Big Bear Area Regional Wastewater Agency

Regular Board Meeting Agenda

October 28, 2026 at 5:00 p.m.
121 Palomino Drive, Big Bear City, CA 92314 and
59-445 Palila Pl, Waimea, HI 96743

Governing Board Members

Kendi Segovia, Chair — Larry Walsh, Vice-Chair
Rick Herrick, Director — John Russo, Director
Andrew Sauer, Director

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Approval of Agenda**
4. **Public Forum -** Public testimony is permitted at this time on the following sections of the agenda: Presentation and Introduction, Information and Committee Reports, Consent Calendar, and any other matters within the Agency's subject matter jurisdiction that are not included on the posted agenda. If you are unsure whether your public testimony falls within the subject matter jurisdiction or which agenda item it pertains to, please contact the Board Secretary before the meeting. Each speaker is allotted a maximum of three minutes to address the Governing Board during this Public Forum. Public testimony on non-agenda items shall be limited to 30 minutes for all speakers. Please note that state law prohibits the Agency from taking action on matters not listed on the posted agenda. For items on the posted agenda, public testimony will be taken prior to the Governing Board's deliberation of each item. Each speaker will be allotted a maximum of three minutes per item. The Governing Board requests that public testimony focus specifically on BBARWA business. The Chair, by majority vote, may waive these time limitations and may rule out of order testimony that is unduly repetitious or irrelevant.
5. **Presentation and Introduction** - None
6. **Information and Committee Reports**
    A. General Manager's Report
    B. Greenspot Recharge Project Report
    C. Audit Report for Fiscal Year Ended June 30, 2026
    D. Annual Report for Fiscal Year Ended June 30, 2026
    E. Outfall Line Investigation Plan Technical Memorandum
    F. Administrative Committee Meeting Report - October 15, 2026 (Oral 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. September 28, 2026 Special Meeting Minutes
    B. Monthly Disbursements Report
    C. Investment Report Identifying Agency Investments and Reporting Interest Income
8. **Items Removed from the Consent Calendar**
9. **Old Business** - None
10. **New Business – Discussion and Action Items**
    A. Administrative Assistant Classification, Pay Schedule, and Allocate $37,500 from the Contingency Fund for the Administrative Assistant
    B. Reallocate $16,353 to the Boardroom Camera Project from the Capital Budget
    C. Asset Disposal – 2004 Toyota Tundra SR-5
    D. Resolution No. R. 15-2026, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Expressing Appreciation to Rick Herrick for Dedicated Service as a Member of Said Governing Board
11. **Comments and Announcements**
    A. General Manager Comments
    B. Governing Board 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 https://www.bbarwa.org to view and/or print the Agenda Package.

Big Bear Area Regional Wastewater Agency

Agenda Item 6.A.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Subject:	General Manager's Report

Administration:

Adjourn the November 25th and December 23rd Regular Meetings

The November and December regular Board meetings will be adjourned and a special meeting may be scheduled in December if needed.

Agency Solar and Schedule NEM (Net Energy Metering)

The California Public Utilities Commission (CPUC) staff has proposed a rulemaking that would overhaul how customer-owned generation (i.e., solar) is credited for small and multi-jurisdictional utilities. According to Bear Valley Electric Service, Inc. (BVES) staff, this proposal would unwind existing NEM contracts, with new requirements for monthly settlements and no carry-over of credits. The Agency's motion for party status was approved, and the Agency provided opening comments and replies to comments to the Commission with a factual demonstration of the adverse impacts. BBARWA was recently made aware of the proposal by BVES and desires to fully participate in the proceedings to protect its ratepayer interests and its interests as a BVES customer.

Emergency Electric Power Supply and Coordination Agreement

Negotiations are ongoing.

Communication Facility Site License Agreement

Negotiations are ongoing.

Big Bear Aiport Easement

The process is ongoing.

Operations:

Active Projects:

Project	Status
Outfall Line Investigation	The Technical Memorandum has been completed and is included in Item 6.E.
RAS Header Replacement Project	No update - The project is currently in the submittal review phase
Oxidation Ditch 1 Wall Rehabilitation Project	The ground penetrating radar (GPR) and center wall evaluations have been completed and the results reviewed by staff, the scope of work is being developed
Oxidation Ditch 2 Rotor 6 Replacement Project	The replacement rotor has been received, the RFP for installation is being drafted
NSPS 3 Well Rehabilitation Project	No update - WSC is developing the scope of work based on the results from the Pump Station Investigation Project
Wastewater Treatment and Outfall Master Plan	Progress is underway
Collection System Master Plan	Progress is underway
Carbon Tower – Headworks Project	Progress is underway

Treatment Plant Data

Flow percentages for each Member Agency are shown below. The influent flow (MG) chart is attached.

Member Agency	July	August	September
City of Big Bear Lake	50.57%	47.61%	46.50%
Big Bear City CSD	45.03%	48.07%	49.66%
County of San Bernardino CSA 53B	4.40%	4.32%	3.84%

Solar Production

Actual net generation (kWh) for each fiscal year is summarized in the table below.

Month	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
July	215,598.25	285,573.00	259,658.50	288,076.00	221,226.00
August	229,947.25	261,893.00	281,198.50	244,730.00	211,398.00
September	230,749.75	280,457.00	242,325.00	221,609.00	214,525.00
October	276,600.50	293,122.50	270,744.00	251,891.00	-
November	241,524.25	247,757.00	224,763.00	182,967.00	-
December	190,418.50	206,571.00	207,309.00	181,248.97	-
January	192,716.50	202,574.00	219,277.00	195,876.00	-
February	224,106.25	204,564.50	229,821.00	169,148.00	-
March	269,443.75	244,171.50	266,439.00	268,974.00	-
April	316,650.00	301,025.00	287,155.00	259,967.00	-
May	302,288.50	311,556.50	281,839.00	279,952.00	-
June	287,765.00	294,047.50	272,851.00	251,630.00	-
Total	**2,977,808.50**	**3,133,312.50**	**3,043,380.00**	**2,796,068.97**	**647,149.00**

Connections

The monthly connections for each fiscal year and by Member Agency are summarized in the table below.

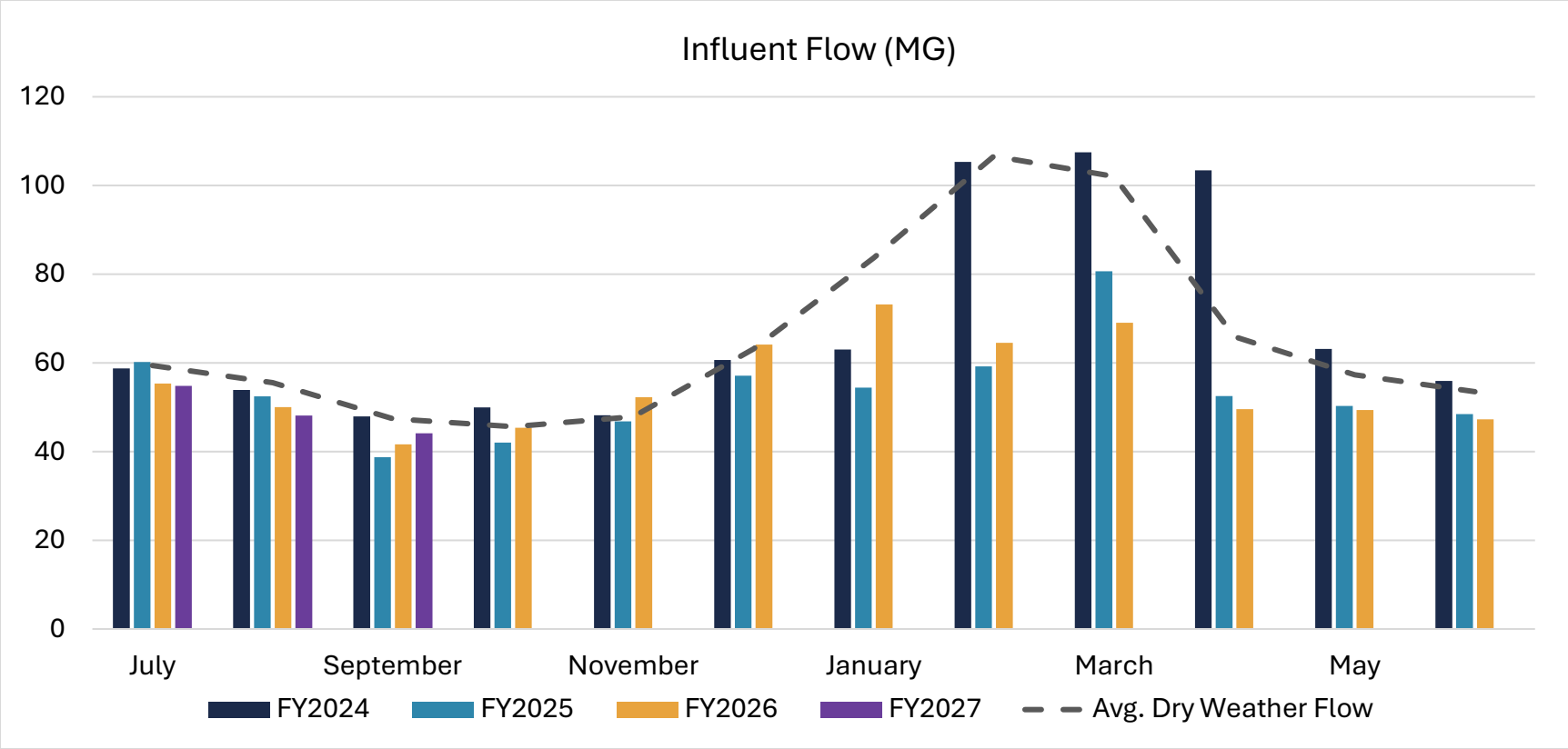
Month	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	CBBL	CSD	CSA 53B
July	2	5	4	6	3	0	3	0
August	13	4	7	4	3	1	2	0
September	8	69[1]	12	5	5	3	2	0
October	6	6	1	4	-	-	-	-
November	4	2	2	1	-	-	-	-
December	2	2	4	4	-	-	-	-
January	0	2	2	2	-	-	-	-
February	0	1	2	0	-	-	-	-
March	2	2	1	5	-	-	-	-
April	4	5	1	3	-	-	-	-
May	8	12	5	3	-	-	-	-
June	10	8	6	6	-	-	-	-
Total	**59**	**118**	**47**	**43**	**11**	**4**	**7**	**0**

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

Attachment:

Influent Flow Graph

Big Bear Area Regional Wastewater Agency



Agenda Item 6.B.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Subject:	Greenspot Recharge Project Report

***Design**

Starting around October 22, 2026, engineers will conduct preliminary field tests (geotechnical investigation) at the proposed recharge site to assess soil and groundwater conditions. Building on earlier studies, results will determine the optimal size and location of recharge basins.

Outreach included distribution of the press release to Agency's subscribers, local news organizations, government officials, and local agencies and community organizations for sharing to their boards, councils, members, and staff. The Agency also installed four (4) signs (one at each site corner) and posted on social media.

The stamped CEQA exemption for this work is available on the Agency's Project Updates page (https://www.bbarwa.org/project-updates) and the Greenspot Documents page (https://www.bbarwa.org/greenspot-documents) under Environmental Documents.

The Agency will have a cultural resource monitor at the site who will monitor ground disturbing activities and conduct field identification and evaluation of exposed archaeological, historical, or tribal cultural materials. The monitor will coordinate with the designated Tribal Historic Preservation Office regarding field discoveries.

***Project Expenditures:**

The table below summarizes the Agency's project expenditures as of August 31, 2026. Expenditures are separated into two categories: expenditures prior to the scope change in April 2026 and expenditures for the Greenspot Recharge Project work since.

Expenditure Category	Program Costs through April 2026	Greenspot Recharge Project	Total
Planning	$5,242,183	$166,897	$5,409,080
Final Design	1,189,106	67,595	1,256,701
Property Purchase	25,500	846,039	871,539
Construction	-	-	0
Short-Term Financing Interest	396,251	-	396,251
Finance Costs[2]	284,485	919	285,404
Total	**$7,137,525**	**1,081,449**	**8,218,974**

Grants:

The tables below summarize the Agency's grant funding sources, associated grant amounts, and reimbursements received as of August 31, 2026. Reimbursements are separated into two categories: amounts reimbursed prior to the scope change in April 2026 and amounts reimbursed for the Greenspot Recharge Project.

State Grants	Grant Amount	Reimbursed Prior to Scope Change	Greenspot Recharge Project Reimbursements	Total Reimbursed
DCI Technical Assistance	$500,000	$500,000	$0	$500,000
IRWM Prop 1 Round 1	4,563,338	3,917,796	0	3,917,796
Subtotal	**$5,063,338**	**$4,417,796**	**$0**	**$4,417,796**

Federal Grants	Grant Amount	Reimbursed Prior to Scope Change	Greenspot Recharge Project Reimbursements	Total Reimbursed
2022 Title XVI	1,600,000	$525,800	$0	$525,800
2023 & 2024 Title XVI	17,319,655	0	0	0
2022 STAG	960,000	960,000	0	960,000
2023 & 2024 STAG	2,000,000	0	0	0
Subtotal	**$21,879,655**	**$1,485,800**	**$0**	**$1,485,800**
Grand Total	**$26,942,993**	**$5,903,596**	**$0**	**$5,903,596**

[2] Finance costs include the cost of issuance of the short-term financing which includes the municipal advisor, bond counsel, and placement agent; the EPA WIFIA application fee, the S&P preliminary rating, and financial advisor.

The DCI Technical Assistance and 2022 STAG grants have been fully reimbursed.

Integrated Regional Water Management (IRWM) Proposition 1 Round 1 (Prop 1 Round 1) Grant – No update. The Project Team is working with IRWM on the requirements needed to amend the agreement due to the scope change.

2022 Title XVI Grant – No update. As a result of the revised scope, USBR has temporarily suspended reimbursements pending approval of an amendment. The Project Team is working on the required documents and will submit them to the U.S. Bureau of Reclamation (USBR) for review and approval. This includes an updated Feasibility Study, a resolution affirming the Governing Board's support of the project, and an updated financial capability determination. Concurrently, the Project Team is coordinating with Tom Dodson & Associates to determine the additional NEPA and CEQA documentation the revised project scope will require.

2023 & 2024 Title XVI Grant – No update. The FY 2023 and 2024 Title XVI grant awards will be included in the revised Feasibility Study and associated grant amendment.

*2022 EPA STAG – The Completion Report has been submitted to the grant administrator.

2023 & 2024 EPA STAG – No update. These funds have been awarded. Further details are in the April 22, 2026 staff report regarding a future technical correction.

Big Bear Area Regional Wastewater Agency

Agenda Item 6.C.

Meeting Date:	October 28, 2026
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:	Audit Report for the Fiscal Year Ended June 30, 2026

Background & Discussion:

The Agency engaged the services of Rogers, Anderson, Malody & Scott, LLP ("RAMS"), Certified Public Accountants, to perform the annual audit for the fiscal year ended June 30, 2026.

Please find attached 1) a letter addressing the Governing Board and summarizing the audit (communication required to those in charge of governance) and 2) the Annual Comprehensive Financial Report (a bound copy to follow). It should be noted that in the attached letter to the Governing Board, certain Significant Risks have been listed that include 1) management's override of internal controls over financial reporting, and 2) management's failure to recognize revenue in accordance with Generally Accepted Accounting Principles ("GAAP"). These are common, presumptive risks and are not specific to the Agency nor have any instances of these occurred or been noted by the auditors.

RAMS has issued an unmodified opinion, stating that the financial statements for the fiscal year ended June 30, 2026 present fairly, in all material respects, the financial position of the Agency and are free of material misstatement (please see the Independent Auditor's Report in the Annual Comprehensive Financial Report).

Financial Impact:

There is no financial impact.

Recommendation:

Informational.

Attachments:

Letter to the Governing Board
Annual Comprehensive Financial Report and Presentation

RAMS
CERTIFIED PUBLIC ACCOUNTANTS

October 14, 2026

To the Board of Directors
Big Bear Area Regional Wastewater Agency
121 Palomino Drive
Big Bear City, California 92314

We have audited the financial statements of the Big Bear Area Regional Wastewater Agency (the Agency) as of and for the year ended June 30, 2026, and have issued our report thereon dated October 14, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 15, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Tel. 909-889-0871 | www.ramscpa.net | 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408

We have evaluated whether certain nonattest services performed by our firm during the audit have created a significant threat to our independence in relation to the Agency. We have identified a threat to our independence (preparation of the Agency's financial statements, creating a self-review threat) that if not reduced to an acceptable level, would impair our independence. In order to reduce the threat to an acceptable level, we have applied the following safeguard:

> Prior to the issuance of the Agency's financial statements, another partner or manager, independent of the engagement, will review the financial statements.

Significant Risks Identified

We have identified the possibility of the following significant risks:

> *Management's override of internal controls over financial reporting* – Management override of internal controls, an inherent risk according to (Generally Accepted Auditing Standards) GAAS, is the intervention by management in handling financial information and making decisions contrary to internal control policy.
>
> *Improper revenue recognition* – Improper revenue recognition, an inherent risk according to GAAS, is a presumed fraud risk related to the risk of material misstatement due to the improper recognition of revenue (recognition in incorrect period, without meeting applicable recognition criteria, etc.) and is usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Agency's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. The Agency adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets* during 2026. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the Agency's financial statements are:

Management's estimate of the net pension liability and related deferred inflows and outflows of resources are based on actuarial reports by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the liability for other post-employment benefits (OPEB) and related deferred inflows and outflows of resources are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

The most sensitive disclosures affecting the Agency's financial statements relate to:

The disclosure of fair value of investments in the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets (and related accumulated depreciation) in the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred inflows and outflows of resources in the basic financial statements is based on actuarial assumptions. Actual future liabilities and actuarial deferred inflows and outflows may vary from disclosed estimates.

The disclosures of the other post-employment benefits (OPEB) liability and related deferred inflows and outflows of resources in the basic financial statements is based on actuarial assumptions. Actual future liabilities and actuarial deferred inflows and outflows may vary from disclosed estimates.

The disclosure of leases and subscription liabilities, right-to-use assets, and asset amortization in the basic financial statements is based on certain terms and assumptions in the agreements which could differ from actual amounts.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements noted.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 14, 2026.

Managements Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the Agency, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Agency's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

> Read the other information and considered whether a material inconsistency existed between the other the information and the basic financial statements, or the other information otherwise appears to be materially misstated. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rogers, Anderson, Malody & Scott, LLP.

BIG BEAR AREA
REGIONAL WASTEWATER AGENCY

P.O. Box 517, 122 Palomino Drive, Big Bear City, CA 92314-0517
(909) 584-4018 • FAX (909) 585-4522 • e-mail: cbennett@bbarwa.org

October 14, 2026

Rogers, Anderson, Malody & Scott, LLP

This representation letter is provided in connection with your audit of the financial statements of Big Bear Area Regional Wastewater Agency (the entity) which comprise the statement of financial position as of June 30, 2026, and the change in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 14, 2026:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 15, 2026, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
- The financial statements refer to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and noted to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, if any, are included and other joint ventures and related organizations are properly disclosed.

- All components of net position, net investment in capital assets, restricted, and unrestricted are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have reviewed and approved the adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- We have evaluated all of our lease and subscription agreements and have given you our assessment as to whether each agreement is subject to GASB Statement No. 87, *Leases* and GASB Statement No. 96*, Subscription Based Information Technology Arrangements.*
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

- With regard to pensions and OPEB:
  - We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
  - We are unable to determine the possibility of a withdrawal liability from the Miscellaneous and PEPRA Miscellaneous plans and are not currently contemplating withdrawing from the Miscellaneous and PEPRA Miscellaneous plans.
  - Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.
- We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
- We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- With respect to preparation of the financial statements, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained internal controls, a process to monitor the system of internal controls.

Information Provided

- We have provided you with:

  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
  - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All information provided in electronic form are true representations of the original documents.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, concentrations and constraints, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Use of a Specialist

- We agree with the findings of specialists in evaluating the entity's net pension and net other post-employment benefit liabilities and related deferred amounts and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Cybersecurity

- There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Accounting Estimates and Related Disclosures

- The significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
- We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.
- The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity, when relevant to the accounting estimates and disclosures.
- The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
- We have obtained and applied appropriate specialized skills and expertise in making accounting estimates, if needed.
- We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and related disclosures included in the financial statements.



David Lawrence, General Manager



Christine Bennett, Finance Manager



BIG BEAR AREA
REGIONAL WASTEWATER AGENCY

P.O. Box 517, 121 Palomino Drive, Big Bear City, CA 92314-0517

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For Fiscal Year End June 30, 2026

This page left blank intentionally.

Big Bear Area Regional Wastewater Agency
Big Bear City, California

FY 2026
Annual Comprehensive
Financial Report
For the year ended June 30, 2026

Protecting Big Bear's Future through Responsible Planning

David Lawrence, *General Manager*

Prepared by
Christine Bennett, *Finance Manager*
Member of the Government Finance Officers Association of the United States and Canada and the California Society of Municipal Finance Officers

This page left blank intentionally.

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal i

Certificate of Achievement for Excellence in Financial Reporting vi

Governing Board of Directors vii

Organizational Chart viii

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 4

Basic Financial Statements

Statement of Net Position 9

Statement of Revenues, Expenses, and Changes in Net Position 10

Statement of Cash Flows 11

Notes to the Basic Financial Statements 13

Required Supplementary Information

Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date 39

Schedule of Pension Plan Contributions 40

Schedule of Changes in Net OPEB Liability and Related Ratios 41

Schedule of OPEB Plan Contributions 43

Supplementary Information

Schedule of Revenues, Expenses, and Changes in Net Position – Budget vs. Actual 44

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 45

STATISTICAL SECTION

Overview 47

Financial Trends

Net Position by Component - 10 Fiscal Years 47

Change in Net Position - 10 Fiscal Years 48

Operating Revenues and Expenses (graphical) - 10 Fiscal Years 49

Operating Income, Income Before Capital Contributions, and Change in Net Position (graphical) - 10 Fiscal Years 49

Operating Expense Detail (graphical) - 10 Fiscal Years 50

Net Nonoperating Revenue (Expense) Capital Contributions (Connection Fee Revenue) (graphical) 10 Fiscal Years 50

Table of Contents

Revenue Capacity

Operating Revenues by Component - 10 Fiscal Years 51
Operating Revenue by Component (graphical) - 10 Fiscal Years 51
Annual Charges by Member Agency - 10 Fiscal Years 51
Annual Charges by Member Agency (graphical) - 10 Fiscal Years 52
Annual Charges by Member Agency % of Total 52
Equivalent Dwelling Units by Member Agency (graphical) - 10 Fiscal Years 53
Influent Flow by Member Agency Served (Millions of Gallons) - 10 Fiscal Years 53
Annual Sewer User Fee Rate Charged per EDU - 10 Fiscal Years 54

Debt Capacity

Debt Ratios - 10 Fiscal Years 54
Debt Service Coverage - 10 Fiscal Years 55

Demographic and Economic Information

Population Estimates 55
Unemployment Estimates 55
Household Income 56
% of Employed Population by Industry 57
% of Employed Population by Occupation 57
Big Bear Area Comparison to State of California 58

Operating Information

Influent Flow (gallons) - 10 Fiscal Years 59
Equivalent Dwelling Units - 10 Fiscal Years 59
Agency Staffing by Department 60
Staffing Levels 60
Capital Assets (Net Book Value) 61
Key Assets 61
Capacity Utilization by Structure 62

INTRODUCTION

This page left blank intentionally.

Letter of Transmittal

BIG BEAR AREA
REGIONAL WASTEWATER AGENCY
P.O. Box 517, 122 Palomino Drive, Big Bear City, CA 92314-0517
(909) 584-4018

October 14, 2026

Chairperson, Members of the Governing Board of Directors, and the Public:

We are pleased to submit the Annual Comprehensive Financial Report (the Financial Report) of the Big Bear Area Regional Wastewater Agency (the Agency) for the fiscal year ended June 30, 2026. California Government Code Section 26909(a)(2) requires the Agency, as a joint powers agency and operating under Special District Law, to publish and file with the State Controller an audit report conforming to generally accepted auditing standards within 12 months of the end of the fiscal year or years under examination.

Management is responsible for the accuracy and reliability of the information contained within the report, based upon a comprehensive framework of internal controls that have been established for this purpose. The cost of internal controls should not exceed anticipated benefits; therefore, the objective is to provide reasonable assurance, rather than absolute assurance, that the statements are free of any material misstatement. To the best of management's knowledge, the enclosed data is accurate in all material respects and presents fairly the results of operations and the financial position of the Agency.

The auditing firm of Rogers, Anderson, Malody & Scott, LLP has conducted an independent audit of the Financial Report. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Agency are free of material misstatement. The auditing firm has issued an unmodified opinion on the Agency's financial statements for the fiscal year ended June 30, 2026. The independent auditor's report is located at the beginning of the Financial Section of the Financial Report on page 1.

Management's Discussion and Analysis (MD&A) follows the independent auditor's report and provides an introduction, summary, and analysis of the Agency's financial performance and basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it to enhance the readers' understanding of the information provided.

The Annual Comprehensive Financial Report

This report is presented in three sections:

Introduction, which includes this letter of transmittal, principal officials, and organization chart.

Financial, which includes the independent auditor's report on the financial statements, Management's Discussion and Analysis, the basic financial statements, and the required supplementary information.

Statistical, which includes information related to financial trends, revenue capacity, debt capacity, demographic and economic conditions, and multi-year operational data.

Profile of the Big Bear Area Regional Wastewater Agency

Legal and Organizational Structure

The Agency is an enterprise, wastewater treatment facility which was established in 1974 and organized as a joint powers agency, currently operating under Special District Law. The Agency was created as a management agency, obligated to provide services to three agencies: the Big Bear City Community Services District, the City of Big Bear Lake, and the San Bernardino County Service Area 53 B (the Member Agencies). The Agency's service area encompasses a rural mountain community of approximately 79,000 acres and 25,700 sewer connections.

Governing Body

The Agency is governed by a five-member Governing Board. Per the Joint Powers Agreement, Governing Board members are appointed by the governing bodies of its three Member Agencies.

Services

The Agency provides wastewater collection, treatment, and disposal services to the Big Bear Valley, serving approximately 25,700 commercial and residential customers. On average, the Agency treats approximately 800 million gallons of wastewater annually at its treatment plant. The Member Agencies convey wastewater from their respective sewer systems into the Agency's interceptors and into the treatment plant. The Agency's facilities operate under permit from the California Regional Water Quality Control Board, Santa Ana Region, Order No. R8-2005-0044. The Agency's 640-acre disposal site is located northeast of the Agency in the desert community of Lucerne Valley. The effluent from the treatment plant is pumped to Lucerne Valley for irrigation of fodder and fiber crops under permit from the California Regional Water Quality Control Board, Colorado River Basin, Order No. R7-2021-0023. The disposal site is leased to an independent contractor.

Mission

The Agency's mission is to efficiently collect, treat, and beneficially reuse wastewater and biosolids in an environmentally and fiscally responsible manner.

To conduct this mission, the Agency will meet the needs of the regulatory agencies and our community in an open and cooperative manner.

Budget Process

Pursuant to the operating agreement between the Agency and its Member Agencies, an annual budget must be adopted by May 1 of each year. By California State Law, the Agency is required to adopt its budget by July 1 of each year.

The budget process involves long-range planning, which is essential to financial management and maximizing ratepayer value. The Agency completes a five-year financial forecast each year. The first year of the forecast is the Agency's annual budget. The budget provides a solid picture of the Agency's expectations for the next twelve months and is an accountability tool for management and reflects its commitment to performance. The forecast is the Agency's best estimate of performance beyond the next twelve months. It is based on historical trend analysis, economic conditions, inflationary expectations, and other relevant information that may impact future performance. Each year, the Agency reviews and updates its 20-year capital improvement plan which includes 1) the scheduled maintenance and replacement of Agency assets and 2) any planned improvement or capacity expansion projects.

The long-range financial plan indicates the adequacy of the Agency's revenues to meet debt covenant tests, fund balance targets, and capital requirements and is a critical tool in maintaining stable and adequate rates.

Economic Condition

The Agency's economic condition is determined based on the financial outlook or expected future financial strength of the Agency. The Agency has maintained stable operations by 1) managing operating expenses to inflationary growth over time, 2) long-term planning for asset maintenance and 3) modifying its rates as needed. Further, based on long-range planning, the outlook for the Agency is good, with adequate revenue to cover its costs, maintain and improve its facilities, meet its debt service requirements as they come due, and fund the minimum balance requirements associated with its contingency, liquidity, capital improvement and debt service reserve funds. Factors affecting the Agency's economic condition include the local economy, long-range financial planning, financial policies and practices, and major initiatives.

Local Economy

The local area is a four-season, resort community located in the San Bernardino Mountains of Southern California. The economy is primarily driven by tourists and a large, part-time population of second homeowners. The food service, accommodation, recreation, and entertainment industries and the educational services, health care, and social assistance are the largest employers. The Agency serves an area that experiences relatively low growth with new connections averaging less than 1% annually over the long term or approximately 59 connections per year. Over the past 10 years new connections to the system have been low with the exception of the COVID-19 migration which saw an influx of new construction and the construction of a new hotel during FY 2024. The annual average of new connections for the last ten years is approximately 58 per year, not including nonrecurring multi-unit connections (such as the addition of a new hotel). FY 2026 had the lowest annual residential connections since FY 2017, with 43 connections for the year. An overview of the general demographics of the area can be found in the Statistical Section.
Long-Term Financial Planning

The Agency has focused on managing costs to inflationary levels, which has resulted in relatively stable rates over the years. Adequate depreciation funding, cost management, long-range planning, and a history of effective financial management have positioned the Agency to maintain stable and competitive rates. With the implementation of an updated capital improvement forecasting methodology in FY 2025 and costs related to Replenish Big Bear (RBB), BBARWA's Wastewater Treatment Upgrade Project, it has become necessary to adjust rates above inflationary levels for FY 2026 through FY 2030.

Rates are set at levels to meet operating and maintenance costs, capital costs (both debt service and capital expenditures), and minimum reserve fund balance requirements. The Agency uses a combination of cash and debt to fund its capital investments and to maintain stable rates. The FY 2026 rate adjustment was 6%, initially forecast at 18%; however, due to the RBB pause during FY 2025 the additional increase in FY 2026 for RBB was also paused. The rate adjustment for FY 2027 is 18% as final design for RBB was reinitiated during FY 2026, with projected rate adjustments of 18% annually through FY 2029, a 6% rate adjustment projected for FY 2030, and a 4% rate adjustment projected for FY 2031. These rate adjustments include rate collection for RBB for debt service payments and operational costs. Annual rate adjustments, not including RBB, average 6% through FY 2031. These rate and inflation assumptions were developed during the FY 2027 budget process.

A new capital improvement forecasting methodology was adopted in FY 2025 that prioritizes capital improvements based on likelihood and consequence of failure scores and addresses outdated project costs. Project estimates will be escalated by the Handy Whitman Index, a widely recognized benchmark that tracks construction cost trends across various regions and project types. This index will provide reliable data for estimating future costs, allowing the Agency to forecast capital costs more accurately and allow for better financial planning. As a result of the updated capital improvement forecasting methodology, rate adjustments, not including RBB, are forecast to be slightly higher than inflation through FY 2030. Rate adjustments are expected to return to at or near inflation in FY 2031.

The Preliminary Design Report (PDR) for RBB was expected to be completed by the end of Fiscal Year 2026. The PDR refines the concepts developed during the pilot study, evaluates design alternatives, and is used as the basis for final design. The Governing Board received an informational presentation on October 22, 2025 that discussed the updated treatment process, design approach, and cost estimate. On December 17, 2025 the Governing Board considered the possible financial impact of either continuing with final design or cancelling RBB at the completion of the PDR. The Governing Board made the decision to continue toward development of final design drawings and specifications with the understanding that certain final design elements would be deferred until construction funding and key RBB assumptions are more clearly established. During the April 27, 2026 Special Meeting, the Governing Board chose to pivot to a phased approach with the Greenspot Recharge Project being Phase I and authorized the General Manager to purchase the property for the new discharge location. With the pivot to a phased approach, the PDR has been delayed so that it can reflect changes and is expected to be completed in FY 2027.

The Agency's capital projects during the next five-year period through FY 2031 total approximately $87 million (approximately $17.4 million annual average) and through FY 2045 total approximately $119 million (approximately $6 million annual average). Over the long term, under the updated capital improvement plan, approximately 32% of the Agency's capital investment is for maintenance with the remaining 68% for non-maintenance improvements.

Over the next five years, the Agency's major capital projects (in approximate amounts) include $2.8 million for the rehabilitation of the North Shore Pump Station 3 Well, $1.4 million for the Outfall Line Investigation Project (pipeline to Lucerne Valley), $900,000 for the Clarifier Splitter Gates Project, $2.1 million in asphalt and paving improvements, and $800,000 to update the Wastewater Treatment and Outfall Master Plan, the Collection Systems Master Plan, and pipeline maps. Capital project costs for RBB through FY 2030 are anticipated to be approximately $76 million, which will be funded through a combination of debt, grant proceeds, and RBB reserves.

Financial Policies and Practices

The Agency has adopted financial policies related to debt, investment, and designated reserve funds. These policies guide the Agency through its budgeting and planning processes and provide a framework for the financial management of the Agency. The Agency maintains multiple designated reserve funds, including contingency (for variances from the budget), liquidity (for working capital), debt (for debt service) and capital and replacement (for current and future capital investment requirements). Target fund balances are set annually and are based on the Agency's operational and capital requirements. The Agency has adopted a policy on a balanced budget, which is included as part of the Financial Policies. The Agency's practice is to balance the budget through the planned use of contributions to the Agency's capital and replacement fund and structure its rates to cover its average recurring expenses. All references to Agency funds and designated fund balances are related to reserve funds maintained by the Agency for various operating and capital-related purposes.

FY 2027 Major Initiatives

Outfall Line Investigation - The Outfall Line is approximately 16.24 miles in length and conveys effluent flows to the discharge location in Lucerne Valley. The Outfall Line was constructed in the 1970's, with venting and piping upgrades completed in the 1980's and 1990's. Most of the outfall pipeline is 16-inch concrete mortar lined and coated steel pipe. The scope of work may consist of visual inspections, soil corrosion analysis, non-destructive testing, and internal pipe camera investigations. The scope of work will include a phased investigation approach, beginning with lower cost and/or duration investigation methods to determine the condition of the pipe. If the condition of the pipe is not conclusive from the preceding investigation effort, the next phase of investigations will be implemented.

Wastewater Treatment and Outfall Master Plan and the Collection System Master Plan - Separate Master Plans will be developed for the wastewater treatment plant and outfall line, and the collection system. The Master Plans will evaluate current and future needs for repair, replacement, or rehabilitation of existing assets and facilities to maintain reliable operations, serve existing and future sewer demands, protect public health and operator safety, and meet regulatory compliance requirements.

Replenish Big Bear: Phase I Greenspot Recharge – The Agency began the preliminary engineering and environmental work for RBB in FY 2019. Pre-construction activities began in FY 2023 which included engineering, environmental, pilot facility planning and implementation, and design work. Piloting for RBB was completed in FY 2024. On October 22, 2025, the Governing Board received an informational presentation that discussed the updated treatment process, design approach, and cost estimate. On December 17, 2025 the Governing Board considered the possible financial impact of either continuing with final design or cancelling RBB at the completion of the PDR. The Governing Board made the decision to continue toward development of final design drawings and specifications with the understanding that certain final design elements would be deferred until construction funding and key RBB assumptions are more clearly established.

During the April 27, 2026 Special Meeting, the Governing Board chose to pivot to a phased approach with the Greenspot Recharge Project being Phase I and authorized the General Manager to purchase the property for the new discharge location. Under this revised approach, the Greenspot Recharge Project will serve as the Phase I discharge location, and BBARWA's Wastewater Treatment Upgrades Project will be planned to discharge to Greenspot instead of Stanfield Marsh. This phased framework reflects a shift in the overall Program, with Phase I focusing on advancing the Greenspot alternative while preserving the Stanfield Marsh option for future Phase II implementation.

Awards and Acknowledgement

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the **Certificate of Achievement for Excellence in Financial Reporting** to the Big Bear Area Regional Wastewater Agency for its annual comprehensive financial report for the fiscal year ended June 30, 2025. This is the 14th consecutive year BBARWA has received the award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitting to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We wish to extend our appreciation to our independent auditors, Rogers, Anderson, Malody & Scott, LLP for their assistance in the report preparation and to the Agency's Governing Board of Directors for its support in upholding the highest standards of professionalism and financial accountability in the management of the Big Bear Area Regional Wastewater Agency.

David Lawrence
General Manager

Christine Bennett
Finance Manager

This page left blank intentionally.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Big Bear Area Regional Wastewater Agency
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Christopher P. Morrill

Executive Director/CEO

The Governing Board of Directors



Kendi Segovia, Chair
City of Big Bear Lake



Larry Walsh, Vice-Chair
Big Bear City CSD



Rick Herrick, Director
City of Big Bear Lake



Andrew Sauer, Director
County Service Area 53B



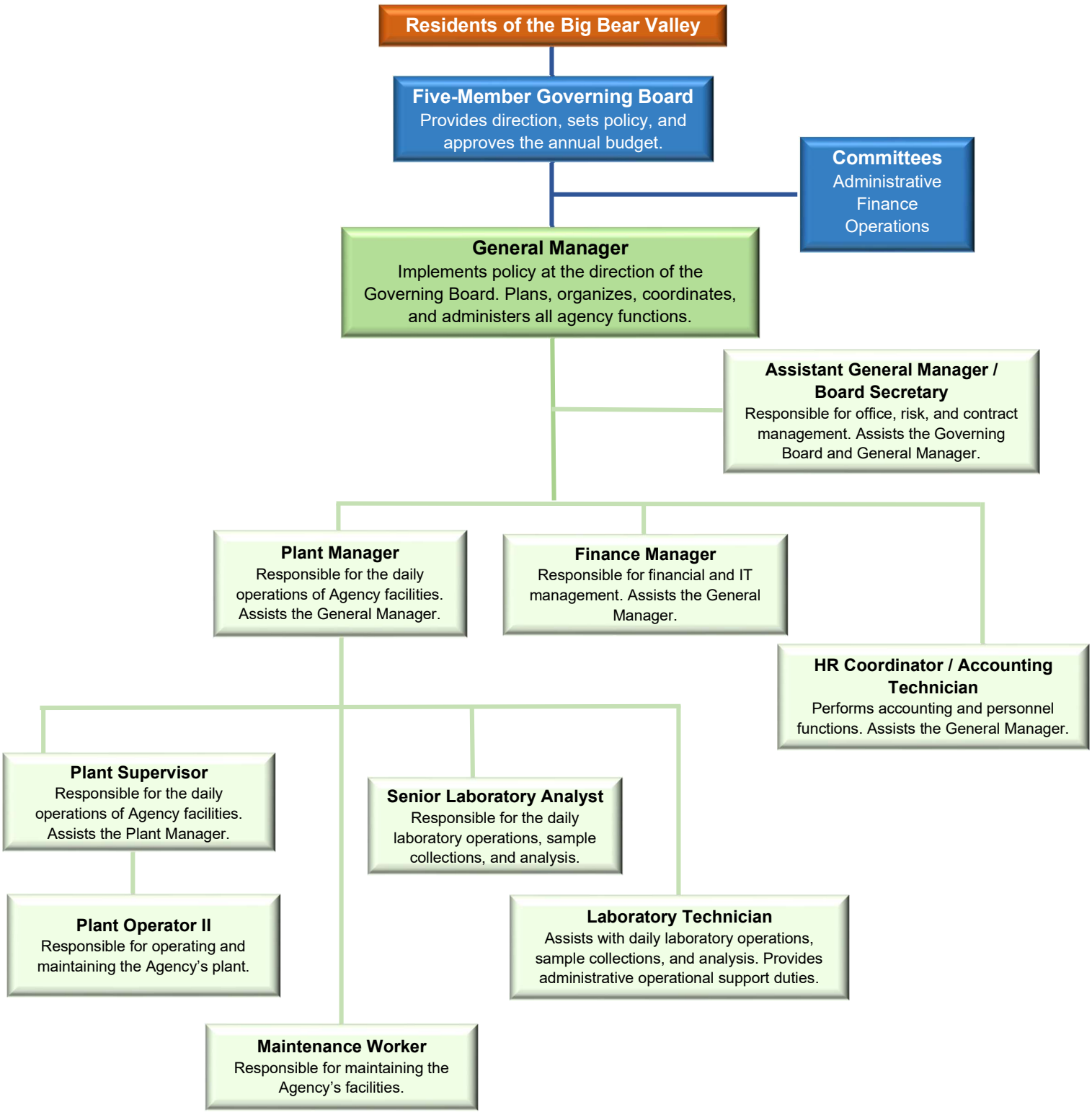
John Russo, Director
Big Bear City CSD

General Manager and Management Staff

David Lawrence	General Manager	909-584-4018
Bridgette Burton	Assistant General Manager	909-584-4524
Christine Bennett	Finance Manager	909-584-4522
John Shimmin	Plant Manager	909-584-4520

Organizational Chart

(as of June 30, 2026)



This page left blank intentionally.

FINANCIAL SECTION

This page left blank intentionally.

Independent Auditor's Report

To the Board of Directors
Big Bear Area Regional Wastewater Agency
Big Bear City, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Big Bear Area Regional Wastewater Agency (the Agency), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2026, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards,* and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Comparative Information

We have previously audited the Agency's 2025 financial statements, and we expressed an unmodified opinion in our report dated October 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ending June 30, 2026, the Agency implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Tel. 909-889-0871 | www.ramscpa.net | 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Agency's basic financial statements. The schedule of revenues, expenses, and changes in net position – budget vs. actual is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required *by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 14, 2026

This page left blank intentionally.

Overview of the Financial Statements

This section of the financial statements for the Big Bear Area Regional Wastewater Agency provides a discussion of the Agency's financial performance for the fiscal year ended June 30, 2026 (FY 2026). These comments should be read in conjunction with and are a supplement to the financial statements identified in the accompanying table of contents.

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have any questions regarding this report or need additional information, contact the Agency office at 909-584-4018, 121 Palomino Drive, Big Bear City, California 92314.

Types of information in the Financial Statements

The financial statements include the statement of net position and the statement of revenues, expenses, and changes in net position. The statement of net position presents information on the Agency's assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources), with the difference reported as net position. The increases or decreases in net position over time may indicate whether the Agency's financial position is improving or deteriorating.

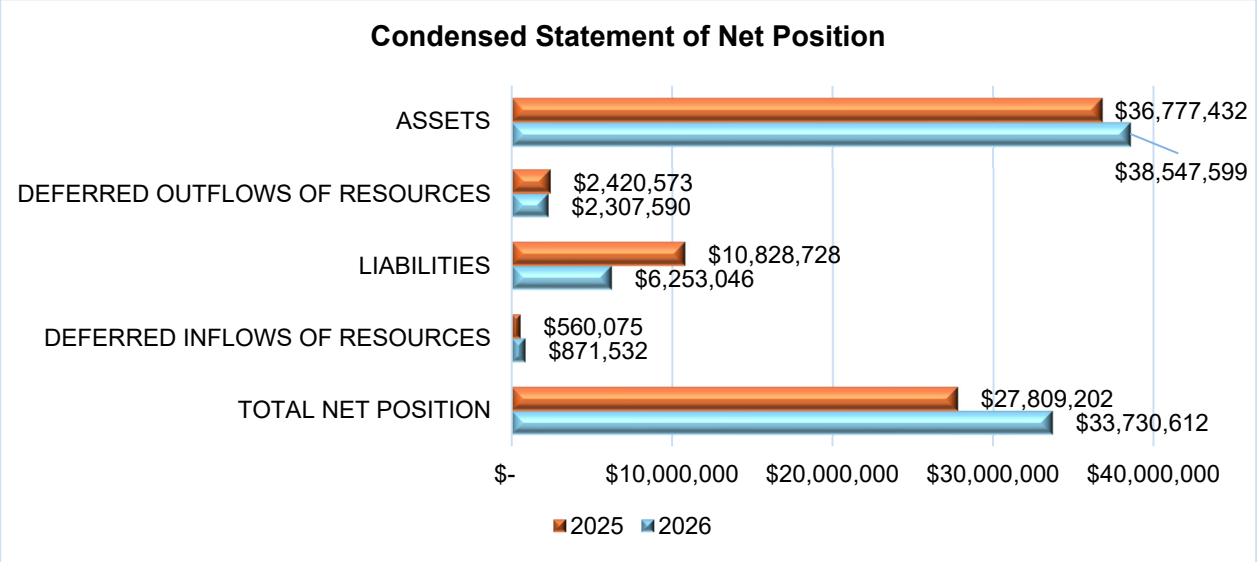
There are two components of the Agency's net position. The largest portion, net investment in capital assets, represents the Agency's investment in capital assets net of any related debt (debt used to finance the purchase of capital assets) and reflects the Agency's investment in property, plant, and equipment. The remaining unrestricted net position is available to meet the Agency's ongoing obligations. The Agency's overall net position is simply a function of its assets and deferred outflows of resources minus its liabilities and deferred inflows of resources.

The statement of revenues, expenses, and changes in net position reflects the Agency's revenues and expenses, with the difference between the two reported as change in net position. The order of presentation reflects the Agency's primary operations, with operating revenues and operating expenses presented first, noncapital subsidies (if applicable) presented second, other nonoperating revenues and expenses presented third , and unusual infrequent items (if applicable) presented last. The change in net position shows the residual revenue (on an accrual basis) that is available to contribute toward current and future capital (both investment and debt service) and reserve funding and is an indication of the adequacy of the Agency's rates.

The Agency operates and reports as a proprietary enterprise fund with business types of activities. All of its activities are included in a single accounting and reporting entity. The Agency's business-type activities are primarily financed through Agency fees: sewer user fees, connection fees, and standby fees.

Financial Summary and Detailed Analysis

Statement of Net Position



Condensed Statement of Net Position

	As of June 30,		2026 vs 2025 Increase (Decrease)	2026 vs 2025 % Change
	2026	2025		
Assets:				
Current and other assets	$ 16,527,442	$ 16,806,854	$ (279,412)	-2%
Capital assets, net	22,020,157	19,970,578	2,049,579	10%
Total assets	**38,547,599**	**36,777,432**	**1,770,167**	**5%**
Deferred Outflows of Resources	**2,307,590**	**2,420,573**	**(112,983)**	**-5%**
Liabilities:				
Long-term liabilities	5,935,120	10,282,686	(4,347,566)	-42%
Other liabilities	317,926	546,042	(228,117)	-42%
Total liabilities	**6,253,046**	**10,828,728**	**(4,575,682)**	**-42%**
Deferred Inflows of Resources	**871,532**	**560,075**	**311,457**	**56%**
Net Position:				
Net investment in capital assets	20,784,248	14,705,240	6,079,008	41%
Unrestricted	12,946,365	13,103,962	(157,597)	-1%
Total Net Position	**$ 33,730,612**	**$ 27,809,202**	**$5,921,410**	**21%**

The table above shows that as of June 30, 2026, the Agency's total net position – assets and deferred outflows minus liabilities and deferred inflows – was approximately $33.7 million, an increase of $5.9 million or 21% when compared with the prior period. Significant variances are discussed below.

Liabilities

The decrease in total liabilities was primarily driven by a decrease in long-term liabilities. During the period, the Capital One short-term loan principal was paid in full in the amount of $3,400,000. Additionally, the net OPEB and Pension liability's also decreased by a combined $522,520 as a result of investment experience and additional contributions to these plans. The Agency made an additional contribution to the OPEB trust of $200,000 during the period.

