



# REPLENISH BIG BEAR

CURRENT TIMING, FUNDING, RATE COLLECTION



## IMPORTANT INFORMATION

- **The information presented is VERY PRELIMINARY** and is based on the information available today.
- **The information presented WILL CHANGE** due to the status of RBB. RBB is still in the very early stages with feasibility and permitting ongoing. The permitting process is expected to progress by June 30, 2022, with the expectation that parameters for discharging water to the lake will be identified. This will lay the groundwork for meeting regulatory requirements. After this is accomplished, RBB will go through a piloting phase, preliminary design, and final design which will take approximately 18+ months. As we move through these phases, RBB will become more refined and the costs more certain.
- **It is the Agency's intent to diligently seek and secure offsetting funds in an effort to provide the lowest cost to its ratepayers.** The Agency is actively seeking grant funds, low-interest loans, and other revenue to offset costs to its ratepayers. The information presented includes grant funds received to date and other revenue that is subject to negotiation and final agreement.
- An open and public dialogue will occur regarding the process, progress and impact of RBB on the Agency's ratepayers. Throughout this process **the public's input, patience and trust are highly valued** especially at this VERY PRELIMINARY stage where costs and offsetting revenues are still uncertain and early cost estimates are being discussed.

## SUMMARY

- RBB is currently in the very early stages with permitting yet to be finalized and piloting and facility design to occur over the next 18+ months
- RBB is estimated to cost (in 2021 dollars) approximately \$56 million (\$44 million construction, \$12 million other project related)
- The Agency has been awarded \$7.7 million in grants. A grant application is in process for \$8.8 million.
- The Agency is working to secure annual contributions to offset ongoing RBB costs. The Agency is working with the Big Bear Municipal Water District as well as the City of Big Bear Lake (visitor-based TOT revenue) and the County of San Bernardino (visitor-based TOT revenue) for this purpose.
- Based on the VERY PRELIMINARY information available today, an annual rate of approximately \$180 per Equivalent Dwelling Unit (approximately \$15 per month) is currently estimated for RBB in FY 2028.
- The RBB annual rate proposed in FY 2024 is \$5.76 per EDU (\$0.48 per month). If RBB continues to move forward, the Agency may need to begin collecting a larger amount in FY 2025, possibly \$60 to \$70 per Equivalent Dwelling Unit (approximately \$5.40 per month).

# RBB TIMELINE

July 2018 – FY 2022	FY 2023	FY 2024	FY 2027
<ul style="list-style-type: none"><li>• Project Mgt</li><li>• Funding and Financing</li><li>• Permitting in Process</li><li>• Piloting Begins</li><li>• Preliminary Design Begins</li></ul>	<ul style="list-style-type: none"><li>• Piloting Complete</li><li>• Preliminary Design Complete</li><li>• Final Design Starts</li></ul>	<ul style="list-style-type: none"><li>• Construction Starts</li><li>• Feb 2024</li></ul>	<ul style="list-style-type: none"><li>• Construction Complete</li><li>• Aug 2026</li></ul>

# RBB FUNDING

## Pre-Construction Costs

- Costs funded by Partner Agencies and Grants
  - MWD, DWP, CSD and BBARWA
  - DCI, IRWM Grants Awarded (\$5.1 million)

