Sewer User Charge (commonly referred to as "rate or rates")

	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
BBARWA	\$241.04	\$250.68	\$260.71	\$271.14	\$281.98	\$291.85
RBB	5.79	51.69	96.08	149.88	214.82	294.37
Total BBARWA and RBB	\$246.84	\$302.37	\$356.79	\$421.02	\$496.80	\$586.22
% Change		22.5%	18%	18%	18%	18%

The table reflects the combined rates recommended by HDR through FY 2028 and are consistent with the sewer user charges that are in the Agency's budget and five-year projection (FY 2024 – FY 2028).

FINANCIAL IMPACT:

Updating the Agency's rate studies on a regular basis ensures that the Agency's rates are adequate, fair and stable over time. This type of planning provides for financial stability and rate stability. Excluding

the incremental charge for RBB, the proposed inflationary adjustments to the Agency's sewer user charges are consistent with previous forecasts and financial plans.

RECOMMENDATION:

The studies are for informational purposes and provide support for future rate and fee adjustments.

ATTACHMENT:

Wastewater Rate Study Update March 2023

FINAL REPORT



Big Bear Area Regional Wastewater Agency

Wastewater Rate Study Update

March 2023



March 16, 2023

Ms. Christine Bennett
Finance Manager
Big Bear Area Regional Wastewater Agency
121 Palomino Drive
Big Bear Agency, CA 92314

Subject: Wastewater Rate Study Update Final Report

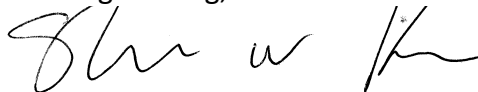
Dear Ms. Bennett:

HDR Engineering, Inc. (HDR) is pleased to present the final report on the wastewater rate study update conducted for the Big Bear Area Regional Wastewater Agency (Agency). A key objective in developing the Agency's wastewater rate study update (Study) was to develop a financial plan and rates that generate adequate revenue to fund the Agency's operating and capital needs over a projected five-year period. More specifically, this study updated the 2022 rate study to include the costs associated with the Replenish Big Bear project. This report outlines the approach, methodology, findings, and conclusions of the comprehensive wastewater rate study process.

The cost associated with providing wastewater services to the Agency's customers has been developed based on Agency specific information and is included within the development of the proposed rates. This report was developed utilizing the Agency's accounting, current operating and capital budgets, billing records, and future projections. HDR has relied on this information to develop the analyses that form our findings, conclusions, and recommendations. The Study was developed utilizing generally accepted rate setting principles. The conclusions and recommendations contained within this report are intended to provide a financial plan that meets the operating and capital needs of the Agency. Finally, this report provides the basis for developing and implementing rates that are cost-based, defensible, and equitable to the Agency's customers.

We appreciate the assistance provided by Agency staff in the development of this Study. More importantly, we appreciate working with Agency's staff, management, and Board on this project.

Sincerely yours,
HDR Engineering, Inc.

A handwritten signature in black ink, appearing to read 'Shawn Koorn', with a stylized flourish at the end.

Shawn Koorn
Associate Vice President

hdrinc.com

929 108th Ave NE, Suite 1300, Bellevue, WA 98004
T 425-450-6200



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Executive Summary

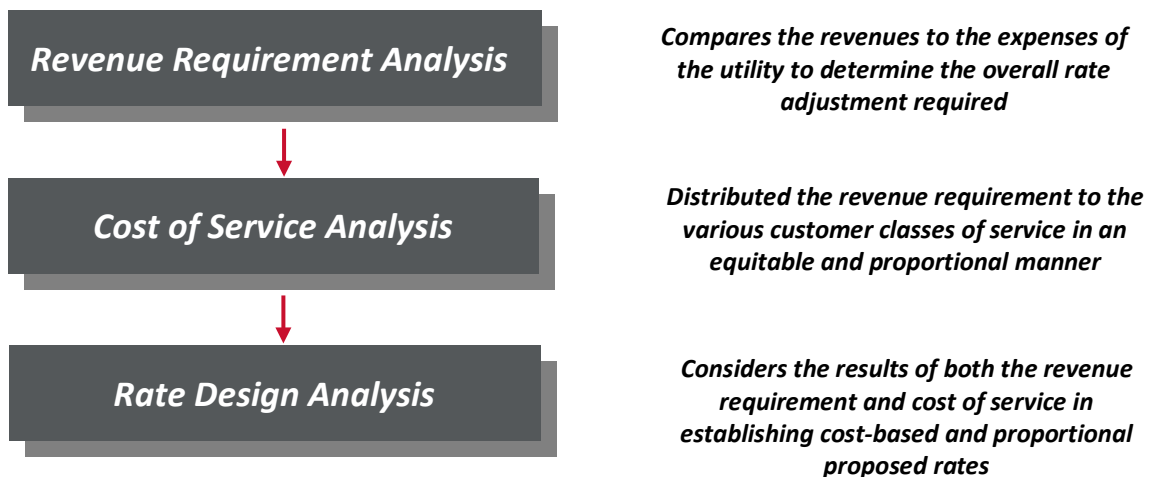
Introduction

HDR Engineering, Inc. (HDR) was retained by the Big Bear Area Regional Wastewater Agency (Agency) to perform a wastewater rate study update (Study). HDR previously completed a wastewater rate study for the Agency in 2022. For the Study, HDR updated the prior rate model with current data and information, specifically including the costs associated Replenish Big Bear (RBB) project, developed and prepared an analysis to determine the adequacy of the existing wastewater rates, and proposed the basis for adjustments to maintain cost-based wastewater rates. This section of this report will provide a brief overview of the rate study results. A more detailed discussion of the results and recommendations of the wastewater rate study update are contained in the subsequent sections of this report.

Overview of the Rate Study Process

A comprehensive wastewater rate study utilizes three interrelated analyses to address the adequacy and equity of utility rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. This is the same approach as taken with the prior studies completed for the Agency. Figure ES – 1 below shows the rate study process and each of the three analytical steps involved.

Figure ES – 1
Overview of the Comprehensive Wastewater Rate Analysis



Key Wastewater Rate Study Results

The wastewater rate study technical analysis was developed based on the operating and capital costs necessary to provide wastewater service to the Agency’s customers. The wastewater analysis resulted in the following findings, conclusions, and recommendations.

- The Agency’s FY 2023 budget and the FY 2024 preliminary budget were used as the starting point of the analysis
- Operation and maintenance (O&M) expenses are projected to increase at inflationary levels
- In addition to existing, and projected, ongoing O&M expenses, Replenish Big Bear O&M expenses were included starting in FY 2027
- Assumed new connections are 45 EDUs per year
- inflationary revenue adjustments are necessary, approximately 4.0% annually, to fund the Agency’s operating and capital costs over the next five-year period (FY 2024 – FY 2028), excluding the Replenish Big Bear project.
- To fund the Replenish Big Bear project, additional revenue adjustments are necessary in FY 2024 through FY 2028
- Based on Board policy direction, a five-year rate schedule has been developed which includes annual rate adjustments in FY 2024 through FY 2028 assuming no other agency contributions
- The proposed adjustments provide adequate revenues to maintain the Agency’s target minimum reserve levels for operating liquidity and contingency reserves, capital replacement reserves, emergency reserves, and debt service reserves
- The cost of service analysis was updated to review the proportionality of the proposed rates
- The results of the cost of service analyses provided the unit costs (i.e., cost basis) which were used to establish the proposed regional wastewater rate per EDU.
- A projection of the rate per EDU has been developed for FY 2024 through FY 2028

In five years, or as material changes are made to the Replenish Big Bear project costs, the Agency should review the need for additional rate adjustments.

Summary of the Revenue Requirement Analysis

A revenue requirement analysis is the first analytical step in the development of the Study. This analysis determines the adequacy of the level of current wastewater rates for the Agency to fund annual operating and capital needs. From this analysis, a determination can be made as to the overall level of rate revenue adjustments needed to provide sufficient and prudent funding for both operating and capital needs.

For this Study, the revenue requirement was developed for a long-term review period (FY 2023 – FY 2032). A multi-year time frame is recommended to better anticipate future financial requirements and allow the Agency to begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rate levels. For the rate setting period, the focus was on FY 2024 through FY 2028. For the revenue requirement analysis, a “cash basis” approach was utilized. The cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement, and the method the Agency has used for its

past studies. The cash basis approach includes an analysis of O&M expenses, transfer payments, debt service, and annual capital projects funded from rates. The primary financial inputs in the development of the revenue requirement analysis were the Agency’s FY 2023 adopted budget and the FY 2024 preliminary budget, historical Member Agency EDUs and flow data, and the wastewater system capital improvement plan.

Once the operating and maintenance expenses have been projected over the time period - based on budgeted expenses and projected inflationary factors - the next step is to develop the capital project funding plan. The proper and adequate funding of capital projects is important to help minimize rates over time. A general financial guideline states that, at a minimum, a utility should fund an amount equal to or greater than annual depreciation expense through rates. For the Study, the District provided the current capital improvement plan which identified the projects necessary to maintain the wastewater system, projects necessary to meet new growth and expansion of the system, and the costs of the Replenish Big Bear project. Provided below in Table ES - 1 is a summary of the capital funding plan for the rate setting period.

Table ES - 1
Summary of the Capital Improvement Plan (\$000s)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Admin Building	\$0	\$42	\$67	\$0	\$0	\$0
Total Effluent Disposal Assets	0	190	0	0	0	14
Total Flow Measuring Device	16	0	0	0	0	29
Total Interceptor System	125	51	40	41	0	0
Total Other Equipment	26	0	0	201	158	35
Total Other Tangible Plant	0	0	0	0	0	1,128
Total Studies and Maps	100	0	0	0	0	0
Total Power Generating Equipment	152	0	0	0	0	0
Total Transportation Equipment	40	0	345	15	55	0
Total Treatment Plant	1,598	361	943	47	49	32
Total Replenish Big Bear Capital	2,836	4,312	19,567	33,481	10,769	324
Future Capital Improvements	0	0	0	0	0	0
To Capital Reserves	<u>0</u>	<u>27</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Improvements	\$4,892	\$4,984	\$20,962	\$33,785	\$11,031	\$1,563
Less: Other Funding Sources						
Operating Fund-Wastewater	\$0	\$0	\$0	\$0	\$0	\$0
Capital and Replacement Fund	3,835	0	19,220	24,705	1,345	293
Connection Fees	70	70	70	70	70	70
Proceeds from Debt	0	0	0	0	0	0
Grants	188	4,114	872	8,160	8,616	0
New Long-Term Borrowing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Funding Sources	\$4,092	\$4,184	\$20,162	\$32,935	\$10,031	\$363
Rate Funded Capital	\$800	\$800	\$800	\$850	\$1,000	\$1,200

The capital funding plan developed for the Agency’s wastewater utility has placed the rate funded capital level at \$800,000 in FY 2023 through FY 2025, then increasing to \$1.2 million by FY 2028 to reflect the additional need of funding through rates. This level of funding was calculated based on the long-term need to prudently fund replacement and repair of the existing system. As can be seen, the difference between annual capital replacement needs and rate funded capital, when necessary, is being funded through available reserves and connection fee revenues. It should be noted that the capital and replacement reserve funding in FY 2025 through FY 2028 is based on long-term debt proceeds for the Replenish Big Bear project. As a point of reference, the Agency develops an annual capital funding analysis to support the capital improvements needs. This includes a mix of rate funding (e.g., renewal and replacement funding) and long term debt to balance the impact to rates while meeting annual renewal and replacement needs and long-term debt requirements (e.g., debt service coverage ratio) over the long-term.

The revenue requirement analysis for Agency’s wastewater utility was developed to determine the necessary revenues to meet the costs of providing service to the customers based on the specific costs of the Agency. This includes the annual O&M expenses, taxes and transfers, rate funded capital, net debt service, and transfers to reserves. Provided below, in Table ES – 2, is a summary of the wastewater revenue requirement analysis (financial plan). A more detailed analysis of the wastewater revenue requirements can be found in Section 3 of this report.

Table ES - 2
Summary of the Wastewater Revenue Requirement Analysis (\$000)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues						
Rate Revenues	\$6,242	\$6,253	\$6,264	\$6,275	\$6,286	\$6,297
Other Revenues	246	267	414	286	277	297
Total Revenues	\$6,488	\$6,520	\$6,678	\$6,561	\$6,564	\$6,594
Expenses						
Total O&M Expenses	\$4,991	\$5,253	\$5,587	\$5,797	\$7,452	\$9,773
Non-Operating	1	0	0	0	0	0
Taxes and Transfers	4	4	4	4	4	4
Rate Funded Capital	800	800	800	850	1,000	1,200
Net Debt Service	475	579	2,051	2,561	3,069	2,889
Total Reserve Funding	217	1,291	1,026	1,777	1,405	1,387
Total Expenses	\$6,488	\$7,927	\$9,468	\$10,990	\$12,930	\$15,253
Bal. / (Def.) of Funds	\$0	(\$1,407)	(\$2,791)	(\$4,428)	(\$6,366)	(\$8,659)
Bal. as a % of Rate Rev.	0.0%	22.5%	44.6%	70.6%	101.3%	137.5%
Proposed Rate Revenue Adj.	0.0%	22.5%	18.0%	18.0%	18.0%	18.0%
Add'l Rev. from Rate Adj.	\$0	\$1,407	\$2,791	\$4,428	\$6,366	\$8,659
Total Bal. / (Def.) of Funds	\$0	\$0	\$0	\$0	\$0	\$0

The wastewater revenue requirement has summed the annual O&M, taxes and transfers, rate funded capital, net debt service (less connection fee funding), and transfers to reserves. The total

revenue requirement is then compared to the total sources of funds which are the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds in each year can be determined. This deficiency of funds is then compared to the projection of rate revenues, based on the current EDU charge, to determine the level of revenue adjustment needed to meet the costs of providing wastewater service. It is important to note the “Bal. / (Def.) of Funds” row is cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years.

As shown in Table ES -2, the wastewater rate revenues will need to be increased annually in FY 2024 through FY 2028 in order to meet the Agency’s operating and capital needs. It is proposed that the subsequent proposed rate adjustments will be effective each year on July 1, or the beginning of the fiscal year.

HDR has concluded that the Agency will need to adjust the level of rate revenues as noted above to maintain cost-based rates. HDR has reached this conclusion for the following reasons:

- Revenue adjustments are necessary to meet the operating and capital costs of providing wastewater service to the Agency’s customers
- The proposed rate adjustments maintain the Agency’s financial health and provide long-term sustainable funding levels
- The Agency should review the wastewater rates annually in order to assess sufficiency

Summary of Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the Agency’s revenue requirement. The objective of the cost of service analysis is different from the revenue requirement analysis. The revenue requirement analysis determines the Agency’s overall financial needs, while the cost of service analysis determines the fair and equitable collection of the revenue requirement.

The cost of service analysis began by functionalizing the revenue requirement for the wastewater utility. The functionalized revenue requirement was then allocated to the appropriate cost component. The total cost allocation was then divided by the number of equivalent units to determine the average unit cost, or cost-based rate for the Agency’s customers on an EDU basis. A summary of the cost of service analysis is provided in Table ES – 3.

Table ES – 3 Summary of the FY 2024 Cost of Service Analysis (\$000s)				
	Present Rate Revenues	Distributed Costs	\$ Difference	% Difference
All Customers	\$6,253	\$7,660	(\$1,407)	22.5%

Based on the distributed costs, a per EDU charge can be developed which becomes the basis for the proposed rates.

Summary of the Rate Design

The final step of the Agency's wastewater rate study update is the design of wastewater rates to collect the target level of revenue, based on the results of the revenue requirement and cost of service analysis. The individual allocated totals were then distributed on a per EDU basis. The distributed expenses were then aggregated to determine overall per EDU revenue responsibility.

The Agency's current rate is based on the prior year's EDU counts, as reported by the member agencies as of December 31st of the prior fiscal year to which it will be collected. There are two components to this charge, a fixed and a variable. The fixed charge portion is based on the Agency's fixed costs which are budgeted for the following fiscal year. The variable charge portion is based on the Agency's variable costs of the following fiscal year. In order to develop the unit costs, the two components are divided by the previously mentioned EDU counts.

Developing cost-based and proportional rates is of paramount importance in developing the proposed sewer rates. The development of the Agency's proposed sewer rates have been developed to meet the legal requirements of California Constitution article XIII C, section 1 (Article XIII C). Article XIII C defines a tax to mean a levy, charge, or exaction of any kind imposed by a local government, except for levies, charges, or exactions that fall under one of seven express exemptions. Of particular relevance is the second exemption – charges imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

In addition, Article XIII C requires the local government imposing the fee or charge to prove, with evidence, that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. A fundamental part of this analysis, therefore, is to demonstrate that a fee or charge recovers sufficient revenue to provide the government service, is proportional to the burdens on the system placed by each payor, and generates revenue to be used for the purpose of providing such service.

HDR is of the opinion that the proposed rates meet the legal requirements of Article XIII C. HDR reaches this conclusion based upon the following:

- ✓ **The rates for wholesale wastewater rates are imposed for a specific government service.** The Agency imposes the fees on the Collecting Agencies for a specific government service of treating wastewater collected by such Collecting Agencies.
- ✓ **The government service is provided directly to the payor and is not provided to those not charged.** The rates are structured to charge each Collecting Agency in accordance

with the demand placed on the system and the number of EDUs within each Collecting Agency.

- ✓ **The rates do not exceed the reasonable costs to the Agency of providing the service.** The proposed rates are designed to collect the overall revenue requirement of the Agency’s sewer system. The cost of service analysis was specifically developed to focus on proportional assignment of costs. The Collecting Agencies have separately agreed to a method of further allocating the costs based on demands placed on the system.

The Agency establishes its rates annually on a per EDU basis whereby total wastewater revenue requirements are divided by system EDUs to establish the rate. The Agency then passes its rates through to its member agencies on a fixed and variable basis. The Agency passes through its fixed costs on a per EDU basis, and its variable costs at a rate per 1,000 gallons of flow. Approximately 75% of the Agency’s revenue is collected on an EDU basis, with the remaining 25% collected on a flow volume basis.

The annual rates for each member agency will be based on the annual per EDU charge and a volumetric adjustment derived from metered volume based on the most recent, three-year average of each member agency’s metered volume. The annual established rates as proposed are provided in Table ES - 4 for FY 2024 through FY 2028.

Table ES - 4 Present and Proposed Wastewater Rates						
	<i>Present Rates</i>	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	<i>\$ / EDU</i>					
All Customers	\$246.83	\$302.37	\$356.79	\$421.02	\$496.80	\$586.22

Summary of the Wastewater Rate Study

This completes the summary of the regional wastewater rate study update for the Agency. Annual rate revenue adjustments are recommended in FY 2024 through FY 2028. It is recommended that the rate structure continue to reflect an annual charge per EDU with adjustments to the rate prorated for each member agency based on system EDUs and metered flow based on the most recent three-year average. A full and complete discussion of the development of the comprehensive rate study update, the original recommendations, and results can be found in following sections of this report.

1 Introduction

HDR Engineering, Inc. (HDR) was retained by the Big Bear Area Regional Wastewater Agency (Agency) to perform an update to the regional wastewater rate study that was previously performed by HDR in 2022. The development of the 2023 wastewater rate study (Study) determines the adequacy of the existing wastewater rates and provides the basis for rate revenue adjustments while maintaining cost-based and proportional rates. This report describes the methodology, findings, and conclusions of the wastewater rate study process.

1.1 Goals and Objectives

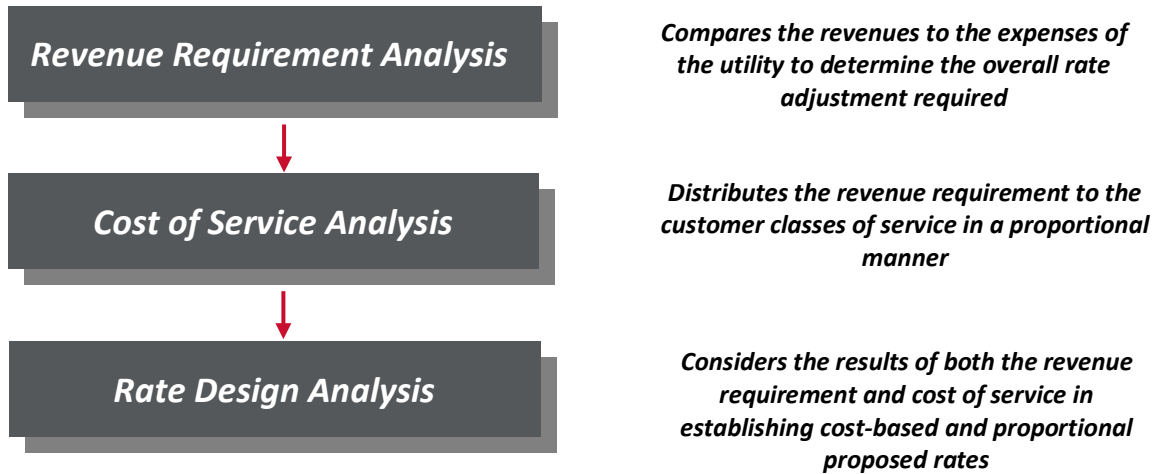
The Agency had a number of key objectives in developing the Study. These key objectives provided a framework for policy decisions in the analyses that follows. These key objectives were as follows:

- Develop the wastewater study update in a manner that is consistent with the principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Sewer Systems
- When developing the Agency’s proposed rates, review and utilize best industry practices, while recognizing and acknowledging the specific and unique characteristics of the Agency’s wastewater system
- Review the Agency’s wastewater rates utilizing “generally accepted” rate making methodologies to determine the adequacy and proportionality of the utility rates
- Meet the Agency’s financial planning criteria and goals, such as debt service coverage ratios, sufficient funding of capital infrastructure replacement, and maintenance of adequate and prudent reserve levels
- Develop a financial plan which supports the wastewater utility’s funding requirements, while attempting to minimize overall impacts to wastewater rates
- Provide rates designed to meet the legal requirements of Article XIII C and recent legal decisions related thereto

1.2 Overview of the Rate Study Process

A comprehensive wastewater rate study typically utilizes three interrelated analyses to address the adequacy and equity of utility rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis.

Figure 1 – 1 Overview of a Comprehensive Wastewater Rate Analysis



The primary focus of the revenue requirement analysis is the comparison of the overall revenue sources and expenses of the wastewater utility. From this analysis, a determination can be made as to the overall level of a rate revenue adjustment necessary. Next, a cost of service analysis is performed to proportionally distribute the revenue requirement to the member agencies served by the Agency on an EDU basis. Finally, the last step of the rate study process is the rate design. For the Agency, the proposed wastewater rates are designed to collect the appropriate level of revenues and reflect the proportional cost per EDU. As a part of the Study updates, HDR developed each of these analyses to analyze the Agency’s current wastewater rates. At the same time, HDR utilized generally accepted cost of service and rate setting techniques and industry best practices in the development of the Agency’s regional wastewater rate study.

1.3 Report Organization

This report is organized as follows:

- Section 2 provides background about the utility rate setting process
- Section 3 reviews the revenue requirement analysis
- Section 4 reviews the cost of service analysis
- Section 5 reviews the rate design analysis

A technical appendix is attached at the end of the report which provides the analysis used in the preparation of this report.

2 Overview of Rate Setting Principles

This section provides background information about the rate setting process, including descriptions of generally accepted principles, types of utilities, methods of determining revenue requirement, the cost of service approach, and rate design. This information is useful for gaining a better understanding of the details presented in Sections 3 through 5.

2.1 Generally Accepted Rate Setting Principles

As a practical matter, utilities should consider setting their rates around some generally accepted or global principles and guidelines. Utility rates should be:

- Cost-based and proportional
- Easy to understand and administer
- Designed to conform to generally accepted rate setting techniques
- Stable in their ability to provide adequate revenues for meeting the utility's financial, operating, and regulatory requirements
- Established at a level that is stable from year to year from a customer's perspective

2.2 Determining the Revenue Requirement

Public and private utilities have very different administrative and financial characteristics, their methods differ for determining revenue requirement and setting rates. Most public utilities use the "cash basis" approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy to understand. A public utility:

- Totals its operating and capital expenses to determine the required revenues. These operating and capital costs may be offset by "other", or miscellaneous revenues, if they exist.
- Adds operating and maintenance (O&M) expenses to any applicable taxes or transfer payments to determine total operating expenses. Operating and maintenance expenses include the materials, electricity, labor, supplies, etc. needed to keep the utility functioning.
- Calculates capital costs by adding debt service funded through rates (principal and interest) to capital improvements funded through rates (rate funded capital improvements). When determining rate funded capital improvements, annual depreciation expense may be used as the minimum annual capital improvement amount to be collected through rates when the amounts from the capital improvement plan are lower due to timing. In theory, annual depreciation expense represents the amount that should be collected on average, over the long term, for annual asset replacement. When annual depreciation expense is used to determine rate funded capital it results in a more stable revenue requirement and thus, more stable rates.

2.3 Analyzing Cost of Service

After the total revenue requirement is determined, it is distributed to the users of the service. The distribution - analyzed through a cost of service study - reflects the cost relationships for producing and delivering services (in this case, wastewater conveyance and treatment). A cost of service study requires three steps:

1. Costs are *functionalized* or grouped into the various cost categories related to providing service (treatment, transmission, etc.). This step is largely accomplished by the utility's accounting system.
2. The functionalized costs are then *allocated* to specific cost components. Allocation refers to the arrangement of the functionalized data into cost components. For example, a wastewater utility's costs are typically allocated as volume-, strength-, or customer-related.
3. Once the costs are allocated to the cost components, they are *distributed* to the customer classes of service, for which the Agency only has one class of customers resulting in the distribution being based on the characteristics of an EDU.

