BIG BEAR AREA REGIONAL WASTEWATER AGENCY
Regular Board Meeting Agenda
April 27, 2022 at 5:00 p.m.
121 Palomino Drive, Big Bear City, California

In accordance with AB 361, which modifies Government Code 54963, the members of the Big Bear Area Regional Wastewater Agency Governing Board and the public may attend this meeting in-person in the Agency Boardroom located at 121 Palomino Drive, Big Bear City, CA 92314 or by the teleconference Zoom information listed below.

Join Zoom Meeting:
https://us06web.zoom.us/j/89636550231?pwd=Nmozc3F5dzZnZ0RNMTZycEUyQ3dsdz09

Meeting ID: 896 3655 0231
Passcode: BBARWA

Dial by your location
+1 253 215 8782 US (Tacoma)
+1 346 248 7799 US (Houston)
+1 720 707 2699 US (Denver)
+1 301 715 8592 US (Washington DC)
+1 312 626 6799 US (Chicago)
+1 646 558 8656 US (New York)

Find your local number: https://us06web.zoom.us/u/kemlRxhozG

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. It would be appreciated, although not mandatory, if communications of public comments related to items on the agenda, or items not on the agenda, are emailed to bburton@bbarwa.org on or before Wednesday, April 27, 2022, at 4:00 p.m. Please include in the email's subject line "Public Comment Item # (insert the number relevant to your comment)" or "Public Comment Non-Agenda Item". If you wish to submit a public comment on more than one agenda item, please send a separate email for each item you are commenting on.

If it is not possible to submit an email by 4:00 p.m., and comments are submitted by email after that time or thru the Zoom chat feature during the meeting, every effort will be made to attempt to review emails and Zoom chats 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.

At meetings of the Governing Board, each individual speaker will be limited to five minutes or less of public testimony on each item on the agenda and three minutes or less on each item not on the agenda. In addition, public testimony on non-agenda items shall be limited to thirty minutes for all speakers. Further, the cumulative time which any individual may provide public testimony during a meeting is 15 minutes. The Chair of the Governing Board by majority vote may waive these time limitations. Whenever a group of persons wishes to address the Governing Board on the same item, the Chair or the Governing Board by majority vote may request a spokesperson be chosen for the group or limit the number of such persons addressing the Governing Board. The Chair or the Governing Board by majority vote may rule out of order testimony that is unduly repetitious or irrelevant.

5. PRESENTATION AND INTRODUCTION

5.A. David Lawrence 5-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 March 23, 2022 Special Meeting Budget Workshop

7.B. Monthly Disbursements Report for March – Informational

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

7.D. AB 361 Open Meetings: State and Local Agencies: Teleconferences

7.E. Resolution No. R. 08-2022, A Resolution of the Big Bear Area Regional Wastewater Agency Amending and Adopting Local Guidelines for Implementing the California Environmental Quality Act (Public Resources Code §§ 21000 et seq.)

8. ITEMS REMOVED FROM CONSENT CALENDAR

9. OLD BUSINESS

9.A. 2022 Rate and Fee Studies

9.B. Governing Board Committee Appointments

10. NEW BUSINESS – DISCUSSION/ACTION ITEMS

10.A. Resolution No. R. 04-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Clarifying the Fiscal Year 2023 Sewer Standby or Immediate Availability Charges

10.B. Public Hearing: Resolution No. R. 03-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Establishing the Sewer User Charge and Taking Certain Other Actions Related Thereto

10.C. Public Hearing: Resolution No. R. 05-2022, 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

10.D. Public Hearing: Resolution No. R. 06-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Adopting the Operating and Capital Budget for Fiscal Year 2023, Approving Budgeted Projects and Finding Approval of the Budget and Budgeted Projects Exempt from Review Under the California Environmental Quality Act

10.E. Resolution No. R. 07-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency to Oppose Initiative 21-0042A1

10.F. Board Policy: Wellness Program

10.G. Appropriate $150,000 from the Capital and Replacement Fund for the Headworks Grit System Rehabilitation Project.

11. CLOSED SESSION

11.A. Public Employee Performance Evaluation
Pursuant to Government Code Section 54957(b)(1)
Title: General Manager

12. COMMENTS AND ANNOUNCEMENTS

12.A. General Manager Comments

12.B. Governing Board Member Comments

13. 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.

AGENDA ITEM: 6.A.

MEETING DATE: April 27, 2022

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

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

REVIEWED BY: Jennifer McCullar, Finance Manager; and John Shimmin, Plant Manager

SUBJECT: General Manager's Report

DISCUSSION:

Administration

COVID-19

The Administrative Office remains closed to the public.

Operations

Headworks Grit System Rehabilitation Project – No Update

Coordination with the contractor, R.I.C. Construction Co., Inc. is still underway, with submittals being reviewed.

Solar Production

The March 2022 monthly performance report is attached.

2022 Treatment Plant Data

There were no reportable violations during March 2022 for the plant. The influent flow (MG) chart is attached to this report.

Flow Percentages			
Member Agency	**January**	**February**	**March**
City of Big Bear Lake	58.40%	54.96%	53.32%
Big Bear City	38.63%	42.21%	43.90%
County of San Bernardino	2.97%	2.83%	2.78%

Connections

								FYE 6/30/2022		
MONTH	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	CITY-BBL	CSD	CSA-53B
July	8	3	4	3	7	3	11	*2*	*9*	*0*
August	5	12	6	10	2	12	5	*3*	*2*	*0*
September	6	4	6	3	7	3	7	*5*	*2*	*0*
October	10	9	8	3	5	10	9	*8*	*1*	*0*
November	6	5	11	5	2	2	5	*1*	*4*	*0*
December	8	4	2	3	1	2	3	*1*	*2*	*0*
January	1	0	2	1	1	2	2	*1*	*1*	*0*
February	0	1	6	0	1	0	6	*4*	*2*	*0*
March	3	2	9	3	1	3	9	*1*	*8*	*0*
April	10	3	0	3	7	12	0	*0*	*0*	*0*
May	10	4	0	5	5	6	0	*0*	*0*	*0*
June	2	16	0	6	6	13	0	*0*	*0*	*0*
TOTAL	69	63	54	45	45	68	57	26	31	0

Other

Replenish Big Bear

The Second Amended and Restated Memorandum of Understanding is pending signatures from MWD and the BVBGSA.

The management of awarded grants and pursuance of grant opportunities continues. The agreement for the 2021 Title XVI grant ($1.7M) is pending. The milestone and budget narrative will be provided to the United States Bureau of Reclamation in April, followed by the Financial Capability Assessment. Congressman Obernolte's office is accepting submissions for FY23 Community Project Funding Requests until April 20, 2022. The Project Team is diligently working on the submission preparation. The IRWM Proposition 1 Round 2 grant program changed the project evaluation framework since Round 1. Due to those changes, there is a low expected probability of success; therefore, we will not be pursuing this grant opportunity. We will continue to investigate funding opportunities under the Bipartisan Infrastructure Law.

On March 30, 2022, the General Manager met with interim City Manager, Jeff Mathieu, to discuss the project and the possibility of the City of Big Bear Lake pursuing a TOT ballot measure for November 2022. On April 18, 2022, City Council discussed the TOT and directed staff to develop the measure language and associated information for possible inclusion on the November ballot to support a number of items, including Replenish Big Bear. We remain in communication with Supervisor Rowe's office for the San Bernardino County TOT opportunity.

On April 1, 2022, the Regional Board requested additional time to finalize their review of the ROWD. Preliminarily, they could not consider the application complete and will meet internally to discuss the adequacy and completeness of the application. They will get back to the Project Team with comments by the end of April.

The domestic wells investigation has been completed. We anticipate the wells database, identification of data gaps, and work plan to be completed in April.

Executive Order N-7-22

On March 28, 2022, Governor Newsome signed Executive Order No. N-7-22 which asked Californians to limit summertime water use, directed the State Water Resources Control Board to adopt emergency regulations, and included a call for advancing groundwater recharge projects and improved funding for those projects. By April 15, 2022, state agencies shall submit to the Department of Finance, for the Governor's consideration, proposals to mitigate the worsening effects of severe drought, including emergency assistance to communities and households and others facing water shortages as a result of the drought, facilitation of groundwater recharge and wastewater recycling, improvements in water use efficiency, protection of fish and wildlife, mitigation of drought-related economic or water-supply disruption, and other potential investments to support short- and long-term drought response. The Project Team will continue to monitor this situation for additional funding opportunities.

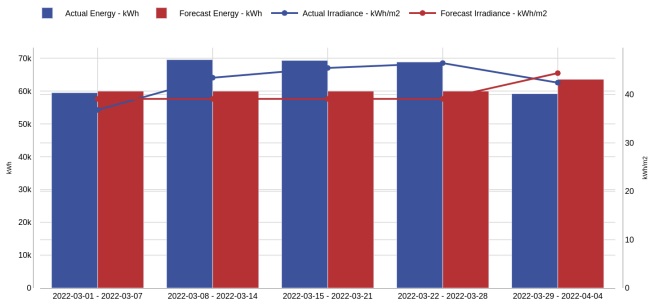
BBARWA

MONTHLY REPORT
April 2022

Capacity (kW DC)	1660.01
Resource	Solar
Project Company	Distributed Solar Development, LLC. Mohawk
Utility	Bear Valley Electric Service
Address	121 Palomino Drive - 92314 Big Bear - California/ United States

Last Months Performance

Energy (kWh)

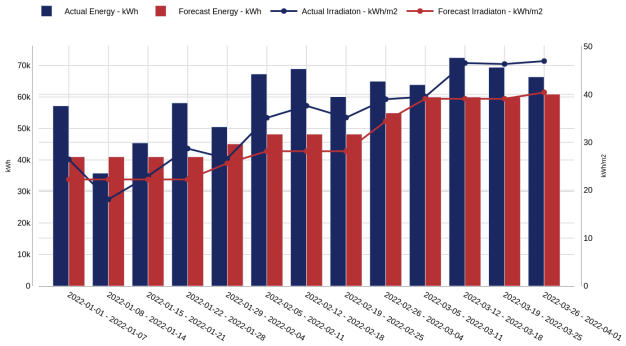


Energy (kWh)

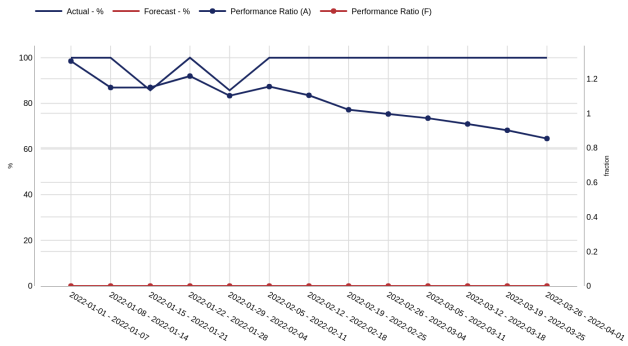
Time	Energy (kWh)	
	Actual	Forcasted
01 Mar 2022	10,417.81	8,567.19
02 Mar 2022	10,244.19	8,567.19
03 Mar 2022	8,810.50	8,567.19
04 Mar 2022	5,030.00	8,567.19
05 Mar 2022	4,864.25	8,567.19
06 Mar 2022	10,013.94	8,567.19
07 Mar 2022	10,113.62	8,567.19
08 Mar 2022	10,620.31	8,567.19
09 Mar 2022	10,569.44	8,567.19
10 Mar 2022	7,012.88	8,567.19
11 Mar 2022	10,676.44	8,567.19
12 Mar 2022	10,607.06	8,567.19
13 Mar 2022	9,606.56	8,567.19
14 Mar 2022	10,458.25	8,567.19
15 Mar 2022	10,380.94	8,567.19
16 Mar 2022	10,557.50	8,567.19
17 Mar 2022	10,283.25	8,567.19
18 Mar 2022	10,568.38	8,567.19
19 Mar 2022	7,920.50	8,567.19
20 Mar 2022	9,429.50	8,567.19
21 Mar 2022	10,183.50	8,567.19
22 Mar 2022	10,631.56	8,567.19
23 Mar 2022	10,692.00	8,567.19
24 Mar 2022	10,577.38	8,567.19
25 Mar 2022	9,980.31	8,567.19
26 Mar 2022	10,240.06	8,567.19
27 Mar 2022	10,347.00	8,567.19
28 Mar 2022	6,372.12	8,567.19
29 Mar 2022	8,107.62	8,567.19
30 Mar 2022	10,441.38	8,567.19
31 Mar 2022	10,165.44	8,567.19
Totals	**295,923.69**	**265,583.00**

Last 3 Months Performance

Energy (kWh)

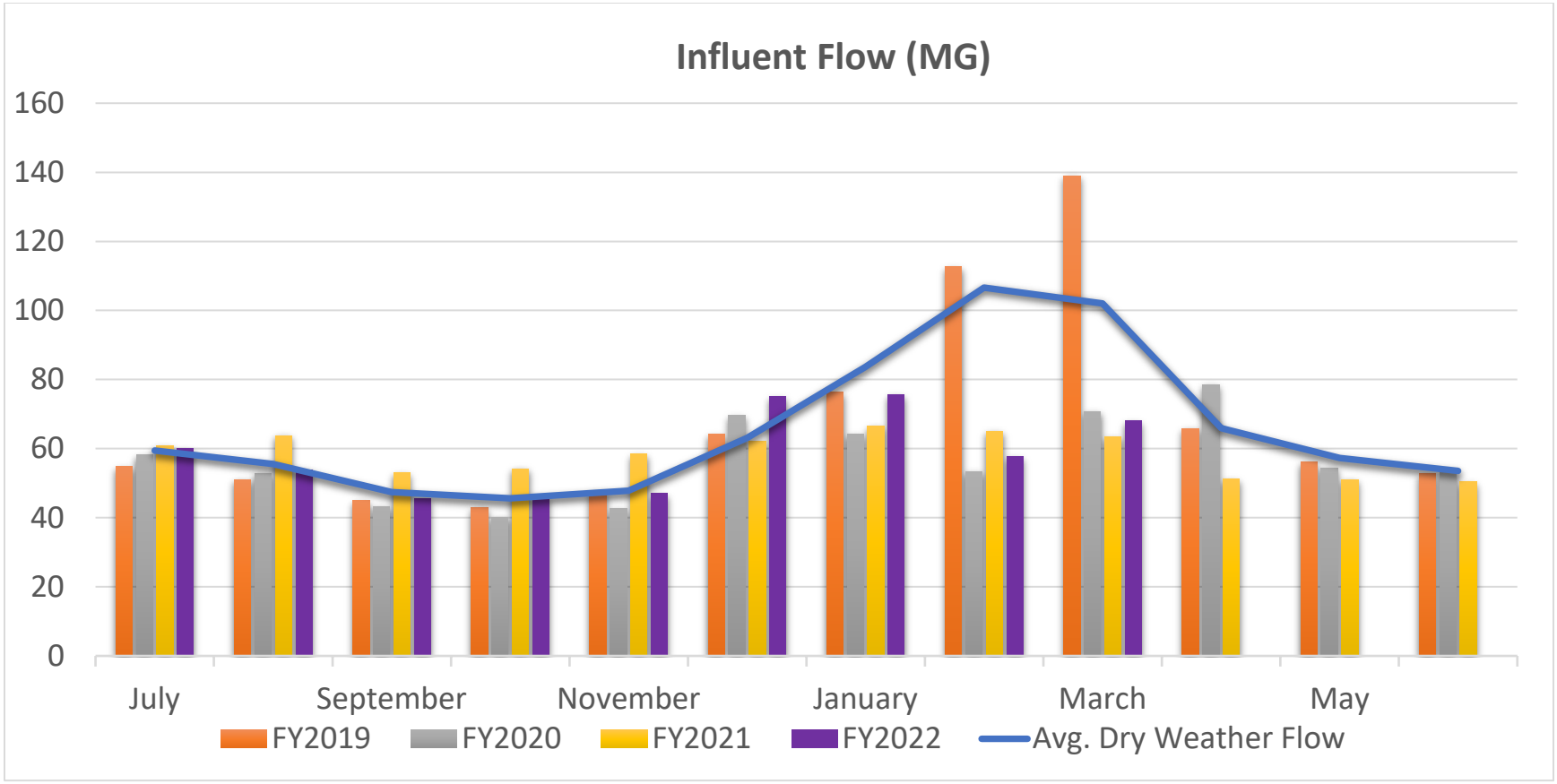


Availability and PR



Closed Events Last 3 Months

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. The SI unit of irradiance is watt per square meter (W/m2). The solar energy business uses watt-hour per square meter (Wh/m2) divided by the recording time. 1 kW/m2 = 24 kWh/(m2 day).
Production (kwh): Energy generated by your system
Weather Adjustment (Δ): PV systems depends both on the quality of the system and the weather. This adjustment is made to give more consistent results throughout the year as the weather changes.
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)
160
140
120
100
80
60
40
20
0
July
September
November
January
March
May
FY2019
FY2020
FY2021
FY2022
Avg. Dry Weather Flow

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
SPECIAL MEETING BUDGET WORKSHOP MINUTES
March 23, 2022

1. CALL TO ORDER

A Special Meeting of the Governing Board of the Big Bear Area Regional Wastewater Agency was called to order by Chair Herrick at 1:00 p.m. on March 23, 2022, at 121 Palomino Drive, Big Bear City, California. Members of the public attended via Zoom.

BOARD MEMBERS PRESENT

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

BOARD MEMBERS ABSENT

None

STAFF MEMBERS PRESENT

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

OTHERS

Frank Forbes, San Bernardino County Representative (joined at 1:02 p.m. via Zoom)
Greg Mote (via Zoom)
Shauna Pomerleau, Big Bear Hiking Adventures (via Zoom)
Mary Reeves, General Manager, Big Bear City Community Services District (joined at 1:22 p.m. via Zoom)

2. PLEDGE OF ALLEGIANCE

Bridgette Burton, Management Analyst/Board Secretary

3. APPROVAL OF THE AGENDA

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

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

4. PUBLIC FORUM

No comments

5. PRESENTATIONS AND INTRODUCTIONS

None

6. INFORMATION/COMMITTEE REPORTS

6.A. General Manager's Report

The General Manager discussed the solar production and efficiency. There is a 5% degradation included in the solar projections. Discussion ensued between the Governing Board and staff.

6.B. Finance Committee Update

Chair Herrick indicated the information and material from the meeting will be presented during this special meeting.

7. CONSENT CALENDAR

7.A. Approval of the Meeting Minutes from the February 23, 2022 Regular Meeting

7.B. Monthly Disbursements Report for February

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

7.D. AB 361 Open Meetings: State and Local Agencies: Teleconferences

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

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

8. ITEMS REMOVED FROM THE CONSENT CALENDAR

None

9. OLD BUSINESS

None

10. NEW BUSINESS

10.A. Governing Board Committee Appointments

The Governing Board directed staff to bring this item back for consideration once the Big Bear City Community Services District appoints a permanent Board Member.

Upon motion by Interim Director Walsh, seconded by Director Miller and carried, the Governing Board permanently appointed Director Miller to the Finance Committee with all other appointments remaining the same until the Big Bear City Community Services District appoints a permanent Board Member.

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

10.B. FY 2023 Draft Budget

The Finance Manager presented the Fiscal Year 2023 Draft Budget. The Governing Board directed staff to proceed with the budget process and post the Replenish Big Bear portion of the PowerPoint presentation to the Replenish Big Bear website with modifications. Discussion ensued between Governing Board and staff.

11. COMMENTS AND ANNOUNCEMENTS

11.A. General Manager Comments
None

11.B. Governing Board Member Comments
None

12. ADJOURNMENT

With no further business to come before the Governing Board, Chair Herrick adjourned the meeting at 3:57 p.m.

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

AGENDA ITEM: 7.B.

MEETING DATE: April 27, 2022

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

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

PREPARED BY: Jennifer McCullar, Finance Manager

SUBJECT: Monthly Disbursements Report

BACKGROUND:

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

FINANCIAL IMPACT:

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

RECOMMENDATION:

Informational

Big Bear Area Regional Wastewater Agncy
Check Register
For the Period From Mar 1, 2022 to Mar 31, 2022

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

Check #	Date	Payee	Cash Account	Amount
CASH 23401	3/1/22	LEGALSHIELD	1000-20	67.80
CASH 23402	3/1/22	TEXAS LIFE INSURANCE C	1000-20	213.00
CASH 23403	3/1/22	AMERICAN FIDELITY ASSU	1000-20	663.90
CASH 23404	3/2/22	PAYA	1000-20	19.99
CASH 23405	3/2/22	VISION SERVICE PLAN	1000-20	284.57
CASH 23406	3/2/22	PRINCIPAL FINANCIAL GR	1000-20	3,333.65
CASH 23407	3/2/22	CALPERS HEALTH	1000-20	30,547.54
CASH 23408	3/7/22	AMERICAN FIDELITY ASSU	1000-20	525.41
CASH 23409	3/7/22	CALPERS RETIREMENT	1000-20	3,186.16
CASH 23410	3/7/22	THE LINCOLN NAT'L LIFE I	1000-20	4,198.61
CASH 23411	3/7/22	CA PERS 457 PROGRAM	1000-20	4,259.81
CASH 23412	3/7/22	CALPERS RETIREMENT	1000-20	7,668.83
22009	3/8/22	ACCENT COMPUTER SOL	1000-20	2,519.21
22010	3/8/22	AMAZON CAPITAL SERVIC	1000-20	243.14
22011	3/8/22	ARAMARK UNIFORM SERV	1000-20	818.96
22012	3/8/22	BIG BEAR CITY COMMUNI	1000-20	1,076.29
22013	3/8/22	BIG BEAR BODYTEK	1000-20	480.00
22014	3/8/22	BUTCHER'S BLOCK & BUIL	1000-20	446.65
22015	3/8/22	BEAR VALLEY ELECTRIC	1000-20	16,777.49
22016	3/8/22	CALIFORNIA TOOL & WEL	1000-20	357.10
22017	3/8/22	CAR QUEST OF BIG BEAR	1000-20	23.67
22018	3/8/22	DIY HOME CENTER-BIG B	1000-20	79.61
22019	3/8/22	DISTRIBUTED SOLAR DEV	1000-20	36,710.75
22020	3/8/22	DIRECT TV	1000-20	51.24
22021	3/8/22	DEPARTMENT OF WATER	1000-20	47.80
22022	3/8/22	FLYERS ENERGY	1000-20	1,138.17
22023	3/8/22	FRONTIER COMMUNICATI	1000-20	913.27
22024	3/8/22	GEOTECH ENVIRONMENT	1000-20	122.52
22025	3/8/22	GRAINGER	1000-20	101.06
22026	3/8/22	BEAR VALLEY BASIN GSA	1000-20	77.40
22027	3/8/22	HACH COMPANY	1000-20	425.40
22028	3/8/22	HDR ENGINEERING, INC.	1000-20	1,132.50
22029	3/8/22	HUGHESNET	1000-20	102.33

Big Bear Area Regional Wastewater Agncy
Check Register
For the Period From Mar 1, 2022 to Mar 31, 2022

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

Check #	Date	Payee	Cash Account	Amount
22030	3/8/22	NICHOLAS R. MARTIN	1000-20	350.00
22031	3/8/22	CONSTANCE M. ALVARAD	1000-20	55.00
22032	3/8/22	PHIL'S AUTOMOTIVE	1000-20	361.08
22033	3/8/22	PITNEY BOWES GLOBAL F	1000-20	127.67
22034	3/8/22	RYAN R. ABELN	1000-20	7,571.60
22035	3/8/22	SPECTRUM BUSINESS	1000-20	1,023.93
22036	3/8/22	SUPPORT PRODUCT SER	1000-20	1,278.92
22037	3/8/22	NANCY R. BOHL, INC.	1000-20	75.00
22038	3/8/22	UNDERGROUND SERVICE	1000-20	47.95
22039	3/8/22	VIKING MAINTENANCE SE	1000-20	1,390.00
22040	3/8/22	VOLVO CONSTRUCTION E	1000-20	354.11
22041	3/8/22	WATER SYSTEMS CONSU	1000-20	52,314.05
22042	3/8/22	BRIDGETTE BURTON	1000-20	50.00
22043	3/8/22	RICHARD T. HERRICK	1000-20	150.00
22044	3/8/22	SONJA KAWA	1000-20	50.00
22045	3/8/22	DAVID LAWRENCE	1000-20	50.00
22046	3/8/22	JENNIFER MCCULLAR	1000-20	50.00
22047	3/8/22	JAMES J. MILLER	1000-20	150.00
22048	3/8/22	JOHN SHIMMIN	1000-20	50.00
22049	3/8/22	BRIDGETTE BURTON	1000-20	981.97
CASH 23413	3/8/22	EMPLOYMENT DEVELOPM	1000-20	2,290.08
CASH 23414	3/8/22	INTERNAL REVENUE SER	1000-20	6,729.91
CASH 23415	3/10/22	JOHN GREEN	1000-20	300.00
CASH 23416	3/10/22	BYNETTE L. MOTE	1000-20	300.00
CASH 23417	3/10/22	KARYN K. OXANDABOURE	1000-20	150.00
CASH 23418	3/21/22	AMERICAN FIDELITY ASSU	1000-20	525.41
CASH 23419	3/21/22	CALPERS RETIREMENT	1000-20	3,112.75
CASH 23420	3/21/22	THE LINCOLN NAT'L LIFE I	1000-20	4,198.61
CASH 23421	3/21/22	CA PERS 457 PROGRAM	1000-20	4,171.21
CASH 23422	3/21/22	CALPERS RETIREMENT	1000-20	7,668.83
CASH 23423	3/21/22	EMPLOYMENT DEVELOPM	1000-20	2,289.85
CASH 23424	3/21/22	INTERNAL REVENUE SER	1000-20	6,699.95
22050	3/23/22	AMAZON CAPITAL SERVIC	1000-20	1,474.10

Big Bear Area Regional Wastewater Agncy
Check Register
For the Period From Mar 1, 2022 to Mar 31, 2022

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

Check #	Date	Payee	Cash Account	Amount
22051	3/23/22	BEST BEST & KRIEGER LL	1000-20	171.45
22052	3/23/22	BUSINESS CARD	1000-20	1,687.32
22053	3/23/22	CALOLYMPIC SAFETY	1000-20	1,971.18
22054	3/23/22	CANON SOLUTIONS AMER	1000-20	1,171.46
22055	3/23/22	CLINICAL LAB OF SAN BE	1000-20	190.00
22056	3/23/22	JOHN CONNELLY	1000-20	300.00
22057	3/23/22	COUNTY OF SAN BERNAR	1000-20	341.06
22058	3/23/22	CWEA TCP/MEMBERSHIP	1000-20	187.00
22059	3/23/22	DADDY'S PEST CONTROL	1000-20	300.00
22060	3/23/22	EVANTEC CORPORATION	1000-20	422.04
22061	3/23/22	GRAINGER	1000-20	983.61
22062	3/23/22	HACH COMPANY	1000-20	100.31
22063	3/23/22	KAMAN INDUSTRIAL TECH	1000-20	4,771.52
22064	3/23/22	MITEL	1000-20	371.48
22065	3/23/22	RANDY J. SPITZ	1000-20	93.77
22066	3/23/22	PHIL'S AUTOMOTIVE	1000-20	152.03
22067	3/23/22	POLYDYNE INC	1000-20	3,770.66
22068	3/23/22	READY REFRESH	1000-20	266.88
22069	3/23/22	ROI ENGINEERING LLC	1000-20	1,650.00
22070	3/23/22	SOUTH COAST AQMD	1000-20	2,188.37
22071	3/23/22	SOUTHERN CALIFORNIA E	1000-20	50.05
22072	3/23/22	RYAN R. ABELN	1000-20	18,000.00
22073	3/23/22	SOUTHWEST GAS	1000-20	1,882.49
22074	3/23/22	SYNAGRO-WWT, INC.	1000-20	17,115.37
22075	3/23/22	VERIZON WIRELESS	1000-20	241.19
22076	3/23/22	WINZER CORP	1000-20	498.98
22077	3/23/22	NIKKI CRUMPLER	1000-20	370.19
CASH 23425	3/28/22	LEGALSHIELD	1000-20	67.80
CASH 23426	3/29/22	TEXAS LIFE INSURANCE C	1000-20	213.00
CASH 23427	3/29/22	AMERICAN FIDELITY ASSU	1000-20	663.90
CASH 23428	3/29/22	PAYA	1000-20	10,739.81
CASH 23429	3/31/22	PAYA	1000-20	38.91
Total				**295,977.64**

AGENDA ITEM: 7.C.

MEETING DATE: April 27, 2022

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

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

PREPARED BY: Jennifer McCullar, Finance Manager

SUBJECT: Investment Report Identifying Agency Investments and Reporting Interest Income

BACKGROUND:

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

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Informational

BBARWA
Monthly Investment Report
March 2022

INVESTMENT TYPE	COST	FAIR MARKET VALUE (1)	YEAR TO DATE INTEREST(2)	INTEREST RATE	MATURITY DATE
LOCAL AGENCY INVESTMENT FUND	$ 5,545,292	$ 5,531,091	$ 10,685	0.365%	DAILY
TOTAL	$ 5,545,292	$ 5,531,091	$ 10,685		

The Investment Portfolio of the Big Bear Area Regional Wastewater Agency is in compliance with the investment policy approved in Sept 2021.
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 2022 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

April 15, 2022

LAIF Home
PMIA Average Monthly Yields

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

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

Account Number:

March 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
3/4/2022	3/3/2022	RW	1698555	N/A	JENNIFER MCCULLAR	-500,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	6,045,291.72
Total Withdrawal:	-500,000.00	Ending Balance:	5,545,291.72

AGENDA ITEM: 7.D.

MEETING DATE: April 27, 2022

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: AB 361 Open Meetings: State and Local Agencies: Teleconferences

BACKGROUND & DISCUSSION:

AB 361 amended the Brown Act to allow local legislative bodies to continue using teleconferencing and virtual meeting technology as long as there is a "proclaimed state of emergency." To accommodate individuals during these teleconferences and virtual meetings, a public comment period is offered where the public can address the legislative body directly in real time. Additionally, public comments are allowed up until the public comment period is closed at the meetings. The agenda includes information on the manner in which the public may access the meeting and provide comments remotely. If technical problems arise that result in the public's access being disrupted, the legislative body does not take any votes or other official action until the technical disruption is corrected, and public access is restored.

On October 27, 2021, the Governing Board adopted Resolution No. R. 10-2021, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Authorizing Virtual Board and Committee Meetings Pursuant to AB 361. The Governing Board may extend the application of this Resolution by motion and majority vote up to 30 days at a time, provided that it makes all necessary findings consistent with and pursuant to the requirements of Section 54953(e)(3). Government Code 54953(e)(3) authorizes this legislative body to continue to conduct these remote "telephonic" meetings under AB 361 provided that it has timely made the findings specified therein. Findings must include: (a) the state of emergency continues to directly impact the ability of the members of this legislative body to meet safely in person; and/or (b) state or local officials continue to impose or recommend measures to promote social distancing. AB 361's sunset date for special districts and other local agencies like cities and counties is January 1, 2024.

In light of AB 361, and in order to promote social distancing and avoid an imminent safety risk to attendees, teleconferencing and virtual meeting options may continue to take place until further notice.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

1. The Governing Board declares that it has reconsidered the circumstances of the state of emergency declared by the Governor and at least one of the following is true: (a) the state of emergency continues to directly impact the ability of the members of this legislative body to meet safely in person; and/or (b) state or local officials continue to impose or recommend measures to promote social distancing; and
2. The Governing Board declares it will be conducting teleconferencing and virtual meetings pursuant to AB 361.

AGENDA ITEM: 7.E.

MEETING DATE: April 27, 2022

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. 08-2022, A Resolution of the Big Bear Area Regional Wastewater Agency Amending and Adopting Local Guidelines for Implementing the California Environmental Quality Act (Public Resources Code §§ 21000 et seq.)

BACKGROUND:

The State CEQA Guidelines require local agencies to adopt "objectives, criteria and procedures" to implement the requirements of CEQA and the State CEQA Guidelines (State CEQA Guidelines [14 Cal. Code Regs.] section 15022). The 2022 Local Guidelines for Implementing the California Environmental Quality Act for the Big Bear Area Regional Wastewater Agency reflect recent changes to CEQA.

To this end, CEQA requires public agencies to adopt specific objectives, criteria and procedures for evaluating public and private projects that are undertaken or approved by such agencies.

DISCUSSION:

The Big Bear Area Regional Wastewater Agency has prepared a proposed updated set of Local CEQA Guidelines for 2022 in compliance with CEQA's requirements. These Guidelines reflect recent changes to CEQA. These Local CEQA Guidelines also provide instructions and forms for preparing all environmental documents required under CEQA.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

Adopt Resolution No. R. 08-2022.

ATTACHMENTS:

- Resolution No. R. 08-2022
- 2022 Summary of Changes to Local CEQA Guidelines

RESOLUTION NO. R. 08-2022

A RESOLUTION OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY AMENDING AND ADOPTING LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUBLIC RESOURCES CODE §§ 21000 ET SEQ.)

WHEREAS, the California Legislature has amended the California Environmental Quality Act ("CEQA") (Pub. Resources Code §§ 21000 et seq.), the Natural Resources Agency has amended the State CEQA Guidelines (Cal. Code Regs, tit. 14, §§ 15000 et seq.), and the California courts have interpreted specific provisions of CEQA; and

WHEREAS, Public Resources Code section 21082 requires all public agencies to adopt objectives, criteria and procedures for (1) the evaluation of public and private projects undertaken or approved by such public agencies, and (2) the preparation, if required, of environmental impact reports and negative declarations in connection with that evaluation; and

WHEREAS, the Big Bear Area Regional Wastewater Agency must revise its local guidelines for implementing CEQA to make them consistent with the current provisions and interpretations of CEQA and the State CEQA Guidelines.

NOW, THEREFORE, the Big Bear Area Regional Wastewater Agency ("Agency") hereby resolves as follows:

SECTION 1. The Agency hereby adopts the "2022 Local Guidelines for Implementing the California Environmental Quality Act," a copy of which is on file at the offices of the Agency and is available for inspection by the public.

SECTION 2. All prior actions of the Agency enacting earlier guidelines are hereby repealed.

ADOPTED this 27th day of April, 2022.

_____

Rick Herrick, 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, being Resolution No. R. 08-2022, Amending and Adopting Local Guidelines for Implementing the California Environmental Quality Act (Public Resources Code §§ 21000 et seq.), was duly adopted at a regular meeting of the Governing Board held on the 27th day of April 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____

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

Memorandum

TO: Project 5 Agency Client

FROM: Best Best & Krieger LLP

DATE: April 11, 2022

RE: 2022 Summary of Changes to Local CEQA Guidelines

In 2021, the California Legislature took action to revise the California Environmental Quality Act ("CEQA"). Notably, Assembly Bill ("AB") 819 ("AB 819") amends the Public Resources Code to, among other things: (1) expand the scope of CEQA documents that must be submitted to the Office of Planning and Research's ("OPR") State Clearinghouse; (2) require lead agencies to submit such documents to OPR electronically; and (3) require a lead agency to post various environmental documents and notices on its website, if the lead agency has a website. In addition, the Legislature passed multiple bills to exempt certain categories of activity from CEQA.

These revisions to CEQA have been incorporated into the Agency's 2022 Local Guidelines for Implementing the California Environmental Quality Act ("Local Guidelines"). This memorandum summarizes the substantive amendments to the Agency's Local Guidelines. These Local Guidelines and this memorandum are designed to help the Agency assess the environmental implications of a project prior to its approval, as mandated by CEQA. We still recommend, however, that you consult with an attorney when you have specific questions on major, controversial, or unusual projects or activities.

The Local Guidelines, the related CEQA forms, and other important legal alerts may be accessed via the Best Best & Krieger LLP CEQA client portal at http://clients.bbklaw.net/pfcc/. For technical support, please contact Tammy Ingram at tammy.ingram@bbklaw.com.

REVISIONS TO LOCAL GUIDELINES

1. SECTIONS 1.08, 1.09, 3.04, 6.04, 6.11, 6.20, 7.03, 7.25, & 7.39: POSTING CEQA DOCUMENTS AND RELATED NOTICES ON LEAD AGENCY'S WEBSITE

With AB 819, the California Legislature amended CEQA to require a Lead Agency to post the Draft Environmental Impact Report ("EIR"), Final EIR, Negative Declaration, or Mitigated Negative Declaration ("MND") prepared for a project on the Lead Agency's website, if the Lead Agency has a website.

In addition, AB 819 requires a Lead Agency to post various CEQA notices on its website. This requirement extends to any Notice of Exemption, Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration, Notice of Preparation, Notice of Availability, and Notice of Determination.

Sections 1.08, 3.04, 6.04, 6.11, 6.20, 7.03, 7.25, and 7.39 of the 2022 Local Guidelines have been revised to reflect these new requirements.

2. SECTIONS 2.04 & 6.16 PROCEDURE TO APPEAL A CEQA DETERMINATION MADE BY A NON-ELECTED DECISIONMAKING BODY

The Agency may charge a non-elected decisionmaking body with the responsibility of making an exemption determination or adopting or certifying environmental documents under CEQA. But, a determination made by a non-elected decisionmaking body must be appealable to the Agency's elected decisionmaking body. Sections 2.04 and 6.16 of the Local Guidelines have been revised to elaborate that any CEQA determination made by a non-elected decisionmaking body shall be final unless it is timely appealed to the Agency's Board of Directors.

3. SECTION 3.04 NOTICES OF EXEMPTION

Section 3.04 has been revised consistent with AB 819 to provide that (1) a Notice of Exemption must now be filed electronically with the County Clerk, if the County Clerk accepts electronic filing of Notices of Exemption; and (2) the Agency must post its Notices of Exemption on its website.

Additionally, Section 3.04 has been revised to update the procedure by which a project applicant, rather than the Agency, may file a Notice of Exemption for a project that the Agency has determined is exempt from CEQA. For a project applicant to file a Notice of Exemption, the project applicant must attach a Certificate of Determination from the Agency to the Notice of Exemption.

4. SECTION 3.23 EXEMPTION RE: CONSERVATION AND RESTORATION OF CALIFORNIA NATIVE FISH AND WILDLIFE

With its adoption of Senate Bill ("SB") 155, the Legislature has created a CEQA exemption for projects that have as their exclusive purpose the recovery of California fish and wildlife (including projects for habitat restoration), if certain conditions are met. Section 3.23 has been added to the Local Guidelines to reflect this new exemption.

5. SECTION 3.24 EXEMPTION RE: LINEAR BROADBAND DEPLOYMENT IN A RIGHT-OF-WAY

The Legislature's enactment of SB 156 has created a CEQA exemption for projects that consist of linear broadband deployment in a right-of-way, if certain conditions are met. To qualify for the exemption, the project must be located in an area identified by the Public Utilities Commission as a component of the statewide open-access middle-mile broadband network; must be constructed along, or within 30-feet of, the right-of-way of any public road or highway; and must be either deployed underground where the surface area is restored to a condition existing before the project or placed aerially along an existing utility pole right-of-way. Additionally, the project is required to include conditions of approval to address potential environmental impacts, including, but not limited to, requiring monitors during construction activities or measures to address impacts to biological or cultural resources. We have added Section 3.24 to the Local Guidelines to reflect this new exemption.

