



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.

BOARD OF DIRECTORS WORKSHOP - DEBT SERVICE FUND BUDGET THURSDAY, JULY 21, 2022 – 3:00 P.M.

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the July 21, 2022, 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: 876 8127 4886

PASSCODE: 3802020

<https://sbvmwd.zoom.us/j/87681274886>

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 Wednesday, July 20, 2022. All public comments will be provided to the Chair 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 East Vanderbilt Way, San Bernardino CA 92408

DEBT SERVICE FUND BUDGET WORKSHOP

AGENDA

3:00 PM Thursday, July 21, 2022

CALL TO ORDER

1) INTRODUCTIONS

2) PUBLIC COMMENTS

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

3) DISCUSSION ITEMS

3.1 Review Draft State Water Contract and Devil Canyon Castaic Debt Service Fund Budgets and Draft Resolution 1159 for Fiscal Year 2022-2023

[Staff Memo - Review Draft State Water Contract and Devil Canyon Castaic Debt Service Fund Budgets and Draft Resolution 1159 for Fiscal Year 2022-2023](#)

[Draft SWC Debt Service Fund Budget - FY 2022-2023](#)

[SWC Debt Service Tax Rate Chart by Year through FY 2022](#)

[RDA Successor Agency Pass Through Agreement Receipts - FY 2008 - 2022](#)

[Draft Resolution 1159 - Setting State Water Contract Debt Service Tax Rate for FY 2022-2023](#)

4) FUTURE BUSINESS

5) 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.



DATE: July 21, 2022

TO: Board of Directors' Workshop – State Water Project Debt Service Fund

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

SUBJECT: Review Draft State Water Contract and Devil Canyon Castaic Debt Service Fund Budgets and Draft Resolution 1159 for Fiscal Year 2022-2023

Background

Annually the Board is required to set a property tax rate for the State Water Contract (SWC) debt service fund for the new fiscal year. The monies generated from the debt service property tax rate are restricted to pay for costs associated with the State Water Contract and Devil Canyon Castaic Contract. A bar chart showing the total annual tax rate set by Valley District since 1980 is attached.

The Department of Water Resources (DWR) sends invoices for the District's share of State Water Project costs. The draft budgeted revenue shown on the attached spreadsheet for the fiscal year 2022-2023 was created by staff using preliminary assessed property valuations provided by the County of San Bernardino. Estimated revenues include Redevelopment Successor Agency Pass-Through payments which are based on current year receipts.

There are a few changes and increases to note in the calendar year 2023 DWR Statement of Charges:

- The DWR will release excess monies in the Debt Service Reserve Fund created by the DWR bond issuance Series AV. This release will be a reduction in the capital cost component expense portion to the district. The excess funds release totals \$38.8 million to all contractors of which Valley District was allocated \$4.2 million. This is a one-time reduction in SWC charges in calendar year 2023; half

of which incorporated in this budget. Future year statement of charges will not contain this credit.

- Beginning in 2023, the Devil Canyon Castaic contract capital cost debt component will be paid off. Expenses for operations, maintenance, repair, and replacement will remain and incorporated in the Statement of Charges. In prior years, a small portion of the district SWC tax rate has been allocated to this fund. In this draft budget, staff has allocated the entire current year rate of \$0.1300 to the SWC fund. Once the capital cost portion is paid, the future remaining funds in the Devil Canyon Castaic will be transferred to the State Water Contract Fund. Both funds are restricted monies to paid for costs of the State Water Project.
- DWR has estimated pumping power costs at a 25% increase over the prior year. This rate adjustment would increase the cost the district pays for the variable or energy charge to deliver water to our service area. This increase has been incorporated in the draft budget by estimating \$10.0 million dollars for the variable charge.

The expenses in the attached budget for fiscal year 2022-2023 include cost projections based on the DWR Statement of Charges, cost estimates for the Sites Reservoir, Field Improvements for Algae Treatment of State Project Water, purchase of the Greenspot Pump Station, construction of the Central Feeder EBX Intertie and City Creek Crossing Feasibility Study.