2.4 Designing Rates

Rates that meet the utility's objectives are designed based on both the revenue requirement and the cost of service analysis. This approach results in rates that are strictly cost-based and proportional and does not take into consideration other non-cost based goals and objectives (conservation, economic development, ability to pay, revenue stability, etc.). In designing the final proposed rates, factors such as ability to pay, continuity of past rate philosophy, economic development, ease of administration, and customer understanding may be taken into consideration. However, the proposed rates must take into consideration the proportional share of costs allocated through the cost of service analysis to meet the intent of Proposition 218.

2.5 Summary

This section of the report has provided a brief introduction to the general principles, techniques, and approach used to develop cost-based and proportional wastewater rates. These principles and techniques will become the basis for the Agency's wastewater rate study update.

3 Development of the Revenue Requirement

This section describes the development of the wastewater revenue requirement analysis for the Agency. The revenue requirement analysis is the first analytical step in the comprehensive rate study process. This analysis determines the adequacy of the Agency’s overall wastewater rates. From this analysis, a determination can be made as to the overall level of the wastewater rate adjustment needed to provide adequate and prudent funding for both operating and capital needs. For this update, the analysis includes the operating and capital costs related to the Replenish Big Bear project.

In developing the wastewater revenue requirement, it was assumed the Agency’s wastewater system must financially “stand on its own” and be properly funded. As a result, the revenue requirement as developed herein assumes the full and proper funding needed to operate and maintain the Agency’s wastewater system on a financially sound and prudent basis.

3.1 Determining the Time Period and Approach

The first step in calculating the revenue requirement was to establish a time frame for the revenue requirement analysis. For the Study update, the revenue requirement was developed for a ten-year analysis for the time period of FY 2023 – FY 2032. By anticipating future financial requirements, the Agency can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates. The focus for rate setting purposes was the FY 2024 through FY 2028

The second step in determining the revenue requirement for the Agency was to decide on the basis of accumulating costs. For the Agency’s revenue requirement, a cash basis approach was utilized. The cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement and the method used in prior studies completed for the Agency. Section 2 of this report provided a simple overview of the cash basis methodology. The actual revenue requirement developed for the Agency was customized to follow the Agency’s system of accounts (budget documents). However, in general, even with these modifications, the Agency’s revenue requirement still contains the basic cost components of a cash basis methodology. Table 3 - 1 provides a summary of the cash basis approach used to develop the Agency’s revenue requirement.

Table 3 - 1
Overview of Cash Basis Revenue Requirement

+	Operation and maintenance exp.
+	Non-Operating Expenses
+	Taxes and Transfers
+	Rate funded capital improvements
+	Debt Service (P + I) funded from rates
<u>±</u>	<u>Minimum reserve funding</u>
–	<u>Other Revenues</u>
=	Total Revenue Requirement
[a]	Rate funded capital improvements
+	Total capital improvement projects
–	Funding sources other than rates
	✓ Capital & Replacement Fund
	✓ Connection Fees
	✓ <u>Proceeds from Debt Issuance</u>
=	Net Capital Improve. Funded From Rates

Given a time period around which to develop the revenue requirement and a method to accumulate the appropriate costs, the focus then shifts to the development and projection of the revenues and expenses for the Agency.

The primary financial inputs in this process were the Agency’s historical billing records, adopted and projected operating budgets, and capital improvement plan. Presented below is a detailed discussion of the steps and key assumptions contained in the development of the projections of the Agency’s revenues and expenses.

3.2 Projection of Revenues

The first step in developing the revenue requirement was to develop a projection of rate revenues received by the Agency. This includes both rate revenues (calculated at present rate levels) and miscellaneous revenues. In general, this process involved developing projected billing units for customer groups (member agencies). The billing units for each customer group were then multiplied by the current average rates (\$ / EDU). This method of independently calculating revenues assures the projected revenues used within the analysis tie to the projected billing units. Other miscellaneous revenues were based on historical accounting records and recent revenue projections.

3.2.1 Projection of Rate Revenues

Currently, the Agency has three customers: City of Big Bear Lake, Big Bear City CSD, and CSA 53B. In total, at present rates, the Agency is projected to receive approximately \$6.2 million in rate revenue in FY 2023 based on the current fixed EDU calculation and number of EDUs for each

agency. The fixed EDU calculation was used in the development this study given the same fixed rate per EDU was being calculated in the cost of service based on the number of EDUs per agency. Over the planning horizon of this study, customer growth is expected to be 0.2% resulting in total rate revenues of approximately \$6.3 million by FY 2028. The rate revenue projections, at current rates, are used to determine future rate adjustments based on projected operating and capital needs.

3.2.2 Projection of Other Revenues

In addition to rate revenues, the Agency also receives a variety of other revenues which includes standby charges, rental income, waste haulers, and other revenues. The utility is projected to receive approximately \$246,000 in other revenues in FY 2023, increasing to approximately \$297,000 in FY 2028. This increase is primarily the result of additional interest earnings over the projected time period on available reserves. As a point of reference, the Agency is currently discussing contributions from other local agencies who may benefit from the Replenish Big Bear project. For the Study, these contributions have not been included at this time. If these contributions are finalized, the Agency can update the projection of rates based on these additional revenues.

On a combined basis, the rate revenues along with other revenues, the Agency's total projected revenues are expected to be approximately \$6.5 million in FY 2023 and increase slightly to approximately \$6.6 million in FY 2028, prior to any rate revenue adjustments.

3.3 Projection of Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the Agency to operate and maintain the existing facilities of the wastewater utility. In general, operation and maintenance expenses are grouped into a number of different functional categories. To begin the process of projecting O&M expenses over the planning horizon, escalation factors were developed. The escalation factors were based on historical rates of cost increases as well as anticipated future impacts. Escalation factors developed for the Agency are shown below.

Table 3 – 2
Summary of the Escalation Factors

	FY 2025	FY 2026	FY 2027	FY 2028
Salaries	6.6%	5.3%	4.6%	4.0%
Benefits	19.9%	7.9%	6.3%	5.4%
Materials & Supplies	-11.3%	6.1%	1.7%	1.4%
Repairs & Replacements	2.5%	2.5%	2.5%	2.5%
Equipment Rental	2.7%	2.5%	2.5%	2.5%
Sludge Removal	2.4%	2.4%	2.4%	2.4%
Chemicals	2.8%	2.8%	2.8%	2.8%
Miscellaneous	1.5%	1.5%	1.5%	1.5%
Power	2.2%	2.2%	2.2%	2.2%
Other Utilities	2.5%	2.5%	2.5%	2.5%
Communications Expense	2.5%	2.3%	2.3%	2.4%
Contractual Services - Other	2.4%	2.7%	2.8%	2.8%
Contractual Services - Professional	2.5%	2.5%	2.5%	2.5%
Permits & Fees	7.7%	7.7%	7.7%	7.7%
Property Tax Expense	1.3%	1.3%	1.3%	1.3%
Other Operating Expense	2.5%	2.5%	2.5%	2.5%
Insurance	2.0%	4.3%	4.2%	4.1%

To project future O&M expenses, the first step was to determine the functional categories for purposes of projecting costs. Due to the adequate level of detail, HDR used the Agency’s FY 2023 projected year end budget and the projected FY 2024 budget to develop the revenue requirement analysis. HDR then escalated the O&M expenses based on the escalation factors shown in Table 3 - 2. Total operation and maintenance expenses for the Agency are budgeted to be approximately \$5.0 million in FY 2023, increasing to approximately \$9.7 million in FY 2028. This increase in costs is a result of cost inflation based on the above escalation factors over the time period as well as the additional O&M expenses related to Replenish Big Bear starting in FY 2027. As a point of reference, in FY 2028, the Replenish Big Bear O&M is estimated to be approximately \$3.5 million.

3.4 Projection of Rate Funded Capital

The Agency has large capital improvement projects, as well as repair and replacement capital expenses, planned over the Study’s time period. As part of the analysis, the capital improvement funding plan was reviewed to meet the funding requirements and minimize long-term rate impacts. Consideration was given to the impact on rates from funding capital improvements on a pay-as-you-go basis, as well as debt financing the larger capital projects. In order to fund annual capital improvements and minimize rate impacts, it was recommended that the Agency rate fund the capital expenditures (rate funded capital improvements). This level of rate funded capital was based on a review of the Agency’s long-term capital needs and prudent funding levels associated with annual asset replacement (i.e., annual depreciation expense). This strategy will aide in future capital replacements in a timely manner while minimizing the associated rate impacts to

the Agency’s customers. The exception to this approach was for the Replenish Big Bear capital needs which were funded through long-term debt issuances and grant proceeds for the project. A summary of the capital projects is provided in Table 3 - 2.

Table 3 – 2
Summary of the Capital Improvement Plan (\$000s)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Admin Building	\$0	\$42	\$67	\$0	\$0	\$0
Total Effluent Disposal Assets	0	190	0	0	0	14
Total Flow Measuring Device	16	0	0	0	0	29
Total Interceptor System	125	51	40	41	0	0
Total Other Equipment	26	0	0	201	158	35
Total Other Tangible Plant	0	0	0	0	0	1,128
Total Studies and Maps	100	0	0	0	0	0
Total Power Generating Equipment	152	0	0	0	0	0
Total Transportation Equipment	40	0	345	15	55	0
Total Treatment Plant	1,598	361	943	47	49	32
Total Replenish Big Bear Capital	2,836	4,312	19,567	33,481	10,769	324
Future Capital Improvements	0	0	0	0	0	0
To Capital Reserves	<u>0</u>	<u>27</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Improvements	\$4,892	\$4,984	\$20,962	\$33,785	\$11,031	\$1,563
Less: Other Funding Sources						
Operating Fund-Wastewater	\$0	\$0	\$0	\$0	\$0	\$0
Capital and Replacement Fund	3,835	0	19,220	24,705	1,345	293
Connection Fees	70	70	70	70	70	70
Proceeds from Debt	0	0	0	0	0	0
Grants	188	4,114	872	8,160	8,616	0
New Long-Term Borrowing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Funding Sources	\$4,092	\$4,184	\$20,162	\$32,935	\$10,031	\$363
Rate Funded Capital	\$800	\$800	\$800	\$850	\$1,000	\$1,200

The ongoing replacement of assets is often included in determining the capital requirements of a utility. A standard benchmark for asset replacement is a minimum of annual depreciation expense. Annual depreciation expense reflects the current investment in facilities being depreciated or “losing” its useful life. Therefore, this portion of facility investment needs to be replaced to maintain the existing level of infrastructure. It should be noted that in theory, annual depreciation expense reflects the value of the infrastructure investment on average, 15 years ago, assuming a 30-year useful life. It should be noted, that funding an amount equal to annual depreciation expense will likely be insufficient to replace the existing or depreciated facility simply due to price inflation. Therefore, whenever possible, the Agency should be funding capital projects from rates in an amount greater than annual depreciation expense. As can be seen in Table 3 – 2 above, the Agency is at \$800,000 in FY 2023 and that figure is increased over the time period reviewed. Rate funded capital is increased as a result of the retirement of the compass bank loan and increased to \$1.0 million in FY 2027 and to \$1.2 million in FY 2028 to reflect future

capital replacement of system assets including Replenish Big Bear. Over time, the Agency will need to continue to monitor the level of rate funded capital such that rates are set at a sufficient level to fund annual renewal and replacement needs.

As noted, the Agency is also funding capital associated with the Replenish Big Bear project. This project is being funded through grant revenue and long-term borrowing. In Table 3 - 2, the long-term borrowing is being shown through the capital and replacement reserves which is where the debt proceeds are “placed” for use.

3.5 Projection of Debt Service

At the present time, the Agency has two outstanding debt obligations from Compass Bank with a total annual debt service of approximately \$509,000 in FY 2023. This total debt service increases over the review period due to the funding of the interest expense for the Replenish Big Bear project. Total debt service is approximately \$3.0 million in FY 2028 of which \$150,000 is the remaining Compass Bank Loan and the remainder is Replenish Big Bear annual debt service payments.

Generally, revenue bonds contain rate covenants requiring rates to be set at a level sufficient to meet a specified minimum debt service coverage (DSC) ratio. This is a financial measure of the utility’s ability to repay the debt. In general, the DSC ratio is set at a level such that revenues less operating expenses will be between 1.00 and 1.25 times greater than the maximum annual debt service on the outstanding debt. Given a minimum DSC ratio, it is often prudent to plan or set rates at a level which exceeds this minimum. This allows for reduced revenues or increased costs in any given year and still be able to meet the legally required minimum DSC ratio. This should also strengthen the Agency’s ability to issue long-term debt in the future, if necessary, since bond rating agencies would review the Agency’s past financial strength and ability to repay the bonds.

The Agency’s debt service coverage ratio projected for FY 2023 on all debt is 2.72 excluding connection fees in the revenue or numerator portion of the DSC ratio. Rate increases appear to be necessary to maintain strong coverage for the Agency, and assuming the recommended rate adjustments, the DSC ratio is at 1.85 in FY 2028.

3.6 Summary of the Revenue Requirement

Given the above projections of revenues and expenses, a summary of the revenue requirement for the Agency can be developed. In developing the final revenue requirement, consideration was given to the financial planning considerations of the Agency. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate funds to support the operational activities and capital projects throughout the projected time period. The results presented in Table 3 - 3 allow the Agency to maximize annual capital improvements and minimize long-term rate impacts while funding a prudent level of capital through rates. Detailed analysis can be found in the Technical Appendices.

Table 3 – 3
Summary of the Wastewater Revenue Requirement Analysis (\$000)

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues						
Rate Revenues	\$6,242	\$6,253	\$6,264	\$6,275	\$6,286	\$6,297
Other Revenues	<u>246</u>	<u>267</u>	<u>414</u>	<u>286</u>	<u>277</u>	<u>297</u>
Total Revenues	\$6,488	\$6,520	\$6,678	\$6,561	\$6,564	\$6,594
Expenses						
Total O&M Expenses	\$4,991	\$5,253	\$5,587	\$5,797	\$7,452	\$9,773
Non-Operating	1	0	0	0	0	0
Taxes and Transfers	4	4	4	4	4	4
Rate Funded Capital	800	800	800	850	1,000	1,200
Net Debt Service	475	579	2,051	2,561	3,069	2,889
Total Reserve Funding	<u>217</u>	<u>1,291</u>	<u>1,026</u>	<u>1,777</u>	<u>1,405</u>	<u>1,387</u>
Total Expenses	\$6,488	\$7,927	\$9,468	\$10,990	\$12,930	\$15,253
Bal. / (Def.) of Funds	\$0	(\$1,407)	(\$2,791)	(\$4,428)	(\$6,366)	(\$8,659)
Bal. as a % of Rate Rev.	0.0%	22.5%	44.6%	70.6%	101.3%	137.5%
Proposed Rate Revenue Adj.	0.0%	22.5%	18.0%	18.0%	18.0%	18.0%
Add'l Rev. from Rate Adj.	\$0	\$1,407	\$2,791	\$4,428	\$6,366	\$8,659
Total Bal. / (Def.) of Funds	\$0	\$0	\$0	\$0	\$0	\$0

[1] - Net debt service is the annual debt service less the debt service funded through annual connection fee revenues

It is important to note the annual deficiencies in Table 3 - 3 above under “Rate Revenue Bal. / (Def.)” and “% Rate Adjustment Required” are cumulative. That is, any adjustment in the initial years will reduce the needed deficiency in the following years. The results of the revenue requirement analysis indicate a deficiency of funds over the planning period. The deficiency ranges from approximately \$1.4 million in FY 2024 to \$8.7 million in FY 2028 prior to the implementation of the rate adjustments. Based on the revenue requirement analysis developed, HDR recommends the Agency adjust utility rates beginning in FY 2024. It is recommended that annual adjustments be implemented in FY 2024 through FY 2028 to adequately fund the operating and capital needs of the Agency including the Replenish Big Bear project. As noted in the discussion of other, or miscellaneous, revenues, the Agency is discussing additional revenue contributions from local agencies that will benefit from the Replenish Big Bear project. Should these annual contributions be finalized, it will reduce the impacts to the rate transition plan developed in Table 3 - 3. Should those occur, the Agency should update the analysis to determine the appropriate rate transition plan.

3.7 Summary of the Designated Reserve Funds

Reserves are an important part of a utility’s financial picture. There can be many different purposes for reserves. The Agency currently has six (6) designated reserve funds: the operations fund (liquidity and contingency), capital and replacement fund, emergency fund, and the debt service fund. A connection fee fund was also established in the previous study to track connection fee revenues and uses. It is important for the Agency to set a minimum balance on the reserve

funds. When the fund balance reaches the minimum level, it is a signal for action on the Agency’s part. Table 3 – 4 shows a summary of each reserve fund, discusses the target minimum, and the purpose for the reserve.

Table 3 - 4 Summary of the Reserve Fund Balances		
Fund	Minimum Balance	Purpose
Operating – Contingency	2 months of O&M, \$815,000 in FY 2022 (increases by the annual % change in O&M)	Contingency (variance from budget)
Operating – Liquidity	\$2.5 million at July 1 of each year (increases by the annual % change in O&M)	Liquidity
Capital and Replacement	Variable minimum balance based on future capital requirements	Adequately fund capital improvements on a timely basis
Debt Service	Current year debt service at July 1	Principal and interest payments
Emergency	\$500,000	Emergency situations
Connection Fee	No explicit minimum	Track sources and uses of funds

The connection fee fund does not have a specified target balance for this analysis, only that the funds be used for the replacement of excess capacity, or growth related projects. Provided in Table 3 - 5 is a summary of the reserve fund balances and the target ending fund balances.

Table 3-5
Summary of the Reserve Fund Balances (\$000s)

Reserve Fund	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operations Fund - Liquidity						
Ending Balance	\$2,714	\$2,771	\$3,193	\$4,301	\$4,496	\$5,337
Target Ending Balance	\$2,525	\$2,658	\$2,827	\$2,933	\$3,771	\$4,945
Over / (Under) Target	\$188	\$113	\$366	\$1,367	\$725	\$392
Operations Fund - Contingency						
Ending Balance	\$832	\$877	\$931	\$966	\$1,246	\$1,721
Target Ending Balance	\$832	\$875	\$931	\$966	\$1,242	\$1,629
Over / (Under) Target	\$1	\$2	\$0	\$0	\$5	\$93
Capital and Replacement Fund						
Ending Balance	\$2,989	\$39,965	\$20,745	\$4,696	\$3,600	\$3,557
Target Ending Balance	\$644	\$1,395	\$304	\$263	\$1,239	\$1,543
Over / (Under) Target	\$2,345	\$38,570	\$20,442	\$4,433	\$2,362	\$2,014
Emergency						
Ending Balance	\$500	\$500	\$650	\$825	\$1,000	\$1,000
Target Ending Balance	\$500	\$500	\$500	\$500	\$1,000	\$1,000
Over / (Under) Target	\$0	\$0	\$150	\$325	\$0	\$0
Debt Service						
Ending Balance	\$579	\$1,829	\$2,229	\$2,639	\$3,144	\$2,964
Target Ending Balance	\$550	\$654	\$2,126	\$2,636	\$3,144	\$2,964
Over / (Under) Target	\$29	\$1,176	\$104	\$4	\$1	\$0
Connection Fee						
Ending Balance	\$44	\$88	\$133	\$178	\$223	\$269
Total						
Ending Fund Balance ^[1]	\$7,614	\$45,943	\$27,749	\$13,427	\$13,487	\$14,581
Target Ending Fund Balance	\$5,051	\$6,082	\$6,688	\$7,298	\$10,395	\$12,081
Over / (Under) Target	\$2,563	\$39,861	\$21,062	\$6,129	\$3,092	\$2,500

[1] – Total does not include Connect Fee reserve funds

As shown in Table 3 - 5, the reserve funds meet or exceed annual minimum levels based on the development of revenue requirement and proposed rate increases. It is important to note that the ending fund balances reflect the increased revenue from the proposed rate adjustments. While the focus of this study is on the next five year period, the reserves are reviewed over the ten year study period and these funds are available to fund future capital improvements.

3.8 Consultant's Recommendations

Based on the revenue requirement analysis, HDR recommends the Agency implement annual rate revenue adjustments in FY 2024 through FY 2028. The proposed adjustments would move the Agency to fully supporting the operations and capital needs over the review period and specifically the capital and funding requirements of the Replenish Big Bear project.

4 Development of the Cost of Service

In the previous section, the revenue requirement analysis focused on determining the appropriate amount of operating and capital costs to be collected through rates. This section will discuss the development of the cost of service analysis for the Agency. A cost of service analysis is concerned with the proportional distribution of the revenue requirement among the Agency's customers. As noted previously, there is only one customer class comprised of the member agencies. Given that, the costs were allocated to the cost components, and then divided by the number of EDU's to develop the proposed rates for the member agencies. The revenue requirement for FY 2024 presented in Section 3 of this report is utilized in the cost of service analysis.

In recent years, increasing emphasis has been placed on cost of service studies by government agencies, customers, utility regulatory commissions, and other parties. This interest has been generated in part by continued inflationary trends, increased operating and capital expenditures, and concerns of proportionality in rates among customers. Following the generally accepted guidelines and principles of a cost of service analysis will inherently lead to rates which are proportional, cost-based, and not viewed as arbitrary or capricious in nature.

4.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a cost of service study:

- Distribute the revenue requirement among the customer classes of service
- Derive average unit costs for subsequent rate designs

The objectives of a cost of service analysis are different from determining the revenue requirement. As noted in the previous section, a revenue requirement analysis reviews the utility's overall financial needs, while the cost of service analysis determines the proportional manner in which to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to design the rates such that they properly reflect the costs incurred by the Agency. For example, the Agency incurs costs related to flow or total volume, the strength of the wastewater flow, and customer cost components. Each of these types of costs may be collected in a slightly different manner to allow for the development of a rate that collects costs in the same manner as they are incurred.

4.2 Determining the Customer Classes of Service

The first step in a cost of service study is to determine the customer classes of service. The Agency is a regional wastewater service provider and provides service to three separate area member agencies. As mentioned previously, for purposes of the Agency's cost of service analysis, costs are allocated to all customers on a per EDU basis.

The goal of the cost of service analysis is to determine if significant cost differences exist among the member agencies based on each agency's specific volumes and strengths of wastewater volumes.

4.3 General Cost of Service Procedures

A cost of service study utilizes a three-step approach to review costs. These were previously discussed in our generic discussion in Section 2, and take the form of functionalization, allocation, and distribution. Provided below is a detailed discussion of the cost of service study conducted for the Agency, and the specific steps taken in the analysis.

4.3.1 Functionalization of Costs

The first analytical step in the cost of service process is called functionalization. Functionalization is the arrangement of expenses and asset (facility) data by major operating functions within each utility. For example, pumping, treatment, collection, etc. Given that the Agency is primarily a treatment facility with a minimal collection system, the functionalization of the cost data was accomplished through the Agency's system of accounts.

4.3.2 Allocation of Costs

The second analytical task performed in a cost of service study is the allocation of the costs, or the revenue requirement. Allocation determines why the expenses were incurred or what type of need is being met. The Agency's facility accounts and revenue requirement were reviewed and classified using the following cost classifiers:

- **Volume Related Costs:** Volume related costs are those costs which tend to vary with the total quantity of wastewater collected and treated by member agency. A majority of collection system costs and treatment costs are included in this component.
- **Strength Related Costs:** Strength related costs are those costs associated with the additional handling and treatment of high "strength" wastewater. Strength of wastewater is typically measured in biochemical oxygen demand (BOD) and total suspended solids (SS). Increased levels of BOD or SS generally equate to increased treatment costs. Pre-treatment is generally required if the discharge is known to regularly exceed the typical waste strength.

Terminology of a Wastewater Cost of Service Analysis

Functionalization – The arrangement of the cost data by functional category (e.g. treatment, collection etc.).

Allocation – The assignment of functionalized costs to cost components (e.g., volume, strength, and customer related).

Distribution – Distributing the allocated costs to each member agency based on each member agency's proportional contribution to that specific cost component.

Volume Costs – Costs that are allocated as volume related vary with the total flow of wastewater (e.g., chemical use at the treatment facility).

Strength Costs – Costs allocated as strength related refer to the wastewater treatment function. Typically, strength-related costs are further defined as biochemical oxygen demand (BOD) and suspended solids (SS). Customers with higher wastewater strength characteristics cost more to treat. Facilities are often designed and sized around meeting these costs.

Direct Assignment – Costs that can be clearly identified as belonging to a specific member agency.

- **Direct Assignments:** Certain costs associated with operating the utility may be directly traced to a specific customer or class of service. These costs are then “directly assigned” to that specific class of service.

Other cost allocators (e.g., revenue, customer, etc.) can be used in the development of a cost of service analysis. However, for the Agency’s analysis the above cost allocators were the most appropriate given the regional wastewater treatment service and cost drivers for the treatment facility.

4.3.3 Development of Distribution Factors

Once the allocation process is complete, and the customer groups have been defined, the allocated costs were distributed to all customers. The Agency’s allocated costs were distributed using the following distribution factors:

- **Volume Distribution Factor:** Volume-related costs are generally distributed on the basis of contribution to wastewater flows. In order to develop this distribution factor, some knowledge of the contribution to flows must be determined. For the Agency, the member agencies wastewater flow is metered at the entry point to the Agency’s system. The annual metered wastewater by member agency for calendar year FY 2022 was the basis for the development of the volume distribution factor.
- **Strength Distribution Factor:** Strength-related costs are classified between biochemical oxygen demand (BOD) and suspended solids (SS). Each of these types of costs is distributed based on the relative estimated strengths that are contributed to the overall flow at the treatment facility. The Agency’s strength characteristics were based on prior testing of the wastewater and typical industry strength factors.

