

Big Bear Area Regional Wastewater Agency

Special Board Meeting Agenda
December 3, 2024 at 5:00 p.m.
121 Palomino Drive, Big Bear City, CA 92314

- 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, any item on the agenda other than action 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.
- 5. Presentation and Introduction**
 - a. John Russo 1-year recognition
 - b. District Transparency Certificate of Excellence by the Special District Leadership Foundation
- 6. Information/Committee Reports**
 - 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.
 - a. Approval of the Meeting Minutes from the October 23, 2024 Regular Meeting
 - b. Monthly Disbursements Report for October - Informational
 - c. Investment Report Identifying Agency Investments and Reporting Interest Income for October - Informational
 - d. First Quarter Report, Three Months Ended September 30, 2024 - Informational
- 8. Items Removed from the Consent Calendar**
- 9. Old Business**

None

10. New Business – Discussion/Action Items

- a.** OAC Roof Replacement Project Reject Lowest Bid and Award
- b.** Allocate \$50,000 to Support the Capital Improvement Development Plan from the Contingency Fund
- c.** Appropriate \$49,784 for a Rate Study Update from the Contingency Fund
- d. DISCUSSION ONLY** - Replenish Big Bear Unwinding Process and Alternative Considerations

11. Comments and Announcements

- a.** General Manager Comments
- b.** Governing Board Member Comments

12. Adjournment

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if you need special assistance to participate in an Agency meeting or other services offered by the Agency, please contact the Agency at (909) 584-4018. Notification at least 48 hours prior to the meeting or time when services are needed will assist Agency staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

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

Visit www.bbarwa.org to view and/or print the Agenda Package.



Agenda Item 6.A.

Meeting Date: December 3, 2024
To: Governing Board of the Big Bear Area Regional Wastewater Agency
From: David Lawrence, P.E., General Manager
Subject: General Manager's Report

Discussion:

Administration

Uniform Public Construction Cost Accounting Act (UPCCAA)

Licensed contractors interested in being placed on the Agency's 2025 UPCCAA Contractors List must complete the Contractor Registration Application, available on the Agency's website. Interested contractors must have a current California Contractor's License and be registered as Public Works Contractors. This list is used to inform contractors of bid opportunities that fall under informal bidding procedures.

UPCCAA bidding thresholds will increase as of January 1, 2025. The revised Purchasing Policy will be on the January agenda for Governing Board consideration.

Assembly Bill 2302 (Addis) Open meetings: Local Agencies: Teleconferences

Assembly Bill 2302, effective January 1, 2025, limits the number of remote appearances for members of Brown Act bodies to two times per year if the body regularly meets once per month or less, five times per year if the body regularly meets twice per month, or seven times per year if the body regularly meets three or more times per month.

Agency Website - Title II of the Americans with Disabilities Act

The Agency's website currently meets all applicable accessibility requirements and is regularly reviewed to ensure ongoing compliance. A monthly accessibility report is uploaded to the website, demonstrating the Agency's commitment to maintaining an accessible digital platform for all users.

The Department of Justice released new requirements under the Americans with Disabilities Act (ADA). In response to these requirements, several measures are being implemented. This includes automatically scanning all PDFs for accessibility using an industry-standard scanner, creating a remediation process for PDFs with a request form, and placing remediation language on pages with linked PDFs. Manual testing by users with various disabilities will be conducted, and testing processes will be documented. An accessibility statement will be generated and updated annually. Ongoing reviews by staff and an annual review of the ADA compliance plan will further support these efforts.

Streamline, the Agency’s web platform, is assisting the Agency with assessing and updating the website to meet the technical accessibility standards outlined in the final rule, including making content navigable for individuals with vision, hearing, cognitive, and manual dexterity disabilities. This will ensure that the Agency website is fully compliant with the new ADA guidelines, enabling equal access to Agency services and enhancing the user experience for all members of the community.

Lucerne Valley Solar Panels (no update)

This process is underway.

Operations

Force Main Project

The first phase of this Project is tentatively scheduled for rebid in Spring 2025 with construction in Fall 2025.

LPS Dirt Work Project

The Informal Request for Proposal was sent out on October 30, 2024, and the Project was bid in accordance with the Agency’s Purchasing Policy and UPCCA informal bidding procedures under PCC 22034. The Agency received three bids. The Project was awarded to S. Porter, Inc. in the amount of \$34,560. This Project is in preparation for the Force Main Project.

LS #1 Paving Project

This Project was completed on November 5, 2024 and the Notice of Completion was submitted to the San Bernardino County Recorder’s Office for official recordation.

2024 Treatment Plant Data

The influent flow (MG) chart is attached.

Flow Percentages			
<u>Member Agency</u>	<u>July</u>	<u>August</u>	<u>September</u>
City of Big Bear Lake	51.66%	49.52%	45.71%
Big Bear City CSD	44.03%	46.38%	50.62%
County of San Bernardino CSA 53B	4.31%	4.10%	3.67%

Solar Production

The October 2024 monthly performance report is attached.

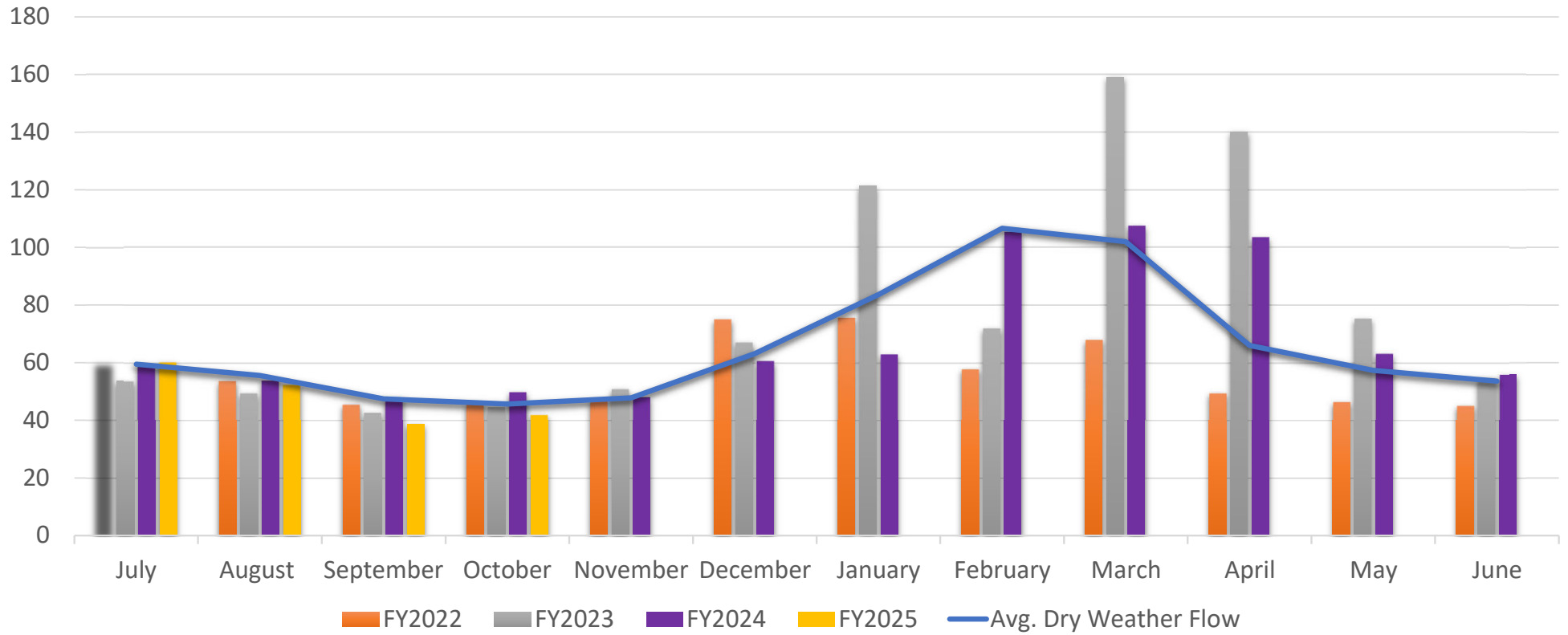
Actual Net Generation (kWh)				
Month	FY 2022	FY 2023	FY 2024	FY 2025
July		215,598.25	285,573.00	259,658.50
August		229,947.25	261,893.00	281,198.50
September		230,749.75	280,457.00	242,325.00
October		276,600.50	293,122.50	270,744.00
November		241,524.25	247,757.00	
December	29,294.26	190,418.50	206,571.00	
January	212,982.42	192,716.50	202,574.00	
February	260,767.19	224,106.25	204,564.50	
March	295,923.69	269,443.75	244,171.50	
April	319,902.94	316,650.00	301,025.00	
May	330,560.38	302,288.50	311,556.50	
June	316,253.50	287,765.00	294,047.50	
Total	1,765,684.38	2,977,808.50	3,133,312.50	1,053,926.00

Connections

Month	Connections					FYE 6/30		
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	CBBL	CSD	CSA 53B
July	3	11	2	5	4	0	4	0
August	12	5	13	4	7	4	3	0
September	3	7	8	69 ¹	12	6	6	0
October	10	9	6	6	1	0	1	0
November	2	5	4	2				
December	2	3	2	2				
January	2	2	0	2				
February	0	6	0	1				
March	3	9	2	2				
April	12	12	4	5				
May	6	7	8	12				
June	<u>13</u>	<u>11</u>	<u>10</u>	<u>8</u>				
Total	68	87	59	118	24	10	14	0

¹ Hampton Inn in the City of Big Bear Lake was 62 connections.

Influent Flow (MG)





Plant ID:	P-3998
Capacity (kW-DC):	1660.01
Resource:	Solar
Address:	121 Palomino Drive, Big Bear, CA, 92314
Configuration:	GM CPY

Last Three Months Performance

Month	Produced Energy (kWh)	
	Net Generation (kWh)	
	A	F
Jul 2024	259,658.50	283,794.61
Aug 2024	281,198.50	280,548.86
Sep 2024	242,325.00	271,185.66
Oct 2024	270,744.00	260,805.62

Month	Availability (%) and Performance Ratio (PR)	
	Availability	PR
	A	A
Jul 2024	99.979	0.962
Aug 2024	100.000	0.956
Sep 2024	100.000	0.957
Oct 2024	100.000	0.958
AVERAGES	99.995	0.958

Last Month Performance

Date	Actual vs. Forecasted Energy Production (kWh)	
	Net Generation (kWh)	
	A	F
2024-10-01	9,441.00	8,809.62
2024-10-02	8,797.00	8,790.11
2024-10-03	6,548.00	8,770.59
2024-10-04	7,173.00	8,751.08
2024-10-05	7,606.00	8,731.57
2024-10-06	5,994.00	8,712.06
2024-10-07	5,971.00	8,692.55
2024-10-08	9,554.00	8,673.04
2024-10-09	9,569.00	8,653.53
2024-10-10	9,559.00	8,634.02
2024-10-11	9,291.00	8,614.52
2024-10-12	9,499.00	8,595.01
2024-10-13	9,524.00	8,575.50
2024-10-14	9,472.00	8,556.00
2024-10-15	9,448.00	8,536.49
2024-10-16	9,250.00	8,504.40
2024-10-17	9,440.00	8,459.72

Date	Actual vs. Weather Adjusted Energy Production (kWh)	
	Net Generation (kWh)	
	A	W
2024-10-01	9,441.00	9,678.80
2024-10-02	8,797.00	9,052.53
2024-10-03	6,548.00	7,047.74
2024-10-04	7,173.00	7,566.97
2024-10-05	7,606.00	7,975.90
2024-10-06	5,994.00	6,487.91
2024-10-07	5,971.00	6,256.80
2024-10-08	9,554.00	9,850.87
2024-10-09	9,569.00	9,827.74
2024-10-10	9,559.00	9,839.91
2024-10-11	9,291.00	9,626.44
2024-10-12	9,499.00	9,765.40
2024-10-13	9,524.00	9,785.44
2024-10-14	9,472.00	9,728.00
2024-10-15	9,448.00	9,717.53
2024-10-16	9,250.00	9,659.97
2024-10-17	9,440.00	9,770.38