Through continued conservative spending, the District is projected to be able to increase its reserves for Project Specific Rate Stabilization. These Project Specific Rate Stabilization reserves will be used to fulfil the board's directive to cash finance as much as possible the district's obligations for the Delta Conveyance Project and Sites Reservoir and mitigate any possible tax rate adjustments.

The current debt service tax rate is \$0.1300 per \$100 of assessed property value. Based on the current preliminary assessed values of property within Valley District's boundary, approximately \$7.9 million is associated with each \$0.01 of tax rate increase or decrease. Approximately 38% of this amount (\$3.0 million for each cent of tax rate) is provided due to the dissolution of RDAs and the passage of SB107 in 2015. A chart showing the RDA pass through payments over the last fifteen years is attached.

Several example budgets at different tax rates are provided on the attached worksheets for discussion purposes. Projected reserve types and balances are also calculated for each of the tax rate scenarios.

District Strategic Plan Application

The Debt Service Fund Budget reinforces the district's investment and commitment in the State Water Project, supported by district strategy # 2 - proactively manage a diverse, adaptable water supply portfolio to maximize the value of the region's water assets.

Fiscal Impact

The combined State Water Contract and Devil Canyon Funds Draft Budgets for fiscal year 2022-2023 include total revenue in the amount of \$113,773,430 (based on the current tax rate of \$.1300 cents) and total expenditures in the amount of \$88,048,383. The difference of \$25,725,047 will be set aside in the Project Specific Rate Stabilization Fund per the District's reserve policy to cash finance State Water Contract projects such as the Delta Conveyance and Sites Reservoir.

Staff Recommendation

Discuss and recommend a debt service property tax rate for the Fiscal Year 2022-2023 and direct staff to bring the recommendation to the full Board for consideration.

Attachments

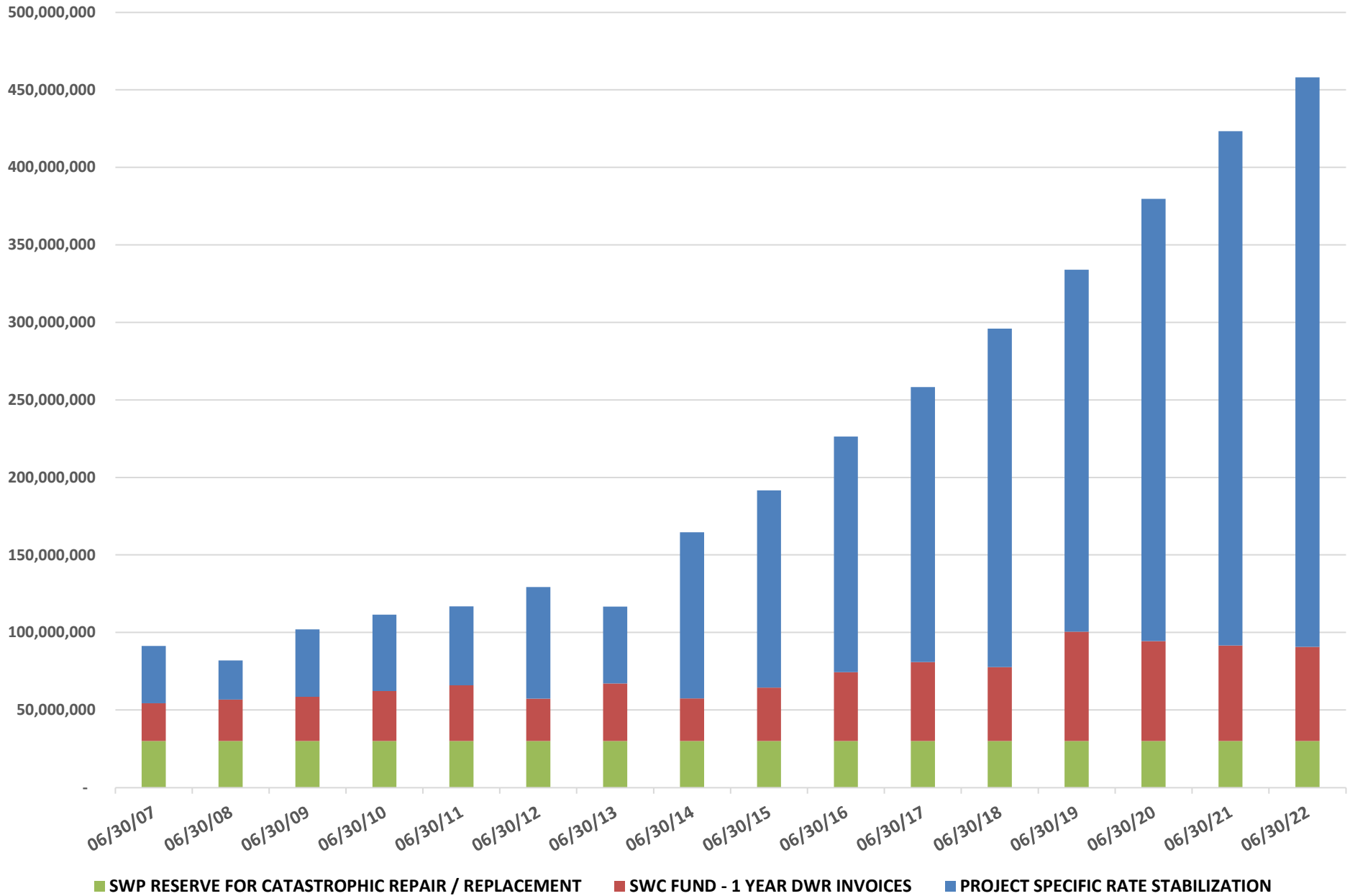
- Draft SWC Debt Service Fund Budget – FY 2022-2023
- SWC Debt Service Tax Rate Chart by Year through FY 2022
- RDA Successor Agency Pass Through Agreement Receipts – FY 2008 – 2022
- Draft Resolution 1159 – Setting State Water Contract Debt Service Tax Rate for FY 2022-2023