Deferred Inflows of Resources

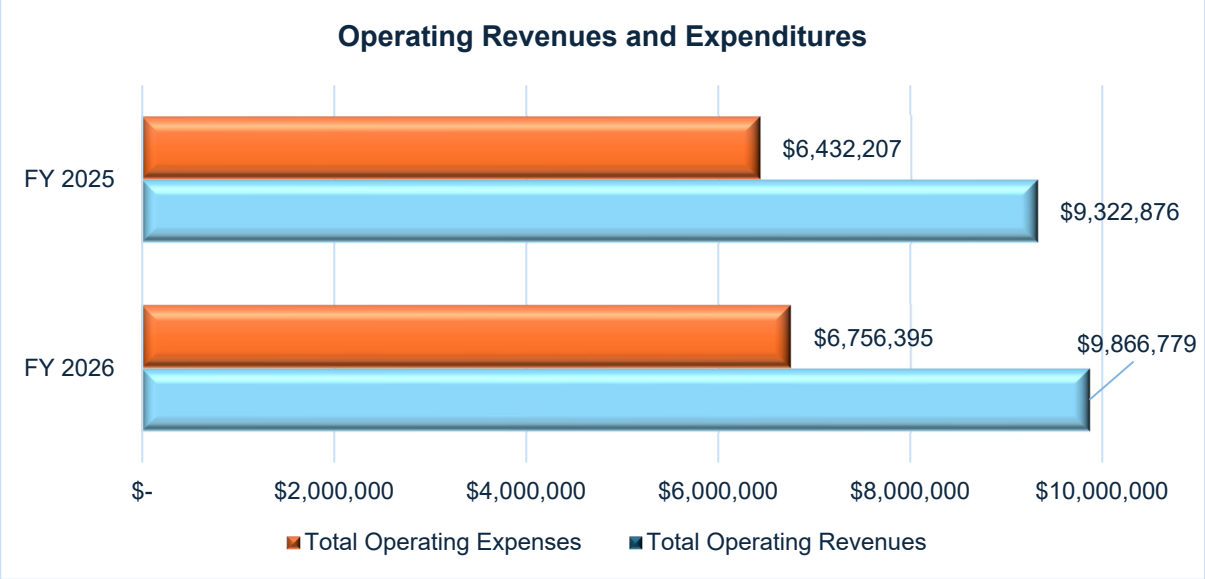
The increase in deferred inflows of resources was driven mostly by pension related GASB adjustments. Pension related adjustments resulted in an increase of $324,372 or 271% based on the most recent actuarial valuation. For additional information related to the Agency's pension plan, see note 8 in the accompanying financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Condensed Statement of Revenues, Expenses and Changes in Net Position

	As of June 30,		2026 vs 2025 Increase (Decrease)	2026 vs 2025 % Change
	2026	2025		
Operating revenues/expense				
Total operating revenues	$9,866,779	$9,322,876	$543,904	6%
Total operating expenses	6,756,395	6,432,207	324,188	5%
Operating income (loss)	3,110,384	2,890,669	219,715	8%
Other nonoperating revenues (expense)				
Earnings on investments	483,772	598,610	(114,838)	-19%
Interest expense	(105,324)	(216,577)	111,253	-51%
Other nonoperating income/expense	2,257,018	391,091	1,865,927	444%
Capital contributions	175,560	196,460	(20,900)	-11%
Total other nonoperating revenues (expenses)	2,811,026	969,584	1,841,442	190%
Increase (decrease) in net position	**$5,921,410**	**$3,860,253**	**$2,061,157**	**53%**
Net position, beginning of period	27,809,202	23,948,949	3,860,253	16%
Net position, end of period	$33,730,612	$27,809,202	$5,921,410	21%

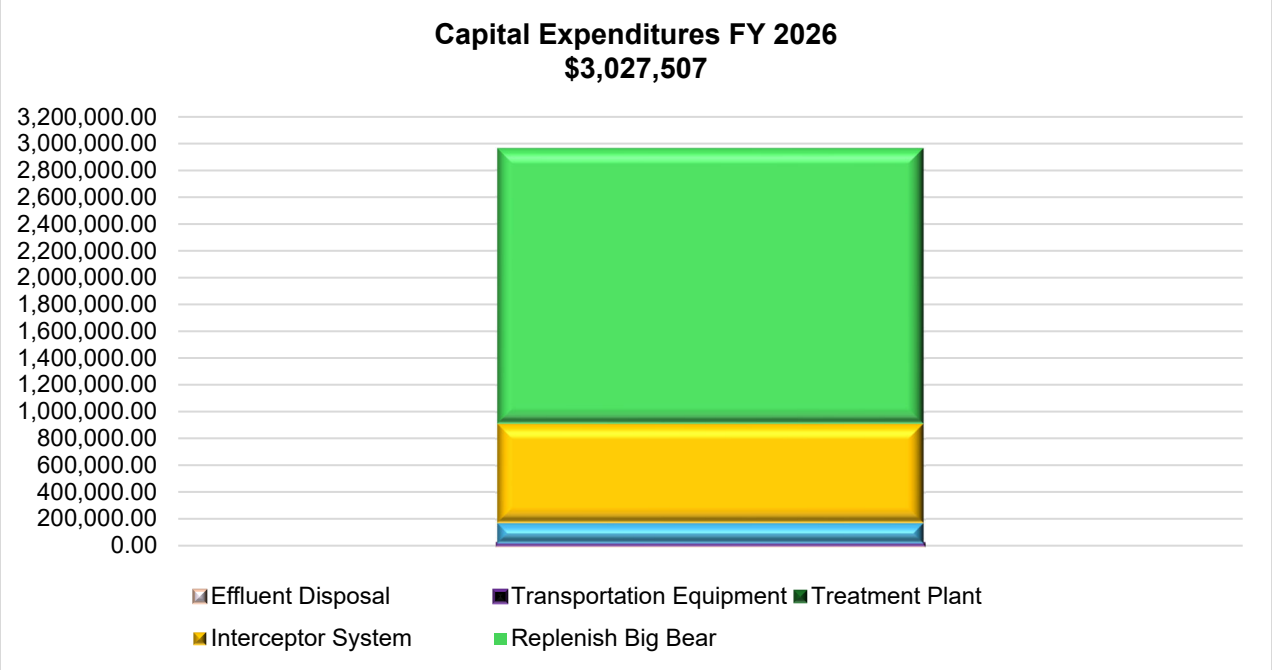
As noted in the table above, the Agency's financial performance improved compared to the prior year with operating revenues exceeding operating expenses.



Additionally, total other nonoperating revenues (expenses) increased $1.84 million or 191% over the prior period. This increase was primarily due to the restart of the design for Replenish Big Bear (RBB or BBARWA's Wastewater Treatment Upgrade Project) resulting in higher grant reimbursements. During the prior period, RBB was paused allowing the Governing Board time to review the Program Environmental Impact Report (PEIR) and consider input from the public. On February 26, 2025 the Governing Board certified the PEIR and directed the Agency to complete the preliminary design report and update cost estimates and a financing plan for RBB, which resulted in higher project costs and grant reimbursements for the current period.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets



Capital expenditures during the period totaled $3,027,507, compared to annual depreciation expense of $976,457 and net asset disposals of $1,471. This resulted in an increase in net capital assets of $2,049,579 or 10% during the period. Capital assets not depreciated were $2,171,258 and included construction in progress of $1,299,719 and the purchase of land in the amount of $871,539.

The largest capital investment, just over $2 million, was for RBB. During the period, the Preliminary Design Report (PDR) for RBB was in process and near completion. The PDR refines the concepts developed during the pilot study, evaluates design alternatives, and is used as the basis for final design. The Governing Board received an informational presentation on October 22, 2025 that discussed the updated treatment process, design approach, and cost estimate. On December 17, 2025 the Governing Board considered the possible financial impact of either continuing with final design or cancelling RBB at the completion of the PDR. The Governing Board made the decision to continue toward development of final design drawings and specifications with the understanding that certain final design elements will be deferred until construction funding and key RBB assumptions are more clearly established. On April 27, 2026 the Governing Board received a presentation outlining the RBB scope of work and an alternative option, the Greenspot Recharge Project (Project). The Governing Board ultimately chose to pivot to the Project and directed staff to purchase the property identified as the groundwater recharge site. The property purchase was completed during the period and was capitalized. RBB/Project capital costs during the period included the efforts towards completion of the PDR and final design as well as the pivot to the Project and were included in construction in progress.

The Force Main Project, which consisted of replacing approximately 1,500 lineal feet of pipe to mitigate corrosion to the existing pipe caused by hydrogen sulfide gas during low flow conditions was completed in the current period. The capital investment for this project in the current period was $730,986.

For additional information related to the Agency's capital assets, see note 5 in the accompanying financial statements.

Long-Term Financing

Outstanding Debt, Net

	As of June 30,		2026 vs 2025 Increase (Decrease)	2026 vs 2025 % Change
	2026	2025		
Outstanding debt, net	$ 1,151,290	$ 5,006,876	$ (3,855,586)	-77%

The Agency decreased its long-term debt during the period as a result of regularly scheduled debt amortization as well as the full amortization of the Capital One short-term loan for RBB. The Capital One short-term loan was entered into in FY 2023 to provide bridge funding for RBB while the Agency submitted for grant reimbursements for eligible costs and began collecting rates for RBB. The loan required interest only payments through November of 2025 with the principal loan amount of $3.4 million due in May of 2026. The loan was paid in full in December of 2025.

For additional information regarding long-term liabilities see note 6 of the accompanying financial statements.

Currently Known Facts, Decisions, or Conditions

There are no known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or that are expected to produce significant differences from current-period results of operations (revenues, expenses, and other changes in net position).

This page left blank intentionally.

Basic Financial Statements

This page left blank intentionally.

Statement of Net Position
June 30, 2026
(With comparative data for prior year)

	2026	2025
Assets		
Current assets:		
Cash and investments (Note 3)	$ 15,118,287	$ 16,173,777
Accounts receivable	1,151,881	305,351
Lease receivable (Note 4)	42,817	47,228
Due from member agencies	25,080	25,080
Interest receivable	138,335	158,747
Prepaid expenses	16,273	19,455
Total current assets	16,492,673	16,729,638
Noncurrent assets:		
Lease receivable (Note 4)	34,769	77,216
Capital assets, not being depreciated (Note 5)	7,581,412	5,569,088
Capital assets, net of depreciation/amortization (Note 5)	14,438,745	14,401,490
Total noncurrent assets	22,054,926	20,047,794
Total assets	38,547,599	36,777,432
Deferred Outflows of Resources		
Debt refunding	2,279	7,307
Pension related (Note 8)	916,771	1,107,210
OPEB related (Note 9)	1,388,541	1,306,056
Total deferred outflows of resources	2,307,591	2,420,573
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	212,276	432,204
Accrued salaries and benefits	100,414	88,605
Accrued interest	5,236	25,234
Long-term liabilities, due within one year (Note 6)	506,315	4,046,652
Total current liabilities	824,241	4,592,695
Noncurrent liabilities:		
Net OPEB liability (Note 9)	1,679,755	1,721,268
Net pension liability (Note 8)	2,714,938	3,195,945
Long-term liabilities, due beyond one year (Note 6)	1,034,112	1,318,820
Total noncurrent liabilities	5,428,805	6,236,033
Total liabilities	6,253,046	10,828,728
Deferred Inflows of Resources		
Lease related (Note 4)	91,508	131,672
Pension related (Note 8)	443,894	119,523
OPEB related (Note 9)	336,130	308,880
Total deferred inflows of resources	871,532	560,075
Net Position		
Net investment in capital assets	20,784,248	14,705,240
Unrestricted	12,946,364	13,103,962
Total net position	$ 33,730,612	$ 27,809,202

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2026
(With comparative data for prior year)

	2026	2025
Operating revenues		
Member agency fees	$ 9,710,786	$ 9,143,600
Standby charges	71,807	73,252
Rental income	6,565	4
Waste disposal fees	28,043	28,336
Other revenues	3,347	15,930
Lease revenues	46,231	61,754
Total operating revenues	9,866,779	9,322,876
Operating expenses		
Salaries and benefits	3,387,406	3,371,035
Power	428,228	403,532
Sludge removal	304,612	283,739
Chemicals	71,168	69,376
Materials and supplies	146,688	166,183
Repairs and replacements	317,349	138,206
Equipment rental	3,593	950
Utilities	22,304	25,069
Communications	181,223	67,379
Contractual services - other	203,670	156,318
Contractual services - professional	107,472	224,601
Permits and fees	272,400	262,791
Property tax	4,354	4,252
Insurance	277,194	268,664
Other operating	45,061	49,578
Other miscellaneous	7,216	6,123
Amortization	5,132	3,578
Depreciation	971,325	930,833
Total operating expenses	6,756,395	6,432,207
Operating income	3,110,384	2,890,669
Other nonoperating revenues (expenses)		
Investment income	483,772	598,610
Grant proceeds	2,258,489	389,341
Gain (loss) on capital asset disposals	(1,471)	1,750
Capital contributions - connection charges	175,560	196,460
Interest expense	(105,324)	(216,577)
Total other nonoperating revenues (expenses)	2,811,026	969,584
Change in net position	5,921,410	3,860,253
Net position, beginning of year	27,809,202	23,948,949
Net position, end of year	$ 33,730,612	$ 27,809,202

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the year ended June 30, 2026
(With comparative data for prior year)

	2026	2025
Cash flows from operating activities:		
Cash received from customers and other sources	$ 9,020,249	$ 10,180,562
Cash payments to suppliers for goods and services	(2,679,415)	(2,518,746)
Cash payments for employees and benefits	(3,403,038)	(2,989,843)
Other non-operating revenues	2,258,489	389,341
Net cash provided by operating activities	5,196,285	5,061,314
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets	(2,957,369)	(1,186,209)
Proceeds from sale of capital assets	-	1,750
Proceeds from capital contributions	175,560	204,820
Principal payments on lease liability	(4,967)	(2,674)
Principal payments on long-term debt	(3,855,583)	(440,493)
Payments received from lease receivables	6,694	2,497
Interest paid on long-term debt	(120,294)	(213,418)
Net cash (used for) capital and related financing activities	(6,755,959)	(1,633,727)
Cash flows from investing activities:		
Investment income received	504,184	575,870
Net cash provided by investing activities	504,184	575,870
Net change in cash and investments	(1,055,490)	4,003,457
Cash and investments, beginning of year	16,173,777	12,170,320
Cash and investments, end of year	$ 15,118,287	$ 16,173,777

(Continued)

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the year ended June 30, 2026
(With comparative data for prior year)

	2026	2025
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 3,110,384	$ 2,890,669
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	971,325	930,833
Amortization	5,132	3,578
Other revenues	2,258,489	389,341
Construction in process in accounts payable	(70,138)	(244,046)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(846,530)	857,686
Prepaid expenses	3,182	(1,306)
Deferred outflows of resources - OPEB related	(82,485)	(345,587)
Deferred outflows of resources - pension related	190,439	327,356
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	(219,928)	(146,629)
Accrued salaries and benefits	11,809	8,723
Compensated absences	35,505	41,562
Deferred inflows of resources - OPEB related	27,250	150,447
Deferred inflows of resources - pension related	324,371	(59,877)
Net OPEB liability	(41,513)	295,537
Net pension liability	(481,007)	(36,973)
Net cash provided by operating activities	$ 5,196,285	$ 5,061,314
Schedule of non-cash noncapital and capital related financing and investing activities		
Issuance of new lease	$ -	$ 23,332
Construction in progress in accounts payable	70,138	244,046

The accompanying notes are an integral part of these financial statements.

NOTE 1: Reporting entity and significant accounting policies

(a) Description of the reporting entity

The Big Bear Area Regional Wastewater Agency (the "Agency") is a joint powers agency comprised of three members: the Big Bear City Community Services District, the City of Big Bear Lake, and the County of San Bernardino on behalf of the County Service Area 53, Zone B. The Agency was formed in 1974 to construct and operate regional sewage treatment and disposal facilities for the entire Big Bear Valley. The service area for the Agency includes most of the Big Bear Valley in the San Bernardino Mountains in Western San Bernardino County.

The Agency was formed under a joint exercise of powers agreement among the member entities for the purposes of planning and constructing sewer improvements to serve the member entities' service areas, obtaining State and Federal Clean Water grants, financing the local share of project costs, and operating the regional facilities. A regional treatment plant and disposal area were constructed and began operation in 1978.

(b) Basis of accounting

The Agency operates and reports as an enterprise utilizing the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the Agency’s policy to use unrestricted resources first, then restricted resources as they are needed.

(c) Applicable accounting standards

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for financial statements of state and local governments. The Agency has elected to follow all pronouncements of the GASB.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Investments

Investments are reported in the accompanying statement of net position at fair value, except for certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

NOTE 1: Reporting entity and significant accounting policies, (continued)

(d) Investments, (continued)

In accordance with the Agency's investment policy, the Agency may invest in the following:

Certificates of Deposit
U.S. Treasury Bills, Notes and Bonds
Local Agency Investment Fund
Money Market Mutual Funds

(e) Statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents are defined to be cash on hand, demand deposits, restricted cash and investments, and highly liquid investments with a maturity of three months or less from the date of purchase. For financial statement presentation purposes, cash and cash equivalents are shown as cash and investments and restricted cash and investments, if applicable.

(f) Restricted cash and investments

Restricted cash and investments represent amounts held in trust at the bank and are set aside for construction costs as required by the loan agreement. Currently, the Agency has no restricted cash and investments.

(g) Capital assets

Assets purchased are recorded and capitalized at cost. Developer contributed capital assets are recorded at acquisition value at the time received. Donated capital assets are recorded at their acquisition value at the date of acquisition. The Agency capitalizes additions, major improvements, equipment, tools, vehicles and other capital assets costing $10,000 or more with useful lives of at least one year. Additions and improvements must extend useful life by at least one year. Pipeline replacements costing $20,000 or more with useful lives of at least one year are capitalized. All land and buildings are capitalized.

Land and construction in progress are not depreciated. All other assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

	Estimated Useful Life Range (in years)
Administration Building	10 - 40
Treatment Plant	5 - 99
Interceptor System	5 - 99
Effluent Disposal Assets	10 - 50
Power Generation Equipment	2 - 50
Flow Measuring Devices	10 - 15
Other Equipment	5 - 50
Transportation Equipment	5 - 20
Other Tangible Plant	5 - 30
Studies and Maps	2 - 40

NOTE 1: Reporting entity and significant accounting policies, (continued)

(h) Employee leave benefits

Regular employees of the Agency earn from 13 to 24 vacation days per year, depending on their length of employment, and 12 sick days per year. Temporary and seasonal employees of the Agency are not eligible for vacation leave benefits.

Upon separation, employees are entitled to receive compensation for accrued vacation and compensatory time. Employees who voluntarily separate with a minimum of five continuous years of service are entitled to receive 50% of the value of unused sick leave based on the number of hours accumulated. For purposes of estimating the compensated absences liability, the Agency uses each employee's average annual usage over the nine most recent available calendar years.

Accrued vacation, sick, and compensatory leave are presented in the current and non-current liabilities section of the statement of net position.

(i) Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Prior year amounts

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's prior year financial statements, from which this selected financial data was derived.

(k) Pension plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website at www.calpers.ca.gov.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

NOTE 1: Reporting entity and significant accounting policies, (concluded)

(l) Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies.

(m) Contributed capital

Capital contributions typically consist of connection fees associated with the member agencies. The *Due from member agencies* account balance consists of connection fees still owed by the member agencies as of the fiscal year end.

(n) Other postemployment benefit plan (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined by an actuary. Investments are reported at fair value.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	June 30, 2024 to June 30, 2025

(o) Jointly governed organization

In 2017, the Agency joined the Ground Water Sustainability Agency for the Bear Valley Basin (BVBGSA). The BVBGSA will enable the Agency to exercise the powers common and to work cooperatively and efficiently to implement the Sustainable Groundwater Management Act's requirements and provide a better opportunity for implementation of a recycled wastewater project.

(p) New Accounting Pronouncement

During the fiscal year ending June 30, 2026, the Agency implemented the following accounting Standards:

Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements:* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Governmental Accounting Standards Board (GASB) Statement No. 104, *Disclosure of Certain Capital Assets:* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

NOTE 2: Budgetary data

During March, the General Manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing July 1. The budget includes proposed expenses and estimated revenues. Prior to May 1, the budget is enacted legally through passage of an appropriation resolution. The Board of Directors must approve revisions that alter total appropriations. All appropriations lapse at fiscal year-end unless the Board of Directors takes formal action to continue the appropriation into the following fiscal year.

NOTE 3: Cash and investments

Cash and investments as of June 30, 2026 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 15,118,287
Cash and investments as of June 30, 2026 consist of the following:	
Cash on hand	$ 600
Deposits with financial institutions	683,640
Investments	14,434,047
Total cash and investments	$ 15,118,287

Investments authorized by debt agreements

Investments of debt proceeds held by the loan trustee are governed by provisions of the loan agreement rather than the general provisions of the California Government Code or the Agency's investment policy. The following table identifies the investment types that are authorized for investments held by loan trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
Money Market Mutual Funds investing in securities directly or indirectly guaranteed by the United States of America or an agency thereof	N/A	None	None

NOTE 3: Cash and investments, (continued)

Fair value measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Agency does not have any recurring fair value measurements as of June 30, 2026. The Local Agency Investment Fund (LAIF) of $14,434,047 is not subject to the fair value hierarchy.

Investments authorized by the California Government Code and the Agency's investment policy

The following table identifies the investment types that are authorized for the Agency by the California Government Code and the Agency's investment policy. The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Investment types authorized by State law	Authorized by investment policy	Maximum maturity*	Maximum percentage of portfolio*	Maximum investment in one issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	No	5 years	None	None
Banker's Acceptances	No	180 days	40%	30%
Commercial Paper	No	397	25%	10%
Negotiable Certificates of Deposit	No	2 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	10%
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	None
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	$ 75 Million
Certificate of Deposits	Yes	2 years	30%	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

NOTE 3: Cash and investments, (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or earning close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee, if any) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

		Remaining Maturity (in months)			
Investment type	Total	12 or less	13 to 24	25 to 60	More than 60
State investment pool	$ 14,434,047	$ 14,434,047	$ -	$ -	$ -

C*redit risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

		Minimum legal	Exempt from	Rating as of year end
Investment type	Total	rating	disclosure	Not rated
State investment pool	$ 14,434,047	N/A	$ -	$ 14,434,047

Concentration of credit risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Agency did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total Agency investments.

NOTE 3: Cash and investments, (concluded)

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2026, the Agency's deposits with financial institutions are interest bearing, and have a limited insurance coverage with the federal deposit insurance corporation up to $250,000. Any amounts in excess of $250,000 per institution are collateralized by the bank with pledged securities.

Investment in State investment pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Agency may invest up to $75,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The average annual yield of LAIF during the years ended June 30, 2026 and 2025 was 4.002% and 4.411%, respectively. The carrying value and estimated fair value of the LAIF Pool at June 30, 2026 and 2025 was $193,146,622,213 and $178,130,508,152 and $192,927,826,605 and $178,343,963,721, respectively. The Agency's share of the Pool at June 30, 2026 and 2025 was approximately 0.00747% and 0.00892%, respectively. Included in LAIF's investment portfolio at June 30, 2026 and 2025 are structured notes and asset-backed securities totaling $2,750,000 million and $3,939,419 million and $3,350,000 million and $3,437,909 million, respectively currently available. The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by statute.

NOTE 4: Lease receivable

On July 1, 2023, the Agency had several leases as a Lessor which ranged from 59 to 60 months for the use of several plots of land. An initial lease receivable was recorded in the range between $34,440 and $133,833. As of June 30, 2026, the value of the lease receivable was $77,586. The lessees are required to make fixed payments in a range between $779 and $17,117. The leases have an interest rate between 0.6240% and 0.9480%. The value of the deferred inflow of resources as of June 30, 2026 was $91,508, and the Agency recognized lease revenue of $46,231 during the fiscal year. Two of the leases have an extension option for 60 months.

NOTE 5: Capital assets

A summary of changes in capital assets of the Agency for the year ending June 30, 2026 is as follows:

	Beginning balance	Addition	Deletion	Ending balance
Capital assets, not being depreciated				
Land	$ 1,037,626	$ 871,539	$ -	$ 1,909,165
Construction in Progress	4,531,462	1,299,719	(158,934)	5,672,247
Total capital assets, not being depreciated	5,569,088	2,171,258	(158,934)	7,581,412
Capital assets, being depreciated/ amortized:				
Administration Building	2,158,891	-	-	2,158,891
Treatment Plant	18,890,094	56,751	-	18,946,845
Interceptor System	3,760,105	854,846	-	4,614,951
Effluent Disposal Assets	4,728,589	-	-	4,728,589
Power Generation Equipment	2,482,002	-	-	2,482,002
Flow Measuring Devices	179,955	-	-	179,955
Other Equipment	2,134,500	93,086	(20,586)	2,207,000
Transportation Equipment	618,747	10,500	-	629,247
Other Tangible Plant	921,380	-	-	921,380
Studies and Maps	100,785	-	-	100,785
Right-of-Use Leased Equipment	25,782	-	-	25,782
Total capital assets, being depreciated/amortized	36,000,830	1,015,183	(20,586)	36,995,427
Less accumulated depreciation/ amortization for:				
Administration Building	(1,191,504)	(64,905)	-	(1,256,409)
Treatment Plant	(9,616,922)	(480,984)	-	(10,097,906)
Interceptor System	(2,515,876)	(82,381)	-	(2,598,257)
Effluent Disposal Assets	(4,379,505)	(60,661)	-	(4,440,166)
Power Generation Equipment	(1,449,465)	(121,823)	-	(1,571,288)
Flow Measuring Devices	(89,347)	(11,984)	-	(101,331)
Other Equipment	(1,322,138)	(82,606)	19,115	(1,385,629)
Transportation Equipment	(410,816)	(30,074)	-	(440,890)
Other Tangible Plant	(529,623)	(34,856)	-	(564,479)
Studies and Maps	(89,233)	(1,050)	-	(90,283)
Right-of-Use Leased Equipment	(4,911)	(5,133)	-	(10,044)
Total accumulated depreciation/ amortization	(21,599,340)	(976,457)	19,115	(22,556,682)
Total capital assets being depreciated/amortized, net	14,401,490	38,726	(1,471)	14,438,745
Total capital assets, net	$ 19,970,578	$ 2,209,984	$ (160,405)	$ 22,020,157

NOTE 5: Capital assets, (concluded)

Depreciation and amortization expense for the year ending June 30, 2026, is as follows:

Depreciation	$ 971,324
Amortization	5,133
Total	$ 976,457

The Agency originally anticipated performing the construction and repair work for the Cactus Flats Pipeline Repair project; however, due to a gas pipeline that was also affected by the erosion, Southwest Gas ultimately performed the repairs. The Agency provided environmental monitoring and permitting costs that did not create a tangible asset or increase the useful life of the existing pipeline; therefore, those costs were expensed.

NOTE 6: Long-term liabilities

A summary of long-term liabilities of the Agency at June 30, 2026 is as follows:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year	Due beyond one year
Long-term debt - direct borrowings:						
2011 Refunding agreement	$ 521,362	$ -	$ (344,723)	$ 176,639	$ 176,639	$ -
2018 Installment purchase agreement	1,085,514	-	(110,860)	974,654	115,000	859,654
2023 Capital One public funding	3,400,000	-	(3,400,000)	-	-	-
Total direct borrowings	5,006,876	-	(3,855,583)	1,151,293	291,639	859,654
Other long-term liability:						
Compensated absences	336,872	293,456	(257,951)	372,377	210,080	162,297
Lease liabilities:						
Equipment	21,724	-	(4,967)	16,757	4,596	12,161
Total	$ 5,365,472	$ 293,456	$ (4,118,501)	$ 1,540,427	$ 506,315	$ 1,034,112

2011 Refunding installment sale agreement financing with Compass Bank (2011 Refunding Agreement) – Direct Borrowing

On November 15, 2011, the Agency refunded its outstanding obligations under 1) the 1998 Association of Bay Area Governments Water and Wastewater Revenue Bonds (a pooled financing program) Series B (the ABAG Bonds) and 2) the December 1, 2006 Loan Agreement between the Agency and Municipal Finance Corporation (the 2006 Agreement). The purpose of the original borrowings was to finance certain improvements to the Agency's wastewater system. The purpose of the 2011 refunding was to take advantage of the low interest-rate environment, and refinance the Agency's existing debt at a lower rate, while maintaining the same period to maturity. All Agency net revenues are irrevocably pledged for the loan repayments in accordance with the terms of the 2011 Refunding Agreement. In the event of default, the lender may declare the unpaid principal and accrued interests due and payable immediately.

NOTE 6: Long-term liabilities, (continued)

Total proceeds under the 2011 Refunding Agreement were $5,568,142, borrowed at an interest rate of 3.3%, compared to 5.0% and 4.45%, under the ABAG Bonds and 2006 Agreement, respectively. Total proceeds included a prepayment premium under the 2006 Agreement of $42,432 and issuance costs associated with the 2011 Refunding Agreement of $47,500. Amounts borrowed under the 2011 Refunding Agreement are payable in 30 semi-annual installments, over a 15-year period through November 15, 2026 with the first payment due May 15, 2012. The installment payments range from $576,084 to $179,554. The Agency may prepay the unpaid principal on the 2011 Refunding Agreement beginning November 15, 2016. Such prepayments beginning on such date and through November 14, 2021 are subject to a make-whole provision contained in the 2011 Refunding Agreement. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $125,867. This difference is reported in the accompanying financial statements as a deferred outflow of resources and is being amortized through November 15, 2026 using the straight-line method of amortization.

2018 Installment Purchase Agreement – Direct Borrowing

On September 1, 2018, the Agency entered into an Installment Purchase Agreement (the 2018 Installment Purchase Agreement), for $1,760,000 with BBVA Compass, an Alabama banking corporation (Bank), for the purpose of financing the acquisition and construction of certain improvements of the Agency's wastewater system. The 2018 Installment Purchase Agreement carries an interest rate of 3.70% on the unpaid principal with an ending term on the earlier of November 15, 2033 or the date upon which the installment payments shall be paid in full. All Agency net revenues are irrevocably pledged for the loan repayments in accordance with the terms of the 2018 Installment Purchase Agreement. In the event of default, the lender may declare the unpaid principal and accrued interests due and payable immediately and require officials of the Agency to charge and collect rates for services provided by the Agency and the System sufficient to meet all requirements of the Installment Purchase Agreement.

The Agency previously entered into a certain Loan Agreement dated as of November 1, 2011 (the 2011 Refunding agreement) by and between the Agency and the Bank under which the Agency pledged Net Revenues for the purpose of financing and refinancing certain improvements to the Agency's wastewater system.

2011 Refunding Agreement and 2018 Installment Purchase Agreement debt covenants

The Agency has covenanted to set rates, fees and charges for each fiscal year so as to yield net revenues equal to at least 120% of the annual debt service for such year. For the year ended June 30, 2026 the Agency's net revenues were 945% of the annual debt service, which exceeded the minimum requirement. The Agency also complied with all other covenants set forth in the 2011 Refunding Agreement and 2018 Installment Purchase Agreement.

NOTE 6: Long-term liabilities (continued)

2023 Capital One Public Funding Loan Agreement – Direct Borrowing

On February 1, 2023, the Agency entered into a Loan Agreement (the 2023 Capital One Public Funding Loan Agreement), for $3,400,000 with Capital One Public Funding, LLC, a limited liability company (the Lender), for the purpose of financing the Replenish Big Bear Project which consists of treatment plant upgrades and improvements to distribute treated water to the lake for re-use purposes such as landscape irrigation, dust control, and snowmaking at the golf course and ski resort and for water supply purposes such as groundwater recharge in Sand Canyon. The Capital One Public Funding Loan Agreement carries an interest rate of 4.25% on the unpaid principal with an ending term on the earlier of May 15, 2026 or the date upon which the installment payments shall be paid in full. All Agency net revenues are irrevocably pledged for the loan repayments in accordance with the terms of the 2023 Capital One Public Funding Loan Agreement. In the event of default, the lender may declare the unpaid principal and accrued interests due and payable immediately and require officials of the Agency to charge and collect rates for services provided by the Agency and the System sufficient to meet all requirements of the 2023 Capital One Public Funding Loan Agreement. During the current fiscal year, the Agency paid off this loan.

2023 Capital One Public Funding Loan Agreement debt covenants

The Agency has covenanted to set rates, fees and charges for each fiscal year so as to yield net revenues equal to at least 110% of the annual debt service for such year. For the year ended June 30, 2026 the Agency's net revenues were 945% of the annual debt service, which exceeded the minimum requirement. The Agency also complied with all other covenants set forth in the 2023 Capital One Public funding Loan Agreement.

Debt service requirements to maturity

Fiscal year	**2011 Refunding Loan Agreement**		
	Principal	Interest	Total
2026-2027	$ 176,639	$ 2,915	$ 179,554
Total	$ 176,639	$ 2,915	$ 179,554

Fiscal year	**2018 Installment Purchase Agreement**		
	Principal	Interest	Total
2026-2027	$ 115,000	$ 35,009	$ 150,009
2027-2028	119,295	30,714	150,009
2028-2029	123,750	26,259	150,009
2029-2030	128,371	21,638	150,009
2030-2031	133,164	16,845	150,009
2031-2032	138,138	11,871	150,009
2032-2033	143,295	6,714	150,009
2033-2034	73,641	1,359	75,000
Total	$ 974,654	$ 150,409	$ 1,125,063

NOTE 6: Long-term liabilities (concluded)

Lease liabilities

The Agency had two leases as a lessee which ranged from 60-63 months for the use of equipment. An initial lease liability was recorded in the amount of $45,782. As of June 30, 2026, the value of the lease liability is $16,757. The Agency is required to make quarterly fixed payments between $120-$1,245. The leases have an interest rate between 1.09%-2.511%. The equipment estimated useful life was 63 months as of the contract commencement. The value of the right to use asset can be seen in Note 5.

Debt service requirements to maturity

Fiscal year	Principal	Interest	Total
2026-2027	$ 4,725	$ 493	$ 5,218
2027-2028	4,722	375	5,097
2028-2029	4,842	258	5,100
2029-2030	2,468	138	2,606
Total	$ 16,757	$ 1,264	$ 18,021

NOTE 7: Related-party transactions

The Board of Directors of the Agency is composed of board members of the three government agencies that are the primary customers of the Agency. Two of the directors of the Big Bear Area Regional Wastewater Agency are directors of the Big Bear City Community Services District. Two directors are from the City of Big Bear Lake and one director is from the County of San Bernardino. The District, City and County serve as collecting agents for certain revenues of the Agency including annual charges, standby charges, and connection fee charges.

NOTE 8: Pension plan

General information about the pension plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Agency participates in two rate plans (both miscellaneous). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

NOTE 8: Pension plan (continued)

General information about the pension plan, continued

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect as of June 30, 2026, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employer contribution rates	17.02%	8.27%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2026, were $538,063.

NOTE 8: Pension plan, (continued)

Net pension liability

The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial methods and assumptions used to determine total pension liability

The collective total pension liability for the June 30, 2025 measurement period was determined by an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension liability to June 30, 2025. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [(1)]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

[(1)] The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture mortality improvements using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

NOTE 8: Pension plan, (continued)

Net pension liability, continued

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return[1,2]
Public Equity	37.0%	4.54%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	(5.0%)	1.40%

1 Figures are based on the 2024 Mid-Cycle Asset Liability Management Study
2 An expected annual rate of price inflation of 2.30% was used for this period.

Discount rate

The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent events

Subsequent to the measurement date, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

NOTE 8: Pension plan, (continued)

Proportionate share of net pension liability

Pension plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The following table shows the Agency's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2024 (VD)	$ 15,392,991	$ 12,197,046	$ 3,195,945
Balance at: 6/30/2025 (MD)	16,326,054	13,611,115	2,714,938
Net changes during 2024-25	$ 933,063	$ 1,414,069	$ (481,006)

Valuation Date (VD), Measurement Date (MD).

The Agency's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The Agency's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2024 and 2025 measurement dates was as follows:

Proportion share of NPL - June 30, 2024	0.06608%
Proportion share of NPL - June 30, 2025	0.06806%
Change - Increase (Decrease)	0.00198%

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the Agency's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability	$ 4,918,102	$ 2,714,938	$ 901,758

NOTE 8: Pension plan, (continued)

Proportionate share of net pension liability, continued

Amortization of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2024), the Agency's net pension liability was $3,195,945. For the measurement period ending in June 30, 2025 (the measurement date), the Agency incurred a pension expense of $571,866.

As of June 30, 2026, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 325,315	$ -
Differences between projected and actual investment earnings	-	367,361
Differences between employer's contributions and proportionate share of contributions	-	76,533
Change in employer's proportion	53,393	-
Pension contributions made subsequent to measurement date	538,063	-
Totals	$ 916,771	$ 443,894

NOTE 8: Pension plan, (concluded)

Pension expense and deferred outflows and deferred inflows of resources related to pensions, continued

The amounts above are net of outflows and inflows recognized in the 2024-2025 measurement period expense. Contributions subsequent to the measurement date of $538,063 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2027	$ 325,564
2028	(87,513)
2029	(163,000)
2030	(140,237)
2031	-
Thereafter	-
Total	$ (65,186)

Payable to the pension plan

As of June 30, 2026, the Agency reported a payable of $5,645 for the outstanding amount of contributions to the pension plan required for year then ended.

NOTE 9: Other postemployment benefits plan

Plan description

The Agency has established a Retiree Healthcare Plan (OPEB Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan. Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care ACT (PEMHCA). This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is either (a) attainment of age 50 or older (age 52 for PEPRA members) with at least five years of State or public agency service or (b) an approved disability retirement. A separate financial report is not prepared for the OPEB Plan.

Benefits provided

The Agency pays 100% of the medical insurance costs for eligible retirees and their eligible dependents not to exceed the pre-Medicare (basic) family premium rate for the highest cost HMO plan in the region.

Employees retired prior to January 1, 2011 are also covered by the Agency's "Health Premium Reimbursement Plan" which, when combined with benefits provided by PEMHCA provides a benefit equal to 100% of the medical plan premiums (no maximum) for pre-2011 retirees and their dependents. Employees hired after January 1, 2020 who retire from the Agency with at least 5 years of Agency service receive a percentage of the premium for employee and their dependents (up to 90% of the highest cost Region 3 HMO plan pre-Medicare family premium rate). The percentage received is based on years of service.

NOTE 9: Other postemployment benefits plan, (continued)

Employees covered

As of the June 30, 2025 actuarial valuation date the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	14
Inactive employees or beneficiaries currently receiving benefits	13
Total	27

Contributions

The Agency makes health premium contributions for eligible retirees that enroll in a CalPERS health plan during retirement. The retiree medical benefits paid by the Agency are provided through a PEMHCA resolution and the Agency's retiree Health Premium Reimbursement Plan. The PEMHCA minimum employer contribution was $162 per month in 2026. The Agency provided amounts are detailed in the Summary of Retiree Benefit Provisions. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2026, the Agency's cash contributions were $199,720 made for health reimbursement premiums to retirees, $256,794 of contributions made to the Trust, and the estimated implied subsidy was $41,075 resulting in total payments of $497,589. The Agency has established an Irrevocable Trust with CalPERS' California Employer's Retiree Benefit Trust (CERBT). The Irrevocable Trust was required to fully implement the Agency's direction of prefunding the Agency's OPEB liability.

Net OPEB liability

The Agency's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2025, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Discount Rate	6.55%
Inflation	2.50% per year
Salary Increases	3.00% per year, used only to allocate the cost of benefits between service years
Investment Rate of Return	6.55%
Mortality Rate	MacLeod Watts Scale 2022
Pre-Retirement Turnover Healthcare Trend Rate	Medical plan premiums and claims are assumed to increase once each year

NOTE 9: Other postemployment benefits plan, (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building–block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Treasury inflation-protected securities	5%	1.70%
Fixed income	23%	2.70%
Global equity	49%	3.90%
Global Real Estate (REIT's)	20%	3.70%
Commodities	3%	2.90%

Change of assumptions

For the current measurement period, the base healthcare trend scale was updated from the Getzen Model 2023 to the Getzen Model 2025, as published by the Society of Actuaries.

Discount rate

The discount rate used to measure the total OPEB liability was 6.55% as of the June 30, 2026 measurement date, net of Plan investment expenses and including inflation. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 9: Other postemployment benefits plan, (continued)

Changes in the OPEB liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2025 (Measurement Date June 30, 2024)	$ 4,797,433	$ 3,076,165	$ 1,721,268
Changes recognized for the measurement period:			
Service Cost	162,083	-	162,083
Interest on the total OPEB liability	317,498	-	317,498
Changes of assumptions	79,635	-	79,635
Plan experience differences	66,555	-	66,555
Investment experience differences	-	175,758	(175,758)
Contributions - employer	-	288,920	(288,920)
Expected investment income	-	203,569	(203,569)
Benefit payments	(224,432)	(224,432)	-
Administrative expenses	-	(963)	963
Net Changes	401,339	442,852	(41,513)
Balance at June 30, 2026 (Measurement Date June 30, 2025)	$ 5,198,772	$ 3,519,017	$ 1,679,755

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease 5.55%	Discount rate 6.55%	1% Increase 7.55%
Net OPEB Liability	$ 2,434,348	$ 1,679,755	$ 1,061,988

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 996,934	$ 1,679,755	$ 2,535,381

NOTE 9: Other postemployment benefits plan, (continued)

Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual trust earnings	5 year straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 6.32 remaining service years.

OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year ended June 30, 2026, the Agency recognized OPEB expense of $400,841. A complete breakdown of OPEB expense is as follows:

Description	**Amount**
Service cost	$ 162,083
Interest cost	317,498
Expected earnings on assets	(203,569)
Administrative expenses	963
Recognized assumption changes	37,144
Recognized differences in plan experience	122,942
Recognized differences in projected and actual investments earnings	(36,220)
Total OPEB expense	$ 400,841

NOTE 9: Other postemployment benefits plan, (concluded)

As of June 30, 2026, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 497,589	$ -
Changes of assumptions	252,623	185,698
Differences between expected and actual experience	638,329	50,833
Net difference between projected and actual earnings on OPEB plan investments	-	99,599
Total	$ 1,388,541	$ 336,130

The $497,589 reported as deferred outflows of resources related to contributions will be recognized as a reduction of the net OPEB liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, net
2027	$ 215,923
2028	99,400
2029	109,214
2030	69,871
2031	53,010
Thereafter	7,404
Total	$ 554,822

NOTE 10: Deferred compensation

The Agency has made available to its employees two deferred compensation plans (defined contribution plans), created in accordance with Internal Revenue Code Section 457, whereby employees authorize the Agency to defer a portion of their salary to be deposited in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. If an employee elects to contribute a minimum of 6% of the employee's annual salary, the Agency will contribute 3% of the employee's annual salary into a 401(a) plan, which is an employer-sponsored defined contribution plan. As of June 30, 2026, the deferred compensation assets were held in a trust account for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from the Agency's reported assets. The Agency’s contribution to the plan for the current fiscal year is $56,857.

NOTE 11: Net position

The Agency's net position is comprised of the following components:

	2026	2025
Net investment in capital assets:		
Capital assets, not being depreciated	$ 7,581,412	$ 5,569,088
Capital assets, net of depreciation	14,438,745	14,401,490
Less: Debt related to capital assets		
2011 Refunding agreement	(176,639)	(521,361)
2018 Installment purchase agreement	(974,654)	(1,085,514)
2023 Capital One public funding loan agreement	-	(3,400,000)
Lease liabilities	(16,757)	(21,724)
Capital asset purchases in accounts payable	(70,138)	(244,046)
Add: Deferred charges on refunding	2,279	7,307
Net investment in capital assets	20,784,248	14,705,240
Unrestricted	12,946,364	13,103,962
Total net position	$ 33,730,612	$ 27,809,202

NOTE 12: Risk management

The Agency is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions and natural disasters. The Agency has acquired insurance coverage through Special District Risk Management Authority to finance various risks such as workers' compensation, general liability and property damage.

Insurance policies are purchased for the following exposures with the deductible or the amount of risk retention:

Gener*al and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability:* coverage of $5,000,000, with $500 deductible per occurrence for general liability, $1,000 deductible per occurrence for auto liability, and 50% co-insurance of cost expended by SDRMA, in excess of $10,000 up to $100,000 for employment-related claims.

Employee Dishonesty: purchased from National Union Fire Insurance Company – coverage of $1,000,000 per loss and includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction. This has a deductible of $2,500.

Property Loss: purchased from Lexington Insurance Company – coverage of $1,200,000,000 per occurrence with $1,000 deductible per occurrence.

Boiler and Machinery: purchased from Lexington Insurance Company – coverage of $200,000,000 per occurrence with $1,000 deductible.

Public Officials Personal Liability: coverage of $500,000 per occurrence, with an annual aggregate of $500,000 per each elected/appointed official, with deductible of $500 per claim;

NOTE 12: Risk management, (concluded)

Comprehensive and Collision: on selected vehicles with deductibles of $500/$1,000.

Worker's compensation: statutory limits per occurrence and $5,000,000 for employer's liability coverage.

The amounts of settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 13: Change in Accounting Principle

During the year ended June 30, 2026, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 modifies the presentation of the statement of revenues, expenses, and changes in net position, including revised classifications of certain revenues and expenses as operating or nonoperating activities. As a result, the lease revenues of $60,539 were reclassified from nonoperating revenues to operating revenues.

The 2025 comparative amounts have been presented on the same basis as 2026. The reclassification increased operating revenues and operating income by $60,539 for the year ended June 30, 2025. As a result of the reclassification, cash received from customers and other sources increased by $60,539 to $10,180,562, and operating income increased by $60,539 to $2,896,792. The reclassification had no effect on total revenues, total expenses, net position, or the change in net position.

NOTE 14: Restatement of Previously Reported Amounts

Certain amounts previously reported in the Agency's statement of net position have been restated to correct an error related to the calculation of net investment in capital assets and unrestricted net position and had no effect on total net position.

The effects of the restatement are as follows:

	As Previously Reported	Restatement	As Restated
Net investment in capital assets	$ 14,949,285	$ (244,045)	$ 14,705,240
Unrestricted	12,859,917	244,045	13,103,962
Total net position	$ 27,809,202	$ -	$ 27,809,202

Required Supplementary Information

This page left blank intentionally.

Required Supplementary Information
Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date
Last 10 Years

Measurement date	Employer's proportion of the collective net pension liability[1]	Employer's proportionate share of the collective net pension liability	Employer's covered payroll	Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Pension plan's fiduciary net position as a percentage of the total pension liability
6/30/2016	0.04580%	$ 1,590,864	$ 1,100,884	144.51%	78.40%
6/30/2017	0.01942%	1,925,676	1,097,657	175.44%	74.06%
6/30/2018	0.01953%	1,881,571	1,099,489	171.13%	73.31%
6/30/2019	0.02071%	2,122,006	1,159,628	182.99%	75.26%
6/30/2020	0.02181%	2,372,448	1,279,546	185.41%	75.26%
6/30/2021	0.02029%	1,097,546	1,300,655	84.38%	75.10%
6/30/2022	0.02547%	2,942,455	1,392,498	211.31%	88.29%
6/30/2023	0.02591%	3,232,918	1,557,221	207.61%	76.68%
6/30/2024	0.02635%	3,195,945	1,575,803	202.81%	76.21%
6/30/2025	0.02654%	2,714,938	1,695,810	160.10%	78.08%

[1] Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

This page left blank intentionally.

Required Supplementary Information
Schedule of Pension Plan Contributions
Last 10 Years

Fiscal year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2017	$ 171,414	$ (171,414)	$ -	$ 1,097,657	15.62%
June 30, 2018	186,220	(186,220)	-	1,099,489	16.94%
June 30, 2019	223,484	(223,484)	-	1,159,628	19.27%
June 30, 2020	272,345	(272,345)	-	1,279,546	21.28%
June 30, 2021	310,799	(310,799)	-	1,300,655	23.90%
June 30, 2022	350,101	(350,101)	-	1,392,498	25.14%
June 30, 2023	398,290	(398,290)	-	1,557,221	25.58%
June 30, 2024	404,922	(404,922)	-	1,575,803	25.70%
June 30, 2025	473,579	(473,579)	-	1,695,810	27.93%
June 30, 2026	538,063	(538,063)	-	1,810,345	29.72%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2024, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Change in Assumptions: There were no assumption changes in 2024 or 2025. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 years*

Measurement Date	2025	2024	2023	2022
Total OPEB Liability				
Service Cost	$ 162,083	$ 147,403	$ 148,568	$ 119,346
Interest on the Total OPEB Liability	317,498	259,334	237,941	230,514
Actual and expected experience difference	66,559	689,907	201,873	-
Changes in assumptions	79,631	(222,796)	(60,939)	437,365
Benefit payments	(224,432)	(223,629)	(201,246)	(233,129)
Net change in Total OPEB Liability	401,339	650,219	326,197	554,096
Total OPEB Liability - beginning	4,797,433	4,147,214	3,821,017	3,266,921
Total OPEB Liability - ending (a)	5,198,772	4,797,433	4,147,214	3,821,017
Plan Fiduciary Net Position				
Contribution - employer	288,920	280,506	201,246	233,129
Net investment income	379,327	298,692	164,256	(395,399)
Benefit payments	(224,432)	(223,629)	(201,246)	(233,129)
Administrative expense	(963)	(887)	(743)	(748)
Net change in Plan Fiduciary Net Position	442,852	354,682	163,513	(396,147)
Plan Fiduciary Net Position - beginning	3,076,165	2,721,483	2,557,970	2,954,117
Plan Fiduciary Net Position - ending (b)	3,519,017	3,076,165	2,721,483	2,557,970
Net OPEB Liability - ending (a) - (b)	$ 1,679,755	$ 1,721,268	$ 1,425,731	$ 1,263,047
Plan fiduciary net position as a percentage of the total OPEB liability	67.69%	64.12%	65.62%	66.94%
Covered-employee payroll	$ 1,768,310	$ 1,768,310	$ 1,635,041	$ 1,443,194
Net OPEB liability as a percentage of covered-employee payroll	94.99%	97.34%	87.20%	87.52%

Notes to schedule:
Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

The following assumption was changed from the prior valuation:

Healthcare cost trend rates: The base healthcare trend scale was updated from the Getzen Model 2023 to the Getzen Model 2025, as published by the Society of Actuaries.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

2021	2020	2019	2018	2017
$ 118,066	$ 114,627	$ 101,392	$ 92,607	$ 70,271
234,811	226,464	213,507	204,015	197,835
(191,253)	-	9,864	-	(139,764)
17,881	-	14,085	100,635	70,862
(250,348)	(201,920)	(177,938)	(138,739)	(134,557)
(70,843)	139,171	160,910	258,518	64,647
3,337,764	3,198,593	3,037,683	2,779,165	2,714,518
3,266,921	3,337,764	3,198,593	3,037,683	2,779,165
250,348	410,141	241,291	425,765	419,453
637,162	74,474	117,953	113,645	114,707
(250,348)	(201,920)	(177,938)	(138,739)	(134,557)
(877)	(997)	(403)	(2,726)	(581)
636,285	281,698	180,903	397,945	399,022
2,317,832	2,036,134	1,855,231	1,457,286	1,058,264
2,954,117	2,317,832	2,036,134	1,855,231	1,457,286
$ 312,804	$ 1,019,932	$ 1,162,459	$ 1,182,452	$ 1,321,879
90.43%	69.44%	63.66%	61.07%	52.44%
$ 1,346,813	$ 1,317,806	$ 1,135,222	$ 1,099,489	$ 1,135,222
23.23%	77.40%	102.40%	107.55%	116.44%

Required Supplementary Information
Schedule of OPEB Plan Contributions
Last 10 years*

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in relation to the ADC	Contribution deficiency/ (excess)	Covered-employee payroll	Contribution as a percentage of covered-employee payroll
2018	$ 198,107	$ (425,765)	$ (227,658)	$ 1,099,489	38.72%
2019	203,772	(241,291)	(37,519)	1,135,222	21.25%
2020	210,141	(410,141)	(200,000)	1,317,806	31.12%
2021	205,464	(250,348)	(44,884)	1,346,813	18.59%
2022	206,603	(233,129)	(26,526)	1,443,194	16.15%
2023	156,703	(201,246)	(44,543)	1,635,041	12.31%
2024	280,506	(280,506)	-	1,768,310	15.86%
2025	288,920	(288,920)	-	1,768,310	16.34%
2026	297,589	(497,589)	(200,000)	1,896,959	26.23%

Notes to schedule:
Contributions are fixed and not made based on a measure of pay, therefore covered employee payroll is used in the schedule.