Date	Net Generation (kWh)	
2024-10-18	9,773.00	8,415.05
2024-10-19	9,443.00	8,370.38
2024-10-20	9,302.00	8,325.70
2024-10-21	8,753.00	8,281.03
2024-10-22	9,219.00	8,236.36
2024-10-23	9,172.00	8,191.69
2024-10-24	9,126.00	8,147.02
2024-10-25	9,060.00	8,102.36
2024-10-26	8,429.00	8,057.69
2024-10-27	6,962.00	8,013.03
2024-10-28	8,937.00	7,968.36
2024-10-29	9,210.00	7,923.70
2024-10-30	8,058.00	7,879.04
2024-10-31	9,164.00	7,834.38

Date	Net Generation (kWh)	
2024-10-18	9,773.00	10,002.00
2024-10-19	9,443.00	9,712.54
2024-10-20	9,302.00	9,594.85
2024-10-21	8,753.00	9,141.67
2024-10-22	9,219.00	9,537.90
2024-10-23	9,172.00	9,537.83
2024-10-24	9,126.00	9,508.97
2024-10-25	9,060.00	9,424.14
2024-10-26	8,429.00	8,851.29
2024-10-27	6,962.00	7,837.94
2024-10-28	8,937.00	9,322.99
2024-10-29	9,210.00	9,739.53
2024-10-30	8,058.00	8,674.70
2024-10-31	9,164.00	9,592.22

Last 3 Months - Closed Events

Create Date	Resolved Date	Status	Title	Notes	Root Cause
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Last 3 Months - Open Events

Create Date	Status	Title	Notes	Root Cause
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DSD Solar Definitions

kilowatt-hour (kWh): The primary SI unit that quantifies absolute power generation generated during a specific duration (24 hours)

Global Horizontal Irradiance (GHI): The solar radiation that reaches a horizontal surface on Earth per unit area (W/m²)

Weather Adjusted Generation: PV systems depend on both system quality and the weather (i.e. available GHI, temperature).

A weather-adjusted production estimate is intended to give results more aligned with real production, which varies throughout the year given its high dependence on environmental factors.

Availability (%): Characterizes the percentage of the system that is available for production.

Performance Ratio (PR): The ratio of real, measured production to the expected production for a given reporting period.

Big Bear Area Regional Wastewater Agency

Regular Board Meeting Minutes
October 23, 2024 at 5:00 p.m.
121 Palomino Drive, Big Bear City, CA 92314

1. Call to Order

A Regular Meeting of the Governing Board of the Big Bear Area Regional Wastewater Agency was called to order by Chair Miller at 5:00 p.m. on October 23, 2024 at 121 Palomino Drive, Big Bear City, California.

Board Members Present: Jim Miller, Chair; Rick Herrick, Vice-Chair; Kendi Segovia, Director; and Larry Walsh, Director

Board Members Absent: John Russo, Director

Staff Members Present: David Lawrence, General Manager; Christine Bennett, Finance Manager; and Bridgette Burton, Administrative Services Manager/Board Secretary

Others: Brad Welebir, Partner, Rogers, Anderson, Malody & Scott, LLP

Members of the public who signed in: Joyce Crist, Big Bear City, Daniel Gulbranson, Big Bear Lake; Chuck Hicks, Big Bear Lake; Joseph Kelly; and Bob and Jo Rowe, Big Bear City

2. Pledge of Allegiance – Director Walsh

3. Approval of Agenda

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

Ayes: Herrick, Segovia, Walsh, Miller

Noes: None

Absent: Russo

Abstain: None

4. Public Forum

Daniel Gulbranson commented on the solar panel expenses and credits, the Agency's legal counsel, and business matters concerning the City of Big Bear Lake.

Joseph Kelly informed the Board of legal issues in the Big Bear Valley and commented on the Hospital District and the minutes from the September Board meeting.

Tom Sitton provided information about the government and U.S. Constitution.

Joyce Crist commented about water restrictions, the Hospital District, and the legality of the JPA Agreements.

5. Presentation and Introduction

5.A. Audit Report for the Fiscal Year Ended June 30, 2024

The Finance Manager introduced Rogers, Anderson, Malody & Scott, LLP (RAMS) Partner Brad Welebir. Mr. Welebir advised the Agency received an unmodified audit opinion, which is the highest level of assurance auditors can provide over financial statements.

Bob Rowe asked about the name of the audit firm.

The Governing Board clarified information on the audit letters including the management representation letter and letters sent to Board members, depreciation schedules, capital improvement plan, the Outfall Line, and projects that were included in Replenish Big Bear that will need to be placed back on the capital improvement plan.

Joseph Kelly commented on maintenance, Replenish Big Bear, a conflict of interest being reviewed by the FPPC, the duty to inform the auditor of illegal activities, and the LAIF account.

Daniel Gulbranson commented about giving money back to the people, voting, reallocation of funds, and business matters concerning the City of Big Bear Lake and FEMA.

Tom Sitton commented on preparation and performance.

5.B. John Russo 1-year recognition

Director Russo will be recognized at the December special meeting.

6. Information/Committee Reports

6.A. General Manager's Report

The General Manager highlighted the Force Main Project schedule and cleaning out of the Ponds.

The Governing Board inquired about higher connections.

7. Consent Calendar Approved Items

7.A. Meeting Minutes from the September 25, 2024 Regular Meeting

7.B. Monthly Disbursements Report for September

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

Upon motion by Director Vice-Chair Herrick, seconded by Chair Miller and carried, the Governing Board approved the consent calendar as presented.

Ayes: Herrick, Segovia, Walsh, Miller
Noes: None
Absent: Russo
Abstain: None

8. Items Removed from the Consent Calendar

None

9. Old Business

None

10. New Business – Discussion/Action Items

10.A. Annual Report for the Fiscal Year Ended June 30, 2024

The Finance Manager presented the Annual Report for the Fiscal Year Ended June 30, 2024. The presentation focused on the performance compared to the actual budget, changes to the budget, the income statement, operating revenues and expenses, non-operating income (expense), connections, cash flow, debt service, and highlighted that the Agency is financially strong.

The Governing Board clarified the objectives of the LAIF account, the processes for repairs and replacements, the criteria for capitalizing a project, and commented on the OAC Roof Replacement Project and the target funding ratio for pension liability.

Daniel Gulbranson inquired about solar expenses and credits.

Joseph Kelly thanked staff for the report, asked if the Agency receives revenue from the general tax levy in addition to member agency fees, and commented on increases due to Replenish Big Bear and refunding those fees.

Joyce Crist requested Replenish Big Bear be separated from the budget and inquired about stormwater getting into the sewer system.

This item was informational only.

10.B. Reallocate \$125,000 from the Capital Budget for the OAC Roof Project

The General Manager explained the need to replace the OAC Roof.

The Governing Board clarified the acronym OAC and what functions are housed within the OAC Building.

Upon motion by Director Walsh, seconded by Vice-Chair Herrick and carried, the Governing Board appropriated \$125,000 from the Capital Budget for the OAC Roof Project.

Ayes: Herrick, Segovia, Walsh, Miller
Noes: None
Absent: Russo
Abstain: None

10.C. Adjourn the November 27th and December 25th Regular Board Meetings and Schedule a Special Meeting

The Governing Board adjourned the November 27th and December 24th, 2024 regular board meetings and scheduled a special meeting for December 3, 2024 at 5:00 p.m.

11. Comments and Announcements

11.A. General Manager Comments

None

11.B. Governing Board Comments

Director Russo requested Director Walsh read a statement on his behalf.

12. Adjournment

With no further business to come before the Governing Board, Chair Miller adjourned the meeting at 6:22 p.m.

Attest:

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



Big Bear Area Regional Wastewater Agency

Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh - Director

Agenda Item 7.B.

Meeting Date: December 3, 2024

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

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

Prepared By: Christine Bennett, Finance Manager

Subject: Monthly Disbursement Report

Background:

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

Financial Impact:

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

Recommendation:

Informational.

Attachment:

October Check Register

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Oct 1, 2024 to Oct 31, 2024

Check #	Date	Payee	Cash Account	Amount
24415	10/8/24	AMAZON CAPITAL SERVICES	1000-20	676.75
24416	10/8/24	BEST BEST & KRIEGER LLP	1000-20	2,907.92
24417	10/8/24	BIG BEAR CITY COMMUNITY SERVICES DIST.	1000-20	481.12
24418	10/8/24	BUTCHER'S BLOCK & BUILDING	1000-20	6.16
24419	10/8/24	BEAR VALLEY ELECTRIC	1000-20	9,737.91
24420	10/8/24	CALOLYMPIC SAFETY	1000-20	942.72
24421	10/8/24	CAR QUEST OF BIG BEAR	1000-20	1,130.61
24422	10/8/24	DIY HOME CENTER-BIG BEAR	1000-20	83.53
24423	10/8/24	DIRECT TV	1000-20	45.62
24424	10/8/24	DEPARTMENT OF WATER & POWER	1000-20	52.73
24425	10/8/24	ENVIRONMENTAL EXPRESS, INC	1000-20	188.28
24426	10/8/24	FLYERS ENERGY	1000-20	2,828.15
24427	10/8/24	FRONTIER COMMUNICATIONS	1000-20	1,253.85
24428	10/8/24	GEIGER SUPPLY, INC	1000-20	1,001.02
24429	10/8/24	GOVERNMENT FINANCE OFFICERS ASSN	1000-20	160.00
24430	10/8/24	GRAINGER	1000-20	694.94
24431	10/8/24	BEAR VALLEY BASIN GSA	1000-20	756.56
24432	10/8/24	HD INDUSTRIES	1000-20	2,525.31
24433	10/8/24	HUGHESNET	1000-20	101.52
24434	10/8/24	MCR TECHNOLOGIES, INC.	1000-20	2,005.20
24435	10/8/24	MICRONICS ENG FILTRATION GROUP, INC.	1000-20	5,010.77
24436	10/8/24	RANDY J. SPITZ	1000-20	131.59
24437	10/8/24	MUNIQUEIP, LLC	1000-20	3,100.55
24438	10/8/24	NAPA AUTO PARTS	1000-20	142.49
24439	10/8/24	NATIVESCAPES INC	1000-20	460.00
24440	10/8/24	RINGCENTRAL INC.	1000-20	404.80
24441	10/8/24	REBEL OIL COMPANY, INC. - HC	1000-20	295.88
24442	10/8/24	ROI ENGINEERING LLC	1000-20	2,020.00
24443	10/8/24	SAGE SOFTWARE, INC	1000-20	3,359.00
24444	10/8/24	RYAN R. ABELN	1000-20	20,262.62
24445	10/8/24	SPECTRUM BUSINESS	1000-20	1,023.93
24446	10/8/24	SWRCB-WWOC	1000-20	203.00
24447	10/8/24	UNDERGROUND SERVICE ALERT	1000-20	199.85
24448	10/8/24	U.S. POSTAL SERVICE	1000-20	364.00
24449	10/8/24	VESTIS	1000-20	2,141.82
24450	10/8/24	VIKING MAINTENANCE SERVICES, LLC	1000-20	1,445.00
24451	10/8/24	WINZER CORP	1000-20	379.58
24452	10/8/24	WATER SYSTEMS CONSULTING, INC.	1000-20	37,950.59
24462	10/22/24	ALLISON MECHANICAL, INC.	1000-20	2,145.00
24463	10/22/24	AMAZON CAPITAL SERVICES	1000-20	1,211.41
24464	10/22/24	ASBURY ENVIRONMENTAL SERVICES	1000-20	187.00
24465	10/22/24	BEST WINDOWS & DOORS	1000-20	8,337.27
24466	10/22/24	BUSINESS CARD	1000-20	1,653.06
24467	10/22/24	BEAR VALLEY LOCK AND KEY	1000-20	287.50
24468	10/22/24	CALOLYMPIC SAFETY	1000-20	136.85
24469	10/22/24	COUNTY OF SAN BERNARDINO SOLID WASTE MN	1000-20	2,222.08
24470	10/22/24	DISTRIBUTED SOLAR DEVELOPMENT, LLC	1000-20	18,586.33
24471	10/22/24	EVANTEC CORPORATION	1000-20	1,753.68
24472	10/22/24	MCMaster-CARR SUPPLY COMPANY	1000-20	16.10
24473	10/22/24	READY REFRESH	1000-20	259.60
24474	10/22/24	R.I.C. CONSTRUCTION CO., INC.	1000-20	61,771.81

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Oct 1, 2024 to Oct 31, 2024

Check #	Date	Payee	Cash Account	Amount
24475	10/22/24	SAN BERNARDINO COUNTY FIRE PROTECTION	1000-20	1,521.00
24476	10/22/24	SOUTHWEST GAS	1000-20	441.19
24477	10/22/24	SYNAGRO-WWT, INC.	1000-20	15,463.18
24479	10/22/24	VC3, INC.	1000-20	4,581.91
24480	10/22/24	VERIZON WIRELESS	1000-20	237.51
Total				<u>227,287.85</u>

Personnel Expenditures (e.g., benefits) are not included in this report.

