

**BIG BEAR AREA REGIONAL WASTEWATER AGENCY**

**Notice of a Special Meeting**

**Finance Committee**

February 11, 2021

at

10:00 a.m.

Due to Executive Order N-25-20 and N-29-20, there will be no physical location for members of the public to participate. Members of the public may listen and provide public comments telephonically during the Public Forum (Item 4).

The public may participate in this meeting by:

Join Zoom Meeting:

<https://zoom.us/j/92242398270?pwd=bFYwMnordGN0QTZJQ0VCZmQzblAxZz09>

Meeting ID: 982 0903 4657

Passcode: BBARWA

One tap mobile

+16699009128,,98209034657#,,,,,0#,,796221# US (San Jose)

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Meeting ID: 982 0903 4657

Passcode: 796221

Find your local number: <https://zoom.us/u/ad3UUwQeDy>

**1. CALL TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

**3. PUBLIC FORUM RESPONSE**

None

- 4. PUBLIC FORUM** – The Public Forum portion of the meeting is an opportunity for members of the public to directly address the Governing Board on matters within the jurisdiction of this Agency. Ordinance No. 57 limits individual public testimony to three minutes or less. The cumulative time that an individual may provide public testimony during a meeting is fifteen minutes, and the public testimony shall be limited to thirty minutes for all speakers. Whenever a group of persons wishes to address the Governing Board on the same item, the Chair or the Governing Board by majority vote may request a spokesperson be chosen for the group or limit the number of such persons addressing the

Governing Board. Since the discussion of an item not on the posted agenda is not allowed, these concerns may be addressed in a future meeting under “Public Forum Response.”

5. **OLD BUSINESS**

None

6. **NEW BUSINESS**

- 6.A. Budget Review - Discussion  
Projected Performance 2021  
Budget and Forecast 2022 - 2026  
New Budget 2022

7. **ADJOURNMENT**

Kimberly Booth

**Kim Booth, Administrative Assistant  
Big Bear Area Regional Wastewater Agency**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if you need special assistance to participate in an Agency meeting or other services offered by the Agency, please contact Kimberly Booth, Administrative Assistant, at (909) 584-4018. **Please address requests under the ADA for reasonable modification and accommodation related to the implementation of Executive Order N-29-20 to Kimberly Booth.** Notification at least 48 hours prior to the meeting or time when services are needed will assist the Agency staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

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

Visit [www.bbarwa.org](http://www.bbarwa.org) to view and/or print the Agenda Package.



Big Bear Area Regional Wastewater Agency  
Finance Committee Meeting Materials  
February 11, 2021

1. Presentation Slides
2. Income Statement
3. Cash Flow Statement
4. Designated Reserves
5. Capital Expenditures
6. Rate Analysis
7. Income Statement Comparison

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# FINANCE COMMITTEE BUDGET REVIEW

FEBRUARY 11, 2021

BOARD REPRESENTATIVES:  
RICK HERRICK  
KARYN OXANDABOURE

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## OPERATING BUDGET

PROJECTED PERFORMANCE 2021  
BUDGET AND FORECAST 2022 – 2026  
NEW BUDGET 2022

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## BUDGET ADJUSTMENTS TOTAL \$1.4 MILLION

<b>Carryover Appropriations</b>	<b>\$1,152,522</b>
<b>Capital Expenditures</b>	<b>925,078</b>
Headworks Grit System Rehab	561,239
SCADA Replacement Project	158,142
Cactus Flats Repair	85,000
Ox Ditch 1 Rotor 3 Shaft	61,437
Splitter Box Building	29,529
Utility Transfer Switch	25,000
Main Pump Building Metal Siding	4,732
<b>Non-operating Expenses</b>	<b>184,375</b>
<b>Operating Expenses</b>	<b>43,069</b>
Carbon Tower Replacement	29,995
Solid Waste Disposal	13,074

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## BUDGET ADJUSTMENTS TOTAL \$1.4 MILLION

<b>New Appropriations</b>	<b>\$207,604</b>
<b>Operating Expenses</b>	<b>155,104</b>
Sludge Removal Expense	110,453
Insurance Expense	44,651
<b>Capital Expenditures</b>	<b>52,500</b>
Solar Environmental	28,500
Ground Fault Monitor	24,000
<b>Reallocation from Existing Capital Budget</b>	<b>\$375,841</b>
Solar Project Pond 5 Grading and Other	264,595
Waukesha Controls Upgrade	40,000
LPS Pumps 1 and 2	71,246

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## FINANCIAL SUMMARY – PROJECTED VS. BUDGET

Lower Op Expenses (-1%)	\$41,588
Lower Non-operating Expense	\$296,358
Lower Capital Expenditures	\$765,730
Lower Interest Income	(\$69,766)
Higher Cash Flow	\$1,033,182

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## OPERATING EXPENSES DOWN 1%

Item	\$	%
Operating Expenses	(\$41,588)	(1%)
Salaries and Benefits	(\$100,209)	(4%)
Communications	(\$12,048)	(23%)
Other Expense	(\$11,851)	(20%)
Contractual Services – Other	(\$11,533)	(10%)
Power	\$32,447	7%
Repairs and Replacements	\$26,301	8%
Utilities (other than power)	\$20,566	48%

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## LOWER OPERATING EXPENSES

Item	\$
<b>Salaries and Benefits</b>	<b>(\$100,209)</b>
Staffing Changes and Delayed Hiring due to COVID 19	
<b>Communications</b>	<b>(\$12,048)</b>
ROI SCADA Support Contract Mostly Unused	
<b>Other Expense</b>	<b>(\$11,851)</b>
Lower education and training expense, COVID 19	
<b>Contractual Services – Other</b>	<b>(\$11,533)</b>
Lower services in multiple areas: landscaping, HVAC, janitorial, and labor due in part to COVID 19	

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## HIGHER OPERATING EXPENSES

Item	\$
<b>Power</b>	<b>\$32,447</b>
Generators offline, Treatment Plant on utility power; buyout of natural gas contract	
<b>Repairs and Replacements</b>	<b>\$26,301</b>
Repair of in-plant piping (influent and auxiliary lines)	\$71,959
<b>Utilities (other than power)</b>	<b>\$20,566</b>
Solid waste disposal from Pond 5 clean up	

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## LOWER NON-OPERATING EXPENSE (\$296,358)

### Lower Replenish Big Bear Expenses:

Carryover Appropriations	\$179,394
New Appropriations	<u>\$250,000</u>
Total Budget	\$429,394
Expected Expenses	<u>(\$139,708)</u>
Variance	\$289,686

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## LOWER CAPITAL EXPENDITURES

Project	Budget	Projected	Variance	
	<b>\$2,097,772</b>	<b>\$1,336,185</b>	<b>(\$765,730)</b>	
Headworks Project	\$561,239	\$106,850	(\$454,388)	} Timing \$539,388
Cactus Flats Repair	\$85,000	\$0	(\$85,000)	
Solar Project	\$293,095	\$228,346	(\$68,891)	
High-Pressure Effluent Line	\$46,348	0	(\$46,348)	
Ox Ditch 1 Rotor Shaft	\$61,437	\$25,980	(\$35,456)	
SSO Prevention Project	\$45,000	\$18,545	(\$26,455)	

\*The High-Pressure Effluent Line had an original budget of \$157,594. Unplanned projects were reallocated from this line item (LPS Pumps 1 & 2, Waukesha Controls Upgrade).

