



REGULAR MEETING OF THE BOARD OF DIRECTORS
2:00 pm Tuesday, September 3, 2024

In Person:

380 East Vanderbilt Way
San Bernardino, CA 92408

Online via Zoom:

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

Meeting ID: 684 456 030

PASSCODE: 3802020

By Telephone:

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

Meeting ID: 684 456 030

PASSCODE: 3802020

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, September 2, 2024**. All public comments will be provided to the Board President and may be read into the record or compiled as part of the record.

IMPORTANT PRIVACY NOTE: 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
2:00 PM Tuesday, September 3, 2024

CALL TO ORDER/PLEDGE OF ALLEGIANCE/ROLL CALL

1) 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.

2) CONSENT CALENDAR

- 2.1 Approve Minutes of the Board of Directors' Workshop - Policy/Administration - July 11, 2024 (2 min) - Page 4
[Staff Recommendation - Approve Minutes of the Board of Directors Workshop - Policy/Administration 07112024](#)
- 2.2 Approve Minutes of the Regular Board of Directors' Meeting - July 16, 2024(2 min) - Page 9
[Staff Recommendation - Approve Minutes of the Regular Board of Directors' Meeting -07162024](#)
- 2.3 Approve Minutes of the Board of Directors Workshop - Debt Service Fund Budget - July 18, 2024 (2 min) - Page 16
[Staff Recommendation - Approve Minutes of the Board of Directors Workshop - Debt Service Fund Budget 07182024](#)
- 2.4 Approve Minutes of the Board of Directors' Workshop - Policy/Administration - August 1, 2024 (2 min) - Page 23
[Staff Recommendation - Approve Minutes of the Board of Directors Workshop - Policy/Administration 08012024](#)
- 2.5 Approve Minutes of the Board of Directors' Workshop - Resources-Engineering - August 13, 2024 (2 min) - Page 27
[Staff Recommendation - Approve Minutes of the Board of Directors' Workshop - Resources/Engineering 08132024](#)
- 2.6 Approve Minutes of the Regular Board of Directors' Meeting - August 20, 2024(2 min) - Page 32
[Staff Recommendation - Approve Minutes of the Regular Board of Directors' Meeting -08202024](#)

3) DISCUSSION AND POSSIBLE ACTION ITEMS

- 3.1 Consider Declaring Up to 15,000 Acre-Feet of State Water Project Water as Surplus in Calendar Year 2024 and Consider Authorizing a 2024 Water Transfer Agreement with Westside Districts for an amount up to 15,000 Acre-Feet, based on availability (30 min) - Page 40
[Staff Memo - Consider Declaring Surplus Water and 2024 Water Transfer Agreement for Westside Districts](#)
[Attachment 1. 2024 Water Transfer Agreement with the Westside Districts](#)
- 3.2 Consider Adoption of Resolution No. 1187 Authorizing the Acceptance of a Grant Award from the United States Bureau of Reclamation WaterSMART Devil Creek Grant (20 min) - Page 53
[Staff Memo - Consider Adoption of Resolution No. 1187 Authorizing Acceptance of Grant Award from USBR WaterSMART Devil Creek Grant](#)
[Attachment 1. Resolution No. 1187](#)
- 3.3 Consider Amendment 3 to the Consulting Services Agreement with Kennedy Jenks for On-Call Grant Services (20 min) - Page 57
[Staff Memo - Consider Amendment 3 to the Consulting Services Agreement with Kennedy Jenks Consultants, Inc., for On-Call Grant Support Services](#)
[Attachment 1. Amendment 3 to the Consulting Services Agreement with Kennedy Jenks](#)
[Attachment 2. Kennedy Jenks On-Call Grant Services Scope of Work](#)
[Attachment 3. Summary of Successful Grant Applications prepared by Kennedy Jenks](#)
- 3.4 Announcement of Final Approval of Settlement by all Parties in the Seven Oaks Dam Lawsuit: Endangered Habitats League, et al. v. U.S. Army Corps of Engineers, et al., Case No. 2:16-CV-09178-MWF-E (10 min) - Page 69
[Staff Memo - Announcement of Final Approval of Settlement by all Parties in the Seven Oaks Dam Lawsuit: Endangered Habitats League, et al. v. U.S. Army Corps of Engineers, et al., Case No. 2:16-CV-09178-MWF-E](#)
[Attachment 1: Stipulation of Dismissal](#)