6. SECTION 3.25 EXEMPTION RE: NEEDLE AND SYRINGE EXCHANGE SERVICES

Under existing law, cities and counties meeting certain requirements may apply to the State Department of Public Health for authorization to provide hypodermic needle and syringe exchange services consistent with state standards in any location where the State Department of Public Health determines that the conditions exist for the rapid spread of human immunodeficiency virus (HIV), viral hepatitis, or any other potentially deadly or disabling infections that are spread through the sharing of used hypodermic needles and syringes. In 2021, the Legislature enacted AB 1344 to expressly exempt from CEQA needle and syringe exchange services application submissions, authorizations, and operations. This exemption is reflected in Section 3.25 of the Local Guidelines.

7. SECTION 6.11 SUBMISSION OF NEGATIVE DECLARATIONS AND RELATED NOTICES TO STATE CLEARINGHOUSE

Under AB 819, all Negative Declarations and MNDs must be submitted electronically to the State Clearinghouse via the Office of Planning and Research's "CEQA Submit" website, even if the Negative Declaration or MND does not require state agency review. When submitting the Negative Declaration or MND to the State Clearinghouse, the Lead Agency must also submit a Notice of Completion via the "CEQA Submit" website.

Section 6.11 of the Local Guidelines has been revised to reflect this change in the law, and it includes instructions on how to submit both documents that require state agency review and documents that do not require state agency review.

8. SECTIONS 7.03, 7.25, 7.26 & 7.39 SUBMISSION OF EIRS AND RELATED NOTICES TO STATE CLEARINGHOUSE

Under AB 819, all EIRs must be submitted electronically to the State Clearinghouse via the Office of Planning and Research's "CEQA Submit" website, even if the EIR does not require state agency review. In addition, a Lead Agency must submit any Notice of Preparation, Notice of Completion, and Notice of Determination related to the EIR to the Office of Planning and Research via the "CEQA Submit" website. Sections 7.03, 7.25, 7.26, and 7.39 of the Local Guidelines have been revised to reflect these requirements.

9. SECTION 7.05 STREAMLINED CEQA LITIGATION FOR ENVIRONMENTAL LEADERSHIP DEVELOPMENT PROJECTS

In 2021, the Legislature passed the Jobs and Economic Improvement Through Environmental Leadership Act of 2021, which reenacts with certain changes the Jobs and Economic Improvement Through Environmental Leadership Act of 2011, which was repealed by its own terms on January 1, 2021. If the Governor certifies a project as an Environmental Leadership Development Project, any lawsuit challenging the project—including any appeals to the Court of Appeal or the California Supreme Court—must be resolved, to the extent feasible, within 270 days of the filing of the certified record of proceedings with the trial court. Section 7.05 of the Local Guidelines, which previously addressed the previous iteration of the law from 2011, has been updated to reflect the 2021 iteration of the law.

10. SECTION 9.01 STREAMLINED MINISTERIAL APPROVAL PROCESS FOR AFFORDABLE HOUSING PROJECTS

The Legislature has provided for a streamlined, ministerial approval process for certain affordable housing projects satisfying various conditions. This process is not new, and it is already included in the Local Guidelines in Section 9.01. In 2021, the Legislature adopted AB 1174 to further clarify the process. Under existing law, a development approved under the streamlined ministerial process can generally be valid indefinitely so long as it meets certain requirements. Among other things, AB 1174 clarifies that to be valid indefinitely, the project must include public investment in housing affordability, beyond tax credits, and have at least 50 percent of units affordable to households making at or below 80 percent of the area median income. Section 9.01 of the Local Guidelines has been revised to reflect AB 1174.

11. SECTION 9.02 MINISTERIAL APPROVAL PROCESS FOR SPECIFIED URBAN LOT SPLITS AND HOUSING DEVELOPMENTS

SB 9 provides for the ministerial approval (i.e., approval not subject to CEQA) of (1) proposed housing developments containing no more than two residential units within a single-family residential zone; and (2) urban lot splits. This is not a blanket exemption from CEQA, as SB 9 sets forth numerous conditions that must be met in order for a proposed project to qualify for ministerial approval. The ministerial approval process established by SB 9 is set forth in Section 9.02 of the Local Guidelines.

12. SECTION 9.03 EXEMPTION RE: APPROVAL OF ORDINANCE TO ZONE ANY PARCEL FOR UP TO 10 UNITS OF RESIDENTIAL DENSITY PER PARCEL

SB 10 provides that a local government may adopt an ordinance to zone a parcel for up to 10 residential units, and that such action (if certain conditions are met) does not qualify as a "project" subject to CEQA. Section 9.03 has been added to the Local Guidelines to reflect SB 10.

Other Changes

Effective January 1, 2022, the Department of Fish and Wildlife has increased its fees. For a Negative Declaration or a Mitigated Negative Declaration, the new filing fee is $2,548.00. For an EIR, the new filing fee is $3,539.25. For an environmental document prepared pursuant to a Certified Regulatory Program, the filing fee has been increased to $1,203.25.

Conclusion

As always, CEQA remains complicated and, at times, challenging to apply. The only constant in this area of law is how quickly the rules change. Should you have questions about any of the provisions discussed above, or about the environmental review of any of the Agency's projects, please contact a BB&K attorney for assistance.

BEST BEST & KRIEGER LLP

AGENDA ITEM: 9.A.

MEETING DATE: April 27, 2022

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

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

PREPARED BY: Jennifer McCullar, Finance Manager

SUBJECT: 2022 Rate and Fee Studies

BACKGROUND:

During the Agency's August 2021 Board Meeting, it was recommended that the Agency undertake a comprehensive rate study (the 2022 Rate and Fee Studies) to be completed by HDR Engineering Inc. (HDR) that would include a review of the Agency's current rates, rates associated with Replenish Big Bear (RBB), waste hauler fees, and connection fees. HDR completed a previous rate study in 2018 that did not include rates associated with RBB. Guidance by the Board for the 2022 Rate and Fee Studies included a 3-year review of the RBB rates. During the January Board Meeting, HDR presented the preliminary results of the 2022 Rate and Fee Studies, which were subject to finalization of the Agency's FY 2023 Budget.

DISCUSSION:

The results of the studies (see attached) are unchanged from those presented at the January 2022 Board Meeting. The recommendations are outlined below:

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

	Current	FY 2023	FY 2024	FY 2025
BBARWA $	$231.77	$241.04	$250.68	$260.71
% Change		***4.0%***	***4.0%***	***4.0%***
RBB $		**$5.79**	**$12.20**	**$19.26**
Incremental % Change		***2.5%***	***2.5%***	***2.5%***
BBARWA and RBB $		**$246.84**	**$262.88**	**$279.97**
% Change		***6.5%***	***6.5%***	***6.5%***

The table reflects the combined rates recommended by HDR through FY 2025 and are consistent with the sewer user charges that are in the Agency's budget and five-year projection for the 3-year period (FY 2023 – FY 2025).

Waste Hauler Fees ($ per 1,000 gallons)

Waste Type	Current	FY 2023	FY 2024	FY 2025
Chemical Toilet	$68.56	$71.30	$74.15	$77.12
Holding Tank	$7.29	$7.58	$7.88	$8.20
Septic Tank	$82.05	$85.33	$88.75	$92.30
% Change		***4.0%***	***4.0%***	***4.0%***

The recommended annual change in the waste hauler fee is the same change as that proposed for the sewer user charge, excluding the incremental charge for RBB.

Connection Fee

The connection fee analysis proposes a maximum connection fee of $4,255. The current connection fee is $4,180 per connection and as presented to the Board in January will remain unchanged.

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.

ATTACHMENTS:

- Wastewater Rate Study
- Regional Sewer Connection Fee Study

DRAFT REPORT

Big Bear Area Regional Wastewater Agency

Wastewater Rate Study

April 2022

April 20, 2022

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

Subject: 2022 Wastewater Rate Study Draft Report

Dear Ms. McCullar:

HDR Engineering, Inc. (HDR) is pleased to present the draft report on the wastewater rate study conducted for the Big Bear Area Regional Wastewater Agency (Agency). A key objective in developing the Agency's 2022 wastewater rate study (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. 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 budget, billing records, and future projections. HDR has relied on this information to develop our 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.

Shawn Koorn
Associate Vice President

hdrinc.com

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

Table of Contents

Executive Summary

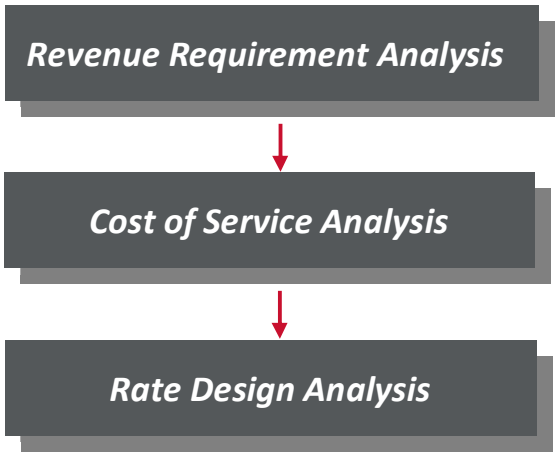
Introduction

HDR Engineering, Inc. (HDR) was retained by the Big Bear Area Regional Wastewater Agency (Agency) to perform a wastewater rate study (Study). HDR previously completed a wastewater rate study for the Agency in 2018. For the 2022 Study, HDR updated the prior rate model with current data and information and developed and prepared an analysis to determine the adequacy of the existing wastewater rates and proposed a basis for adjustments to maintain cost-based rates. This section of this report will provide a brief overview of the rate study components. The results and recommendations of the wastewater cost of service study 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. 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



Compares the revenues to the expenses of the utility to determine the overall rate adjustment required

Distributed the revenue requirement to the various customer classes of service in an equitable and proportional manner

Considers the results of both the revenue requirement and cost of service in establishing cost-based and proportional proposed rates

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 2022 adopted budget and FY 2023 preliminary budget were used as the starting point of the analysis
- Operation and maintenance expenses are projected to increase at inflationary levels with no assumed changes to levels of service or anticipated extraordinary expenses
- Assumed new connections are 45 EDUs per year
- Inflationary level revenue adjustments are necessary to fund the Agency's operating and capital costs over the next three-year period (FY 2022 – FY 2025).
- To fund the next three years of the Replenish Big Bear project, an additional revenue adjustment is necessary
- Based upon Board policy direction, a three-year rate schedule has been developed which includes 6.5% annual rate adjustments in FY 2023 through FY 2025
- 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 proposed rate transition plan will help smooth the rate adjustments, minimizes future rate impacts, and provides funding for future capital projects
- Cost of service analysis was developed to review the proportionality of the existing 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 2023 through FY 2025

In five years, 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 2022 – FY 2031). 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 2023 through FY 2025. 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 2022 adopted budget

and the FY 2023 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 historical 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 Agency's study, a capital improvement plan was developed to identify the projects necessary to maintain the wastewater system as well as projects necessary to meet new growth and subsequent expansion of the system. 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 2022	FY 2023	FY 2024	FY 2025
Total Admin Building	$0	$0	$0	$65
Total Effluent Disposal Assets	0	161	190	0
Total Flow Measuring Device	56	16	0	0
Total Interceptor System	53	125	0	40
Total Other Equipment	69	26	34	0
Total Other Tangible Plant	0	0	428	0
Total Studies and Maps	0	100	0	0
Total Power Generating Equipment	267	0	0	0
Total Transportation Equipment	25	28	0	345
Total Treatment Plant	1,378	315	519	12
Future Capital Improvements	0	0	0	0
To Capital Reserves	0	100	0	409
Total Capital Improvement Projects	**$1,848**	**$870**	**$1,172**	**$870**
Less: Other Funding Sources				
Operating Fund-Wastewater	$0	$0	$0	$0
Capital and Replacement Fund	728	0	302	0
Connection Fees	320	70	70	70
Proceeds from Debt	0	0	0	0
Grants	0	0	0	0
New Long-Term Borrowing	0	0	(0)	0
Total Other Funding Sources	**$1,048**	**$70**	**$372**	**$70**
Rate Funded Capital	**$800**	**$800**	**$800**	**$800**

The financial plan developed for the Agency's wastewater utility has placed the rate funded capital level at $800,000 in FY 2022 and remaining flat over the review period. 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 is important to note that 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's wastewater utility. 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 2022 [1]	FY 2023	FY 2024	FY 2025
Revenues				
Rate Revenues	$5,845	$5,856	$5,866	$5,877
Other Revenues	240	154	154	154
Total Revenues	**$6,085**	**$6,010**	**$6,020**	**$6,030**
Expenses				
Total O&M Expenses	$4,889	$4,939	$5,223	$5,458
Non-Operating	173	0	0	0
Taxes and Transfers	4	4	4	4
Rate Funded Capital	800	800	800	800
Net Debt Service	434	466	570	1,113
Total Reserve Funding	(216)	181	210	(123)
Total Expenses	**$6,085**	**$6,390**	**$6,807**	**$7,252**
Bal. / (Def.) of Funds	$0	($381)	($787)	($1,222)
Bal. as a % of Rate Rev.	0.0%	6.5%	13.4%	20.8%
Proposed Rate Revenue Adj.	**0.0%**	**6.5%**	**6.5%**	**6.5%**
Add'l Rev. from Rate Adj.	$0	$381	$787	$1,222
Total Bal. / (Def.) of Funds	$0	($0)	($0)	$0

[1] FY 2022 rate revenues include the Board adopted rate adjustment and therefore, no proposed rate adjustment is included

As can be seen, the wastewater revenue requirement has summed 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 fixed 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 by 6.5% annually in FY 2023 through FY 2025 in order to meet the operating and capital needs of the Agency's wastewater utility. 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 their various cost components. 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 Cost of Service Analysis ($000s)

	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
All Customers	**$5,856**	**$6,236**	**($381)**	**6.5%**

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 process is the design of wastewater rates to collect the desired 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 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 sewer fees 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 2023 through FY 2025.

Table ES - 4
Present and Proposed Wastewater Rates

	Present Rates	FY 2023	FY 2024	FY 2025
	$ / EDU			
All Customers	$231.77	$246.84	$262.88	$279.97

Summary of the Wastewater Rate Study

This completes the summary of the regional wastewater rate study update for the Agency. Annual rate revenue adjustments of 6.5% are recommended in FY 2023 through FY 2025. 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 2018. The development of the 2022 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

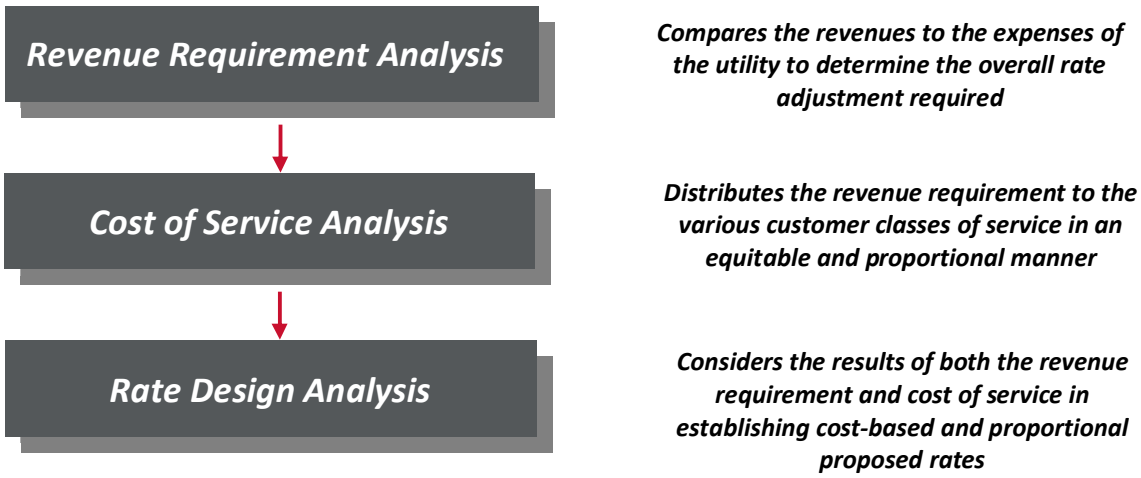
The Agency had a number of key objectives in developing the Study. These key objectives provided a framework for policy decisions in the analyses that follows. These key objectives were as follows:

- Develop the wastewater study 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
- In financial planning and establishing the Agency's 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 completely 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 the 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. 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, 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, proportional, and set at a level that meets the utility's full revenue requirement
- 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). 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 classified into components, they are ***distributed*** to the customer classes of service, although the Agency only has one class of customers. The distribution is based on each member agency's relative contribution to the cost component. For example, volume-related costs are distributed to each member agency based on the total volume for the member agency. Once costs are distributed, the required revenues by member agency to determine cost-based rates can be determined.

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. Typically, one of the main objectives of a rate study is to develop proportional rates while attempting to minimize the long-term impacts to customers.

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, the revenue requirement was developed for a ten-year analysis for the time period of FY 2022 – FY 2031. 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 three-year period of FY 2023 through FY 2025

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.
+	Rate funded capital improvements
+	Debt Service (P + I) funded from rates
±	Minimum reserve funding
–	Other Revenues
=	**Total Revenue Requirement**
[a]	Rate funded capital improvements
+	Total capital improvement projects
–	Funding sources other than rates
	✓ Capital & Replacement Fund
	✓ Connection Fees
	✓ Proceeds from Debt Issuance
=	**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 $5.8 million in rate revenue in FY 2022 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 $5.9 million by FY 2025. 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 $216,000 in other revenues in FY 2022, which includes annual grant revenue in FY 2022 only. Other revenues in FY 2023 and FY 2024 are projected to be approximately $150,000.

On a combined basis, the rate revenues along with other revenues, the Agency's total projected revenues are expected to be approximately $6.0 million in FY 2022 and remain consistent at $6.0 million in FY 2025, 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 2024	FY 2025
Salaries	7.3%	4.5%
Benefits	6.0%	6.0%
Materials & Supplies	4.7%	3.6%
Repairs & Replacements	-3.1%	27.7%
Equipment Rental	2.7%	2.5%
Sludge Removal	2.7%	2.5%
Chemicals	35.3%	-22.1%
Miscellaneous	1.5%	1.5%
Power	2.8%	2.8%
Other Utilities	2.7%	2.5%
Communications Expense	2.5%	2.3%
Contractual Services - Other	5.5%	0.7%
Contractual Services - Professional	7.8%	-2.6%
Permits & Fees	6.6%	6.6%
Property Tax Expense	1.3%	1.3%
Other Operating Expense	2.5%	-3.8%
Insurance	2.0%	4.3%

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 adopted FY 2022 budget and the projected FY 2023 budget to develop the revenue requirement analysis. HDR then escalated the O&M expenses based on the previously mentioned escalation factors shown in Table 3 - 2. Total operation and maintenance expenses for the Agency are budgeted to be approximately $4.9 million in FY 2022, increasing to approximately $5.5 million by FY 2025 as a result of cost inflation based on the above escalation factors over the time period.

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 requirements of the capital improvement plan 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 fund the capital expenditures through rates (rate funded capital improvements) and that long-term debt issuances were not needed at this time. 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.

For the review period through FY 2025, capital improvement funding totals approximately $6.6 million. Funding for the Agency's capital projects is through rates, existing fund balance, and connection fees. A detailed summary of the capital projects is provided in Table 3 - 2.

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

	FY 2022	FY 2023	FY 2024	FY 2025
Capital Improvement Projects				
Total Admin Building	$0	$0	$0	$65
Total Effluent Disposal Assets	0	161	190	0
Total Flow Measuring Device	56	16	0	0
Total Interceptor System	53	125	0	40
Total Other Equipment	69	26	34	0
Total Other Tangible Plant	0	0	428	0
Total Studies and Maps	0	100	0	0
Total Power Generating Equipment	267	0	0	0
Total Transportation Equipment	25	28	0	345
Total Treatment Plant	1,378	315	519	12
Future Capital Improvements	0	0	0	0
To Capital Reserves	0	100	0	409
Total Capital	**$1,848**	**$870**	**$1,172**	**$870**
Less: Other Funding Sources				
Operating Fund-Wastewater	$0	$0	$0	$0
Capital and Replacement Fund	728	0	302	0
Connection Fees	320	70	70	70
Proceeds from Debt	0	0	0	0
Grants	0	0	0	0
New Long-Term Borrowing	0	0	(0)	0
Total Other Funding Sources	**$1,048**	**$70**	**$372**	**$70**
Rate Funded Capital	**$800**	**$800**	**$800**	**$800**

The ongoing replacement of assets is often included in determining the capital requirements of a utility. A standard benchmark for asset replacement is 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 2022 and that figure is held flat over the review period through FY 2025. Rate funded capital is able to be increased due to the retirement of the compass bank loan. This reflects the historical level of "pay as you go" capital funding needs as well as the overall project needs over this time period. 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.

In addition to the above capital improvement funding plan, the Agency is also funding capital associated with the Replenish Big Bear project. This project has a total capital expenditure of $32.5 million. This is being funded through grant revenue of $3.8 million and long-term borrowing of $28.7 million. The only cost included in the revenue requirement is the interest expense for the long-term borrowing.

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 2022. 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 $1.0 million by FY 2025.

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 2022 on its existing debt is 2.72 and includes 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 the DSC ratio is at 1.67 in FY 2025.

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 Revenue Requirement Analysis ($000s)

	FY 2022	FY 2023	FY 2024	FY 2025
Revenues				
Rate Revenues	$5,845	$5,856	$5,866	$5,877
Other Revenues	240	154	154	154
Total Revenues	**$6,085**	**$6,010**	**$6,020**	**$6,030**
Expenses				
O&M Expenses	$4,889	$4,939	$5,223	$5,458
Non-Operating Expenses	173	0	0	0
Taxes and Transfers	4	4	4	4
Rate Funded Capital	800	800	800	800
Net Debt Service [1]	434	466	570	1,113
Reserve Funding	(216)	181	210	(123)
Total Revenue Requirement	**$6,085**	**$6,390**	**$6,807**	**$7,252**
Rate Revenue Bal. / (Def.)	$0	($381)	($787)	($1,222)
% Rate Adjustment Required	0.0%	6.5%	13.4%	20.8%
Proposed Rate Adjustment	**0.0%**	**6.5%**	**6.5%**	**6.5%**
Add'l Revenue with Rate Adj.	$0	$381	$787	$1,222
Total Bal. / (Def.) after Rate Adj.	$0	($0)	($0)	$0

[1] - Net debt service is the total debt service less the debt service funded through connection fees

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 $381,000 in FY 2023 to $1.2 million in FY 2025 which equates to a cumulative deficiency in FY 2025 of 20.8%. Based on the revenue requirement analysis developed, HDR recommends the Agency adjust utility rates beginning in FY 2023. It is recommended that annual adjustments of 6.5% be implemented in FY 2023 through FY 2025 to adequately fund the operating and capital needs of the Agency.

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 the 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 2022	FY 2023	FY 2024	FY 2025
Operations Fund - *Liquidity*				
Ending Balance	$2,323	$2,669	$2,748	$2,609
Target Ending Balance	2,474	2,499	2,643	2,762
Over / (Under) Target	(151)	169	105	(153)
Operations Fund - *Contingency*				
Ending Balance	$810	$846	$882	$897
Target Ending Balance	815	823	870	910
Over / (Under) Target	(5)	23	11	(13)
Capital and Replacement Fund				
Ending Balance	$1,289	$1,314	$1,107	$1,516
Target Ending Balance	1,285	1,119	992	1,264
Over / (Under) Target	3	195	115	252
Emergency				
Ending Balance	$500	$500	$500	$500
Target Ending Balance	500	500	500	500
Over / (Under) Target	0	0	0	0
Debt Service				
Ending Balance	$509	$509	$509	$509
Target Ending Balance	509	541	645	1,188
Over / (Under) Target	0	(32)	(136)	(679)
Connection Fee				
Ending Balance	$115	$160	$205	$250
Total				
Ending Fund Balance [1]	$5,431	$5,837	$5,746	$6,031
Target Ending Fund Balance	5,583	5,482	5,651	6,623
Over / (Under) Target	(152)	355	95	(592)

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

As shown in Table 3-5, the reserve funds are drawn down to the annual minimum levels based on the development of revenue requirement and proposed rate increases. It is important to note that excess reserves are not available to off-set or mitigate the Agency's future needed rate adjustment as the current fund balances reflect the increased revenue from the proposed rate adjustments. While fund balances are available these funds are necessary in order to fund future capital improvements in the next three year period (FY 2023 – FY 2025).

3.8 Consultant's Recommendations

Based upon the revenue requirement analysis, HDR recommends the Agency implement annual rate revenue adjustments of 6.5% in FY 2023 through FY 2025. The proposed adjustments would move the Agency to fully supporting the operations and capital needs over the review period.

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 equitable allocation and 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 2023 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 equity in rates among customers. Following the generally-accepted guidelines and principles of a cost of service analysis will inherently lead to rates which are equitable, 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:

- Allocate 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 determines the utility's overall financial needs, while the cost of service study determines the equitable and 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 the 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 largely 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 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 2021 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 classified 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 2023 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	TSS	Direct Assignment
$6,236	$3,508	$1,681	$1,047	$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 2023. 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 Cost of Service Analysis ($000s)

	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
Total	$5,856	$6,236	($381)	6.5%

The results of the cost of service analysis reflect the overall proposed rate adjustment of 6.5% in FY 2023 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 cost 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, 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 sewer fees 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 of 6.5% in FY 2023 through FY 2025. The results of the cost of service analysis also showed that the Agency's current rate structure is cost-based and equitable. 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
Summary of the Present and Proposed Wastewater Rates

	Present Rates	*Proposed* FY 2023	FY 2024	FY 2025
	$ / EDU			
All Customers	$231.77	$246.84	$262.88	$279.97

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. 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. The Agency therefore passes its fixed costs through based on system EDUs and its variable costs, based on wastewater flow.

5.5 Waste Hauler Rates

As part of the study, 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. This resulted in the following proposed rates for the waste haulers:

Table 5 – 2
Summary of the Present and Proposed Waste Hauler Rates

	Present Rates	*Proposed* FY 2023	FY 2024	FY 2025
	$ / 1,000 gal			
Chemical Toilet	$68.56	$71.30	$74.15	$77.12
Holding Tank	7.29	7.58	7.88	8.20
Septic Tank	82.05	85.33	88.75	92.30

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 of 6.5% are implemented from FY 2023 to FY 2025 to adequately fund the Agency's operating and capital costs. 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

	Budget					*Budget*				
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**
Revenues										
Rate Revenues	$5,845,163	$5,855,636	$5,866,110	$5,876,584	$5,887,057	$5,897,531	$5,908,005	$5,918,478	$5,928,952	$5,939,426
Other Revenues	239,648	154,067	153,846	153,635	153,433	153,241	153,058	152,885	152,721	152,567
Total Revenues	**$6,084,811**	**$6,009,703**	**$6,019,957**	**$6,030,219**	**$6,040,491**	**$6,050,772**	**$6,061,063**	**$6,071,363**	**$6,081,673**	**$6,091,993**
Expenses										
Total Operations & Maintenance	$4,889,313	$4,939,270	$5,222,718	$5,458,200	$5,617,610	$5,817,656	$6,031,248	$6,253,194	$6,483,845	$6,723,566
Non-Operating Expenses	172,945	0	0	0	0	0	0	0	0	0
Taxes and Transfers	4,016	4,070	4,124	4,179	4,235	4,291	4,349	4,407	4,465	4,525
Rate Funded Capital	800,000	800,000	800,000	800,000	800,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Net Debt Service	434,076	465,745	570,279	1,113,354	996,367	816,855	856,683	856,684	856,684	856,683
Total Reserve Funding	(215,539)	181,235	210,214	(123,480)	59,828	(27,794)	186,239	259,677	335,283	413,088
Total Revenue Requirement	**$6,084,811**	**$6,390,320**	**$6,807,335**	**$7,252,253**	**$7,478,040**	**$7,711,008**	**$8,178,519**	**$8,473,962**	**$8,780,277**	**$9,097,862**
Bal. / (Def.) of Funds	$0	($380,616)	($787,379)	($1,222,033)	($1,437,549)	($1,660,236)	($2,117,456)	($2,402,599)	($2,698,604)	($3,005,869)
% Rate Adjustment Required	0.0%	6.5%	13.4%	20.8%	24.4%	28.2%	35.8%	40.6%	45.5%	50.6%
Proposed Rate Adjustment	**0.0%**	**6.5%**	**6.5%**	**6.5%**	**3.0%**	**3.0%**	**6.0%**	**3.5%**	**3.5%**	**3.5%**
Add'l Revenue with Proposed Rate Adj.	$0	$380,616	$787,379	$1,222,033	$1,437,549	$1,660,236	$2,117,456	$2,402,599	$2,698,604	$3,005,869
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	$231.77	$246.84	$262.88	$279.97	$288.37	$297.02	$314.84	$325.86	$337.26	$349.07
Bill Difference - Annually		$15.07	$16.04	$17.09	$8.40	$8.65	$17.82	$11.02	$11.40	$11.80
Cumulative Annual Difference		$15.07	$31.11	$48.20	$56.60	$65.25	$83.07	$94.09	$105.49	$117.30
DSC Ratio (all debt) - w/o Connection Fees Minimum 1.0 coverage										
Before Rate Adjustment	2.35	1.98	1.24	0.48	0.39	0.26	0.03	0.00	0.00	0.00
After Proposed Rate Adjustment	2.35	2.68	2.46	1.51	1.74	2.12	2.30	2.38	2.46	2.55
DSC Ratio (all debt) - w/Connection Fees Minimum 1.2 coverage										
Before Rate Adjustment	2.72	2.33	1.53	0.64	0.57	0.47	0.23	0.01	0.00	0.00
After Proposed Rate Adjustment	2.72	3.03	2.75	1.67	1.91	2.33	2.51	2.59	2.67	2.75
Ending Fund Balance	$5,546,346	$5,997,047	$5,950,205	$6,280,834	$6,778,389	$6,830,588	$6,813,269	$6,956,725	$7,283,294	$7,802,440
Target Minimum Fund Balance	$5,583,365	$5,481,976	$5,650,735	$6,623,484	$6,816,194	$6,811,198	$7,035,703	$7,226,999	$7,425,150	$7,630,401

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Exhibit 2
Escalation Factors

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Revenues											
Customer Growth	Budget	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%	
Waste Disposal	Budget	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%	
Expenses											
Salaries	Budget	Budget	7.3%	4.5%	4.2%	3.8%	3.8%	3.8%	3.8%	3.8%	
Benefits	Budget	Budget	6.0%	6.0%	5.0%	3.9%	3.9%	3.9%	3.9%	3.9%	
Materials & Supplies	Budget	Budget	4.7%	3.6%	0.9%	0.0%	2.2%	2.2%	2.2%	2.2%	
Repairs & Replacements	Budget	Budget	-3.1%	27.7%	-21.1%	2.7%	2.7%	2.7%	2.7%	2.7%	
Equipment Rental	Budget	Budget	2.7%	2.5%	2.5%	2.5%	2.2%	2.2%	2.2%	2.2%	
Sludge Removal	Budget	Budget	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Chemicals	Budget	Budget	35.3%	-22.1%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	
Miscellaneous	Budget	Budget	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Power	Budget	Budget	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	
Other Utilities	Budget	Budget	2.7%	2.5%	2.5%	2.5%	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%	
Contractual Services - Other	Budget	Budget	5.5%	0.7%	2.9%	4.6%	4.6%	4.6%	4.6%	4.6%	
Contractual Services - Professional	Budget	Budget	7.8%	-2.6%	8.2%	1.5%	2.8%	2.8%	2.8%	2.8%	
Permits & Fees	Budget	Budget	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	
Property Tax Expense	Budget	Budget	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	
Other Operating Expense	Budget	Budget	2.5%	-3.8%	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%	
Interest	0.5%	0.6%	0.7%	0.8%	0.9%	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	
Rate	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.

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Exhibit 2
Escalation Factors

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Existing EDUs											
City of Big Bear Lake	11,573	11,596	11,620	11,644	11,667	11,691	11,714	11,738	11,762	11,785	
Big Bear Lake CSD	12,279	12,299	12,320	12,340	12,361	12,381	12,401	12,422	12,442	12,463	
CSA 53B	1,262	1,263	1,264	1,265	1,266	1,267	1,268	1,269	1,270	1,271	
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**	

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

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Revenues											
Rate Revenues											
City of Big Bear Lake	$2,802,528	$2,807,549	$2,812,571	$2,817,593	$2,822,614	$2,827,636	$2,832,658	$2,837,680	$2,842,701	$2,847,723	As Customer Growth
Big Bear Lake CSD	2,763,782	2,768,734	2,773,686	2,778,639	2,783,591	2,788,543	2,793,495	2,798,448	2,803,400	2,808,352	As Customer Growth
CSA 53B	278,854	279,353	279,853	280,353	280,852	281,352	281,852	282,351	282,851	283,351	As Customer Growth
Total Rate Revenues	**$5,845,163**	**$5,855,636**	**$5,866,110**	**$5,876,584**	**$5,887,057**	**$5,897,531**	**$5,908,005**	**$5,918,478**	**$5,928,952**	**$5,939,426**	
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
Rental Income	53,386	54,080	54,783	55,495	56,217	56,947	57,688	58,438	59,197	59,967	As Rental Income
Other Revenue	0	0	0	0	0	0	0	0	0	0	As Other Revenues
Grant	85,352	0	0	0	0	0	0	0	0	0	
Replenish Big Bear - Contribution	0	0	0	0	0	0	0	0	0	0	
Total Other Revenues	**$239,648**	**$154,067**	**$153,846**	**$153,635**	**$153,433**	**$153,241**	**$153,058**	**$152,885**	**$152,721**	**$152,567**	
Total Revenues	**$6,084,811**	**$6,009,703**	**$6,019,957**	**$6,030,219**	**$6,040,491**	**$6,050,772**	**$6,061,063**	**$6,071,363**	**$6,081,673**	**$6,091,993**	
Expenses											
Salaries and Benefits											
Salaries and Wages	$1,583,973	$1,683,067	$1,806,087	$1,886,774	$1,965,520	$2,041,080	$2,119,544	$2,201,025	$2,285,638	$2,373,504	As Salaries
Employee Benefits	962,600	998,077	1,057,962	1,121,440	1,177,511	1,223,473	1,271,229	1,320,849	1,372,406	1,425,975	As Benefits
Accrued Benefits Expense	47,419	54,525	57,796	61,264	64,327	66,838	69,447	72,158	74,974	77,901	As Benefits
Payroll Tax Expense	23,072	24,509	25,979	27,538	28,915	30,044	31,216	32,435	33,701	35,016	As Benefits
Unemployment Expense	0	6,944	7,361	7,802	8,192	8,512	8,844	9,190	9,548	9,921	As Benefits
Total Salaries and Benefits	**$2,617,063**	**$2,767,122**	**$2,955,185**	**$3,104,818**	**$3,244,466**	**$3,369,947**	**$3,500,281**	**$3,635,656**	**$3,776,268**	**$3,922,317**	
Power											
Solar Purchases	$122,023	$248,897	$255,966	$263,205	$270,637	$278,303	$286,187	$294,294	$302,630	$311,203	As Power
Fuel for Power Production	110,000	7,345	7,553	7,767	7,986	8,212	8,445	8,684	8,930	9,183	As Power
Gas Admin Building	4,188	4,339	4,462	4,588	4,718	4,851	4,989	5,130	5,275	5,425	As Power
Gas Treatment Plant	8,033	8,322	8,559	8,801	9,049	9,305	9,569	9,840	10,119	10,405	As Power
Electricity - Treatment Plant	153,718	142,241	146,281	150,418	154,665	159,046	163,552	168,185	172,949	177,848	As Power
Electricity - Stations	55,000	56,980	58,598	60,256	61,957	63,712	65,517	67,373	69,281	71,244	As Power
Electricity - Admin Building	9,844	10,198	10,488	10,784	11,089	11,403	11,726	12,058	12,400	12,751	As Power
Electricity - Lucerne	708	733	754	776	798	820	843	867	892	917	As Power
Total Power	**$463,514**	**$479,055**	**$492,662**	**$506,593**	**$520,898**	**$535,654**	**$550,828**	**$566,431**	**$582,477**	**$598,977**	
Sludge Removal	**$293,488**	**$315,295**	**$323,674**	**$331,641**	**$339,808**	**$348,179**	**$356,757**	**$365,545**	**$374,551**	**$383,778**	As Sludge Removal

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Chemicals											
Odor Control-Disinfectant	$12,311	$10,648	$14,411	$11,221	$11,510	$11,806	$12,109	$12,420	$12,739	$13,067	As Chemicals
Polymer	50,000	60,336	81,659	63,585	65,219	66,895	68,614	70,378	72,187	74,042	As Chemicals
Laboratory Reagents	11,004	12,100	16,376	12,751	13,079	13,415	13,760	14,114	14,477	14,849	As Chemicals
Total Chemicals	**$73,315**	**$83,084**	**$112,447**	**$87,557**	**$89,808**	**$92,116**	**$94,484**	**$96,912**	**$99,403**	**$101,958**	
Materials and Supplies											
Office Equip, Supplies, Expense	$47,807	$49,870	$52,199	$54,065	$54,571	$54,571	$55,772	$56,999	$58,253	$59,534	As Materials & Supplies
Safety Supplies and Expenses	6,959	7,210	7,546	7,816	7,889	7,889	8,063	8,240	8,421	8,607	As Materials & Supplies
Laboratory Supplies	10,070	9,130	9,556	9,898	9,991	9,991	10,211	10,435	10,665	10,899	As Materials & Supplies
Fuel - Vehicles	14,270	15,030	15,732	16,294	16,447	16,447	16,809	17,179	17,557	17,943	As Materials & Supplies
Oils, Antifreeze, Filters	17,930	24,758	25,915	26,841	27,092	27,092	27,688	28,297	28,920	29,556	As Materials & Supplies
Degreasers and Solvents	2,466	4,684	4,903	5,078	5,126	5,126	5,238	5,354	5,471	5,592	As Materials & Supplies
Hardware, Cleaning, Painting	2,988	3,500	3,663	3,794	3,830	3,830	3,914	4,000	4,088	4,178	As Materials & Supplies
Ground Maint and Supplies	6,827	7,073	7,403	7,668	7,740	7,740	7,910	8,084	8,262	8,443	As Materials & Supplies
Electrical Supplies	6,200	6,423	6,723	6,964	7,029	7,029	7,183	7,341	7,503	7,668	As Materials & Supplies
Welding and Fab Supplies	1,632	1,691	1,770	1,833	1,850	1,850	1,891	1,932	1,975	2,018	As Materials & Supplies
Tools and Equipment	7,268	8,359	8,749	9,062	9,147	9,147	9,348	9,554	9,764	9,979	As Materials & Supplies
Plumbing Supplies	4,255	4,476	4,685	4,853	4,898	4,898	5,006	5,116	5,228	5,343	As Materials & Supplies
Tertiary Water	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Purchase Discounts	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
Total Materials and Supplies	**$128,672**	**$142,203**	**$148,846**	**$154,165**	**$155,609**	**$155,609**	**$159,033**	**$162,532**	**$166,107**	**$169,762**	
Repairs and Replacements											
Mainline	$50,935	$8,511	$8,247	$10,531	$8,311	$8,535	$8,765	$9,002	$9,245	$9,494	As Repairs & Replacements
Pumps, Motors, Bearings	36,214	52,524	50,897	64,992	51,287	52,671	54,092	55,552	57,051	58,591	As Repairs & Replacements
Equip and Machinery	25,622	23,254	22,534	28,774	22,706	23,319	23,948	24,595	25,258	25,940	As Repairs & Replacements
Vehicles	9,900	10,410	10,088	12,881	10,165	10,439	10,721	11,010	11,307	11,612	As Repairs & Replacements
Generators	32,912	12,030	11,657	14,886	11,747	12,064	12,389	12,724	13,067	13,420	As Repairs & Replacements
Irrigation System - Lucerne	5,748	5,955	5,770	7,368	5,815	5,972	6,133	6,298	6,468	6,643	As Repairs & Replacements
Other	104,066	108,383	105,026	134,111	105,831	108,687	111,620	114,632	117,726	120,903	As Repairs & Replacements
Total Repairs and Replacements	**$265,397**	**$221,067**	**$214,219**	**$273,543**	**$215,861**	**$221,686**	**$227,669**	**$233,813**	**$240,122**	**$246,602**	
Equipment Rental	**$854**	**$885**	**$909**	**$932**	**$955**	**$979**	**$1,000**	**$1,022**	**$1,045**	**$1,068**	As Equipment Rental

