



**SPECIAL NOTICE REGARDING
CORONAVIRUS DISEASE 2019 (COVID-19)
AND PARTICIPATION IN PUBLIC MEETINGS**

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. On September 16, 2021, Governor Newsom signed Assembly Bill No. 361 into law. Assembly Bill No. 361 amends Government Code section 54953(e) by adding provisions for remote teleconferencing participation in meetings by members of a legislative body, without the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions. The San Bernardino Valley Municipal Water District adopted a resolution determining, by majority vote, that, as a result of the declared State of Emergency, a meeting in person would present imminent risks to the health or safety of attendees. Accordingly, it has been determined that all Board and Workshop meetings of the San Bernardino Valley Municipal Water District will be held pursuant to the Brown Act and will be conducted via teleconference. There will be no public access to the meeting venue.

**REGULAR MEETING OF THE BOARD OF DIRECTORS
TUESDAY, DECEMBER 7, 2021 – 2:00 P.M.**

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the December 7, 2021, meeting of the San Bernardino Valley Municipal Water District online and by telephone as follows:

Dial-in Info: (877) 853 5247 US Toll-free

Meeting ID: 684 456 030

PASSCODE: 3802020

<https://sbvmwd.zoom.us/j/684456030>

If you are unable to participate online or by telephone, you may also submit your comments and questions in writing for the District's consideration by sending them to comments@sbvmwd.com with the subject line "Public Comment Item #" (insert the agenda item number relevant to your comment) or "Public Comment Non-Agenda Item". Submit your written comments by 6:00 p.m. on Monday, December 6, 2021. All public comments will be provided to the President and may be read into the record or compiled as part of the record.

IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. Online participants MUST log in with a Zoom account. The Zoom app is a free download. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your "identifier" during the meeting and available to all meeting participants; there is no way to protect your privacy if you elect to call in to the meeting.



SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
380 E. Vanderbilt Way, San Bernardino, CA 92408

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

2:00 PM Tuesday, December 7, 2021

CALL TO ORDER/PLEDGE OF ALLEGIANCE/ROLL CALL

1) PUBLIC COMMENT

Any person may address the Board on matters within its jurisdiction.

2) APPROVAL OF MINUTES

2.1 November 2, 2021, Meeting (Page 3)
[BOD Minutes 110221](#)

2.2 November 16, 2021, Meeting (Page 15)
[BOD Minutes 111621](#)

3) DISCUSSION AND POSSIBLE ACTION ITEMS

3.1 Receive and File the Annual Audit Report for the Fiscal Year Ending June 30, 2021 (Page 26)
[Staff Memo - Receive and File the Annual Audit Report for the Fiscal Year Ending June 30, 2021](#)
[Annual Audit Report for the Fiscal Year Ending June 30, 2021](#)

3.2 Consider Resolution No. 1138 Authorizing the Submittal of a Grant Application to the United States Bureau of Reclamation's WaterSMART Environmental Water Resources Projects Program (Page 88)
[Staff Memo - Consider Resolution No. 1138 Authorizing Staff to Submit a Grant Application to the United States Bureau of Reclamation's WaterSMART Environmental Water Resources Projects Program](#)
[Resolution No. 1138](#)

3.3 Consider Resolution No. 1139 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period December 19, 2021, through January 17, 2022 (Page 93)

Staff Memo - Consider Resolution No. 1139 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period December 19, 2021, through January 17, 2022
Resolution No. 1139

4) REPORTS (Discussion and Possible Action)

- 4.1 CEO/General Manager's Report(Page 98)
[Staff Memo - CEO/General Manager's Report](#)
- 4.2 Director's Report of Activities
- 4.3 General Counsel Report
- 4.4 SAWPA Meeting Report
- 4.5 Board of Directors' Workshop - Resources - November 4, 2021(Page 101)
[Summary Notes BOD Workshop - Resources 110421](#)
- 4.6 Board of Directors' Workshop - Engineering - November 9, 2021(Page 109)
[Summary Notes BOD Workshop - Engineering 110921](#)
- 4.7 Board of Directors' Workshop - Policy - November 18, 2021(Page 118)
[Summary Notes BOD Workshop - Policy 111821](#)

5) FUTURE BUSINESS

6) ANNOUNCEMENTS

- 6.1 List of Announcements (Page 129)
[List of Announcements 120721](#)

7) CLOSED SESSION

- 7.1 Conference with Legal Counsel - Significant Exposure to Litigation pursuant to Govt. Code Section 54956.9(d)(1): Two potential cases

8) ADJOURNMENT

PLEASE NOTE:

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 380 E. Vanderbilt Way, San Bernardino, during normal business hours. Also, such documents are available on the District's website at www.sbvmd.com subject to staff's ability to post the documents before the meeting. The District recognizes its obligation to provide equal access to those individuals with disabilities. Please contact Melissa Zoba at (909) 387-9228 two working days prior to the meeting with any special requests for reasonable accommodation.

**MINUTES
OF
THE
REGULAR BOARD MEETING
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

November 2, 2021

Directors Present: Gil J. Botello, T. Milford Harrison, June Hayes, and Paul R. Kielhold.

Directors Absent: Susan Longville

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Wen Huang -- Deputy General Manager/Chief Engineer
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Cindy Saks, CPA – Deputy General Manager/Chief Financial Officer
Bob Tincher, PE, MS – Deputy General Manager/Chief Water Resources Officer
Melissa Zoba, MBA, MPA – Chief Information Officer

Anthony Flordelis – Business Systems Analyst
Tom Holcombe – Water Operations Manager
Adekunle Ojo, MPA – Water Resources Manager
Shavonne Turner, MPA – Water Conservation Program Manager

Bradley Neufeld, Varner & Brandt, District Counsel

Members of the Public in Attendance:

Ron Coats, East Valley Water District
Jennifer Ares, Yucaipa Valley Water District
Ben Kelly, Western Heights Water District
David Raley, San Bernardino Valley Water Conservation District
Melody McDonald, San Bernardino Valley Water Conservation District
Madeline Blua, Yucaipa Valley Water District

The regular meeting of the Board of Directors was called to order by President Kielhold at 2:00 p.m. Vice President June Hayes led the Pledge of Allegiance. A quorum was noted present by roll call.

All actions taken by the Board at the meeting will be conducted by a roll-call vote.

Agenda Item 1. Public Comment

President Kielhold stated that any member of the public wishing to make any comments to the Board may do so. There was no public comment.

Audience attendance will be recorded in the minutes based on registration information generated in the teleconference or by stating their name during this time. There were no email comments or Zoom requests to speak.

Agenda Item 2. Approval of Minutes of the October 11, 2021, Board meeting.

The minutes of the October 11, 2021, Regular Board meeting were approved by the following roll-call vote:

MOVED: Harrison	SECONDED: Botello	APPROVED: 4-0-1
AYES:	Botello, Harrison, Hayes, Kielhold	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Longville	

Agenda Item 3. Presentations

3.1) Progress Update on Development of the District's Safety Program. Water Operations Manager Tom Holcombe reminded the Board they elected to join the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) in May 2021.

He provided an overview of the activities of the JPIA thus far, including a review of Valley District's Safety Program and Injury and Illness Prevention Plan (IIPP) with recommended best practices, and designation of Safety Officers.

The Service Plan's first quarter to-do list has been completed, Mr. Holcombe reported, and the second quarter has begun. In addition, walk-throughs have been conducted and many facilities are making changes to comply with current safety standards and policies.

Mr. Holcombe emphasized training as one of the most important items to be addressed within Valley District's safety program and IIPP. Safety practices reduce the risk to the departments that present the most exposure: Operations and Engineering. Training is an effective resource, bringing awareness and information to these areas, he said, and shared current activities including added safety meetings, and iPads for the Operations Department to begin electronic data entry related to electronic forms, safety checklists, and work orders.

Staff is also in the process of mitigating trip and fall hazards at Valley District facilities, Mr. Holcombe advised. He detailed scenarios where safety is being addressed and explained that the Operations Department needs to add at least two more employees to comply with updated protocols on confined space entry.

Mr. Holcombe advised the Board of the next steps to be taken:

- Defensive driving training for Engineering and Operations
- Monthly inspections of Administration building
- Confined space rescue training

Chief Executive Officer/General Manager Heather Dyer and members of the Board offered positive comments on the action and the importance of safety.

Director Botello inquired about Community Emergency Response Team (CERT) certification for staff. Mr. Holcombe noted this has been done in the past, advised that there was a recent training with the Department of Water Resources, and assured Director Botello that he would look into CERT.

Agenda Item 4. Discussion and Possible Action Items

4.1) Consider ACWA JPIA Commitment to Excellence Agreement. Chief Executive Officer/General Manager Heather Dyer explained that performance of the Commitment to Excellence is part of the agreement required for participation in the ACWA JPIA insurance pool. This incorporates many best practices that will minimize the most frequent and costly claims, she explained. JPIA will provide training and materials, and this is a long-term effort to reduce the frequency and severity of liability, workers compensation, and property loss claims for the not-for-profit insurance pool, Ms. Dyer noted.

Ms. Dyer pointed to an example of the Vehicle Program Best Practices and shared the Commitment to Excellence certificate. Director Harrison indicated that he was glad Valley District joined ACWA JPIA.

The Board adopted the Association of California Water Agencies Joint Powers Insurance Authority Commitment to Excellence Agreement and authorized the CEO / General Manager and the members of the Board to execute the agreement by the following roll-call vote:

MOVED: Harrison	SECONDED: Hayes	APPROVED: 4-0-1
AYES:	Botello, Harrison, Hayes, Kielhold	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Longville	

4.2) Consider Resolution No. 1132 Authorizing Workers' Compensation for Volunteer Personnel. CEO / General Manager Heather Dyer pointed out this action is also a requirement of the ACWA JPIA for participation in the insurance pool. This resolution authorizes workers' compensation benefits for volunteer personnel, Ms. Dyer explained. She noted that the California Occupational Safety and Health Administration (Cal OSHA) definition of "volunteer" is very broad and includes student interns, youth and civic groups, inmates, persons responding to an emergency, and even directors performing non-per diem activities. All would be covered under extension of the District's workers' compensation insurance, she stated.

Ms. Dyer provided an example of a director attending a non-per diem activity for Vice President Hayes. She also described a volunteer on a fish survey who was seriously injured, noting that the claimant does not decide if it is a Cal OSHA claim; Cal OSHA decides. Vice President Hayes added that even an incident where there is no obvious injury must be documented. Ms. Dyer explained that ACWA JPIA is guiding staff through all the processes that need to be established.

Resolution No. 1132 Authorizing Workers' Compensation Benefits for Volunteer Personnel was adopted by the following roll-call vote:

MOVED: Hayes	SECONDED: Harrison	APPROVED: 4-0-1
AYES:	Botello, Harrison, Hayes, Kielhold	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Longville	

RESOLUTION NO. 1132

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AUTHORIZING WORKERS' COMPENSATION INSURANCE FOR VOLUNTEER PERSONNEL

(See Resolution Book)

4.3) Authorize Participation in the Proposition 1 Round 1, Regional Comprehensive Landscape Rebate Program. Water Conservation Program Manager Shavonne Turner reminded the Board that this program was presented at the October 14, 2021, Policy Workshop. She noted the Santa Ana Watershed Project Authority (SAWPA) has been awarded a grant to be managed by the Municipal Water District of Orange County (MWDOC). There are five participating agencies including the City of Big Bear Lake,

Eastern Municipal Water District, Inland Empire Utilities Agency, and Valley District. She advised.

The program is calculated to save an estimated 2,697 acre-feet per year (AFY) across the watershed, she reported.

The list of eligible programs has been revised to reflect the Board's input:

1. Landscape design and maintenance assistance
2. Rain barrels
3. Turf removal
4. Smart irrigation controllers
5. High efficiency rotating nozzles
6. Spray-to-drip irrigation
7. Pressure regulation valves
8. California Native Plants

Ms. Turner noted this represents the target areas and analysis shows this should be the most effective approach. There is flexibility for change, she added. Ms. Turner presented a graph of agency goals and benchmarks which will help identify areas to continue moving forward, or others to target, with reporting done quarterly.

Valley District will receive grant funding of \$298,693, Ms. Turner stated. The required local match is \$314,414 which can include past expenditures and rebates paid out since January 1, 2015. The total agreement cost is \$613,107, she said. The water savings goal of 144 AFY must be reached by September 2025, she cautioned.

Vice President Hayes pointed out that \$1 per square foot for turf removal and the attendant paperwork are not monetary incentive for so much work. Ms. Turner advised that some retail agencies plan to increase their rebate amounts for turf removal.

Director Harrison wondered if rain gutter installation had ever been discussed. Ms. Turner responded that it has not been discussed in Valley District, but that others have incorporated it into turf removal, contingent on rain barrel installation.

Director Botello commented this is a wise move and a win-win for organizations. He noted the due diligence and expressed support for the agreement.

Deputy General Manager/Chief Water Resources Officer Bob Tincher addressed Vice President Hayes' concern about the turf rebate. He explained the amount is set based on the avoided cost for State Project Water (SWP).

Mr. Tincher explained that most recharge in the Valley takes place in the stormwater channels and that most water runoff into rain gutters ends up in the ground and provided further detail in response to Director Harrison.

President Kielhold requested a table summarizing which rebate programs are implemented by which retailers in the district.

The Board authorized the CEO/General Manager to execute the agreement between Valley District and Municipal Water District of Orange County by the following roll-call vote:

MOVED: Botello	SECONDED: Harrison	APPROVED: 4-0-1
AYES:	Botello, Harrison, Hayes, Kielhold	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Longville	

4.4) Consider Ordinance No. 81 Dissolving the Advisory Commission on Water Policy and Consider Resolution No. 1133 Establishing a Regional Water Forum as a New Venue to Promote Engagement and Collaboration on Water-Related Issues.

CEO / General Manager Heather Dyer presented the two linked items and reminded the Board this has been discussed extensively over three workshops regarding the Advisory Commission's history in addition to future opportunities for engagement and collaboration.

Ms. Dyer explained the Advisory Commission on Water Policy is a 1987 tool that has outlived its time. When it was established, Valley District was a different type of agency. The communication / cooperation / collaboration was operating at a different level, she added, and this Commission is not the right tool for working together and promoting cooperation in the future.

During the three workshops, the purpose for the Advisory Commission was examined, Ms. Dyer continued. There were two primary reasons: having a way that the water agencies of the region had an opportunity to provide a thorough review of the things Valley District was working on such as basin management issues, different policies and goals, and technical documents. The Advisory Commission of 1987 did its job, Ms. Dyer noted.

Now, Ms. Dyer stated, Valley District does most things on a regional and collaborative basis, with the Basin Technical Advisory Committee (BTAC) at the heart. Having the technical experts from all agencies brainstorming over watershed issues, problems, and solutions truly serves that purpose of review, participation, and feedback, Ms. Dyer said, with BTAC representatives able to confer with their local officials and report back to Valley District.

The second reason for the Advisory Commission was to provide a forum for elected and other public officials to engage with each other, discuss and come up with ideas on how to work together more effectively, Ms. Dyer explained.

The new venue would give the Board and other elected officials of the watershed an opportunity, and a forum for engagement and collaboration. Staff suggests that opening the audience to a much larger group of concerned persons and inter-related issues would promote engagement on a much broader level, Ms. Dyer said. It would also provide an opportunity to focus on all the great work that is being done in the watershed, she said.

Ms. Dyer indicated the purpose of the new Water Forum is spotlighting things happening in each division, celebrating each other's successes, and working through challenges. She also linked the new forum to Valley District's Strategic Plan.

Ms. Dyer noted the absence of Director Longville and shared her written comments and recommendations:

- Breakfast meetings may be favored
- Each water forum, five per year, would be hosted by a director within their division, potentially co-hosted with another agency
- Offer meetings virtually to accommodate public participation
- Expand the target audience to include educational entities, disadvantaged communities, students from local high schools, community colleges or universities and others in the community who are interested in regional water issues
- Establish a Board leadership development academy to occur simultaneously with the Water Forum
- Schedule forums in February, April, June, September, and November to prevent the appearance of impropriety by Board candidates campaigning for re-election.

A random drawing resulted in a hosting order by divisions 5, 4, 3, 2 then 1, Ms. Dyer explained.

There are two actions as part of this item, Ms. Dyer explained. 1) Staff recommends consideration of Ordinance No. 81 which officially rescinds the ordinances related to the Advisory Commission and Resolution No. 724, thus dissolving the Advisory Commission on Water Policy, and 2) Staff recommends consideration of Resolution No. 1133 which formally acknowledges the progress made by the District on regional collaboration and transparency in the watershed, and formally commits the District to establishing and supporting the newly envisioned regional Water Forum.

A name for the forum must be chosen before a vote is taken on Resolution No. 1133, Ms. Dyer explained, and shared some suggestions.

Reviewing the comments of Director Longville, Vice President Hayes opined the academy suggestion should be handled separately. She also pointed out the implications of an expanded open invitation with regard to number of attendees accepting, as this could become unmanageable.

Director Harrison opined that lunch meetings are more formal and desirable. He suggested that a different group be invited to each meeting selectively.

Director Harrison agreed with Vice President Hayes regarding the academy as a separate issue, and with Ms. Dyer regarding the meeting schedule.

Director Botello said his inclination was that each director hosting a meeting in their own division should invite their own targeted contacts within the expansion guidelines at an appropriate venue.

He agreed with Vice President Hayes and Director Harrison regarding the academy as a separate issue. He stated that there is no rule against directors doing their jobs the day before filing their candidate forms or the day after, and offered that the calendar should not be a consideration. The focus should be on the water community and how best to get information out, rather than the political calendar, he asserted.

Director Harrison agreed with Director Botello regarding invitees, and with respect to the calendar issues.

President Kielhold commented these suggestions have merit but are not necessary to either of the recommendations put forward today. He requested that action be taken today on the motions and that the suggestions be discussed at a later date. He advised against diluting the target so much that what is delivered is not of value to people, and attendance is lost as happened with the Advisory Commission.

President Kielhold pointed out what is not being accomplished by BTAC could be addressed in the Water Forum.

Ms. Dyer suggested that directors reach out to their local contacts regarding the Water Academy and pointed to the Board's goal setting workshop in February, where one priority is board leadership development.

Ms. Dyer polled the Board for selection of a name for the new forum and all agreed on "Upper Santa Ana River Water Forum."

Ordinance No. 81 to rescind Ordinance Nos. 61, 62, 63, 66, 67, 69, 72, and 77 and Valley District Resolution No. 724, thus dissolving the Advisory Commission on Water Policy was adopted by the following roll-call vote:

MOVED: Hayes	SECONDED: Botello	APPROVED: 4-0-1
AYES:	Botello, Harrison, Hayes, Kielhold	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Longville	

ORDINANCE NO. 81**ORDINANCE OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY MUNICIPAL WATER
DISTRICT DISSOLVING THE ADVISORY COMMISSION
ON WATER POLICY TO THE BOARD OF DIRECTORS OF
THE SAN BERNARDINO VALLEY MUNICIPAL WATER
DISTRICT****(See Ordinance Book)**

Resolution No. 1133 establishing the Upper Santa Ana River Water Forum which formally acknowledges the progress the District and the region has taken to increase collaboration and transparency in the watershed; and formally commits the District to establishing and supporting this newly envisioned regional Water Forum was adopted by the following roll-call vote:

MOVED: Harrison	SECONDED: Botello	APPROVED: 4-0-1
AYES:	Botello, Harrison, Hayes, Kielhold	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Longville	

RESOLUTION NO. 1133**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY MUNICIPAL WATER
DISTRICT SUPPORTING FORMATION OF A WATER
FORUM****(See Resolution Book)****Agenda Item 5. REPORTS (Discussion and Possible Action)****5.1) CEO/General Manager's Report.**

CEO / General Manager Heather Dyer reported the Waterman Basin cleanup is near completion and that before-and-after drone footage will be available at a future meeting. Considerable silt and clay have been removed, she said, which is important for recharge. This was a team effort over the last four weeks involving Operations, Engineering, and Environmental at an invoice cost to date of \$119,000.

The Yucaipa Sustainable Groundwater Management Agency community meeting is set for 6 p.m. on November 16, Ms. Dyer advised. The Yucaipa Basin was required to comply with the Sustainable Groundwater Management Act and Valley District served as lead agency in the regional effort, she explained. The public is invited to the meeting regarding the Draft Groundwater Sustainability Plan. Ms. Dyer noted the Plan was done in a proactive and positive way, and said she hoped Board members would be able to attend the event being held at the Yucaipa Performing Arts Center.

The Louis Robidoux Parkland and Pecan Grove formerly known as the Louis Robidoux Nature Center has been hosting community events on the second Saturday of each month, Ms. Dyer continued. Last month was a small farmers' market. Huerta del Valle has received grant money and is putting out mulch with soil sustainability and water conservation efforts. The community comes out and is engaged, Ms. Dyer said, and invited the Board to attend the next outreach event on Saturday, November 13, from 8 a.m. until noon. The Inland Empire Resource Conservation District (IERCD) has funding available and has been working to put up a new building, she added.

The Upper Santa Ana River Mayors' Breakfast invitations were sent out to 81 people, including the mayors, city managers, and general managers of the area water providers. Responses have been received from about 30, including one mayor along the Santa Ana River to give a presentation and the Mayor of Riverside who has been invited to present as well. The Breakfast will be January 26, 2022, from 8 to 10 a.m. at the Mission Inn in Riverside. Strategic Communications Manager Kristeen Farlow is organizing and has reached out to a couple of potential keynote speakers. Additional details will be available in December, Ms. Dyer advised.

