



A REGIONAL WATER AGENCY
SINCE 1954

BOARD OF DIRECTORS WORKSHOP -

DEBT SERVICE FUND BUDGET

THURSDAY, JULY 13, 2023 - 2:00 P.M.

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the July 13, 2023, meeting of the San Bernardino Valley Municipal Water District in-person, or online and by telephone as follows:

**Dial-in Info: (877) 853 5247 US Toll-free
Meeting ID: 821 4365 2600
PASSCODE: 3802020**

<https://sbvmwd.zoom.us/j/82143652600>

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 12, 2023. 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.



A REGIONAL WATER AGENCY
SINCE 1954

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

DEBT SERVICE FUND BUDGET WORKSHOP

AGENDA

2:00 PM Thursday, July 13, 2023

CALL TO ORDER

1) INTRODUCTIONS

2) PUBLIC COMMENT

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items except as authorized by law. Each speaker is limited to a maximum of three (3) minutes.

3) DISCUSSION AND POSSIBLE ACTION ITEMS

3.1 Review State Water Contract Debt Service Fund Budget and Draft Resolution 1180 for Fiscal Year 2023-2024 (30 min) - Page 3

[Staff Memo - Review State Water Contract Debt Service Fund Budget and Draft Resolution 1180 for Fiscal Year 2023 - 2024](#)

[Draft SWC Debt Service Fund Budget - FY 2023 - 2024](#)

[SWC Debt Service Tax Rate Chart by year through FY 2023](#)

[RDA Successor Agency Pass Thru Payment Agreement Receipts - FY 2008 - 2023](#)

[Draft Resolution 1180 - Setting State Water Contract Debt Service Tax Rate for FY 2023 - 2024](#)

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 13, 2023

TO: Board of Directors' Workshop – Debt Service Fund Budget

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

SUBJECT: Review State Water Contract Debt Service Fund Budget and Draft Resolution 1180 for Fiscal Year 2023-2024

Staff Recommendation

Discuss and recommend a debt service property tax rate for the Fiscal Year 2023-2024 and direct staff to bring the recommendation to the full Board for consideration at a future meeting.

Summary

San Bernardino Valley Municipal Water District (San Bernardino Valley), is a wholesale water agency responsible for providing supplemental water supplies to the region and has a contractual obligation to make annual payments to the State of California pursuant to its State Water Project Water Supply Contract. San Bernardino Valley annually levies ad valorem taxes that were authorized and deemed to have been approved by the voters when they approved the California Water Resources Development Bond Act (known as the Burns Porter Act) to meet this obligation. Based on projected expenses, including the Department of Water Resources (DWR) 2023 and 2024 Statement of Charges, and revenues generated by rates and charges, San Bernardino Valley annually determines the minimum amount that is necessary to be raised by ad valorem taxes.

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, per the 1960 contract with the State of California Department of Water Resources, to pay for costs associated with the State Water Contract. A bar chart showing the annual tax rate set by San Bernardino Valley since 1980 is attached.

The Department of Water Resources (DWR) sends invoices for the San Bernardino Valley's share of State Water Project costs. The draft budgeted revenue shown on the attached spreadsheet for the fiscal year 2023-2024 was created by staff using estimated assessed property valuations for the County of San Bernardino. Estimated revenues include Redevelopment Successor Agency Pass-Through payments which are based on FY 6/30/2023 year receipts.

The expenses in the attached budget for fiscal year 2023-2024 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, City Creek Crossing Feasibility Engineering and Design and costs for the Santa Ana Low and WR-23 turnouts.

Through continued conservative spending, the agency 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 San Bernardino Valley's future obligations for the Sites Reservoir and Delta Conveyance Project and mitigate any possible tax rate adjustments. It is anticipated that construction costs for the Sites Reservoir will begin in 2024, continuing over the following 7 years, totally approximately \$448 million.