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## LOWER INTEREST INCOME (\$69,766)

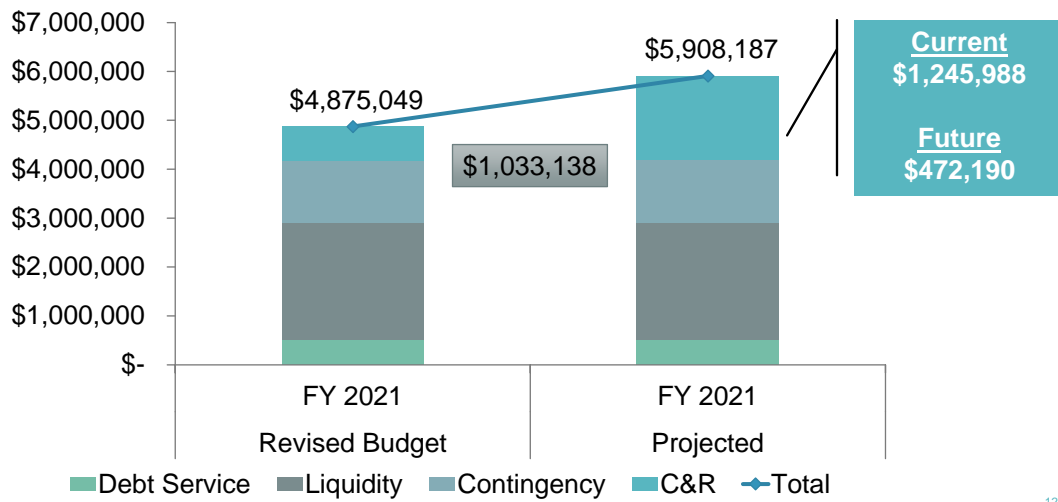
Budget	Projected	Variance
\$96,004	\$26,238	(\$69,766)

- Driven by lower interest rates
- Short-term interest rates have dropped dramatically and are expected to stay low
- LAIF rates have dropped from 2% in January 2020, to 0.5% in January 2021.
- Budgeted 2.25%

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## Cash and Designated Funds



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## FIVE-YEAR FORECAST 2022 - 2026

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## RATE ADJUSTMENTS

- Rates are structured so that ongoing revenues cover ongoing expenses (on average):
  - Operating expenses before depreciation
  - Annual capital expenditures of \$800,000 (replacement capital expenditures)
  - Debt service of \$434,000 (amount funded through rates)
- BBARWA's rate structure is tight
- Currently under collecting

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## 2021 RATE ADJUSTMENT 2.9% 5% WAGE CAP

## SCENARIO B

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

↑  
Cumulative Excess (Shortfall) Rate Revenues

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## IMPACTS TO RATE ADJUSTMENTS

- Changes in Cost Structure
  - FY 2021 – Current Year
    - Sustained cost increases
      - Sludge Removal Expense up \$110,000
      - Insurance Expense up \$44,000
      - Higher costs during period of under collection
  - FY 2022 – New Budget Year
    - Purchase of Solar Power
    - Lower costs
      - Generators move to standby power
      - Lower repairs, maintenance and testing expense

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## IMPACTS TO RATE ADJUSTMENTS

Solar Power, Standby Generators  
Estimated Net Savings FY 2021 – 2026

Item	Average Annual	Total
Operating Expenses	\$20,984	\$104,921
Capital Expenditures	\$109,612	\$548,060
<b>Total</b>	<b>\$130,596</b>	<b>\$652,981</b>

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## RATE ADJUSTMENTS – NO CHANGE FROM LAST YEAR

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

← Cumulative Excess (Shortfall) Rate Revenues

	Actual FY 2020	Projected FY 2021	Budget FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	5-Year Total
Revenue Requirements	\$5,257,025	\$5,855,345	\$5,822,420	\$6,052,460	\$6,261,241	\$6,564,439	\$6,692,967	\$31,393,527
Proposed Rate	\$216.78	\$223.07	\$231.32	\$239.88	\$248.52	\$257.46	\$265.70	
Annual Change	3.2%	2.9%	3.7%	3.7%	3.6%	3.6%	3.2%	
Rate Revenue per Proposed Rate EDUs	25,081	25,114	25,220	25,265	25,310	25,355	25,400	\$31,461,142
Rate Revenues - Proposed Billing	\$5,437,076	\$5,602,113	\$5,833,911	\$6,060,561	\$6,289,924	\$6,527,947	\$6,748,798	\$31,461,142
Rate Revenue Excess (Shortfall)	\$180,052	(\$253,232)	\$11,491	\$8,101	\$28,683	(\$36,491)	\$55,832	\$67,615

← Cumulative Excess (Shortfall) Rate Revenues

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## RATE ADJUSTMENTS – NO CHANGE FROM LAST YEAR

- FY 2022 Revenue Requirements Little Changed

Prior	Current	Change
\$5,804,838	\$5,822,420	\$17,582

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## FY 2022 REVENUE REQUIREMENTS LITTLE CHANGED

### Operating Expenses before Depreciation Expense

	Prior FY 2022	Current FY 2022	Variance	Increases	Decreases
Salaries and Benefits	2,751,292	2,664,027	(87,265)	0	-87,265
Power	498,988	463,514	(35,474)	0	-35,474
Sludge Removal	209,182	319,488	110,306	110,306	0
Chemicals	83,409	83,557	148	148	0
Materials and Supplies	140,327	133,744	(6,583)	0	-6,583
Repairs and Replacements	267,244	218,275	(48,969)	0	-48,969
Equipment Rental	854	854	0	0	0
Utilities Expense	30,262	30,388	126	126	0
Communications Expense	54,220	55,592	1,373	1,373	0
Contractual Services - Other	108,981	94,563	(14,418)	0	-14,418
Contractual Services - Prof	185,085	176,716	(8,369)	0	-8,369
Permits and fees	198,354	208,484	10,130	10,130	0
Property Tax Expense	4,204	4,016	(188)	0	-188
Insurance	134,254	229,214	94,959	94,959	0
Other Operating Expense	<u>59,009</u>	<u>60,613</u>	<u>1,604</u>	<u>1,604</u>	<u>0</u>
Total	4,725,666	4,743,045	17,379	218,646	(201,267)