Ms. Dyer reported participating in the National Water Supply Alliance annual meeting and listed some upcoming presentations including the Southern California Edison Annual Water Conference and the Association of San Bernardino County Special Districts. She suggested contacting Chief of Staff/Clerk of the Board Jose Macedo for information about attending events.

Valley District offices will be closed for Veterans' Day November 11, and for Thanksgiving November 25 and 26.

5.2 Directors' Report of Activities.

President Kielhold, Director Botello, and Director Harrison had no activities to report.

Vice President Hayes reported she attended:

- Southern California Water Coalition annual dinner
- Riverside Water Task Force meeting

5.3) SAWPA Meeting Report.

Vice President Hayes reported on the following items at the November 2, 2021, Santa Ana Watershed Project Authority Commission meeting:

The Commission received the following informational report:

- Sunnyslope Jurupa Ditch to Pipeline Project Drought Relief Grant Application

Upon the request of Vice President Hayes, CEO / General Manager Heather Dyer described the Sunnyslope Creek restoration project.

Director Harrison reported on the PA 24 Committee meeting. The following action was taken:

- Authorized the General Manager to execute a General Services Agreement and Task Order No. RFC240-02 with Raftelis Financial Consultants in an amount not to exceed \$50,895 to provide professional services for the Inland Empire Brine Line Reserve Policy.

5.4) General Counsel Report: None.

5.5) Board of Directors' Workshop - Resources - October 7, 2021. No oral report was given as a written report was included in the Board packet. The report was received without changes.

5.6) Board of Directors' Workshop - Engineering - October 12, 2021. No oral report was given as a written report was included in the Board packet. The report was received without changes.

5.7) Board of Directors' Workshop - Policy - October 14, 2021. No oral report was given as a written report was included in the Board packet. The report was received without changes.

5.8) Board of Directors' Workshop - Branding - October 18, 2021. No oral report was given as a written report was included in the Board packet. The report was received without changes.

Agenda Item 6. Future Business.

No items were added.

Agenda Item 7. Announcements.

7.1) List of Announcements.

Director Harrison pointed to the California Special Districts Association dinner and Ms. Dyer confirmed it is set for November 15. The Yucaipa Sustainable Groundwater Management Agency community meeting is set for November 16, she added.

Agenda Item 8. Closed Session.

There was no closed session.

Agenda Item 9. Adjournment.

The meeting was adjourned at 3:31 p.m. by the following roll-call vote:

MOVED: Botello	SECONDED: Hayes	APPROVED: 4-0-1
AYES:	Botello, Harrison, Hayes, Kielhold	
NOES:	None	
ABSTAIN:	None	
ABSENT:	Longville	

<p>APPROVAL CERTIFICATION I hereby certify to approval of the foregoing Minutes of San Bernardino Valley Municipal Water District.</p> <p>_____</p> <p>Secretary</p> <p>Date _____</p>

Respectfully submitted,

Lynda J. Kerney
 Contract Assistant

**MINUTES
OF
THE
REGULAR BOARD MEETING
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

November 16, 2021

Directors Present: Gil J. Botello, T. Milford Harrison, June Hayes, Paul R. Kielhold, and Susan Longville

Directors Absent: None

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
 Joanna Gibson, MS – Executive Director Upper SAR Habitat Conservation Program
 Wen B. Huang, PE, MS – Deputy General Manager/Chief Engineer
 Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
 Cindy Saks, CPA – Deputy General Manager/Chief Financial Officer
 Bob Tincher, PE, MS – Deputy General Manager/Chief Water Resources Officer
 Melissa Zoba, MBA, MPA – Chief Information Officer

Anthony Flordelis – Business Systems Analyst
 Tom Holcombe, Water Operations Manager
 Adekunle Ojo, MPA – Water Resources Manager
 Shavonne Turner, MPA – Water Conservation Program Manager

Bradley Neufeld, Varner & Brandt, District Counsel

Members of the Public in Attendance:

Brian Dickinson, City of Colton
 Melody McDonald, San Bernardino Valley Water Conservation District
 Madeline Blua, Yucaipa Valley Water District
 Ron Coats, East Valley Water District
 Kelly Malloy, East Valley Water District
 David Cameron, Downey Brand
 Meredith Nikkel, Downey Brand

The regular meeting of the Board of Directors was called to order by President Kielhold at 2:00 p.m. Vice President Hayes led the Pledge of Allegiance. A quorum was noted present by roll call.

The meeting was conducted by teleconference only. All actions taken by the Board at the meeting will be conducted by a roll-call vote.

Agenda Item 1. Public Comment

President Kielhold stated that any member of the public wishing to make any comments to the Board may do so. There was no public comment.

Audience attendance will be recorded in the minutes based on registration information generated in the teleconference or by stating their name during this time. There were no email comments or Zoom requests to speak.

Agenda Item 2. Approval of Minutes of the October 19, 2021, Board meeting.

The minutes of the October 19, 2021, Regular Board meeting were approved as corrected by the following roll-call vote:

MOVED: Harrison	SECONDED: Hayes	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

Agenda Item 3. Discussion and Possible Action Items

3.1) Consider Approval of Resolution 1137 Establishing a Flexible Benefits Cafeteria Plan. Chief Executive Officer/General Manager Heather Dyer reminded the Board that at the May 10, 2021, Wages, Benefits and Insurance Committee Workshop, the Board discussed the establishment of a flexible benefit cafeteria plan which was approved as part of the June 2021 budget discussions.

Flexible Benefits would be offered to staff to allow pre-tax funding into a special account for spending on approved medical services and health care expenses, Ms Dyer explained. Resolution 1137 is required to establish this Flexible Benefits Cafeteria Plan.

Ms. Dyer referenced the summary of benefits offered to staff and noted that some legacy employees have a different plan, but newly hired staff does not have that option, therefore this is an added benefit for all employees.

House counsel Varner Brandt has worked on the plan, Ms. Dyer noted. Chief Financial Officer / Deputy General Manager Cindy Saks added this provides for salary withholding.

Counsel Brad Neufeld further detailed the plan and highlighted no additional costs to the District.

Vice President Hayes asked about the effective date. Ms. Dyer said it begins on the calendar year, January 1.

Resolution No. 1137 Establishing a Flexible Benefits Cafeteria Plan was adopted by the following roll-call vote:

MOVED: Longville	SECONDED: Hayes	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

RESOLUTION NO. 1137

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT ESTABLISHING A FLEXIBLE BENEFITS CAFETERIA PLAN

(See Resolution Book)

3.2) Consider Amendment No. 1 to the Proposition 84 Implementation Grant Funding Sub-Grantee Agreement for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). Deputy General Manager/Chief Water Resources Officer Bob Tincher reminded the Board of presentation of this item at the November 4, 2021, Resources Workshop. He explained this is a follow up to a workshop held in January 2018 regarding changes to the facilities for the water bank portion of SARCCUP and substantially cut costs from \$34 to \$11 million without reducing the benefits.

Mr. Tincher provided background on the watershed-scale program developed by the Santa Ana Watershed Project Authority (SAWPA) member agencies. It covers habitat improvement, water use efficiency, and a groundwater bank at a total cost of approximately \$162 million. The largest component is water bank, which received the majority of the \$55 million Proposition 84 grant.

The water bank benefits the other agencies, to which Valley District makes it available with surplus State Project Water (SPW). The Board declares water as surplus, Mr. Tincher explained.

Valley District is responsible for the habitat portion of the activity and there has been no change in the terms of the agreement of the amount of grant funding made available to the Habitat Conservation Plan through SARCCUP, Mr. Tincher said.

Mr. Tincher provided an overview of the 137,000 acre-feet groundwater bank and detailed changes made to the facilities from the initial grant concept. The costs would be allocated according to beneficiary, he explained.

Director Longville stated she hoped the modeling has put to rest the extension of the Baseline Feeder to Chino Basin. Mr. Tincher confirmed the modeling shows that project is not beneficial. Director Harrison asked how the project continues to reemerge. Mr. Tincher said it is through a desire to work with the neighbor and offer mutual aid, but the funding just never works out. There are better ways to offer assistance, he noted.

In response to Director Harrison, Mr. Tincher explained the cost savings are now being spent on facilities that Western Municipal Water District is going to use to move water out of the San Bernardino and Chino Basins.

The Board authorized the General Manager / CEO to execute Amendment No. 1 to SAWPA-SBVMWD Proposition 84 Grant Funding Sub-Grantee Agreement by the following roll-call vote:

MOVED: Harrison	SECONDED: Hayes	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

3.3) Consider Resolution No. 1134 and No. 1135 Authorizing the Submittal of Two Grant Applications to the Department of Water Resources Urban and Multi-Benefit Drought Relief Grant Program. Joanna Gibson, Executive Director of the Upper Santa Ana River Habitat Conservation Program reminded the Board of discussion of this item at the November 9, 2021, Engineering Workshop and explained that the two resolutions are mirrors of each other for two different grant applications. They would authorize the CEO / General Manager to move forward with the preparation and submittal of the grant applications, and should grant funding be awarded, would authorize the acceptance and execution of the agreement and submittal of any necessary documents.

Ms. Gibson pointed out minor edits received from Varner & Brandt on the resolutions and noted that the grant applications are being prepared by Kennedy Jenks. Costs are included in the FY 2021-22 budget. There is no matching contribution required, and any funding awarded will provide financial offsets to Valley District and the HCP partners, she stated. Application submittal is on track for submittal this Friday, November 19.

Director Longville noted that she was pleased to read that all of the environmental documentation for the regional recycled system with the movement to Weaver Basin was done. She asked whether the documentation could be completed in time for the

sustainable parks and tributaries re-use project. Ms. Gibson noted that that application includes planning and construction and said it would be complete for the end of the grant term.

Director Botello recalled that the consultant had advised seeking \$10 million, and asked Ms. Gibson about her sense regarding a larger grant ask. Ms. Gibson explained that the application is a balancing act, and there is no way to know what will be approved. She said staff will try for \$10 million based on discussion with Kennedy Jenks, who feel that will be the most competitive route. Director Botello asked if \$20 million was sought, could \$10 or \$15 million be awarded. Ms. Gibson indicated this is a new grant and awards are being made quickly. There are many other agencies applying and, based on her prior experience, the best strategy is to make the \$10 million request based on a proportional share of the total cost, she said.

In response to Vice President Hayes, Ms. Gibson explained that planning is in an advanced stage and a contractor is on board for the Weaver Basins project; the grant was extremely timely, and awards are being made quickly.

Resolution No. 1134 and Resolution No. 1135 authorizing staff to prepare and submit two grant applications to the Department of Water Resources Urban and Multi-Benefit Drought Relief Grant Program, as amended, were adopted by the following roll-call vote:

MOVED: Botello	SECONDED: Harrison	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

RESOLUTION NO. 1134

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AUTHORIZING THE DISTRICT'S GRANT APPLICATION, ACCEPTANCE, AND EXECUTION OF AN AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR THE REGIONAL RECYCLED WATER SYSTEM PHASE I

(See Resolution Book)

RESOLUTION NO. 1135**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AUTHORIZING THE DISTRICT'S GRANT APPLICATION, ACCEPTANCE, AND EXECUTION OF AN AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR THE SANTA ANA RIVER SUSTAINABLE PARKS AND TRIBUTARIES WATER REUSE PROJECT**

(See Resolution Book)

3.4) Consider Continued Participation in the Sites Reservoir Project by Executing the Third Amendment to the 2019 Reservoir Project Agreement. Deputy General Manager/Chief Water Resources Officer Bob Tincher reminded the Board of presentation of this item at the Engineering Workshop on November 9, 2021. Staff recommends continued participation at the same level of 21,400 acre-feet per year, with an upstream storage amount of 133,408 acre-feet (af).

Mr. Tincher reviewed the project benefits with a long-term average of between 16,600 af per year and 12,100 af per year. He reviewed the prior funding commitments and noted this would be the largest expenditure to date, carrying to the end of the planning and permitting phase. The next round will be moving into construction, he said. Mr. Tincher pointed to the list of tasks.

The agreement includes an unchanged participation level, storage costs of \$8,560,000, and continuation of the current representatives: Mr. Tincher and Ms. Dyer.

Director Botello indicated support for the project and asked Mr. Tincher how he felt about the investment. Tincher replied that the rough cost per acre-foot under this project, delivered to the Valley District service area, is likely less than \$1,000; reasonable for new water supply.

Director Longville clarified that the amounts of water are delivered when available, there is no certainty. Mr. Tincher noted that the 21,400 af is like shares in the project, the modeling is a more accurate representation of the yield.

Director Harrison opined that this project makes sense, and it is interesting to see various federal and state agencies now advocating more storage.

The Board authorized the General Manager / CEO to execute the Third Amendment to 2019 Reservoir Project Agreement by and among Sites

Project Authority and the Project Agreement Members Listed Herein,
Dated as of January 1, 2022, by the following roll-call vote:

MOVED: Harrison	SECONDED: Botello	APPROVED: 5-1
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

3.5) Consider Resolution No. 1136 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period November 19, 2021, through December 18, 2021. Chief Executive Officer/General Manager Heather Dyer reminded the Board that the conditions under which remote meetings are held must be reconsidered in compliance with the law.

In response to Vice President Hayes, Counsel Neufeld indicated the District is in full compliance with the law regarding public comment.

Resolution No. 1136 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period November 19, 2021 through December 18, 2021 was adopted by the following roll-call vote:

MOVED: Hayes	SECONDED: Harrison	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

RESOLUTION NO. 1136

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM ON MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT FOR THE PERIOD NOVEMBER 19, 2021, THROUGH DECEMBER 18, 2021, PURSUANT TO BROWN ACT PROVISIONS.

(See Resolution Book)

Agenda Item 4. Reports (Discussion and Possible Action Items).

4.1) State Water Project Report

Deputy General Manager/Chief Water Resources Officer Bob Tincher announced on October 19, 2021, Governor Newsom added San Bernardino to the proclamation of drought emergency but stopped short of ordering mandatory water conservation.

During the last drought, the State applied a one-size-fits-all approach and water agencies requested consideration of other factors such as water storage, Mr. Tincher continued.

Mr. Tincher reported on the recent atmospheric river, which was recorded as the fourth wettest October on record. He pointed to changes in resulting increased reservoir conditions totaling 426,000 af. So far, this is next to the wettest year on record, he noted.

Mr. Tincher reported on the Supplemental Water Supply Contingency Workgroup, retail agencies discussing how to make it through the next year if there is drought. No formal recommendations were made, he noted. The allocation will continue to change, he added.

Mr. Tincher presented a status report on Sites Reservoir and noted that it received \$80 million from the federal government for planning and engineering. He pointed out that Ms. Dyer is involved with the Environmental Workgroup, and the Environmental Impact Report is out, which is a huge milestone for the project.

The return of a 571 af of water to Metropolitan Water District is expected to be completed in December, he advised. This had been delivered to Fontana, and part of the litigation settlement approved by the Board was to pay this back, Mr. Tincher explained. He confirmed in response to Director Longville that the 571 is the total amount to be paid back. Director Longville noted there are other elements of the settlement agreement continuing and suggested a refresher course on those details.

4.2) Directors' Report of Activities.

Vice President Hayes reported that she attended:

- Nov. 5 – Water Advisory Committee of Orange County
- Nov. 12 – webinar related to restoring hillside hydrology

Director Harrison reported that he attended:

- Nov. 8 – Association of Special Districts Board
- Nov. 15 – Special Districts Association dinner

Director Botello reported that he attended:

- Nov. 2 – San Bernardino southern Police Substation Grand Opening
- Nov. 3 – WIFIA Board meeting and San Bernardino City Council meeting
- Nov. 4 – San Bernardino Historical Society presentation
- Nov. 5 – Logistics Conference at the San Bernardino International Airport
- Nov. 8 – Sterling Recycled Water Ad hoc Committee meeting
- Nov. 10 – WIFIA Technical Advisory Committee meeting
- Nov. 11 – City of San Bernardino Veterans Day celebration
- Nov. 12 – City redistricting meeting
- Nov. 13 – Second Saturday at the Louis Rubidoux Parkland
- Nov. 15 – Special Districts Association dinner

Director Longville reported that she attended:

- Nov. 10 – L.A. County Sanitation District webinar
- Nov. 12 – UC Irvine webinar on improving water rate structures

President Kielhold reported that he attended:

- Nov. 8 – Sterling Recycled Water Ad hoc Committee meeting
- Nov. 10 – San Bernardino Valley Water Conservation District meeting
- Nov. 10 – East Valley Water District meeting

4.3) General Counsel Report

District Legal Counsel Brad Neufeld reported that the Cal OSHA Board will meet tomorrow to consider changes to the emergency temporary standards. Counsel will monitor and make any necessary changes to the COVID prevention program once the new standards are issued.

4.4) SAWPA Meeting Report.

Vice President Hayes reported on the following items from the November 16, 2021, Commission Meeting:

The Commission took the following action:

- Approved the Sunnyslope Creek Native Fish Response Project's Grant Application to the Department of Water Resources for the 2021 Urban and Multi-benefit Drought Relief Grant Application by adopting SAWPA Resolution No. 2021-9.

4.5) Operations Report. Water Operations Manager Tom Holcombe presented the Report. In October 2021, 1,318 acre-feet of imported water was delivered to the District.

In response to Vice President Hayes, Mr. Holcombe verified that water for the West Valley Water District and the City of Rialto was delivered to the Roemer Water Filtration Facility.

Mr. Holcombe explained delivery of water to the City of Redlands from a well in San Bernardino per the Big Bear agreement, separate from the State Water Project.

4.6) Treasurer's Report. Director Harrison reported receipt of the first installment of property tax from the County of San Bernardino in the amount of \$8,500,000.

The Board approved the following expenses for the month of October 2021: The State Water Contract Fund \$5,559,742.00, Devil Canyon / Castaic Fund \$200,712.00, and General Fund \$8,380,747.69 by the following roll-call vote:

MOVED: Harrison	SECONDED: Botello	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

Agenda Item 5. Future Business.

5.1) Future Business.

CEO / General Manager reported that there will be a Workshop item on the Sterling Natural Resource project and the recycled water project.

President Kielhold asked the Board to consider Leadership training for the Board:

MOVED: Kielhold	SECONDED: Botello	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

Agenda Item 6. Announcements.

6.1) List of Announcements. President Kielhold pointed out the list of announcements.

Agenda Item 7. Closed Session. District Counsel Brad Neufeld introduced the Closed Session items. President Kielhold adjourned the meeting to Closed Session at 3:14 p.m.

7.1) Conference with Legal Counsel - Existing Litigation

Pursuant to Gov't Code §54956.9(d) (1)

San Bernardino Valley Municipal Water District v. California Department of Water Resources (Fresno County Superior Court, filed May 28, 2020).

7.2) Conference with Legal Counsel - Existing Litigation - Pursuant to Government Code Section 54956.9(a),(d)(1)
Endangered Habitats League v. U.S. Army Corps of Engineers - Case No. 2:16-CV-09178 (U.S. District Court, Central District of California)

7.3) Conference with Legal Counsel - Existing Litigation - (Paragraph (1) of subdivision (d) of Section 54956.9)
Name of case: In re BlueTriton Brands, Inc. (successor by name change to Nestle Waters North America, Inc.) on draft Cease and Desist Order, pending before State Water Resources Control Board Administrative Hearings Office

President Kielhold returned the meeting to Open Session at 3:55 p.m. District Counsel Brad Neufeld reported that there are no reportable items from the closed session.

Agenda Item 8. Adjournment.

The meeting was adjourned at 3:56 p.m.

<p>APPROVAL CERTIFICATION</p> <p>I hereby certify to approval of the foregoing Minutes of San Bernardino Valley Municipal Water District.</p> <p>_____</p> <p>Secretary</p> <p>Date _____</p>

Respectfully submitted,

Lynda J. Kerney
Contract Assistant



DATE: December 7, 2021

TO: Board of Directors

FROM: Heather Dyer, CEO / General Manager
Cindy Saks, CFO / Deputy General Manager

SUBJECT: Receive and File the Annual Audit Report for the Fiscal Year Ending June 30, 2021

The firm of Rogers, Anderson, Malody and Scott, (RAMS) CPAs has concluded the District's financial statement audit for the fiscal year ended June 30, 2021. The auditors have given a clean or unmodified opinion on the District's financial statements, which means that the District's financial condition, position, and operations are fairly presented in the financial statements. This is the highest level of opinion available. District staff and representatives from RAMS will present the financial statements and audit report at the Board meeting and be prepared to answer any questions.