4) REPORTS (Discussion and Possible Action)

- 4.1 Directors' Report of Activities and Travel Requests in accordance with Resolution 1100
- 4.2 General Counsel Report
- 4.3 Ad-Hoc and Standing Committee Reports
- 4.4 SAWPA Meeting Report

5) FUTURE BUSINESS

6) ANNOUNCEMENTS

- 6.1 List of Announcements (2 min) - Page 73
[List of Announcements 090324](#)

7) CLOSED SESSION

- 7.1 Conference with Real Property Negotiators Property: Assessor Parcel Number 0302-091-12 :
Agency negotiator: Joanna Gilson Negotiating party: Charles Vahovick
Under negotiation: price and terms of payment

- 7.2 Conference with Real Property Negotiators Property: Assessor Parcel Number 0297-041-11,
0302-271-04, 0305-051-01 and APN 0302-101-06, Agency Negotiators: Heather
Dyer and Wen Huang, Negotiating Parties: Southern California Edison, Under
Negotiation: Price and Terms of Payment

8) ADJOURNMENT

**MINUTES
OF
THE
BOARD OF DIRECTORS WORKSHOP – POLICY / ADMINISTRATION
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

July 11, 2024

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
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager
Melissa Zoba, MBA, MPA – Chief Information Officer

Anthony Flordelis – Business Systems Analyst
Kelly Malloy, MPA – Strategic Communications Manager
Matthew Olivo – Senior Accountant
Karen Resendez, MAOL – Human Resources & Risk Manager

Members of the Public in Attendance:

Jackson R. Gualco, The Gualco Group
Kendra Daijogo, The Gualco Group
Melody McDonald, San Bernardino Valley Water Conservation District
Robert Stewart, San Bernardino Valley Water Conservation District
Joyce McIntire, Yucaipa Valley Water District

The Policy/Administration Workshop of the Board of Directors was called to order by Chairperson Botello at 2:00 p.m. A quorum was noted present.

Agenda Item 1. Introductions. None.

Agenda Item 2. Public Comment. Chair Botello invited public comment. There was none.

Agenda Item 3. Discussion and Possible Action Items.

3.1) 2024 California Special Districts Association Southern Network Election. Strategic Communications Manager Kelly Malloy explained the election for Seat A in the California Special Districts Association (CSDA) Southern Network.

The Board of Directors cast a vote for Jo McKenzie in the California Special Districts Association (CSDA) election for the 2025-2027 term for Seat A of the Southern Network by the following roll-call vote:

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

3.2) State Legislative Update. Mr. Jackson Gualco of The Gualco Group provided an update on state legislation. The Legislature is on recess from July 5 until August 5, then will return until August 31. It was a scramble to accomplish things amid the historic budget deficit. The Governor was able to shave about \$17 billion from the \$96 billion shortfall, and following the May revision, the Legislature identified additional savings, cuts, deferrals, delays, and borrowing.

Proposed budget solutions include increasing the rainy-day fund to 20 percent, and establishment of another savings account so the Legislature is not forced to spend all the money during a surplus year, Mr. Gualco explained.

Vice President Hayes pointed out the budget appears to be feast or famine and asked if there was any movement toward a fix to minimize ups and downs. Mr. Gualco explained several problems including reliance on high-income earners contributing to the issue and said it is being figured out. Proposed solutions such as the tax on services quickly died, he said.

Ms. Malloy pointed to the recent 2024 budget deadline, which created an evolution in the way the budget is processed. On June 26 and 27, the Legislature passed the initial budget and subsequently, 22 bills have been submitted as part of the June 22 budget agreement. Significant shortages are expected, and difficult decisions are having to be made to close the gap.

Kendra Daijogo of The Gualco Group further discussed the proposed budgeting reforms.

Ms. Malloy noted that bills with fiscal impacts or obligations to the State for additional expenses or new programs had a slim likelihood of moving forward.

