



# REPLENISH

— *Big Bear* —

December 3, 2024

## Unwinding Process and Alternative Considerations



# Presentation Objectives

- To discuss project options and give staff direction
  - Unwinding Process
  - Exploration of Alternatives
  - Update Project Financing Plan
- Potential Financial Implications
- Discussion





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# Option 1: Unwind

Timeframe: Approx. 3 – 6 months



# Option 1: Activities



- Notify other agencies and stakeholders of close-out
- Negotiate termination of contracts with Consultants, ensure final invoices have been received
- Notify grant agencies with finalized agreements of close-out, initiate negotiations to terminate agreements without repayment of grant funds
- Notify Regional Board of close-out and withdraw application for NPDES permit, request invoice of services provided to date
- Notify EPA of close-out and withdraw application for WIFIA, request invoice of services provided to date
- Update Capital Improvement Plan and rates

# Option 1: Activities (cont.)



- Notify funding agencies with pending agreements of close-out
  - Redirect STAG Grants to a different project or projects programmed in the Capital Improvement Plan that meet the funding program requirements. There is no guarantee that the funding agency will approve the redirection
- Certify the Program Environmental Impact Report (PEIR)
  - Certifying the PEIR establishes a definitive analysis of environmental impacts, allowing the Agency to reference it for future projects, potentially saving time and costs for ratepayers
  - Gives a deliverable for grant reimbursement

# Option 1: Possible Financial Impact

## Program Partners

Program Partners may be responsible for repayment of grant reimbursements

Program Partner	Amount
DWP	\$319,883
CSD	\$319,883
MWD*	<u>\$317,771</u>
Total	\$957,537

## Member Agencies

If the grants must be repaid, the Agency will create a grant reimbursement strategy, which may include a loan, or shortfalls covered through contributions from Member Agencies

## BBARWA

- Develop the \$3.4M grant reimbursement\*\* strategy (if required)
- Forfeit \$23.6M of grant funding
- Forfeit \$52M WIFIA Loan
- Repayment of \$3.4M short-term financing
- Update Capital Improvement Plan & rates



# Option 2: Evaluate Potential Program Scope Reductions & Cost Scenarios

Timeframe: Approx. 6 - 9 months



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# Option 2: Development Process

## Development of Alternatives

### Possible options include:

- reduced operational flexibility
- decreased Program yield
- seasonal operation
- phased implementation
- or another alternative

### Evaluation process:

- Assess the feasibility
- Estimate potential cost reductions
- Identify reduction in Program benefits

## Presentation to Governing Board for consideration





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# Option 3: Update Project Financing Plan

Timeframe: Approx. 6 – 9 months



# Option 3: Factors for Financing Plan Update



1

The January 2023 Financing Plan estimated total Project costs at \$86.7M, based on available information; \$16.9M of grant funding was included

3

Total grant funding has increased significantly, now approaching \$27M, with potential for more funding opportunities

2

Ongoing planning and the completion of the pilot study have further defined the Project, but cost estimates remain unchanged

4

Updating anticipated Project costs and the Financing Plan will provide accurate information to assess impacts on ratepayers



# Option 3: Activities



- Finalize the Preliminary Design Report (PDR), which will leverage findings from the Pilot Study and identify the final recommended treatment process and associated equipment
- Update Project cost estimates based on the design identified in the PDR, updated market conditions, and cost escalation observed over the past two years.
- Present updated Rate structure
  - Grants
  - Updated Cost Estimates



# Summary

Option 1: Unwind	Option 2: Evaluate	Option 3: Update
<p>Unwind the Replenish Big Bear Program</p> <ul style="list-style-type: none"><li>• Redirect STAG Grant</li><li>• Certify EIR</li><li>• Unwind Program</li></ul>	<p>Evaluate Program Scope Reductions and Cost Scenarios</p> <ul style="list-style-type: none"><li>• Identify Scope Alternatives</li><li>• Develop High-Level Estimates</li><li>• Develop Range of Impacts</li></ul>	<p>Update the Project Financing Plan for Governing Board Consideration</p> <ul style="list-style-type: none"><li>• Finalize PDR</li><li>• Update Cost Estimate</li><li>• Prepare New Financing Plan</li></ul>



# Questions?