Recommendation

Receive and File the Annual Audit Report for the Fiscal Year Ending June 30, 2021

Attachment

Annual Audit Report for the Fiscal Year Ending June 30, 2021

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

San Bernardino, California

Basic Financial Statements and Supplementary Information

For the Year Ended June 30, 2021
(With Comparative Data for Prior Year)



San Bernardino Valley Municipal Water District

**Basic Financial Statements and Supplementary Information
For the Year Ended June 30, 2021
(With Comparative Data for Prior Year)**

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
 CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

Board of Directors
 San Bernardino Valley Municipal Water District
 San Bernardino, California

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 Terry P. Shea, CPA
 Scott W. Manno, CPA, CGMA
 Leena Shanbhag, CPA, MST, CGMA
 Bradford A. Welebir, CPA, MBA, CGMA
 Jenny W. Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
 Gardenya Duran, CPA, CGMA
 Brianna Schultz, CPA
 Seong-Hyea Lee, CPA, MBA
 Evelyn Morentin-Barcena, CPA
 Veronica Hernandez, CPA
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Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the San Bernardino Valley Municipal Water District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed an unmodified opinion in our report dated November 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 19, 2021

**San Bernardino Valley Municipal Water District
Management's Discussion and Analysis
June 30, 2021**

San Bernardino Valley Municipal Water District (District) was formed on February 17, 1954, under the Municipal Water District Act of 1911. The District is one of 29 contractors to the California State Water Project, which delivers water from Northern California to various parts of the state. A major function of the District is to import and deliver water into its service area through participation in the State Water Project and to manage groundwater storage within its boundaries. The District's service area encompasses approximately 353 square miles in southwestern San Bernardino County and a portion of Riverside County. It spans the eastern two-thirds of the San Bernardino Valley, the Crafton Hills, and a portion of the Yucaipa Valley and includes the cities and communities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Bloomington, Highland, East Highland, Mentone, Grand Terrace, and Yucaipa. The District is governed by a five member board, representing five geographical divisions within the District, which is elected by the citizens in a general popular election.

In 1960, the District entered into a contract with the State Department of Water Resources to receive an annual allotment of up to 102,600 acre-feet of water from the State Water Project. The District has been importing water from the State Water Project since 1972.

Overview of the Basic Financial Statements

San Bernardino Valley Municipal Water District is a special purpose governmental district (Special District) engaged only in activities that support themselves through tax levies and user fees. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board.

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about the District's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The Statement of Revenues, Expenses and Changes in Net Position describes the financial results of the District's operations for the years reported. These results, or changes in net position, are the increases or decreases in the bottom line of the Statement of Net Position.

The Statement of Cash Flows conveys to financial statement users how the District managed cash resources during the year. This statement converts the income or loss from operations presented on the Statement of Revenues, Expenses and Changes in Net Position into actual cash provided by or used for operations. The Statement of Cash Flows also details how the District obtains cash through financing and investing activities and, conversely, how cash is spent for these purposes.

**San Bernardino Valley Municipal Water District
Management's Discussion and Analysis
June 30, 2021**

Summary Financial Information and Analysis

Condensed Statement of Net Assets

in millions

	2021	2020	Change
Assets:			
Current and other Noncurrent Assets	\$ 156.17	\$ 161.82	\$ (5.65)
Restricted Assets	432.22	389.19	43.03
Capital assets - net	440.01	415.73	24.28
Total Assets	1,028.40	966.74	61.66
Deferred Outflows of Resources	2.78	1.68	1.10
Liabilities:			
Current Liabilities	11.41	7.64	3.77
Payable from Restricted Assets	1.02	0.84	0.18
Non-Current Liabilities	13.31	13.09	0.22
Total Liabilities	25.74	21.57	4.17
Deferred Inflows of Resources	4.42	4.04	0.38
Net Position			
Net Investment in Capital Assets	432.95	408.47	24.48
Restricted	430.84	388.00	42.84
Unrestricted	137.23	146.34	(9.11)
Total Net Position	\$ 1,001.02	\$ 942.81	\$ 58.21

Condensed Statement of Revenues, Expenses and Changes in Net Assets

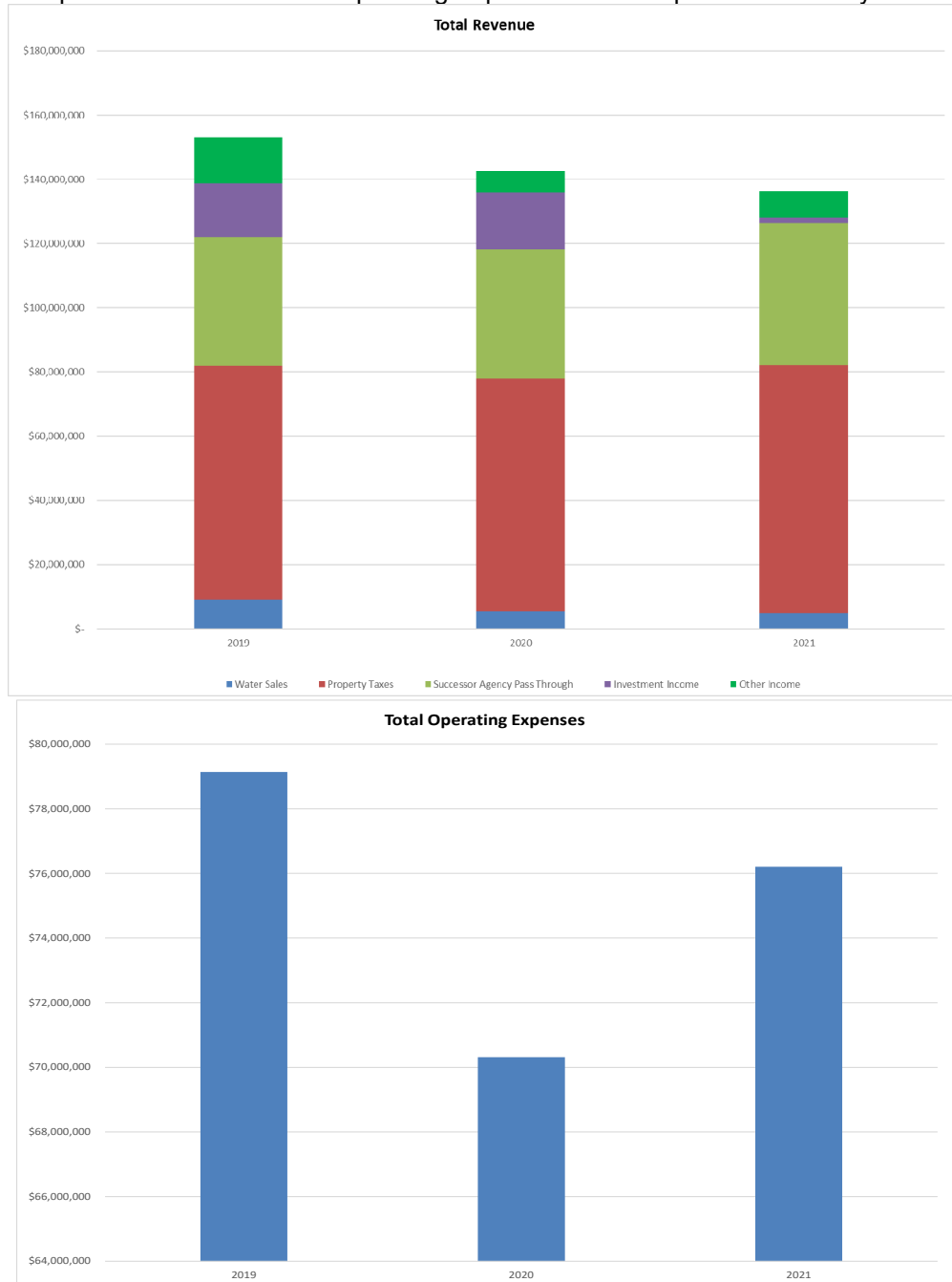
in millions

	2021	2020	Change
Operating Revenues	\$ 9.67	\$ 10.00	\$ (0.33)
Operating Expenses	76.20	70.32	5.88
Nonoperating Revenues (Expenses)	124.25	132.19	(7.94)
Contributions in aid of Construction	0.50	0.50	-
Change in Net Position	58.22	72.37	(14.15)
Net Position, Beginning of Year	942.80	870.44	72.36
Net Position, End of Year	\$ 1,001.02	\$ 942.81	\$ 58.21

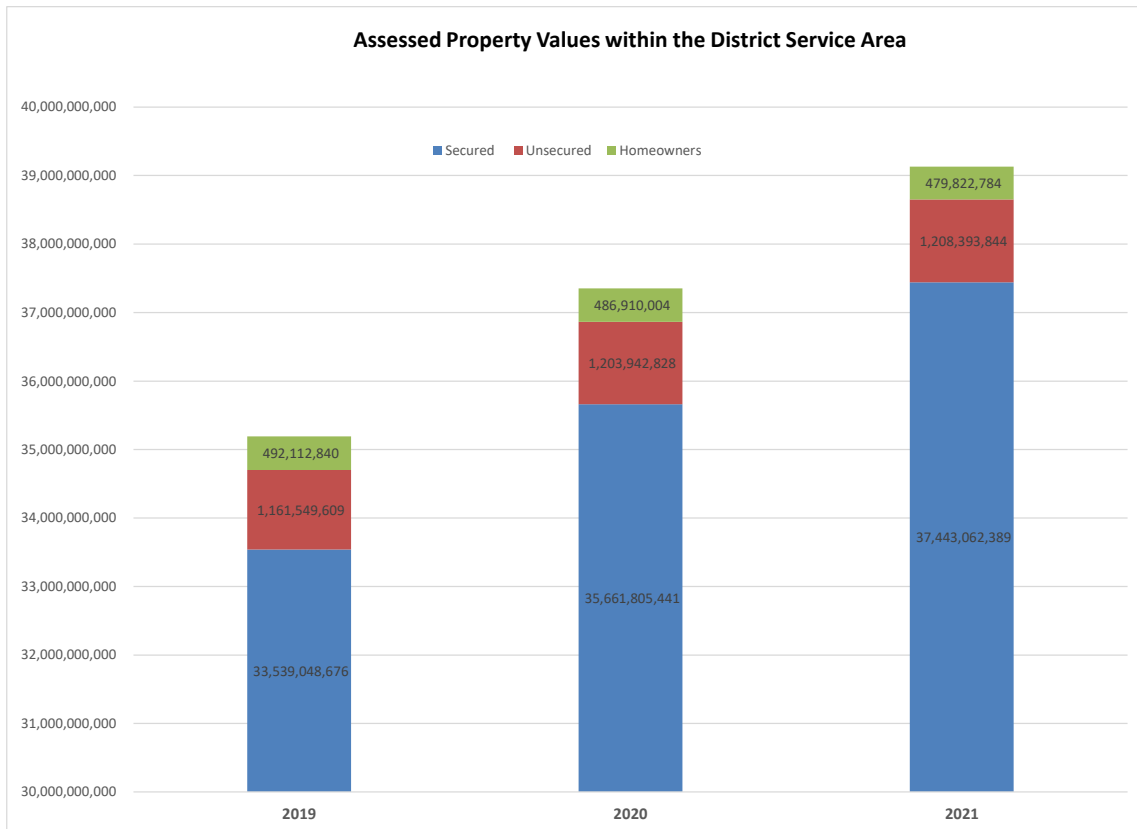
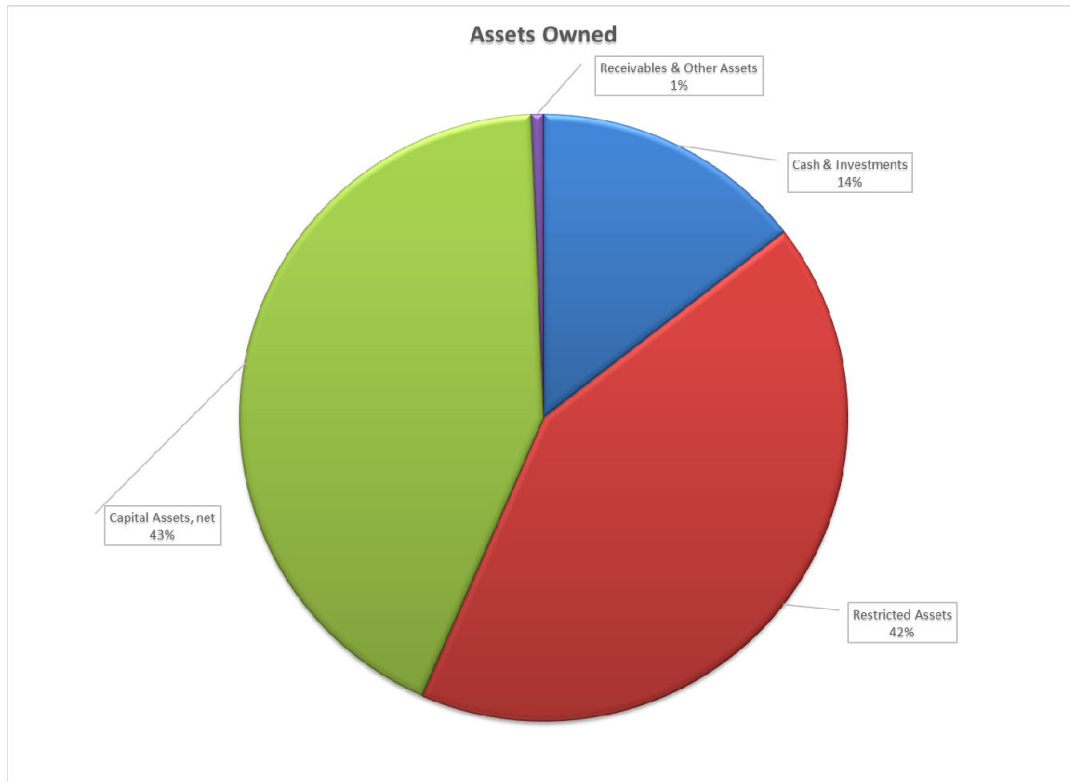
**San Bernardino Valley Municipal Water District
Management's Discussion and Analysis
June 30, 2021**

The significant decrease in Operating Revenues is mainly derived from the cost sharing component in fiscal year June 30, 2019 from the San Manuel Band of Mission Indians for the Foothill Pipeline Relocation project. The decrease from fiscal year June 30, 2020 to June 30, 2021 in investment income is due a significant decline in investment interest rates and adjusting the portfolio to market at year end. The significant decrease in Operating Expenses from fiscal year June 30, 2019 to 2020 mainly pertains to the District paying \$10.00 million toward the Delta Conveyance Project in fiscal year June 30, 2019. The significant increase in Operating Expense from fiscal year June 30, 2020 to 2021 pertains to increase in source of supply which contains payments to the Department of Water Resources, wages and benefits due to adding additional staff and consultants.

Below is a comparison of Revenue and Operating Expenses over the past three fiscal years:



**San Bernardino Valley Municipal Water District
Management's Discussion and Analysis
June 30, 2021**



**San Bernardino Valley Municipal Water District
Management's Discussion and Analysis
June 30, 2021**

The increase in Net Position included an operating loss of \$66.53 million. This is due in part to the District being required by the California State Controller's office to report property taxes as nonoperating revenue. However, the majority of the property tax revenues are used for State Water Project expenditures which are included in operating expenses.

Total Nonoperating revenues increased by \$5.91 million over the prior year. Total property taxes received increased by \$8.73 million. The assessed values within the District's service area experienced a 4.8% increase over the prior year and the Board voted to retain the State Water Project Debt Service Tax Rate at \$.1425/\$100 of Assessed Value. Successor Agency Pass through Payments increased by \$4.06 million over the prior year. Interest income decreased over the prior year by \$16.06 million and grant income increased by \$1.42 million over the prior year.

Categories of Net Position

The District is required to present its net position in three categories: Net investment in Capital Assets, Restricted, and Unrestricted.

Net Investment in Capital Assets

At June 30, 2021, the amount the District had invested in capital assets, net of related debt was \$432.95 million. This balance was obtained by combining Construction in Progress of \$10.55 million with Capital Assets in Service, net of Accumulated Depreciation and Amortization of \$429.44 million and minus the Certificates of Participation of \$7.04 million.

Restricted Net Position – Debt Service

The District has restricted Net Position of \$430.84 million, which consists of tax proceeds that were levied for State Water Project payments plus interest on investments less State Water Project related expenditures. The Board of Directors has designated \$30 million of this amount to be retained for the purpose of Maintenance and Repairs on the State Water Project distribution pipelines, pump stations and reservoirs. The balance of restricted Net Position of \$425.42 million is to be used for future expenses related to the State Water Project.

The District's future commitment for State Water Project costs over the years 2022 to 2035, according to a payment schedule dated June 30, 2021 is estimated to total \$1.03 billion.

Unrestricted Net Position

The District had unrestricted Net Position of \$137.23 million at June 30, 2021. The Board of Directors has designated \$25.00 million of this reserve to be retained for the purpose of self-insuring the District against any claims made against the District. The District has an extensive future capital improvement plan which consists of many projects which include Enhanced Santa Ana River Spreading, Central Feeder Phase 2, Santa Ana River Tributary / Storm Water Capture, Recycled Water Systems and Conjunctive Use Well Projects.

**San Bernardino Valley Municipal Water District
Management's Discussion and Analysis
June 30, 2021**

Construction in Progress (CIP)

The projects still in progress at June 30, 2021 included Riverside Groundwater Aquifer Storage Project, Design and Construction of Waterman Hydroelectric Plant, the Enhanced Recharge Project 1B, and Regional Recycled Water Pipeline.

Capital Assets

The District made payments to the Department of Water Resources during the year totaling \$57.84 million net of credits and refunds for participation rights in the State Water Project. This was an increase of \$1.49 million over the prior year mainly attributable to contributions for the Sites Reservoir Project during the fiscal year June 30, 2021. Additional information on capital assets can be found in the notes to the financial statements.

Certificates of Participation

The District issued \$8.57 million in Certificates of Participation (COP) bonds during the fiscal year ending June 30, 2012. The District received an AAA bond rating from Standard and Poors which was reaffirmed in August 2017. Bond proceeds were used to build the Baseline Feeder Well Replacement Project. Additional information on the Certificate can be found in the notes to the financial statements.

Net Pension and Other Post-Employment Benefits Liability

During fiscal year ended June 30, 2021 the District recorded a Net Pension Liability in the amount of \$3.67 million. During fiscal year ended June 30, 2021 the District recorded a Net Other Post-Employment Benefits Liability in the amount of \$2.80 million.

Contacting the District's Financial Management

This financial report is designed to provide our customers, investors, and creditors with an overview of the District's financial operations and condition. If you have questions about this report or need additional information, you may contact the District at (909) 387-9200 or 380 E. Vanderbilt Way, San Bernardino, CA 92408

San Bernardino Valley Municipal Water District

Statement of Net Position

June 30, 2021

(With Comparative Data for Prior Year)

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,836,793	\$ 26,688,166
Investments	132,504,741	125,153,197
Property taxes receivable	83,215	76,804
Accounts receivable	1,751,641	3,412,457
Accrued interest receivable	309,753	658,840
Current portion of other receivable	6,854	236,390
Current portion of notes receivable	761,100	761,100
Total current assets - unrestricted	<u>152,254,097</u>	<u>156,986,954</u>
Restricted assets:		
Cash and cash equivalents	65,454,077	57,293,296
Investments	364,075,891	328,156,911
Total restricted cash and investments	<u>429,529,968</u>	<u>385,450,207</u>
Property taxes receivable	1,015,776	1,080,638
Accrued interest receivable	849,042	1,423,384
Water bank inventory	824,614	1,237,314
Total restricted assets	<u>432,219,400</u>	<u>389,191,543</u>
Noncurrent assets:		
Capital assets:		
Capital assets in service	265,666,751	247,330,042
Accumulated depreciation	(67,246,735)	(62,595,579)
Capital assets, net	<u>198,420,016</u>	<u>184,734,463</u>
Participation rights in State Water Project facilities (at cost)	424,464,852	401,872,114
Accumulated amortization	(193,437,721)	(178,257,908)
Participation rights in State Water Project facilities - net	<u>231,027,131</u>	<u>223,614,206</u>
Total capital assets, net of accumulated depreciation and amortization	429,447,147	408,348,669
Construction in progress	10,558,014	7,383,987
Total capital assets, net	<u>440,005,161</u>	<u>415,732,656</u>
Other noncurrent assets:		
Other receivables, net of current portion	130,232	137,086
Notes receivable, net of current portion	3,698,329	4,516,442
Water stock	88,500	88,500
Deposit on land	-	86,975
Total noncurrent assets	<u>443,922,222</u>	<u>420,561,659</u>
Total assets	<u>1,028,395,719</u>	<u>966,740,156</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	1,720,461	1,036,368
Other post-employment benefits related	1,063,325	645,575
Total deferred outflows of resources	<u>2,783,786</u>	<u>1,681,943</u>

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Municipal Water District

**Statement of Net Position, (Continued)
June 30, 2021
(With Comparative Data for Prior Year)**

	2021	2020
LIABILITIES		
Current liabilities:		
Payables from current assets - unrestricted:		
Accounts payable	\$ 2,040,093	\$ 1,145,690
Accrued employee benefits	844,874	800,401
Accrued interest payable	145,922	150,022
Unearned revenue	7,944,393	5,172,775
Deposits	218,227	178,627
Certificates of participation, current portion	215,000	205,000
Total payables from current assets - unrestricted	<u>11,408,509</u>	<u>7,652,515</u>
Payable from restricted assets:		
Accounts payable	635,523	462,203
Santa Ana River restoration/recovery trust fund	379,288	378,683
Total payables from current assets - restricted	<u>1,014,811</u>	<u>840,886</u>
Non-current liabilities:		
Certificates of participation, non-current portion	6,735,000	6,950,000
Premium on certificates of participation, net	103,205	108,365
Net pension liability	3,672,251	2,931,878
Net other post-employment benefits liability	2,799,841	3,095,591
Total non-current liabilities	<u>13,310,297</u>	<u>13,085,834</u>
Total liabilities	<u>25,733,617</u>	<u>21,579,235</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	820,427	51,258
Other post-employment benefits related	3,602,787	3,990,712
Total deferred inflows of resources	<u>4,423,214</u>	<u>4,041,970</u>
NET POSITION		
Net investment in capital assets	432,951,956	408,469,291
Restricted:		
Debt service - State Water Project	425,421,539	383,250,782
Debt service - Devil Canyon-Castaic	5,422,128	4,744,854
Unrestricted	137,227,051	146,335,967
Total net position	<u>\$ 1,001,022,674</u>	<u>\$ 942,800,894</u>