The current debt service tax rate is \$0.1300 per \$100 of assessed property value. As a reminder, in FY 21/22, the Board reduced the rate by \$0.0125 per \$100 of assessed value. Based on the current preliminary assessed values of property within San Bernardino Valley's boundary, approximately \$8.5 million is associated with each \$0.01 of tax rate increase or decrease.

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.

Strategic Plan Application

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

Fiscal Impact

The State Water Contract Budget for fiscal year 2023-2024 include total revenue in the amount of \$135,387,500 (based on the current tax rate of \$.1300 cents) and total expenditures in the amount of \$123,113,158. The difference of \$12,274,342 will be set aside in the Project Specific Rate Stabilization Fund per the San Bernardino Valley's reserve policy to cash finance State Water Contract projects such as the Delta Conveyance and Sites Reservoir.

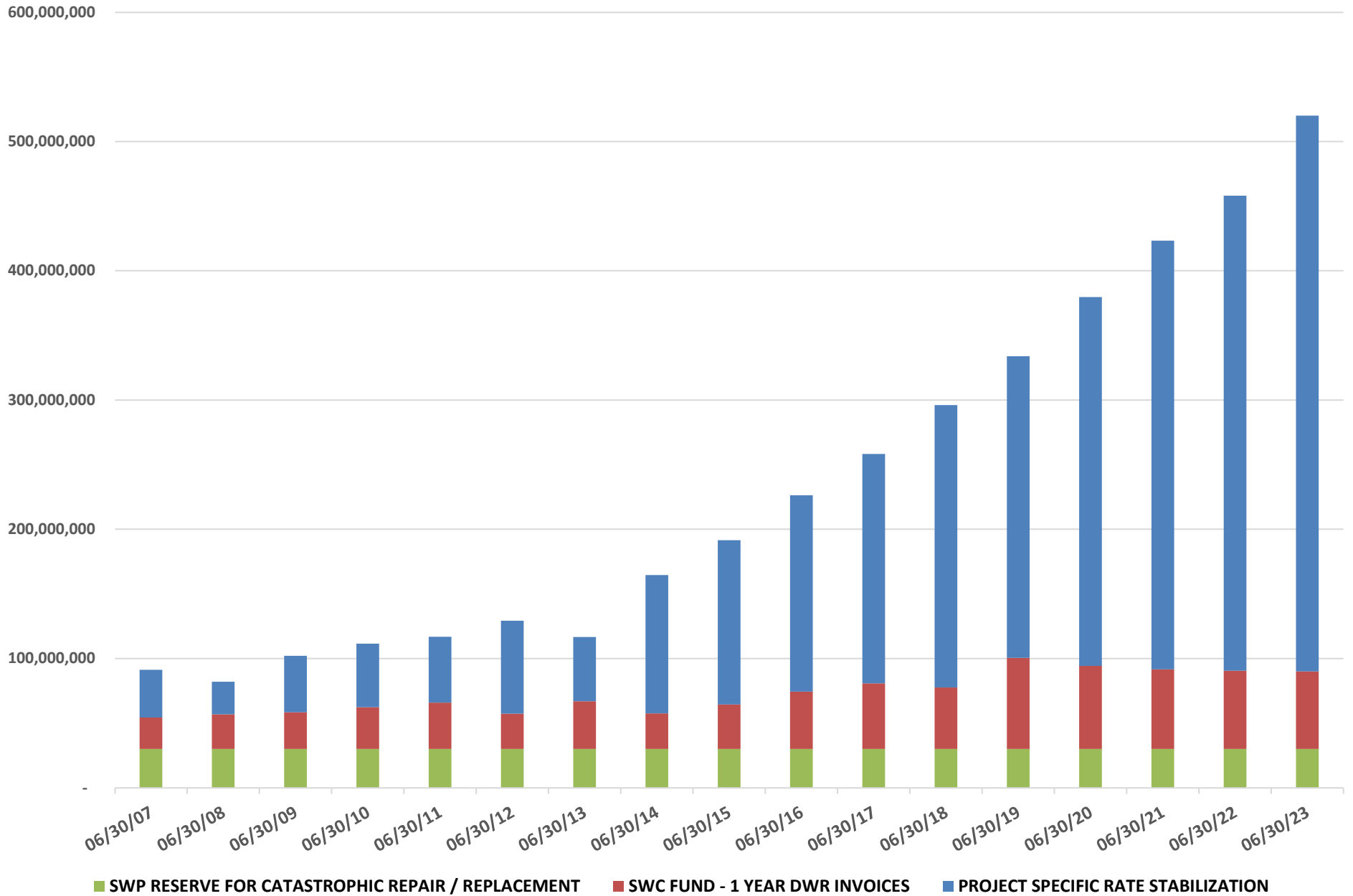
Attachments

- Draft SWC Debt Service Fund Budget – FY 2023-2024
- SWC Debt Service Tax Rate Chart by year through FY 2023
- RDA Successor Agency Pass Through Agreement Receipts – FY 2008 – 2023
- Draft Resolution 1180 – Setting State Water Contract Debt Service Tax Rate for FY 2023-2024