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## RATE ADJUSTMENT – FY 2022 RATEPAYER IMPACT

Rate per EDU

	CBBL	CSD	CSA 53B
FY 2022 Proposed	\$239.67	\$224.53	\$220.32
FY 2021 Actual	<u>\$231.70</u>	<u>\$216.02</u>	<u>\$212.56</u>
Change	\$7.98	\$8.51	\$7.75

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## FORECAST SUMMARY

- Economic Outlook
  - Low inflation, low interest rates
  - Congressional Budget Office - Annual Average Inflation of 2.2%
  - Regional CPI has edged down to 1.9% from 2.9% a year ago (November)
  - CCI – 2.1% (January 2021)
  - BBARWA Forecast is 2.0% - 2.2%
- Operating Expenses increase 3% on average
- Operational Changes
  - Purchase Solar Power (beginning Spring 2021), Generators go on standby

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## FORECAST SUMMARY

- Interest Income lowers significantly (\$100,000 per year to \$40,000 per year on average)
- Capital Expenditures total \$4.4 million
  - 100% cash funding, no new debt
- Annual reduction in OPEB UAL
  - \$200,000 final year 2022
- No new funding for Replenish Big Bear, carryover unused funds
- Reserve Funds are adequate
  - Minimum Balance Requirements are met
- Debt Service Coverage recovers to 2.8 x – 3.0 x (from 2.3 x)
- Debt Capacity increases from \$1.2 million to \$3.5 million

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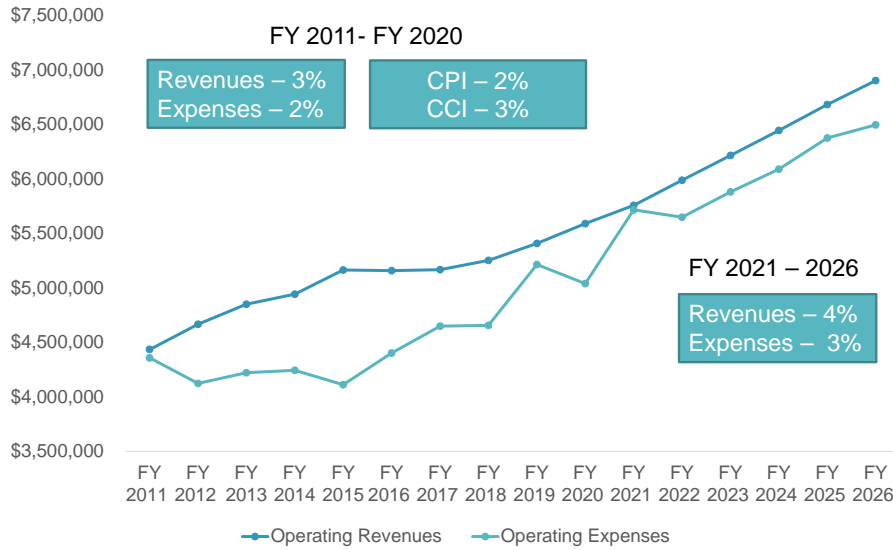
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## Sewer User Fees



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## Long-Term Alignment of Op Revenues and Op Expenses



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## OPERATING EXPENSES INCREASE 3% ON AVERAGE

Item	5-Year CAGR	
Operating Expenses	3%	
Salaries and Benefits	6%	8% declining to 5%
Power	0%	-11% increasing to 3%
Sludge Removal	2%	inflationary adjustments
Insurance Expense	9%	34% increase decreasing to 4%
Repairs and Replacements	-14%	generators on standby, timing

\*These line items account for 85% of operating expenses.

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## OTHER NON-OPERATING INCOME – MUCH LOWER

Annual connections remain at 45 a year

- \$940,500 total over 5 years

Interest income declines significantly

- Interest rates decrease to .25% - 1.5% from 2.25%
- \$201,730 in total over 5 years (loss of approximately \$300,000)

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## CAPITAL IMPROVEMENT PLAN

- Headworks Project – Grit System Rehabilitation
  - Expected in FY 2022
  - Engineering almost complete
  - Running approximately \$300,000 higher than plan
- Oxidation Ditch Wall Rehabilitation
  - Discovered during drainage of ditch
  - Scheduled FY 2023
  - Estimated \$360,000

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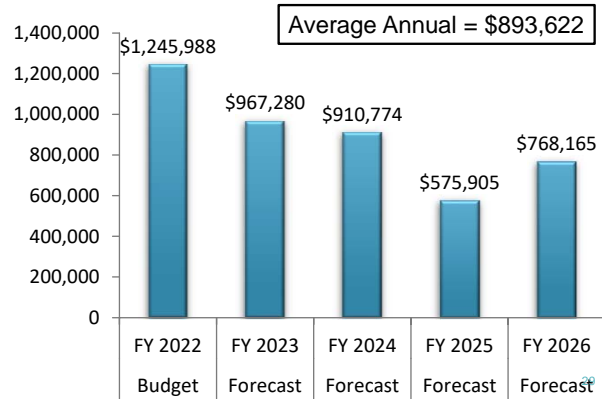
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## 5-Year CIP – Totals \$4.4 million

### Asset Investment

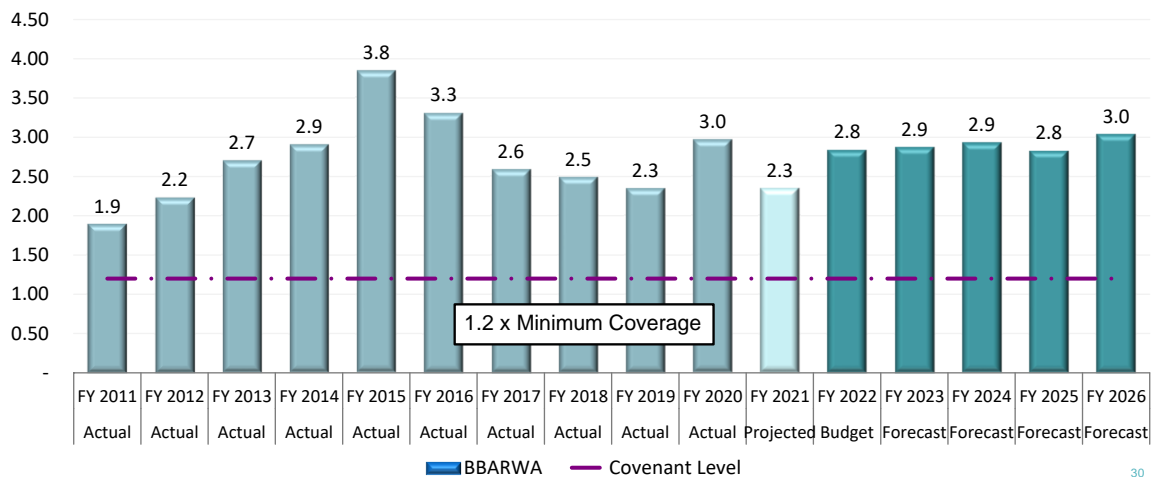
\$	Asset
\$1.8 MM	Treatment Plant Maint. / Replacement
\$1.1 MM	Asphalt Replacement
\$450,000	Transportation Equipment
\$300,000	Administration Building
\$260,000	Equipment (HVAC and Lab)
\$170,000	Effluent Disposal Assets
\$150,000	Power Generating Equipment
\$130,000	Interceptor Improvements
\$100,000	Pipeline Maps
\$ 30,000	Flow Measuring Devices

