

SAN BERNARDINO COUNTY, ADMINISTRATIVE OFFICE
385 N. ARROWHEAD AVENUE, 5TH FLOOR
SAN BERNARDINO, CA 92415-0110

**SAN BERNARDINO
COUNTY SERVICE AREA 79
REORGANIZATION**

FISCAL IMPACT ANALYSIS

APRIL 21, 2022

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INTRODUCTION

San Bernardino County (“County”) is considering reorganizing County Service Area (“CSA”) 79, a dependent special district of the County. CSA 79 provides sewer and road maintenance services to a portion of the Hilltop community near Green Valley Lake in the San Bernardino Mountains. The reorganization would annex CSA 79 territory into the Running Springs Water District (“RSWD”), an independent special district that would take over sewer services. A new zone within CSA 70 would be created to continue providing road maintenance services through the County’s Special Districts Department. Figure 1 presents a map of each district (at the end of the “CSA 79 and RSWD Background” section).

The reorganization of CSA 79 has been discussed for decades to provide more efficient services to residents, most recently in a Municipal Service Review (“MSR”) on water completed by the Local Agency Formation Commission for San Bernardino County (“LAFCO”) in July 2017. Residents of CSA 79 requested that the County and RSWD proceed with the reorganization. RSG prepared this Fiscal Impact Analysis (“Analysis”) to assess the financial, operational, and political implications of reorganization.

RSG prepared this Analysis in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §§56000 et seq.) (“CKH Act”) and the Annexation, Detachment, and Reorganization Proposals form provided in LAFCO’s Policy & Procedures Manual. It examines the revenues and financial obligations of CSA 79, considering historical changes in revenues and expenditures by category over a five-year period from Fiscal Years (“FY”) 2016-17 through 2020-21. This Analysis presents ten-year financial projections for CSA 79 and RSWD sewer services, both as independent agencies and with sewer services consolidated under RSWD. The purpose of the Analysis is to assist the County and others in making a balanced and well-informed decision on merits of the proposed CSA 79 reorganization.

CSA 79 & RSWD BACKGROUND

CSA 79 and RSWD have an existing contractual agreement in which RSWD provides wastewater treatment services to CSA 79. The districts were previously considered for reorganization in 2018. The sections that follow outline the history, scope of services, governance structure, and annual budget for CSA 79 and RSWD.

COUNTY SERVICE AREA 79 (CSA 79)

CSA 79 currently provides sewer collection services to the Green Valley Lake Area in the San Bernardino Mountains, and road maintenance, paving, and snow removal services to an area of Green Valley Lake known as “The Meadow.”

HISTORY AND OVERVIEW

CSA 79 Green Valley Lake was established by the San Bernardino County Board of Supervisors (“Board of Supervisors”) on September 7, 1971 to provide sewer and fire protection services. Fire protection services were later removed, as explained later in this section. CSA 79 R-1 Green Valley was established by the Board of Supervisors on September 14, 1993 to maintain 0.65 miles of paved roads. Collectively, CSA 79 segregates these two components with separate funds and budgets: “CSA 79 R-1 Green Valley Lake” and “CSA 79 R-1 Meadow Green Valley Lake” (collectively referred to as “CSA 79”).

While CSA 79 is responsible for all sewer services in the district territory, CSA 79 does not do so independently. CSA 79 maintains a sewer collection system and interceptor; sewage treatment is provided through an agreement with RSWD. The original Wastewater Transportation, Treatment and Disposal Agreement between CSA 79 and RSWD dates back to January 20, 1977. In 2019, CSA 79 and RSWD signed a new Wastewater Transportation, Treatment and Disposal Agreement, wherein CSA 79 will compensate RSWD for their wastewater services for a ten-year term. The term will automatically renew unless either party provides a cancellation notice.

CSA 79 sewer collection services are funded mostly by service charges to 1,255 equivalent dwelling units (“EDUs”) in the Green Valley Lake area of the San Bernardino mountains. Other revenues include special assessments for a standby fee charged to 373 parcels that have the ability to connect to the sewer system but have not because they remain undeveloped. CSA 79 also collects a small amount of revenues from interest and fees.

CSA 79 R-1 provides road maintenance, paving, and snow removal for Meadow Lane, a 0.65-mile paved road in the “The Meadow” area of Green Valley Lake. On August 7, 2007, voters approved an annual \$352 per parcel special tax with a 2.5 percent inflationary factor to fund these services. The FY 2021-22 special tax is \$497.39, billed on 63 parcels.¹

The same year in which the voters approved the special tax for road services, CSA 79 coincidentally ceased to provide fire services within its territory as a result of the LAFCO approval

¹ Number of CSA 79 parcels subject to road maintenance special tax as of February 2022.

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of the reorganization of fire services throughout the County that resulted in the formation of the San Bernardino County Fire Protection District and its Mountain Service Zone.

GOVERNANCE AND STAFFING

CSA 79 is overseen by the Board of Supervisors and has no direct employees or payroll. It operates with pooled personnel and supplies from CSA 70 within the County Special Districts Department. Although CSA 70 has multiple staff members that contribute to CSA 79 operations, CSA 79 funds the equivalent of approximately one full-time staff position.

BUDGET

CSA 79's FY 2021-22 Modified Budget was \$926,178 for sewer services (Fund 4850) and \$26,926 for road maintenance (Fund 1798), or \$953,104 total.

Of the CSA 79 sewer budget, \$1,007,300 is funded from service charges and \$34,900 is derived from other sources such as interest. Special Districts noted that approximately \$225,000 to \$250,000 of the budget is a contingency for as-needed repairs, therefore it may not be necessary to use the sewer fund balance.

The CSA 79 R-1 road maintenance budget of \$26,926 is funded entirely from the special tax. The Budget for CSA 79 sewer and CSA 79 R-1 road maintenance is presented in Table 1.

Table 1: CSA 79 Modified Budget for FY 2021-22

	CSA 79 Sewer	CSA 79 R-1	Total
Revenues	\$1,042,200	\$28,900	\$1,071,100
Expenditures	(926,178)	(26,926)	(953,104)
Use of Net Position	\$116,022	\$1,974	\$117,996
<i>Sources: San Bernardino County Finance Department and FY 2021-22 Modified Budget for Funds 4850 and 1798</i>			

RUNNING SPRINGS WATER DISTRICT (RSWD)

RSWD is contracted by CSA 79 to provide sewer transportation, treatment, and disposal. RSWD also provides fire protection and ambulance services within its jurisdiction. The sections that follow outline RSWD's history, scope of services, governance, and annual budget. Figure 1, which follows the RSWD detailed discussion, illustrates the CSA 79, CSA 79 R-1, and RSWD district boundaries.

HISTORY AND OVERVIEW

RSWD is an independent special district formed in March 1958 to provide retail water to its constituents. RSWD established a Fire Department in 1962 to provide fire protection services. A sewage disposal system was completed in 1976 to provide sewer service. Ambulance service was established in 1976.

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POWERS AND SERVICES

RSWD operates three departments: a water department that provides retail water distribution, a fire department that provides fire protection and ambulance services, and a wastewater department that collects, treats, and disposes of wastewater. RSWD services a five-square mile area of unincorporated San Bernardino County that includes Running Springs, Enchanted Forest, and portions of Smiley Park and Fredalba of the Hilltop community. The FY 2022-23 Budget accounted for 2,992 residential and commercial EDUs. RSWD’s power and authority is regulated by Division 12, Sections 30000-33901 of the California Water Code.

GOVERNANCE AND STAFFING

RSWD is governed by a five-member Board of Directors elected from the community. A General Manager oversees three department heads: Fire Chief, Administration Supervisor, and Operations Manager. At the time the FY 2022-23 budget was adopted, RSWD had approximately 25 employees and an annual salaries and benefits payroll of approximately \$4.8 million (of which \$1.4 million is for the water and administrative departments).

BUDGET

RSWD’s budget for FY 2022-23 is \$1,010,858 for wastewater collection (including interest) and \$1,393,292 for wastewater treatment, or \$2,404,150 total.

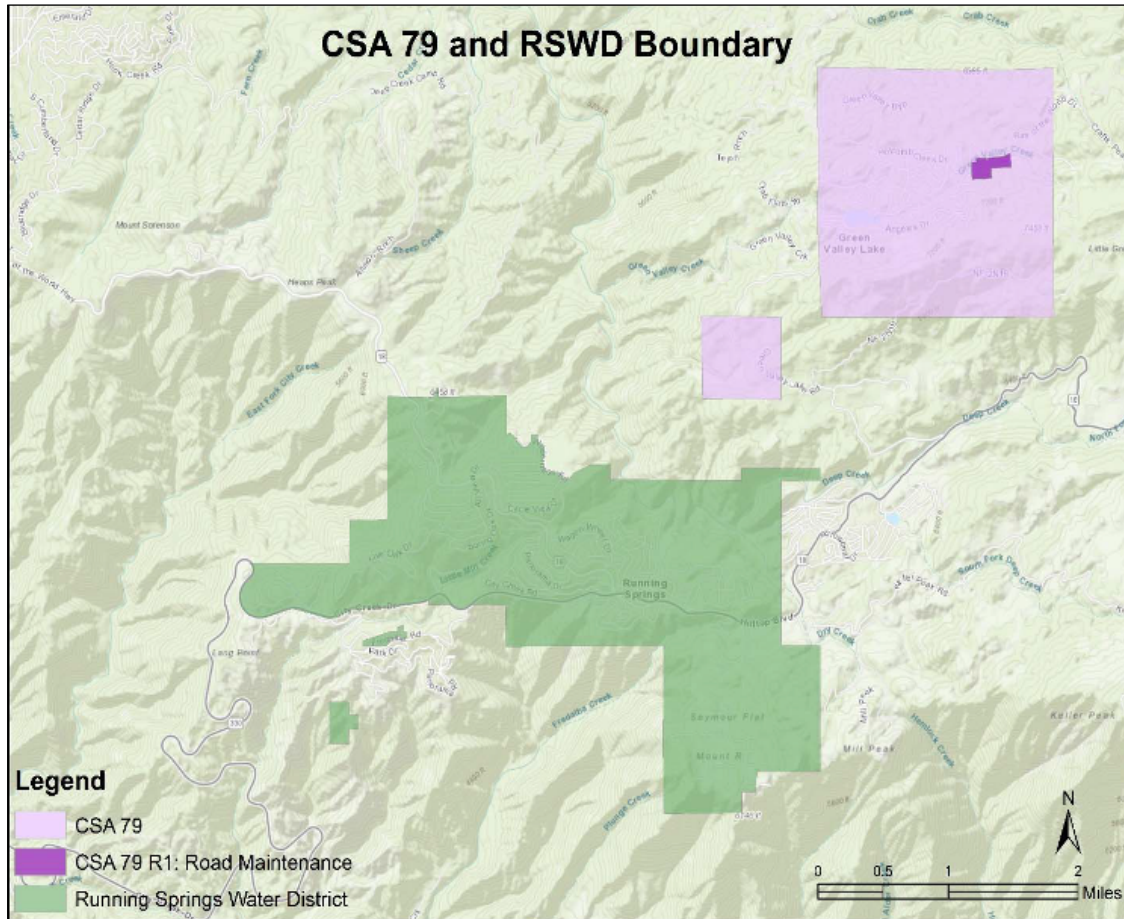
The wastewater collection budget is funded almost entirely by service charges and fees, with a small portion funded by interest income (\$10,652). The majority of the wastewater treatment budget is funded by service charges and fees to its rate payers. RSWD also receives revenues from wastewater treatment contracts with the Arrowbear Park County Water District (“Arrowbear”) and CSA 79 (\$842,675 budgeted). Table 2 presents the RSWD budget for FY 2022-23.

Table 2: RSWD FY 2021-22 and 2022-23 Budget

	2021-22	2022-23
Wastewater Revenues	\$2,982,540	\$3,067,682
Wastewater Expenditures	(2,302,667)	(2,404,150)
Use of Net Position	\$679,873	\$663,532
<i>Source: RSWD Final Budget Fiscal Years Ending 2022 and 2023</i>		

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Figure 1: CSA 79 & RSWD Boundary Map



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PLAN FOR SERVICES

The Preliminary Plan for Services describes services currently provided by CSA 79 and the proposed Plan for Services considered in this Analysis. The earliest the reorganization could take effect is most likely FY 2022-23 based on LAFCO’s review schedule. Table 3 presents a summary of the Preliminary Plan for Services.

Table 3: Preliminary Plan For Services			
EXISTING PROVIDER	DESCRIPTION	CURRENT FUNDING & STAFFING	NEW PROVIDER
CSA 79 Sewer	CSA 79 maintains a sewer collection system and interceptor. Sewage treatment is provided through an agreement with RSWD.	Sewer services are funded through sewer fees. CSA 79 is staffed by pooled staff from CSA70, and overseen by the County Board of Supervisors.	RSWD would take over sewer maintenance and collection and continue providing sewer treatment. All sewer-related activities would be staffed and funded by RSWD.
CSA 79 R-1 Road Maintenance	CSA 79 R-1 maintains and provides snow removal for Meadow Lane, a 0.65-mile pavedroad in the “The Meadow” area of Green Valley Lake.	Snow removal is funded by a special tax approved by voters in 2007 that increases each year for inflation. The FY 2021-22 special tax is \$497.39 per parcel, billed on 63 parcels. Road maintenance is staffed by CSA 70.	A new zone in CSA 70 would be created to continue providing road maintenance services, which would continue to be provided by the County. The special tax would remain the same and be accounted for under the new CSA 70 zone. There would be no change to level of service, staffing, or Board oversight.
<i>Source: San Bernardino County</i>			

FISCAL IMPACT ANALYSIS

The sections that follow outline RSG’s approach and methodology, an evaluation of historical revenue and expenditure trends, forecast assumption details for CSA 79 and RSWD, RSG’s consolidated district ten-year forecast assumptions, and a summary of assets and liabilities.

APPROACH & METHODOLOGY

This section of the Analysis provides a due diligence assessment of the financial issues involved in the proposed reorganization. It considers the following components required by the CKH:

- Sufficiency of Revenues: “The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change” (§56668(k)).
- Public Service Costs: “Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service” (§56881(b)(1)).
- Financial Accountability: “A change of organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources” (§56881(b)(2)).

RSG prepared a historical trends analysis of CSA 79’s actual revenues and expenditures from FYs 2016-17 through 2020-21 using year-end audited financial reports, as well as budgeted amounts for FYs 2021-22 and 2022-23. This information was used to prepare ten-year cash flow projections for CSA 79 sewer services and RSWD as independent districts, and for RSWD providing consolidated sewer services. RSG did not prepare financial projections for CSA 79 R-1 road maintenance because these services would remain with County Special Districts in CSA 70.