It should be noted that no costs were directly assigned during the development of the cost of service analysis.

Given the development of the distribution factors, the final step in the cost of service study is to distribute the allocated costs to the various customer classes of service.

4.4 Functionalization and Allocation of Plant in Service

The first step of the cost of service is the functionalization and allocation of facilities, or the infrastructure in place to provide service. In performing the functionalization of facilities, HDR utilized the Agency’s historical facility records. Once the facilities were functionalized, the analysis shifted to allocation of the asset. The allocation process included reviewing each group of assets and determining which cost allocators the assets were related to. For example, the Agency’s assets were allocated as: volume-related, strength-related, or direct assignment. Provided below is a brief discussion of the process used.

Treatment facility costs are allocated as volume and/or strength related. For the Agency’s treatment facility, the costs were allocated 53.6% to volume, 32.5% to BOD, and 13.9% to SS. This allocation was based on discussions with Agency staff and the nature of the treatment facility operations. This reflects that a portion of the treatment plant is sized and operated around

meeting volume related needs. In addition to meeting volume related needs, there are processes in place to remove BOD and SS. Given the function of the treatment plant process and the Agency’s operation of the treatment plant the treatment plant costs could be allocated. Sewer lines are typically 100.0% volume related as they are in place simply to move the wastewater from the entry point to the treatment facility. General facility assets are classified to reflect all assets above. In other words, the general facility assets are in place to support both the collection and treatment operations of the Agency. The allocation of general facilities therefore is a weighted average of the collection and treatment allocation. A more detailed exhibit of the Agency’s functionalization and allocation of facility investment can be found in the Technical Appendix, Exhibit 11.

Table 4 – 1 Summary of the Allocation of Wastewater Facilities				
Category	Volume Related	BOD Strength Related	SS Strength Related	Direct Assignment
Treatment	53.6%	32.5%	13.9%	0.0%
Collection	100.0%	0.0%	0.0%	0.0%
General Facilities	61.6%	26.9%	11.5%	0.0%

4.5 Functionalization and Allocation of Operating Expenses

Operating expenses are generally functionalized and allocated in a manner similar to the corresponding facility account. For example, maintenance of collection lines is typically allocated in the same manner (allocation percentages) as the facility account for collection lines. This approach to the allocation of operating expenses was used for this analysis.

For the Agency’s Study, the revenue requirement for FY 2024 was functionalized, allocated, and distributed. As noted earlier, the Agency utilized a cash basis revenue requirement, which was comprised of operation and maintenance expenses, taxes and transfers, debt service, and capital improvements funded from rates. A more detailed review of the classification of revenue requirement can be found in the Technical Appendix, Exhibit 12. Table 4 – 2 below shows a summary of the cost of service allocation of the revenue requirement.

Table 4 – 2 Summary of the Allocation of the FY 2023 Revenue Requirement (\$000’s)				
Total	Volume	BOD	SS	Direct Assignment
\$7,660	\$4,292	\$2,064	\$1,304	\$0

4.6 Major Assumptions of the Cost of Service Study

A number of key assumptions were used in the Agency’s cost of service study. Below is a brief discussion of the major assumptions used.

- The test period used for the cost of service analysis was FY 2024. The revenue and expense data was previously developed within the revenue requirement study
- The revenue projections were based on the revenues collected from the member agencies, based on the current billing practices of the Agency
- A cash basis approach was utilized which conforms to generally accepted cost of service approaches and methodologies
- The allocation of the Agency’s facilities was developed based upon generally accepted cost allocation techniques and Agency specific data
- Member agency volumes used in this study were based on actual metered wastewater flow

4.7 Summary of the Cost of Service Results

In summary, the cost of service analysis began by functionalizing the Agency’s facility values and then the operating expenses. The functionalized facility and expense accounts were then classified into their various cost components. The individual allocation totals were then distributed to the member agencies based on the appropriate distribution factors. The distributed expenses were then aggregated to determine the total cost associated with an EDU. A summary of the detailed cost responsibility is shown in Table 4 - 3.

Table 4 - 3 Summary of the FY 2024 Cost of Service Analysis (\$000s)				
	Present Rate Revenues	Distributed Costs	\$ Difference	% Difference
Total	\$6,253	\$7,660	(\$1,407)	22.5%

The results of the cost of service analysis reflect the overall proposed rate adjustment of 22.5% in FY 2024 on a per EDU basis. It is important to understand that the results will not be “exact” each time the Agency updates its cost of service analysis. This is due to changing customer water consumption patterns which impact wastewater flows, external impacts such as the recent drought, and how the Agency incurs costs.

4.8 Consultant’s Conclusions and Recommendations

As was presented in Table 4 - 3 based on the distribution of costs, it is recommended that the Agency implement the proposed rate adjustments to all customers based on the results of the cost of service on a per EDU basis.

5 Development of the Rate Design

The final step of the comprehensive rate study process is the design of wastewater rates to collect the desired levels of revenues, based on the results of the revenue requirement and cost of service analysis. In reviewing wastewater rate designs, consideration is given to the level of the rates and the structure of the rates.

5.1 Rate Design Criteria and Considerations

Prudent rate administration dictates that several criteria must be considered when setting utility rates. Some of these rate design criteria are listed below:

- Rates which are easy to understand from the customer’s perspective
- Rates which are easy for the utility to administer
- Consideration of the customer’s ability to pay
- Continuity, over time, of the rate making philosophy
- Policy considerations (encourage conservation, economic development, etc.)
- Provide revenue stability from month to month and year to year
- Promote efficient allocation of the resource
- Equitable and non-discriminatory (cost-based)

Many contemporary rate economists and regulatory agencies feel the last consideration, cost-based rates, should be of paramount importance and provide the primary guidance to utilities on rate structure and policy as well as meet the intent of Proposition 218.

5.2 Development of Cost-Based Wastewater Rates

As mentioned, developing cost-based and equitable rates is of paramount importance in developing proposed sewer rates. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront with the recent legal challenges in the State of California on utility rates and fees. Given this, the development of the Agency’s proposed sewer rates have been developed to meet the legal requirements of California Constitution article XIII C, section 1 (Article XIII C). Article XIII C defines a tax to mean a levy, charge, or exaction of any kind imposed by a local government, except for levies, charges, or exactions that fall under one of seven express exemptions. Of particular relevance is the second exemption – charges imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

In addition, Article XIII C requires the local government imposing the fee or charge to prove, with evidence, that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. A fundamental part of this

analysis, therefore, is to demonstrate that a fee or charge recovers sufficient revenue to provide the government service, show proportionality to the burdens on the system placed by each payor, and generates revenue to be used for the purpose of providing such service.

HDR is of the opinion that the proposed rates meet the legal requirements of Article XIII C. HDR reaches this conclusion based upon the following:

- ✓ **The rates for wholesale wastewater rates are imposed for a specific government service.** The Agency imposes the fees on the Collecting Agencies for a specific government service of treating wastewater collected by such Collecting Agencies.
- ✓ **The government service is provided directly to the payor and is not provided to those not charged.** The rates are structured to charge each Collecting Agency in accordance with the demand placed on the system and the number of EDUs within each Collecting Agency.
- ✓ **The rates do not exceed the reasonable costs to the Agency of providing the service.** The proposed rates are designed to collect the overall revenue requirement of the Agency’s sewer system. The cost of service analysis was specifically developed to focus on proportional assignment of costs. The Collecting Agencies have separately agreed to a method of further allocating the costs based on demands placed on the system.

5.3 Review of the Overall Rate Adjustments

As indicated in the results of the revenue requirement analysis the recommendation is an annual adjustment in FY 2024 through FY 2028. The results of the cost of service analysis also showed that the Agency’s current rate structure is cost-based and proportional. The next section will discuss the proposed rate based on the Agency’s cost structure and reflects the cost of service analysis.

5.4 Present and Proposed Wastewater Rates

The Agency establishes its rates annually on a per EDU basis whereby total wastewater revenue requirements are divided by system EDUs to establish the rate. The Agency then passes its rates through to its member agencies on a fixed and variable basis. The Agency passes through its fixed costs on a per EDU basis, and its variable costs at a rate per 1,000 gallons of flow. Approximately 75% of the Agency’s revenue is collected on an EDU basis, with the remaining 25% collected on a flow volume basis.

Table 5 - 1 provides a summary of the present EDU charge for all customers.

Table 5 – 1 Present and Proposed Wastewater Rates						
	<i>Present Rates</i>	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	<i>\$/EDU</i>					
All Customers	\$246.83	\$302.37	\$356.79	\$421.02	\$496.80	\$586.22

It was determined that the current rate design was appropriate at this time for several reasons. First, the Agency incurs the majority of its costs on a fixed basis. The Agency serves an area that has fairly low residential occupancy (approximately 38% of residential EDUs are occupied full time) with periods of high tourist-based occupancy. This results in higher seasonal flows, variable costs and treatment capacity needs. The Agency therefore passes its fixed costs through based on system EDUs and its variable costs, based on wastewater flow. If the Agency passed through all of its costs on a per-EDU basis, the higher variable costs associated with the tourist-based occupancy may not equitably reflect the costs of providing services to all customers.

5.5 Waste Hauler Rates

As part of the study update, the waste hauler rates were also reviewed. These rates are for those customers who bring pumped wastewater to the Agency’s plant for disposal. Most frequently these are septic haulers which service those customers who don’t receive wastewater service and have a holding or septic tank. The rates were established so that the waste hauler rates cover the treatment cost associated with each type of sanitary waste: holding tank, septic tank, and chemical toilet. The waste disposal characteristics of each type of sanitary waste vary by flow and concentration levels of biochemical oxygen demand and suspended solids, with each impacting the cost to treat. The current waste hauler rates have been based on historical sampling, testing, and prior studies with the proposed annual rate adjustments of 4.0% reflecting the expected increase in the Agency’s treatment costs through FY 2026. The proposed rate adjustment in FY 2027 and FY 2028 reflects the proposed adjustment with Replenish Big Bear. This resulted in the following proposed rates for the waste haulers:

Table 5 – 2 Summary of the Present and Proposed Waste Hauler Rates						
	<i>Present Rates</i>	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	<i>\$/ 1,000 gal</i>					
Chemical Toilet	\$71.30	\$74.15	\$77.12	\$80.21	\$94.64	\$111.68
Holding Tank	7.58	\$7.88	\$8.20	\$8.53	10.06	11.87
Septic Tank	85.33	\$88.75	\$92.30	\$95.99	113.26	133.65

5.6 Summary of the Wastewater Rate Study

This completes the analysis for the Agency’s wastewater utility rates. It is recommended that annual revenue adjustments be implemented from FY 2024 to FY 2028 to adequately fund the Agency’s operating and capital costs, and specifically to reflect the funding requirements of the Replenish Big Bear project. The rate structure suggested is consistent with the cost of service analysis, and reflects the actual cost to serve each of the member agencies, the Agency’s fixed cost structure, and the occupancy characteristics of the Agency’s service area.



Technical Appendix

**Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Summary of the Revenue Requirement
Exhibit 1**

	<i>Budget</i>										<i>Budget</i>
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Revenues											
Rate Revenues	\$6,241,763	\$6,252,870	\$6,263,978	\$6,275,085	\$6,286,192	\$6,297,300	\$6,308,407	\$6,319,514	\$6,330,622	\$6,341,729	
Other Revenues	245,921	267,336	413,524	286,154	277,356	297,058	310,970	328,733	348,297	369,512	
Total Revenues	\$6,487,684	\$6,520,206	\$6,677,502	\$6,561,239	\$6,563,548	\$6,594,358	\$6,619,377	\$6,648,248	\$6,678,919	\$6,711,241	
Expenses											
Total Operations & Maintenance	\$4,990,829	\$5,252,897	\$5,587,444	\$5,797,083	\$7,451,731	\$9,773,016	\$10,019,156	\$10,296,311	\$10,696,095	\$11,038,512	
Non-Operating Expenses	1,067	0	0	0	0	0	0	0	0	0	
Taxes and Transfers	4,070	4,124	4,179	4,234	4,290	4,347	4,405	4,464	4,523	4,584	
Rate Funded Capital	800,000	800,000	800,000	850,000	1,000,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	
Net Debt Service	475,058	578,616	2,050,536	2,560,759	3,068,555	2,889,001	2,889,001	2,889,001	2,889,000	2,889,002	
Total Reserve Funding	216,661	1,291,465	1,025,945	1,777,428	1,405,088	1,386,798	1,630,366	1,861,861	1,988,096	2,189,405	
Total Revenue Requirement	\$6,487,684	\$7,927,102	\$9,468,104	\$10,989,504	\$12,929,665	\$15,253,162	\$15,742,928	\$16,251,637	\$16,777,715	\$17,321,503	
Bal. / (Def.) of Funds	\$0	(\$1,406,896)	(\$2,790,602)	(\$4,428,265)	(\$6,366,116)	(\$8,658,804)	(\$9,123,552)	(\$9,603,390)	(\$10,098,795)	(\$10,610,262)	
% Rate Adjustment Required	0.0%	22.5%	44.6%	70.6%	101.3%	137.5%	144.6%	152.0%	159.5%	167.3%	
Proposed Rate Adjustment	0.0%	22.5%	18.0%	18.0%	18.0%	18.0%	3.0%	3.0%	3.0%	3.0%	
Add'l Revenue with Proposed Rate Adj.	\$0	\$1,406,896	\$2,790,602	\$4,428,265	\$6,366,116	\$8,658,804	\$9,123,552	\$9,603,390	\$10,098,795	\$10,610,262	
Bal. / (Def.) of Funds after Proposed Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Rate Adjustment Required	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Current Rate Structure - 1 EDU											
\$ / EDU on Proposed Adjustment	\$246.83	\$302.37	\$356.79	\$421.02	\$496.80	\$586.22	\$603.81	\$621.92	\$640.58	\$659.80	
Bill Difference - Annually		\$55.54	\$54.43	\$64.22	\$75.78	\$89.42	\$17.59	\$18.11	\$18.66	\$19.22	
Cumulative Annual Difference		\$55.54	\$109.96	\$174.19	\$249.97	\$339.39	\$356.98	\$375.09	\$393.75	\$412.97	
DSC Ratio (all debt) - w/o Connection Fees Minimum 1.0 coverage											
Before Rate Adjustment	2.72	1.94	0.51	0.29	0.00	0.00	0.00	0.00	0.00	0.00	
After Proposed Rate Adjustment	2.72	4.09	1.83	1.97	1.74	1.85	1.93	2.01	2.05	2.12	
DSC Ratio (all debt) - w/Connection Fees Minimum 1.2 coverage											
Before Rate Adjustment	3.06	2.23	0.60	0.36	0.00	0.00	0.00	0.00	0.00	0.00	
After Proposed Rate Adjustment	3.06	4.38	1.91	2.04	1.80	1.91	1.99	2.07	2.12	2.18	
Ending Fund Balance	\$7,658,398	\$46,031,465	\$27,881,996	\$13,604,815	\$13,709,872	\$14,849,673	\$16,526,150	\$18,434,352	\$20,469,020	\$22,705,231	
Target Minimum Fund Balance	\$5,051,490	\$6,082,050	\$6,687,640	\$7,297,814	\$10,394,637	\$12,081,010	\$12,288,553	\$12,517,986	\$12,830,907	\$13,106,241	

	<i>Budget</i>		<i>Projected</i>								<i>Notes</i>
	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>	
Revenues											
Customer Growth	Budget	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Rental Income	Budget	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Waste Disposal	Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Revenues	Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses											
Salaries	Budget	Budget	6.6%	5.3%	4.6%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Benefits	Budget	Budget	19.9%	7.9%	6.3%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Materials & Supplies	Budget	Budget	-11.3%	6.1%	1.7%	1.4%	2.2%	2.2%	2.2%	2.2%	2.2%
Repairs & Replacements	Budget	Budget	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Equipment Rental	Budget	Budget	2.7%	2.5%	2.5%	2.5%	2.2%	2.2%	2.2%	2.2%	2.2%
Sludge Removal	Budget	Budget	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Chemicals	Budget	Budget	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Miscellaneous	Budget	Budget	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Power	Budget	Budget	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Other Utilities	Budget	Budget	2.5%	2.5%	2.5%	2.5%	2.2%	2.2%	2.2%	2.2%	2.2%
Communications Expense	Budget	Budget	2.5%	2.3%	2.3%	2.4%	2.2%	2.2%	2.2%	2.2%	2.2%
Contractual Services - Other	Budget	Budget	2.4%	2.7%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Contractual Services - Professional	Budget	Budget	2.5%	2.5%	2.5%	2.5%	2.8%	2.8%	2.8%	2.8%	2.8%
Permits & Fees	Budget	Budget	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%	7.7%
Property Tax Expense	Budget	Budget	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Other Operating Expense	Budget	Budget	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Insurance	Budget	Budget	2.0%	4.3%	4.2%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Interest	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
New Debt Service ^[1]											
Revenue Bond											
Term in Years	30	30	30	30	30	30	30	30	30	30	30
Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

[1] - Only applicable if the use of long-term borrowing is assumed.

	<i>Budget</i>	<i>Budget</i>	<i>Projected</i>								<i>Notes</i>
	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>	
Existing EDUs											
City of Big Bear Lake	11,698	11,721	11,745	11,769	11,792	11,816	11,839	11,863	11,887	11,910	
Big Bear Lake CSD	12,326	12,346	12,367	12,387	12,408	12,428	12,448	12,469	12,489	12,510	
CSA 53B	1,264	1,265	1,266	1,267	1,268	1,269	1,270	1,271	1,272	1,273	
New EDUs											
City of Big Bear Lake	24	24	24	24	24	24	24	24	24	24	
Big Bear Lake CSD	20	20	20	20	20	20	20	20	20	20	
CSA 53B	1	1	1	1	1	1	1	1	1	1	
Total New EDUs	45	45	45	45	45	45	45	45	45	45	
Connection Fee Revenues											
Connection Fee	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	
New EDUs	45	45	45	45	45	45	45	45	45	45	
Connection Fee Revenues	\$188,100	\$188,100	\$188,100	\$188,100	\$188,100	\$188,100	\$188,100	\$188,100	\$188,100	\$188,100	
Number of Vacant Parcels											
City of Big Bear Lake	1,436	1,419	1,403	1,386	1,369	1,352	1,336	1,319	1,302	1,285	
Big Bear Lake CSD	2,190	2,164	2,139	2,113	2,088	2,062	2,037	2,011	1,986	1,960	
CSA 53B	235	232	230	227	224	221	219	216	213	210	
Reduction in Parcels											
City of Big Bear Lake	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	
Big Bear Lake CSD	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	(20)	
CSA 53B	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
Total New EDUs	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	
Standby Charge - Revenues											
Average Standby Charge											
City of Big Bear Lake	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02	\$20.02	
Big Bear Lake CSD	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	20.46	
CSA 53B	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	24.09	
Standby Charge Revenues	\$79,220	\$78,297	\$77,373	\$76,450	\$75,527	\$74,603	\$73,680	\$72,757	\$71,834	\$70,910	

	<i>Projected</i>	<i>Budget</i>	<i>Projected</i>								
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Revenues											
Rate Revenues											
City of Big Bear Lake	\$2,887,343	\$2,892,481	\$2,897,619	\$2,902,758	\$2,907,896	\$2,913,034	\$2,918,172	\$2,923,310	\$2,928,448	\$2,933,586	As Customer Growth
Big Bear Lake CSD	3,042,427	3,047,841	3,053,255	3,058,669	3,064,083	3,069,497	3,074,911	3,080,325	3,085,739	3,091,153	As Customer Growth
CSA 53B	311,993	312,548	313,104	313,659	314,214	314,769	315,324	315,880	316,435	316,990	As Customer Growth
Total Rate Revenues	\$6,241,763	\$6,252,870	\$6,263,978	\$6,275,085	\$6,286,192	\$6,297,300	\$6,308,407	\$6,319,514	\$6,330,622	\$6,341,729	
Other Revenues											
Standby Charge	\$79,220	\$78,297	\$77,373	\$76,450	\$75,527	\$74,603	\$73,680	\$72,757	\$71,834	\$70,910	Calculated
Waste Disposal - Haulers	21,690	21,690	21,690	21,690	21,690	21,690	21,690	21,690	21,690	21,690	As Waste Disposal
Lease Revenue	61,783	55,048	55,764	56,489	57,223	57,967	58,720	59,484	60,257	61,040	As Rental Income
Interest	83,228	112,301	258,697	131,525	122,916	142,798	156,879	174,803	194,517	215,871	
Replenish Big Bear - Contribution	0	0	0	0	0	0	0	0	0	0	
Total Other Revenues	\$245,921	\$267,336	\$413,524	\$286,154	\$277,356	\$297,058	\$310,970	\$328,733	\$348,297	\$369,512	
Total Revenues	\$6,487,684	\$6,520,206	\$6,677,502	\$6,561,239	\$6,563,548	\$6,594,358	\$6,619,377	\$6,648,248	\$6,678,919	\$6,711,241	
Expenses											
Salaries and Benefits											
Salaries and Wages	\$1,812,845	\$1,788,554	\$1,906,180	\$2,007,171	\$2,098,803	\$2,182,822	\$2,270,205	\$2,361,086	\$2,455,605	\$2,553,908	As Salaries
Employee Benefits	960,062	1,083,023	1,157,431	1,228,537	1,294,461	1,342,952	1,415,773	1,492,542	1,573,475	1,658,795	As Benefits
Accrued Benefits Expense	(8,343)	27,034	35,238	40,101	43,878	46,932	49,477	52,160	54,988	57,970	As Benefits
Payroll Tax Expense	25,077	26,038	27,744	29,208	30,537	31,755	33,477	35,293	37,206	39,224	As Benefits
Unemployment Expense	0	0	6,076	6,076	6,076	6,076	6,405	6,753	7,119	7,505	As Benefits
Total Salaries and Benefits	\$2,789,641	\$2,924,650	\$3,132,669	\$3,311,092	\$3,473,755	\$3,610,538	\$3,775,338	\$3,947,834	\$4,128,393	\$4,317,402	
Power											
Solar Purchases	\$235,991	\$253,843	\$258,889	\$264,034	\$269,282	\$274,634	\$280,676	\$286,850	\$293,161	\$299,611	As Power
Fuel for Power Production	5,816	12,279	12,586	12,900	13,223	13,553	13,851	14,156	14,468	14,786	As Power
Gas Admin Building	4,339	5,771	5,915	6,063	6,214	6,370	6,510	6,653	6,799	6,949	As Power
Gas Treatment Plant	8,322	11,069	11,345	11,629	11,920	12,218	12,486	12,761	13,042	13,329	As Power
Electricity - Treatment Plant	95,375	131,404	134,529	139,878	145,143	149,082	152,362	155,714	159,140	162,641	As Power
Electricity - Stations	51,961	71,510	75,085	77,338	79,271	81,253	83,041	84,868	86,735	88,643	As Power
Electricity - Admin Building	10,198	12,798	13,438	13,842	14,188	14,542	14,862	15,189	15,523	15,865	As Power
Electricity - Lucerne	733	755	774	794	814	834	852	871	890	910	As Power
Total Power	\$412,736	\$499,429	\$512,561	\$526,477	\$540,054	\$552,486	\$564,640	\$577,063	\$589,758	\$602,733	
Sludge Removal	\$315,295	\$336,212	\$344,419	\$352,842	\$361,476	\$370,325	\$379,213	\$388,314	\$397,634	\$407,177	As Sludge Removal