### Timing

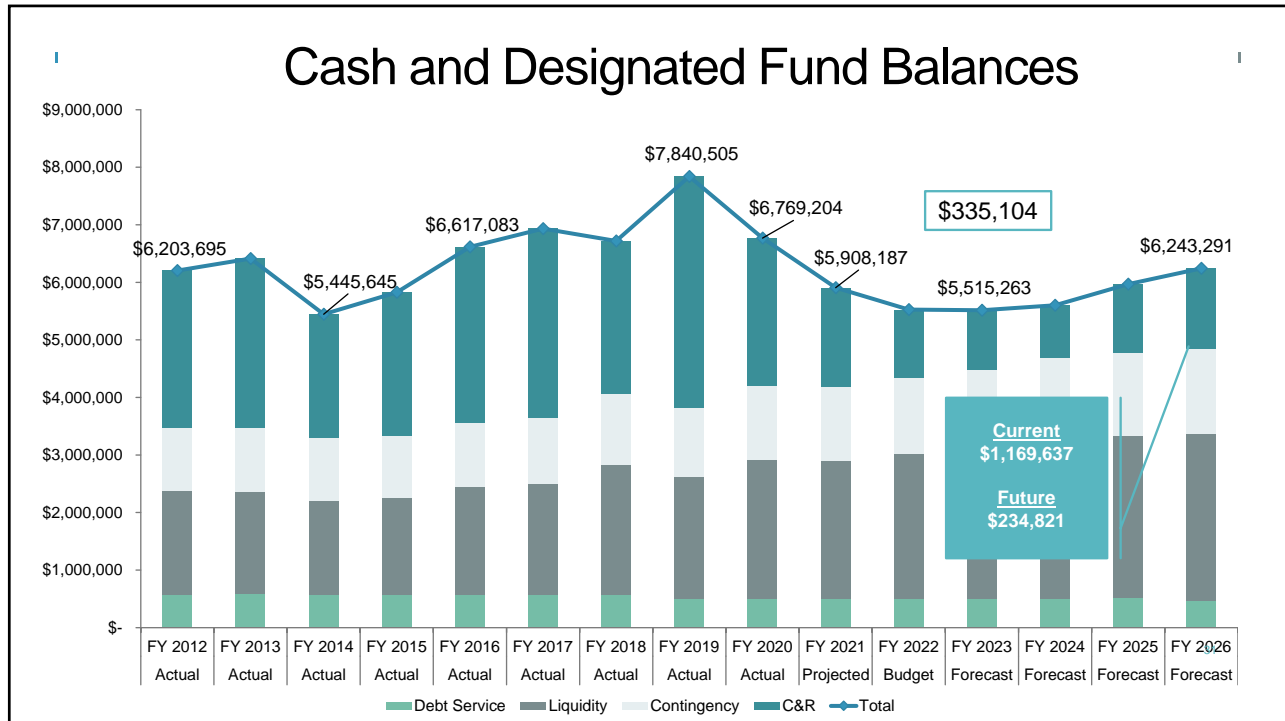


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## Debt Service Coverage



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## NEW BUDGET

### FY 2022

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FINANCIAL  
SUMMARY

- At end of 2022:
  - Agency is financially strong
  - Debt Service Coverage of 2.8 x
  - Debt Capacity \$2.8 million
  - Minimum reserve requirements are met

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OPERATING  
REVIEW

- Rate increase of 3.7%
- Revenues increase 4%
- Operating expenses decrease 1%
- Capital expenditures total \$1.3 million
- Reduction in OPEB UAL of \$200,000
- Negative cash flow of \$382,443

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Operating Expenses Decrease 1%		
Line Item	Variance \$	Variance %
Operating Expenses (b/f Depreciation)	(\$33,210)	-1%
Salaries and Benefits	\$200,217	8%
Insurance Expense	\$57,717	34%
Communications Expense	\$14,865	36%
Permits and Fees	\$12,712	6%
Materials and Supplies	(\$16,063)	-11%
Chemicals	(\$23,707)	-22%
Utilities Expense (other than power)	(\$32,689)	-52%
Contractual Services – Professional	(\$47,405)	-21%
Power	(\$55,953)	-11%
Repairs and Replacements	(\$153,706)	-41%

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## HIGHER OPERATING EXPENSES: SALARIES AND BENEFITS EXPENSE INCREASE 8%

Line Item	Variance \$	Variance %
Salaries and Benefits	\$200,217	8%

- Salaries and Wages –7%
  - Most employees below top of scale
  - Eligible for 5% merit
  - CPI/COLA – 1.9%
- Benefits Expense – 9%
  - Pension contributions (growth is slowing as the change in discount rate – full implementation completed in 2021 pension contribution rates) and Medical Premiums

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## HIGHER OPERATING EXPENSES

Line Item	Variance \$	Variance %	Explanation
Insurance Expense	\$57,717	34%	Premiums continue to increase; CA wildfires
Communications Expense	\$14,865	36%	SCADA service contract ROI
Permits and Fees	\$12,712	6%	Historical growth

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## LOWER OPERATING EXPENSES

Line Item	Variance \$	Variance %	Explanation
Materials and Supplies	(\$16,063)	-11%	Lower oil costs associated with generators (\$15,179)
Chemicals	(\$23,707)	-22%	Carbon Tower Replacement, prior period
Utilities Expense (other than power)	(\$32,689)	-52%	One-time solid waste disposal in prior period (Pond 5 - \$45,570)
Contractual Services – Professional	(\$47,405)	-21%	Arc Flash Study in prior period (\$45,000)
Power	(\$55,953)	-11%	Prior period utility power and purchase of natural gas contract

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## LOWER OPERATING EXPENSES

Line Item	Variance \$	Variance %	Explanation
Repairs and Replacements	(\$153,706)	-41%	
Mainline	(\$55,448)		Prior Period TV-ing and Hydrocleaning \$82,485
Pumps, Motors and Bearings	(\$40,218)		Valve replacements in prior period \$40,754
Generators	(\$36,562)		Standby - less maintenance
Other	(\$24,073)		In-plant piping repairs in prior period