The major findings are summarized in the following sections. Detailed tables are provided in the “Appendix” section at the end of this report.

TRENDS ANALYSIS

The following sections outline historical revenue, expenditure, and net position trends for CSA 79 sewer and CSA 79 R-1 road maintenance.

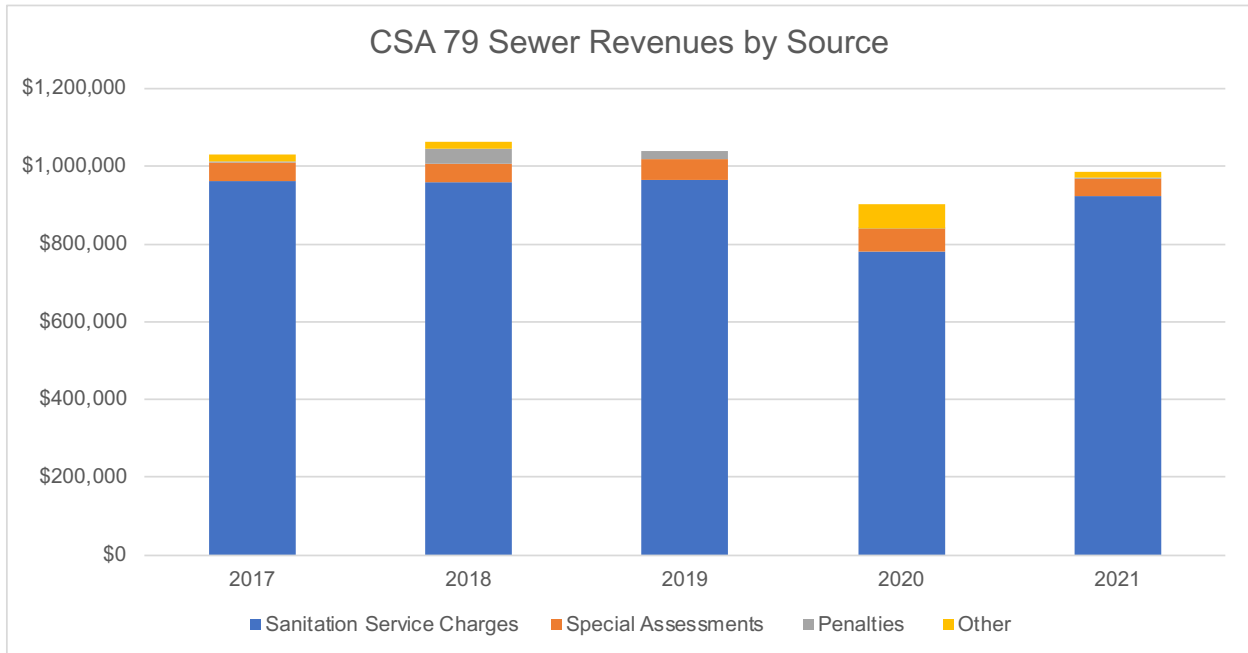
CSA 79 SEWER

Over the past five years from FYs 2016-17 through 2020-21, revenues have decreased by one percent, ranging from \$902,051 to \$1,064,438 per year. There was a 20 percent drop in revenue between 2019 and 2020 due to unpaid bills during the COVID-19 pandemic. CSA 79 is seeking reimbursement from the State for unpaid bills during this time. Revenues in 2021 returned to pre-pandemic levels. Sanitation service charges are the primary revenue source, accounting for 94 percent of total (operating and non-operating) revenues in FY 2020-21. The sanitation service fee as of February 2022 is \$65.77 monthly charged to 1,255 EDUs. Other revenue sources include non-recurring permit and inspection fees, connection fees, and other miscellaneous sources such

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as interest revenue. Appendix 1 at the end of this report presents a five-year history of CSA 79's sewer revenues and expenditures. Chart 1 illustrates the historical revenues and expenditures over the last five years.

Chart 1: CSA 79 Sewer Revenues by Source

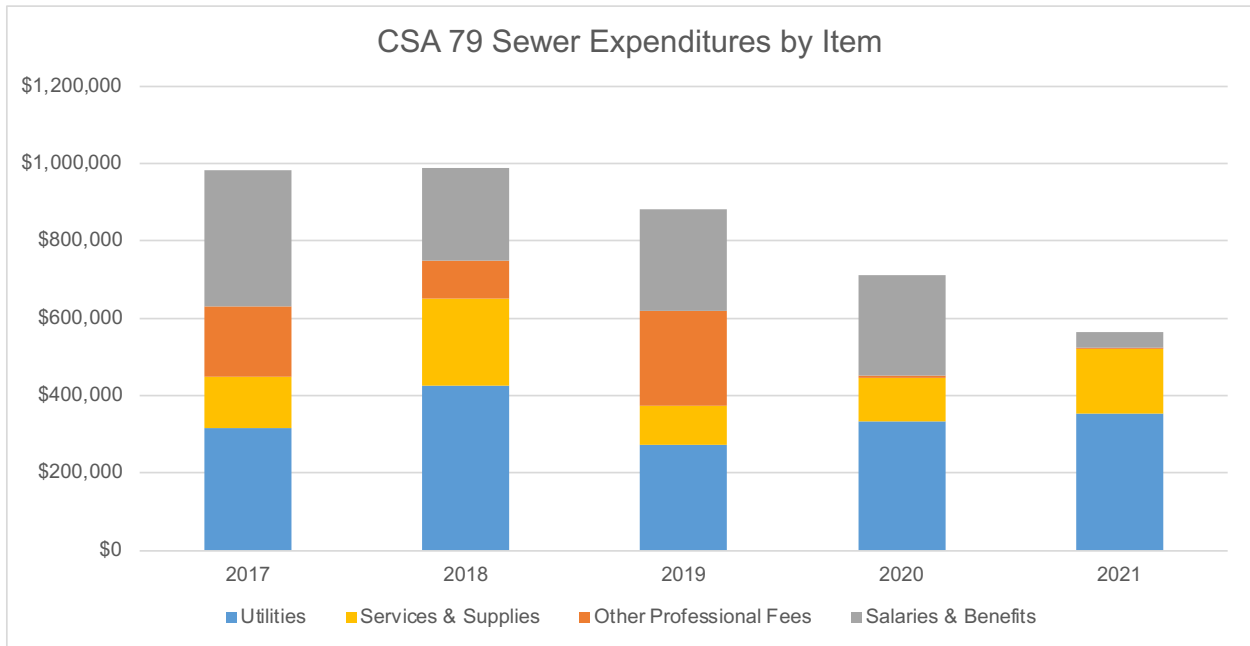


Source: CSA 79 Audited Financial Statements

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Total CSA 79 sewer expenditures have decreased by eleven percent over the past five years, ranging from \$700,000 to \$1.1 million per year with depreciation, or \$564,000 and \$989,000 excluding depreciation. This Analysis focuses on expenditures excluding depreciation, which is a cost allocation for the depreciating value of assets. The largest expense was for operations and maintenance, which comprised 93 percent of expenditures (net of depreciation) in FY 2020-21. Operations and maintenance costs include the RSWD agreement for sewage treatment, professional fees and services, services and supplies, and utilities. Transfers out to the County for CSA 79’s proportionate share of pooled labor accounted for the remaining seven percent of expenditures. Chart 2 illustrates CSA 79’s annual sewer expenditures by item.

Chart 2: CSA 79 Sewer Expenditures by Item



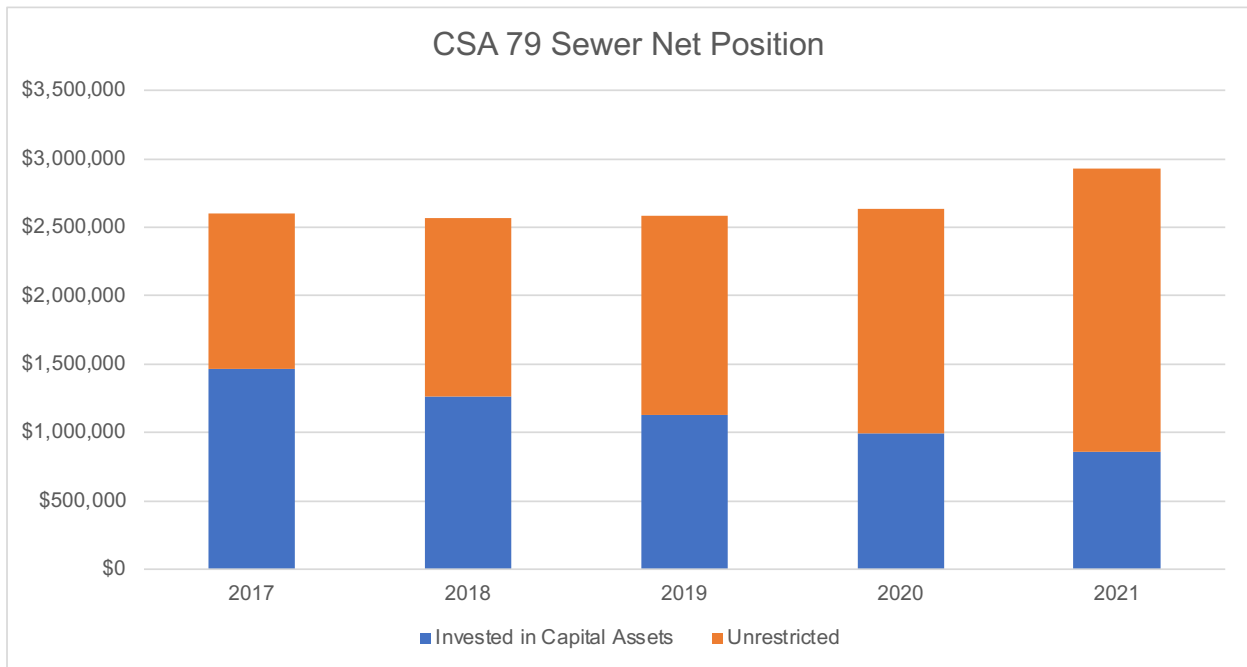
Source: CSA 79 Audited Financial Statements

Although CSA 79’s sewer fund shows a net operating deficit each year from 2017 to 2020 when comparing revenues minus expenditures, the loss is primarily attributable to depreciation. The fund had a positive net position over three of the past five years net of depreciation.

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As of June 30, 2021, the fund had \$3.2 million in current assets, including approximately \$2.3 million in unrestricted cash, \$25,000 in receivables, and \$857,000 in capital assets (primarily fixed infrastructure such as lift stations). Liabilities totaled approximately \$439,000, including \$82,900 in payables and a \$318,808 pension liability. As previously noted, CSA 79 has no direct employees; the pension liability represents 3.08 percent of the Special District Department's proportionate share of the County's net pension liability. Appendix 2 at the end of this report presents CSA 79's assets, liabilities, and net position from FYs 2016-17 through 2020-21. Chart 3 illustrates the CSA 79 sewer service net position between FYs 2016-17 and 2020-21.

Chart 3: CSA 79 Sewer Net Position

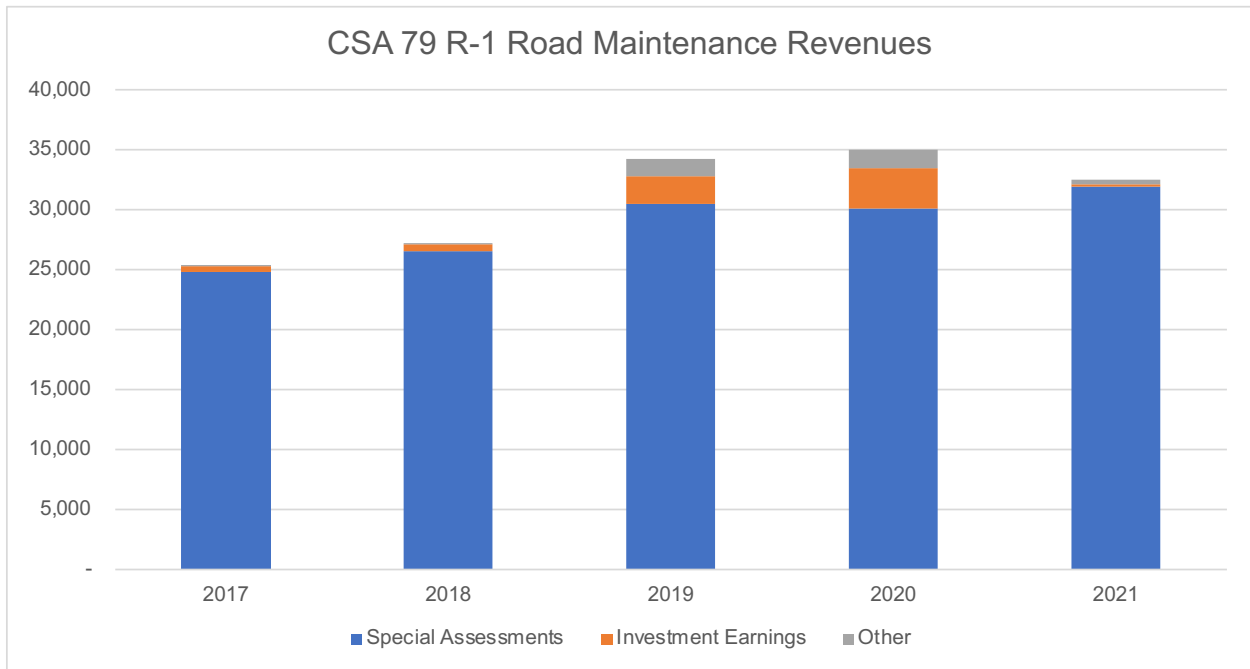


Source: CSA 79 Audited Financial Statements

CSA 79 R-1 ROAD MAINTENANCE

CSA 79 R-1 Road Maintenance is funded primarily by the special parcel tax. Revenues ranged between \$25,000 to \$35,000 over the past five years, and expenditures ranged between \$4,000 and \$45,000. The largest expense is services and supplies. Chart 4 illustrates the historical CSA 79 R-1 road maintenance revenues between FYs 2016-17 and 2020-21.