Actuarial methods and assumptions used to set actuarially determined contributions for fiscal year 2026 were from the June 30, 2025 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Level % of Pay
Amortization Period	13 years remaining
Asset Valuation Method	Fair value of assets
Discount Rate	6.55%
Inflation	2.50% per annum
Salary Increase	3.00% per year; since benefits are not related to pay, this is used only to allocate the cost of benefits between service years
Investment Rate of Return	6.55%
Healthcare Trend	6.50%, decreasing to 3.9% by 2075
Retirement Age	From 50 to 75
Mortality	CalPERS 2021 Experience Study, Projected with MW Scale 2022

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

This page left blank intentionally.

Supplementary Information

Schedule of Revenues, Expenses and Changes in Net Position – Budget vs. Actual
For the year ended June 30, 2026

	2026 Actual	2026 Final budget (unaudited)	Variance with budget	2025 Actual
Operating revenues				
Member agency fees	$ 9,710,786	$ 9,710,786	$ -	$ 9,143,600
Standby charges	71,807	71,807	-	73,252
Rental income	6,565	4	6,561	4
Waste disposal fees	28,043	26,593	1,450	28,336
Other revenues	3,347	-	3,347	15,930
Lease revenues	46,231	68,400	(22,169)	61,754
Total operating revenues	9,866,779	9,877,590	(10,811)	9,322,876
Operating expenses				
Salaries and benefits	3,387,406	3,478,500	91,094	3,371,035
Power	428,228	529,090	100,862	403,532
Sludge removal	304,612	342,583	37,971	283,739
Chemicals	71,168	100,939	29,771	69,376
Materials and supplies	146,688	153,095	6,407	166,183
Repairs and replacements	317,349	263,155	(54,194)	138,206
Equipment rental	3,593	2,054	(1,539)	950
Utilities	22,304	41,003	18,699	25,069
Communications	181,223	181,057	(166)	67,379
Contractual services - other	203,670	228,510	24,840	156,318
Contractual services - professional	107,472	150,247	42,775	224,601
Permits and fees	272,400	304,861	32,461	262,791
Property tax	4,354	4,309	(45)	4,252
Insurance	277,194	317,839	40,645	268,664
Other operating	45,061	73,208	28,147	49,578
Other miscellaneous	7,216	-	(7,216)	6,123
Amortization	5,132	399.00	(4,733)	3,578
Depreciation	971,325	935,607	(35,718)	930,833
Total operating expenses	6,756,395	7,106,456	350,061	6,432,207
Operating income	3,110,384	2,771,134	339,250	2,890,669
Other nonoperating revenues and expenses				
Investment income (loss)	483,772	318,586	165,186	598,610
Other miscellaneous revenue	2,258,489	3,788,852	(1,530,363)	389,341
Net gain on capital asset disposals	(1,471)	-	(1,471)	1,750
Capital contributions - connection charges	175,560	188,100	(12,540)	196,460
Interest	(105,324)	(130,817)	25,493	(216,577)
Total other nonoperating revenues and expenses	2,811,026	4,164,721	(1,353,695)	969,584
Change in net position	5,921,410	6,935,855	(1,014,445)	3,860,253
Net position, beginning of year	27,809,202	27,809,202	-	23,948,949
Net position, end of year	$ 33,730,612	$ 34,745,057	$ (1,014,445)	$ 27,809,202

This page left blank intentionally.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
Big Bear Area Regional Wastewater Agency
Big Bear City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Big Bear Area Regional Wastewater Agency (the Agency), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tel. 909-889-0871 | www.ramscpa.net | 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 14, 2026

STATISTICAL SECTION

This page left blank intentionally.

STATISTICAL SECTION

Overview

The objective of the statistical section is to provide users with historical perspective and detail so that they may better understand and assess the Agency's economic condition. Please note that all information presented has been sourced from Agency financial and operating information unless otherwise noted.

Financial Trends

This section contains 10-year historical information related to the Agency's financial performance and is intended to assist users in understanding and assessing the Agency's financial position and how it has changed over time.

Revenue Capacity

This section contains information related to the Agency's primary operating revenues and is intended to assist users in understanding and assessing the Agency's capacity to generate revenues and its ability to collect revenues.

Debt Capacity

This section contains information related to the Agency's ability to service its current debt outstanding and provides an indication of the Agency's ability to issue additional debt.

Demographic and Economic Information

This section contains information related to the socioeconomic environment in which the Agency operates. This information facilitates comparisons of financial statement information over time and among similar government agencies.

Financial Trends

All years presented are for the fiscal year ending June 30.

NET POSITION BY COMPONENT - 10 FISCAL YEARS

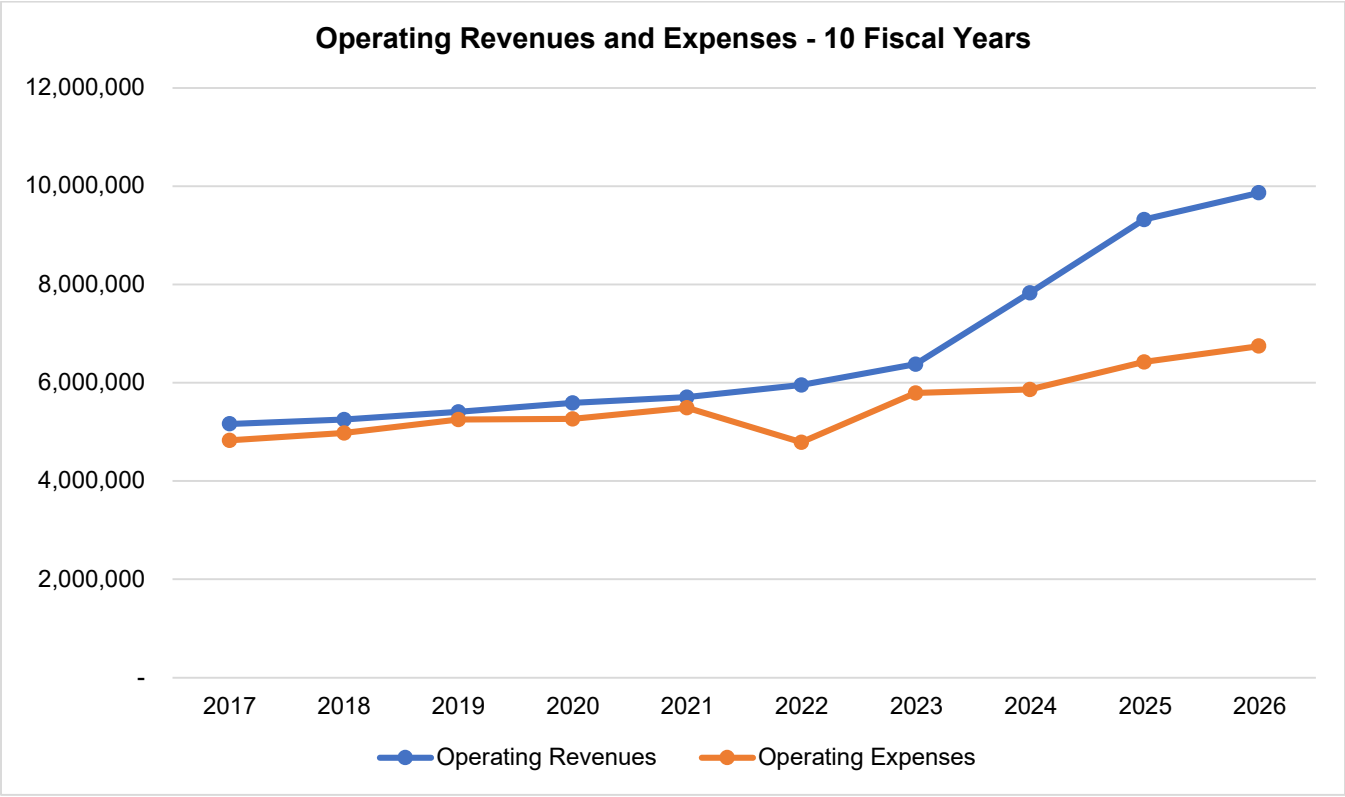
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
NET POSITION:										
Net Investment in capital assets	$12,864,383	$12,092,923	$10,947,850	$12,541,345	$12,722,328	$12,648,441	$10,249,423	$13,994,395	$14,705,240	$20,784,248
Unrestricted net position	5,800,317	3,814,051	5,144,711	3,974,927	3,774,827	5,238,781	9,152,498	9,954,554	13,103,962	12,946,364
Total	$18,664,700	$15,906,974	$16,092,561	$16,516,272	$16,497,155	$17,887,222	$19,401,921	$23,948,949	$27,809,202	$33,730,612

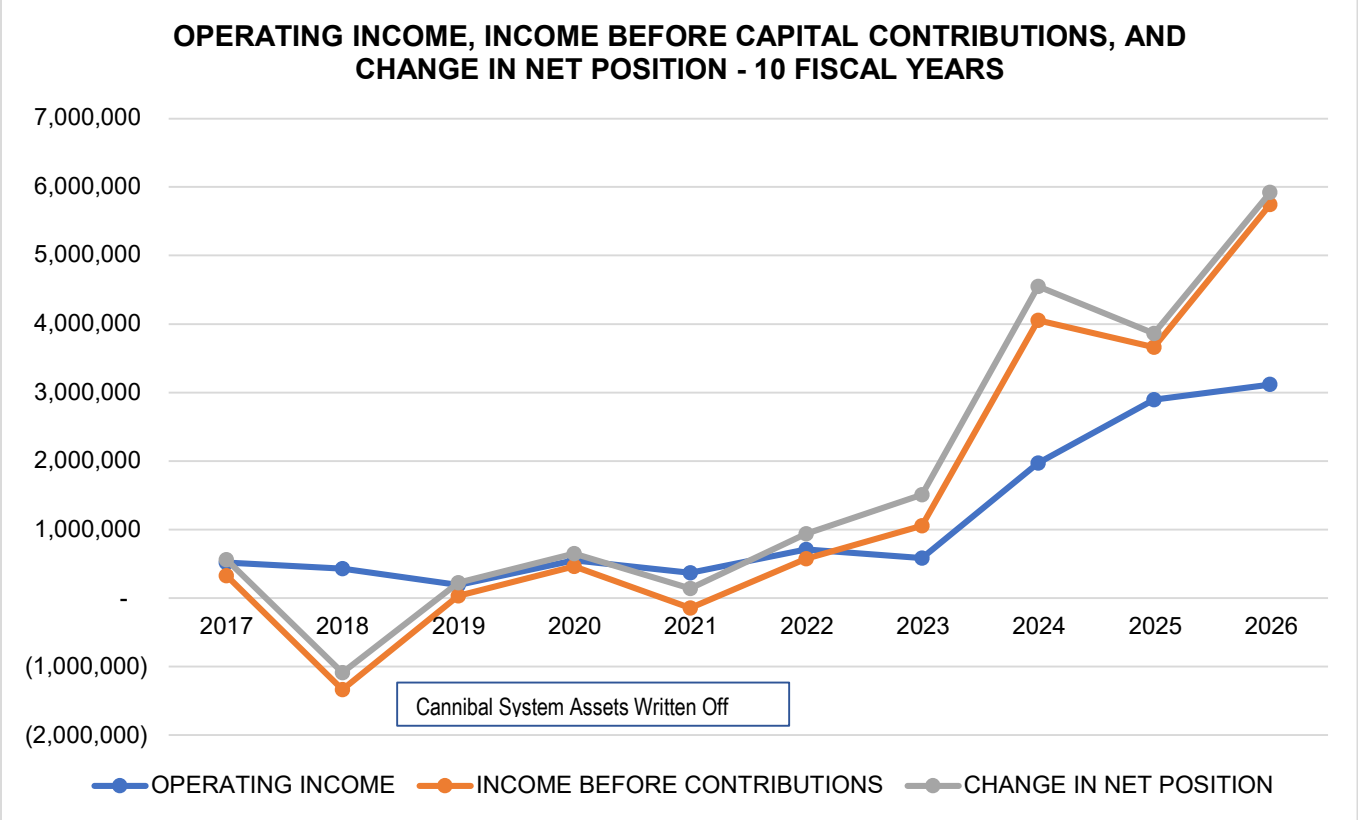
Notes: The above data was extracted from the Agency's financial statements. Net position was restated in fiscal years 2015, 2018, 2021, and 2023 to reflect the implementation of GASB 68, the implementation of GASB 75, and the implementation of GASB 87, respectively.

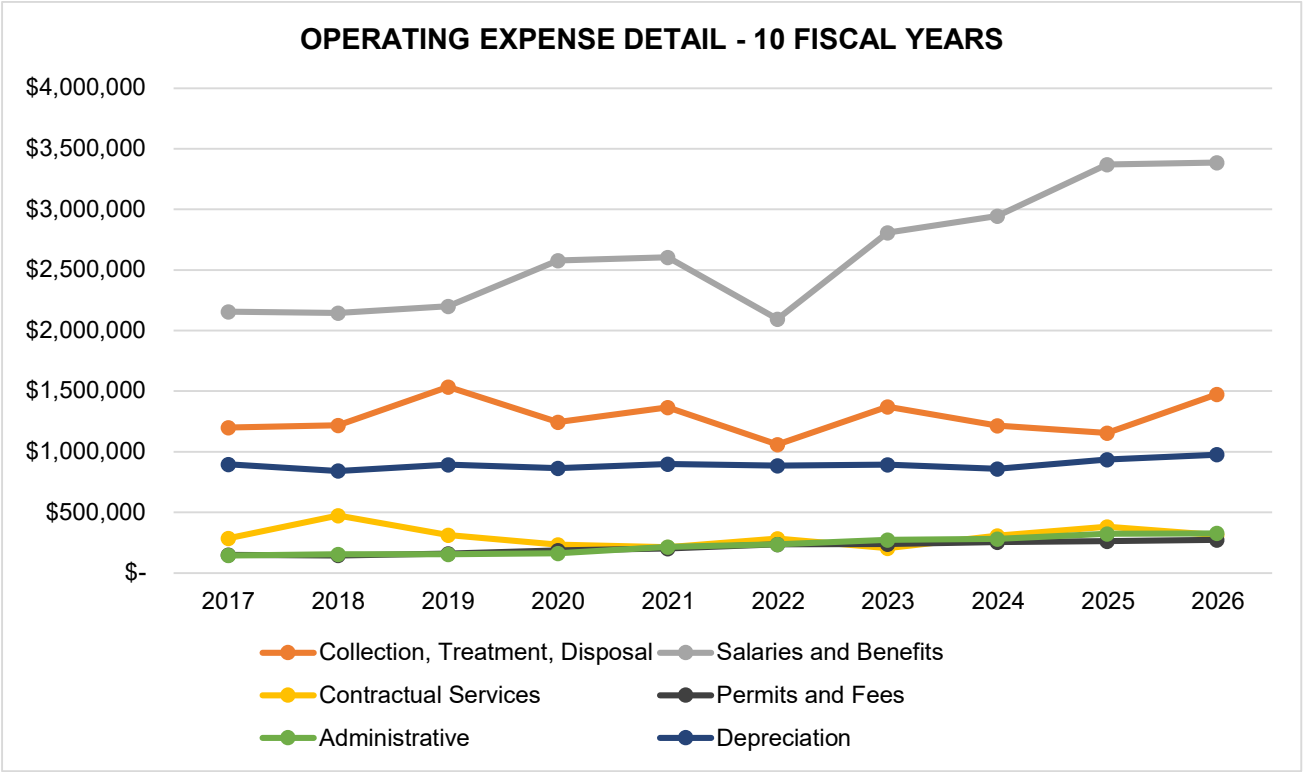
CHANGE IN NET POSITION - 10 FISCAL YEARS

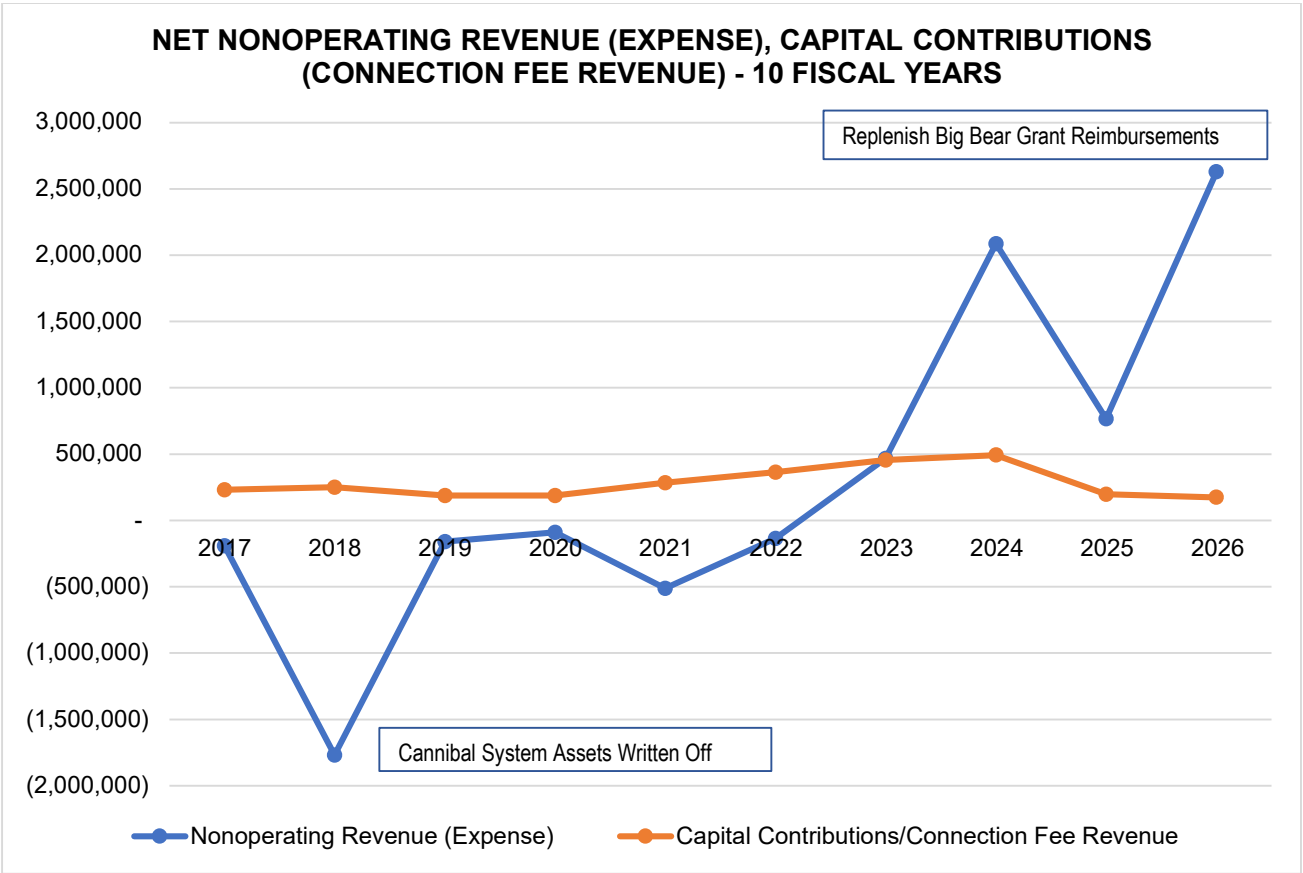
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Operating Revenues:										
Annual Charges	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036	$9,143,600	$9,710,786
Standby Fees	86,930	85,180	83,200	81,660	80,300	79,220	77,590	75,297	73,252	71,807
Rental Income	49,918	50,449	51,071	51,855	52,592	70	11,096	7	4	6,565
Waste Disposal	22,033	23,113	20,608	18,755	23,859	22,000	25,263	30,003	28,336	28,043
Lease Revenue	-	-	-	-	-	-	-	-	61,754	46,231
Other	488	1,916	765	-	793	7,709	19,819	53,396	15,930	3,347
Total Operating Revenues	5,166,439	5,252,234	5,407,186	5,589,346	5,707,065	5,954,162	6,375,651	7,829,739	9,322,876	9,866,779
Operating Expenses:										
Salaries and Benefits	2,155,804	2,144,299	2,199,428	2,578,433	2,603,634	2,095,989	2,807,640	2,944,982	3,371,035	3,387,407
Power	522,181	386,367	520,234	453,306	459,483	388,721	434,357	442,662	403,532	428,228
Sludge Removal	281,096	397,813	298,241	276,292	319,660	271,361	258,216	291,833	283,739	304,612
Materials and Supplies	209,323	176,687	215,782	206,648	216,427	172,426	228,562	238,205	235,559	217,349
Repairs and Replacements	128,645	155,447	445,040	253,789	262,795	156,609	339,659	148,728	138,206	317,349
Equipment rental	2,242	37,215	1,363	351	835	111	3,097	950	950	3,593
Utilities expense	13,023	26,737	22,207	14,180	61,996	22,427	48,982	28,578	25,069	22,304
Communications expense	44,062	37,064	32,160	39,043	44,988	48,093	58,941	65,148	67,379	181,223
Contractual services - other	94,181	74,947	97,296	78,879	90,873	86,212	80,920	153,562	156,318	203,670
Contractual services, prof	191,457	399,514	214,413	153,470	120,390	196,672	123,963	154,403	224,601	107,472
Permits and fees	148,687	145,515	158,528	185,051	201,452	234,270	239,056	254,556	262,791	272,400
Property tax	3,523	3,599	3,665	3,917	3,963	4,017	4,096	4,196	4,252	4,354
Insurance	85,386	99,428	100,952	112,262	171,881	188,844	226,698	229,000	268,664	277,194
Other operating expense	56,328	50,470	48,142	45,018	37,216	42,987	42,370	46,038	49,578	45,061
Other miscellaneous	-	19,777	181,529	172,597	98,876	103,172	71,119	6,514	6,123	7,216
Depreciation and Amort	896,429	842,154	893,196	863,233	898,422	883,955	893,690	858,504	934,411	976,457
Total Operating Expenses	4,832,367	4,997,033	5,432,176	5,436,469	5,592,891	4,895,866	5,861,367	5,867,858	6,432,207	6,756,395
Operating Income	334,072	255,201	(24,990)	152,877	114,174	1,058,296	514,284	1,961,881	2,890,669	3,110,384
Nonoperating Revenues:										
Net gain on asset disposal	-	-	-	-	-	-	-	-	1,750	-
Interest income	29,101	73,866	164,531	130,952	(1,670)	(70,341)	127,719	553,315	598,610	483,772
Lease Revenue	-	-	-	-	52,592	52,741	60,552	64,047	-	-
Grant proceeds	-	-	180	101,297	24,158	133,473	516,044	1,705,263	389,341	2,258,489
Total nonoperating rev.	29,101	73,866	164,711	232,249	75,080	115,873	704,315	2,322,624	987,701	2,742,261
Nonoperating Expenses:										
Net Loss on asset disposal	91,973	1,709,527	-	9,178	360,999	33,519	6,029	-	-	1,471
Interest expense	115,849	100,536	134,569	135,308	122,823	109,214	154,490	225,688	211,549	100,295
Amortization debt costs	11,700	11,700	7,665	5,029	5,029	5,028	5,031	5,029	5,029	5,029
Total nonoperating exp	219,522	1,821,763	142,334	149,515	488,851	147,761	165,549	230,717	216,577	106,795
Income before capital contributions	143,651	(1,492,696)	(2,513)	235,611	(299,597)	1,026,407	1,053,050	4,053,788	3,663,793	5,745,850
Capital contributions	231,210	249,560	188,100	188,100	284,240	363,660	246,620	493,240	196,460	175,560
RBB Capital Contributions	-	-	-	-	-	-	209,726	-	-	-
Change in net position	374,861	(1,243,136)	185,587	423,711	(15,357)	1,390,067	1,509,396	4,547,028	3,860,253	5,921,410
Net Position										
Beginning of year, as restated	18,289,839	17,150,110	15,906,974	16,092,561	16,512,512	16,497,155	17,892,525	19,401,921	23,948,949	27,809,202
End of year	$18,664,700	$15,906,974	$16,092,561	$16,516,272	$16,497,155	$17,887,222	$19,401,921	$23,948,949	$27,809,202	$33,730,612

Notes: The above data was extracted from the Agency's financial statements. Net position was restated in fiscal years 2015, 2018, and 2021 to reflect the implementation of GASB 68, implementation of GASB 75, and the implementation of GASB 87, respectively. Fiscal Year 2023 includes one-time RBB capital contributions that were received from member agencies for use towards the Replenish Big Bear Project.


Operating Revenues and Expenses - 10 Fiscal Years
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME BEFORE CAPITAL CONTRIBUTIONS, AND CHANGE IN NET POSITION - 10 FISCAL YEARS
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
(1,000,000)
(2,000,000)
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Cannibal System Assets Written Off
OPERATING INCOME
INCOME BEFORE CONTRIBUTIONS
CHANGE IN NET POSITION

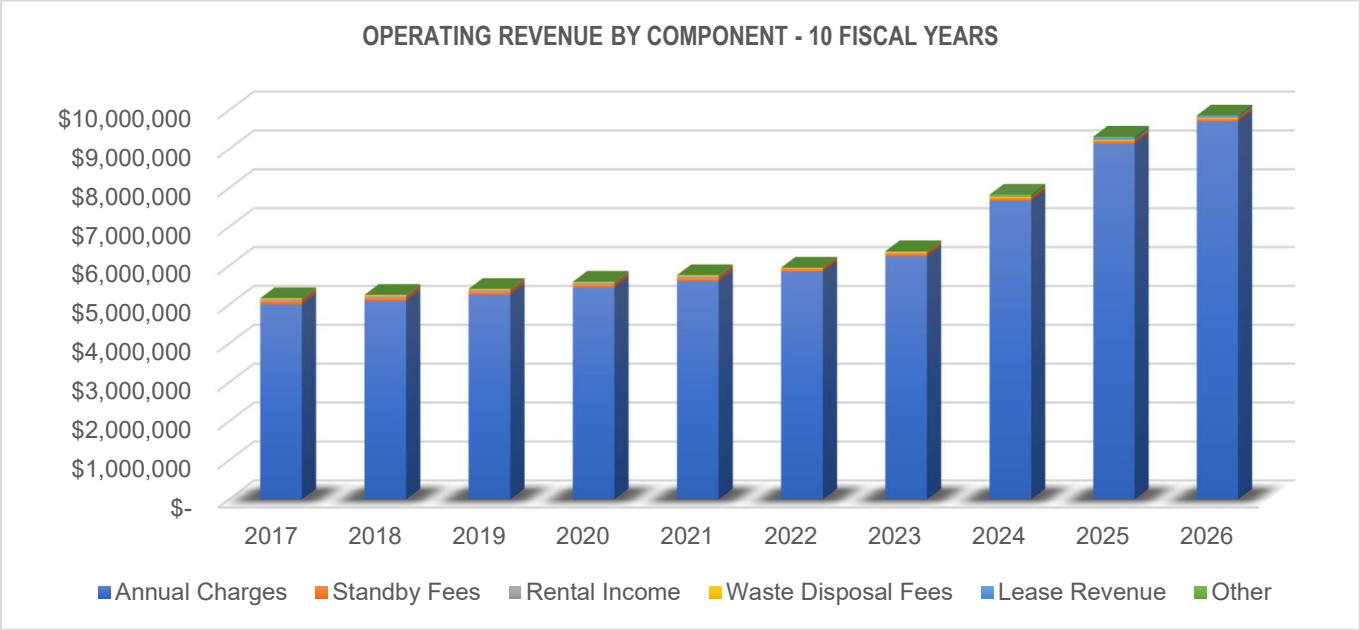

OPERATING EXPENSE DETAIL - 10 FISCAL YEARS
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Collection, Treatment, Disposal
Salaries and Benefits
Contractual Services
Permits and Fees
Administrative
Depreciation


NET NONOPERATING REVENUE (EXPENSE), CAPITAL CONTRIBUTIONS (CONNECTION FEE REVENUE) - 10 FISCAL YEARS
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
(500,000)
(1,000,000)
(1,500,000)
(2,000,000)
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Replenish Big Bear Grant Reimbursements
Cannibal System Assets Written Off
Nonoperating Revenue (Expense)
Capital Contributions/Connection Fee Revenue

Revenue Capacity

OPERATING REVENUES BY COMPONENT - 10 FISCAL YEARS

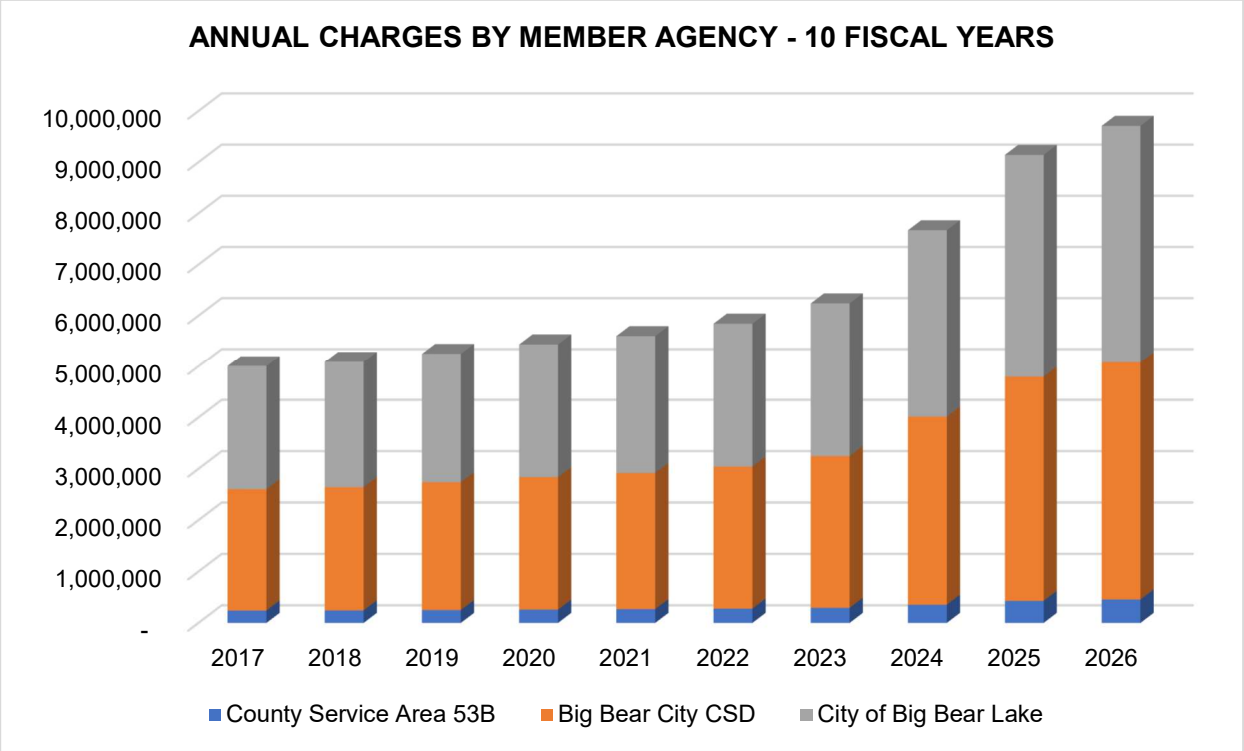
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING REVENUES:										
Annual Charges	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036	$9,143,600	$9,710,786
Standby Fees	86,930	85,180	83,200	81,660	80,300	79,220	77,590	75,297	73,252	71,807
Rental Income	49,918	50,449	51,071	51,855	52,592	70	11,096	7	4	6,565
Waste Disposal Fees	22,033	23,113	20,608	18,755	23,859	22,000	25,263	30,003	28,336	28,043
Lease Revenue	-	-	-	-	-	-	-	-	61,754	46,231
Other	488	1,916	765	-	793	7,709	19,819	53,396	15,930	3,347
Total operating revenues	$5,166,439	$5,252,234	$5,407,186	$5,589,346	$5,707,065	$5,954,162	$6,375,651	$7,829,739	$9,322,875	$9,866,779



Annual charges are the Agency's largest component of Operating Revenues and represent the Agency's charges for the collection, treatment, and disposal of wastewater flow. Annual charges are charged to the Member Agencies (the Big Bear City Community Services District, the City of Big Bear Lake, and the County of San Bernardino CSA 53B) and are based on the sewer user fee (rate) established by the Governing Board of Directors, the number of equivalent dwelling units and the volume of wastewater collected, treated, and disposed.

ANNUAL CHARGES BY MEMBER AGENCY - 10 FISCAL YEARS

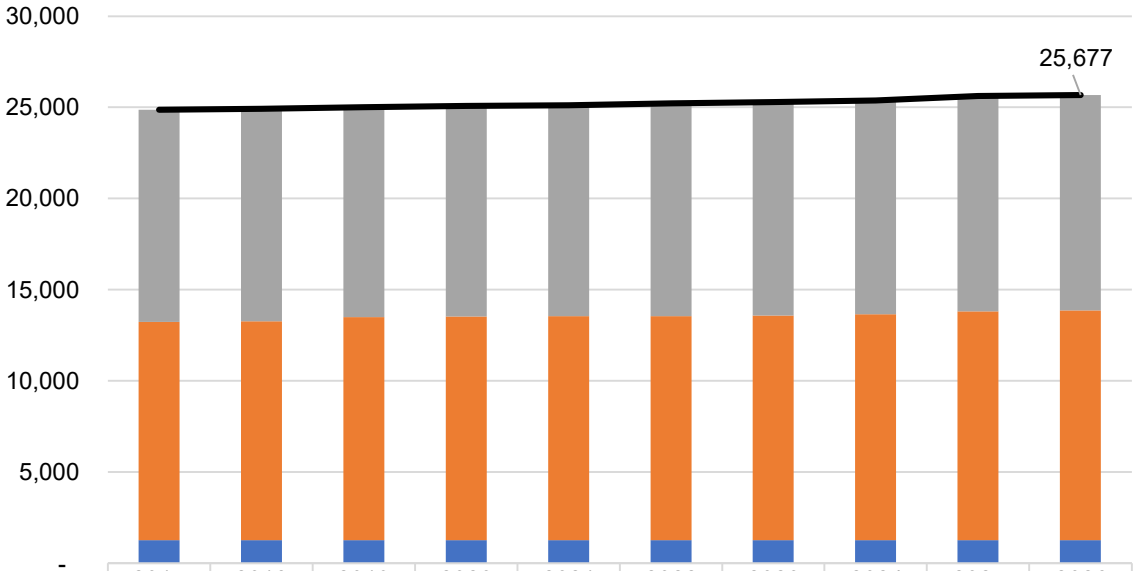
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
County Service Area 53B	$242,135	$244,697	$250,523	$258,429	$268,256	$278,853	$294,727	$354,559	$430,033	$456,933
Big Bear City CSD	2,363,616	2,398,457	2,488,269	2,579,204	2,652,478	2,763,777	2,955,515	3,660,648	4,369,986	4,624,811
City of Big Bear Lake	2,401,319	2,448,422	2,512,750	2,599,443	2,681,379	2,802,534	2,991,642	3,655,830	4,343,581	4,629,041
Total Annual Charges	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036	$9,143,600	$9,710,786



ANNUAL CHARGES BY MEMBER AGENCY - % OF TOTAL

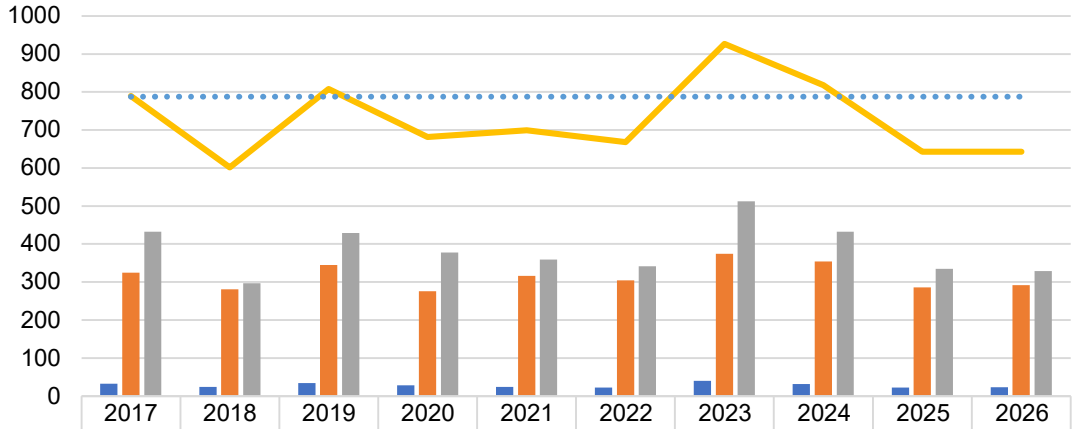
	2017	2026
County Service Area 53B	5%	5%
Big Bear City CSD	47%	47%
City of Big Bear Lake	48%	48%
	100%	100%

EQUIVALENT DWELLING UNITS BY MEMBER AGENCY - 10 FISCAL YEARS

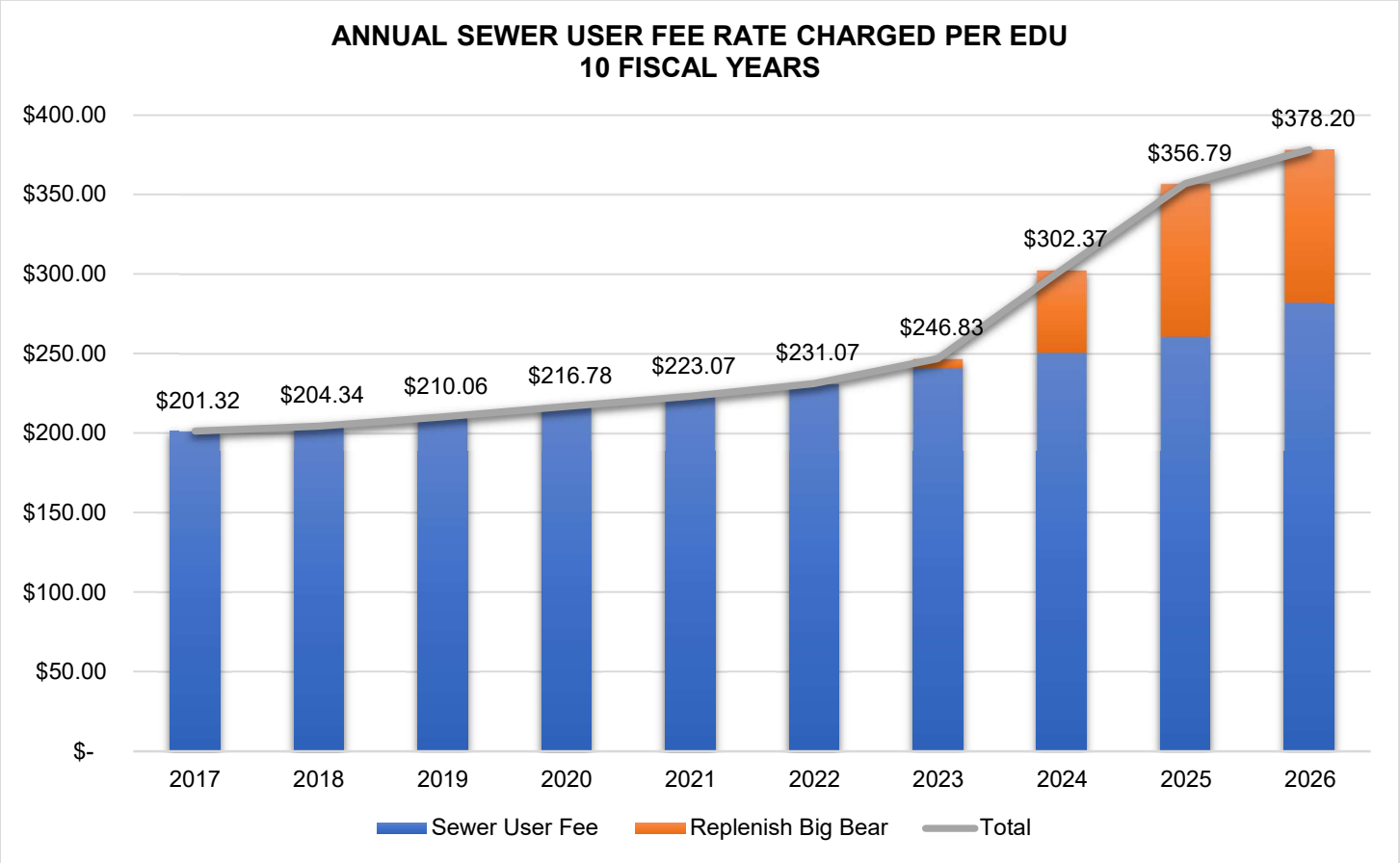


	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
City of Big Bear Lake	11,636	11,654	11,506	11,559	11,573	11,666	11,698	11,724	11,814	11,815
Big Bear City CSD	11,977	12,004	12,234	12,260	12,279	12,290	12,326	12,381	12,546	12,593
County Service Area 53B	1,258	1,259	1,261	1,262	1,262	1,264	1,264	1,265	1,268	1,269
Total EDUs	24,871	24,917	25,001	25,081	25,114	25,220	25,288	25,370	25,627	25,677

INFLUENT FLOW BY MEMBER AGENCY SERVED (MILLIONS OF GALLONS)
10 FISCAL YEARS



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
County Service Area 53B	32.277	23.686	34.111	27.756	23.942	22.315	40.248	31.532	22.637	22.957
Big Bear City CSD	324.605	281.152	344.309	275.529	316.385	304.217	374.248	354.100	285.556	291.348
City of Big Bear Lake	432.546	296.724	429.294	377.903	359.227	341.177	512.109	432.213	334.642	328.675
Total Influent Flow	789.428	601.562	807.714	681.188	699.554	667.709	926.605	817.845	642.835	642.980
Average Dry Weather Flow	788.000	788.000	788.000	788.000	788.000	788.000	788.000	788.000	788.000	788.000



Debt Capacity

DEBT RATIOS - 10 FISCAL YEARS

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Principal Outstanding	$3,223,168	$2,749,574	$4,040,433	$3,668,205	$3,283,230	$2,885,070	$5,873,273	$5,477,369	$5,006,876	$1,151,293
Leases Outstanding	-	-	-	-	-	1,991	1,531	1,066	21,724	16,757
Total Outstanding Debt	$3,223,168	$2,749,574	$4,040,433	$3,668,205	$3,283,230	$2,887,061	$5,874,804	$5,448,435	$5,028,600	$1,168,045
EDUs	24,871	24,917	25,001	25,081	25,114	25,220	25,288	25,370	25,627	25,677
Debt Per EDU	$130	$110	$162	$146	$131	$114	$232	$215	$196	$45
Debt per Residential EDU	$156	$132	$194	$176	$157	$137	$279	$258	$236	$55
Debt as % of Household Income	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%	0.5%	0.4%	0.3%	0.1%
Rate of Debt to Gross Revenue	0.58	0.48	0.70	0.62	0.54	0.46	0.86	0.61	0.50	0.11

Notes: Amounts exclude debt issuance or discount costs being amortized over the life of the debt issue and amounts related to Net Pension and OPEB Liabilities.

Household income is derived from an average of the household income estimated for the City of Big Bear Lake and the Big Bear City Community Services District. For periods through 2017 the estimate is determined with data provided in the 2010 U.S. Census Bureau. For periods 2018 and after, data provided in the American Community Survey was used.

DEBT SERVICE COVERAGE - 10 FISCAL YEARS

Fiscal Year	Loan	Leases	Total Outstanding Debt	Gross Revenues	Net Revenues	Debt Service	Debt Service Coverage
2017	$3,223,168	-	$3,223,168	$5,575,660	$1,440,559	$579,284	2.49
2018	2,368,710	-	2,368,710	5,759,997	1,402,547	579,284	2.42
2019	4,040,433	-	4,040,433	5,759,997	1,402,366	593,013	2.36
2020	3,668,205	-	3,668,205	5,908,852	1,508,210	511,944	2.95
2021	3,283,230	-	3,283,230	6,042,227	1,446,634	511,944	2.83
2022	2,885,070	1,991	2,885,070	6,300,304	2,391,563	511,944	4.67
2023	5,873,273	1,531	5,873,273	7,012,538	2,115,981	614,230	3.44
2024	5,447,370	1,066	5,447,370	8,946,743	3,943,435	635,234	6.21
2025	5,006,876	21,734	5,006,876	10,119,695	4,624,449	657,248	7.04
2026	1,151,290	16,755	1,168,045	10,526,109	4,812,896	511,944	9.40

Demographic and Economic Information

The following is general information related to the economic and demographic condition of the Agency's service area. The Agency serves a rural, tourist-based area comprised of three separate service areas: the Big Bear City Community Services District (CSD), the City of Big Bear Lake, and the County of San Bernardino County Service Area 53B (CSA 53B). It should be noted that the Agency serves a large population of second homeowners due to the resort nature of the area. The Agency estimates that approximately 38% of the residential sewer connections represent full-time Big Bear residents.