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT			
<i>ESTIMATED PROPERTY TAX INCOME</i>			
BASED ON PRELIMINARY SAN BERNARDINO COUNTY ASSESSED VALUES			
	<i>ACTUAL</i>	<i>PRELIMINARY</i>	
	FY 2021-2022	FY 2022-2023	ESTIMATED PERCENT
	ASSESSED	ASSESSED	CHANGE
	VALUE	VALUE	BASED ON
TAX TYPE	AFTER RDA	AFTER RDA	PRIOR YEAR
Unsecured	1,260,983,007	1,480,130,670	17.4%
Secured	39,600,055,816	42,727,386,435	7.9%
Utility (Unitary)	24,511,203	23,816,068	-2.8%
Homeowners Exemption	474,834,224	454,736,880	-4.2%
Total	41,360,384,250	44,686,070,053	8.0%

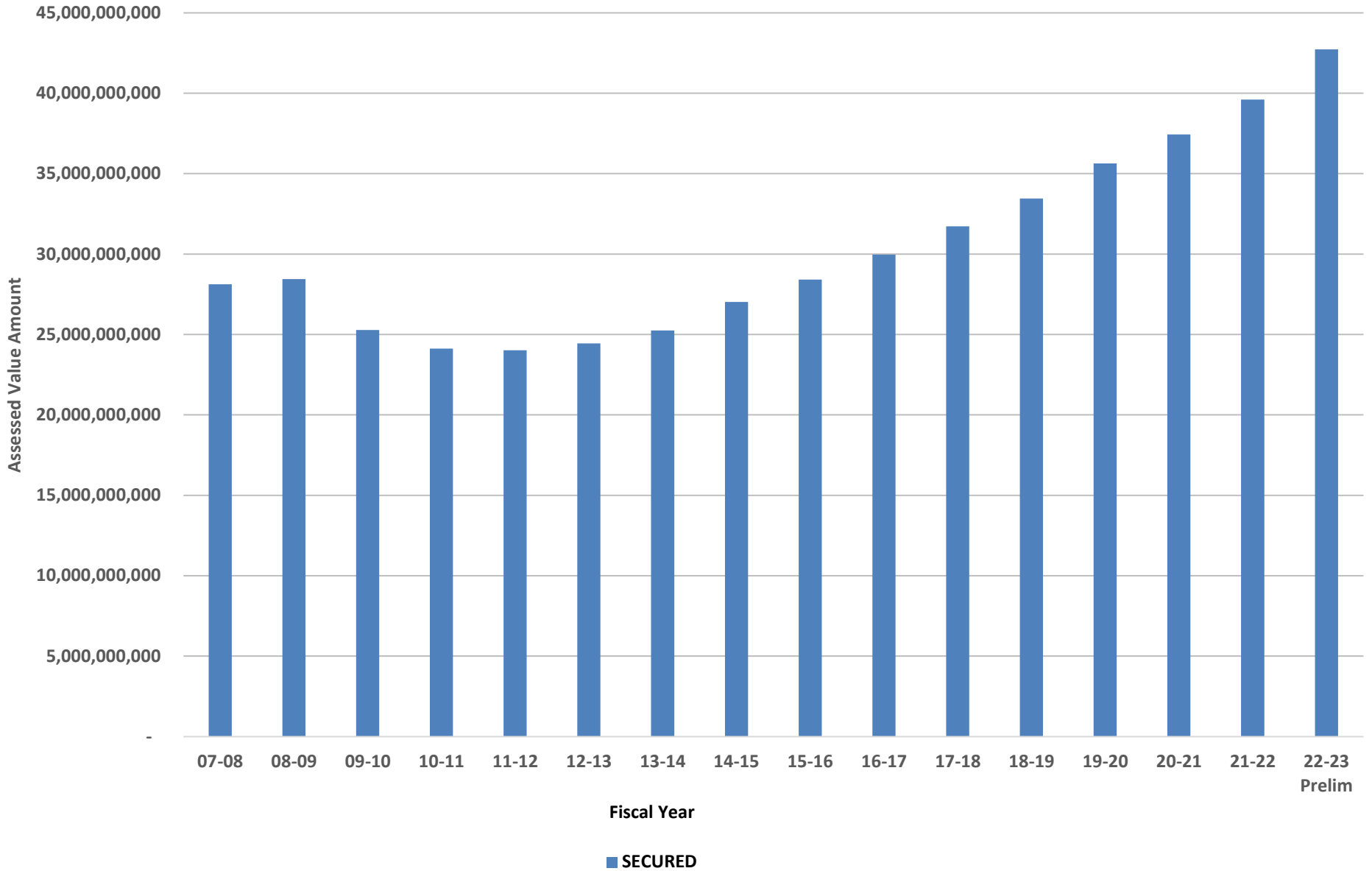
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT				
SUMMARY OF ESTIMATED STATE WATER CONTRACT FUND REVENUE / EXPENSES				
AND ESTIMATED CASH BALANCES FOR FY 2022-2023 BUDGET				
ESTIMATED EXPENSES FOR FY 2022-2023		CURRENT RATE		
	CATEGORY	RATE SET AT .1300 / \$100	RATE SET AT .1250 / \$100	RATE SET AT .1200 / \$100
1	WATER SYSTEM REVENUE BOND & SURCHARGE	3,193,719	3,193,719	3,193,719
2	CAPITAL COST COMPONENT - DELTA WATER CHARGE	2,912,754	2,912,754	2,912,754
3	CAPITAL COST COMPONENT - TRANSPORTATION CHARGE	896,040	896,040	896,040
4	MINIMUM OMP&R COMPONENT - DELTA WATER CHARGE	5,709,684	5,709,684	5,709,684
5	MINIMUM OMP&R COMPONENT - TRANSPORTATION CHARGE	20,299,078	20,299,078	20,299,078
6	OFF AQUEDUCT POWER FACILITIES	79,238	79,238	79,238
7	EAST BRANCH ENLARGEMENT- MINIMUM OMP&R	301,770	301,770	301,770
8	EAST BRANCH EXTENSION	19,622,708	19,622,708	19,622,708
9	TEHACHAPI 2ND AFTERBAY	261,487	261,487	261,487
10	AUDIT FEES	40,000	40,000	40,000
11	STATE WATER CONTRACTORS ASSOCIATION	350,000	350,000	350,000
12	LEGAL / FINANCIAL ADVISORY FEES	150,000	150,000	150,000
13	SBVMWD ADMIN FEE	3,130,000	3,183,000	3,058,000
14	VARIABLE CHARGE FOR ENERGY	10,000,000	10,000,000	10,000,000