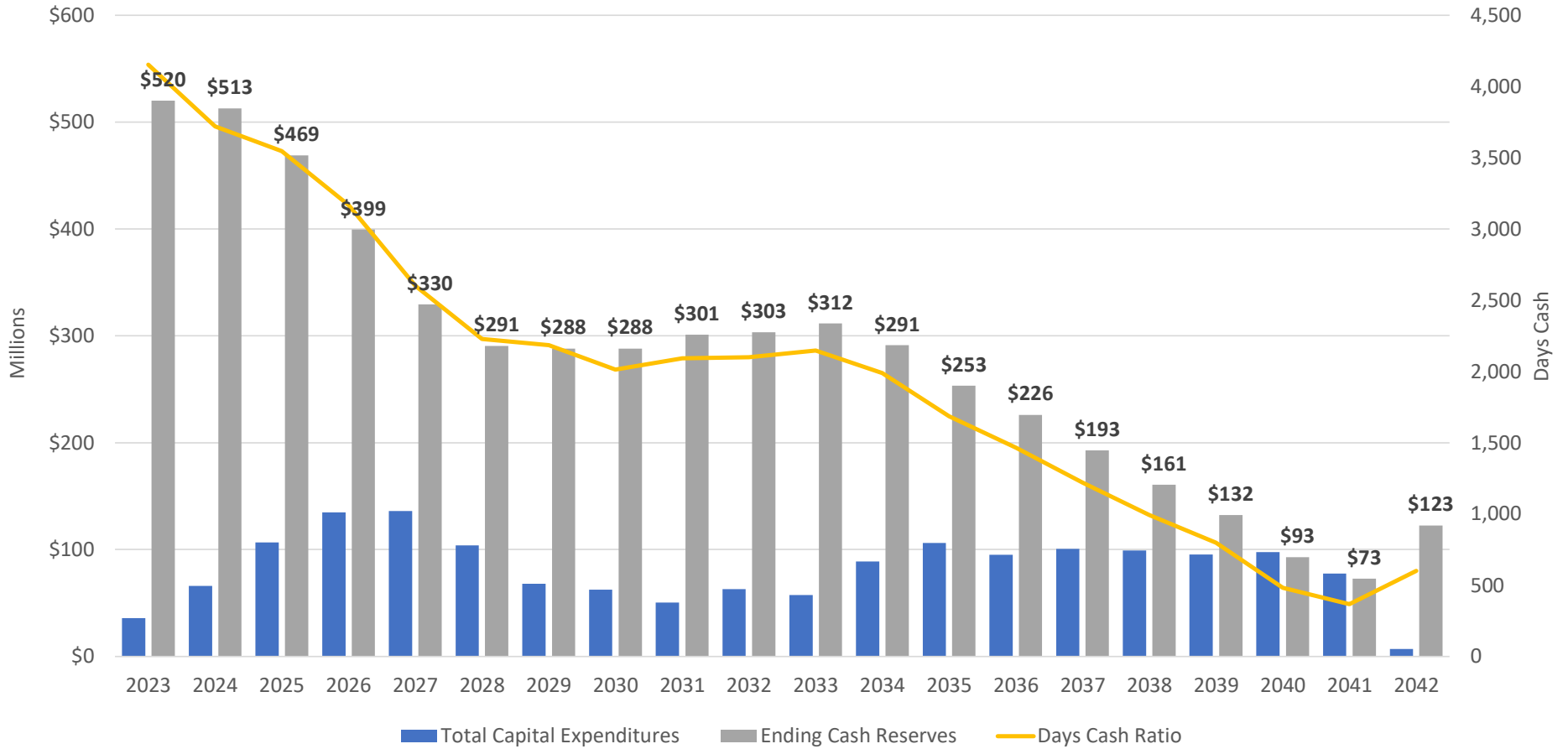
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT			
<i>ESTIMATED PROPERTY TAX INCOME</i>			
BASED ON PRELIMINARY SAN BERNARDINO COUNTY ASSESSED VALUES			
	<i>ACTUAL</i>	<i>ESTIMATED</i>	
	FY 2022-2023	FY 2023-2024	ESTIMATED PERCENT
	ASSESSED	ASSESSED	CHANGE
	VALUE	VALUE	BASED ON
TAX TYPE	AFTER RDA	AFTER RDA	PRIOR YEAR
Unsecured	1,480,130,670	1,525,000,000	3.0%
Secured	42,727,390,605	44,000,000,000	3.0%
Utility (Unitary)	23,816,068	24,540,000	3.0%
Homeowners Exemption	454,736,880	450,000,000	-1.0%
Total	44,686,074,223	45,999,540,000	2.9%