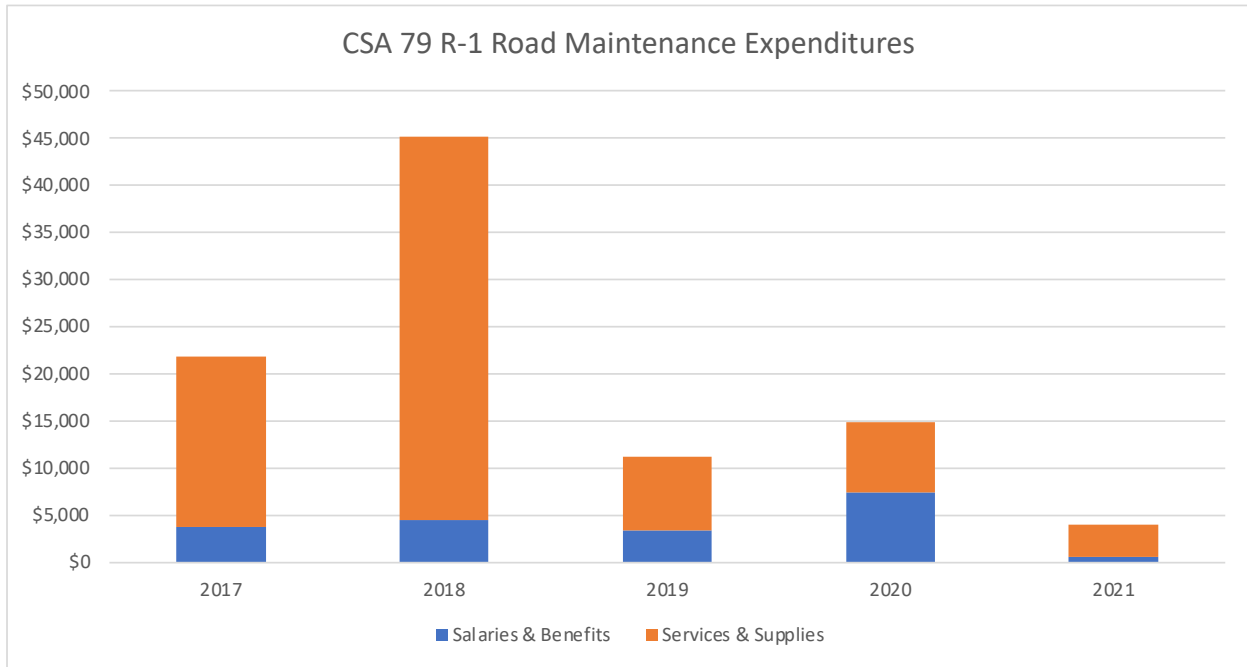
Chart 4: CSA 79 R-1 Road Maintenance Revenues



Source: CSA 79 Audited Financial Statements

CSA 79 R-1 expenditures dropped by 75 percent from 2018 to 2019 due to the completion of a chip seal capital improvement project in 2017-18. Historical CSA 79 R-1 Road Maintenance expenditures are illustrated in Chart 5.

Chart 5: CSA 79 R-1 Road Maintenance Expenditures

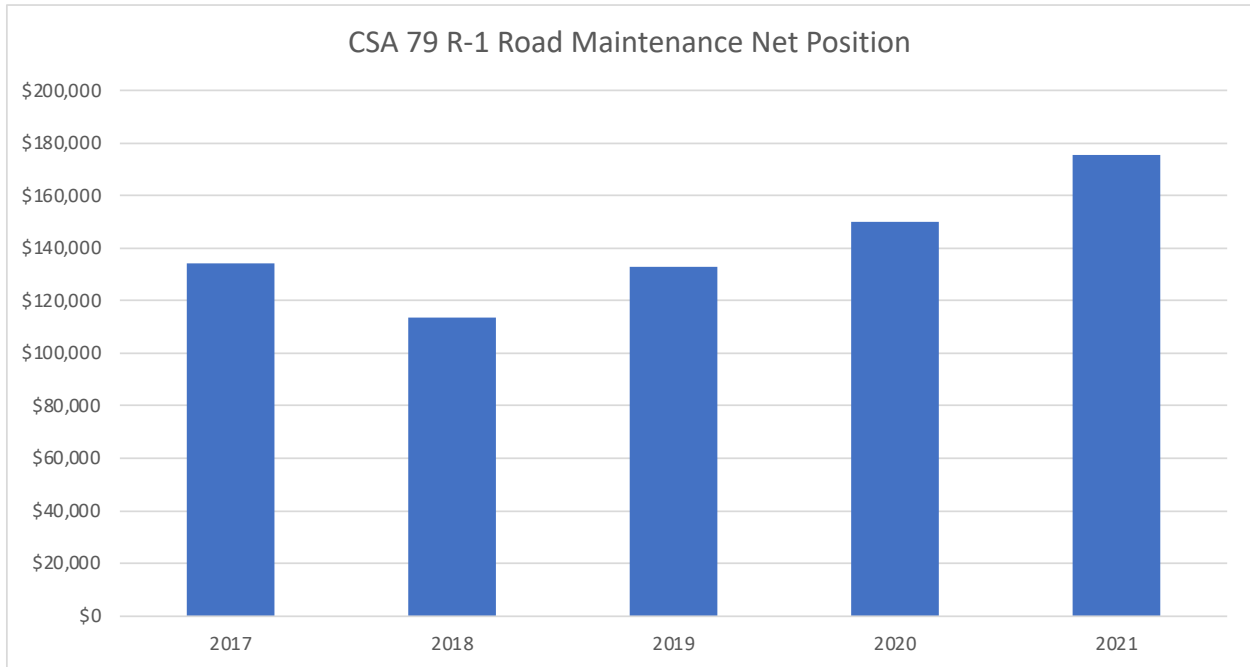


Source: CSA 79 Audited Financial Statements

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The fund had a positive net position with revenues exceeding expenditures four of the past five years. The cash balance was \$136,487 as of June 30, 2021. Appendices 3 and 4 provide a detailed five-year history of revenues, expenditures, assets, liabilities, and net position from FYs 2016-17 through 2020-21. Chart 6 illustrates the CSA 79 R-1 road maintenance net position between FY 2016-17 and FY 2020-21.

Chart 6: CSA 79 R-1 Road Maintenance Net Position



Source: CSA 79 Audited Financial Statements

The proposed reorganization of CSA 79 will have minimal impact on CSA 79 R-1 road maintenance services and operations since its services will remain with County Special Districts, and revenues have exceeded expenditures each of the past five years. Therefore, this Analysis does not include a baseline projection of revenues and expenditures for the CSA 79 R-1 road maintenance fund.

FORECAST ASSUMPTIONS

To prepare a baseline projection of revenues and expenditures for CSA 79 sewer services, RSG identified revenues and expenditures that are reasonably expected to continue into the future based on historic trends and consultations with the County Special District Department's Finance Department. The following charts discuss the forecast methodology for projecting future values by category from fiscal years ending ("FYE") in 2023 through 2032, considering actual revenues and expenditures from FYE 2017 through 2021 and budgeted figures from FYE 2022 and 2023.

CSA 79 SEWER REVENUES (INDEPENDENT)

Using CSA 79's audited financial reports, RSG compiled assumptions about CSA 79's revenues over a ten-year period beginning in fiscal year 2022-23. Two different revenue scenarios are presented for CSA 79:

- Scenario 1: Monthly fees remain constant over the 10-year projection period. County staff noted that this scenario is expected to result in an operating deficit.
- Scenario 2: Monthly fees remain constant for a period of 5 years followed by a 3 percent annual increase beginning in 2028.

Table 4 details the assumptions used in the ten-year forecast.

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Table 4: CSA 79 Sewer Revenues (Independent)

ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
Sanitation Services	Fees charged for CSA 79 sanitation services	<p>Scenario 1: Monthly fee of \$65.77 remains constant with 0% increase.</p> <p>Scenario 2: Monthly fee of \$65.77 remains constant until 2027, then increases by 3% annually beginning in 2028.</p> <p>Number of EDUs increase by 2 EDUs annually, from 1,255 EDUs in 2022 to 1,275 EDUs in 2032.</p>	<p>The current CSA 79 sewer rate has not been adjusted since FYE 2014.</p> <p>The County conducted a sewer rate study in March 2017 (completed by Black & Veatch) that resulted in recommendations to increase the current monthly sewer fee by 7% annually over five years.</p> <p>In 2022, Special Districts is considering a potential increase of 2.8% annually over three years. At the time of this report, this increase has not been implemented.</p> <p>This Analysis makes projections for both the rate remaining constant and a 3% increase in fees after five years.</p> <p>The number of EDUs grew from 1,227 in 2018 to 1,255 in 2022, or an average of 7 EDUs per year. A smaller growth rate of 2 EDUs per year has been assumed for this Analysis due to taking into account staff recommendation for long term trending.</p>
Special Assessments	Standby fee charged to 373 parcels that have ability to connect but are undeveloped	\$50,000 per year	<p>Special assessment revenues averaged \$51,000 from FYE 2017-2021, ranging from \$43,000 to \$59,000. The County budgeted \$53,300 for 2022.</p> <p>The projections estimate \$50,000 per year.</p>
Penalties & Delinquent Taxes	Penalties for late fees or taxes	\$5,900 per year	<p>Revenues from penalties averaged \$14,000 from FYE 2017-2021, ranging from \$1,300 to \$38,000. The audited financials do not identify revenues from delinquent taxes. The County budgeted \$5,900 from both sources combined in FYE 2022.</p> <p>Assume no change at \$5,900 per year.</p>
Permit & Inspection Fees	Permit and inspection fees for new development	\$75 per new connection, assuming 2 new connections annually	<p>CSA 79 received \$75 in annual revenues in this category in FYE 2017 and \$150 in FYE 2019.</p> <p>Assume \$75 is the average fee per new connection.</p>

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Table 4: CSA 79 Sewer Revenues (Independent)

ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
Connection Fees	Fees charged to connect new EDUs	\$5,336 per EDU, assuming 2 new EDUs are connected annually	<p>CSA 79 received \$6,510 in connection fees in FYE 2019; the only year fees were collected over the past five years.</p> <p>Assume 2 new EDUs connected annually at a rate of \$5,336 per EDU.</p>
Investment Earnings / Interest	Interest earned on cash in bank accounts	\$10,000 annually	<p>Earnings over the past five years ranged from \$5,000 to \$57,000 annually. The County budgeted \$10,000 in FYE 2022.</p> <p>Actual interest earned will vary based on interest rates and cash balances. RSG has estimated \$10,000 per year for the purposes of these projections.</p> <p>County staff noted that, if CSA 79 begins to utilize cash balances to offset annual operating deficits, this figure will decrease over time.</p>
Other	Miscellaneous revenues	\$0 per year	<p>These revenues have varied widely since FYE 2017, ranging from \$4,000 to \$9,000 annually. The County budgeted \$23,000 for FYE 2022 (under residential sales “other” and residual equity transfers in).</p> <p>Assume an average of \$0 per year.</p>

Sources: CSA 79 Audited Financial Statements, San Bernardino County Finance Department and 2021-2022 Adopted Budget, RSG, Inc.

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CSA 79 SEWER EXPENDITURES (INDEPENDENT)

Based on RSG’s review of historical expenditure trends and conversations with County staff, RSG developed assumptions for CSA 79’s sewer expenditures. Table 5 outlines CSA 79’s sewer expenditures assumptions.

Table 5: CSA 79 Sewer Expenditures (Independent)			
ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
RSWD Contract O&M	Payment to RSWD for wastewater treatment under negotiated agreement	\$350,000 in FY 2022 increased by 0.16% annually	<p>The RSWD agreement was renegotiated in 2019 for CSA 79 to pay a proportionate share of monthly costs based on average annual wastewater flow to Joint Use Facilities plus a peaking capacity factor of 28 percent. The estimated fee for FYE 2022 is \$29,167 per month, or \$350,000 annually.</p> <p>The projections assume the fee will grow by 0.16% annually to match the growth rate of 2 EDUs per year in CSA 79. The actual rate will vary based on wastewater flow.</p>
RSWD Contract CIP	Payment to RSWD for proportionate share of wastewater treatment capital improvements	RSWD budgeted CIP amounts through 2025 x CSA 79’s share (24.52% as of FYE 2022). Held constant after FYE 2025.	<p>CSA 79 pays for a proportionate share of RSWD wastewater treatment capital improvement projects (24.52% as of FYE 2022). The estimated fee for FYE 2022 is \$17,317 per month or \$207,807 annually.</p> <p>RSWD’s budget includes cash flow projections from FYE 2019 to 2025 that estimate annual capital improvement costs from FYEs 2019 to 2025.</p> <p>The CSA 79 projections in this Analysis multiply 24.52% by RSWD’s budgeted CIP costs through 2025. The CIP costs are held constant after 2025.</p>
Professional Services – O&M	Fees paid to third parties contracted for operating and maintenance expenses, including	\$255,000 per year	Over the past five years, “other” professional fees ranged from \$2,029 to \$180,284. The County budgeted \$250,655 in FYE 2022.

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Table 5: CSA 79 Sewer Expenditures (Independent)

ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
	collection system inspection, cleaning, repair and replacement.		The projections assume a \$255,000 expense annually.
Services & Supplies	Direct operating and maintenance costs such as equipment and grounds maintenance, tools, and infrastructure insurance.	FYE 2022 budgeted amount of \$34,917 increased by 2.9% annually for inflation (average CPI-U for the Riverside region from 2018-2021).	<p>Over the past five years, costs ranged from \$101,000 to \$255,000, varying up and down each year.</p> <p>This Analysis assumes services and supply costs will continue to remain relatively constant, with a slight annual increase for inflation based on the average Consumer Price Index for the past five years.</p>
Salaries & Benefits	CSA 79's proportionate share of the County Special Districts Department's pooled employees	FYE 2018 ² budgeted amount of \$241,064 increased by 2.9% annually for inflation (average CPI-U for the Riverside region from 2018-2021).	<p>Over the past five years, this expense ranged from \$40,000 to \$353,000, decreasing from FYEs 2017 to 2021. This decrease is due to both a change in methodology of the way salaries are budgeted, and due to the completion of a capital improvement project.</p> <p>This Analysis assumes salaries and benefits will stabilize at the FYE 2018 rate and increase for cost of living based on the average Consumer Price Index for the past five years.</p>
Utilities	Utility costs	FYE 2022 budgeted amount of \$28,300 increased by 2.9% annually for inflation (average CPI-U for the Riverside region from 2018-2021).	<p>Over the past five years, this expense ranged from \$25,000 to \$427,000. The increase is due to the RSWD contract being classified as a utility cost in the annual audited financial statements.</p> <p>This Analysis assumes utilities (separate from the RSWD sewer contract) will continue to remain relatively constant, with a slight annual increase for</p>

² This analysis assumes salaries and benefits will stabilize at the FYE 2018 rate after the completion of the capital improvement manhole project.

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Table 5: CSA 79 Sewer Expenditures (Independent)			
ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
			inflation based on the average Consumer Price Index for the past five years.
Operating Transfers Out – CIP Reserve	Transfers out to Capital Improvement Project Reserve Fund	Variable	<p>The County transfers available fund balances to a reserve to pay for Capital Improvement Projects as needed. \$218,074 was budgeted for FYE 2022.</p> <p>The transfers out are tied to the capital improvement plan provided by the County.</p>
<p><i>Sources: CSA 79 Audited Financial Statements, San Bernardino County Finance Department and 2021-2022 Adopted Budget, CSA 79 Fund 4850 Budget for RSWD and Actual Expenditures, and RSWD 5 Year Capital Improvement Program Plan</i></p>			

Appendices 5-A through 5-D present a ten-year projection of revenues and expenditures for CSA 79 continuing to operate as an independent district. It is discussed in greater detail in the “Baseline Budget Projections” section.