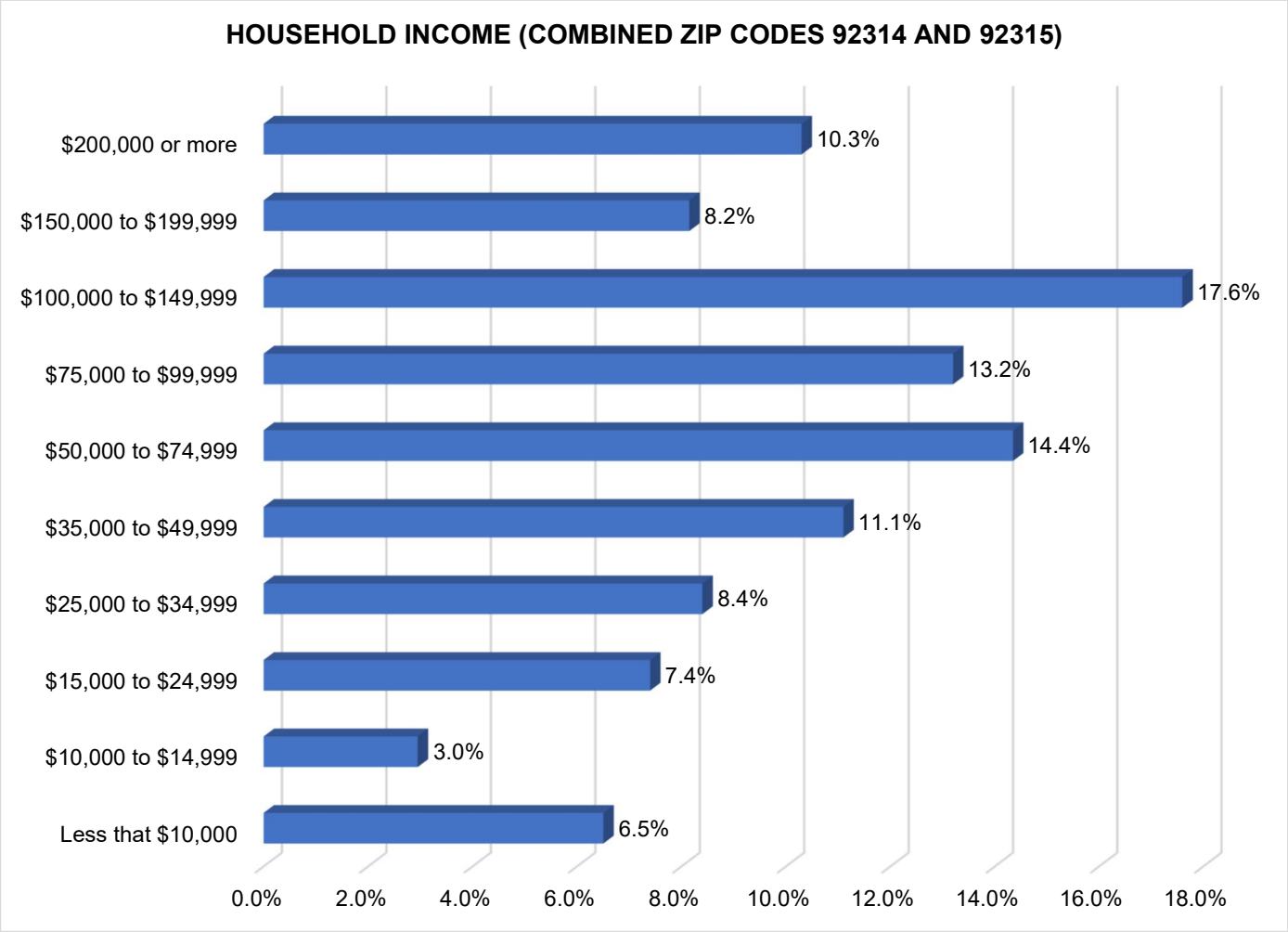
The statistics presented on the following pages have been obtained from information estimated by the U.S. Census Bureau in the 2024 American Community Survey. **It is important to note that the information presented covers the zip code areas of 92315, which is represented in the following demographic information as the City of Big Bear Lake and 92314, which is represented in the following demographic information as Big Bear City.**

POPULATION ESTIMATES

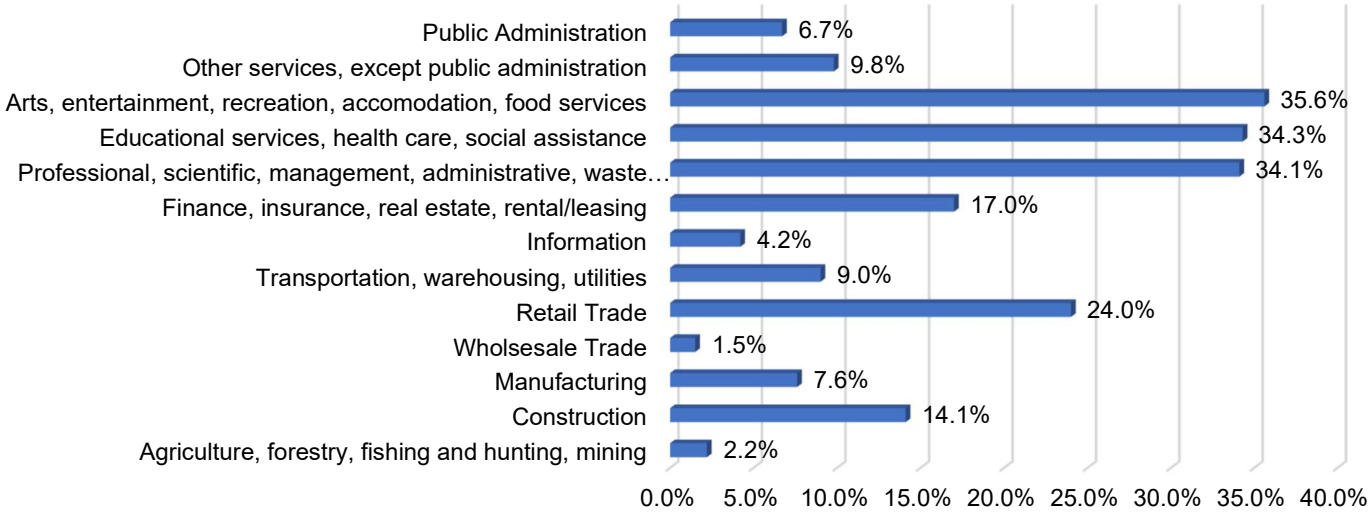
Year	City of Big Bear Lake	Big Bear City	Total
2024	5,041	11,431	16,472

UNEMPLOYMENT ESTIMATES

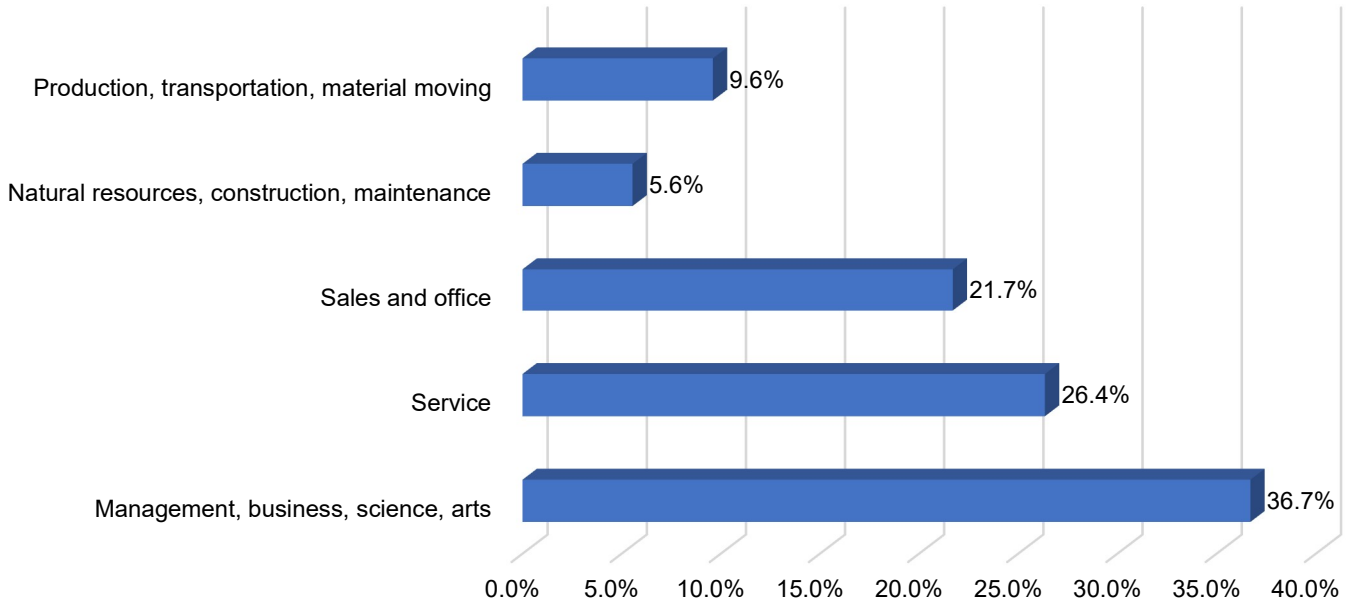
Year	City of Big Bear Lake	Big Bear City
2024	3.3%	5.4%


HOUSEHOLD INCOME (COMBINED ZIP CODES 92314 AND 92315)
$200,000 or more
10.3%
$150,000 to $199,999
8.2%
$100,000 to $149,999
17.6%
$75,000 to $99,999
13.2%
$50,000 to $74,999
14.4%
$35,000 to $49,999
11.1%
$25,000 to $34,999
8.4%
$15,000 to $24,999
7.4%
$10,000 to $14,999
3.0%
Less that $10,000
6.5%
0.0%
2.0%
4.0%
6.0%
8.0%
10.0%
12.0%
14.0%
16.0%
18.0%

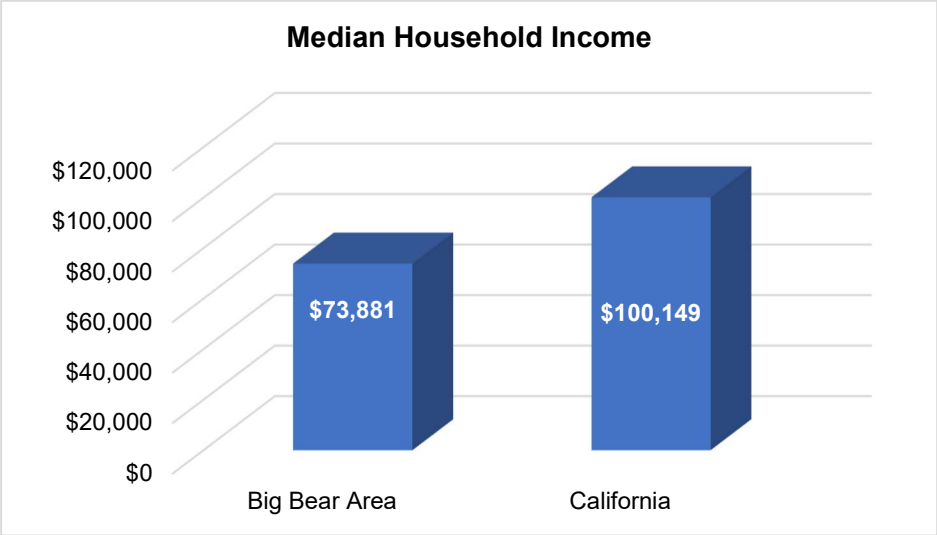
% OF EMPLOYED POPULATION BY INDUSTRY (COMBINED ZIP CODES OF 92314 AND 92315)

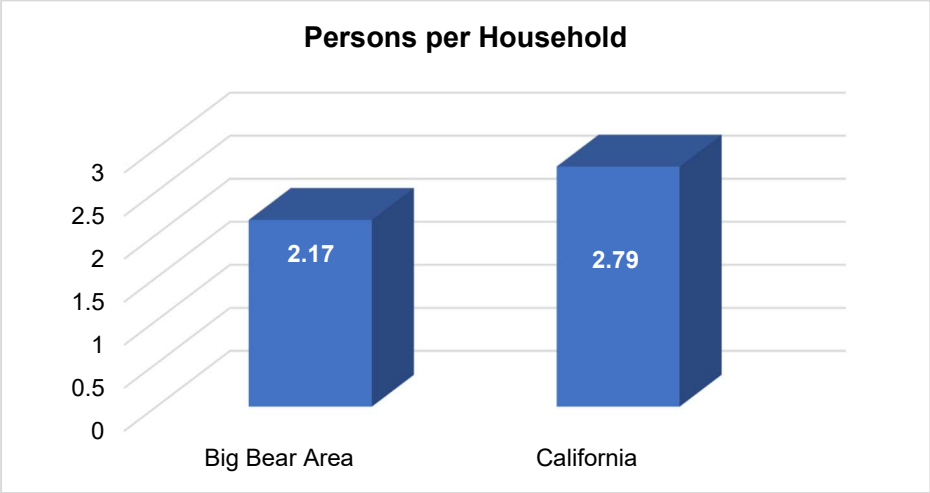


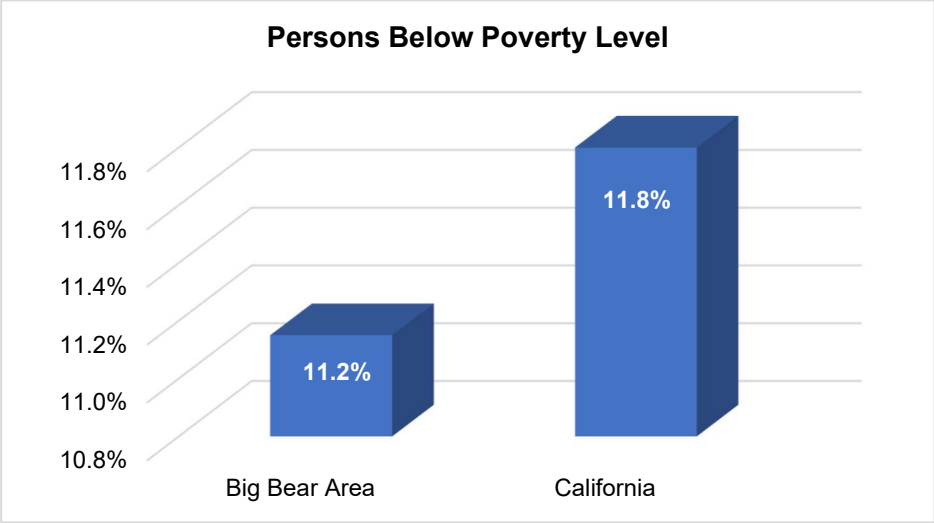
% OF EMPLOYED POPULATION BY OCCUPATION (COMBINED ZIP CODES OF 92314 AND 92315)



BIG BEAR AREA[1] COMPARISON TO STATE OF CALIFORNIA





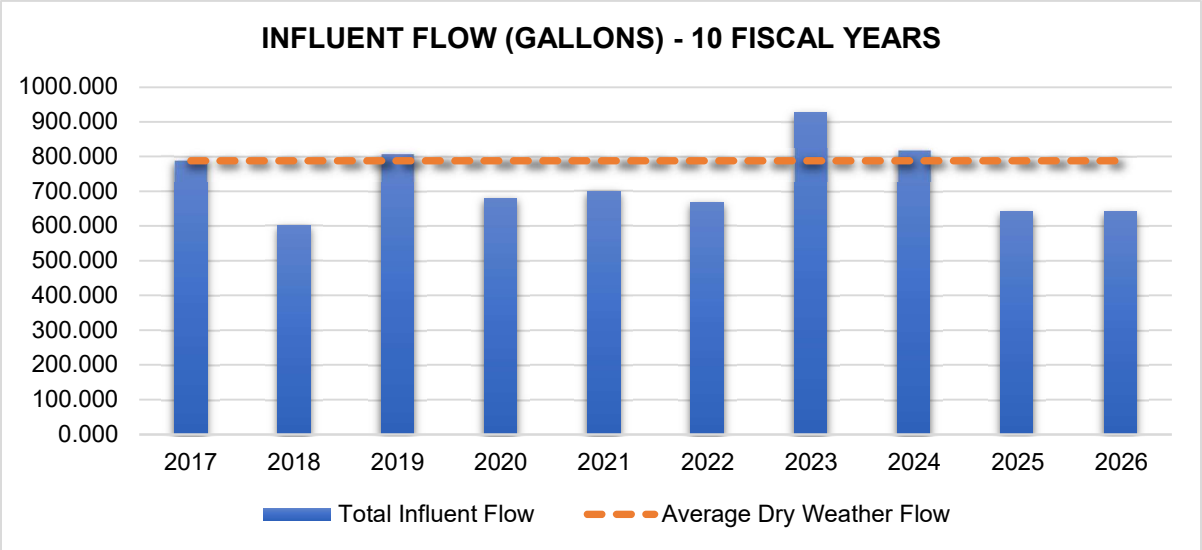


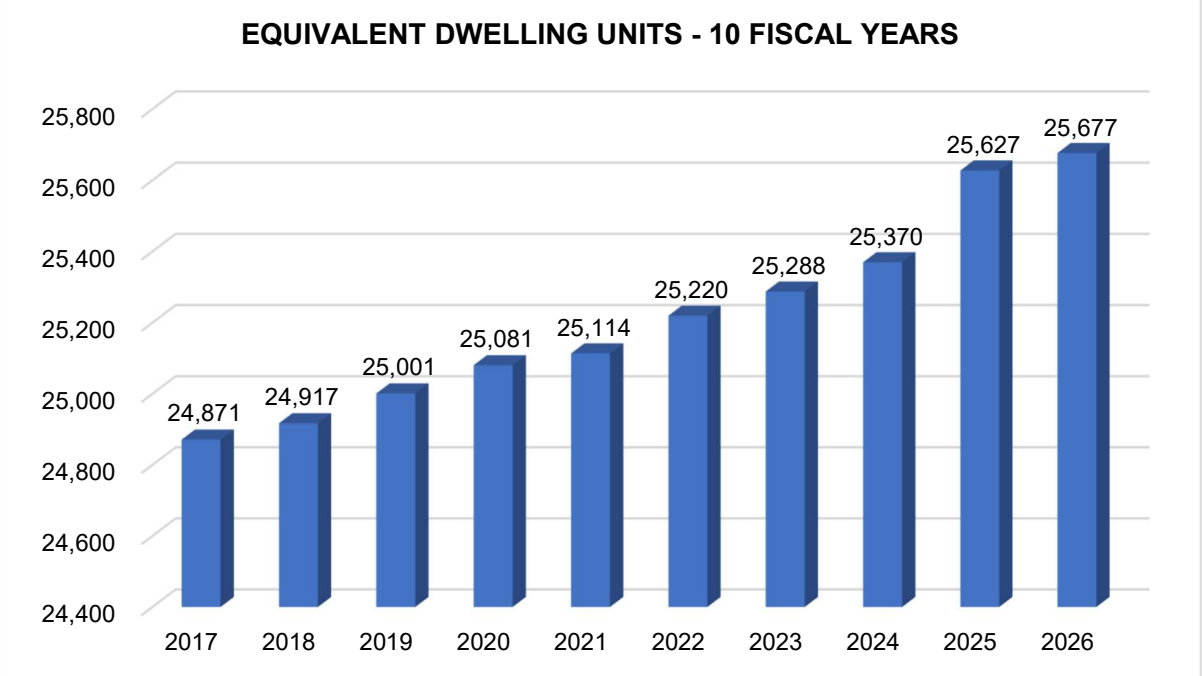
[1] Includes the zip code areas of 92314 and 92315.

Operating Information

System Demand (annual influent flow)

The Agency's wastewater flows are primarily impacted by 1) wet weather which creates infiltration and inflow into the system, and 2) peak tourist periods. Otherwise, the Agency's wastewater flows are fairly predictable due to the mature and stable commercial and residential housing markets in the area. The long-term average annual growth in equivalent dwelling units is below 1.0%. It is important to note that six periods in the last ten years have been below the Agency's long-term average dry weather flow of 788 million gallons due to drought conditions.

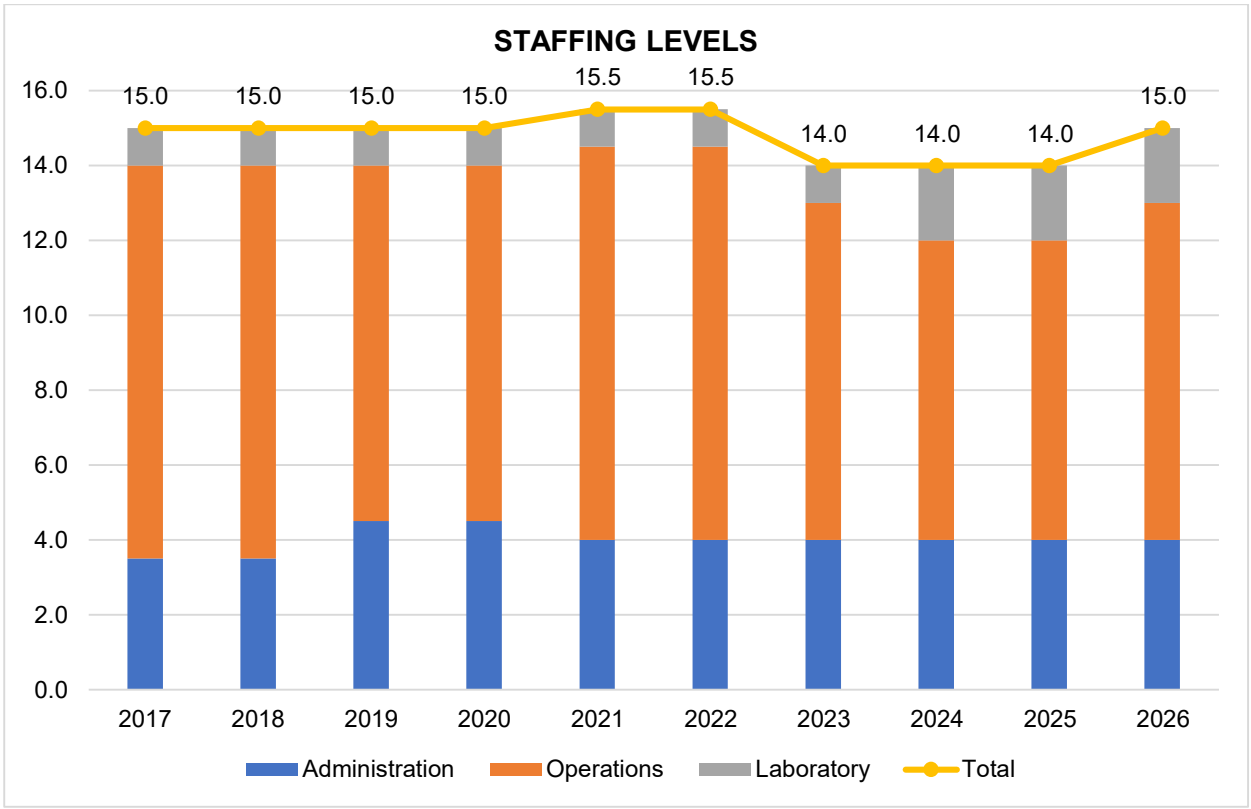




AGENCY STAFFING BY DEPARTMENT[1]

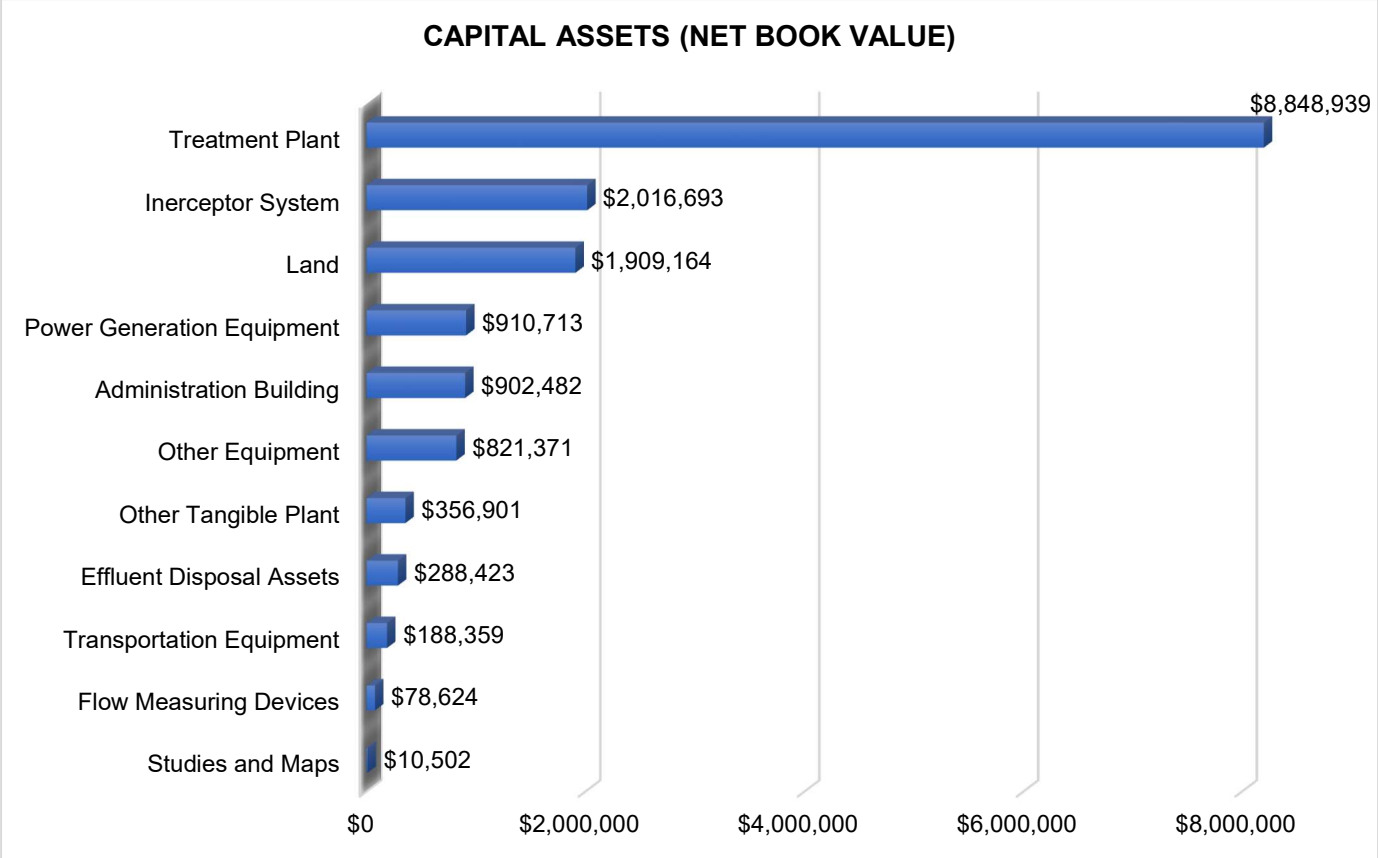
Year	Administration	Operations	Laboratory	Total
2017	3.5	10.5	1.0	15.0
2018	3.5	10.5	1.0	15.0
2019	4.5	9.5	1.0	15.0
2020	4.5	9.5	1.0	15.0
2021	4.0	10.5	1.0	15.5
2022	4.0	10.5	1.0	15.5
2023	4.0	9.0	1.0	14.0
2024	4.0	8.0	2.0	14.0
2025	4.0	8.0	2.0	14.0
2026	4.0	9.0	2.0	15.0

[1]Full-time regular employees are assigned a 1.0. Part-time (regular, not full-time) and non-regular (seasonal, temporary) are assigned a 0.5, although hours worked and compensation are not equivalent, i.e., part-time employees may receive full benefits and non-regular employees may not receive benefits. Staffing levels are as of June 30 of the respective fiscal year.



Nature of Capital Assets and Capacity Utilization

The concentration of the Agency's assets directly reflects its operations with the largest investments in the wastewater treatment plant (54%).



KEY ASSETS			
Treatment Plant		**Interceptor System**	
Clarifiers	3	Miles of Pipeline	15.07
Covered Drying Bed	1	Manholes	93
Oxidation Ditches	3	Air Release Vents	12
Storage Ponds	4	Lift Stations	4

The Agency's facilities and processes have excess capacity due to the demographics of the area served. While there are approximately 21,000 residential sewer connections, the Agency estimates that only 38% or 7,980 connections reside in the Big Bear area full-time. The Agency's facilities were built to meet some of the demands associated with an increase in full-time occupancy. Historical data is not available.

CAPACITY UTILIZATION BY STRUCTURE

	Capacity MGD	Utilization MGD	Utilization Rate
Effluent Pumping	5.6	2.4	43%
Interceptor System (N. Shore Sliplining)	2.0	0.5	26%
Lake Pump Station	8.0	4.6	58%
Load Equalization Basin/Bal Chamber	2.4	0.8	33%
Main Line (manholes)	7.2	3.2	44%
North Shore Pump Station 1	0.9	0.3	36%
Oxidation Ditches	4.9	2.4	49%
RAS Pumping	3.8	2.4	63%
Old Sludge Building	6.4	2.4	38%
Outfall Line	9.6	2.4	25%
Grit Removal System (2.4 / 7.6)	10.0	2.4	24%
Clarifiers	3.04	2.4	79%
New Belt Press	18.56	2.4	13%

Big Bear Area Regional Wastewater Agency

Annual audit

Fiscal year ended June 30, 2026

RAMS
CERTIFIED PUBLIC ACCOUNTANTS

OCTOBER 28, 2026

Responsibilities of Auditor

- Audit Agency's financial statements in accordance with US Generally Accepted Auditing Standards, *Government Auditing Standards* and the State Controllers *Minimum Audit Requirements for Special Districts*

- Plan the audit to express an opinion as to whether *managements* financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles (GAAP)
  - Provide reasonable assurance, not absolute
  - Unmodified opinion expressed

Audit process

- Interim audit performed through hybrid approach (June 2026):
  - Reviewed internal controls over financial reporting for the following areas (inquiries, inspect documents, etc.):
    - Billing and cash receipts
    - Cash and investments
    - Financial closing and reporting
    - Capital assets and long-term debt
  - Performed internal control testing over the following areas:
    - Cash disbursements
    - Purchasing and contracts
    - Payroll
    - Common controls over multiple areas (reconciliations, journal entries, etc.)

Audit process (continued)

- Year-end audit performed remotely (Aug-Oct 2026):
  - Conducted detailed audit of financial records (audit of the numbers)
  - Inspected relevant documentation
  - Inquired and examined evidence about transactions and events
  - Confirmed cash and investment balances
  - Performed analytical procedures (review and evaluate significant variances and/or unusual transactions)
  - Read minutes of board meetings
  - Assist in the preparation of the ACFR (review and evaluate for compliance with GAAP)
  - Performed deep data analytics over disbursements

Audit process (continued)

- New accounting pronouncements:
  - Adoption of GASB Statement No. 103 – *Financial Reporting Model Improvements*. Required changes to Statement of Revenues, Expenses, and Changes in Net Position and Changes to Managements Discussion and Analysis.
  - Adoption of GASB Statement No. 104 – *Disclosure of Certain Capital Assets* (no effect on current year)

Completing the process

- Independent Auditor's Report
  - Unmodified report
  - "In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2026…"

Completing the process (continued)

- Required communications
  - SAS 114 letter to those charged with governance
    - No uncorrected misstatements reported
    - No difficulties working with the Agency
    - No disagreements with management
  - Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
    - No deficiencies reported
    - No matters of noncompliance reported

Conclusion

- Questions

Big Bear Area Regional Wastewater Agency

Agenda Item 6.D.

Meeting Date:	October 28, 2026
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:	Annual Report for the Fiscal Year Ended June 30, 2026

Background & Discussion:

The Annual Report is attached. This report discusses FY 2026 financial performance compared to budget.

The Agency ended FY 2026 below the budget. The Agency's operating expenses were below the budget by $350,061 or 5% including Government Accounting Standards Board (GASB) adjustments related to pension and Other Post Employment Benefits (OPEB) expense. Lower operating expenses resulted from lower costs across multiple line items, with the largest variances occurring in power, sludge removal, chemicals, contractual services, permits and fees, insurance, and other operating expenses. Capital expenditures were below the budget by approximately $5.1 million. This variance was largely due to timing associated with multiple projects, primarily the Replenish Big Bear/Greenspot Recharge Project.

As of June 30, 2026, the Agency is financially strong with current debt service coverage of 9.27x (including GASB adjustments), excess debt capacity, and adequate funding to meet its reserve balance targets.

Financial Impact:

There is no financial impact.

Recommendation:

Informational.

Attachments:

Annual Report and Presentation

Big Bear Area Regional Wastewater Agency

Annual Report

Year Ended June 30, 2026

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statement below includes GASB accounting adjustments made in FY 2026 and reflects GAAP.

	Actual FY 2026	Final Budget FY 2026	Actual vs Budget $	Actual vs Budget %
Operating Revenues				
Annual charges	$ 9,710,786	$ 9,710,786	0	0%
Waste disposal fees	28,043	26,593	1,451	5%
Rental income	6,565	4	6,561	+ (b)
Standby fees	71,807	71,807	0	0%
Other operating revenue	3,347	0	3,347	nm (a)
Lease revenues	46,231	68,400	(22,169)	-32%
Total Operating Revenues	9,866,779	9,877,589	(10,811)	0%
Operating Expenses				
Salaries and benefits	3,387,406	3,478,500	(91,094)	-3%
Power	428,228	529,090	(100,862)	-19%
Sludge removal	304,612	342,583	(37,971)	-11%
Chemicals	71,168	100,939	(29,771)	-29%
Materials and supplies	146,688	153,095	(6,407)	-4%
Repairs and replacements	317,349	263,155	54,193	21%
Equipment rental	3,593	2,054	1,539	75%
Utilities expense	22,304	41,003	(18,699)	-46%
Communications expense	181,223	181,057	166	0%
Contractual services – other	203,670	228,510	(24,840)	-11%
Contractual services – Prof	107,471	150,246	(42,775)	-28%
Permits and fees	272,400	304,861	(32,461)	-11%
Property tax expense	4,354	4,309	46	1%
Insurance expense	277,194	317,839	(40,645)	-13%
Other operating expense	45,061	73,208	(28,147)	-38%
Other miscellaneous expense	7,216	0	7,216	nm (a)
Depreciation and amortization expense (a)	976,458	936,007	40,452	4%
Total Operating Expenses	6,756,395	7,106,456	(350,061)	-5%
Operating Income	3,110,384	2,771,133	339,250	12%
Nonoperating income (expense)				
Nonoperating income	2,742,261	4,107,438	(1,365,177)	-33%
Nonoperating expense	(106,794)	(130,817)	24,023	+ (c)
Total nonoperating income (expense)	2,635,466	3,976,621	(1,341,154)	-34%
Income before capital contributions	5,745,850	6,747,753	(1,001,903)	-15%
Capital contributions – connection fees	175,560	188,100	(12,540)	-7%
Change in Net Position	5,921,410	6,935,853	(1,014,443)	-15%

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

(b) Percent change is not provided if either of 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

The following information may not be presented in accordance with GAAP.

	Actual FY 2026	Final Budget FY 2026	Actual vs. Budget
Cash flows from operating activities			
Cash received from customers and other sources	$ 9,020,249	$ 9,877,589	$ (857,341)
Cash payments to suppliers for goods and service	(2,675,415)	(2,691,950)	12,535
Cash payments to employees	(3,403,038)	(3,478,500)	75,462
Other nonoperating revenues – grant reimbursements	2,258,489	4,937,301	(2,678,812)
Net cash provided by operating activities	5,196,285	8,644,440	(3,448,155)
Cash flows from capital and related financing activities			
Purchases of property, plant, and equipment	(3,027,508)	(8,110,220)	5,082,713
Purchases of property, plant, and equipment in Accounts Payable	70,138	0	70,138
Capital contributions	175,560	188,100	(12,540)
Principal payments on lease liabilities	(4,967)	0	(4,967)
Principal payments on long-term debt	(3,855,583)	(3,855,583)	0
Payments received from lease receivables	6,694	0	6,694
Interest paid on long-term debt	(120,294)	(125,782)	5,488
Net cash used for capital and related financing activities	(6,755,959)	(11,903,486)	5,147,527
Cash flows from investing activities			
Investment income received	504,184	318,586	185,598
Net cash provided by investing activities	504,184	318,586	185,598
Net change in cash equivalents	(1,055,490)	(2,945,460)	1,884,970
Cash equivalents, beginning of period	16,173,777	16,173,777	
Cash equivalents, end of period	15,118,287	13,233,316	
Change in cash equivalents	(1,055,490)	(2,945,460)	1,884,971

Discussion and Analysis

FY 2026 Budget Revisions

During the year, the Agency modified its budget to include carryover appropriations from the prior year and new appropriations during the current fiscal year. Carryover appropriations are those expenditures that were budgeted but not spent by fiscal year end and are carried over to the next year or budget cycle. The budget referenced in this document reflects the final budget taking into account these appropriations.

FY 2026 Appropriations

	Carryover	New Appropriations	Total
Operating Expenses:			
Salaries & Benefits: Maintenance Worker Positions Addition	$ -	$ 44,000	$ 44,000
Mainline: Clean & Camera Inspect Gravity Sewer Line	58,093	-	58,093
Contractual Services – Electrical Maintenance and Repairs	9,911	-	9,911
Heating, Ventilation and Air – Quarterly Service & Replacement of Fan Motor and pump seal	10,578	-	10,578
Contractual Services: Interim Audit	500	-	500
Total Operating Expense Appropriations	**$ 79,082**	**$ 44,000**	**$ 123,082**
Capital Expenditures			
Lucerne Valley Service Upgrade	$ 16,945	-	$ 16,945
Force Main Repair Project	973,785	-	973,785
Cactus Flats Repair	23,063	-	23,063
RAS Header Replacement Project	83,415	-	83,415
Replenish Big Bear	4,684,077	-	4,684,077
Outfall Line Investigation	-	146,498	146,498
Pump Station Investigation (4)	-	75,000	75,000
Total Capital Expense Appropriations	**$ 5,781,285**	**$ 221,498**	**$ 6,002,783**
Total Appropriations	**$ 5,830,367**	**$ 265,498**	**$ 6,125,865**

Operating Revenues

As a result of Government Accounting Standards Board (GASB) Statement No. 103: Financial Reporting Model Improvements, lease revenues are now considered operating revenue. Operating revenues were lower than the budget by $10,811, which generates a variance of under 1%.

	Actual FY 2026	Final Budget FY 2026	Actual vs Budget $	Actual vs Budget %
Operating Revenues				
Annual charges	$ 9,710,786	$ 9,710,786	0	0%
Waste disposal fees	28,043	26,593	1,451	5%
Rental income	6,565	4	6,561	nm (a)
Standby fees	71,807	71,807	0	0%
Other operating revenue	3,347	0	3,347	nm (a)
Lease revenue	46,231	68,400	(22,169)	-32%
Total Operating Revenues	9,866,779	9,877,589	(10,811)	0%

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

Operating Expenses

As a result GASB Statement No. 103: Financial Reporting Model Improvements, the Bear Valley Basin Groundwater Sustainability Agency expenses are now considered operating expenses. Operating expenses were below the budget by $350,061 or 5%. Variances greater than 10% and $20,000 are highlighted and discussed below.

	Actual FY 2026	Final Budget FY 2026	Actual vs Budget $	Actual vs Budget %
Operating Expenses				
Salaries and benefits	3,387,406	3,478,500	(91,094)	-3%
Power	428,228	529,090	(100,862)	-19%
Sludge removal	304,612	342,583	(37,971)	-11%
Chemicals	71,168	100,939	(29,771)	-29%
Materials and supplies	146,688	153,095	(6,407)	-4%
Repairs and replacements	317,349	263,155	54,193	21%
Equipment rental	3,593	2,054	1,539	75%
Utilities expense	22,304	41,003	(18,699)	-46%
Communications expense	181,223	181,057	166	0%
Contractual services – other	203,670	228,510	(24,840)	-11%
Contractual services – Prof	107,472	150,246	(42,774)	-28%
Permits and fees	272,400	304,861	(32,461)	-11%
Property tax expense	4,354	4,309	46	1%
Insurance expense	277,194	317,839	(40,645)	-13%
Other operating expense	45,061	73,208	(28,147)	-38%
Other miscellaneous	7,216	0	7,216	nm (a)
Depreciation expense	976,458	936,007	40,452	4%
Total Operating Expenses	6,756,395	7,106,456	(350,061)	-5%

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

An explanation of the major variances by line item follows.

Power was under budget by $100,862 or 19% which was mainly a result of higher production of solar power resulting in a decrease in electricity costs for the treatment plant and administration building. Electricity costs are budgeted based on anticipated rate increases and average usage. Solar production came online in December of Fiscal Year 2022. The FY 2027 budget for solar purchases and electricity has been adjusted based on a 3 year average.

Sludge Removal expense was under budget by $37,971 or 11% which was due to lower sludge removal compared to budget. Sludge removal budget was based on removing 4,992 tons; however, actual tons hauled was 4,379, a reduction of 595 tons for the year-to-date period.

Chemicals expense was under budget by $29,771 or 29% primarily due to lower purchases of polymer then budgeted.

Repairs and Replacements expense was over budget by $54,193 or 21% primarily a result of increases in mainline; pumps, motors, and bearings; and equipment and machinery partially offset by other repairs and replacements. The Agency purchased vault lids to replace two damaged lids on North Shore Drive, replaced soft start units for effluent pumps 3, 4, and 5, and replaced the driveshafts for rotor 4. Additionally, for accounting purposes, the Cactus Flats Outfall Line Repair was moved from Capital to Repairs and Replacements because there was not a tangible capital asset that derived from the work. The Agency only provided environmental work for this project.

Contractual Services - Other expense was under budget by $24,840 or 11% with the most notable variances in testing, HVAC (heating, ventilation, and air conditioning), and Electrical. The budget for testing included the purchase of a Variable Frequency

Drive (VFD) for the portable well pump unit for Lucerne Valley. The plan has changed and this is not going to be purchased; other alternatives for a mobile unit are being considered. Additionally, there were savings in Janitorial and Landscaping with the addition of the Maintenance Worker position.

Contractual Services - Professional expense was under budget by $42,775 or 28%. Lower contractual services professional is due to lower expenses across the board. Engineering included work on an airport easement. That work is not complete and the remaining funds will be carried over to the next fiscal year. Legal services and contractual services other also came in lower as a result of a lower need for services in the current period.

Permits and fees were under budget by $32,461 or 11% were lower when compared to budget as a result of the SWRCB permits being lower than expected.

Insurance expense was under budget by $40,645 or 13% due mostly to adjustments for longevity distribution, a 6% credit incentive program discount, a 5% multi-program discount, and credits earned for Agency training. Additionally, final insurance premiums were much lower than the Agency's insurance provider quoted during the budget process.

Other Operating expense was under budget by $28,147 or 38% as a result of savings across all line items. The largest variance was in education and training due to training and conferences that were budgeted but not attended.

Non-Operating Income (Expense)

	Actual FY 2026	Final Budget FY 2026	Actual vs Budget $	Actual vs Budget %
Nonoperating income (expense)				
Nonoperating income	2,742,261	4,107,438	(1,365,177)	-33%
Nonoperating expense	(106,794)	(130,817)	24,023	+ (a)
Total nonoperating income (expense)	2,635,466	3,976,621	(1,341,154)	-34%

(a) Percent change is not provided if either of 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.

Non-operating Income (Expense) had a negative variance of $1,341,154 or 34%, primarily a result of budgeted grant reimbursements for RBB. Grant reimbursements are budgeted based on expected eligible grant expenditures. During the period, RBB expenditures were lower than anticipated. Additional factors responsible were lower interest payments on the Short-Term loan for RBB as a result of paying the loan principal earlier than required and higher interest income.

Capital Contributions - Connection Fees

Income before capital contributions was below budget by $1,001,903 or 15% for the period due to lower operating expenses than budgeted by $350,061, slightly lower operating revenue of $10,811, and a negative variance in net nonoperating income (expense) of $1,341,154. Capital contributions (or connection fee revenues) were lower than budget by $12,540. Actual connections were 42 versus 45 budgeted. This is the first year since FY 2013 that connections fell below budget. The Change in Net Position was below budget by $1,014,443 as a result of the variances listed above.

	Actual FY 2026	Final Budget FY 2026	Actual vs Budget $	Actual vs Budget %
Income before capital contributions	5,745,850	6,747,753	(1,001,903)	-15%
Capital contributions – connection fees	175,560	188,100	(12,540)	-7%
Change in Net Position	5,921,410	6,935,853	(1,014,443)	-15%

Capital Expenditures

Capital expenditures for the period were $3,027,507, below the budget by $5,070,151. The variance is due to timing associated with multiple projects. Transportation equipment includes expenditures that were originally accounted for in operating expenses but that met the threshold for capitalization. For those projects that were not completed in the current period, and will be completed in the subsequent period, the Governing Board has approved carryover appropriations in the amount of $5,067,635 for FY 2027.

	Actual FY 2026	Final Budget FY 2026	Actual vs Budget $	Actual vs Budget %
Capital Expenditures				
Effluent Disposal	$ 7,391	$ 365,364	$ (399,554)	-98%
Other Equipment	65,982	78,520	(12,539)	-16%
Transportation Equipment	10,500	10,500	0	0%
Treatment Plant	150,902	1,615,606	(1,464,704)	-91%
Interceptor System	741,495	1,048,785	(307,290)	-29%
Replenish Big Bear	2,051,238	4,937,301	(2,866,063)	-58%
Total Capital Expenditures	$ 3,027,507	$ 8,097,657	$ (5,070,151)	-63%

Cash and Fund Balances

The Agency had negative cash flow of approximately $1.1 million at the end of the reporting period. The negative cash flow reflects approximately $2.95 million in positive cash flow from operating activities offset by $4.7 million in capital and related financing activities which included capital projects, interest payments, and the loan payment of $3.4 million to pay off the Short-Term loan for RBB. This was partially offset by investment income of $504,183, and $175,560 in connection fee revenue.

	Beginning Balance	Activity During Period	Ending Balance
Cash Balance	16,173,777		15,118,287
Designated Fund Balances			
Capital and replacement fund:			
Current year	4,321,368	(2,957,370)	1,363,999
Future year	3,032,606	0	3,032,606
Total capital and replacement fund	7,353,973	(2,957,370)	4,396,604
Debt service fund	3,981,367	(3,975,877)	5,490
Liquidity fund	3,005,542	5,967,694	8,973,236
Contingency fund:			
Emergency	825,000	0	825,000
Operating	1,007,895	(265,498)	742,397
Total contingency fund	1,832,895	(265,498)	1,567,397
Restricted Funds			
Connection fees	0	175,560	175,560
Total Designated and Restricted Funds	16,173,777	(1,055,490)	15,118,287

Annual Financial Report

Fiscal Year Ended June 30, 2026

Big Bear Area Regional Wastewater Agency

October 28, 2026



Actual Performance compared to Final Budget

FY 2026 (Ended June 30th)

Operating Revenues:

On budget

Operating Expenditures:

5% below budget

Actual Performance compared to Final Budget

FY 2026 (Ended June 30th)

Net Nonoperating Income/Expense:

$1.34 million lower than budget (grant driven)

Capital Contributions (connection fee revenue):

7% Below Budget

Changes to Budget

Carryover and New Appropriations:

Operating Expenses

Carryover:

Mainline: Clean & Camera Inspect Gravity Sewer Line	$ 58,093
Contractual Services: Electrical Maintenance & Repairs	9,911
HVAC: Quarterly Service and Replacement of a Pump Seal and Fan Motor	10,578
Contractual Services: Interim Audit	500
Total Operating Expense Carryover	**$79,082**

New Appropriations:

Salaries & Benefits: Maintenance Worker Position Addition	$44,000
Total Operating Expense Appropriations	**$44,000**

Carryover and New Appropriations:

Capital Expenditures

Carryover:

Lucerne Valley Service Upgrade	$ 16,945
Force Main Repair Project	973,785
Cactus Flats Repair	23,063
RAS Header Replacement Project	83,415
Replenish Big Bear	4,684,077
Total Capital Carryover	**$ 5,781,285**

New Appropriations:

Outfall Line Investigation	$146,498
Pump Station Investigation (4)	75,000
Total Capital Appropriations	**$ 221,498**

Income Statement

Income Statement Snapshot

	Actual	Budget	Increase (Decrease)	% Change
Operating revenues	$ 9,866,779	$9,877,478	$(10,811)	-0.1%
Operating expenses	6,756,395	7,106,456	350,061	-5%
Operating Income	**3,110,384**	**2,771,133**	**339,250**	**12%**
Nonoperating income	2,742,261	4,107,438	(1,365,177)	-33%
Nonoperating expense	(106,794)	(130,817)	24,023	+(a)
Income before capital contributions	**5,745,850**	**6,747,753**	**(1,001,903)**	**-15%**
Connection fee revenue	175,560	188,100	(12,540)	-7%
Change in net position	**$ 5,921,410**	**$ 6,935,853**	**$ (1,014,443)**	**-15%**

(a) Percent change is not provided if either of the comparison periods contain a negative number. If the actual performance is improved when compared to the budget a "+" is given.

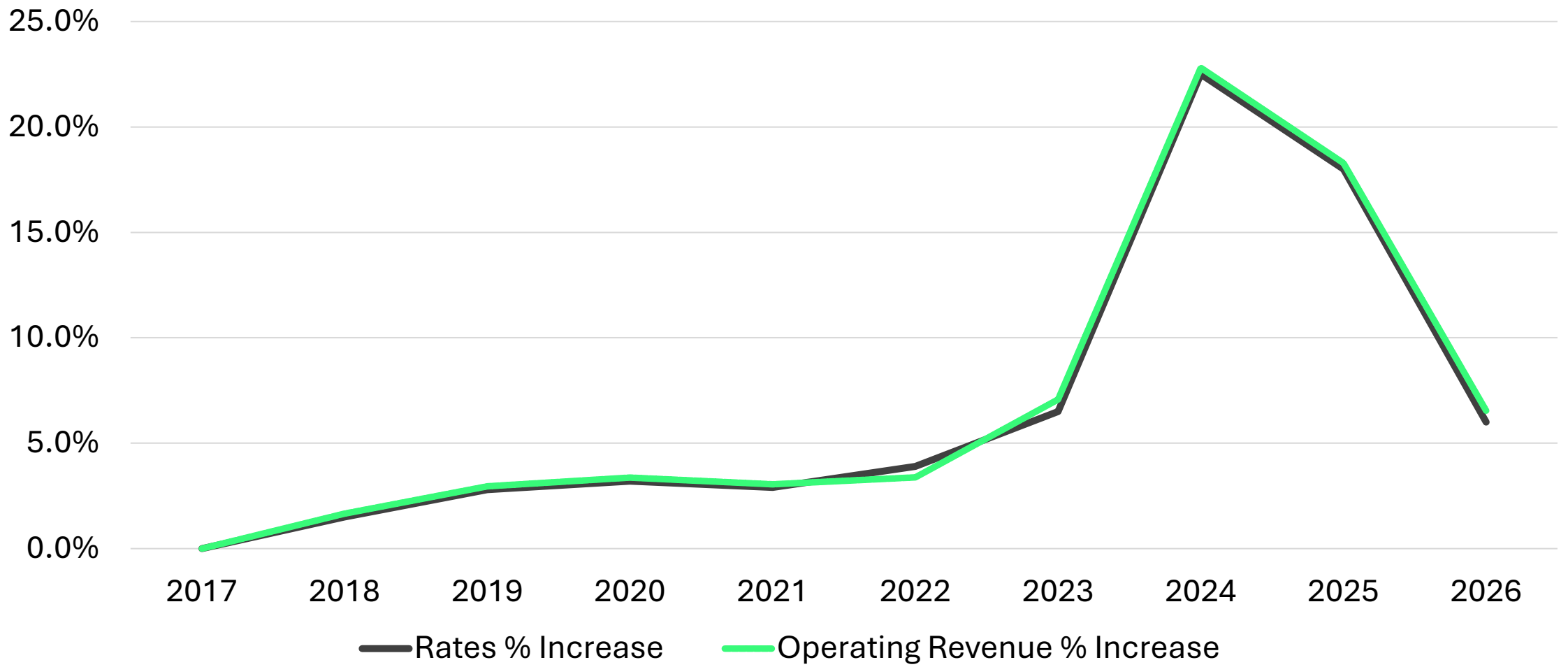
Operating Revenues

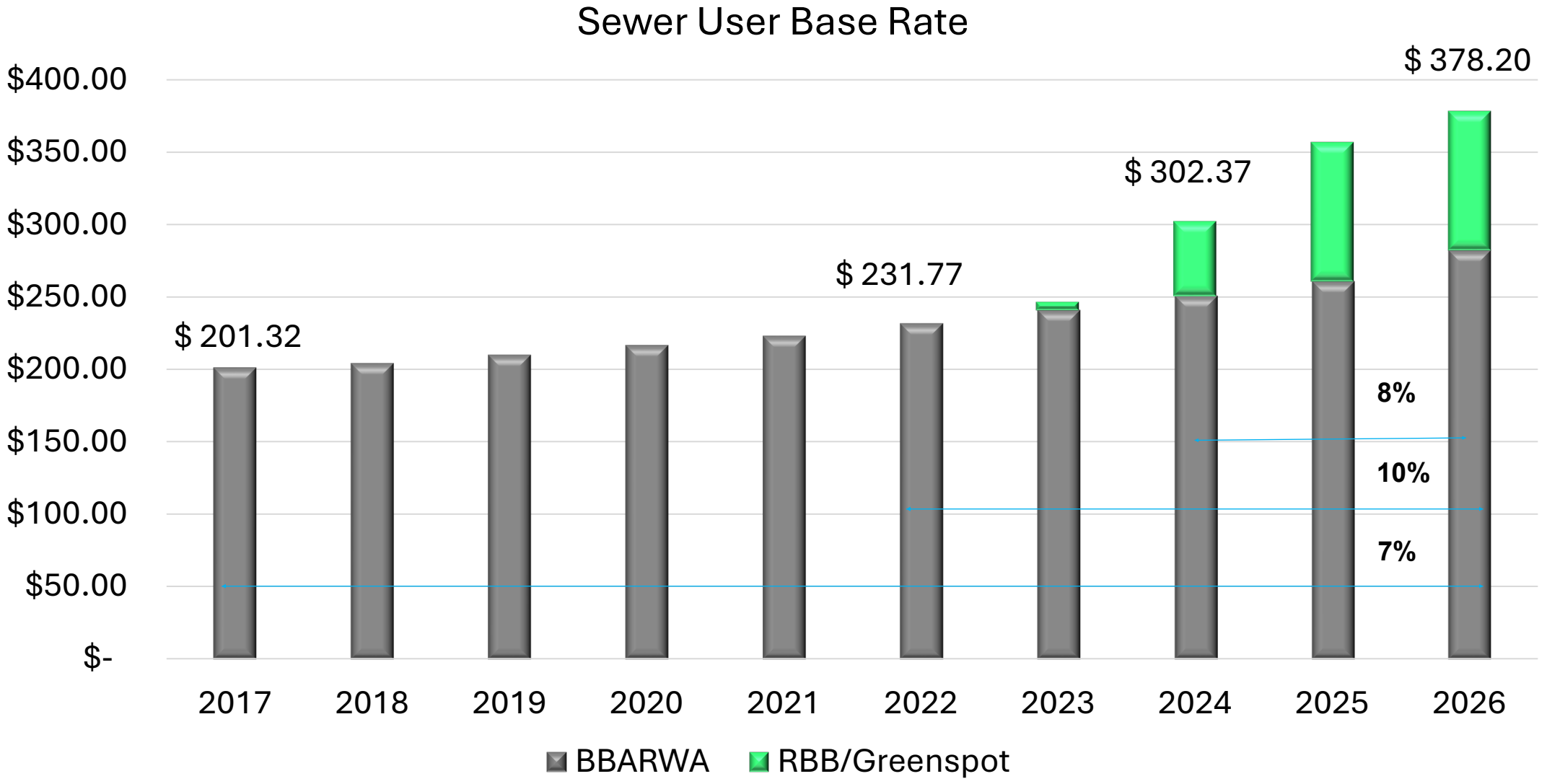
Operating Revenues

	Actual	Budget	Increase (Decrease)	% Change
Operating revenues:				
Annual charges	$ 9,710,786	$ 9,710,786	0	0%
Waste disposal fees	28,043	26,593	1,451	5%
Rental income	6,565	4	6,561	+
Standby fees	71,807	71,807	0	0%
Other operating revenue	3,347	0	3,347	nm (a)
Lease revenues	46,231	68,400	(22,169)	-32%
Total operating revenues	**$ 9,866,779**	**$ 9,877,589**	**$ (10,811)**	**-0.1%**

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

Sewer User Rates and Operating Revenue % Change




Sewer User Base Rate
$400.00
$350.00
$300.00
$250.00
$200.00
$150.00
$100.00
$50.00
$-
$ 201.32
$ 231.77
$ 302.37
$ 378.20
8%
10%
7%
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
BBARWA
RBB/Greenspot

Operating Expenses

Operating Expenses

	Actual	Budget	Increase (Decrease)	% Change
Operating expenses:				
Collection, treatment, disposal	$ 1,475,165	$ 1,612,977	$ (137,812)	-9%
Salaries and benefits	3,387,406	3,478,500	(91,094)	-3%
Contractual services	311,141	378,756	(67,615)	-18%
Permits and fees	272,400	304,861	(32,461)	-11%
Administration	333,825	395,356	(61,531)	-16%
Depreciation and amortization	976,457	936,007	40,451	4%
Total operating expenses	**$ 6,756,395**	**$ 7,106,456**	**$ (350,061)**	**-5%**

Operating Expenses: Collection, Treatment, and Disposal

	Actual	Budget	Increase (Decrease)	% Change
Collection, treatment, disposal:				
Power	$ 428,228	$ 529,090	$ (100,862)	-19%
Sludge removal	304,612	342,583	(37,971)	-11%
Chemicals	71,168	100,939	(29,771)	-29%
Materials and supplies	146,688	153,095	(6,407)	-4%
Repairs and replacements	317,349	263,155	54,193	21%
Equipment rental	3,593	2,054	1,539	75%
Utilities expense	22,304	41,003	(18,699)	-46%
Communications expense	181,223	181,057	166	0%
Total collection, treatment, and disposal	**$ 1,475,165**	**$ 1,612,977**	**$ (137,812)**	**-9%**

Operating Expenses: Salaries and Benefits

	Actual	Budget	Increase (Decrease)	% Change
Salaries and benefits:				
With accounting adjustments*	$ 3,387,406	$ 3,478,500	$ (91,094)	-3%
Salaries and benefits excluding adjustments:				
Salaries and wages	2,105,684	2,141,040	(35,356)	-2%
Employee benefits	1,465,142	1,300,836	164,306	13%
Payroll tax	28,863	30,549	(1,685)	-6%
Unemployment expense	0	6,076	(6,076)	nm (a)
Total salaries and benefits	**$ 3,599,690**	**$ 3,478,500**	**$ 121,190**	**3%**

- Accounting adjustments include capitalizing labor for capital projects and GASB 68 and 75 adjustments.
- (a) nm = not meaningful and is the result when dividing by 0.