15	DELTA CONVEYANCE COSTS - INCLUDED IN DWR CHARGES ABOVE	-	-	-
16	SITES RESERVOIR	2,996,000	2,996,000	2,996,000
17	FIELD IMPROVEMENTS - SWP PRE-TREATMENT & CHEMICALS	275,000	275,000	275,000
18	FIELD IMPROVEMENTS - CENTRAL FEEDER EBX INTERTIE	2,327,000	2,327,000	2,327,000
19	FIELD IMPROVEMENTS - GREENSPOT PUMP STATION	14,000,000	14,000,000	14,000,000
20	FIELD IMPROVEMENTS - CITY CREEK CROSSING FEASIBILITY STUDY	435,000	435,000	435,000
21	SWP WATER QUALITY TESTING PROGRAM	80,000	80,000	80,000
22	TOTAL	87,059,478	87,112,478	86,987,478
ESTIMATED REVENUE FOR FY 2022-2023		CURRENT RATE		
		RATE SET AT .1300 / \$100	RATE SET AT .1250 / \$100	RATE SET AT .1200 / \$100
23	PROPERTY TAXES - SWC FUND - WITH ESTIMATED AV	66,160,930	63,664,324	61,167,718
24	INTEREST EARNINGS	2,500,000	2,500,000	2,500,000
25	RETURN OF BOND COVER/RESERVES	6,000,000	6,000,000	6,000,000
26	RDA SUCCESSOR AGENCY PASS THROUGH AGREEMENTS	39,100,000	37,600,000	36,100,000
27	TOTAL	113,760,930	109,764,324	105,767,718
	FY 2022-2023 BUDGET ESTIMATED REVENUE	113,760,930	109,764,324	105,767,718
	FY 2022-2023 BUDGET ESTIMATED EXPENSES	87,059,478	87,112,478	86,987,478
	NET INCOME (LOSS) - RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	26,701,452	22,651,846	18,780,240
ESTIMATED CASH RESERVE BALANCES AT 6/30/2023				
	RESERVE FOR SWC FUND - 1 YEAR STATEMENT OF CHARGES	60,644,000	60,644,000	60,644,000
	RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	394,097,837	390,048,231	386,176,625
	RESERVE FOR SWP REPAIR / REPLACEMENT	30,000,000	30,000,000	30,000,000
	ESTIMATED CASH BALANCE AVAILABLE AT 6/30/23	484,741,837	480,692,231	476,820,625
	1¢ CHANGE IN TAX RATE (BASED ON ESTIMATED CHANGE IN ASSESSED VALUES) CHANGES REVENUE BY		\$	7,990,000