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT				
SUMMARY OF ESTIMATED STATE WATER CONTRACT FUND REVENUE / EXPENSES				
AND ESTIMATED CASH BALANCES FOR FY 2023-2024 BUDGET				
ESTIMATED EXPENSES FOR FY 2023-2024		CURRENT RATE		
	CATEGORY	RATE SET AT .1300 / \$100	RATE SET AT .1250 / \$100	RATE SET AT .1200 / \$100
1	WATER SYSTEM REVENUE BOND & SURCHARGE	2,666,412	2,666,412	2,666,412
2	CAPITAL COST COMPONENT - DELTA WATER CHARGE	2,835,362	2,835,362	2,835,362
3	CAPITAL COST COMPONENT - TRANSPORTATION CHARGE	1,892,586	1,892,586	1,892,586
4	CAPITAL COST COMPONENT - POWER DEBT SERVICE	950,909	950,909	950,909
5	MINIMUM OMP&R COMPONENT - DELTA WATER CHARGE	5,360,507	5,360,507	5,360,507
6	MINIMUM OMP&R COMPONENT - TRANSPORTATION CHARGE	23,385,768	23,385,768	23,385,768
7	OFF AQUEDUCT POWER FACILITIES	88,102	88,102	88,102
8	EAST BRANCH ENLARGEMENT- MINIMUM OMP&R	345,720	345,720	345,720
9	EAST BRANCH EXTENSION	19,366,933	19,366,933	19,366,933
10	TEHACHAPI 2ND AFTERBAY	261,859	261,859	261,859
11	AUDIT FEES	40,000	40,000	40,000
12	STATE WATER CONTRACTORS ASSOCIATION	400,000	400,000	400,000
13	LEGAL / FINANCIAL ADVISORY FEES	150,000	150,000	150,000
14	SBVMWD ADMIN FEE	3,450,000	3,335,000	3,201,000
15	VARIABLE CHARGE FOR ENERGY	40,500,000	40,500,000	40,500,000
16	DELTA CONVEYANCE COSTS - INCLUDED IN DWR CHARGES ABOVE	-	-	-
17	SITES RESERVOIR	3,424,000	3,424,000	3,424,000
18	FIELD IMPROVEMENTS - SWP PRE-TREATMENT & CHEMICALS	275,000	275,000	275,000
19	FIELD IMPROVEMENTS - CENTRAL FEEDER EBX INTERTIE	2,220,000	2,220,000	2,220,000
20	FIELD IMPROVEMENTS - GREENSPOT PUMP STATION	14,000,000	14,000,000	14,000,000
21	FIELD IMPROVEMENTS - CITY CREEK CROSSING FEASIBILITY STUDY	850,000	850,000	850,000
22	FIELD IMPROVEMENTS - SANTA ANA LOW TURNOUT	200,000	200,000	200,000
23	FIELD IMPROVEMENTS - WR-23 TURNOUT	400,000	400,000	400,000
24	SWP WATER QUALITY TESTING PROGRAM	50,000	50,000	50,000
25	TOTAL	123,113,158	122,998,158	122,864,158
ESTIMATED REVENUE FOR FY 2023-2024		CURRENT RATE		
		RATE SET AT .1300 / \$100	RATE SET AT .1250 / \$100	RATE SET AT .1200 / \$100
26	PROPERTY TAXES - SWC FUND - WITH ESTIMATED AV	69,367,500	66,693,750	64,020,000
27	INTEREST EARNINGS	16,000,000	16,000,000	16,000,000
28	RETURN OF BOND COVER/RESERVES	7,200,000	7,200,000	7,200,000
29	RDA SUCCESSOR AGENCY PASS THROUGH AGREEMENTS	42,820,000	41,320,000	39,820,000
30	TOTAL	135,387,500	131,213,750	127,040,000
	FY 2023-2024 BUDGET ESTIMATED REVENUE	135,387,500	131,213,750	127,040,000
	FY 2023-2024 BUDGET ESTIMATED EXPENSES	123,113,158	122,998,158	122,864,158
	NET INCOME (LOSS) - RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	12,274,342	8,215,592	4,175,842
ESTIMATED CASH RESERVE BALANCES AT 6/30/2024				
	RESERVE FOR SWC FUND - 1 YEAR STATEMENT OF CHARGES	60,029,730	60,029,730	60,029,730
	RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	442,167,855	438,109,105	434,069,355
	RESERVE FOR SWP REPAIR / REPLACEMENT	30,000,000	30,000,000	30,000,000
	ESTIMATED CASH BALANCE AVAILABLE AT 6/30/24	532,197,585	528,138,835	524,099,085
	1¢ CHANGE IN TAX RATE (BASED ON ESTIMATED CHANGE IN ASSESSED VALUES) CHANGES REVENUE BY		\$	8,350,000

