

City of Big Bear Lake, Department of Water and Power (DWP)

Development Impact Fee Annual Report 2025

Description of fee – Capacity fees are charged to offset the cost of new development required system improvements within the City of Big Bear Lake, Department of Water and Power (DWP) service area. Capacity fees are charged when a new service connection is established, or capacity is added at an existing service connection. Capacity fees are charged per equivalent dwelling unit (EDU) as determined by plumbing fixture type and count.

FY 2025 Capacity Fee - \$12,417 per EDU

2025 Sources and Uses of Capacity Fee Revenues

Capacity Fees held/(excess built) by DWP - June 30, 2024		\$ (1,806,988)
Sources of funds		
Capacity Charges		696,747
Uses of funds		
Debt service		
2010 USDA Bonds ¹	\$ (60,845)	
2012 USDA Bonds ²	(89,293)	
2013 USDA Bonds ³	(131,000)	
2019 USDA Bonds ⁴	<u>(276,614)</u>	
Total debt service		(557,752)
System Improvements		
Division 9 Well	(17,038)	
Wolf Reservoir	(1,797,302)	
Wolf Booster	(190,096)	
Garstin Operations - Complex	<u>(370,750)</u>	
Total system improvements		(2,375,185)
Buy-in component unrestricted		<u>(80,683)</u>
Capacity Fees held/(excess built) by DWP - June 30, 2025		<u><u>\$ (4,123,862)</u></u>

In FY 2025 DWP completed \$2,375,185 in capacity increasing system improvements. The ending balance of \$(4,123,862) represents capacity increases available to new development paid for by DWP rate payers. The use of capacity fees is cumulative to account for the timing of improvement projects. As capacity fees are collected in subsequent years, the negative balance created in the current year will be reduced. Given the high dollar costs of capital improvement projects, it is customary for capacity fee balances to swing from positive to negative balances and vice versa.

¹ On September 8, 2010, DWP entered into a bond agreement in the amount of \$3,628,000 with the United States Department of Agriculture Rural Utility Services. The 2010 USDA bonds have a 40-year term, and the interest rate is 2.375%. The proceeds were used for the construction and replacement of pipelines within DWP's water systems. The bonds are secured by the net revenues of DWP and the outstanding principal balance at June 30, 2025, was \$2,686,000. The new pipelines increased available capacity by 43%.

² On May 16, 2012, DWP entered into a bond agreement in the amount \$5,000,000 with the United States Department of Agriculture Rural Utility Services. The 2012 USDA bonds have a 40-year term, and the interest rate is 2.75%. Proceeds were used for the construction and replacement of pipelines within DWP's water systems. The bonds are secured by the net revenues of DWP and the outstanding principal balance at June 30, 2025, was \$3,921,000. The new pipelines increased available capacity by 43%

³ On July 25, 2013, DWP entered into a bond agreement in the amount \$3,157,000 with the United States Department of Agriculture Rural Utility Services. The 2013 USDA bonds have a 40-year term, and the interest rate is 2.75%. Proceeds were used for the construction and installation of a new ground water well and to upgrade water storage capacity by adding another reservoir to the water system. The bonds are secured by the net revenues of DWP and the outstanding principal balance at June 30, 2025, was \$2,596,000. All improvements increased available system capacity.

⁴ On June 11, 2019, DWP entered into a bond agreement in the amount of \$12,000,000 with the United States Department of Agriculture Rural Utilities Services. The 2019 USDA bonds have a 40-year term, and the interest rate is 2.125%. The proceeds were used for the construction and installation of new pipelines and the outstanding principal balance at June 30, 2025, was \$10,991,600. The bonds are secured by the net revenues of DWP. The new pipelines increased available capacity by 62%.

Water System Improvements

The table below shows scheduled system improvements that contain expansion related components to facilitate future development.

System Improvement	Estimated Improvement Cost	% Capacity Fee Funding	Capacity Fee Funding	2025 Facility Costs	2025 Capacity Fee Uses	Funded with Capacity Fees (project to date)	Funded from Other Sources (project to date)	% Complete
Division 9 Well	2,174,000	50%	1,087,000	34,075	17,038	721,916	721,915	66.4%
Wolf Reservoir	2,679,920	83%	2,224,334	2,165,424	1,797,302	2,035,784	416,967	91.5%
Wolf Booster	1,032,650	83%	857,100	229,031	190,096	249,951	51,194	29.2%
Garstin Operations Facility	15,393,561	57%	8,774,330	650,439	370,750	548,288	413,627	6.2%
Main Line Replacements	18,544,413	43%	7,974,098	-	-	-	-	0.0%
	\$ 39,824,544		\$ 20,916,861	\$ 3,078,969	\$ 2,375,185	\$ 3,555,938	\$ 1,603,704	

Findings Made Pursuant to Government Code Section 66001(b)

(A) DWP currently retains \$0 in capacity fees collected for the purpose of future capacity improvements required by new development. Capacity improvement projects are listed above in the 'Water System Improvements' section of this report. Future fees will be utilized to pay for facility improvements determined to represent new capacity. (B) All listed facilities provide additional capacity that is necessary for future development within the DWP service area. (C) Total public facility funding identified is \$39,824,544. Of this total \$20,916,861 is applicable to new development and will be funded by capacity fees. The remaining \$18,907,683 is expected to be funded by \$1,00,000 in grants, \$15,400,000 in borrowing and \$2,507,683 in rate payer fees. (D) funds are paid for project costs as the costs are incurred in the applicable proportion from applicable funding sources. Grant and borrowed funds are expected to be made available for the Garstin Operations Facility between project start in 2025 and project completion in 2028.