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT			
DEVIL CANYON / CASTAIC CONTRACT FUND			
ESTIMATED EXPENSES FOR FY 2022-2023			
		CATEGORY	TOTAL FOR FY
1		DEBT SERVICE	307,599
2		OPERATIONS, MAINTENANCE, POWER & REPLACEMENT	681,306
3		SBVMWD ADMINISTRATION	-
4		TOTAL	988,905
ESTIMATED REVENUE FOR FY 2022-2023			
			TOTAL FOR FY
5		PROPERTY TAXES - DCC FUND - AT .1300 / \$100 AV	-
6		INTEREST EARNINGS	12,500
7		TOTAL	12,500
ESTIMATED CASH ON HAND FOR FY 2022-2023			
		6/30/2022 BALANCE AVAILABLE IN FY 2022-23	5,314,400
		FY 2022-2023 REVENUE	12,500
		FY 2022-2023 EXPENSES	(988,905)
		6/30/2023 CASH BALANCE (ESTIMATED)	4,337,995

San Bernardino Valley Municipal Water District State Water Contract Fund Cash Reserve Balances

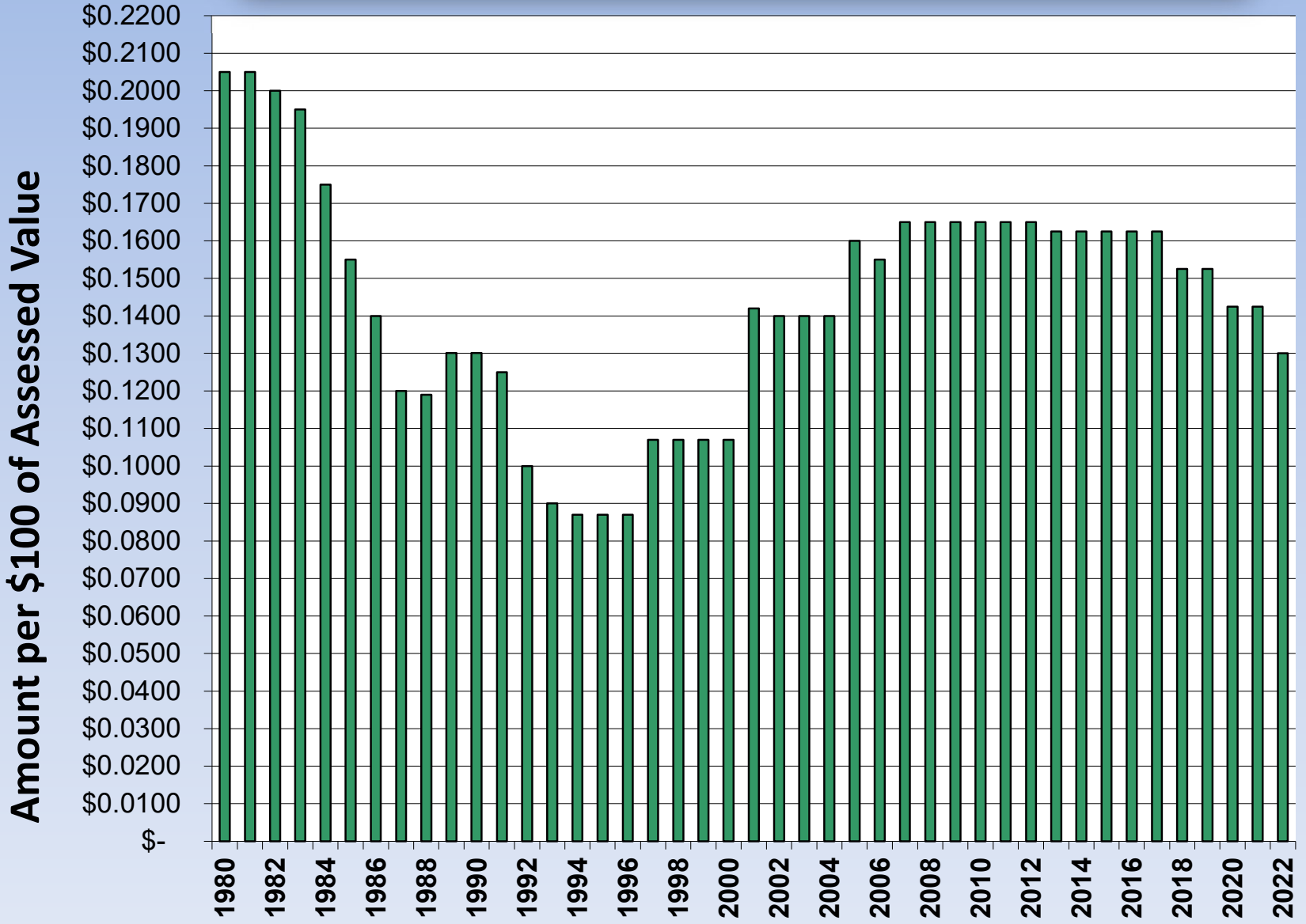


**San Bernardino Valley Municipal Water District
San Bernardino County Secured
Assessed Values**





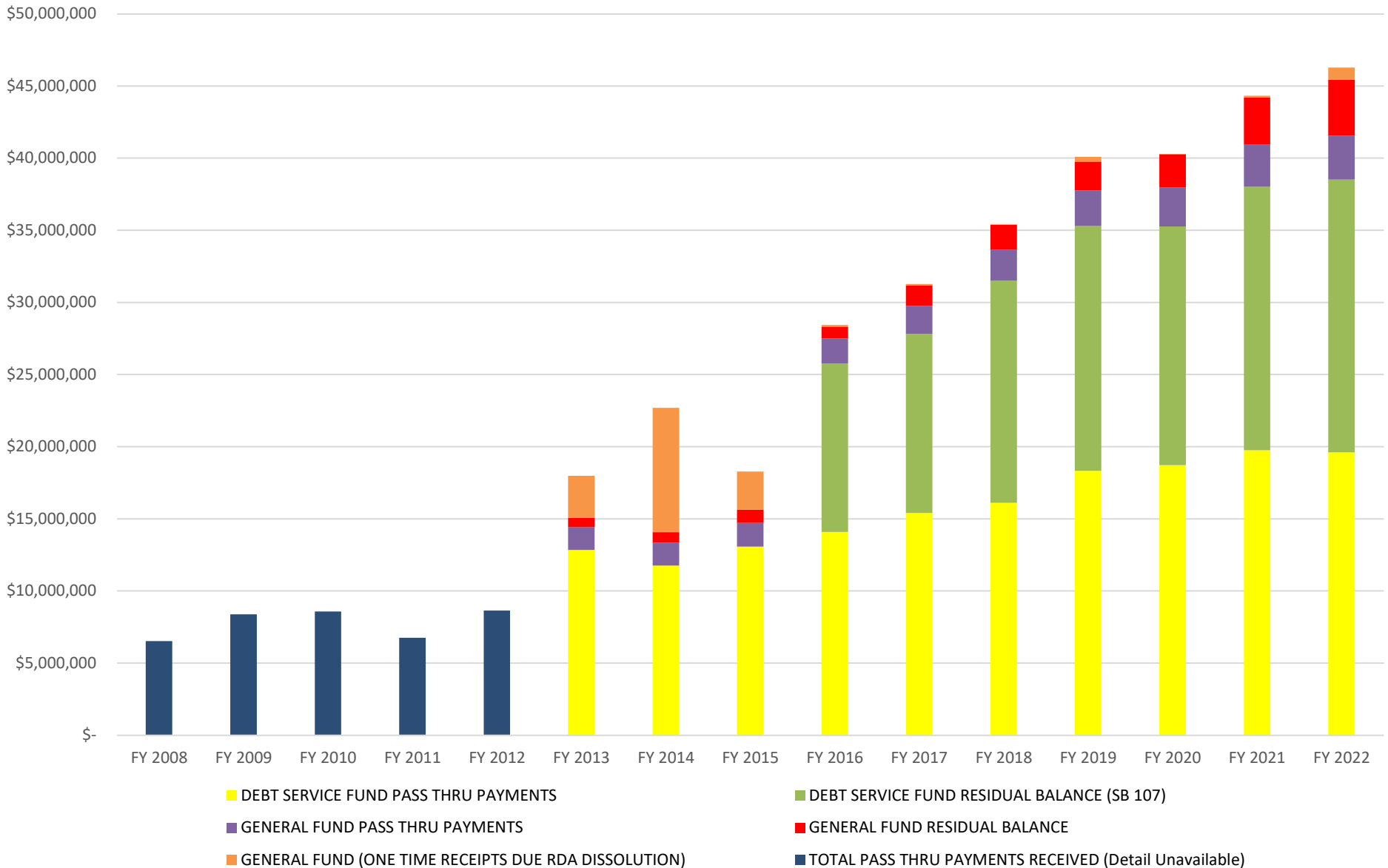
San Bernardino Valley Municipal Water District Tax Rate By Year



