



BIG BEAR AREA REGIONAL WASTEWATER AGENCY

P.O. Box 517, 121 Palomino Drive, Big Bear City, CA 92314-0517
(909) 584-4018 • FAX (909) 585-4340

August 24, 2022

Reginald A. Lamson, General Manager
City of Big Bear Lake Department of Water
P.O. Box 1929
Big Bear Lake, CA 92315-1929

Mary Reeves, General Manager
Big Bear City Community Services District
P.O. Box 558
Big Bear City, CA 92314

Re: Replenish Big Bear Funding Letter of Intent between the Big Bear Area Regional Wastewater Agency, the City of Big Bear Lake Department of Water and Power, and the Big Bear City Community Services District

Dear Reggie and Mary:

This letter ("Funding Letter of Intent") confirms the intent of both the City of Big Bear Lake, Department of Water and Power ("DWP") and the Big Bear City Community Services District ("CSD") to assist in the funding of the Replenish Big Bear Project ("Project") in exchange for certain options described here below. Although DWP and CSD understand that this Funding Letter of Intent does not create any contractual commitments, the arrangements described below are intended to memorialize terms for a potential future agreement. Following the completion of the CEQA process, and if acceptable to both DWP and CSD, DWP and CSD, together, intend to enter into a funding agreement with the Big Bear Area Regional Wastewater Agency ("BBARWA") to more formally agree to the following arrangements (the "Funding Agreement"):

- After the Project has been installed and begins delivering water from the Project ("Project Water"), DWP/CSD will have an option (the "Option") to withdraw up to 380 acre-feet per year of Project Water from Big Bear Lake (the "DWP/CSD Withdrawal Amount"), at any time during each year, for the purpose of groundwater recharge, until such time as BBARWA no longer delivers Project Water into Big Bear Lake, or until the future Funding Agreement terminates (the "Withdrawal Term").
- The value of the Project Water provided pursuant to the Option is currently estimated to be \$866.82 per acre-foot, or \$329,391.60 per year, and will increase annually at an inflationary rate of 3% (the "Option Value").
- There is a potential for Bear Mountain Golf Course to utilize Project Water to irrigate the golf course. Irrigating the Golf Course with Project Water would result in an additional in

lieu groundwater recharge amount of 120 AF/YR. The value of this additional Option is \$104,018.40 per year, also subject to annual inflationary rate adjustment of 3%..

- The Option will benefit both the DWP and the CSD, and each will pay to BBARWA their proportionate share of the Option Value, up to a total current amount of \$433,410 per year, adjusted at the 3% inflationary rate each year. It is currently estimated that the DWP will pay 68% of the current Option Value (\$294,718.80), and the CSD will pay 32% of the current Option Value (\$138,691.20) to BBARWA ("Option Payments").
- The first Option Payment will be paid on approximately July 1 of the first fiscal year Project Water is anticipated to be delivered to Big Bear Lake, and annually each fiscal year thereafter during the Withdrawal Term, regardless of whether any water is actually withdrawn from the Lake. Even though anticipated, if Project Water delivery is delayed beyond the next fiscal year, then BBARWA would refund the payments from that original fiscal year.


Subject to the completion of the CEQA process, if the DWP, the CSD and BBARWA do not enter into a written funding agreement for the Project within three hundred sixty-five (365) days of the date of acceptance of this Funding Letter of Intent by DWP and CSD, this Funding Letter of Intent may be terminated by any of the parties. The period of time may be extended if necessary to complete the necessary CEQA process and to consider the issuance of approvals by the appropriate boards. If terminated, neither DWP, CSD nor BBARWA owe anything (i.e., funding or water, as applicable) to the other party.

This nonbinding Funding Letter of Intent contains the entire expression of the intention of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings, or letters of intent. This Funding Letter of Intent may only be modified by a writing signed by all parties.

If and when the binding Funding Agreement has been executed by all of the parties, it shall replace and supersede this nonbinding Funding Letter of Intent.

Please sign and return one copy of this Funding Letter of Intent to BBARWA no later than November 1, 2022.

Sincerely,

By: 
David Lawrence, P.E., General Manager
Big Bear Area Regional Wastewater Agency

**ACCEPTANCE OF THE REPLENISH BIG BEAR FUNDING LETTER OF INTENT
BETWEEN THE BIG BEAR AREA REGIONAL WASTEWATER AGENCY, THE CITY
OF BIG BEAR LAKE DEPARTMENT OF WATER AND POWER, AND THE BIG
BEAR CITY COMMUNITY SERVICES DISTRICT**

Agreed and accepted this __ day of ____, 2022
City of Big Bear Lake Department of Water

By: 
Reginald A. Lamson, General Manager

Date: 9-27-22

Agreed and accepted this __ day of ____, 2022
Big Bear City Community Services District

By: 
Mary Reeves, General Manager

Date: 9-20-22