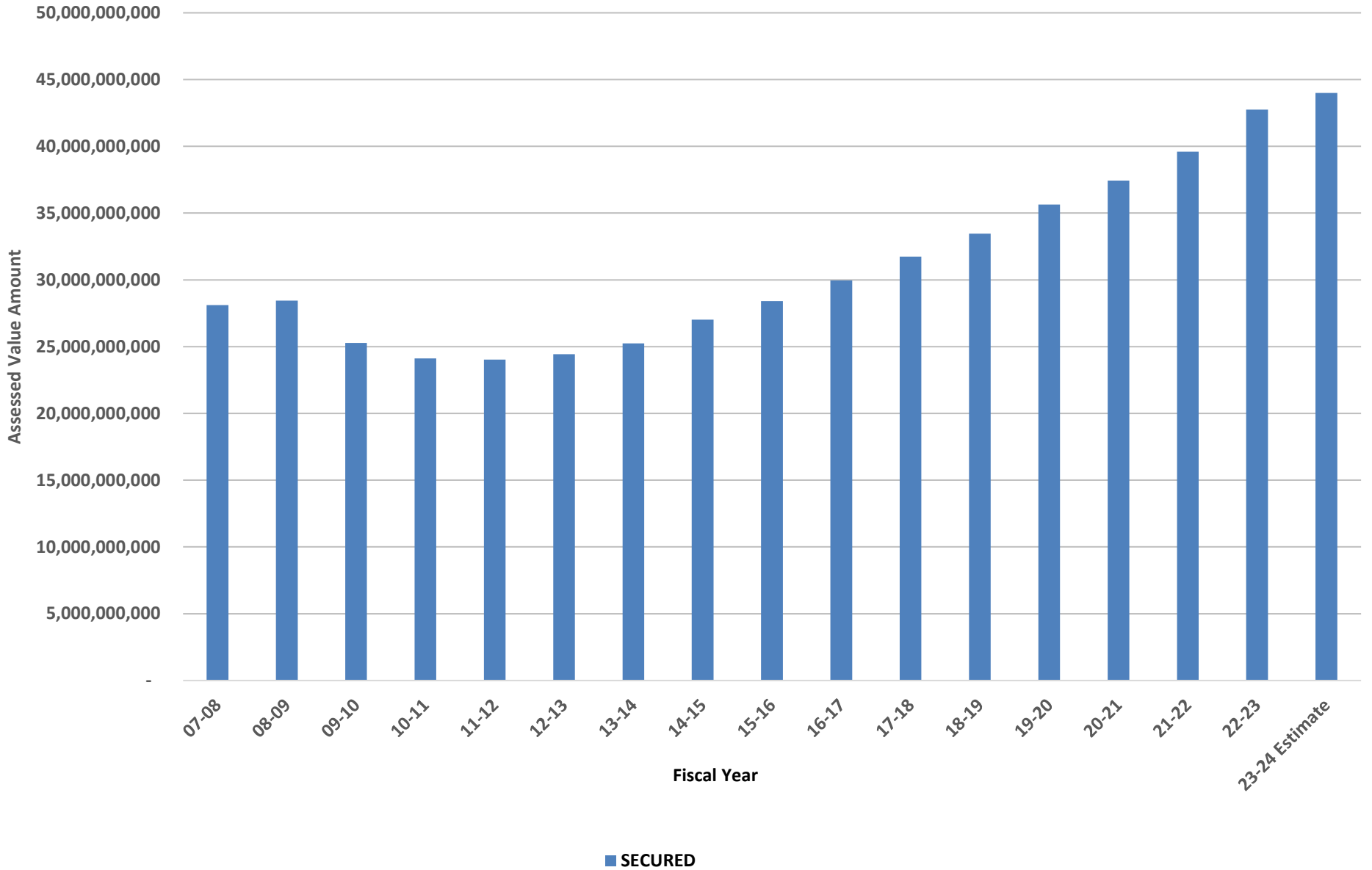
San Bernardino Valley Municipal Water District State Water Contract Fund Cash Reserve Balances