RSWD REVENUES & EXPENDITURES (INDEPENDENT)

Appendices 6-A and 6-B present a ten-year projection of revenues and expenditures for RSWD continuing to operate as an independent district. RSWD revenues and expenditures were taken directly from the FYE 2022 and 2023 budget for wastewater collection and treatment. RSWD’s FYE 2022 and 2023 budget includes cash flow projections from FYE 2019 through 2025, which assumes O&M reimbursements from both Arrowbear and CSA 79 will increase by three (3) percent annually, CIP reimbursements from both agencies will increase by two (2) percent annually, and other revenues will increase by zero percent. RSWD also assumes expenditures will increase by four (4) percent annually, with the exception of long-term debt principal which will increase by two (2) percent annually and long-term debt interest which will decrease by five (5) percent annually. This Analysis assumes the same growth rates.

RSWD & CSA 79 CONSOLIDATED REVENUES

Appendices 7-A and 7-B presents a ten-year projection of revenues for RSWD with CSA 79 sewer services consolidated under the district. Table 6 details the forecast methodology for projections under the consolidated model. According to the Draft Plan for Service created by RSWD, after an initial five-year period a rate study will be prepared so that a uniform wastewater rate will be applied for all wastewater customers of RSWD.³ This analysis keeps the fees constant.

³ Source: Draft Plan for Service and Fiscal Impact Analysis, Reorganization to include Annexation to the Running Springs Water District, Running Springs Water District (Not Dated)

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Table 6: CSA 79 and RSWD Sewer Revenues

ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
RSWD Service Charges	Fees charged for wastewater collection and treatment services to existing RSWD customers	Current fees with no increase in rates or EDUs. ⁴	<p>Assume no growth in revenues to match cash flow model in RSWD’s FYE 2023 budget.</p> <p>RSWD charges a \$54.08 base service charge to 2,992 residential and commercial units. An additional usage charge is billed at \$0.0105 x 15% of water usage for residential units and 1/3 of water usage for commercial units.</p>
CSA 79 Service Charges	Fees charged for wastewater collection and treatment services to existing CSA 79 customers	<p>Current fees of \$65.77 monthly with no increase in rates.</p> <p>Number of EDUs increased by 2 EDUs annually, from 1,257 EDUs in 2023 to 1,275 EDUs in 2032.</p> <p>Divided evenly between RSWD’s Wastewater Collection and Wastewater Treatment budget categories.</p>	<p>RSWD has stated they do not plan to change CSA 79 sewer fees. This will be reevaluated after an initial transition period, however RSWD does not anticipate a need for an increase.</p> <p>The number of EDUs is assumed to grow at the same rate as CSA 79 operating independently.</p>
CSA 79 Special Assessments and Penalties	CSA 79 Special Assessments, Penalties, and Delinquent Taxes	\$55,900 per year allocated to RSWD’s Wastewater Collection budget category.	Assume these are transferred to RSWD. Same budget assumptions as CSA 79 operating as an independent district.

⁴ In this analysis, fees are left constant under the reorganization based on RSG’s conversations with RSWD. It is possible the fees will increase after reorganization per the plan for services originally proposed by RSWD.

**FISCAL IMPACT ANALYSIS
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Table 6: CSA 79 and RSWD Sewer Revenues

ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
RSWD Other Revenues – Wastewater Collection	Outside sewer service charges, infrastructure repair and replacement, non-operating charges, and interest income.	FYE 2023 budgeted amount of \$8,303 with no annual increase.	Matches RSWD FYE 2023 budgeted cash flow assuming no growth in revenues.
RSWD Other Revenues – Wastewater Treatment	Outside sewer services charges, nonoperating charges, interest income, and a wastewater treatment agreement with Arrowbear. CSA 79 Agreement removed.	FYE 2023 budgeted amount of \$6,187 minus \$473,471 for CSA 79 wastewater treatment agreement payments.	Removes revenues from CSA 79 payments under its wastewater treatment agreement. For RSWD, their revenues from the agreement will be replaced by CSA 79 service charges paid directly to RSWD. Other revenues match the RSWD FYE 2023 budgeted cash flow assuming no growth in revenues.
CSA 79 Other Revenues	Permit & Inspection Fees, Connection Fees, Investment Earnings / Interest, Miscellaneous	None	<p>This Analysis assumes these revenues (totaling \$20,411 annually) will not transfer from CSA 79 to RSWD. RSWD will have its own permit, inspection, and connection fees.</p> <p>Investment Earnings / Interest will be based on RSWD's investing practices; revenues from this category are nominal.</p> <p>RSWD will have its own miscellaneous revenues.</p>

Source: RSWD Final Budget Fiscal Years Ending 2022 and 2023

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

RSWD & CSA 79 CONSOLIDATED EXPENDITURES

Appendices 7-A and 7-B present ten-year projections of expenditures for RSWD with CSA 79 sewer services consolidated under the district. Table 7 presents the key assumptions utilized in the CSA 79 and RSWD consolidated expenditures forecast.

Table 7: CSA 79 and RSWD Sewer Expenditures			
ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
Wastewater Collection			
RSWD Personnel	Salaries and benefits to staff wastewater collection	FYE 2023 budgeted amount of \$615,295 increased by 4% annually	Matches RSWD FYE 2023 budgeted cash flow. RSWD has stated they do not anticipate a need to increase staff by consolidating CSA 79 sewer services. This will be reevaluated after an initial transition period.
RSWD Operations & Maintenance	Costs to operate and maintain wastewater collection for existing RSWD customers	FYE 2023 budgeted amount of \$150,552 increased by 4% annually	Matches RSWD FYE 2023 budgeted cash flow. CSA 79 O&M costs are estimated separately.
RSWD Depreciation	Accounting adjustment to depreciate capital assets. Non-cash expense.	The FYE 2023 budgeted amount of \$202,818 increased by 4% annually. Depreciation is net out at the end of the cash flow.	Matches RSWD FYE 2023 budgeted cash flow. Depreciation is net out and has no impact on expenditures.
RSWD Long-Term Debt	Bond debt service payments	No change	Based on bond debt service schedule provided by RSWD.
RSWD Capital Projects & Fixed Assets	Estimated capital improvement project costs	No change	Matches projections in RSWD FYE 2023 budget.

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Table 7: CSA 79 and RSWD Sewer Expenditures

ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
Wastewater Collection			
CSA 79 O&M, Services & Supplies	Direct operating and maintenance costs to CSA 79 collection system, grounds, and equipment. Indirect operating costs borne by RSWD such as office space and overhead.	FYE 2023 pro rata cost of \$52.33 per EDU, increased by 4% annually. Assumes 1,257 EDUs in FYE 2023 plus 2 new EDUs added per year.	Assumes that CSA 79 operating costs will be similar to those currently borne by RSWD due to practices and expenses unique to the district. According to Special Districts staff, there are no outstanding professional services contracts that would need to be transferred and fulfilled by RSWD.
CSA 79 Utilities	Utility costs (excluding sewer) for CSA 79 capital assets that are transferred to RSWD	FYE 2023 forecasted amount of \$28,725 increased by 2.9% annually for inflation (average CPI-U for the Riverside region from 2018-2021).	Same assumption applied to CSA 79 operating independently. This Analysis assumes that reorganization will not impact utility costs for capital assets transferred from CSA 79 to RSWD.
CSA 79 Excluded Expenditures	RSWD Contract Salaries & Benefits (including pension liabilities) Operating Transfers Out for CIP Projects	Excluded from consolidated forecast	This Analysis assumes that these costs incurred by CSA 79 will not be transferred to RSWD. The RSWD Contract will be obsolete. CSA 79 Salaries & Benefits will be replaced by RSWD Personnel Costs with no change in staffing levels. RSWD will absorb CSA 79 CIP expenses into its own budget.

**FISCAL IMPACT ANALYSIS
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Table 7: CSA 79 and RSWD Sewer Expenditures

ITEM	DESCRIPTION	FORECAST METHODOLOGY	DISCUSSION
Wastewater Collection			
All RSWD Expenses	Personnel, Operations & Maintenance, and Depreciation	FYE 2023 budgeted amount of \$1,393,292 increased by 4% annually. Depreciation of \$308,152 is net out as a non-cash expense.	Matches RSWD FYE 2023 budgeted cash flow. Assume no impact to costs due to consolidation. RSWD already provides wastewater treatment to CSA 79 customers.

Source: RSWD Final Budget Fiscal Years Ending 2022 and 2023

BASELINE BUDGET PROJECTIONS

Using the forecasting methodologies described in the previous section, revenues and expenditures were forecasted for a period of ten years from FYs 2022-23 through 2032-33 for CSA 79 Sewer as an independent district (Appendices 5-A through 5-D), RSWD as an independent district (Appendices 6-A and 6-B), and RSWD with CSA 79 Sewer reorganized into the district (Appendices 7-A and 7-B). The projections reveal there are considerable cost savings when consolidating the districts due to economies of scale. While revenues from service fees remain relatively constant, CSA 79 personnel and operating and maintenance costs are expected to significantly decrease. Revenues before and after the reorganization (which is assumed to take place in FY 2022-23) are illustrated in Chart 7 under Scenario 1 (no fee inflation over time), and Chart 8 under Scenario 2 (no fee inflation for five years, followed by 3 percent annual inflation thereafter), while expenditures before and after the reorganization (FY 2022-23) are presented in Chart 9.

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Chart 7: CSA 79 Revenues Pre- and Post-Consolidation, Scenario 1: No Change in Fees

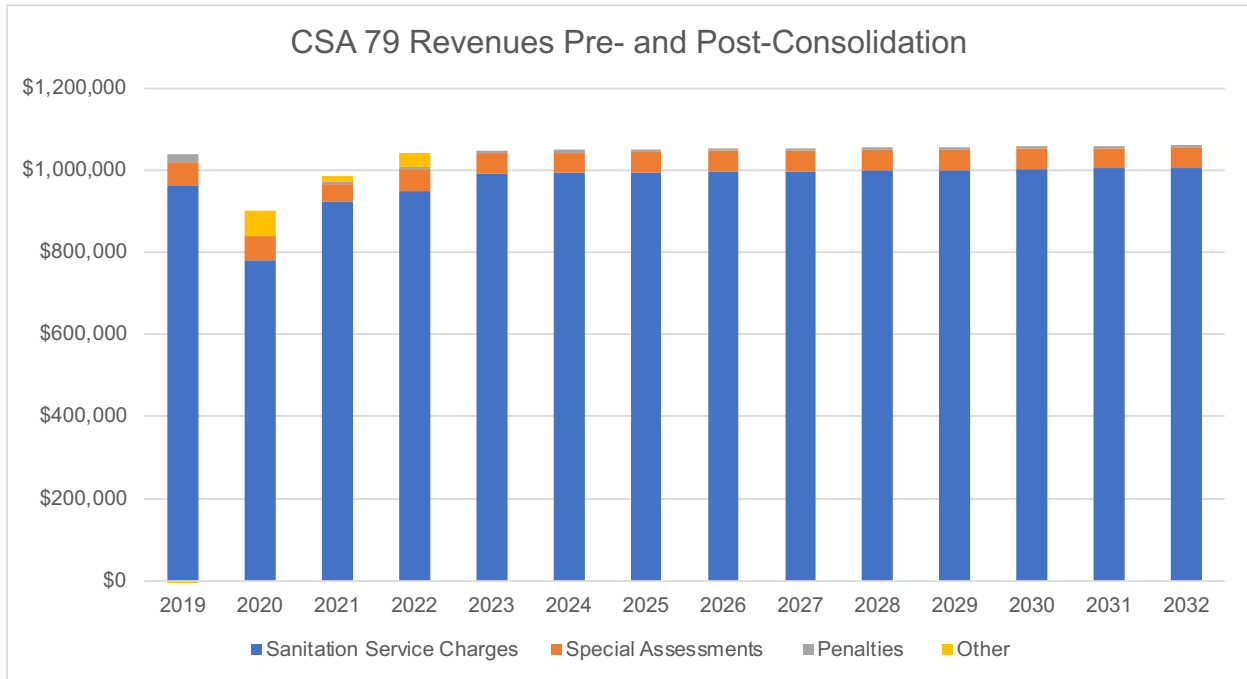


Chart 8: CSA 79 Revenues Pre- and Post-Consolidation, Scenario 2: 3% Increase in Fees After 5 Years