	<i>Projected</i>	<i>Budget</i>	<i>Projected</i>								<i>Notes</i>
	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>	
Chemicals											
Odor Control-Disinfectant	\$8,845	\$10,961	\$44,032	\$11,516	\$11,804	\$47,418	\$12,134	\$12,474	\$48,746	\$12,823	As Chemicals
Polymer	67,716	69,749	71,488	73,275	75,107	76,984	79,140	81,356	83,634	85,976	As Chemicals
Laboratory Reagents	12,100	14,370	14,807	15,258	15,722	16,200	16,654	17,120	17,599	18,092	As Chemicals
Total Chemicals	\$88,661	\$95,080	\$130,327	\$100,048	\$102,632	\$140,602	\$107,928	\$110,950	\$149,979	\$116,891	
Materials and Supplies											
Office Equip, Supplies, Expense	\$44,716	\$74,501	\$58,624	\$66,094	\$66,410	\$66,073	\$67,527	\$69,013	\$70,531	\$72,083	As Materials & Supplies
Safety Supplies and Expenses	8,750	7,072	7,249	7,430	7,616	7,806	7,978	8,153	8,333	8,516	As Materials & Supplies
Laboratory Supplies	9,130	15,800	13,735	14,078	14,430	14,791	15,116	15,449	15,789	16,136	As Materials & Supplies
Fuel - Vehicles	15,030	15,396	15,781	16,175	16,580	16,994	17,368	17,750	18,141	18,540	As Materials & Supplies
Oils, Antifreeze, Filters	24,758	25,865	26,512	27,174	27,854	28,550	29,178	29,820	30,476	31,147	As Materials & Supplies
Degreasers and Solvents	4,684	5,831	5,977	6,126	6,279	6,436	6,578	6,723	6,871	7,022	As Materials & Supplies
Hardware, Cleaning, Painting	3,500	4,122	4,225	4,331	4,439	4,550	4,650	4,752	4,857	4,964	As Materials & Supplies
Ground Maint and Supplies	7,073	7,284	7,985	8,184	8,389	8,598	8,788	8,981	9,179	9,380	As Materials & Supplies
Electrical Supplies	8,423	6,791	6,961	7,135	7,313	7,496	7,661	7,829	8,002	8,178	As Materials & Supplies
Welding and Fab Supplies	1,691	1,740	1,784	1,828	1,874	1,921	1,963	2,006	2,050	2,095	As Materials & Supplies
Tools and Equipment	8,359	11,203	11,947	12,245	12,551	12,865	13,148	13,437	13,733	14,035	As Materials & Supplies
Plumbing Supplies	6,326	4,584	4,699	4,816	4,936	5,060	5,171	5,285	5,401	5,520	As Materials & Supplies
Tertiary Water	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Purchase Discounts	(40)	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Total Materials and Supplies	\$142,400	\$180,189	\$165,476	\$175,618	\$178,672	\$181,141	\$185,127	\$189,199	\$193,362	\$197,616	
Repairs and Replacements											
Mainline	\$8,511	\$8,757	\$97,951	\$54,225	\$33,217	\$38,891	\$39,863	\$40,860	\$41,881	\$42,928	As Repairs & Replacements
Pumps, Motors, Bearings	65,705	81,886	83,933	86,031	88,182	90,387	92,646	94,963	97,337	99,770	As Repairs & Replacements
Equip and Machinery	134,902	24,547	25,161	25,790	26,434	27,095	27,773	28,467	29,179	29,908	As Repairs & Replacements
Vehicles	10,410	11,066	11,343	11,626	11,917	12,215	12,520	12,833	13,154	13,483	As Repairs & Replacements
Generators	14,030	7,223	7,404	7,589	7,778	7,973	8,172	8,376	8,586	8,801	As Repairs & Replacements
Irrigation System - Lucerne	5,955	6,133	6,286	6,443	6,605	6,770	6,939	7,112	7,290	7,472	As Repairs & Replacements
Other	88,383	108,076	70,147	72,281	74,479	76,745	78,664	80,630	82,646	84,712	As Repairs & Replacements
Total Repairs and Replacements	\$327,897	\$247,688	\$302,224	\$263,985	\$248,613	\$260,075	\$266,577	\$273,242	\$280,073	\$287,074	
Equipment Rental	\$2,043	\$912	\$935	\$958	\$982	\$1,007	\$1,029	\$1,051	\$1,075	\$1,098	As Equipment Rental

	<i>Projected</i>	<i>Budget</i>	<i>Projected</i>								<i>Notes</i>
	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>	
Utilities Expense											
Water	\$4,848	\$4,992	\$5,117	\$5,245	\$5,376	\$5,510	\$5,631	\$5,755	\$5,882	\$6,011	As Other Utilities
Trash Pick Up	5,980	6,156	6,310	6,468	6,629	6,795	6,945	7,097	7,253	7,413	As Other Utilities
Solid Waste Disposal	37,473	25,852	26,498	27,161	27,840	28,536	29,164	29,805	30,461	31,131	As Other Utilities
Total Utilities Expense	\$48,301	\$37,000	\$37,925	\$38,873	\$39,845	\$40,841	\$41,740	\$42,658	\$43,596	\$44,555	
Communications Expense											
SCADA	\$33,291	\$32,040	\$32,841	\$33,662	\$34,504	\$35,366	\$36,144	\$36,939	\$37,752	\$38,583	As Communications Expense
Radio Service and Repair	438	432	443	454	465	477	487	498	509	520	As Communications Expense
Television	677	697	714	732	751	769	786	804	821	839	As Communications Expense
Telephone Service and Repair	14,420	14,745	15,023	15,309	15,602	15,902	16,251	16,609	16,974	17,348	As Communications Expense
Internet Access	11,010	24,730	11,624	11,914	20,546	12,726	13,006	13,292	13,584	13,883	As Communications Expense
Total Communications Expense	\$59,836	\$72,644	\$60,645	\$62,071	\$71,867	\$65,240	\$66,675	\$68,142	\$69,641	\$71,173	
Contractual Services - Other											
Fiscal Agent and Bank Fees	\$5,878	\$5,952	\$6,026	\$6,102	\$6,178	\$6,256	\$6,429	\$6,606	\$6,789	\$6,977	As Contractual Services - Other
Testing	17,080	18,406	18,870	19,341	19,825	20,321	20,882	21,459	22,053	22,662	As Contractual Services - Other
Uniform, Towel and Rag	14,830	15,572	16,350	17,168	18,026	18,928	19,451	19,988	20,541	21,109	As Contractual Services - Other
Medical and EAP	12,827	13,289	13,688	14,030	14,381	14,740	15,148	15,566	15,997	16,439	As Contractual Services - Other
Security, Fire Alarm	5,419	6,435	6,080	6,228	6,380	6,536	6,716	6,902	7,093	7,289	As Contractual Services - Other
Web Site Hosting	3,600	139	142	146	149	153	157	162	166	171	As Contractual Services - Other
Landscaping	8,370	8,851	9,072	9,299	9,532	9,770	10,040	10,317	10,603	10,896	As Contractual Services - Other
Labor	11,340	9,108	9,336	9,569	9,808	10,054	10,331	10,617	10,910	11,212	As Contractual Services - Other
Heating, Ventilation, Air Cond	11,420	12,692	13,009	13,335	13,668	14,010	14,397	14,795	15,204	15,624	As Contractual Services - Other
Answering Service	709	734	756	775	795	815	837	860	884	908	As Contractual Services - Other
Janitorial	17,508	18,410	18,871	19,342	19,826	20,322	20,883	21,461	22,054	22,663	As Contractual Services - Other
Total Contractual Services - Other	\$108,983	\$109,588	\$112,201	\$115,336	\$118,568	\$121,902	\$125,272	\$128,734	\$132,293	\$135,949	
Contractual Services - Professional											
Engineering	\$15,000	\$15,000	\$15,375	\$15,759	\$16,153	\$16,557	\$17,024	\$17,503	\$17,996	\$18,503	As Contractual Services - Professional
Legal	92,614	95,393	97,777	100,222	102,727	105,296	108,261	111,310	114,445	117,669	As Contractual Services - Professional
Other	59,006	78,634	71,560	91,615	75,183	86,798	89,242	91,756	94,340	96,997	As Contractual Services - Professional
Total Contractual Services - Professional	\$166,621	\$189,027	\$184,713	\$207,597	\$194,064	\$208,650	\$214,527	\$220,569	\$226,782	\$233,169	
Permits and Fees	\$245,225	\$259,973	\$274,650	\$301,060	\$319,088	\$349,128	\$376,011	\$404,964	\$436,146	\$469,730	As Permits & Fees

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Exhibit 3
 Revenue Requirement

	Projected	Budget	Projected								Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Insurance											
Workman's Compensation	\$69,689	\$56,038	\$78,121	\$84,284	\$90,468	\$96,684	\$100,641	\$104,759	\$109,046	\$113,508	As Insurance
General Liability and Vehicle	157,696	184,640	189,256	193,987	198,837	203,808	212,148	220,830	229,867	239,273	As Insurance
Other Insurance Expense	0	0	0	0	0	0	0	0	0	0	As Insurance
Total Insurance	\$227,384	\$240,678	\$267,377	\$278,271	\$289,305	\$300,492	\$312,789	\$325,589	\$338,913	\$352,782	
Other Expense											
Memberships, Dues and Subscrip	\$17,668	\$18,198	\$18,653	\$19,119	\$19,597	\$20,087	\$20,589	\$21,104	\$21,632	\$22,172	As Other Operating Expense
Directors Fees	9,635	9,924	10,172	10,426	10,687	10,954	11,228	11,509	11,796	12,091	As Other Operating Expense
Public Notices	3,619	3,727	3,820	3,916	4,014	4,114	4,217	4,323	4,431	4,541	As Other Operating Expense
Education and Training	21,385	24,477	25,089	25,716	26,359	27,018	27,693	28,386	29,095	29,823	As Other Operating Expense
Advertising	3,500	3,500	3,588	3,677	3,769	3,863	3,960	4,059	4,160	4,264	As Other Operating Expense
Total Other Expense	\$55,807	\$59,826	\$61,322	\$62,855	\$64,426	\$66,037	\$67,688	\$69,380	\$71,114	\$72,892	
Replenish Big Bear Expenses	\$0	\$0	\$0	\$0	\$1,448,383	\$3,504,549	\$3,534,603	\$3,548,622	\$3,637,338	\$3,728,271	
Total Operations & Maintenance	\$4,990,829	\$5,252,897	\$5,587,444	\$5,797,083	\$7,451,731	\$9,773,016	\$10,019,156	\$10,296,311	\$10,696,095	\$11,038,512	
Non-Operating Expenses											
Interagency Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Other Operating Expense
GSA Admin Costs	1,067	0	0	0	0	0	0	0	0	0	As Other Operating Expense
Total Non-Operating Expenses	\$1,067	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Taxes and Transfers											
Property Tax	\$4,070	\$4,124	\$4,179	\$4,234	\$4,290	\$4,347	\$4,405	\$4,464	\$4,523	\$4,584	As Property Tax Expense
Total Taxes and Transfers	\$4,070	\$4,124	\$4,179	\$4,234	\$4,290	\$4,347	\$4,405	\$4,464	\$4,523	\$4,584	
Rate Funded Capital	\$800,000	\$800,000	\$800,000	\$850,000	\$1,000,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$863,233 FY 2020 Dep. Exp.
Debt Service											
Compass Bank Loan	\$359,108	\$359,108	\$359,108	\$359,108	\$179,555	\$0	\$0	\$0	\$0	\$0	Debt Schedule
Compass II Bank Loan	150,008	150,009	150,009	150,008	150,008	150,009	150,009	150,009	150,008	150,010	Debt Schedule
Capital One - RBB	40,942	144,500	0	0	0	0	0	0	0	0	Debt Schedule
Construction Loan - RBB	0	0	1,616,420	1,616,420	0	0	0	0	0	0	Debt Schedule
Revenue Bond - RBB	0	0	0	510,224	510,224	510,224	510,224	510,224	510,224	510,224	Debt Schedule
WIFIA - RBB	0	0	0	0	2,303,768	2,303,768	2,303,768	2,303,768	2,303,768	2,303,768	Debt Schedule
New Long-Term Borrowing	0	0	0	0	0	0	0	0	0	0	Calc @ 3.0% for 20 yrs.
Total Debt Service	\$550,058	\$653,616	\$2,125,536	\$2,635,759	\$3,143,555	\$2,964,001	\$2,964,001	\$2,964,001	\$2,964,000	\$2,964,002	
Less: Debt Service Funding											
Growth Related Funding	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	
Rate Related Funding	0	0	0	0	0	0	0	0	0	0	
Total Less Debt Service Funding	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	
Net Debt Service	\$475,058	\$578,616	\$2,050,536	\$2,560,759	\$3,068,555	\$2,889,001	\$2,889,001	\$2,889,001	\$2,889,000	\$2,889,002	

	Projected	Budget	Projected								Notes
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Reserve Funding											
To / (From) Operations - Liquidity	\$146,416	(\$3,535)	\$571,945	\$1,282,428	\$370,088	\$841,798	\$1,355,366	\$1,586,861	\$1,638,096	\$1,864,405	
To / (From) Operations - Contingency	0	45,000	54,000	35,000	280,000	475,000	0	0	75,000	50,000	
To / (From) Capital and Replacement Fund	0	0	0	50,000	250,000	250,000	275,000	275,000	275,000	275,000	
To / (From) Debt Service Reserve	70,245	1,250,000	400,000	410,000	505,000	(180,000)	0	0	0	0	
Total Reserve Funding	\$216,661	\$1,291,465	\$1,025,945	\$1,777,428	\$1,405,088	\$1,386,798	\$1,630,366	\$1,861,861	\$1,988,096	\$2,189,405	
Total Revenue Requirement	\$6,487,684	\$7,927,102	\$9,468,104	\$10,989,504	\$12,929,665	\$15,253,162	\$15,742,928	\$16,251,637	\$16,777,715	\$17,321,503	
Bal. / (Def.) of Funds	\$0	(\$1,406,896)	(\$2,790,602)	(\$4,428,265)	(\$6,366,116)	(\$8,658,804)	(\$9,123,552)	(\$9,603,390)	(\$10,098,795)	(\$10,610,262)	
% Rate Adjustment Required	0.0%	22.5%	44.6%	70.6%	101.3%	137.5%	144.6%	152.0%	159.5%	167.3%	
Proposed Rate Adjustment	0.0%	22.5%	18.0%	18.0%	18.0%	18.0%	3.0%	3.0%	3.0%	3.0%	
Add'l Revenue with Proposed Rate Adj.	\$0	\$1,406,896	\$2,790,602	\$4,428,265	\$6,366,116	\$8,658,804	\$9,123,552	\$9,603,390	\$10,098,795	\$10,610,262	
Bal. / (Def.) of Funds after Proposed Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Additional Rate Adjustment Required	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Current Rate Structure - 1 EDU											
\$ / EDU on Proposed Adjustment	\$246.83	\$302.37	\$356.79	\$421.02	\$496.80	\$586.22	\$603.81	\$621.92	\$640.58	\$659.80	
Bill Difference - Annually		\$55.54	\$54.43	\$64.22	\$75.78	\$89.42	\$17.59	\$18.11	\$18.66	\$19.22	
Cumulative Annual Difference		\$55.54	\$109.96	\$174.19	\$249.97	\$339.39	\$356.98	\$375.09	\$393.75	\$412.97	
			\$10.77								
DSC Ratio (all debt) - w/Connection Fees											
Before Rate Adjustment	3.06	2.23	0.60	0.36	0.00	0.00	0.00	0.00	0.00	0.00	Minimum 1.6
After Proposed Rate Adjustment	3.06	4.38	1.91	2.04	1.80	1.91	1.99	2.07	2.12	2.18	Minimum 1.6
DSC Ratio (all debt) - w/o Connection Fees											
Before Rate Adjustment	2.72	1.94	0.51	0.29	0.00	0.00	0.00	0.00	0.00	0.00	Minimum 1.6
After Proposed Rate Adjustment	2.72	4.09	1.83	1.97	1.74	1.85	1.93	2.01	2.05	2.12	Minimum 1.6

	<i>Projected</i>	<i>Budget</i>	<i>Projected</i>								<i>Notes</i>
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Cash Reserves											
Total Beginning Fund Balance	\$7,832,439	\$7,658,398	\$46,031,465	\$27,881,996	\$13,604,815	\$13,709,872	\$14,849,673	\$16,526,150	\$18,434,352	\$20,469,020	
Operations Fund - Liquidity											
Beginning Balance	\$2,517,355	\$2,713,771	\$2,771,236	\$3,193,181	\$4,300,609	\$4,495,697	\$5,337,495	\$6,692,861	\$8,279,723	\$9,917,818	
Plus: Additions	196,416	61,000	571,945	1,282,428	370,088	841,798	1,355,366	1,586,861	1,638,096	1,864,405	
Ending Fund Bal. / (Def.)	0	0	0	0	0	0	0	0	0	0	
Less: Uses	0	(3,535)	(150,000)	(175,000)	(175,000)	0	0	0	0	0	
Ending Balance	\$2,713,771	\$2,771,236	\$3,193,181	\$4,300,609	\$4,495,697	\$5,337,495	\$6,692,861	\$8,279,723	\$9,917,818	\$11,782,224	
<i>Min. Fund Balance - 50.6% of O&M for Liquidity</i>	\$2,525,359	\$2,657,966	\$2,827,247	\$2,933,324	\$3,770,576	\$4,945,146	\$5,069,693	\$5,209,934	\$5,412,224	\$5,585,487	
Operations Fund - Contingency											
Beginning Balance	\$832,483	\$832,483	\$877,483	\$931,483	\$966,483	\$1,246,483	\$1,721,483	\$1,721,483	\$1,721,483	\$1,796,483	
Plus: Additions	0	45,000	54,000	35,000	280,000	475,000	0	0	75,000	50,000	
Less: Uses	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$832,483	\$877,483	\$931,483	\$966,483	\$1,246,483	\$1,721,483	\$1,721,483	\$1,721,483	\$1,796,483	\$1,846,483	
<i>Min. Fund Balance - 2 Mo. O&M Contingency</i>	\$831,805	\$875,483	\$931,241	\$966,180	\$1,241,955	\$1,628,836	\$1,669,859	\$1,716,052	\$1,782,683	\$1,839,752	
Capital and Replacement Fund											
Beginning Balance	\$3,473,484	\$2,988,849	\$39,965,220	\$20,745,232	\$4,695,660	\$3,600,230	\$3,557,352	\$3,832,352	\$4,107,352	\$4,382,352	
Plus: Additions	0	26,876	0	50,000	250,000	250,000	275,000	275,000	275,000	275,000	
Balanace with Liquidity Fund	(50,000)	(61,000)	0	0	0	0	0	0	0	0	
Plus: Debt Proceeds	3,400,000	37,010,495	0	8,605,509	0	0	0	0	0	0	
Less: Uses	(3,834,635)	0	(19,219,988)	(24,705,081)	(1,345,430)	(292,878)	0	0	0	0	
Ending Balance	\$2,988,849	\$39,965,220	\$20,745,232	\$4,695,660	\$3,600,230	\$3,557,352	\$3,832,352	\$4,107,352	\$4,382,352	\$4,657,352	
<i>Min. Fund Balance = 150% of Annual Dep. Exp.</i>	\$644,268	\$1,394,985	\$303,616	\$262,551	\$1,238,551	\$1,543,027	\$1,585,000	\$1,628,000	\$1,672,000	\$1,717,000	2.7% / Yr Growth
Emergency Reserves											
Beginning Balance	\$500,000	\$500,000	\$500,000	\$650,000	\$825,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
Plus: Additions	0	0	150,000	175,000	175,000	0	0	0	0	0	
Less: Uses	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$500,000	\$500,000	\$650,000	\$825,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
<i>Minimum Fund Balance</i>	\$500,000	\$500,000	\$500,000	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
Debt Service Fund											
Beginning Balance	\$509,117	\$579,362	\$1,829,362	\$2,229,362	\$2,639,362	\$3,144,362	\$2,964,362	\$2,964,362	\$2,964,362	\$2,964,362	
Plus: Additions	70,245	1,250,000	400,000	410,000	505,000	0	0	0	0	0	
Less: Uses	0	0	0	0	0	(180,000)	0	0	0	0	
Ending Balance	\$579,362	\$1,829,362	\$2,229,362	\$2,639,362	\$3,144,362	\$2,964,362	\$2,964,362	\$2,964,362	\$2,964,362	\$2,964,362	
<i>Min. Fund Balance = Annual Debt Service</i>	\$550,058	\$653,616	\$2,125,536	\$2,635,759	\$3,143,555	\$2,964,001	\$2,964,001	\$2,964,001	\$2,964,000	\$2,964,002	
Connection Fee Fund											
Beginning Balance	\$0	\$43,933	\$88,164	\$132,738	\$177,702	\$223,100	\$268,981	\$315,092	\$361,433	\$408,005	
Plus: Additions	188,100	188,100	188,100	188,100	188,100	188,100	188,100	188,100	188,100	188,100	
Less: Uses	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	
Interest Revenue	833	1,131	1,474	1,863	2,299	2,781	3,010	3,241	3,473	3,706	
Ending Balance	\$43,933	\$88,164	\$132,738	\$177,702	\$223,100	\$268,981	\$315,092	\$361,433	\$408,005	\$454,811	
Total Ending Fund Balance	\$7,658,398	\$46,031,465	\$27,881,996	\$13,604,815	\$13,709,872	\$14,849,673	\$16,526,150	\$18,434,352	\$20,469,020	\$22,705,231	
<i>Less: Other Funds</i>	(43,933)	(88,164)	(132,738)	(177,702)	(223,100)	(268,981)	(315,092)	(361,433)	(408,005)	(454,811)	
<i>Less: Target Ending Minimum Balance</i>	5,051,490	6,082,050	6,687,640	7,297,814	10,394,637	12,081,010	12,288,553	12,517,986	12,830,907	13,106,241	
Target Ending Fund Bal. / (Def.)	\$2,562,975	\$39,861,251	\$21,061,618	\$6,129,299	\$3,092,134	\$2,499,682	\$3,922,505	\$5,554,933	\$7,230,108	\$9,144,179	

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Admin Building											
Admin Building - HVAC Boiler and Controls	\$0	\$0	\$66,617	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Boardroom AV Upgrade	0	42,000	0	0	0	0	0	0	0	0	
Total Admin Building	\$0	\$42,000	\$66,617	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Effluent Disposal Assets											
Irrigation Wheel Line	\$0	\$0	\$0	\$0	\$0	\$14,295	\$0	\$0	\$0	\$0	
Cactus Flats Repair	0	131,841	0	0	0	0	0	0	0	0	
Service Upgrade	0	21,095	0	0	0	0	0	0	0	0	
Cabinet	0	36,916	0	0	0	0	0	0	0	0	
Total Effluent Disposal Assets	\$0	\$189,852	\$0	\$0	\$0	\$14,295	\$0	\$0	\$0	\$0	
Flow Measuring Device											
RAS Flow Meter	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
CSA Flow Meter	15,850	0	0	0	0	0	0	0	0	0	
Effluent Flow Meter	0	0	0	0	0	12,668	0	0	0	0	
Flow Meter CSD/CSA - OAC	0	0	0	0	0	16,432	0	0	0	0	
Total Flow Measuring Device	\$15,850	\$0	\$0	\$0	\$0	\$29,100	\$0	\$0	\$0	\$0	
Interceptor System											
Main Trunk Sliplining (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
NSPS 1 Well Rehab	0	0	0	40,866	0	0	0	0	0	0	
NSPS 2 Well Rehab	0	0	39,791	0	0	0	0	0	0	0	
NSPS 3 Well Rehab w/bypass	125,000	0	0	0	0	0	0	0	0	0	
Roofing LPS	0	51,350	0	0	0	0	0	0	0	0	
Total Interceptor System	\$125,000	\$51,350	\$39,791	\$40,866	\$0	\$0	\$0	\$0	\$0	\$0	

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Other Equipment											
SCADA System Replacement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Radio Communication Equipment	0	0	0	0	0	0	0	0	0	0	
IT System - Production Host	0	0	0	26,399	0	0	0	0	0	0	
IT System - Backup Appliance w/Firewall	0	0	0	24,356	0	0	0	0	0	0	
VFD T/P - Rotor 1 60 HP (7 yr)	0	0	0	0	16,837	0	0	0	0	0	
VFD T/P - Rotor 2 60 HP (7 yr)	0	0	0	0	17,015	0	0	0	0	0	
VFD T/P - Rotor 4 60 HP (7 yr)	0	0	0	0	0	17,525	0	0	0	0	
VFD T/P - Rotor 5 60 HP (7 yr)	0	0	0	0	0	17,525	0	0	0	0	
VFD Interceptor - LPS (7 yr)	18,077	0	0	0	0	0	0	0	0	0	
Ground Fault Monitor TP	0	0	0	0	31,479	0	0	0	0	0	
BOD Incubator	7,769	0	0	0	0	0	0	0	0	0	
Emergency By-Pass Pump 4"	0	0	0	66,089	0	0	0	0	0	0	
Emergency By-Pass Pump 4"	0	0	0	64,477	0	0	0	0	0	0	
Emergency Back-up Pump 6 "	0	0	0	0	0	0	0	0	0	0	
Copier	0	0	0	19,390	0	0	0	0	0	0	
Security Lights Treatment Plant	0	0	0	0	43,714	0	0	0	0	0	
Surveillance System	0	0	0	0	49,419	0	0	0	0	0	
Total Other Equipment	\$25,846	\$0	\$0	\$200,711	\$158,464	\$35,050	\$0	\$0	\$0	\$0	

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Other Tangible Plant											
Admin Parking Lot Grind, Overlay and Geomesh	\$0	\$0	\$0	\$0	\$0	\$148,268	\$0	\$0	\$0	\$0	
Palomino Drive Repave	0	0	0	0	0	329,484	0	0	0	0	
Asphalt and Paving	0	0	0	0	0	650,000	0	0	0	0	
Total Other Tangible Plant	\$0	\$0	\$0	\$0	\$0	\$1,127,752	\$0	\$0	\$0	\$0	
Studies and Maps											
New Pipeline Maps	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Studies and Maps	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Power Generating Equipment											
Station 3 Generator + Fuel System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
LPS Generator + Fuel System	152,213	0	0	0	0	0	0	0	0	0	
Total Power Generating Equipment	\$152,213	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transportation Equipment											
1989 Dump Truck Replacement	\$0	\$0	\$102,355	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2010 GMC 1/2 Ton	0	0	0	0	54,703	0	0	0	0	0	
Utility Cart Electric (accessory ladderack)	8,106	0	0	0	0	0	0	0	0	0	
Utility Cart Gas	31,495	0	0	0	0	0	0	0	0	0	
Volvo Compact Wheel Loader (upsized)	0	0	147,946	0	0	0	0	0	0	0	
Bobcat Backhoe	0	0	94,797	0	0	0	0	0	0	0	
Bobcat Hammer Attachment	0	0	0	14,848	0	0	0	0	0	0	
Total Transportation Equipment	\$39,601	\$0	\$345,098	\$14,848	\$54,703	\$0	\$0	\$0	\$0	\$0	