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Municipal Water District

**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021
(With Comparative Data for Prior Year)**

	2021	2020
OPERATING REVENUES		
Water sales	\$ 4,849,395	\$ 5,385,294
Other operating revenues	4,821,650	4,618,913
	<u>9,671,045</u>	<u>10,004,207</u>
OPERATING EXPENSES		
Source of supply:		
Operations, maintenance, power and replacement	28,626,262	26,614,337
Purchased water	7,398,794	7,928,599
	<u>36,025,056</u>	<u>34,542,936</u>
Administrative and general:		
Salaries	3,857,005	3,233,383
Retirement and benefits	2,183,319	1,840,859
Payroll taxes	262,735	220,035
Consultants	6,947,619	5,062,586
Legal and accounting	815,828	773,398
Outside services	37,596	43,674
Office supplies and expense	389,148	188,341
Dues and subscriptions	534,384	361,924
Water conservation, public education and information	251,260	769,088
Field improvements	76,129	157,176
Maintenance and repair	1,183,206	1,138,779
Utilities	995,704	976,240
Inland Empire Brine Line fees	1,971,242	1,725,845
Insurance	107,190	110,285
Auto and travel	82,666	112,564
Lodging and meals	7,728	42,894
Taxes and licenses	357,229	315,811
Tax collection fee	188,512	279,302
	<u>20,248,500</u>	<u>17,352,184</u>
Other operating expenses:		
Depreciation and amortization	19,930,942	18,422,283
	<u>76,204,498</u>	<u>70,317,403</u>
OPERATING LOSS	<u>(66,533,453)</u>	<u>(60,313,196)</u>

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Municipal Water District

**Statement of Revenues, Expenses and Changes in Net Position, (Continued)
For the Year Ended June 30, 2021
(With Comparative Data for Prior Year)**

	<u>2021</u>	<u>2020</u>
NONOPERATING REVENUES		
Revenues:		
Property taxes:		
Debt service	\$ 66,227,776	\$ 62,243,369
General purpose distribution	11,050,494	10,362,514
Successor Agency pass through	44,327,650	40,264,726
Investment income	1,518,034	17,578,974
Grant income	3,451,680	2,028,543
Gain (loss) on disposal of capital assets	(2,944)	5,872
	<u>126,572,690</u>	<u>132,483,998</u>
Expenses:		
SBRWRA JPA contribution	2,030,371	16,000
Interest expense	286,684	294,884
	<u>2,317,055</u>	<u>310,884</u>
Total nonoperating revenues	<u>124,255,635</u>	<u>132,173,114</u>
Income before contributions	57,722,182	71,859,918
Contributions in aid of construction	499,598	499,598
	<u>58,221,780</u>	<u>72,359,516</u>
Change in net position	58,221,780	72,359,516
Net position - beginning of year	<u>942,800,894</u>	<u>870,441,378</u>
Net position - end of year	<u>\$ 1,001,022,674</u>	<u>\$ 942,800,894</u>

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Municipal Water District

**Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Data for Prior Year)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from water sales	\$ 9,281,829	\$ 7,048,989
Cash received from other operating activities	5,058,040	4,618,913
Cash paid for source of supply	(35,612,356)	(34,301,180)
Cash paid to other suppliers	(12,999,781)	(14,621,142)
Cash paid for employees' wages, taxes and benefits	(6,534,562)	(5,576,692)
	<u>(40,806,830)</u>	<u>(42,831,112)</u>
Net cash used for operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received - general purpose distribution	11,044,083	10,335,383
Successor Agency pass through received	44,327,650	40,501,117
Grant funds received	3,451,680	2,028,543
	<u>58,823,413</u>	<u>52,865,043</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Property taxes received - debt service	66,292,638	62,550,516
Proceeds from sale of capital assets	1,210	5,872
Proceeds from contribution in aid of construction	499,598	499,598
Proceeds (payments) to/from condemnation fund	86,975	(85,000)
Proceeds from collection of notes receivable	844,942	1,555,194
Acquisition of capital assets	(41,033,574)	(24,161,149)
Payments for construction in progress	(3,012,364)	(3,322,528)
Contributions to SBRWRA JPA	(2,030,371)	(16,000)
Principal payments on debt	(205,000)	(195,000)
Interest paid	(295,944)	(303,944)
	<u>21,148,110</u>	<u>36,527,559</u>
Net cash provided by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(212,461,259)	(238,590,168)
Redemption of investments	162,509,531	172,257,982
Investment income	9,096,443	18,200,617
	<u>(40,855,285)</u>	<u>(48,131,569)</u>
Net cash used for investing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,690,592)	(1,570,079)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>83,981,462</u>	<u>85,551,541</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 82,290,870</u>	<u>\$ 83,981,462</u>

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Municipal Water District

**Statement of Cash Flows, (Continued)
For the Year Ended June 30, 2021
(With Comparative Data for Prior Year)**

	2021	2020
RECONCILIATION TO STATEMENTS OF NET POSITION		
Current assets:		
Cash and cash equivalents - current	\$ 16,836,793	\$ 26,688,166
Cash and cash equivalents - restricted	65,454,077	57,293,296
Total cash and cash equivalents	<u>\$ 82,290,870</u>	<u>\$ 83,981,462</u>

**RECONCILIATION OF OPERATING LOSS TO NET
CASH USED FOR OPERATING ACTIVITIES**

Operating loss	\$ (66,533,453)	\$ (60,313,196)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization	19,930,942	18,422,283
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,660,816	389,597
Other receivable	236,390	-
Water bank inventory	412,700	241,756
Deferred outflows of resources pension related	(684,093)	1,097,753
Deferred outflows of resources other post-employment benefits related	(417,750)	306,509
Increase (decrease) in:		
Accounts payable	906,060	(2,570,774)
Accrued employee benefits	44,473	27,217
Unearned revenue	2,771,618	1,281,637
Deposits	39,600	-
Net pension liability	740,373	654,289
Net other post-employment benefits liability	(295,750)	(571,374)
Deferred inflows of resources pension related	769,169	(1,051,902)
Deferred inflows of resources other post-employment benefits related	(387,925)	(744,907)
Net cash used for operating activities	<u>\$ (40,806,830)</u>	<u>\$ (42,831,112)</u>

SCHEDULE OF NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES

Construction in progress additions included in accounts payable	\$ 161,663	\$ 298,218
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The accompanying notes are an integral part of these financial statements.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 1: Reporting Entity and Summary of Significant Accounting Policies

Organization and operations of the reporting entity

San Bernardino Valley Municipal Water District (the District) was formed on February 17, 1954, under the Municipal Water District Act of 1911. The District is one of 29 contractors to the California State Water Project, which delivers water from Northern California to various parts of the state. The purpose of the District is to import and deliver water into its service area through participation in the State Water Project and to manage groundwater storage within its boundaries. The District's service area encompasses approximately 352 square miles in southwestern San Bernardino County. It spans the eastern two-thirds of the San Bernardino Valley, the Crafton Hills, and a portion of the Yucaipa Valley, and includes portions of the cities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Bloomington, Highland, Grand Terrace, and Yucaipa. The District is governed by a five member board, representing five geographical divisions within the District, which is elected by the citizens in a general popular election.

The San Bernardino Valley Municipal Water District Financing Corporation (the Corporation) was created in May of 2011 by a joint exercise of powers agreement for the purpose of acquiring, constructing, rehabilitating, financing and refinancing, or providing for the sale or leasing of public capital improvements. It is governed by a Board of Directors comprised of the District's Board of Directors. The Corporation has issued debt which is secured solely from installment payments payable under an installment purchase agreement entered into by the District and the Corporation. All accounts or funds created and established pursuant to any instrument or agreement to which the Corporation is a party, and any interest earned or accrued thereon, shall incur to the benefit of the District. Separate financial statements are not prepared for the Corporation. It is reported as a blended component unit.

Measurement focus, basis of accounting and financial statement presentation

The District's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP) and the Uniform Systems of Accounts for Water Utility Districts as prescribed by the Controller of the State of California. Under this basis, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District has elected to follow all pronouncements of the Governmental Accounting Standards Board (GASB).

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, demand deposits at financial institutions, investments in money market funds and government securities that are highly liquid and readily available with an original maturity of three months or less, and deposits in the State of California Local Agency Investment Fund (LAIF). Deposits in the LAIF can be withdrawn at any time without penalty.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Investments

Investments are stated at fair value (the value at which financial instruments could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale). Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Allowance for doubtful accounts

Notes and accounts receivable are reported net of an allowance for uncollectible accounts. Allowances are reported when notes and accounts are proven to be uncollectible. There were no allowances for uncollectible accounts to be netted with accounts or notes receivable for 2021. Refer to Note 5 for details of the notes receivable.

Prepaid expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Inventories

Inventories are valued at purchase cost using the weighted average cost of consumption method. Refer to Note 3 for more information regarding inventory.

Capital assets

Capital assets are stated at original cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. The cost of maintenance is charged to operating expense. Land, right of ways, pipeline capacity, and construction in progress are not depreciated. Other tangible property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Capital asset classes</u>	<u>Useful Lives</u>
Buildings	30-40
Furniture, fixtures and equipment	5-50
Vehicles	5-10
Water transportation and distributions lines	10-100

The capital cost component of the transportation charges and the Delta water charge the District pays for participation rights in the State Water Project are being capitalized as paid and amortized using the straight-line method over the remaining life of the State Water Contract, which expires in 2035.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Employee benefits

District employees earn vacation and sick leave days based on length of service. Employees may accumulate vacation time not to exceed two annual vacation periods, as determined by length of service, and unused sick leave to a maximum of 1,280 hours. Upon termination, the District is obligated to compensate employees for 100% of the accrued unused vacation time, and 25% of the accrued unused sick leave. Compensated absences are presented in the current liabilities section of the statement of net position.

The District provides a Health and Dependent Care Reimbursement Plan to employees eligible under the District's plan. Any unused benefits under this plan carry over to following years to a maximum of \$25,000. The accrued medical reimbursement plan liability is presented in the current liabilities section of the statement of net position.

The District provides a deferred compensation plan to employees on a voluntary basis. Employees may elect to have a portion of their current earnings withheld and invested with Voya Financial and Annuity Company or PERS deferred compensation plan. Benefits are generally available upon the employee's death, disability, retirement, severe hardship, or termination of employment.

Restricted resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed, in accordance with its Reserve Policy.

Net position

Net position is categorized as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- *Restricted net position* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

Operating and nonoperating activities

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are water sales.

Operating expenses include costs associated with the purchasing, pumping, and distribution of water, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Property taxes

Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are due in two installments. The first installment is due on November 1 and is payable through December 10 without penalty. The second installment is due on February 1 and becomes delinquent on April 10. Property taxes are remitted to the District from the County of San Bernardino and County of Riverside at various times throughout the year.

Contributions

Contributions in aid of construction represent cash and capital assets contributed to the District by other governmental agencies for the acquisition, construction or improvement of District capital assets.

Pension plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Valuation Date (VD)	June 30, 2019	June 30, 2018
Measurement Date (MD)	June 30, 2020	June 30, 2019
Measurement Period (MP)	July 1, 2019 to June 30, 2020	July 1, 2018 to June 30, 2019

Other post-employment benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Valuation Date (VD)	June 30, 2020	June 30, 2018
Measurement Date (MD)	June 30, 2020	June 30, 2019
Measurement Period (MP)	July 1, 2019 to June 30, 2020	July 1, 2018 to June 30, 2019

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 1: Reporting Entity and Summary of Significant Accounting Policies, (Continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses) until then. The District currently has pension and other post-employment benefits related deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has pension and other post-employment benefits related deferred inflows of resources.

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San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2: Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current assets:

Cash in bank and on hand	\$ 562,924
Cash in Local Agency Investment Fund	16,273,869
Total cash and cash equivalents	<u>16,836,793</u>
Investments	132,504,741
Total unrestricted	<u>149,341,534</u>

Restricted:

Cash in bank	6,554,866
Cash in Local Agency Investment Fund	58,159,001
Cash held by trustee	360,922
Cash held in trust	379,288
Total cash and cash equivalents	<u>65,454,077</u>
Investments	364,070,891
Department of Water Resources bonds	5,000
Total investments	<u>364,075,891</u>
Total restricted	<u>429,529,968</u>

Total cash and cash equivalents and investments	<u><u>\$ 578,871,502</u></u>
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Cash, cash equivalents, and investments as of June 30, 2021 consisted of the following:

Cash on hand	\$ 350
Deposits with financial institutions	7,857,650
Cash in Local Agency Investment Fund	74,432,870
Investments	<u>496,580,632</u>
Total cash and cash equivalents and investments	<u><u>\$ 578,871,502</u></u>

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Investments authorized by the California Government Code and the District's investment policy

The table below identifies the investment types that are authorized by the District in accordance with Section 53601 of the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
U.S. Treasury Bills, Notes and Bonds	5 years	None	None
Federal Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
California Local Agency Investment Fund	N/A	None	\$ 75,000,000
JPA Pools/CAMP	N/A	None	None
Medium-Term Notes	5 years	30%	None
Money Market Funds	N/A	20%	None
Collateralized Bank Deposits	None	25%	None
Municipal Bonds	5 years	30%	None

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Interest rate risk, (Continued)

As of June 30, 2021, the District had the following investments and maturities:

Investment type	Amount	Remaining maturity (in months)			
		12 or less	13 to 24	25 to 36	More than 36
Federal Agency					
Securities	\$ 86,585,211	\$ 9,415,513	\$ 31,757,287	\$ 45,412,411	\$ -
JPA Pools/CAMP	80,105,052	80,105,052	-	-	-
Municipal Bonds	13,337,761	5,000	2,149,671	9,489,113	1,693,977
U.S. Treasury Bills, Notes and					
Bonds	221,771,876	13,535,164	125,940,056	62,046,100	20,250,556
Negotiable Certificates of Deposit	23,805,228	7,208,659	16,596,569	-	-
Medium-Term Notes	70,887,924	17,519,181	21,294,681	23,025,113	9,048,949
Money Market Funds	87,580	87,580	-	-	-
Total investments	\$ 496,580,632	\$ 127,876,149	\$ 197,738,264	\$ 139,972,737	\$ 30,993,482

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy and the actual rating as of year-end for each investment type.

Credit ratings of investments as of June 30, 2021 were as follows:

Investment type	Amount	Minimum legal rating	Rating as of year end				
			AAA	AA+	A	BBB	Not rated
Federal Agency							
Securities	\$ 86,585,211	N/A	\$ -	\$ 86,585,211	\$ -	\$ -	\$ -
JPA Pools/CAMP	80,105,052	N/A	80,105,052	-	-	-	-
Municipal Bonds	13,337,761	N/A	2,704,976	6,437,572	3,006,704	-	1,188,509
U.S. Treasury Bills, Notes and							
Bonds	221,771,876	N/A	-	221,771,876	-	-	-
Negotiable Certificates of Deposit	23,805,228	A	-	7,332,830	16,472,398	-	-
Medium-Term Notes	70,887,924	A	-	11,695,152	46,220,274	12,972,498	-
Money Market Funds	87,580	AAA	87,580	-	-	-	-
Total investments	\$ 496,580,632		\$ 82,897,608	\$ 333,822,641	\$ 65,699,376	\$ 12,972,498	\$ 1,188,509

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District's investment policy is to apply the prudent investor standard as set forth in the California Government Code: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The District's investment policy limits certain investments to minimum credit ratings issued by nationally recognized statistical rating organizations. The District's investments in commercial paper, medium-term notes, and money market funds at June 30, 2021 met their respective minimum credit ratings requirements.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total District's investments are as follows:

<u>Issuer</u>	<u>Investment type</u>	<u>Reported amount</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corp.	Federal Agency Securities	\$ 66,795,000	16.19%

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2021, demand deposits with financial institutions in excess of federal depository insurance limits of \$250,000 were fully collateralized by securities in a separate account held by the same institution.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in LAIF is based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio), which was \$74,432,870 as of June 30, 2021. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District may invest up to \$75,000,000 in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the internet at www.treasurer.ca.gov.

Investment in California Asset Management Program

The District is a voluntary participant in the California Asset Management Program (CAMP), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the program specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by CAMP which was \$80,105,052 as of June 30, 2021.

Investments with fair values highly sensitive to interest rate fluctuations

At June 30, 2021, the District did not hold investments that were highly sensitive to interest rate fluctuations beyond that already indicated in the information provided above.

Fair value measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

Investments in the Local Agency Investment Fund are not subject to the fair value hierarchy.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 2: Cash, Cash Equivalents, and Investments, (Continued)

Fair value measurements, (Continued)

The District has the following fair value measurements as of June 30, 2021:

Investments by Fair Value Level	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Bills, Notes and Bonds	\$ 221,771,876	\$ 221,771,876	\$ -	\$ -
Federal Agency Securities	86,585,211	-	86,585,211	-
Negotiable Certificates of Deposit	23,805,228	-	23,805,228	-
Medium-Term Notes	70,887,924	-	70,887,924	-
Total investments by fair value level	403,050,239	\$ 221,771,876	\$ 181,278,363	\$ -
Investments measured at the Net Asset Value (NAV)				
JPA Pools/CAMP	80,105,052			
Municipal Bonds	13,337,761			
Money market mutual funds	87,580			
Total	\$ 496,580,632			

The District's investment in the Local Agency Investment Fund of \$74,432,870 is measured at amortized cost which approximated fair value.

The District's investment in the California Asset Management Program of \$80,105,052 is measured at amortized cost which approximated fair value.

Note 3: Water Bank Inventory

The Metropolitan Water District of Southern California, a State Water Project Contractor, has allowed the District to utilize capacity in the Kern Delta Water Bank, for the purpose of increasing water supply in a dry year. The District has stored 6,300 acre-feet and is able to call on a maximum of 5,000 acre-feet per year of this stored water. This stored water is classified as a restricted asset and is valued at cost.

The following is a summary of the water bank inventory for the year ended June 30, 2021:

	Acre-feet	Inventory cost
Balance at June 30, 2020	9,453	\$ 1,237,314
Reductions	(3,153)	(412,700)
Balance at June 30, 2021	6,300	\$ 824,614

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 4: Capital Assets

Summaries of changes in capital assets in service for the year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land, right of ways, and pipeline capacity	\$ 31,545,009	\$ 17,731,249	\$ -	\$ 49,276,258
Construction in progress	7,383,987	3,174,027	-	10,558,014
Total capital assets, not being depreciated	<u>38,928,996</u>	<u>20,905,276</u>	<u>-</u>	<u>59,834,272</u>
Capital assets, being depreciated:				
Buildings	6,712,962	245,849	-	6,958,811
Distribution lines	196,434,633	-	-	196,434,633
Brine line	7,121,795	-	-	7,121,795
Furniture, fixtures and equipment	1,379,340	353,855	85,682	1,647,513
Vehicles	438,065	109,883	18,445	529,503
Yucaipa Dam	3,698,238	-	-	3,698,238
Total capital assets, being depreciated	<u>215,785,033</u>	<u>709,587</u>	<u>104,127</u>	<u>216,390,493</u>
Less accumulated depreciation	<u>(62,595,579)</u>	<u>(4,751,129)</u>	<u>(99,973)</u>	<u>(67,246,735)</u>
Total capital assets, being depreciated, net	<u>153,189,454</u>	<u>(4,041,542)</u>	<u>4,154</u>	<u>149,143,758</u>
Participation rights in State Water Project Facilities	401,872,114	22,592,738	-	424,464,852
Less accumulated amortization	<u>(178,257,908)</u>	<u>(15,179,813)</u>	<u>-</u>	<u>(193,437,721)</u>
Participation rights in State Water Project Facilities, net	<u>223,614,206</u>	<u>7,412,925</u>	<u>-</u>	<u>231,027,131</u>
Total capital assets, net	<u>\$ 415,732,656</u>	<u>\$ 24,276,659</u>	<u>\$ 4,154</u>	<u>\$ 440,005,161</u>

Depreciation and amortization expense for the year ended June 30, 2021 was \$19,930,942.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 5: Notes Receivable

Notes receivable at June 30, 2021 consisted of the following:

	<u>2021</u>
The District entered into a loan agreement with East Valley Water District in January 2015 for the amount of approximately \$4 million for the construction, operation and maintenance of the city creek turnout and the plant 134 Hydroelectric Station. Interest shall accrue monthly on the unpaid and outstanding balance of the costs commencing from the effective date and continuing until repayment in full at the Local Agency Investment Fund interest rate, with accrued but unpaid interest also bearing interest. The term is eleven years, or until the date on which the debt incurred by the District in financing the project is paid in full, including interest or other charges, whichever occurs later.	\$ 2,138,116
The District entered into a loan agreement with West Valley Water District in December 2016 for the amount of approximately \$4.36 million for the construction, operation and maintenance of the Lytle Creek Turnout and the Roemer Hydroelectric Station. Interest is accrued monthly on the unpaid and outstanding balance of the costs commencing from the effective date and continuing until repayment in full at the Local Agency Investment Fund interest rate, with accrued but unpaid interest also bearing interest. The term is eleven years, or until the date on which the debt incurred by the District in financing the project is paid in full, including interest or other charges, whichever occurs later.	<u>2,321,313</u> 4,459,429
Less current portion of notes receivable	<u>(761,100)</u>
Total notes receivable, net of current portion	<u>\$ 3,698,329</u>

Note 6: Unearned Revenue

The District receives cash advances from various water purveyors in exchange for commitments of future water deliveries. As of June 30, 2021, total unearned revenue amounted to \$7,944,393.