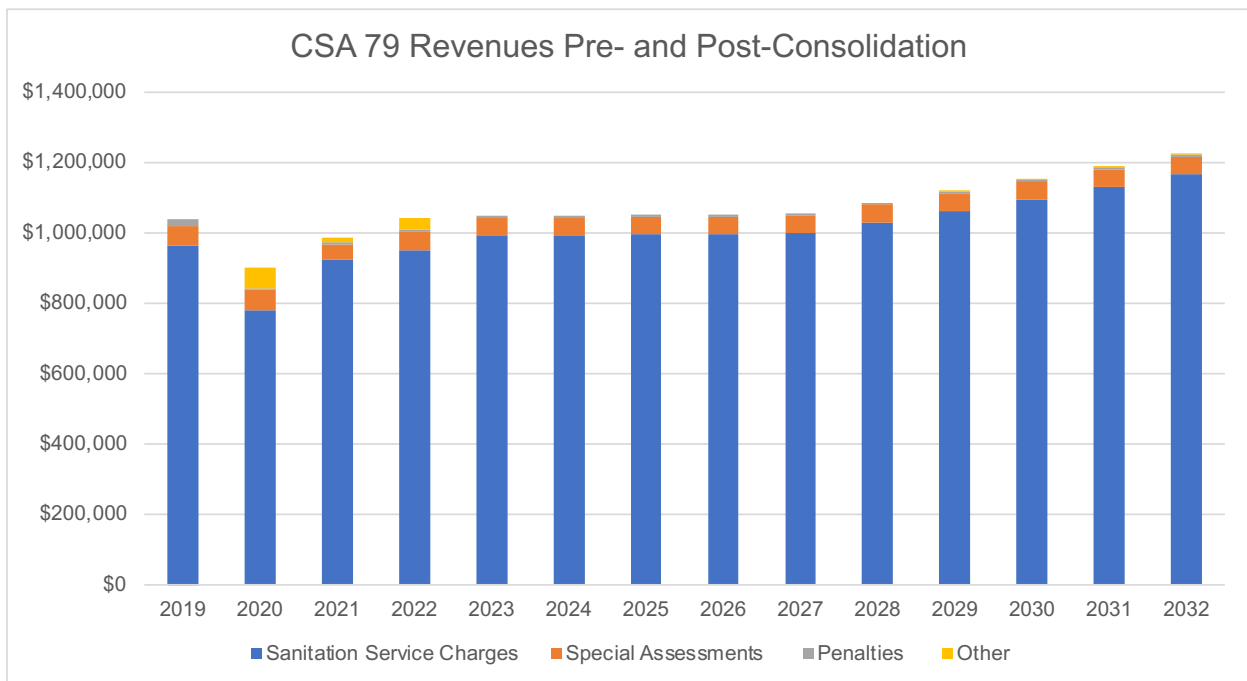
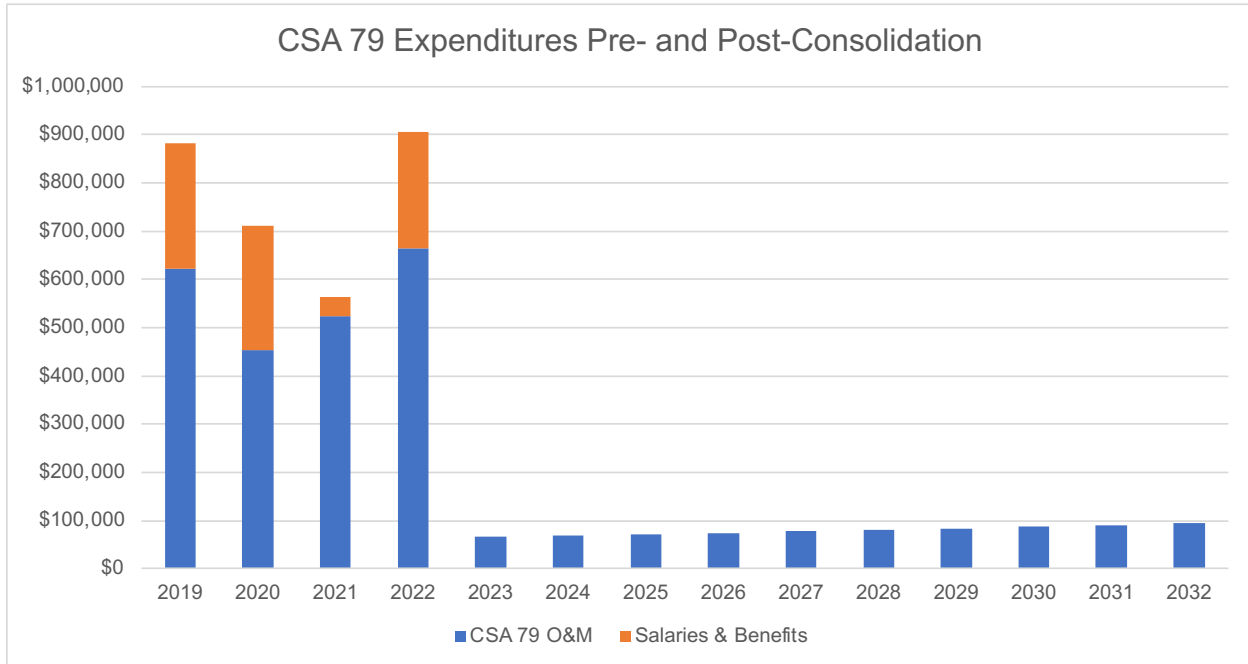


Chart 9: CSA 79 Expenditures Pre- and Post-Consolidation



Appendices 8-A and 8-B detail the estimated amount of savings by category, which total approximately \$814,000 in 2022-23 and \$1 million by 2031-32. Savings are from:

- **Reduced Personnel Costs:** RSWD does not anticipate a need to change staffing levels under consolidation. CSA 79’s salaries and benefits costs, budgeted at \$44,232 in FYE 2022, are removed and reallocated to different CSAs staffed by the County Special Districts Department.
- **Reduced Water Treatment Contract Costs:** CSA 79’s payment to RSWD under its water treatment agreement will be obsolete. RSWD’s water treatment costs will not increase because they already treat CSA 79 sewer. Although RSWD will lose revenues collected from the CSA 79 agreement, they are replaced by service charges collected from CSA 79.
- **Reduced Operating Costs:** CSA 79’s operating costs are significantly higher per EDU than RSWD. CSA 79’s FYE 2022 budgeted cost was \$285,572 for 1,255 EDUs (\$227.55 per EDU). In comparison, RSWD’s budgeted costs total \$145,561 for 2,992 EDUs (\$48.65 per EDU).

CSA 79’s FYE 2022 budget allocated \$250,655 for Professional Services (collection system inspection, cleaning, repair, and replacement) and \$34,917 for Services & Supplies. In contrast, RSWD’s FYE 2022 budget allocated \$145,561 for all Wastewater Collection Operations & Maintenance.

This Analysis assumes that RSWD would operate CSA 79 wastewater collection at a similar cost under its existing system based on a pro rata cost per EDU. Although it’s possible that CSA 79’s

**FISCAL IMPACT ANALYSIS
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wastewater collection system could cost more to operate than RSWD’s system due to unique circumstances, removing the cost of Services & Supplies alone would reduce the wastewater collection expense to \$199.73 per EDU.

Appendices 9-A and 9-B provide a comparison of ten-year projected revenues, expenditures, and net position (beginning cash balance minus ending cash balance) for CSA 79 and RSWD independently and as consolidated districts. As shown in Chart 10, which is based on Scenario 1 (no change in fees), consolidating the districts would result in a positive net position, or cash balance, after considering changes in revenues and expenditures. Chart 11 reflects Scenario 2 (no change in fees for 5 years followed by 3 percent inflation thereafter) and also presents a positive net position.

Chart 10: Change in Net Position Post-Consolidation, Scenario 1: No Increase in Fees

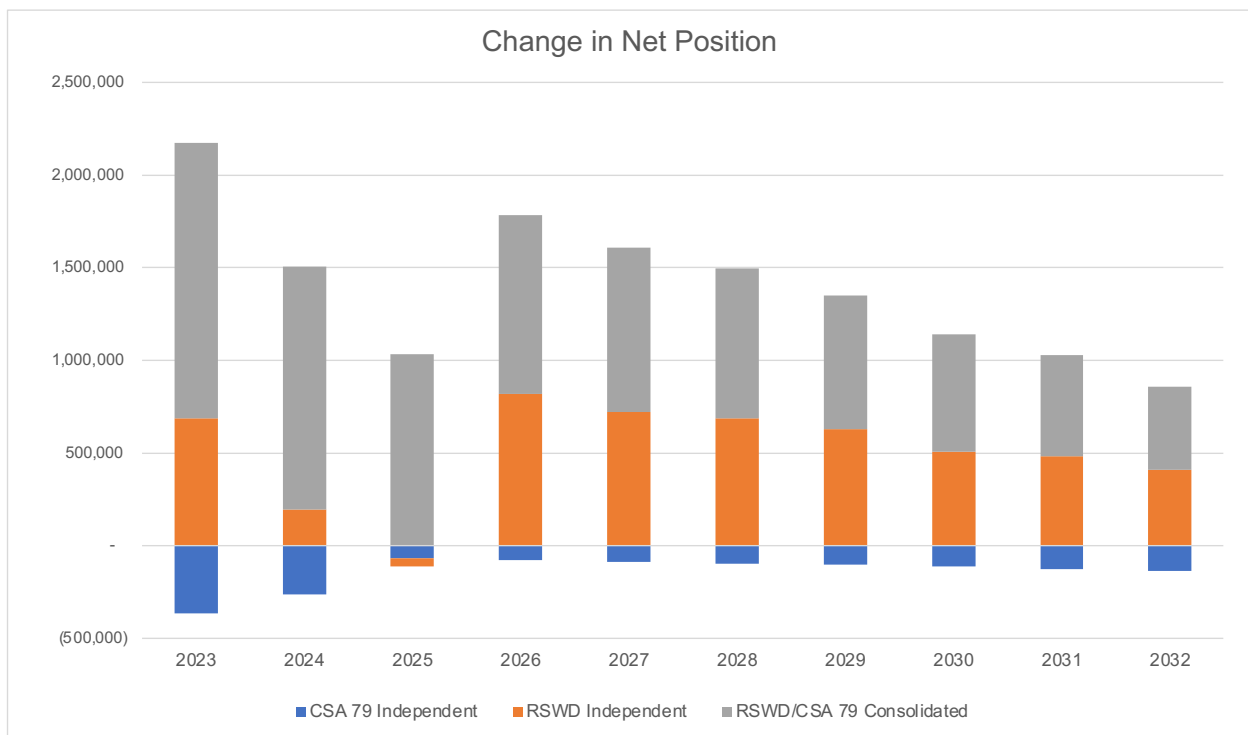
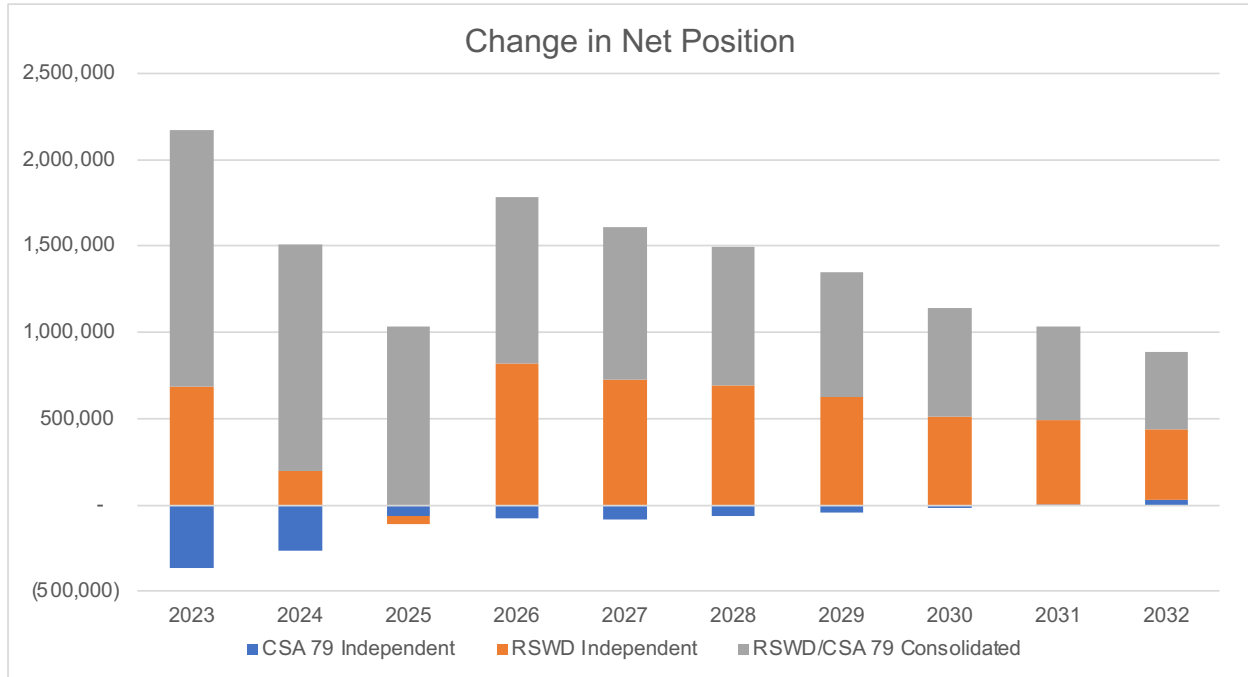


Chart 11: Change in Net Position Post-Consolidation, Scenario 2: 3% Increase in Fees After 5 Years



It is worthwhile to note that based on this Analysis’ projections, RSWD is projected to have a negative net operating income beginning in FYE 2031 (Year 8) if it continues to operate as an independent district. If CSA 79 is reorganized into RSWD, the revenues from CSA 79’s current service charges would offset expenses and result in a positive net position at least through FYE 2032 (Year 10). If CSA 79 were to remain an independent district, it is projected to have a positive net position through FYE 2032 (Year 10).

If RSWD maintains current service charges, an operating deficit of \$3,776 could result beginning in FYE 2031 that would continue to grow annually thereafter. RSWD may need to consider a service charge increase to cover its operational costs and capital improvements. Since a deficit is projected even without reorganization, RSWD would need to consider how much to increase rates for current RSWD customers versus CSA 79 customers.

RSWD has indicated that it does not expect to change CSA 79 customers’ sewer rates if it is reorganized into RSWD, at least for an initial transition period while it evaluates actual revenues and expenditures after reorganization. It is possible that sewer fees would increase regardless of reorganization in order to cover capital improvement project costs and unanticipated repairs.

ASSETS & LIABILITIES

Appendix 2 lists assets and liabilities identified in CSA 79’s audited financial statements over the last five years. The following discusses key variables that affected parties should consider in its deliberations.

PENSION LIABILITY

As of June 30, 2021, CSA 79 had a \$318,808 pension liability. Although CSA 79 has no direct staff, it utilizes pooled staff and resources within the County Special Districts Department. The FYE 2021 audited financials note that CSA 79's pension liability represents 3.08 percent of the Special Districts Department's proportionate share of the County's net pension liability.

LAFCO does not have an official position on how pension liabilities should be transferred under special district reorganization. Based on historical practices LAFCO has seen in other reorganizations, there are two options:

- Transfer the pension liability from CSA 79 to RSWD.
- Payoff the pension liability using CSA 79's available cash balance.

The County and RSWD will negotiate the payoff of the pension liability.

CSA 79 UNRESTRICTED CASH

The projected FYE 2022 ending cash balance is \$2,008,111 after capital improvement projects. The actual pension obligation as of June 30, 2021 was \$318,808 and will be different based on the date reorganization goes into effect. The County and RSWD need to negotiate the amount of unrestricted cash to transfer to RSWD after considering all receivables, payables, and liabilities. Appendix 7B presents a conservative scenario in which no cash would be transferred to RSWD, however the beginning balance could increase by the amount of cash that is negotiated between RSWD and CSA 79, net of receivables, payables, and liabilities (including CSA 79's pension obligation) and reorganization costs.

CSA 79 CAPITAL ASSETS

The FYE 2021 audited financials identified \$857,276 in non-current assets. This consists primarily of fixed infrastructure related to CSA 79's the wastewater collection system. There are no vehicles or equipment to transfer. Capital assets should be clearly identified for transfer.

FINDINGS AND CONCLUSIONS

The following findings and conclusions address the financial factors LAFCO must consider in reviewing a consolidation proposal and the Commission's determinations required by the CKH Act. It is important to emphasize that these findings and conclusions should be weighed in the context of all the decision-making factors required by the CKH Act, both financially and as a matter of public policy. Beyond the assumptions used in the Analysis, the Commission should consider the operational efficiencies gained by consolidation through economies of scale and scope, as well as RSWD's ability to absorb CSA 79's operations from a management perspective.