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Utilities Expense											
Water	$4,680	$4,848	$4,979	$5,104	$5,231	$5,362	$5,480	$5,601	$5,724	$5,850	As Other Utilities
Trash Pick Up	5,772	5,980	6,141	6,295	6,452	6,613	6,759	6,908	7,060	7,215	As Other Utilities
Solid Waste Disposal	19,936	37,473	38,485	39,447	40,433	41,444	42,356	43,287	44,240	45,213	As Other Utilities
Total Utilities Expense	**$30,388**	**$48,301**	**$49,605**	**$50,846**	**$52,117**	**$53,420**	**$54,595**	**$55,796**	**$57,023**	**$58,278**	
Communications Expense											
SCADA	$23,303	$30,678	$31,454	$32,192	$32,949	$33,724	$34,466	$35,224	$35,999	$36,791	As Communications Expense
Radio Service and Repair	544	438	449	460	470	481	492	503	514	525	As Communications Expense
Television	653	677	694	710	727	744	760	777	794	812	As Communications Expense
Telephone Service and Repair	14,644	14,420	14,785	15,132	15,487	15,852	16,201	16,557	16,921	17,294	As Communications Expense
Internet Access	10,627	11,010	11,288	11,553	11,825	12,103	12,369	12,642	12,920	13,204	As Communications Expense
Total Communications Expense	**$49,771**	**$57,223**	**$58,670**	**$60,047**	**$61,458**	**$62,904**	**$64,288**	**$65,703**	**$67,148**	**$68,625**	
Contractual Services - Other											
Fiscal Agent and Bank Fees	$5,706	$5,878	$6,199	$6,241	$6,420	$6,714	$7,022	$7,343	$7,680	$8,031	As Contractual Services - Other
Testing	17,403	17,080	18,013	18,136	18,656	19,510	20,404	21,338	22,316	23,338	As Contractual Services - Other
Uniform, Towel and Rag	15,757	16,545	17,449	17,568	18,071	18,899	19,765	20,670	21,616	22,607	As Contractual Services - Other
Medical and EAP	12,576	12,827	13,528	13,620	14,011	14,652	15,323	16,025	16,759	17,527	As Contractual Services - Other
Security, Fire Alarm	5,236	5,419	5,715	5,754	5,919	6,190	6,474	6,770	7,081	7,405	As Contractual Services - Other
Web Site Hosting	130	135	142	143	147	154	161	168	176	184	As Contractual Services - Other
Landscaping	8,600	8,370	8,827	8,887	9,142	9,561	9,999	10,457	10,936	11,436	As Contractual Services - Other
Labor	6,048	8,840	9,323	9,387	9,655	10,098	10,560	11,044	11,550	12,079	As Contractual Services - Other
Heating, Ventilation, Air Cond	11,288	11,420	12,044	12,126	12,473	13,045	13,642	14,267	14,920	15,604	As Contractual Services - Other
Answering Service	695	709	748	753	774	810	847	886	926	969	As Contractual Services - Other
Janitorial	15,380	17,508	18,465	18,591	19,124	19,999	20,915	21,873	22,875	23,923	As Contractual Services - Other
Total Contractual Services - Other	**$98,819**	**$104,732**	**$110,452**	**$111,207**	**$114,393**	**$119,633**	**$125,112**	**$130,842**	**$136,835**	**$143,102**	
Contractual Services - Professional											
Engineering	$10,000	$15,000	$16,174	$15,751	$17,046	$17,301	$17,788	$18,289	$18,804	$19,334	As Contractual Services - Professional
Legal	69,088	92,614	99,865	97,249	105,244	106,822	109,830	112,924	116,104	119,374	As Contractual Services - Professional
Other	141,204	59,006	63,626	61,959	67,053	68,058	69,975	71,946	73,972	76,056	As Contractual Services - Professional
Total Contractual Services - Professional	**$220,292**	**$166,620**	**$179,665**	**$174,959**	**$189,343**	**$192,181**	**$197,594**	**$203,159**	**$208,881**	**$214,764**	
Permits and Fees	**$229,361**	**$245,225**	**$261,442**	**$278,723**	**$297,201**	**$316,959**	**$338,031**	**$360,503**	**$384,470**	**$410,030**	As Permits & Fees

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

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Insurance											
Workman's Compensation	$65,000	$78,717	$80,283	$83,765	$87,295	$90,867	$94,586	$98,456	$102,485	$106,679	As Insurance
General Liability and Vehicle	132,864	164,991	168,272	175,571	182,970	190,458	198,252	206,365	214,809	223,600	As Insurance
Other Insurance Expense	0	0	0	0	0	0	0	0	0	0	As Insurance
Total Insurance	**$197,864**	**$243,708**	**$248,555**	**$259,336**	**$270,265**	**$281,325**	**$292,837**	**$304,821**	**$317,295**	**$330,279**	
Other Expense											
Memberships, Dues and Subscrip	$17,054	$17,668	$18,115	$17,418	$17,853	$18,299	$18,757	$19,226	$19,706	$20,199	As Other Operating Expense
Directors Fees	9,300	9,635	9,878	9,498	9,736	9,979	10,229	10,484	10,746	11,015	As Other Operating Expense
Public Notices	3,493	3,619	3,710	3,567	3,657	3,748	3,842	3,938	4,036	4,137	As Other Operating Expense
Education and Training	20,836	30,328	31,095	29,898	30,646	31,412	32,197	33,002	33,827	34,673	As Other Operating Expense
Advertising	954	3,500	3,588	3,450	3,537	3,625	3,716	3,809	3,904	4,001	As Other Operating Expense
Total Other Expense	**$51,637**	**$64,749**	**$66,387**	**$63,832**	**$65,428**	**$67,063**	**$68,740**	**$70,458**	**$72,220**	**$74,025**	
Replenish Big Bear Expenses	**$168,877**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	As Other Operating Expense
Total Operations & Maintenance	**$4,889,313**	**$4,939,270**	**$5,222,718**	**$5,458,200**	**$5,617,610**	**$5,817,656**	**$6,031,248**	**$6,253,194**	**$6,483,845**	**$6,723,566**	
Non-Operating Expenses											
Interagency Expense	$170,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	As Other Operating Expense
GSA Admin Costs	2,945	0	0	0	0	0	0	0	0	0	As Other Operating Expense
Total Non-Operating Expenses	**$172,945**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Taxes and Transfers											
Property Tax	$4,016	$4,070	$4,124	$4,179	$4,235	$4,291	$4,349	$4,407	$4,465	$4,525	As Property Tax Expense
Total Taxes and Transfers	**$4,016**	**$4,070**	**$4,124**	**$4,179**	**$4,235**	**$4,291**	**$4,349**	**$4,407**	**$4,465**	**$4,525**	
Rate Funded Capital	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$1,100,000**	**$1,100,000**	**$1,100,000**	**$1,100,000**	**$1,100,000**	**$863,233** FY 2020 Dep. Exp.
Debt Service											
Compass Bank Loan	$359,068	$359,068	$359,068	$359,068	$359,068	$179,555	$0	$0	$0	$0	Debt Schedule
Compass II Bank Loan	150,009	150,008	150,009	150,009	150,008	150,008	150,009	150,009	150,009	150,008	Debt Schedule
Replenish Big Bear Funding	0	31,669	136,203	679,278	562,292	562,292	562,292	562,292	562,292	562,292	Debt Schedule
New Long-Term Borrowing	0	0	0	0	0	0	219,383	219,383	219,383	219,383	Calc @ 3.0% for 20 yrs.
Total Debt Service	$509,076	$540,745	$645,279	$1,188,354	$1,071,367	$891,855	$931,683	$931,684	$931,684	$931,683	
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	**$434,076**	**$465,745**	**$570,279**	**$1,113,354**	**$996,367**	**$816,855**	**$856,683**	**$856,684**	**$856,684**	**$856,683**	

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

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Reserve Funding											
To / (From) Operations - Liquidity	($215,539)	$95,235	$49,214	($138,480)	$19,828	($60,794)	$150,239	$172,677	$277,283	$273,088	
To / (From) Operations - Contingency	0	36,000	36,000	15,000	40,000	33,000	36,000	37,000	38,000	40,000	
To / (From) Capital and Replacement Fund	0	50,000	125,000	0	0	0	0	50,000	20,000	100,000	
To / (From) Debt Service Reserve	0	0	0	0	0	0	0	0	0	0	
Total Reserve Funding	**($215,539)**	**$181,235**	**$210,214**	**($123,480)**	**$59,828**	**($27,794)**	**$186,239**	**$259,677**	**$335,283**	**$413,088**	
Total Revenue Requirement	**$6,084,811**	**$6,390,320**	**$6,807,335**	**$7,252,253**	**$7,478,040**	**$7,711,008**	**$8,178,519**	**$8,473,962**	**$8,780,277**	**$9,097,862**	
Bal. / (Def.) of Funds	$0	($380,616)	($787,379)	($1,222,033)	($1,437,549)	($1,660,236)	($2,117,456)	($2,402,599)	($2,698,604)	($3,005,869)	
% Rate Adjustment Required	0.0%	6.5%	13.4%	20.8%	24.4%	28.2%	35.8%	40.6%	45.5%	50.6%	
Proposed Rate Adjustment	**0.0%**	**6.5%**	**6.5%**	**6.5%**	**3.0%**	**3.0%**	**6.0%**	**3.5%**	**3.5%**	**3.5%**	
Add'l Revenue with Proposed Rate Adj.	$0	$380,616	$787,379	$1,222,033	$1,437,549	$1,660,236	$2,117,456	$2,402,599	$2,698,604	$3,005,869	
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	**$231.77**	$246.84	$262.88	$279.97	$288.37	$297.02	$314.84	$325.86	$337.26	$349.07	
Bill Difference - Annually		$15.07	$16.04	$17.09	$8.40	$8.65	$17.82	$11.02	$11.40	$11.80	
Cumulative Annual Difference		$15.07	$31.11	$48.20	$56.60	$65.25	$83.07	$94.09	$105.49	$117.30	
		$5.79	$12.20	$19.26							
DSC Ratio (all debt) - w/Connection Fees											
Before Rate Adjustment	2.72	2.33	1.53	0.64	0.57	0.47	0.23	0.01	0.00	0.00	*Minimum 1.2*
After Proposed Rate Adjustment	2.72	3.03	2.75	1.67	1.91	2.33	2.51	2.59	2.67	2.75	*Minimum 1.2*
DSC Ratio (all debt) - w/o Connection Fees											
Before Rate Adjustment	2.35	1.98	1.24	0.48	0.39	0.26	0.03	0.00	0.00	0.00	*Minimum 1.0*
After Proposed Rate Adjustment	2.35	2.68	2.46	1.51	1.74	2.12	2.30	2.38	2.46	2.55	*Minimum 1.0*

	Budget	*Budget*	*Projected*								
	FY 2022	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**FY 2030**	**FY 2031**	*Notes*
Cash Reserves											
Total Beginning Fund Balance	**$6,694,849**	**$5,546,346**	**$5,997,047**	**$5,950,205**	**$6,280,834**	**$6,778,389**	**$6,830,588**	**$6,813,269**	**$6,956,725**	**$7,283,294**	
Operations Fund - Liquidity											
Beginning Balance	**$2,448,852**	**$2,323,313**	**$2,668,548**	**$2,747,762**	**$2,609,282**	**$2,629,110**	**$2,568,316**	**$2,718,554**	**$2,891,231**	**$3,168,514**	
Plus: Additions	90,000	345,235	79,214	0	19,828	0	150,239	172,677	277,283	273,088	
Ending Fund Bal. / (Def.)	0	(0)	0	0	0	0	0	0	0	0	
Less: Uses	(215,539)	0	0	(138,480)	0	(60,794)	0	(0)	0	0	
Ending Balance	**$2,323,313**	**$2,668,548**	**$2,747,762**	**$2,609,282**	**$2,629,110**	**$2,568,316**	**$2,718,554**	**$2,891,231**	**$3,168,514**	**$3,441,602**	
Min. Fund Balance - 50.6% of O&M for Liquidit	*$2,473,992*	*$2,499,271*	*$2,642,695*	*$2,761,849*	*$2,842,511*	*$2,943,734*	*$3,051,812*	*$3,164,116*	*$3,280,825*	*$3,402,124*	
Operations Fund - Contingency											
Beginning Balance	**$809,829**	**$809,829**	**$845,829**	**$881,829**	**$896,829**	**$936,829**	**$969,829**	**$1,005,829**	**$1,042,829**	**$1,080,829**	
Plus: Additions	0	36,000	36,000	15,000	40,000	33,000	36,000	37,000	38,000	40,000	
Less: Uses	0	0	0	0	0	0	0	0	0	0	
Ending Balance	**$809,829**	**$845,829**	**$881,829**	**$896,829**	**$936,829**	**$969,829**	**$1,005,829**	**$1,042,829**	**$1,080,829**	**$1,120,829**	
Min. Fund Balance - 2 Mo. O&M Contingency	*$814,885*	*$823,212*	*$870,453*	*$909,700*	*$936,268*	*$969,609*	*$1,005,208*	*$1,042,199*	*$1,080,641*	*$1,120,594*	
Capital and Replacement Fund											
Beginning Balance	**$2,107,203**	**$1,288,881**	**$1,313,902**	**$1,107,022**	**$1,515,880**	**$1,907,885**	**$1,941,635**	**$1,691,603**	**$1,578,675**	**$1,543,021**	
Plus: Additions	0	275,021	125,000	408,858	392,005	33,750	0	50,000	20,000	158,883	
Balanace with Liquidity Fund	(90,000)	(250,000)	(30,000)	0	0	0	0	0	0	0	
Less: Uses	(728,322)	0	(301,880)	0	0	0	(250,032)	(162,928)	(55,654)	0	
Ending Balance	**$1,288,881**	**$1,313,902**	**$1,107,022**	**$1,515,880**	**$1,907,885**	**$1,941,635**	**$1,691,603**	**$1,578,675**	**$1,543,021**	**$1,701,904**	
Min. Fund Balance = 150% of Annual Dep. Exp.	*$1,285,411*	*$1,118,748*	*$992,308*	*$1,263,581*	*$1,466,047*	*$1,506,000*	*$1,547,000*	*$1,589,000*	*$1,632,000*	*$1,676,000*	2.7% / Yr Growth
Emergency Reserves											
Beginning Balance	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	
Less: Uses	0	0	0	0	0	0	0	0	0	0	
Ending Balance	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	
Minimum Fund Balance	*$500,000*	*$500,000*	*$500,000*	*$500,000*	*$500,000*	*$500,000*	*$500,000*	*$500,000*	*$500,000*	*$500,000*	
Debt Service Fund											
Beginning Balance	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	
Less: Uses	0	0	0	0	0	0	0	0	0	0	
Ending Balance	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	**$509,077**	
Min. Fund Balance = Annual Debt Service	*$509,076*	*$540,745*	*$645,279*	*$1,188,354*	*$1,071,367*	*$891,855*	*$931,683*	*$931,684*	*$931,684*	*$931,683*	
Connection Fee Fund											
Beginning Balance	**$319,888**	**$115,246**	**$159,691**	**$204,515**	**$249,766**	**$295,489**	**$341,732**	**$388,206**	**$434,912**	**$481,852**	
Plus: Additions	188,100	188,100	188,100	188,100	188,100	188,100	188,100	188,100	188,100	188,100	
Less: Uses	(395,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	
Interest Revenue	2,257	1,345	1,725	2,150	2,623	3,143	3,374	3,607	3,840	4,075	
Ending Balance	**$115,246**	**$159,691**	**$204,515**	**$249,766**	**$295,489**	**$341,732**	**$388,206**	**$434,912**	**$481,852**	**$529,027**	
Total Ending Fund Balance	**$5,546,346**	**$5,997,047**	**$5,950,205**	**$6,280,834**	**$6,778,389**	**$6,830,588**	**$6,813,269**	**$6,956,725**	**$7,283,294**	**$7,802,440**	
Less: Other Funds	(115,246)	(159,691)	(204,515)	(249,766)	(295,489)	(341,732)	(388,206)	(434,912)	(481,852)	(529,027)	
Less: Target Ending Minimum Balance	5,583,365	5,481,976	5,650,735	6,623,484	6,816,194	6,811,198	7,035,703	7,226,999	7,425,150	7,630,401	
Target Ending Fund Bal. /(Def.)	***($152,265)***	***$355,380***	***$94,955***	***($592,416)***	***($333,293)***	***($322,341)***	***($610,639)***	***($705,187)***	***($623,709)***	***($356,989)***	

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Capital Improvement Plan
Exhibit 4

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	*Notes*
Admin Building											
Admin Building - HVAC Boiler and Controls	$0	$0	$0	$64,992	$0	$0	$0	$0	$0	$0	
Total Admin Building	**$0**	**$0**	**$0**	**$64,992**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Effluent Disposal Assets											
Irrigation Wheel Line	$0	$0	$0	$0	$0	$0	$12,250	$12,618	$12,996	$13,386	
Cactus Flats Repair	0	0	131,841	0	0	0	0	0	0	0	
PRV	0	0	0	0	0	0	0	9,942	0	0	
PRV	0	0	0	0	0	0	0	9,942	0	0	
Monitoring Wells Rehab 1 & 3	0	36,185	0	0	0	0	0	0	0	0	
Controls - Lucerne Valley	0	0	58,011	0	0	0	0	0	0	0	
	0	0	0	0	0	0	0	0	0	0	
Total Effluent Disposal Assets	**$0**	**$36,185**	**$189,852**	**$0**	**$0**	**$0**	**$12,250**	**$32,502**	**$12,996**	**$13,386**	
Flow Measuring Device											
RAS Flow Meter	$15,289	$0	$0	$0	$0	$0	$0	$0	$0	$0	
WAS Meter	0	0	0	0	0	0	0	0	12,370	0	
BB Flow Meter and Software	40,986	0	0	0	0	0	0	0	0	0	
CSA Flow Meter	0	15,850	0	0	0	0	0	0	0	0	
Total Influent Flow Meter	0	0	0	0	0	0	0	0	0	28,009	
Auxiliary Flow Meter	0	0	0	0	0	0	0	0	32,644	0	
Lucerne Valley - two - 14" Magmeters	0	0	0	0	0	0	47,172	0	0	0	
Effluent Flow Meter	0	0	0	0	0	0	12,857	0	0	0	
Flow Meter CSD/CSA - OAC	0	0	0	0	0	0	21,360	0	0	0	
Total Flow Measuring Device	**$56,276**	**$15,850**	**$0**	**$0**	**$0**	**$0**	**$81,389**	**$0**	**$45,014**	**$28,009**	
Interceptor System											
Main Trunk Sliplining (a)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
North Shore Interceptor Sliplining (b)	0	0	0	0	0	0	0	0	0	0	
Pump 1 and 2, Flygt 45 HP Rebuilds	0	0	0	0	0	0	0	32,022	0	0	
Pump 3, Flygt 150 HP Rebuild	52,839	0	0	0	0	0	0	0	65,966	0	
Concrete Pads, bases, discharge piping	0	0	0	0	0	0	0	18,948	0	0	
NSPS 1 Well Rehab	0	0	0	0	40,866	0	0	0	0	0	
NSPS 2 Well Rehab	0	0	0	39,791	0	0	0	0	0	0	
NSPS 3 Well Rehab w/bypass	0	125,000	0	0	0	0	0	0	0	0	
Total Interceptor System	**$52,839**	**$125,000**	**$0**	**$39,791**	**$40,866**	**$0**	**$0**	**$50,970**	**$65,966**	**$0**	

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	*Notes*
Other Equipment											
SCADA System Replacement	$26,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Radio Communication Equipment	0	0	0	0	0	0	0	0	22,102	0	
IT System - Production Host	0	0	0	0	26,613	0	0	0	0	30,762	
IT System - Backup Appliance w/Firewall	0	0	0	0	24,375	0	0	0	0	28,175	
VFD T/P - Rotor 1 60 HP (7 yr)	0	0	0	0	0	16,962	0	0	0	0	
VFD T/P - Rotor 2 60 HP (7 yr)	0	0	0	0	0	17,140	0	0	0	0	
VFD T/P - Rotor 4 60 HP (7 yr)	0	0	0	0	0	0	17,655	0	0	0	
VFD T/P - Rotor 5 60 HP (7 yr)	0	0	0	0	0	0	17,655	0	0	0	
VFD T/P - Rotor 7 60 HP (7 yr)	0	0	0	0	0	0	0	18,373	0	0	
VFD T/P - Rotor 8 60 HP (7 yr)	0	0	0	0	0	0	0	18,184	0	0	
VFD Interceptor - Station 3 (7 yr) Softstarts	0	18,077	0	0	0	0	0	0	21,974	0	
VFD Interceptor - LPS (7 yr)	0	0	28,297	0	0	31,479	0	0	0	0	
Ground Fault Monitor TP	22,189	0	0	0	0	0	0	0	0	0	
Fume Hood and Fan	0	0	0	0	0	0	0	0	20,508	0	
Ion Analyzer	0	0	0	0	0	0	0	0	0	48,703	
TDS Oven	0	0	0	0	0	0	6,800	0	0	0	
SS Oven	0	0	6,095	0	0	0	0	0	0	0	
Ultra Pure Water Dispenser	5,568	0	0	0	0	0	0	0	0	0	
BOD Incubator	0	7,769	0	0	0	0	0	0	0	0	
Effluent Composite Sampler	0	0	0	0	0	0	0	0	10,493	0	
Influent Composite Sampler	0	0	0	0	0	0	0	0	0	13,510	
Spectrophotometer	0	0	0	0	0	0	0	0	0	13,510	
Emergency By-Pass Pump 4"	0	0	0	0	65,277	0	0	0	0	0	
Emergency By-Pass Pump 4"	0	0	0	0	65,277	0	0	0	0	0	
Emergency Back-up Pump 6 "	0	0	0	0	0	0	0	92,861	0	0	
Copier	15,654	0	0	0	0	19,533	0	0	0	0	
Plotter/Scanner	0	0	0	0	0	6,430	0	0	0	0	
Surveillance System	0	0	0	0	0	49,759	0	0	0	0	
Total Other Equipment	**$69,411**	**$25,846**	**$34,392**	**$0**	**$181,542**	**$141,303**	**$42,110**	**$129,418**	**$75,077**	**$134,660**	

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	*Notes*
Other Tangible Plant											
Admin Parking Lot Grind, Overlay and Geomesh	$0	$0	$132,892	$0	$0	$0	$0	$0	$0	$0	
Palomino Drive Repave	0	0	295,315	0	0	0	0	0	0	0	
Asphalt and Paving	0	0	0	0	0	0	650,000	0	0	0	
Total Other Tangible Plant	**$0**	**$0**	**$428,207**	**$0**	**$0**	**$0**	**$650,000**	**$0**	**$0**	**$0**	
Studies and Maps											
New Pipeline Maps	$0	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	
Total Studies and Maps	**$0**	**$100,000**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Power Generating Equipment											
Station 3 Generator + Fuel System	$115,050	$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	**$267,263**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Transportation Equipment											
1989 Dump Truck Replacement	$0	$0	$0	$102,355	$0	$0	$0	$0	$0	$0	
2002 Vehicle - Utility Cart	25,000	0	0	0	0	0	0	0	0	0	
2016 Dodge Ram 3500 T	0	0	0	0	0	0	0	0	0	73,893	
Utility Cart Gas	0	27,573	0	0	0	0	0	0	0	0	
2010 GMC Sierra	0	0	0	0	0	55,109	0	0	0	0	
Volvo Compact Wheel Loader Replacement	0	0	0	147,946	0	0	0	0	0	0	
Bobcat Backhoe	0	0	0	94,444	0	0	0	0	0	0	
Snowblower and Plow	0	0	0	0	0	0	0	0	21,663	0	
Trailer	0	0	0	0	0	0	0	11,031	0	0	
Bobcat Hammer Attachment	0	0	0	0	14,848	0	0	0	0	0	
Total Transportation Equipment	**$25,000**	**$27,573**	**$0**	**$344,745**	**$14,848**	**$55,109**	**$0**	**$11,031**	**$21,663**	**$73,893**	

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	*Notes*
Treatment Plant											
Headworks Heating System	$0	$0	$0	$0	$0	$0	$0	$19,234	$0	$0	
Pro Easy Analyzer	0	0	0	0	0	17,924	0	0	0	0	
Oxidation Ditch Wall Rehabilitation	0	0	406,071	0	0	0	0	0	0	0	
Oxidation Ditch Bubble Diffuser	0	0	0	0	0	0	4,901,929	0	0	0	
Rotors 1,2,3	0	0	0	0	0	356,201	0	0	0	0	
Rotors 4,5,6	0	0	0	0	0	534,302	0	0	0	0	
Polyblend Unit Backup 2	0	0	0	0	0	0	0	15,211	0	0	
Polyblend Unit Belt Press	0	0	0	0	0	0	0	0	14,562	0	
Polyblend Polymer System	0	0	0	0	0	0	0	0	0	12,575	
Shaft Mount Reducer - Ditch #3	0	0	0	0	0	0	0	0	0	20,767	
Shaft Mount Reducers 1 - 6 TXT 9	0	0	0	0	133,240	0	0	0	0	0	
Shaft Mount Reducers 7, 10 TXT 915	0	0	0	0	44,413	0	0	0	0	0	
Shaft Mount Reducers 8-9, TXT 615	0	0	0	0	16,363	0	0	0	0	0	
Ox Ditch 1, Rotor 3 Shaft	0	0	0	0	0	0	0	0	0	112,748	
Scum and Tank Drain Pump - 10 HP	18,318	0	0	0	0	0	0	0	0	0	
Submersible Pump - 15 HP (2) (c)	0	8,575	0	0	0	0	0	0	0	0	
Auxiliary Pump 1	0	0	44,299	0	0	0	0	0	0	0	
Auxiliary Pump 2	0	0	0	0	46,723	0	0	0	0	0	
Auxiliary Pump 3	38,003	0	0	0	0	0	0	0	0	0	
RAS Pump 1 7.5 HP Rebuild	0	0	5,655	0	0	0	0	0	0	6,894	
RAS Pump 2 Rebuild	0	0	0	5,807	0	0	0	0	0	0	
RAS Pump 3 Rebuild	0	0	0	5,807	0	0	0	0	0	0	
RAS Pump 4 7.5 HP Rebuild	0	0	5,633	0	0	0	0	0	0	6,894	
RAS Pump 5	0	0	0	0	0	0	0	19,508	0	0	
Effluent Pump 1 40 HP Rebuild	0	12,706	0	0	0	0	0	0	15,446	0	
Effluent Pump 2 40 HP Rebuild	0	12,706	0	0	0	0	0	0	15,446	0	
Effluent Pump 3 100 HP Rebuild	26,048	0	0	0	0	0	32,354	0	0	0	
Effluent Pump 4 100 HP Rebuild	0	0	0	0	0	31,411	0	0	0	0	
Effluent Pump 5 100 HP Rebuild	0	0	28,886	0	0	0	0	0	0	35,354	
Effluent Pump 6 100 HP Rebuild	0	0	28,886	0	0	0	0	0	0	35,354	
Headers and check valves	0	280,538	0	0	0	0	0	0	0	0	
Roof - Main Pump Building	0	0	0	0	0	0	0	0	0	30,583	
CDB - interior coating	0	0	0	0	0	0	0	0	101,754	0	
CDB - Man Doors	0	0	0	0	0	0	0	0	12,386	0	
OAC Building (50% of Replacement Costs)	0	0	0	0	0	0	0	0	729,851	0	
Clarifier 1	0	0	0	0	0	0	0	440,423	0	0	
Clarifier 2	0	0	0	0	0	0	0	440,423	0	0	
Clarifier 3 - Gear Reducer, Drive Motor, Scum Swee	0	0	0	0	0	0	0	174,208	0	0	
Wash Press Raptor Headworks	0	0	0	0	0	0	0	0	115,493	0	
Grit System Rehab Project Mgt	95,298	0	0	0	0	0	0	0	0	0	
Grit System Rehab	1,199,866	0	0	0	0	0	0	0	0	0	
Total Treatment Plant	**$1,377,533**	**$314,525**	**$519,429**	**$11,614**	**$240,739**	**$939,838**	**$4,934,283**	**$1,109,007**	**$1,004,938**	**$261,169**	

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	*Notes*
Future Unidentified Capital Improvements	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$600,000**	
To Capital Reserves	**$0**	**$225,021**	**$0**	**$408,858**	**$392,005**	**$33,750**	**$0**	**$0**	**$0**	**$58,883**	
Total Capital Improvement Projects	**$1,848,322**	**$870,000**	**$1,171,880**	**$870,000**	**$870,000**	**$1,170,000**	**$5,720,032**	**$1,332,928**	**$1,225,654**	**$1,170,000**	
Less: Other Funding Sources											
Operating Fund-Sewer	$0	$0	$0	$0	$0	$0	$0	($0)	$0	$0	
Capital and Replacement Fund	728,322	0	301,880	0	0	0	250,032	162,928	55,654	0	
Connection Fees	320,000	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	0	0	0	0	0	0	0	0	0	0	
New Long-Term Borrowing	0	0	(0)	0	0	0	4,300,000	(0)	0	(0)	Calculated
Total Other Funding Sources	**$1,048,322**	**$70,000**	**$371,880**	**$70,000**	**$70,000**	**$70,000**	**$4,620,032**	**$232,928**	**$125,654**	**$70,000**	
Rate Funded Capital	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$1,100,000**	**$1,100,000**	**$1,100,000**	**$1,100,000**	**$1,100,000**	

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

Year	Compass Bank Loan	Compass II Bank Loan	Replenish Big Bear Funding	Total
FY 2022	$359,068	$150,009	$0	$509,076
FY 2023	359,068	150,008	31,669	540,745
FY 2024	359,068	150,009	136,203	645,279
FY 2025	359,068	150,009	679,278	1,188,354
FY 2026	359,068	150,008	562,292	1,071,367
FY 2027	179,555	150,008	562,292	891,855
FY 2028	0	150,009	562,292	712,301
FY 2029	0	150,009	562,292	712,301
FY 2030	0	150,009	562,292	712,301
FY 2031	0	150,008	562,292	712,300
FY 2032	0	150,010	562,292	712,301
FY 2033	0	150,008	562,292	712,300
FY 2034	0	75,004	562,292	637,296
FY 2035	0	0	562,292	562,292
FY 2036	0	0	562,292	562,292
FY 2037	0	0	562,292	562,292
FY 2038	0	0	562,292	562,292
FY 2039	0	0	562,292	562,292
FY 2040	0	0	562,292	562,292
FY 2041	0	0	562,292	562,292
FY 2042	0	0	562,292	562,292
FY 2043	0	0	562,292	562,292
FY 2044	0	0	562,292	562,292
FY 2045	0	0	562,292	562,292
FY 2046	0	0	562,292	562,292
FY 2047	0	0	562,292	562,292
FY 2048	0	0	562,292	562,292
FY 2049	0	0	562,292	562,292
FY 2050	0	0	562,292	562,292
FY 2051	0	0	0	0
	$1,974,893	**$1,875,109**	**$14,904,443**	**$18,754,445**

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Revenue at Present Rates
Exhibit 6

		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														
	$ / EDU / Yr													
Fixed Rate	$231.77	11,572.70	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573
	$ / 1,000 gallons													
Variable Rate	$0.00	255,058	0	0	0	0	0	0	0	0	0	0	0	255,058
Revenues														
Fixed Rate		$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$2,682,205
Variable Rate		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues		**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$223,517**	**$2,682,205**
Big Bear CSD														
	$ / EDU / Yr													
Fixed Rate	$231.77	12,279.00	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279
	$ / 1,000 gallons													
Variable Rate	$0.00	315,392	0	0	0	0	0	0	0	0	0	0	0	315,392
Revenues														
Fixed Rate		$237,159	$237,159	$237,159	$237,159	$237,159	$237,159	$237,159	$237,159	$237,159	$237,159	$237,159	$237,159	$2,845,904
Variable Rate		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues		**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$237,159**	**$2,845,904**
CSA 53B														
	$ / EDU / Yr													
Fixed Rate	$231.77	1,262.00	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262
	$ / 1,000 gallons													
Variable Rate	$0.00	165,398	0	0	0	0	0	0	0	0	0	0	0	165,398
Revenues														
Fixed Rate		$24,374	$24,374	$24,374	$24,374	$24,374	$24,374	$24,374	$24,374	$24,374	$24,374	$24,374	$24,374	$292,494
Variable Rate		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenues		**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$24,374**	**$292,494**

Big Bear Area Regional Wastewater Agency
Sewer Rate Study
Revenue at Present Rates
Exhibit 6

	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
Summary													
Number of EDUs													
City of Big Bear Lake	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573	11,573
Big Bear CSD	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279
CSA 53B	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262
Total Number of Customers	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**	**25,114**
Consumption (1,000 gal)													
City of Big Bear Lake	255,058	0	0	0	0	0	0	0	0	0	0	0	255,058
Big Bear CSD	315,392	0	0	0	0	0	0	0	0	0	0	0	315,392
CSA 53B	165,398	0	0	0	0	0	0	0	0	0	0	0	165,398
Total Consumption	**735,848**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**735,848**
Total Revenue													
City of Big Bear Lake	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$223,517	$2,682,205
Big Bear CSD	237,159	237,159	237,159	237,159	237,159	237,159	237,159	237,159	237,159	237,159	237,159	237,159	2,845,904
CSA 53B	24,374	24,374	24,374	24,374	24,374	24,374	24,374	24,374	24,374	24,374	24,374	24,374	292,494
Total Revenues	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$485,050**	**$5,820,602**
												FY 2022 Budget	**$5,845,163**
												Difference	*($24,561)*
												Percent	*-0.4%*

Notes

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

	FY 2023 Annual Flow (1,000 gal) [1]	0.0% Inflow and Infiltration [2]	Total Annual Flow at Plant (1,000 gal)	Avg. Daily Flow At Plant (MGD)	% of Total	*Flow / EDU*
All Customers	735,848	0	735,848	2.02	100.0%	*29.30*
Total	**735,848**		**735,848**	**2.02**	**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

	Actual Customer		*Customer Service & Accounting*			
	Number of EDUs [1]	**% of Total**	**Number of EDUs [1]**	**Weighting Factor**	**Weighted Customer**	**% of Total**
All Customers	25,114	100.0%	25,114	1.00	25,114	100.0%
Total	**25,114**	**100.0%**	**25,114**		**25,114**	**100.0%**
		(AC)				***(WCA)***

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

		Bio-Chemical Oxygen Demand [1]			*Suspended Solids* [2]		
	Annual Flow (1,000 gal)	**Avg. Factor (mg/l)**	**Calculated Pounds**	**% of Total**	**Avg. Factor (mg/l)**	**Calculated Pounds**	**% of Total**
All Customers	735,848	287	1,763,868	100.0%	293	1,798,644	100.0%
Total	**735,848**		**1,763,868**	**100.0%**		**1,798,644**	**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 2023	% of Total
All Customers	$5,855,636	100.0%
Total Revenues	**$5,855,636**	**100.0%**

(RR)

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

	As of 6/30/2021	Volume (VOL)	Strength Related: Bio-Oxygen Demand (BOD)	Strength Related: Suspended Solids (SS)	Direct Assignment (DA)	Basis of Classification
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**	
Factor PBGP	*100.0%*	*61.6%*	*26.9%*	*11.5%*	*0.0%*	*Plant Before General Plant*
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 2023	Volume *(VOL)*	Bio-Oxygen Demand *(BOD)*	Suspended Solids *(SS)*	Direct *(DA)*	*Basis of Classification*
Expenses						
Salaries and Benefits						
Salaries and Wages	$1,683,067	$1,036,593	$452,532	$193,942	$0	As Treat. & Collect.
Employee Benefits	998,077	614,711	268,357	115,010	0	As Treat. & Collect.
Accrued Benefits Expense	54,525	33,581	14,660	6,283	0	As Treat. & Collect.
Payroll Tax Expense	24,509	15,095	6,590	2,824	0	As Treat. & Collect.
Unemployment Expense	6,944	4,277	1,867	800	0	As Treat. & Collect.
Total Salaries and Benefits	**$2,767,122**	**$1,704,256**	**$744,006**	**$318,860**	**$0**	
Power						
Solar Purchases	$248,897	$133,344	$80,887	$34,666	$0	As Treatment
Fuel for Power Production	7,345	3,935	2,387	1,023	0	As Treatment
Gas Admin Building	4,339	2,672	1,167	500	0	As Net Plant in Service
Gas Treatment Plant	8,322	4,459	2,705	1,159	0	As Treatment
Electricity - Treatment Plant	142,241	76,204	46,226	19,811	0	As Treatment
Electricity - Stations	56,980	56,980	0	0	0	100.0% VOL
Electricity - Admin Building	10,198	6,281	2,742	1,175	0	As Net Plant in Service
Electricity - Lucerne	733	733	0	0	0	100.0% VOL
Total Power	**$479,055**	**$284,608**	**$136,113**	**$58,334**	**$0**	
Sludge Removal	**$315,295**	**$0**	**$0**	**$315,295**	**$0**	100.0% SS
Chemicals						
Odor Control-Disinfectant	$10,648	$5,705	$3,460	$1,483	$0	As Treatment
Polymer	60,336	32,324	19,608	8,403	0	As Treatment
Laboratory Reagents	12,100	6,482	3,932	1,685	0	As Treatment
Total Chemicals	**$83,084**	**$44,511**	**$27,001**	**$11,572**	**$0**	