Note 7: Certificates of Participation

Project Finance Agreements (direct placement)

The District issued Revenue Certificates of Participation, Series 2011A on July 7, 2011, in the amount of \$8,565,000, to fund capital improvements to the Baseline Feeder Project. The certificates are secured by the District's annual net revenues, meaning the revenues for any given fiscal year, excluding property taxes levied for the State Water Project, less the operation and maintenance costs for that fiscal year. Principal and interest are due in semiannual installments beginning on July 1, 2012 and ending on July 1, 2041. Interest rates range from 2.00% to 4.25%. Certificates are subject to extraordinary prepayment prior to their respective stated maturities at a prepayment price equal to the principal amount thereof plus accrued interest without a premium or penalty.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 7: Certificates of Participation (continued)

Project Finance Agreements (direct placement) (continued)

In May 2012, the District executed a Restated and Amended Agreement for the Construction, Operation and Maintenance of the New Baseline Feeder System with the District of Rialto, Riverside Highland Water Company and the West Valley Water District. The agreement requires annual capital payments by Rialto, Riverside Highland and West Valley to reimburse the District for the Debt Service on the 2011A Certificates of Participation. The District receives 100% reimbursement from the above mentioned entities and pays the annual principal and interest payable on the bonds to the bond trustee. Construction activities funded by the 2011A Certificates of Participation were completed as of June 30, 2013.

The following is a summary of bonds payable for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due within one year
2011A Certificates of Participation	\$ 7,155,000	\$ -	\$ (205,000)	\$ 6,950,000	\$ 215,000
Premium on certificates of participation	108,365	-	(5,160)	103,205	-
Total certificates of participation, net	<u>\$ 7,263,365</u>	<u>\$ -</u>	<u>\$ (210,160)</u>	<u>\$ 7,053,205</u>	<u>\$ 215,000</u>

The aggregate principal and interest debt to maturity payments for certificates of participation are summarized as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 215,000	\$ 287,544	\$ 502,544
2023	225,000	278,744	503,744
2024	230,000	269,644	499,644
2025	240,000	260,244	500,244
2026	250,000	250,444	500,444
2027 - 2031	1,415,000	1,090,320	2,505,320
2032 - 2036	1,730,000	768,156	2,498,156
2037 - 2041	2,155,000	351,200	2,506,200
2042	490,000	10,719	500,719
Totals	<u>\$ 6,950,000</u>	<u>\$ 3,567,015</u>	<u>\$ 10,517,015</u>

The District repaid \$496,844 during the year ended June 30, 2021, of which \$205,000 related to principal payments and \$291,844 related to imputed interest.

In the event of default or termination, the District has agreed, upon demand, to immediately repay the Trustee or the Owners of not less than a majority in aggregate principal amount of Certificates at the time Outstanding will be entitled an amount equal to unpaid installment payments, including accrued interest thereon, and all penalty assessments due. In the event of default or termination, interest shall accrue at the rate or rates applicable to the installment payments.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 8: Defined Benefit Pension Plans (PERS)

A. General information about the pension plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

Hire date	Prior to January 1, 2011	On or after January 1, 2011 and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 60	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-60	50-60	52-62
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	1.92%-2.0%	1.0%-2.0%
Required employee contribution rates	8.0%	7.0%	7.5%
Required employer contribution rates	17.392%	10.623%	8.239%

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 8: Defined Benefit Pension Plans (PERS), (Continued)

A. General information about the pension plan

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2021 were \$627,920. The actual employer payments of \$709,684 made to CalPERS by the District during the measurement period ended June 30, 2020 differed from the District's proportionate share of the employer's contributions of \$1,255,198 by \$545,514, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

B. Net pension liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 8: Defined Benefit Pension Plans (PERS), (Continued)

B. Net pension liability, (Continued)

Actuarial methods and assumptions used to determine total pension liability

	<u>Miscellaneous</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter.

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 8: Defined Benefit Pension Plans (PERS), (Continued)

B. Net pension liability, (Continued)

The expected real rates of return by asset class are as follows:

Asset Class¹	Current Target Allocation	Real Return Years 1 - 10²	Real Return Years 11+³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

¹ In the System's ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

Change of assumptions

The Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Discount rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 8: Defined Benefit Pension Plans (PERS), (Continued)

C. Proportionate share of net pension liability

The following table shows the Plan's proportionate share of the net position liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
Balance at: 6/30/2019 (VD)	\$ 30,564,128	\$ 27,632,250	\$ 2,931,878
Balance at: 6/30/2020 (MD)	31,765,523	28,093,272	3,672,251
Net changes during 2019-20	1,201,395	461,022	740,373

Valuation Date (VD), Measurement Date (MD)

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2019 and 2020 measurement dates was as follows:

	Miscellaneous
Proportion - June 30, 2019	0.07321%
Proportion - June 30, 2020	0.08706%
Change - Increase (Decrease)	0.01385%

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Tier 1 Plan's Net Pension Liability (Asset)	\$ 7,899,467	\$ 3,672,251	\$ 179,435

Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 8: Defined Benefit Pension Plans (PERS), (Continued)

C. Proportionate share of net pension liability, (Continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2019), the District's net pension liability for the plan was \$2,931,878. For the measurement period ending June 30, 2020 (the measurement date), the District incurred a pension expense of \$1,453,368 for the Plan.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 8: Defined Benefit Pension Plans (PERS), (Continued)

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions (Continued)

As of June 30, 2021, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 26,192
Differences between Expected and Actual Experience	189,242	-
Differences between Projected and Actual Earnings	109,090	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	794,235
Change in Employer's Proportion	794,209	-
Pension Contributions Subsequent to Measurement Date	627,920	-
	<u>\$ 1,720,461</u>	<u>\$ 820,427</u>

These amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of \$627,920 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources, Net
2022	\$ 83,387
2023	65,798
2024	70,606
2025	52,323
2026	-
Thereafter	-
	<u>\$ 272,114</u>

E. Payable to the pension plan

At June 30, 2021, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 9: Other-Post Employment Benefits (OPEB)

Plan description

The District offers a health care plan to active and retired employees, as well as their qualified dependents. For employees hired prior to April 19, 2011, the District pays the entire cost of the monthly medical and dental insurance premiums for retired employees and their dependents who have reached at least age 50 with a minimum of 10 years' service. District-provided benefits continue for the life of the retiree and eligible family members. Benefits are also continued to surviving family members in the event of the death of an active eligible employee if age plus service at death equals 60 or more. For employees hired after April 19, 2011, who have reached at least age 60 with a minimum of 15 years of service, the District pays the entire cost of the monthly medical and dental insurance premiums for retired employees and their dependents until the employee reaches the age of Medicare eligibility as determined by the United States Department of Health and Human Services. The District participates in the ACWA medical program and Delta Dental of California. Retirees may enroll in any of the single-employer benefit plans offered by the District. The authority to establish and amend postemployment benefits resides with the District's Board of Directors.

The District intends to pre-fund its other postemployment benefits (OPEB) with CalPERS through the California Employers' Retiree Benefits Trust (CERBT) Fund. The CERBT is a trust fund that allows public employers to pre-fund the future cost of their retiree health insurance benefits and OPEB obligations for their covered employees or retirees. Employers that elect to participate in the CERBT make contributions into the trust fund. Participating employers use investment earnings to pay for retiree health benefits, similar to the CalPERS pension trust. CalPERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the CERBT. That report may be obtained by writing to CalPERS Headquarters, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811, or on the internet at www.calpers.ca.gov.

Employees covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	30
Inactive employees or beneficiaries currently receiving benefits	10
Total	<u>40</u>

Contributions

The Plan and its contribution requirements are established by Ordinance and may be amended by Board action to update the original ordinance. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2021, the District's cash contributions were \$645,965 in payments to the CalPERS' California Employer's Retiree Benefit Trust (CERBT).

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 9: Other-Post Employment Benefits (OPEB), (Continued)

Net OPEB liability

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	6.73%
Inflation	2.01%
Salary Increases	3.25% annual increases
Investment Rate of Return	6.73%
Mortality Rate	The mortality rates used in this valuation are those used in the CalPERS 2017 experience study.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Equity	44%	5.23%
Fixed Income	48%	1.15%
REIT's	8%	5.08%
Cash	0%	0.00%
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total OPEB liability was 6.73 percent. The projection of cash flows used to determine the discount rate assumed that District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 9: Other-Post Employment Benefits (OPEB), (Continued)

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net OPEB Liability (c)= (a) - (b)</u>
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 6,032,202	\$ 2,936,611	\$ 3,095,591
Changes recognized for the measurement period:			
Service Cost	123,628	-	123,628
Interest	409,881	-	409,881
Difference between expected and actual experience	345,803	-	345,803
Changes of assumptions	(461,236)	-	(461,236)
Contributions - employer	-	558,104	(558,104)
Net investment income	-	157,273	(157,273)
Benefit payments	(133,104)	(133,104)	-
Administrative expenses	-	(1,551)	1,551
Net Changes	<u>284,972</u>	<u>580,722</u>	<u>(295,750)</u>
Balance at June 30, 2021 (Measurement Date June 30, 2020)	<u>\$ 6,317,174</u>	<u>\$ 3,517,333</u>	<u>\$ 2,799,841</u>

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the net OPEB liability of the District's if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	<u>Discount Rate - 1%</u> <u>5.73%</u>	<u>Current Discount Rate</u> <u>6.73%</u>	<u>Discount Rate + 1%</u> <u>7.73%</u>
Net OPEB Liability	\$ 3,706,678	\$ 2,799,841	\$ 2,053,600

Sensitivity of the Net OPEB Liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 2,010,449	\$ 2,799,841	\$ 3,739,391

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 9: Other-Post Employment Benefits (OPEB), (Continued)

OPEB plan fiduciary net position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at www.calpers.ca.gov.

Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	For assumption changes and experience gains/losses, we assumed Average Future Working Lifetime, averages over all active and retirees (retirees are assumed to have no future working years)

OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$455,460. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 645,965	\$ -
Changes of assumptions	-	(3,565,999)
Differences between expected and actual experience	357,223	(36,788)
Net difference between projected and actual earnings on OPEB plan investments	60,137	-
Total	<u>\$ 1,063,325</u>	<u>\$ (3,602,787)</u>

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 9: Other-Post Employment Benefits (OPEB), (Continued)

OPEB expense and deferred outflows/inflows of resources related to OPEB, (Continued)

The \$645,965 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability in the upcoming year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ (778,871)
2023	(778,485)
2024	(781,120)
2025	(730,462)
2026	(80,661)
Thereafter	<u>(35,828)</u>
	<u><u>\$ (3,185,427)</u></u>

Note 10: Commitments and Contingencies

Construction contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves. The District has committed to \$18,348,206 in open construction contracts as of June 30, 2021. These include:

<u>Project</u>	<u>Approved Contract</u>	<u>Payments To Date</u>	<u>Balance To Complete</u>
Cactus Basin Project	\$ 2,020,000	\$ 897,633	\$ 1,122,367
Waterman Turnout Hydroelectric Project	2,252,500	729,410	1,523,090
Enhanced Recharge Project Phase 1B	3,596,260	1,976,624	1,619,636
Enhanced Recharge Phase 1A, Basin Lining Improvements	94,025	81,493	12,532
Regional Recycled Water Pipeline	16,428,342	2,357,761	14,070,581
	<u>\$ 24,391,127</u>	<u>\$ 6,042,921</u>	<u>\$ 18,348,206</u>

State of California Department of Water Resources

On December 30, 1960, the District entered into a contract with the State of California, Department of Water Resources to receive an annual entitlement for water from the State Water Project. The District assumed a proportionate share of capital costs and minimum operations, maintenance, power and replacement costs of the State facilities, in addition to paying variable operations, maintenance, power and replacement costs on a per-acre-foot charge for water deliveries received.

The District's future commitment for State Water Project costs over the years 2021 to 2035, according to the payment schedule dated June 30, 2021, is estimated as follows:

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 10: Commitments and Contingencies (Continued)

State of California Department of Water Resources (Continued)

The District's future commitment for State Water Project costs over the years 2021 to 2035, according to the payment schedule dated June 30, 2021, is estimated as follows:

Transportation charges:	
Capital cost component	\$ 64,369,149
Minimum operations, maintenance, power and replacement component	301,432,329
Variable operations, maintenance, power and replacement component	<u>186,219,302</u>
	552,020,780
Delta water charges	145,798,954
Water system revenue bond surcharge	34,658,014
Off Aqueduct power facilities charges	741,211
East branch extension capital cost	<u>299,577,502</u>
	\$ 1,032,796,461

Jointly governed organization

The District participates in the following jointly governed organization with other districts and agencies for various water projects and operating facilities in Southern California:

Santa Ana Watershed Project Authority

The Santa Ana Watershed Project Authority (SAWPA) was formed under a joint exercise of power agreement for the purpose of undertaking projects for water quality control, protection, and pollution abatement in the Santa Ana River Watershed. SAWPA is composed of five member water agencies within the watershed area: Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District, Western Municipal Water District, and the Inland Empire Utilities Agencies. Each participating agency appoints one commissioner and one alternate commissioner to form the Board of Commissioners, the governing body of SAWPA. Financial data for SAWPA is available online at www.sawpa.org.

Condensed financial information for the operation of SAWPA for the fiscal year ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	\$ 171,906,687	\$ 176,927,279
Total deferred outflows of resources	<u>\$ 4,218,310</u>	<u>\$ 1,482,258</u>
Total liabilities	<u>\$ 102,228,349</u>	<u>\$ 106,512,749</u>
Total deferred inflows of resources	<u>\$ 571,542</u>	<u>\$ 337,312</u>
Total net position	<u>\$ 73,325,106</u>	<u>\$ 71,559,476</u>
Total revenues	<u>\$ 22,688,168</u>	<u>\$ 22,110,403</u>
Total expenses	<u>\$ (20,922,538)</u>	<u>\$ (19,227,886)</u>
Change in net position	<u>\$ 1,765,630</u>	<u>\$ 2,882,517</u>

San Bernardino Valley Municipal Water District

**Notes to the Basic Financial Statements
For the Year Ended June 30, 2021**

Note 11: Funds Held in Trust

The District is the administrator and custodian of funds held in trust on behalf of the California Department of Fish & Game (CDFG), as prescribed in the Memorandum of Agreement dated March 2007 (Agreement). The Agreement requires the District and Western Municipal Water District to deposit a combined sum of \$50,000 per year, from 2007 to 2017, into a segregated fund administered by the District. Accordingly, the segregated fund is presented as a restricted asset and liability in these financial statements. The CDFG shall direct the District on the disbursements from the fund as needed, in accordance with the Agreement. The balance of the Santa Ana River Restoration/Recovery Trust Fund as of June 30, 2021 was \$379,288.

Note 12: Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To help mitigate some of these risks, the District has purchased commercial insurance as follows:

Property loss - Insured up to \$100,000,000 per occurrence (total insurable value of \$73,028,872 as of June 20, 2019), with a \$5,000 deductible for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles.

Boiler and machinery - Insured up to \$100,000,000 per occurrence (total insurable value of \$73,028,872 as of June 20, 2019), with a \$10,000 deductible for boiler and machinery breakdown.

Auto liability - Insured up to \$1,000,000 per occurrence with no deductible for property damage.

Information security and privacy liability - Insured up to \$2,000,000 per occurrence with no deductible for security and privacy breaches.

Pollution liability - Insured up to \$2,000,000 per occurrence with no deductible for underground storage tanks.

The District is self-insured for general liability exposure.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged to expense as invoiced. There have been no significant reductions in insured liability coverage from coverage in the prior year, and there were no instances in the past three years where a settlement exceeded the District's coverage.

San Bernardino Valley Municipal Water District

**Required Supplementary Information
 Schedule of District's Proportionate Share of the Plan's Net Pension Liability and
 Related Ratios as of the Measurement Date
 Last 10 Years***

<u>Measurement Date</u>	<u>Employer's Proportion of the Collective Net Pension Liability¹</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll</u>	<u>Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
6/30/2014	0.089700%	\$ 5,587,972	\$ 2,166,220	258%	77%
6/30/2015	0.084587%	5,805,949	2,279,057	255%	77%
6/30/2016	0.072157%	6,243,808	2,210,568	282%	76%
6/30/2017	0.027173%	2,694,804	2,127,895	127%	90%
6/30/2018	0.023636%	2,277,589	2,252,665	101%	92%
6/30/2019	0.028612%	2,931,878	2,761,632	106%	90%
6/30/2020	0.033751%	3,672,251	2,907,350	126%	88%

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will displayed up to 10 years as needed as information becomes available.

San Bernardino Valley Municipal Water District

**Required Supplementary Information
Schedule of Plan Contributions
Last 10 years***

Fiscal Year	Contractually Determined Contributions	Contributions in Relation to the Contractually Determined Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014-15	\$ 654,436	\$ (654,436)	\$ -	\$ 2,279,057	28.72%
2015-16	1,563,043	(1,563,043)	-	2,210,568	70.71%
2016-17	4,308,248	(4,308,248)	-	2,127,895	202.47%
2017-18	380,370	(380,370)	-	2,252,665	16.89%
2018-19	601,348	(601,348)	-	2,761,632	21.78%
2019-20	709,684	(709,684)	-	2,907,350	24.41%
2020-21	627,920	(627,920)	-	3,422,597	18.35%

* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as needed as information becomes available.

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

San Bernardino Valley Municipal Water District

**Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios as of the Measurement Date
Last 10 years***

Measurement Period Ended June 30:	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 415,185	\$ 153,033	\$ 117,741	\$ 123,628
Interest on the Total OPEB Liability	317,872	409,717	387,786	409,881
Actual and expected experience difference	(1,955)	87,576	(48,509)	345,803
Changes in assumptions	(5,400,852)	(802,057)	-	(461,236)
Changes in benefit terms	-	-	-	-
Benefit payments	(126,972)	(141,570)	(136,035)	(133,104)
Net change in Total OPEB Liability	(4,796,722)	(293,301)	320,983	284,972
Total OPEB Liability - beginning	10,801,242	6,004,520	5,711,219	6,032,202
Total OPEB Liability - ending (a)	6,004,520	5,711,219	6,032,202	6,317,174
Plan Fiduciary Net Position				
Contribution - employer	2,026,972	141,570	886,035	558,104
Net investment income	28,815	116,588	142,801	157,273
Benefit payments	(126,972)	(141,570)	(136,035)	(133,104)
Administrative expense	(135)	(1,014)	(444)	(1,551)
Net change in Plan Fiduciary Net Position	1,928,680	115,574	892,357	580,722
Plan Fiduciary Net Position - beginning	-	1,928,680	2,044,254	2,936,611
Plan Fiduciary Net Position - ending (b)	1,928,680	2,044,254	2,936,611	3,517,333
Net OPEB Liability - ending (a) - (b)	\$ 4,075,840	\$ 3,666,965	\$ 3,095,591	\$ 2,799,841
Plan fiduciary net position as a percentage of the total OPEB liability	32.12%	35.79%	48.68%	55.68%
Covered-employee payroll ⁽¹⁾	2,127,895	2,252,665	2,763,767	2,894,400
Net OPEB liability as a percentage of covered-employee payroll ⁽¹⁾	191.54%	162.78%	112.01%	96.73%

Notes to schedule:

(1) Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided OPEBs through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

Mortality Improvement: The mortality rates used in this valuation are those used in the 2017 CalPERS experience study.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

San Bernardino Valley Municipal Water District

**Required Supplementary Information
Schedule of OPEB Plan Contributions
Last 10 years***

Fiscal Year Ended June 30	2018	2019	2020	2021
Actuarially Determined Contributions (ADC) ⁽²⁾	\$ 529,151	\$ 438,901	\$ 388,949	\$ 391,749
Contribution in relation to the ADC (Excess)/deficiency	<u>(128,352)</u>	<u>(866,580)</u>	<u>(618,244)</u>	<u>(558,104)</u>
	<u>\$ 400,799</u>	<u>\$ (427,679)</u>	<u>\$ (229,295)</u>	<u>\$ (166,355)</u>
Covered-employee payroll ⁽³⁾	\$ 2,252,665	\$ 2,763,767	\$ 2,894,400	\$ 3,422,597
Contribution as a percentage of covered-employee payroll ⁽³⁾	5.70%	31.36%	21.36%	16.31%

² Employers setting a discount rate based on the assumption that assets will be sufficient to cover all future benefit payments under the plan are assumed to annually make contributions equal to the actuarially determined contribution.

³ Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided benefits through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2021 were from the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Straight-line amortization. For assumption changes and experience gains/losses: Average Future Working Lifetime averages over all actives and retirees (retirees are assumed to have no future working years). For asset gains and losses: 5 years.
Asset Valuation Method	Market value
Discount Rate	6.73%
Inflation	2.01%
Payroll Growth	3.25% per annum, in aggregate
Investment Rate of Return	6.73% per annum
Healthcare Trend Rates	6.90% initial, decreasing to 5.00% in 2028 and later
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2017 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of Directors
San Bernardino Valley Municipal Water District
San Bernardino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities of San Bernardino Valley Municipal Water District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Bernardino Valley Municipal Water District's basic financial statements, and have issued our report thereon dated November 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 19, 2021



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November 19, 2021

To the Board of Directors
San Bernardino Valley Municipal Water District
380 E Vanderbilt Way
San Bernardino, California 92408

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We have audited the financial statements of San Bernardino Valley Municipal Water District (the District) as of and for the year ended June 30, 2021, and have issued our report thereon dated November 19, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 28, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting: Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition: Management's failure to recognize revenue in accordance with generally accepted accounting principles.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year under audit. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value measurement is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of water inventory is based on current water levels at rates passed on to the District by the Kern Delta Water District. We evaluated the key factors and assumptions used to develop these amounts in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension liability and related deferred inflows and outflows are based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability for other post-employment benefits is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of fair value estimates in the notes to the financial statements represents amounts susceptible to market fluctuations.

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of net pension liability and related deferred inflows and outflows in the notes to the financial statements is based on actuarial assumptions. Actual future liabilities may vary from disclosed estimates.

The disclosure of the other post-employment benefits (OPEB) in the notes to the basic financial statements identifies the annual OPEB cost and the funded status of the actuarial accrued liability. The information disclosed is based on actuarial assumptions which could differ from actual costs.

The disclosure related to the possible effects of COVID-19 pandemic in the notes to the basic financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements notes.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter in a letter dated November 19, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the District, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have applied certain limited procedures to Management's Discussion and Analysis, and those schedules as listed in the table of contents. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the Required Supplementary Information (RSI) and do not express an opinion or provide any assurance on the RSI.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and Management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

November 19, 2021

Rogers, Anderson, Malody & Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of San Bernardino Valley Municipal Water District (the District) as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, of the business-type activities in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 19, 2021.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 28, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

Board of Directors and Officers

JUNE HAYES
Division 1

GIL BOTELLO
Division 2

SUSAN LONGVILLE
Division 3

T. MILFORD HARRISON
Division 4

PAUL R. KIELHOLD
Division 5

HEATHER P. DYER
CEO / General Manager

- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.
- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 9) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 12) All funds and activities are properly classified.
- 13) All components of net position are properly classified and, if applicable, approved.
- 14) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- 15) All revenues and expenses within the statement of revenues, expenses and changes in net position have been properly classified.
- 16) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 17) Deposit and investment risks have been properly and fully disclosed.
- 18) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 19) All required supplementary information is measured and presented within the prescribed guidelines.
- 20) With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

- 21) With regard to the preparation of the financial statement, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- 22) We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the business-type activities, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 23) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 24) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 25) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
- 26) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 27) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 28) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
- 29) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 30) The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

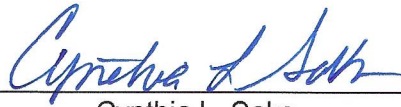
- 31) We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- 32) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 33) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 34) There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - d. Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 35) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 36) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

- 37) With respect to the required supplementary information, as listed in the table of contents, accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP and any applicable Governmental Accounting Standards Board Statements.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with any applicable criteria.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Use of a Specialist

- 38) An actuary has been used by the District to measure pension and other postemployment benefit liabilities and costs.
- a. We have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
 - b. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.



Cynthia L. Saks

Chief Financial Officer / Deputy General Manager



DATE: December 7, 2021

TO: Board of Directors Workshop - Resources

FROM: Joanna Gibson, Executive Director Upper SAR HCP Program

SUBJECT: Consider Resolution No. 1138 Authorizing the Submittal of a Grant Application to the United States Bureau of Reclamation's WaterSMART Environmental Water Resources Projects Program

Staff are requesting approval of Resolution No. 1138 authorizing staff to prepare and submit a grant application to the United States Bureau of Reclamation's (USBR) WaterSMART Environmental Water Resources Projects Program.

Background

USBR's WaterSMART Environmental Water Resources Projects Program provides up to \$2 million in funding for environmental water resources projects, "...including water conservation and efficiency projects that result in quantifiable and sustained water savings and benefit ecological values; water management or infrastructure improvements to mitigate drought-related impacts to ecological values; and watershed management or restoration projects benefitting ecological values that have a nexus to water resources or water resources management." The closing date for applications is December 9, 2021. The grant program has a minimum 50% cost share requirement.

Proposal

Staff are seeking approval to prepare and submit a grant application for the Anza Creek Aquatic and Riparian Habitat Restoration Project. The project is one of the Upper SAR HCP's

tributary restoration projects, that includes the creation of new stream channel and floodplain, the restoration of existing stream channel and floodplain, and the enhancement of adjacent riparian habitat. Staff are proposing to pursue the maximum grant funding request: \$2 million.

A requirement of the grant application is a Resolution, approved by the Board of Directors. A resolution has been drafted and reviewed by Varner Brandt (attachment 1). Staff are requesting approval for Resolution No. 1138, for the Anza Creek Aquatic and Riparian Habitat Restoration Project. The resolution would commit Valley District to the following:

1. Authorize the CEO/General Manager to prepare and submit an application for grant funding with the USBR;
2. Confirm that Valley District is capable of providing the amount of funding and/or in-kind contributions identified in the grant application;
3. Authorize the CEO/General Manager to accept and enter into a cooperative agreement with USBF for the receipt and administration of grant funds, should the application be successful; and
4. Authorize the CEO/General Manager to take actions necessary for the negotiation, completion, and execution of the cooperative agreement, and actions necessary for the receipt and administration of the grant funding in accordance with the requirements of the USBR.

Benefits to Valley District

If successful, grant funding would help offset financial costs associated with construction of the Anza Creek project. The application has a 25% matching fund requirement, and the only stipulation for these funds is that they are from a non-federal source. Consequently, the approximate \$4.4 million in Proposition 84 grant funding secured by Valley District for the planning and construction of the HCP Tributaries Restoration Projects, which includes the Anza Creek Project, is eligible as match. Therefore, this application will not require additional funds above and beyond those already identified in the Proposition 84 grant application.

Grant Application Timeline

The grant application is due to USBR on December 9, 2021.

Fiscal Impact

The fiscal impact from preparation of the grant application by our contracted grant writer, Kennedy Jenks, is \$16,250. The 25% matching fund obligation will be fulfilled by funding previously allocated/associated with the Proposition 84 grant. Consequently, any funding awarded would provide financial offsets to Valley District and to the HCP Partners.

Staff Recommendation:

Staff are requesting that the Board of Directors approve Resolution No. 1138 authorizing staff to prepare and submit a grant application to USBR's WaterSMART Environmental Water Resources Projects Program for the Anza Creek Aquatic and Riparian Habitat Restoration Project.

Attachments:

1. Resolution No. 1138

RESOLUTION NO. 1138

RESOLUTION OF THE BOARD OF DIRECTORS OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AUTHORIZING VALLEY DISTRICT'S GRANT APPLICATION AND APPROVING NEGOTIATION AND EXECUTION OF A COOPERATIVE AGREEMENT WITH THE UNITED STATES BUREAU OF RECLAMATION FOR A WATERSMART ENVIRONMENTAL WATER RESOURCES PROJECTS GRANT (FUNDING OPPORTUNITY NO. 22AS00026) FOR THE ANZA CREEK AQUATIC AND RIPARIAN HABITAT RESTORATION PROJECT

WHEREAS, San Bernardino Valley Municipal Water District ("*Valley District*") is a municipal water district organized and operating pursuant to the Municipal Water District Law of 1911 (Water Code § 71000 *et seq.*); and

WHEREAS, Valley District seeks to match local funds with federal funds provided by the United States Department of the Interior, Bureau of Reclamation, through the WaterSMART Environmental Water Resources Projects grant program ("*WaterSMART Grant Program*") to manage, develop, and protect water and related resources; and

WHEREAS, the Board of Directors of Valley District has determined that the Anza Creek Aquatic and Riparian Habitat Restoration Project exemplifies the objectives of the WaterSMART Grant Program; and

WHEREAS, Valley District agrees to the administration and cost sharing requirements of the WaterSMART Grant Program;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, as follows:

Section 1: The Board of Directors has reviewed and supports the grant application for the Anza Creek Aquatic and Riparian Habitat Restoration Project (Funding Opportunity No. 22AS00026) to be submitted to the Bureau of Reclamation WaterSMART Grant Program in the amount of \$2,000,000.

Section 2: This Resolution officially shall become a component part of Valley District's grant application.

Section 3: Valley District is capable of providing the amount of funding and/or in-kind contributions specified in the grant application funding plan.

Section 4: Valley District is hereby authorized to receive, if awarded, the WaterSMART Grant Program funding in the amount of \$2,000,000 and to negotiate in good faith and enter into a cooperative agreement with the Bureau of Reclamation for the receipt and administration of said grant funds.

Section 5: The Chief Executive Officer/General Manager, or designee, is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including the negotiation, completion, and execution of a cooperative agreement with the Bureau of Reclamation and

the receipt and administration of the WaterSMART Grant Program funding in accordance with the requirements of the Bureau of Reclamation.

ADOPTED this 7th day of December 2021.

AYES:

NOES:

ABSENT:

ABSTAINED:

Paul R Kielhold
President

Heather P. Dyer
Secretary



DATE: December 7, 2021

TO: Board of Directors

FROM: Heather Dyer, CEO/General Manager

SUBJECT: Consider Resolution No. 1139 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period December 19, 2021, through January 17, 2022

This item was brought to the Board of Directors by General Counsel, Bradley Neufeld, during the November 16, 2021, Regular Board of Director's meeting as a method to continue remote teleconference meetings of San Bernardino Valley Municipal Water District in accordance with the Brown Act. During that meeting, the Board of Directors approved a Resolution to continue remote teleconference meetings of San Bernardino Valley Municipal Water District and will continue to evaluate the situation, and renew this Resolution every 30-days until it is decided the resolution will no longer be needed.

Background

On March 17, 2020, due to the COVID-19 global pandemic emergency, Governor Newsom issued Executive Order N-29-20, which allowed local agencies to hold meetings via teleconferences and to make meetings accessible electronically without violating the open meetings laws in the Brown Act by relaxing the teleconferencing rules.

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which replaced the text in Executive Order N-29-20. Executive Order N-08-21 stated the relaxed Brown Act provisions shall apply through September 30, 2021.

The recently signed Assembly Bill No. 361 provides additional flexibility for local agencies looking to meet remotely in order to continue providing the public with essential services during a proclaimed state of emergency. The goal of Assembly Bill No. 361 is "to improve

and enhance public access to state and local agency meetings during the COVID-19 pandemic and future emergencies by allowing broader access through teleconferencing options.”

Assembly Bill No. 361 allows a local agency to use teleconferencing without complying with certain Brown Act provisions in any of the following circumstances:

1. The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.
2. The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.
3. The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

Assembly Bill No. 361 will be in effect on October 1, 2021. A local agency is authorized to use teleconferencing without complying with the teleconferencing requirements in the Brown Act when meetings are held during a declared state of emergency until January 1, 2024. In order to do so, the local agency must adopt a Resolution making the following findings by majority vote:

1. The legislative body has considered the circumstances of the state-of-emergency; and
2. Any of the following circumstances exist:
 - a. The state-of-emergency continues to directly impact the ability of the members to meet safely in person; or
 - b. State or local officials continue to impose or recommend measures to promote social distancing.

Fiscal Impact

None

Staff Recommendation

Adopt Resolution No. 1139 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period December 19, 2021, through January 17, 2022

Attachment

Resolution No. 1139

RESOLUTION NO. 1139

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM ON MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT FOR THE PERIOD DECEMBER 19, 2021, THROUGH JANUARY 17, 2022, PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the San Bernardino Valley Municipal Water District (District) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of the San Bernardino Valley Municipal Water District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Gov't Code § 54950 et seq.), so that any member of the public may attend, participate, and watch the District's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the state of emergency continues to directly impact the ability of the members to meet safely in person; and

WHEREAS, such conditions now exist in the District, specifically, a state of emergency has been proclaimed due to an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19); and

WHEREAS, the San Bernardino County Department of Health has recommended measures to promote social distancing;

WHEREAS, the Board of Directors has determined that the state of emergency continues to directly impact the ability of the members to meet safely in person; and

WHEREAS, the Board of Directors does hereby find that the current state of emergency with respect to COVID-19, local official recommendations to promote social distancing, and conditions causing imminent risk to the health and safety of attendees have caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to proclaim a local emergency and ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Board of Directors does hereby find that the legislative bodies of San Bernardino Valley Municipal Water District shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Proclamation of Local Emergency. The Board hereby proclaims that a local emergency now exists throughout the District, and declares that meeting in person would not comply with local official recommendations to promote social distancing and would present imminent risk to the health and safety of attendees.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of a State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The General Manager and legislative bodies of the San Bernardino Valley Municipal Water District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect on December 19, 2021 and shall be effective until the earlier of (a) January 17, 2022, or (b) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the San Bernardino Valley Municipal Water District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

ADOPTED this 7th day of December 2021.

Paul Kielhold
President

Heather P. Dyer
Secretary



DATE: December 7, 2021
TO: Board of Directors
FROM: Heather Dyer, CEO/General Manager
SUBJECT: CEO/General Manager's Report

The following is an update from the CEO/General Manager on the status of a number of items at the District.

I. Tour with Congressman Jay Obernolte

On Monday, November 8, the District had the opportunity to host Congressman Jay Obernolte (CA-8) on a tour of the Seven Oaks Dam and the District's Enhanced Recharge Project facilities. This tour was an opportunity to meet with a member of Congress to discuss the value of the Seven Oaks Dam and the opportunity the District sees in ensuring this multi-million-dollar piece of infrastructure is used for more than just flood control. Congressman Obernolte was open to hearing the District's ideas and opportunities for partnership. We look forward to furthering the conversation with the Congressman in the future.

II. Invitation to Apply for WIFIA Funding

The District has been invited to apply for Water Infrastructure Finance and Innovation Act funding from the U.S. Environmental Protection Agency. This was formally announced on December 3 by the EPA. [WATERSHED CONNECT](#) is one of approximately 40 new projects in the nation invited by the EPA to apply for approximately \$6.7 billion in WIFIA loan funding. Through [WATERSHED CONNECT](#), the District will apply for up to \$177 million in federal loan funding to partially fund a \$320 million infrastructure investment in regional water supply reliability. Staff participated in a WIFIA program webinar today to learn more about the application and submittal process.

III. Update on Water Level Monitoring per the Western Judgment

As required by the terms of the 1969 Western Judgment, Valley District Staff has been working collaboratively with Western Municipal Water District (WMWD) staff to monitor the groundwater levels in the three index wells in the Colton and Riverside Basins. The

most recent annual monitoring event conducted in mid-November revealed the average water level in the index wells was 5.94 feet below the Judgment threshold of 822.04 feet above mean sea level, which was comparable to the water levels measured at 6.98 feet below in 2020, 5.94 feet below in 2019, and 10.88 feet below in 2018, respectively, which were the lowest levels recorded since the Judgment was signed in 1969. Due to extended drought and somewhat increased groundwater production, the average groundwater levels in the index wells have been declining over the last 15 years.

As previously reported to the Board, in addition to notifying the Plaintiff Parties that they may transfer their extractions to the San Bernardino Basin Area (SBBA), Staff continues working on necessary improvements to WR-23 so this facility may be used to release SWP water for recharge in the Santa Ana River to help recover water levels in this area. Improvements are projected to be completed in July 2022. Subject to SWP availability, associated recharge tests will begin following the completion of the improvement.

IV. Update on the SWP Allocation

On Wednesday, December 1, 2021, the California Department of Water Resources (DWR) announced that the initial allocation for public water agencies is zero percent of contracted water supplies from the State Water Project (SWP) in 2022. This includes zero water allocation for many communities throughout California and the businesses and farms that rely on SWP water to support their industries. The decision reflects California's severe drought conditions and the State's objectives to prioritize deliveries for human health and safety needs and for the environment. Staff was aware that this was a possibility due to continuing dry conditions and has been working proactively and collaboratively with our retail agencies to ensure the needs of our customers will be met in the coming year.

V. Update on the Santa Ana River Mayors' Breakfast

The Santa Ana River Mayors' Breakfast is scheduled for Wednesday, January 26, 2022, 8:00 – 10 a.m. at the Mission Inn in Riverside. A *Save the Date* announcement was sent to 87 invitees and 26 have RSVP'd. A formal electronic invitation will go out this week to all 87 invitees.

The program will include keynote speaker Kurt Schwabe, Professor of Environmental Economics & Policy at the University of California, Riverside. Riverside Mayor Patricia Lock Dawson and Rialto Mayor Deborah Robertson have agreed to give brief presentations on new initiatives in their cities.

VI. Recent Past Presentations and Upcoming Presentations

- November 4: Southern California Edison's 2021 Annual Water Conference: presentation on the State of Water.
- November 30: Presentation to the Osher Lifelong Learning Institute (University of California, Riverside): The Future of Resilience in the Inland Empire.
- January 20-21, 2022: 2022 H₂O Women Conference, Santa Barbara

VII. Holiday District Closure

In appreciation of our staff and all their outstanding work throughout 2021, the District will be closed for regular business between the Christmas and New Year holidays, from December 27 – 31. We will reopen the Administration office on Monday, January 3, 2022.

Staff Recommendation

Receive and file.



DATE: December 7, 2021
TO: Board of Directors
FROM: Staff
SUBJECT: Summary of November 4, 2021, Board of Directors Workshop – Resources

The Resources Workshop convened on November 4, 2021. Vice President Hayes chaired the meeting via video conference.

Directors Present: President Kielhold, Vice President Hayes, Director Botello, Director Harrison and Director Longville.

Staff Present:

Heather Dyer, MS, MBA - Chief Executive Officer/General Manager
Wen Huang, PE, MS – Deputy General Manager/Chief Engineer
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Cindy Saks, CPA – Deputy General Manager/Chief Financial Officer
Bob Tincher, PE, MS – Deputy General Manager/Chief Water Resources Officer
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA - Strategic Communications Manager
Anthony Flordelis – Business Systems Analyst
Matthew E. Howard, MS – Water Resources Senior Planner
Chris Jones, MESM – Preserve System Program Manager
Adekunle Ojo, MPA – Manager of Water Resources
Shavonne Turner, MPA – Water Conservation Program Manager

Members of the Public Present:

Nyles O’Harra, Yucaipa Valley Water District
Brian Dickinson, City of Colton
Melody McDonald, San Bernardino Valley Water Conservation District
David E. Raley, San Bernardino Valley Water Conservation District
Amy Stevens, WSC
Haili Matsukawa, WSC
Jeff Szytel, WSC

2. Public Comment

Chair Hayes invited public comment. There was none.

Chair Hayes announced Melody McDonald of the San Bernardino Valley Water Conservation District is now the Vice President of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA).

3. Summary of Previous Meeting

The meeting notes from the October 7, 2021, Board of Directors Workshop - Resources were accepted with no comments.

4.1 Strategic Communications and Engagement Plan Status Update

Strategic Communications Manager Kristeen Farlow reminded the Board the District contracted with Water Systems Consulting, Inc. (WSC) in June to complete the Strategic Communications and Engagement Plan. The result of the October 18 Brand Refresh Workshop was the Board's requesting a scope for the completion of a full District rebrand.

Haili Matsukawa of WSC briefed the Board on progress.

Interviews with staff and Board members provided feedback as to current communication with the public, stakeholders, regional partners, and customers; perception of the District; and challenges, Ms. Matsukawa reported. The next steps will be obtaining community input via the Social PinPoint online tool, determining where the District wants to be, and setting goals of the plan; ultimately developing strategies, and targeting stakeholders, she explained.

Ms. Matsukawa briefed the Board on findings related to audience prioritization and accepted input from Director Botello and Director Longville.

Ms. Farlow continued the presentation and shared the list of interview questions posed to Board members. Ms. Matsukawa described the common themes encountered by the Board when interacting with the public. Overall, she said, the Board would like to increase awareness of Valley District's role in the watershed.

She added, Board members also discussed areas where the District is communicating well and those topics where there is opportunity for improvement and more messaging.

After discussion, based on inquiry by Director Botello, the Board requested WSC explore the clarity of language regarding the terms “ratepayers” and “taxpayers” and agendaize for further discussion.

Director Longville suggested highlighting that Valley District is the only agency in the valley that will address the impacts of climate change. Director Botello requested the term be “climate change / equity.”

A third component of the program will be direct feedback from the community, Ms. Matsukawa continued. She introduced Social PinPoint, an online engagement tool to facilitate input from the public. She presented a web page draft and shared a video of instructions for the engagement page. Director Longville pointed out that the District began social media engagement only recently and has increased expenditures and efforts on it. She noted social media is growing, but questioned the number of followers at this stage. CEO / General Manager Heather Dyer stated the message must go out via all possible avenues, and Ms. Farlow added there will be a more active call to action. Ms. Matsukawa advised that social media will be paired with the active advertising and marketing strategy, leveraging both print and digital media. It will need the Board’s support, she cautioned, as there is an investment to be made. Ms. Matsukawa then described a sampling of the brief survey for stakeholders to get at core feedback.

Chair Hayes suggested a “more information” button be added for clarification of certain questions, and Director Botello suggested the questions refer to Valley District by its formal name. Director Harrison agreed.

Director Longville requested a copy of the questions to review, pointing out a person’s interest is defined by what they know. Chief Executive Officer/General Manager Dyer clarified this presentation is regarding the concept of public engagement and obtaining feedback. Director Longville noted WSC has been hired as the best qualified to perform the engagement and create the plan.