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Treatment Plant											
Pro Easy Analyzer	\$18,318	\$0	\$0	\$0	\$17,973	\$0	\$0	\$0	\$0	\$0	
Submersible Pump - 15 HP (2)	8,575	0	0	0	0	0	0	0	0	0	
Oxidation Ditch Wall Rehabilitation	0	108,862	762,569	0	0	0	0	0	0	0	
Scum and Tank Drain Pump - 10 HP	0	44,742	0	0	0	0	0	0	0	0	
Submersible Pump - 15 HP (2)	0	0	0	47,191	0	0	0	0	0	0	
Auxiliary Pump 1	0	5,655	0	0	0	0	0	0	0	0	
Auxiliary Pump 2	0	0	5,807	0	0	0	0	0	0	0	
RAS Pump Rebuild 1	0	0	5,807	0	0	0	0	0	0	0	
RAS Pump 2 Rebuild	0	5,655	0	0	0	0	0	0	0	0	
RAS Pump 3 Rebuild	28,000	0	0	0	0	0	0	0	0	0	
RAS Pump 4 7.5 HP Rebuild	12,706	0	0	0	0	0	0	0	0	0	
Effluent Pump 1 40 HP	0	0	0	0	0	32,354	0	0	0	0	
Effluent Pump 2 40 HP	0	0	0	0	31,411	0	0	0	0	0	
Effluent Pump 3 100 HP	0	28,998	0	0	0	0	0	0	0	0	
Effluent Pump 4 100 HP	0	28,998	0	0	0	0	0	0	0	0	
Effluent Pump 5 100 HP	200,000	0	0	0	0	0	0	0	0	0	
Effluent Pump 6 100 HP	0	0	0	0	0	0	0	0	0	0	
Pipe and Valve Replacement	0	0	0	0	0	0	0	0	0	0	
Sludge Building - Siding	0	0	11,086	0	0	0	0	0	0	0	
Sludge Building - Roofing Sheet Metal	0	0	79,105	0	0	0	0	0	0	0	
OAC Roof	0	0	79,105	0	0	0	0	0	0	0	
Grit System Rehab Project Mgt	72,292	0	0	0	0	0	0	0	0	0	
Grit System Rehab	1,258,433	0	0	0	0	0	0	0	0	0	
Wash Press Hedworks	0	138,156	0	0	0	0	0	0	0	0	
Total Treatment Plant	\$1,598,324	\$361,066	\$943,479	\$47,191	\$49,384	\$32,354	\$0	\$0	\$0	\$0	

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Replenish Big Bear Capital											
Maintenance CAPEX	\$0	\$0	\$0	\$0	\$0	\$324,327	\$324,327	\$324,327	\$324,327	\$324,327	
Program Management	202,359	402,672	395,672	339,087	130,751	0	0	0	0	0	
Funding and Financing	162,257	45,457	38,810	29,680	9,741	0	0	0	0	0	
Regulatory	191,734	210,960	139,240	43,210	0	0	0	0	0	0	
Water Quality Monitoring	95,968	43,622	42,261	121,991	79,731	0	0	0	0	0	
Preliminary Design	299,223	0	0	0	0	0	0	0	0	0	
Piloting	1,259,607	109,143	0	0	0	0	0	0	0	0	
Environmental	225,141	50,326	0	0	0	0	0	0	0	0	
Final Design	122,297	3,284,254	551,528	0	0	0	0	0	0	0	
Engineering Services During Construction	0	0	640,894	647,541	195,844	0	0	0	0	0	
Construction Management	0	0	1,596,224	1,819,684	937,979	0	0	0	0	0	
Construction	0	0	15,762,373	30,424,866	8,861,761	0	0	0	0	0	
WIFIA Support No Cost Share	19,261	0	0	0	0	0	0	0	0	0	
Outreach Support	3,278	0	0	0	0	0	0	0	0	0	
Stakeholder Coordination	10,396	0	0	0	0	0	0	0	0	0	
Facilities Plan	0	0	0	0	0	0	0	0	0	0	
Other	59,497	0	0	0	0	0	0	0	0	0	
Financing Costs	184,646	166,000	400,000	55,000	553,000	0	0	0	0	0	
Total Replenish Big Bear Capital	\$2,835,665	\$4,312,433	\$19,567,002	\$33,481,059	\$10,768,807	\$324,327	\$324,327	\$324,327	\$324,327	\$324,327	

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Notes
Future Unidentified Capital Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$945,673	\$945,673	\$945,673	\$945,673	
To Capital Reserves	\$0	\$26,876	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Capital Improvement Projects	\$4,892,499	\$4,983,577	\$20,961,987	\$33,784,675	\$11,031,358	\$1,562,878	\$1,270,000	\$1,270,000	\$1,270,000	\$1,270,000	
<i>Less: Other Funding Sources</i>											
Operating Fund-Sewer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital and Replacement Fund	3,834,635		19,219,988	24,705,081	1,345,430	292,878	0	0	0	0	
Connection Fees	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	
Proceeds from Debt	0	0	0	0	0	0	0	0	0	0	
Grants	187,863	4,113,578	871,999	8,159,595	8,615,928	0	0	0	0	0	
New Long-Term Borrowing	0	(0)	0	(0)	(0)	0	0	0	0	0	Calculated
Total Other Funding Sources	\$4,092,499	\$4,183,577	\$20,161,987	\$32,934,675	\$10,031,358	\$362,878	\$70,000	\$70,000	\$70,000	\$70,000	
Rate Funded Capital	\$800,000	\$800,000	\$800,000	\$850,000	\$1,000,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Debt Service Schedules
 Exhibit 5

Year	Compass Bank Loan	Compass II Bank Loan	Capital One - RBB	Construction Loan - RBB	Revenue Bond - RBB	WIFIA - RBB	Total
FY 2023	\$359,108	\$150,008	\$40,942	\$0	\$0	\$0	\$550,058
FY 2024	359,108	150,009	144,500	0	0	0	653,616
FY 2025	359,108	150,009	0	1,616,420	0	0	2,125,536
FY 2026	359,108	150,008	0	1,616,420	510,224	0	2,635,759
FY 2027	179,555	150,008	0	0	510,224	2,303,768	3,143,555
FY 2028	0	150,009	0	0	510,224	2,303,768	2,964,001
FY 2029	0	150,009	0	0	510,224	2,303,768	2,964,001
FY 2030	0	150,009	0	0	510,224	2,303,768	2,964,001
FY 2031	0	150,008	0	0	510,224	2,303,768	2,964,000
FY 2032	0	150,010	0	0	510,224	2,303,768	2,964,002
FY 2033	0	150,008	0	0	510,224	2,303,768	2,964,000
FY 2034	0	75,004	0	0	510,224	2,303,768	2,888,996
FY 2035	0	0	0	0	510,224	2,303,768	2,813,992
FY 2036	0	0	0	0	510,224	2,303,768	2,813,992
FY 2037	0	0	0	0	510,224	2,303,768	2,813,992
FY 2038	0	0	0	0	510,224	2,303,768	2,813,992
FY 2039	0	0	0	0	510,224	2,303,768	2,813,992
FY 2040	0	0	0	0	510,224	2,303,768	2,813,992
FY 2041	0	0	0	0	510,224	2,303,768	2,813,992
FY 2042	0	0	0	0	510,224	2,303,768	2,813,992
FY 2043	0	0	0	0	510,224	2,303,768	2,813,992
FY 2044	0	0	0	0	510,224	2,303,768	2,813,992
FY 2045	0	0	0	0	510,224	2,303,768	2,813,992
FY 2046	0	0	0	0	0	2,303,768	2,303,768
FY 2047	0	0	0	0	0	2,303,768	2,303,768
FY 2048	0	0	0	0	0	2,303,768	2,303,768
FY 2049	0	0	0	0	0	2,303,768	2,303,768
FY 2050	0	0	0	0	0	2,303,768	2,303,768
FY 2051	0	0	0	0	0	2,303,768	2,303,768
FY 2052	0	0	0	0	0	2,303,768	2,303,768
	\$1,615,985	\$1,725,100	\$185,442	\$3,232,840	\$10,204,474	\$59,897,971	\$76,861,812

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total	
City of Big Bear Lake														
	<i>\$ / EDU / Yr</i>													
Fixed Rate	\$246.83	11,697.70	11,698	11,698	11,698	11,698	11,698	11,698	11,698	11,698	11,698	11,698	11,698	11,698
	<i>\$ / 1,000 gallons</i>													
Variable Rate	\$0.00	329,446	0	0	0	0	0	0	0	0	0	0	0	329,446
Revenues														
Fixed Rate	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$2,887,343
Variable Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$240,612	\$2,887,343
Big Bear CSD														
	<i>\$ / EDU / Yr</i>													
Fixed Rate	\$246.83	12,326.00	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326	12,326
	<i>\$ / 1,000 gallons</i>													
Variable Rate	\$0.00	303,577	0	0	0	0	0	0	0	0	0	0	0	303,577
Revenues														
Fixed Rate	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$3,042,427
Variable Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$253,536	\$3,042,427
CSA 53B														
	<i>\$ / EDU / Yr</i>													
Fixed Rate	\$246.83	1,264.00	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
	<i>\$ / 1,000 gallons</i>													
Variable Rate	\$0.00	22,187	0	0	0	0	0	0	0	0	0	0	0	22,187
Revenues														
Fixed Rate	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$311,993
Variable Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$25,999	\$311,993

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Volume Distribution Factor
 Exhibit 7

	FY 2023	0.0%	Total Annual	Avg. Daily	% of	
	Annual Flow	Inflow and	Flow at Plant	Flow At	Total	<i>Flow / EDU</i>
	(1,000 gal) ^[1]	Infiltration ^[2]	(1,000 gal)	Plant (MGD)		
All Customers	655,210	0	655,210	1.80	100.0%	25.91
Total	655,210		655,210	1.80	100.0%	
		Actual Flow ^[3]	726,497	1.99		
						(VOL)

Notes

- [1] - Based on BBARWA Member Agency Flow
 [2] - Estimated
 [3] - Provided by BBARWA from CY 2020

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Customer Distribution Factor
 Exhibit 8

	<i>Actual Customer</i>		<i>Customer Service & Accounting</i>			
	Number of EDUs ^[1]	% of Total	Number of EDUs ^[1]	Weighting Factor	Weighted Customer	% of Total
All Customers	25,288	100.0%	25,288	1.00	25,288	100.0%
Total	25,288	100.0%	25,288		25,288	100.0%
		<i>(AC)</i>				<i>(WCA)</i>

Notes

[1] - EDUs are taken from Exhibit 5 and adjusted for growth

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Strength Distribution Factor
 Exhibit 9

	Annual Flow (1,000 gal)	<i>Bio-Chemical Oxygen Demand</i> ^[1]			<i>Suspended Solids</i> ^[2]		
		Avg. Factor (mg/l)	Calculated Pounds	% of Total	Avg. Factor (mg/l)	Calculated Pounds	% of Total
All Customers	655,210	287	1,570,574	100.0%	293	1,601,540	100.0%
Total	655,210		1,570,574	100.0%		1,601,540	100.0%
		287			293		
				(BOD)			(SS)

Notes

- [1] - Based on June - July 2010 Sampling
 [2] - Based on same ratio as BOD samples

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Revenue Related Distribution Factor
 Exhibit 10

	Test Year FY 2024	% of Total
All Customers	\$6,252,870	100.0%
Total Revenues	\$6,252,870	100.0%

(RR)

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Net Plant In Service
Exhibit 11.1

	As of 6/30/2021	Strength Related			Direct Assignment (DA)	Basis of Classification
		Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)		
Treatment						
Effluent Disposal Assets	\$600,213	\$600,213	\$0	\$0	\$0	100.0% VOL
Flow Measuring Devices	60,823	60,823	0	0	0	100.0% VOL
Treatment Plant	8,586,647	4,293,323	3,005,326	1,287,997	0	50.0% VOL 35.0% BOD 15.0% SS
Power Generation	1,226,399	657,032	398,557	170,810	0	As Above
Land	1,037,626	555,898	337,209	144,518	0	As Above
Total Treatment	\$11,511,707	\$6,167,289	\$3,741,092	\$1,603,325	\$0	
		53.6%	32.5%	13.9%	0.0%	
Collection						
Interceptor System	\$1,385,672	\$1,385,672	\$0	\$0	\$0	100.0% VOL
Other Equipment	1,016,569	1,016,569	0	0	0	100.0% VOL
Total Collection	\$2,402,241	\$2,402,241	\$0	\$0	\$0	
Total Plant Before General Plant	\$13,913,948	\$8,569,530	\$3,741,092	\$1,603,325	\$0	
<i>Factor PBGP</i>	<i>100.0%</i>	<i>61.6%</i>	<i>26.9%</i>	<i>11.5%</i>	<i>0.0%</i>	<i>Plant Before General Plant</i>
General Plant						
Administration Building	\$1,086,827	\$669,371	\$292,219	\$125,237	\$0	As PBGP
Other Tangible Plant	514,681	316,989	138,384	59,307	0	As PBGP
Studies and Maps	15,754	9,703	4,236	1,815	0	As PBGP
Transportation Equipment	247,095	152,185	66,437	28,473	0	As PBGP
Total General Plant	\$1,864,356	\$1,148,248	\$501,276	\$214,833	\$0	
		61.6%	26.9%	11.5%	0.0%	
Total Net Plant in Service	\$15,778,305	\$9,717,778	\$4,242,369	\$1,818,158	\$0	

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Functionalization and Allocation of
Revenue Requirement
Exhibit 12.1

	Expenses FY 2024	Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Direct (DA)	Basis of Classification
Expenses						
Salaries and Benefits						
Salaries and Wages	\$1,788,554	\$1,101,561	\$480,895	\$206,098	\$0	As Treat. & Collect.
Employee Benefits	1,083,023	667,029	291,196	124,798	0	As Treat. & Collect.
Accrued Benefits Expense	27,034	16,650	7,269	3,115	0	As Treat. & Collect.
Payroll Tax Expense	26,038	16,037	7,001	3,000	0	As Treat. & Collect.
Unemployment Expense	0	0	0	0	0	As Treat. & Collect.
Total Salaries and Benefits	\$2,924,650	\$1,801,277	\$786,361	\$337,012	\$0	
Power						
Solar Purchases	\$253,843	\$135,994	\$82,494	\$35,355	\$0	As Treatment
Fuel for Power Production	12,279	6,578	3,990	1,710	0	As Treatment
Gas Admin Building	5,771	3,554	1,552	665	0	As Net Plant in Service
Gas Treatment Plant	11,069	5,930	3,597	1,542	0	As Treatment
Electricity - Treatment Plant	131,404	70,398	42,704	18,302	0	As Treatment
Electricity - Stations	71,510	71,510	0	0	0	100.0% VOL
Electricity - Admin Building	12,798	7,883	3,441	1,475	0	As Net Plant in Service
Electricity - Lucerne	755	755	0	0	0	100.0% VOL
Total Power	\$499,429	\$302,602	\$137,778	\$59,048	\$0	
Sludge Removal	\$336,212	\$0	\$0	\$336,212	\$0	100.0% SS
Chemicals						
Odor Control-Disinfectant	\$10,961	\$5,872	\$3,562	\$1,527	\$0	As Treatment
Polymer	69,749	37,367	22,667	9,714	0	As Treatment
Laboratory Reagents	14,370	7,699	4,670	2,001	0	As Treatment
Total Chemicals	\$95,080	\$50,938	\$30,899	\$13,243	\$0	

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Functionalization and Allocation of
Revenue Requirement
Exhibit 12.1

	Expenses FY 2024	Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Direct (DA)	Basis of Classification
Materials and Supplies						
Office Equip, Supplies, Expense	\$74,501	\$45,885	\$20,031	\$8,585	\$0	As Treat. & Collect.
Safety Supplies and Expenses	7,072	4,356	1,901	815	0	As Treat. & Collect.
Laboratory Supplies	15,800	9,731	4,248	1,821	0	As Treat. & Collect.
Fuel - Vehicles	15,396	9,482	4,140	1,774	0	As Treat. & Collect.
Oils, Antifreeze, Filters	25,865	15,930	6,954	2,980	0	As Treat. & Collect.
Degreasers and Solvents	5,831	3,591	1,568	672	0	As Treat. & Collect.
Hardware, Cleaning, Painting	4,122	2,539	1,108	475	0	As Treat. & Collect.
Ground Maint and Supplies	7,284	4,486	1,958	839	0	As Treat. & Collect.
Electrical Supplies	6,791	4,183	1,826	783	0	As Treat. & Collect.
Welding and Fab Supplies	1,740	1,072	468	201	0	As Treat. & Collect.
Tools and Equipment	11,203	6,900	3,012	1,291	0	As Treat. & Collect.
Plumbing Supplies	4,584	2,823	1,233	528	0	As Treat. & Collect.
Tertiary Water	0	0	0	0	0	As Treat. & Collect.
Purchase Discounts	0	0	0	0	0	As Treat. & Collect.
Total Materials and Supplies	\$180,189	\$110,978	\$48,448	\$20,763	\$0	
Repairs and Replacements						
Mainline	\$8,757	\$5,393	\$2,355	\$1,009	\$0	As Treat. & Collect.
Pumps, Motors, Bearings	81,886	50,433	22,017	9,436	0	As Treat. & Collect.
Equip and Machinery	24,547	15,118	6,600	2,829	0	As Treat. & Collect.
Vehicles	11,066	6,815	2,975	1,275	0	As Treat. & Collect.
Generators	7,223	4,449	1,942	832	0	As Treat. & Collect.
Irrigation System - Lucerne	6,133	3,777	1,649	707	0	As Treat. & Collect.
Other	108,076	66,563	29,059	12,454	0	As Treat. & Collect.
Total Repairs and Replacements	\$247,688	\$152,550	\$66,597	\$28,541	\$0	
Equipment Rental	\$912	\$562	\$245	\$105	\$0	As Net Plant in Service

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Functionalization and Allocation of
Revenue Requirement
Exhibit 12.1

	Expenses FY 2024	Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Direct (DA)	Basis of Classification
Utilities Expense						
Water	\$4,992	\$3,075	\$1,342	\$575	\$0	As Net Plant in Service
Trash Pick Up	6,156	3,791	1,655	709	0	As Net Plant in Service
Solid Waste Disposal	25,852	15,922	6,951	2,979	0	As Net Plant in Service
Total Utilities Expense	\$37,000	\$22,788	\$9,948	\$4,264	\$0	
Communications Expense						
SCADA	\$32,040	\$32,040	\$0	\$0	\$0	100.0% VOL
Radio Service and Repair	432	432	0	0	0	100.0% VOL
Television	697	697	0	0	0	100.0% VOL
Telephone Service and Repair	14,745	14,745	0	0	0	100.0% VOL
Internet Access	24,730	24,730	0	0	0	100.0% VOL
Total Communications Expense	\$72,644	\$72,644	\$0	\$0	\$0	
Contractual Services - Other						
Fiscal Agent and Bank Fees	\$5,952	\$3,666	\$1,600	\$686	\$0	As Net Plant in Service
Testing	18,406	11,336	4,949	2,121	0	As Net Plant in Service
Uniform, Towel and Rag	15,572	9,591	4,187	1,794	0	As Net Plant in Service
Medical and EAP	13,289	8,185	3,573	1,531	0	As Net Plant in Service
Security, Fire Alarm	6,435	3,963	1,730	742	0	As Net Plant in Service
Web Site Hosting	139	85	37	16	0	As Net Plant in Service
Landscaping	8,851	5,451	2,380	1,020	0	As Net Plant in Service
Labor	9,108	5,610	2,449	1,050	0	As Net Plant in Service
Heating, Ventilation, Air Cond	12,692	7,817	3,413	1,463	0	As Net Plant in Service
Answering Service	734	452	197	85	0	As Net Plant in Service
Janitorial	18,410	11,339	4,950	2,121	0	As Net Plant in Service
Total Contractual Services - Other	\$109,588	\$67,495	\$29,465	\$12,628	\$0	

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Functionalization and Allocation of
Revenue Requirement
Exhibit 12.1

	Expenses FY 2024	Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Direct (DA)	Basis of Classification
Contractual Services - Professional						
Engineering	\$15,000	\$8,036	\$4,875	\$2,089	\$0	As Treatment
Legal	95,393	58,752	25,649	10,992	0	As Net Plant in Service
Other	78,634	48,431	21,143	9,061	0	As Net Plant in Service
Total Contractual Services - Professional	\$189,027	\$115,218	\$51,666	\$22,143	\$0	
Permits and Fees	\$259,973	\$160,116	\$69,900	\$29,957	\$0	As Net Plant in Service
Insurance						
Workman's Compensation	\$56,038	\$34,514	\$15,067	\$6,457	\$0	As Net Plant in Service
General Liability and Vehicle	184,640	113,719	49,645	21,276	0	As Net Plant in Service
Other Insurance Expense	0	0	0	0	0	As Net Plant in Service
Total Insurance	\$240,678	\$148,232	\$64,712	\$27,734	\$0	
Other Expense						
Memberships, Dues and Subscrip	\$18,198	\$18,198	\$0	\$0	\$0	100.0% VOL
Directors Fees	9,924	9,924	0	0	0	100.0% VOL
Public Notices	3,727	3,727	0	0	0	100.0% VOL
Education and Training	24,477	24,477	0	0	0	100.0% VOL
Advertising	3,500	3,500	0	0	0	100.0% VOL
Total Other Expense	\$59,826	\$59,826	\$0	\$0	\$0	
Total Operations & Maintenance	\$5,252,897	\$3,065,227	\$1,296,020	\$891,650	\$0	
Taxes and Transfers						
Property Tax	\$4,124	\$2,406	\$1,017	\$700	\$0	As O&M
Total Taxes and Transfers	\$4,124	\$2,406	\$1,017	\$700	\$0	
Rate Funded Capital	\$800,000	\$428,593	\$259,985	\$111,422	\$0	As Net Plant in Service

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Functionalization and Allocation of
Revenue Requirement
Exhibit 12.1

	Expenses FY 2024	Volume (VOL)	Bio-Oxygen Demand (BOD)	Suspended Solids (SS)	Direct (DA)	Basis of Classification
Debt Service						
Compass Bank Loan	\$359,108	\$192,389	\$116,703	\$50,016	\$0	As Net Plant in Service
Compass II Bank Loan	150,009	80,366	48,750	20,893	0	As Treatment Plant
Capital One - RBB	144,500	77,415	46,960	20,126	0	As Treatment Plant
New Long-Term Borrowing	0	0	0	0	0	As Net Plant in Service
Total Debt Service	\$653,616	\$350,169	\$212,413	\$91,034	\$0	
<i>Less: Debt Service Funding</i>						
Growth Related Funding	\$75,000	\$40,181	\$24,374	\$10,446	\$0	As Debt
Rate Related Funding	0	0	0	0	0	As Debt
Total Less Debt Service Funding	\$75,000	\$40,181	\$24,374	\$10,446	\$0	
Net Debt Service	\$578,616	\$309,988	\$188,040	\$80,588	\$0	
Reserve Funding						
To / (From) Operations - Liquidity	(\$3,535)	(\$2,063)	(\$872)	(\$600)	\$0	As O&M Expenses
To / (From) Operations - Contingency	45,000	26,259	11,103	7,638	0	As O&M Expenses
To / (From) Capital and Replacement Fund	0	0	0	0	0	As O&M Expenses
To / (From) Debt Service Reserve	1,250,000	729,414	308,406	212,180	0	As O&M Expenses
Total Reserve Funding	\$1,291,465	\$753,610	\$318,636	\$219,219	\$0	
Total Revenue Requirement	\$7,927,102	\$4,559,824	\$2,063,699	\$1,303,579	\$0	
Less: Other Revenues						
Standby Charge	\$78,297	\$78,297	\$0	\$0	\$0	100.0% VOL
Waste Disposal - Haulers	21,690	21,690	0	0	0	100.0% VOL
Lease Revenue	55,048	55,048	0	0	0	100.0% VOL
Interest	112,301	112,301	0	0	0	100.0% VOL
Replenish Big Bear - Contribution	0	0	0	0	0	100.0% VOL
Total Other Revenues	\$267,336	\$267,336	\$0	\$0	\$0	
Net Revenue Requirement	\$7,659,766	\$4,292,488	\$2,063,699	\$1,303,579	\$0	

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Distribution of the Revenue Requirement
 Exhibit 13

	FY 2024 Net Revenue Requirement	All Customers	<i>Distribution Factor</i>
Volume Related	\$4,292,488	\$4,292,488	(VOL)
Strength Related			
Bio-oxygen Demand	\$2,063,699	\$2,063,699	(BOD)
Suspended Solids	1,303,579	1,303,579	(SS)
<i>Total Strength Related</i>	\$3,367,278	\$3,367,278	
Direct Assignment	\$0	\$0	
Net Revenue Requirement	\$7,659,766	\$7,659,766	

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Summary of Cost of Service Analysis
 Exhibit 14

	FY 2024 Expenses	All Customers
Revenues at Present Rates ^[1]	\$6,252,870	\$6,252,870
Allocated Revenue Requirement	\$7,659,766	\$7,659,766
<i>Balance/(Deficiency) of Funds</i>	<i>(\$1,406,896)</i>	<i>(\$1,406,896)</i>
Required % Rate Adjustment	22.5%	22.5%

[1] - Revenues are based on current per EDU charge, not adjusted for volume

Big Bear Area Regional Wastewater Agency
 Sewer Rate Study
 Average Unit Cost
 Exhibit 15

	FY 2024 Expenses	All Customers
Volume \$ / 1,000 gallon	\$6.55	\$6.55
Strength \$ / EDU		
Bio-oxygen Demand	\$81.61	\$81.61
Suspended Solids	51.55	51.55
Total Strength \$ / EDU	\$133.16	\$133.16
Average Allocated Cost \$ / EDU	\$302.90	\$302.90
Average Total Revenue \$ / EDU	\$247.27	\$247.27
Average Total Cost / 1,000 gallons	\$11.69	\$11.69
Basic Data		
Annual Volumes (1,000 gallons)	655,210	655,210
Number of Accounts (EDUs)	25,288	25,288



Big Bear Area Regional
Wastewater Agency
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 10.A.