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

	Expenses FY 2023	Volume *(VOL)*	Bio-Oxygen Demand *(BOD)*	Suspended Solids *(SS)*	Direct *(DA)*	*Basis of Classification*
Materials and Supplies						
Office Equip, Supplies, Expense	$49,870	$30,715	$13,409	$5,747	$0	As Treat. & Collect.
Safety Supplies and Expenses	7,210	4,440	1,938	831	0	As Treat. & Collect.
Laboratory Supplies	9,130	5,623	2,455	1,052	0	As Treat. & Collect.
Fuel - Vehicles	15,030	9,257	4,041	1,732	0	As Treat. & Collect.
Oils, Antifreeze, Filters	24,758	15,248	6,657	2,853	0	As Treat. & Collect.
Degreasers and Solvents	4,684	2,885	1,259	540	0	As Treat. & Collect.
Hardware, Cleaning, Painting	3,500	2,156	941	403	0	As Treat. & Collect.
Ground Maint and Supplies	7,073	4,356	1,902	815	0	As Treat. & Collect.
Electrical Supplies	6,423	3,956	1,727	740	0	As Treat. & Collect.
Welding and Fab Supplies	1,691	1,041	455	195	0	As Treat. & Collect.
Tools and Equipment	8,359	5,148	2,248	963	0	As Treat. & Collect.
Plumbing Supplies	4,476	2,757	1,203	516	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	**$142,203**	**$87,582**	**$38,235**	**$16,386**	**$0**	
Repairs and Replacements						
Mainline	$8,511	$5,242	$2,288	$981	$0	As Treat. & Collect.
Pumps, Motors, Bearings	52,524	32,349	14,122	6,052	0	As Treat. & Collect.
Equip and Machinery	23,254	14,322	6,252	2,680	0	As Treat. & Collect.
Vehicles	10,410	6,411	2,799	1,200	0	As Treat. & Collect.
Generators	12,030	7,409	3,235	1,386	0	As Treat. & Collect.
Irrigation System - Lucerne	5,955	3,668	1,601	686	0	As Treat. & Collect.
Other	108,383	66,753	29,141	12,489	0	As Treat. & Collect.
Total Repairs and Replacements	**$221,067**	**$136,154**	**$59,439**	**$25,474**	**$0**	
Equipment Rental	**$885**	**$545**	**$238**	**$102**	**$0**	As Net Plant in Service

	Expenses FY 2023	Volume *(VOL)*	Bio-Oxygen Demand *(BOD)*	Suspended Solids *(SS)*	Direct *(DA)*	*Basis of Classification*
Utilities Expense						
Water	$4,848	$2,986	$1,304	$559	$0	As Net Plant in Service
Trash Pick Up	5,980	3,683	1,608	689	0	As Net Plant in Service
Solid Waste Disposal	37,473	23,079	10,075	4,318	0	As Net Plant in Service
Total Utilities Expense	**$48,301**	**$29,749**	**$12,987**	**$5,566**	**$0**	
Communications Expense						
SCADA	$30,678	$30,678	$0	$0	$0	100.0% VOL
Radio Service and Repair	438	438	0	0	0	100.0% VOL
Television	677	677	0	0	0	100.0% VOL
Telephone Service and Repair	14,420	14,420	0	0	0	100.0% VOL
Internet Access	11,010	11,010	0	0	0	100.0% VOL
Total Communications Expense	**$57,223**	**$57,223**	**$0**	**$0**	**$0**	
Contractual Services - Other						
Fiscal Agent and Bank Fees	$5,878	$3,620	$1,580	$677	$0	As Net Plant in Service
Testing	17,080	10,520	4,592	1,968	0	As Net Plant in Service
Uniform, Towel and Rag	16,545	10,190	4,449	1,907	0	As Net Plant in Service
Medical and EAP	12,827	7,900	3,449	1,478	0	As Net Plant in Service
Security, Fire Alarm	5,419	3,338	1,457	624	0	As Net Plant in Service
Web Site Hosting	135	83	36	16	0	As Net Plant in Service
Landscaping	8,370	5,155	2,250	964	0	As Net Plant in Service
Labor	8,840	5,445	2,377	1,019	0	As Net Plant in Service
Heating, Ventilation, Air Cond	11,420	7,034	3,071	1,316	0	As Net Plant in Service
Answering Service	709	437	191	82	0	As Net Plant in Service
Janitorial	17,508	10,783	4,708	2,018	0	As Net Plant in Service
Total Contractual Services - Other	**$104,732**	**$64,504**	**$28,160**	**$12,068**	**$0**	

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

	Expenses FY 2023	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	92,614	57,041	24,901	10,672	0	As Net Plant in Service
Other	59,006	36,342	15,865	6,799	0	As Net Plant in Service
Total Contractual Services - Professional	**$166,620**	**$101,418**	**$45,641**	**$19,561**	**$0**	
Permits and Fees	**$245,225**	$151,033	$65,934	$28,258	$0	As Net Plant in Service
Insurance						
Workman's Compensation	$78,717	$48,481	$21,165	$9,071	$0	As Net Plant in Service
General Liability and Vehicle	164,991	101,617	44,362	19,012	0	As Net Plant in Service
Other Insurance Expense	0	0	0	0	0	As Net Plant in Service
Total Insurance	**$243,708**	**$150,099**	**$65,527**	**$28,083**	**$0**	
Other Expense						
Memberships, Dues and Subscrip	$17,668	$17,668	$0	$0	$0	100.0% VOL
Directors Fees	9,635	9,635	0	0	0	100.0% VOL
Public Notices	3,619	3,619	0	0	0	100.0% VOL
Education and Training	30,328	30,328	0	0	0	100.0% VOL
Advertising	3,500	3,500	0	0	0	100.0% VOL
Total Other Expense	**$64,749**	**$64,749**	**$0**	**$0**	**$0**	
Total Operations & Maintenance	**$4,939,270**	**$2,876,432**	**$1,223,280**	**$839,558**	**$0**	
Taxes and Transfers						
Property Tax	$4,070	$2,370	$1,008	$692	$0	As O&M
Total Taxes and Transfers	**$4,070**	**$2,370**	**$1,008**	**$692**	**$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 2023	Volume *(VOL)*	Bio-Oxygen Demand *(BOD)*	Suspended Solids *(SS)*	Direct *(DA)*	*Basis of Classification*
Debt Service						
Compass Bank Loan	$359,068	$192,367	$116,690	$50,010	$0	As Net Plant in Service
Compass II Bank Loan	150,008	80,366	48,750	20,893	0	As Treatment Plant
Replenish Big Bear Funding	31,669	16,966	10,292	4,411	0	As Treatment Plant
New Long-Term Borrowing	0	0	0	0	0	As Net Plant in Service
Total Debt Service	$540,745	$289,699	$175,732	$75,314	$0	
Less: Debt Service Funding						
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	**$465,745**	**$249,519**	**$151,359**	**$64,868**	**$0**	
Reserve Funding						
To / (From) Operations - Liquidity	$95,235	$55,461	$23,586	$16,188	$0	As O&M Expenses
To / (From) Operations - Contingency	36,000	20,965	8,916	6,119	0	As O&M Expenses
To / (From) Capital and Replacement Fund	50,000	29,118	12,383	8,499	0	As O&M Expenses
To / (From) Debt Service Reserve	0	0	0	0	0	As O&M Expenses
Total Reserve Funding	**$181,235**	**$105,544**	**$44,885**	**$30,806**	**$0**	
Total Revenue Requirement	**$6,390,320**	**$3,662,457**	**$1,680,517**	**$1,047,345**	**$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
Rental Income	54,080	54,080	0	0	0	100.0% VOL
Other Revenue	0	0	0	0	0	100.0% VOL
Total Other Revenues	**$154,067**	**$154,067**	**$0**	**$0**	**$0**	
Net Revenue Requirement	**$6,236,253**	**$3,508,391**	**$1,680,517**	**$1,047,345**	**$0**	

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

	FY 2023 Net Revenue Requirement	All Customers	*Distribution Factor*
Volume Related	**$3,508,391**	$3,508,391	(VOL)
Strength Related			
Bio-oxygen Demand	$1,680,517	$1,680,517	(BOD)
Suspended Solids	1,047,345	1,047,345	(SS)
Total Strength Related	**$2,727,862**	$2,727,862	
Direct Assignment	**$0**	$0	
Net Revenue Requirement	**$6,236,253**	**$6,236,253**	

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

	FY 2023 Expenses	All Customers
Revenues at Present Rates [1]	$5,855,636	$5,855,636
Allocated Revenue Requirement	$6,236,253	$6,236,253
Balance/(Deficiency) of Funds	**($380,616)**	**($380,616)**
Required % Rate Adjustment	**6.5%**	**6.5%**

[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 2023 Expenses	All Customers
Volume $ / 1,000 gallon	**$4.77**	$4.77
Strength $ / EDU		
Bio-oxygen Demand	$66.92	$66.92
Suspended Solids	41.70	41.70
Total Strength $ / EDU	**$108.62**	$108.62
Average Allocated Cost $ / EDU	**$248.32**	$248.32
Average Total Revenue $ / EDU	**$233.17**	$233.17
Average Total Cost / 1,000 gallons	**$8.47**	$8.47
Basic Data		
Annual Volumes (1,000 gallons)	735,848	735,848
Number of Accounts (EDUs)	25,114	25,114

Draft Report

Big Bear Area Regional Wastewater Agency

Regional Sewer Connection Fee

April 2022

April 20, 2022

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

Subject: Development of the Regional Wastewater Connection Fee Draft Report

Dear Ms. McCullar:

HDR Engineering, Inc. (HDR) was retained by the Big Bear Area Regional Wastewater Agency (Agency) to conduct a study to review and update the regional wastewater connection fees. Enclosed please find HDR's draft report for this Study. The conclusions and recommendations contained within this report should enable the Agency to implement cost-based regional wastewater connection fees that meet the Agency's growth and financial policy objectives.

This report has been prepared using generally accepted rate and fee setting principles. The Agency's financial, capital, and engineering data were the primary sources for much of the data contained in this report.

HDR appreciates the opportunity to assist the Agency in this matter. We also would like to thank you and your staff for assistance provided to us during the development of this regional sewer connection fee study.

Very truly yours,
HDR Engineering, Inc.

Shawn Koorn
Associate Vice President

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Technical Appendices

Executive Summary

Introduction

HDR Engineering, Inc. (HDR) was retained by Big Bear Area Regional Wastewater Agency (Agency) to review and update the regional wastewater connection fees. The purpose of connection fees is to recover the costs of public facilities in existence at the time the fee is imposed, or for new public facilities to be acquired or constructed in the future, that are of proportional benefit to the person or property being charged. These fees are charged to new customers connecting to the system, or to existing customers increasing their demands (i.e., capacity use).

The current regional wastewater connection fee is based on the analysis completed in 2018. By establishing a cost-based connection fee, the Agency will be taking a necessary step in providing adequate infrastructure to meet growth-related needs and - more importantly - providing this required infrastructure to new customers in a cost-based, proportional, and equitable manner. This report provides a summary of the findings, conclusions and recommendations for the regional wastewater connection fee. This report provides the basis for the Agency to implement a cost-based regional wastewater connection fee.

Conclusions

The connection fee must be implemented according to the capacity requirement, or impact, each new customer has on the utility system. By doing so, the connection fee is directly related to the impact the customer places on the system, and to the proportional benefit the customer derives from the service provided.

In simplified terms, the Agency's regional wastewater connection fee is based on the replacement value of the existing wastewater system along with future capital infrastructure needed to accommodate future growth and expansion on the system, divided by the number of equivalent dwelling units (EDUs) served by that capacity. The calculations also take into account the financing mechanisms of capital improvements. Based on the sum of the existing and future component costs, the net allowable utility connection fee is determined. "Net" refers to the calculated "gross" connection fee, less any debt service credits. "Allowable" refers to the concept that the calculated connection fees are the Agency's maximum cost-based charge. As a matter of policy, the Agency may charge any amount up to the cost-based connection fee, but not in excess of that amount. Charging an amount greater than the "allowable" connection fee would not meet the nexus test of a cost-based connection fee related to the benefit derived by the customer.

The Agency charges new customers connecting to the wastewater system a one-time connection fee. The fee is a reimbursement for their portion of the system use that has been funded through wastewater rates (i.e., existing customers) over time on a per equivalent dwelling unit (EDU) basis. The current EDU is estimated to use 172 gallons of wastewater flow per day. The fee is charged on a per EDU basis and applied to all customers based on the total number of system EDUs.

To begin to calculate the proposed maximum allowable wastewater connection fee for the wastewater system, the value of the existing infrastructure was developed. As a result of this analysis, a replacement cost net of current depreciation expense was produced. In this way, the existing system was valued at today's value (as of June 30, 2021), and reduced to reflect the depreciated value. In addition to the existing system, future improvements related to providing capacity, or service, to new customers connecting to the wastewater system were added. It is also important to note that the value of the existing system was reduced to reflect those projects that were not funded by the Agency (for example, funding from the 1995 HUD grant). Finally, the wastewater connection fee was reduced to reflect outstanding debt that was used to fund existing system improvements so that customers do not pay twice, once through the connection fee and again through rates. Based on this analysis, which is discussed in more detail later in this report, the maximum allowable wastewater connection fee can be developed.

Provided in Table ES - 1 is a summary of the existing fee for one (1) EDU and the proposed maximum allowable fee.

Table ES – 1
Existing and Maximum Allowable Wastewater Connection Fee

Fee Description	Existing Connection Fee[(1)]	Maximum Allowable Connection Fee
Wastewater Connection Fee	$4,180	$4,255

(1) Ordinance No. 02-2018

After discussion with Agency staff, it was determined that the regional wastewater connection fee would be maintained at the current level. The detailed development of the Agency's regional wastewater connection fee is presented in Section 4. Technical appendices are included within this report to document the technical analyses that were undertaken as a part of this study.

Summary

This report documents the development of the Agency's maximum allowable regional wastewater connection fee. The development of this fee utilized generally accepted connection fee principles, while applying Agency specific planning, asset, and customer information. HDR would recommend that the Agency have its legal counsel review the regional wastewater connection fee before any adjustments are made to ensure compliance with California law.

Disclaimer

HDR, in its calculation of the regional sewer connection fees presented in this report, has used generally accepted fee making principles[1]. This should not be construed as a legal opinion with respect to California law. HDR recommends that the Agency have its legal counsel review the regional wastewater connection fee as set forth in this report to ensure compliance with California law.

[1] Principles established in industry documents referenced as System Development Charges for Water, Wastewater, and Stormwater Facilities, by Arthur C. Nelson, Seventh Edition; and WEF Manual of Practice No. 27, Financing and Charges for Wastewater Systems, Fourth Edition.

1 Introduction and Overview of Connection Fees

The purpose of a connection fee is to fund a cost-based and proportionate share of capital costs for the Agency's wastewater system to reflect the value of the capacity requested by new customers. These fees provide the means of balancing the cost requirements for utility infrastructure between existing customers and new customers. The portion of existing infrastructure and future capital improvements that will provide service (i.e., capacity) to new customers is included in the calculation of the connection fees. In contrast to this, the Agency has future capital improvement projects that are related to renewal and replacement of existing infrastructure in service. These renewal and replacement costs are included within the rates of the sewer service charged to the Agency's customers and are not included within the calculation of the proposed connection fee. By establishing a cost-based regional sewer connection fee, the Agency maintains an approach of having "growth pay for growth" and existing utility customers should - for the most part - be sheltered from the financial impacts of growth.

An important starting point in establishing connection fees is to have a basic understanding of the purpose of these fees, along with the criteria and general methodologies that are used to establish cost-based connection fees. Presented in this section of the report is an overview of these connection fees and the criteria and general methodologies that may be used to develop cost-based connection fees.

1.1 Defining Connection Fees

The first step in establishing cost-based connection fees is to gain a better understanding of the definition of a connection fee or sometimes referred to as system development charge (SDC). For the purposes of this report, a connection fee or SDC is defined as follows:

> *"System development charges (connection fees) are one-time charges paid by new development to finance construction of public facilities needed to serve them."*[2]

Connection fees are generally imposed as a condition of service. The objective of connection fees is not to generate revenue for the utility, but to create a fiscal balance between existing customers and new customers. In this way, all customers seeking to connect to the utility's system bear an equitable share of the cost of capacity that is invested in both the existing and any future growth-related expansions. Through the implementation of equitable and cost-based connection fees, existing customers will not be burdened with the cost of new development (e.g., system expansion). If cost-based connection fees are not implemented, then existing utility customers will bear (i.e., pay for) a significant portion of the costs associated with new development. Ultimately, the adoption of the final connection fees is a policy decision by the Agency Board regarding the sharing of costs between new development and existing customers.

[2] Arthur C. Nelson, System Development Charges for Water, Wastewater, and Stormwater Facilities, Lewis Publishers, New York, 1995, p. 1,

1.2 Requirement Under California State Law

In establishing development fees, an important requirement is that they be developed and implemented in conformance with State and local laws. California law provides the basis for the determination of development fees through a uniform framework for the imposition of development fees by local governments. Specifically, the requirement for the calculation of development fees in California is found in the California Government Code sections 66013, 66016, and 66022, which are interspersed within the 'Mitigation Fee Act'.

A summary of the relevant statutes required in the calculation of development fees under California law is as follows:

> *"66013 (a) Notwithstanding any other provision of law, when a local agency imposes fees for water connections or sewer connections, or imposes capacity fees, those fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed, unless a question regarding the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services or materials is submitted to, and approved by, a popular vote of two-thirds of those electors voting on the issue."*
>
> *"66013 (b) (3) 'Capacity charge' means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities. A "capacity charge" does not include a commodity charge."*
>
> *"66022 (a) Any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion adopting a new fee or service charge, or modifying or amending an existing fee or service charge, adopted by a local agency, as defined in Section 66000, shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion."*

In addition to the determination of "the estimated reasonable cost of providing the service for which the fee is imposed," California law also requires date and time notifications similar to other rate and fee setting processes as follows:

- That notice (of the time and place of the meeting, including a general explanation of the matter to be considered) and a statement that certain data is available be mailed to those who filed a written request for such notice,
- That certain data (the estimated cost to provide the service and anticipated revenue sources) be made available to the public,
- An opportunity for public input at an open and public meeting to adopt or modify the fee, and
- That revenue in excess of actual cost be used to reduce the fee creating the excess.

In 1996, the voters of California approved Proposition 218, which required that the imposition of certain fees and assessments by municipal governments require a vote of the people to change or increase the fee or assessment. In Richmond v. Shasta Community Services Dist., 32 Cal.4th 409 (2004), the California Supreme Court held that development fees (i.e., connection fees) are not "assessments" under Proposition 218 because they are imposed only on those who are voluntarily seeking water and wastewater service, rather than being charged to particular identified parcels, and therefore such fees are not subject to the procedural or substantive requirements of Proposition 218. The court also held that such fees can properly be enacted by either ordinance or resolution.

In November 2010 the voters of California passed Proposition 26, an initiative based state constitutional amendment that provided a new definition of the term "tax" in the California Constitution. Under Proposition 26 a fee or charge imposed by a public agency is a tax unless it meets one of seven exceptions. "Development fees" would be included within exceptions 1 and/or 2. These two exception note that the development fee or charge is:

(1) "A charge imposed for a specific benefit conferred… directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of conferring the benefit…,"

(2) "A charge imposed for a specific government service… directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product."

In the case of the Agency's regional sewer connection fee, the Agency does not charge one fee payer more in order to charge another fee payer less (i.e., a cross-subsidy), and it does not exceed the reasonable costs of providing the service. Given this, a regional sewer connection fee is not interpreted as being a tax within the meaning of Proposition 26.

In simplified terms, the basic principle that needs to be followed under California law is that the regional connection fee be based on a proportionate share of the costs of the system required to provide service and that the requirements for adoptions and accounting be followed in compliance with California law.

1.3 Methodology to Development of Connection Fees

In establishing connection fees, there are differing methodologies. The AWWA M-1 Manual discusses three generally accepted SDC methods;

- ✓ "The ***buy-in method*** is based on the value of the existing system's capacity. This method is typically used when the existing system has sufficient capacity to serve new development now and into the future.
- ✓ The ***incremental cost method*** is based on the value or cost to expand the existing system's capacity. This method is typically used when the existing system has limited or no capacity to serve new development now and into the future.
- ✓ The ***combined approach*** is based on a blended value of both the existing and expanded system's capacity. This method is typically used where some capacity is available in parts

of the existing system (e.g. source of supply), but new or incremental capacity will need to be built in other parts (e.g., treatment plant) to serve new development at some point in the future."[3]

For the development and calculation of the Agency's regional connection fees, the "combined approach" was used since there is available capacity in the existing system. However, there is still a need for future (capacity) expansion in order to meet future customer growth and demand on the system. Accordingly, the value of Agency assets and future projects will be determined and then be divided by the total number of existing and future EDUs. The result will be the maximum allowable regional wastewater connection fee.

Regardless of the overall methodology selected, a common denominator of the technical analyses is the various steps undertaken. These steps are as follows:

1. Determination of system planning criteria
2. Determination of equivalent dwelling units (EDUs)
3. Calculation of existing system costs
4. Determination of any credits

Step 1 – Determination of System Planning Criteria

The first step in establishing connection fees is the determination of the system planning criteria. This implies calculating the amount of capacity required per service connection. The use of an adopted facility plan or master plan for the utility provides the basis for the development fees system planning criteria. These planning documents provide the rational planning basis and criteria for the facilities and investment needed to operate and maintain the system properly and adequately.

Step 2 – Determination of Equivalent Dwelling Units

The next step is the determination of the number of equivalent dwelling units (EDU). An EDU provides a "common denominator" for assessing impact on a utility system. The number of EDUs was developed based on the current calculation of EDUs served by the Agency. This approach provides the needed linkage between the amount of infrastructure necessary to provide service to a set number of customers.

Step 3 – Valuation of System Component Costs

Once the number of equivalent dwelling units or capacity components for the system is determined, a component-by-component system analysis is undertaken to determine the portion of the connection fee attributable in dollars per equivalent dwelling unit. In this process, the existing assets must be valued. Existing assets may be valued in a number of different ways. These methods may include the following:

- ✓ Original Cost (OC)
- ✓ Original Cost Less Depreciation (OCLD)
- ✓ Replacement Cost New (RCN)
- ✓ Replacement Cost New Less Depreciation (RCNLD)

[3] AWWA M-1 Manual, p 7th Edition, p. 329-330

Given these four different methods for valuing the assets, the selection of the valuation method certainly arises. The American Water Works Association M-1 manual notes the following concerning these various generally accepted valuation methods:

> *"Using the OC and OCLD valuations, the [connection fee] reflects the original investment in the existing capacity. The new customer "buys in" to the capacity at the OC or the net book value cost (OCLD) for the facilities and as a result pays an amount similar to what the existing customers paid for the capacity (OC) or the remaining value of the original investment (OCLD).*
>
> *Using the RCN and the RCNLD valuations, the [connection fee] reasonably reflects the cost of providing new expansion capacity to customers as if the capacity was added at the time the new customers connected to the water system. It may be also thought of as a valuation method to fairly compensate the existing customers for the carrying costs of the excess capacity built into the system in advance of when the new customers connect to the system. This is because, up to the point of the new customer connecting to the system, the existing customers have been financially responsible for the carrying costs of that excess capacity that is available to development."*[4]

As a point of reference for this study, the Agency's regional connection fee analysis will use a RCNLD methodology for all assets. The Agency's existing assets are valued at "replacement" cost based on original cost escalated to current dollars using a construction cost index (e.g., the Engineering New Record, Construction Cost Index; or the ENR-CCI). This value reasonably reflects the carrying costs of the excess capacity paid by existing customers and is also the same method used in the previous connection fee study. Infrastructure not paid by the utility, such as developer contributions or grants is not included in the fee.

The future capital infrastructure needed to accommodate future growth will be based on the Agency's current capital plan. The existing infrastructure and future expansion projects are then added to the total cost component. This total future cost is divided by the total equivalent dwelling units to determine the "gross connection fee".

Step 4 – Determination of Any Credits

The last step in the calculation of the connection fee is the determination of any credits. The credit takes into account the method used to finance infrastructure on the system so that customers are not paying twice for infrastructure – once through the connection fee and again through rates. The double payment can come in through the imposition of a connection fee and then the requirement to pay debt service within a customer's user rates.

This component accounts for the outstanding debt principal on existing assets. By segregating the debt service, the cost can be clearly identified and calculated appropriately. To avoid double-counting of the assets financed with debt, the remaining principal associated with those assets was deducted from the existing infrastructure value.

4 Ibid., p. 268

Based on the sum of the existing and future component costs, the net allowable connection fee is determined. “Net” refers to the calculated “gross” connection fee, net of any debt service credits. “Allowable” refers to the concept that the calculated connection fees are the Agency’s maximum cost-based charge. The Agency, as a matter of policy, may charge any amount up to the cost-based wastewater connection fee, but not in excess of that amount. Charging an amount greater than the “allowable” connection fee would not meet the nexus test of a cost-based connection fee related to the benefit derived by the customer.

1.4 Summary

This section of the report has defined connection fees; provided an overview of the requirements under California state law, the connection fee approach which must be established between new development and the new or expanded facilities required to accommodate new development, and appropriate apportionment of the cost to the new development in relation to benefits reasonably to be received. The next section of the report will provide a discussion of the calculation of the regional connection fee for the Agency.

2 Calculation of the Regional Connection Fee

This section of the report presents the details and key assumptions in the calculation of the Agency's regional wastewater connection fees. The calculation of the Agency's wastewater connection fee is based on the Agency's accounting and planning information. Specifically, the connection fees are based on the Agency's asset records which details the value of the assets; the Agency's current capital improvement plans; existing equivalent dwelling units (EDUs) and the projection of future EDUs. As was noted in Section 2 of this report, the Agency's planning documents, and projections of future EDUs provide the required support for a "rationally based public policy" to support the imposition of cost-based connection fee.

To the extent that the cost and timing of future capital improvements change, then the connection fees presented in this section of the report should be updated to reflect the changes.

2.1 Overview of the Agency's Wastewater System

Big Bear Area Regional Wastewater Agency was formed in 1974, consists of 15 square miles, and serves the community of the Big Bear Valley in California. The Agency is served by three separate collection systems maintained and operated by the Agency's three member agencies: the City of Big Bear Lake, the Big Bear City Community Services District, and San Bernardino County on behalf of County Service Area 53B. Each Member Agency maintains and operates its collection system and transmission of wastewater to the BBARWA interceptor system for transport to the Agency's regional treatment plant.

The Agency owns and operates the Wastewater Treatment Plant (WWTP) with a hydraulic capacity of 9.6 mgd and a secondary wastewater treatment capacity of 4.89 mgd. The WWTP is currently operating at about 1.92 mgd (FY 2021). The effluent from the WWTP is discharged to farmland in the Lucerne Valley. The sludge is collected, dewatered, and hauled to disposal facilities.

The Agency's system consists of three main lines which are the Lake Pump Station Force Main, the North Shore Interceptor, and the BBARWA Trunk Line. The system also includes four pump stations, three air injection stations, and one metering station. The Agency served approximately 21,310 residential units at the end of 2021 with an estimated occupancy rate of 38%.

2.2 Current Regional Wastewater Connection Fees

The Agency defines an EDU as 172 gallons per day as outlined in the 2010 BBARWA Sewer Master Plan on pages 3 – 10. Given this definition, the number of EDU's can be calculated based on the systems flow. With this information, the Agency can then develop the appropriate connection fee to charge for that capacity available. The Agency's current regional wastewater connection fee is based on one (1) EDU. The Agency's current wastewater connection fee is shown below in Table 4 - 1.

Table 4 – 1 Current Regional Wastewater Connection Fee	
	$ / EDU
Regional Wastewater Connection Fee	$4,180

2.3 Net Allowable Regional Wastewater Connection Fees

In calculating the regional wastewater connection fees for the Agency, existing infrastructure costs, debt service for existing facilities, future capital improvements relating to expansion / growth were included. The methodology used to calculate each of these components is described below.

2.3.1 System Planning Criteria

System planning criteria are used to establish the capacity needs of an equivalent dwelling unit (EDU). Based on the Agency's Sewer System Plan, a volume of 172 gallons per day per full-time residential EDU was established. The average daily flow at the plant is 1.92 million gallons a day (FY 2021). Table 4 - 2 provides a summary of the planning criteria used to establish the Agency's sewer connection fees.

Table 4 – 2 Summary of the Wastewater System Planning Criteria	
Planning Criteria Description	
Gallons per Full Time Residential EDU per day	172
Average Daily Flow (MGD)	1.92
2020 EDUs [1]	25,114

[1] EDUs based on 12/31/20 count as reported by member agencies

As previously discussed, certain system facilities may be planned and sized around different planning criteria. Therefore, the system planning criteria shown above were used for different plant components to determine the cost per EDU for that specific plant component. The information in Table 4 – 2 is found in Exhibit 1 of the Technical Appendix.

2.3.2 Equivalent EDUs

The planning horizon of this analysis was 2022 to 2041. As part of this study, a projection of new EDUs per year was determined, along with the total number of EDUs in 2041. This information was based on the data provided in the Agency's current rate study and reported by the Member Agencies. EDUs are projected to be 25,220 in 2022 and are projected to grow to 26,075 in 2041. A projection of EDUs at full capacity of the treatment plant and collection system was also calculated for the existing infrastructure cost, or "buy-in" component of the Regional Wastewater

Connection Fee. A summary of the EDUs for 2022 and 2041 are presented below in Table 4 - 3. Details of the EDU projection are provided in Exhibit 1 of the Technical Appendix.

Table 4 – 3
Sewer System Equivalent Dwelling Units

Description	Calculated EDUs
Equivalent Dwelling Units – 2022	25,220
Equivalent Dwelling Units – 2041	26,075

Given the development of the total EDUs for each year of the planning period, the focus can shift to the calculation of the connection fee for each plant component. The projection of EDUs is shown in Exhibit 1 of the Technical Appendix. This aspect of the analysis is discussed below.

2.3.3 Existing or Buy-In Component

To calculate the value of the existing assets for the buy-in component, the Agency's methodology considered the replacement cost of each asset. The replacement cost of each asset was then depreciated for the remaining useful life (i.e., replacement cost less depreciation).

The Agency provided an asset listing for the various existing components and their installation dates. The replacement value of the existing system was based on costs from the financial report. Based on the installation date for each asset and an estimated useful life provided by the Agency, the replacement cost for each asset was depreciated. Existing facilities not funded by the Agency were excluded from the wastewater connection fee as these contributions do not reflect the investment made by the Agency.

2.3.4 Debt Service Component

This component accounts for the principal on existing assets. By segregating the debt service costs, the cost can be clearly identified and calculated appropriately. To avoid double-counting of the assets financed with debt, the future principal associated with those assets was deducted from the existing infrastructure value.

The Agency has two outstanding issues for the wastewater system from Compass Bank. The total debt service principal eligible is $3.3 million. The inclusion of this "debt service credit" avoids double charging the customer for the asset value in the existing or buy-in component of the wastewater connection fee, and also in the debt service component of the rates. The principal portion of the debt service balance on existing assets is removed from the value prior to calculating the buy-in portion of the fee. Further detail can be seen in the Wastewater Technical Appendix.

2.3.5 Future Components

An important requirement for a wastewater connection fee study is the connection between the anticipated future growth on the system and the required facilities needed to accommodate that growth. For purposes of the Study, the Agency's most current Capital Improvement Plan (CIP) for

a twenty year planning period was provided and Agency staff reviewed capital improvements which were growth related and determined the percentage related to meeting new growth on the system. Capital improvements that were growth-related totaled $11.3 million. The Wastewater Technical Appendix contains the details of this portion of the fee.

Based on the sum of the component costs, the net allowable regional wastewater connection fee was determined. "Allowable" refers to the concept that the calculated connection fee is the Agency's cost-based regional wastewater connection fee. The Agency, as a matter of policy, may charge any amount up to the allowable regional wastewater connection fee, but not in excess of that amount. Charging an amount greater than the allowable regional wastewater connection fee would not meet the nexus test of a cost-based fee. Shown in Table 4 – 4 is a summary of the calculation by component.

Table 4 – 4
Summary of the Regional Wastewater Connection Fee Calculation

Description	
Existing Plant	
Treatment	$20,682,435
Collection	3,494,917
General	2,129,995
Total Existing Plant	**$26,307,348**
Less: Contributed Capital	1,717,051
Less: Outstanding Principal	3,283,230
Net Existing Plant	**$21,307,066**
Buildout EDUs	28,430
Existing Plant Connection Fee *(unrounded)*	**$749**
Future Plant	
Treatment	$9,409,412
Collection	1,623,195
General	224,128
Total Future Plant	**$11,256,735**
Future EDUs	3,210
Future Plant Connection Fee	**$3,507**
Total Connection Fee *(unrounded)*	**$4,256**
Total Connection Fee Rounded for Implementation	**$4,255**

The data used in the calculation summarized in Table 4 – 4 is derived from Exhibits 2 through 4 of the Technical Appendix. As can be seen in Table 4 - 4, the maximum allowable regional wastewater connection fee is $4,255 per EDU. The regional wastewater connection fee is based on the number of EDUs calculated for each customer.

2.4 Key Sewer Assumptions

In the development of the Agency's regional wastewater connection fee, a number of key assumptions were utilized. These are as follows:

- The regional wastewater connection fees were developed on the basis of the Agency's planning documents, anticipated future connections and the needed capital improvements to serve those future connections
- The assumed equivalent dwelling unit is 172 gallons of flow per day as outlined in the Agency's planning documents
- The Agency's asset records were used to determine the existing infrastructure assets and their value
- Contributions and grants were excluded from the analysis and calculation of the wastewater connection fee
- The Agency provided financial records related to future wastewater debt service payments
- The Agency provided the most recent wastewater CIP for future expansion improvements over a twenty year planning period
- The Agency determined the portion of future improvements that were growth-related
- The base year for the CIP was 2021
- The calculation of the debt credit component included current outstanding principal on existing assets

2.5 Implementation of the Regional Wastewater Connection Fee

Generally speaking, it is recommended that the regional wastewater connection fee be updated on an annual basis using an inflationary index. However, given that the analysis includes inflation in the projection of future capacity related capital needs, the maximum fee reflects the impacts of inflation. As part of the annual review of the connection fee, the Agency should compare the actual increase in inflation to the assumptions used in the analysis. After five years, major infrastructure changes, or updated planning documents, HDR recommends that the Agency update the regional wastewater connection fee based on the actual cost of infrastructure and any new planned facilities that would be contained in an updated master plan or CIP.

2.6 Consultant Recommendations

Based on our review and analysis of the Agency's regional wastewater connection fees, HDR provides the following recommendations:

- The Agency may, at its discretion, update the regional wastewater connection fee to the calculated maximum allowable level as determined in this analysis.
- the Agency should compare the actual increase in inflation, on an annual basis, using the Engineering News Record Construction Cost Index, to the inflationary assumptions used in the analysis.
- The Agency should update the actual calculations for the regional wastewater connection fee based on the methodology as approved by the resolution or ordinance setting forth the methodology for regional wastewater connection fee at such time when a new CIP, facilities

plan, master plan or a comparable plan is approved or updated by the Agency for the wastewater systems.

2.7 Summary

The development of the regional wastewater connection fees by HDR utilized generally accepted engineering and rate and fee making principles, while applying Agency specific planning, asset and customer information. HDR would recommend that the Agency have its legal counsel review the regional wastewater connection fee and this report before any adjustments are made to ensure compliance with California law.