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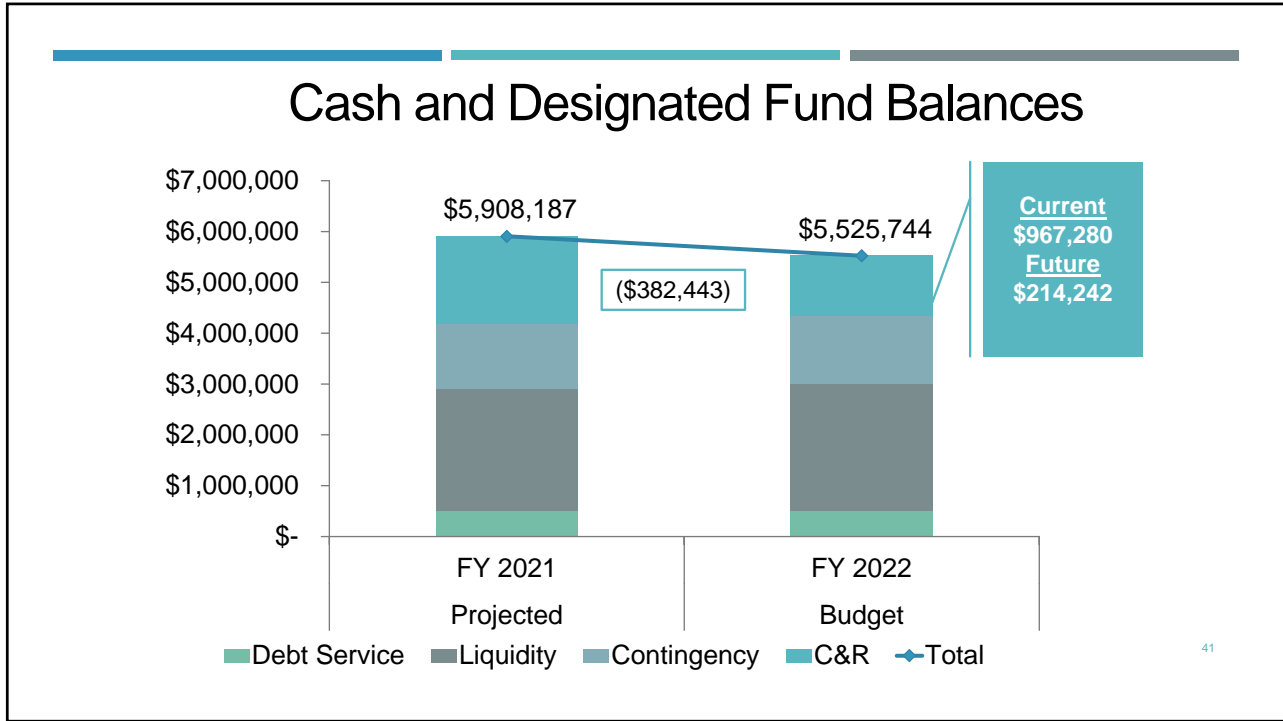
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## Capital Expenditures Total \$1.3 Million

<b>EFFLUENT DISPOSAL ASSETS</b>		<b>TRANSPORTATION EQUIPMENT</b>	
Outfall Lines		Vehicles	
Cactus Flats Repair	85,000	1989 Dump Truck Replacement	94,493
<b>Total</b>	<b>85,000</b>	2002 Vehicle - Utility Cart Electric	25,000
		<b>Total transportation equipment</b>	<b>119,493</b>
<b>FLOW MEASURING DEVICES</b>		<b>TREATMENT PLANT</b>	
RAS Flow Meter	15,289	<b>Pumping Equipment:</b>	
<b>Total flow measuring devices</b>	<b>15,289</b>	<b>Clarifier 3:</b>	
		Scum and Tank Drain Pump - 10 HP	18,318
<b>INTERCEPTOR SYSTEM</b>		<b>Auxiliary Pump Building:</b>	
<b>Pumping Equipment</b>		Auxiliary Pump 3	38,003
Pump 3, Flygt 150 HP Rebuild	52,839	<b>Treatment Equipment</b>	
<b>Total interceptor system</b>	<b>52,839</b>	Grit System Rehab Project Mgt	43,611
		Grit System Rehab	700,000
<b>OTHER EQUIPMENT</b>		<b>Total treatment plant equipment</b>	<b>799,932</b>
<b>Laboratory</b>			
Ultra Pure Water Dispenser	5,568	<b>TOTAL</b>	<b>1,245,988</b>
<b>Office Equipment</b>			
Copier	15,654		
<b>Total</b>	<b>21,222</b>		
<b>POWER GENERATING EQUIPMENT</b>			
LPS Generator + Fuel System	152,213		
<b>Total</b>	<b>152,213</b>		