Ms. Matsukawa explained this sampling of questions shows only the nature of the questions and that they will be refined. Chair Hayes requested questions be included in the staff report so they might be previewed before feedback is needed.

Director Botello commented the Social PinPoint tool is a perfect vehicle for a starting point.

Ms. Matsukawa continued the presentation and discussed stakeholder input benefits. She briefed the Board on the marketing plan and the strategy to get the survey into the hands of

the public. Ms. Farlow advised there is a variety of ways to promote the campaign in order to gain the participation and engagement of the public.

The next step, Ms. Farlow continued, will be to develop community personas of the target audience with the feedback from the campaign. Chair Hayes cautioned about use of industry jargon with the public.

The public input and Social PinPoint phase, Farlow advised, would be implemented November through January. As information is collected, communication goals and audience messaging are developed, she said. Communication strategies and finalization of the Strategic Communication and Engagement plan are expected in January 2022, she explained. In February, staff anticipates beginning the one-year Implementation Plan, identifying cost estimates, templates, and brand assets through May 2022.

Director Longville suggested leveraging other public meetings as well and pointed out that the timeline provided for initial feedback is not long enough.

Ms. Farlow explained input gathering would begin to develop those community personas, and key messaging would begin while keeping the Social PinPoint open.

Ms. Matsukawa concurred it is an aggressive schedule, but stated there will be targeted outreach and the plan is to hasten publishing of digital and print along with Ms. Farlow's interaction with community groups. She advised that WSC is open to reviewing the timeline based on delivering on its contract.

President Kielhold suggested adding 30 days to the initial feedback period. He requested a copy of the stakeholder mapping for the Board and expressed support for the online survey.

Chair Hayes pointed out the November and December are the holiday season, and most people are focused on holiday / family mode and are not thinking about water.

Director Botello agreed with concerns about the timeline and opined the rollout should continue into spring due to the upcoming holidays. He also suggested a pilot program of the survey through retailers' staffs or environmental science students before implementation and releasing the introductory message through retailer flyers.

4.2 Consider Amendment No. 1 to the Proposition 84 Implementation Grant Funding Sub-Grantee Agreement for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP)

Deputy General Manager / Chief Water Resources Officer Bob Tincher advised the Board this is a follow up to the January 9, 2018, Board Workshop where proposed changes to the SARCCUP program were presented. Those changes included removal of the proposed connection between San Bernardino Basin (SBB) and the Chino Basin, he explained.

Mr. Tincher provided a detailed overview of SARCCUP. He described it as a joint project with four of the five Santa Ana Watershed Project Authority (SAWPA) member agencies and administrated by Project Agreement (PA) 23. SAWPA has a grant contract with the Department of Water Resources (DWR) and passes along the requirements to the participants, he noted.

Mr. Tincher provided background on SARCCUP and said the goal is to work as a region, to develop a program on a larger scale with a larger benefit that requires the grant funding for completion. He listed SARCCUP's three elements:

- Habitat Improvement including Arundo removal and the Santa Ana Sucker fish habitat restoration
- Water Use Efficiency through conservation-based rates and landscaping design
- Groundwater bank

Mr. Tincher advised the SARCCUP is a \$160 million total project, with \$55 million coming from Proposition 84. The groundwater bank is the largest portion of SARCCUP, he noted. He discussed benefits to the member agencies.

Valley District has eight million acre-feet (af) of storage and does not need a local groundwater bank, but this project makes storage space and surplus water available to neighbors, Mr. Tincher explained. SARCCUP also helps Valley District meet four Integrated Regional Urban Water Management Plan (IRUWMP) goals, he said.

Each project area has a lead agency, and the Valley District contract covers only habitat restoration, as it is the lead on the Habitat Conservation Plan (HCP), Mr. Tincher continued. Valley District is also the lead on obtaining surplus water, he added. No facilities or infrastructure are needed in this area for the groundwater bank and are not included in this amendment. The only item is habitat restoration and there has been no change in the grant amount for that area, he said.

Mr. Tincher detailed the structure and governance of the organization under PA 23 and added that PA 22 oversees the water use efficiency because it already administers grant funds under the drought round of Proposition 84.

After the groundwater bank is completed, the investing agencies would operate the bank via an operations committee deciding when to buy water, where to store it, and when to extract it and do exchanges. The agreement has not yet been developed, he added.

Mr. Tincher detailed the operation and emphasized the importance of the groundwater bank, the primary source for which is Valley District's surplus State Water Project (SWP) water. The recently signed Metropolitan Water District (MWD) agreement provides for Valley District to sell surplus water to MWD which then makes half of that water available to SARCCUP, he explained.

Given Valley District's existing eight million af of storage, Mr. Tincher explained SARCCUP as insurance from a water supply portfolio standpoint. The only water going into SARCCUP is surplus to Valley District's need. He continued explaining the 137,000 af of storage in SARCCUP does not benefit the agencies already pumping from wells in the San Bernardino Basin, it benefits agencies outside the Basin and provides opportunity for others to store water in the Basin. Valley District benefits from bringing in some value for its taxpayers / ratepayers, he continued. The connection to the SWP with the groundwater bank allows Valley District to offer water at a reasonable price to its neighbors. That savings can be used to benefit the ratepayers, but the real benefit for the retail agencies inside the Basin is in higher water levels.

Mr. Tincher reminded the Board of discussion about the Bunker Hill Conjunctive Use Program (BHCUP) and explained that the agencies in the San Bernardino Basin do not need the SARCCUP storage, so it is available to agencies in BHCUP through SARCCUP. This storage should be used before adding another storage program as they are overlapped, he advised.

The agencies to benefit most from San Bernardino Basin (Basin) storage are Yucaipa Valley Water District (YVWD), Western Heights Water Company, South Mesa Mutual Water Company, and the San Gorgonio Pass Water Agency (SGPWA), Mr. Tincher stated. Valley District has been working on an agreement with YVWD and SGPWA to store water in the San Bernardino Basin.

Approval will be needed for SARCCUP storage in the San Bernardino Basin, Mr. Tincher noted, and reminded the Board that Valley District does not own the Basin. As a Watermaster, Valley District administrates the Judgment which is among the agencies pumping water from the Basin who really own the space.

SARCCUP is essentially implementing the paragraph in the Judgment that references Valley District and Western Municipal Water District (WMWD) entering into agreements for

additional imported water would be stored in the Basin and allow WMWD to pump additional water out of the Basin equal to the amount they store. There is no compliance issue with the judgment as concerns SARCCUP, but Valley District is bringing others from outside the judgment into the Basin and must satisfy the pumpers in the region that using the Basin for this purpose will not harm them, he advised.

Agencies are aware of SARCCUP, Mr. Tincher assured, and said a proposal will need to be submitted to the Basin Technical Advisory Committee (BTAC) with some modeling and without the SARCCUP program and addressing challenges. BTAC will then make a recommendation which will come back to Valley District as a Watermaster agency. The region as a whole will evaluate this before making a recommendation, he stated.

Mr. Tincher addressed the water use efficiency element of the program. He said that conservation-based rates have been recommended to retailers. He pointed to the Large Landscape Water Reduction Program, recently presented by Water Conservation Program Manager Shavonne Turner, and added that the Smartscape Program which includes landscape design, care of low water use plants, and more will be offered.

To save 2,400 af of water per year, the non-native, water insatiable weed, Arundo, has been nearly eradicated from the watershed thanks to the efforts overseen by SAWPA, Mr. Tincher noted. This is a long-term commitment, he stressed, and noted there are 600 acres of Arundo left to remove from the Basin. He added Valley District is the lead on the Santa Ana Sucker Habitat project.

Mr. Tincher advised there is no change in the amount of grant funding from the first contract to this amendment; the only change is the elimination of the water facilities. He shared the SARCCUP schedule showing everything currently in process and indicated that the goal is to have the SARCCUP program in place by 2023.

He recapped SARCCUP accomplishments and pointed out the work remaining, including approval of the agreement amendment, the SARCCUP operating agreement, Western-San Bernardino Watermaster approval to use the San Bernardino Basin in the SARCCUP groundwater bank, and construction of facilities.

Director Longville announced that Eastern Municipal Water District's facility is complete.

Director Harrison, Chair Hayes, and CEO / General Manager Heather Dyer complimented and thanked Mr. Tincher for his work.

Action Item(s): The Board voted to move forward this item to the full Board of Directors at a future meeting by the following roll-call vote:

There was no motion or second.	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville
NOES:	None
ABSTAIN:	None
ABSENT:	None

5. Future Business

Director Botello announced that at 7 p.m. the San Bernardino Historical Society will present San Bernardino County historian, educator, and author Tom Atchley.

6. Adjournment

Chair Hayes adjourned the meeting at 3:50 p.m.

Staff Recommendation

Receive and file.



DATE: December 7, 2021

TO: Board of Directors

FROM: Staff

SUBJECT: Summary of November 9, 2021, Board of Directors Workshop – Engineering

The Engineering Workshop convened on November 9, 2021, via Zoom video-teleconference. Director Harrison chaired the meeting.

Directors Present: President Kielhold, Vice President Hayes, Director Botello, Director Harrison, and Director Longville.

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Joanna Gibson – Executive Director Upper SAR Habitat Conservation Program
Wen Huang, PE, MS – Deputy General Manager/Chief Engineer
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Cindy Saks, CPA – Deputy General Manager/Chief Financial Officer
Bob Tincher, PE, MS – Deputy General Manager/Chief Water Resources Officer
Melissa Zoba, MBA, MPA – Chief Information Officer

Michael Esquer – Senior Project Manager
Kristeen Farlow, MPA – Strategic Communications Manager
Anthony Flordelis – Business Systems Analyst
Matthew Howard, MS – Water Resources Senior Planner
Adekunle Ojo, MPA – Water Resources Manager
Shavonne Turner, MPA – Water Conservation Program Manager

Members of the Public Present:

Melody McDonald, San Bernardino Valley Water Conservation District
David E, Raley, San Bernardino Valley Water Conservation District
Mallory Gandara, Western Municipal Water District
Madeline Blua, Yucaipa Valley Water District
Nyles O’Harra, Yucaipa Valley Water District
Brian Dickinson, City of Colton
David Barnes, Geoscience
Johnson Yeh, Geoscience

Leonardo Ferrando, Riverside Public Utilities

1. Introductions

Deputy General Manager/Chief Engineer Wen Huang introduced Johnson Yeh and David Barnes of Geoscience.

Pursuant to the provisions of the Brown Act, this meeting will be conducted by teleconference only.

2. Public Comment

Director Harrison invited public comment. There was none.

3. Summary of Previous Meeting

The summary notes from the October 12, 2021 Board of Directors Workshop – Engineering were accepted with no comments.

4.1 Update on Improvements to WR-23 and Findings of Riverside North Basin Recharge Modeling

Deputy General Manager/Chief Engineer Wen Huang reminded the Board the effort to build the State Water Project (SWP) turnout WR-23 was led by Valley District staff, and the Riverside North Basin recharge modeling effort using the integrated model was led by the Geoscience team to determine effects of recharge.

Mr. Huang explained the 1969 Western-San Bernardino judgment and the work on the Watermaster annual report. Water levels in three key wells in the Colton Basin and the Riverside North Basin area are being monitored per the judgment threshold.

Due to the extended drought conditions and increased groundwater pumping, the water level of the three wells has been below the judgment threshold of 822 feet for the last three consecutive years. Staff reached out to western entities per the judgment to shift their pumping from that area to the San Bernardino Basin to allow the water level to recover. Staff is also working on ways to recharge in this particular area, he said.

Mr. Huang described the location of the monitoring wells. In June 2020, the Board approved acquisition of WR-23 off the Santa Ana Valley Pipeline, with a 25 cubic feet per second (cfs) capacity, which will allow SWP water into the Santa Ana River for recharge. The Board also approved the Geoscience contract for groundwater modeling to assure that the SWP recharge will help recover the groundwater level, he added.

Senior Project Manager Mike Esquer provided an update on the turnout improvements. The two parts to the project are the functional modification of the turnout itself, and the procurement of easements for the rights to transmit water from the SWP aqueduct across the property of the Department of Water Resources (DWR) and the San Bernardino Flood Control District (Flood Control). Two easements remain to procure, he explained. The first is awaiting Flood Control action to deem their property as surplus in order to obtain an appraisal for submission to the County real estate department, Mr. Esquer stated. He estimated four to six months from obtaining the easement. The second easement from DWR must be obtained for the City of Colton, which would hold the easement for electrical purposes, he explained. Staff hopes to have the easements completed by the end of the second quarter of 2022, at which time the City of Colton will install permanent power, Mr. Esquer advised.

Vice President Hayes requested clarification. Mr. Esquer explained Flood Control uses its surplus property process to determine that they have no future plans to build anything on that portion of the property, and the easement can be granted.

Director Botello asked about fees. Mr. Esquer indicated that fees are unknown at this time, but anticipated are appraisal costs, County review and fees based on the assessment.

Mr. Esquer shared plans and details of the WR-23 project, which were submitted last week to DWR.

Mr. Huang explained the modeling exercise by Geoscience in collaboration with Western Municipal Water District (WMWD) was to determine if the recharge would be effective. Mr. Johnson Yeh, principal geohydrologist with Geoscience introduced the modeling work for the project.

Mr. David Barnes of Geoscience provided an overview of the modeling project area and index wells. The purpose is to assess the effects of recharge from water release from WR-23 along the Santa Ana River down to La Cadena Drive, he stated. Project objectives include development of an operational recharge schedule to optimize groundwater recharge in the vicinity of the key wells, and provide a workplan for data collection during the recharge testing, he explained.

Mr. Barnes described the modeling efforts, use of the Integrated Santa Ana River Model, and scope of work. Outflow from WR-23 was assessed, along with environmental concern of releasing State Project Water (SPW) into the Santa Ana River, comingling with water downstream and flowing to the Prado Basin.

Mr. Barnes presented results of running the model, with the largest increases in groundwater downstream of WR-23. Running six months at 12 cfs, Well Flume No. 5 showed an increase of approximately ten feet. Even after ceasing releases at WR-23, the water level benefit from the recharge carries forward to the next summer period, he explained, so the storage benefits from additional recharge in the basin are cumulative.

Annual recharge will depend on the percolation rate along the channel and will be limited by the criteria of no flow below La Cadena Drive, Mr. Barnes continued. So, if limiting outflow, WR-23 releases would need to be made during periods when there are not large flows along the river, he advised. He recommended WR-23 releases during the summer months when inflows are less frequent, and the channel is mostly dry to conduct recharge testing and assess the benefits.

Mr. Barnes shared a summary of annual percolation and reiterated that storage benefits are persistent and continue even after the recharge has ceased, allowing for inter-annual increases in groundwater level at the key index wells.

Mr. Huang summarized that based on the model, SPW release from WR-23 is feasible to bring the water level back above the 822 feet threshold. Staff would like to continue work on this project, he said. Once WR-23 is ready, staff would like to start releasing water and monitoring how groundwater recovers in the project area to validate the results and come up with a long-term plan for recharge, Mr. Huang explained. SPW availability will also need to be taken into consideration, he added.

Director Longville asked about long-term outlook in terms of the 1969 judgment given ongoing drought and increased groundwater production, and measures that may be available to address production in these areas. Mr. Huang noted that the Riverside North Basin is part of the adjudicated area, which is not subject to Sustainable Groundwater Management Act, but the long-term plan is to form a groundwater council for that area and develop a long-term groundwater management plan.

CEO / General Manager Heather Dyer pointed to large water recharge projects via the Habitat Conservation Plan. The Geoscience model also shows rising groundwater levels in

the upper part of the Basin over time as the projects are implemented, she said, and Riverside, WMWD, and other partners are also thinking about how to shift production into areas where a lot of water can be recharged. She advocated looking at the Basin on a larger scale over time to strategically manage production and recharge to assure reliability and sustainability.

Public Works and Utility Services Director Brian Dickinson of the City of Colton acknowledged that this activity will also benefit the City.

Director Botello requested a site visit and complimented the presentation.

5.1 Consider Continued Participation in the Sites Reservoir Project by Executing the Third Amendment to the 2019 Reservoir Project Agreement

Deputy General Manager/Chief Water Resources Officer Bob Tincher explained staff recommends continued participation in the Sites Reservoir project at a level of 21,400 acre-feet (af) per year, translating to 133,408 af of upstream storage via the third amendment to the 2019 Sites Reservoir Project Agreement (amendment) which covers a work plan valued at \$143 million from January 1, 2022 through December 31, 2024. This will complete the planning, permitting, and engineering design of the project, he stated. Valley District's portion of the cost would be approximately \$8.5 million, to be paid over the next couple of fiscal years, he noted.

Staff continues to see this as a generational project that will restore between 12,000 and 16,000 af per year of SPW that has been lost in the past due to environmental constraints, Mr. Tincher continued. It provides most water in dry years, he noted.

Mr. Tincher reviewed prior commitments of the Board and background dating back to 2016. The third amendment would be the largest commitment to date, he said, and if approved the total investment in Sites would be approximately \$14 million.

Administrative costs of the amendment have been reduced, he pointed out, and staff feels comfortable with the management direction. He reviewed the components of project affordability and permissibility. Costs continue to be analyzed for opportunities to reduce, he advised.

At the end of this phase, Mr. Tincher continued, a final Environmental Impact Report will be completed, the District will have a water right from the State Water Resources Control Board, local agencies agreements and permits, and contracts with the DWR and California

Department of Fish and Wildlife. Mr. Tincher detailed additional work plan details for this phase related to buildability, effectiveness, and shared a chart of the project schedule.

Approval of Amendment No. 3 would include the participation level at 21,400 afy and the upstream storage at a cost of \$8,560,000 and continuing the representation of CEO / General Manager Ms. Dyer and Mr. Tincher for the project. The \$8.5 million is a portion of the \$67 million to be raised from all participants, with a total value of the work plan of \$142 million. The gap is bridged via grant funding, he explained.

Director Harrison indicated support and asked if the facility would also be available for recreational purposes; Mr. Tincher said he believed that was the goal and the DWR may assume the management role.

Ms. Dyer added that momentum is increasing. The draft EIR will be released later this month after a full revise and outreach. She said she is optimistic about the public review process. She also heard the project has been awarded an additional \$80 million from the Bureau of Reclamation toward planning, engineering, and construction. The Sites Reservoir Project Authority also applied for WIFIA financing, she added.

Ms. Dyer acknowledged the leadership of Sites Executive Director Jerry Brown.

Mr. Tincher noted that the BOR has not yet invested in storage but is investing in the planning and engineering.

Director Harrison said it has been interesting to observe the increase in chorus of those urging more water storage in the past few months.

Ms. Dyer advised that staff hopes to bring to the Board some results of modeling analysis for the project related to finance at a workshop in December.

Action Item(s): The Board voted to move forward this item to the full Board of Directors for consideration at a future meeting by the following roll-call vote:

There was no motion or second.	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville
NOES:	None
ABSTAIN:	None
ABSENT:	None

5.2 Update on Grant Application to the Wildlife Conservation Board's Riparian Habitat Conservation Program

Executive Director Upper Santa Ana River Habitat Conservation Program Joanna Gibson reminded the Board about Resolution No. 1122 authorizing grant submittal to the Wildlife Conservation Board identifying approximately 290 acres of riparian habitat adjacent to Sunnyslope Creek targeted for habitat restoration activities.

The grant application, which covers master planning, design and permitting, was successful, Ms. Gibson reported. It now goes before the Wildlife Conservation Board for approval of the grant, which requests \$393,000 (25 percent of the total project cost). Additional funding is being pursued, she said.

5.3 Consider Resolution No. 1134 and 1135 Authorizing Staff to Submit Two Grant Applications to the Department of Water Resources Urban and Multi-Benefit Drought Relief Grant Program

Ms. Gibson explained these applications are for two different projects. This is an extremely fast paced grant process to address drought impacts, and there is no match requirement, she said. Guidelines were released in October and funding appears to be released in mini phases, with the DWR accepting applications in the first phase by November 19. She said she would like to get the District's application in by November 19 for the first phase.

The first project proposed for submittal is the Regional Recycled Water System including construction of the Weaver Basins and the water pipeline for up to \$10 million, Ms. Gibson explained. The Resolution would authorize preparation and submittal of the application, the following acceptance and execution of an agreement with DWR, and submittal of required documents, invoices, and reports. She shared a map of the pipeline.

The second proposed project is a purple pipe to provide tertiary treated water to the tributary restoration sites along the Santa Ana River, Ms. Gibson explained. This is an Upper Santa Ana River HCP project seeking planning and construction costs and will target up to \$5 million. Resolution No. 1135 would mirror the previous one, she stated, and showed a map of the pipeline alignment.

A purchase order for help with grant preparation has been executed with contracted grant writer Kennedy Jenks for an estimated \$11,770 per application, Ms. Gibson reported. Valley District is contributing significant funds for the Weaver construction and the Regional

Recycled Water System, so grant funding would help defray those costs, she pointed out. For the purple pipe project, the HCP partners also contribute, she added.

On-call grant services are included in the FY 2020/2021 budget, Ms. Gibson advised.

Director Harrison indicated support. Director Botello asked about the limit of \$10 million on the Regional Recycled Water System grant application. Ms. Gibson indicated there is always uncertainty about the request to be competitive, and the determination of Kennedy Jenks was up to \$10 million, but this may change. Director Botello stated that his position, due to the large project cost, was to sharpen the pencil on those numbers. President Kielhold advocated temperance.

Action Item(s): By consensus, the Board directed staff to move forward this item to the full Board of Directors for consideration at a future meeting.