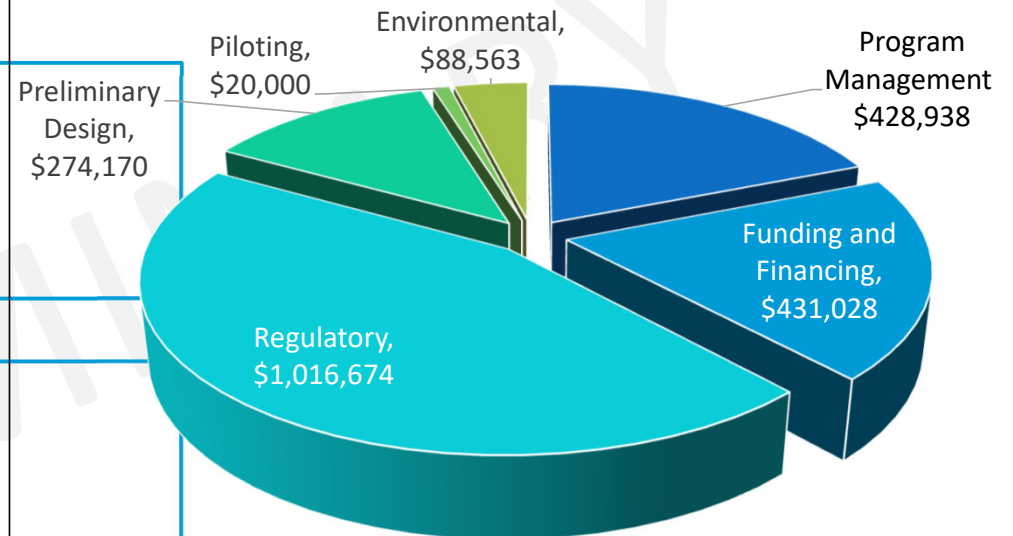
## Capital Costs

- Grants – Awarded/In Process (\$2.6 million/\$8.8 million)
- Funded with Debt
- Debt Service Paid by BBARWA Ratepayers

## O & M

- BBARWA Ratepayers
- Offset by Other Revenue from Project Beneficiaries

Cumulative Project Costs at 6/30/22 - \$2.3 million



## RBB OTHER REVENUE

### MWD - \$1 million

- Negotiation of Letter of Intent
- In consideration for RBB Water, MWD will
  - Annually provide \$1 million (through increased boat and dock fees, RBB water sales (Bear Mountain Resort, DWP/CSD water sales, and/or other)
  - Will commit to provide water for the purposes of water sustainability (Sand Canyon Recharge or otherwise) up to an annual amount with cumulative account (cumulative unused amount).

### TOT (City, County) - \$500,000

- Transient Occupancy Tax 1%
- Voter Approval
- \$500,000 per Year (may be variable if based on % of sales)

## RBB RATES THROUGH FY 2025

- 3-Year Look
- Through Construction Start Period (completed in August 2026)
- Assumes BBARWA stand-alone funding beginning FY 2023
  - Project moves from feasibility to piloting, design and construction
- BBARWA borrows under a line of credit
  - Line of Credit
    - advance fund grant reimbursements
    - expenditures in excess of grant reimbursements
  - Borrowings are expected to be replaced with lower-interest debt or grants
- RBB Rates are based on debt service - interest only at 4% on average debt outstanding

**RBB  
PROJECTED CASH  
FLOW AND  
BORROWING**

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<b>Op Revenues</b>	0	0	0
<b>Op Expenses</b>	0	0	0
<b>Non-operating Income</b>			
Grant Revenue	1,024,743	2,740,852	0
<b>Capital Expenditures</b>			
Maintenance Capex	0	0	0
Program Management	285,117	306,864	256,318
Funding and Financing	42,288	34,909	26,272
Regulatory	51,831	29,181	2,354
Preliminary Design	129,178	0	0
Piloting	649,000	0	0
Environmental Compliance	158,946	0	0
Final Design	1,178,117	1,755,323	0
Engineering Services During Const	0	217,981	516,827
Construction Management	0	558,264	1,301,051
Construction	0	<u>3,595,285</u>	<u>21,407,679</u>
<b>Total Capital Expenditures</b>	<u>2,494,476</u>	<u>6,497,807</u>	<u>23,510,500</u>
<b>Net Cash Flow</b>	<u>-1,469,733</u>	<u>-3,756,955</u>	<u>-23,510,500</u>
<b>Cumulative Borrowing</b>	-1,469,733	-5,226,688	-28,737,189