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Oct 1, 2024 to Oct 31, 2024

Account #	Check #	Date	Payee	Description	Amount
Retention Payable					
2000-11	24474	10/22/24	R.I.C. CONSTRUCTION CO., INC.	Retention - Headworks Project	61,771.81
Total Retention Payable					61,771.81
Power					
6100-05	24470	10/22/24	DISTRIBUTED SOLAR DEVELOPMENT, LLC	Solar Purchases	18,586.33
6100-10	24476	10/22/24	SOUTHWEST GAS	Fuel for Power Production	25.00
6100-11	24476	10/22/24	SOUTHWEST GAS	Gas Administration Building	281.09
6100-12	24476	10/22/24	SOUTHWEST GAS	Gas Treatment Plant	135.10
6100-20	24419	10/8/24	BEAR VALLEY ELECTRIC	Electricity - Treatment Plant	7,105.23
6100-21	24419	10/8/24	BEAR VALLEY ELECTRIC	Electricity - Pump Stations	2,618.73
6100-22	24419	10/8/24	BEAR VALLEY ELECTRIC	Electricity - Administration Building	13.95
Total Power					28,765.43
Sludge Removal					
6200-00	24477	10/22/24	SYNAGRO-WWT, INC.	Sludge Removal	15,463.18
Total Sludge Removal					15,463.18
Chemicals					
6300-30	24471	10/22/24	EVANTEC CORPORATION	Laboratory Reagents	283.45
Total Chemicals					283.45
Materials and Supplies					
6400-10	24415	10/8/24	AMAZON CAPITAL SERVICES	Office/Janitorial Supplies	207.52
6400-10	24436	10/8/24	RANDY J. SPITZ	Office Supplies	131.59
6400-10	24443	10/8/24	SAGE SOFTWARE, INC	Financial Software Subscription	3,359.00
6400-10	24448	10/8/24	U.S. POSTAL SERVICE	Postage	364.00
6400-10	24466	10/22/24	BUSINESS CARD	Office & Janitorial Supplies	584.81
6400-10	24473	10/22/24	READY REFRESH	Bottled Water	259.60
6400-20	24415	10/8/24	AMAZON CAPITAL SERVICES	Safety Supplies	269.80
6400-20	24420	10/8/24	CALOLYMPIC SAFETY	Safety Supplies	942.72
6400-20	24463	10/22/24	AMAZON CAPITAL SERVICES	Safety Supplies	666.74
6400-20	24468	10/22/24	CALOLYMPIC SAFETY	Safety Supplies	136.85
6400-25	24425	10/8/24	ENVIRONMENTAL EXPRESS, INC	Laboratory Supplies	188.28
6400-25	24471	10/22/24	EVANTEC CORPORATION	Laboratory Supplies	1,470.23
6400-26	24426	10/8/24	FLYERS ENERGY	Fuel	2,477.65
6400-27	24421	10/8/24	CAR QUEST OF BIG BEAR	Vehicle Maintenance - Oil Filters	286.62
6400-27	24441	10/8/24	REBEL OIL COMPANY, INC. - HC	Oil Disposal	295.88
6400-27	24464	10/22/24	ASBURY ENVIRONMENTAL SERVICES	Oil Disposal	187.00
6400-40	24415	10/8/24	AMAZON CAPITAL SERVICES	Cleaning Supplies	146.29

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Oct 1, 2024 to Oct 31, 2024

Account #	Check #	Date	Payee	Description	Amount
6400-40	24418	10/8/24	BUTCHER'S BLOCK & BUILDING	Miscellaneous Hardware	1.08
6400-40	24422	10/8/24	DIY HOME CENTER-BIG BEAR	Miscellaneous Supplies	23.25
6400-40	24451	10/8/24	WINZER CORP	Utility Marking Paint	379.58
6400-40	24463	10/22/24	AMAZON CAPITAL SERVICES	Cleaning Supplies	49.02
6400-60	24422	10/8/24	DIY HOME CENTER-BIG BEAR	Electrical Supplies	22.49
6400-80	24418	10/8/24	BUTCHER'S BLOCK & BUILDING	Plumbing Supplies	5.08
6400-80	24422	10/8/24	DIY HOME CENTER-BIG BEAR	Plumbing Supplies	37.79
6400-80	24428	10/8/24	GEIGER SUPPLY, INC	Plumbing Supplies	1,001.02
Total Materials and Supplies					13,493.89
Repairs and Replacements					
6500-20	24430	10/8/24	GRAINGER	Pump Motor	694.94
6500-20	24437	10/8/24	MUNIQIP, LLC	Submersible Pump	3,100.55
6500-30	24435	10/8/24	MICRONICS ENG FILTRATION GROUP, INC.	Belt Replacements	5,010.77
6500-35	24438	10/8/24	NAPA AUTO PARTS	Vehicle Repair Parts	162.63
6500-35	24463	10/22/24	AMAZON CAPITAL SERVICES	Fuel Tank	495.65
6500-35	24466	10/22/24	BUSINESS CARD	Fuel Transfer Tank	862.00
6500-35	24472	10/22/24	MCMaster-CARR SUPPLY COMPANY	Vehicle Repair	16.10
6500-36	24421	10/8/24	CAR QUEST OF BIG BEAR	Generator Maintenance	843.99
6500-36	24432	10/8/24	HD INDUSTRIES	Generator Maintenance	2,525.31
6500-36	24438	10/8/24	NAPA AUTO PARTS	Refund	-20.14
6500-40	24465	10/22/24	BEST WINDOWS & DOORS	Replace Doors - Headworks/Sludge Bldg	8,337.27
6500-40	24467	10/22/24	BEAR VALLEY LOCK AND KEY	Rekey new doors	287.50
Total Repairs and Replacements					22,316.57
Utilities					
6530-10	24424	10/8/24	DEPARTMENT OF WATER & POWER	Utilities - Water	52.73
6530-20	24417	10/8/24	BIG BEAR CITY COMMUNITY SERVICES DIST.	Trash Service	481.12
6530-30	24426	10/8/24	FLYERS ENERGY	Fuel for Solid Waste Disposal	350.50
6530-30	24469	10/22/24	COUNTY OF SAN BERNARDINO SOLID WASTE MN	Solid Waste Disposal	2,222.08
Total Utilities					3,106.43
Communication Expense					
6550-10	24415	10/8/24	AMAZON CAPITAL SERVICES	Batteries	53.14
6550-10	24427	10/8/24	FRONTIER COMMUNICATIONS	SCADA	793.35
6550-10	24433	10/8/24	HUGHESNET	SCADA	101.52
6550-10	24442	10/8/24	ROI ENGINEERING LLC	SCADA	2,020.00
6550-10	24445	10/8/24	SPECTRUM BUSINESS	SCADA	314.94
6550-30	24423	10/8/24	DIRECT TV	Television	39.37

Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Oct 1, 2024 to Oct 31, 2024

Account #	Check #	Date	Payee	Description	Amount
6550-40	24427	10/8/24	FRONTIER COMMUNICATIONS	Internet, Wireless Service	460.50
6550-40	24440	10/8/24	RINGCENTRAL INC.	Telephone Service and Maintenance	404.80
6550-40	24480	10/22/24	VERIZON WIRELESS	Telephone Service	203.34
6550-50	24445	10/8/24	SPECTRUM BUSINESS	Internet, Wireless Service	708.99
6550-50	24480	10/22/24	VERIZON WIRELESS	Internet, Wireless Service	34.17
Total Communication Expense					5,134.12
Contractual Services Other					
6600-10	24434	10/8/24	MCR TECHNOLOGIES, INC.	Flowmeter Calibrations	2,005.20
6600-20	24449	10/8/24	VESTIS	Uniform Laundry Service	2,141.82
6600-58	24439	10/8/24	NATIVESCAPES INC	Landscaping	460.00
6600-60	24444	10/8/24	RYAN R. ABELN	Electrical Repair - Restroom Fans/Clarifier 2	977.62
6600-65	24462	10/22/24	ALLISON MECHANICAL, INC.	Quarterly HVAC Service	2,145.00
6600-80	24450	10/8/24	VIKING MAINTENANCE SERVICES, LLC	Janitorial Services	1,445.00
Total Contractual Services Other					9,174.64
Contractual Services Professional					
6700-20	24416	10/8/24	BEST BEST & KRIEGER LLP	Legal Services	2,907.92
6700-30	24479	10/22/24	VC3, INC.	Information Technology Services	4,581.91
Total Contractual Services Professional					7,489.83
Permits and Fees					
6810-00	24447	10/8/24	UNDERGROUND SERVICE ALERT	Dig Alert Ticket Charges	199.85
6810-00	24475	10/22/24	SAN BERNARDINO COUNTY FIRE PROTECTION	CUPA Permits	1,521.00
Total Permits and Fees					1,720.85
Other Expense					
6950-10	24429	10/8/24	GOVERNMENT FINANCE OFFICERS ASSN	Membership Dues	160.00
6950-40	24446	10/8/24	SWRCB-WWOC	Certification Renewal	203.00
6950-40	24466	10/22/24	BUSINESS CARD	Water Treatment Plant Operation Course	206.25
Total Other Expense					569.25
Other Nonoperating Expense					
8000-11	24431	10/8/24	BEAR VALLEY BASIN GSA	GSA Admin Costs	756.56
8000-25	24423	10/8/24	DIRECT TV	Fee	6.25
Total Other Nonoperating Expense					762.81
Capital Expenditures					
9500-00	24444	10/8/24	RYAN R. ABELN	LPS Generator and Fuel System Project	19,285.00
Total Capital Expenditures					19,285.00

Replenish Big Bear Capital Expenditures

**Big Bear Area Regional Wastewater Agency
Check Register
For the Period From Oct 1, 2024 to Oct 31, 2024**

Account #	Check #	Date	Payee	Description	Amount
9500-10	24452	10/8/24	WATER SYSTEMS CONSULTING, INC.	RBB Engineering - August	37,950.59
Total Replenish Big Bear Capital Expenditures					37,950.59
Grand Total					<u>227,287.85</u>

Personnel Expenditures (e.g., benefits) are not included in this report.



Big Bear Area Regional Wastewater Agency

Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh - Director

Agenda Item 7.C.

Meeting Date: December 3, 2024
To: Governing Board of the Big Bear Area Regional Wastewater Agency
From: David Lawrence, P.E., General Manager
Prepared By: Christine Bennett, Finance Manager
Subject: Investment Report Identifying Agency Investments and Reporting Interest Income

Background:

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

Financial Impact:

There is no financial impact.

Recommendation:

Informational.

Attachment:

October Monthly Investment Report

BBARWA
 Monthly Investment Report
 October 2024

<u>INVESTMENT TYPE</u>	<u>COST</u>	<u>FAIR MARKET VALUE (1)</u>	<u>YEAR TO DATE INTEREST(2)</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
LOCAL AGENCY INVESTMENT FUND	\$ 9,213,921	\$ 9,179,977	\$ 261,810	4.518%	DAILY
TOTAL	\$ 9,213,921	\$ 9,179,977	\$ 261,810		

The Investment Portfolio of the Big Bear Area Regional Wastewater Agency is in compliance with the investment policy approved in August 2023. 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 2025 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

November 01, 2024

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

BIG BEAR AREA REGIONAL WASTEWATER AGENCY

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

[Tran Type Definitions](#)

Account Number: 25000

October 2024 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/8/2024	10/7/2024	RW	1760108	1720637	CHRISTINE BENNETT	-300,000.00
10/15/2024	10/14/2024	QRD	1761327	N/A	SYSTEM	125,802.69
10/23/2024	10/22/2024	RW	1762831	1723358	CHRISTINE BENNETT	-500,000.00

Account Summary

Total Deposit:	125,802.69	Beginning Balance:	9,888,117.97
Total Withdrawal:	-800,000.00	Ending Balance:	9,213,920.66



Big Bear Area Regional Wastewater Agency

Jim Miller – Chair
Rick Herrick – Vice-Chair
John Russo – Director
Kendi Segovia – Director
Larry Walsh - Director

Agenda Item 7.D.