MEETING DATE: March 22, 2023

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. 02-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Clarifying the Fiscal Year 2024 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 2024 remain unchanged and are charged based upon parcel size, as follows:

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

FINANCIAL IMPACT:

During FY 2024, the Member Agencies will collect the standby fee (approximately \$75,000 in FY 2024) and submit such standby fee revenue to BBARWA.

RECOMMENDATION:

Approve Resolution No. R. 02-2023.

ATTACHMENT:

Resolution No. R. 02-2023

RESOLUTION NO. R. 02-2023

**A RESOLUTION OF THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY
CLARIFYING THE FISCAL YEAR 2024 SEWER STANDBY OR IMMEDIATE AVAILABILITY CHARGES**

WHEREAS, the Governing Board desires to clarify the sewer standby or immediate availability charges contained in Ordinance No. O. 03-2018; 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.

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, 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, 2023 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, 2023 (fifty percent of such charges) and April 30, 2024 (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."

3. 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.

4. 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.

5. 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 22nd day of March, 2023.

John Green, 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. 02-2023, Clarifying the Fiscal Year 2024 Sewer Standby or Immediate Availability Charges, was duly adopted at a regular meeting of the Governing Board held on the 22nd day of March 2023, 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
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 10.B.

MEETING DATE: March 22, 2023

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. 03-2023, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Establishing 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 22.5% in FY 2024, with an increase of 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 2024 is set based on the agreed upon calculations. FY 2025 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 2024 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:

Approve Resolution No. R. 03-2023.

ATTACHMENTS:

- Resolution No. R. 03-2023
- Member Agency Rate Impact

RESOLUTION NO. R. 03-2023

**A RESOLUTION OF THE GOVERNING BOARD OF THE BIG
BEAR AREA REGIONAL WASTEWATER AGENCY
ESTABLISHING 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 same reason;

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 2024 in the maximum amount set forth below, and projects the User Charge for future years, commencing Fiscal Year 2025, in the amounts set forth below and subject to Section 4 below.

Collecting Agency	\$/EDU				
	FY 2024 Effective July 1, 2023	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	\$302.37	\$356.79	\$421.02	\$496.80	\$586.22
City of Big Bear Lake	\$311.83	\$365.77	\$431.35	\$509.03	\$601.20
Big Bear City CSD	\$295.67	\$351.27	\$414.53	\$489.12	\$576.81
CSA 53 B	\$280.28	\$327.55	\$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 2025 – 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. Commencing for Fiscal Year 2025, 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 22nd day of March, 2023.

John Green, 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. 03-2023, Establishing 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 22nd day of March 2023, 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 2023	FY 2024	FY 2024 Breakout		Annual Change		Monthly Change
	Actual	Proposed	BBARWA	RBB	\$	%	\$
Established	\$ 246.83	\$ 302.37	\$ 250.68	\$ 51.69	\$ 55.54	22.5%	\$ 4.63
CBBL	\$ 255.75	\$ 311.83	\$ 258.52	\$ 53.31	\$ 56.08	21.9%	\$ 4.67
CSD	\$ 239.78	\$ 295.67	\$ 245.12	\$ 50.54	\$ 55.89	23.3%	\$ 4.66
CSA 53 B	\$ 233.17	\$ 280.28	\$ 232.37	\$ 47.91	\$ 47.11	20.2%	\$ 3.93

Rate Impact Below is Subject to Annual Review

Rate	FY 2024	FY 2025	FY 2025 Breakout		Annual Change		Monthly Change
	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$ 302.37	\$ 356.79	\$ 260.71	\$ 96.08	\$ 54.42	18.0%	\$ 4.54
CBBL	\$ 311.83	\$ 365.77	\$ 267.28	\$ 98.50	\$ 53.94	17.3%	\$ 4.50
CSD	\$ 295.67	\$ 351.27	\$ 256.68	\$ 94.59	\$ 55.60	18.8%	\$ 4.63
CSA 53 B	\$ 280.28	\$ 327.55	\$ 239.34	\$ 88.21	\$ 47.27	16.9%	\$ 3.94

Rate	FY 2025	FY 2026	FY 2026 Breakout		Annual Change		Monthly Change
	Proposed	Proposed	BBARWA	RBB	\$	%	\$
Established	\$ 356.79	\$ 421.02	\$ 271.14	\$ 149.88	\$ 64.23	18.0%	\$ 5.35
CBBL	\$ 365.77	\$ 431.35	\$ 277.79	\$ 153.56	\$ 65.58	17.9%	\$ 5.46
CSD	\$ 351.27	\$ 414.53	\$ 266.96	\$ 147.57	\$ 63.26	18.0%	\$ 5.27
CSA 53 B	\$ 327.55	\$ 388.79	\$ 250.39	\$ 138.41	\$ 61.24	18.7%	\$ 5.10

Rate	FY 2026	FY 2027	FY 2027 Breakout		Annual Change		Monthly Change
	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	FY 2028 Breakout		Annual Change		Monthly Change
	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
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 10.C.

MEETING DATE: March 22, 2023

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. 05-2023, 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 2024, FY 2025, and FY 2026, the change in the Sewer User Charge is expected to be 22.5%, 18%, and 18%. 18.5 points of the increase for FY 2024 and 14 points for FY 2025 through FY 2026 are associated with Replenish Big Bear construction related costs and 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 2027 and FY 2028 is expected to be 18% each year, with Replenish Big Bear starting full operations and treatment of waste. Therefore, it is recommended to increase the waste disposal fees by 18% for those fiscal years. The proposed rates for FY 2024 through FY 2028 are as follows (rate is per 1,000 gallons):

Waste Type	Current FY 2023	Proposed FY 2024	Proposed FY 2025	Proposed FY 2026	Proposed FY 2027	Proposed FY 2028
Chemical Toilet	\$71.30	\$74.15	\$77.12	\$80.21	\$94.64	\$111.68
Holding Tank	\$7.58	\$7.88	\$8.20	\$8.53	\$10.06	\$11.87
Septic Tank	\$85.33	\$88.75	\$92.30	\$95.99	\$113.26	\$133.65
% Change	4.0%	4.0%	4.0%	4.0%	18.0%	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:

Approve Resolution No. R. 05-2023.

ATTACHMENT:

Resolution No. R. 05-2023

RESOLUTION NO. R. 05-2023

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; (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 that are of proportional benefit to the person or property being charged; 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 similarly exempt from CEQA.

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 referenced incorporated herein.

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

	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Chemical Toilet	\$ 74.15	\$ 77.12	\$ 80.21	\$ 94.64	\$ 111.68
Holding Tank	\$ 7.88	\$ 8.20	\$ 8.53	\$ 10.06	\$ 11.87
Septic Tank	\$ 88.75	\$ 92.30	\$ 95.99	\$ 113.26	\$ 133.65

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 requesting 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 22nd day of March, 2023.

John Green, 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. 05-2023, 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 22nd day of March 2023, 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
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 10.D.

MEETING DATE: March 22, 2023

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. 04-2023, 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 2024, 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 March 7, 2023, a Budget Workshop was held wherein the Governing Board reviewed and discussed the Agency's proposed FY 2024 Budget and five-year forecast. The changes to the proposed budget since the Budget Workshop are the inclusion of Replenish Big Bear grant funding and debt issuance.

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 2024 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 pre-construction expenses 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 AV equipment in the boardroom, 2) replacement of effluent disposal controls and cabinet, 3) replacement of the LPS outbuilding storage, 4) rehabilitation of the oxidation ditch wall, 5) repair and replacement of 5 pumps, 6) replacing the Headworks wash press, and 7) performing engineering, environmental and other pre-construction activities related to RBB (collectively, "Proposed Approvals").

Based on the nature of these proposed activities, 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 the above-described projects are exempt from environmental review under

CEQA. 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 2024 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 seven 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 above 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. The Budget and related Project Approvals do not commit BBARWA to approving RBB. BBARWA is currently preparing an Environmental Impact Report (EIR) for RBB pursuant to CEQA, and BBARWA will circulate the EIR for public review and consider the EIR along with any public comment before considering approval of RBB in the future.

FINANCIAL IMPACT:

The FY 2024 Budget will provide appropriations for the fiscal year ending June 30, 2024.

RECOMMENDATION:

Adopt the Budget, approve the seven proposed activities described above, and direct staff to file a CEQA Notice of Exemption, as set forth in the attached Governing Board Resolution No. R. 04-2023.

ATTACHMENTS:

- Resolution No. R. 04-2023
- Notice of Exemption
- FY 2024 Budget

RESOLUTION NO. R. 04-2023

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 2024, APPROVING BUDGETED PROJECTS, AND FINDING APPROVAL OF THE BUDGET AND 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 2024 Fiscal Year; and

WHEREAS, staff evaluated the estimated budgetary needs for the Agency for the 2024 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 AV equipment in the boardroom, 2) replacement of effluent disposal controls and cabinet, 3) replacement of the LPS outbuilding storage, 4) rehabilitation of the oxidation ditch wall, 5) repair and replacement of 5 pumps, 6) replacing the Headworks wash press, and 7) performing engineering, environmental and other pre-construction activities related to Replenish Big Bear (“RBB”) (collectively, “Proposed Approvals”).

WHEREAS, staff evaluated the Proposed Approvals 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 to each of the Proposed Approvals, 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 the Proposed Approvals 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, 15262, and 15273; and

WHEREAS, on March 22, 2023 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 Proposed Approvals, 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 the Proposed Approvals are not subject to 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 2024 Fiscal Year (“FY 2024 Budget” or “Budget”) is not a project pursuant to CEQA. Specifically, the Governing Board finds that approval of the FY 2024 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 assuming the FY 2024 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 related Proposed Approvals 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 Approvals 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 Approvals 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 the Proposed Approvals 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 the Proposed Approvals are categorically exempt from CEQA pursuant to State CEQA Guidelines § 15303.
- As to the Replenish Big Bear Project (“RBB”), the Budget and related Project Approvals do not constitute an approval of RBB subject to CEQA. Rather, 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. The Budget and related Project Approvals do not commit BBARWA to approving RBB. BBARWA is currently preparing an Environmental Impact Report (EIR) for RBB project pursuant to CEQA, and BBARWA will circulate the EIR for public review and consider the EIR along with any public comment before considering approval of RBB in the future.

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 the Proposed Approvals will:

- be located within or adjacent to a particularly sensitive environment, because all of the Proposed Approvals will occur within BBARWA’s existing facilities or in areas already fully developed with existing facilities;
- result in a potentially significant cumulative impact, because all of the Proposed Approvals 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 the Proposed Approvals 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 assist in funding the RBB to maintain service within existing service areas.

SECTION 2. Approval and Adoption of the Annual Budget for Fiscal Year 2024.

The Governing Board hereby approves and adopts the FY 2024 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 AV equipment in the boardroom, 2) replacement of effluent disposal controls and cabinet, 3) replacement of the LPS outbuilding storage, 4) rehabilitation of the oxidation ditch wall, 5) repair and replacement of 5 pumps, 6) replacing the Headworks wash press, and 7) performing engineering, environmental and other pre-construction activities related to the Replenish Big Bear Project.

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 22nd day of March, 2023.

John Green, 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 2024, 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. 04-2023, was adopted at a regular meeting on March 22, 2023 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 2024 Budget
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Period Ending June 30, 2024

	Budget FY 2024
Operating Revenues:	
Annual Charges	\$7,671,077
Standby Charges	75,297
Rental Income	0
Waste Disposal	21,690
Other Revenue	<u>0</u>
Total Operating Revenues	7,768,065
Operating Expenses:	
Salaries and Benefits	2,924,650
Power	499,429
Sludge Removal	336,212
Chemicals	95,080
Materials and Supplies	180,189
Repairs and Replacements	247,688
Equipment Rental	912
Utilities Expense (other than power)	37,000
Communications Expense	72,644
Contractual Services - Other	109,588
Contractual Services - Professional	189,027
Permits and fees	259,973
Property Tax Expense	4,124
Insurance	240,678
Other Operating Expense	59,826
Depreciation Expense	<u>901,809</u>
Total Operating Expenses	6,158,829
Operating Income	1,609,235
Nonoperating Income	
Gain (loss) on asset disposition	2,555
Finance Charge Income	0
Interest Income	126,395
Grant Revenue	4,113,578
Other Nonoperating Income	<u>55,048</u>
Nonoperating income	4,297,576
Nonoperating Expense	
Other Expense	5,029
Interest Expense	<u>227,713</u>
Nonoperating expense	232,742
Income before Contributions	5,674,069
Connection Fees	<u>188,100</u>
Change in Net Position	\$5,862,169

EXHIBIT A CONTINUED
 FY 2024 Budget
 STATEMENT OF CASH FLOWS
 For the Period Ending June 30, 2024

Budget
FY 2024

Cash from operating activities:

Operating Income (Loss)	\$1,609,112
Depreciation expense	901,808.69
Change in Working Capital	<u>(1,708)</u>
Net cash provided by op activities	2,509,213

Cash from noncapital financing:

Payment of pension related debt/liability	0
---	---

Cash from capital and related financing:

Interagency expense	0
Capital Expenditures BBARWA	(644,268)
Capital Expenditures Replenish Big Bear	(4,312,433)
Proceeds from Asset Disposition	0
Connection Fee (Capital Contrib)	188,100
Proceeds from Debt Issuance, Grants Replenish Big Bear	41,060,398
Debt Service:	
Interest Expense	(83,213)
Interest Expense Replenish Big Bear	(144,500)
Principal Debt Amortization	<u>(425,903)</u>
Total Debt Service	<u>(653,617)</u>
Lease Revenue	55,048
Net cash used for cap and related financing	35,693,228

Cash from investing:

(Increase) Decrease in Other Assets	0
Other Proceeds	0
Interest Income	126,395
Proceeds from the Sale of Investment	<u>0</u>
Net cash from investing	126,395

NET CHANGE IN CASH \$38,328,836

Beginning Cash Balance \$7,832,439

Ending Cash Balance 46,161,275

Change in Cash Balance \$38,328,836

EXHIBIT A CONTINUED
 FY 2024 Budget
 CAPITAL EXPENDITURES
 For the Period Ending June 30, 2024

	Budget FY 2024
Administration Building	
Boardroom AV Upgrade	42,000
Total Administration Building	42,000
 EFFLUENT DISPOSAL EQUIPMENT	
Outfall Lines	
Cactus Flats Repair	131,841
Controls	
Service Upgrade	21,095
Cabinet	36,916
Total effluent disposal equipment	189,852
 INTERCEPTOR SYSTEM	
Structures	
Lake Pump Station Storage Building	51,350
Total interceptor system	51,350
 TREATMENT PLANT	
Processing Equipment	
Oxidation Ditch Wall Rehabilitation (Engineering)	108,862
Auxiliary Pump Building	
Auxiliary Pump 1	44,742
Main Pump Building	
RAS Pump Rebuild 1	5,655
RAS Pump Rebuild 4	5,655
Effluent Pump 5	28,998
Effluent Pump 6	28,998
Treatment Equipment	
Wash Press Headworks	138,156
Total treatment plant	361,066
 Subtotal	644,268
 REPLENISH BIG BEAR (engineering, environmental, and pre-construction activities)	4,312,433
 TOTAL	\$ 4,956,701.29

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 2024 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 2024 (the “Budget”), which includes funding for seven 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 seven separate potential projects include: 1) replacement of the AV equipment in the boardroom, 2) replacement of effluent disposal controls and cabinet, 3) replacement of the LPS outbuilding storage, 4) rehabilitation of the oxidation ditch wall, 5) repair and replacement of 5 pumps, 6) replacing the Headworks wash press, and 7) performing engineering, environmental and other pre-construction activities related to the Replenish Big Bear Project (“RBB”) (collectively, “Proposed Approvals”). The Budget also determines a rate adjustment tied to RBB, along with current operations and impact of RBB on the Big Bear Area Regional Wastewater Agency’s expenses and rates.
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 § 15262, 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:	<p>The March 22, 2023 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 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>As to the Replenish Big Bear Project (“RBB”), the Budget and related Project Approvals do not constitute an approval of RBB subject to CEQA. Rather, 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. The Budget and related Project Approvals do not commit BBARWA to approving RBB. BBARWA is currently preparing an Environmental Impact Report (EIR) for RBB pursuant to CEQA, and BBARWA will circulate the EIR for public review and consider the EIR along with any public comment before considering approval of RBB in the future.</p> <p>Lastly, the Budget is exempt from under State CEQA Guidelines § 15273 since the Budget includes rate</p>

	adjustments to assist in funding the RBB to maintain service within existing service areas.
Contact Person:	David Lawrence
Telephone:	(909) 584-4018

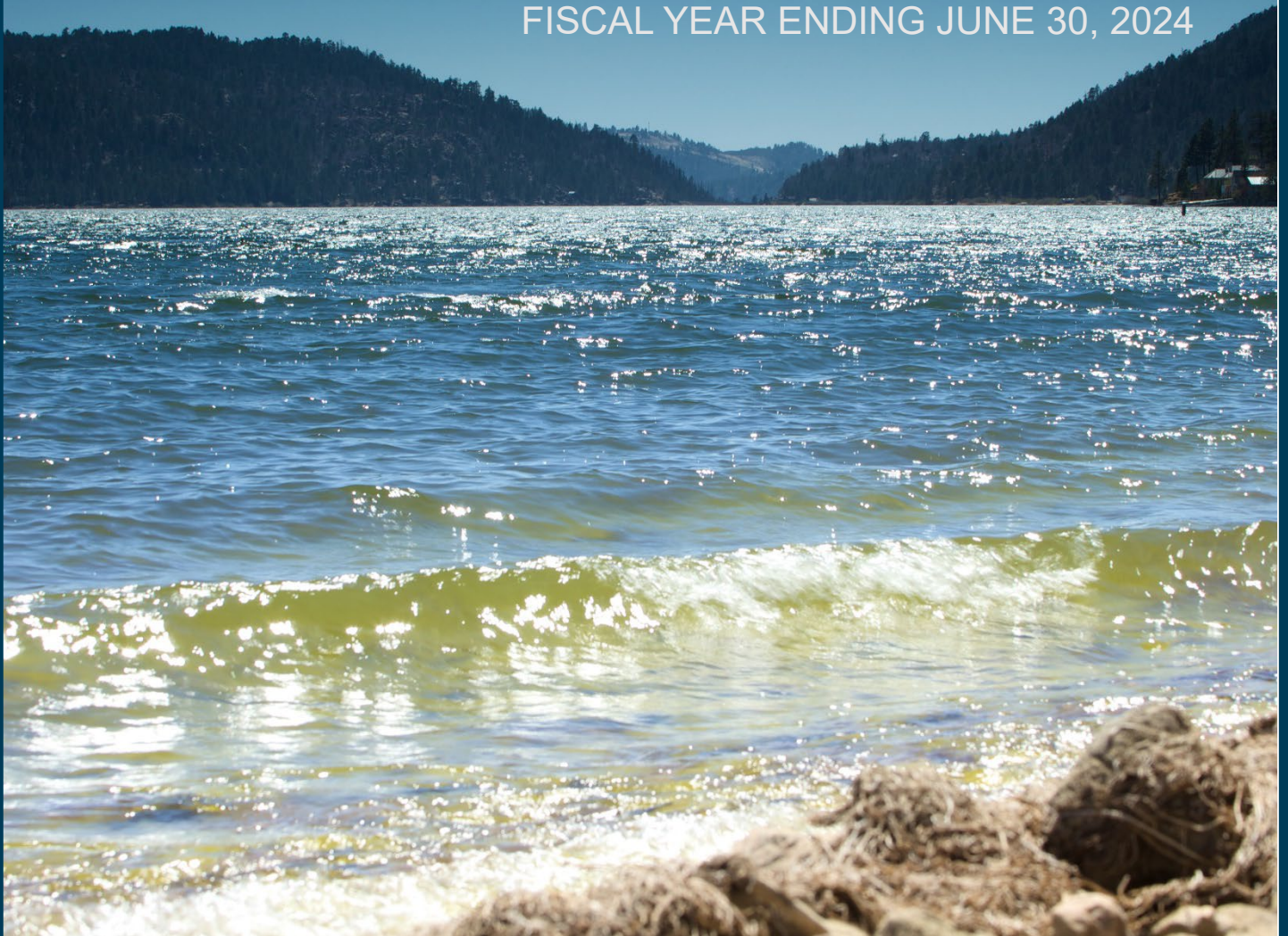
Date Received for Filing: _____

Signature (Lead Agency Representative)/Title

(Clerk Stamp Here)

2024 BUDGET

FISCAL YEAR ENDING JUNE 30, 2024



BIG BEAR AREA REGIONAL WASTEWATER AGENCY

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

www.bbarwa.org

121 Palomino Drive, Big Bear City, California 92314



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Section 1: BBARWA Budget Framework

Replenish Big Bear Project (RBB)

During this budget cycle, the Agency has budgeted for expenses associated with RBB through FY 2028 and has determined a rate adjustment tied to these expenses. In the discussion that follows, the Agency’s current operations and proposed rate adjustments will be addressed first, with Section 2 addressing the impact of RBB on the Agency’s expenses and rates.

Important Assumptions

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

Rate Increases: The budget and forecast period were prepared assuming adjustments in the Agency’s sewer user fee each year during the 5-year period, from FY 2024 - 2028. The rates through FY 2028 have been structured to meet the Agency’s current operating and capital needs during the next five years and assumes no new debt financing during the period. It should be noted that the Agency’s rates have been structured to cover 85% of its annual debt service. The remaining 15% (approximately \$75,000) is projected to be funded through connection fee revenue.¹ It is the Agency’s intent to manage rate adjustments to a level that is near inflation. Over the long-term, the Agency is expected to do so.

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

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

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

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

¹ The amount of debt service collected through connection fee revenue has been estimated based on the level of connection fee revenue that can be expected during an economic recession. During the last recession, the Agency’s lowest number of annual connections to the system was 18, or \$75,240 in connection fee revenue.



in FY 2024 and thereafter driven by expectations of the receding pandemic (ending government stimulus, disrupted supply chains and shortages of intermediate goods), and tightening monetary policy. Recent rapid and unexpected increases in inflation, have resulted in wide variations in forecasts and forecast revisions. While the level and timing of future price changes is uncertain, we believe the Agency’s assumptions are reasonable based on the economic information available.

Inflation

Month	Riverside, SB, Ontario CPI U	West Region CPI U	National CPI U	CCI
November 2022	7.5%	7.1%	7.1%	7.7%
January 2023	7.3%	6.3%	6.4%	8.0%

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

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

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

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

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

Comparisons

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

<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2024 - FY 2028</u>
Actual	Projected	Budget	Forecast Period

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



Items Impacting Financial Performance

Salaries and Benefits Expense – Salaries and benefits expense is expected to grow at a slightly slower pace than the previous five-year period with an average annual change of 5% compared to 7%. This is primarily due to staffing changes.

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

In the past, the Agency has been able to manage salary and wage growth during uncertain times by capping the maximum annual pay adjustment. To manage higher COLA adjustments stemming from recent spikes in inflation, the Agency has incorporated the Board approved change in the CPI calculation method to annual average versus November year-over-year. In FY 2024, the Agency is proposing an 8.7% COLA⁴ with a cap on wage adjustments (no merit adjustments).

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

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

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

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

The Agency's goal has been to reach a near 90% funded ratio on its pension and OPEB liabilities. At June 30th, the Agency's OPEB funding position is projected to be 67.9%, much lower than previously projected due to a decrease in market returns from 6.95% to 6.15%. Staff will recommend an additional contribution of \$200,000 at the end of

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

⁴ It is important for the Agency to continue to pass through market-level COLA adjustments, so that higher adjustments will not be indicated during the annual compensation study update. Please see page 24 for further discussion of the COLA calculation.



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

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

Terminology

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



Financial Performance: Income Statement and Cash Flow Comparisons

Income statement and cash flow comparisons have been provided on the following pages. The following should be noted as it relates to the financial comparisons: 1) all references to the FY 2023 Budget are the revised budget (revised during the year through amendments and new appropriations) unless noted otherwise, 2) actual results may not match audited financial statements due to the exclusion of GASB adjustments related to pension and OPEB expenses, and 3) an “nm” is notated when dividing by “0” or when the percent change calculation includes a loss or negative number. A written financial summary is provided for each comparison. A discussion and analysis of the NEW FY 2024 Budget follows.



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

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

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

Notes

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



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

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



Discussion: Projected FY 2023 Compared to Actual FY 2022

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

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

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

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

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

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

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

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

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



Discussion: Projected FY 2023 Compared to Budget FY 2023

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

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

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

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

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

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

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



Statement Comparison: NEW Budget FY 2024 to Projected FY 2023

INCOME STATEMENT
Comparison NEW Budget FY 2024 to Projected FY 2023

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

"nm" means not meaningful



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

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



Discussion: NEW Budget FY 2024 Compared to Projected FY 2023

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

Operating Expenses are budgeted to be approximately \$6.2 million, up \$242,244 or 4% from FY 2023. The increase is driven by increases across multiple line items. Budgeted increases that exceed 5% and \$20,000 are as follows:

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

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

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

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

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

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



Financial Summary

Based on the current forecast, the Agency will need annual rate adjustments through FY 2028. During the next five-year period, growth in operating expenses equal that of revenues. Revenues are expected to grow at an average annual rate of 4%, reflecting the proposed rate adjustments, and expenses are also expected to grow at an average annual rate of 4%. Growth in operating expenses is slightly higher than average inflation over the period and is being driven by higher salaries and benefits expense, which is expected to grow at an average annual rate of 5% over the period. Other operating expenses on a combined basis, grow at an average annual rate of 2% over the period. Operating income over the forecast period improves, and when combined with connection fee revenue and interest income, provides good cash flow with sufficient funds to meet operating and capital requirements during the five-year period.