Technical Appendix

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Development of EDUs
Exhibit 1

EDU = Equivalent Dwelling Unit *(amount used in a typical household)*

Gallons per EDU per day [1]	**172**
Average Daily Flow (MGD) [2]	**1.92**
Occupancy Adjustment	**38.0%**
2020 EDU's [3]	**25,114**
Buildout EDU's [4]	**28,430**
Net Future EDU's *(2022 - Buildout)*	**3,210**

Year	Growth Rate	EDUs	Additional EDUs per Year	Total New EDUs	Total EDUs
2022	0.4%	25,220	106	106	25,220
2023	0.2%	25,265	45	151	25,265
2024	0.2%	25,310	45	196	25,310
2025	0.2%	25,355	45	241	25,355
2026	0.2%	25,400	45	286	25,400
2027	0.2%	25,445	45	331	25,445
2028	0.2%	25,490	45	376	25,490
2029	0.2%	25,535	45	421	25,535
2030	0.2%	25,580	45	466	25,580
2031	0.2%	25,625	45	511	25,625
2032	0.2%	25,670	45	556	25,670
2033	0.2%	25,715	45	601	25,715
2034	0.2%	25,760	45	646	25,760
2035	0.2%	25,805	45	691	25,805
2036	0.2%	25,850	45	736	25,850
2037	0.2%	25,895	45	781	25,895
2038	0.2%	25,940	45	826	25,940
2039	0.2%	25,985	45	871	25,985
2040	0.2%	26,030	45	916	26,030
2041	0.2%	26,075	45	961	26,075

Notes

[1] - 172 Gallons per day per full time EDU based on the 2010 BBARWA Sewer Master Plan; page 3-10
[2] - Average daily flow at plant of based on FY 2021 data from BBARWA
[3] - EDUs based on 12/31/20 count
[4] - Number of EDUs Based on 4.89 MGD total plant capacity and 172 gpd / EDU

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Treatment Plant
Exhibit 2

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
Effluent Disposal Assets							
2002	Pipeline	$84,689	$41,110	$43,579	$83,982	100.0%	$83,982
1979	Pipeline	1,247,874	1,247,874	0	0	100.0%	0
1987	Pipeline	42,063	35,407	6,656	18,798	100.0%	18,798
1989	Pipeline	54,565	43,652	10,913	29,496	100.0%	29,496
1992	Pipeline	149,542	109,667	39,875	99,682	100.0%	99,682
2009	Pipeline	220,051	66,015	154,036	225,436	100.0%	225,436
1979	Piping	24,500	20,580	3,920	15,789	100.0%	15,789
1989	Piping	262,500	210,008	52,493	141,883	100.0%	141,883
1979	Material, Installatio	100,600	100,600	0	0	100.0%	0
1984	Irrigation Wheel Lin	16,767	16,767	0	0	100.0%	0
1987	Sprinkler System	9,922	9,259	663	1,872	100.0%	1,872
1988	Irrigation System	45,142	41,387	3,755	10,397	100.0%	10,397
1989	Sprinkler System	81,275	69,085	12,190	32,948	100.0%	32,948
1989	Pumphouse Enclo	24,393	13,275	11,118	30,050	100.0%	30,050
1979	Overflow Structure	8,000	6,720	1,280	5,155	100.0%	5,155
1979	Control Structure	10,000	8,400	1,600	6,444	100.0%	6,444
1979	Pond	794,668	794,668	0	0	100.0%	0
1986	Disposal Site Modi	78,000	67,275	10,725	31,174	100.0%	31,174
1989	Standby Pipe Mod	14,734	11,796	2,938	7,941	100.0%	7,941
1992	Monitoring Wells	112,643	108,578	4,065	10,162	100.0%	10,162
1979	Reservoir	81,400	68,376	13,024	52,457	100.0%	52,457
1989	Install Pump, etc.	20,300	10,665	9,636	26,044	100.0%	26,044
1986	Pipeline	5,484	3,131	2,353	6,841	100.0%	6,841
1986	Pipeline	1,183,432	1,020,743	162,689	472,886	100.0%	472,886
2009	Outfall Line	78,078	22,773	55,305	80,941	100.0%	80,941
2010	Monitoring Wells R	12,815	4,699	8,116	11,466	100.0%	11,466
2019	Pressure Reducing Automatic Control Valve	7,665	1,469	6,196	6,885	100.0%	6,885
2019	Pressure Reducing Automatic Control Valve	7,665	1,469	6,196	6,885	100.0%	6,885
2021	Less Disposal and Transfers	(50,177)	(27,070)	(23,107)	(23,107)	100.0%	(23,107)
	Total Effluent Disposal Assets	**$4,728,589**	**$4,128,376**	**$600,213**	**$1,392,506**		**$1,392,506**
Flow Measuring Devices							
2008	Auxiliary Flow Met	$17,524	$15,480	$2,044	$3,024	100.0%	$3,024
1996	Effluent Flow Mete	5,010	5,010	0	0	100.0%	0
2002	RAS Flow Meter	8,259	8,259	0	0	100.0%	0
2002	WAS Meter	5,350	5,350	0	0	100.0%	0
1997	Flow Meter CSD/C	8,753	8,753	0	0	100.0%	0
2006	Portable Flow Mete	55,915	8,388	47,528	76,206	100.0%	76,206
2001	2 - 14" ABB Magm	20,818	20,818	0	0	100.0%	0
2004	BB Flow Meter and	29,204	29,204	0	0	100.0%	0
2007	CSA Flow Meter	10,157	9,255	903	1,411	100.0%	1,411
2006	Portable Flow Mete	31,951	21,124	10,828	17,361	100.0%	17,361
2017	Total Influent Flow	20,753	8,474	12,279	14,282	100.0%	14,282
2018	ABB Water Master FEF 121	12,290	2,253	10,037	11,348	100.0%	11,348
2018	ABB Water Master FEF 121	12,290	2,253	10,037	11,348	100.0%	11,348
2020	WAS Meter	7,289	790	6,499	7,070	100.0%	7,070
2019	CSD/CSA Flow Meter	13,096	2,401	10,695	11,884	100.0%	11,884
2019	Effluent Flow Meter	10,096	1,767	8,329	9,256	100.0%	9,256
2021	Less: Disposal and Transfers	(95,845)	(69,441)	(26,404)	(26,404)	100.0%	(26,404)
	Total Flow Measuring Devices	**$172,909**	**$80,134**	**$92,774**	**$136,787**		**$136,787**

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
Land							
1979	CSD Original Treatment Plant	$78,641	$0	$78,641	$316,743	100.0%	$316,743
1979	BBLSD Original Treatment Plant	23,557	0	23,557	94,881	100.0%	94,881
1992	120 Palomino Drive	90,280	0	90,280	225,688	100.0%	225,688
1994	121 Palomino Drive	151,578	0	151,578	352,464	100.0%	352,464
2001	Landscape 122 Palomino	19,870	0	19,870	39,325	100.0%	39,325
2002	Landscape 122 Palomino	13,447	0	13,447	25,913	100.0%	25,913
2004	Landscape 121 Palomino	18,750	0	18,750	32,447	100.0%	32,447
2004	Landscape Admin Building	21,700	0	21,700	37,552	100.0%	37,552
1979	Lucerne Valley 318.32 Acres 1977/1984	396,905	0	396,905	1,598,618	100.0%	1,598,618
1979	Lucerne Valley 1.68 Acres 1977/1984	2,095	0	2,095	8,437	100.0%	8,437
2021	Pond 5 Fill and Grade for Solar Field	222,898	0	222,898	222,898	100.0%	222,898
2021	Less: Disposal and Transfers	(2,095)	(2,095)	0	0	100.0%	0
	Total Land	**$1,037,626**	**($2,095)**	**$1,039,720**	**$2,954,965**		**$2,954,965**
Treatment Plant							
1986	Valves and Gates	$18,000	$15,525	$2,475	$7,194	100.0%	$7,194
1986	Painting, Coating, Roofing, Sheet Metal	8,300	8,300	0	0	100.0%	0
1986	Structure	139,500	96,255	43,245	125,700	100.0%	125,700
1979	Painting	5,300	5,300	0	0	100.0%	0
1986	Protective Coatings	800	800	0	0	100.0%	0
2006	Roof MPB	15,130	9,179	5,951	9,542	100.0%	9,542
2007	Concrete Floor mpb	29,659	20,391	9,268	14,490	100.0%	14,490
1979	Structure mpb	47,793	40,146	7,647	30,800	100.0%	30,800
1979	Structure BC	235,921	235,921	0	0	100.0%	0
1979	Structure BC	109,046	91,599	17,447	70,270	100.0%	70,270
2008	Structure Sand and Gravel	6,547	1,713	4,834	7,149	100.0%	7,149
1999	Memcor Filter	25,000	13,750	11,250	23,222	100.0%	23,222
2001	UV Disinfection Unit	15,910	7,095	8,815	17,446	100.0%	17,446
1979	Structure HEADWORKS	165,910	141,757	24,153	97,280	100.0%	97,280
1979	Structure OAC	223,141	208,265	14,876	59,917	100.0%	59,917
2000	Building Expansion	338,137	156,545	181,592	365,539	100.0%	365,539
2002	Office Conversion	13,218	5,605	7,612	14,670	100.0%	14,670
1994	Storage Bins	8,453	8,453	0	0	100.0%	0
2003	Operations Building	59,365	21,371	37,993	70,853	100.0%	70,853
1994	Waukesha Building	74,474	51,202	23,272	54,114	100.0%	54,114
2003	Other	67,114	24,461	42,653	79,542	100.0%	79,542
2004	Retention	30,534	20,356	10,178	17,613	100.0%	17,613
2008	Building	181,009	52,677	128,331	189,796	100.0%	189,796
1986	Building	304,311	217,351	86,959	252,764	100.0%	252,764
1986	Roofing, Sheet Metal	12,400	11,780	620	1,802	100.0%	1,802
1986	Polymer Sys	35,000	35,000	0	0	100.0%	0
1979	Metal Grate	6,100	5,124	976	3,931	100.0%	3,931
1986	Metal Work, Concrete, Steel, Vaults, Earthw	68,020	46,934	21,086	61,291	100.0%	61,291
1991	Cover	12,687	7,487	5,200	13,453	100.0%	13,453
2007	Building and Doors	285,109	77,455	207,654	324,646	100.0%	324,646
2007	HVAC, Ducting	108,399	58,897	49,502	77,391	100.0%	77,391
1979	Piping High Pressure Effluent	675,599	675,599	0	0	100.0%	0
1986	Piping 60 Years	520,851	449,245	71,606	208,136	100.0%	208,136
1986	Auxiliary Pump 3 - 300 HP	16,500	16,264	236	685	100.0%	685
2001	Auxiliary Pump 2 - 300 HP	10,653	10,653	0	0	100.0%	0
2007	Painting	27,000	12,225	14,775	23,099	100.0%	23,099
2007	Plumbing	26,004	17,661	8,343	13,043	100.0%	13,043
2007	Signs	965	874	91	143	100.0%	143
2007	Piping - Cannibal Bldg	76,000	20,647	55,353	86,539	100.0%	86,539
2006	Auxiliary Pump 1 - 300 HP	8,739	3,870	4,869	7,807	100.0%	7,807
1979	Effluent Pump 3 - 100 HP	4,756	4,756	0	0	100.0%	0
1979	Effluent Pump 5 - 100 HP	6,417	6,417	0	0	100.0%	0
1996	Effluent Pump 2 - 40 HP	7,865	7,865	0	0	100.0%	0

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
2004	RAS Pump 1 - 7.5 HP	15,561	6,570	8,991	15,559	100.0%	15,559
2004	RAS Pump 2 - 7.5 HP	15,561	15,561	0	0	100.0%	0
2004	RAS Pump 3 - 7.5 HP	15,561	6,570	8,991	15,559	100.0%	15,559
2004	RAS Pump 4 - 7.5 HP	13,921	13,921	0	0	100.0%	0
2006	Effluent Pump 1 - 40 HP	11,591	11,333	258	413	100.0%	413
2006	RAS Pump 1 - 7.5 HP NEW PUMP	10,177	10,121	57	91	100.0%	91
2006	RAS Pump 2 - 7.5 HP NEW PUMP	10,177	10,121	57	91	100.0%	91
2006	RAS Pump 3 - 7.5 HP NEW PUMP	10,177	10,121	57	91	100.0%	91
2006	RAS Pump 4 - 7.5 HP NEW PUMP	10,177	10,121	57	91	100.0%	91
2007	Effluent Pump 4 - 100 HP	17,280	15,744	1,536	2,401	100.0%	2,401
2008	Effluent Pump 6 - 100 HP	24,575	20,616	3,959	5,856	100.0%	5,856
1986	Scum and Tank Drain Pump - 10 HP	6,500	6,412	88	256	100.0%	256
2007	In-Plant Sewer Pump - 2 HP	5,163	4,905	258	404	100.0%	404
2008	In-Plant Sewer Pump - 2 HP	5,207	4,541	665	984	100.0%	984
2005	Belt Feed Pump - 3 HP	12,384	9,976	2,408	3,982	100.0%	3,982
2007	Submersible Pump 15 HP	2,748	1,603	1,145	1,790	100.0%	1,790
1979	Flash Mixer	5,500	3,410	2,090	8,418	100.0%	8,418
1979	Clarifier 1	90,150	75,726	14,424	58,096	100.0%	58,096
1979	Clarifier 2	90,150	75,726	14,424	58,096	100.0%	58,096
1986	Gear Reducer, Drive Motor, Scum Sweep	51,000	51,000	0	0	100.0%	0
1979	Bar Screen, Grit Aeration, Air Lift Diffuser	50,141	50,141	0	0	100.0%	0
1988	Carbon Tower	75,795	62,532	13,263	36,720	100.0%	36,720
1998	Grit Washer	28,514	28,514	0	0	100.0%	0
2007	Wash Press	85,969	41,552	44,417	69,442	100.0%	69,442
1979	Original Equipment - Clarifier 1	171,829	144,336	27,493	110,732	100.0%	110,732
1993	Cover	120,694	68,192	52,502	125,040	100.0%	125,040
1990	Sandblast, Paint Clarifier	21,071	21,071	0	0	100.0%	0
1979	Original Equipment - Clarifier 2	171,029	143,664	27,365	110,217	100.0%	110,217
1993	Cover	120,694	68,192	52,502	125,040	100.0%	125,040
1990	Sandblast, Paint Clarifier	21,071	21,071	0	0	100.0%	0
1986	Original Equipment- Clarifier 3	573,450	395,682	177,768	516,717	100.0%	516,717
1993	Cover	120,694	68,192	52,502	125,040	100.0%	125,040
1986	Valves and Gates	5,207	4,491	716	2,081	100.0%	2,081
1979	Original Equipment	22,261	18,368	3,893	15,680	100.0%	15,680
1979	Original Equipment	232,794	195,576	37,218	149,903	100.0%	149,903
1979	Painting, Ball Check Valve	5,843	5,843	0	0	100.0%	0
1991	Bearings	7,559	7,433	126	326	100.0%	326
1979	Brush Aerator Paddles, Housing Fan, Bridge	73,625	73,625	0	0	100.0%	0
1979	Original Equipment	302,905	254,440	48,465	195,202	100.0%	195,202
1979	Painting, Ball Check Valve	5,843	5,843	0	0	100.0%	0
1991	Bearings	7,559	7,434	125	324	100.0%	324
1979	Brush Aerator Paddles, Housing Fan, Bridge	73,625	73,625	0	0	100.0%	0
1997	Original Equipment Ditch 3	1,819,909	873,556	946,353	2,043,003	100.0%	2,043,003
1999	Shaft Mount Reducer	8,127	8,127	0	0	100.0%	0
1979	Original Structure Drying Beds	8,652	8,652	0	0	100.0%	0
2002	Asphalt Drying Bed	38,025	16,731	21,294	41,035	100.0%	41,035
1986	Belt Filter Press Drive Motors	15,500	15,500	0	0	100.0%	0
1986	Belt Filter Press Frame	46,500	46,500	0	0	100.0%	0
1991	Sludge Hopper Mod.	18,768	18,460	308	797	100.0%	797
1999	Arison 560 Polymer Unit	9,237	9,237	0	0	100.0%	0
1999	Polyblend Unit Belt Press	5,839	5,839	0	0	100.0%	0
2001	Polyblend Unit DAF	6,117	6,117	0	0	100.0%	0
2000	Belt Press Rollers and Bearings	44,867	30,909	13,958	28,097	100.0%	28,097
2005	Sludge Belt Conveyor and Bearings	26,852	26,852	0	0	100.0%	0
2007	Polyblend Unit Backup 1	6,568	6,240	328	513	100.0%	513
1994	Polyblend Unit Backup 2	5,607	5,607	0	0	100.0%	0
1986	Dissolved Air Flotation	81,682	56,366	25,316	73,586	100.0%	73,586

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
2007	Cannibal Equip Procurement	1,649,000	316,058	1,332,942	2,083,913	100.0%	2,083,913
2007	Cannibal Equip Other	713,854	342,055	371,799	581,268	100.0%	581,268
2007	Cannibal Interchange Tanks Site	847,000	230,102	616,898	964,455	100.0%	964,455
2007	Cannibal Interchange Tanks Other	531,659	361,085	170,574	266,674	100.0%	266,674
2004	Solar Bee	19,826	19,826	0	0	100.0%	0
2000	Hot Water Circulation	16,150	10,229	5,921	11,919	100.0%	11,919
1987	Electric Hoist	8,865	7,431	1,434	4,049	100.0%	4,049
2006	Natural Gas Catalyst	10,181	10,181	0	0	100.0%	0
1996	Bar Grating	5,054	5,054	0	0	100.0%	0
2003	Gear Reducer	8,708	3,847	4,861	9,065	100.0%	9,065
1999	Self Support Tank	5,962	5,167	795	1,641	100.0%	1,641
2003	Docks Horseshoe Pond	15,341	13,935	1,406	2,622	100.0%	2,622
2003	LV Evap Ponds Modifications	1,174,305	1,051,981	122,323	228,119	100.0%	228,119
2004	Emissions Analyzer	8,077	4,847	3,230	5,589	100.0%	5,589
2005	Emissions Tester	11,669	11,669	0	0	100.0%	0
2009	AQMD Certified Emissions Tester	10,753	10,753	0	0	100.0%	0
2010	Effluent Pump 5 - 100 HP-Rebuild	18,582	18,582	0	0	100.0%	0
2010	RAS Pump 1 - 7.5 HP-Repair Mechanical Seal	3,896	3,896	0	0	100.0%	0
2010	RAS Pump 4 - 7.5 HP- Repair Mechanical Sea	3,811	3,811	0	0	100.0%	0
2010	Effluent Pump 4 - 100 HP - Rebuild	8,596	8,596	0	0	100.0%	0
2010	LEB Plans and Specs	2,977	90	2,887	4,079	100.0%	4,079
2010	Sludge Building Roof	16,293	7,006	9,287	13,120	100.0%	13,120
2010	Siding	7,500	3,150	4,350	6,145	100.0%	6,145
2010	RAS Pump 2 Repair (FY 2011) Mechanical Se	4,234	3,034	1,200	1,695	100.0%	1,695
2010	RAS Pump 3 Repair (FY 2011) Mechanical Se	5,304	3,801	1,503	2,123	100.0%	2,123
2010	Railing Powder Coating	34,825	8,561	26,264	37,103	100.0%	37,103
2013	Effluent Pump #3 REBUILD	13,960	13,960	0	0	100.0%	0
2014	Rotor	78,312	29,041	49,271	62,715	100.0%	62,715
2014	Block Wall (entrance)	6,500	932	5,568	7,088	100.0%	7,088
2015	Polyblend Unit Belt Press	9,658	3,917	5,741	6,983	100.0%	6,983
2014	Piping Covered Drying Bed	96,060	11,074	84,986	108,174	100.0%	108,174
2014	Electrical Generic and Conduit	30,085	6,936	23,148	29,464	100.0%	29,464
2014	Heat Exchangers	116,598	36,923	79,675	101,414	100.0%	101,414
2014	Pump Skid	25,487	8,071	17,416	22,168	100.0%	22,168
2014	Professional Services	155,478	10,863	144,616	184,073	100.0%	184,073
2014	Contractor Services	373,689	26,108	347,581	442,417	100.0%	442,417
2014	Building, Wall Sheeting, Insulation	656,310	45,853	610,457	777,018	100.0%	777,018
2014	Interior Coating Covered Drying Bed	51,000	23,517	27,483	34,982	100.0%	34,982
2014	Windows	19,435	6,721	12,714	16,183	100.0%	16,183
2014	Fans	12,874	4,452	8,421	10,719	100.0%	10,719
2014	Flooring, Footings, Vapor Barrier, Earthwork	364,350	25,455	338,895	431,361	100.0%	431,361
2014	Capitalized Interest Expense	47,145	3,294	43,851	55,816	100.0%	55,816
2014	Skylights	14,668	5,073	9,595	12,213	100.0%	12,213
2014	Man Doors	8,070	3,721	4,349	5,535	100.0%	5,535
2014	3 Coiling Doors	13,108	1,857	11,251	14,321	100.0%	14,321
2014	3 Coiling Doors	13,108	4,533	8,575	10,914	100.0%	10,914
2017	3 Coiling Doors	16,952	3,461	13,491	15,692	100.0%	15,692
2016	Shaft Mount Reducer	17,798	8,306	9,492	11,400	100.0%	11,400
2016	Submersible Pump Fairbanks 7.5HP	9,864	3,178	6,685	8,029	100.0%	8,029
2017	RAS Pump #3 Rebuild	6,978	3,987	2,991	3,479	100.0%	3,479
2017	Effluent Pump 5 REBUILD	7,214	4,552	2,662	3,097	100.0%	3,097
2016	Wash Press	79,462	36,420	43,042	51,690	100.0%	51,690
2016	Pro Easy Analyzer - Emissions Tester	13,534	6,316	7,218	8,669	100.0%	8,669
2016	Polyblend Polymer System	8,430	2,670	5,761	6,918	100.0%	6,918
2017	Headworks Heating Sysem	14,255	4,989	9,266	10,778	100.0%	10,778
2017	Belt Feed Pump Rotary Lobe Pump VX100-1	10,842	3,976	6,867	7,987	100.0%	7,987
2019	RAS Pump 5	14,946	3,114	11,832	13,148	100.0%	13,148
2018	North Pond Reconstruction	567,253	30,253	537,000	607,164	100.0%	607,164
2018	South Pond Reconstruction	483,496	25,786	457,709	517,513	100.0%	517,513
2018	North Pond Safety Rail	870	116	754	853	100.0%	853
2020	Conveyor with Supports	132,309	7,056	125,252	136,252	100.0%	136,252
2020	Belt Press Mobilization and Demo	89,580	4,778	84,802	92,250	100.0%	92,250
2020	Belt Press Drain Trench and Installation	40,680	2,170	38,510	41,892	100.0%	41,892
2020	Belt Press Piping	27,411	1,462	25,949	28,228	100.0%	28,228
2020	Belt Press Electrical	46,120	3,075	43,045	46,826	100.0%	46,826
2020	Belt Press	645,392	34,421	610,971	664,627	100.0%	664,627
2020	Hopper	414,432	18,419	396,013	430,791	100.0%	430,791
2020	Hopper Engineering	10,589	471	10,118	11,007	100.0%	11,007
2020	Hopper Support Structure	41,494	1,844	39,650	43,132	100.0%	43,132
2020	Hopper Control Panels	59,278	3,952	55,326	60,185	100.0%	60,185
2020	Hopper Foundation	100,000	4,444	95,556	103,947	100.0%	103,947
2019	Splitter Box Gates Ox Ditches	77,500	6,781	70,719	78,585	100.0%	78,585
2019	Splitter Box Coating Oxidation Ditches	41,750	3,653	38,097	42,335	100.0%	42,335
2020	Effluent Pump #4 Rebuild	34,179	4,883	29,296	31,869	100.0%	31,869
2019	RAS Pump 5 Retrofit for Mechanical Seal	7,181	1,710	5,472	6,080	100.0%	6,080
2020	RAS Pump 1 Rebuild	11,963	2,279	9,684	10,534	100.0%	10,534
2019	RAS Pump 4 Rebuild	5,227	1,431	3,796	4,218	100.0%	4,218
2020	Interior Siding	35,000	2,333	32,667	35,535	100.0%	35,535
2020	Electrical Lighting	26,900	1,793	25,107	27,312	100.0%	27,312
2020	Floor Covering	14,450	1,927	12,523	13,623	100.0%	13,623
2020	Skylights	13,915	1,623	12,291	13,371	100.0%	13,371
2020	Bar Screen	182,732	13,705	169,027	183,871	100.0%	183,871
2020	Belt Press Water Service Piping	57,000	2,533	54,467	59,250	100.0%	59,250
2019	Gate Valves North and South Ponds	53,957	9,442	44,514	49,466	100.0%	49,466
2019	Gate Valves N/S Ponds Cap Labor	6,366	557	5,809	6,456	100.0%	6,456
2020	Ox Ditch 1, Rotor 3 Shaft	85,543	6,416	79,128	86,077	100.0%	86,077
2020	Main Pump Building Metal Siding	8,646	259	8,387	9,123	100.0%	9,123
2020	Splitterbox Building Secondary Clarifiers	59,930	699	59,230	64,432	100.0%	64,432
2021	Less disposals and transfers	(2,996,233)	(1,057,199)	(1,939,034)	(1,939,034)	100.0%	(1,939,034)
	Total Treatment Plant	**$16,729,118**	**$8,142,471**	**$8,586,647**	**$14,537,328**		**$14,537,328**

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
Power Generation							
2003	Waukesha	$535,425	$385,506	$149,919	$279,582	100.0%	$279,582
2004	Waukesha Retention	30,534	20,356	10,178	17,613	100.0%	17,613
2008	Cummins	737,132	393,137	343,995	508,752	100.0%	508,752
2008	Cummins Retention	16,881	9,003	7,878	11,651	100.0%	11,651
2008	Cummins Electric and Duct Work	16,570	5,523	11,047	16,338	100.0%	16,338
1979	Diesel Engine Generator	45,500	45,500	0	0	100.0%	0
2009	Waukesha Rebuild	114,502	53,434	61,068	89,374	100.0%	89,374
2014	Cummins Generator Rebuild	121,125	121,125	0	0	100.0%	0
2016	Waukesha Rebuild	241,064	108,813	132,250	158,823	100.0%	158,823
2018	Mobile Generator/Trailer 150 KVA Tier 4F	100,385	20,635	79,751	90,171	100.0%	90,171
2018	Cummins Generators (2) Top End	89,594	89,594	0	0	100.0%	0
2019	Station 1 Docking Station for Mobile Generat	7,265	327	6,938	7,710	100.0%	7,710
2019	Station 1 Docking Station Panel	6,685	752	5,933	6,593	100.0%	6,593
2019	Mobile Generator Cable Assembly	350	79	271	301	100.0%	301
2019	Station 2 Docking Station for Mobile Generat	7,065	306	6,759	7,511	100.0%	7,511
2019	Station 2 Docking Station Panel	6,685	724	5,961	6,624	100.0%	6,624
2019	Station 3 Docking Station for Mobile Generat	8,715	378	8,337	9,265	100.0%	9,265
2019	Station 3 Docking Station Panel	6,685	724	5,961	6,624	100.0%	6,624
2019	LPS Docking Station for Mobile Generator	13,225	551	12,674	14,084	100.0%	14,084
2019	LPS Docking Station Panel	8,175	852	7,323	8,138	100.0%	8,138
2019	Waukesha Overhaul	240,200	50,042	190,158	211,311	100.0%	211,311
2020	Station 2 Generator and Fuel System	58,648	3,421	55,226	60,076	100.0%	60,076
2019	Station 1 Generator and Fuel System	47,849	4,585	43,263	48,076	100.0%	48,076
2020	Cummins #1 Overhaul	120,948	2,419	118,529	128,938	100.0%	128,938
2020	Cummins #2 Overhaul	119,863	2,397	117,466	127,782	100.0%	127,782
2021	Waukesha Controls Upgrade	39,225	392	38,833	38,833	100.0%	38,833
2021	Less disposals and transfers	(476,690)	(283,372)	(193,318)	(193,318)	100.0%	(193,318)
	Total Power Generation	**$2,263,602**	**$1,037,203**	**$1,226,399**	**$1,660,849**		**$1,660,849**
Total Existing Treatment		**$24,931,843**	**$13,386,090**	**$11,545,753**	**$20,682,435**		**$20,682,435**
Capital Contributions Credit							
1995	Less: Grant Funding [3]	$750,000	$0	$750,000	$1,717,051	100.0%	$1,717,051
	Total Contributions Credit	**$750,000**	**$0**	**$750,000**	**$1,717,051**		**$1,717,051**
2021	**Less: Existing Long-Term Debt Principal**	$2,356,457	$0	$2,356,457	$2,356,457	100.0%	**$2,356,457**
Total Net Existing Treatment		**$21,825,386**	**$13,386,090**	**$8,439,297**	**$16,608,927**		**$16,608,927**
Total EDUs at Plant Capacity [4]							**28,430** *Buildout EDUs*
Existing Treatment - $/EDU							**$584.20**

	FY 2022 - FY 2031			FY 2032 - FY 2041			
	Total Project	Connection Fee Eligible %	Connection Fee Eligible $	Total Project	Connection Fee Eligible %	Connection Fee Eligible $	Total
Future Treatment [5]	$10,162,030	45.0%	$4,571,578	$8,671,711	55.8%	$4,837,833	$9,409,412
Net Future EDU's (2022 - Buildout)							**3,210**
Future Treatment Plant - $/EDU							**$2,931.07**
Total Treatment Connection Fee per EDU							**$3,515.27**

Notes

[1] - Based on ENR 20 City Average December Values
[2] - Values other than 100% represent existing assets replaced with future projects for the capital planning period
[3] - Third ditch HUD grant funding in 1995. $750,000 plus BBARWA match for a $1.5 million backup treatment facility
[4] - Number of EDUs Based on 4.89 MGD total plant capacity and 172 gpd/EDU
[5] - Future projects from Big Bear Area Regional Wastewater Agency capital improvement plan

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Collection Plant
Exhibit 3

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
Interceptor System							
1979	LPS Structure	$435,635	$435,635	$0	$0	100.0%	$0
1992	Wet Well Building LPS	18,000	12,200	5,800	14,499	100.0%	14,499
1979	NSPS 1	106,657	89,592	17,065	68,733	100.0%	68,733
1979	NSPS 2	113,657	95,472	18,185	73,244	100.0%	73,244
1979	NSPS 3	129,657	108,912	20,745	83,556	100.0%	83,556
1997	Submersible Pump 3 - 125 HP LPS	9,497	9,497	0	0	100.0%	0
2000	Submersible Sewage Pump 1 - 30 HP LPS	14,576	6,235	8,341	16,789	100.0%	16,789
2000	Submersible Pump 2 - 30 HP LPS	14,071	11,491	2,579	5,192	100.0%	5,192
2006	Submersible Pump 4 - 125 HP LPS	14,947	6,477	8,470	13,581	100.0%	13,581
2008	Submersible Pump 2 LPS	43,244	12,733	30,511	45,124	100.0%	45,124
1996	Back-up Pump Fairbanks - 15 HP NSPS 1	7,089	7,089	0	0	100.0%	0
2007	Force Main-LPS Check Valves	42,969	7,281	35,688	55,795	100.0%	55,795
1979	Force Main Ductile Iron	1,253,383	1,253,383	0	0	100.0%	0
2000	N.S. Air Release Valve #7	34,789	18,047	16,742	33,701	100.0%	33,701
2001	Force Main Palomino PVC	164,204	80,392	83,812	165,875	100.0%	165,875
1979	North Shore	108,969	108,969	0	0	100.0%	0
1979	Main Trunk	172,128	172,128	0	0	100.0%	0
2007	Main Trunk Sliplining	176,974	66,364	110,609	172,926	100.0%	172,926
2010	LPS Plans, Specs, Survey	3,936	450	3,486	4,925	100.0%	4,925
2010	Main Trunk Manhole Frames and Covers	47,666	7,229	40,436	57,124	100.0%	57,124
2011	Professional Services Engineering	127,738	13,010	114,728	158,195	100.0%	158,195
1979	Main Trunk (Manholes)	13,178	10,325	2,852	11,489	100.0%	11,489
2012	Electrical Generic + Conduit	28,742	12,455	16,287	21,886	100.0%	21,886
2012	Electrical Distribution and Pump Controls	11,840	5,131	6,709	9,015	100.0%	9,015
2012	Electrical Equip MCC Panels	77,365	33,525	43,840	58,908	100.0%	58,908
2012	Limit Switches, Pull Boxes, SS Grips	4,985	2,160	2,825	3,796	100.0%	3,796
2012	Professional Services Electrical	3,195	1,385	1,811	2,433	100.0%	2,433
2012	SCADA Electrical	17,828	7,725	10,102	13,575	100.0%	13,575
2012	Generator Generic	844	366	478	643	100.0%	643
2012	Access Vault	2,228	483	1,745	2,345	100.0%	2,345
2012	Check Valves	19,839	5,731	14,108	18,957	100.0%	18,957
2012	Ductile Iron	20,565	4,456	16,109	21,646	100.0%	21,646
2012	Generic Pipeline	10,872	2,356	8,516	11,444	100.0%	11,444
2012	Generic PVC Pipeline	20,225	2,337	17,888	24,036	100.0%	24,036
2012	Pipeline Kicker	876	77	799	1,074	100.0%	1,074
2012	PVC Pipeline	35,855	4,143	31,712	42,611	100.0%	42,611
2012	Valving	4,325	500	3,825	5,140	100.0%	5,140
2012	Vaults, Manholes	4,695	543	4,152	5,579	100.0%	5,579
2012	Generic	35,550	20,540	15,010	20,169	100.0%	20,169
2012	Concrete Pads, bases, discharge piping, rails	12,000	6,933	5,067	6,808	100.0%	6,808
2012	Pump 1 and 2, Flygt 45 HP	63,011	35,356	27,655	37,160	100.0%	37,160
2012	Pump 3, Flygt 150 HP	7,413	2,430	4,983	6,696	100.0%	6,696
2012	Pump 3, Flygt 150 HP	57,386	33,156	24,230	32,558	100.0%	32,558
2012	Ceiling Drywall	1,680	1,456	224	301	100.0%	301
2012	Wet Well, Dry Well, Roff Deck, Foundation and Slab	399,000	34,929	364,071	489,206	100.0%	489,206
2012	Land Prep, Cleanup, Temp Services	78,193	6,845	71,348	95,871	100.0%	95,871
2012	Generic	11,001	963	10,038	13,488	100.0%	13,488
2012	Gutters	550	477	73	99	100.0%	99
2012	Insulation	470	204	266	358	100.0%	358
2012	Masonry, Concrete Block, Rebar, Concrete	18,184	1,592	16,592	22,295	100.0%	22,295
2012	Painting	1,087	1,087	0	0	100.0%	0
2012	Professional Services Legal and Engineering	92,561	8,103	84,458	113,487	100.0%	113,487
2012	Roofing	6,098	2,642	3,455	4,643	100.0%	4,643
2012	Skylights	718	311	407	547	100.0%	547
2012	Steel Doors	2,740	1,187	1,553	2,086	100.0%	2,086
2012	Odor Control Equipment	8,541	7,402	1,139	1,530	100.0%	1,530
2012	Land Prep, Cleanup Capitalized Labor	4,315	378	3,937	5,290	100.0%	5,290
2012	Electrical Capitalized Labor	9,821	4,256	5,565	7,478	100.0%	7,478
2012	Installation of Pumps Capitalized Labor	7,554	4,365	3,190	4,286	100.0%	4,286
2012	Move Generators Capitalized Labor	4,315	1,870	2,445	3,285	100.0%	3,285
2012	Pipeline Capitalized Labor	24,687	5,349	19,338	25,985	100.0%	25,985
2012	Roof Capitalized Labor	4,178	1,811	2,368	3,181	100.0%	3,181
2012	Treatment Equip Capitalized Labor	7,554	6,547	1,007	1,353	100.0%	1,353
2012	Capitalized Labor Generic and Interest Expense	18,305	1,602	16,702	22,443	100.0%	22,443
2013	Landscaping and Irrigation	15,798	8,074	7,723	10,103	100.0%	10,103
2014	Grout Creek Pipeline Reinforcement	23,500	4,064	19,436	24,740	100.0%	24,740
2017	Impeller Flygt Pump 3	8,533	2,086	6,447	7,499	100.0%	7,499
2020	Sewer System Overflow Prevention Teal and Fairway	23,888	557	23,331	25,380	100.0%	25,380
2021	LPS Flygt Pumps 1 and 2	72,111	2,575	69,536	69,536	100.0%	69,536
2021	Less disposals and transfers	(683,630)	(556,750)	(126,880)	(126,880)	100.0%	(126,880)
	Total Interceptor Plant	**$3,654,353**	**$2,268,681**	**$1,385,672**	**$2,154,817**		**$2,154,817**

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
Other Equipment							
2007	Electrical	$118,841	$40,356	$78,485	$122,702	100.0%	$122,702
1986	Auxiliary Instrumentation Wet Well Monitoring	3,000	3,000	0	0	100.0%	0
2008	SCADA	27,489	22,144	5,345	7,905	100.0%	7,905
2001	Symbio	20,563	20,563	0	0	100.0%	0
2001	Symbio Engineering, Install	15,788	8,508	7,280	14,408	100.0%	14,408
2008	Symbio, Multiparameter Analyzer	6,631	3,011	3,619	5,353	100.0%	5,353
2009	SymbioMultiparameter Analyzer	976	390	585	857	100.0%	857
2001	Symbio Entineering/Installation	15,788	8,508	7,280	14,408	100.0%	14,408
2008	Symbio	6,631	3,011	3,619	5,353	100.0%	5,353
2009	Symbio	976	390	585	857	100.0%	857
2001	Symbio	19,347	19,347	0	0	100.0%	0
2009	SymbioVFD and Keypad	1,659	1,659	0	0	100.0%	0
2009	SCADA	14,183	11,362	2,821	4,129	100.0%	4,129
2009	Analog Input Modules	2,846	2,182	664	972	100.0%	972
2007	PH and ORP Sensors	2,956	2,389	567	886	100.0%	886
2007	Display Equipment Ditches	4,578	2,467	2,111	3,300	100.0%	3,300
1979	Telemetry	5,000	5,000	0	0	100.0%	0
1997	SCADA	11,591	9,854	1,737	3,749	100.0%	3,749
1997	SCADA	13,583	11,246	2,337	5,045	100.0%	5,045
1998	SCADA	13,384	10,335	3,049	6,436	100.0%	6,436
1997	SCADA	13,583	11,246	2,338	5,046	100.0%	5,046
1998	SCADA	13,384	10,335	3,049	6,436	100.0%	6,436
1997	SCADA	13,583	11,246	2,337	5,045	100.0%	5,045
1998	SCADA	13,384	10,335	3,049	6,436	100.0%	6,436
2005	Radio Repeater	13,218	13,218	0	0	0.0%	0
2004	Security Admin	26,625	26,625	0	0	100.0%	0
2005	Security Admin	15,850	15,850	0	0	100.0%	0
2006	Security OAC	14,400	14,400	0	0	100.0%	0
2007	Security OAC	5,813	5,813	0	0	100.0%	0
1979	Electric Lighting	21,900	21,900	0	0	100.0%	0
1990	Security Lights	5,678	5,678	0	0	100.0%	0
1991	Security Lights	9,562	9,405	157	406	100.0%	406
1999	Front Security Gate	6,497	6,389	108	224	100.0%	224
2008	Fencing	135,274	35,171	100,103	148,047	100.0%	148,047
2008	Fencing	119,182	30,193	88,989	131,610	100.0%	131,610
2005	Surveillance System	22,828	22,828	0	0	100.0%	0
1979	Fencing	85,300	85,300	0	0	100.0%	0
2002	Stand Pipe	31,728	14,806	16,922	32,609	100.0%	32,609
2008	Emergency Backup Pump 6" Silenced Godwin	52,599	33,532	19,067	28,199	100.0%	28,199
2005	Emergency Bypass Pump 4" Silenced Godwin	36,664	28,873	7,791	12,885	100.0%	12,885
2007	Soft Starts	15,530	5,436	10,095	15,782	100.0%	15,782
1986	Electrical	33,869	29,216	4,652	13,523	100.0%	13,523
1979	Switchgear	18,300	18,300	0	0	100.0%	0
1986	Electrical Revisions	4,162	3,590	572	1,663	100.0%	1,663
1979	General Electric	24,655	24,655	0	0	100.0%	0
1979	General Electric	24,655	24,655	0	0	100.0%	0
1986	General Electric	16,789	14,485	2,304	6,696	100.0%	6,696
1979	Rough and Finish Electric	8,200	8,200	0	0	100.0%	0
2008	VFD Rotor 1 Ditch 1	9,928	8,880	1,048	1,550	100.0%	1,550
1979	Rough and Finish Electric	8,200	8,200	0	0	100.0%	0
2001	Reverse Starters Effluent Pumps	5,250	5,250	0	0	100.0%	0
2001	Reverse Starters Effluent Pumps	5,250	5,250	0	0	100.0%	0
2009	VFD Rotor 7 Ditch 3	10,743	10,743	0	0	100.0%	0
1979	Rough and Finish	95,400	95,400	0	0	100.0%	0
1979	Duct Banks, Conduit, Concrete Encasement	116,534	116,534	0	0	100.0%	0
1998	Main Circuit Breaker	10,853	6,195	4,658	9,833	100.0%	9,833
2003	Demand Meter	8,709	8,709	0	0	100.0%	0
1986	Electrical, Wire, Terminals, Panels	68,937	59,468	9,469	27,524	100.0%	27,524
1986	Belt Filter Press Controls	38,750	38,750	0	0	100.0%	0
1986	Instrumentation	12,000	12,000	0	0	100.0%	0
1979	General Electric	5,000	5,000	0	0	100.0%	0
1989	General Electric	25,800	20,640	5,160	13,947	100.0%	13,947
1979	Motor Control Center, Panels	25,400	25,400	0	0	100.0%	0
1998	40 HP VFD - LPS	13,476	6,251	7,225	15,252	100.0%	15,252
2003	Transfer Switch	10,173	2,437	7,736	14,426	100.0%	14,426
2001	Ground Fault Indicator	14,445	14,445	0	0	100.0%	0
2007	VFD Soft Starts - NSPS 3	11,767	10,721	1,046	1,635	100.0%	1,635
2008	Copier	13,469	13,469	0	0	100.0%	0