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## BBARWA INCOME STATEMENT

	Projected <u>FY 2021</u>	NEW	Forecast <u>FY 2023</u>	Forecast <u>FY 2024</u>	Forecast <u>FY 2025</u>	Forecast <u>FY 2026</u>	Total	FY2021-2026
		Budget <u>FY 2022</u>						5-Year <u>CAGR</u>
<b>Operating Revenues:</b>								
Annual Charges	5,602,113	5,833,911	6,060,561	6,289,924	6,527,947	6,748,798	31,461,142	4%
Standby Charges	80,300	79,220	78,306	77,392	76,478	75,564	386,960	-1%
Rental Income	52,592	53,386	54,205	55,049	55,918	56,812	275,370	2%
Waste Disposal	21,690	21,690	21,690	21,690	21,690	21,690	108,452	0%
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<b>Total Operating Revenue</b>	<b>5,756,695</b>	<b>5,988,208</b>	<b>6,214,762</b>	<b>6,444,056</b>	<b>6,682,034</b>	<b>6,902,865</b>	<b>32,231,925</b>	<b>4%</b>
<b>Operating Expenses:</b>								
Salaries and Benefits	2,463,810	2,664,027	2,857,915	3,038,680	3,212,181	3,359,856	15,132,660	6%
Power	519,467	463,514	476,611	490,055	503,858	518,028	2,452,066	0%
Sludge Removal	314,028	319,488	326,407	333,478	340,573	347,518	1,667,465	2%
Chemicals	107,264	83,557	113,015	87,464	89,456	91,425	464,917	-3%
Materials and Supplies	149,807	133,744	135,149	140,224	142,866	142,405	694,389	-1%
Repairs and Replacements	371,981	218,275	180,418	172,506	257,900	171,849	1,000,949	-14%
Equipment Rental	837	854	873	892	911	930	4,460	2%
Utilities Expense	63,077	30,388	31,057	31,740	32,425	33,096	158,706	-12%
Communications Expense	40,728	55,592	56,123	57,278	58,438	59,573	287,004	8%
Contractual Services - Other	101,901	94,563	97,002	101,756	102,137	104,748	500,207	1%
Contractual Services - Prof	224,121	176,716	171,099	182,430	176,519	189,232	895,995	-3%
Permits and fees	195,772	208,484	222,125	236,710	252,295	268,939	1,188,553	7%
Property Tax Expense	3,963	4,016	4,069	4,124	4,179	4,234	20,622	1%
Insurance	171,497	229,214	239,268	241,230	250,704	259,866	1,220,283	9%
Other Operating Expense	48,002	60,613	61,859	63,132	60,409	61,659	307,671	5%
Depreciation Expense	<u>939,015</u>	<u>905,147</u>	<u>908,293</u>	<u>908,418</u>	<u>891,583</u>	<u>885,334</u>	<u>4,498,774</u>	<u>-1%</u>
<b>Total Operating Expenses</b>	<b>5,715,269</b>	<b>5,648,192</b>	<b>5,881,282</b>	<b>6,090,119</b>	<b>6,376,435</b>	<b>6,498,695</b>	<b>30,494,722</b>	<b>3%</b>
<b>Operating Income</b>	<b>41,426</b>	<b>340,017</b>	<b>333,481</b>	<b>353,937</b>	<b>305,598</b>	<b>404,170</b>	<b>1,737,203</b>	<b>58%</b>
<b>Nonoperating Income</b>								
Gain (loss) on asset disposition	0	0	0	0	0	0	0	
Finance Charge Income	0	0	0	0	0	0	0	
Interest Income	26,238	10,171	29,515	40,530	54,133	67,382	201,730	
Other Nonoperating Income	<u>24,088</u>	<u>513,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>513,874</u>	
<b>Nonoperating income</b>	<b>50,326</b>	<b>524,045</b>	<b>29,515</b>	<b>40,530</b>	<b>54,133</b>	<b>67,382</b>	<b>715,604</b>	
<b>Nonoperating Expense</b>								
Other Expense	149,717	435,605	5,028	5,028	5,028	5,028	455,717	
Interest Expense	<u>124,101</u>	<u>110,916</u>	<u>97,279</u>	<u>83,173</u>	<u>68,583</u>	<u>53,492</u>	<u>413,444</u>	
<b>Nonoperating expense</b>	<b>273,818</b>	<b>546,521</b>	<b>102,307</b>	<b>88,201</b>	<b>73,611</b>	<b>58,520</b>	<b>869,161</b>	
<b>Income before Contributions</b>	<b>-182,066</b>	<b>317,540</b>	<b>260,688</b>	<b>306,266</b>	<b>286,120</b>	<b>413,032</b>	<b>1,583,646</b>	
<b>Connection Fees</b>	<b><u>188,100</u></b>	<b><u>188,100</u></b>	<b><u>188,100</u></b>	<b><u>188,100</u></b>	<b><u>188,100</u></b>	<b><u>188,100</u></b>	<b><u>940,500</u></b>	
<b>Net Income, Change in Net Assets</b>	<b>6,034</b>	<b>505,640</b>	<b>448,788</b>	<b>494,366</b>	<b>474,220</b>	<b>601,132</b>	<b>2,524,146</b>	



**BBARWA  
CAPITAL EXPENDITURES**

	Budget FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	5-Year FY 2022-2026
<b>ADMINISTRATION BUILDING</b>						
Admin Building - HVAC Boiler and Controls	0	0	309,068	0	0	309,068
<b>Total</b>	<b>0</b>	<b>0</b>	<b>309,068</b>	<b>0</b>	<b>0</b>	<b>309,068</b>
<b>EFFLUENT DISPOSAL ASSETS</b>						
<b>Irrigation</b>						
Irrigation Wheel Line	0	0	0	52,715	0	52,715
<b>Outfall Lines</b>						
Cactus Flats Repair	85,000	0	0	0	0	85,000
<b>Storage</b>						
Monitoring Wells Rehabilitation	0	36,114	0	0	0	36,114
<b>Total</b>	<b>85,000</b>	<b>36,114</b>	<b>0</b>	<b>52,715</b>	<b>0</b>	<b>173,829</b>
<b>FLOW MEASURING DEVICES</b>						
RAS Flow Meter (10 year replacement)	15,289	0	0	0	0	15,289
CSA Flow Meter (10 year replacement)	0	15,819	0	0	0	15,819
<b>Total flow measuring devices</b>	<b>15,289</b>	<b>15,819</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,109</b>
<b>INTERCEPTOR SYSTEM</b>						
<b>Pumping Equipment</b>						
Pump 3, Flygt 150 HP Rebuild	52,839	0	0	0	0	52,839
<b>Structures</b>						
NSPS 1 Well Rehab	0	0	0	39,559	0	39,559
NSPS 2 Well Rehab	0	0	0	0	40,548	40,548
<b>Total interceptor system</b>	<b>52,839</b>	<b>0</b>	<b>0</b>	<b>39,559</b>	<b>40,548</b>	<b>132,946</b>
<b>OTHER EQUIPMENT</b>						
<b>Communications</b>						
IT System - Production Host	0	0	0	0	26,406	26,406
IT System - Backup Appliance w/Firewall	0	0	0	0	24,186	24,186
<b>Electrical</b>						
VFD Interceptor - Station 3 (7 yr)	0	18,042	0	0	0	18,042
VFD Interceptor - LPS (7 yr)	0	0	28,242	0	0	28,242
<b>Laboratory</b>						
SS Oven	0	0	6,071	0	0	6,071
Ultra Pure Water Dispenser	5,568	0	0	0	0	5,568
BOD Incubator	0	7,754	0	0	0	7,754
<b>Mobile Pumping Equipment</b>						
Emergency By-Pass Pump 4"	0	0	0	0	64,770	64,770
Emergency By-Pass Pump 4"	0	0	0	0	64,770	64,770
<b>Office Equipment</b>						
Copier	15,654	0	0	0	0	15,654
<b>Total</b>	<b>21,222</b>	<b>25,796</b>	<b>34,313</b>	<b>0</b>	<b>180,132</b>	<b>261,463</b>
<b>OTHER TANGIBLE PLANT</b>						
Admin Parking Lot Grind and Overlay	0	0	132,375	0	0	132,375
Palomino Drive Repave	0	0	294,166	0	0	294,166
Asphalt and Paving	0	0	0	325,000	325,000	650,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>426,541</b>	<b>325,000</b>	<b>325,000</b>	<b>1,076,541</b>
<b>POWER GENERATING EQUIPMENT</b>						
LPS Generator + Fuel System	152,213	0	0	0	0	152,213