Pension and OPEB Liability

Actuarial Valuation Report as of June 30, 2025

As of June 30	2025	2024
Pension:		
Unfunded accrued liability	$ 3,141,099	$ 3,601,699
Funded ratio	81.3%	77.2%
OPEB:		
Unfunded accrued liability	$ 1,679,755	$ 1,721,268
Funded ratio	67.7%	64%

Operating Expenses: Contractual Services

	Actual	Budget	Increase (Decrease)	% Change
Contractual services:				
Contractual services – other	$ 203,670	$ 228,510	$ (24,840)	-11%
Contractual services - professional	107,471	150,246	(42,775)	-28%
Total contractual services	**$ 311,141**	**$ 378,756**	**$ (67,615)**	**-18%**

Operating Expenses: Permits and Fees, Administration, Depreciation

	Actual	Budget	Increase (Decrease)	% Change
Permits and fees:				
Permits and fees	$ 272,400	$ 304,861	$ (32,461)	-11%
Administration:				
Property tax expense	4,354	4,309	46	1%
Insurance expense	277,194	317,839	(40,645)	-13%
Other operating expense	45,061	73,208	(28,147)	-38%
Other miscellaneous exp	7,216	0	7,216	Nm
Total administration	**333,825**	**395,356**	**(61,531)**	**-16%**
Depreciation	$ 976,457	$936,007	40,451	4%

Nonoperating Income/Expenses

Nonoperating Income/Expense

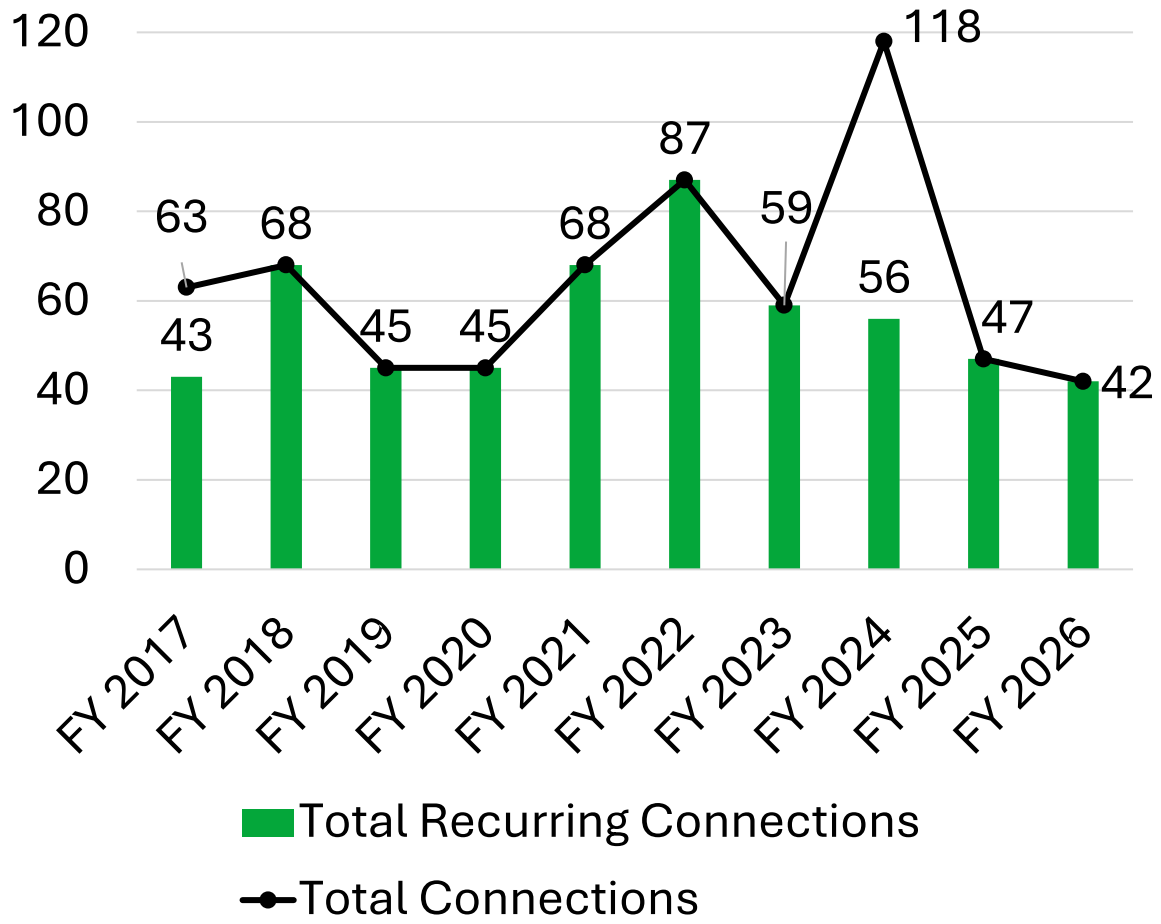
	Actual	Budget	Increase (Decrease)	% Change
Nonoperating income:				
Interest income	$ 483,772	$ 318,586	$ 165,186	
Grant Proceeds	2,258,489	3,788,852	(1,530,363)	
Nonoperating expense:				
Interest expense	(100,295)	(125,787)	25,491	
Loss on Asset Disposal	(1,470)	0	(1,470)	
Amortization of debt costs	(5,029)	(5,031)	2	
Net Nonoperating income/expense	**$ 2,635,466**	**$ 3,967,621**	**$ (1,341,154)**	**-34%**

Connections

Connections Recurring vs Nonrecurring

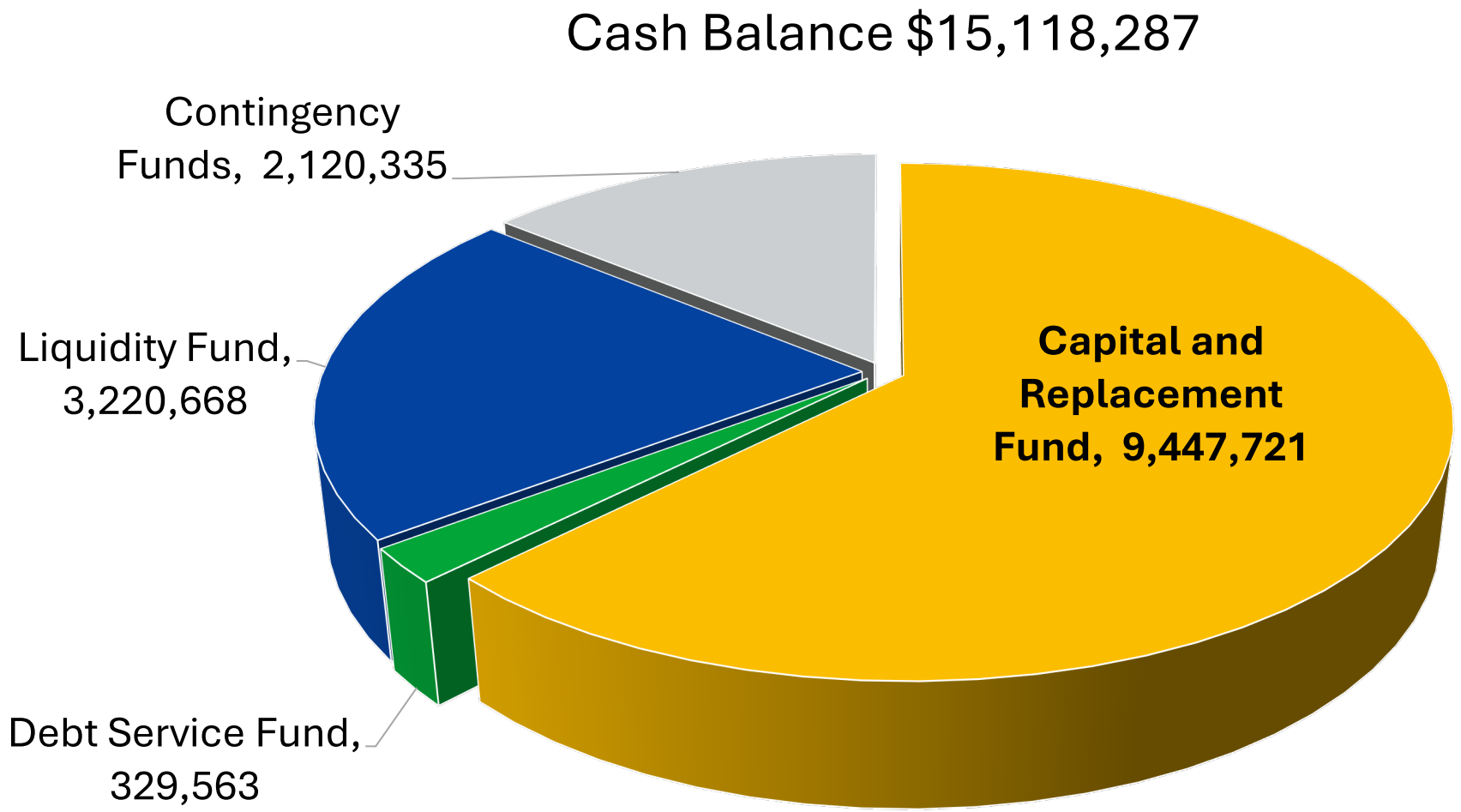
Recurring connections account for new single-family dwellings

Nonrecurring connections account for multi-unit dwellings and businesses such as hotels or condo projects to name a few.



End of Year Cash Balance

Cash Balance



Debt Service

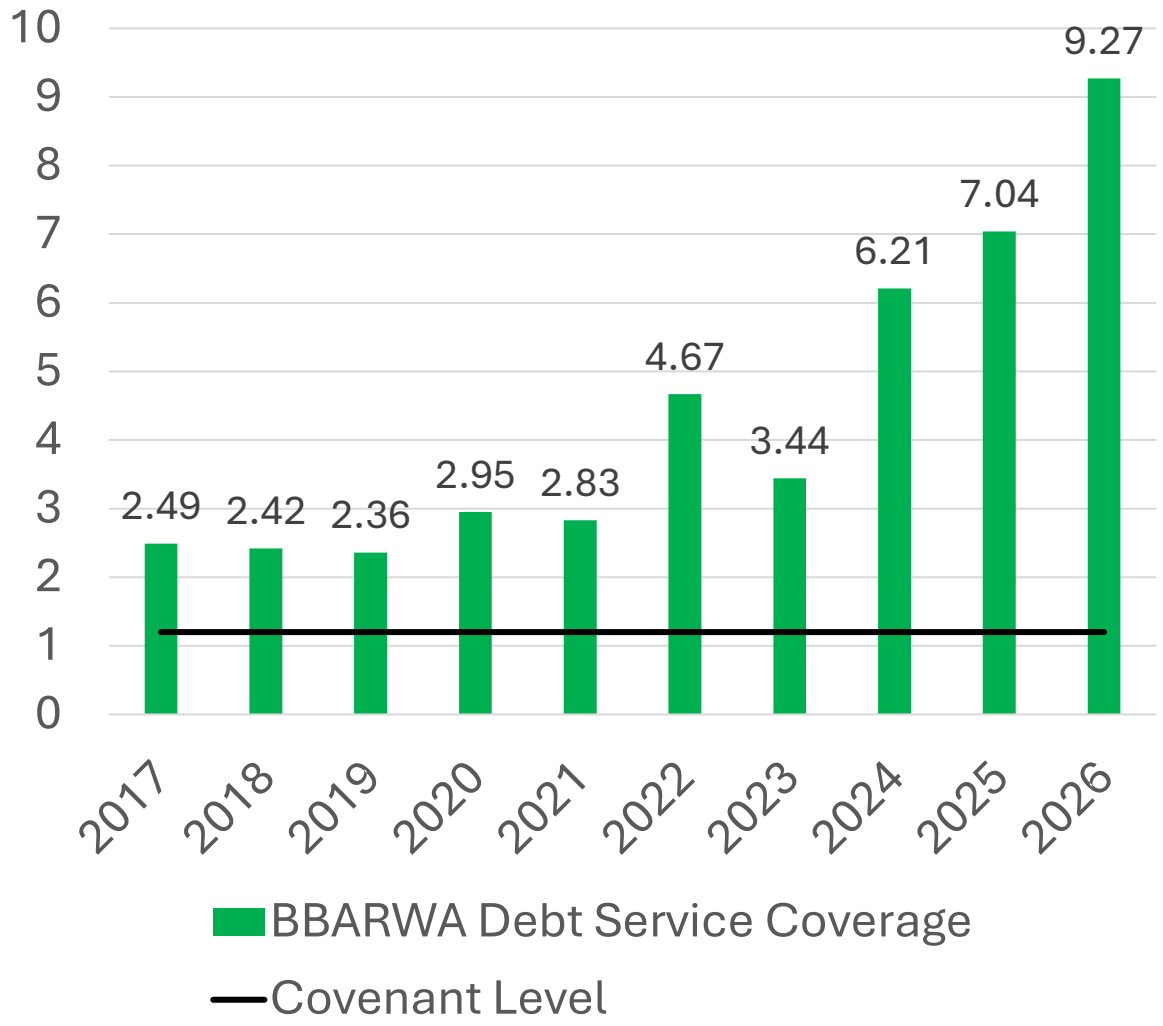
Debt Service Coverage

9.27x debt service coverage

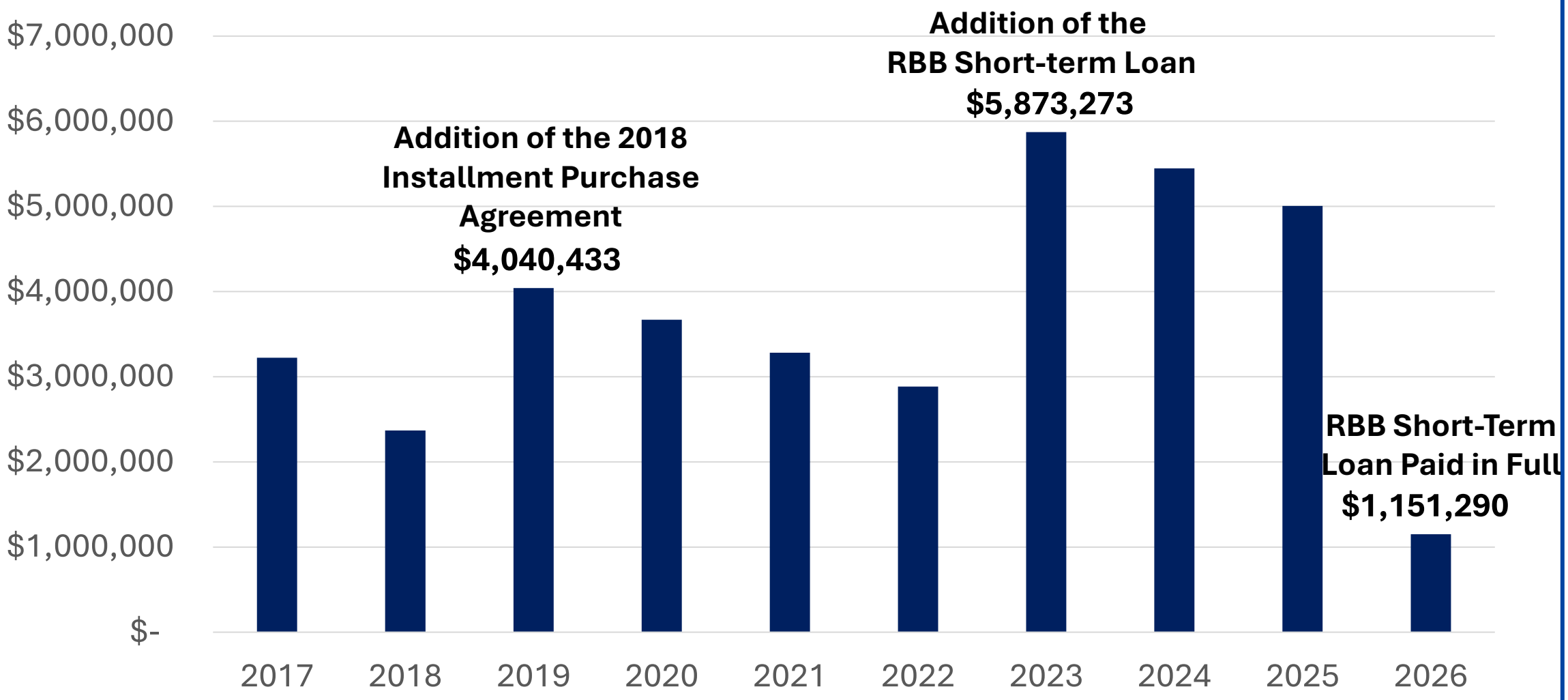
Required covenant level 1.2x

Agency's target coverage level 2.0x

Debt Capacity $26 million



Debt Outstanding



Agency is Financially Strong

Generates Adequate Cash Flow

- Operating Expenses
- Maintenance of Infrastructure
- Debt Service

Debt Service Coverage

- Debt Service Coverage 9.27x
- Required 1.2x Covenant Level

Reserves

- Reserves are Fully Funded

Thank you

Agenda Item 6.E.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Prepared By:	Bridgette Burton, Assistant General Manager/Board Secretary
Subject:	Outfall Line Investigation Plan Technical Memorandum

Background:

At the December 17, 2025 special meeting, the Governing Board directed staff to move the Outfall Line Investigation Project to the current fiscal year (FY) in order to assess the integrity of the Outfall Line and use that information to inform future decisions related to the Replenish Big Bear Program.

On January 28, 2026, the Governing Board approved allocating $146,498 from the Contingency Fund and reallocating $243,502 from the Force Main Project, for a total of $390,000, to fund the planning and engineering phases in FY 2026. The Governing Board also approved programing $1,350,000 in FY 2027 for the investigation and construction phases. The construction portion of this phase consists of excavating the pipeline to facilitate the investigative work. This funding is for excavating and investigation only and does not include repair, rehabilitation, or replacement of the pipeline.

Discussion:

Water Systems Consulting, Inc. (WSC) evaluated inspection alternatives for the Agency's outfall pipeline, which conveys treated effluent from the treatment plant to the disposal ponds in Lucerne Valley. Constructed in 1977, the pipeline is primarily concrete mortar-lined and coated steel pipe with sections of PVC and ductile iron. As part of the investigation, WSC reviewed as-built records and conducted site reconnaissance at potential access locations and evaluated condition assessment technologies. The pipeline was divided into four (4) reaches based on flow conditions and configuration, and 11 inspection technologies were screened for suitability.

No single technology can assess the entire pipeline, given the transitions between pressurized and open-channel flow; therefore, WSC recommends combining SmartBall® acoustic inspection of the pressurized reaches with direct pipe wall measurements and soil corrosion surveys at representative locations across all four (4) reaches. Staff agree with

WSC's recommendation of Alternative 3, further explained in the attached Technical Memorandum.

Next steps include the preparation of inspection specifications, the RFP (Request for Proposals) package, and developing the field schedule. Encroachment permits and traffic control plans will be required for access sites along Hwy 18 and Camp Rock Road, and access improvements should be planned for work on roadway shoulders and would be coordinated through the Agency's existing maintenance agreements. A Condition Assessment Report will document findings and recommended priorities for repair, rehabilitation, or replacement.

Financial Impact:

There is no financial impact. Alternative 3's estimate is $903,000, including contingency. The FY 2027 Budget includes $1,350,000 for this phase of this project.

Recommendation:

Informational.

Attachment:

Outfall Line Investigation Plan Technical Memorandum

Executive Summary

Outfall Investigation Plan Technical Memorandum

Date:	October 15, 2026
To:	David Lawrence General Manager 1054 – Big Bear Area Regional Wastewater Agency
CC:	Bridgette Burton, PMP, CMC, RWA – Assistant General Manager/Board Secretary
Prepared By:	Mirko Maher, PE; Adam Donald, PE
Reviewed By:	Matthew Rodrigues, PE; Justin Pickard, PE
Project:	12558 – Outfall Line Investigation
Subject:	Executive Summary – Outfall Investigation Plan Technical Memorandum

---

The Big Bear Area Regional Wastewater Agency (BBARWA) retained Water Systems Consulting, Inc. (WSC) to evaluate alternatives to inspect the condition of its wastewater treatment plant (WWTP) outfall pipeline, one of ten capital projects in BBARWA's Capital Improvement Plan. The outfall conveys treated effluent approximately 16 miles from BBARWA's WWTP to the agency's disposal ponds in the Lucerne Valley. Constructed in 1977 of concrete mortar-lined and coated (CMLC) steel pipe, with dual ductile iron and CMLC force main segments and an 18-inch PVC crossing under Baldwin Lake, the pipeline's alignment, materials, and condition are not well documented and its location is not known in some areas. BBARWA intends to implement an inspection program to better understand the condition of the pipe and its remaining useful life.

This Technical Memorandum documents the planning-phase work completed under Task 3 of WSC's scope: reviewing as-built records and updating the project's GIS alignment, conducting a joint WSC/BBARWA site reconnaissance, identifying ten candidate access locations, and evaluating condition assessment technologies suited to the pipeline's mixed pressurized and open-channel flow regime. Based on flow conditions and configuration, the outfall was divided into four reaches, ranging from pressurized single force main near the treatment plant, through a steep open-channel descent, to dual force mains of differing materials converging at BBARWA's Upper Reservoir and outfall.

Eleven inspection technologies were screened against the pipeline's materials, access constraints, and flow conditions; several, including CCTV, remote field testing, smart pigs, pressure wave analysis, and physical sampling, were found unsuitable due to the need to shut down, bypass, or cut into the line, or incompatibility with open-channel reaches. Three viable alternatives were carried forward for detailed evaluation:

- Alternative 1 – SmartBall® acoustic inspection plus soil corrosion surveys, applicable only to the pressurized reaches ($394,000)
- Alternative 2 – Direct pipe wall measurement and concrete sounding via excavation at seven representative sites across all four reaches ($547,000)

- Alternative 3 – A hybrid combining both approaches ($903,000)

Because no single technology can characterize the full pipeline, given the transitions between pressurized and open-channel flow, WSC recommends BBARWA proceed with Alternative 3. It pairs continuous, non-invasive inspection of the pressurized reaches with direct, point-specific wall-thickness and soil-corrosivity data across all four reaches, including the open-channel reach where SmartBall® cannot be used, at a nominal increase in cost over either individual alternative. Although BBARWA's preferred approach was a tiered program with lower-cost methods performed first, a non-invasive first tier would leave Reach 2 uncharacterized, would not measure remaining wall thickness, and would require separate contractor mobilizations and traffic control at limited access points. Alternative 3 is therefore recommended as a single combined effort. WSC further recommends structuring the scope with a base inspection effort and a contingency allowance, preserving the intent of a tiered approach so BBARWA can authorize supplemental testing, such as additional excavations or an additional SmartBall® pass, while the contractor is mobilized if initial results warrant it, rather than remobilizing later.

As next steps, BBARWA should budget and authorize the Alternative 3 inspection effort, estimated at $903,000 including the contingency allowance, and direct WSC to prepare inspection specifications, provide documents for BBARWA to procure and coordinate the SmartBall® and direct pipe measurement contractors, and develop the field schedule. Encroachment permits and traffic control plans will be required for access sites along Hwy 18 and Camp Rock Road, and access improvements should be planned for work on roadway shoulders and would be coordinated through BBARWA's existing maintenance agreements. Following SmartBall® deployment, excavation, and direct testing with engineering observation, a Condition Assessment Report will document findings and recommended priorities for repair, rehabilitation, or replacement. Because direct measurements characterize conditions only at the excavated locations, BBARWA should also consider an ongoing inspection program with additional direct pipe measurements in future fiscal years.

Technical Memorandum

Date:	10/15/2026
To:	David Lawrence General Manager 1054 – Big Bear Area Regional Wastewater Agency 121 Palomino Drive, P.O. Box 517, Big Bear City, CA 92314
CC:	Bridgette Burton, PMP, CMC, RWA – Assistant General Manager/Board Secretary
Prepared By:	Mirko Maher PE; Adam Donald, PE
Reviewed By:	Matthew Rodrigues, PE; Justin Pickard, PE
Project:	12558 – Outfall Line Investigation
Subject:	Outfall Investigation Plan Technical Memorandum



TABLE OF CONTENTS

Table of Contents 2
1.0 Background and Purpose 4
2.0 Data Collection and Review 6
2.1 As-Built Drawing Review and Alignment Update 6
2.2 Data Sources 6
3.0 Pipeline Failure Mechanisms 7
3.1 CMLC Steel Pipe 7
3.2 Ductile Iron Pipe 7
4.0 Technology Overview 8
4.1 Soil Corrosion Surveys 8
4.1.1 Overview 8
4.1.2 Access Requirements 8
4.2 Concrete Sounding 9
4.2.1 Overview 9
4.2.2 Access Requirements 9
4.3 Closed-Circuit Television Inspection 9
4.3.1 Overview 9
4.3.2 Access Requirements 10
4.4 Acoustic Leak and Gas Pocket Detection 11
4.4.1 Overview 11
4.4.2 Access Requirements 12
4.5 Broadband Electromagnetic Scanning 13
4.5.1 Overview 13
4.5.2 Access Requirements 14
4.6 Remote Field Testing 14
4.6.1 Overview 14
4.6.2 Access Requirements 15
4.7 Smart Pig 15
4.7.1 Overview 15
4.7.2 Access Requirements 16
4.8 Ultrasonic Smart Pig 17
4.8.1 Overview 17

4.8.2 Access Requirements 17
4.9 Ultrasonic Pipe Scanner 18
4.9.1 Overview 18
4.9.2 Access Requirements 18
4.10 Pressure Wave Analysis 19
4.10.1 Overview 19
4.10.2 Access Requirements 20
4.11 Physical Sampling 20
4.11.1 Overview 20
4.11.2 Access Requirements 21
4.12 Summary 21
5.0 Site Reconnaissance 23
5.1 Site Visit Summary 23
5.2 Air Vac Valve Access Site Observations 23
5.3 Existing Force Main Pipe Segment Observations 23
6.0 Investigation Siting 24
6.1 Access Points and Constraints 24
6.2 Pipeline Segments of Concern 31
6.3 Proposed Investigation Locations 32
7.0 Alternatives Evaluation 33
7.1 Alternative 1: SmartBall® and Soil Surveys 35
7.1.1 Overview 35
7.1.2 Cost 35
7.2 Alternative 2: Direct Pipe Measurements 35
7.3 Alternative 3: Indirect and Direct Testing 36
7.3.1 Cost 36
8.0 Recommended Investigation Approach and Decision Points 37
9.0 Next Steps 38
10.0 References 39
Appendix A Detailed Cost Opinions A-1
Appendix B Inspection Proposals B-1
Appendix C Proposed Locations for Assessment C-1

1.0 Background and Purpose

The Big Bear Area Regional Wastewater Agency (BBARWA) retained Water Systems Consulting, Inc. (WSC) to evaluate alternatives to inspect the condition of the wastewater treatment plant (WWTP) outfall pipeline as part of the Outfall Line Investigation Project (the "Project"), one of ten capital projects identified in BBARWA's Capital Improvement Plan (CIP).

The configuration of the outfall changes along the alignment and has been divided into four reaches for the purpose of planning. The reader is referred to the map of the outfall pipeline presented in Figure 1-1.

The outfall conveys effluent from BBARWA's WWTP to an outfall basin over a distance of approximately 16 miles. The pipeline was originally installed in 1977 and was constructed with 18-inch and 16-inch diameter concrete mortar lined and coated (CMLC) steel pipe, with 18-inch PVC pipe used under Baldwin Lake. The pipeline originates as 18-inch CMLC steel pipe at the WWTP at an elevation of 6,705 feet above mean sea level, transitions to 18-inch PVC when it crosses under Baldwin Lake, and transitions back to an 18-inch CMLC pipe that runs along Highway (Hwy) 18 for a distance of 2.75 miles conveying flows to a high point at 6,878 feet. After which, the pipe diameter decreases to 16 inches along a steep downhill grade for 8.5 miles to a vault at elevation 4,200 feet located on the eastern shoulder of Hwy 18. At the vault, the flows are split between two parallel force mains; a 12-inch ductile iron pipe (DIP) force main on the easterly side of Hwy 18, and a 16-inch CMLC steel pipe on the westerly side of the highway. This configuration continues for approximately 5,000 feet with both pipelines running along Camp Rock Road to BBARWA's Upper Reservoir. Both force mains terminate at the Upper Reservoir and connect to a shared junction/open air concrete manhole which both feeds and is fed by the Upper Reservoir. The reservoir acts as an equalization basin to ensure that the downstream pipeline may be pressurized and used for field irrigation. From the reservoir to the outfall, the force main is also in dual configuration with two pipes running parallel along Camp Rock Road; one 18-inch diameter CMLC steel pipe on the west side, and one 14-inch CMLC steel pipe on the east side.

The alignment, materials of construction, and current condition of significant segments of the pipeline are not well documented and locations are not known in some areas. BBARWA is concerned with the condition of the pipeline and its risk of failure and wants to implement an inspection program to better understand the condition of the pipe and its remaining useful life. This scope of work of this Project covers the planning phase of the Project, which is intended to clarify the outfall alignment, access, and permitting requirements for implementing inspection technologies, and to identify and evaluate condition assessment investigation methods appropriate for the pipeline. Future efforts for BBARWA will be to implement capital expenditures budget to cover implementation and coordination of the selected investigation method(s), engineering observation of the investigations, interpretation of results, and preparation of a condition assessment report.



Figure 1-1: Outfall Pipeline Alignment

This Technical Memorandum (TM) documents the planning-phase efforts completed under Task 3 (Investigation Planning) of the Project scope of work. It summarizes the data collection and site reconnaissance efforts performed to date, presents the condition assessment investigation methods identified and evaluated in coordination with BBARWA and outside specialty firms, and outlines the decision points and next steps for advancing the outfall condition assessment investigation.

2.0 Data Collection and Review

2.1 As-Built Drawing Review and Alignment Update

WSC reviewed the as-built drawings provided by BBARWA for the outfall pipeline and used this information to revise the information from BBARWA's geographic information system (GIS) data. WSC prepared a KMZ file within Google Earth to reflect the pipeline's approximate alignment, location, and configuration based on the provided information. The following information was unavailable in the provided as-built drawings:

1. As-built plan and profile of the 12-inch parallel DIP portion of the outfall
2. As-built details for flow split vault where flow is divided between 16 inch CMLC and 12-inch DIP pipe.
3. Submittal information of actual pipeline material used for construction.

The KMZ file was used to approximately locate the outfall based on the alignment shown in the construction as-builts and serve as a guide to locate and document access points, and identify reaches for the outfall alignment.

The updated KMZ file serves as the working base for identifying access points, siting investigation locations, and coordinating field efforts. This file has since been supplemented with photographs and location pins collected during the July 6, 2026, site visit (see Section 5.1 for site visit information). An exhibit representing the KMZ file is shown in Figure 1-1 in the preceding section. Corresponding site photos from the site visit are included in Section 6.0.

2.2 Data Sources

The following data sources were utilized in preparation of this technical memorandum:

- Outfall record drawings
- V&A Consulting Engineers outfall line assessment proposal
- Xylem SmartBall® proposal

3.0 Pipeline Failure Mechanisms

BBARWA's outfall line is primarily constructed with CMLC steel pipe and DIP. When selecting a pipeline inspection technology, it is important to consider the material of construction and typical failure mechanisms so useful information regarding pipeline condition can be obtained. Technologies that identify properties associated with these failure mechanisms should be selected to provide the most meaningful data. The following subsections provide a brief overview of the failure mechanisms for each material type.

3.1 CMLC Steel Pipe

The primary failure mechanism for CMLC pipe is corrosion leading to reduced pipe wall thickness. Internal corrosion is typically caused by hydrogen sulfide attack on the cement mortar lining and ultimately the pipe wall. Hydrogen sulfide can accumulate in air pockets that form at high points, downstream of air vac valves, and at the discharge transition to gravity flow. However, hydrogen sulfide attack is much more an issue with raw wastewater than treated effluent. Additionally, a main with high velocities like BBARWA's outfall can be subject to erosion and abrasion along the invert of the pipe. External corrosion can occur from corrosive soils that attack the cement mortar coating, exposing the steel underneath. The likelihood of CMLC pipe failure is typically determined by evaluating wall thickness levels throughout the pipeline to determine the extent of corrosion. Internal coatings can be susceptible to abrasion and scour in areas of high velocities.

3.2 Ductile Iron Pipe

The primary failure mechanism for DIP is corrosion leading to reduced pipe wall thickness and, ultimately, leaks or breaks. External corrosion can occur due to corrosive soil conditions on pipes not equipped with sufficient cathodic protection or when coating systems fail. Internal corrosion can occur when the internal coating on the ductile iron pipe is worn, and the metal is directly exposed to sulfides in wastewater. This can happen at high points where hydrogen sulfide gas builds up and eats through the cement mortar lining and then ultimately the pipe wall. Additionally, this can happen at the pipe invert where debris buildup can create an anoxic environment, resulting in sulphate-reducing bacteria that can create failures in the cement mortal lining and ultimately the pipe wall. These sulfide failure mechanisms are more typical with raw wastewater than treated effluent. Additional failure mechanisms include joint failures from improper installation or excessive ground movement. The likelihood of DIP failure is typically determined by evaluating wall thickness levels throughout the pipeline to determine the extent of corrosion. Air and gas pockets can also be located to identify areas with the highest risk of corrosion due to hydrogen sulfide attack. Internal coatings can be susceptible to abrasion and scour in areas of high velocities.

4.0 Technology Overview

The following section provides an overview of force main inspection technologies with discussion around their applicability for BBARWA's outfall pipeline.

4.1 Soil Corrosion Surveys

4.1.1 Overview

Soil corrosion survey methods, such as soil resistivity measurements, soil sample collection analysis, corrosion potential measurements, electrical continuity testing, close internal surveys, and stray current surveys provide information on the surrounding soil conditions and their potential for corroding metallic pipelines buried in those soils. These survey methods are considered indirect inspections as they measure properties of the surrounding soil that are indicative of impact on the buried pipeline rather than measuring direct degradation of the pipeline itself. These surveys are lower cost than more direct assessment methods and can be used to identify potential hot spots for pipeline corrosion that warrant further testing.

For the outfall pipeline, the following indirect methods are considered: soil resistivity testing and pipe-to-soil measurements. Soil resistivity testing involves taking Wenner four-pin resistivity measurements at unpaved areas along the pipeline alignment to determine soil resistivity, which indicates the surrounding soil's capacity to carry an ionic current. This measurement is used as a proxy for electrolyte aggressiveness within the soil. The Wenner four-pin resistivity method involves driving four electrodes into the soil in a straight line, spread an equal distance apart. A current is injected into the outer electrodes and the resulting voltage drop is measured across the inner electrodes. The lower the resistivity measurement, the more corrosive the surrounding soil.

Pipe to soil measurements involve taking a voltage measurement between the pipe wall and the surrounding soil. These measurements are collected at accessible pipe appurtenances and then compared amongst the locations to identify any unusual reading or significant changes in readings across the pipeline, which could indicate conditions warranting further investigation for external corrosion.

4.1.2 Access Requirements

Access requirements vary by the test being done. Soil resistivity testing requires access to soils in unpaved areas above the pipeline to be able to provide meaningful results. Pipe to soil measurements require access to the pipeline. For the outfall pipeline, this would be most feasible at the air valve access locations along the pipeline.

4.2 Concrete Sounding

4.2.1 Overview

Concrete sounding is an inspection technology that involves an inspector striking the mortar coating of a pipeline with a chipping hammer and observing the resulting sound. The inspector is able to distinguish the sounds between coating fully in tact and that of shallow subsurface discontinuities, such as debonding or delamination. This is subjective test since the sounding is interpreted by the trained inspector, but can provide additional information if a pipeline is already exposed.

4.2.2 Access Requirements

To perform concrete sounding on CMLC steel pipeline, the portion of the pipeline must be fully exposed. Traffic control may be required depending on the testing location.

4.3 Closed-Circuit Television Inspection

4.3.1 Overview

Closed-circuit television (CCTV) inspection is a visual inspection method that involves inspecting the pipeline with a camera mounted on a robotic skid. The camera is driven through the pipe, stopping and panning at defects identified by the camera operator. Defects are typically coded in accordance with the National Association of Sewer Service Companies' (NASSCO) Pipeline Assessment Certification Program (PACP) standards.



Figure 4-1: Example CCTV Camera Robot (Pipe Tec Inc., 2024)

To televise a force main, flow through the pipe must be bypassed and the main cleared. The camera can be inserted into the force main through access pits where fittings are removed to provide access (see Section 4.3.2). Due to equipment size considerations, 6-inch diameter pipelines are the smallest mains that can be inspected utilizing CCTV cameras on a robotic tractor that allow for long distances to be inspected.

CCTV is strictly a visual inspection tool. It will identify pipe features that are visible to the operator but does not provide additional information about pipe properties (wall thickness, pipe geometry, etc.). Corrosion in metallic pipes may be visible internally, but the extent of the corrosion cannot be discerned.

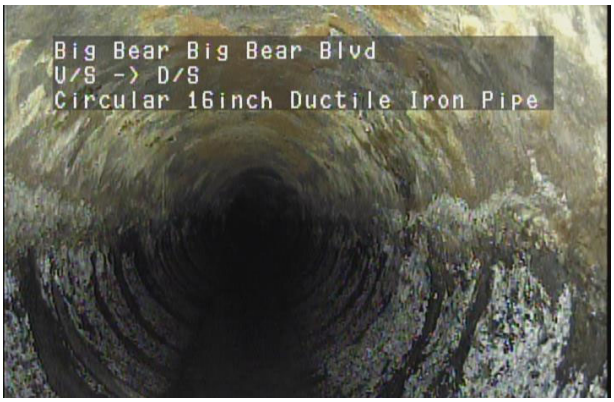


Figure 4-2: Sample CCTV Output of a Ductile Iron Force Main

CCTV cameras can be equipped with laser and light detection and ranging (lidar) profiling tools to generate a high-resolution 3-D model of the pipe and provide additional information including ovality, deformations, offset joints, and lateral sizes. Due to the size of the laser and lidar profiling tools, this technology is currently only available in 24-inch diameter pipelines and larger.

4.3.2 Access Requirements

The biggest challenge with utilizing CCTV for force main inspection is gaining access to the pipeline. Since force mains do not have manholes, fittings must be removed to create access for the camera. Tractor cameras are typically 10 to 12 inches long, so enough space must be created for an operator to insert the camera into the pipeline. This can initially be done at the WWTP to facilitate access without the need for excavation. The cameras are unable to navigate bends in 15-inch diameter pipelines and smaller, so access/retrieval pits are required at any fittings between the WWTP and the discharge manhole. The excavation of the access/retrieval pits is not typically done by the CCTV contractor. BBARWA would be responsible for performing this excavation and removing the necessary fittings or hiring a separate contractor to do this work. This inspection method is not a good fit for the outfall pipeline as it would require a shutdown or a bypass to temporarily stop or divert flow. Additionally, the steep slopes of the outfall line could prove problematic for navigating the camera.

Traffic control will be required for performing the work when CCTV operators need to be within the roadway to perform inspections. The extent of the traffic control measures will be dependent on the traffic conditions of the road where the work is being performed.

4.4 Acoustic Leak and Gas Pocket Detection

4.4.1 Overview

In-pipe acoustic leak and gas pocket detection systems typically consist of a spherical tool equipped with a suite of sensors. Acoustic sensors can be used to identify pinhole-sized leaks within the pipeline as well as the sound of trapped gas. These gas bubbles represent potential “hot spots” for corrosion where hydrogen sulfide can accumulate, as well as locations where air vac valves may be required. This technology typically serves as a pre-screening tool that can identify leaks as well as areas of concern to be further investigated with other technologies. There are several manufacturers of these devices that each have slightly different capabilities.

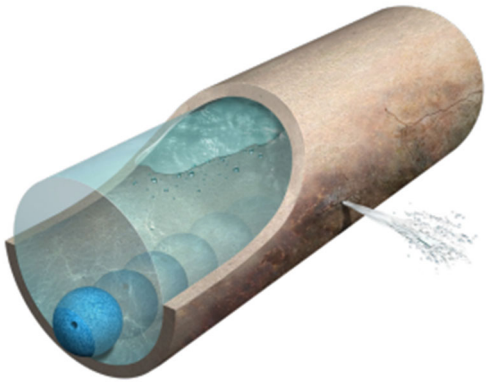


Figure 4-3: Acoustic Leak and Gas Pocket Detection Tool (Pure Technologies, 2024)

4.4.1.1 SmartBall®

Xylem’s/Pure Technologies’ SmartBall® is a free-swimming inspection tool suitable for use in pressurized pipelines (15 psi – 500 psi). The SmartBall® consists of a minimum 4” diameter compressible foam ball that utilizes acoustic sensors to identify locations of leaks within the pipeline as well as areas with gas pockets, which can lead to flow disruptions and/or areas of increased wall degradation from hydrogen sulfide present in the gas. The SmartBall® also allows for pressure profiling using pressure sensors and XYZ mapping using an accelerometer sensor, with elevation data being accurate within three feet. This could be useful on BBARWA’s outfall pipeline as there are questions regarding the actual positioning of the pipeline for portions of the alignment.

The SmartBall® is suitable for use in all pipeline materials with an internal diameter greater than or equal to six inches. Access ports for placing and receiving the ball must be at least four inches in diameter. The pipeline must be pressurized between 15 psi and 500 psi. Due to the nature of the acoustic sensors, the SmartBall® is unable to provide meaningful data in portions of force mains that transition to open channel flow. In these situations, the reading of the sensors will mistakenly indicate a leak in the system. The SmartBall® requires the flow velocity to be between 0.5 feet per second (ft/s) and 6 ft/s to provide usable data. It is likely most applicable in the outfall pipeline for the initial portion from the plant to the high point as well as the end reaches where it returns to pressurized conditions.

4.4.1.2 Ingu Pipers®

Ingu Pipers® are a free-flowing multi-sensor tool capable of detecting leaks, gas pockets, and buildup within a force main. In metallic pipelines, like BBARWA's outfall line, they can also detect changes in the pipeline wall condition through the use of magnetic flux sensors. The magnetic flux sensors are used to identify spools of pipe with different magnetic flux density compared to surrounding spools and are then labeled with the most likely cause of the difference, such as metal loss or a pipeline feature like an air release valve. Pipers® do not provide XYZ coordinate mapping.

The Pipers® are 2.8 inches in diameter allowing them to fit in smaller access points than the SmartBall®. They are suitable for use in pressurized pipelines with pressures up to 1,450 psi and temperatures ranging from -4°F to 140°F.

4.4.2 Access Requirements

The acoustic leak and gas pocket detection systems can be inserted into the force main using any 4-inch diameter opening, such as at a valve or air vac valve. Some of the air vac valves identified as potential access points along the outfall pipeline are only 3-inches in diameter and others are offset from the pipeline. If a SmartBall® is to be used at these locations, modifications to the air vac valve sizing and configuration will need to be done to allow for proper access. The technology is an inline system that allows the force main to stay in service during the inspection and the technology uses the existing flow to propel the instrument through the entire pipeline reach. The instrument typically travels through the pipeline at 2 to 4 ft/s and can inspect miles at a time with its 24-hour battery life. The instrument is retrieved at the discharge manhole by setting up a screen mechanism.

Traffic control may be required depending on the location of access and retrieval points. Excavation is not anticipated as the wet well or valve vaults at the lift station sites can be used for access.

4.5 Broadband Electromagnetic Scanning

4.5.1 Overview



Figure 4-4: BEM Scanning Tool of Metallic Main (Pipeline Inspection and Condition Analysis Corporation , 2024)

Broadband electromagnetics (BEM) is an electromagnetic technology that is used to detect internal and external flaws within a metallic pipeline, including pipe wall thickness, corrosion pitting, and galvanic corrosion. It is especially capable of detecting graphitic corrosion in cast iron and ductile iron pipes. BEM utilizes antennas with transmitter and receiver coils that are wound coaxially. The transmitter coil is driven by a relatively low-frequency sinusoidal current to produce a magnetic field which induces in-wall eddy currents that flow within the antenna's footprint. The eddy currents produce their own electromagnetic field which is monitored through the receiver coils. The BEM antennas measure the strength of the voltage at the receiver coils to determine changes in the properties of the pipe wall.

BEM scanners are not limited by pipeline coatings or scale buildup within the main and can provide accurate, localized measurements of the pipe wall condition. Due to the nature of the electromagnetic fields, this technology is only compatible with metallic pipelines. They are available for internal or external inspection. Internal scanning technologies require the pipeline to be taken out of service and drained. Due to the size of the technology, internal scanning is only available for pipelines six inches in diameter or greater. External scanning technologies utilize a bracelet style instrument that wraps around the exterior of the pipe to inspect it while it remains in service. A 10-inch segment below the bottom of the pipeline must be fully exposed to wrap the probe around the pipeline and perform the inspection. The external scans are limited to the exposed area of the pipeline and can be utilized as a spot check for the pipeline condition. External scanning technologies can be used on pipelines greater than two inches in diameter.

While both internal and external scanning technologies are available, BEM is most typically used externally to scan metallic pipelines and provide location-specific data. External scanning BEM is suitable for use on the outfall pipeline as it does not require the pipeline to come out of service.

4.5.2 Access Requirements

Internal BEM inspections require inserting the tool into clean, straight, and empty pipe. To facilitate inspection, the main must be bypassed and fittings exposed and removed to insert the tool. Traffic control will be required anywhere work is being done in the street. Given the need to have an empty pipe, internal BEM is not seen as feasible for the outfall pipeline.

External BEM inspections require access to the exterior of the pipeline for scanning. Locations proposed for testing must be excavated and exposed to 10 inches below the pipe to scan the entire circumference of the pipe. Typically, 10- to 20-foot segments are excavated and scanned along the main. Traffic control will be required at excavation locations within roadways. Typically, two locations spanning (10 to 20 feet in length) can be scanned in a single day if there is sufficient pipe access and the exterior pipe does not require cleaning.

4.6 Remote Field Testing

4.6.1 Overview

Remote field testing (RFT) is an inline electromagnetic pipe inspection technology that utilizes eddy currents to identify corrosion throughout metallic pipelines and broken wires in prestressed concrete cylinder pipe. The technology can measure anomalies on both the internal and external surface of the pipe. RFT tools utilize exciter and detector coils to generate an electromagnetic field. These coils are placed a minimum of two pipe diameters away from each other, making them “remote field.” The exciter coil is driven by a relatively low frequency sinusoidal current to produce an electromagnetic field which in turn induces eddy currents. The eddy currents produce their own electromagnetic field that is picked up by the detector coils. The tools monitor the consistency of the voltage induced in the detector coils to identify changes in the properties of the pipe wall.