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Collection Plant
Exhibit 3

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible (%) [2]	Connection Fee Eligible ($)
1979	Two Fume Hoods	24,000	24,000	0	0	100.0%	0
1998	Ion Analyzer	26,614	20,108	6,506	13,734	100.0%	13,734
2005	TOC Analyzer	31,652	31,652	0	0	100.0%	0
2008	Freas Oven	6,308	3,322	2,986	4,416	100.0%	4,416
2001	SCADA	13,084	13,084	0	0	100.0%	0
2001	Symbio Engineering/ Installation	15,788	8,508	7,280	14,408	100.0%	14,408
2008	Symbio	6,631	3,011	3,619	5,353	100.0%	5,353
2009	Symbio	976	390	585	857	100.0%	857
2009	Equipment and Controls	28,248	20,872	7,376	10,795	100.0%	10,795
2010	Admin Building Transfer Switch	61,099	61,099	0	0	100.0%	0
2010	Ops Building Security System	10,490	10,490	0	0	0.0%	0
2009	Ion Analyzer	34,926	26,001	8,926	13,063	100.0%	13,063
2008	SCADA	8,728	8,728	0	0	100.0%	0
2008	SCADA	1,595	239	1,355	2,005	100.0%	2,005
2013	Security Gate - LPS	16,241	8,301	7,940	10,386	0.0%	0
2013	Security Gate - Treatment Plant	14,800	7,564	7,236	9,465	0.0%	0
2013	Copier	13,842	13,842	0	0	100.0%	0
2014	Avaya Telephone System	21,180	12,002	9,178	11,682	100.0%	11,682
2015	PLC SCADA Cannibal Building	22,288	18,883	3,405	4,142	100.0%	4,142
2015	Pipeline Detection Equipment	5,920	4,933	987	1,200	100.0%	1,200
2016	Laboratory Heating System	13,100	3,493	9,607	11,537	100.0%	11,537
2016	Ethernet Routing Switch and Port	4,067	2,857	1,211	1,454	100.0%	1,454
2017	Surveillance Equipment Admin Building	3,693	1,570	2,124	2,470	0.0%	0
2017	Surveillance Camera OAC Building	2,205	937	1,268	1,475	0.0%	0
2017	Surveillance Camera Sludge Building	681	289	391	455	0.0%	0
2017	Surveillance Camera Main Pump Building	497	211	286	333	0.0%	0
2017	Surveillance POE Switches and Head End Equipment	15,272	6,490	8,781	10,214	0.0%	0
2017	Surveillance System Materials, Cabling, Labor, Training	16,184	6,878	9,306	10,824	0.0%	0
2019	Radio Communications Equipment	16,542	3,033	13,509	15,012	100.0%	15,012
2019	Backup Appliance with Firewall	20,586	4,411	16,174	17,974	100.0%	17,974
2020	Fume Hood and Fan	16,409	2,051	14,358	15,619	100.0%	15,619
2019	Plotter / Scanner	5,357	1,467	3,890	4,323	100.0%	4,323
2020	Effluent Composite Sampler	8,425	772	7,652	8,324	100.0%	8,324
2021	Influent Composite Sampler	7,669	128	7,541	7,541	100.0%	7,541
2020	SCADA Upgrade Mobilization, Startup, Testing and Contract Processing	99,725	2,493	97,232	105,771	100.0%	105,771
2020	SCADA Upgrade Control Sys Hardware and Software	76,507	1,913	74,594	81,145	100.0%	81,145
2020	SCADA Upgrade Control Sys Integration and Programming	127,779	3,194	124,585	135,526	100.0%	135,526
2020	SCADA Upgrade Belt Press Integration	9,595	240	9,355	10,177	100.0%	10,177
2020	SCADA Upgrade VFD Replacement	49,690	1,242	48,448	52,703	100.0%	52,703
2020	SCADA Upgrade Process Analyzer Replacement and Integration	46,551	1,164	45,388	49,374	100.0%	49,374
2020	SCADA Upgrade Flow Meter Integration	9,204	230	8,974	9,762	100.0%	9,762
2021	Utility Transfer Switch Controls	22,684	151	22,533	22,533	100.0%	22,533
2020	Spectrophotometer	10,182	566	9,617	10,461	100.0%	10,461
2020	Ion Analyzer	37,741	1,887	35,854	39,003	100.0%	39,003
2020	SCADA Upgrade Project Mgt and Control Narratives	44,593	1,115	43,478	47,296	100.0%	47,296
2020	SCADA Upgrade Production Host	22,587	2,259	20,328	22,113	100.0%	22,113
2020	SCADA Upgrade Server and Controls Integration	10,688	267	10,421	11,336	100.0%	11,336
2021	Less: disposals and transfers	(560,455)	(444,785)	(115,670)	(115,670)	100.0%	(115,670)
	Total Other Equipment	**$2,121,270**	**$1,104,701**	**$1,016,569**	**$1,385,723**		**$1,340,100**
Total Existing Collection Plant		**$5,775,623**	**$3,373,382**	**$2,402,241**	**$3,540,539**		**$3,494,917**
Capital Contributions Credit							
2010	Less: Grant Funding	$0	$0	$0	$0	100.0%	$0
	Total Contributions Credit	**$0**	**$0**	**$0**	**$0**		**$0**
2021	**Less: Existing Long-Term Debt Principal**	$490,291	$0	$490,291	$490,291	100.0%	**$490,291**
Total Net Existing Collection Plant		**$5,285,332**	**$3,373,382**	**$1,911,950**	**$3,050,248**		**$3,004,626**

Total EDUs at Plant Capacity [3] **28,430** *Buildout EDUs*

Existing Collection Connection Fee per EDU **$105.68**

	FY 2022 - FY 2031			FY 2032 - FY 2041			
	Total Project	*Connection Fee Eligible*		Total Project	*Connection Fee Eligible*		Total
		%	*$*		*%*	*$*	
Future Collection [4]	$642,695	32.5%	$208,603	$2,478,282	57.1%	$1,414,592	$1,623,195

Net Future EDU's (2022 - Buildout) **3,210**

Future Collection Connection Fee per EDU **$505.63**

Total Collection Connection Fee per EDU **$611.32**

Notes

[1] - Based on ENR 20 City Average December Values
[2] - Values other than 100% represent existing assets replaced with future projects for the capital planning period
[3] - Number of EDUs Based on 4.89 MGD total plant capacity and 172 gpd/EDU
[4] - Future projects from Big Bear Area Regional Wastewater Agency capital improvement plan

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Determination of Connection Fee for General Plant
Exhibit 4

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible	Connection Fee Eligible
	Administration Building						
2004	Original Structure	$1,571,995	$671,373	$900,622	$1,558,525	100.0%	$1,558,525
2004	Grading, Roofing, Painting	165,850	94,442	71,408	123,571	100.0%	123,571
2004	Skylights	8,000	5,467	2,533	4,383	100.0%	4,383
2004	Irrigation, Signs, Projection Screens	10,810	10,810	0	0	100.0%	0
2004	HVAC	185,191	126,547	58,644	101,483	100.0%	101,483
2004	HVAC Controls	35,809	17,427	18,382	31,809	100.0%	31,809
2016	HVAC DDC Controls	48,174	23,686	24,488	29,409	100.0%	29,409
2016	HVAC Transducer	4,462	2,194	2,268	2,724	100.0%	2,724
2016	IT Equipment Room	11,223	2,044	9,179	11,024	100.0%	11,024
2018	Land Improvements Admin Building	15,962	4,523	11,439	12,934	0.0%	0
2019	Cabinets Central Work Area	7,494	1,249	6,245	6,939	0.0%	0
2021	Less: disposals and transfers	(35,809)	(17,427)	(18,382)	(18,382)	100.0%	(18,382)
	Total Administration Building	**$2,029,160**	**$942,334**	**$1,086,827**	**$1,864,420**		**$1,844,546**
	Other Tangible Plant						
2004	Asphalt and Paving	$50,186	$21,888	$28,298	$48,970	0.0%	$0
1986	Asphalt and Paving	24,800	24,800	0	0	0.0%	0
2007	Asphalt and Paving	111,235	35,533	75,702	118,351	0.0%	0
1986	Asphalt and Paving	1,168	1,168	0	0	0.0%	0
2003	Asphalt and Paving	39,940	18,195	21,745	40,552	0.0%	0
2004	Asphalt and Paving	41,249	17,760	23,489	40,648	0.0%	0
2006	Asphalt and Paving	8,431	3,021	5,410	8,674	0.0%	0
2007	Asphalt and Paving	13,903	4,441	9,462	14,792	0.0%	0
2008	Asphalt and Paving	29,498	9,095	20,402	30,174	0.0%	0
2008	Asphalt and Paving	108,437	33,352	75,085	111,047	0.0%	0
2003	Asphalt and Paving	11,170	3,382	7,788	14,524	0.0%	0
2004	Asphalt and Paving	11,700	3,120	8,580	14,848	0.0%	0
2003	Asphalt and Paving	9,255	4,244	5,012	9,346	0.0%	0
1979	Asphalt and Paving	1,391	1,391	0	0	0.0%	0
1979	Asphalt and Paving	1,391	1,391	0	0	0.0%	0
1979	Asphalt and Paving	1,392	1,392	0	0	0.0%	0
2011	Asphalt (Between	46,427	9,414	37,013	51,036	0.0%	0
2013	Asphalt - LPS	42,500	5,549	36,951	48,337	100.0%	48,337
2013	Web Site	16,226	11,899	4,327	5,660	0.0%	0
2015	Asphalt Covered D	120,000	14,000	106,000	128,927	0.0%	0
2015	Asphal Seal Coat P	32,490	11,913	20,577	25,028	0.0%	0
2015	Asphalt Seal Coat	31,051	10,868	20,183	24,549	0.0%	0
2018	Asphalt Pond 1, Pond 2	158,179	21,091	137,088	155,000	100.0%	155,000
2018	Asphalt LPS	8,029	1,071	6,958	7,868	100.0%	7,868
2018	Asphalt Cannibal Building	2,970	396	2,574	2,910	0.0%	0
2020	Asphalt SSB	24,000	1,700	22,300	24,258	0.0%	0
2021	Less: disposals and transfers	(39,096)	(22,728)	(16,368)	(16,368)	0.0%	0
	Total Transportation Equipment	**$907,922**	**$249,345**	**$658,576**	**$909,131**		**$211,205**
	Studies and Maps						
1996	80-Acre Dike Stud	$7,484	$7,484	$0	$0	100.0%	$0
2000	Long Range Facilit	364,981	364,981	0	0	100.0%	0
2003	Capacity Report	49,800	49,800	0	0	100.0%	0
2003	Connection Report	15,000	15,000	0	0	100.0%	0
2004	Compliance Repor	11,993	11,993	0	0	100.0%	0
2004	Sludge Handling	77,895	21,747	56,149	97,165	100.0%	97,165
2007	User Fee Rate Stu	23,141	16,822	6,319	9,879	0.0%	0
2008	Waste Disposal Ra	7,072	2,947	4,125	6,101	100.0%	6,101
1995	Outfall Line Plans	15,175	5,627	9,548	21,858	100.0%	21,858
2006	Outfall Line Map	31,507	15,753	15,754	25,259	100.0%	25,259
2013	Arc Flash Study - L	5,640	5,640	0	0	100.0%	0
2021	Less: disposals and transfers	(503,264)	(427,124)	(76,140)	(76,140)	100.0%	(76,140)
	Total Studies and Maps	**$106,425**	**$90,671**	**$15,754**	**$84,122**		**$74,243**

Year	Equipment List	Original Cost	Less Acum. Depreciation	Book Value	2021 Cost [1]	Connection Fee Eligible	Connection Fee Eligible
	Transportation Equipment						
1991	1989 Ford Dump T	$22,210	$22,210	$0	$0	0.0%	$0
1997	1981 GMC Boom T	5,408	4,619	789	1,703	0.0%	0
1999	1999 Chevrolet Su	37,547	27,535	10,012	20,668	0.0%	0
2001	Utility Cart Electric	8,510	8,510	0	0	0.0%	0
2002	2001 Ford Ranger	12,616	12,616	0	0	0.0%	0
2002	2003 Chevrolet Sil	34,543	31,281	3,262	6,286	0.0%	0
2004	2004 Toyota 4-Run	29,674	25,553	4,121	7,132	0.0%	0
2004	2004 Toyota Tund	32,412	27,911	4,501	7,788	0.0%	0
2008	2008 Ford F350	42,140	20,602	21,538	31,854	0.0%	0
2007	Utility Cart	17,942	11,363	6,579	10,285	0.0%	0
1996	1996 TCM Loader	51,263	51,263	0	0	0.0%	0
2002	Bobcat Backhoe a	47,578	35,486	12,092	23,303	0.0%	0
2006	Bobcat Hammer A	8,482	4,806	3,676	5,893	0.0%	0
2010	Snowblower and P	12,622	4,628	7,994	11,293	0.0%	0
2010	GMC Sierra 2010	35,089	12,281	22,808	32,220	0.0%	0
2011	Loader Volvo L35B	75,364	30,146	45,218	62,350	0.0%	0
2013	Bins (2) 16' x 6'	12,380	5,571	6,809	8,907	0.0%	0
2012	2008 Int'l Truck (Sl	100,387	41,131	59,256	79,623	0.0%	0
2015	2015 Dodge Ram	140,602	15,818	124,785	151,774	0.0%	0
2016	Custom Truck Bod	17,481	583	16,898	20,294	0.0%	0
2016	Dodge Ram 3500 T	49,360	3,291	46,069	55,326	0.0%	0
2018	Snow Plow	9,207	1,889	7,318	8,275	0.0%	0
2018	Trailer Big Tex	8,451	2,535	5,916	6,688	0.0%	0
2020	Ford 150 Crew Cab 4x4 Pickup	39,897	2,438	37,459	40,748	0.0%	0
2021	Less: disposals and transfers	(296,283)	(226,629)	(69,654)	(69,654)	0.0%	0
	Total Transportation Equipment	**$554,880**	**$177,435**	**$377,445**	**$522,757**		**$0**
Total Existing General Plant		**$3,598,386**	**$1,459,785**	**$2,138,601**	**$3,380,429**		**$2,129,995**
2021	**Less: Existing Long-Term Debt Principal**	$436,483	$0	$436,483	$436,483	100.0%	$436,483
Total Net Existing General Plant		**$3,161,904**	**$1,459,785**	**$1,702,119**	**$2,943,947**		**$1,693,512**
Total EDUs at Plant Capacity [2]							**28,430**
Existing General Plant Connection Fee per EDU							**$59.57**

	FY 2022 - FY 2031			FY 2032 - FY 2041			
	Total Project	*Connection Fee Eligible*		Total Project	*Connection Fee Eligible*		Total
		%	*$*		*%*	*$*	
Future General Plant [3]	$2,650,820	4.5%	$119,439	$3,009,930	3.5%	$104,689	**$224,128**
Net Future EDU's (2022 - Buildout)							**3,210**
Future General Plant Connection Fee per EDU							**$69.82**
Total General Plant Connection Fee per EDU							**$129.38**

Notes

[1] - Based on ENR 20 City Average December Values
[2] - Number of EDUs Based on 4.89 MGD total plant capacity and 172 gpd/EDU
[3] - Future projects from Big Bear Area Regional Wastewater Agency capital improvement plan

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Capital Improvement Plan
Exhibit 7

	Capital Improvement Projects	Projected (FY) FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2022 - FY 2031 Total	Growth [1]	Growth Eligible [3]	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2032 - FY 2041 Total	Growth [1]	Growth Eligible [3]	Total CIP	Total Growth [1]	Total Growth Eligible [3]
	Treatment Plant																													
Treatment	Headworks Heating System	$0	$0	$0	$0	$0	$0	$0	$19,234	$0	$0	$19,234	$14,618	76.0%	$0	$0	$0	$0	$0	$0	$0	$25,849	$0	$0	$25,849	$19,646	76.0%	$45,083	$34,263	76.0%
Treatment	Pro Easy Analyzer	0	0	0	0	0	17,924	0	0	0	0	17,924	9,141	51.0%	0	0	0	0	0	24,088	0	0	0	0	24,088	12,285	51.0%	42,012	21,426	51.0%
Treatment	Hopper Control Panels	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	0	0	0	0	0	0	0	0	105,648	0	105,648	53,881	51.0%	105,648	53,881	51.0%
Treatment	Oxidation Ditch Wall Rehabilitation	0	0	406,071	0	0	0	0	0	0	0	406,071	207,096	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	406,071	207,096	51.0%
Treatment	Rotors 1,2,3	0	0	0	0	0	356,201	0	0	0	0	356,201	181,663	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	356,201	181,663	51.0%
Treatment	Rotors 4,5,6	0	0	0	0	0	534,302	0	0	0	0	534,302	272,494	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	534,302	272,494	51.0%
Treatment	Rotors 7, 8, 9, 10	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	0	0	0	721,960	0	0	0	0	0	0	721,960	368,200	51.0%	721,960	368,200	51.0%
Treatment	Polyblend Unit Backup 2	0	0	0	0	0	0	0	15,211	0	0	15,211	12,625	83.0%	0	0	0	0	0	0	0	0	0	0	0	0	83.0%	15,211	12,625	83.0%
Treatment	Polyblend Unit Belt Press	0	0	0	0	0	0	0	0	14,562	0	14,562	12,086	83.0%	0	0	0	0	0	0	0	0	0	0	0	0	83.0%	14,562	12,086	83.0%
Treatment	Polyblend Polymer System	0	0	0	0	0	0	0	0	0	12,575	12,575	10,437	83.0%	0	0	0	0	0	0	0	0	0	0	0	0	83.0%	12,575	10,437	83.0%
Treatment	Shaft Mount Reducer - Ditch #3	0	0	0	0	0	0	0	0	0	20,767	20,767	10,591	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	20,767	10,591	51.0%
Treatment	Shaft Mount Reducers 1 - 6 TXT 9	0	0	0	0	133,240	0	0	0	0	0	133,240	67,952	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	133,240	67,952	51.0%
Treatment	Shaft Mount Reducers 7, 10 TXT 915	0	0	0	0	44,413	0	0	0	0	0	44,413	22,651	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	44,413	22,651	51.0%
Treatment	Shaft Mount Reducers 8-9, TXT 615	0	0	0	0	16,363	0	0	0	0	0	16,363	8,345	51.0%	0	0	0	0	0	0	0	0	0	16,900	16,900	8,619	51.0%	33,263	16,964	51.0%
Treatment	Ox Ditch 1, Rotor 3 Shaft	0	0	0	0	0	0	0	0	0	112,748	112,748	57,501	51.0%	0	0	0	0	0	0	0	0	0	151,524	151,524	77,277	51.0%	264,272	134,779	51.0%
Treatment	Scum and Tank Drain Pump - 10 HP	18,318	0	0	0	0	0	0	0	0	0	18,318	10,441	57.0%	0	0	0	0	0	0	0	0	0	0	0	0	57.0%	18,318	10,441	57.0%
Treatment	Submersible Pump - 15 HP (2) (c)	0	8,575	0	0	0	0	0	0	0	0	8,575	4,888	57.0%	0	0	0	0	0	0	13,205	0	0	0	13,205	7,527	57.0%	21,780	12,415	57.0%
Treatment	Auxiliary Pump 1	0	0	44,299	0	0	0	0	0	0	0	44,299	25,250	57.0%	0	0	0	0	0	0	0	0	0	0	0	0	57.0%	44,299	25,250	57.0%
Treatment	Auxiliary Pump 2	0	0	0	0	46,723	0	0	0	0	0	46,723	26,632	57.0%	0	0	0	0	0	0	0	0	0	72,581	72,581	41,371	57.0%	119,304	68,003	57.0%
Treatment	Auxiliary Pump 3	38,003	0	0	0	0	0	0	0	0	0	38,003	21,662	57.0%	0	0	0	0	0	58,351	0	0	0	0	58,351	33,260	57.0%	96,354	54,922	57.0%
Treatment	RAS Pump 1 7.5 HP Rebuild	0	0	5,655	0	0	0	0	0	0	6,894	12,549	4,643	37.0%	0	0	0	0	0	0	8,479	0	0	0	8,479	3,137	37.0%	21,028	7,780	37.0%
Treatment	RAS Pump 2 Rebuild	0	0	0	5,807	0	0	0	0	0	0	5,807	2,149	37.0%	7,101	0	0	0	0	0	0	8,733	0	0	15,834	5,859	37.0%	21,641	8,007	37.0%
Treatment	RAS Pump 3 Rebuild	0	0	0	5,807	0	0	0	0	0	0	5,807	2,149	37.0%	7,101	0	0	0	0	0	0	8,733	0	0	15,834	5,859	37.0%	21,641	8,007	37.0%
Treatment	RAS Pump 4 7.5 HP Rebuild	0	0	5,655	0	0	0	0	0	0	6,894	12,549	4,643	37.0%	0	0	0	0	0	0	8,479	0	0	0	8,479	3,137	37.0%	21,028	7,780	37.0%
Treatment	RAS Pump 5	0	0	0	0	0	0	0	19,508	0	0	19,508	7,218	37.0%	0	0	0	0	0	0	0	26,218	0	0	26,218	9,701	37.0%	45,726	16,919	37.0%
Treatment	Effluent Pump 1 40 HP Rebuild	0	12,706	0	0	0	0	0	0	15,446	0	28,152	16,047	57.0%	0	0	0	0	0	18,996	0	0	0	0	18,996	10,828	57.0%	47,148	26,875	57.0%
Treatment	Effluent Pump 2 40 HP Rebuild	0	12,706	0	0	0	0	0	0	15,446	0	28,152	16,047	57.0%	0	0	0	0	0	18,996	0	0	0	0	18,996	10,828	57.0%	47,148	26,875	57.0%
Treatment	Effluent Pump 3 100 HP Rebuild	26,048	0	0	0	0	0	32,354	0	0	0	58,402	33,289	57.0%	0	0	0	39,791	0	0	0	0	0	0	39,791	22,681	57.0%	98,193	55,970	57.0%
Treatment	Effluent Pump 4 100 HP Rebuild	0	0	0	0	0	31,411	0	0	0	0	31,411	17,904	57.0%	0	0	38,632	0	0	0	0	0	0	47,512	86,144	49,102	57.0%	117,555	67,007	57.0%
Treatment	Effluent Pump 5 100 HP Rebuild	0	0	28,998	0	0	0	0	0	0	35,354	64,352	36,681	57.0%	0	0	0	0	0	0	43,481	0	0	0	43,481	24,784	57.0%	107,833	61,465	57.0%
Treatment	Effluent Pump 6 100 HP Rebuild	0	0	28,998	0	0	0	0	0	0	35,354	64,352	36,681	57.0%	0	0	0	0	0	0	43,481	0	0	0	43,481	24,784	57.0%	107,833	61,465	57.0%
Treatment	Headers and check valves	0	280,538	0	0	0	0	0	0	0	0	280,538	143,074	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	280,538	143,074	51.0%
Treatment	Gate Valves North and South Ponds	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	0	0	0	0	0	0	0	0	108,187	0	108,187	55,175	51.0%	108,187	55,175	51.0%
Treatment	Splitter Box Gates Ox Ditches	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	0	0	0	0	0	0	0	0	213,870	0	213,870	109,074	51.0%	213,870	109,074	51.0%
Treatment	Skylights SSB	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0	0	0	0	24,775	0	24,775	0	0.0%	24,775	0	0.0%
Treatment	EQ Basin (Emergency Storage Pond Conversion)	0	0	0	0	0	0	0	0	0	0	0	0	67.0%	0	0	0	4,522,405	0	0	0	0	0	0	4,522,405	3,030,011	67.0%	4,522,405	3,030,011	67.0%
Treatment	Auxiliary Pump Building	0	0	0	0	0	0	0	0	0	0	0	0	57.0%	0	0	0	0	293,023	0	0	0	0	0	293,023	167,023	57.0%	293,023	167,023	57.0%
Treatment	Auxiliary Pump Building Gate and Check Valves	0	0	0	0	0	0	0	0	0	0	0	0	57.0%	67,217	0	0	0	0	0	0	0	0	0	67,217	38,314	57.0%	67,217	38,314	57.0%
Treatment	Roof - Main Pump Building	0	0	0	0	0	0	0	0	0	30,583	30,583	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	30,583	0	0.0%
Treatment	Waukesha Building	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	234,215	0	0	0	0	0	0	0	234,215	0	0.0%	234,215	0	0.0%
Treatment	CDB - interior coating	0	0	0	0	0	0	0	0	101,754	0	101,754	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	101,754	0	0.0%
Treatment	CDB - windows	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	44,952	0	0	0	0	0	0	44,952	0	0.0%	44,952	0	0.0%
Treatment	CDB - Coiling Doors	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	60,636	0	0	0	0	0	0	60,636	0	0.0%	60,636	0	0.0%
Treatment	CDB - Fans	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	29,777	0	0	0	0	0	0	29,777	0	0.0%	29,777	0	0.0%
Treatment	CDB - Skylights	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	33,926	0	0	0	0	0	0	33,926	0	0.0%	33,926	0	0.0%
Treatment	CDB - Man Doors	0	0	0	0	0	0	0	0	12,386	0	12,386	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	12,386	0	0.0%
Treatment	OAC Building (50% of Replacement Costs)	0	0	0	0	0	0	0	0	729,851	0	729,851	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	729,851	0	0.0%
Treatment	Clarifier 1	0	0	0	0	0	0	0	440,423	0	0	440,423	92,489	21.0%	0	0	0	0	0	0	0	0	0	0	0	0	21.0%	440,423	92,489	21.0%
Treatment	Clarifier 2	0	0	0	0	0	0	0	440,423	0	0	440,423	92,489	21.0%	0	0	0	0	0	0	0	0	0	0	0	0	21.0%	440,423	92,489	21.0%
Treatment	Clarifier 3 - Gear Reducer, Drive Motor, Scum S	0	0	0	0	0	0	0	174,208	0	0	174,208	36,584	21.0%	0	0	0	0	0	0	0	0	0	0	0	0	21.0%	174,208	36,584	21.0%
Treatment	Carbon Tower Headworks	0	0	0	0	0	0	0	0	0	0	0	0	76.0%	0	0	0	0	0	0	0	0	0	132,104	132,104	100,399	76.0%	132,104	100,399	76.0%
Treatment	Bar Screen Headworks	0	0	0	0	0	0	0	0	0	0	0	0	76.0%	0	0	0	0	0	0	0	0	316,370	0	316,370	240,441	76.0%	316,370	240,441	76.0%
Treatment	Grit System Rehab Project Mgt	95,298	0	0	0	0	0	0	0	0	0	95,298	72,426	76.0%	0	0	0	0	0	0	0	0	0	0	0	0	76.0%	95,298	72,426	76.0%
Treatment	Grit System Rehab	1,199,866	0	0	0	0	0	0	0	0	0	1,199,866	911,898	76.0%	0	0	0	0	0	0	0	0	0	0	0	0	76.0%	1,199,866	911,898	76.0%
Treatment	Wash Press Raptor Headworks	0	0	0	0	0	0	0	0	115,493	0	115,493	87,775	76.0%	0	0	0	0	0	0	0	0	0	0	0	0	76.0%	115,493	87,775	76.0%
Treatment	Irrigation Wheel Line	0	0	0	0	0	0	12,250	12,618	12,996	13,386	51,249	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	51,249	0	0.0%
Treatment	Cactus Flats Repair	0	0	131,841	0	0	0	0	0	0	0	131,841	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	131,841	0	0.0%
Treatment	PRV	0	0	0	0	0	0	0	9,942	0	0	9,942	0	0.0%	0	0	0	0	0	0	0	13,362	0	0	13,362	0	0.0%	23,304	0	0.0%
Treatment	PRV	0	0	0	0	0	0	0	9,942	0	0	9,942	0	0.0%	0	0	0	0	0	0	0	13,362	0	0	13,362	0	0.0%	23,304	0	0.0%
Treatment	Monitoring Wells Rehab 1 & 3	0	36,185	0	0	0	0	0	0	0	0	36,185	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	36,185	0	0.0%
Treatment	Reservoir	0	0	0	0	0	0	0	0	0	0	0	0	57.0%	0	0	0	0	0	0	0	534,442	0	0	534,442	304,632	57.0%	534,442	304,632	57.0%
Treatment	Overflow Structure	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0	0	0	52,526	0	0	52,526	0	0.0%	52,526	0	0.0%
Treatment	Control Structure	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0	0	0	65,657	0	0	65,657	0	0.0%	65,657	0	0.0%
Treatment	Bubble Diffuser	0	0	0	0	0	0	3,826,929	0	0	0	3,826,929	1,951,734	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	3,826,929	1,951,734	51.0%
Treatment	Controls - Lucerne Valley	0	0	58,011	0	0	0	0	0	0	0	58,011	29,586	51.0%	0	0	0	0	0	0	0	0	0	0	0	0	51.0%	58,011	29,586	51.0%
	Total Treatment Plant Equipment	**$1,377,533**	**$350,710**	**$709,528**	**$11,614**	**$240,739**	**$939,838**	**$3,871,533**	**$1,141,509**	**$1,017,934**	**$274,555**	**$9,935,492**	**$4,571,578**		**$81,419**	**$0**	**$272,847**	**$5,453,447**	**$293,023**	**$120,432**	**$117,124**	**$748,882**	**$768,849**	**$420,622**	**$8,276,644**	**$4,837,833**		**$18,212,136**	**$9,409,412**	
	Interceptor System																													
Collection	Main Trunk Sliplining (a)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	74.0%	$732,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$732,588	$542,115	74.0%	$732,588	$542,115	74.0%
Collection	North Shore Interceptor Sliplining (b)	0	0	0	0	0	0	0	0	0	0	0	0	74.0%	1,032,337	0	0	0	0	0	0	0	0	0	1,032,337	763,930	74.0%	1,032,337	763,930	74.0%
Collection	North Shore Air Release Valve	0	0	0	0	0	0	0	0	0	0	0	0	43.0%	0	0	0	0	0	0	0	0	0	90,407	90,407	38,875	43.0%	90,407	38,875	43.0%
Collection	Pump 1 and 2, Flygt 45 HP Rebuilds	0	0	0	0	0	0	0	32,022	0	0	32,022	13,769	43.0%	0	0	0	0	0	40,565	0	0	0	0	40,565	17,443	43.0%	72,587	31,212	43.0%
Collection	Pump 3, Flygt 150 HP Rebuild	52,839	0	0	0	0	0	0	0	65,966	0	118,805	51,086	43.0%	0	0	0	0	0	0	83,564		0	0	83,564	35,933	43.0%	202,369	87,019	43.0%
Collection	Concrete Pads, bases, discharge piping	0	0	0	0	0	0	0	18,948	0	0	18,948	12,127	64.0%	0	0	0	0	0	0	0	25,465	0	0	25,465	16,297	64.0%	44,413	28,424	64.0%
Collection	NSPS 1 Well Rehab	0	0	0	0	40,866	0	0	0	0	0	40,866	26,154	64.0%	0	0	0	0	0	0	0	0	0	0	0	0	64.0%	40,866	26,154	64.0%
Collection	NSPS 2 Well Rehab	0	0	0	39,791	0	0	0	0	0	0	39,791	25,466	64.0%	0	0	0	0	0	0	0	0	0	0	0	0	64.0%	39,791	25,466	64.0%
Collection	NSPS 3 Well Rehab	0	125,000	0	0	0	0	0	0	0	0	125,000	80,000	64.0%	0	0	0	0	0	0	0	0	0	0	0	0	64.0%	125,000	80,000	64.0%
Collection	Roofing LPS	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	23,741	0	0	0	0	0	0	0	0	23,741	0	0.0%	23,741	0	0.0%
	Total Interceptor System	**$52,839**	**$125,000**	**$0**	**$39,791**	**$40,866**	**$0**	**$0**	**$50,970**	**$65,966**	**$0**	**$375,432**	**$208,603**		**$1,764,925**	**$23,741**	**$0**	**$0**	**$0**	**$40,565**	**$83,564**	**$25,465**	**$0**	**$90,407**	**$2,028,667**	**$1,414,592**		**$2,404,099**	**$1,623,195**	
	Power Generating Equipment																													
Collection	Station 3 Generator + Fuel System	$115,050	$0	$0	$0	$0	$0	$0	$0	$0	$0	$115,050	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$115,050	$0	0.0%
Collection	Station 2 Generator + Fuel System	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0	0	0	0	127,121	0	127,121	0	0.0%	127,121	0	0.0%
Collection	LPS Generator + Fuel System	152,213	0	0	0	0	0	0	0	0	0	152,213	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	152,213	0	0.0%
Collection	Mobile Generator and Trailer	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	155,028	0	0	0	0	49,362	0	0	204,390	0	0.0%	204,390	0	0.0%
Collection	Docking Station Panels (4)	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0	0	0	118,104	0	0	118,104	0	0.0%	118,104	0	0.0%
	Total Power Generating Equipment	**$267,263**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$267,263**	**$0**		**$0**	**$0**	**$155,028**	**$0**	**$0**	**$0**	**$0**	**$167,466**	**$127,121**	**$0**	**$449,615**	**$0**		**$716,878**	**$0**	

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Capital Improvement Plan
Exhibit 7