SUFFICIENCY OF REVENUES

"The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change" (§56668(j)).

The Analysis evaluated the sufficiency and reliability of anticipated revenues that RSWD proposes to use to fund CSA 79 wastewater collection and treatment activities assumed upon consolidation. The Analysis's baseline budget projection indicated that, if RSWD maintains current service charges, a modest deficit of \$3,776 could result in FYE 2031 that would continue to grow annually thereafter. RSWD may need to consider a service charge increase to cover its operational costs and capital improvements. Since a deficit is projected even without reorganization, RSWD would need to consider how much to increase rates for current RSWD customers versus CSA 79 customers. A March 2017 sewer rate study concluded that an increase is necessary to cover operational costs and capital improvements.

PUBLIC SERVICE COSTS

"Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service" (§56881(b)(1)).

CSA 79 public services costs are projected to be significantly less if reorganized to RSWD by eliminating redundancies. The largest expenditures in the baseline budget projections are the RSWD wastewater treatment agreement, salaries and benefits, and operating and maintenance costs. The wastewater treatment agreement and salaries and benefits would be removed if reorganized. The agreement would be obsolete upon reorganization; RSWD would fund the wastewater treatment services it already provides to CSA 79 customers directly from service charges. The County would no longer staff CSA 79, and RSWD does not expect a need to increase its staffing levels.

Operations and maintenance costs are also projected to be significantly reduced. CSA 79's operating costs are significantly higher per EDU than RSWD, at \$227.55 per EDU compared to \$48.65 per EDU. This Analysis assumes that RSWD will operate CSA 79's wastewater collection system at \$48.65 per EDU. Although it is possible that CSA 79's wastewater collection system could cost more to operate than RSWD's system due to unique circumstances. Removing the cost of Indirect Services & Supplies alone would reduce CSA 79's wastewater collection expense

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SAN BERNARDINO COUNTY SERVICE AREA 79**

to \$199.73 per EDU. Indirect Services & Supplies are payments made by CSA 79 to the County Special Districts department for its proportionate share of County operating costs.

FINANCIAL ACCOUNTABILITY

“A change of organization or reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources” (§56881(b)(2)).

CSA 79 customers would be served directly by RSWD rather than the County. RSWD already provides wastewater treatment services to CSA 79 customers. Consolidating wastewater collection services would improve economies of scale and reduce redundancies. CSA 79 customers would have the opportunity to vote for RSWD Board members and contact RSWD directly for customer service. RSWD’s power and authority is regulated by the California Water Code and is held to high standard of governmental accountability and transparency.

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

APPENDICES

Historic Five-Year Revenues & Expenditures (FYE 2017-2021)

Appendix 1

CSA 79 Sewer Enterprise Fund

	2017	2018	2019	2020	2021	CAGR
Operating Revenues						
Sanitation Service Charges	\$960,972	\$960,446	\$964,543	\$780,591	\$923,437	-0.79%
Permit & Inspection Fees	75	-	150	-	-	-100%
Connection Fees	-	-	6,510	-	-	N/A
Other	3,002	240	-	78	763	-23.96%
Total Operating Revenues	\$964,049	\$960,686	\$971,203	\$780,669	\$924,200	-0.84%
Expenditures						
Other Professional Fees	\$180,284	\$95,510	\$245,798	\$4,431	\$2,029	-59.24%
Salaries & Benefits	353,480	241,064	260,965	258,213	40,143	-35.28%
Services & Supplies	134,098	225,468	101,218	112,949	166,886	4.47%
Utilities ¹	25,272	427,334	274,008	334,963	354,926	69.63%
RSWD Agreement	221,212	-	-	-	-	-100%
RSWD Filtration Project	69,645	-	-	-	-	-100%
Depreciation	131,493	137,107	136,846	136,064	136,063	0.69%
Total Operating Expenses	\$1,115,484	\$1,126,483	\$1,018,835	\$846,620	\$700,047	-8.90%
<i>Excluding Depreciation</i>	<i>\$983,991</i>	<i>\$989,376</i>	<i>\$881,989</i>	<i>\$710,556</i>	<i>\$563,984</i>	<i>-10.53%</i>
Net Operating Gain/Loss	(\$151,435)	(\$165,797)	(\$47,632)	(\$65,951)	\$224,153	-208.16%
<i>Excluding Depreciation</i>	<i>(\$19,942)</i>	<i>(\$28,690)</i>	<i>\$89,214</i>	<i>\$70,113</i>	<i>\$360,216</i>	<i>-278.39%</i>
Nonoperating Revenues						
Property Taxes	-	-	-	-	-	N/A
Special Assessments	48,813	47,231	55,107	59,213	43,585	-2.24%
Investment Earnings	7,019	10,156	45,413	56,912	4,689	-7.75%
Penalties	3,330	38,140	20,398	1,280	4,896	8.01%
Other	6,254	8,225	(54,907)	3,977	9,376	8.44%
Total Nonoperating Revenues	\$65,416	\$103,752	\$66,011	\$121,382	\$62,546	-0.89%
Change in Net Position	(\$86,019)	(\$62,045)	\$18,379	\$55,431	\$286,699	-227.22%
<i>Excluding Depreciation</i>	<i>\$45,474</i>	<i>\$75,062</i>	<i>\$155,225</i>	<i>\$191,495</i>	<i>\$422,762</i>	<i>56.19%</i>
Fund Balance						
Beginning	2,688,113	2,602,094	2,565,049	2,583,428	2,641,424	-0.35%
Ending	2,602,094	2,565,049	2,583,428	2,638,859	2,928,123	2.39%
Net Change	(\$86,019)	(\$37,045)	\$18,379	\$55,431	\$286,699	-227.22%

1: The CSA 79 Financial Statements began reporting expenditures associated with the RSWD Agreement and Filtration Project within the Utilities category in 2018.

Source: County Service Area No. 79 R-1 Green Valley Lake Financial Statements: Statement of Revenues, Expenses, and Changes in Net Position: Proprietary Funds

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Historic Five-Year Statement of Net Position (FYE 2017-2021)
CSA 79 Sewer Enterprise Fund

Appendix 2

	2017	2018	2019	2020	2021
Assets					
Current Assets					
Cash and investments	\$1,313,762	\$1,300,538	\$1,467,370	\$1,919,426	2,340,897
Accounts receivable	210,874	211,017	218,877	23,097	24,870
Interest receivable	9,299	-	-	-	-
Taxes receivable	-	-	3,011	151	-
Special assessment receivable	1,283	4,804	-	3,090	1,895
Due from other government	-	-	1,246	-	-
Total Current Assets	\$1,535,218	\$1,516,359	\$1,690,504	\$1,945,764	\$2,367,662
Non-Current Assets					
Improvements to land	5,216,517	5,328,771	5,328,771	5,328,771	5,328,771
Structures and improvements	159,050	159,050	159,050	159,050	159,050
Vehicles	64,440	64,440	64,440	64,440	64,440
Equipment	31,006	31,006	31,006	31,006	31,006
Construction in progress	173,406	-	1,335	-	-
Accumulated depreciation	(4,179,910)	(4,317,017)	(4,453,863)	(4,589,927)	(4,725,991)
Total Non-Current Assets	\$1,464,509	\$1,266,250	\$1,130,739	\$993,340	\$857,276
Total Assets	\$2,999,727	\$2,782,609	\$2,821,243	\$2,939,104	\$3,224,938
Deferred Outflows of Resources					
Pensions	\$136,783	\$133,135	\$112,507	\$92,172	\$156,998
Liabilities					
Current Liabilities					
Accounts payable	131,834	-	19,737	25,774	82,900
Retention payable	-	-	-	-	-
Due to other governments	63,086	17,273	21,624	92,651	37,352
Total Current Liabilities	\$194,920	\$17,273	\$41,361	\$118,425	\$120,252
Long-Term Liabilities					
Net pension liability	277,203	269,885	253,480	245,069	318,808
Total Liabilities	\$472,123	\$287,158	\$294,841	\$363,494	\$439,060
Deferred Inflows of Resources					
Pensions	\$62,293	\$60,281	\$55,481	\$28,923	\$14,753
Net Position					
Invested in Capital Assets	1,464,509	1,266,250	1,130,739	993,340	857,276
Unrestricted	1,137,585	1,298,799	1,452,689	1,645,519	2,070,847
Total Net Position	\$2,602,094	\$2,565,049	\$2,583,428	\$2,638,859	\$2,928,123

Source: County Service Area No. 79 R-1 Green Valley Lake Financial Statements: Statement of Net Position, Proprietary Funds

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Historic Five-Year Revenues & Expenditures (FYE 2017-2021)
CSA79 R-1 Meadow Green Valley Lake

Appendix 3

	2017	2018	2019	2020	2021	CAGR
Revenues						
Special Assessments	24,831	26,563	30,480	30,110	31,923	5.15%
Investment Earnings	435	535	2,349	3,404	215	-13.15%
Other	151	95	1,448	1,520	340	17.63%
Total Revenues	\$25,417	\$27,193	\$34,277	\$35,034	\$32,478	5.03%
Expenditures						
Salaries & Benefits	3,814	4,529	3,381	7487	625	-30.35%
Services & Supplies	18,005	40,599	7,873	7328	3,356	-28.54%
Contingencies	-	-	-	0	-	N/A
Professional Fees	-	-	-	0	-	N/A
Total Expenditures	\$21,819	\$45,128	\$11,254	\$14,815	\$3,981	-28.84%
Fund Balance						
Beginning	81,316	84,720	66,785	\$ 89,808	\$ 110,027	6.23%
Ending	84,914	66,785	89,808	\$110,027	\$ 138,524	10.28%
Net Change	\$3,598	(\$17,935)	\$23,023	\$20,219	\$28,497	51.27%

Source: County Service Area No. 79 R-1 Green Valley Lake Financial Statements: Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Historic Five-Year Statement of Net Position (FYE 2017-2021)
CSA79 Sewer Enterprise Fund - R1**

Appendix 4

	2016	2017	2018	2019	2020	2021
Assets						
Cash and investments	82,087	86,177	65,658	89,346	111,326	136,487
Accounts receivable	-	-	-	-	-	-
Interest receivable	156	263	-	-	-	-
Taxes receivable	-	880	-	-	-	-
Special assessment receivable	215	880	1,127	462	1,184	2,132
Total Assets	\$ 82,458	\$88,200	\$66,785	\$89,808	\$112,510	\$138,619
Deferred outflows of resources						
Pension	-	84,720	-	-	-	-
Liabilities						
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	2,483	95
Accounts payable	-	2,600	-	-	-	-
Total Liabilities	\$ -	\$2,600	\$-	\$-	\$2,483	\$95
Fund Balance						
Restricted for Road Maintenance	81,316	84,720	66,785	89,808	110,027	138,524
Total Liabilities & Fund Balance	\$ 81,316	\$87,320	\$66,785	\$89,808	\$112,510	\$138,619
Total Fund Balance - Governmental Fund	\$ 81,316	\$84,720	\$66,785	\$89,808	\$110,027	\$138,524
Capital Assets	131,675					
Accumulated depreciation	(79,005)					
Net capital assets	\$ 52,670	\$49,378	\$46,997	\$42,997	\$39,907	\$36,818
Net position of governmental activities	\$ 133,986	\$134,098	\$113,782	\$132,805	\$149,934	\$175,342

Source: County Service Area No. 79 R-1 Green Valley Lake Financial Statements: Balance Sheet, Governmental Funds

**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Ten-Year Projected Revenues & Expenditures
CSA 79 Sewer Enterprise Fund - No Reorganization, Constant Service Charges**

Appendix 5A

	Budgeted	Projected										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Service Charges												
EDUs	1,255	1,257	1,259	1,261	1,263	1,265	1,267	1,269	1,271	1,273	1,275	
Monthly Service Charge	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	
Total Annual Charge	\$990,496	\$992,075	\$993,653	\$995,232	\$996,810	\$998,389	\$999,967	\$1,001,546	\$1,003,124	\$1,004,703	\$1,006,281	
Revenues												
Sanitation Service Charge	\$950,000	\$992,075	\$993,653	\$995,232	\$996,810	\$998,389	\$999,967	\$1,001,546	\$1,003,124	\$1,004,703	\$1,006,281	
Special Assessments	53,300	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Penalties & Delinquent Taxes	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	
Investment Earnings/Interest	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Permit, Inspection, & Conn. Fees	0	10,822	10,822	10,822	10,822	10,822	10,822	10,822	10,822	10,822	10,822	
Other	23,000	-	-	-	-	-	-	-	-	-	-	
Total Revenues	1,042,200	1,068,797	1,070,375	1,071,954	1,073,532	1,075,111	1,076,689	1,078,268	1,079,846	1,081,425	1,083,003	
Expenditures												
Utilities - Sewer (RSWD)	\$350,000	\$350,560	\$351,121	\$351,683	\$352,245	\$352,809	\$353,373	\$353,939	\$354,505	\$355,072	\$355,640	
Utilities - Other	28,300	29,121	29,965	30,834	31,728	32,649	33,595	34,570	35,572	36,604	37,665	
Professional and Special Services	250,655	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	
Services & Supplies - General	34,917	35,930	36,972	38,044	39,147	40,282	41,450	42,653	43,889	45,162	46,472	
Salaries & Benefits	241,064	248,055	255,248	262,651	270,268	278,105	286,170	294,469	303,009	311,796	320,838	
Transfers Out	218,074	514,000	404,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
Total Operating Expenses	\$1,123,010	\$1,432,665	\$1,332,306	\$1,138,211	\$1,148,388	\$1,158,845	\$1,169,590	\$1,180,630	\$1,191,976	\$1,203,634	\$1,215,616	
Net Operating Income / (Deficit)	\$(80,810)	\$(363,868)	\$(261,931)	\$(66,258)	\$(74,856)	\$(83,734)	\$(92,900)	\$(102,363)	\$(112,130)	\$(122,210)	\$(132,613)	
Excl. CIP Transfers Out	\$137,264	\$150,132	\$142,069	\$133,742	\$125,144	\$116,266	\$107,100	\$97,637	\$87,870	\$77,790	\$67,387	
Beginning Cash (Unrestricted)	\$2,070,847	\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$2,982,563	\$3,080,200	\$3,168,071	\$3,245,861	
Ending Cash Before CIP	\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$2,982,563	\$3,080,200	\$3,168,071	\$3,245,861	\$3,313,248	

Source: County Budget for FYE 2022; RSG Projections from FYE 2023



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Ten-Year Projected Revenues & Expenditures
CSA 79 Sewer Enterprise Fund - No Reorganization, Increased Service Fees After Five Years**