San Bernardino Valley Municipal Water District

Pass Through Payment Received by Fund

Fiscal Year 2008 - 2022



RESOLUTION NO. 1159

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT DETERMINING THE AMOUNT OF MONEY NEEDED TO MAKE ANNUAL PAYMENTS FOR INDEBTEDNESS APPROVED BY THE VOTERS PRIOR TO JULY 1, 1978, AND/OR FOR WHICH A TAX LEVY IS REQUIRED UNDER ARTICLE I, SECTION 10 OF THE UNITED STATES CONSTITUTION AND MAKING A TAX LEVY THEREFOR

WHEREAS, Section 72093 of the Water Code requires the Board of Directors of the San Bernardino Valley Municipal Water District to determine the amounts necessary to be raised by taxation during the fiscal year and to fix the rate or rates of tax to be levied therefore; and

WHEREAS, Section 11652 of the Water Code requires the Board to levy a tax sufficient to assure payment of sums due under the Contract Between the State of California Department of Water Resources and the San Bernardino Valley Municipal Water District for a Water Supply dated December 30, 1960, and the Devil Canyon/Castaic Contract dated June 23, 1972; and

WHEREAS, Section 1(b) of Article XIII A of the California Constitution and Section 93 of the Revenue and Taxation Code exempt ad valorem property tax levies to make payments upon indebtedness approved by the voters prior to July 1, 1978, from the limitations set forth in Section 1(a) of Article XIII A and said Section 93, the District's Water Supply Contract, having been approved by vote of the people on November 8, 1960, and March 9, 1971, fall within such exemption; and

WHEREAS, the District's aforementioned contracts and the provisions of Section 11652 of the Water Code with respect thereto are protected against impairment under the provisions of Article I, Section 10 of the Constitution of the United States and Article I, Section 9 of the California Constitution prohibiting the impairment of the obligation of contracts; and

WHEREAS, the Board, after reviewing and considering all the facts and information available, has determined that it is necessary to raise the amounts hereinafter specified by taxation and that it is not practicable to raise said sums from water rates or other sources;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Bernardino Valley Municipal Water District as follows:

1. That said Board of Directors has determined that the amounts necessary to be raised by taxation during the fiscal year beginning July 1, 2022, and ending June 30, 2023, to pay indebtedness approved by the voters prior to July 1, 1978, and/or for which a tax levy is required under Article I, Section 10 of the United States Constitution and Article I, Section 9 of the California Constitution is \$XX for payments on the Contract Between the State of California

Draft for Discussion Purposes

Department of Water Resources and San Bernardino Valley Municipal Water District for a Water Supply dated December 30, 1960 and the Devil Canyon/Castaic Contract dated June 23, 1972 and hereby fixes the rates of tax for such purposes as follows:

State Water Contract	\$ x.xxx
Devil Canyon/Castaic Contract	\$ x.xxx
Total Rate	\$ x.xxx

2. That the Board of Directors does hereby certify the rate so fixed, and as hereinbefore set forth, to the Boards of Supervisors of the Counties of San Bernardino and Riverside, State of California, and to the County Auditor Controller of said Counties, and does further certify that all legal requirements for the establishment of the said tax rates have been met and that the imposition of such levies complies with the provisions of Article XIII A, Section 1(b) of the California Constitution and/or the requirements of Article I, Section 10 of the Constitution of the United States and Article I, Section 9 of the California constitution.
3. That pursuant to California Water Code Section 72093, the determination of the amounts necessary to be raised by taxation for such purposes during the fiscal year and the order fixing the rates of tax made herein shall constitute a valid assessment of the property within the District and a valid levy of the taxes so fixed.
4. That certified copies of this Resolution be transmitted to the County Auditor Controller Offices of the Counties of San Bernardino and Riverside, and that when so transmitted, said certified copies shall constitute the certification required in section 72094 of the California Water Code.
5. That funds received by the San Bernardino Valley Municipal Water District pursuant to the aforesaid tax levy shall be placed in separate funds identified for each of the indebtednesses set forth above.

ADOPTED this 2nd day of August 2022.

San Bernardino Valley Municipal Water District

Draft for Discussion Purposes

By: _____
Paul R. Kielhold
President

ATTEST:

Heather Dyer
Secretary