	Capital Improvement Projects	Projected (FY) FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2022 - FY 2031 Total	Growth [1]	Growth Eligible [3]	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039	FY 2040	FY 2041	FY 2032 - FY 2041 Total	Growth [1]	Growth Eligible [3]	Total CIP	Growth [1]	Growth Eligible [3]
	Flow Measuring Devices																													
Treatment	RAS Flow Meter	$15,289	$0	$0	$0	$0	$0	$0	$0	$0	$0	$15,289	$0	0.0%	$20,250	$0	$0	$0	$0	$0	$0	$0	$0	$0	$20,250	$0	0.0%	$35,539	$0	0.0%
Treatment	WAS Meter	0	0	0	0	0	0	0	0	12,370	0	12,370	0	0.0%	0	0	0	0	0	0	0	0	16,625	0	16,625	0	0.0%	28,995	0	0.0%
Treatment	BB Flow Meter and Software	40,986	0	0	0	0	0	0	0	0	0	40,986	0	0.0%	65,802	0	0	0	0	0	0	0	83,357	0	149,159	0	0.0%	190,145	0	0.0%
Treatment	CSA Flow Meter	0	15,850	0	0	0	0	0	0	0	0	15,850	0	0.0%	0	21,054	0	0	0	0	0	0	0	0	21,054	0	0.0%	36,904	0	0.0%
Treatment	Total Influent Flow Meter	0	0	0	0	0	0	0	0	0	28,009	28,009	0	0.0%	0	0	0	0	0	0	0	0	0	37,641	37,641	0	0.0%	65,650	0	0.0%
Treatment	Auxiliary Flow Meter	0	0	0	0	0	0	0	0	32,644	0	32,644	0	0.0%	0	0	0	0	0	0	0	0	43,871	0	43,871	0	0.0%	76,515	0	0.0%
Treatment	Lucerne Valley - two - 14" Magmeters	0	0	0	0	0	0	47,172	0	0	0	47,172	0	0.0%	0	0	0	0	0	0	53,438	0	0	0	53,438	0	0.0%	100,610	0	0.0%
Treatment	Effluent Flow Meter	0	0	0	0	0	0	12,857	0	0	0	12,857	0	0.0%	0	0	0	0	0	0	17,279	0	0	0	17,279	0	0.0%	30,136	0	0.0%
Treatment	Flow Meter CSD/CSA - OAC	0	0	0	0	0	0	21,360	0	0	0	21,360	0	0.0%	0	0	0	0	0	0	35,750	0	0	0	35,750	0	0.0%	57,110	0	0.0%
	Total Flow Measuring Devices	**$56,276**	**$15,850**	**$0**	**$0**	**$0**	**$0**	**$81,389**	**$0**	**$45,014**	**$28,009**	**$226,538**	**$0**		**$86,052**	**$21,054**	**$0**	**$0**	**$0**	**$0**	**$106,467**	**$0**	**$143,852**	**$37,641**	**$395,067**	**$0**		**$621,605**	**$0**	
	Other Equipment																													
General	SCADA System Replacement	$26,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$26,000	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$1,397,937	$0	$1,397,937	$0	0.0%	$1,423,937	$0	0.0%
General	Radio Communication Equipment	0	0	0	0	0	0	0	0	22,102	0	22,102	0	0.0%	0	0	0	0	0	0	0	0	29,703	0	29,703	0	0.0%	51,805	0	0.0%
General	IT System - Production Host	0	0	0	0	26,613	0	0	0	0	30,762	57,375	0	0.0%	0	0	0	0	35,662	0	0	0	0	41,342	77,003	0	0.0%	134,378	0	0.0%
General	IT System - Backup Appliance w/Firewall	0	0	0	0	24,375	0	0	0	0	28,175	52,550	0	0.0%	0	0	0	0	32,663	0	0	0	0	37,865	70,529	0	0.0%	123,079	0	0.0%
General	VFD T/P - Rotor 1 60 HP (7 yr)	0	0	0	0	0	16,962	0	0	0	0	16,962	7,294	43.0%	0	0	20,861	0	0	0	0	0	0	0	20,861	8,970	43.0%	37,823	16,264	43.0%
General	VFD T/P - Rotor 2 60 HP (7 yr)	0	0	0	0	0	17,140	0	0	0	0	17,140	7,370	43.0%	0	0	21,080	0	0	0	0	0	0	0	21,080	9,065	43.0%	38,220	16,435	43.0%
General	VFD T/P - Rotor 4 60 HP (7 yr)	0	0	0	0	0	0	17,655	0	0	0	17,655	7,592	43.0%	0	0	0	21,713	0	0	0	0	0	0	21,713	9,337	43.0%	39,368	16,928	43.0%
General	VFD T/P - Rotor 5 60 HP (7 yr)	0	0	0	0	0	0	17,655	0	0	0	17,655	7,592	43.0%	0	0	0	21,713	0	0	0	0	0	0	21,713	9,337	43.0%	39,368	16,928	43.0%
General	VFD T/P - Rotor 7 60 HP (7 yr)	0	0	0	0	0	0	0	18,373	0	0	18,373	7,900	43.0%	0	0	0	0	22,597	0	0	0	0	0	22,597	9,717	43.0%	40,970	17,617	43.0%
General	VFD T/P - Rotor 8 60 HP (7 yr)	0	0	0	0	0	0	0	18,184	0	0	18,184	7,819	43.0%	0	0	0	0	22,364	0	0	0	0	0	22,364	9,617	43.0%	40,548	17,436	43.0%
General	VFD Interceptor - Station 3 (7 yr) Softstarts	0	18,077	0	0	0	0	0	0	21,974	0	40,051	29,638	74.0%	0	0	0	0	0	27,026	0	0	0	0	27,026	19,999	74.0%	67,077	49,637	74.0%
General	VFD Interceptor - LPS (7 yr)	0	0	28,297	0	0	31,479	0	0	0	0	59,776	44,234	74.0%	0	0	38,715	0	0	0	0	0	0	0	38,715	28,649	74.0%	98,491	72,883	74.0%
General	Ground Fault Monitor TP	22,189	0	0	0	0	0	0	0	0	0	22,189	0	0.0%	0	0	38,885	0	0	0	0	0	0	0	38,885	0	0.0%	61,074	0	0.0%
General	Main Circuit Breaker	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	0	0	0	36,092	0	0	36,092	0	0.0%	36,092	0	0.0%
General	Fume Hood and Fan	0	0	0	0	0	0	0	0	20,508	0	20,508	0	0.0%	0	0	0	0	0	0	0	0	28,250	0	28,250	0	0.0%	48,758	0	0.0%
General	Freas Oven	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	12,726	0	0	0	0	0	0	0	0	12,726	0	0.0%	12,726	0	0.0%
General	Ion Analyzer	0	0	0	0	0	0	0	0	0	48,703	48,703	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	48,703	0	0.0%
General	TDS Oven	0	0	0	0	0	0	6,800	0	0	0	6,800	0	0.0%	0	0	0	0	0	0	9,367	0	0	0	9,367	0	0.0%	16,167	0	0.0%
General	SS Oven	0	0	6,095	0	0	0	0	0	0	0	6,095	0	0.0%	0	0	8,119	0	0	0	0	0	0	0	8,119	0	0.0%	14,214	0	0.0%
General	Ultra Pure Water Dispenser	5,568	0	0	0	0	0	0	0	0	0	5,568	0	0.0%	7,653	0	0	0	0	0	0	0	0	0	7,653	0	0.0%	13,222	0	0.0%
General	BOD Incubator	0	7,769	0	0	0	0	0	0	0	0	7,769	0	0.0%	0	10,319	0	0	0	0	0	0	0	0	10,319	0	0.0%	18,088	0	0.0%
General	Heating System	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	22,735	0	0	0	0	0	22,735	0	0.0%	22,735	0	0.0%
General	Effluent Composite Sampler	0	0	0	0	0	0	0	0	10,493	0	10,493	0	0.0%	0	0	0	0	0	0	0	0	14,102	0	14,102	0	0.0%	24,595	0	0.0%
General	Influent Composite Sampler	0	0	0	0	0	0	0	0	0	13,510	13,510	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	13,510	0	0.0%
General	Spectrophotometer	0	0	0	0	0	0	0	0	0	13,510	13,510	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	13,510	0	0.0%
General	Emergency By-Pass Pump 4"	0	0	0	0	65,277	0	0	0	0	0	65,277	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	65,277	0	0.0%
General	Emergency By-Pass Pump 4"	0	0	0	0	65,277	0	0	0	0	0	65,277	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	65,277	0	0.0%
General	Emergency Back-up Pump 6 "	0	0	0	0	0	0	0	92,861	0	0	92,861	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	92,861	0	0.0%
General	Copier	15,654	0	0	0	0	19,533	0	0	0	0	35,187	0	0.0%	22,644	0	0	0	0	26,250	0	0	0	0	48,894	0	0.0%	84,082	0	0.0%
General	Plotter/Scanner	0	0	0	0	0	6,430	0	0	0	0	6,430	0	0.0%	0		7,908	0	0	0	0	0	0	9,726	17,634	0	0.0%	24,064	0	0.0%
General	Surveillance System	0	0	0	0	0	49,759	0	0	0	0	49,759	0	0.0%	0	0	0	0	0	86,356	0	0	0	0	86,356	0	0.0%	136,115	0	0.0%
General	Fire Alarm System Admin	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	20,871	0	0	0	0	0	0	20,871	0	0.0%	20,871	0	0.0%
	Total Other Equipment	**$69,411**	**$25,846**	**$34,392**	**$0**	**$181,542**	**$141,303**	**$42,110**	**$129,418**	**$75,077**	**$134,660**	**$833,759**	**$119,439**		**$30,297**	**$23,045**	**$135,569**	**$64,297**	**$136,021**	**$139,632**	**$9,367**	**$36,092**	**$1,469,993**	**$88,933**	**$2,133,246**	**$104,689**		**$2,967,006**	**$224,128**	
	Transportation Equipment																													
General	1989 Dump Truck Replacement	$0	$0	$0	$102,355	$0	$0	$0	$0	$0	$0	$102,355	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$102,355	$0	0.0%
General	2002 Vehicle - Utility Cart	25,000	0	0	0	0	0	0	0	0	0	25,000	0	0.0%	21,302	0	0	0	0	0	0	0	0	0	21,302	0	0.0%	46,302	0	0.0%
General	2016 Dodge Ram 3500 T	0	0	0	0	0	0	0	0	0	73,893	73,893	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	73,893	0	0.0%
General	2020 F150 Truck	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	0	59,433	0	0	0	0	0	59,433	0	0.0%	59,433	0	0.0%
General	Utility Cart Gas	0	27,573	0	0	0	0	0	0	0	0	27,573	0	0.0%	0	0	0	0	0	0	42,459	0	0	0	42,459	0	0.0%	70,032	0	0.0%
General	2010 GMC Sierra	0	0	0	0	0	55,109	0	0	0	0	55,109	0	0.0%	0	0	0	0	0	74,062	0	0	0	0	74,062	0	0.0%	129,171	0	0.0%
General	2015 Dodge Ram (d)	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	0	0	0	250,159	0	0	0	0	0	0	250,159	0	0.0%	250,159	0	0.0%
General	Volvo Compact Wheel Loader Replacement	0	0	0	147,946	0	0	0	0	0	0	147,946	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	147,946	0	0.0%
General	Bobcat Backhoe	0	0	0	94,444	0	0	0	0	0	0	94,444	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	94,444	0	0.0%
General	Snowblower and Plow	0	0	0	0	0	0	0	0	21,663	0	21,663	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	21,663	0	0.0%
General	Plow	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	13,132	0	0	0	0	0	0	0	0	0	13,132	0	0.0%	13,132	0	0.0%
General	Trailer	0	0	0	0	0	0	0	11,031	0	0	11,031	0	0.0%	0	0	0	0	0	0	0	14,824	0	0	14,824	0	0.0%	25,855	0	0.0%
General	Bobcat Hammer Attachment	0	0	0	0	14,848	0	0	0	0	0	14,848	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	14,848	0	0.0%
	Total Transportation Equipment	**$25,000**	**$27,573**	**$0**	**$344,745**	**$14,848**	**$55,109**	**$0**	**$11,031**	**$21,663**	**$73,893**	**$573,862**	**$0**		**$34,434**	**$0**	**$0**	**$250,159**	**$59,433**	**$74,062**	**$42,459**	**$14,824**	**$0**	**$0**	**$475,372**	**$0**		**$1,049,234**	**$0**	
	Other Tangible Plant																													
General	Admin Parking Lot Grind, Overlay and Geomesh	$0	$0	$132,892	$0	$0	$0	$0	$0	$0	$0	$132,892	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$132,892	$0	0.0%
General	Palomino Drive Repave	0	0	295,315	0	0	0	0	0	0	0	295,315	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	295,315	0	0.0%
General	Asphalt and Paving	0	0	0	0	0	0	650,000	0	0	0	650,000	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	650,000	0	0.0%
General	New Pipeline Maps	0	100,000	0	0	0	0	0	0	0	0	100,000	0	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0.0%	100,000	0	0.0%
General	Admin Building - HVAC Boiler and Controls	0	0	0	64,992	0	0	0	0	0	0	64,992	0	0.0%	0	401,311	0	0	0	0	0	0	0	0	401,311	0	0.0%	466,303	0	0.0%
	Total Other Tangible Plant	**$0**	**$100,000**	**$428,207**	**$64,992**	**$0**	**$0**	**$650,000**	**$0**	**$0**	**$0**	**$1,243,199**	**$0**		**$0**	**$401,311**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$401,311**	**$0**		**$1,644,510**	**$0**	
	WWTF O&M Cost Changes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$0	$0	0.0%
	Unidentified Future Capital Projects	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$0	$0	0.0%
	Transfer to Operating Fund	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0.0%	$0	$0	0.0%
	Total Capital Improvement Projects	**$1,848,322**	**$644,979**	**$1,172,127**	**$461,142**	**$477,995**	**$1,136,250**	**$4,645,032**	**$1,332,928**	**$1,225,654**	**$511,117**	**$13,455,546**	**$4,899,620**		**$1,997,127**	**$469,152**	**$563,444**	**$5,767,903**	**$488,476**	**$374,691**	**$358,980**	**$992,730**	**$2,509,815**	**$637,603**	**$14,159,923**	**$6,357,115**		**$27,615,468**	**$11,256,735**	
	Summary																													
	Treatment	$1,433,809	$366,560	$709,528	$11,614	$240,739	$939,838	$3,952,922	$1,141,509	$1,062,948	$302,564	$10,162,030	$4,571,578		$167,471	$21,054	$272,847	$5,453,447	$293,023	$120,432	$223,591	$748,882	$912,701	$458,263	$8,671,711	$4,837,833		$18,833,741	$9,409,412	
	Collection	320,102	125,000	0	39,791	40,866	0	0	50,970	65,966	0	642,695	208,603		1,764,925	23,741	155,028	0	0	40,565	83,564	192,931	127,121	90,407	2,478,282	1,414,592		3,120,977	1,623,195	
	General	94,411	153,419	462,599	409,737	196,390	196,412	692,110	140,449	96,740	208,553	2,650,820	119,439		64,731	424,357	135,569	314,456	195,454	213,694	51,826	50,917	1,469,993	88,933	3,009,930	104,689		5,660,750	224,128	
		$1,848,322	**$644,979**	**$1,172,127**	**$461,142**	**$477,995**	**$1,136,250**	**$4,645,032**	**$1,332,928**	**$1,225,654**	**$511,117**	**$13,455,546**	**$4,899,620**		**$1,997,127**	**$469,152**	**$563,444**	**$5,767,903**	**$488,476**	**$374,691**	**$358,980**	**$992,730**	**$2,509,815**	**$637,603**	**$14,159,923**	**$6,357,115**		**$27,615,468**	**$11,256,735**	

Notes

[1] - CIP in 2021 $s
[2] - Growth projections from Big Bear Area Regional Wastewater Agency "capex utilization factors" capital improvement plan
[3] - Growth eligible percentage based on BBARWA provided Capacity Utilization Rate by Structure/Process

Compass Bank Loan

Date	Beginning Balance	Principal	Interest	Total Debt Service	Ending Balance	Annual Payment
	$5,568,142				$5,568,142	
5/15/2012	$5,568,142	$196,168	$91,874	$288,042	$5,371,975	$288,042
11/15/2012	5,371,975	199,404	88,638	288,042	5,172,570	
5/15/2013	5,172,570	202,694	85,347	288,042	4,969,876	$576,084
11/15/2013	4,969,876	206,039	82,003	288,042	4,763,837	
5/15/2014	4,763,837	209,439	78,603	288,042	4,554,398	$576,084
11/15/2014	4,554,398	212,894	75,148	288,042	4,341,504	
5/15/2015	4,341,504	216,407	71,635	288,042	4,125,097	$576,084
11/15/2015	4,125,097	219,978	68,064	288,042	3,905,119	
5/15/2016	3,905,119	223,607	64,434	288,042	3,681,512	$576,084
11/15/2016	3,681,512	227,297	60,745	288,042	3,454,215	
5/15/2017	3,454,215	231,047	56,995	288,042	3,223,168	$576,084
11/15/2017	3,223,168	234,860	53,182	288,042	2,988,308	
5/15/2018	2,988,308	238,735	49,307	288,042	2,749,573	$576,084
11/15/2018	2,749,573	242,674	45,368	288,042	2,506,899	
5/15/2019	2,506,899	138,190	41,344	179,534	2,368,709	$467,576
11/15/2019	2,368,709	140,470	39,064	179,534	2,228,239	
5/15/2020	2,228,239	142,788	36,746	179,534	2,085,452	$359,068
11/15/2020	2,085,452	145,144	34,390	179,534	1,940,308	
5/15/2021	1,940,308	147,539	31,995	179,534	1,792,769	$359,068
11/15/2021	1,792,769	149,973	29,561	179,534	1,642,796	
5/15/2022	1,642,796	152,448	27,086	179,534	1,490,348	$359,068
11/15/2022	1,490,348	154,963	24,571	179,534	1,335,385	
5/15/2023	1,335,385	157,520	22,014	179,534	1,177,865	$359,068
11/15/2023	1,177,865	160,119	19,415	179,534	1,017,746	
5/15/2024	1,017,746	162,761	16,773	179,534	854,985	$359,068
11/15/2024	854,985	165,447	14,087	179,534	689,539	
5/15/2025	689,539	168,176	11,357	179,534	521,363	$359,068
11/15/2025	521,363	170,951	8,582	179,534	350,411	
5/15/2026	350,411	173,772	5,762	179,534	176,639	$359,068
11/15/2026	176,639	176,639	2,915	179,554	0	
		$5,568,142	**$1,337,004**	**$6,905,147**		

Compass II Bank Loan

Date	Beginning Balance	Principal	Interest	Total Debt Service	Ending Balance	Annual Payment	*% of Assets*
	$1,760,000						
11/15/18	$1,760,000	$45,000	$10,853	$55,853	$1,715,000		
05/15/19	1,715,000	43,277	31,728	75,005	1,671,723	$130,858	
11/15/19	1,671,723	44,077	30,927	75,004	1,627,646		
05/15/20	1,627,646	44,893	30,111	75,004	1,582,753	$150,008	
11/15/20	1,582,753	45,723	29,281	75,004	1,537,030		
05/15/21	1,537,030	46,569	28,435	75,004	1,490,461	$150,008	
11/12/21	1,490,461	47,431	27,574	75,005	1,443,030		
05/15/22	1,443,030	48,308	26,696	75,004	1,394,722	$150,009	
11/12/22	1,394,722	49,202	25,802	75,004	1,345,520		
05/15/23	1,345,520	50,112	24,892	75,004	1,295,408	$150,008	
11/15/23	1,295,408	51,039	23,965	75,004	1,244,369		
05/15/24	1,244,369	51,984	23,021	75,005	1,192,385	$150,009	
11/15/24	1,192,385	52,945	22,059	75,004	1,139,440		
05/15/25	1,139,440	53,925	21,080	75,005	1,085,515	$150,009	
11/15/25	1,085,515	54,922	20,082	75,004	1,030,593		
05/15/26	1,030,593	55,938	19,066	75,004	974,655	$150,008	
11/15/26	974,655	56,973	18,031	75,004	917,682		
05/15/27	917,682	58,027	16,977	75,004	859,655	$150,008	
11/15/27	859,655	59,101	15,904	75,005	800,554		
05/15/28	800,554	60,194	14,810	75,004	740,360	$150,009	
11/15/28	740,360	61,308	13,697	75,005	679,052		
05/15/29	679,052	62,442	12,562	75,004	616,610	$150,009	
11/15/29	616,610	63,597	11,407	75,004	553,013		
05/15/30	553,013	64,774	10,231	75,005	488,239	$150,009	
11/15/30	488,239	65,972	9,032	75,004	422,267		
05/15/31	422,267	67,192	7,812	75,004	355,075	$150,008	
11/15/31	355,075	68,436	6,569	75,005	286,639		
05/15/32	286,639	69,702	5,303	75,005	216,937	$150,010	
11/15/32	216,937	70,991	4,013	75,004	145,946		
05/15/33	145,946	72,304	2,700	75,004	73,642	$150,008	
11/15/33	73,642	73,642	1,362	75,004	0	$75,004	
		$1,760,000	**$545,983**	**$2,305,983**			

Treatment	*71.8%*
Collection	*14.9%*
General	*13.3%*

Big Bear Area Regional Wastewater Agency
Connection Fee Analysis
Summary
Exhibit 5

Current Connection Fee per EDU in 2021		**$4,180**
Calculated Connection Fee		**$4,255**
	Difference	*$75*
	Percent	*1.8%*

Sewer Connection Fee Calculation	**Existing Plant**	**Future Plant**	**Total**
Treatment	$584	$2,931	$3,515
Collection	106	506	611
General Plant	60	70	129
Total	**$749**	**$3,507**	**$4,256**

Rounding for Implementation Purposes **$4,255**

AGENDA ITEM: 9.B.

MEETING DATE: April 27, 2022

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 (Administrative, Finance, and Operations Committees) to review specific agency functions, activities, and/or operations. During the March 23, 2022 Special Meeting Budget Workshop, the Governing Board requested this item be brought back for consideration, following the permanent appointment of a Governing Board member by the Big Bear City Community Services District.

DISCUSSION:

Two Governing Board Members will be appointed to each committee. Members of the 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.

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

Administrative Committee	Finance Committee	Operations Committee
Vice-Chair Green (BBCCSD)	Chair Herrick (CBBL)	Chair Herrick (CBBL)
Director Mote (CBBL)	Director Miller (CSA 53B)	Director Miller (CSA 53B)

Since 2014, member agency representation on each permanent committee typically has been:

Administrative Committee	Finance Committee	Operations Committee
BBCCSD	BBCCSD	CSA 53B
CBBL	CBBL	CBBL

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 motion and second will be offered, followed by a vote of the Governing Board. The same procedure will be utilized for each committee. The designated officers will assume their newly appointed positions at the next scheduled committee meeting.

FINANCIAL IMPACT:

There is no financial impact.

RECOMMENDATION:

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

AGENDA ITEM: 10.A.

MEETING DATE: April 27, 2022

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

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

REVIEWED BY: Jennifer McCullar, Finance Manager

SUBJECT: Resolution No. R. 04-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Clarifying the Fiscal Year 2023 Sewer Standby or Immediate Availability Charges

BACKGROUND:

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 2023 remain unchanged and are charged based upon parcel size, as follows:

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

FINANCIAL IMPACT:

During FY 2023, the Member Agencies will collect the standby fee (approximately $77,600 in FY 2023) and submit such standby fee revenue to BBARWA.

RECOMMENDATION:

Approve Resolution No. R. 04-2022.

ATTACHMENT:

Resolution No. R. 04-2022

RESOLUTION NO. R. 04-2022

A RESOLUTION OF THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY CLARIFYING THE FISCAL YEAR 2023 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.

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, 2022 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, 2022 (fifty percent of such charges) and April 30, 2023 (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 27th day of April, 2022.

_____
Rick Herrick, 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. 04-2022, Clarifying the Fiscal Year 2023 Sewer Standby or Immediate Availability Charges, was duly adopted at a regular meeting of the Governing Board held on the 27th day of April 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

AGENDA ITEM: 10.B.

MEETING DATE: April 27, 2022

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

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

PREPARED BY: Jennifer McCullar, Finance Manager

SUBJECT: Public Hearing: Resolution No. R. 03-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Establishing the Sewer User Charge and Taking Certain Other Actions Related Thereto

BACKGROUND:

Based on the Agency's financial requirements, the annual Sewer User Charge will increase 6.5% from $231.77 to $246.83, an annual increase of $15.06 per equivalent dwelling unit, effective July 1, 2022. The increase reflects an increase in the Agency's revenue requirements driven by higher expenses, including expenses associated with the Replenish Big Bear Project (RBB). The rate impact by Member Agency is as follows.

	FY 2022	FY 2023	FY 2023 Breakout		Annual Change		Monthly Change
Rate	Actual	Proposed	BBARWA	RBB	$	%	$
Established	$231.77	$246.83	*$241.04*	*$5.79*	$15.06	6.5%	$1.26
CBBL	$240.24	$255.75	*$249.79*	*$5.96*	$15.51	6.5%	$1.29
CSD	$224.88	$239.78	*$234.11*	*$5.67*	$14.90	6.6%	$1.24
CSA 53 B	$220.61	$233.17	*$227.63*	*$5.54*	$12.56	5.7%	$1.05

FINANCIAL IMPACT:

The FY 2023 established rate, or Sewer User Charge, is used to calculate the Agency's FY 2023 rate revenues. The rate revenues are collected by the Member Agencies pursuant to the Payment and Collection Agreement dated August 2011, as amended.

RECOMMENDATION:

Approve Resolution No. R. 03-2022.

ATTACHMENT:

Resolution No. R. 03-2022

RESOLUTION NO. R. 03-2022

A RESOLUTION OF THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY ESTABLISHING THE SEWER USER CHARGE 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 2022 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 2022 Report is on file at BBARWA's administrative offices 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 2022 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 2022 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 2022 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 2022 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 in the maximum amount set forth below.

Collecting Agency	$/EDU (effective July 1, 2022)
Base Rate	$246.83
City of Big Bear Lake	$255.75
Big Bear City CSD	$239.78
CSA 53 B	$233.17

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.

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

"Chapter 5.16

USER CHARGES

5.16.020 User Charge.

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

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

The rates will be effective July 1 of each fiscal year with the member agencies receiving notice of the rate change by May 1 of the preceding fiscal year. The rate schedule represents the maximum rates that may be charged by the Agency, and in any given year, may be reduced by Governing Board action."

4. Amendments to User Charges. On or before adoption of BBARWA's annual budget, or at any other appropriate time, the Governing Board may review the amount of the User Charge that will be effective for the upcoming fiscal year and may exercise its authority to take

action in regard to said User Charge. Such action may include, without limitation, establishing a 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 2022 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 2022 Report, the User Charge is based upon reasonable estimates of the demand placed upon BBARWA in its role as a provider of regional wholesale sewer services.

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

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

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

ADOPTED, this 27th day of April, 2022.

_____

Rick Herrick, 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. 03-2022, Establishing the Sewer User Charge and Taking Certain Other Actions Related Thereto, was duly adopted at a regular meeting of the Governing Board held on the 27th day of April 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____

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

AGENDA ITEM: 10.C.

MEETING DATE: April 27, 2022

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

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

REVIEWED BY: Jennifer McCullar, Finance Manager

SUBJECT: Public Hearing: Resolution No. R. 05-2022, 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

BACKGROUND:

The waste disposal fees were reviewed as part of the 2022 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. For FY 2023, the change in the Sewer User Charge is expected to be 6.5%, with 2.5 points of the increase associated with Replenish Big Bear and not directly related to the treatment of waste. Therefore, it is recommended to increase the waste disposal fees by 4%, the amount associated with the increase in the Agency's operating expenses. The proposed rates for FY 2023 are as follows (rate is per 1,000 gallons):

Waste Type	Current FY 2022	Proposed FY 2023
Chemical Toilet	$68.56	$71.30
Holding Tank	$7.29	$7.58
Septic Tank	$82.05	$85.33
% Change	**3.9%**	**4.0%**

FINANCIAL IMPACT:

Waste disposal fee revenue averages approximately $22,000 annually and represents approximately 0.4% of the Agency's overall revenues.

RECOMMENDATION:

Approve Resolution No. R 05-2022.

ATTACHMENT:

Resolution No. R 05-2022

RESOLUTION NO. R. 05-2022

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 REGIONAL TREATMENT PLANT

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 2022 Report"). A copy of the HDR 2022 Report dated April 2022 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 2022 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 2022 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 in the maximum amounts and on the dates set forth below, measured in $/1,000 gallons:

	July 1, 2022
Chemical Toilet	$71.30
Holding Tank	$ 7.58
Septic Tank	$85.33

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 2022 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 27th day of April, 2022.

_____

Rick Herrick, 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. 05-2022, to Increase the Current Fee Schedule for the Disposal of Waste Delivered to the Regional Treatment Plant, was duly adopted at a regular meeting of the Governing Board held on the 27th day of April 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____

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

AGENDA ITEM: 10.D.

MEETING DATE: April 27, 2022

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

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

PREPARED BY: Jennifer McCullar, Finance Manager

SUBJECT: Public Hearing: Resolution No. R. 06-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Adopting the Operating and Capital Budget for Fiscal Year 2023, Approving Budgeted Projects and Finding Approval of the Budget and Budgeted Projects Exempt from Review Under the California Environmental Quality Act

BACKGROUND:

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 23, 2022, a budget workshop was held wherein the Governing Board reviewed and discussed the Agency's proposed FY 2023 Budget and five-year forecast. There have been no changes to the proposed budget since the budget workshop.

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

FINANCIAL IMPACT:

The FY 2023 Budget will provide appropriations for the fiscal year ending June 30, 2023.

RECOMMENDATION:

Approve Resolution No. R. 06-2022, approve the nine budgeted projects described in the CEQA attachment and direct staff to file a CEQA Notice of Exemption, as set forth in the attached Board resolution.

ATTACHMENTS:

- The California Environmental Quality Act (CEQA) – Projects exempt from CEQA
- Resolution No. R. 06-2022
- Notice of Exemption (map attachment)

The California Environmental Quality Act:

As in past years, the 2023 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 Replenish Big Bear. Specifically, the proposed projects identified in the Budget before the Board include: 1) rehabilitating the monitoring wells, 2) replacing a CSA flow meter, 3) rehabilitating the North Shore Pump Station 3, 4) replacing a VFD for Interceptor Station 3, 5) replacing a laboratory BOD incubator, 6) replacing 3 pumps, 7) replacing headers and check valves, 8) creating new pipeline maps, and 9) performing engineering, environmental and other pre-construction activities related to Replenish Big Bear (collectively, "Proposed Approvals").

Based on the nature of these proposed activities, and as described in greater detail in the proposed Board Resolution, staff is recommending that the 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 Board for further 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 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 2023 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 nine proposed activities identified in the Budget are exempt, both individually and in the aggregative, 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 Board Resolution.

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.

Thus, staff recommends that the Board adopt the Budget, approve the nine proposed activities described above, and direct staff to file a CEQA Notice of Exemption, as set forth in the attached Board resolution.

RESOLUTION NO. R. 06-2022

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 2023, 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 ("Board") adopt a budget for the Agency for the 2023 Fiscal Year; and

WHEREAS, staff evaluated the estimated budgetary needs for the Agency for the 2023 Fiscal Year and prepared a budget proposal, which includes funding for nine projects to maintain or replace existing equipment, purchase small equipment, create new pipeline maps, and complete pre-construction activities associated with the Replenish Big Bear Project ("Budget"). The nine potential projects include: 1) rehabilitating the monitoring wells, 2) replacing a CSA flow meter, 3) rehabilitating the North Shore Pump Station 3, 4) replacing a VFD for Interceptor Station 3, 5) replacing a laboratory BOD incubator, 6) replacing 3 pumps, 7) replacing headers and check valves, 8) creating new pipeline maps, and 9) 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, and 15273; and

WHEREAS, on April 27, 2022 at a regularly scheduled meeting, the 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 Board, the 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 Board hereby finds and determines that the approval by the Board of the Annual Budget for the 2023 Fiscal Year ("FY 2023 Budget" or "Budget") is not a project pursuant to CEQA. Specifically, the Board finds that approval of the FY 2023 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 2023 Budget is a project within the meaning of CEQA, the 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.

Further, the Board finds that none of the "exceptions" to the use of the categorical exemptions exist pursuant to State CEQA Guidelines § 15300.2. Specifically, the 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 2023. The Board hereby approves and adopts the FY 2023 Budget, a copy of which has been provided to each Board member. By approving the Budget, the Board hereby also approves each of the nine projects recommended by staff, including: 1) rehabilitating the monitoring wells, 2) replacing a CSA flow meter, 3) rehabilitating the North Shore Pump Station 3, 4) replacing a VFD for Interceptor Station 3, 5) replacing a laboratory BOD incubator, 6) replacing 3 pumps, 7) replacing headers and check valves, 8) creating new pipeline maps, and 9) performing engineering, environmental and other pre-construction activities related to Replenish Big Bear.

SECTION 3. Execution of Resolution. The Chairperson of the Board shall sign this Resolution and the Secretary to the Board shall certify this Resolution was duly and properly adopted by the Board.

SECTION 4. Notice of Exemption. The 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 27 day of April, 2022.

Rick Herrick, 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 for Fiscal Year 2023, 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. 06-2022, was adopted at a regular meeting on April 27, 2022 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 2023 Budget
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Period Ending June 30, 2023

	Budget FY 2023
Operating Revenues:	
Annual Charges	$6,241,883
Standby Charges	77,602
Rental Income	54,205
Waste Disposal	21,690
Other Revenue	0
Total Operating Revenues	6,395,380
Operating Expenses:	
Salaries and Benefits	2,767,122
Power	479,055
Sludge Removal	315,295
Chemicals	83,084
Materials and Supplies	142,203
Repairs and Replacements	221,067
Equipment Rental	885
Utilities Expense (other than power)	48,301
Communications Expense	57,223
Contractual Services - Other	104,732
Contractual Services - Professional	166,620
Permits and fees	245,225
Property Tax Expense	4,070
Insurance	243,708
Other Operating Expense	64,749
Depreciation Expense	921,287
Total Operating Expenses	5,864,627
Operating Income	530,753
Nonoperating Income	
Gain (loss) on asset disposition	0
Finance Charge Income	0
Interest Income	83,228
Other Nonoperating Income	0
Nonoperating income	83,228
Nonoperating Expense	
Other Expense	5,028
Interest Expense	128,948
Nonoperating expense	133,976
Income before Contributions	480,006
Connection Fees	188,100
Change in Net Position	$668,106

EXHIBIT A, CONT.
FY 2023 Budget
STATEMENT OF CASH FLOWS
For the Period Ending June 30, 2023

	Budget FY 2023
Cash from operating activities:	
Operating Income (Loss)	$530,753
Depreciation expense	921,287
Change in Working Capital	19,373
Net cash provided by op activities	1,471,413
Cash from noncapital financing:	
Payment of pension related debt/liability	0
Cash from capital and related financing:	
Interagency expense	0
Capital Expenditures BBARWA	(644,978)
Capital Expenditures Replenish Big Bear	(2,494,476)
Proceeds from Asset Disposition	0
Connection Fee (Capital Contrib)	188,100
Proceeds from Debt Issuance, Grants Replenish Big Bear	2,494,476
Debt Service:	
Interest Expense	(97,279)
Interest Expense Replenish Big Bear	(31,669)
Principal Debt Amortization	(411,798)
Total Debt Service	(540,745)
Net cash used for cap and related financing	(997,624)
Cash from investing:	
(Increase) Decrease in Other Assets	0
Other Proceeds	0
Interest Income	83,228
Proceeds from the Sale of Investment	0
Net cash from investing	83,228
NET CHANGE IN CASH	$557,017
Beginning Cash Balance	$5,772,283
Ending Cash Balance	6,329,301
Change in Cash Balance	$557,017

EXHIBIT A, CONT.
FY 2023 Budget
CAPITAL EXPENDITURES
For the Period Ending June 30, 2023

	Budget FY 2023
EFFLUENT DISPOSAL ASSETS	
Monitoring Wells Rehabilitation	$36,185
Total effluent disposal assets	36,185
FLOW MEASURING DEVICES	
CSA Flow Meter	15,850
Total flow measuring devices	15,850
INTERCEPTOR SYSTEM	
Structures	
North Shore Pump Station 3 Rehablitation with Bypass	125,000
Total interceptor system	125,000
OTHER EQUIPMENT	
Electrical	
VFD Interceptor Station 3	18,077
Laboratory	
BOD Incubator	7,769
Total other equipment	25,845
TRANSPORTATION EQUIPMENT	
Vehicles	
Utility Cart Gas Operated	27,573
Total transportation equipment	27,573
TREATMENT PLANT	
Pumping Equipment	
Submersible Pump	8,575
Effluent Pump 1	12,706
Effluent Pump 2	12,706
Headers and Check Valves	280,538
Total treatment plant	314,525
STUDIES AND MAPS	
New Pipeline Maps	$100,000
Total studies and maps	$100,000
Subtotal	$644,978
REPLENISH BIG BEAR (engineering, environmental, and pre-construction activities)	$2,494,476
TOTAL	$3,139,454

NOTICE OF EXEMPTION

TO: Office of Planning and Research P. O. Box 3044, Room 212 Sacramento, CA 95812-3044 ☒ Clerk of the Board of Supervisors County of San Bernardino 385 North Arrowhead Avenue, 2nd Fl. San Bernardino, CA 92415 or ☐ County Clerk	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 2023 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 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 2023 (the "Budget"), which includes funding for nine projects to maintain or replace existing equipment, purchase small equipment, create new pipeline maps, and complete pre-construction activities associated with the Replenish Big Bear Project ("Budget"). The nine potential projects include: 1) rehabilitating the monitoring wells, 2) replacing a CSA flow meter, 3) rehabilitating the North Shore Pump Station 3, 4) replacing a VFD for Interceptor Station 3, 5) replacing a laboratory BOD incubator, 6) replacing 3 pumps, 7) replacing headers and check valves, 8) creating new pipeline maps, and 9) performing engineering, environmental and other pre-construction activities related to Replenish Big Bear ("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)	
☒ Not a project.	State CEQA Guidelines § 15378
☒ Statutory Exemption.	State CEQA Guidelines § 15273
☒ Categorical Exemption.	State CEQA Guidelines § 15301, 15302, 15303
☒ Other. Explanation:	State CEQA Guidelines § 15061(b)(3)
Reason why project was exempt:	The April 27, 2022 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). 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: • 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. Finally, none of the "exceptions" to the categorical exemptions apply under State CEQA Guidelines § 15300.2. 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.
Contact Person:	David Lawrence
Telephone:	(909) 584-4018

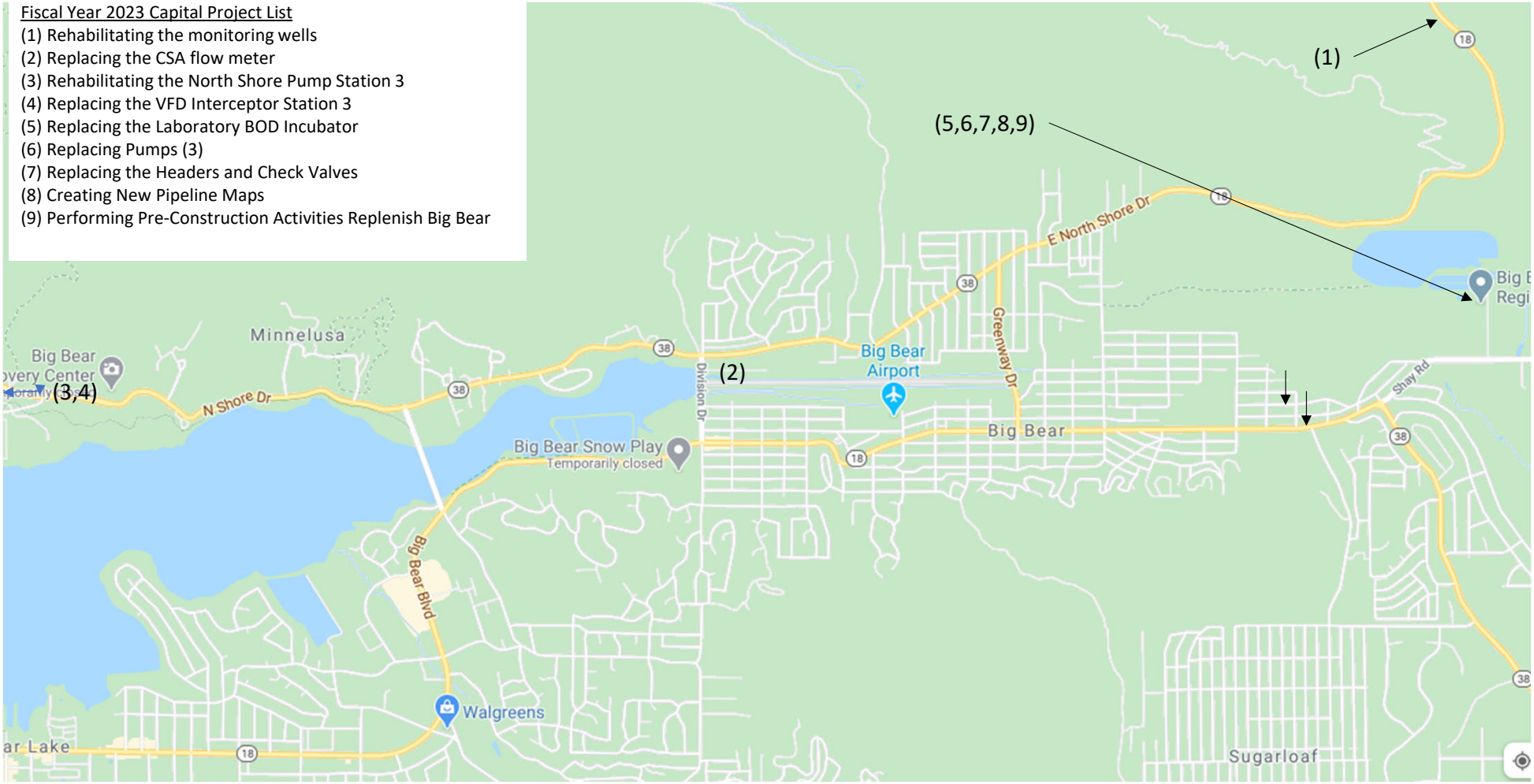
Date Received for Filing: _____

Signature (Lead Agency Representative)/Title

(Clerk Stamp Here)

Project Location Map

Fiscal Year 2023 Capital Project List
(1) Rehabilitating the monitoring wells
(2) Replacing the CSA flow meter
(3) Rehabilitating the North Shore Pump Station 3
(4) Replacing the VFD Interceptor Station 3
(5) Replacing the Laboratory BOD Incubator
(6) Replacing Pumps (3)
(7) Replacing the Headers and Check Valves
(8) Creating New Pipeline Maps
(9) Performing Pre-Construction Activities Replenish Big Bear



AGENDA ITEM: 10.E.

MEETING DATE: April 27, 2022

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

REVIEWED BY: Jennifer McCullar, Finance Manager

SUBJECT: Resolution No. R. 07-2022, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency to Oppose Initiative 21-0042A1

BACKGROUND & DISCUSSION:

The California Special Districts Association (the CSDA) has joined a coalition of local government leaders in adopting an Oppose position on Initiative 21-0042A, Amendment 1 to the Taxpayer Protection and Government Accountability Act (the Initiative) and encourages all special districts, partners, and community leaders to join the coalition by passing a board resolution.

The CSDA has provided the following background and summary of the impact of the Initiative:

Ballot Initiative 21-0042A1 would result in the loss of billions of dollars annually in critical state and local funding, restricting the ability of local agencies and the State of California to fund services and infrastructure by:

- Adopting new and stricter rules for raising taxes, fees, assessments, and property-related fees.
- Amending the State Constitution, including portions of Propositions 13, 218, and 26 among other provisions, to the advantage of the initiative's proponents and plaintiffs; creating new grounds to challenge these funding sources and disrupting fiscal certainty.
- Restricting the ability of local governments to issue fines and penalties to corporations and property owners that violate local environmental, water quality, public health, public safety, fair housing, nuisance and other laws and ordinances.

The initiative includes provisions that would retroactively void all state and local taxes or fees adopted after January 1, 2022 if they did not align with the provisions of this initiative. This may also affect indexed fees that adjust over time for inflation or other factors. Effectively, it would allow voters throughout California to invalidate the prior actions of local voters, undermining local control and voter-approved decisions about investments needed in their communities.

Accordingly, this statewide initiative measure to amend the California Constitution sponsored by the California Business Roundtable ("CBRT"), is the most consequential proposal to limit the ability of the state and local governments to enact, modify, or expand taxes, assessments, fees, and property-related charges since the passage of Proposition 218 (1996) and Proposition 26 (2010). If enacted, public agencies would face a drastic rise in litigation that could severely restrict their ability to meet essential services and infrastructure needs.

FINANCIAL IMPACT:

The Agency's legal counsel has reviewed the Initiative and supports sending an opposition letter for multiple reasons, including the far-reaching financial impacts resulting from increased litigation and less local control over the use of revenues.

RECOMMENDATION:

Approve Resolution No. R. 07-2022.

ATTACHMENTS:

- Resolution No. R. 07-2022
- The Taxpayer Protection and Government Accountability Act Amendment No. 1
- California Special Districts Association Analysis
- Legislative Analyst's Office Fiscal Impact Estimate Report

RESOLUTION NO. R. 07-2022

A RESOLUTION OF THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY TO OPPOSE INITIATIVE 21-0042A1

WHEREAS, an association representing California's wealthiest corporations and developers is spending millions to push a deceptive proposition aimed for the November 2022 statewide ballot; and

WHEREAS, the proposed proposition, Initiative 21-0042A1, has received the official title: "LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT."

WHEREAS, the measure includes provisions that would make it more difficult for local voters to pass measures needed to fund local services and infrastructure, and would limit voter input by prohibiting local advisory measures where voters provide direction on how they want their local tax dollars spent; and

WHEREAS, the measure exposes taxpayers to a new wave of costly litigation, limits the discretion and flexibility of locally elected boards to respond to the needs of their communities, and injects uncertainty into the financing and sustainability of critical infrastructure; and

WHEREAS, the measure severely restricts state and local officials' ability to protect our environment, public health and safety, and our neighborhoods against corporations and others who violate the law; and

WHEREAS, the measure creates new constitutional loopholes that would allow corporations to pay less than their fair share for the impacts they impose on our communities, including local infrastructure, our environment, water quality, air quality, and natural resources; and

WHEREAS, the measure threatens billions of dollars currently dedicated to state and local services, as well as public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to address homelessness, mental health services, and more; and

WHEREAS, the measure would also reduce funding for critical infrastructure like streets and roads, public transportation, ports, drinking water, sanitation, utilities, and more.