Appendix 5B

	Projected										
	Budgeted 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Service Charges											
EDUs	1,255	1,257	1,259	1,261	1,263	1,265	1,267	1,269	1,271	1,273	1,275
Monthly Service Charge	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$65.77	\$67.74	\$69.78	\$71.87	\$74.02	\$76.25
Total Annual Charge	\$990,496	\$992,075	\$993,653	\$995,232	\$996,810	\$998,389	\$1,029,966	\$1,062,540	\$1,096,141	\$1,130,802	\$1,166,555
Revenues											
Sanitation Service Charge	\$950,000	\$992,075	\$993,653	\$995,232	\$996,810	\$998,389	\$1,029,966	\$1,062,540	\$1,096,141	\$1,130,802	\$1,166,555
Special Assessments	53,300	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Penalties & Delinquent Taxes	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900	5,900
Investment Earnings/Interest	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Permit, Inspection, & Conn. Fees	0	10,822	10,822	10,822	10,822	10,822	10,822	10,822	10,822	10,822	10,822
Other	23,000	-	-	-	-	-	-	-	-	-	-
Total Revenues	1,042,200	1,068,797	1,070,375	1,071,954	1,073,532	1,075,111	1,106,688	1,139,262	1,172,863	1,207,524	1,243,277
Expenditures											
Utilities - Sewer (RSWD)	\$350,000	\$350,560	\$351,121	\$351,683	\$352,245	\$352,809	\$353,373	\$353,939	\$354,505	\$355,072	\$355,640
Utilities - Other	28,300	29,121	29,965	30,834	31,728	32,649	33,595	34,570	35,572	36,604	37,665
Professional and Special Services	250,655	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000
Services & Supplies - General	34,917	35,930	36,972	38,044	39,147	40,282	41,450	42,653	43,889	45,162	46,472
Salaries & Benefits	241,064	248,055	255,248	262,651	270,268	278,105	286,170	294,469	303,009	311,796	320,838
Transfers Out	218,074	514,000	404,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total Operating Expenses	\$1,123,010	\$1,432,665	\$1,332,306	\$1,138,211	\$1,148,388	\$1,158,845	\$1,169,590	\$1,180,630	\$1,191,976	\$1,203,634	\$1,215,616
Net Operating Income / (Deficit)	\$(80,810)	\$(363,868)	\$(261,931)	\$(66,258)	\$(74,856)	\$(83,734)	\$(62,901)	\$(41,369)	\$(19,113)	\$3,889	\$27,662
Excl. CIP Transfers Out	\$137,264	\$150,132	\$142,069	\$133,742	\$125,144	\$116,266	\$137,099	\$158,631	\$180,887	\$203,889	\$227,662
Beginning Cash (Unrestricted)	\$2,070,847	\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$3,012,562	\$3,171,193	\$3,352,081	\$3,555,970
Ending Cash Before CIP	\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$3,012,562	\$3,171,193	\$3,352,081	\$3,555,970	\$3,783,631

Source: County Budget for FYE 2022; RSG Projections from FYE 2023



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Ten-Year Projected Revenues & Expenditures **Appendix 5C**
CSA 79 Sewer Enterprise Fund - No Reorganization, Constant Service Charges

	Projected											
	Budgeted	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Cash (Unrestricted)		\$2,070,847	\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$2,982,563	\$3,080,200	\$3,168,071	\$3,245,861
Ending Cash Before CIP		\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$2,982,563	\$3,080,200	\$3,168,071	\$3,245,861	\$3,313,248
Capital Improvements												
Ongoing Repair/Replacement of Main Sewer Lines		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Raise Manholes (\$1,200 x 340 manholes)			204,000	204,000								
Pump Upgrade - Canyon Lift Station			20,000									
Driveway Replacement - Deerlick & Crab Flats			75,000									
Transducer - Snow Valley			10,000									
Ahwanee Level Sensors			5,000									
Total		\$200,000	\$514,000	\$404,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Ending Cash After CIP		\$2,008,111	\$1,844,243	\$2,096,312	\$2,434,054	\$2,559,198	\$2,675,463	\$2,782,563	\$2,880,200	\$2,968,071	\$3,045,861	\$3,113,248
Change in Net Position		\$(62,736)	\$(363,868)	\$(261,931)	\$(66,258)	\$(74,856)	\$(83,734)	\$(92,900)	\$(102,363)	\$(112,130)	\$(122,210)	\$(132,613)

Source: CSA 79 Capital Improvement Budgets for FYEs 2022-2027; RSG Projections from FYE 2027



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Ten-Year Projected Revenues & Expenditures
CSA 79 Sewer Enterprise Fund - No Reorganization, Increased Service Fees After Five Years

Appendix 5D

	Budgeted					Projected					
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Beginning Cash (Unrestricted)	\$2,070,847	\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$3,012,562	\$3,171,193	\$3,352,081	\$3,555,970
Ending Cash Before CIP	\$2,208,111	\$2,358,243	\$2,500,312	\$2,634,054	\$2,759,198	\$2,875,463	\$3,012,562	\$3,171,193	\$3,352,081	\$3,555,970	\$3,783,631
Capital Improvements											
Ongoing Repair/Replacement of Main Sewer Lines	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Raise Manholes (\$1,200 x 340 manholes)		204,000	204,000								
Pump Upgrade - Canyon Lift Station		20,000									
Driveway Replacement - Deerlick & Crab Flats		75,000									
Transducer - Snow Valley		10,000									
Ahwanee Level Sensors		5,000									
Total	\$200,000	\$514,000	\$404,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Ending Cash After CIP	\$2,008,111	\$1,844,243	\$2,096,312	\$2,434,054	\$2,559,198	\$2,675,463	\$2,812,562	\$2,971,193	\$3,152,081	\$3,355,970	\$3,583,631
Change in Net Position	\$(62,736)	\$(363,868)	\$(261,931)	\$(66,258)	\$(74,856)	\$(83,734)	\$(62,901)	\$(41,369)	\$(19,113)	\$3,889	\$27,662

Source: CSA 79 Capital Improvement Budgets for FYEs 2022-2027; RSG Projections from FYE 2027



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Ten-Year Projected Revenues & Expenditures
RSWD - No Reorganization** Appendix 6A

	Budgeted				Projected							
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Revenues												
Wastewater Collection												
Service Charges (Base & System)	\$1,126,718	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519	\$1,160,519
Availability Charges	8,033	8,033	8,033	8,033	8,033	8,033	8,033	8,033	8,033	8,033	8,033	8,033
Interest Income	10,443	10,652	10,652	10,652	10,652	10,652	10,652	10,652	10,652	10,652	10,652	10,652
Other	8,086	8,303	8,303	8,303	8,303	8,303	8,303	8,303	8,303	8,303	8,303	8,303
Subtotal	\$1,153,280	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507	\$1,187,507
Wastewater Treatment												
Service Charges	\$839,631	\$864,820	\$864,820	\$864,820	\$864,820	\$864,820	\$864,820	\$864,820	\$864,820	\$864,820	\$864,820	\$864,820
Usage Charges	148,124	152,568	152,568	152,568	152,568	152,568	152,568	152,568	152,568	152,568	152,568	152,568
Availability Charges	5,987	5,987	5,987	5,987	5,987	5,987	5,987	5,987	5,987	5,987	5,987	5,987
Interest Income	7,783	7,938	7,938	7,938	7,938	7,938	7,938	7,938	7,938	7,938	7,938	7,938
Arrowbear O&M Reimb	199,156	205,131	211,285	217,623	224,152	230,876	237,803	244,937	252,285	259,853	267,649	275,678
CSA 79 O&M Reimb	253,891	261,508	269,353	277,434	285,757	294,329	303,159	312,254	321,622	331,270	341,208	351,445
Arrowbear & CSA 79 CIP	160,856	164,073	167,355	170,702	174,116	177,598	181,150	184,773	188,468	192,238	196,083	200,004
CSA 79 CIP	207,807	211,963	216,202	220,526	224,937	229,436	234,024	238,705	243,479	248,349	253,316	258,382
Other	6,025	6,187	6,187	6,187	6,187	6,187	6,187	6,187	6,187	6,187	6,187	6,187
Subtotal	\$1,829,260	\$1,880,175	\$1,901,695	\$1,923,785	\$1,946,461	\$1,969,739	\$1,993,636	\$2,018,169	\$2,043,354	\$2,069,210	\$2,095,755	\$2,123,009
Total Wastewater Revenues²	\$2,982,540	\$3,067,682	\$3,089,202	\$3,111,292	\$3,133,968	\$3,157,246	\$3,181,143	\$3,205,676	\$3,230,861	\$3,256,717	\$3,283,262	\$3,310,516

2: Revenues estimated to grow 0% annually to match RSWD cash flow projections in 2022-23 budget.

Source: RSWD Budgets for FYE 2022 and 2023; RSG Projections from FYE 2024



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Ten-Year Projected Revenues & Expenditures **Appendix 6B**
RSWD - No Reorganization

	Budgeted		Projected									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Expenditures												
Wastewater Collection												
Personnel	\$595,339	\$615,295	\$639,907	\$665,503	\$692,123	\$719,808	\$748,600	\$778,544	\$809,686	\$842,074	\$875,757	\$910,787
Operations & Maintenance	145,561	150,552	156,574	162,837	169,351	176,125	183,170	190,496	198,116	206,041	214,282	222,854
Depreciation	199,767	202,818	210,931	219,368	228,143	237,268	246,759	256,629	266,895	277,570	288,673	300,220
Long-Term Debt - Interest	44,605	42,193	40,083	38,079	36,175	34,366	32,648	31,016	29,465	27,992	26,592	25,263
Subtotal	\$985,272	\$1,010,858	\$1,047,495	\$1,085,787	\$1,125,792	\$1,167,568	\$1,211,177	\$1,256,686	\$1,304,162	\$1,353,677	\$1,405,304	\$1,459,123
Wastewater Treatment												
Personnel	\$692,235	\$715,582	\$744,205	\$773,973	\$804,932	\$837,130	\$870,615	\$905,440	\$941,657	\$979,323	\$1,018,496	\$1,059,236
Operations & Maintenance	357,060	369,558	384,340	399,714	415,702	432,331	449,624	467,609	486,313	505,766	525,996	547,036
Depreciation	268,100	308,152	320,478	333,297	346,629	360,494	374,914	389,911	405,507	421,727	438,596	456,140
Subtotal	\$1,317,395	\$1,393,292	\$1,449,024	\$1,506,985	\$1,567,264	\$1,629,955	\$1,695,153	\$1,762,959	\$1,833,477	\$1,906,816	\$1,983,089	\$2,062,413
Total Wastewater Expenses	\$2,302,667	\$2,404,150	\$2,496,519	\$2,592,772	\$2,693,056	\$2,797,522	\$2,906,330	\$3,019,645	\$3,137,639	\$3,260,493	\$3,388,393	\$3,521,536
% Change ³		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Net Operating Income / (Deficit)	\$679,873	\$663,532	\$592,683	\$518,520	\$440,912	\$359,724	\$274,813	\$186,031	\$93,222	(\$3,776)	(\$105,131)	(\$211,020)
Beginning Cash	\$825,366	\$585,674	\$1,272,832	\$1,471,993	\$1,430,608	\$2,251,031	\$2,975,512	\$3,666,192	\$4,295,101	\$4,804,149	\$5,290,123	\$5,699,684
Non-Cash Depreciation	467,867	510,970	531,409	552,665	574,772	597,763	621,673	646,540	672,402	699,298	727,270	756,360
Long-Term Debt - Principal	(126,932)	(129,344)	(131,931)	(134,569)	(137,261)	(140,006)	(142,806)	(145,662)	(148,576)	(151,547)	(154,578)	(157,670)
Capital Projects & Fixed Assets	(1,260,500)	(358,000)	(793,000)	(978,000)	(58,000)	(93,000)	(63,000)	(58,000)	(108,000)	(58,000)	(58,000)	(58,000)
Ending Cash	\$ 585,674	\$ 1,272,832	\$ 1,471,993	\$ 1,430,608	\$ 2,251,031	\$ 2,975,512	\$ 3,666,192	\$ 4,295,101	\$ 4,804,149	\$ 5,290,123	\$ 5,699,684	\$ 6,029,355
Change in Net Position	(\$239,692)	\$687,158	\$199,161	(\$41,384)	\$820,423	\$724,481	\$690,680	\$628,908	\$509,048	\$485,975	\$409,561	\$329,671

3: Expenditures estimated to increase 4% annually to match RSWD cash flow projections in 2022-23 budget

Source: RSWD Budgets for FYE 2022 and 2023; RSG Projections from FYE 2024



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

Ten-Year Projected Revenues & Expenditures
RSWD - With CSA 79 Sewer **Appendix 7A**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
CSA 79 Sewer Charge⁴										
EDUs	1,257	1,259	1,261	1,263	1,265	1,267	1,269	1,271	1,273	1,275
Monthly Service Charge	\$ 65.77	\$ 65.77	\$ 65.77	\$ 65.77	\$ 65.77	\$ 65.77	\$ 65.77	\$ 65.77	\$ 65.77	\$ 65.77
	\$ 992,075	\$ 993,653	\$ 995,232	\$ 996,810	\$ 998,389	\$ 999,967	\$ 1,001,546	\$ 1,003,124	\$ 1,004,703	\$ 1,006,281
Operating Revenues										
Wastewater collection										
RSWD Service Charges	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519	\$ 1,160,519
CSA 79 Service Charges	496,037	496,827	497,616	498,405	499,194	499,984	500,773	501,562	502,351	503,141
CSA 79 Special Assessments & Penalties	55,900	55,900	55,900	55,900	55,900	55,900	55,900	55,900	55,900	55,900
RSWD Other Revenues	8,303	8,303	8,303	8,303	8,303	8,303	8,303	8,303	8,303	8,303
CSA 79 Other Revenues	-	-	-	-	-	-	-	-	-	-
Subtotal	\$ 1,720,759	\$ 1,721,549	\$ 1,722,338	\$ 1,723,127	\$ 1,723,916	\$ 1,724,706	\$ 1,725,495	\$ 1,726,284	\$ 1,727,073	\$ 1,727,863
Wastewater Treatment										
RSWD Service Charges	\$ 864,820	\$ 864,820	\$ 864,820	\$ 864,820	\$ 864,820	\$ 864,820	\$ 864,820	\$ 864,820	\$ 864,820	\$ 864,820
CSA 79 Service Charges	496,037	496,827	497,616	498,405	499,194	499,984	500,773	501,562	502,351	503,141
RSWD Other Revenues	6,187	6,187	6,187	6,187	6,187	6,187	6,187	6,187	6,187	6,187
CSA 79 Other Revenues	-	-	-	-	-	-	-	-	-	-
Arrowbear O&M and CIP	360,012	369,204	378,639	388,325	398,268	408,474	418,953	429,710	440,753	452,091
Subtotal	\$ 1,727,056	\$ 1,737,037	\$ 1,747,262	\$ 1,757,737	\$ 1,768,469	\$ 1,779,465	\$ 1,790,732	\$ 1,802,279	\$ 1,814,112	\$ 1,826,239
Total Wastewater Revenues	\$ 3,447,816	\$ 3,458,586	\$ 3,469,600	\$ 3,480,864	\$ 3,492,385	\$ 3,504,170	\$ 3,516,227	\$ 3,528,563	\$ 3,541,185	\$ 3,554,101
% Change		0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%

4: CSA 79 service charges are divided evenly between the Wastewater Collection and Wastewater Treatment revenue categories

Source: RSG, Inc.