5.4 Select the District's Association of California Water Agencies Voting Representative to Cast the District's Ballot for the ACWA Election

Strategic Communications Manager Kristeen Farlow detailed the recommended action and explained the process of the Association of California Water Agencies (ACWA) elections at the Fall Conference every year. This year's election will be held December 1 at the conference in Pasadena, which is also being offered virtually. She reviewed the recommended slate of officers.

President Kielhold pointed out the candidate Pamela Tobin was nominated on the floor two years ago and was then elected by unanimous vote.

Action Item(s): The Board voted to appoint Director T. Milford Harrison as the voting representative at the 2021 ACWA Fall Conference by the following roll-call vote:

MOTION: Botello	SECOND: Hayes	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

Action Item(s): The Board voted to appoint Vice President June Hayes as the alternate voting representative at the 2021 ACWA Fall Conference by the following roll-call vote:

MOTION: Botello	SECOND: Kielhold	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

Action Item(s): The Board concurred with the recommended slate of officers and voted to direct staff to complete the required forms for the District to vote in the ACWA election on December 1, 2021, at the ACWA Conference by the following roll-call vote:

There was no motion or second	APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville
NOES:	None
ABSTAIN:	None
ABSENT:	None

6. Future Business

Feasibility of a proposed rain barrel program:

MOTION: Longville	SECOND: Hayes	APPROVED: 4-1
AYES:	Harrison, Hayes, Kielhold, Longville	
NOES:	Botello	
ABSTAIN:	None	
ABSENT:	None	

7. Adjournment.

The meeting was adjourned at 3:47 p.m.

Staff Recommendation

Receive and File



DATE: December 7, 2021
TO: Board of Directors
FROM: Staff
SUBJECT: Summary of November 18, 2021 Board of Directors Workshop – Policy

The Policy Workshop convened on November 18, 2021, via Zoom teleconference. Director Botello chaired the meeting.

Directors Present: President Kielhold, Vice President Hayes, Director Botello, Director Harrison, and Director Longville.

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Wen Huang, PE, MS – Deputy General Manager/Chief Engineer
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Cindy Saks, CPA – Deputy General Manager/Chief Financial Officer
Bob Tincher, PE, MS – Deputy General Manager/Chief Water Resources Officer
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA – Strategic Communications Manager
Anthony Flordelis – Business Systems Analyst
Matthew E. Howard, MS – Water Resources Senior Planner
Adekunle Ojo, MPA – Water Resources Manager

Members of the Public Present:

Devin Arciniega, San Bernardino Municipal Water Department
Ron Coats, East Valley Water District
Jeff Noelte, East Valley Water District
Kelly Malloy, East Valley Water District
Kendra Daijogo, The Gualco Group
Richard Babbe, PFM Asset Management

1. Introductions

Chief Executive Officer/General Manager Heather Dyer introduced staff members present.

2. Public Comment

Chair Botello invited public comment. There was none.

3. Summary of Previous Meeting

The summary notes from the October 14, 2021, Board of Directors Workshop – Policy were accepted with no comments.

4.1 Quarterly Investment Portfolio Update from PFM Asset Management

District financial advisor Richard Babbe from PFM Asset Management reviewed the quarterly investment portfolio activity. Mr. Babbe reported on COVID-19 trends, gross domestic product forecasts, jobs, inflation, the current diversity of the District's portfolio, yields, and unrealized losses.

In response to President Kielhold, Mr. Babbe advised the baseline year was 2012 and suggested examining strategies. Director Longville voiced support for investigating other investment strategies.

Action Item(s): Receive and file.

4.2 Discuss State and Federal Legislative Update

Kendra Daijogo of the Gualco Group reported the legislature is on recess and will return to Sacramento on January 3, when things will pick up quickly. The Governor's budget is due January 10 and February 18 is the last day to introduce bills, she explained. Carry-over bills will have the opportunity to move forward, and activity may again be limited due to COVID-19 and the reconstruction of the annex portion of the Capitol.

Ms. Daijogo drew attention to the Legislative Analyst's Office (LAO) report which anticipates a \$31 billion budget surplus and explained the Gann spending limit. The LAO recommended

that reserves for the State be increased to pre-COVID levels, and due to uncertainty, that they exceed the Constitutional limit.

The Water Infrastructure Funding Act of 2022, a proposed initiative, will require more than 900,000 signatures to be on the November ballot, Ms. Daijogo, reported. It would take a different approach to water infrastructure funding than seen in the past for bonding, she noted. Among its requirements are the transfer of two percent of the State's general fund revenue each year into a trust account until the State certifies that water projects funded have created an increase of five million acre-feet of additional annual water supply, she explained. Director Harrison asked about the bill sponsor. Ms. Daijogo named the initiators, including Assemblymember Devin Mathis.

Ms. Daijogo touched on the redistricting process and advised that the first draft map released has already caused a firestorm of comments. After two weeks of public input, the map will be refined before vote in December, she stated.

Director Longville requested that information on the Infrastructure Funding Act be conveyed to the Board as received.

Strategic Communications Manager Kristeen Farlow advised the Board of the following bills of interest:

- AB 284 - California Global Warming Solutions Act
- AB 377 – Water Quality – Impaired Waters
- AB 564 – Biodiversity Protection and Restoration Act
- AB 1500 and SB 45 bond measures that may come back in 2022
- SB 559 – Water Conveyance Restoration Fund

Ms. Farlow reported the federal Infrastructure Investment and Jobs Act, a \$1.2 trillion package over ten years, became effective immediately after being signed by the President on November 15. She noted that conversations between Congressional leaders have not been productive regarding appropriations and will likely be put on hold until March, but a continuing resolution to fund the government is expected.

The Environmental Protection Agency is developing a three-fold strategy to address PFAS, Ms. Farlow advised.

Action Item(s): Receive and file.

4.3 Consider the Expansion of the Local Resources Investment Program (LRIP) to include Water Conservation and Other Demand Management Programs

Chief Executive Officer/General Manager Heather Dyer reminded the Board of the new approach to water conservation and the Board's request to refine the program to focus on incentivizing reduction of production from the basin in way that has measurable results. Staff has considered how best to support the retail agencies, build on the relationships developed with retail staff, and looks to invest in ways to harness the retail agencies in reduction of production as a part of Valley District's water supply portfolio.

Water Resources Manager Adekunle Ojo requested feedback from the Board to incorporate into the program. He reminded the Board of discussion in April of the Demand Management Program. He emphasized progress made, pointed to the recently adopted 2020 Integrated Regional Urban Water Management Plan and gave an overview of source of supply . He noted that conservation is the only program in the water supply portfolio that does not get funded in a unique manner.

Mr. Ojo explained the Local Resources Investment Program (LRIP), the costs of which are based on the avoided cost of State Project Water (SPW) and recommended the LRIP criteria be extended to conservation projects; tying it to water saved. He correlated the concept with the District's strategic priorities. New water supply infrastructure is still needed, he noted, but better management of the existing water supply is also needed, including multiple approaches.

Mr. Ojo reviewed annual demand and noted that 2020 was lower than 2009, which conveys that population increase does not necessarily increase demand. The LRIP would be applied to the additional water savings that retail agencies must meet to comply with the new State water efficiency standards over the next eight to nine years, he explained.

Mr. Ojo reviewed the investments made in conservation programs and assured there is a market effect extending beyond the programs, which is showing up in water savings. He shared detail on the effectiveness of various programs and market potential. When the worth of each program is translated to LRIP it varies, but it is about the choice, equity, flexibility and the right investment, he said.

In response to Director Botello, Mr. Ojo discussed the market potential of rain harvesting and leak detection.

The biggest water savings is still to be realized outdoors; Mr. Ojo continued. Current outdoor water use in Valley District's service area is 73,000 acre-feet, with 64 percent of that demand being residential. To demonstrate the power of human response, he stated that if 50 percent of the customers would turn off their irrigation for 48 hours after it rains, 3,000 acre-feet would be saved.

Conservation is the second lowest cost source, Mr. Ojo advised. Vice President Hayes pointed out that "you can't conserve your way out of a drought," and Director Harrison asked about the cost of recycled water. Mr. Ojo pointed to the LRIP contribution calculation method and CEO / General Manager Heather Dyer added, in order to have a diverse water supply portfolio, there must be investment in recycled water and stormwater, but reduction of production in the basin is the second cheapest supply and a good investment to encourage and incentivize retail agencies and their customers to use less water now, because that water is a future supply.

Mr. Ojo continued, explaining components of the Retail Agency Administered Multi-Benefit Program (RAAMP) rebate program and the cost as tied to LRIP. He suggested creation of a regional website to offer choice and flexibility. Retailers can continue their programs and offer the new rebate amount. Even if a retailer chooses not to offer a specific program, a customer could obtain the rebate using the regional website.

Director Longville pointed to leak detection and noted that often the problem adds up to hundreds of thousands of dollars before it is resolved, and suggested incentivizing it under RAAMP.

President Kielhold turned the conversation back to the staff recommendation. Mr. Ojo explained that tying the cost to the LRIP solves the issue of equity and provides some certainty, and described allocation based on retailer population.

Director Botello suggested this is a duplicative program and it may be outside the range of Valley District; it is more a retailer activity. Mr. Ojo explained this would replace the current program of 25 percent reimbursement for non-rebate activities by retail agencies. It incentivizes them to do things like non-revenue water reduction, he said. The RAAMP program incentivizes the retail agency to come up with the tools it needs to reach those goals, Ms. Dyer stated. Instead of allocation based on a percentage of the rebate program, funds will be allocated to retailers based on their percentage of our service area, and the retailer determines what it needs to be successful, Ms. Dyer clarified.

Mr. Ojo added that staff has been meeting with retailers to understand their needs: the Partnering for Success process. This results in a custom plan that each agency can implement, he said. Director Botello suggested further discussion and another modeling exercise for demand vs. conservation vs. growth and population, since the RAND study was inaccurate.

Mr. Ojo advised there is budget available for the RAAMP program and summarized the concept. He contrasted RAAMP with other programs and requested Board input.

Ms. Dyer further explained that in a year of analysis regarding why the conservation program was not showing meaningful results, it appeared the approach was formulaic, and money was not being allocated to the right places. The expertise of retail agencies must be relied on to decide what is the most meaningful way to reduce demand, she said. This is a fundamental shift in how water conservation is done and promoted, she stated. The results are being presented for the Board to determine if this is the right approach focused on investing in end users, supporting retail agencies, and large water users.

Director Botello acknowledged the detailed presentation and agreed this is a huge shift. He suggested it would be prudent to have more discussion.

Vice President Hayes agreed with Ms. Dyer that prior programs have not worked well. She liked the concept of applying LRIP but noted she may not be supportive of all the details as presented. It is worth exploring, she said.

Director Longville reminded the Board new staff was tasked with solving a large problem. She pointed to the staff's conversations with retailers, and said if the retailers were opposed, this would not have come to the Board. She noted there is more to understand and advocated for the opportunity for each director to communicate with the retailers in their division to make sure the effort is moving forward together and in a collaborative manner. She pointed out Valley District had originally tried to replicate programs of other agencies and noted that all three elements of RAAMP bridge the gaps. Once refined, this will propel the District to the future of retaining water in the basin, and continue the trend of use downward, she stated.

President Kielhold indicated support and noted details will be worked out as it moves forward. He noted that not every division is dominated by a single retailer, multiple retailers will come down on different sides.

Director Harrison said he is not interested in moving forward without hearing from retailers in his division, and suggested an in-person workshop to include retailers and understand the

program. CEO / General Manager Dyer suggested a series of workshops with retailers present.

Director Longville suggested another Board workshop to delve into further detail but warned that it could be overwhelming to bring in all retailers and it may be more effective for each director to meet with the staff of the retailer, and potentially their Board, and have conversations within their division.

Director Botello asked Ms. Dyer to facilitate the communication.

Action Item(s): The Board of Directors directed staff to continue moving forward with the RAAMP program, determining a plan on how to present more information to the Board and obtain input from retail agencies by the following roll-call vote:

There was no motion or second.		APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

4.4 Consider Third Amendment to the Reimbursement Agreement with East Valley Water District for Construction of the Regional Recycled Water Facilities

Deputy General Manager/Chief Engineer Wen Huang advised a presentation on the Sterling Natural Resource Center (SNRC) will be made at the December 7, 2021 meeting. This was discussed at the Regional Recycled Water Ad Hoc Committee last week, he noted. Mr. Huang provided a refresher on the background of the recycled water program, started in 2016, and reminded the Board of high groundwater conditions prior to the drought.

Two main takeaways of the recycled water concept study, Mr. Huang noted, were among other projects, the SNRC as well as the City of San Bernardino Municipal Water Department's tertiary treatment system (formerly known as the Clean Water Factory) were beneficial to the region, and it was recommended that Valley District take the lead in development of the regional facilities for movement and recharge of recycled water.

In 2018, the Board adopted the Local Resources Investment Program (LRIP) to provide incentives for local agencies to develop new water supplies, he added.

Since the study, Valley District has worked on the concept, Mr. Huang continued, and described elements of the system. He explained the recycled water from SNRC and the Clean Water Factory would cause a serious groundwater mounding problem in the area of Redlands Basin. Weaver Basins is now the preferred recharge location, he said. Through the percolation tests and groundwater modeling, it has been determined this basin is suitable for recharge of recycled water from SNRC as well as a tertiary treatment system; however, as a long term plan, staff would like to extend the regional recycled water pipeline easterly to the Foothill pipeline and enhanced recharge basin to facilitate moving recycled water to different locations in order to minimize groundwater mounding and other issues.

Mr. Huang explained the status of the Regional Recycled Water System and reminded the Board of the approved Amendments Nos. 1 and 2. He described the alignment of the proposed 14,000 linear-foot pipeline from Alabama/3rd Street to the Weaver Basins and explained details of the higher cost of construction on the east side of Alabama Street. In addition, the contractor has advised that the cost of pipeline materials has risen 20 percent since COVID, Mr. Huang noted.

Mr. Huang highlighted the design and operation of the five Weaver Basins featuring 100 acre-feet of storage capacity. It is anticipated that the pipeline will take about eight months of construction beginning early December, Mr. Huang noted. Following approvals from the California Fish and Wildlife Service and the Historic Preservation Office in early December, completion time for the Weaver Basin is expected to be early August 2022.

Mr. Huang detailed the project costs of \$37.7 million. He acknowledged it is an expensive project (\$62 million for Phase I) but also explained the 50-year life expectancy of the facility at ten million gallons per day (gpd), results in an overall average cost of recharge of about \$110 per acre-foot.

For continuity, the design-build team proposes continuing with the current local contractor to complete the pipeline, Mr. Huang explained. He advised the team purchased the pipe needed, which has essentially saved 25 percent of the potential cost. He discussed grading and electrical contracting and bid process.

The Third Amendment has been reviewed by Valley District special counsel Meredith Nikkel, of Downey Brand he noted, if the Board chooses to move forward the amendment will be presented to the Board with those edits.

Director Longville said she supported the project through all amendments but prior to supporting the Third Amendment she needs to see the costs and project content of each

amendment enumerated. Vice President Hayes concurred. Director Botello added the inclusion of edits by special counsel.

CEO / General Manager Ms. Dyer suggested inclusion of the general project description of the first, second and third agreements.

In response to Director Longville, Mr. Huang explained that the \$62 million entire project cost, including the land acquisition, was not part of the reimbursement agreement.

Director Botello pointed to the 1961 pipeline and options and asked what would be necessary to complete the project. Mr. Huang responded in detail and indicated the existing pipeline may not be worthwhile to retrofit, or possible to bring to a point where all would be comfortable putting it in service. The consultant is also evaluating other options, including a different pipeline, he said.

In response to Director Botello, Mr. Huang confirmed the project is progressive design-build being constructed under the direction and authority of EVWD but he assured Director Botello that he has been working with the team since the beginning of the project. Mr. Huang confirmed that both Valley District and EVWD counsel have reviewed the project process over the years and although Valley District may not use progressive design-build, EVWD can do so. EVWD is the project lead and has signed contracts with the construction entities. Valley District is only funding portions of the project that have regional water supply benefit via the reimbursement agreement, Mr. Huang explained.

Director Botello asked about Board prior Board approvals on the project and suggested additional review by Valley District counsel before moving forward. He asked about project value and Mr. Huang assured that in today's market and bidding environment, he believes it is a good value.

In response to President Kielhold, Mr. Huang explained the differences in the design-build and progressive design-build processes. He reviewed some history of the project and noted at the beginning, traditional design-build was used but at that time, did not include Weaver Basins. Mr. Huang clarified the Board can take the design and bid it, however there will be a schedule impact. Given the current bidding environment, Mr. Huang expressed concern that it may not be possible to get a better price, if it is possible to get a proposal at all. He reiterated the pre-purchase of the pipeline for 25 percent savings and said the current bid is within the ballpark that he would anticipate.

CEO / General Manager Dyer pointed out that Valley District Board decided eight to ten years ago a regional recycled water system was a good investment for Valley District

purposes: to provide a reliable water supply for the service area. Recycled water is the most reliable, drought-proof water supply, she stated. She drew attention to the \$110 per acre-foot cost, which is the cheapest source of water supply to Valley District.

In response to President Kielhold, Ms. Dyer explained the difference in cost of sources of water supplemental supply, and Mr. Huang answered that the first reimbursement agreement with EVWD was signed in 2019.

Mr. Huang acknowledged other costs such as operations and maintenance however emphasized this is locally generated water and compared to sources such as Sites Reservoir and at a cost of nearly \$1,000 per acre-foot, this project is still a good investment, he opined.

Vice President Hayes pointed out the estimate of ten million gpd from the SNRC is not reliable. Mr. Huang acknowledged it may take time for the SNRC to get to its ten million gpd capacity, and said he also included the anticipated 3.5 million gpd tertiary flow from the City of San Bernadino in the average. He pointed to the ten percent contingency, which is within the control of Valley District for approval in response to any change in condition or unforeseen circumstances. She asked if the Third Amendment would be the last. Mr. Huang indicated that because this is a stepwise process through the project design and construction, we do anticipate an additional reimbursement agreement will be forthcoming to address the Alabama Street pipeline connection to the Baseline Feeder South. Cost will be based on the condition of the pipeline, and the best alternative as recommended by the design-build team, expected to come back to the Board in a month or two, he said.

Vice President Hayes expressed concern about continued amendments and advocated for a firm guaranteed maximum price before moving forward. Mr. Huang noted each amendment encompassed specific portions of the project. The design must be finished before the contractor can provide a guaranteed maximum price, which is why this is coming to the Board, Mr. Huang stated, and provided additional detail on contractor processes.

Director Botello noted that the merits of the project have not been questioned; it is good for the region, however there are some unanswered questions. Valley District is a strong partner in this project and suggested that Valley District needs to be prominently featured and recognized as making this happen for the region.

Vice President Hayes opined that this is not ready to move forward until after the presentation by the SNRC. President Kielhold concurred and requested answers from staff regarding the questions raised. Another workshop is warranted, Botello opined.

Ms. Dyer suggested bringing this back to a workshop in December with a presentation from EVWD and thorough analysis of the amendments. Vice President Hayes requested inclusion of information on future steps in the process.

Director Harrison indicated his understanding was the project would move ahead in steps. He said he is comfortable with the multiple phases and agreed with the need for recognition for Valley District’s contribution. Director Longville indicated satisfaction with the responses.

President Kielhold added that part of the confusion is use of the term “project” when there has been an evolution of the work.

Action Item(s): The Board voted to hold another workshop with a presentation by the Sterling Natural Resource Center, description of the process and additional steps, history of the amendments and costs, legal counsel’s edits to the amendment, and the project’s changes over time by the following roll-call vote:

There was no motion or second.		APPROVED: 5-0
AYES:	Botello, Harrison, Hayes, Kielhold, Longville	
NOES:	None	
ABSTAIN:	None	
ABSENT:	None	

5. Future Business

None was added.

6. Adjournment

The meeting was adjourned at 5:03 p.m.



DATE: December 7, 2021

TO: Board of Directors

SUBJECT: List of Announcements

- A. December 7, 2021, 2 p.m. – Regular Board Meeting by Teleconference
- B. December 8, 2021, 8:30 a.m. – Upper SAR WIFA (Water Infrastructure Financing Authority) Technical Advisory Committee by Teleconference
- C. December 8, 2021, 9:30 a.m. – SBVW Conservation District
- D. December 9, 2021, 2 p.m. – Board Workshop – Policy by Teleconference
- E. December 13, 2021, 10 a.m. – Groundwater Council
- F. December 14, 2021, 2 p.m. – Board Workshop – Engineering by Teleconference
- G. December 15, 2021, 8:30 a.m. – Upper SAR WIFA Financing Authority by Teleconference
- H. December 16, 2021, 2 p.m. – Board of Directors Workshop – Resources by Teleconference
- I. December 21, 2021, 2 p.m. – **CANCELLED** - Regular Board Meeting
- J. December 22, 2021, 8:30 a.m. – Upper SAR WIFA Technical Advisory Committee by Teleconference
- K. December 25, – December 31, 2021 – District Closed
- L. January 3, 2022, 1:30 p.m. – BTAC by Teleconference
- M. January 4, 2022, 2 p.m. – Regular Board Meeting by Teleconference
- N. January 5, 2022, 8:30 a.m. – Upper SAR WIFA by Teleconference

O. January 6, 2022, 2 p.m. – Board of Directors Workshop – Resources by
Teleconference