San Bernardino Valley Municipal Water District State Water Contract Future Financial Projections

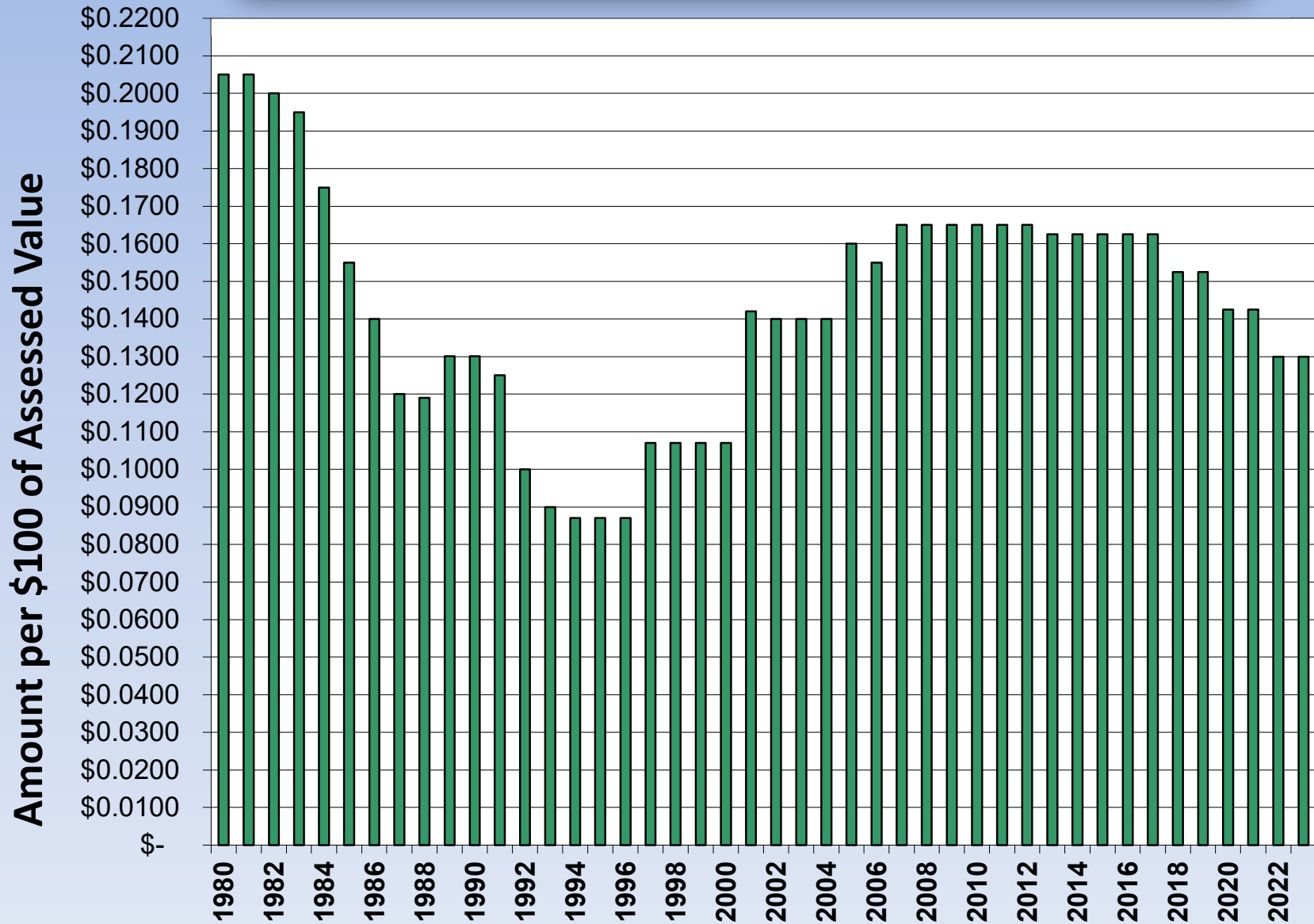


San Bernardino Valley Municipal Water District San Bernardino County Secured Assessed Values

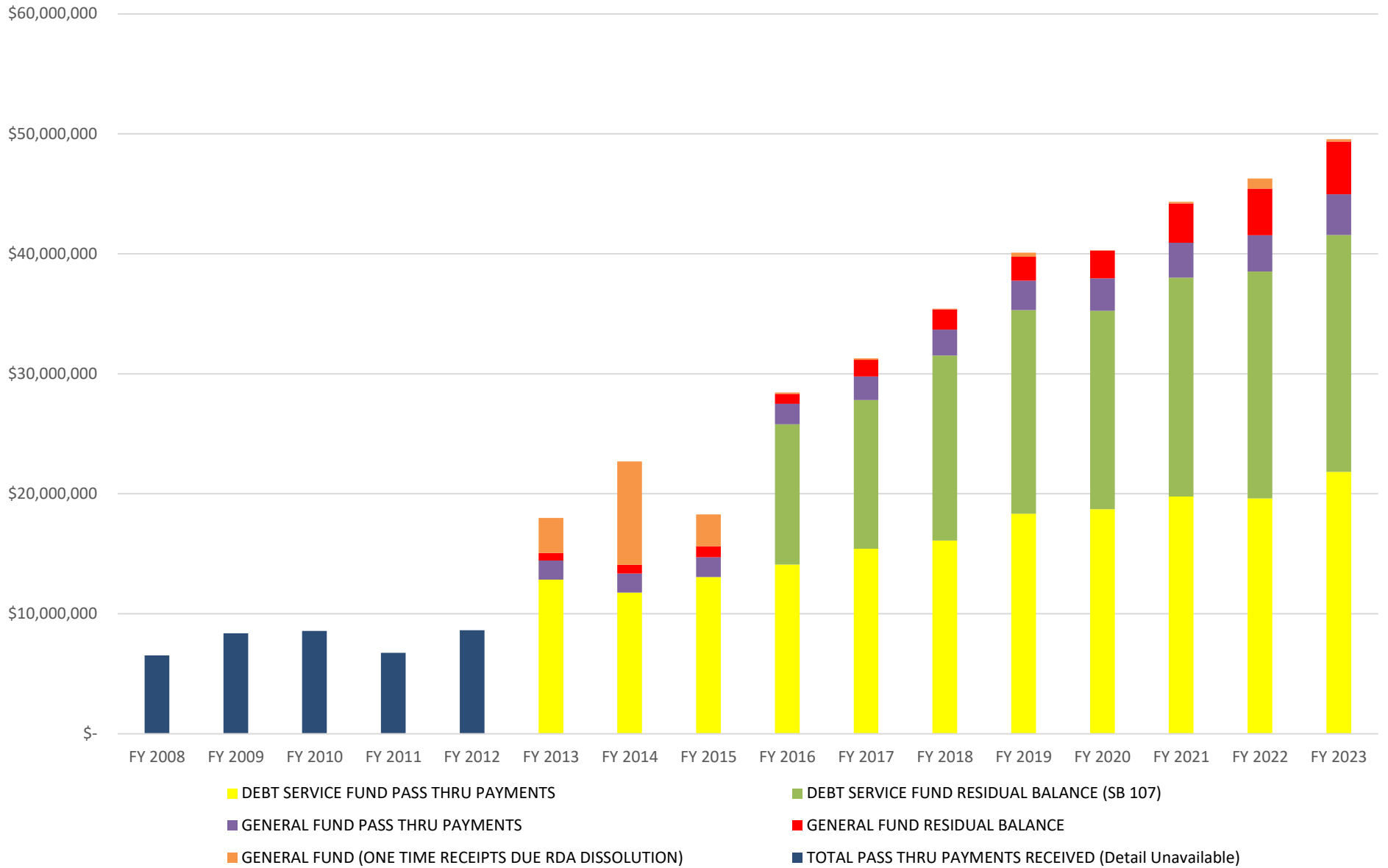




San Bernardino Valley Municipal Water District Tax Rate By Year



San Bernardino Valley Municipal Water District Pass Through Payment Received by Fund Fiscal Year 2008 - 2023



RESOLUTION NO. 1180

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, information and reports provided by District staff, and information communicated to the Board during public meetings in which the District's Fiscal Year 2023-24 budget and proposed increase of rates and charges were considered, has determined that it is necessary to raise the amounts hereinafter specified as an ad valorem real property tax, and that it is not practicable and feasible to raise said sums from water rates or other sources; and

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

Draft for Discussion Purposes

1. That said Board of Directors has determined that the amounts necessary to be raised by taxation during the fiscal year beginning July 1, 2023, and ending June 30, 2024, 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

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 ____ day of _____ 2023.

San Bernardino Valley Municipal Water District

Draft for Discussion Purposes

By: _____
Paul R. Kielhold
President

ATTEST:

Heather Dyer
Secretary