RBB  
REVENUE  
REQUIREMENTS

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
<b>Revenue Requirements</b>			
Op Expenses b/f Depreciation	\$0	\$0	\$0
Capital Maintenance	0	0	0
Debt Service (Avg. Outstanding 4%)	31,669	136,203	679,278
Less			
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>
<b>Revenue Requirements</b>	<b>\$31,669</b>	<b>\$136,203</b>	<b>\$679,278</b>
EDUs	25,288	25,333	25,378
Rate	\$1.25	\$5.38	\$26.77
Proposed Rate Collection	\$5.79	\$12.20	\$19.26
Incremental Increase in BBARWA Rates	2.5%	2.5%	2.5%

**Revenue Requirements are based on interest only on estimated average debt outstanding through FY 2025.**

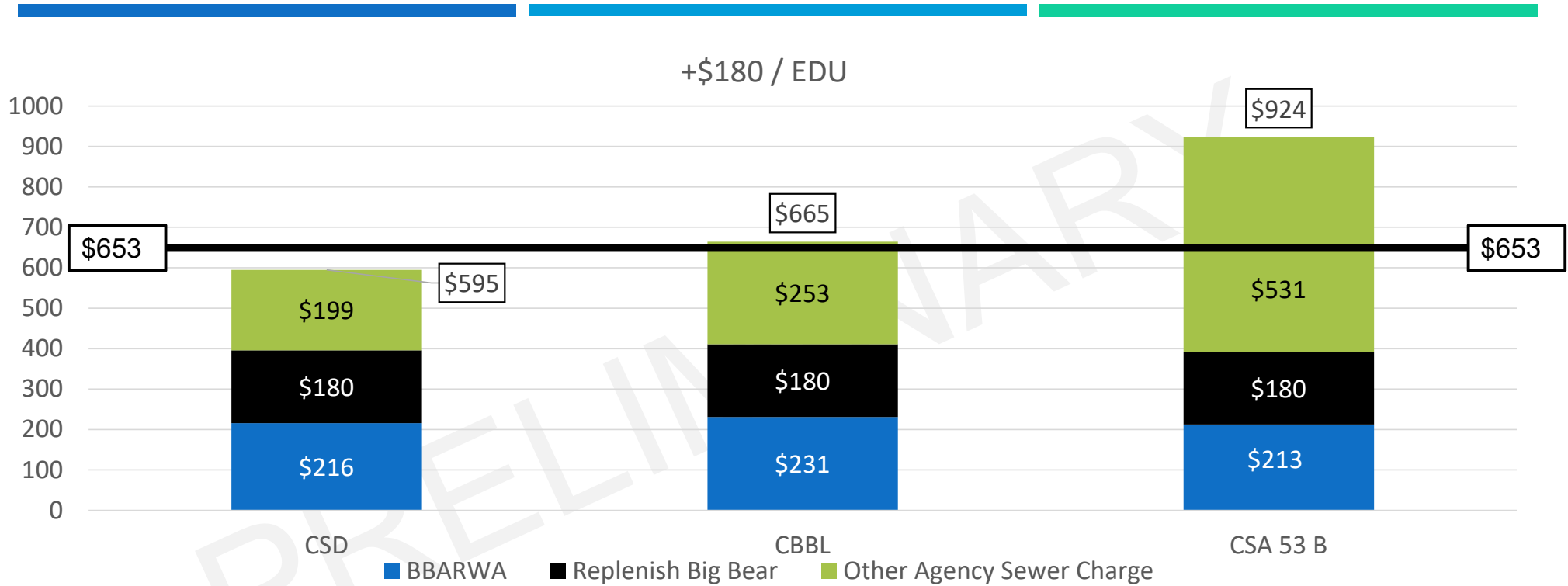
## RBB FUTURE REVENUE REQUIREMENTS - RESERVES

- Financial Management Requires Reserves at Startup (FY 2027)
  - Operating
    - Contingency (2 months of operating expense)
    - Emergency (\$500,000)
  - Liquidity (amount needed at July 1 to fund Agency's operations due to timing of revenues)
  - Debt Service (next 12 months debt service)
  - Capital and Replacement – Increase Overtime
    - Current portion (next 12 months capex)
    - Future portion (available for future capex)