**BBARWA  
CAPITAL EXPENDITURES**

	Budget FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	5-Year FY 2022-2026
<b>Total</b>	<b>152,213</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>152,213</b>
<b>TRANSPORTATION EQUIPMENT</b>						
<b>Vehicles</b>						
1989 Dump Truck Replacement	94,493	0	0	0	0	94,493
2002 Vehicle - Utility Cart Electric	25,000	0	0	0	0	25,000
2010 GMC 1/2 Ton	0	0	50,678	0	0	50,678
Utility Cart Gas	0	27,519	0	0	0	27,519
<b>Heavy Equipment and Accessories</b>						
Volvo Compact Wheel Loader (upsized)	0	0	0	147,083	0	147,083
Bobcat Backhoe	0	89,369	0	0	0	89,369
Bobcat Hammer Attachment	0	0	0	0	14,732	14,732
<b>Total transportation equipment</b>	<b>119,493</b>	<b>116,888</b>	<b>50,678</b>	<b>147,083</b>	<b>14,732</b>	<b>448,874</b>
<b>TREATMENT PLANT</b>						
<b>Processing Equipment:</b>						
Oxidation Ditch Wall Rehabilitation	0	358,750	0	0	0	358,750
Shaft Mount Reducers 1 - 6 TXT 9	0	0	0	0	132,205	132,205
Shaft Mount Reducers 7, 10 TXT 915	0	0	0	0	44,068	44,068
Shaft Mount Reducers 8-9, TXT 615	0	0	0	0	16,236	16,236
<b>Pumping Equipment:</b>						
<b>Clarifier 3:</b>						
Scum and Tank Drain Pump - 10 HP	18,318	0	0	0	0	18,318
<b>Solids Separation Building</b>						
Submersible Pump - 15 HP (2)	0	8,559	0	0	0	8,559
<b>Auxiliary Pump Building:</b>						
Auxiliary Pump 1	0	0	0	0	15,244	15,244
Auxiliary Pump 2	0	0	21,136	0	0	21,136
Auxiliary Pump 3	38,003	0	0	0	0	38,003
<b>Main Pump Building:</b>						
RAS Pump Rebuild 1	0	0	5,633	0	0	5,633
RAS Pump 2 Rebuild	0	0	0	5,774	0	5,774
RAS Pump 3 Rebuild	0	0	0	5,774	0	5,774
RAS Pump 4 7.5 HP Rebuild	0	0	5,633	0	0	5,633
Effluent Pump 1 40 HP	0	12,681	0	0	0	12,681
Effluent Pump 2 40 HP	0	12,681	0	0	0	12,681
Effluent Pump 5 100 HP	0	0	28,886	0	0	28,886
Effluent Pump 6 100 HP	0	0	28,886	0	0	28,886
Headers and check valves	0	279,992	0	0	0	279,992
<b>Treatment Equipment</b>						
Grit System Rehab Project Mgt	43,611	0	0	0	0	43,611
Grit System Rehab	<u>700,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>700,000</u>
<b>Total treatment plant equipment</b>	<b>799,932</b>	<b>672,663</b>	<b>90,174</b>	<b>11,548</b>	<b>207,753</b>	<b>1,782,070</b>
<b>STUDIES AND MAPS</b>						
New Pipeline Maps	0	<u>100,000</u>	0	0	0	<u>100,000</u>
<b>Total Studies and Maps</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,000</b>
<b>TOTAL</b>	<b><u>1,245,988</u></b>	<b><u>967,280</u></b>	<b><u>910,774</u></b>	<b><u>575,905</u></b>	<b><u>768,165</u></b>	<b><u>4,468,112</u></b>



## BBARWA CASH FLOW STATEMENT

	Projected <u>FY 2021</u>	Budget <u>FY 2022</u>	Forecast <u>FY 2023</u>	Forecast <u>FY 2024</u>	Forecast <u>FY 2025</u>	Forecast <u>FY 2026</u>	<u>Total</u>
<b>Cash from operating activities:</b>							
Operating Income (Loss)	41,426	340,017	333,481	353,937	305,598	404,170	1,737,203
Depreciation expense	939,015	905,147	908,293	908,418	891,583	885,334	4,498,774
Other Miscellaneous Income (Exp)	0	0	0	0	0	0	0
Change in Working Capital	<u>37,030</u>	<u>-4,218</u>	<u>6,488</u>	<u>14,532</u>	<u>11,631</u>	<u>8,553</u>	<u>36,986</u>
Net cash provided by op activities	1,017,471	1,240,946	1,248,261	1,276,887	1,208,812	1,298,057	6,272,963
<b>Cash from noncapital financing:</b>							
Payment of pension/OPEB related debt/liability	-148,806	-149,892	0	0	0	0	-149,892
<b>Cash from capital and related financing:</b>							
Interagency expense	-144,689	-430,577	0	0	0	0	-430,577
Capital Expenditures	-1,332,042	-1,245,988	-967,280	-910,774	-575,905	-768,165	-4,468,112
Proceeds from Asset Disposition	17,700	0	0	0	0	0	0
Connection Fee (Capital Contrib)	188,100	188,100	188,100	188,100	188,100	188,100	940,500
Proceeds from Debt Issuance/Grant Funds	24,088	513,874	0	0	0	0	513,874
<b>Debt Service:</b>							
Interest Expense	-124,101	-110,916	-97,279	-83,173	-68,583	-53,492	-413,444
Principal Debt Amortization	<u>-384,976</u>	<u>-398,160</u>	<u>-411,798</u>	<u>-425,903</u>	<u>-440,493</u>	<u>-455,584</u>	<u>-2,131,939</u>
Total Debt Service	-509,077	-509,077	-509,077	-509,077	-509,077	-509,077	-2,545,383
Net cash used for cap and related financing	-1,755,920	-1,483,667	-1,288,257	-1,231,751	-896,882	-1,089,142	-5,989,698
<b>Cash from investing:</b>							
(Increase) Decrease in Other Assets	0	0	0	0	0	0	0
Other Proceeds	0	0	0	0	0	0	0
Interest Income	26,238	10,171	29,515	40,530	54,133	67,382	201,730
Proceeds from the Sale of Investment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net cash from investing	26,238	10,171	29,515	40,530	54,133	67,382	201,730
<b>NET CHANGE IN CASH</b>	-861,017	-382,443	-10,481	85,666	366,064	276,297	335,104
Beginning Cash Balance	6,769,204	5,908,187	5,525,744	5,515,263	5,600,929	5,966,993	5,908,187
Ending Cash Balance	<u>5,908,187</u>	<u>5,525,744</u>	<u>5,515,263</u>	<u>5,600,929</u>	<u>5,966,993</u>	<u>6,243,291</u>	<u>6,243,291</u>
Change in Cash Balance	-861,017	-382,443	-10,481	85,666	366,064	276,297	335,104