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Ten-Year Projected Revenues & Expenditures
RSWD - With CSA 79 Sewer**

Appendix 7B

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Expenditures										
Wastewater Collection										
RSWD Personnel	\$615,295	\$639,907	\$665,503	\$692,123	\$719,808	\$748,600	\$778,544	\$809,686	\$842,074	\$875,757
RSWD Operations & Maintenance	150,552	156,574	162,837	169,351	176,125	183,170	190,496	198,116	206,041	214,282
RSWD Depreciation	202,818	210,931	219,368	228,143	237,268	246,759	256,629	266,895	277,570	288,673
RSWD Long-Term Debt - Interest	42,193	40,083	38,079	36,175	34,366	32,648	31,016	29,465	27,992	26,592
CSA 79 O&M, Services, & Supplies	65,780	68,520	71,374	74,347	77,443	80,668	84,027	87,526	91,170	94,966
CSA 79 Utilities	29,121	29,965	30,834	31,728	32,649	33,595	34,570	35,572	36,604	37,665
Subtotal	\$1,105,759	\$1,145,980	\$1,187,995	\$1,231,867	\$1,277,659	\$1,325,441	\$1,375,283	\$1,427,260	\$1,481,451	\$1,537,936
Wastewater Treatment										
Personnel	\$715,582	\$744,205	\$773,973	\$804,932	\$837,130	\$870,615	\$905,440	\$941,657	\$979,323	\$1,018,496
Operations & Maintenance	369,558	384,340	399,714	415,702	432,331	449,624	467,609	486,313	505,766	525,996
Depreciation	308,152	320,478	333,297	346,629	360,494	374,914	389,911	405,507	421,727	438,596
Subtotal	\$1,393,292	\$1,449,024	\$1,506,985	\$1,567,264	\$1,629,955	\$1,695,153	\$1,762,959	\$1,833,477	\$1,906,816	\$1,983,089
Total Wastewater Expenses	\$2,499,051	\$2,595,004	\$2,694,980	\$2,799,131	\$2,907,614	\$3,020,593	\$3,138,242	\$3,260,737	\$3,388,267	\$3,521,025
Net Operating Income / (Deficit)	\$948,765	\$863,582	\$774,620	\$681,733	\$584,772	\$483,577	\$377,986	\$267,825	\$152,918	\$33,077
Beginning Cash	\$585,674	\$2,072,065	\$3,381,125	\$4,415,840	\$5,377,085	\$6,261,613	\$7,066,057	\$7,786,920	\$8,420,572	\$8,963,240
Non-Cash Depreciation	510,970	531,409	552,665	574,772	597,763	621,673	646,540	672,402	699,298	727,270
Long-Term Debt - Principal	(129,344)	(131,931)	(134,569)	(137,261)	(140,006)	(142,806)	(145,662)	(148,576)	(151,547)	(154,578)
RSWD Capital Projects & Fixed Assets	(358,000)	(358,000)	(358,000)	(358,000)	(358,000)	(358,000)	(358,000)	(358,000)	(358,000)	(358,000)
CSA 79 Capital Projects	514,000	404,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Ending Cash⁵	\$2,072,065	\$3,381,125	\$4,415,840	\$5,377,085	\$6,261,613	\$7,066,057	\$7,786,920	\$8,420,572	\$8,963,240	\$9,411,008
Change in Net Position	\$1,486,391	\$1,309,060	\$1,034,715	\$961,244	\$884,528	\$804,444	\$720,863	\$633,652	\$542,669	\$447,768

5: Cash balance is based on RSWD's cash balance, and could change based on negotiations regarding CSA 79's cash balance and pension liability upon reorganization.
Source: RSG, Inc.



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Projected Ten-Year Cost Savings/Difference
CSA 79 Reorganization into RSWD - Constant Fees** Appendix 8A

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues Lost										
Sanitation Service Charge	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Special Assessments	-	-	-	-	-	-	-	-	-	-
Penalties & Delinquent Taxes	-	-	-	-	-	-	-	-	-	-
Permit, Inspection & Connection Fees	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)
Investment Earnings/Interest	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues Lost	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)
Expenditures Saved										
RSWD Contract - O&M	\$261,508	\$269,353	\$277,434	\$285,757	\$294,329	\$303,159	\$312,254	\$321,622	\$331,270	\$341,208
RSWD Contract - CIP	211,963	216,202	220,526	224,937	229,436	234,024	238,705	243,479	248,349	253,316
Other Professional Fees - O&M	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000
Services & Supplies - Direct & Indirect	(29,850)	(31,548)	(33,330)	(35,200)	(37,161)	(39,218)	(41,375)	(43,637)	(46,008)	(48,494)
Salaries & Benefits	248,055	255,248	262,651	270,268	278,105	286,170	294,469	303,009	311,796	320,838
Utilities	-	-	-	-	-	-	-	-	-	-
Transfers Out - CIP Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Expenditures Saved	\$946,675	\$964,255	\$982,280	\$1,000,761	\$1,019,710	\$1,039,136	\$1,059,053	\$1,079,473	\$1,100,407	\$1,121,868
Net Savings	\$909,620	\$927,200	\$945,225	\$963,706	\$982,655	\$1,002,081	\$1,021,998	\$1,042,418	\$1,063,352	\$1,084,813

Source: RSG, Inc.



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Projected Ten-Year Cost Savings/Difference
CSA 79 Reorganization into RSWD - 3% Increase in Fees After Five Years** Appendix 8B

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues Lost										
Sanitation Service Charge	\$0	\$0	\$0	\$0	\$0	(\$29,999)	(\$60,994)	(\$93,017)	(\$126,099)	(\$160,274)
Special Assessments	-	-	-	-	-	-	-	-	-	-
Penalties & Delinquent Taxes	-	-	-	-	-	-	-	-	-	-
Permit, Inspection & Connection Fees	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)	(27,055)
Investment Earnings/Interest	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Other	-	-	-	-	-	-	-	-	-	-
Total Revenues Lost	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$37,055)	(\$67,054)	(\$98,049)	(\$130,072)	(\$163,154)	(\$197,329)
Expenditures Saved										
RSWD Contract - O&M	\$261,508	\$269,353	\$277,434	\$285,757	\$294,329	\$303,159	\$312,254	\$321,622	\$331,270	\$341,208
RSWD Contract - CIP	211,963	216,202	220,526	224,937	229,436	234,024	238,705	243,479	248,349	253,316
Other Professional Fees - O&M	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000
Services & Supplies - Direct & Indirect	(29,850)	(31,548)	(33,330)	(35,200)	(37,161)	(39,218)	(41,375)	(43,637)	(46,008)	(48,494)
Salaries & Benefits	248,055	255,248	262,651	270,268	278,105	286,170	294,469	303,009	311,796	320,838
Utilities	-	-	-	-	-	-	-	-	-	-
Transfers Out - CIP Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Expenses Saved	\$946,675	\$964,255	\$982,280	\$1,000,761	\$1,019,710	\$1,039,136	\$1,059,053	\$1,079,473	\$1,100,407	\$1,121,868
Net Savings	\$909,620	\$927,200	\$945,225	\$963,706	\$982,655	\$972,082	\$961,004	\$949,401	\$937,253	\$924,538

Source: RSG, Inc.



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Projected Ten-Year Cost Savings/Difference
CSA 79 Reorganization into RSWD - Constant Fees**

Appendix 9A

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues										
CSA 79 Independent	\$1,068,797	\$1,070,375	\$1,071,954	\$1,073,532	\$1,075,111	\$1,076,689	\$1,078,268	\$1,079,846	\$1,081,425	\$1,083,003
RSWD Independent	3,067,682	3,089,202	3,111,292	3,133,968	3,157,246	3,181,743	3,205,676	3,230,861	3,256,717	3,283,262
RSWD/CSA 79 Consolidated	3,447,816	3,458,586	3,469,600	3,480,864	3,492,385	3,504,170	3,516,227	3,528,563	3,541,185	3,554,101
Additional Revenues to RSWD	380,134	369,384	358,308	346,896	335,739	323,027	310,552	297,702	284,468	270,839
Expenditures										
CSA 79 Independent	\$1,432,665	\$1,332,306	\$1,138,211	\$1,148,388	\$1,158,845	\$1,169,590	\$1,180,630	\$1,191,976	\$1,203,634	\$1,215,616
RSWD Independent	2,404,150	2,496,519	2,592,772	2,693,056	2,797,522	2,906,330	3,019,645	3,137,639	3,260,493	3,388,393
RSWD/CSA 79 Consolidated	2,499,051	2,595,004	2,694,980	2,799,131	2,907,614	3,020,593	3,138,242	3,260,737	3,388,267	3,521,025
Additional Expenditures to RSWD	94,901	98,485	102,208	106,075	110,092	114,263	118,597	123,098	127,774	132,631
Change in Net Position										
CSA 79 Independent	(\$363,868)	(\$261,931)	(\$66,258)	(\$74,856)	(\$83,734)	(\$92,900)	(\$102,363)	(\$112,130)	(\$122,210)	(\$132,613)
RSWD Independent	687,158	199,161	(41,384)	820,423	724,481	690,680	628,908	509,048	485,975	409,561
RSWD/CSA 79 Consolidated	1,486,391	1,309,060	1,034,715	961,244	884,528	804,444	720,863	633,652	542,669	447,768
Difference to RSWD	799,233	1,109,899	1,076,100	140,821	160,047	113,764	91,955	124,604	56,694	38,208
CSA 79 Consolidated										
Revenues	\$1,031,742	\$1,033,320	\$1,034,899	\$1,036,477	\$1,038,056	\$1,039,634	\$1,041,213	\$1,042,791	\$1,044,370	\$1,045,948
Difference - Revenue Lost	(37,055)	(37,055)	(37,055)	(37,055)	(37,055)	(37,055)	(37,055)	(37,055)	(37,055)	(37,055)
Expenditures	\$485,990	\$368,051	\$155,931	\$147,627	\$139,136	\$130,453	\$121,577	\$112,503	\$103,228	\$93,748
Difference - Expenditure Savings	946,675	964,255	982,280	1,000,761	1,019,710	1,039,136	1,059,053	1,079,473	1,100,407	1,121,868
Net Savings in Operating Costs	\$909,620	\$927,200	\$945,225	\$963,706	\$982,655	\$1,002,081	\$1,021,998	\$1,042,418	\$1,063,352	\$1,084,813

Source: RSG, Inc.



**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

**Projected Ten-Year Cost Savings/Difference
CSA 79 Reorganization into RSWD - 3% Increase in Fees After Five Years** **Appendix 9B**

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues											
CSA 79 Independent	\$1,068,797	\$1,070,375	\$1,071,954	\$1,073,532	\$1,075,111	\$1,106,688	\$1,139,262	\$1,172,863	\$1,207,524	\$1,243,277	
RSWD Independent	3,087,682	3,089,202	3,111,292	3,133,968	3,157,246	3,181,143	3,205,676	3,230,861	3,256,717	3,283,262	
RSWD/CSA 79 Consolidated	3,447,816	3,458,586	3,469,600	3,480,864	3,492,385	3,504,170	3,516,227	3,528,563	3,541,185	3,554,101	
Additional Revenues to RSWD	380,134	369,384	358,308	346,896	335,139	323,027	310,552	297,702	284,468	270,839	
Expenditures											
CSA 79 Independent	\$1,432,665	\$1,332,306	\$1,138,211	\$1,148,388	\$1,158,845	\$1,169,590	\$1,180,630	\$1,191,976	\$1,203,634	\$1,215,616	
RSWD Independent	2,404,150	2,496,519	2,592,772	2,693,056	2,797,522	2,906,330	3,019,645	3,137,639	3,260,493	3,388,393	
RSWD/CSA 79 Consolidated	2,499,051	2,595,004	2,694,980	2,799,131	2,907,614	3,020,593	3,138,242	3,260,737	3,388,267	3,521,025	
Additional Expenditures to RSWD	94,901	98,485	102,208	106,075	110,092	114,263	118,597	123,098	127,774	132,631	
Change in Net Position											
CSA 79 Independent	(\$363,868)	(\$261,931)	(\$66,258)	(\$74,856)	(\$83,734)	(\$62,901)	(\$41,369)	(\$19,113)	\$3,889	\$27,662	
RSWD Independent	687,158	199,161	(41,384)	820,423	724,481	690,680	628,908	509,048	485,975	409,561	
RSWD/CSA 79 Consolidated	1,486,391	1,309,060	1,034,715	961,244	884,528	804,444	720,863	633,652	542,669	447,768	
Difference to RSWD	799,233	1,109,899	1,076,100	140,821	160,047	113,764	91,955	124,604	56,694	38,208	
CSA 79 Consolidated											
Revenues	\$1,031,742	\$1,033,320	\$1,034,899	\$1,036,477	\$1,038,056	\$1,039,634	\$1,041,213	\$1,042,791	\$1,044,370	\$1,045,948	
Difference - Revenue Lost	(37,055)	(37,055)	(37,055)	(37,055)	(37,055)	(67,054)	(98,049)	(130,072)	(163,154)	(197,329)	
Expenditures	\$485,990	\$368,051	\$155,931	\$147,627	\$139,136	\$130,453	\$121,577	\$112,503	\$103,228	\$93,748	
Difference - Expenditure Savings	946,675	964,255	982,280	1,000,761	1,019,710	1,039,136	1,059,053	1,079,473	1,100,407	1,121,868	
Net Savings in Operating Costs	\$909,620	\$927,200	\$945,225	\$963,706	\$982,655	\$972,082	\$961,004	\$949,401	\$937,253	\$924,538	

Source: RSG, Inc.




**FISCAL IMPACT ANALYSIS
SAN BERNARDINO COUNTY SERVICE AREA 79**

I hereby certify that the statements furnished above and the documents attached present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

Name: Ryan Gross, P.E.

Title: General Manager

Organization: Running Springs Water District

Signature:  Date: 4/22/2022