Meeting Date: December 3, 2024
To: Governing Board of the Big Bear Area Regional Wastewater Agency
From: David Lawrence, P.E., General Manager
Prepared By: Christine Bennett, Finance Manager
Subject: First Quarter Report, Three Months Ended September 30, 2024

Background & Discussion:

Please find attached the First Quarter Report, which discusses the most recent quarter's financial performance compared to the budget.

The Agency performed under budget for the first quarter with operating expenses falling below the budget by approximately \$175,034 or 10%. A detailed description of the major variances to budget is included in the attached report.

Financial Impact:

There is no financial impact.

Recommendation:

Informational.

Attachment:

First Quarter Report

Big Bear Area
Regional Wastewater Agency

1st Quarter Report
Three Months Ended September 30, 2024

Statement of Revenues, Expenses, and Changes in Net Position

	Q1 9/30/2024 Actual	YTD Actual	YTD Budget	YTD Actual vs. Budget \$	YTD Actual vs. Budget %
Operating Revenues:					
Annual charges	-	-	-	-	nm (b)
Waste disposal fees	6,917	6,917	2,030	4,887	241%
Rental income	1	1	1,802	(1,801)	-100%
Standby fees	-	-	-	-	nm (b)
Other operating revenue	473	473	-	473	nm (b)
Total operating revenues	7,390	7,390	3,832	3,559	93%
Operating Expenses:					
Salaries and benefits	973,380	973,380	1,022,625	(49,245)	-5%
Power	89,253	89,253	100,441	(11,187)	-11%
Sludge removal	66,449	66,449	85,223	(18,774)	-22%
Chemicals	14,155	14,155	24,488	(10,333)	-42%
Materials and supplies	40,833	40,833	56,416	(15,583)	-28%
Repairs and replacements	63,207	63,207	90,881	(27,674)	-30%
Equipment rental	-	-	501	(501)	-100%
Utilities expense	6,790	6,790	20,334	(13,544)	-67%
Communications expense	20,456	20,456	14,716	5,740	39%
Contractual services – other	27,272	27,272	39,067	(11,795)	-30%
Contractual services – prof	48,733	48,733	42,298	6,435	15%
Permits and fees	16,371	16,371	12,353	4,018	33%
Property tax expense	-	-	-	-	nm (b)
Insurance expense	268,664	268,664	298,302	(29,638)	-10%
Other operating expense	14,605	14,605	17,558	(2,953)	-17%
Depreciation expense (a)	-	-	-	-	nm (b)
Total operating expenses	1,650,168	1,650,168	1,825,202	(175,034)	-10%
Operating Income	(1,642,777)	(1,642,777)	(1,821,370)	178,593	+ (c)
Nonoperating Income (Expense):					
Nonoperating income	52,450	52,450	9,155	43,294	473%
Nonoperating expense	(933)	(933)	-	(933)	nm (b)
Total nonoperating income (exp)	51,516	51,516	9,155	42,361	nm (b)
Income before capital contributions	(1,591,261)	(1,591,261)	(1,812,215)	220,954	+ (c)
Capital contributions – conn fees	<u>96,140</u>	<u>96,140</u>	<u>66,880</u>	<u>29,260</u>	<u>44%</u>
Change in net position	(1,495,121)	(1,495,121)	(1,745,335)	250,214	+ (c)

(a) Currently, the Agency depreciates its assets at the end of the year. Therefore, depreciation expense is presented as \$0.00 on an interim basis.

(b) nm = not meaningful and is the result when dividing by 0.

(c) Percent change is not provided if either the comparison periods contains a loss or negative number. If the actual performance is improved when compared to the budget a “+” is given. If the actual performance is worse when compared to the budget, a (-) is given.

Statement of Cash Flow

	Q1 9/30/2024
Cash Flows from Operating Activities:	
Cash received from customers and other sources	23,352
Cash payments to suppliers for goods and services	(966,288)
Cash payments to employees	(961,069)
Net cash provided by operating activities	(1,904,006)
Cash Flows from Capital and Related Financing Activities:	
Interagency and GSA Expense	(927)
Purchases of property, plant and equip	(357,360)
Sale, disposal of PPE and other	-
Capital contributions	79,240
Proceeds from debt issuance	-
Proceeds from grant issuance	-
Proceeds from lease revenues	9,155
Prepayment premiums, issuance costs, and financing costs	(6)
Principal payments on long term debt	-
Interest paid on long-term debt	-
Net cash used for capital and related financing activities	(269,718)
Cash Flows from Investing Activities:	
Investment income received	179,302
Net cash provided by investing activities	179,302
Net cash in cash equivalents	(1,994,422)
Cash Equivalents, Beginning of Period	12,170,320
Cash Equivalents, End of Period	(1,994,422)
	10,175,897

Discussion and Analysis

Operating Revenues

Operating revenues were higher than budget by \$3,559 or 93% primarily as a result of higher waste disposal fees received than budgeted.

	Q1 9/30/2024 Actual	YTD Actual	YTD Budget	YTD Actual vs. Budget \$	YTD Actual vs. Budget %
Operating Revenues:					
Annual charges	-	-	-	-	nm (b)
Waste disposal fees	6,917	6,917	2,030	4,887	241%
Rental income	1	1	1,802	(1,801)	-100%
Standby fees	-	-	-	-	nm (b)
Other operating revenue	473	473	-	473	nm (b)
Total operating revenues	7,390	7,390	3,832	3,559	93%

(a) nm = not meaningful and is the result when dividing by 0.

Operating Expenses

Operating expenses were below the budget by \$175,034 or 10%. Variances greater than 10% and \$20,000 are highlighted below and discussed on the next page.

	Q1 9/30/2024 Actual	YTD Actual	YTD Budget	YTD Actual vs. Budget \$	YTD Actual vs. Budget %
Operating Expenses:					
Salaries and benefits	973,380	973,380	1,022,625	(49,245)	-5%
Power	89,253	89,253	100,441	(11,187)	-11%
Sludge removal	66,449	66,449	85,223	(18,774)	-22%
Chemicals	14,155	14,155	24,488	(10,333)	-42%
Materials and supplies	40,833	40,833	56,416	(15,583)	-28%
Repairs and replacements	63,207	63,207	90,881	(27,674)	-30%
Equipment rental	0	0	501	(501)	-100%
Utilities expense	6,790	6,790	20,334	(13,544)	-67%
Communications expense	20,456	20,456	14,716	5,740	39%
Contractual services – other	27,272	27,272	39,067	(11,795)	-30%
Contractual services – prof	48,733	48,733	42,298	6,435	15%
Permits and fees	16,371	16,371	12,353	4,018	33%
Property tax expense	0	0	0	0	nm (a)
Insurance expense	268,664	268,664	298,302	(29,638)	-10%
Other operating expense	14,605	14,605	17,558	(2,953)	-17%
Depreciation expense	0	0	0	0	nm (a)
Total operating expenses	1,650,168	1,650,168	1,825,202	(175,034)	-10%

(a) nm = not meaningful and is the result when dividing by 0.

An explanation of the major variance by line item is as follows.

Repairs and Replacements expense was under the budget by \$27,674 or 30% which was mostly due to timing associated with several projects such as the pump rebuilds and the wet well cleaning projects.

Insurance expense was under the budget by \$29,638 or 10% due mostly to workman’s compensation insurance. Lower workman’s compensation insurance was primarily a result of an adjustment for longevity distribution, a 7% credit incentive program discount, and a 5% multi-program discount.

Non-Operating Income (Expense)

Non-operating Income (Expense) had a positive variance of \$42,361 mostly due to a higher nonoperating income related to fair market value accounting adjustments.

	Q1 9/30/2024 Actual	YTD Actual	YTD Budget	YTD Actual vs. Budget \$	YTD Actual vs. Budget %
Nonoperating Income (Expense):					
Nonoperating income	52,450	52,450	9,155	43,294	473% (a)
Nonoperating expense	(933)	(933)	0	(933)	- (a)
Total nonoperating income (exp)	51,516	51,516	9,155	42,361	463% (a)

(a) Percent change is not provided if either the comparison periods contains a loss or negative number. If the actual performance is improved when compared to the budget a “+” is given. If the actual performance is worse when compared to the budget, a (-) is given.

Capital Contributions – Connection Fees

Income before capital contributions was ahead of the budget by \$220,954 for the period due to higher operating revenue than budgeted by \$3,559, lower operating expenses than budgeted of \$175,034, and a positive variance in net nonoperating income (expense) of \$42,361. Capital contributions (or connection fee revenues) were higher than the budget by \$29,260 due to higher connections of 7. Actual connections were 23 compared to the 16 budgeted for the quarter.

	Q1 9/30/2024 Actual	YTD Actual	YTD Budget	YTD Actual vs. Budget \$	YTD Actual vs. Budget %
Income before capital contributions	(1,591,261)	(1,591,261)	(1,812,215)	220,954	+ (a)
Capital contributions – conn fees	96,140	96,140	66,880	29,260	44%
Net income, change in net assets	(1,495,121)	(1,495,121)	(1,745,335)	250,214	+ (a)

(a) Percent change is not provided if either the comparison periods contains a loss or negative number. If the actual performance is improved when compared to the budget a “+” is given. If the actual performance is worse when compared to the budget, a (-) is given.

Capital Expenditures

Capital expenditures for the period were \$357,340, below the budget by approximately \$629,795. The variance is due to timing associated with multiple projects.

Cash and Fund Balances

The Agency had negative cash flow of approximately \$2 million in the first quarter. The negative cash flow reflects approximately \$1.9 million in negative cash flow from operations and \$357,340 in capital expenditures, offset by \$179,302 in investment income and \$79,420 in connection fee revenue (actual connection fees minus amounts due from other agencies).

	Beginning Balance	Activity During Period	Ending Balance
Cash Balance	12,170,320		10,175,897
Designated Fund Balances:			
Capital and Replacement Fund			
Current Year	5,845,546	-357,360	5,488,186
Future Year	1,351,009	0	1,351,009
Total C&R	7,196,555	-357,360	6,839,195
Debt Service Fund	653,616	0	653,616
Liquidity Fund	2,860,794	-1,716,482	1,144,312
Contingency Fund:			
Emergency	500,000	0	500,000
Operating	959,354	0	959,354
Total	1,459,354	0	1,459,354
Restricted Funds:			
Connection Fees	0	79,420	79,420
Total Designated & Restricted Funds	12,170,320	-1,994,422	10,175,897



Agenda Item 10.A.

Meeting Date: December 3, 2024
To: Governing Board of the Big Bear Area Regional Wastewater Agency
From: David Lawrence, P.E., General Manager
Prepared By: Bridgette Burton, Administrative Services Manager/Board Secretary
Reviewed By: John Shimmin, Plant Manager
Subject: OAC Roof Replacement Project Reject Lowest Bid and Award

Background:

On October 23, 2024 the Governing Board reallocated \$125,000 from the Capital Budget for the OAC Roof Replacement Project. The Notice Inviting Bids was published on October 24, 2024, and the Project was bid in accordance with the Agency’s Purchasing Policy and UPCCAA informal bidding procedures under PCC 22034. A non-mandatory pre-bid meeting was held on October 31, 2024, with four contractors in attendance. The Agency received four bids.

Contractor	Amount
Myles Westplat Construction	\$82,000
Rite-Way Roof Corporation	105,625
Bear Valley Paving	140,400
Letner Roofing Company	163,954.50

Discussion:

The Agency planned to award the contract to the apparent low bidder, Myles Westplat Construction (“Myles”). However upon review, it was determined that Myles did not hold the required certifications, specifically either a Class A Engineering License or a Class C-39 Roofing License. In addition, on November 15, 2024, the Agency received a formal bid protest from Rite-Way Roof Corporation (“Rite-Way”).

The issue of certification was discussed with Myles during a phone call on November 15, 2024. During that call, Myles was unable to provide the required documentation, which led to the determination that Myles does not meet the qualifications to be considered a responsible bidder for this project. Accordingly, on November 20, 2024, the Agency formally rejected Myles’ bid due to a finding of non-responsibility. Given that Myles does not hold the necessary certifications, as confirmed during prior discussions, their bid is hereby rejected and the contract will be awarded to Rite-Way, as they are the next qualified low bidder.

Financial Impact:

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

Recommendation:

Authorize the General Manager to award, negotiate, and execute the OAC Roof Replacement Contract with Rite-Way Roof Corporation, the responsive and responsible bidder meeting all required qualifications. This action is in accordance with the bid specifications and the protest review findings.



Agenda Item 10.B.

Meeting Date: December 3, 2024

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

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

Prepared By: Bridgette Burton, Administrative Services Manager/Board Secretary

Subject: Allocate \$50,000 to Support the Capital Improvement Development Plan from the Contingency Fund

Background & Discussion:

A Capital Improvement Plan (CIP) is a strategic framework that outlines the Agency's long-term approach to upgrading and maintaining physical assets and infrastructure. It identifies specific projects, estimated costs and timelines, and serves as a roadmap for capital expenditures spanning 20 years. The CIP prioritizes investments based on needs, regulatory requirements and available resources, ensuring that critical projects are addressed in a systematic manner. By effectively planning for future capital needs, the CIP helps the Agency optimize the budget, improve service, and enhance the overall quality of the Agency's infrastructure.

To provide a more accurate CIP, staff proposes implementing the Capital Improvement Development Plan. Water Systems Consulting Inc. (WSC) will assist with CIP development by prioritizing key projects over the next six years. To ensure that cost estimates accurately reflect current economic conditions, project estimates will be escalated using the Handy Whitman Index. This index is a widely recognized benchmark that tracks construction cost trends across various regions and project types, providing reliable data for estimating future expenses. By leveraging this index, the Agency will create more precise financial projections, allowing for better planning and allocation of resources for the Capital Improvement Plan.

Financial Impact:

Accurate project estimates are critical for effective rate setting and resource allocation. There are sufficient funds in the Contingency Fund to allocate \$50,000 for the work to be provided by WSC.

Recommendation:

Allocate \$50,000 to support the Capital Improvement Development Plan from the Contingency Fund.



Agenda Item 10.C.

Meeting Date: December 3, 2024
To: Governing Board of the Big Bear Area Regional Wastewater Agency
From: David Lawrence, P.E., General Manager
Prepared By: Christine Bennett, Finance Manager
Subject: Appropriate \$49,784 for a Rate Study Update from the Contingency Fund

Background & Discussion:

A five-year rate study was completed in 2023 by HDR Engineering, Inc. (HDR). The 2023 rate study contains a rate component for the Replenish Big Bear Project (RBB) that includes the estimated costs associated with RBB and the respective rates needed to fund these costs.

An updated rate study will incorporate the change in methodology for developing a capital improvement plan and budget as discussed in Item 10.B., Governing Board direction for RBB, and a review and update of the current connection fees.

Financial Impact:

There are adequate funds available in the Contingency Fund to make the appropriation. Based on prior studies performed, the current proposal of up to \$49,784 for the update is reasonable.

Recommendation:

Appropriate \$49,784 for a rate study update from the Contingency Fund.

Attachments:

- HDR Engineering Scope of Work
- HDR Engineering Hourly Billing Rates and Fee Estimate

Big Bear Area Regional Wastewater Agency Wastewater Rate and Connection Fee Study Update

The Big Bear Area Regional Wastewater Agency (Agency) has requested technical assistance from HDR Engineering, Inc. (HDR) to update the wastewater rate and connection fee study. The study will build off of the prior rate and fee studies conducted by HDR for the Agency.

Provided below is a detailed discussion of the proposed scope of services to conduct the regional wastewater rate and connection fee study update for the Agency.

Task 1 — Project Management

Task Objective: *Manage the overall study in accordance with the schedule, budget, and quality expectations established.*

HDR will provide a monthly progress report and invoice that will discuss the progress of the study, identify study issues or concerns, and provide a status of the project budget compared to the study progress. The HDR Project Manager will hold monthly conference calls with the Agency's Project Manager to discuss the status of the study.

Expected Agency Staff Support for Task 1:

- Participate in monthly conference calls to discuss the overall project schedule and budget status.

Deliverables as a Result of Task 1:

- Monthly progress reporting, invoice, and budget status updates.
- Monthly conference calls with the Agency's Project Manager to discuss schedule and budget status.

Task 2 –Data Collection and Review

Task Objective: *Provide a written data request detailing the data and information needed to conduct the technical analyses of the rate study update.*

A written data request will be provided to the Agency which lists the data required to complete the study. If the data requested is determined to be unavailable or costly to provide, HDR will work with the Agency to resolve the data issue. HDR will discuss with the Agency the importance of the data and the potential for using industry standards or substitute/surrogate data. This task should be expedited given HDR's familiarity with the Agency's data and the Agency's familiarity with the data necessary to complete the study from the prior studies completed by HDR.

Expected Agency Staff Support for Task 2:

- Collect and assemble the data requested in the initial data request.
- Provide as needed assistance in clarifying or explaining the data provided.

Deliverables as a Result of Task 2:

- Provide a detailed initial written data request of the data needed to conduct the wastewater rate and fee study update.
- Summarize the outstanding data needs or additional data needed to complete the study.

Task 3 — Initial Project (Kick-Off) Meeting

Task Objective: *Bring HDR and Agency project team together at the start of the project to provide the opportunity for both parties to have a mutual understanding of the goals, objectives, and concerns related to the study.*

The initial project “kick-off” meeting for the rate study allows both parties to discuss the overall goals and objectives for this study while also discussing any issues and concerns that either party may have. HDR has assumed the initial project meeting will be a virtual project meeting given the familiarity between the parties.

Expected Agency Staff Support for Task 3:

- Have Agency project team members attend a one-hour virtual kick-off meeting.

Deliverables as a Result of Task 3:

- A one-hour virtual kick-off meeting.
- Identification of study objectives and project issues or concerns.

Task 4 – Revenue Requirement Analysis

Task Objective: *Using generally accepted rate-setting methodologies, develop the regional wastewater revenue requirement analysis for a projected ten-year time period. As necessary, develop a rate transition plan to phase-in rates to cost-based levels.*

The revenue requirement analysis reviews the revenues and expenses for the regional wastewater utility. This task considers the prudent and proper funding for O&M and capital expenditures and determines the need for rate (revenue) adjustments over the time period selected. It should be noted that the Agency’s revenue requirement methodology and approach was established as a part of the prior wastewater rate studies completed by HDR. Provided below is a more detailed discussion of the steps involved and the anticipated approach (methodology).

STEP 1 – SELECTION OF A TIME PERIOD – A projected ten-year time period proposed to evaluate impacts from the Replenish Big Bear project.

STEP 2 – METHOD OF ACCUMULATING COSTS – Historically, the Agency has used a “cash basis” methodology which sums annual O&M expenses, taxes, debt service (P+I), and capital improvements funded from rates.

STEP 3 – ACCUMULATION OF REVENUES AND EXPENSES – Once the test period and method of accumulating costs has been determined, HDR in conjunction with Agency management and staff will develop the ten-year projected revenue requirements for Agency. The revenue requirements are composed of two major types of costs; operational and capital expenses. The operational costs are generally projected from historical actuals and budgeted costs, using assumed escalation factors, and adjusted for known changes (e.g., additional personnel, growth/expansion). The starting point for projecting capital costs (expenditures) will be the Agency’s capital improvement plan. In summary form, the general approach is to list the annual capital projects and then determine the various outside funding sources for each of the projects. The balance of projects not funded by the available sources of funds must be financed from a

combination of long-term debt and rates. A major component of this capital improvement funding analysis is the attempt to maximize capital improvement projects while minimizing rate impacts to customers.

STEP 4 – FINANCIAL PLAN AND RATE TRANSITION PLAN – Given a better understanding of the overall O&M expenses and capital funding approach, a final revenue requirement analysis will be developed to meet the Agency’s overall financial planning objectives, while attempting to minimize rates and costs over time. A rate transition plan will be developed in consultation with the Agency to adequately fund the operational and capital costs over the next five-year period.

Expected Agency Staff Support for Task 4:

- Provide “as needed” assistance, via email and telephone, to explain the Agency’s data and information as it relates to developing the revenue requirement.
- Provide “as needed” data refinements or additional data needs as determined during the process of developing the revenue requirement analysis.
- Attend a half-day project meeting to review the draft revenue requirement analysis.

Deliverables as a Result of Task 4:

- A revenue requirement analysis for a projected ten-year period that considers the necessary operating and capital needs of the Agency.
- Development of a capital improvement funding plan which attempts to maximize funding for capital improvement projects while minimizing the impacts to rates over time.
- A multi-year rate transition plan to “phase in” any needed rate adjustments.
- Recommendations regarding key financial indicators (e.g., debt service coverage, capital replacement, reserve levels).
- A half day project meeting at the Agency’s office with the project manager and technical lead in combination with the Task 5 meeting.

Task 5 – Cost of Service Analysis

Task Objective: *Develop a cost of service analysis to proportionally distribute the revenue requirement to the customers served by the Agency while considering the varying levels of service.*

In simplified terms, a cost of service analysis proportionally distributes the revenue requirement between the customers served by the Agency. The basis for establishing regional wastewater rates that are proportional and defensible has traditionally been cost of service principles and methodologies. The starting point of the cost of service analysis will be the previous analysis completed for the Agency by HDR during the prior rate study. Provided below is a discussion of the key steps.

Step 1 – Selection of the Methodology – Similar to the development of the revenue requirement, the cost of service will allocate costs on a “cash basis” approach.

Step 2 – Selection of Test Period – A cost of service analysis typically reviews a one-year period. Allocating the revenue requirement for the initial rate year (e.g., FY 2025) for cost of service purposes would appear to be appropriate. HDR will discuss the development of the test period during the initial project meeting.

Step 3 – Determination of Classes of Service – The Agency currently charges each of its regional customers both on an equivalent dwelling unit basis and a per thousand gallons of wastewater flow basis.

Step 4 – Summary of the Cost of Service – From the above process, a summary page of the cost of service analysis is developed. The summary page provides the distributed cost of service for each regional customer. This provides the Agency with an understanding of the relationship between the costs each customer places on the system.

Expected Agency Staff Support for Task 5:

- Review the findings and results of the cost of service analysis and review the methodology and key assumptions.
- Provide “as needed” data refinements or additional data needs as determined during the process of developing the cost of service analysis.
- Attend a half-day project meeting to review the findings and results of the cost of service analyses.

Deliverables as a Result of Task 5:

- A proportional distribution of the revenue requirement to each regional customer served by the Agency.
- Development of a cost of service approach that recognizes the various service levels of the Agency’s customers.
- A summary of the average unit costs (cost-based rates).
- A half day project meeting at the Agency’s offices to review the approach, summary, and recommendations of the cost of service analysis in combination with the Task 4 meeting.

Task 6 – Rate Design Analysis

Task Objective: *Develop proposed regional wastewater rates based on the results of the unit cost information developed as a part of the previous tasks.*

The starting point for the rate design analysis is the Agency’s rate design goals and objectives. Understanding the Agency’s rate design objectives will assist HDR in the development of proposed rates. As a part of this task, the Agency’s present rate designs will be reviewed to confirm how well they align (perform) with the Agency’s current rate-setting goals and objectives. In discussion with Agency staff, the current rate structures will be maintained and the level adjusted to reflect the results of the prior two tasks.

Expected Agency Staff Support for Task 6:

- Discuss with HDR the Agency’s rate design goals and objectives.
- Review and comment on the appropriateness of one (1) additional rate design alternative.
- Attend a two-hour virtual project meeting to review the draft rate design analysis.

Deliverables as a Result of Task 6:

- Review of the Agency’s rate structure goals and objectives.
- Review of the Agency’s current rates and develop one (1) additional rate design alternatives.
- Bill comparisons and graphs for the rate design alternatives will be provided.

- A two-hour virtual project meeting to review and discuss the draft rate designs.

Task 7 – Review and Update of the Regional Wastewater Connection Fee

Task Objective: *Develop a cost based and proportional regional wastewater connection fee.*

Connection fees are concerned with the cost of developing new capacity to serve growth. This task will review and update the Agency’s regional wastewater connection fee to incorporate the Agency’s current capital plans and anticipated system growth and expansion. At the end of this task, the Agency will be provided with a cost-based connection fee that reflects the requirements for establishing these fees in the State of California.

The starting point of the connection fee review and update will be the prior connection fee study completed for the Agency by HDR. A separate written report will be developed for this task given the unique and stand-alone nature of these fees.

Expected Agency Staff Support for Task 7:

- Review with HDR the Agency’s planning documents and planning criteria.
- Review future capital projects and the component related to growth/expansion.
- Attend a two-hour virtual project meeting to review the methodology and draft results of the regional connection fees.

Deliverables as a Result of Task 7:

- An update of the Agency’s regional wastewater connection fees.
- Development of a stand-alone report detailing the development and update of the Agency’s regional wastewater connection fee.
- A two-hour virtual project meeting to review the methodology and draft results of the regional wastewater connection fee.

Task 8 – Study Documentation

Task Objective: *Provide a written report to summarize the findings, conclusions and recommendations of the rate and fee study.*

HDR will develop a written report to document the methodology, results, and recommendations of the study. Within the written report HDR includes a copy of the technical analyses (model worksheets) undertaken as a part of the study. HDR will develop a draft report of the study for the Agency’s review. Any comments or corrections will be included within the final report. HDR will provide an electronic copy (PDF and Word) of the final written documentation to the Agency.

Expected Agency Staff Support for Task 8:

- Review and comment on the draft written report.

Deliverables as a Result of Task 8:

- An electronic copy of the draft and final written report.

Task 9 – Public Presentations

Task Objective: *Provide effective public presentations of the findings, conclusions and recommendations of the rate study.*

Exhibit A – Scope of Work

The public presentations are the formal presentations to the Agency's Board. HDR has proposed two public presentations for purposes of communicating the findings, conclusions and recommendations from the regional wastewater rate study. These two presentations will be as follows:

1. Provide a summary of the findings, conclusions, and recommendations of the study
2. Public Hearing to adopt the proposed wastewater rates and connection fees.

Expected Agency Staff Support for Task 9:

- Schedule and coordinate meeting dates and materials for the public presentations.
- Review and comment on proposed handouts for public meetings.

Deliverables as a Result of Task 9:

- Provide presentation materials (i.e., PowerPoint slides).
- Up to two in person public presentations of the study's findings and recommendations.

Any additional meetings beyond the two scheduled and budgeted public presentations will be provided on a time and material basis.

This concludes the scope of services for the Agency's wastewater rate and connection fee study. Additional services requested by the Agency and provided by HDR which are not included within the above scope of work shall be provided on a time and material basis. HDR shall obtain written consent from the Agency before undertaking or completing any out of scope work.

Estimated Project Time Schedule

A rate study generally requires 16 to 24 weeks to complete. In discussion with staff it has been proposed that the analysis will be started in late 2024 and the preliminary results presented to the Agency in late February or early March 2025. Given the direction received at that meeting the analysis will be updated and a written report developed. All meetings and presentations will be scheduled in advance at a mutually convenient time.

The ability to meet this schedule is dependent on a number of factors. These factors include the amount of time required by Agency to collect the necessary data, the ability to schedule meetings with the Agency's staff in a timely manner and, most importantly, receive policy direction from the Agency's management for the study. Provided below is an estimated project time schedule.

Exhibit B – Hourly Billing Rates and Fee Estimate

Introduction

In developing our fee estimates, HDR utilized current hourly billing rates, and estimated the hours, by task and by individual. This discussion is provided below.

Hourly Billing Rates

The following hourly billing rates were used to establish the proposed fees for the study.

<u>Individual</u>	<u>Project Role</u>	<u>Hourly Rate</u>
Shawn Koorn	Project Manager	\$335.00/hour
Sara Anderson	Financial Analyst	\$140.00/hour
Josiah Close	Technical Lead	\$225.00/hour
Kevin Lorentzen	QA/QC	\$260.00/hour
Others	Project Clerical Support	\$150.00/hour

Estimated Project Fees

Given the hourly billing rates, and the previously developed scope of services, the total estimated fees for the Agency's regional wastewater rate and connection fee study can be developed. The total fees have been developed by individual task and provided in the table below.

Task Description	Total
Labor:	
Task 1: Project Management	\$4,250
Task 2: Data Collection and Review	1,260
Task 3: Initial Project (Kick-Off) Meeting	1,660
Task 4: Revenue Requirement Analysis	7,830
Task 5: Cost of Service Analysis	7,020
Task 6: Rate Design Analysis	5,380
Task 7: Connection Fee Update	9,110
Task 8: Study Documentation	4,650
Task 9: Public Presentations (2)	<u>5,270</u>
Grand Total Labor	\$46,430
Total Expenses:	<u>\$3,354</u>
Grand Total "Not to Exceed" Fees	<u>\$49,784</u>

The above fee estimate is based upon the scope of services previously presented as Attachment A. Should the Agency request any additional services under this contract, the services will be provided at the hourly billing rates stated above.

Proposed Method of Payment

HDR is willing to enter into a not to exceed contract with the Agency for \$49,784 based on the agreed upon scope of services.



Agenda Item 10.D.

Meeting Date: December 3, 2024
To: Governing Board of the Big Bear Area Regional Wastewater Agency
From: David Lawrence, P.E., General Manager
Subject: Replenish Big Bear Unwinding Process and Alternative Considerations
Background:

The Replenish Big Bear Program (Program) was developed to retain recycled water in the Big Bear Valley for beneficial use, enhancing the long-term sustainability of local water supplies. The Program consists of several projects; the Big Bear Area Regional Wastewater Agency (Agency) Wastewater Treatment Upgrades Project (BBARWA's Project) will be discussed in this report.

In 2015, the Agency, on behalf of the Program Partners¹, applied for and was awarded a planning grant² to evaluate multiple alternative uses for the recycled water that is currently disposed of outside the Big Bear Valley. The planning process ultimately identified the Replenish Big Bear Program as the preferred alternative and the Agency and Program Partners began pursuing implementation in 2018. On June 27, 2018, the Governing Board awarded a contract for Program Management and Engineering Services.

Also on June 27, 2018, the Governing Board awarded a contract for Environmental Services to prepare a Programmatic Environmental Impact Report (PEIR). Ongoing discussions with regulators were critical to determine the level of treatment that would be needed to meet the discharge requirements so the preparation of the PEIR was not pursued until the scope of the Program was confirmed. On November 30, 2022, the Agency filed a Notice of Preparation (NOP) stating that an Environmental Impact Report would be prepared. The Agency and Program Partners held two duly noticed public Scoping Meetings on January 5, 2023 and January 10, 2023, to solicit comments on the scope of the environmental review of the proposed Program, then began preparing the Draft PEIR.

Financial consultants presented the Replenish Big Bear 2023 Project Financing Plan to the Governing Board on January 25, 2023, and on March 22, 2023, the Governing Board adopted a five-year sewer user charge/fee schedule to fund Program expenses, debt service coverage, and required reserves. The Agency is currently in the second year of the approved five-year

¹ Program Partners include the Big Bear City Community Services District, City of Big Bear Lake Department of Water and Power, and the Big Bear Municipal Water District

² 2016 Prop 1 Integrated Water Management Disadvantaged Community Involvement Program Technical Assistance Sub-Grant

rate schedule. This plan included beginning the loan application process for the low interest federal loan, through the Water Infrastructure Finance and Innovation Act (WIFIA).

On December 19, 2023, the Governing Board awarded a contract for Final Design Services for BBARWA's Project in the amount of \$3,896,725.

On December 21, 2023, the Agency filed a Notice of Completion and provided the Notice of Availability of the Draft PEIR, which initiated the public comment period. The public review and comment period was extended from 45 to 60 days and ended on February 20, 2024. Responses to the comments and associated updates to the Draft PEIR were incorporated into a Final PEIR, and the Agency provided copies of its responses to commenting public agencies on May 9, 2024, meeting the requirement of at least ten (10) days prior to the Governing Board's consideration of the Final PEIR.

On May 22, 2024, the Governing Board considered adoption of Resolution No. R. 08-2024, Adopting the Environmental Findings and Statement of Overriding Considerations Pursuant to the California Environmental Quality Act, Certifying the Replenish Big Bear Program Final Environmental Impact Report, Adopting the Mitigation Monitoring and Reporting Program, and Approving the Program. At this meeting, the Governing Board approved additional time for the public to review the Final PEIR, Statement of Overriding Considerations, and the Mitigation and Monitoring Report. At the next meeting on July 24, 2024, the Governing Board postponed this item to a special meeting in August.

On June 13, 2024, the Agency was notified that Replenish Big Bear was selected to receive an additional \$9 million in federal grant funds. This brings the total grant funding to \$27 million.

On July 24, 2024, the results of the Replenish Big Bear Pilot Report were presented to the Governing Board. The Pilot Report documented the results of a small scale test of potential treatment processes being considered for the Program that were intended to help optimize the final design, estimate brine production and gain operator experience. The testing identified changes to the final treatment processes that would further reduce nitrogen in the purified water to the target values and demonstrated exceptional water quality for all other constituents that exceeds all regulatory requirements, including drinking water standards. The next steps identified in the Pilot Report were to use the results to refine the treatment processes and incorporate the changes into the Preliminary Design Report (PDR), including an updated cost estimate. The PDR was targeted for completion in the Fall of 2024.

On August 12, 2024, the Governing Board reconsidered Resolution No. R. 08-2024. The Governing Board voted 3-2 against adopting the Resolution. The PEIR was not certified due to concerns regarding the brine pond, and no other actions related to the Program were taken.

Since the Program cannot proceed until the PEIR is certified, staff promptly instructed its consultants to stop all work, including final design efforts, except for necessary reporting and investigative tasks related to unwinding the Program, until further guidance is received from the Governing Board.

Discussion:

In light of the proposed Program unwinding, it is imperative that the General Manager fulfills his responsibility to present not only the Program unwinding, but also alternative options for

consideration. By providing an analysis of the potential impacts, benefits, and drawbacks of options, the General Manager can facilitate a more robust discussion and help the Governing Board navigate the complexities of the Program, ultimately supporting sound governance. Staff is requesting the Governing Board provide direction on how to proceed.

Option 1: Unwind the Replenish Big Bear Program

Option 1 would require the following activities:

- Notify all Consultants that the Program will be closed out. Staff would initiate negotiations with Consultants to terminate contracts.
- Conduct typical project closeout activities such as documentation of all activities, filing all deliverables completed to date and transferring all Consultant Program files to the Agency.
- Notify all funding agencies with pending agreements that the Program will be closed out. Approximately \$23.6 million of pending grant funding and \$52 million of pending low-interest financing committed to the Program would be forfeited. However, it may be possible to redirect STAG grant funds to a different project or projects programmed in the Capital Improvement Plan that meet the funding program requirements. Once it is determined whether the STAG grant funds can be redirected and the appropriate process is completed with the grant agency, or if the grant funds cannot be redirected, the Agency can proceed with the Program unwinding.
- Notify grant agencies with finalized agreements that the Program will be closed out. For the two grants where the Agency and Program Partners have already received grant funds, staff would initiate negotiations with the grant agencies seeking to terminate agreements without incurring an obligation to pay back grant funds received to date.
- Provide notice to the Santa Ana Regional Water Quality Control Board that the Program will be closed out and withdraw the Agency's application for an NPDES permit.
- Develop an updated Capital Improvement Plan and associated rates to be considered by the Governing Board during the normal budget process.
- Update the Replenish Big Bear website home page to reflect the Program has been terminated. Staff recommends keeping the website content online as a public reference for the required time, after which the website would be disabled.
- Other agency and stakeholder engagement as needed.
- Repayment of short-term financing that was intended to be covered by the WIFIA Loan.
- Certify the Program Environmental Impact Report - Often, the certification of an Environmental Impact Report (EIR) and the approval of the underlying project/program occur at the same time for simplicity's sake. However, the certification of an EIR and the approval of a project/program are separate actions. This is because an EIR is, at its most basic level, a study and analysis of environmental impacts – much like any other technical report that is prepared to study environmental phenomenon. In contrast, a project/program approval is a decision by a lead agency that commits it to

undertaking a particular project/program, and that decision typically involves balancing many different factors beyond environmental impacts (e.g., public policy, financial prudence, prioritization amongst competing demands, staffing and resource commitment, community feedback, etc.). As such, a public agency has the authority to certify an EIR as complete and accurate, but to nevertheless decide not to approve the project/program. (State CEQA Guidelines, § 15092(a).)

In its evaluation of whether to reconsider the certification of the Program EIR, the Governing Board may wish to consider several benefits and drawbacks:

- **Benefits of Certification** – Certification of the EIR “draws a line in the sand” that memorializes the Governing Board’s analysis of the Program’s potential environmental impacts. (State CEQA Guidelines, § 15091.) If the Agency decides at some point in the future to consider the Program, one of its project components, or a variation of the Program, the Agency may wish to rely upon its certified Program EIR – as supplemented with any additional analysis required by CEQA. (See State CEQA Guidelines, § 15162 [requiring supplemental analysis in certain circumstances].) Doing so might reduce the Agency’s expenditure of time, money, and resources by allowing the Agency to focus its analysis on possible changes in environmental impacts from the certified Program EIR, rather than starting anew. Both of the above benefits would inure to the potential financial benefit of its ratepayers, by reducing the out-of-pocket costs incurred by the Agency – benefits that would be lost if the Agency elects not to certify the Program EIR.
- **Drawbacks of Certification** – There is always the possibility that certification of the Program EIR may result in litigation, which would result in litigation defense costs. Specifically, a potential litigant may misunderstand the difference between certification of an EIR and approval of a project/program, and prematurely file a lawsuit to challenge the Governing Board’s certification action. However, CEQA provides that the statute of limitations for pursuing litigation is tied to the date that an agency approves a project/program, and not to the date that the agency certifies the EIR. (See Public Resources Code § 21167(c).) Accordingly, although the Agency would anticipate seeking a dismissal of any litigation, those efforts would come with attendant financial costs.

Impact to Program Partners: If grant funds are required to be repaid, Program Partners will be responsible for returning received grant funds, as outlined in the Memorandums of Understanding. Agency Counsel recommends Program Partners discuss the potential financial impact with their respective agencies prior to Program unwinding to ensure that all financial obligations and responsibilities are clearly understood and properly addressed.

Program Partner	Grant Reimbursements Received
City of Big Bear Lake Department of Water and Power	\$319,883
Big Bear Community Services District	\$319,883
Big Bear Municipal Water District ³	\$317,771
Total	\$957,537

³ MWD was not part of the TDA Environmental Services MOU for the Stickleback; therefore this amount is different than the other Program Partners

Impact to Member Agencies: If grant funds need to be repaid, the Agency will create a grant reimbursement strategy. This strategy may involve a loan, a rate adjustment as specified in Section 4.04 of Operating Agreement No. 1, or using funds from Agency reserves. Agency Counsel recommends Governing Board Members discuss the potential financial impact with their respective agencies prior to Program unwinding to ensure that all financial obligations and responsibilities are clearly understood and properly addressed.

Timeframe: The timeframe to implement Option 1 is anticipated to be approximately 3-6 months, depending on the timeframe needed to complete the following tasks:

1. The first task before unwinding is to engage in a discussion with the grant agency about the potential redirection of STAG grant funds to another project or projects programmed in the Capital Improvement Plan. If the Program is unwound without addressing this, it could jeopardize the ability to redirect the funds appropriately, potentially affecting future project funding and implementation. Concurrently, Governing Board Members and Program Partners can discuss the potential financial impact with their respective agencies.
2. Before the General Manager can agendaize resolutions to (a) certify the Program EIR (if this option is chosen) and (b) unwind the Program at the next appropriate Governing Board meeting, the tasks above must be completed. Completing these tasks is crucial to ensure compliance, mitigate any financial risks, and avoid jeopardizing the redirection of funds before proceeding with the final resolution.

Cost: The cost to implement Option 1, with or without the alternative options, will be developed after Governing Board direction. Reimbursements of grant proceeds from Program Partners and the financial impact on Member Agencies are contingent upon negotiations with grant agencies and the final costs of the Program.

Option 2: Evaluate Potential Program Scope Reductions and Cost Scenarios

The Governing Board could direct staff to initiate evaluation of potential options to reduce the scope of the Program for the purpose of reducing the total Program cost and bring these options back to the Governing Board for consideration, at which point the Governing Board could provide further direction based on the findings.

Using previously completed studies and materials, staff could work with the Program Team to develop a range of options for reduced scope alternatives for Project implementation such as: reduced operational flexibility, reduced Program yield, seasonal operation, a phased implementation of the Project, and others. Staff would evaluate the potential feasibility of reduced scope alternatives, develop estimated cost reductions and identify the associated reduction to Program benefits. A range of potential outcomes could be developed and presented to the Governing Board for consideration.

It is anticipated that Option 2 would include the following activities:

- Identify potentially feasible reduced scope alternatives for Project implementation.
- Estimate high-level impacts to existing cost estimates associated with each reduced cost alternative.

- Develop a range of impacts to Program/Project costs based on the best available information, including updated market conditions, escalation observed in equipment costs over the past two years for similar projects in the state, and the current funding environment.
- Develop a brief Technical Memorandum summarizing the range of potential outcomes for future evaluation and present the results to the Governing Board.
- Staff would continue Project administration and coordination with Program stakeholders, as needed.

Timeframe: The timeframe to implement Option 2 is anticipated to be approximately 6-9 months.

Cost: The cost to implement Option 2 will be developed after Governing Board direction and will include identification of alternatives, evaluation of cost impacts, development of a range of anticipated outcomes, and documentation of the findings. The total cost for Option 2 may be eligible for reimbursement through existing grant awards but also may ultimately be at risk of being paid back if the project is not constructed, as noted in Option 1.

Option 3: Update Project Financing Plan for Governing Board Consideration

The Governing Board could direct staff to update the Project Financing Plan to reflect changes to the program scope and additional grant awards and bring it back to the Governing Board for consideration, at which point the Governing Board could provide further direction based on the updated findings.

The January 2023 Replenish Big Bear Financing Plan included an estimated total Project cost of \$86.7 million based on the best available information at that time. Since the plan was developed, the Project has been further defined through ongoing planning efforts, including the completion of the pilot study which evaluated the efficacy of various Project treatment processes. Project cost estimates have not been updated to reflect the increased maturity of Project design. Additionally, total grant funding for the Project included in the 2023 Financing Plan was assumed to be \$16.9 million based on the grant awards that were known at that time. This value is now much higher at nearly \$27 million, with additional grant funding opportunities still possible. Option 3 would update anticipated Project costs and the financing plan to inform anticipated impacts to rate payers with the most up-to-date information.

It is expected that Option 3 would include the following activities:

- Finalize the Preliminary Design Report (PDR), which will leverage findings from the pilot study and identify the final recommended treatment process and associated equipment.
- Update Project cost estimates based on the design identified in the PDR, updated market conditions, and cost escalation observed over the past two years for similar projects in the state.
- Staff would continue Project administration and coordination with Program stakeholders, as needed.

- Prepare an updated Project Financing Plan that incorporates the latest information on estimated project costs and grant and loan funding identified or secured since the prior plan was prepared. The rate impacts associated with continued implementation of the Program would be updated.

Timeframe: The timeframe to implement Option 3 is anticipated to be 6-9 months.

Cost: The cost to implement Option 3 will be developed after Governing Board direction and will include completion of the Facilities Plan, updated cost estimates, and finalization of an updated Program Financing Plan. It is anticipated that these activities would be eligible for reimbursement through existing grant awards but may ultimately be at risk of being paid back if the Project is not constructed, as noted in Option 1.

Financial Impact:

The full financial impact is unknown at this time and will be based on the direction of the Governing Board.

Outstanding grant reimbursements equal \$1,239,645. On October 24, 2024, SAWPA (grant agency) advised payment can be expected in approximately four weeks; however, that time frame may be delayed due to holidays and vacations by grant agency employees. As advised during the September and October Governing Board meetings, total expenditures for the Program cannot be finalized until the grant reimbursements are received, as there may be a difference between the invoice and approved reimbursable amounts. Staff has prepared two different draft scenarios for **informational purposes only:** 1) **estimated possible** financial impact if the expected grant reimbursements are not required to be paid back, and 2) **estimated possible** financial impact if the expected grant reimbursements are required to be paid back.

Reserves play a crucial role in ensuring the financial stability of the Agency. If reserves are used, they must be replenished through rates to maintain financial health. Reserves may be utilized to repay grant reimbursements if necessary, but this would require careful planning to ensure that the reserves are restored promptly to avoid any long-term financial impact. The use of reserves would be managed strategically to maintain the Agency's fiscal responsibility and operational continuity.

Recommendation:

Discussion only.

Attachments:

- Replenish Big Bear Expenditures
- Estimated Possible Financial Impact
- Section 4.04 of Operating Agreement No. 1
- Section 10 and 12 of the Prop 1 Round 1 Integrated Regional Water Management Grant Agreement
- Section 22 of the Prop 1 Round 1 Integrated Regional Water Management Sub-Grant Agreement

Replenish Big Bear Expenditures

BBARWA's Wastewater Treatment Upgrades Project Expenditure by Category	Estimated Budget	Prior FYs Expenditures	FY 2025 Expenditures as of 10/31/2024	Remaining
Construction	\$51,711,746			\$51,711,746
Final Design	3,958,000	181,055	34,270	3,742,675
Planning	6,810,000	4,811,246	190,997	1,807,757
Financing Costs	726,850	76,850		650,000
Debt Service Reserve Fund	692,216			692,216
Accrued Interest on Short-Term Financing	<u>474,442</u>	<u>185,442</u>	<u>0.00</u>	<u>289,000</u>
Subtotal	\$64,373,254	\$5,254,593	\$225,267	\$58,893,394
Contingency	<u>22,281,263</u>			<u>22,281,263</u>
Total	\$86,654,517	\$5,254,593	\$225,267	\$81,174,657

Total Expenditures as of 10/31/2024 = \$5,479,860

**Estimated Possible RBB Closeout Costs and Funding Sources
Including IRWM DAC Grant and Prop 1 Round 1 Grant Payback**

	FY 2023	FY 2024	FY 2025	
RBB Base Rate	\$ 5.79	\$ 51.69	\$ 94.57	
EDU's	<u>25,287.7</u>	<u>25,369.7</u>	<u>25,627.4</u>	
RBB Rates Collected or to be collected	146,415.78	1,311,359.79	2,423,583.22	
Debt Service Costs	40,942.00	144,500.00	144,500.00	
Total RBB Rates to be Collected	<u>105,473.78</u>	<u>1,166,859.79</u>	<u>2,279,083.22</u>	
 RBB Available Funds				
RBB Rates Available after Debt Service Costs	3,551,416.79			
Remaining Short-term Loan Funds (as of 10/31/24) *	<u>2,639,343.69</u>	Includes Grant Reimb Invoiced but not yet received		
Total Funds Available (including FY 25 rates)	6,190,760.48			
 RBB Estimated Costs to Cancel				
Loan Costs				
Short-term Financing Repayment	3,400,000.00			
WIFIA Loan Costs to Cancel	200,000.00	Estimated		
Grants				
IRWM DAC Grant	500,000.00			
IRWM Prop 1 Round 1 *	3,054,446.55	Includes Grant Reimb Invoiced but not yet received		
Big Bear City Community Services Dist Share	(319,883.40)	Reimbursement from the Prop 1 Rnd 1		
 (Includes Stickleback Environmental Work)				
Big Bear Municipal Water Dist Share	(317,770.90)	Reimbursement from the Prop 1 Rnd 1		
City of Big Bear Lake Dept of Water Share (Includes Stickleback Environmental Work)	(319,883.40)	Reimbursement from the Prop 1 Rnd 1		
Contracts				
WSC (20% of outstanding contracts)	870,663.10	Estimated		
Tom Dodson & Associates	40,773.48	Estimated		
NHA Advisors	28,593.75	Estimated		
Additional Costs				
Legal	45,000.00	Estimated		
		Report of Waste		
 Regional Board Dept or Drinking Water	 <u>23,000.00</u>	 Discharge - Estimated		
Estimated Costs for Project Close Out	7,204,939.18			
 Estimated Funds Needed for Close Out	 <u>1,014,178.69</u>	 Shortfall		

* Grants invoiced by not yet received = \$1.24 million

**Estimated Possible RBB Closeout Costs and Funding Sources
No IRWM DAC Grant and Prop 1 Round 1 Grant Payback**

	FY 2023	FY 2024	FY 2025
RBB Base Rate	\$ 5.79	\$ 51.69	\$ 94.57
EDU's	<u>25,287.7</u>	<u>25,369.7</u>	<u>25,627.4</u>
RBB Rates Collected or to be collected	146,415.78	1,311,359.79	2,423,583.22
Debt Service Costs	<u>40,942.00</u>	<u>144,500.00</u>	<u>144,500.00</u>
Total RBB Rates to be Collected	<u>105,473.78</u>	<u>1,166,859.79</u>	<u>2,279,083.22</u>
 RBB Available Funds			
RBB Rates Available after Debt Service Costs	3,551,416.79		
Remaining Short-term Loan Funds (as of 10/31/24) *	<u>2,639,343.69</u>	Includes Grant Reimb Invoiced but not yet received	
Total Funds Available (including FY 25 rates)	6,190,760.48		
 RBB Estimated Costs to Cancel			
Loan Costs			
Short-term Financing Repayment	3,400,000.00		
WIFIA Loan Costs to Cancel	200,000.00	Estimated	
Grants			
IRWM DAC Grant	-		
IRWM Prop 1 Round 1	-		
Big Bear City Community Services Dist Share	-		
Big Bear Municipal Water Dist Share	-		
City of Big Bear Lake Dept of Water Share	-		
Contracts			
WSC (20% of outstanding contracts)	870,663.10	Estimated	
Tom Dodson & Associates	40,773.48	Estimated	
NHA Advisors	28,593.75	Estimated	
Additional Costs			
Legal	45,000.00	Estimated	
Regional Board Dept or Drinking Water	<u>23,000.00</u>	Report of Waste Discharge - Estimated	
Estimated Costs for Project Close Out	4,608,030.33		
Estimated Funds Needed for Close Out	<u>(1,582,730.16)</u>	Excess	

* Grants invoiced by not yet received = \$1.24 million

4.04 Budget and Statement of Charges. On or before the 1st day of May of each year, BBARWA shall submit to the Collecting Agencies its budget for the ensuing fiscal year. BBARWA's budgets shall be prepared in compliance with the guidelines and regulations of the State Board and the EPA relating to revenue programs for wastewater agencies and shall contain all items required thereby. In general, BBARWA's budgets shall include amounts for (1) Operation and Maintenance Expense and (2) Capital Expense, and (3) a contingency amount not to exceed 10% of the foregoing items. BBARWA's budgets may also include, if necessary, an amount for Bond Service Coverage pursuant to Part 4.06. If BBARWA's actual expenditures for a fiscal year have or will exceed its revenues for said fiscal year, BBARWA's budget for the succeeding fiscal year shall contain an amount equal to such deficit. Any surplus of revenues over expenses for any fiscal year, excluding surplus resulting from reserves for Capital Replacement and surplus for Bond Service Coverage, shall be carried forward and credited to the budget for the succeeding fiscal year. At the time of submitting each such budget, BBARWA shall also submit to each Collecting Agency a statement of the Collecting Agency's Total Annual Charge for the ensuing fiscal year, which shall contain a breakdown showing the Collecting Agency's Service Charge and Infiltration/Inflow Charge. This statement shall also show the manner in which the Infiltration/Inflow Charge was computed.

v. The State's Project Manager will notify the Grantee, in a timely manner, when, upon review of the Accountability Report, the State determines that any portion of the expenditures claimed are not eligible costs. The Grantee may, within thirty (30) calendar days of the date of receipt of such notice, submit additional documentation to cure such deficiency(ies). If costs are not consistent with the tasks in Exhibit A, the State will reject the claim and remove them from the Accountability Report.

E. Once the Grantee has spent all advanced funds in a budget category, then the method of payment will revert to the reimbursement process for that budget category specified in Paragraph 8, "Method of Payment for Reimbursement."

10) REPAYMENT OF ADVANCES. The State may demand repayment from the Grantee of all or any portion of the advanced State funding along with interest at the California general obligation bond interest rate at the time the State notifies the Grantee, as directed by the State, and take any other action that it deems necessary to protect its interests for the following conditions:

- A. A project is not being implemented in accordance with the provisions of the Grant Agreement.
- B. The Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if the Grantee does not remedy any such failure to the State's satisfaction.
- C. Failure by the Grantee to submit complete and accurate quarterly Accountability Reports by the required due dates, unless otherwise approved by DWR.
- D. Failure to deposit funds in a non-interest-bearing account.
- E. Use of Advance Payment funds for ineligible expenses and/or activities not consistent with this Agreement.
- F. Inappropriate use of funds, as deemed by DWR.
- G. Repayment amounts may also include:
 - i. Actual costs incurred which are not consistent with the activities presented in Exhibit A, not supported, or are ineligible.
 - ii. Advanced funds which are not fully expended by project completion, notwithstanding Water Code section 10551(c)(4). Unused grant funds shall be returned to DWR within sixty (60) calendar days.

Any repayment of advanced funds may consist of reducing the amount from future reimbursement invoices. The State may consider the Grantee's refusal to repay the requested advanced amount a material breach of this Agreement subject to the default provisions in Paragraph 12, "Default Provisions." If the State notifies the Grantee of its decision to demand repayment or withhold the entire funding amount from the Grantee pursuant to this Paragraph, this Grant Agreement shall terminate upon receipt of such notice by the Grantee and the State shall no longer be required to provide funds under this Agreement.

11) WITHHOLDING OF DISBURSEMENTS BY THE STATE. If the State determines that a project is not being implemented in accordance with the provisions of this Grant Agreement, or that the Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if the Grantee does not remedy any such failure to the State's satisfaction, the State may withhold from the Grantee all or any portion of the State funding and take any other action that it deems necessary to protect its interests. Where a portion of the State funding has been disbursed to the Grantee and the State notifies the Grantee of its decision not to release funds that have been withheld pursuant to Paragraph 12, "Default Provisions," the portion that has been disbursed shall thereafter be repaid immediately with interest at the California general obligation bond interest rate at the time the State notifies the Grantee, as directed by the State. The State may consider the Grantee's refusal to repay the requested disbursed amount a material breach subject to the default provisions in Paragraph 12, "Default Provisions." If the State notifies

the Grantee of its decision to withhold the entire funding amount from the Grantee pursuant to this Paragraph, this Grant Agreement shall terminate upon receipt of such notice by the Grantee and the State shall no longer be required to provide funds under this Grant Agreement and the Grant Agreement shall no longer be binding on either party.

12) DEFAULT PROVISIONS. The Grantee shall be in default under this Grant Agreement if any of the following occur:

- A. Substantial breaches of this Grant Agreement, or any supplement or amendment to it, or any other agreement between the Grantee and the State evidencing or securing the Grantee's obligations;
- B. Making any false warranty, representation, or statement with respect to this Grant Agreement or the application filed to obtain this Grant Agreement;
- C. Failure to operate or maintain the Project in accordance with this Grant Agreement.
- D. Failure to make any remittance required by this Grant Agreement, including any remittance recommended as the result of an audit conducted pursuant to Paragraph D.5.
- E. Failure to submit quarterly progress reports pursuant to Paragraph 5.
- F. Failure to routinely invoice the State pursuant to Paragraph 8.
- G. Failure to meet any of the requirements set forth in Paragraph 13, "Continuing Eligibility."

Should an event of default occur, the State shall provide a notice of default to the Grantee and shall give the Grantee at least ten (10) calendar days to cure the default from the date the notice is sent via first-class mail to the Grantee. If the Grantee fails to cure the default within the time prescribed by the State, the State may do any of the following:

- H. Declare the funding be immediately repaid, with interest, which shall be equal to State of California general obligation bond interest rate in effect at the time of the default.
- I. Terminate any obligation to make future payments to the Grantee.
- J. Terminate the Grant Agreement.
- K. Take any other action that it deems necessary to protect its interests.

In the event the State finds it necessary to enforce this provision of this Grant Agreement in the manner provided by law, the Grantee agrees to pay all costs incurred by the State including, but not limited to, reasonable attorneys' fees, legal expenses, and costs.

13) CONTINUING ELIGIBILITY. The Grantee shall meet the following ongoing requirement(s) and all eligibility criteria outlined in the 2019 Guidelines to remain eligible to receive State funds:

- A. An urban water supplier that receives grant funds pursuant to this Agreement shall maintain compliance with the Urban Water Management Planning Act (UWMP; Wat. Code, § 10610 et seq.) and Sustainable Water Use and Demand Reduction (Wat. Code, § 10608 et seq.) as set forth on page 11 of the 2019 Guidelines and as stated on page 22 of the Proposal Solicitation Package.
- B. An agricultural water supplier receiving grant funds shall comply with Sustainable Water Use and Demand Reduction requirements outlined in Water Code section 10608, et seq. and have their Agricultural Water Management Plan (AWMP) deemed consistent by DWR. To maintain eligibility and continue funding disbursements, an agricultural water supply shall have their 2015 AWMP identified on the State's website. For more information, visit the website listed in Appendix A in the 2019 Guidelines.
- C. A surface water diverter receiving grant funds shall maintain compliance with diversion reporting requirements as outlined in Water Code section 5100 et. seq.

(1) Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). CEDEN data templates are available on the CEDEN website (<http://www.ceden.org>). Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to the CEDEN Regional Data Center via the CEDEN website and a copy shall be given to SAWPA.

(2) If Sub-Grantee's Work Plan contains a groundwater ambient monitoring element, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Resources Control Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program. Information on the GAMA Program can be obtained at http://www.waterboards.ca.gov/water_issues/programs/gama. If further information is required, the Sub-Grantee can contact the State Water Resources Control Board GAMA Program. A copy of all data submitted shall be given to SAWPA.

(D) If groundwater level data is collected, Sub-Grantee must submit this data to DWR's Water Data Library (WDL) with a narrative description of data submittal activities (included in project reports). Information regarding the WDL and the format to submit the data in can be found at: <http://wdl.water.ca.gov/>. A copy of all data submitted shall be given to SAWPA.

In the near future, DWR's WDL will be replaced by the California Statewide Groundwater Elevation Monitoring program (CASGEM). Once this program comes online, Sub-Grantee will then submit groundwater level data to CASGEM. Information regarding the CASGEM program can be found at: <http://www.water.ca.gov/groundwater/casgem/>.

SECTION 22. TERMINATION; IMMEDIATE REPAYMENT; INTEREST

(A) SAWPA may terminate this Contract at any time prior to completion of the Project for Sub-Grantee's violation of any provision of this Contract upon written notice by SAWPA of the violation and the failure of Sub-Grantee to come into compliance within a reasonable time as established by SAWPA.

(B) In the event of such termination, the Sub-Grantee agrees, upon demand, to immediately repay to SAWPA an amount equal to the amount of grant funds disbursed to the Sub-Grantee prior to such termination. In the event of termination, prejudgment interest shall accrue on all amounts due from the date that notice of termination is mailed to the Sub-Grantee to the date of full repayment by the Sub-Grantee.

(C) SAWPA may terminate this Contract should DWR terminate SAWPA as program manager or terminate funding for this Contract or the Project or should DWR terminate its standard agreement with SAWPA on this Project. Upon such DWR-caused termination, SAWPA shall not be liable to Sub-Grantee for any damages, costs or expenses resulting from such termination.

SECTION 23. DAMAGES FOR BREACH AFFECTING TAX EXEMPT STATUS

In the event that any breach of any of the provisions of this Contract or other action by the Sub-Grantee shall result in the loss of tax exempt status for any bonds, or if such breach shall result in an obligation on the part of SAWPA to reimburse the federal government by reason of any