## BBARWA DESIGNATED RESERVES

	Projected <u>FY 2021</u>	Budget <u>FY 2022</u>	Forecast <u>FY 2023</u>	Forecast <u>FY 2024</u>	Forecast <u>FY 2025</u>	Forecast <u>FY 2026</u>	<u>Change</u>
<b>ENDING BALANCE:</b>							
Cash Balance	5,908,187	5,525,744	5,515,263	5,600,929	5,966,993	6,243,291	335,104
<b>Designated Fund Balances:</b>							
<b>Capital and Replacement Fund</b>							
Current Year	1,245,988	967,280	860,096	575,905	768,165	1,169,637	-76,351
Future Years	<u>472,190</u>	<u>214,242</u>	<u>170,973</u>	<u>337,520</u>	<u>425,140</u>	<u>234,821</u>	<u>-237,369</u>
Total C & R	1,718,178	1,181,523	1,031,069	913,425	1,193,305	1,404,458	-313,720
Debt Service Fund	509,077	509,077	509,077	509,077	509,077	461,283	-47,794
Liquidity Fund	2,390,425	2,506,313	2,611,501	2,764,285	2,829,051	2,913,923	523,498
<b>Contingency Fund:</b>							
Emergency	500,000	500,000	500,000	500,000	500,000	500,000	0
Operating	<u>790,507</u>	<u>828,831</u>	<u>863,617</u>	<u>914,142</u>	<u>935,560</u>	<u>963,627</u>	<u>173,119</u>
Total Contingency	1,290,507	1,328,831	1,363,617	1,414,142	1,435,560	1,463,627	173,119
Designated Funds	5,908,187	5,525,744	5,515,263	5,600,929	5,966,993	6,243,291	335,104



**BBARWA  
RATE ANALYSIS**

	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015	Actual FY 2016	Actual FY 2017	Actual FY 2018	Actual FY 2019	Actual FY 2020	Projected FY 2021	Budget FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	5-Year Total
<b>Revenue Requirements:</b>																
Op Expenses b/f Depreciation	\$ 3,327,506	\$ 3,414,118	\$ 3,443,480	\$ 3,270,754	\$ 3,526,098	\$ 3,751,654	\$ 3,812,915	\$ 4,320,879	\$ 4,175,622	\$ 4,776,255	\$ 4,743,045	\$ 4,972,989	\$ 5,181,701	\$ 5,484,853	\$ 5,613,361	\$ 25,995,948
Rate Funded Capital:																
Debt Service	\$ 476,244	\$ 465,984	\$ 455,106	\$ 455,106	\$ 455,106	\$ 455,106	\$ 455,106	\$ 500,243	\$ 433,672	\$ 433,672	\$ 433,672	\$ 433,672	\$ 433,672	\$ 433,672	\$ 433,672	\$ 2,168,362
Capital Expenditures	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 4,000,000
Total Rate Funded Capital	\$ 1,276,244	\$ 1,265,984	\$ 1,255,106	\$ 1,255,106	\$ 1,255,106	\$ 1,255,106	\$ 1,255,106	\$ 1,300,243	\$ 1,233,672	\$ 1,233,672	\$ 1,233,672	\$ 1,233,672	\$ 1,233,672	\$ 1,233,672	\$ 1,233,672	\$ 6,168,362
Subtotal	\$ 4,603,750	\$ 4,680,102	\$ 4,698,586	\$ 4,525,860	\$ 4,781,204	\$ 5,006,759	\$ 5,068,021	\$ 5,621,122	\$ 5,409,295	\$ 6,009,927	\$ 5,976,717	\$ 6,206,661	\$ 6,415,373	\$ 6,718,525	\$ 6,847,033	\$ 32,164,310
<b>LESS Other Revenues:</b>																
Other Revenue:																
Standby Charges	\$ 93,890	\$ 92,430	\$ 91,400	\$ 90,860	\$ 89,250	\$ 86,930	\$ 85,180	\$ 83,200	\$ 81,660	\$ 80,300	\$ 79,220	\$ 78,306	\$ 77,392	\$ 76,478	\$ 75,564	\$ 386,960
Rental Income	\$ 46,859	\$ 47,433	\$ 47,745	\$ 48,291	\$ 49,232	\$ 49,918	\$ 50,449	\$ 51,071	\$ 51,855	\$ 52,592	\$ 53,386	\$ 54,205	\$ 55,049	\$ 55,918	\$ 56,812	\$ 275,370
Waste Disposal	\$ 18,081	\$ 20,918	\$ 22,433	\$ 19,829	\$ 22,869	\$ 22,033	\$ 23,113	\$ 20,608	\$ 18,755	\$ 21,690	\$ 21,690	\$ 21,690	\$ 21,690	\$ 21,690	\$ 21,690	\$ 108,452
	\$ 158,830	\$ 160,781	\$ 161,578	\$ 158,981	\$ 161,351	\$ 158,881	\$ 158,742	\$ 154,879	\$ 152,270	\$ 154,582	\$ 154,297	\$ 154,201	\$ 154,132	\$ 154,086	\$ 154,067	\$ 770,783
Revenue Requirements	\$ 4,444,921	\$ 4,519,321	\$ 4,537,008	\$ 4,366,879	\$ 4,619,853	\$ 4,847,879	\$ 4,909,279	\$ 5,466,242	\$ 5,257,025	\$ 5,855,345	\$ 5,822,420	\$ 6,052,460	\$ 6,261,241	\$ 6,564,439	\$ 6,692,967	\$ 31,393,527
<b>Proposed Rate</b>	<b>\$ 180.71</b>	<b>\$ 187.94</b>	<b>\$ 193.58</b>	<b>\$ 201.32</b>	<b>\$ 201.32</b>	<b>\$ 201.32</b>	<b>\$ 204.34</b>	<b>\$ 210.06</b>	<b>\$ 216.78</b>	<b>\$ 223.07</b>	<b>\$ 231.32</b>	<b>\$ 239.88</b>	<b>\$ 248.52</b>	<b>\$ 257.46</b>	<b>\$ 265.70</b>	
<b>Annual Change</b>	<b>4.00%</b>	<b>4.00%</b>	<b>3.00%</b>	<b>4.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>1.50%</b>	<b>2.8%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>3.6%</b>	<b>3.6%</b>	<b>3.2%</b>	
<b>Rate Revenue per Proposed Rate</b>																
EDUs	24,643	24,668	24,684	24,735	24,792	24,871	24,917	25,001	25,081	25,114	25,220	25,265	25,310	25,355	25,400	
Rate Revenues - Proposed Billing	4,506,876	4,688,312	4,778,215	4,979,690	4,991,166	5,007,070	5,091,576	5,251,542	5,437,076	5,602,113	5,833,911	6,060,561	6,289,924	6,527,947	6,748,798	\$ 31,461,142
Rate Revenue Excess (Shortfall) - Proposed	61,955	168,991	241,208	612,811	371,312	159,191	182,296	-214,700	180,052	-253,232	11,491	8,101	28,683	-36,491	55,832	\$ 67,615