Reserves	
Contingency	\$368,956
Emergency	500,000
Liquidity	1,106,869
Debt Service	<u>2,258,743</u>
	\$4,234,567
EDUs	25,288
Rate to collect prior to FY 2027	\$167.45

## RBB FUTURE REVENUE REQUIREMENTS – 10 YEAR

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>
<b>Revenue Requirements</b>										
Op Expenses b/f Depreciation	0	0	0	0	2,213,737	2,213,737	2,213,737	2,213,737	2,213,737	2,213,737
Capital Maintenance	0	0	0	0	223,264	223,264	223,264	223,264	223,264	223,264
Debt Service	31,669	136,203	679,278	1,549,177	1,962,701	2,258,743	2,258,743	2,258,743	2,258,743	2,258,743
Less										
Other Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Revenue Requirements	31,669	136,203	679,278	1,549,177	2,899,702	3,195,744	3,195,744	3,195,744	3,195,744	3,195,744
EDUs	25,288	25,333	25,378	25,378	25,378	25,378	25,378	25,378	25,378	25,378
Rate	\$1.25	\$5.38	\$26.77	\$61.04	\$114.26	\$125.93	\$125.93	\$125.93	\$125.93	\$125.93
Rate 1.7x Debt Service Coverage	\$1.25	\$5.38	\$26.77	\$61.04	\$159.89	\$179.77	\$179.77	\$179.77	\$179.77	\$179.77
Reserve Collection 3-Year Transition	\$0.00	\$55.81	\$55.81	\$55.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Full Collection	\$1.25	\$61.19	\$82.58	\$116.85	\$159.89	\$179.77	\$179.77	\$179.77	\$179.77	\$179.77
Collection Scenario w/Reserves	\$5.79	\$68.01	\$75.07	\$113.00	\$159.89	\$179.77	\$179.77	\$179.77	\$179.77	\$179.77



## RATE LEVEL COMPARISON (FY 2021 RATES)

Other California treatment agencies were estimated to charge approximately \$603 per year (2017), on average, for single family households with tertiary/nutrient removal treatment (Source: State Water Resources Control Board FY 2017 Wastewater User Charge Survey Report; 57 agencies). This amount was escalated based on inflation through 2021 for comparison purposes.

## BBARWA AND RBB COMBINED RATE ADJUSTMENT

	Projected FY 2022	Budget FY 2023	Forecast FY 2024	Forecast FY 2025
Revenue Requirements:				
Op Expenses b/f Depreciation	4,724,451	4,943,340	5,247,846	5,501,397
Rate Funded Capital:				
Debt Service	433,672	465,341	569,875	1,112,950
Capital Expenditures	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Total Rate Funded Capital	<u>1,233,672</u>	<u>1,265,341</u>	<u>1,369,875</u>	<u>1,912,950</u>
Subtotal	5,958,124	6,208,681	6,617,721	7,414,347
LESS Other Revenues:				
Other Revenue:				
Standby Charges	79,220	77,602	76,688	75,774
Rental Income	53,386	54,205	55,049	55,918
Waste Disposal	<u>21,690</u>	<u>21,690</u>	<u>21,690</u>	<u>21,690</u>
	154,297	153,497	153,427	153,382
Revenue Requirements	5,803,827	6,055,184	6,464,294	7,260,965
Proposed Rate	\$ 231.77	\$ 246.83	\$ 262.88	\$ 279.97
Annual Change	3.9%	6.5%	6.5%	6.5%

## BBARWA AND RBB COMBINED ANNUAL RATE ADJUSTMENT FY 2023

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