Debt service coverage at the end of FY 2023 is expected to be 2.9 x and is projected to increase to 10.7 x at the end of the forecast period due in part to reduced debt service in FY 2027. Minimum debt service coverage pursuant to the Agency's borrowing agreements is 1.2 x. The Agency's debt capacity is estimated⁵ at \$2.5 million at the end of FY 2023 and is expected to increase to approximately \$7.3 million at the end of FY 2028.

At the end of FY 2028, the Agency is projected to have \$4 million in the capital and replacement fund. This amount reflects the cash that is available for future capital projects beginning in FY 2029. This next five-year period, from FY 2029 through FY 2033, is an aggressive capital investment schedule with estimated capital investment of \$14.2 million, or approximately \$2.8 million per year. Based on the current capital improvement plan and the projected rate collection, the Agency is expected to have a shortfall. The Agency may need to reschedule certain projects, increase its rate collection, or enter into new debt to meet the timing of the current capital improvement plan.

The Agency is expected to generate net positive cash flow over the five-year period of approximately \$2.2 million, with \$1.8 million of the increase going to the capital and replacement fund for future capital requirements, and the remaining \$400,000 of the increase going to meet required reserve balances in the operating, liquidity, and debt service reserve funds.

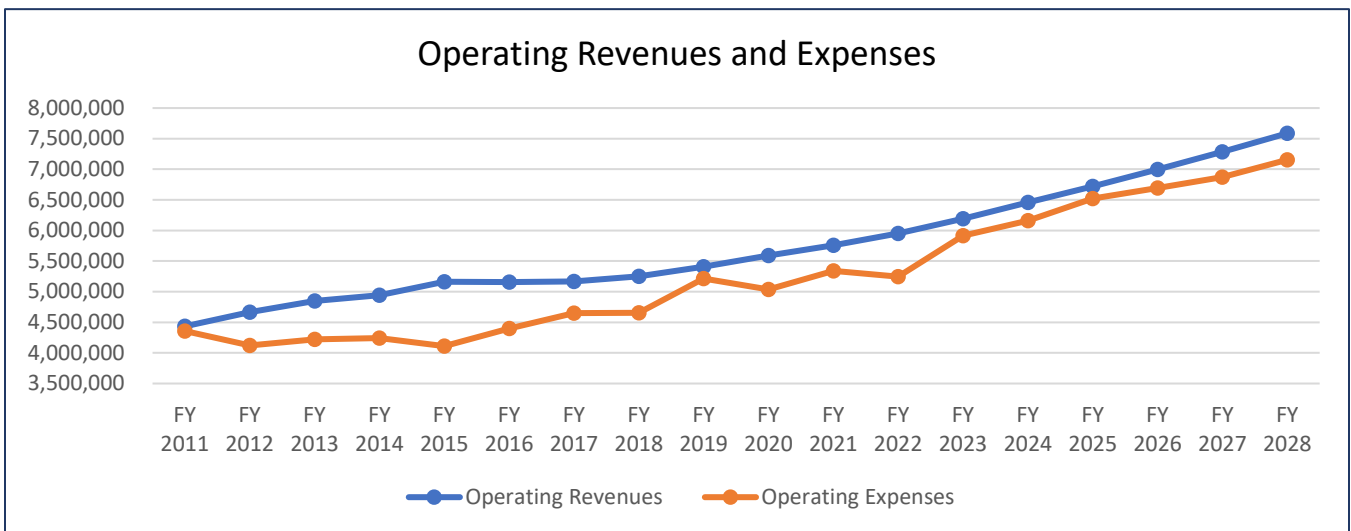
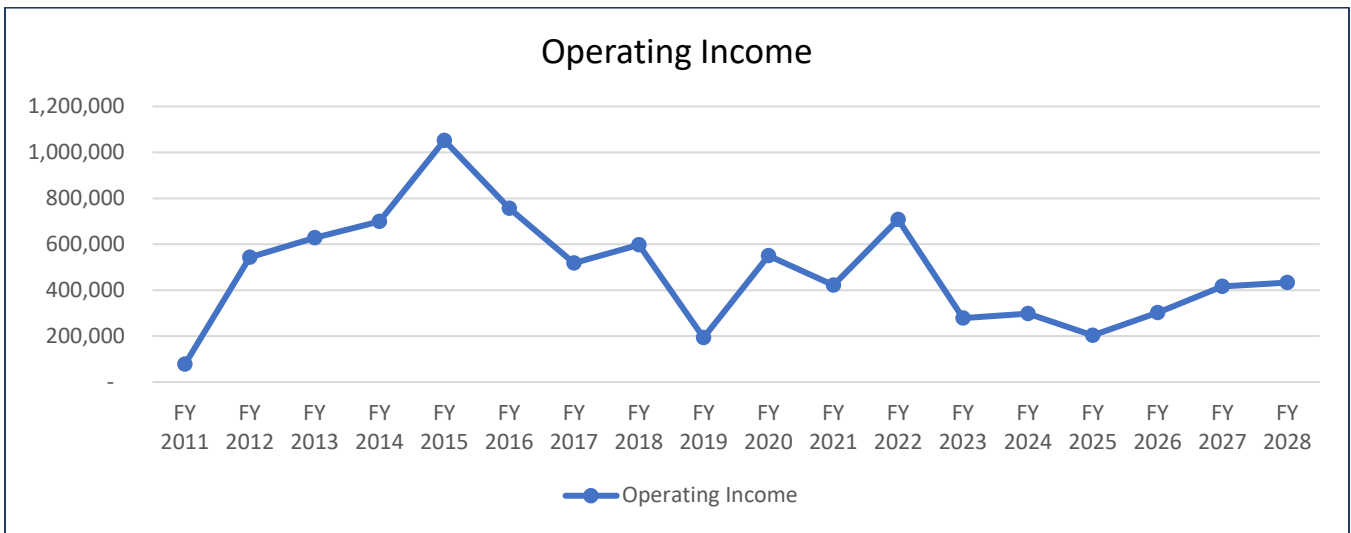
Operating Trends and Outlook

Operating Income⁶ Improves

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

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

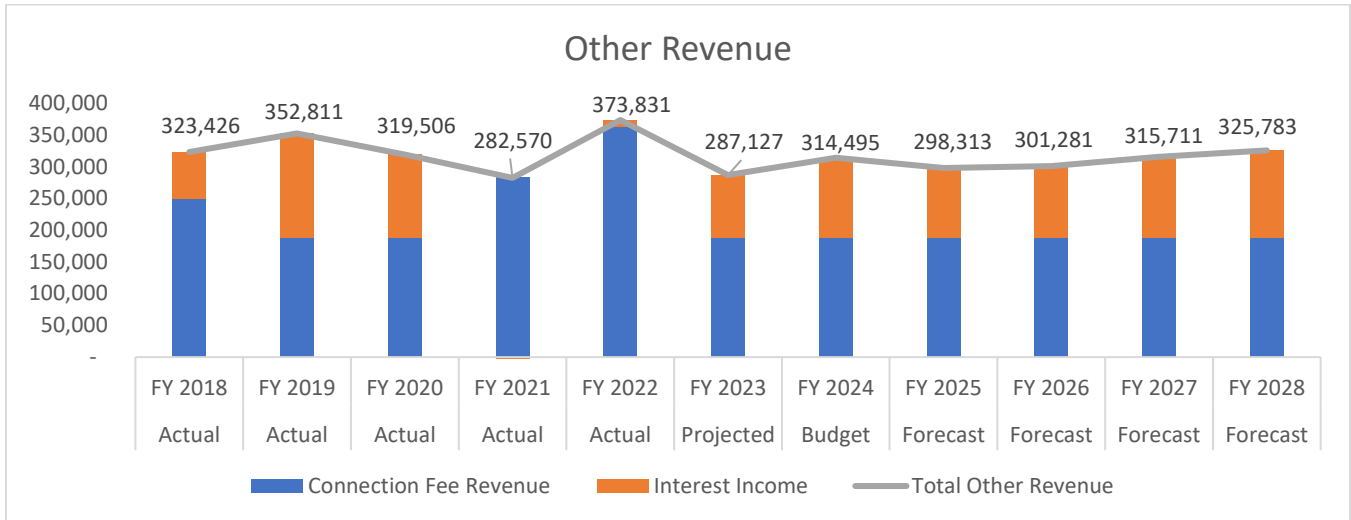
⁶ Operating Income is Operating Revenues less Operating Expenses.





Other Revenue Increases

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



Capital

Average Maintenance Capital Expenditures

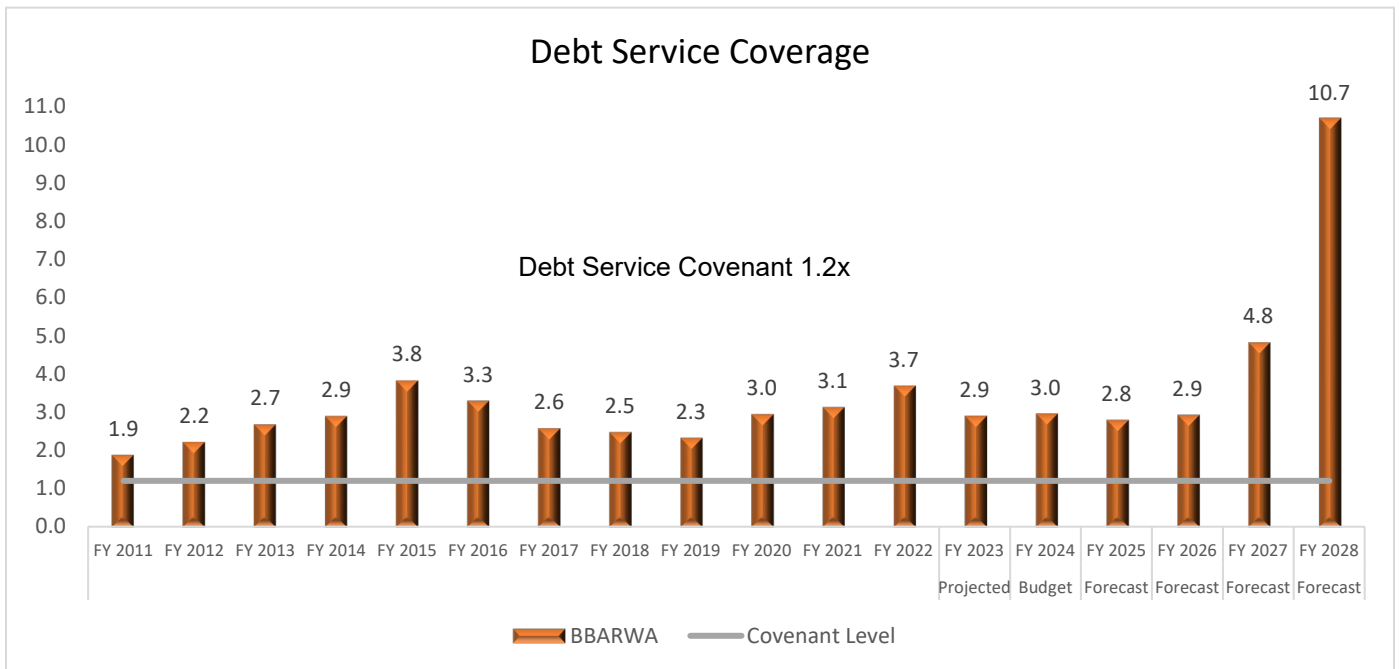
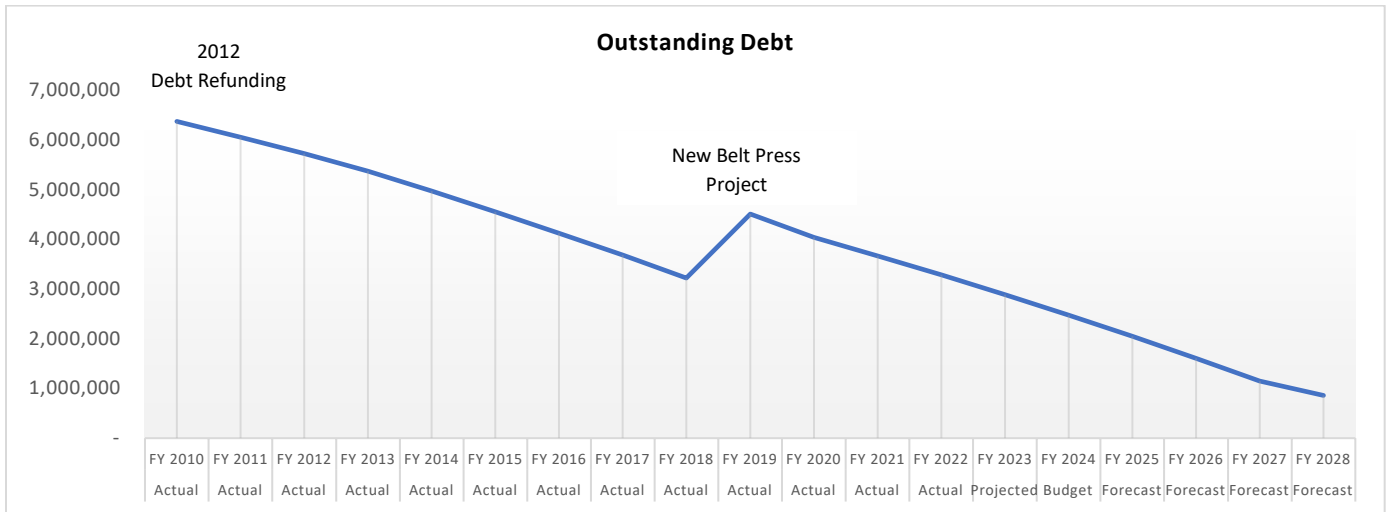
The next five-year period is a slightly lower-than-normal maintenance period for the Agency. Capital expenditures total \$3.9 million and average \$768,794 per year. This amount is below the long-term, historical depreciation of approximately \$850,000 and the annual maintenance requirement of approximately \$1.3 million indicated in the Agency’s current 20-year CIP. The lower maintenance capex during the next five-year period is mostly due to timing, with fewer assets reaching the end of their useful life during this time period.

No New Debt, Debt Service Coverage Improves

Leverage and Debt Service

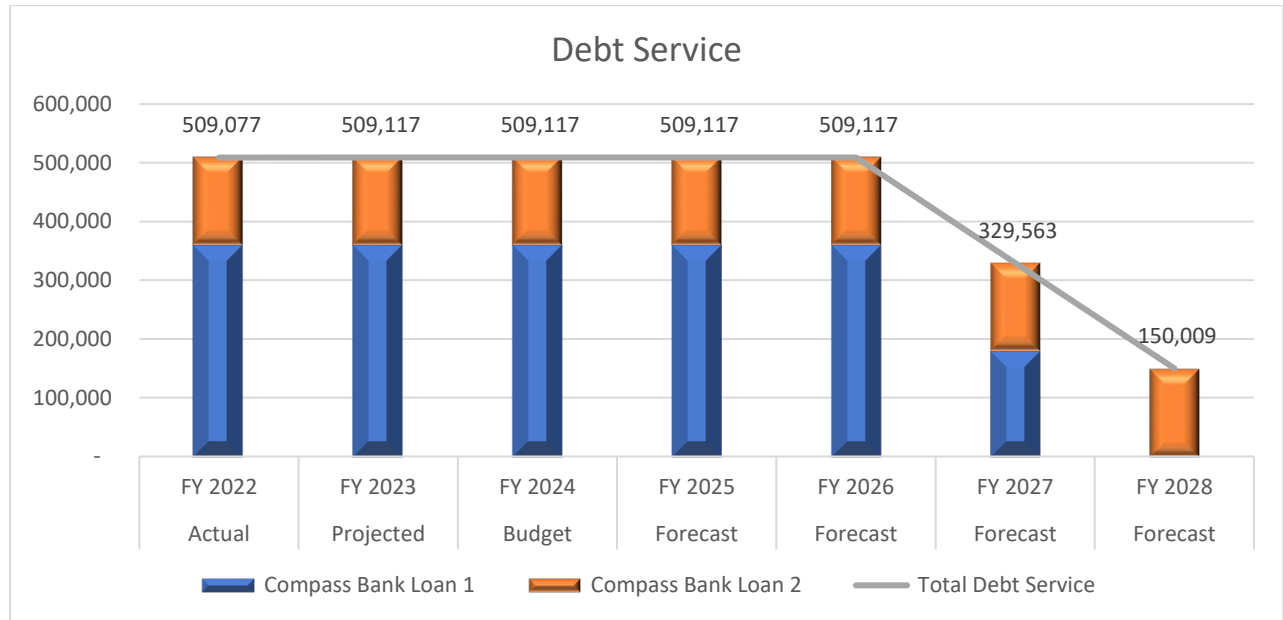
The Agency’s debt outstanding will be approximately \$2.5 million at the beginning of FY 2024 and will lower to \$740,000 by the end of FY 2028. Since 2009, the Agency’s highest debt outstanding has been \$7.6 million in FY 2009. Debt usage is based on the Agency’s debt policy, the timing of capital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

The Agency’s leverage is restricted through its debt service coverage covenant contained in its borrowing agreements. Essentially, the covenant requires that the Agency maintain the ability to cover its debt service (principal and interest expense) with operating income (before depreciation) plus other income (connection fees and interest income) 1.2 x. The Agency’s debt service coverage is expected to increase from 2.9 x to 10.7 x by the end of FY 2028.





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





Discussion and Analysis

Operations

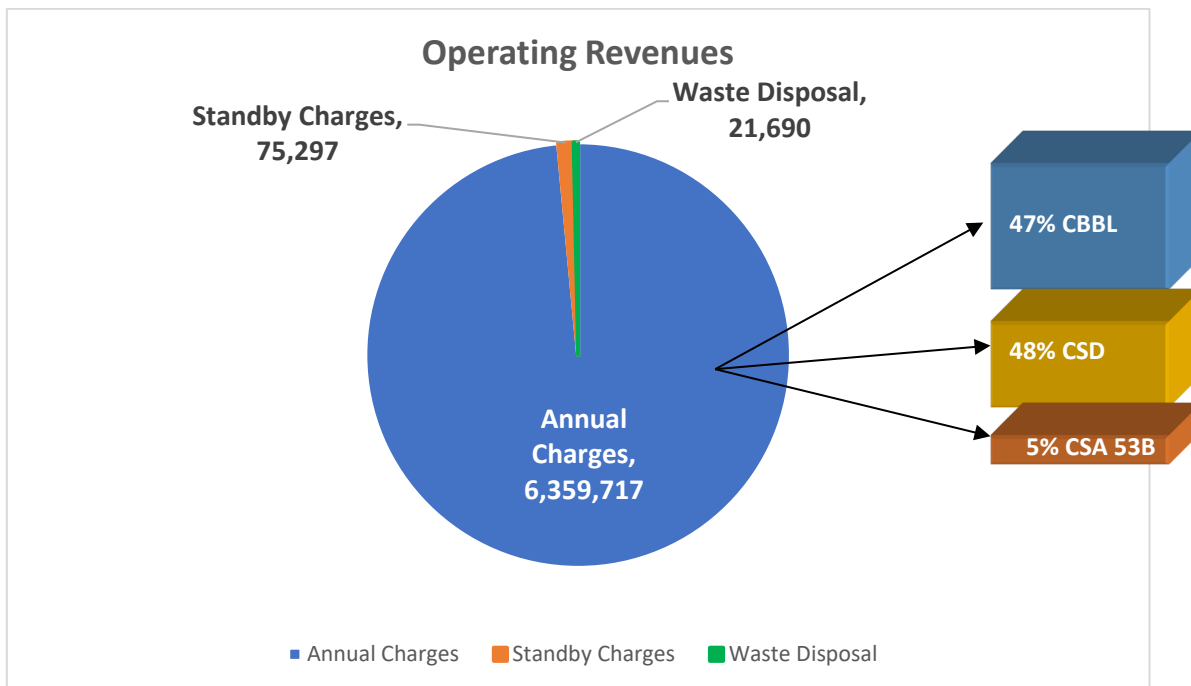
Operating Revenues

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

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

Annual Charges

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





Member Agency Billing

	3-Year Average Flows	Reported EDUs	Implicit Charge per EDU	Rate Increase	Fixed Charge	Variable Charge	Annual Charge Adjustment	Total
Annual Charges:								
City of Big Bear Lake	359,532	11,723.70	\$ 258.53	3.5%	\$ 2,220,207	\$ 709,223	\$101,456	\$3,030,887
Big Bear City CSD	306,098	12,381.00	\$ 245.12	4.7%	2,344,685	603,818	86,378	\$3,034,881
CSA 53 B	<u>24,120</u>	<u>1,265.00</u>	\$ 232.37	2.1%	<u>239,563</u>	<u>47,580</u>	<u>6,806</u>	\$293,949
Total	689,750	25,369.70			\$ 4,804,455	\$ 1,360,621	\$194,641	\$6,359,717
Standby Charges:								
City of Big Bear Lake								\$27,489
Big Bear City CSD								42,293
CSA 53 B								<u>5,516</u>
Total Annual Charges								\$75,298
Connection Fee:								
Connection Fee per EDU								\$4,180

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

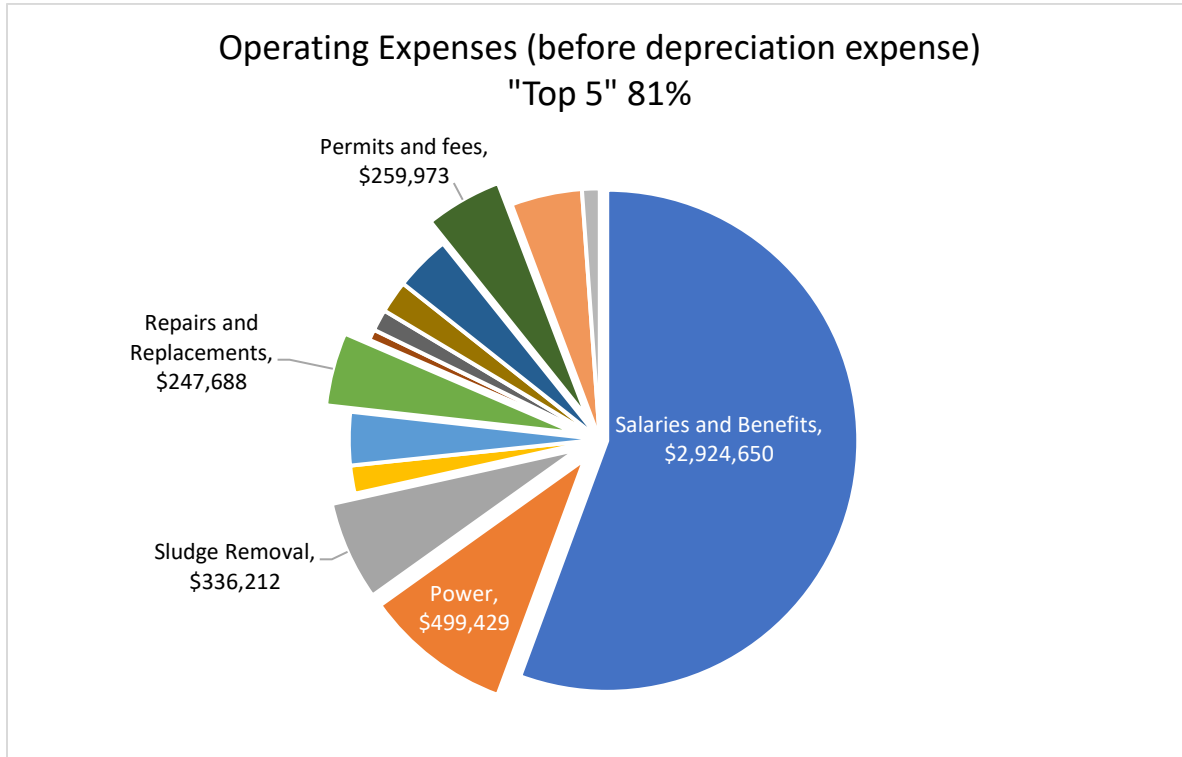
Standby Charges and Waste Disposal Fees

Standby charges are stable and predictable. Standby charges are the fees paid by the owners of vacant parcels and are collected from the member agencies at the same time as the annual charges. These charges decline annually as parcels are developed and connect to the system or are combined. Waste disposal fees are charged for disposal of sewage at the treatment plant by pumping companies. On a combined basis these revenues average approximately \$95,000 annually and are expected to remain flat over the forecast period.



Operating Expenses

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



Discussion and Analysis of the Top Five Operating Expense Categories

Salaries and Benefits Expense

The growth in salaries and benefits expense is slowing as expected, as more employees reach the top of scale. Based on the current projections and the proposed rate structure, the Agency is expected to be able to continue to afford the projected increases over the forecast period (5% average annual growth).

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

(a) Base Year FY 2009



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

COLA Adjustment – Under direction from the Board, the Agency calculates the annual COLA adjustment that is included in the budget using the annual average of the regional Consumer Price Index for all Urban Consumers (currently Riverside, San Bernardino, Ontario), i.e., for the FY 2024 Budget which begins July 1, 2023, the 2022 Annual Average Consumer Price Index (CPI) is used. While incorporated into the budget, approval of the COLA is at the Board’s discretion and is brought before the Board each May or June, prior to the July 1 fiscal year.