THEREFORE, BE IT RESOLVED, that the Governing Board of the Big Bear Area Regional Wastewater Agency opposes Initiative 21-0042A1;

BE IT FURTHER RESOLVED, that the Big Bear Area Regional Wastewater Agency will join the No on Initiative 21-0042A1 coalition, a growing coalition of public safety, labor, local government, infrastructure advocates, and other organizations throughout the state.

We direct staff to email a copy of this adopted resolution to the California Special Districts Association at advocacy@csda.net.

PASSED, ADOPTED, AND APPROVED this 27th day of April 2022.

Rick Herrick, 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, being Resolution No. R. 07-2022, to Oppose Initiative 21-0042A1, was duly adopted at a regular meeting of the Governing Board held on the 27th day of April 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

BELL, McANDREWS & HILTACHK, LLP
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21-0042 Amdt. # 1

January 4, 2022

RECEIVED
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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Anabel Renteria
Initiative Coordinator
Office of the Attorney General
State of California
PO Box 994255
Sacramento, CA 94244-25550

Re: Initiative 21-0042 – Amendment Number One

Dear Initiative Coordinator:

Pursuant to subdivision (b) of Section 9002 of the Elections Code, enclosed please find Amendment #1 to Initiative No. 21-0042 "The Taxpayer Protection and Government Accountability Act." The amendments are reasonably germane to the theme, purpose or subject of the initiative measure as originally proposed.

I am the proponent of the measure and request that the Attorney General prepare a circulating title and summary of the measure as provided by law, using the amended language.

Thank you for your time and attention processing my request.

Sincerely,

Thomas W. Hiltachk

The Taxpayer Protection and Government Accountability Act

[Deleted codified text is denoted in ~~strikeout~~. Added codified text is denoted by *italics and underline*.]

Section 1. Title

This Act shall be known, and may be cited as, the Taxpayer Protection and Government Accountability Act.

Section 2. Findings and Declarations

(a) Californians are overtaxed. We pay the nation's highest state income tax, sales tax, and gasoline tax. According to the U.S. Census Bureau, California's combined state and local tax burden is the highest in the nation. Despite this, and despite two consecutive years of obscene revenue surpluses, state politicians in 2021 alone introduced legislation to raise more than $234 *billion* in new and higher taxes and fees.

(b) Taxes are only part of the reason for California's rising cost-of-living crisis. Californians pay billions more in hidden "fees" passed through to consumers in the price they pay for products, services, food, fuel, utilities and housing. Since 2010, government revenue from state and local "fees" has more than doubled.

(c) California's high cost of living not only contributes to the state's skyrocketing rates of poverty and homelessness, they are the pushing working families and job-providing businesses out of the state. The most recent Census showed that California's population dropped for the first time in history, costing us a seat in Congress. In the past four years, nearly 300 major corporations relocated to other states, not counting thousands more small businesses that were forced to move, sell or close.

(d) California voters have tried repeatedly, at great expense, to assert control over whether and how taxes and fees are raised. We have enacted a series of measures to make taxes more predictable, to limit what passes as a "fee," to require voter approval, and to guarantee transparency and accountability. These measures include Proposition 13 (1978), Proposition 62 (1986), Proposition 218 (1996), and Proposition 26 (2010).

(e) Contrary to the voters' intent, these measures that were designed to control taxes, spending and accountability, have been weakened and hamstrung by the Legislature, government lawyers, and the courts, making it necessary to pass yet another initiative to close loopholes and reverse hostile court decisions.

Section 3. Statement of Purpose

(a) In enacting this measure, the voters reassert their right to a voice and a vote on new and higher taxes by requiring any new or higher tax to be put before voters for approval. Voters also intend that all fees and other charges are passed or rejected by the voters themselves or a governing body elected by voters and not unelected and unaccountable bureaucrats.

(b) Furthermore, the purpose and intent of the voters in enacting this measure is to increase transparency and accountability over higher taxes and charges by requiring any tax measure placed on the ballot—

either at the state or local level—to clearly state the type and rate of any tax, how long it will be in effect, and the use of the revenue generated by the tax.

(c) Furthermore, the purpose and intent of the voters in enacting this measure is to clarify that any new or increased form of state government revenue, by any name or manner of extraction paid directly or indirectly by Californians, shall be authorized only by a vote of the Legislature and signature of the Governor to ensure that the purposes for such charges are broadly supported and transparently debated.

(d) Furthermore, the purpose and intent of the voters in enacting this measure is also to ensure that taxpayers have the right and ability to effectively balance new or increased taxes and other charges with the rapidly increasing costs Californians are already paying for housing, food, childcare, gasoline, energy, healthcare, education, and other basic costs of living, and to further protect the existing constitutional limit on property taxes and ensure that the revenue from such taxes remains local, without changing or superseding existing constitutional provisions contained in Section 1(c) of Article XIII A.

(e) In enacting this measure, the voters also additionally intend to reverse loopholes in the legislative two-thirds vote and voter approval requirements for government revenue increases created by the courts including, but not limited to, *Cannabis Coalition v. City of Upland, Chamber of Commerce v. Air Resources Board, Schmeer v. Los Angeles County, Johnson v. County of Mendocino, Citizens Assn. of Sunset Beach v. Orange County Local Agency Formation Commission,* and *Wilde v. City of Dunsmuir.*

Section 4. Section 3 of Article XIII A of the California Constitution is amended to read:

Sec. 3*(a) Every levy, charge, or exaction of any kind imposed by state law is either a tax or an exempt charge.*

(b)(1) ~~(a)~~ Any change in state ~~statute~~ *law* which results in any taxpayer paying a *new or* higher tax must be imposed by an act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, *and submitted to the electorate and approved by a majority vote,* except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property, may be imposed. *Each Act shall include:*

(A) A specific duration of time that the tax will be imposed and an estimate of the annual amount expected to be derived from the tax.

(B) A specific and legally binding and enforceable limitation on how the revenue from the tax can be spent. If the revenue from the tax can be spent for unrestricted general revenue purposes, then a statement that the tax revenue can be spent for "unrestricted general revenue purposes" shall be included in a separate, stand-alone section. Any proposed change to the use of the revenue from the tax shall be adopted by a separate act that is passed by not less than two-thirds of all members elected to each of the two houses of the Legislature and submitted to the electorate and approved by a majority vote.

(2) The title and summary and ballot label or question required for a measure pursuant to the Elections Code shall, for each measure providing for the imposition of a tax, including a measure proposed by an elector pursuant to Article II, include:

(A) The type and amount or rate of the tax;

(B) The duration of the tax; and

(C) The use of the revenue derived from the tax.

(c) Any change in state law which results in any taxpayer paying a new or higher exempt charge must be imposed by an act passed by each of the two houses of the Legislature. Each act shall specify the type of exempt charge as provided in subdivision (e), and the amount or rate of the exempt charge to be imposed.

(d) ~~(b)~~ As used in this section *and in Section 9 of Article II*, "tax" means *every* ~~any~~ levy, charge, or exaction of any kind imposed by ~~the State~~ *state law that is not an exempt charge.* ~~except the following:~~

(e) As used in this section, "exempt charge" means only the following:

~~(1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the State of conferring the benefit or granting the privilege to the payor.~~

(1) ~~(2)~~ A *reasonable* charge ~~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~~ *actual* costs to the State of providing the service or product to the payor.

(2) ~~(3)~~ A charge ~~imposed~~ for the reasonable regulatory costs to the State incident to issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(3) A levy, charge, or exaction collected from local units of government, health care providers or health care service plans that is primarily used by the State of California for the purposes of increasing reimbursement rates or payments under the Medi-Cal program, and the revenues of which are primarily used to finance the non-federal portion of Medi-Cal medical assistance expenditures.

(4) A *reasonable* charge ~~imposed~~ for entrance to or use of state property, or the purchase, rental, or lease of state property, except charges governed by Section 15 of Article XI.

(5) A fine~~,~~ *or* penalty, ~~or other monetary charge~~ *including any applicable interest for nonpayment thereof,* imposed by the judicial branch of government or ~~the State, as a result of~~ *a state administrative enforcement agency pursuant to adjudicatory due process, to punish* a violation of law.

(6) A levy, charge, assessment, or exaction collected for the promotion of California tourism pursuant to Chapter 1 (commencing with Section 13995) of Part 4.7 of Division 3 of Title 2 of the Government Code.

(f) ~~(c)~~ Any tax or exempt charge adopted after January 1, *2022* ~~2010~~, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void 12 months after the effective date of this act unless the tax or exempt charge is reenacted ~~by the Legislature and signed into law by the Governor~~ in compliance with the requirements of this section.

(g)(1) ~~(d)~~ The State bears the burden of proving by ~~a preponderance of the~~ *clear and convincing* evidence that a levy, charge, or other exaction is *an exempt charge and* not a tax. *The State bears the burden of proving by clear and convincing evidence that the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor.* ~~, 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~~

(2) The retention of revenue by, or the payment to, a non-governmental entity of a levy, charge, or exaction of any kind imposed by state law, shall not be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

(3) The characterization of a levy, charge, or exaction of any kind as being voluntary, or paid in exchange for a benefit, privilege, allowance, authorization, or asset, shall not be a factor in determining whether the levy, charge, or exaction is a tax or an exempt charge.

(4) The use of revenue derived from the levy, charge or exaction shall be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

(h) As used in this section:

(1) "Actual cost" of providing a service or product means: (i) the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor, and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.

(2) "Extend" includes, but is not limited to, doing any of the following with respect to a tax or exempt charge: lengthening its duration, delaying or eliminating its expiration, expanding its application to a new territory or class of payor, or expanding the base to which its rate is applied.

(3) "Impose" means adopt, enact, reenact, create, establish, collect, increase or extend.

(4) "State law" includes, but is not limited to, any state statute, state regulation, state executive order, state resolution, state ruling, state opinion letter, or other legal authority or interpretation adopted, enacted, enforced, issued, or implemented by the legislative or executive branches of state government. "State law" does not include actions taken by the Regents of the University of California, Trustees of the California State University, or the Board of Governors of the California Community Colleges.

Section 5. Section 1 of Article XIII C of the California Constitution is amended, to read:

Sec. 1. Definitions. As used in this article:

(a) "Actual cost" of providing a service or product means: (i) the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor, and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.

(b) "Extend" includes, but is not limited to, doing any of the following with respect to a tax, exempt charge, or Article XIII D assessment, fee, or charge: lengthening its duration, delaying or eliminating its expiration, expanding its application to a new territory or class of payor, or expanding the base to which its rate is applied.

(c) ~~(a)~~ "General tax" means any tax imposed for general governmental purposes.

(d) "Impose" means adopt, enact, reenact, create, establish, collect, increase, or extend.

(e) ~~(b)~~ "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity*, or an elector pursuant to Article II or the initiative power provided by a charter or statute*.

(f) "Local law" includes, but is not limited to, any ordinance, resolution, regulation, ruling, opinion letter, or other legal authority or interpretation adopted, enacted, enforced, issued, or implemented by a local government.

(g) ~~(c)~~ "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(h) ~~(d)~~ "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

(i) ~~(e)~~ As used in this article, *and in Section 9 of Article II*, "tax" means *every* ~~any~~ levy, charge, or exaction of any kind, imposed by a local ~~government~~ *law that is not an exempt charge.*~~, except the following:~~

(j) As used in this section, "exempt charge" means only the following:

~~(1) A charge imposed for a specific benefit conferred or privilege granted 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 conferring the benefit or granting the privilege.~~

(1) ~~(2)~~ A *reasonable* charge ~~imposed~~ for a specific *local* government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the ~~reasonable~~ *actual* costs to the local government of providing the service or product.

(2) ~~(3)~~ A charge ~~imposed~~ for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(3) ~~(4)~~ A *reasonable* charge ~~imposed~~ for entrance to or use of local government property, or the purchase, rental, or lease of local government property.

(4) ~~(5)~~ A fine~~,~~ *or* penalty, ~~or other monetary charge~~ *including any applicable interest for nonpayment thereof,* imposed by the judicial branch of government or a local government *administrative enforcement agency pursuant to adjudicatory due process,* ~~as a result of~~ *to punish* a violation of law.

(5) ~~(6)~~ A charge imposed as a condition of property development. *No levy, charge, or exaction regulating or related to vehicle miles traveled may be imposed as a condition of property development or occupancy.*

(6) ~~(7)~~ *An* ~~Assessments and property related fees~~ *assessment, fee, or charge* ~~imposed in accordance with the provisions of~~ *subject to* Article XIII D*, or an assessment imposed upon a business in a tourism marketing district, a parking and business improvement area, or a property and business improvement district.*

(7) A charge imposed for a specific health care service provided directly to the payor and that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the health care service. As used in this paragraph, a "health care service" means a service licensed or exempt from licensure by the state pursuant to Chapters 1, 1.3, or 2 of Division 2 of the Health and Safety Code.

~~The local government bears the burden of proving by a preponderance of the 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.~~

Section 6. Section 2 of Article XIII C of the California Constitution is amended to read:

Sec. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

(a) *Every levy, charge, or exaction of any kind imposed by local law is either a tax or an exempt charge.* All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.

(b) No local *law* ~~government~~, *whether proposed by the governing body or by an elector,* may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) ~~Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b). (d)~~ No local *law* ~~government~~, *whether proposed by the governing body or by an elector,* may impose~~, extend, or increase~~ any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

(d) The title and summary and ballot label or question required for a measure pursuant to the Elections Code shall, for each measure providing for the imposition of a tax, include:

(1) The type and amount or rate of the tax;

(2) the duration of the tax; and

(3) The use of the revenue derived from the tax. If the proposed tax is a general tax, the phrase "for general government use" shall be required, and no advisory measure may appear on the same ballot that would indicate that the revenue from the general tax will, could, or should be used for a specific purpose.

(e) Only the governing body of a local government, other than an elector pursuant to Article II or the initiative power provided by a charter or statute, shall have the authority to impose any exempt charge. The governing body shall impose an exempt charge by an ordinance specifying the type of exempt charge

as provided in Section 1(j) and the amount or rate of the exempt charge to be imposed, and passed by the governing body. This subdivision shall not apply to charges specified in paragraph (7) of subdivision (j) of Section 1.

(f) No amendment to a Charter which provides for the imposition, extension, or increase of a tax or exempt charge shall be submitted to or approved by the electors, nor shall any such amendment to a Charter hereafter submitted to or approved by the electors become effective for any purpose.

(g) Any tax or exempt charge adopted after January 1, 2022, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void 12 months after the effective date of this act unless the tax or exempt charge is reenacted in compliance with the requirements of this section.

(h)(1) The local government bears the burden of proving by clear and convincing evidence that a levy, charge or exaction is an exempt charge and not a tax. The local government bears the burden of proving by clear and convincing evidence that the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor.

(2) The retention of revenue by, or the payment to, a non-governmental entity of a levy, charge, or exaction of any kind imposed by a local law, shall not be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

(3) The characterization of a levy, charge, or exaction of any kind imposed by a local law as being paid in exchange for a benefit, privilege, allowance, authorization, or asset, shall not be factors in determining whether the levy, charge, or exaction is a tax or an exempt charge.

(4) The use of revenue derived from the levy, charge or exaction shall be a factor in determining whether the levy, charge, or exaction is a tax or exempt charge.

Section 7. Section 3 of Article XIII D of the California Constitution is amended, to read:

Sec. 3. Property Taxes, Assessments, Fees and Charges Limited

(a) No tax, assessment, fee, ~~or~~ charge*, or surcharge, including a surcharge based on the value of property,* shall be assessed ~~by any agency~~ upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax ~~imposed pursuant to~~ *described in Section 1(a) of* Article XIII and *Section 1(a) of Article XIII A, and described and enacted pursuant to the voter approval requirement in Section 1(b) of* Article XIII A.

(2) Any special *non-ad valorem* tax receiving a two-thirds vote *of qualified electors* pursuant to Section 4 of Article XIII A*, or after receiving a two-thirds vote of those authorized to vote in a community facilities district by the Legislature pursuant to statute as it existed on December 31, 2021*.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

Section 8. Sections 1 and 14 of Article XIII are amended to read:

Sec. 1 Unless otherwise provided by this Constitution or the laws of the United States:

(a) All property is taxable and shall be assessed at the same percentage of fair market value. When a value standard other than fair market value is prescribed by this Constitution or by statute authorized by this Constitution, the same percentage shall be applied to determine the assessed value. The value to which the percentage is applied, whether it be the fair market value or not, shall be known for property tax purposes as the full value.

(b) All property so assessed shall be taxed in proportion to its full value.

(c) All proceeds from the taxation of property shall be apportioned according to law to the districts within the counties.

Sec. 14. All property taxed by *state or* local government shall be assessed in the county, city, and district in which it is situated. *Notwithstanding any other provision of law, such state or local property taxes shall be apportioned according to law to the districts within the counties.*

Section 9. General Provisions

A. This Act shall be liberally construed in order to effectuate its purposes.

B. (1) In the event that this initiative measure and another initiative measure or measures relating to state or local requirements for the imposition, adoption, creation, or establishment of taxes, charges, and other revenue measures shall appear on the same statewide election ballot, the other initiative measure or measures shall be deemed to be in conflict with this measure. In the event that this initiative measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other initiative measure or measures shall be null and void.

(2) In furtherance of this provision, the voters hereby declare that this measure conflicts with the provisions of the "Housing Affordability and Tax Cut Act of 2022" and "The Tax Cut and Housing Affordability Act," both of which would impose a new state property tax (called a "surcharge") on certain real property, and where the revenue derived from the tax is provided to the State, rather than retained in the county in which the property is situated and for the use of the county and cities and districts within the county, in direct violation of the provisions of this initiative.

(3) If this initiative measure is approved by the voters, but superseded in whole or in part by any other conflicting initiative measure approved by the voters at the same election, and such conflicting initiative is later held invalid, this measure shall be self-executing and given full force and effect.

C. The provisions of this Act are severable. If any portion, section, subdivision, paragraph, clause, sentence, phrase, word, or application of this Act is for any reason held to be invalid by a decision of any court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this Act. The People of the State of California hereby declare that they would have adopted this Act and each and every portion, section, subdivision, paragraph, clause, sentence, phrase, word, and application not

declared invalid or unconstitutional without regard to whether any portion of this Act or application thereof would be subsequently declared invalid.

D. If this Act is approved by the voters of the State of California and thereafter subjected to a legal challenge alleging a violation of state or federal law, and both the Governor and Attorney General refuse to defend this Act, then the following actions shall be taken:

(1) Notwithstanding anything to the contrary contained in Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code or any other law, the Attorney General shall appoint independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.

(2) Before appointing or thereafter substituting independent counsel, the Attorney General shall exercise due diligence in determining the qualifications of independent counsel and shall obtain written affirmation from independent counsel that independent counsel will faithfully and vigorously defend this Act. The written affirmation shall be made publicly available upon request.

(3) A continuous appropriation is hereby made from the General Fund to the Controller, without regard to fiscal years, in an amount necessary to cover the costs of retaining independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.

(4) Nothing in this section shall prohibit the proponents of this Act, or a bona fide taxpayers association, from intervening to defend this Act.

California Special Districts Association
Districts Stronger Together

BALLOT INITIATIVE #21-0042A1
LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.
November 8, 2022 General Election

BACKGROUND

The purported "Taxpayer Protection and Government Accountability Act," a statewide initiative measure to amend the California Constitution sponsored by the California Business Roundtable ("CBRT"), is the most consequential proposal to limit the ability of the state and local governments to enact, modify, or expand taxes, assessments, fees, and property-related charges since the passage of Proposition 218 (1996) and Proposition 26 (2010). If enacted, public agencies would face a drastic rise in litigation that could severely restrict their ability to meet essential services and infrastructure needs.

In order to qualify for the ballot, proponents must collect 997,139 valid signatures from California voters. The California Secretary of State's recommended last day to submit signatures to counties to qualify for the November 8, 2022 statewide general election is April 29, 2022. The last day for measures to be certified for the ballot or withdrawn from the ballot is June 30, 2022.

SUMMARY

Ballot Initiative 21-0042A1 would result in the loss of billions of dollars annually in critical state and local funding, restricting the ability of local agencies and the State of California to fund services and infrastructure by:

- Adopting new and stricter rules for raising taxes, fees, assessments, and property-related fees.
- Amending the State Constitution, including portions of Propositions 13, 218, and 26 among other provisions, to the advantage of the initiative's proponents and plaintiffs; creating new grounds to challenge these funding sources and disrupting fiscal certainty.
- Restricting the ability of local governments to issue fines and penalties to corporations and property owners that violate local environmental, water quality, public health, public safety, fair housing, nuisance and other laws and ordinances.

The initiative includes provisions that would retroactively void *all* state and local taxes or fees adopted after January 1, 2022 if they did not align with the provisions of this initiative. This may also affect indexed fees that adjust over time for inflation or other factors. Effectively, it would

allow voters throughout California to invalidate the prior actions of local voters, undermining local control and voter-approved decisions about investments needed in their communities.

Specifically, among other provisions effecting the state government, the initiative would impact local agencies through changes to the California Constitution as follows:

Restricting Local Tax and Fee Authority to Provide Local Services

Fees:

- With few exceptions, fees and charges shall not exceed the "actual cost" of providing the product or service for which the fee is charged.
    - "Actual cost" is defined as the "…*minimum amount necessary...less other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds…*"
- The burden on the local government to prove the fee or charge does not exceed "actual cost" is heightened from a "*preponderance of* the evidence" to "*clear and convincing* evidence".
- In addition to limiting fees and charges to the actual cost to the local government for providing the service, fees and charges must also be "reasonable" to the payor themselves; no definition is provided for this new subjective reasonableness test that is separate and apart from the test as to how closely the fee or charge is related to the cost of service.
- Defines *all* sources of revenue as either taxes or "exempt charges."
- Includes Article XIIID charges in Proposition 218 under the definition of "exempt" charges subjecting them to potential litigation.
- Exposes previously established fees indexed to inflation or other metrics to new standards and legal challenges.
- Adds to the Constitution a requirement for a board action to adopt, enact, create, establish, collect, increase, or extend any and all fees.

Taxes:

- Increases the threshold for voters to pass a local special tax initiative placed on the ballot by voters from a simple majority to a two-thirds majority, likely to address concerns over the 2017 California Supreme Court decision in *California Cannabis Coalition v. City of Upland*.
- Requires voter approval when an expansion of boundaries extends existing taxes or fees to new territory.
- New taxes can be imposed only for a specific duration.

Fines and Levees:

- Interferes with local enforcement efforts, by making it more difficult to impose fines and penalties for state and local law violations related to activities such as water discharge, waste recycling, weed abatement, fireworks, and housing code violations and unlawful commercial marijuana sales, just to name a few. The measure converts administratively

imposed fines and penalties into taxes unless a new, undefined, and ambiguous "adjudicatory due process" is followed.

Increasing Litigation Exposure

- Significantly increases a public agency's burden of proof from "preponderance of evidence" to "clear and convincing evidence" to prove compliance with the new fee requirements. By changing evidence standards to favor corporations suing public agencies, the initiative will promote costly litigation.
- The local government would bear the burden of proving by clear and convincing evidence that a levy, charge or exaction is an "exempt charge" and not a tax. Moreover, the local government would bear the burden of proving by clear and convincing evidence that the amount of the exempt charge is *both* "reasonable" to the payor and that the amount charged does not exceed the "actual cost" of providing the service or product to the payor.
- By enacting a new requirement that all fees must be "reasonable" to the payor but offering no definition as to what "reasonable" means, the initiative provides a new avenue to challenge fees by enabling a plaintiff to claim a fee is not reasonable even if the fee meets the actual costs of service.
- Prop. 218 currently requires fees cover the *reasonable* cost of service. This initiative amends Prop. 218 to require the near-impossible standard of predicting *actual* costs years into the future. To compound this challenge, the new standard also factors in the receipt of external revenues that are constantly shifting and typically outside the control of the local agency. It defines "actual costs" as:
    - "(i) the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor, and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing "actual cost" the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product."
- Fosters endless litigation challenging local fees claiming they are not the "minimum amount necessary". For instance:
    - Do roads need to be paved every 10 years or 50 years?
    - Does infrastructure need to be upgraded or replaced or not improved at all?
    - What is the minimum emergency response time necessary?

IMPACTS

- Could prevent virtually any new fees or assessments to fund water, sewer, trash, fire protection, parks and recreation, and other essential services and infrastructure.
    - Places over $20 billion of local government fee and charge revenues over 10 years at heightened legal peril.

- Jeopardizes the public health and safety of communities by cutting off new revenue intended to pay for essential local services and infrastructure.
    - Substantially increases the legal and administrative cost of public infrastructure financing.
- With billions of dollars in deferred maintenance and unmet needs for California's infrastructure, exacerbates the neglect and deterioration of our roads, dams, waterways, and other facilities.
- By limiting revenues to the "minimum amount necessary", imposes a "race-to-the-bottom" in California that will halt investment in technological advancements that future generations will depend upon.
- Prevents critical investments in climate adaptation and community resilience to address drought, flooding, and wildfire as well as reduce emissions and harmful pollutants.
- Exposes taxpayers to a new wave of costly litigation, limits the discretion and flexibility of locally elected boards to respond to the needs of their communities, and injects uncertainty into the financing and sustainability of critical infrastructure.
- Restricting local services and infrastructure to the lowest and minimum amount possible will disproportionately impact the most underserved communities the hardest.

SUPPORT

- California Business Roundtable (CBRT) – Sponsor
    - The CBRT website lists the following individuals as Chair and Vice-Chair:
        - Chair, Brett Bittel (Enterprise Rental Car)
        - Vice-Chair, Maryam Brown (SoCal Gas)
    - To date, financial contributors to the initiative and CBRT Issues PAC include, but are not limited to:
        - Aera Energy
        - Albertsons Safeway
        - CJ Segerstrom & Sons
        - Cypress Management Company
        - Dart Container
        - Douglas Emmett Properties
        - Five Point Operating Company
        - Grimmway Enterprises
        - Howard Jarvis Taxpayers Association
        - Kilroy Realty
        - Majestic Realty
        - Michael K. Hayde
        - Pacific Ethanol
        - PEPSICO
        - Pharmaceutical Research and Manufacturers of America
        - Sempra Energy
        - State Farm Insurance

- Sutter Health
- 7-Eleven

OPPOSITION

- AFSCME California
- California Alliance for Jobs
- California Professional Firefighters
- California Special Districts Association
- CalCities (League of California Cities)
- SEIU California

January 19, 2022

21-0042 Amdt. 1

Hon. Rob Bonta
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Anabel Renteria
Initiative Coordinator

Dear Attorney General Bonta:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional Taxpayer Protection and Government Accountability Act initiative (A.G. File No. 21-0042, Amendment #1).

Background

State Government

Taxes and Fees. This year's state budget spends over $255 billion in state funds. Over 90 percent of the state budget is funded with revenues from taxes. These include, for example, sales taxes paid on goods and income taxes paid on wages and other sources of income. Much of the rest of the state budget is funded by fees and other charges. Examples include: (1) charges relating to regulatory activities; (2) charges for specific government services or products, like fees charged to drivers to improve roads; (3) charges for entering state property, such as a state park; and (4) judicial fines, penalties, and other charges. The State Constitution requires the state to set fees at a reasonable level, generally reflecting the costs of the services or benefits provided. The state uses revenue from taxes and fees to fund a variety of programs and services, including education, health care, transportation, and housing and homelessness services.

Current Requirements to Approve Taxes and Fees. Under the State Constitution, state tax increases require approval by two-thirds of each house of the Legislature or a majority vote of the statewide electorate. The Legislature can reduce taxes with a majority vote of each house, provided the change does not result in an increase in taxes paid by any single taxpayer. In many cases, the Legislature has enacted statutes that delegate its authority to adjust fees and other

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charges to administrative entities, like state departments. In these cases, these charges can be increased or changed by the department within certain limits.

Local Government

Taxes and Fees. The largest local government tax is the property tax, which raises roughly $75 billion annually. Other local taxes include sales taxes, utility taxes, and hotel taxes. In addition to these taxes, local governments levy a variety of fees and other charges. Examples include parking meter fees, building permit fees, regulatory fees, and judicial fines and penalties. In order to be considered a fee, the charge cannot exceed the reasonable costs to the local government of providing the associated product or service. Local governments use revenues from taxes and fees to fund a variety of services, like fire and police, public works, and parks.

Current Requirements to Approve Taxes and Fees. State law requires increases in local taxes to receive approval of the local governing body—for example, a city council or county board of supervisors—as well as approval of voters in that local jurisdiction. Most proposed taxes require a two-thirds vote of the local governing board before being presented to the voters. Special taxes (those used for a specific purpose) require a two-thirds vote of the electorate while other types of taxes require a majority vote of the electorate. The majority-vote general taxes can be used for any purpose. Recent case law suggests that citizen initiative special taxes may be approved by majority vote, rather than a two-thirds vote. Currently, local governing bodies have the ability to delegate their authority to adjust fees and other charges to administrative entities, like city departments. In these cases, these charges can be increased or changed by the department within certain limits.

Proposal

This measure amends the State Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges.

State and Local Government Taxes

Expands Definition of Tax. The measure amends the State Constitution to expand the definition of taxes to include some charges that state and local governments currently treat as fees and other charges. For example, certain charges imposed for a benefit or privilege granted to a payer but not granted to those not charged would no longer be considered fees. As a result, the measure could increase the number of revenue proposals subject to the higher state and local vote requirements for taxes discussed below.

Requires Voter Approval for State Taxes. The measure increases the vote requirements for increasing state taxes. Specifically, the measure requires that legislatively proposed tax increases receive approval by two-thirds of each house *and* a majority vote of the statewide electorate. Voters would still be able to increase taxes by majority vote of the electorate without legislative action, however. Any state tax approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Requirements for Approving Local Taxes. Whether sought by the local governing body or the electorate, the measure establishes the same approval requirements for increasing local

special taxes. Any local tax approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Allowable Uses and Duration of State and Local Tax Revenues Must Be Specified. The measure requires state and local tax measures to identify the type and amount (or rate) of the tax and the duration of the tax. State and local government general tax measures must state that the revenue can be used for general purposes.

State and Local Government Fees

Requires the Legislature and Local Government Bodies to Impose State and Local Fees. Fees would have to be imposed by a majority vote of both houses of the Legislature or local governing bodies. The measure would restrict the ability of state and local governments to delegate fee changes to administrative entities. The extent of these restrictions would depend on future court decisions. Any fee approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Some New State and Local Fees Could Not Exceed Actual Costs. For some categories of fees, if the Legislature or a local governing body wished to impose a new fee or make changes to an existing fee, the measure generally would require that the charge be both reasonable and reflect the actual costs to the state or local government of providing the service. The measure also specifies that actual cost should not exceed "the minimum amount necessary." In many cases, existing fees already reflect the government's actual costs. In other cases, some fees would have to more closely approximate the payer's actual costs in order to remain fees. If a fee payer challenged the charge, the state or local government would need to provide clear and convincing evidence that the fee meets this threshold. State and local governments also would bear the burden of providing clear and convincing evidence that the levy is a fee—which is not subject to a vote by the electorate—and not a tax under the new definition.

Fiscal Effects

Lower State Tax and Fee Revenue. By expanding the definition of a tax, increasing the vote requirements for approving taxes, and restricting administrative changes to fees, the measure makes it harder for the Legislature to increase nearly all types of state revenues. The extent to which revenues would be lower under the measure would depend on various factors, most notably future decisions made by the Legislature and voters. For example, requirements for legislative approval of fee increases currently set administratively could result in lower fee revenues, depending on future votes of the Legislature. That lower revenue could be particularly notable for some state programs largely funded by fees. Due to the uncertainty of these factors, we cannot estimate the amount of reduced state revenue, but it could be substantial.

Lower Local Government Tax and Fee Revenue. Compared to the state, local governments generally face greater restrictions to raising revenue. By expanding the definition of taxes and restricting administrative changes to fees, the measure would make it somewhat harder for local governments to raise revenue. Consequently, future local tax and fee revenue could be lower than they would be otherwise. The extent to which revenues would be lower is unknown, but

fees could be more impacted. The actual impact on local government revenue would depend on various factors, including future decisions by the courts, local governing bodies, and voters.

Possible Increased State and Local Administrative Costs to Change Some Fee Levels. In some cases, state and local departments would need to develop methods for setting fees to reflect actual costs if the Legislature or local governing bodies wanted to change those fees in the future. Estimating actual costs by program and fee source could involve some added workload for those state and local departments, which likely would be supported by fee revenue. The extent of these administrative costs would depend on (1) whether the state and local governments determine a fee increase is needed in order to maintain their current level of programs and services funded through fee revenue and (2) future court decisions.

Summary of Fiscal Effects. We estimate that this measure would have the following major fiscal effects:

- Lower annual state and local revenues, potentially substantially lower, depending on future actions of the Legislature, local governing bodies, voters, and the courts.

Sincerely,

for Gabriel Petek
Legislative Analyst

for Keely Martin Bosler
Director of Finance

AGENDA ITEM: 10.F.

MEETING DATE: April 27, 2022

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

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

PREPARED BY: Sonja Kawa, Human Resources Coordinator/Accounting Technician

REVIEWED BY: Jennifer McCullar, Finance Manager

SUBJECT: Board Policy: Wellness Program

BACKGROUND & DISCUSSION:

In alignment with the values and vision of the Agency Strategic Plan, a voluntary Wellness Program for Agency employees was implemented in 2016. The program offers opportunities and a supportive environment for employees to participate in activities that promote health awareness, encourage teamwork, bolster employee morale, and motivate employees to voluntarily adopt healthier behaviors – physical, mental, social, and financial. A component of the current Wellness Program is the availability of local gym use through Agency membership. In place of maintaining the Agency gym membership, staff is recommending implementation of a fitness program reimbursement to employees which would subsidize the employee's cost for a fitness facility personal membership or home fitness program subscriptions. This would provide more options to employees and support participation in fitness activities at locations of their choice. The recommended reimbursement amount is a maximum of $30 per month. Eligibility for the reimbursement will be verified annually, and the reimbursement is considered a taxable fringe benefit included in the employee's gross income.

Another component of the Wellness Program is the use of up to 24 hours of accrued sick leave for personal wellness activities. This provision was previously approved by the Governing Board in December 2016 as a revision to the Personnel Policies and Procedures Manual. It is restated in this Board policy as a Wellness Program component.

FINANCIAL IMPACT:

The cost of employee participation in an Agency gym membership is approximately $25 per month per employee and based on participation rates has averaged $2,400 a year since 2016. Under the proposed fitness program reimbursement, the annual cost would be $5,040 if 100% of employees participated, or an annual impact of approximately $2,600. The minimal cost increase can be absorbed by the budget.

RECOMMENDATION:

Approve Board Policy: Wellness Program.

ATTACHMENT:

Board Policy: Wellness Program

BOARD POLICY
WELLNESS PROGRAM

I. PURPOSE

To establish specific guidelines for implementation and administration of a voluntary Wellness Program designed to improve the health and well-being of all employees of the Big Bear Area Regional Wastewater Agency. In alignment with the values and vision of the Big Bear Area Regional Wastewater Agency Strategic Plan, BBARWA employees are recognized as a valuable asset and employee motivation and engagement are deemed critical to the Agency's success. An effective program can increase the well-being and productivity of employees by offering employees the means and the educational tools to take control of their wellness.

II. POLICY

The program will offer opportunities and a supportive environment for employees to participate in activities that promote health awareness, encourage teamwork, bolster employee morale, and motivate employees to voluntarily adopt healthier behaviors – physical, mental, social, and financial. This policy shall provide guidelines for implementing an employee Wellness Program, identify possible program components, establish employee reimbursement for an eligible fitness program, and provide for the use of accrued sick leave for wellness days.

A. General Guidelines

1. Wellness Program benefits are available to all Regular employees of the Agency.
2. Wellness Program components will be reviewed and approved by the General Manger.
3. Expenditures must be approved through established financial procedures.
4. Wellness Program activities may take place in available on-site indoor and outdoor areas as well as off-site locations. Employees must execute an Acknowledgement of Recreational and/or Athletic Activity and Release before engaging in the program activities.

B. Components

1. Program components may include, but are not limited to, recreational opportunities for break periods, implementation of morning stretch sessions, healthy snacks and drinks in the workplace, wellness newsletters and communications, wearable activity trackers, nutrition education, personal training/coaching, financial education, community involvement, team events, and volunteerism.

2. Fitness Program Reimbursement. An employee may receive a fitness program reimbursement to subsidize the membership or subscription costs incurred for a personal physical fitness program. The amount of cash reimbursement available is a maximum of thirty dollars ($30) per month but shall not exceed the employee's actual cost of the membership or subscription. The employee will execute a fitness program reimbursement agreement to receive the reimbursement, and eligibility for the reimbursement will be verified annually. The reimbursement is considered a taxable fringe benefit to the employee and will be included in the employee's gross income.
3. Wellness Days. Employees may use up to 24 hours of accrued sick leave for personal wellness activities during any 12-month period. Leave may be taken in one-half hour increments with prior approval of the employee's immediate supervisor and at such time as will not impair the work schedule and efficiency of the department. Wellness leave may not be used in conjunction with other paid leave. *(Governing Board approval 12/07/2016)*

III. PROCEDURES

A. Human Resources shall coordinate with the General Manger to oversee and implement the Wellness Program and will:

1. Coordinate the program design with employee input and obtain General Manager approval of the components;
2. Effectively communicate program opportunities to encourage employee participation;
3. Monitor the program for effectiveness - add, delete, and revise the program components with employee input and General Manager approval;
4. Evaluate the program and recommend program design as needed.
5. Submit anticipated costs during the budget process for the following fiscal year if applicable.

AGENDA ITEM: 10.G.

MEETING DATE: April 27, 2022

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

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

REVIEWED BY: Jennifer McCullar, Finance Manager

SUBJECT: Appropriate $150,000 from the Capital and Replacement Fund for the Headworks Grit System Rehabilitation Project

BACKGROUND & DISCUSSION:

On December 15, 2021, the Governing Board awarded the contract for the Headworks Grit System Rehabilitation Project (the Project) and appropriated an additional $551,553 for the Project, bringing the total project budget to $1,295,164.

The Agency is expected to incur higher Project engineering costs than originally estimated. Further, it has been decided to move the Project forward with Alternates 1 and 2 (concrete coating and odor control ductwork improvements), increasing the need for higher contingency. The additional engineering and contingency are estimated to be $150,000, bringing the total budget to $1,445,164.

FINANCIAL IMPACT:

The Agency has adequate reserves in the Capital and Replacement Fund to make the expenditure; however, it may be necessary to modify the current capital plan (timing/deferral of LPS Generator and Fuel System) depending on the Agency's FY 2022 financial performance and the full or partial use of the Project contingency budget.

RECOMMENDATION:

Appropriate $150,000 from the Capital and Replacement Fund for the Headworks Grit System Rehabilitation Project.