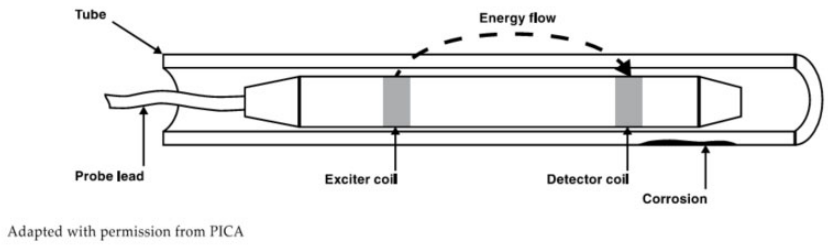


Figure 4-5: Remote Field Testing Diagram (Ellison, et al., 2019)

RFT tools can traverse bends in pipes and most full-bore valves but are unable to pass butterfly valves. The eddy currents measure wall thickness, detect internal and external wall loss, graphitic corrosion, cracks, and local stress concentrators in metal pipes. They can measure through linings, scale, or deposits to the underlying pipe material.

WSC investigated the suitability of PipeDiver® with Xylem. PipeDiver® is an RFT tool suitable for the inspection of ductile iron, cast iron, and steel pipelines with diameters 16 inches and greater. These metal pipelines must be lined with cement mortar, coal tar enamel, or epoxy

lining. Flow velocities must be within 0.5 ft/s to 2.5 ft/s and pressure must be kept below 500 psi. It utilizes ultrasonic and acoustic sensors as well as video to evaluate pipe wall loss, leaks, gas pockets, and out of roundness. Ultimately, PipeDiver® was not seen as feasible for the outfall pipeline due to access requirements (Section 4.6.2).

4.6.2 Access Requirements

To utilize RFT inspection devices, the pipeline must be drained and cleaned to remove tuberculation and debris that could restrict movement of the tool within the pipeline. The tool can be launched through a pig launcher, tee, or wye. Access requires a minimum 12-inch diameter access port for Xylem's PipeDiver® The device is then deployed through the pipeline in either a free swimming or tethered application. The free-swimming application can inspect up to 20 miles at a time and navigate bends while the tethered application is limited to 6,000 linear feet and 270 degrees of total bends. Traffic control may be required when inserting or retrieving the tool.

RFT is not seen as a feasible inspection method. The method is not suitable for open channel flow which makes it only applicable in some of the outfall pipe reaches. It also requires the pipe to be drained and cleaned, which is not feasible for BBARWA.

4.7 Smart Pig

4.7.1 Overview

A smart pig is a foam pig with a combination of sensors and tools (eddy current, acoustic, caliper) to take measurements that can be used to assess pipeline condition. In metallic pipelines, eddy current sensors are used to indicate pitting and internal corrosion. Inertial measurement units within the pig provide XYZ coordinate mapping. Acoustic sensors can identify leaks within the pipeline or areas with gas pockets. Calipers can be added to record changes in pipe geometry and ovality within the pipeline. The pig can be utilized in any pipeline three inches or greater in diameter and can compress by up to 40% to accommodate pipe size changes.



Figure 4-6: Smart Pig Being Inserted into a Pipeline (i2i Pipelines, 2021)

The inspection process consists of three runs. The first is a cleaning run in which a pig is used to remove debris. After the cleaning run, a dummy pig is pushed through the pipeline to confirm the smart pig can travel the entire length of the pipeline without issue. Lastly, the inspection is performed with the smart pig to collect the pipeline data.

The smart pig is limited to inspecting the internal condition of the pipeline. Without an ultrasonic sensor, it is unable to measure corrosion on the exterior of the pipeline. Since it uses eddy current sensors for measuring wall thickness, it is unable to provide meaningful wall thickness information on non-metallic pipelines.

The pig is propelled through the pipeline using the pumps from lift station/WWTP. Due to the hydraulic conditions that result in the outfall pipeline transitioning from pressurized flow to gravity flow, the smart pig is not seen as a viable option for inspecting BBARWA's outfall line.

4.7.2 Access Requirements

The pig is inserted into the system through a pig launcher or temporary launching set up. This typically consists of a wye on the horizontal section of pipe with a gate valve on it (Figure 4-7). Piping runs from the wye to the desired location and a launching spool of pipe is attached for the pig to be inserted into the force main. The pig is typically retrieved at the discharge manhole of the force main. The pig is unable to pass butterfly valves.

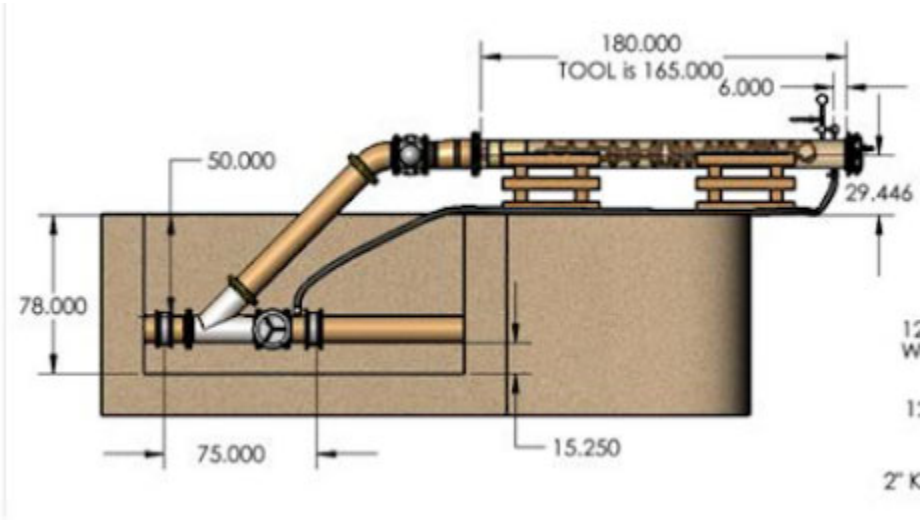


Figure 4-7: Sample Pig Launching Apparatus (Pipeline Inspection and Condition Analysis Corporation , 2024)

Traffic control may be required depending on where the insertion and retrieval access points are located. Once the pig is launched, the force main remains in service allowing for minimal disruption.

4.8 Ultrasonic Smart Pig

4.8.1 Overview

The ultrasonic smart pig utilizes a foam pig with ultrasonic, inertial measuring, magnetic field wave, and hydrophone sensors. These sensors allow the pig to measure wall thickness, levels of corrosion in metallic pipe, leaching in AC pipe, erosion damage, delamination, angular displacement of joints, and gap width in joints. It can also measure XYZ, coordinates, pipe ovality, leaks, axial deformation, and locations with air pockets and debris.



Figure 4-8: Ultrasonic Smart Pig Insertion into Pig Launcher (Acquaint, 2024)

The inspection process consists of three runs. The first is a cleaning run in which a pig is used to remove debris. After the cleaning run, a dummy pig is pushed through the pipeline to confirm the smart pig can travel the entire length of pipeline without issue. Lastly, the inspection is run with the ultrasonic smart pig to gather the pipeline measurements.

The ultrasonic smart pig is one of the few technologies that provides useful data to assess the condition of plastic pipe. Since the ultrasonic pig can detect angular displacement and gaps in the joints, it can identify joints that were improperly installed and have a higher risk of failure. It can also identify the ovality of the pipeline which can indicate if the external loading is causing the plastic pipe to deform and weaken.

Similarly, ultrasonic inspection is one of the few technologies that provides useful data for asbestos cement (AC) pipe. By measuring the extent of leaching in AC pipes, the technology can determine areas of the pipeline that are at a high risk of failure, even if the pipe thickness is within an acceptable range.

The pig is propelled through the pipeline using the pumps from lift station/WWTP. Due to the hydrologic conditions that result in the outfall pipeline transitioning from pressurized flow to gravity flow, the smart pig is not seen as a viable option for inspecting BBARWA's outfall line.

4.8.2 Access Requirements

The pig is inserted into the system through a pig launcher or temporary launch set up, like the smart pig. See Section 4.7.2 for more information on the set up. The pig is typically retrieved at the discharge manhole of the force main. It is unable to pass butterfly valves within the system.

Traffic control may be required depending on the insertion and retrieval points. Once the pig is launched, the force main remains in service, allowing for minimal disruption.

4.9 Ultrasonic Pipe Scanner

4.9.1 Overview

The ultrasonic pipe scanner utilizes the same technology as the ultrasonic smart pig but is designed to be used on the exterior of the pipe. Since it is used externally, it only gathers data on the segment that is exposed and scanned. Like the ultrasonic smart pig, it is able to measure anomalies on both the internal and external surfaces of the pipe including pipe wall thickness, leaching, hydrogen sulfide, and corrosion. It is suitable for spot-checking high-risk areas or easily accessible locations, such as areas near air release valves where gas can accumulate and potentially cause corrosion.



Figure 4-9: Ultrasonic Pipe Scanner Inspecting an Exposed Pipeline (Acquaint, 2024)

4.9.2 Access Requirements

To use the technology, areas for inspection must be identified and the pipe must be exposed. A minimum area 12 inches deep and 14 inches long below the pipe must be accessible to scan the full diameter of the pipeline. Once the pipe is accessible, the scanner is swiped around the entirety of the exposed pipeline to capture the data.

System high points where sewer gas (hydrogen sulfide) is most likely to accumulate are ideal testing locations. Elevated levels of hydrogen sulfide can result in elevated levels of leaching in AC pipes and corrosion in metallic pipes. By testing at these high point locations, BBARWA can potentially capture the highest risk areas of the pipeline, which provides the most value from a spot-checking approach.

The ultrasonic pipe scanner can scan through paint but external coatings, like the cement mortar coating, may interfere with readings and are recommended to be removed prior to scanning.

4.10 Pressure Wave Analysis

4.10.1 Overview

A pressure wave analysis introduces a pressure transient into the system and measures changes in the signal to identify pipeline wall thickness (within 0.2 mm) and localized anomalies such as air and gas pockets, blockages, valve sealing status, pipe material changes, and unknown pipeline connections. In AC pipe, it can measure cement matrix loss.

Pressure wave analyses are suitable for AC pipe, unreinforced concrete, and metallic pipelines. The technology does not require the force main to be taken out of service and provides results in 30-foot increments. The technology is suitable for 4-inch to 48-inch diameter pipes and the force main pressure must have a minimum pressure of 30 psi during the analysis in order for the transient to be accurately measured.

This technology works by setting up a generator assembly at the start of the pipeline wherever a 2-inch tap is available. This generator assembly injects a controlled pressure transient into the system. Measurement assemblies are placed every 1,600 to 2,700 feet (or shorter if the pipeline is shorter) along the pipeline to measure the pressure transient as it propagates through the pipeline and identify micro reflections. These micro reflections are directly related to pipe wall integrity and the data can be utilized to identify pipe wall integrity at 30-foot increments. The pipeline is typically able to remain in service throughout the testing with minimal to no disruption. Because the results are presented in 30-foot increments, this analysis can be a helpful screening tool to identify problematic sections of pipe that require more focused assessment or repair.

This technology is not anticipated to be suitable for the outfall pipeline. Based on the pressure requirement, this technology would only be applicable for the first portion of the outfall pipeline before it transitions into open channel flow and the later reaches where it repressurizes. Additionally, to perform this analysis on the pressurized pipeline would require multiple access points between the WWTP and the first air valve. Access to the pipeline is limited in this area and actual pipeline location is unknown for portions of that alignment.

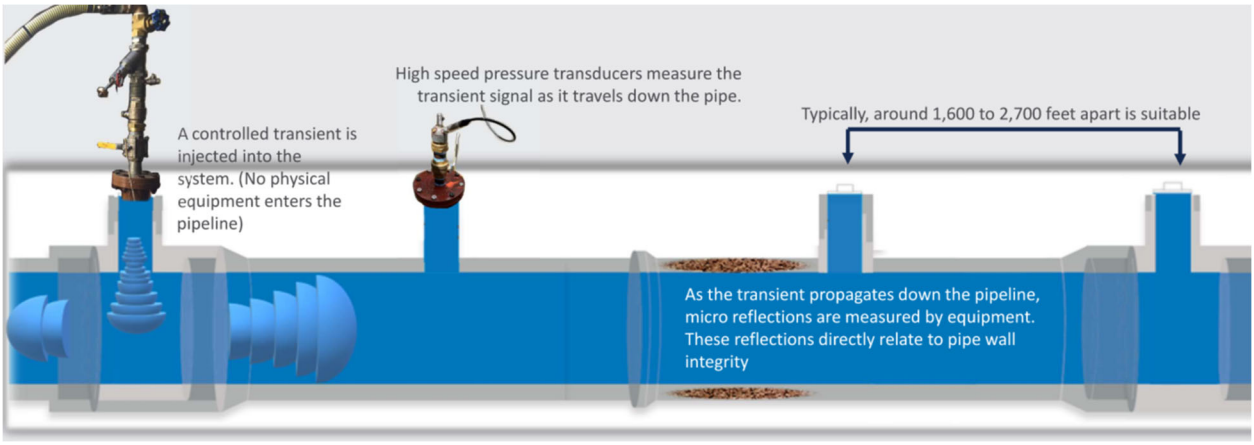


Figure 4-10: Pressure Wave Analysis Diagram (Hydromax USA, 2024)

4.10.2 Access Requirements

The transient injection system and pressure transducers can be set up at 2-inch taps throughout the force main, such as at air release valves or blowoffs. If none of these appurtenances are available, the force main must be excavated and new taps installed at the required intervals. Traffic control is required at access points within the roadway.

4.11 Physical Sampling

4.11.1 Overview

Physical sampling of the force main can be done by exposing the existing force main and taking a coupon sample or removing a short section of pipe. The coupons are either taken from the force main while out of service or can be taken from the pipe while still in service using a tapping technology (Figure 4-11). The coupons are then sent to a laboratory where testing is done to determine physical properties.



Figure 4-11: Coupon Sample and Sample Tapping Machine (Rolando Bueno, Xavier Irias, Serge Terentieff, & Christopher Dodge, 2014)

Coupons can be taken from any size pipeline but provide the most useful data on metallic or AC pipelines as wall thickness is not a typical failure mechanism for plastic pipelines. For metallic pipelines, like the outfall pipeline, the wall thickness and levels of corrosion can be visually evaluated. As with any physical sample, the results are only valid for the specific sampling location, but they can be utilized to get a sense of the overall condition of the pipeline. Areas with suspected gas pockets where hydrogen sulfide levels can be elevated are candidates for sampling, or areas that are already being exposed for planned work. Physical samples are destructive in that they remove a portion of the pipeline so the force main must be repaired in these locations to continue providing service.

Given the limited shutdown window available for the outfall pipeline and the availability of non-destructive testing methods, destructive sampling is not seen as a viable option for the outfall pipeline at this time

4.11.2 Access Requirements

Physical sampling requires the pipe to be exposed through excavation. Existing excavations for other projects can be utilized to minimize costs, when applicable. Traffic control is required whenever this impacts traffic lanes.

4.12 Summary

A summary table presenting key parameters for each inspection technology is included in Table 4-1. Columns shaded blue represent technologies identified as suitable for BBARWA's outfall pipeline that were carried forward into alternatives evaluation (Section 7.0).

Table 4-1: Inspection Technology Summary

Parameter/Technology	Soil Corrosion Surveys	Concrete Sounding	Closed Circuit Television Inspection	Acoustic Leak and Gas Pocket Detection	Broadband Electromagnetic Scanning	Remote Field Testing	Smart Pig	Ultrasonic Smart Pig	Ultrasonic Pipe Scanner	Pressure Wave Analysis	Physical Sampling
Pipe Material	Metallic	Cement mortar coated metallic pipe	All	All	Metallic	Metallic; Concrete	Metallic; Concrete; AC; Plastic	All	All	Metallic; Non-Reinforced Concrete; AC	AC; Metallic
Pipe Size	All	All	≥ 6”	≥ 6”[1]	External: ≥ 2” Internal: ≥ 6”	6”-84”	≥ 3”	≥ 8”	All	4”-48”	All
XYZ Mapping	-	-	-	XYZ in some technologies	-	-	X	X	-	-	-
Wall Thickness	-	-	-	X	X	X	X	X	X	X	X
Joint Angular Displacement	-	-	-	-	-	-	-	X	-	-	-
Joint Gap Width	-	-	-	-	-	-	-	X	-	-	-
Ovality	-	-	-	-	-	-	X	X	-	-	-
Axial Deformation	-	-	-	-	-	-	X	X	-	-	-
Leaks	-	-	-	X	-	-	X	X	-	-	-
Air Pockets	-	-	-	X	-	-	X	X	-	X	-
Debris	-	-	-	X	-	-	X	X	-	X	-
Material Change	-	-	X	X		-		X	-	X	
Spot Location Only?	Yes	Yes	No	No	Yes (External) No (Internal)	No	No	No	Yes	No	Yes
Visual Inspection	No	No	Yes	No	No	No	No	No	No	No	Yes
Limitations	Indirect measurement only measures potential for corrosion (does not measure anything on the actual pipe)	Subjective test that concern potential damage.	Difficult to identify/see defects that cause pressure pipes to fail.	Measures average wall thickness over scan length rather than thickness at individual sections.	Internal tool requires clean, straight pipe. External tool requires excavation.	Cannot pass butterfly valves	Cannot pass butterfly valves	Cannot pass butterfly valves	Requires excavation if not using existing access points.	Results in 30-ft increments; Requires 30 psi pressure	Must expose pipe. Requires repair of area sampled.
Installers/Product	V&A Consulting Engineers	V&A Consulting Engineers	Pro Pipe, RedZone Robotics	Pure Technologies (Smart Ball); PICA (Navigator); Hydromax USA (Nautilus); CPM Pipeline & SFE Global (INGU Piper)	PICA (Bracelet Probe), Rock Solid Group (BEM), V&A Consulting Engineers	Pica (See Snake, Hydra Snake); Pure Technologies (PipeDiver)	American Pipeline Solutions & SFE Global (i2i SmartFoam)	CPM Pipeline & SFE Global (Acquaint Acquarius)	CPM Pipeline (Acquaint PipeScanner); V&A Consulting Engineers	Hydromax USA (p-CAT)	WSP

5.0 Site Reconnaissance

5.1 Site Visit Summary

On Monday, July 6, 2026, WSC conducted a site reconnaissance visit with BBARWA's Plant Manager and Plant Supervisor. The visit covered nine locations along the outfall alignment, including combination air release/vacuum relief (air vac) valve installations, an exposed force main flow split vault, and segments where the pipe or pipe alignment is exposed at grade. WSC also observed a section of existing force main pipe that had previously been removed from the alignment and is currently stored at BBARWA's lower reservoir. Photographs from the site visit were geotagged and compiled into the project KMZ file. Site photos have been included in Section 6.0.

5.2 Air Vac Valve Access Site Observations

Nine locations along the outfall were inspected during the site visit: seven air vac valve installations, the force main flow split vault, and one location where the pipe was exposed at grade. These sites represent candidate access points for condition assessment methods that require direct contact with the pipeline, and are discussed in more detail in the following sections of this report. Existing air vac manway access may be used for inspection equipment insertion or to provide access for excavation of adjacent areas for other methods of nondestructive testing discussed further in Section 4.0.

5.3 Existing Force Main Pipe Segment Observations

A section of force main pipe previously removed from the outfall alignment is stored at BBARWA's lower reservoir yard. Based on visual observation during the site visit, the stored pipe segment appeared to be in good condition, with no significant visible signs of corrosion, deformation, or material degradation. The exterior coating of the pipe was sound with no evidence of spalling or excessive cracking, except the area next to where the pipe was cut. The interior coating of the pipe showed no signs of spalling and was noted to be intact. This pipe was installed as part of the original outfall project in 1977 and had been in service until portions were removed to resolve a conflict with a Caltrans roadway and bridge project in 2010. The steel portion of the pipe appeared to be in good original condition. Photos of the interior and exterior of the removed force main are shown in the figures below. This observation provides an initial, limited data point regarding pipeline condition but is not a substitute for a systematic condition assessment of the full outfall alignment.



Figure 5-1: Interior Coating of the 16-Inch Force Main in Storage



Figure 5-2: Exterior of the 16-Inch Force Main in Storage

6.0 Investigation Siting

6.1 Access Points and Constraints



Figure 6-1: Air Vacuum Valve

Ten sites were identified along the pipe alignment from the WWTP to the outfall. Most of these sites are located off the roadway, adjacent to the shoulder where an access manway houses air vacs. In addition to being used to install and launch pipe assessment tools, these areas would also be considered for excavation to allow direct pipe inspection tools. Typical contents for the access manway with air vacs are shown in Figure 6-1.

During the site visit performed on July 6, 2026, WSC and BBARWA staff visited the sites to assess potential constraints and determine applicability of each site for inspection efforts. The reader is referred to photos included in the discussion below, and the KMZ file provided electronically under separate cover.

Below are the photos of each site followed by a description of the surrounding areas and constraints that would need to be considered for the pipeline inspection. Refer to Appendix B for additional photos of each site. A summary of the access points is provided in Table 6-1 below the photos.



Figure 6-2: Site 1 Manway Access (Looking South)

Site 1 – Located at high point on Big Bear Transfer Station property. Access needs to be coordinated with owner. Since it is not located on the highway, no traffic control other than property access for vehicles would be required.



Figure 6-3: Site 2 Manway Access (Hwy 18 Looking North)

Site 2 – Located off the shoulder of Hwy 18. Some traffic control would be anticipated for vehicles, and potentially excavators to expose the pipe for assessment tools.



Figure 6-4: Site 3 Manway Access (Hwy 18 Looking South)

Site 3 – Located off the shoulder of Hwy 18. This manway access is located in an embankment. Compared to site 2 there is limited room on the shoulder for vehicle and excavation equipment access. Traffic control would be required.



Figure 6-5: Site 4 Manway Access: Hwy 18 Off Shoulder Looking North (Photo Left) and Looking South (Photo Right)

Site 4 – Located off shoulder of Hwy 18. This manway access is located in a larger shoulder area. USA markings exist locating the pipe. This site is a good candidate for access to the pipe and digging that would not impact traffic.



Figure 6-6: Site 5 Flow Split Vault Access: Hwy 18 Off Shoulder Looking North

Site 5 – Located off the shoulder of Hwy 18. This is the flow split vault. The existing hatch contains valving for a flow split for existing 16-inch steel and 12-inch DIP. The condition and operability of the existing valving is not known. Note the trench of 16-inch force main crossing along the roadway.



Figure 6-7: Site 6 Manway Access: Camp Rock Roadway Shoulder Looking North

Site 6 – Located off the shoulder of Camp Rock Road. There is reasonable space to locate and expose the pipe. Some traffic control may be required and there are some utility pole constraints. It is not known if this air vac connects to both the existing 16-inch and 12-inch parallel force mains.



Figure 6-8: Site 7 Existing Outfall (Pipeline Terminus)

Site 7 – Outfall terminus located at the BBARWA discharge ponds. This site has exposed portions of the force main that can be assessed with minimal efforts to expose the pipe. Access is available through BBARWA property. No traffic concerns or impacts.



Figure 6-9: Site 8 Access Manway

Site 8 – Located off the Hwy 18 southbound turnout off the roadway. This site provides reasonable access for equipment with minimal traffic impacts. It is noted that the area surrounding the access manway is covered in brush and some clearing would be required.



Figure 6-10: Site 9 Exposed Pipe in Drainage Course

Site 9 – Difficult to access. No access manway available or roadway turnout. Pipe with shallow cover in drainage course. Potential for direct pipe assessment with hand tooling and repair.



Site 10 – Manway access on BBARWA WWTP property. This is the origin of the outfall and located in an area that is easily accessible for excavation and contractor equipment that would be necessary to both launch inspection tools or take direct pipe assessment measurements.

Figure 6-11: Site 10 Manway Access at WWTP

Table 6-1: Access Point Summary

Site	Access	Notes
1	Good	Located near the Transfer Station; at the high point of the entire alignment. his is where the pipe switches from pressure to open channel flow. The air vac valve was observed opening and sucking in air.
2	Good	Located off the shoulder of Hwy 18. Some traffic control would be required for equipment to excavate and expose the pipe.
3	Poor	Located in the middle of an embankment. Poor access. Very limited room for roadway shoulder.
4	Good	Located in large shoulder area.
5	Good	Flow split vault located off shoulder of roadway. Reasonable access to locate and expose the pipe which splits off this facility – 12-inch DIP on north bound shoulder, 16-inch steel on southbound shoulder. Some traffic control may be required.
6	Moderate	Located off shoulder of Camp Rock Road. Reasonable space to locate and expose the pipe. Some traffic control may be required. Overhead utility poles nearby. It is not known if this air vac has a direct connection to both 16-inch and 12inch parallel force mains.
7	Good	Outfall terminus located at the BBARWA discharge ponds. Access available through BBARWA property. No traffic concerns or impacts.
8	Moderate	This site provides reasonable access for equipment with minimal traffic impacts. It is noted that the area surrounding the access manway is covered in brush and some clearing would be required.
9	Poor	Outfall pipe currently exposed in drainage course covered by rock. Poor access. Direct pipe assessment may be available with hand tooling, hand excavation and repair.
10	Good	This site is located on BBARWA WWTP property and is the origin of the outfall. Easily accessed through BBARWA property. It is noted that the outfall is deep at the location of the air valve manway. This site is proposed for inspection tool launching but not for direct pipe investigation.

6.2 Pipeline Segments of Concern

The BBARWA outfall is approximately 16 miles long spanning the distance between the WWTP to the outfall disposal area in the Lucerne Valley floor. While a comprehensive investigation of the entire pipeline would be ideal, inspection technology limitations and cost considerations demand a more targeted and focused inspection approach. The main areas of concern are where the flow breaks head, operating in open channel flow with higher velocities that could produce scour of any internal linings. These areas occur down the steeper slopes along the alignment. Additional areas of concern include high points where gas pockets can accumulate,

creating a corrosion risk, as well as areas with unknown materials of construction. The pipeline was broken into four reaches, which are identified in Figure 1-1. Key concerns with each reach of pipe are described below.

- Reach 1: This reach is pressurized from the WWTP to a global high point, with the biggest risk being gas pocket accumulation near the high point, although the air vac at this location was noted to be drawing air into the pipe by noting vacuum. The outfall functions as an open channel flow conduit beyond this point. It is noted that a portion of the outfall is PVC under Baldwin Lake per as built plans. The remainder to the high point is CMLC steel pipe.
- Reach 2: This reach travels down the mountain under open channel conditions at high velocities in excess of 20 feet per second. All areas within this reach, and especially where sharp bends occur, might be susceptible to debris causing scour or abrasion of the mortar lining.
- Reach 3: This reach transitions to dual force mains of differing materials; a 16-inch CMLC steel pipe on one side of the roadway and a 12-inch DIP on other side, until both run parallel to the reservoir. The coating condition on the DIP force main is unknown. The concern with this reach are that the outfall is still in considerable steep slope and the upper portions flow under open channel flow until it reaches the reservoir where it is pressurized.
- Reach 4: This reach is flat with dual outfalls: an 18-inch CMLC steel pipe and the other a 14-inch CMLC steel pipe. Valves at the discharge ponds can be operated to send flow to the BBARWA ponds or north to irrigation use. At the end of the outfall, a portion is exposed.

The main areas of concern would be the portions of pipeline in Reach 2 and Reach 3 that would have open channel flow with extreme velocities that could scour and erode the cement mortar pipeline lining.

6.3 Proposed Investigation Locations

Sites with good or moderate access as detailed in Table 6-1 are proposed as access locations for condition assessments. An exhibit indicating the proposed locations for condition assessment is included in this report and is based on the site reconnaissance and as-built review and is included as Appendix C.

7.0 Alternatives Evaluation

Based on the available inspection technologies, three alternatives were evaluated to provide various levels of condition information on the outfall pipeline. The first alternative is considering a non-invasive test that doesn't require excavation. The second alternative only considers methods that require direct testing on the pipe and therefore excavation. The third alternative is a hybrid of the two to maximize the amount of condition information given the pipeline constraints. For each of the alternatives, the pipeline was divided into four reaches, as shown on Figure 7-1:

- Reach 1: 18-inch PVC (under Baldwin lake) and 18-inch CMLC steel pipeline operating under pressurized flow from the WWTP to the site 1 air valve.
- Reach 2: 16-inch CMLC steel pipeline operating under open channel flow conditions from the site 1 air valve to the flow split vault.
- Reach 3: 16-inch CMLC steel pipeline and 12-inch DIP dual force mains operating under a mix of open channel and pressurized flow conditions from the flow split vault to the Upper Reservoir.
- Reach 4: 18-inch and 14-inch CMLC steel pipeline dual force mains operating under pressure from the Upper Reservoir to the outfall disposal area.

Each of the alternatives seeks to capture pipeline condition information within each reach that can be representative of the pipe's condition in that reach.

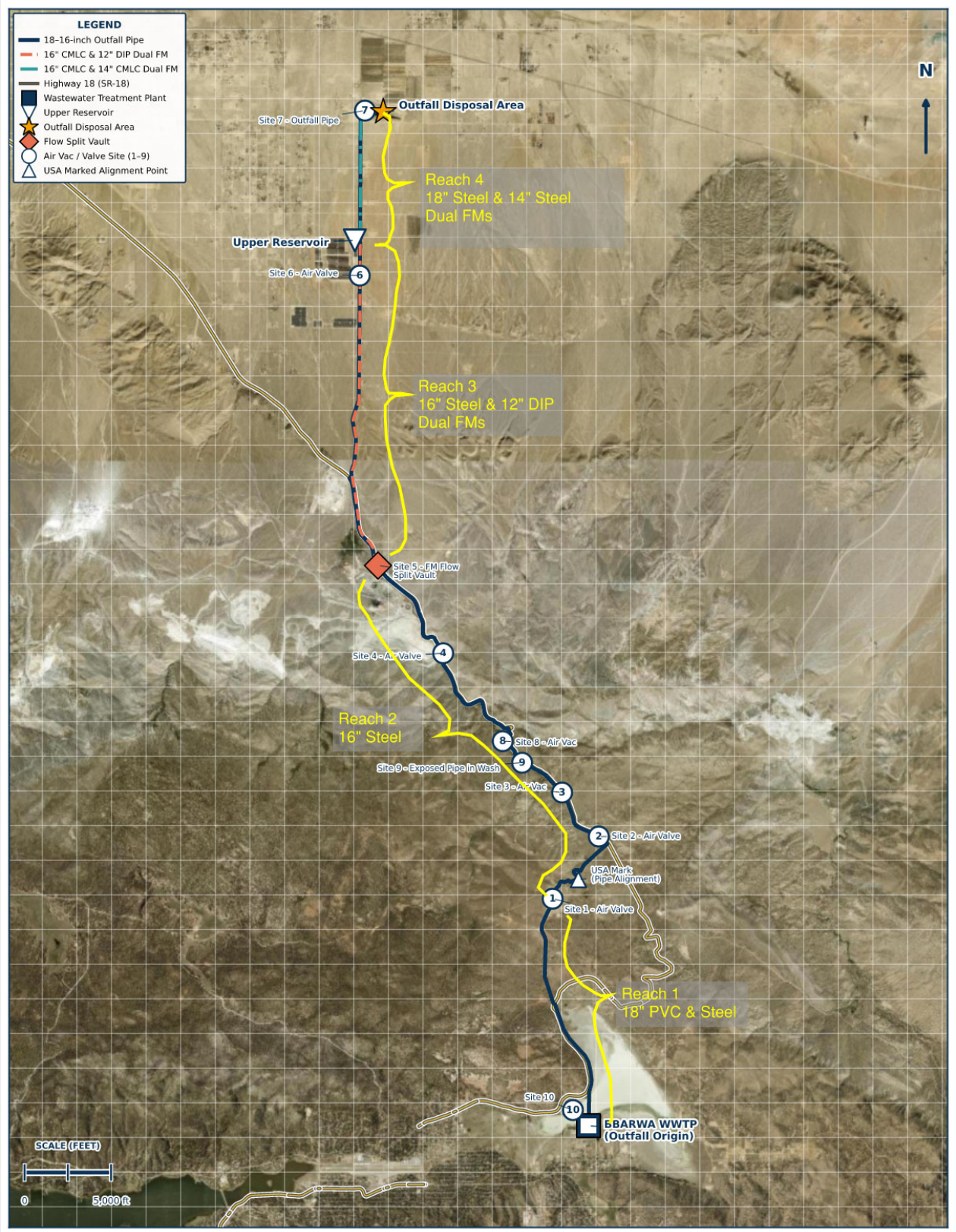


Figure 7-1: Outfall Alignment by Reach

7.1 Alternative 1: SmartBall® and Soil Surveys

7.1.1 Overview

Alternative 1 includes inspection technologies that will allow BBARWA to gather condition data without the need for excavation. Under this alternative, SmartBall® is utilized wherever it is possible to gain meaningful data. This is supplemented by Wenner four pin and soil resistivity measurements (collectively referred to as soil surveys) to assess soil corrosivity at seven locations across the four reaches to help understand corrosivity risk for the outfall pipeline.

Reach 1 would be evaluated using Xylem/Pure Technologies' SmartBall®. This reach of pipe is pressurized with limited access between the WWTP and the Site 1 air vac valve. The SmartBall® will allow for continuous inspection of this segment for gas pockets and leaks, which will allow BBARWA to identify areas of concern that warrant further investigation. Additionally, this technology will provide XYZ coordinate mapping of this reach of pipeline, allowing BBARWA to obtain updated data for use in GIS and locating the pipeline in the future. The SmartBall® assessment in Reach 1 would be supplemented with soil assessments at Site 1.

SmartBall® will not be utilized in Reach 2 due to the velocities and lack of pressure in this reach. Reach 2 will be evaluated using soil surveys at Sites 2, 4, and 8.

The SmartBall® will be re-inserted at the Flow Split Vault to monitor Reach 3. Reach 3 is expected to transition from open channel to pressurized flow at some point between the meter vault and the reservoir. By placing the SmartBall® in at the vault, gas pocket, leak, and XYZ coordinate data can be gathered as soon as pressurized conditions return. This SmartBall® data will be supplemented with soil survey data at Sites 5 and 6.

Lastly, the SmartBall® will be reinserted at the Upper Reservoir for Reach 4 as this reach remains pressurized. This data will be supplemented with soil survey data at Site 7.

7.1.2 Cost

The cost of Alternative 1 is estimated to be $394,000 and includes the following:

- Soil resistivity testing at seven locations (Sites 1, 2, 4, 5, 6, 7, and 8)
- Pipe to soil measurements at same seven locations
- SmartBall® inspection of Reaches 1, 3 (pressurized downstream reach), and 4
- Condition assessment report.

A detailed cost opinion is included in Appendix A.

7.2 Alternative 2: Direct Pipe Measurements

Alternative 2 includes direct measurements of pipe wall thickness within each reach to help better understand the amount of degradation in the pipeline, if any. To accomplish this, electromagnetic scanning is recommended at seven locations with at least one location in each

reach of pipe. To perform this testing, each testing location must be excavated to expose a 5-foot section of pipe to a depth 10 inches below the pipe to allow access around the entire perimeter of the pipeline segment. Since the pipeline will be exposed for the electromagnetic scanning, concrete sounding can also be performed to identify potential discontinuities in the pipeline.

The cost of Alternative 2 is estimated to be $547,000 and includes the following:

- Excavation of seven pits (5 feet long) to fully expose the pipe for testing (Sites 1, 2, 4, 5, 6,7, and 8)
- Electromagnetic and UT testing for pipe wall thickness at these seven locations
- Concrete sounding of the exposed pipe
- Condition assessment report
- Restoration of cement mortar coating at each excavation site.

A detailed cost opinion is included in Appendix A.

7.3 Alternative 3: Indirect and Direct Testing

Alternative 3 combines the gas and leak detection and mapping information from the SmartBall® in Alternative 1 with the direct pipe measurements from Alternative 2 to provide additional data on the outfall pipeline without taking the main out of service. Under this alternative, the SmartBall® is utilized in Reaches 1, 3, and 4 and electromagnetic scanning and concrete sounding is performed at seven sites.

7.3.1 Cost

The cost of Alternative 3 is estimated to be $903,000 and includes the following:

- Soil resistivity testing at seven locations (Sites 1, 2, 3, 4, 5, 6, 7, and 8).
- Pipe to soil measurements at seven locations
- SmartBall® inspection of Reaches 1, 3 (pressurized portions), and 4.
- Excavation of seven pits (5 feet long) to fully expose the pipe for testing (Sites 1, 2, 3, 4, 5, 6, 7, and 8)
- Electromagnetic and UT testing for pipe wall thickness
- Concrete sounding of the exposed pipe
- Condition assessment report
- Restoration of cement mortar coating at each excavation site.

A detailed cost opinion is included in Appendix A.

8.0 Recommended Investigation Approach and Decision Points

Given the length of the outfall pipeline (nearly 16 miles) and the range of flow and access conditions across the four reaches, no single alternative provides complete condition information on its own. SmartBall® inspection (Alternative 1) is only applicable in Reaches 1, 3, and 4, where pressurized flow allows the tool to travel through the line within limits. Specifically, it cannot be deployed in Reach 2 which operates under open channel flow. While this is recommended to be supplemented with soil testing, this provides indirect measurements that don't directly indicate pipe condition. Direct pipe measurement (Alternative 2) can be performed at discrete excavation points in any reach, including Reach 2, but by its nature only characterizes conditions at those specific locations rather than continuously along the pipeline.

Because Alternative 3 combines continuous internal inspection of the pressurized reaches with direct wall-thickness verification and soil corrosivity data at representative points across all four reaches, including Reach 2, it provides the most complete picture of pipeline condition achievable without taking the outfall out of service. For a facility of this length and age and given that the condition of the pipeline is not currently well understood, it is recommended that BBARWA proceed with Alternative 3 to maximize knowledge of the pipeline's condition across its full length at a nominal increase in cost over either individual alternative.

The Project scope of work anticipated a tiered inspection program in which lower-cost, less time-intensive methods would be performed first, with more complex methods added only if initial results were inconclusive. While this was BBARWA's preferred approach, it is not well suited to the outfall for several reasons. First, the non-invasive inspection method applicable to this pipeline (SmartBall®) cannot be deployed in Reach 2 due to open channel flow conditions, so an initial non-invasive tier would leave a significant portion of the pipeline uncharacterized. Second, SmartBall® identifies leaks and gas pockets but does not measure remaining pipe wall thickness; an initial non-invasive tier alone is therefore unlikely to produce conclusive condition results, and direct pipe measurements would still be required. Third, viable access points along the alignment are limited: most sites are located along the shoulder of Hwy 18 or Camp Rock Road and would require traffic control, and Sites 3 and 9 have poor access. Each additional tier would therefore require a separate contractor mobilization, traffic control, and site coordination, increasing overall cost and schedule. For these reasons, Alternative 3 is recommended as a single combined effort, with the contingency allowance described above preserving the intent of the tiered approach by allowing additional targeted inspection to be authorized based on field results.

It is recommended that the inspection scope be structured so that the SmartBall® and direct measurement work proceed as the base inspection effort, with a contingency allowance included to authorize additional targeted inspection, such as supplemental excavation or an

additional SmartBall® pass, if field results identify an area of concern warranting further investigation. This approach allows BBARWA to expand the scope efficiently while the inspection contractor is still mobilized, rather than committing to that cost upfront or requiring a separate remobilization later.

9.0 Next Steps

Upon BBARWA's review and concurrence with the recommended investigation approach, (Alternative 3), this Technical Memorandum and the Proposed Investigation Location Exhibit will be finalized. The following steps are recommended to implement the outfall investigation.

First, BBARWA should budget and authorize the Alternative 3 inspection effort, estimated at $903,000, including the contingency allowance for supplemental targeted inspection described in Section 8.0. BBARWA has indicated they will ask WSC to prepare inspection specifications, procure and coordinate the SmartBall® and direct pipe measurement contractors, and develop the field schedule through current contract agreement mechanisms. Encroachment permits and traffic control plans will be required for access sites along Hwy 18 and Camp Rock Road, and access improvements should be planned for sites where work will impact the shoulder of the roadway.

Field work will consist of SmartBall® deployment in Reaches 1, 3, and 4 during pressurized flow conditions, followed by excavation, soil corrosivity testing, and direct pipe measurements at the proposed investigation locations. Engineering observation should be provided throughout the field work so that results can be evaluated as they are received and contingency inspection can be authorized while contractors remain mobilized if an area of concern is identified. Upon completion, a condition assessment report will be prepared documenting findings, conclusions, and recommended priorities for repair, rehabilitation, or replacement.

Because direct pipe measurements characterize conditions only at the excavated locations, it is recommended that BBARWA also consider establishing an ongoing inspection program, budgeting for additional direct pipe measurements at other locations in future fiscal years to build a more complete understanding of pipeline condition.

10.0 References

Acquaint. (2024, July). *Acquaint PipeScanner*. Retrieved from Acquaint: https://www.acquaint.eu/en/applications/pipe-scanner/

Acquaint. (2024, July). *Acquarius*. Retrieved from Acquaint: https://www.acquaint.eu/en/applications/acquarius/

Ellison, D., Leighton, J., Vause, K., Hyer, C., Giddings, J., Akhoondan, M., . . . Faber, N. (2019). *AWWA M77 Condition Assessment of Water Mains.* American Water Works Association.

Hydromax USA. (2024, July). Condition Assessment Technologies for Pressurized Water & Wastewater Pipelines.

i2i Pipelines. (2021). *SmartFoam(TM) Inspection Report (Sample).* i2i Pipelines.

Pipe Tec Inc. (2024, July). *CCTV Inspection Procedure*. Retrieved from Pipe Tec Pipe Cleaning & CCTV Inspection: https://www.pipetecinc.net/

Pipeline Inspection and Condition Analysis Corporation . (2024). *PICA Project Approach and Budgetary Estimate.*

Pure Technologies. (2024, July). *SmartBall*. Retrieved from Xylem: https://www.xylem.com/siteassets/brand/pure-technologies/resources/brochure/pure-technologies-smartball-brochure-q3-2022.pdf

Pure Technologies, a Xylem Brand. (2026). *Proposal for In-Service Water Pipeline Leak Detection and Mapping.*

Rolando Bueno, P., Xavier Irias, P., Serge Terentieff, P., & Christopher Dodge, P. (2014). *Asbestos Cement Pipelines - Sampling, Testing, and Condition Assessment.* Berkeley, CA: Northern California Pipe Users Group.

V&A Engineering. (2026). *V&A Project No. 26-0291 Big Beear Area Regional Wastewater Agency - 18-inch Outfall Line Assessment Proposal for Condition Assessment Services.*

Appendix A Detailed Cost Opinions

Opinion of Probable Construction Cost
Alternative 1: SmartBall® and Soil Surveys
Big Bear Area Regional Wastewater Agency
Outfall Investigation

9/25/2026

Item	Description	Quantity	Unit	Unit Cost	Cost
1	Mobilization (5%)	1	LS	$12,400	$12,400
2	Bonds, permitting, insurance (3%)	1	LS	$7,400	$7,400
3	Traffic Control	2	Days	$10,000	$20,000
4	Inspection Company Project Management	1	LS	$7,300	$7,300
5	Soil Resistivity and Pipe to Soil Measurements	1	LS	$13,000	$13,000
6	SmartBall® Survey	1	LS	$189,200	$189,200
7	Soils Condition Assessment Report	1	LS	$18,000	$18,000
8	SmartBall® Condition Assessment Report	1	LS	$17,000	$17,000
	Raw Construction Subtotal (Nearest Thousand)				**$284,000**
	Construction Contingency	20%			$60,000
	Construction Total				**$344,000**
	Construction Phase	15%			$50,000
	Capital Total				**$394,000**

Capital cost estimates are in 2026 dollars (ENR 20 City Average Construction Costs Index of 14506.85 for September 2026)

AACE Class 2 Estimate Accuracy Range (-/+%):	-10%	to	30%
Estimate Range:	$354,600		**$ 512,200**

Opinion of Probable Construction Cost
Alternative 2: Direct Pipe Measurements
Big Bear Area Regional Wastewater Agency
Outfall Investigation

9/25/2026

Item	Description	Quantity	Unit	Unit Cost	Cost
1	Mobilization (5%)	1	LS	$18,400	$18,400
2	Bonds, permitting, insurance (3%)	1	LS	$11,000	$11,000
3	Traffic Control	4	Days	$10,000	$40,000
4	Sheeting and Shoring	1	LS	$10,000	$10,000
5	Inspection Company Project Management	1	LS	$7,300	$7,300
6	Excavation	7	EA	$15,000	$105,000
7	Potholing	8	EA	$2,000	$16,000
8	Electromagnetic/UT Testing/Concrete Sounding	7	EA	$18,000	$126,000
9	Condition Assessment Report	1	LS	$18,000	$18,000
10	Cement Mortar Coating Restoration	9	EA	$5,000	$45,000
	Raw Construction Subtotal (Nearest Thousand)				**$397,000**
	Construction Contingency	20%			$80,000
	Construction Total				**$477,000**
	Construction Phase	15%			$70,000
	Capital Total				**$547,000**

Capital cost estimates are in 2026 dollars (ENR 20 City Average Construction Costs Index of 14506.85 for September 2026)

AACE Class 2 Estimate Accuracy Range (-/+%):	-10%	to	30%
Estimate Range:	$492,300		**$ 711,100**

Opinion of Probable Construction Cost
Alternative 3: Indirect + Direct Testing
Big Bear Area Regional Wastewater Agency
Outfall Investigation

9/25/2026

Item	Description	Quantity	Unit	Unit Cost	Cost
1	Mobilization (5%)	1	LS	$30,200	$30,200
2	Bonds, permitting, insurance (3%)	1	LS	$18,100	$18,100
3	Traffic Control	4	Days	$10,000	$40,000
4	Sheeting and Shoring	1	LS	$10,000	$10,000
5	Excavation	7	EA	$15,000	$105,000
6	Potholing	8	EA	$2,000	$16,000
7	Soil / Direct Testing Firm Project Management	1	LS	$7,300	$7,300
8	Electromagnetic/UT Testing/Concrete Sounding	8	EA	$18,000	$144,000
9	Soil Resistivity and Pipe to Soil Measurements	1	LS	$13,000	$13,000
10	Electromagnetic/UT Testing/Concrete Sounding/ Soils Condition Assessment Report	1	LS	$18,000	$18,000
11	SmartBall® Survey	1	LS	$189,200	$189,200
12	SmartBall® Condition Assessment Report	1	LS	$17,000	$17,000
13	Cement Mortar Coating Restoration	9	EA	$5,000	$45,000
	Raw Construction Subtotal (Nearest Thousand)				**$653,000**
	Construction Contingency	20%			$130,000
	Construction Total				**$783,000**
	Construction Phase	15%			$120,000
	Capital Total				**$903,000**

Capital cost estimates are in 2026 dollars (ENR 20 City Average Construction Costs Index of 14506.85 for September 2026)

AACE Class 2 Estimate Accuracy Range (-/+%):	-10%	to	30%
Estimate Range:	$812,700		**$ 1,173,900**

Appendix B Inspection Proposals

11011 Via Frontera
Suite C
San Diego, CA 92127

858.576.0226
vaengineering.com

V&A Project No. 26-0291

August 12, 2026

Mirko Maher, P.E.
Principal Engineer
Water Systems Consulting
25201 Paseo De Alicia, Suite 290
Laguna Hills, CA 92653

Subject: Big Bear Area Regional Wastewater Agency – 18-inch Outfall Line Assessment
Proposal for Condition Assessment Services

Dear Mr. Maher:

Thank you for requesting a proposal for the condition assessment of the Big Bear Area Regional Wastewater Agency's (BBARWA) 18-inch outfall line located in Big Bear, California. The approximately 14-mile-long pipeline is constructed of cement mortar lined and coated (CMLC) steel pipe. V&A Consulting Engineers, Inc. (V&A) is prepared to perform indirect and direct testing to evaluate the external corrosion environment, assess the condition of the pipeline, and provide recommendations regarding its remaining service life and future rehabilitation needs. No permitting or traffic control is included in this scope of work.

Per your request, the following is our proposal and detailed scope of work for the subject services:

Scope of Work

Task | Description

1. **Project Management:** Monitor and report project progress and changes, manage the quality of all work activities and project deliverables, and execute the project per the defined scope, schedule, and budget. Submit monthly invoices and communicate project updates. This task includes the following project management work activities:
    a. Submit required prevailing wage documents and DAS forms as required by the State of California Department of Industrial Relations for all field-testing work. Comply with prevailing wage laws and certified payroll requirements, if necessary.
    b. Attend meetings up to 6 hours. Time spent over 6 hours will be invoiced on a time and materials basis at the rates shown on the attached Resource Allocation Estimate.
    c. Provide safety documentation (including OSHA forms, EMR Rating, standard safety protocols, and training certificates) as required based on a level of effort of 2 hours. Time spent over 2 hours will be invoiced on a time and materials basis at the rates shown on the attached Resource Allocation Estimate.
2. **Indirect Field Testing:** V&A will perform indirect field testing to characterize soil corrosivity and assess the likelihood of active external corrosion. Testing will be conducted by two (2) V&A personnel over two (2) consecutive 6-hour field days. This work will occur under the same mobilization as the Task 3 Direct Field Testing (travel time is included under Task 3).
    a. Soil Resistivity Testing – V&A will measure soil resistivity using the Wenner four-electrode method along the pipe alignment in unpaved areas. The resistivity testing will be conducted at up to 10 locations to a depth of 20 feet below grade. Soil resistivity is a key indicator of soil corrosivity and will be used to evaluate the potential for external corrosion.

b. Pipe-to-Soil Measurements – V&A understands that there are several access points to the pipe along the pipeline alignment. V&A is prepared to perform a pipe-to-soil potential survey on the outfall pipe by electrically connecting (make direct contact) to the line at up to 8 accessible surface features and appurtenances. It is V&A's understanding that there is no cathodic protection on the pipeline.

3. **Direct Field Testing (Excavations):** V&A will perform direct field testing to evaluate the condition of the cement mortar coating and steel cylinder of the pipe at two (2) excavation locations during one (1) 8-hour day (excluding travel time), provided excavations are complete and ready for inspection upon V&A's arrival. V&A assumes excavations will be performed by BBARWA or its contractor and will be approximately 10 feet long by 6 feet wide and extend 1 foot below the pipe invert. BBARWA or its contractor will be responsible for excavation safety, including sloped sides, shoring, ladders, confined space entry requirements, and restoration of the excavation areas. V&A will provide the safety and testing equipment necessary for four (4) V&A personnel to complete the assessment. The field assessment will include the following:

   a. Visual Assessment - Perform visual observations of the concrete coating and metallic surfaces. The observations will be documented with digital photographs and field notes. Drawings will be prepared summarizing defects. The condition of the pipe will be rated using the VANDA® Concrete Condition Index and VANDA® Metallic Condition Index (see at end of this document).

   b. Concrete Sounding - Sounding is performed by using a chipping hammer to strike the mortar coating. The sound from the hammer strike can indicate shallow subsurface discontinuities, such as debonding or delamination.

   c. Soil Samples Testing – Two (2) soil samples will be obtained from each excavation, one sample of the bedding soil and one sample of the native soil. The soil samples collected will be testing for as-received and minimum electrical resistivity, chlorides, sulfates, pH, and bicarbonates.

   d. Electromagnetic Testing: Perform electromagnetic (EM) testing at one (1) location within each excavation to determine the thickness of the metallic surface without removing the concrete coating. EM allows a broader surface area to be tested and provides an indication of metal wall thickness reduction. A segment of pipe up to 5 feet in length will be tested at each excavation location. A 2-dimensional contour map of the relative wall thickness around the circumference will be provided for each scan location. Ultrasonic thickness (UT) measurements will be used to calibrate the EM equipment prior to scanning. This will require BBARWA or its contractor to remove the cement mortar coating in two (2) areas (a minimum of 3-inch x 3-inch area) to facilitate the UT testing.

   e. Ultrasonic Thickness Testing – If the mortar coating is found to be degraded and access to the metal surface is easily accessible, V&A will perform UT testing at these locations. UT testing allows for point measurements of metallic surfaces. The field engineer would obtain pit depth measurements at locations exhibiting excessive corrosion and where the UT gauge may not produce a reading due to surface conditions.

4. **Condition Assessment Report**: Prepare a condition assessment report that describes the field assessment methods, activities, results, and conclusions. The report will include photographs of the existing conditions, data tables, and graphical and illustrative figures, as required, to present the information gathered during this assessment. The locations and severity of defects will be noted, and the current condition of the structure regarding its state of degradation will be described. Recommendations for rehabilitation or repair will be presented in the report, as needed. V&A will provide an estimated remaining useful life of the pipe based on conditions observed at the investigated locations and available information. Results many not be representative of the entire pipeline. A draft electronic copy of the report will be submitted for review. One round of comments will be incorporated, and a final electronic copy will be provided.

5. **Optional Task – Additional Excavations (per day cost):** This optional task includes a per day fee for additional excavation locations. Assessment at up to two (2) excavations can be performed per 8-hour day, assuming the excavation pits are ready upon V&A's arrival. The assessment will consist of the methods outlined under Task 3. This task also includes budget for data analysis and incorporating the findings into the Task 4 Report.

Any changes to the following assumptions, prevailing wage assumption, exclusions and limitations, or proposed schedule may necessitate an adjustment to the proposed fee.

Assumptions

The following is a list of additional assumptions used to develop V&A's scope of work.

- The Task 2 Indirect Field Testing and the Task 3 Direct Field Testing will occur under the same mobilization.
- The excavations will be performed by BBARWA or its contractor and completed prior to V&A arriving onsite. V&A will not be responsible for performing any excavations or restoring the site to its original condition upon the conclusion of the assessment. Excavation locations will be selected by BBARWA and WSC.
- BBARWA or its contractor will be responsible for removing and repairing the cement mortar coating in two (2) areas (a minimum of 3-inch x 3-inch area) at each of the excavations as determined by V&A's field engineer during the assessment to facilitate the UT measurements for EM calibration. It is advised that the mortar be removed carefully using hand tools to avoid damaging the reinforcement or the cylinder of the pipe. V&A will not be responsible for repairing the cement mortar coating at the conclusion of the assessment.
- BBARWA will provide available as-built drawings, pipe specifications, or prior inspection reports with the pipe's nominal wall thickness to support interpretation of findings.
- Findings from direct testing provide point-specific information and are intended to supplement indirect assessment data. Conditions observed at excavation locations may not be representative of the entire pipeline.
- V&A will submit monthly invoices in electronic format via email. Time spent submitting the invoice via a different method may incur additional charges.

Prevailing Wage Assumption

V&A understands some or all tasks associated with this project are subject to prevailing wage rate requirements. All project labor subject to prevailing wage requirements will incur a 30% markup on the associated labor fee. This markup covers the higher base hourly labor rates associated with prevailing wage rates, additional premium pay requirements, and reporting requirements. V&A is not aware of any Project Labor Agreements (PLAs) that apply to this project. Additional PLA requirements may incur additional fees billed on a Time & Materials basis.

Exclusions and Limitations

The following items, unless otherwise indicated, are not included in the scope of work:

- Traffic Control Plans and Permits
- Traffic Control Measures, including but not limited to sign boards, cones, and flaggers
- Project Specific Health and Safety Plan
- Encroachment Permits
- Permitting

- Notification
- Bonds
- Shutdown, Dewatering, and Cleaning of Structures
- Structure Access, including but not limited to ladders, scaffolding, and cranes
- Supplied Air
- Vendor Portal Registration
- Payment Portal Invoice Submission
- Project Labor Agreements, including union specific requirements

Fee Proposal

V&A proposes to complete this work on a time and materials basis at a total cost not to exceed **$70,347.90 (without the optional task)** with terms of Net 15 days (Pay When Paid payment terms dependent on timely processing of V&A's submitted invoice). This fee is valid for 90 days from the date of this proposal (after which the total cost may be adjusted to reflect annual updates to the attached Fee Schedule). The scope of work was developed as a result of our discussions and represents our mutual understanding.

Estimated costs for the above project scope are itemized in the attached Resource Allocation Estimate. These costs represent our best estimate at this time and may change subject to future developments during the project. It is possible that some of the estimated manpower requirements for specific task items may increase while others may not require the entire anticipated effort. This provides us a greater degree of confidence in the overall project estimate, rather than in any given particular task.

Summary of Cost per Task

Task	Amount
1. Project Management	$7,271.00
2. Indirect Field Testing	$12,087.50
3. Direct Field Testing (Excavations)	$33,166.40
4. Condition Assessment Report	$17,823.00
5. Optional Task – Additional Excavations (per day cost)	$35,350.40
Total (without the optional task):	**$70,347.90**

If unforeseen circumstances should arise which indicate that more time is required, V&A will provide a written estimate of additional required time and cost. V&A will not proceed with work beyond the not-to-exceed figure without written authorization from your office. Charges to this project will be made for actual time spent on the project and will be charged as per the attached Resource Allocation Estimate and Fee Schedule. We request that you carefully review this proposal to ensure a full understanding of the scope of the work.

We are prepared to begin work on your project upon receiving written approval, a notice to proceed (NTP), or a purchase order from your office.

On behalf of our staff and myself, I would like to thank you for the opportunity to be of service to you, WSC, and BBARWA. We look forward to working with you.

Sincerely,
V&A Consulting Engineers, Inc.



Jessica Mullins, P.E.
Project Manager

Accepted: _____ Date: _____
Water Systems Consulting

Resource Allocation Estimate

JOB NO: 26-0291 8/12/2026

CLIENT: WSC

PROJECT NAME: 18-inch Outfall Line Assessment

Task	Description	Principal-in-Charge	Project Manager	Deputy Engineer	Corrosion Technologist	Graduate Engineer	Engineering Associate	Project Admin.	Total Labor Hours	Subtotal Labor Cost	Subtotal ODC	Total Labor Cost and ODC by Task
1	Project Management	1	13	6				16	36	$ 7,271.00		$ 7,271.00
2	Indirect Field Testing		4		22		22		48	$ 9,536.00	$ 2,551.50	$ 12,087.50
3	Direct Field Testing (Excavations)		8	30	18	24	18		98	$ 20,334.00	$ 12,832.40	$ 33,166.40
4	Condition Assessment Report	1	17	28	8	17	8		79	$ 17,823.00		$ 17,823.00
5	Optional Task - Additional Excavations (per day cost)		16	38	18	24	18		114	$ 24,518.00	$ 10,832.40	$ 35,350.40
	Subtotal Direct Labor Hours	2	58	102	66	65	66	16	375			
	Hourly	$ 347.00	$ 294.00	$ 229.00	$ 216.00	$ 178.00	$ 164.00	$ 108.00				
	Subtotal Direct Labor Cost	$ 694.00	$ 17,052.00	$ 23,358.00	$ 14,256.00	$ 11,570.00	$ 10,824.00	$ 1,728.00		$ 79,482.00	$ 26,216.30	$ 105,698.30

Other Direct Costs	Unit Cost	Units	No. of Units	Subtotal ODC	
Truck	$ 125.00	per day	2	$ 250.00	
CSE Truck & Equip	$ 250.00	per day	4	$ 1,000.00	
Mileage	$ 0.73	per mile	1300	$ 942.50	
Prevailing Wage Markup	$ 0.30	per Labor $	26596	$ 7,978.80	
Soil Resistivity Equipment	$ 20.00	per day	1	$ 20.00	
Recording Voltmeter (FLUKE 2635A)	$ 75.00	per day	1	$ 75.00	
Soil Sample Analysis (cost+10%)	$ 316.25	per sample	8	$ 2,530.00	
Olympus 38DL/Epoch XT UT Gauge	$ 85.00	per day	2	$ 170.00	
EM equipment	$ 3,000.00	per day	2	$ 6,000.00	
EM shipping	$ 2,000.00	per project	1	$ 2,000.00	
Hotel	$ 200.00	per night	18	$ 3,600.00	
Per Diem for Full Day	$ 75.00	per day	10	$ 750.00	
Per Diem for First/Last Day	$ 50.00	per day	18	$ 900.00	
Subtotal Other Direct Costs				$ 26,216.30	
GRAND TOTAL ESTIMATED COST					**$ 105,698.30**

V&A Consulting Engineers 2026 Fee Schedule Rates include Overhead & Profit	
Position	**Hourly Rate**
Principal-in-Charge	$347
Senior Project Manager	$306
Project Manager	$294
Senior Project Engineer	$272
Project Engineer	$242
Deputy Engineer	$229
Associate Engineer	$216
Corrosion Technologist	$216
GIS Specialist	$216
Graduate Engineer	$178
CAD Designer	$176
Corrosion Field Supervisor	$176
Engineering Associate	$164
Senior Technician	$156
Technician	$136
Project Administrator	$108
Deposition/Court Appearance	$634
Other Direct Costs	
Auto/Truck Mileage: @ Federal Rate	Travel, Printing, Shipping: @ Cost
Field Truck: $125/Day	Confined Space Entry Truck and Safety Equipment: $250/Day
Subcontractor/Subconsultant, Lab Analysis: Cost + 10%	California Prevailing Wage Markup: Labor + 30%

VANDA Concrete Condition Index

V&A created the VANDA Concrete Condition Index to provide consistent reporting of corrosion damage based on objective criteria. Concrete condition is rated from Level 1 to Level 5 based upon field observations and measurements, with Level 1 indicating little or no damage and Level 5 indicating severe damage. The individual criteria are applied based on engineering judgment to arrive at the overall rating.

Condition Rating	Description	Representative Photograph
Level 1	**Little or no damage to concrete** Hardness..... hard surface Surface profile ..... smooth, apparently intact Cracks ..... hairline width, minimal frequency Spalling ..... none Reinforcement ..... not exposed or damaged	
Level 2	**Minor surface damage** Hardness..... soft surface layer to 1/8-inch depth Surface profile ..... fine aggregate exposed Cracks ..... hairline width, moderate frequency Spalling ..... shallow spalling, minimal frequency Reinforcement ..... not exposed or damaged	
Level 3	**Moderate surface damage** Hardness..... soft surface layer to 1/4-inch depth Surface profile ..... large aggregate exposed or protruding Cracks ..... up to 1/32-inch width, moderate frequency Spalling ..... shallow spalling, minimal frequency Reinforcement ..... exposed; minor damage, minimal frequency	
Level 4	**Loss of concrete mortar and damage to reinforcement** Hardness..... soft paste beyond 1/4-inch depth Surface profile ..... large aggregate exposed, loose, or missing Cracks ..... 1/8- to 1/4-inch width, moderate frequency Spalling ..... deep spalling, moderate frequency Reinforcement ..... exposed with damage, moderate frequency	
Level 5	**Bulk loss of concrete and reinforcement** Hardness..... soft paste beyond 1-inch depth Surface profile ..... large aggregate exposed, loose, or missing Cracks ..... over 1/2-inch width, or narrower and frequent Spalling ..... deep spalling, high frequency Reinforcement ..... consumed; loss of structural integrity	

© 2020 V&A Consulting Engineers, Inc. All rights reserved.

VANDA Metal Condition Index

V&A created the VANDA Metal Condition Index to provide consistent reporting of corrosion damage based on objective criteria. Metal condition is rated from Level 1 to Level 5 based upon field observations and measurements, with Level 1 indicating little or no corrosion and Level 5 indicating severe damage. The individual criteria are applied based on engineering judgment to arrive at the overall rating.

Condition Rating	Description	Representative Photograph
Level 1	**Little or no corrosion** ▪ Wall thickness loss, general .....none ▪ Wall thickness loss, pitting.....none to minimal ▪ Extent (area) of corrosion.....may be widespread but superficial	
Level 2	**Minor corrosion** ▪ Wall thickness loss, general .....up to 20% ▪ Wall thickness loss, pitting.....up to 20% ▪ Extent (area) of corrosion.....localized	
Level 3	**Moderate corrosion** ▪ Wall thickness loss, general .....20% to 40% ▪ Wall thickness loss, pitting.....20% to 60% ▪ Extent (area) of corrosion.....up to half of surface	
Level 4	**Severe corrosion** ▪ Wall thickness loss, general .....40% to 60% ▪ Wall thickness loss, pitting.....60% to 100% (pinholes) ▪ Extent (area) of corrosion.....most of surface	
Level 5	**Failure or imminent failure** ▪ Wall thickness loss, general .....greater than 60% ▪ Wall thickness loss, pitting.....100% (holes) ▪ Extent (area) of corrosion.....most or all of surface	

© 2020 V&A Consulting Engineers, Inc. All rights reserved.

xylem
Let's Solve Water



Proposal for

IN-SERVICE WATER PIPELINE LEAK DETECTION AND MAPPING

SmartBall®

pure TECHNOLOGIES
a xylem brand

9/16/2026
Mirko Maher
Water Systems Consulting
25201 Paseo De Alicia, Suite 29
Laguna Hills, CA
92653

Mirko Maher
WSC

RE: Big Bear Outfall Pipeline Smartball Inspection

Dear Mirko

Pure Technologies U.S. Inc., a Xylem brand, is pleased to offer our services to [Client] for inline leak and air pocket detection, as well as mapping of the outfall pipeline. The project scope includes inspection of approximately a total 9.2 miles of 16- and 18-inch diameter DIP/steel raw water pipeline. This includes 2.8 miles from the plant to Site 1 (Reach 1), 3.6 miles from Site 5 to the upper reservoir, and 2 parallel 1.4-mile lines from the upper reservoir to the outfall pipeline, for a total of 2.8 miles in that section.

We propose using our SmartBall® free-swimming inspection platform to complete this project. SmartBall inspects pipelines while they are in service, detects acoustic activity associated with leaks and trapped air pockets, and uses motion data to map the pipelines' true alignment. Features that make Pure Technologies' SmartBall platform the ideal solution for this project include:

- Reporting the location of leaks and air pockets within ±6 feet of their actual location
- The ability to live track and locate the actual position of the SmartBall tool within the pipeline
- The ability to map the true X-Y pipeline alignment using field-collected GPS points combined with SmartBall motion data
- 24-hour preliminary analysis to identify and investigate medium and large leaks prior to demobilizing
- 15+ years of experience successfully inspecting over 8,350 miles and reporting over 3,800 leaks

Pure Technologies continually strives to set the standard with the most trusted, technologically advanced tools operated by our highly experienced team. We look forward to addressing any questions you may have and helping you solve your water challenges.



Eber Serrano
Business Development Manager
Xylem – Pure Technologies
619-335-9667
Eber.serrano@xylem.com

In-Service Pipeline Leak Detection and Mapping

Inline leak detection is the best solution for detecting leaks in transmission mains as it brings the leak detection sensor directly to the source of the leak, providing greater sensitivity and accuracy, and covering long distances in a single deployment. The SmartBall inspection platform can be deployed in an active pipeline, avoiding the inconveniences associated with shutting off water flow for the duration of the inspection. Using the SmartBall inspection platform, Pure Technologies has located thousands of leaks saving millions of gallons of water.

Since 2005, utilities around the world have relied on the SmartBall platform to inspect more than 8,895 miles of pipeline and detect over 4,015 leaks.

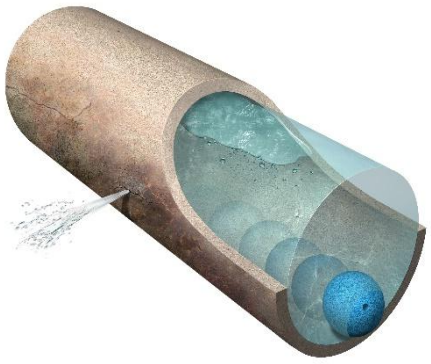


Figure 1: SmartBall Free-swimming Inspection Platform for Pipeline Leak, Air Pocket Detection and Mapping

Leak Detection and Mapping for Condition Assessment. Buried infrastructure typically accounts for a majority of the asset value of most utilities. The SmartBall platform is a valuable addition to a proactive pipeline management program, helping pipeline owners better understand the condition and location of their buried assets. By detecting leaks and air pockets, SmartBall empowers utilities to address problem areas before they result in larger failures, reducing unplanned capital expenditures while increasing operational confidence.

Known Leak Resolution. Finding and resolving a known leak can be a challenge for any utility. Evidence of leaks can be misleading, making them difficult to locate and sometimes creating a public relations issue. Inline leak detection can confirm or deny the existence and locate a known leak with absolute confidence.

Real Water Losses. Identifying non-revenue water is becoming an urgent priority with water scarcity, regulation, and increasingly stringent targets calling for tighter control of water from source to tap. Proven technologies to reduce water loss can be critical tools for utilities. While there are many external methods of locating leaks in small diameter distribution systems, they are less reliable and inefficient on large diameter pipes. By detecting leaks and air pockets, the SmartBall platform empowers utilities to reduce water loss and address problem areas before they result in larger failures.

Pipeline Mapping. Knowing the location of underground pipelines with certainty is a key component of pipeline management and comprehensive condition assessment programs. Confirming the location of buried assets helps pipeline managers evaluate the risk of pipeline

failure, understand the alignment relative to other critical assets and nearby utilities, efficiently plan to minimize the cost of maintenance work, reduce the likelihood of third-party damage, and conduct more accurate hydraulic modeling.

The Pure Technologies team and technical solution bring a host of benefits to bear on this project:



Figure 2: Confirmation of True Pipeline Alignment with SmartBall Mapping

- Project planning site visit that includes GPS point collection
- Development of an in-depth project planning document
- All travel and shipping costs included in our proposed fee
- Confined space entry certified personnel equipped with safety equipment
- Use of current pipeline features where possible, such as existing 4-inch taps, reservoirs and hydrants
- Minimal onsite support requirement from the utility – typically limited to escorting tracking teams, opening manholes, and operating the pipeline
- Post-project support to ensure results and reports are clear and accurate to support excavation, if required.

The best way to proactively manage any pipeline is to better understand its health using proven condition assessment solutions combined with advanced analysis.

A comprehensive condition assessment of water pipelines involves deploying tools to accurately assess the health of the buried infrastructure along with advanced engineering analysis to provide a clearer understanding of risks that inform short- and long-term repair and replacement strategies.

SmartBall

The SmartBall inspection platform is a free-swimming, nondestructive inline inspection technology that detects acoustic activity associated with leaks and pockets of trapped air in pressurized pipelines. Optionally, SmartBall can map the pipeline using the motion data of the tool along with field-collected GPS data.

The SmartBall tool is typically inserted through a valve into an active line. Once deployed, the tool is propelled by the hydraulic flow and can navigate inline valves, 90-degree bends, tees, diameter changes, profile changes, and vertical risers. It is typically extracted by inserting an expandable retrieval net through a pressurized stack attached to a 4-inch full-bore flanged valve.

The SmartBall tool is continuously tracked during an inspection using proprietary tracking devices synchronized with the tool and tracking sensors installed along the pipeline prior to deployment.

When mapping of the pipeline is included in the project scope, advanced location algorithms are used to evaluate motion data recorded by the SmartBall tool in combination with field-collected GPS data to determine the alignment of the pipeline.

An overview of the SmartBall platform inspection process is shown in **Figure 3**.

Transient Pressure Monitoring

A hydraulic evaluation is proposed in order to understand the operational and surge pressures within the pipeline. When pipe wall degradation is combined with surge pressures, the likelihood of pipe failure can be significantly increased. Evaluation of the pump station operation, such as pump startup mode, typical and peak flows, operating and surge pressures, and surge protection, can provide important information on the stresses imparted on the pipeline.

Hydraulic pressure transients (also known as surges or water hammers) occur in pipelines when the pressure conditions in the system change due to variances in pressure or flow (e.g. pump on/off cycles or the rapid closure of a valve). The magnitude of a transient is related to several factors that include, but are not limited to, the flow rate within the pipeline, the time in which the change in steady-state condition occurs, and a pipe's hoop stiffness. During a transient event, the kinetic energy within the pipeline (velocity of the water), is converted into potential energy (pressure in the pipe) and strain energy (deformation/strain in the pipe wall) by the propagation of transient pressure waves. A transient pressure wave can travel through the pipeline at speeds greater than 3,000 feet per second and can cause damaging pressure events and vacuum conditions, which can lead to permanent damage within the pipe wall and failure within the pipe system.

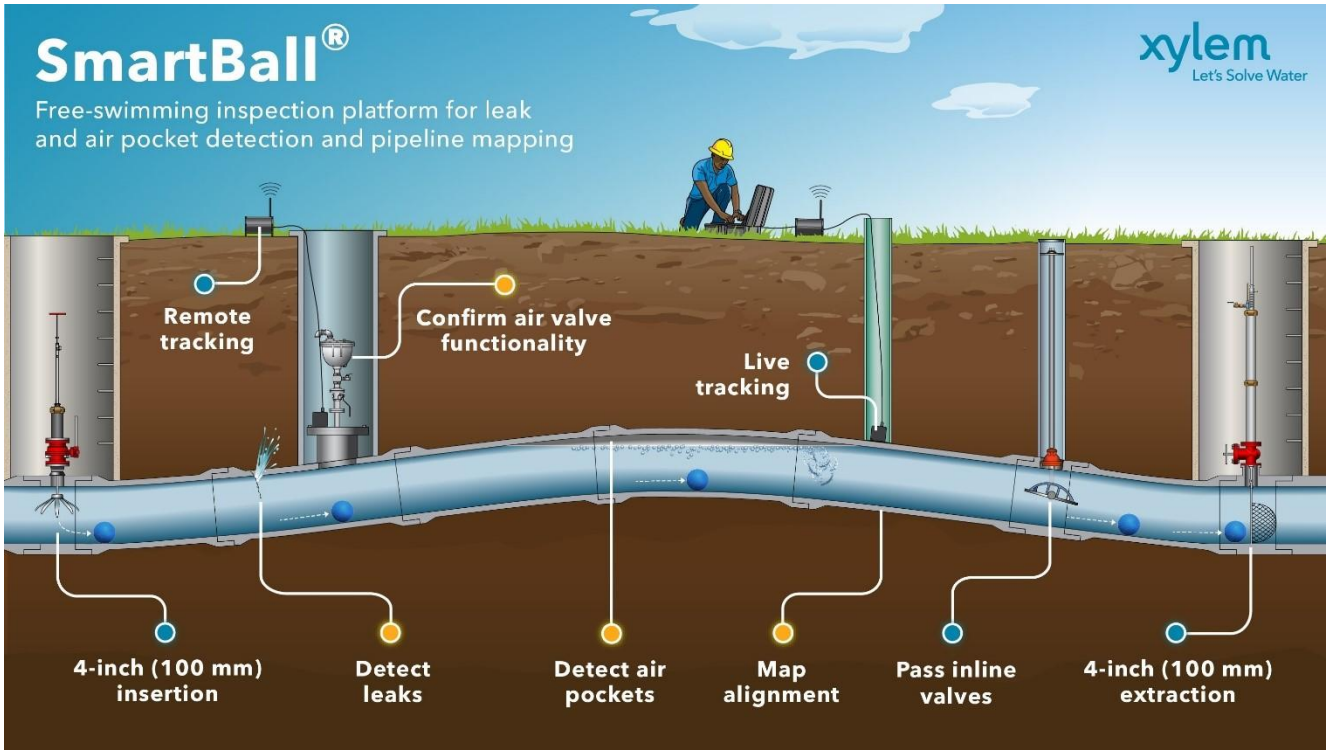


Figure 3. SmartBall Inspection Overview

Conventional pressure monitors collect data in intervals of seconds or minutes while transients may occur in fractions of a second and may be missed by traditional equipment. A transient pressure monitor continuously samples pressure at a high rate and records data every few minutes under normal operating conditions; however, when a transient pressure event is detected in the pipeline, the sampling rate increases to once every 50 milliseconds (20 readings per second). Telog pressure monitors are also capable of recording negative pressures in a pipeline as low as -14.7 psi, or perfect vacuum, as well as positive pressures in the pipelines as high as 300 psi.

Project Milestones and Deliverables

Additional details regarding insertion, extraction and tracking of the inspection tools are provided in Appendix A, Inspection Considerations.

Planning and Mobilization

The planning process is an integral element of a successful project. It allows the team to identify features of the site or the pipe that could prevent a successful inspection. Actions can then be implemented to mitigate any potential risk.

Pure Technologies will meet with WSC to perform a site visit to assess access to the pipeline and identify potential challenges and risks. As much information as possible on the pipeline will be requested during the planning process. It is our understanding that WSC will facilitate all civil activity for pipeline access and tracking sensor installation, which may require modification to existing features, excavation, tapping, traffic control, scaffolding and other activities identified during the planning process necessary to access pipeline features determined to be critical to the inspection. Pure Technologies will make every effort to utilize existing pipeline features where feasible.

Activities undertaken as part of the planning and mobilization process include, but are not necessarily limited to the following:

- Project document review
- Project planning site visit and review
- Pre-inspection coordination/meetings
- Planning document development, including tracking plan and tracking sensor installation details
- Equipment and staffing logistics
- Tool preparation
- Pre-inspection activities required in advance of the scheduled inspection date

Based on the information gathered from the project planning site visit and all available documents, a detailed Project Planning Document (PPD) outlining the inspection plan, including insertion and extraction procedures and tracking sensor locations will be submitted prior to commencing the work. The PPD will be submitted to WSC in electronic PDF format at least two weeks prior to the inspection, dependent on the receipt of project data, or as soon as possible in cases of urgent

mobilization. WSC should review and provide comments or approval of the PPD prior to mobilization. Any changes to the scope that arise in the planning process which impact the pricing in this proposal will be discussed with [Client] and mutually agreed upon before proceeding.

During the site visit, GPS location data will be collected for all Control Points and Reference Points. Chambers and vaults must be opened to ensure that the GPS points are recorded above the actual pipeline feature or to add an offset to the GPS points.

Planning and Mobilization Deliverables

1. Project Planning Document that outlines the inspection plan, including insertion and extraction procedures and tracking sensor locations.

Inspection

SmartBall tracking sensor installation will be completed the day prior to inspection and may take one to two days, depending on sensor locations and accessibility. It is expected that WSC will aid with any sensor installations that require soft digs or pavement coring to access the pipeline and will provide appropriate traffic control during tracking installations, if required, as outlined in the PPD.

Leak locations are determined using data recorded by the sensors onboard the SmartBall tool as well as that recorded by the tracking devices. This data is also used to determine if a leak is occurring on a pipe joint, barrel, or pipeline feature. Leaks occurring on the barrel of a pipe may indicate the pipe has been structurally weakened and is in danger of failing. Experience has shown our analysis methods are accurate to within approximately ±6 feet.

The inspection is anticipated to take 3 Days to complete (Inspection Schedule to be finalized and agreed upon during planning stage). Immediately preceding the deployment of the SmartBall tool, Pure Technologies personnel will measure the flow speed, flow direction, and pipeline operating pressure to verify the conditions in the pipeline. Several tracking teams will be assigned to monitor the tool's movement through the pipeline. If required, WSC will provide traffic control during the inspection at each tracking sensor location. Coordination with operations staff will be required throughout the duration of the inspection, particularly for activities such as valve operation, pump management, etc. These activities will be outlined in the PPD. Upon completion of the inspection, data will be downloaded from the SmartBall tool and shared with the Pure Technologies analysis team.

Prior to demobilizing from the inspection, the Pure Technologies team will review data recorded by the SmartBall tool and investigate suspected medium and large leaks identified during the inspection. The results from this analysis will be communicated directly to WSC through email, phone, or in-person. To investigate, personnel will travel to the location of the suspected leak to look for obvious signs of leakage, listen with a ground microphone, investigate nearby pipeline features and manholes, and will record additional GPS points used to improve the final reported location of the leak that will be delivered in the draft report.

Further details on considerations related to the pipeline inspection such as pressure, flow requirements, or insertion/extraction requirements can be found in Appendix A, Inspection Considerations.

The SmartBall tool will be inserted into the pipeline a second time to acquire the data needed to map the pipeline alignment. The pipeline alignment will be determined using motion data collected during inspection runs, as well as advanced algorithms.

Optional Inspection Services

Flow Rate Verification. Onsite verification of flow rates under inspection conditions can be conducted during initial site visit. This can be an essential step in the planning process for complex pipeline networks that require numerous valves to be operated or for utilities needing additional assistance to verify that operating conditions in the pipeline are suitable for inline inspection.

Hydrant extraction. Pure Technologies can provide equipment to safely retrieve the SmartBall tool from pipelines utilizing existing fire hydrants when other access points are unavailable. The SmartBall tool can also be inserted into the pipeline using hydrants. This method of insertion is performed at no additional fee from Pure Technologies but may require the utility to provide pumping services.

Data Analysis

The Pure Technologies analysis team will analyze the data collected by the SmartBall platform to document details of acoustic events including acoustic intensity plots and tracking details. A dig sheet will be developed for each leak to aid in location and excavation. Dig sheets include an aerial view of the pipeline alignment and detail a leak location based on the distance from the leak to the nearest upstream and downstream pipeline features.

For pipeline mapping data analysts will use the SmartBall directional data, along with field collected GPS points and pipeline bearing information, to create a geodatabase that characterizes the true alignment of the pipeline. This alignment is then compared to available pipeline information, such as an existing pipeline GIS and as built drawings, to identify conflicts or confirm the assumed pipeline alignment. In areas where the SmartBall-derived alignment agrees with a utility's records, the utility can feel more confident the assumed location of the pipeline is close to actual. If a conflict is identified, a targeted effort of exposing the pipeline, line finding and/or surveying at these specific areas may be warranted depending on the location accuracy required for the subject pipeline.

The error range of the mapping results will be calculated considering the distance between control points, availability of GPS points and pipeline heading, and quality of rolling motion of the SmartBall tool.

Data Analysis Deliverables

1. Immediate notification of suspected medium and large leaks, if needed
2. Draft Inspection Report including:
    - Project background and inspection details

- Details of acoustic events including acoustic intensity plots and tracking details
- A table of results identifying locations of acoustic events (e.g., leaks and/or air pockets)
- Dig sheets to aid in locating and excavating reported leaks, including an aerial view of the pipeline alignment and detail of each leak location

3. Geodatabase including SmartBall-collected alignment data, GPS points, and range of accuracy. By default, SmartBall Mapping results will be delivered in a geodatabase in the WGS84 coordinate system. Please notify Pure Technologies if a different file format or coordinate system is required prior to executing the project to avoid delayed delivery of the results.
4. Identification of conflicts between an existing pipeline alignment dataset and the SmartBall generated GIS alignment.
5. Final Inspection Report incorporating comments from WSC.

Transient Pressure Monitoring

Pure Technologies will install a Telog Pressure Impulse Recorder to collect pressure data for up to 30 days. The recorder can be programmed to record the minimum, average, and maximum background operating pressure every 5 minutes.

Pure Technologies will then remove the recorder and incorporate the results in the final report. Transient monitoring will be performed concurrently with project planning and implementation to maintain project schedule.

Transient Pressure Monitoring Deliverable

1. Raw monitoring data in spreadsheet format

WSC Responsibilities

It is expected that the activities listed below will be completed by [Client]. Requirements will be determined in more detail during the inspection planning process.

- Provide information about the pipeline at least four weeks prior to the inspection date including, but not limited to, plan and profile drawings, lay sheets, shop drawings, manufacturing details, and details of access structures and appurtenances – if available.
- Obtain any required legal right-of-entry on the property.
- Provide support personnel during the inspection for locating the access structures, traffic control, valve operation, pump operation, and other support as necessary.
- Provide Pure Technologies with the typical flow velocities and pressures for pipeline operation, and the expected minimum and maximum values for each. If this data is unavailable, Pure Technologies would like the opportunity to verify flow velocities recommended prior to performing the inspection.

- Provide and maintain safe and reasonable access to all work sites throughout the inspection and obtain permits as required.
- Prepare and/or modify existing pipeline fittings and structures as indicated by Pure Technologies to accommodate insertion and extraction of the equipment as outlined in the Planning Document.
- Render confined areas safe for the services, including lockout tagout of pumps, valves and motors; dewatering chambers and vaults to permit movement of persons and equipment; and vector and rodent control as necessary.
- Provide scaffolding to support SmartBall insertion or extraction if needed.
- Excavate, dewater, shore up, and/or provide scaffolding of job area and other civil activity as necessary in compliance with Occupational Safety and Health Administration and local standards and regulations.
- Provide pumping services to allow for insertion of the SmartBall tool through a hydrant, if necessary.
- Operate the pipeline in a manner that will achieve the minimum required flow velocity indicated in the Planning Document throughout the inspection.

Project Schedule

The proposed schedule for the project is shown below.

Leak Detection	
Task	**Timing**
Site visit	Within 30 days following Notice to Proceed (NTP)
Project Planning Document	2-4 weeks following site visit
Inspection	2-6 weeks following approval of the Project Planning document
Leak investigation prior to demobilization	24 hours after completion of inspection
Draft Report Leak and air pocket detection only Leak, air pocket, and XY Alignment, <4 miles Leak, air pocket, and XY Alignment, 4-9 miles Leak, air pocket, and XY Alignment, >9 miles	 4 weeks after inspection 8 weeks after inspection 10 weeks after inspection 15 weeks after inspection
Final Report and Geodatabase	2 weeks after receipt of comments on Draft Report *If no response to the Draft Report is received within 30 days of submittal, the report will be finalized and submitted to wsc.*

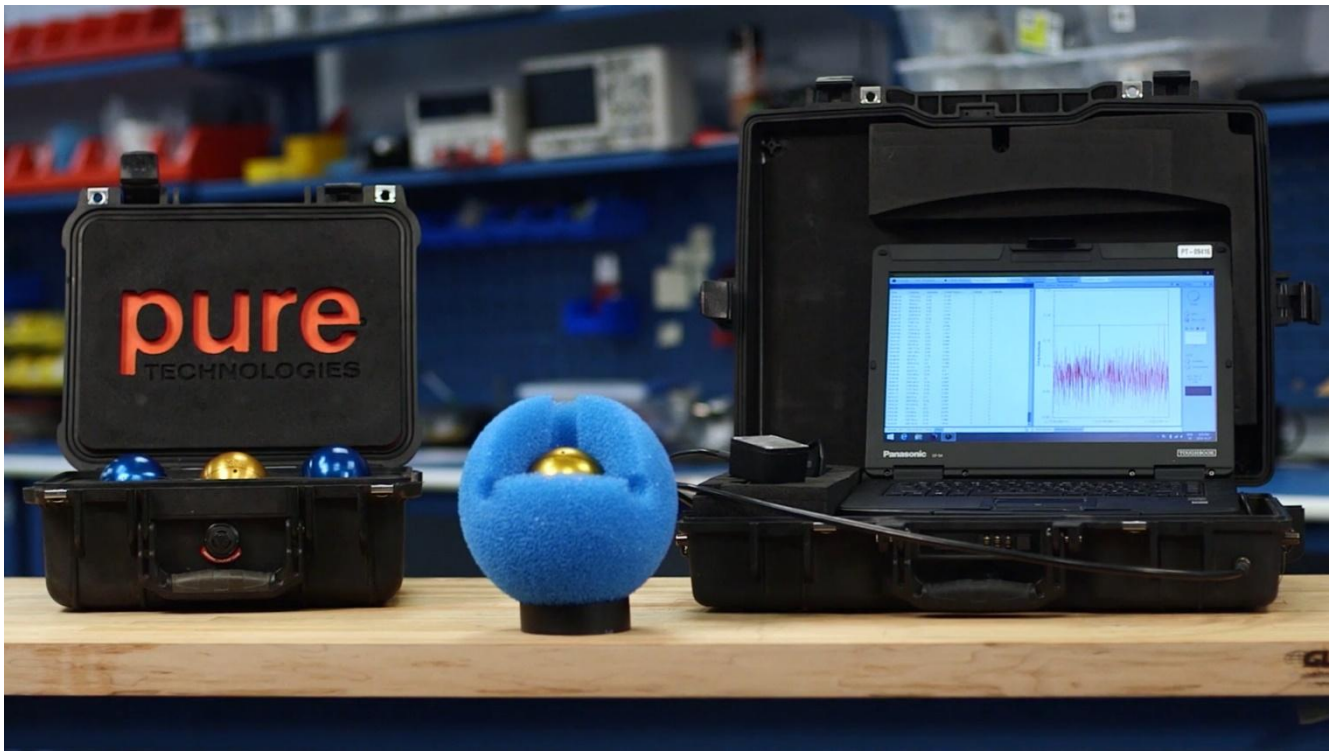


Figure 4. SmartBall Inner Aluminum Core, Outer Foam Shell, and Tracking Device

Proposed Fee and Payment Schedule

The estimated cost for this project is based on the information provided at the time of this proposal and detailed in the table below.

Project Pricing					
Item	**Description**	**Unit**	**Unit Price**	**Quantity**	**Total Price**
1	Project Set up (planning/ mobilization)	Lump Sum	$22,660	1	$22,660
2	Base Fee (up to 2 mi)	Each	$25,493	1	$25,493
3	Rate: Miles 3 & 4	Each	$11,330	2	$22,660
4	Rate: Miles 5, 6 & 7	Each	$10,197	3	$30,591
5	Rate: Miles 8, 9 & .2	Each	$9,064	2.2	$19,940
8	Reporting	Lump Sum	$16,995	1	$16,995
	Estimated Total Project Cost				**$138,339**
Additional/optional Items					
Item	**Description**	**Unit**	**Unit Price**	**Quantity**	**Total Price**

1	Mapping feature (Per Mile)	Each	$7,365	13.3	$97,955
2	Standby	Each	$11,897	1	$11,897
3	Expedited Reporting	Lump sum	$5,665	1	$5,665
4	Additional Insertion	Each	$6,798	1	$6,798
5	Transient Pressure Monitoring	Each	$8,250	1	$6,798

Notes and Assumptions

- Pricing above assumes the project estimated in this proposal is exempt from any labor agreement, prevailing wage, apprenticeship, or union membership statute. If not exempt, Pure Technologies reserves the right to increase the estimate as necessary to meet any statutory requirements.
- All travel, shipping and related expenses are included in the mobilization and field data collection/inspection fees.
- Pure Technologies will perform all work under a single mobilization to the project site unless otherwise noted in the scope of work.
- If additional work is required due to circumstances outside of Pure Technologies' control or based on additional requests from WSC, a mutually agreed change order will be required.
- A charge of 25% of the planning and mobilization fee will apply should the work be delayed by WSC within two weeks prior to agreed mobilization date. A project delayed into the next calendar year may incur a price increase in the amount of the local Consumer Price Index.
- A charge of 50% of the planning and mobilization fee will apply should the work be cancelled by WSC within two weeks prior to agreed mobilization date. Any other charges incurred prior to the cancellation scenario shall be invoiced in full.
- Pricing does not include custom equipment fabrication, traffic control, civil works, permitting, confined space rescue support, lighting for night inspections, or valve exercising. These tasks and their respective costs are the responsibility of WSC unless otherwise agreed or included in the project estimate above.
- All sub-contractor fees presented in this proposal are budgetary. Upon award and detailed project planning, Pure Technologies will develop refined costs with our subcontractors to develop the most cost-effective approach to executing the work. Pure Technologies will invoice incurred costs plus 10~20% depending on complexity and client terms which may exceed the pricing submitted within this proposal.
- A schedule for onsite activities will be developed in consultation with WSC during the project planning phase. If, during project execution, the planning document schedule is

exceeded by 24 hours or more due to no fault of Pure Technologies, such extra days will be invoiced at the standby rate of $11,897 per day.

- Suitable access points for insertion and extraction of the inspection tool are the responsibility of WSC.
- Additional services required for hydrant insertion, such as pumping are the responsibility of WSC.
- Costs associated with scaffolding to support SmartBall insertion or extraction are not included in this proposal.
- Hydrant extraction pricing does not include additional services if necessary, such as dichlorination or water discharge permitting.
- Pipeline mapping costs includes the required re-insertion of the SmartBall tool into the line.
- Cost associated with pipeline mapping appropriate only as add-on service to inspection, not a standalone mapping project.
- Pure Technologies' liability and insurance for this project are standard as detailed in the Standard Terms & Conditions included with this proposal. Non-standard conditions may be subject to a surcharge fee equal to 5% of the total project estimate.
- All taxes, levies, duties, tariffs and other governmental charges, and any incremental increases thereto, shall be paid by WSC. Pure Technologies reserves the right to adjust pricing and schedule of the affected goods to reflect any impact resulting from tariffs not already included in the proposed pricing. Pure Technologies is not obligated to deliver the goods and/or services until an agreement on the new price and/or schedule has been reached.
- Please note that Project Pricing included herein is valid for 120 days from the date of this proposal.

Payment Schedule

Invoicing Schedule		
Service	**Fee**	**Invoicing Period**
Project Set up	$22,660	Upon submittal of the Project Planning Document
Smartball Inspection	$98,684	Upon completion of Inspection
Reporting	$16,995	Upon receiving finalized report from Xylem

Standard Terms and Conditions

CONDITIONS OF ENGAGEMENT FOR THE PROVISION OF SERVICES

(North America)

The Proposal is issued upon and is subject to these Conditions of Engagement. If the Proposal is accepted by the Client, these Conditions of Engagement and the Proposal will be deemed to form part of the Contract between the Client and Pure.

1. DEFINITIONS

In these Conditions of Engagement the following definitions apply:

"Client"	means any person or persons, firm or company engaging Pure to provide the Services.
"Contract"	means the agreement awarded to Pure as a result of the Proposal.
"Pure"	means Pure Technologies Ltd., Pure Technologies U.S. Inc., PureHM Inc., PureHM U.S. Inc. or any of their affiliates, as the case may be, which submitted the Proposal and is a party to the Contract.
"Proposal"	means Pure's offer to carry out the Services and includes all related correspondence plus agreed written variations or amendments thereto.
"Services"	mean those services of whatever nature to be supplied by Pure under the Contract.
"Site"	means the facility, land, installation or premises to which Pure is granted access for the purposes of the Contract and may include any combination of the foregoing.

2. PURE'S OBLIGATIONS

2.1 Pure will perform the Services in accordance with the procedures described in the Proposal, using reasonable skill, care and diligence and consistent with industry standards.

2.2 Pure will ensure that the equipment used in performing the Services is in a good and functional state.

3. CLIENT'S OBLIGATIONS

3.1 The Client will provide to Pure full, good faith co-operation to assist Pure in providing the Services. Unless otherwise specified in the Proposal and without limiting the generality of the foregoing, the Client will at its own expense:

(i) ensure, if required, access to private land will be given to Pure and that any official permits or permissions required for Pure to have access to the Site or carry out the Services are obtained and are in force for the duration of the Services;

(ii) inform Pure in writing of any special circumstances or danger which the execution of the Services may entail or which are inherent in the Site, including the existence and identity of any known hazardous substance or material;

(iii) perform such additional duties and responsibilities and provide such information and resources as are described in the Proposal.

3.2 The description of the Services and related compensation amount set out in the Proposal will be based upon information that the Client shall have provided to Pure, and assumptions that Pure shall have identified in the Proposal. The Client acknowledges that if any such information provided by Client is materially incomplete or inaccurate, or if the assumptions identified by Pure are not correct, then the parties will modify the Proposal to reflect the actual information, assumptions, and Services required, and the compensation to Pure will be adjusted accordingly using the change order process set out in the Contract, or if there is no such process, on an equitable basis.

3.3 Client will pay Pure within 30 days of Client's receipt of an invoice therefrom. Client acknowledges that Pure is entitled to payment for any and all Services performed hereunder up and until the date of the full completion of such Services.

3.4 Upon Client's termination of the provision of Services or any goods by Pure hereunder, Pure will be entitled to payment for any and all goods and Services provided up to and until the date Pure receives notice of termination from Client. Such payments will be at the rates as provided to Client in the Proposal.

3.5 The pricing provided in the proposal shall remain firm for 12 months from the date hereof. Thereafter, in recognition of the current inflationary environment and potential of labor and component cost increases to Pure, a price adjustment may be requested by Pure to account for such cost increase.

4. PROPRIETARY AND CONFIDENTIAL INFORMATION

4.1 All reports generated in the performance of the Services and delivered by Pure to the Client will become the property of the Client.

4.2 Pure's equipment which is made available to the Client in connection with the Contract and the raw data generated in the performance of the Services will remain the sole and exclusive property of Pure. The Client will not acquire any proprietary rights in Pure's equipment, systems, software, technology, inventions (whether or not patentable), patents, patent applications, documentation, specifications, designs, data, databases, methods, processes or know-how ("Pure's Proprietary Technology"). Any modifications or improvements to the Pure's Proprietary Technology made during the performance of the Services will be the sole and exclusive property of Pure.

4.3 Both parties agree to keep confidential all documentation and information provided by the other during the performance of the Contract. The obligations set out in this clause 4.3 will remain in full force and effect after any termination or expiry, as the case may be, of the Contract.

4.4 Notwithstanding anything herein to the contrary, Contractor will have a limited, non-exclusive, royalty-free license to utilize data collected and received in the performance of services hereunder for purposes of (a) providing services, (b) analyzing and improving the services, and (iii) internal research and development for the benefit of Contractor and Client's clients.

5. LIABILITY AND WARRANTIES

5.1 Pure will indemnify and hold the Client harmless against any expense, demand, liability, loss, claim, lawsuit or proceeding whatsoever in respect of personal injury to or the death of any person, or any loss, destruction or damage to any tangible property and arising directly or indirectly from the negligence of Pure, its employees, servants or agents except to the extent caused by the negligence of the Client or any person for whom the Client is responsible. The Client will similarly indemnify Pure.

5.2 Pure will not be liable for any loss of production, loss of use of property, loss of revenue or profit, equipment downtime, business interruption, loss of goodwill, loss of anticipated savings, cost of procurement of substitute goods or services, or for any consequential, indirect,

incidental, or special loss or damage suffered by the Client or any third party, or for any punitive damages, even if advised of the possibility thereof and notwithstanding the failure of essential purpose of any remedy.

5.3 Pure's cumulative liability hereunder, whether in contract, tort, or otherwise, will in no event exceed the greater of (i) the aggregate consideration paid by the City to Pure for the portion of the Services that gave rise to the liability, or (ii) $2 million; provided, however, that this clause shall not limit Pure's indemnification obligations hereunder. The report(s) and any other recommendations or advice made by Pure relating to the pipeline or the Services will be made in accordance with the procedures described in the Proposal, using reasonable skill, care and diligence consistent with industry standards, but do not and will not constitute a warranty of the pipeline's quality, capacity, safety or fitness for purpose. Pure will not be liable to the Client for any liability or damages that arise from the Client's reliance upon or application or use of such final report or recommendations or advice made by Pure in relation to the pipeline or Services, and the Client will indemnify Pure against any liability to third parties resulting therefrom.

5.4 Pure's warranties for the Services will be set out in the Contract. Pure disclaims all implied or statutory warranties or conditions, including of merchantability, merchantable quality, durability, or fitness for particular purpose to the extent allowed by applicable law. This means Pure's warranty obligations will be limited to what is expressly set out in the Contract.

6. Insurance

Pure will provide the Client with a certificate of insurance evidencing the following coverages:

6.1	Commercial General Liability	$2,000,000
6.2	Automobile Liability	$1,000,000
6.3	Workers Compensation	Statutory
6.4	Professional Liability	$500,000

7. Solicitation of Employees

Pure and Client (the "Parties") agree that, for the term of Client's engagement of Pure, and for one (1) year thereafter, the Parties will not:

7.1 directly or indirectly solicit, or attempt to solicit or endeavour to cause any employee, volunteer or consultant of the other Party to leave his or her employment, volunteer or consulting relationship; or

7.2 directly or indirectly induce or attempt to induce any customer or prospective customer of the other Party to cease doing business in whole or in part with the other Party or solicit the business of any customer or prospective customer of the other Party for a purpose which is competitive with the Party's business.

8. Special Conditions/Acknowledgement of Events.

Each Party acknowledge and agree that the global COVID-19 pandemic ("COVID-19") is ongoing, dynamic, unpredictable, and as such may impact the ability of Pure to meet its obligations under this Agreement. The Parties agree that, for so long as there is an impact of COVID-19 on Pure's performance, all performance efforts by Pure will be on a reasonable efforts basis only and Pure shall not be responsible for failure to meet its obligations, to the extent that it is precluded from doing so as a result of COVID-19. The Parties shall work, in good faith, to make any reasonable adjustments that may be required as a result of COVID-19.

Appendix A: SmartBall Inspection Considerations

Pipeline Pressure

Inline leak detection technology is inherently more sensitive than external methods and correlators because it brings the acoustic sensor within one pipe diameter of the leak. Acoustic leak detection functions by detecting the acoustic signature generated by the sudden drop in pressure of water exiting the pipeline at the site of a leak. SmartBall technology requires a minimum pressure differential between internal and external pipe wall conditions of 15 psi (1 bar) for acoustic leak detection. For pipelines in high water tables or river crossings, the resultant hydrostatic head acting against the exterior of the pipe wall must be taken into consideration.

During the SmartBall inspection, Client or Consultant staff will need to operate the system to maintain pipeline pressures as necessary to accommodate the needs of its customers while providing the required pressurized environment for leak detection and constant flow for propulsion of the tool down the pipeline. Additional factors affecting acoustic leak detection include scenarios such as tunnels, slip lining, and encasements. In these situations, the acoustic signature generated by a leak may not occur directly at the leak site inside the pipeline. Instead, it could manifest at the point where the fluid exits the tunnel, slip lining, or encasement if the 'leak path' becomes pressurized between the pipe wall and these structures. Approximate pressure measurements may be requested prior to and/or during the inspection to ensure the pipeline is operating within expected conditions.

Insertion and Extraction Requirements

As shown in Figure 6 the SmartBall tool is typically inserted through a 4-inch (100mm) or larger full-bore flanged valve into an active pipeline. When using standard insertion equipment, the valve should have direct access to the pipeline with no bends in the connecting riser. The minimum internal diameter of valve opening and pipeline access must be no less than 3.75 inches (95.3mm). A minimum of 4 feet (1.3m) of overhead clearance is required above the flange of the insertion valve. Alternative methods for insertion include utilizing check valves in pump stations, areas where the pipeline transitions to gravity, or pumping the SmartBall through offset piping such as a hydrant or bypass.

If a hot tap is being performed to add an access point, the drill bit must be at least 3.75 inches (95.3mm) in diameter and centered within the newly installed valve. Note that a 4-inch valve on an access point installed with a drill bit smaller than 3.75 inches will not provide the clearance needed.

The SmartBall tool is typically extracted from the pipeline by installing a pressurized stack on a 4-inch (100mm) full bore flanged valve, or larger, with a minimum internal diameter no less than 3.75 inches (95.3mm). The valve should be on the crown of the pipe and be located on a flat section of pipeline with no vertical slopes or horizontal bends 20 times the pipe diameter upstream of the valve and 5 times the diameter downstream. A minimum of 16 feet (4.8m) of overhead clearance is required above the flange of the extraction valve. It is possible to core the roof of a vault above the valve with an 8-inch (200mm) or greater opening if the vault does not have enough overhead clearance. The extraction net utilizes a tracking sensor and a camera to confirm the SmartBall tool

has been caught. Other extraction methods, such as retrieval from a reservoir using a remotely operated vehicle, are possible and can be evaluated by the SmartBall technical experts for feasibility.

Tracking

Prior to the inspection, tracking sensors will be installed along the pipeline to track the position of the SmartBall tool. The tracking sensors function best when installed as close as possible to the water column (<1 times the riser diameter) in the pipeline and are attached to metal surfaces of pipeline appurtenances, such as air release valves, flanges, valves, or any other contact point on the pipeline. Locations that should not be used as tracking locations are man access hatches with no air valves and locations with acoustic interferences. At these locations, Pure Technologies staff clean an area of the pipe approximately 3 inches by 3 inches (75mm by 75mm) and will adhere tracking sensors using a fast-drying epoxy. Computers synchronized with the SmartBall tool will be connected to the tracking sensors to calculate the location and velocity of the SmartBall tool as it approaches and passes the tracking location. Tracking teams will set up at tracking sensors before deploying the SmartBall tool and will 'leap-frog' to subsequent tracking locations as the SmartBall tool traverses the pipeline on its way to the extraction point. A tracking plan and details for installing tracking sensors will be included in the PPD submitted to WSC prior to the inspection.

Flow Requirements

The SmartBall tool requires a minimum fluid velocity of 0.5 feet per second (0.15 meters per second) to traverse flat sections of pipeline. The ideal fluid velocity for most pipelines is 2 to 4 feet per second (0.6 to 1.2 meters per second) for traversing slopes and allowing tracking teams to relocate to the next tracking location. The maximum fluid velocity before data quality is impacted is 5 feet per second (1.5 meters per second) for leak and air pocket inspection and 3 feet per second (0.9 meters per second) for SmartBall mapping. The SmartBall tool usually travels at approximately 70% of average fluid velocity. Client or Consultant staff will control the constant flow rate to confirm the requisite velocity during tool deployment as defined in the PPD. Pure Technologies will also evaluate pumping rates and cycle times to determine if supplemental water will be required to complete the inspection. It should be noted that air pocket and leak detection surveys should be performed as close to typical operating conditions as feasible.

Live Pipeline Inspection Risks

Despite meticulous planning and preparation, live pipeline inspection carries an inherent risk that cannot be avoided. There is a possibility that the inspection platform could encounter problems during the inspection run that could lead to loss of data, requiring a re-inspection or at worst the tool getting stuck in the pipeline due to unforeseen or unknown obstructions. The planning process is used to mitigate any potential risks.

Leak Location Accuracy

During an inspection, the SmartBall platform detects leaks by identifying the acoustic signature created when pressurized water escapes from the pipeline into a lower-pressure environment. Leak

location is determined through the integration of multiple independent data sources as summarized in the Table below.

Independent Data Sources used to determine location

Rolling distance data from the SmartBall tool	**Inspection-Dependent Factors**
External tracking data collected in the field	
Client-provided GIS pipeline data	**Client-Provided Data**
Client-provided as-built drawings	

These datasets are synchronized and overlaid to calculate the final leak position. When all data sources are accurate and inspection conditions are favorable, the SmartBall system is capable of achieving a leak location accuracy of ±1.8 m (±6 ft). This stated accuracy assumes that all inspection and pipeline datasets are accurate and that field conditions allow optimal tool tracking and movement.

Inspection-Dependent Factors

The SmartBall rolling and tracking data are collected in the field and are influenced by operating and pipeline conditions. The following conditions are required to support the stated accuracy.

- Tracking sensor spacing of 1,000 m (3,200 ft) or less
- Stable flow velocity no more than 5ft/s (1.5 m/s) throughout the inspected section
- No more than two consecutive 90-degree vertical bends within 20 times pipe diameter of each other between tracking sensor locations
- Tracking sensors mounted directly to the pipe wall, or if mounted on an outlet, at a distance not exceeding one outlet diameter from the main pipe
- Internal pipe wall conditions suitable for free rolling of the tool (no excessive biofilm, scale, or debris)
- To ensure repeatable results all leak validations must be completed while inspection conditions are replicated.

Deviations from these conditions may reduce tracking accuracy as well as rolling distance data and will therefore impact final leak location precision.

Client-Provided Data

Final leak positioning also depends on the accuracy and completeness of client-supplied GIS and as-built data. The following conditions are required to support the stated ±1.8 m (±6 ft) accuracy:

- Sub-meter-accurate GIS data for pipeline alignment and components
- Up to date as-built drawings, including all post-installation modifications
- Constant flow conditions for the duration of the inspection

- Closure of outlets and changes to system configuration in accordance with the agreed inspection plan

Any missing, outdated, or inaccurate pipeline data will directly affect the calculated leak location accuracy.

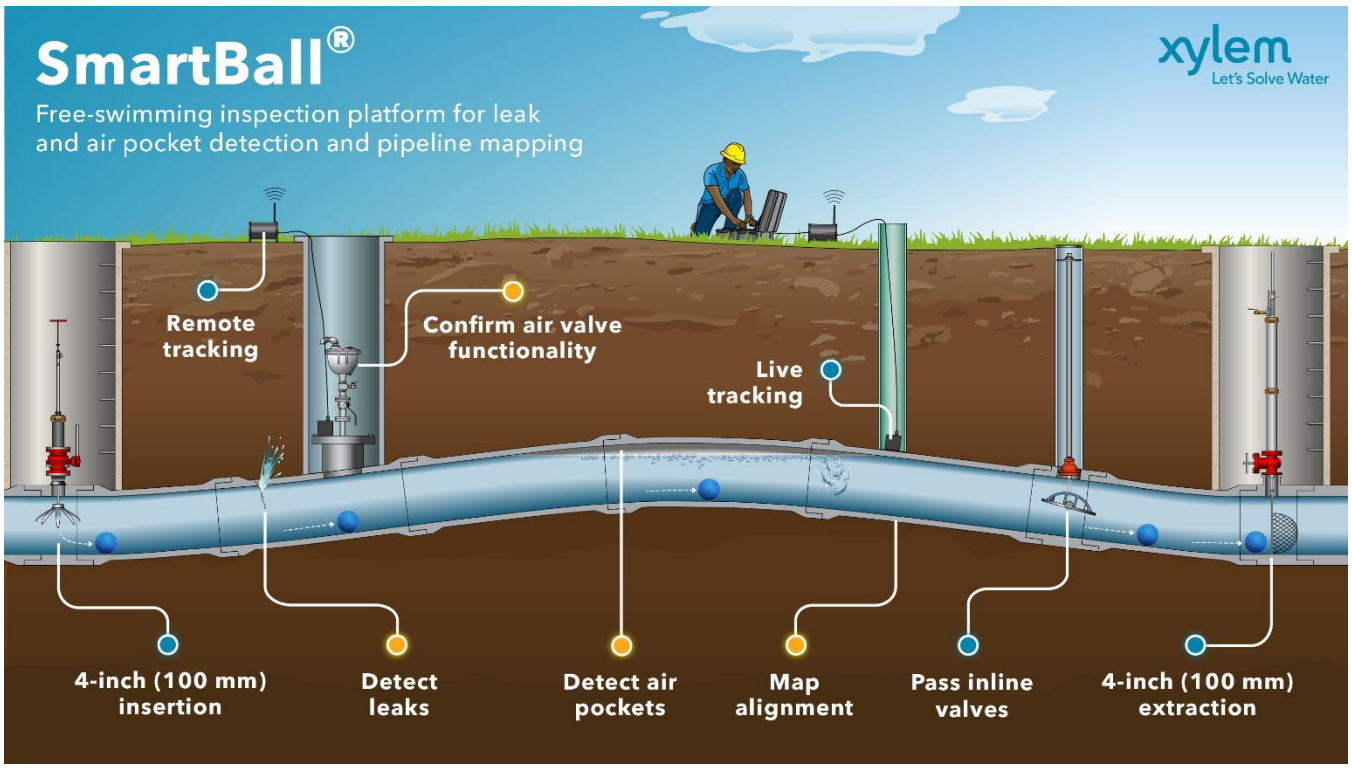


Figure 6. SmartBall Inspection Overview

Appendix C Proposed Locations for Assessment



Water Systems Consulting, Inc.

3602 Inland Empire Blvd., Suite C230

Ontario, CA 91764

www.expectWSC.com

PROPOSED CONDITION ASSESSMENT

TESTING LOCATIONS EXHIBIT

CLIENT:	1054 – Big Bear Area Regional Wastewater Agency
PROJECT:	12558 – Outfall Line Investigation
BASIS:	Alternative 3 (Indirect and Direct Testing) - SmartBall® plus soil/direct measurement

FIGURE NO.
3

DATE:
09/23/2026

DRAWN BY:
M. Maher

SCALE:
1" = 5,000 FT (Approx.)

NOTE: Testing locations and reach limits shown are preliminary and correspond to Alternative 3 as described in the Outfall Investigation Plan Technical Memorandum. SmartBall® coverage is not applicable in Reach 2 due to open channel flow conditions; direct measurement testing sites in Reach 2 provide condition data in lieu of continuous inspection. Site list and locations subject to confirmation. Not for construction.

Big Bear Area Regional Wastewater Agency

Agenda Item 7.A.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Prepared By:	Bridgette Burton, Assistant General Manager/Board Secretary
Subject:	September 28, 2026 Special Meeting Minutes

Background & Discussion:

Attached are the minutes from the September 28, 2026 Special Meeting.

Financial Impact:

There is no financial impact.

Recommendation:

Approve.

Attachment:

September 28, 2026 Special Meeting Minutes

Big Bear Area Regional Wastewater Agency

Special Board Meeting Minutes

September 28, 2026 at 5:00 p.m.
121 Palomino Drive, Big Bear City, CA 92314

Governing Board Members Present

Kendi Segovia, Chair; Larry Walsh, Vice-Chair; Rick Herrick, Director (joined at 5:02 p.m.); John Russo, Director; and Andrew Sauer, Director

Governing Board Members Absent - None

Staff Members Present

David Lawrence, P.E., General Manager; Bridgette Burton, Assistant General Manager/Board Secretary; John Shimmin, Plant Manager; and Sonja Kawa, Human Resources Coordinator/Accounting Technician

Others:

Glenn Jacklin, General Manager, Big Bear City Community Services District; and Sean Sullivan, Assistant City Manager/Director of Public Works, City of Big Bear Lake

Members of the Public who Signed in:

Dennis Copp, Erwin Lake; R. David, Erwin Lake; Dino DeMarco, Big Bear City; Patrice Duncan, Sugarloaf; Joan Durrent, Erwin Lake; Rita Enders, Erwin Lake; Steve Gonzalez, Erwin Lake; Daniel Gulbranson, Big Bear Lake; Kevin Hauser, Erwin Lake; Marty Hauser, Erwin Lake; Raffy Krikorian, Erwin Lake; Karen McDonald, Erwin Lake; Cory Scranton, Erwin Lake; Gayle Venegas, Erwin Lake; and Randy Young, Erwin Lake

1. **Call to Order**
   A Special Meeting of the Big Bear Area Regional Wastewater Agency was called to order by Chair Segovia at 5:00 p.m. on September 28, 2026, at 121 Palomino Drive, Big Bear City, CA 92314.
2. **Pledge of Allegiance** – Chair Segovia
3. **Approval of Agenda**
   Upon motion by Chair Segovia, seconded by Director Sauer and carried, the Governing Board approved the agenda as presented.
   Ayes: Russo, Sauer, Segovia, Walsh
   Noes: None

Absent: Herrick
Abstain: None

4. **Public Forum**
   Public comments were heard.
5. **Presentation and Introduction**
   A. Andrew Sauer 1-year Recognition
      The General Manager and Governing Board congratulated Director Sauer on one-year of service to the Agency.
6. **Information and Committee Reports**
   A. General Manager's Report
      The General Manager reported the status of Agency projects.
   B. Greenspot Recharge Project Report
      The General Manager highlighted progress on the project.
7. **Consent Calendar Approved Items**
   A. August 26, 2026 Regular Meeting Minutes
   B. Monthly Disbursements Report
   C. Investment Report Identifying Agency Investments and Reporting Interest Income
   D. Carryover Appropriations
      Upon motion by Director Herrick, seconded by Chair Segovia and carried, the Governing Board approved the consent calendar as presented.
      Ayes: Herrick, Russo, Sauer, Segovia, Walsh
      Noes: None
      Absent: None
      Abstain: None
8. **Items Removed from the Consent Calendar** - None
9. **Old Business** - None
10. **New Business**
    A. Reallocate $43,797 in the Capital Budget from the Collection System Master Plan to the Wastewater Treatment and Outfall Line Master Plan
       The General Manager provided a description of the work for both Master Plans and the reason for the reallocation.
       Public comments were heard.
       Upon motion by Director Herrick, seconded by Chair Segovia and carried, the Governing Board approved the reallocation of $43,797 in the Capital Budget from the Collection System Master Plan to the Wastewater Treatment and

Outfall Line Master Plan.

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

11. Comments and Announcements

A. General Manager Comments - None

B. Governing Board Comments

Governing Board comments included concerns regarding potential increases to the overall cost of the Greenspot Recharge Project, the total interest cost of financing the project, and the importance of intergenerational equity.

12. Adjournment

With no further business to come before the Governing Board, Chair Segovia adjourned the meeting at 6:02 p.m.

Attest:

_____

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

Big Bear Area Regional Wastewater Agency

Agenda Item 7.B.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Prepared By:	Christine Bennett, Finance Manager
Subject:	Monthly Disbursements Report

Background & Discussion:

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

Financial Impact:

There is no financial impact.

Recommendation:

Informational.

Attachments:

Check Register
Check Register by Account

Big Bear Area Regional Wastewater Agency
Check Register
For the Period from Sep 1, 2026 to Sep 30, 2026

Check #	Date	Payee	Cash Account	Amount
25955	9/8/26	BIG BEAR CITY COMMUNITY SERVICES DIST.	1000-20	1,615.36
25956	9/8/26	BUTCHER'S BLOCK	1000-20	4,269.06
25957	9/8/26	BEAR VALLEY ELECTRIC	1000-20	12,792.98
25958	9/8/26	CLINICAL LAB OF SAN BERNARDINO	1000-20	107.50
25959	9/8/26	JOHN CONNELLY	1000-20	125.00
25960	9/8/26	CWEA TCP MEMBERSHIP	1000-20	759.00
25961	9/8/26	DIY HOME CENTER-BIG BEAR	1000-20	141.31
25962	9/8/26	FAMCON PIPE & SUPPLY INC.	1000-20	3.00
25963	9/8/26	FEDEX	1000-20	15.11
25964	9/8/26	FLYERS ENERGY, LLC	1000-20	1,005.38
25965	9/8/26	FRONTIER	1000-20	1,809.62
25966	9/8/26	GEIGER SUPPLY INC	1000-20	352.55
25967	9/8/26	GINO'S TIRE & AUTOMOTIVE LLC	1000-20	225.65
25968	9/8/26	HUGHES NETWORK SYSTEMS LLC	1000-20	101.52
25969	9/8/26	KIMBALL MIDWEST	1000-20	148.05
25970	9/8/26	MALLORY SAFETY & SUPPLY	1000-20	1,207.27
25971	9/8/26	ANDY MEADORS BRANDING	1000-20	106.98
25972	9/8/26	MOONRIDGE FUELSTOP	1000-20	131.18
25973	9/8/26	MOTION INDUSTRIES, INC.	1000-20	12,937.29
25974	9/8/26	PITNEY BOWES GLOBAL FINANCIAL SERVICES	1000-20	127.67
25975	9/8/26	SKYVIEW ELECTRIC	1000-20	705.00
25976	9/8/26	SPECTRUM BUSINESS	1000-20	1,053.96
25977	9/8/26	TWIN BEAR EQUIPMENT RENTAL INC	1000-20	52.80
25978	9/8/26	UNDERGROUND SERVICE ALERT	1000-20	313.53
25979	9/8/26	VALERO	1000-20	107.74
25980	9/8/26	VESTIS	1000-20	3,343.95
25981	9/8/26	WATER ENVIRONMENT FEDERATION	1000-20	399.00
25982	9/8/26	KEN WILLIS CONSTRUCTION	1000-20	1,578.50
25983	9/8/26	WATER SYSTEMS CONSULTING INC.	1000-20	138,194.44
25991	9/22/26	ALLISON MECHANICAL INC.	1000-20	2,275.00
25992	9/22/26	AMAZON CAPITAL SERVICES	1000-20	1,764.76
25993	9/22/26	BEST BEST & KRIEGER LLP	1000-20	10,617.68
25994	9/22/26	BUSINESS CARD	1000-20	4,383.94
25995	9/22/26	COUNTY OF SAN BERNARDINO	1000-20	587.24
25996	9/22/26	TOM DODSON & ASSOCIATES	1000-20	2,222.50
25997	9/22/26	DISTRIBUTED SOLAR DEVELOPMENT LLC	1000-20	17,038.35
25998	9/22/26	DEPARTMENT OF WATER & POWER	1000-20	57.03
25999	9/22/26	ENVIRONMENTAL EXPRESS INC	1000-20	271.39
26000	9/22/26	INLAND BOBCAT, LLC	1000-20	412.92

26001	9/22/26	KIMBALL MIDWEST	1000-20	681.93
26002	9/22/26	PRIMO BRANDS	1000-20	317.66
26003	9/22/26	ROGERS ANDERSON MALODY & SCOTT LLP	1000-20	12,000.00
26005	9/22/26	RINGCENTRAL INC.	1000-20	386.79
26006	9/22/26	SANCON TECHNOLOGIES	1000-20	30,070.00
26007	9/22/26	SOUTHERN CALIFORNIA EDISON	1000-20	51.51
26008	9/22/26	SDRMA	1000-20	3,029.60
26009	9/22/26	SOUTHWEST GAS	1000-20	511.52
26010	9/22/26	SYNAGRO TECHNOLOGIES INC	1000-20	25,612.04
26011	9/22/26	USA BLUEBOOK	1000-20	3,585.61
26012	9/22/26	VC3 INC.	1000-20	6,046.51
26013	9/22/26	VERIZON WIRELESS	1000-20	227.71
26017	9/22/26	BEAR VALLEY BASIN GSA	1000-20	222.04
			Total	**306,104.13**

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

Big Bear Area Regional Wastewater Agency
Check Register
For the Period from Sep 1, 2026 to Sep 30, 2026

Account #	Check #	Date	Payee	Description	Amount
Power					
6100-05	25997	9/22/26	DISTRIBUTED SOLAR DEVELOPMENT LLC	Solar Purchases	17,038.35
6100-10	26009	9/22/26	SOUTHWEST GAS	Fuel for Power Production	208.65
6100-11	26009	9/22/26	SOUTHWEST GAS	Gas - Administration Building	200.37
6100-12	26009	9/22/26	SOUTHWEST GAS	Gas - Treatment Plant	102.50
6100-20	25957	9/8/26	BEAR VALLEY ELECTRIC	Electricity - Treatment Plant	8,251.16
6100-21	25957	9/8/26	BEAR VALLEY ELECTRIC	Electricity - Stations	4,525.32
6100-22	25957	9/8/26	BEAR VALLEY ELECTRIC	Electricity - Administration Building	16.50
6100-23	26007	9/22/26	SOUTHERN CALIFORNIA EDISON	Electricity - Lucerne Valley	51.51
				Total Power	**30,394.36**
Sludge Removal					
6200-00	26010	9/22/26	SYNAGRO TECHNOLOGIES INC	Sludge Removal	25,612.04
				Total Sludge Removal	**25,612.04**
Chemicals					
6300-30	26011	9/22/26	USA BLUEBOOK	Laboratory Reagents	304.18
				Total Chemicals	**304.18**
Materials and Supplies					
6400-10	25974	9/8/26	PITNEY BOWES GLOBAL FINANCIAL SERVICES	Quarterly Postage Meter Lease	127.67
6400-10	25992	9/22/26	AMAZON CAPITAL SERVICES	Office, Breakroom, Janitorial Supplies	292.87
6400-10	25994	9/22/26	BUSINESS CARD	Office, Breakroom, Janitorial, Meeting Supplies	595.55
6400-10	26002	9/22/26	PRIMO BRANDS	Bottled Water	317.66
6400-20	25956	9/8/26	BUTCHER'S BLOCK	Safety Supplies	16.15
6400-20	25963	9/8/26	FEDEX	Shipping - Gas Detector	15.11
6400-20	25970	9/8/26	MALLORY SAFETY & SUPPLY	Gas Sensors	489.69
6400-20	25992	9/22/26	AMAZON CAPITAL SERVICES	Safety Supplies	618.69

6400-25	25992	9/22/26	AMAZON CAPITAL SERVICES	Laboratory Supplies	25.28
6400-25	25999	9/22/26	ENVIRONMENTAL EXPRESS INC	Laboratory Supplies	271.39
6400-25	26011	9/22/26	USA BLUEBOOK	Laboratory Supplies	2,729.91
6400-26	25964	9/8/26	FLYERS ENERGY, LLC	Fuel	1,005.38
6400-26	25972	9/8/26	MOONRIDGE FUELSTOP	Fuel	79.28
6400-26	25979	9/8/26	VALERO	Fuel	107.74
6400-40	25992	9/22/26	AMAZON CAPITAL SERVICES	Hardware, Cleaning Supplies	377.36
6400-40	26001	9/22/26	KIMBALL MIDWEST	Hardware	681.93
6400-50	25956	9/8/26	BUTCHER'S BLOCK	Ground Maintenance & Supplies	739.84
6400-50	25961	9/8/26	DIY HOME CENTER-BIG BEAR	Ground Maintenance & Supplies	21.32
6400-50	25992	9/22/26	AMAZON CAPITAL SERVICES	Ground Maintenance & Supplies	226.23
6400-60	25992	9/22/26	AMAZON CAPITAL SERVICES	Electrical Supplies	32.30
6400-75	25956	9/8/26	BUTCHER'S BLOCK	Tools	24.77
6400-75	25969	9/8/26	KIMBALL MIDWEST	Tools	148.05
6400-75	25972	9/8/26	MOONRIDGE FUELSTOP	Propane	51.90
6400-75	25992	9/22/26	AMAZON CAPITAL SERVICES	Tools	14.84
6400-80	25956	9/8/26	BUTCHER'S BLOCK	Plumbing Supplies	277.95
6400-80	25961	9/8/26	DIY HOME CENTER-BIG BEAR	Plumbing Supplies	71.54
6400-80	25962	9/8/26	FAMCON PIPE & SUPPLY INC.	Plumbing Supplies	3.00
6400-80	25966	9/8/26	GEIGER SUPPLY INC	Plumbing Supplies	352.55
6400-80	26011	9/22/26	USA BLUEBOOK	Plumbing Supplies	551.52
6400-99	25992	9/22/26	AMAZON CAPITAL SERVICES	Rewards Points	-9.67
6400-99	25994	9/22/26	BUSINESS CARD	Discount	-2.03
				Total Materials and Supplies	**10,255.77**
Repairs and Replacements					
6500-10	26006	9/22/26	SANCON TECHNOLOGIES	Rehabilitate (5) Manholes	30,070.00
6500-20	25973	9/8/26	MOTION INDUSTRIES, INC.	Bearings	6,539.66
6500-30	25967	9/8/26	GINO'S TIRE & AUTOMOTIVE LLC	Trailer Tire	225.65
6500-30	26000	9/22/26	INLAND BOBCAT, LLC	Equipment Repairs	412.92
6500-35	25994	9/22/26	BUSINESS CARD	Vehicle Repair Parts	44.39
6500-40	25956	9/8/26	BUTCHER'S BLOCK	Roofing Repairs	3,210.35
6500-40	25961	9/8/26	DIY HOME CENTER-BIG BEAR	Roofing Repairs	48.45

6500-40	25992	9/22/26	AMAZON CAPITAL SERVICES	Repair Window Screens	133.56
				Total Repairs and Replacements	**40,684.98**
Equipment Rental					
6520-00	25977	9/8/26	TWIN BEAR EQUIPMENT RENTAL INC	Equipment Rental	52.80
				Total Equipment Rental	**52.80**
Utilities					
6530-10	25955	9/8/26	BIG BEAR CITY COMMUNITY SERVICES DIST.	Utilities - Water	1,035.56
6530-10	25998	9/22/26	DEPARTMENT OF WATER & POWER	Utilities - Water	57.03
6530-20	25955	9/8/26	BIG BEAR CITY COMMUNITY SERVICES DIST.	Trash Service	579.80
6530-30	25959	9/8/26	JOHN CONNELLY	Solid Waste Disposal	125.00
6530-30	25982	9/8/26	KEN WILLIS CONSTRUCTION	Solid Waste Disposal	1,578.50
6530-30	25995	9/22/26	COUNTY OF SAN BERNARDINO	Solid Waste Disposal	587.24
				Total Utilities	**3,963.13**
Communication Expense					
6550-10	25965	9/8/26	FRONTIER	SCADA	1,161.94
6550-10	25968	9/8/26	HUGHES NETWORK SYSTEMS LLC	SCADA	101.52
6550-10	25976	9/8/26	SPECTRUM BUSINESS	SCADA	344.97
6550-10	25992	9/22/26	AMAZON CAPITAL SERVICES	SCADA	53.30
6550-40	25965	9/8/26	FRONTIER	Telephone Service	647.68
6550-40	26005	9/22/26	RINGCENTRAL INC.	Telephone Service and Maintenance	386.79
6550-40	26013	9/22/26	VERIZON WIRELESS	Telephone Service	188.35
6550-50	25976	9/8/26	SPECTRUM BUSINESS	Internet, Wireless Service	708.99
6550-50	26013	9/22/26	VERIZON WIRELESS	Internet, Wireless Service	39.36
6550-60	25994	9/22/26	BUSINESS CARD	Subscriptions	368.90
6550-60	26012	9/22/26	VC3 INC.	Watchguard Security, Monthly IT Services	6,046.51
				Total Communication Expense	**10,048.31**
Contractual Services Other					
6600-10	25958	9/8/26	CLINICAL LAB OF SAN BERNARDINO	Testing	107.50
6600-10	25970	9/8/26	MALLORY SAFETY & SUPPLY	Testing - Calibration	717.58
6600-20	25980	9/8/26	VESTIS	Uniform Laundry Service	3,343.95

6600-65	25991	9/22/26	ALLISON MECHANICAL INC.	Quarterly HVAC Maintenance	2,275.00
				Total Contractual Services Other	**6,444.03**
Contractual Services Professional					
6700-20	25993	9/22/26	BEST BEST & KRIEGER LLP	Legal Services	8,652.48
6700-30	26003	9/22/26	ROGERS ANDERSON MALODY & SCOTT LLP	Annual Financial Audit Services	12,000.00
				Total Contractual Services Professional	**20,652.48**
Permits and Fees					
6810-00	25978	9/8/26	UNDERGROUND SERVICE ALERT	Dig Alert Ticket Charges	313.53
				Total Permits and Fees	**313.53**
Insurance					
6900-10	26008	9/22/26	SDRMA	Workers Compensation Insurance Annual Reconciliation	3,029.60
				Total Insurance	**3,029.60**
Other Expense					
6950-10	25960	9/8/26	CWEA TCP MEMBERSHIP	CWEA Memberships	518.00
6950-10	25981	9/8/26	WATER ENVIRONMENT FEDERATION	Membership	399.00
6950-40	25960	9/8/26	CWEA TCP MEMBERSHIP	CWEA Certification	241.00
				Total Other Expense	**1,158.00**
Other Nonoperating Expense					
8000-11	26017	9/22/26	BEAR VALLEY BASIN GSA	GSA Administration Costs	222.04
				Total Other Nonoperating Expense	**222.04**
Capital Expenditures					
9500-00	25973	9/8/26	MOTION INDUSTRIES, INC.	Oxidation Ditch 2 Rotor 6 Shaft Replacement Project	6,397.63
9500-00	25983	9/8/26	WATER SYSTEMS CONSULTING INC.	Outfall Line Investigation Project	19,253.68
9500-00	25983	9/8/26	WATER SYSTEMS CONSULTING INC.	Pump Station Investigation Project	17,254.75
9500-00	25994	9/22/26	BUSINESS CARD	Toyota Tundra Warranty	3,377.13
				Total Capital Expenditures	**46,283.19**
Greenspot Recharge Project Capital Expenditures					
9500-10	25975	9/8/26	SKYVIEW ELECTRIC	Greenspot Recharge Project Electrical Plan	705.00
9500-10	25983	9/8/26	WATER SYSTEMS CONSULTING INC.	Greenspot Recharge Project Design	51,754.76
9500-10	25983	9/8/26	WATER SYSTEMS CONSULTING INC.	Greenspot Recharge Project Engineering	49,931.25

9500-11	25996	9/22/26	TOM DODSON & ASSOCIATES	Greenspot Recharge Project Environmental Services	2,222.50
9500-12	25993	9/22/26	BEST BEST & KRIEGER LLP	Greenspot Recharge Project - Legal Services	1,965.20
9500-13	25971	9/8/26	ANDY MEADORS BRANDING	Greenspot Recharge Project Signage	106.98
				Total Greenspot Recharge Project Capital Expenditures	**106,685.69**
				Grand Total	**306,104.13**

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

Big Bear Area Regional Wastewater Agency

Agenda Item 7.C.

Meeting Date:	October 28, 2026
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 & Discussion:

Attached are the September Monthly Investment Reports pursuant to the Agency's Investment Policy.

Financial Impact:

There is no financial impact.

Recommendation:

Informational.

Attachments:

Monthly Investment Report
LAIF Statement

BBARWA
Monthly Investment Report
September 2026

INVESTMENT TYPE	COST	FAIR MARKET VALUE (1)	YEAR TO DATE INTEREST(2)	INTEREST RATE	MATURITY DATE
LOCAL AGENCY INVESTMENT FUND	$ 13,588,677	$ 13,573,354	$ -	3.908%	DAILY
TOTAL	$ 13,588,677	$ 13,573,354	$ -		

The Investment Portfolio of the Big Bear Area Regional Wastewater Agency is in compliance with the investment policy approved August 26, 2026 by Resolution No. R. 11-2026. 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 2027 and excludes accrued interest.

Attachment (s): Monthly LAIF Statement

Official website of the State of California

State of California
Office of the
State Treasurer

LAIF Monthly Statements

LAIF Monthly Statement

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
FINANCE MANAGER
P.O. BOX 517
BIG BEAR CITY, CA 92314

LAIF Account #:

September 2026 Statement

Effective Date	TXN Date	TXN Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
9/22/2026	9/21/2026	RW	1807198	1767909	CHRISTINE BENNETT	-500,000.00

Account Summary

Beginning Balance:	14,088,676.83
Total Deposit:	0.00
Total Withdrawal:	-500,000.00
Ending Balance:	13,588,676.83

Agenda Item 10.A.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Prepared By:	Sonja Kawa, Human Resources Coordinator/Accounting Technician
Subject:	Administrative Assistant Classification, Pay Schedule, and Allocate $37,500 from the Contingency Fund for the Administrative Assistant

Background & Discussion:

Agency staff met with the Administrative Committee on October 15, 2026 to discuss a recommendation for the addition of an Administrative Assistant classification. The Administrative Assistant will be responsible for providing support with the day-to-day responsibilities of attending to routine office functions and clerical duties. This will include filing, printing, and organizing documents and records; scanning, uploading, and indexing maps and documents to the Laserfiche system; printing, assembling, and distributing meeting materials; and furnishing support in A/V monitoring during meetings. This position will perform front office duties which include assisting walk-in visitors, answering and routing calls, handling in-coming and out-going mail and packages, processing sewer permits and boardroom use applications, and running routine errands. This staff member will allow Agency administrative and management staff to attend to the higher-level managerial and project coordination demands without diversion to the routine but necessary clerical tasks. This will ensure those tasks are addressed in a timely manner by dedicated staff and help to improve the overall agency efficiency. The anticipated work schedule for the Administrative Assistant is 35 hours per week.

As a result of the discussion, the Administrative Committee agreed that staff could move forward with presentation to the Governing Board of a revised classification plan and organizational structure for approval. Implementation will include the addition of an Administrative Assistant classification with a recommended pay range of $26.58 - $35.88 per hour.

Financial Impact:

Based on the recommended salary range and a 35-hour work week, total salaries and benefits associated with the additional position of Administrative Assistant for February through June of 2027 range from $40,000 to $51,200.

The FY 2027 budget includes a position for a seasonal employee. That position will not be filled during the fiscal year resulting in savings of $13,700. There are sufficient funds in the Agency's Contingency Fund for the remaining $37,500 in salaries and benefits related to the addition of this position.

FY 2028 salaries and benefits for this position will be included in the FY 2028 budget and is estimated to be $100,000 to $120,000 based on a 2.5% cost of living adjustment.

Recommendation:

1. Approve Administrative Assistant class specifications (job description).
2. Approve Organizational Chart.
3. Approve publicly available Pay Schedule.
4. Allocate $37,500 from the Contingency Fund for the Administrative Assistant salary and benefits.

Attachments:

Administrative Assistant Job Description
Organizational Chart
Pay Schedule

ADMINISTRATIVE ASSISTANT

DEFINITION

To perform a wide variety of office clerical, reception, and administrative support duties for management and other administrative staff; to provide general assistance to the public by providing information personally or directing information requests according to established procedures; to sort, log, file, and maintain records and other documents.

DISTINGUISHING CHARACTERISTICS

The Administrative Assistant performs the full range of office and administrative support duties. Employees at this level receive instruction or assistance as new or unusual situations arise and are fully aware of the operating procedures and policies of the work unit.

SUPERVISION EXERCISED AND RECEIVED

Receives general supervision from the Assistant General Manager. Receives task direction in assisting management staff through the Assistant General Manager.

EXAMPLES OF ESSENTIAL DUTIES – *Duties may include, but are not limited to, the following:*

Coordinate day-to-day administrative support functions, including office organization and procedures, recordkeeping and files, meeting and event planning and coordination; maintain calendar of activities, meetings, and various events for management staff; assist with task prioritization.

Answer and route phone calls and assist walk-in visitors. Respond to sensitive requests for information. Pickup, process, and distribute incoming mail and packages; deliver bank deposits to local branch.

Process sewer permit applications and Board Room rental applications; collect fees.

Perform finance functions necessary to achieve financial internal controls including, but not limited to, collecting receipts (through mail and over the counter) and posting to monthly log; maintaining, distributing, monitoring and replenishing petty cash; reconciling bank accounts monthly.

Type and proofread a wide variety of reports, letters, and memoranda from a rough draft or verbal instruction; compile information to be used in special projects and reports.

Assist with organization and maintenance of administrative documents including but not limited to policies, procedures, rates, rules, regulations, forms, notices, webpage content.

File, print and organize records and documents. Scan maps and project documents; upload and index documents into Laserfiche, ensuring records are digitized and retrievable when needed.

Assist with record retention and destruction in compliance with applicable guidelines.

Assist with processing public records requests ensuring compliance with the California Public Records Act.

Print, assemble, and distribute meeting materials within meeting deadlines, including Governing Board and committee agenda packages and staff reports.

Maintain schedule for the use of agency facilities. Coordinate set-up and take-down of the boardroom for meetings and events. Monitor A/V system operations and assist with A/V system during agency meetings and events.

Assist with scheduling and coordination in support of employee events.

Build and maintain positive working relationships with co-workers, other Agency employees and the public using principles of good customer service.

Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Knowledge of:

Advanced English usage, spelling, grammar and punctuation.

Alphabetic and numeric filing system management.

Business correspondence writing and report preparation.

Principles and procedures of record keeping.

Modern office equipment and methods including use of computer applications in word processing, spreadsheet, database, and graphic presentation.

Safe work practices.

Principles and practices of customer service.

Ability to:

Perform work with accuracy and attention to detail.

Operate and use modern office equipment including computers and applicable software including word processing and spreadsheets and financial systems to organize and analyze data.

Coordinate and prioritize multiple tasks effectively and efficiently.

Work independently in the absence of supervision.

Communicate clearly and concisely, both orally and in writing.

Maintain confidentiality of information.

Establish and maintain effective working relationships with those contacted in the course of work.

On a continuous basis, sit at desk for long periods of time; intermittently twist and reach equipment surrounding desk; perform simple grasping and fine manipulation; use telephone and write or use keyboard to communicate through written means; run errands; and lift or carry weight of 25 pounds or less.

EDUCATION, EXPERIENCE AND TRAINING

Any combination of education, experience and training that would provide the required knowledge, skills and abilities necessary for an Administrative Assistant would be qualifying. A typical way to obtain the required knowledge, skills and abilities would be:

Education:
Equivalent to completion of the twelfth grade.

Experience and Training:
One year of administrative or secretarial experience, or the performance of related work supplemented by specialized training.

LICENSE AND/OR CERTIFICATE:

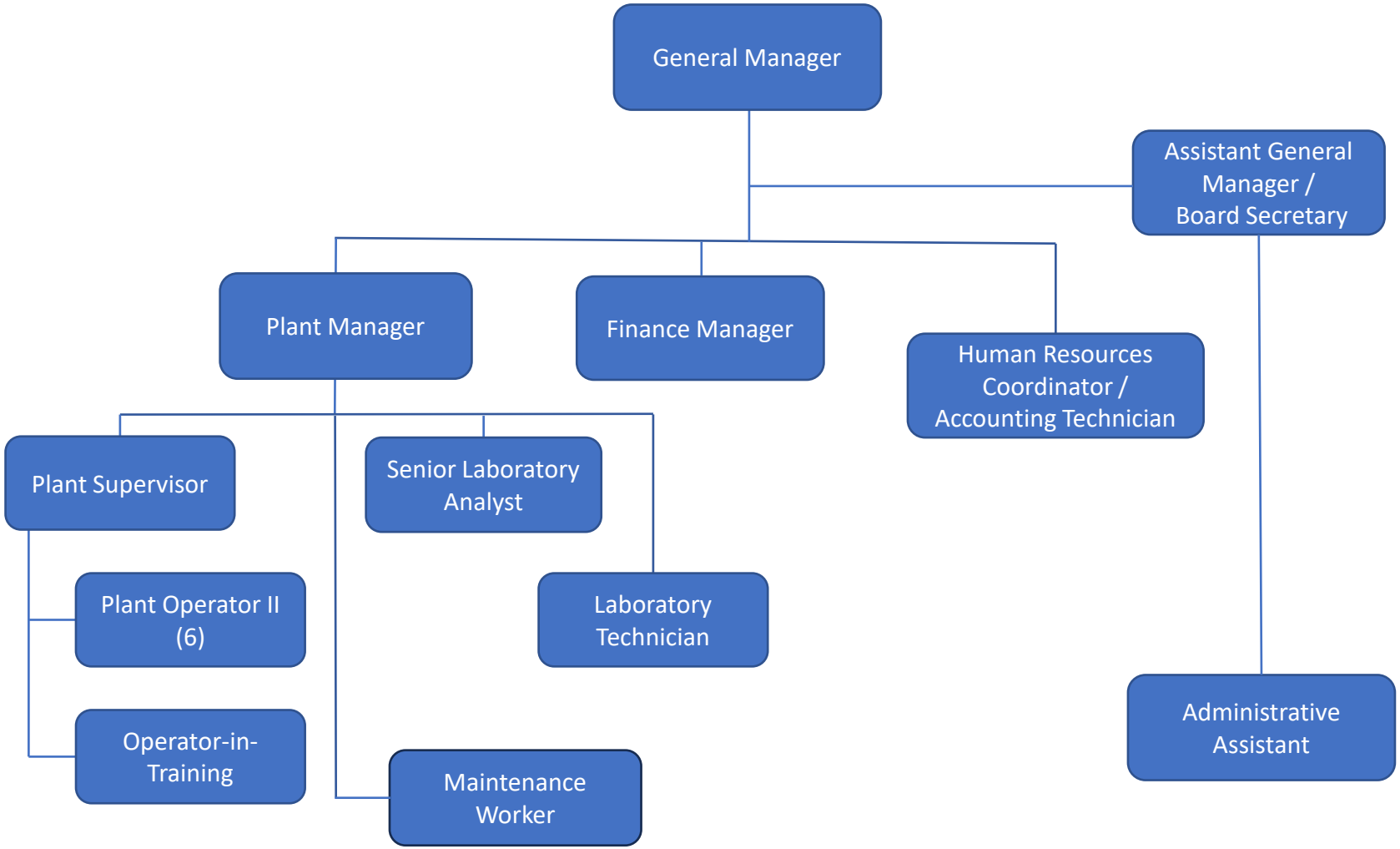
Possession of a valid California Class C driver's license, including possession and maintenance of a satisfactory driving record and ability to meet eligibility standards for motor vehicle insurance coverage established by the agency's insurance carrier.

WORK ENVIRONMENT

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. The employee will work near wastewater treatment facilities, work at elevations of 6,700+ feet, may be exposed to odors, fumes, and airborne particles in addition to outside weather conditions involving wind, rain, heat, and extreme cold and snow during the winter months. The noise level in the work environment is usually moderate.

PRE-EMPLOYMENT PHYSICAL EXAMINATION AND BACKGROUND CHECKS ARE REQUIRED

Organizational Chart



BIG BEAR AREA REGIONAL WASTEWATER AGENCY

PAY SCHEDULE

Effective October 28, 2026

Schedule shall remain in effect until superseded by governing board action.

Classification	Start	Top
	Hourly Pay Rate	Hourly Pay Rate
Active		
Non-Regular	$19.49	$26.32
Maintenance Worker	$23.84	$32.19
Plant Operator-In-Training	$24.37	$32.87
Plant Operator II	$34.32	$46.33
Laboratory Technician	$32.48	$43.83
Senior Laboratory Analyst	$44.82	$60.50
Plant Supervisor	$47.10	$63.59
Administrative Assistant	$26.58	$35.88
Human Resources Coordinator / Accounting Technician	$42.68	$57.63
Assistant General Manager / Board Secretary	$69.80	$94.23
Plant Manager	$69.80	$94.23
Finance Manager	$71.48	$96.50
General Manager	$101.56	$137.10

Governing Board Approval Date: October 28, 2026

Agenda Item 10.B.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Prepared By:	Bridgette Burton, Assistant General Manager/Board Secretary
Subject:	Reallocate $16,353 to the Boardroom Camera Project from the Capital Budget

Background:

During the COVID-19 pandemic, the Agency purchased portable cameras to assist with the transition to online meetings and allow Governing Board meetings to continue during the COVID-19 lockdown. The cameras provided an all-in-one conferencing solution that allowed Board members, staff, and members of the public to participate either in-person or remotely, with the ability for participants to see and hear one another during the meetings.

As the Agency transitioned back to in-person Governing Board meetings, the cameras continued to be used to record meetings through Zoom. However, the cameras have limitations when used for the Agency's current format. The cameras automatically adjust their focus and positioning in response to movement and speakers, which can result in the camera view shifting during meetings. That makes it difficult to consistently maintain a desired view of the Governing Board dais, individual speakers, or the audience and public comment podium.

During the August Governing Board meeting, an additional issue occurred. The cameras malfunctioned, disrupting their ability to provide sound from the Boardroom to the Zoom meeting recording.

To address these issues, the Agency engaged its audio/visual (A/V) vendor, ISN Global, to evaluate the existing system and develop a solution to incorporate the Agency's existing audio and microphone system while continuing to use Zoom to record meetings.

Discussion:

ISN Global has proposed a comprehensive Boardroom camera system consisting of two pan-tilt-zoon (PTZ) cameras that will be integrated into the existing audio and microphone system. One PTZ camera would provide a dedicated view of the dais, while the second would provide a view of the audience and public comment podium. The PTZ cameras would be

permanently installed and programmed to provide a consistent, controlled view during meetings.

Financial Impact:

There is no financial impact. There were sufficient savings from the Plant Manager Truck Replacement Project to reallocate $16,353 to the Boardroom Camera Project. The proposed reallocation does not increase the Agency's overall adopted Capital Budget.

Description	Amount
ISN Global	$14,866
Contingency	1,487
Total	**$16,353**

Recommendation:

Approve the reallocation of $16,353 to the Boardroom Camera Project from the Capital Budget.

Big Bear Area Regional Wastewater Agency

Agenda Item 10.C.

Meeting Date:	October 28, 2026
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:	Asset Disposal – 2004 Toyota Tundra SR-5

Background & Discussion:

As part of the FY 2027 Capital Budget, the Agency purchased a 2026 Toyota Tundra to replace the Plant Managers Vehicle, a 2010 GMC Sierra. After analysis of the current vehicles owned by the Agency, it was determined that disposing of the 2004 Toyota Tundra SR-5, due to its age and mileage, and using the 2010 GMC Sierra in its place would be the greatest benefit to the Agency.

Based on the mileage and condition of the 2004 Toyota Tundra SR-5, the current Kelly Blue Book value is $6,305 to $7,405. The method of disposal has not been determined, but the Agency may see if there is local interest first, and if not, dispose of the vehicle at auction.

Financial Impact:

The proceeds from the sale of the vehicle will result in a positive financial impact to the Agency.

Recommendation:

Approve the disposal of the 2004 Toyota Tundra SR-5.

Big Bear Area Regional Wastewater Agency

Agenda Item 10.D.

Meeting Date:	October 28, 2026
To:	Governing Board of the Big Bear Area Regional Wastewater Agency
From:	David Lawrence, P.E., General Manager
Prepared By:	Bridgette Burton, Assistant General Manager/Board Secretary
Subject:	Resolution No. R. 15-2026, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Expressing Appreciation to Rick Herrick for Dedicated Service as a Member of Said Governing Board

Background & Discussion:

Mr. Rick Herrick has served as a member of the Governing Board representing the City of Big Bear Lake since January 24, 2007. During his tenure, Mr. Herrick contributed to the work of the Governing Board and supported the Agency's efforts related to treatment plant operations, capital improvements, fiscal responsibility, environmental stewardship, and the Replenish Big Bear Program. This Resolution recognizes Mr. Herrick's nearly 20 years of service and expresses the Agency's appreciation for his dedication, contributions, and commitment to the Agency.

Financial Impact:

There is no financial impact.

Recommendation:

Adopt Resolution No. R. 15-2026.

Attachment:

Resolution No. R. 15-2026

RESOLUTION NO. R. 15-2026

A RESOLUTION OF THE GOVERNING BOARD OF THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY EXPRESSING APPRECIATION TO RICK HERRICK FOR DEDICATED SERVICE AS A MEMBER OF SAID GOVERNING BOARD

WHEREAS, Mr. Rick Herrick has served as a member of the Governing Board of the Big Bear Area Regional Wastewater Agency representing the City of Big Bear Lake since January 24, 2007; and

WHEREAS, Mr. Herrick has been a faithful and dedicated member of the Governing Board and has been instrumental in supporting the Agency's efforts, including treatment plant operations, capital improvements, fiscal responsibility, environmental stewardship, and advancing the Replenish Big Bear Program; and

WHEREAS, Mr. Herrick's dedicated service and commitment to the Agency have contributed to the work of the Governing Board and Agency.

NOW THEREFORE, BE IT RESOLVED that the Governing Board of the Big Bear Area Regional Wastewater Agency hereby honors Mr. Rick Herrick for his dedicated service and leadership to the Agency.

PASSED, ADOPTED, AND APPROVED this 28th day of October, 2026.

_____

Kendi Segovia, Chair of the Governing Board
of the Big Bear Area Regional Wastewater Agency

_____

Larry Walsh, Vice-Chair of the Governing Board
of the Big Bear Area Regional Wastewater Agency

_____

John Russo, Director of the Governing Board
of the Big Bear Area Regional Wastewater Agency

_____

Andrew Sauer, Director of the Governing Board
of the Big Bear Area Regional Wastewater Agency

ATTEST:

I, Bridgette Burton, Secretary to the Governing Board of the Big Bear Area Regional Wastewater Agency, DO HEREBY CERTIFY, that the foregoing Resolution No. R.15-2026, A Resolution of the Governing Board of the Big Bear Area Regional Wastewater Agency Expressing Appreciation to Rick Herrick for Dedicated Service as a Member of Said Governing Board was duly adopted at a regular meeting of the Governing Board held on the 28th day of October, 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____

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