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

Year	Jan	Mar	May	Jul	Sep	Nov	Average
2019	103.991	104.749	105.959	105.816	106.412	106.573	105.697
2020	107.143	107.162	106.899	107.640	108.201	108.626	107.672
% Change	3.0%	2.3%	0.9%	1.7%	1.7%	1.9%	1.9%
2021	109.550	110.981	113.222	114.682	115.557	117.206	113.875
% Change	2.2%	3.6%	5.9%	6.5%	6.8%	7.9%	5.8%
2022	118.963	122.127	123.893	125.262	125.272	125.983	123.784
% Change	8.6%	10.0%	9.4%	9.2%	8.4%	7.5%	8.7%

The annual change in the 2022 CPI was 8.7% and the Agency has incorporated this change in the FY 2024 Budget.

Capping Annual Wage Adjustments

Making annual inflationary adjustments to the Agency’s pay scales helps the Agency stay competitive with the market and in line with the comparable agency group in its annual compensation and classification study update. We believe it is therefore important to make the indicated COLA adjustment; however, to manage the large and unplanned increase in the COLA adjustment, it is recommended that total wage adjustments be capped at 8.7%, allowing for an 8.7% COLA adjustment and no annual merit adjustment for those employees that are eligible. This results in an overall, budgeted annual increase in salaries and wages of less than 1%.

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

Power Expense

Beginning in November/December of 2022, the Agency began to purchase solar power under a power purchase agreement and began operating under a net metering agreement with Bear Valley Electric Service, Inc. (BVE).



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

The Agency will purchase electricity during periods of net usage and receive compensation credits for periods of excess solar production from BVE. The Agency expects a 6% annual increase in power costs which is driven by annual price adjustments in the power purchase agreement and rate increases expected by BVE. BVE rates will increase 25% in FY 2024, reducing to 5% in FY 2025, then projected at 3% thereafter.

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

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

Sludge Removal Expense

Sludge removal expense has historically been volatile resulting from 1) changes in processes related to sludge drying and the introduction and elimination of the cannibal system, 2) changes in plant operating parameters (optimal ranges of operation achieved during aeration and clarification that improve treatment efficiency and impact solids retention/disposal) associated with changing plant management and 3) changes in transportation costs associated with hauling contracts. The most recent five-year period has been impacted by drier conditions and higher biological oxygen demand (“BOD”) which also impacts sludge production.

	Actual FY 2018	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	5-Year CAGR
SLUDGE REMOVAL	397,813	298,241	276,292	319,660	271,361	315,295	336,212	344,419	352,842	361,476	370,325	3%
% Change	42%	-25%	-7%	16%	-15%	16%	7%	2%	2%	2%	2%	

On a normal basis, under average dry weather flow and average expected BOD, the Agency is expected to produce and haul approximately 5,000 tons per year of sludge. Changes in flow and BOD concentrations, combined with the timing of sludge removal, can impact sludge removal expense. The Agency has budgeted for baseline sludge removal of approximately 5,000 tons annually in FY 2024 through FY 2028 with inflationary increases in the rate per ton and an increase in the fuel base rate, consistent with the current contract.

Repairs and Replacements Expense

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



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

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

Permits and Fees Expense

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

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

Capital Contributions - Connection Fees

Connection fees are projected at 45 annually over the forecast period. New connections to the wastewater system have remained low during the current economic cycle. Connection increases in FY 2021 through FY 2022 are likely due to the COVID-19 migration. Excluding multi-unit developments, connections have averaged 67 per year for the last 3 years with only 45 during FY 2019 and FY 2020. There are currently 80 connections for the trailing twelve months ended January 31, 2023.

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



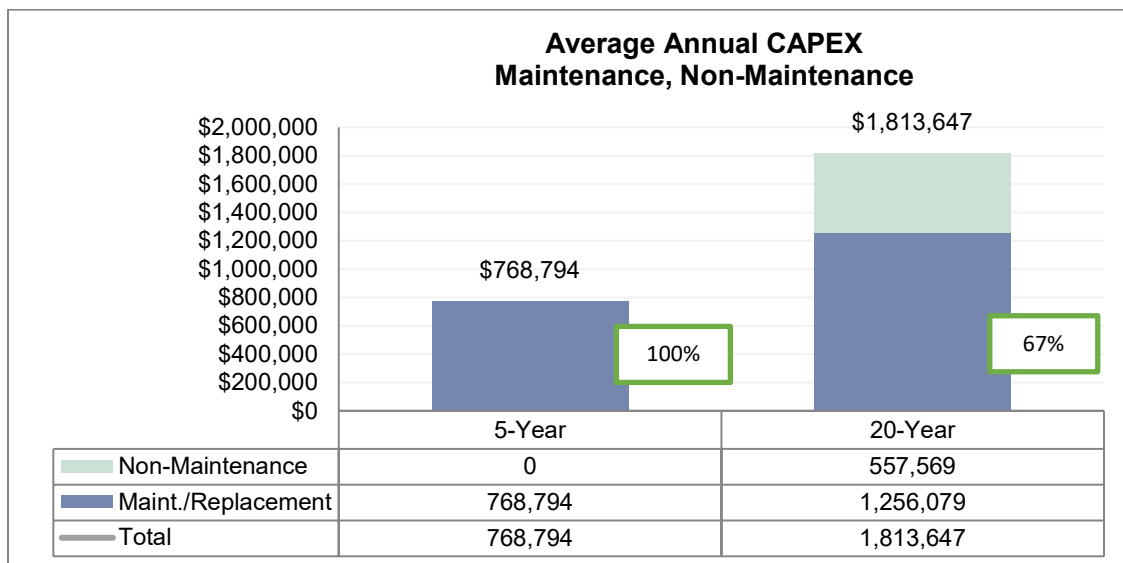
Debt Service and Bond Covenant Calculations

The Agency borrowed \$1.8 million of new debt in FY 2019 to fund the New Belt Press Project (new belt press, conveyor, and hopper). Although the Agency incurred new debt in FY 2019, the Agency’s total debt service was lower beginning in FY 2020 due to reduced amortization requirements under its existing debt. Debt service will lower from \$509,077 to \$150,009 in FY 2028, as scheduled amortization is further reduced by the Capital Bank Loan 1 being fully amortized. Debt service coverage is expected to improve over the period from 3.0 x to 10.9 x at the end of FY 2028.

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

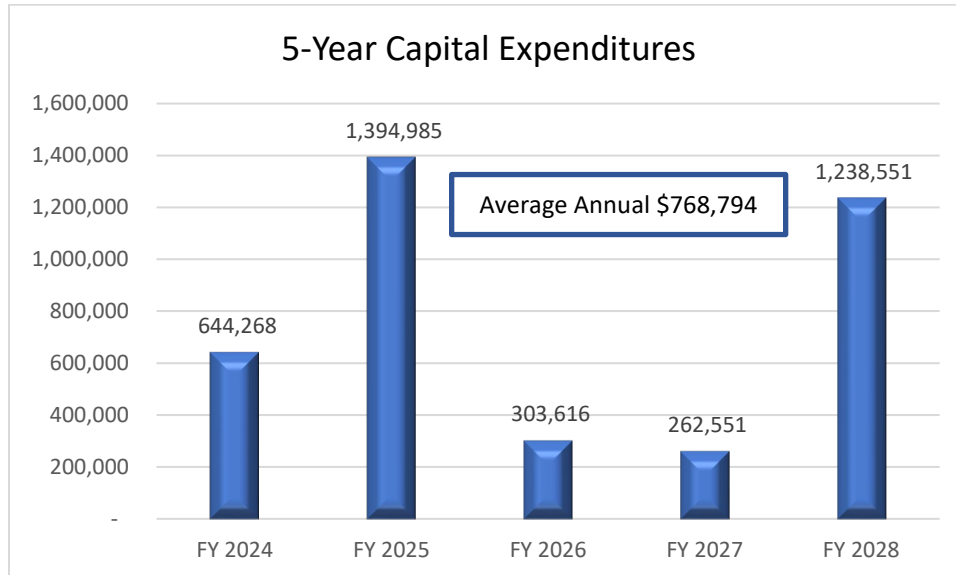
Capital Expenditures (capex)

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





During the five-year forecast, capex totals \$3.9 million and averages \$768,794 per year. This amount is below the long-term, historical depreciation of approximately \$850,000 and the annual maintenance requirement of approximately \$1.2 million indicated in the Agency's current 20-year CIP. The largest investments over the five-year period are for the oxidation ditch wall rehabilitation in the amount of \$871,431 and asphalt replacement in the amount of \$1.1 million.





5-YEAR CAPITAL IMPROVEMENT PLAN FY 2024 – 2028

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



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

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



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

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

Capital Expenditures – FY 2024

Effluent Disposal Equipment

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

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

Outfall Lines

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

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

Interceptor System

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

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

Other Equipment

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

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



Treatment Plant

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

Start date: September 1, 2023

Target completion date: May 1, 2024

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

Start date: July 15, 2023

Target completion date: October 1, 2023

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

Start date: July 15, 2023

Target completion date: October 1, 2023

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

Start date: October 1, 2023

Target completion date: January 1, 2024

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

Start date: July 15, 2023

Target completion date: October 1, 2023

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

Start date: October 1, 2023

Target completion date: January 1, 2024

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

Start date: July 15, 2023

Target completion date: October 1, 2023

Capital Expenditures – FY 2024 – FY 2028

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

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

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



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

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

Oxidation Ditch Wall Rehabilitation (\$762,569): The wall on the north side of the ditch (tank) is bulging from groundwater. A portion of the wall will be cut out and repoured using concrete. Concrete slurry will be used on the dry, backside of the wall. Asphalt between oxidation ditches 1 and 2 will be removed and replaced during the project. Engineering for the project is budgeted in FY 2024.



Cash and Designated Fund Balances

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

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

CASH AND DESIGNATED FUND BALANCES

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



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

At the end of FY 2028, the Agency is projected to have \$4 million in the capital and replacement fund. This amount reflects the cash that is available for future capital projects beginning in FY 2029. This next five-year period, from FY 2029 through FY 2033, is an aggressive capital investment schedule with estimated capital investment of \$14.2 million, or approximately \$2.8 million per year. Based on the current capital improvement plan and the projected rate collection, the Agency is expected to have a shortfall. The Agency may need to reschedule certain projects, increase its rate collection, or enter into new debt to meet the timing of the current capital improvement plan.

Rate Review

Adequacy of Rates

The budget and forecast period were prepared assuming adjustments in the Agency's sewer user fee of 4% in FY 2024 - 2027, and 3.5% in FY 2028. The rate adjustments should be adequate to cover future operating and capital requirements for the budget and forecast period. The forecast period is a "best estimate" of the Agency's future revenue requirements and may change as we move into the future, which could impact the timing and size of potential rate adjustments.

Rate Requirements

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



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

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

Ratepayer Impact

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

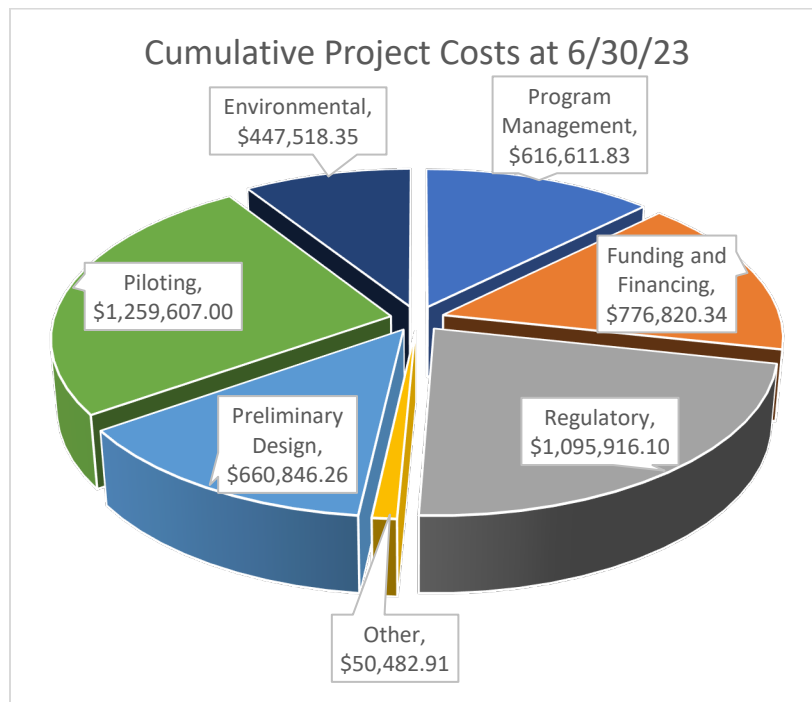
Rate	FY 2023	FY 2024	Change	
	Actual	Proposed	\$	%
Established	\$241.04	\$250.68	\$9.64	4.0%
CBBL	\$249.79	\$258.52	\$8.73	3.5%
CSD	\$234.11	\$245.12	\$11.01	4.7%
CSA 53 B	\$227.63	\$232.37	\$4.74	2.1%



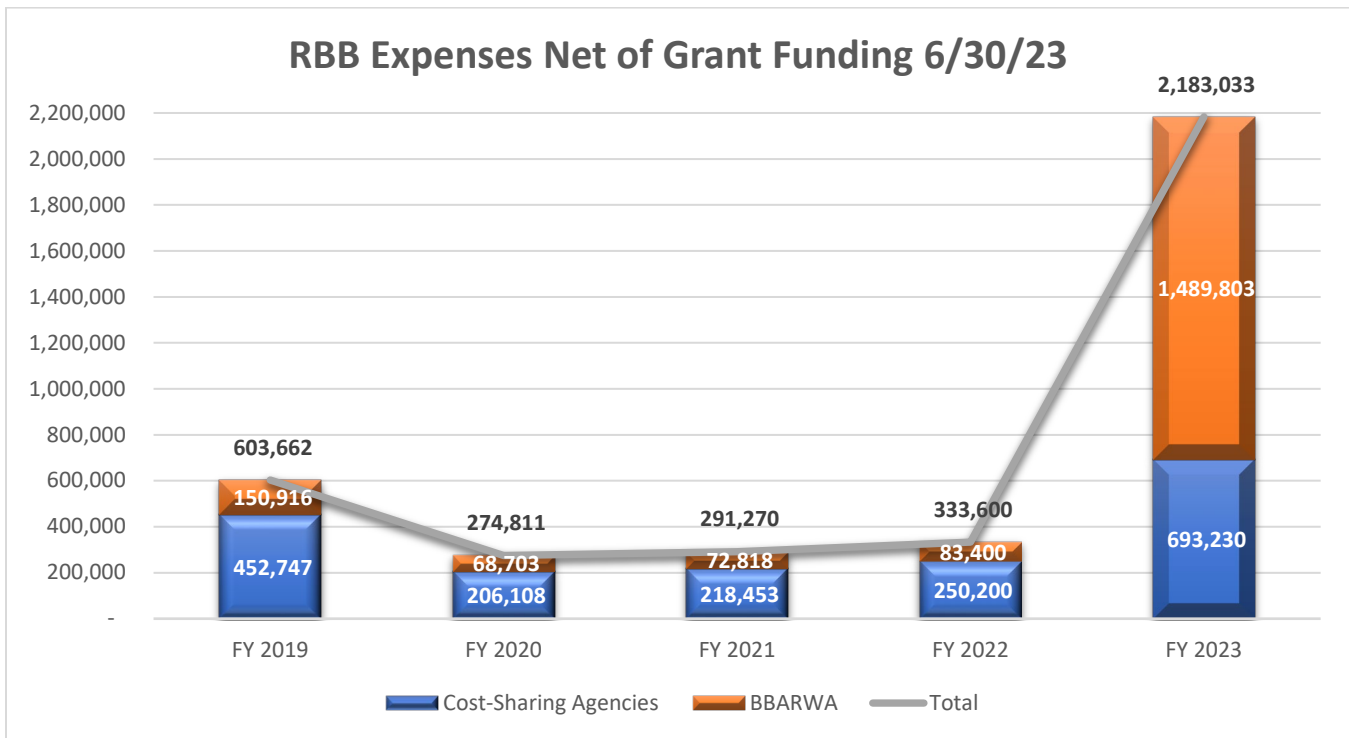
Section 2: Replenish Big Bear (RBB)

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

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



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



RBB Project Status and Timeline

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

RBB Rate Assumptions

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

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



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

RBB Rate Requirements

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

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

Combined Rate Adjustment Including RBB

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



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

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

Ratepayer Impact – Rate Adjustment Including RBB

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



Appendix
Five-Year Forecast – BBARWA Only

Income Statement

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

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

(b) "nm" means not meaningful



Cash Flow Statement and Designated Fund Balances

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



Big Bear Area Regional Wastewater Agency

Budget and Forecast

FY 2024 – FY 2028

Historical Income Statement

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

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



Five-Year Forecast – BBARWA and RBB

Income Statement

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

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

(b) "nm" means not meaningful



Cash Flow Statement and Designated Fund Balances

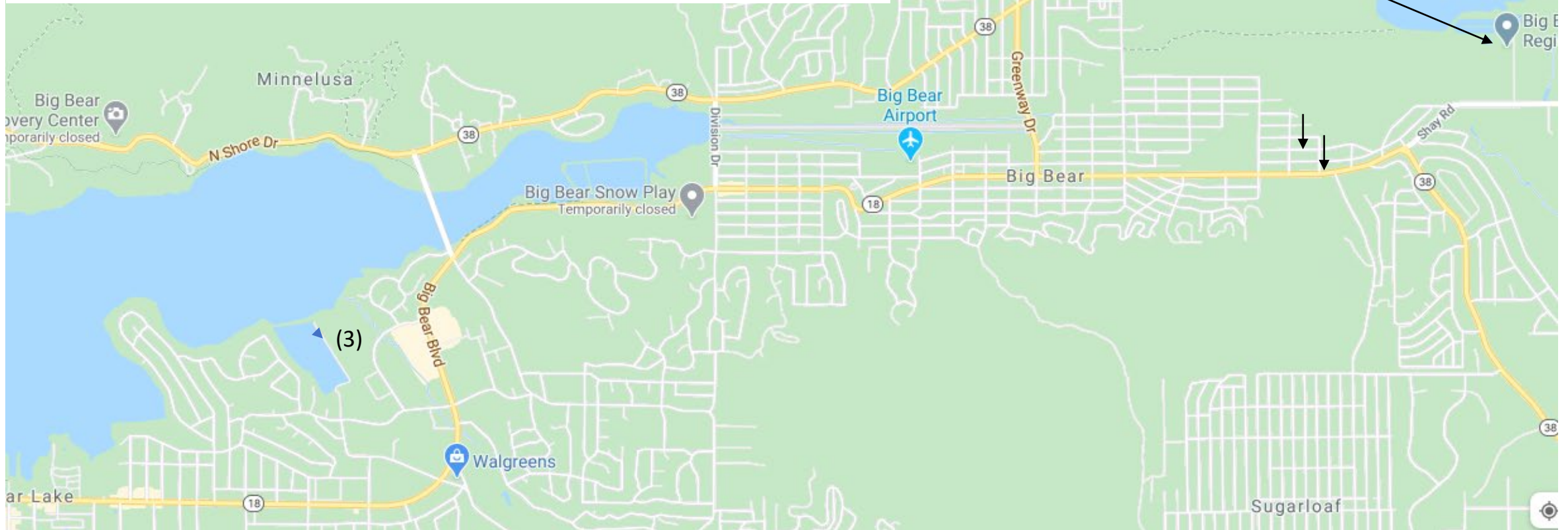
	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Total
Cash from operating activities:							
Operating Income (Loss)	424,459	1,609,112	2,644,710	4,117,778	4,446,897	4,413,028	17,231,525
Depreciation expense	921,687	901,809	927,522	894,993	862,018	881,650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

	Projected FY 2023	Budget FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Change
DESIGNATED FUND BALANCES (Ending)							
Cash Balance	7,614,465	45,943,301	27,749,258	13,427,114	13,486,772	14,580,692	6,966,227
Capital and Replacement Fund							
Current Year	644,268	1,394,985	303,616	262,551	1,238,551	1,543,027	898,759
Future Years	<u>2,344,581</u>	<u>38,570,235</u>	<u>20,441,616</u>	<u>4,433,109</u>	<u>2,361,679</u>	<u>2,014,325</u>	<u>-330,256</u>
Total C & R	2,988,849	39,965,220	20,745,232	4,695,660	3,600,230	3,557,352	568,503
Debt Service Fund	579,362	1,829,362	2,229,362	2,639,362	3,144,362	2,964,362	2,385,000
Liquidity Fund	2,713,771	2,771,236	3,193,181	4,300,609	4,495,697	5,337,495	2,623,724
Contingency Fund:							
Emergency	500,000	500,000	650,000	825,000	1,000,000	1,000,000	500,000
Operating	<u>832,483</u>	<u>877,483</u>	<u>931,483</u>	<u>966,483</u>	<u>1,246,483</u>	<u>1,721,483</u>	<u>889,000</u>
Total Contingency	1,332,483	1,377,483	1,581,483	1,791,483	2,246,483	2,721,483	1,389,000
Designated Funds	7,614,465	45,943,301	27,749,258	13,427,114	13,486,772	14,580,692	6,966,227

Project Location Map

Fiscal Year 2024 Capital Project List

- (1) Replacement of AV equipment in the boardroom
- (2) Replacement of effluent controls and cabinet
- (3) Replacement of LPS outbuilding and storage
- (4) Rehabilitation of the oxidation ditch wall
- (5) Repair and replacement of 5 pumps
- (6) Replacing the Headworks wash press
- (7) Performing engineering, environmental and other pre-construction activities related to the Replenish Big Bear Project





Big Bear Area Regional
Wastewater Agency
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 10.E.

MEETING DATE: March 22, 2023

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

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

PREPARED BY: Bridgette Burton, Management Analyst/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 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 same procedure will be used for each committee. 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:

Administrative Committee	Finance Committee	Operations Committee
Chair Green	Vice-Chair Miller	Vice-Chair Miller
Director Mote	Director Herrick	Director 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
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 10.F.

MEETING DATE: March 22, 2023

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

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

PREPARED BY: Bridgette Burton, Management Analyst/Board Secretary

SUBJECT: Replenish Big Bear Advisory Committee

BACKGROUND & DISCUSSION:

Staff recommends the Governing Board create a Replenish Big Bear Project (Project) Advisory Committee for the purpose of advising staff on Project decisions and accompanying the General Manager to stakeholder meetings when needed.

Per ordinance O. 02-2012, the Governing Board may create an Advisory Committee (committee) to review specific Agency functions, activities, continuing subject matter jurisdiction and/or operations as may be deemed necessary. The duties of the committee shall be outlined at the time of appointment, and 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 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.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Appointment of two Governing Board Members to the Replenish Big Bear Advisory Committee for the purpose of advising staff on Project decisions and accompanying the General Manager to stakeholder meetings when needed, for a term of 12 months unless the Chair extends this term.



Big Bear Area Regional
Wastewater Agency
John Green – Chair
Jim Miller – Vice-Chair
Rick Herrick – Director
Bynette Mote – Director
Larry Walsh – Director

AGENDA ITEM: 10.G.

MEETING DATE: March 22, 2023

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

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

PREPARED BY: Bridgette Burton, Management Analyst/Board Secretary

SUBJECT: Resolution No. R. 06-2023, A Resolution of the Big Bear Area Regional Wastewater Agency Changing the Date and Time of Regular Meetings

BACKGROUND & DISCUSSION:

The Agency's Code Book sets forth rules and regulations related to the Governing Board, including establishing the date and time of the Governing Board's regular meetings. Currently, Section 2.04.010 indicates that all regular meetings of the Governing Board are to be held on the 4th Wednesday of each month at 5:00 p.m. At the February 22, 2023 Governing Board meeting, the General Manager proposed placing this item on the March agenda for review and discussion. Staff recommends Governing Board meetings remain on the 4th Wednesday of each month with a proposed time between 9:00 a.m. and 2:00 p.m.

The proposed resolution is required to formally update the Agency's Code Book. Assuming the Governing Board adopts the proposed resolution, it would take effect immediately, superseding Resolution No. R. 04-2008, adopted on October 22, 2008.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

It is recommended that the Governing Board propose a new date and time for regular meetings, amending Section 2.04.010 of the Agency's Code Book and adopt Resolution No. R. 06-2023.

ATTACHMENT:

Resolution No. R. 06-2023

RESOLUTION NO. R. 06-2023

**A RESOLUTION OF THE GOVERNING BOARD OF THE
BIG BEAR AREA REGIONAL WASTEWATER AGENCY
CHANGING THE DATE AND TIME OF REGULAR
MEETINGS**

BE IT RESOLVED, by the Governing Board of the Big Bear Area Regional Wastewater Agency, that the date and time of the regular meetings of the Governing Board shall be at _____ on the _____ of each month.

Regular meetings of the Governing Board shall be held at the office of the Big Bear Area Regional Wastewater Agency located at 121 Palomino Drive, Big Bear City, California.

The Resolution supersedes the provision of Resolution No. R. 04-2008 insofar as it established the date and time of regular meetings.

This Resolution becomes effective immediately.

PASSED, ADOPTED, AND APPROVED this 22nd day of March, 2023.

John Green, Chair of the Governing Board of the
Big Bear Area Regional Wastewater Agency

ATTEST:

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

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 Changing the Date and Time of Regular Meetings, being Resolution No. R. 06-2023, was adopted at a regular meeting on March 22, 2023 of said Agency by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT: