



A REGIONAL WATER AGENCY
SINCE 1954

BOARD OF DIRECTORS WORKSHOP -

DEBT SERVICE FUND BUDGET

THURSDAY, JULY 18, 2024 - 2:00 P.M.

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the July 18, 2024, 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: 88538051021
PASSCODE: 3802020**

<https://sbvmwd.zoom.us/j/888538051021>

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 17, 2024. 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

BOARD OF DIRECTORS' WORKSHOP - DEBT SERVICE FUND BUDGET
2:00 PM Thursday, July 18, 2024

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 Approve the Tax Rate Resolution 1184 for Fiscal Year 2024-2025

[Staff Memo - Review State Water Contract Debt Service Fund Budget and Approve Resolution 1184 for Fiscal Year 2024-2025](#)

[Draft SWC Debt Service Fund Budget - FY 2024-2025](#)

[SWC Debt Service Tax Rate Chart by year through FY 2024](#)

[RDA Pass Through Payments Recap - 2008-2024](#)

[Resolution 1184 - DRAFT Setting State Water Contract Debt Service Tax Rate for FY 2024-2025](#)

4) FUTURE BUSINESS

5) ADJOURNMENT



DATE: July 18, 2024

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 Approve the Tax Rate Resolution 1184 for Fiscal Year 2024-2025

Staff Recommendation

Discuss and recommend a debt service property tax rate for the Fiscal Year 2024-2025, direct staff to complete Resolution No. 1184 based on the board recommended tax rate and subsequently consider adoption of the Resolution.

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) 2024 and 2025 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. As a reminder, the current ad valorem rate is set at \$0.1200 per \$100 of assessed property value and the Board voted to lower the tax last year by \$0.01 per \$100 of assessed value and by \$0.0125 in fiscal year 2021-2022.

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 2024-2025 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 6/30/2024 year receipts.

The expenses in the attached budget for fiscal year 2024-2025 include cost projections based on the DWR Statement of Charges, cost estimates for the Sites Reservoir, Field Improvements for Algae Treatment System of State Project Water, remaining balance owed to purchase the Greenspot Pump Station, construction of the Central Feeder EBX Intertie, City Creek Crossing Feasibility Engineering and Design and costs for various 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 the next few years, continuing over the following 7 years, totally approximately \$448 million.

The current debt service tax rate is \$0.1200 per \$100 of assessed property value. As a reminder, in FY 2023-2024, the Board reduced the rate by \$0.01 (from \$0.1300 to \$0.1200) per \$100 of assessed value. Based on the estimated assessed values of property within San Bernardino Valley's boundary, approximately \$8.8 million is associated with each \$0.01 of tax rate increase or decrease.

During the workshop, staff will present the financial model which has the ability to calculate the effects on future year cash reserve balances based on future year expenditures and tax rates. 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 attached draft State Water Contract Budget for fiscal year 2024-2025 include total revenue in the amount of \$144,624,200 (based on the current tax rate of \$.1200 cents) and total expenditures in the amount of \$90,642,154. The difference of \$53,982,046 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

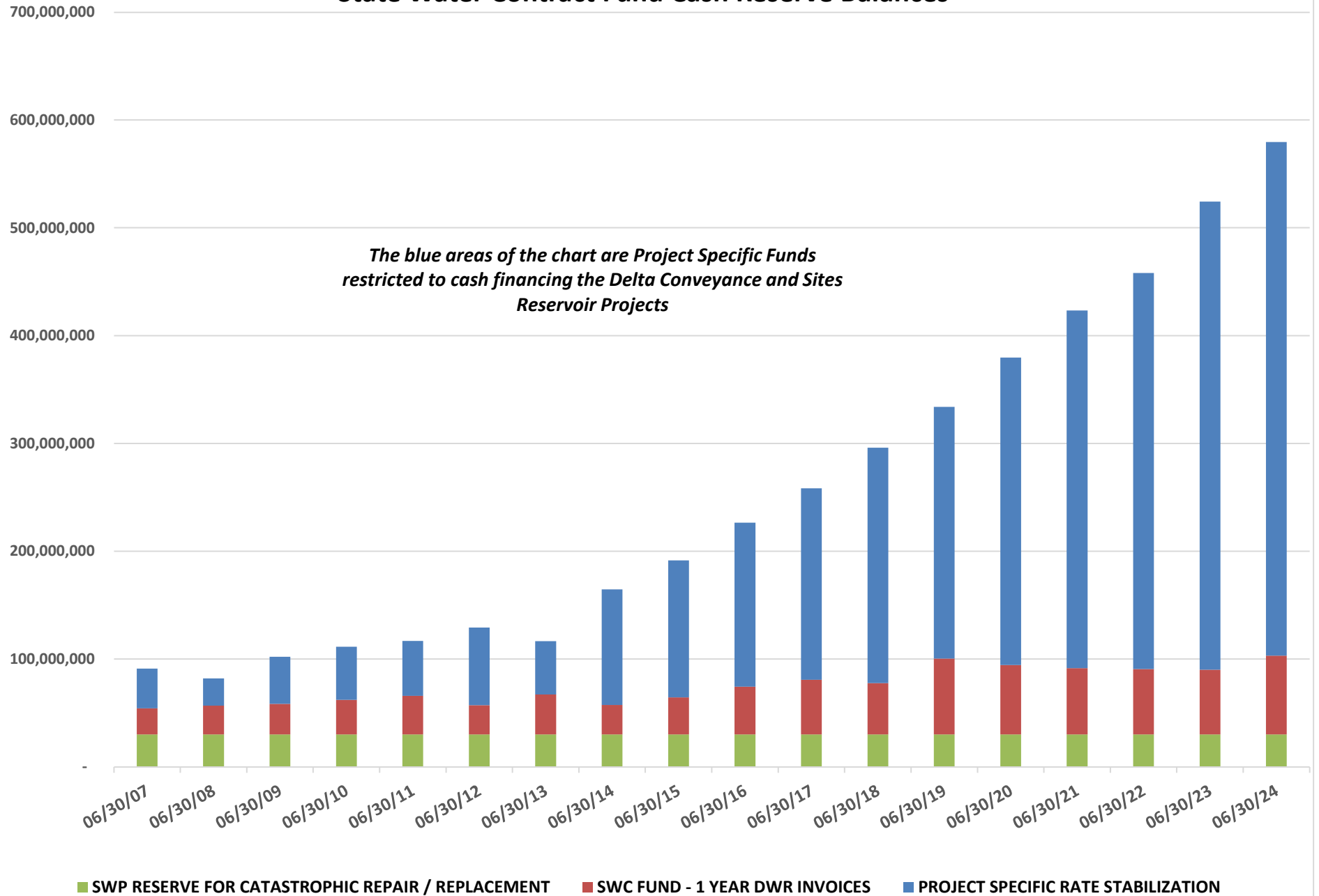
- Draft SWC Debt Service Fund Budget – FY 2024-2025.
- SWC Debt Service Tax Rate Chart by year through FY 2024.
- RDA Successor Agency Pass Through Agreement Receipts – FY 2008 – 2024.
- Draft Resolution 1184 – Setting State Water Contract Debt Service Tax Rate for FY 2024-2025.

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 2023-2024	FY 2024-2025	ESTIMATED PERCENT
	ASSESSED	ASSESSED	CHANGE
	VALUE	VALUE	BASED ON
TAX TYPE	AFTER RDA	AFTER RDA	PRIOR YEAR
Unsecured	1,711,675,897	1,763,500,000	3.0%
Secured	47,266,546,196	48,700,000,000	3.0%
Utility (Unitary)	<i>Budget based on prior year collections + 3% increase</i>		
Homeowners Exemption	447,388,499	440,000,000	-1.7%
Total	49,425,610,592	50,903,500,000	3.0%

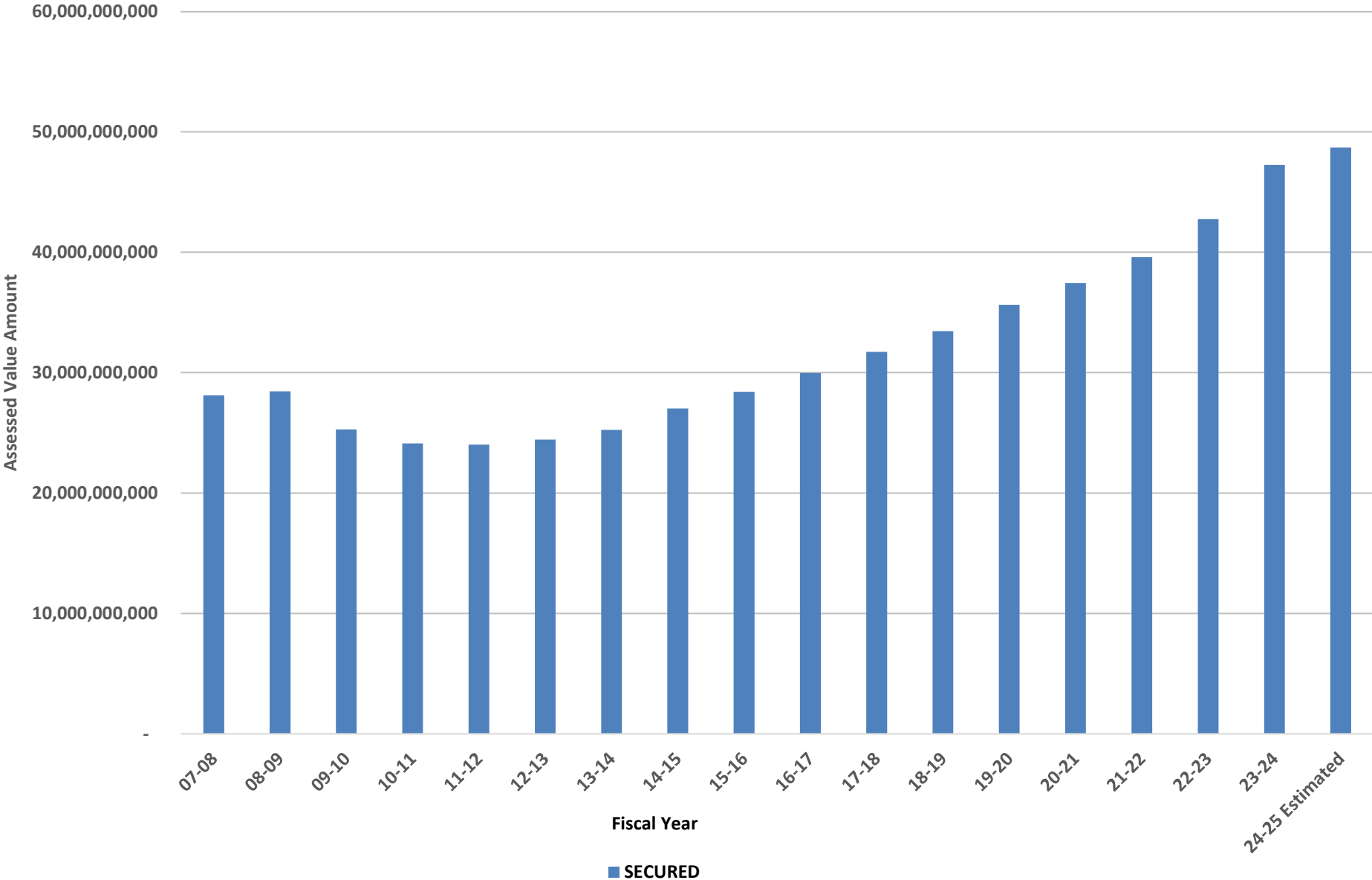
**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
SUMMARY OF ESTIMATED STATE WATER CONTRACT FUND REVENUE / EXPENSES
AND ESTIMATED CASH BALANCES FOR FY 2024-2025 BUDGET**

ESTIMATED EXPENSES FOR FY 2024-2025		CURRENT RATE		
	CATEGORY	RATE SET AT .1200 / \$100	RATE SET AT .1150 / \$100	RATE SET AT .1100 / \$100
1	WATER SYSTEM REVENUE BOND & SURCHARGE	2,508,166	2,508,166	2,508,166
2	CAPITAL COST COMPONENT - DELTA WATER CHARGE	3,872,377	3,872,377	3,872,377
3	CAPITAL COST COMPONENT - TRANSPORTATION CHARGE	2,367,533	2,367,533	2,367,533
4	CAPITAL COST COMPONENT - POWER DEBT SERVICE	1,069,686	1,069,686	1,069,686
5	MINIMUM OMP&R COMPONENT - DELTA WATER CHARGE	5,771,292	5,771,292	5,771,292
6	MINIMUM OMP&R COMPONENT - TRANSPORTATION CHARGE	23,438,821	23,438,821	23,438,821
7	OFF AQUEDUCT POWER FACILITIES	12,783	12,783	12,783
8	EAST BRANCH ENLARGEMENT- MINIMUM OMP&R	293,712	293,712	293,712
9	EAST BRANCH EXTENSION	19,192,007	19,192,007	19,192,007
10	TEHACHAPI 2ND AFTERBAY	259,777	259,777	259,777
11	AUDIT FEES	40,000	40,000	40,000
12	STATE WATER CONTRACTORS ASSOCIATION	350,000	350,000	350,000
13	LEGAL / FINANCIAL ADVISORY FEES	150,000	150,000	150,000
14	SBVMWD ADMIN FEE	3,460,000	3,328,000	3,182,000
15	VARIABLE CHARGE FOR ENERGY	15,000,000	15,000,000	15,000,000
16	DELTA CONVEYANCE COSTS - INCLUDED IN DWR CHARGES ABOVE	-	-	-
17	SITES RESERVOIR	856,000	856,000	856,000
18	FIELD IMPROVEMENTS - SWP PRE-TREATMENT & CHEMICAL SYSTEM	400,000	400,000	400,000
19	FIELD IMPROVEMENTS - CENTRAL FEEDER EBX INTERTIE	3,000,000	3,000,000	3,000,000
20	FIELD IMPROVEMENTS - GREENSPOT PUMP STATION	3,000,000	3,000,000	3,000,000
21	FIELD IMPROVEMENTS - CITY CREEK CROSSING FEASIBILITY ENGINEERING & DESIGN	850,000	850,000	850,000
22	FIELD IMPROVEMENTS - SANTA ANA LOW TURNOUT	350,000	350,000	350,000
23	FIELD IMPROVEMENTS - WR-23 TURNOUT	400,000	400,000	400,000
24	FIELD IMPROVEMENTS - COUNTY LINE ROAD TURNOUT	1,500,000	1,500,000	1,500,000
25	FIELD IMPROVEMENTS - CITRUS RESERVOIR WILDLIFE HAZARD MITIGATION	1,500,000	1,500,000	1,500,000
26	FIELD IMPROVEMENTS - MISCELLANEOUS TURNOUT IMPROVEMENTS	1,000,000	1,000,000	1,000,000
27	TOTAL	90,642,154	90,510,154	90,364,154
ESTIMATED REVENUE FOR FY 2024-2025		CURRENT RATE		
		RATE SET AT .1200 / \$100	RATE SET AT .1150 / \$100	RATE SET AT .1100 / \$100
28	PROPERTY TAXES - SWC FUND - WITH ESTIMATED AV	69,484,200	66,564,025	63,643,850
29	INTEREST EARNINGS	23,000,000	23,000,000	23,000,000
30	RETURN OF BOND COVER/RESERVES	8,000,000	8,000,000	8,000,000
31	RDA SUCCESSOR AGENCY PASS THROUGH AGREEMENTS	44,140,000	42,640,000	41,140,000
32	TOTAL	144,624,200	140,204,025	135,783,850
	FY 2024-2025 BUDGET ESTIMATED REVENUE	144,624,200	140,204,025	135,783,850
	FY 2024-2025 BUDGET ESTIMATED EXPENSES	90,642,154	90,510,154	90,364,154
	NET INCOME (LOSS) - RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	53,982,046	49,693,871	45,419,696
ESTIMATED CASH RESERVE BALANCES AT 6/30/2025				
	RESERVE FOR SWC FUND - 1 YEAR STATEMENT OF CHARGES	73,224,262	73,224,262	73,224,262
	RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	530,417,057	526,128,882	521,854,707
	RESERVE FOR SWP REPAIR / REPLACEMENT	30,000,000	30,000,000	30,000,000
	ESTIMATED CASH BALANCE AVAILABLE AT 6/30/25	633,641,319	629,353,144	625,078,969
	1¢ CHANGE IN TAX RATE (BASED ON ESTIMATED CHANGE IN ASSESSED VALUES) CHANGES REVENUE BY			\$ 8,840,000

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

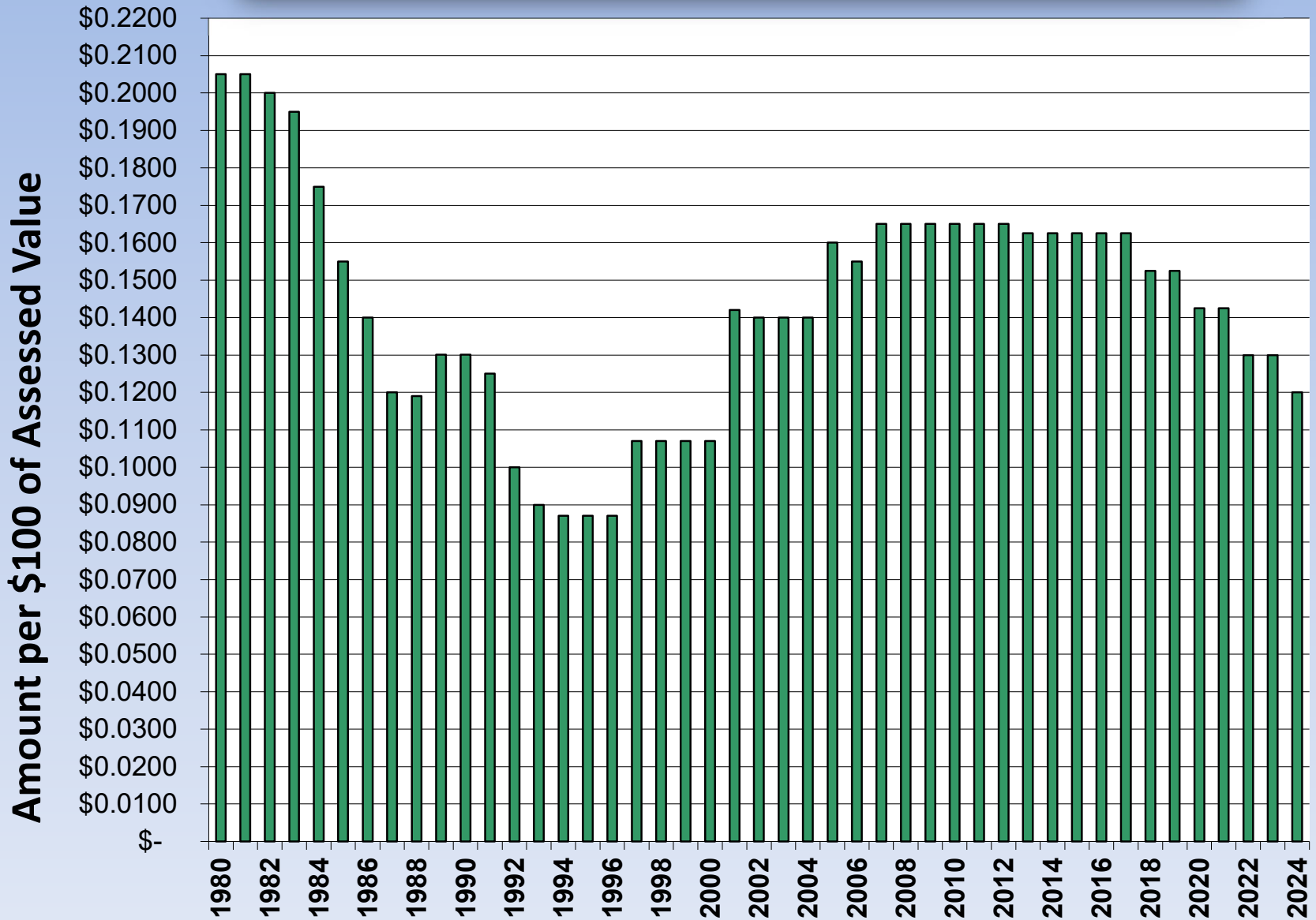


**San Bernardino Valley Municipal Water District
San Bernardino County Secured
Assessed Values**

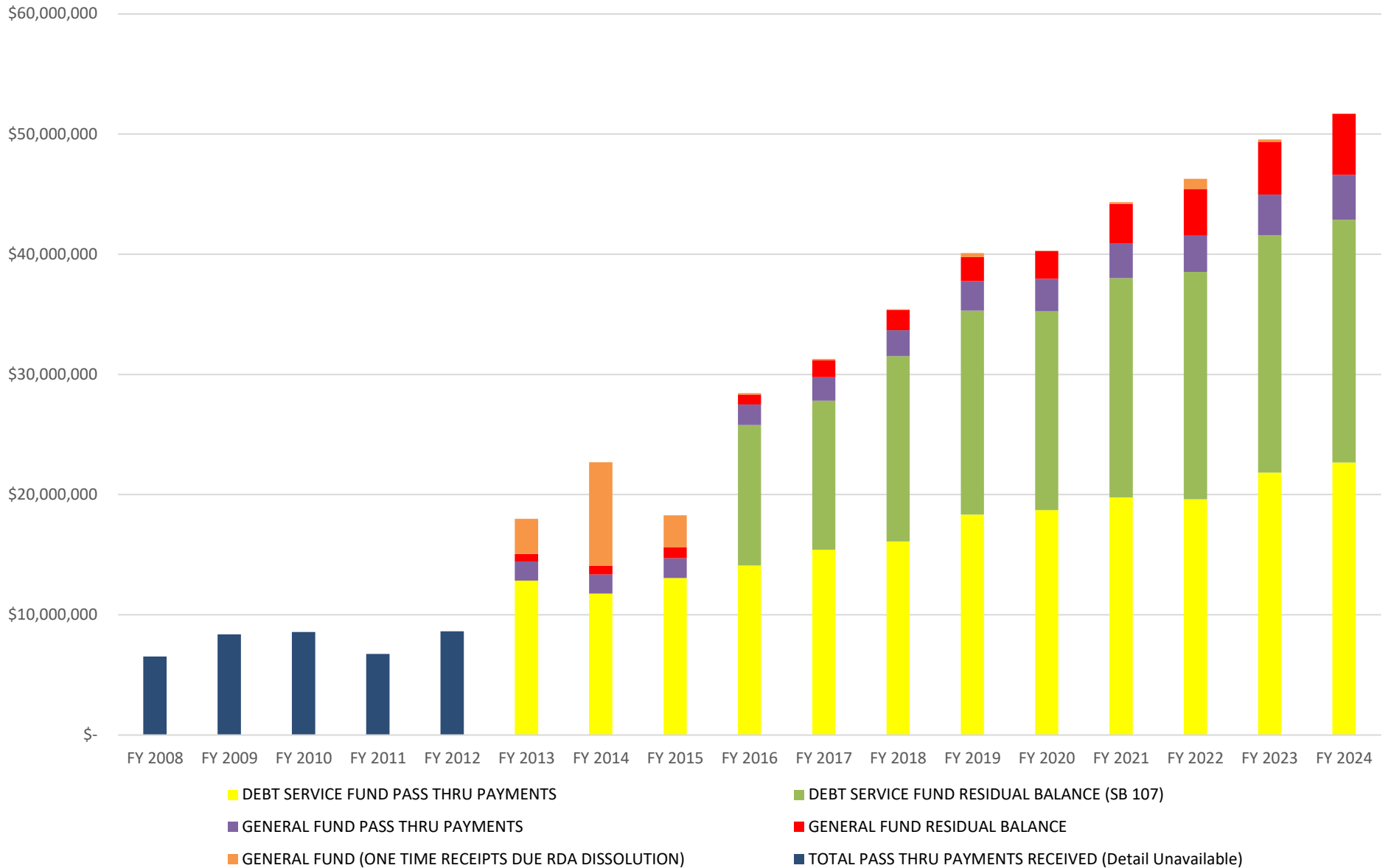




San Bernardino Valley Municipal Water District Tax Rate By Year



San Bernardino Valley Municipal Water District Pass Through Payment Received by Fund Fiscal Year 2008 - 2024



RESOLUTION NO. 1184

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

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 contract 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 2024-25 budget and proposed 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:

1. That said Board of Directors has determined that the amounts necessary to be raised by taxation during the fiscal year beginning July 1, 2024, and ending June 30, 2025, 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 hereby fixes the rates of tax for such purposes as follows:

State Water Contract Tax Rate \$ x.xx

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 rate 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 the indebtednesses set forth above.

ADOPTED this 18th day of July 2024.

San Bernardino Valley Municipal Water District

Draft for Discussion Purposes

By: _____

Paul R. Kielhold
President

ATTEST:

Heather Dyer
Secretary