Ms. Malloy, Mr. Gualco, and Ms. Daijogo provided an update on state legislation, including the following bills:

- Brown Act open meetings bills AB 817, AB 2302
- SB 537 was formerly a Brown Act bill but has been amended
- SB 366 is moving forward amid discussions with the Department of Water Resources and the environmental justice community to keep the 10 million acre-

feet water supply target. It will be in front of the Appropriations Committee in August.

- AB 2614 Water Policy for California Tribal Communities has been held on suspense and may be introduced next session
- Water Rights bills:
 - AB 1337 (Wicks) was not moved forward
 - AB 460 caused consternation but was amended to only increase penalties on those who violate or ignore a curtailment order from the Water Board
 - AB 2079 dealt with large-diameter, high-capacity water well permitting, sponsored by the Department of Water Resources. Adjudicated basins were included, and the bill became broader than expected, dealing with subsidence, so the bill was held by the Senate Natural Resources and Water Committee without sufficient votes to pass
- Climate resources bonds – The Governor advised there is limited ability to bond and indicated it could not be more than \$20 billion. There had been proposals for a housing bond, an education bond, and a climate bond. Instead, \$10 billion was allocated to K-14 education, and \$10 billion for climate-related programs (\$3.8 directly available for water-related purposes such as groundwater cleanup). Watershed Connect may be eligible but voters must approve the bond in November. Mr. Gualco noted concern over lack of transparency in the bond development

Mr. Gualco and Ms. Daijogo reviewed the November ballot measures:

- Proposition 2 – AB 247 – Education facilities bond: K-12 and community colleges
- Proposition 3 – ACA 5 – Strips residual marriage equality language from the Constitution
- Proposition 4 – SB 86 – Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024
- Proposition 5 – ACA 1 – Local government financing: affordable housing and public infrastructure voter approval
- Proposition 6 – ACA 8 – Prohibits slavery in any form (clarifies that a prison sentence is not involuntary servitude)
- Proposition 32 – Raises minimum wage to \$18 per hour by 2026 for all employers and thereafter adjusting the rate annually by increases to the cost of living
- Proposition 33 – Expands local governments' authority to enact rent control on residential property
- Proposition 34 – Restricts spending by health care providers meeting specified criteria (very specifically targeted)
- Proposition 35 – Provides permanent funding for Medi-Cal health care services
- Proposition 36 – Allows felony charges and increases sentences for certain drug and retail theft crimes

A California Supreme Court ruling prevented the California Business Roundtable initiative from appearing on the ballot.

The Legislature appropriated \$60 million for the Water Board to update its water right data system and a pilot version should be released soon, Mr. Gualco noted.

3.3) Consider Fiscal Year 2024-2025 State Water Project Audit Contract with Ernst & Young, LLP. Senior Accountant Matthew Olivo explained that each year, the State Water Contractors Association hires an independent audit firm to perform various agreed-upon auditing services for the Department of Water Resources. The services are advisory and not intended to be a formal audit, they are mainly to ensure that expenses charged to the State Water Contractors are true expenses of the State Water Contract and ensure proper and efficient use of funds. The State Water Contractors recognize this as a valuable investment.

Director Harrison asked whether the use of Ernst & Young was dictated by the State. Chief Financial Officer/Deputy General Manager Cindy Saks said the services went out to bid several years ago. Ernst & Young was the only firm to bid for this type of accounting for the State Water Contractors and has done the work for a very long time.

For the fiscal year 2024-2025 audit service costs for SBV will range from \$41,613 if all 29 State Water Contractor agencies participate, and \$51,242 if only 80 percent participate, Mr. Olivo indicated. This cost is an increase of \$1,858 over the prior year. Historically, more than 80 percent of the State Water Contractors participate each year.

Director Botello asked whether payment was made to another agency for these costs, and questioned why participation was voluntary and not mandatory for all State Water Contractors, pointing out that 20 percent are not sharing the cost. Ms. Saks explained the cost is split based on Table A allocation and each contractor can decide whether to participate in the Ernst & Young services. SBV pays Ernst & Young directly for the agency's share, she explained. A contractor not participating may find it is not worthwhile, but they would not then be privy to any of the findings and would not know about costs allocated improperly to their State Water Contract expenses, she noted. She said she believes it is a prudent investment.

In response to President Kielhold, Ms. Saks detailed the allocation of costs based on Table A allocation. SBV's share as the fifth largest state water contractor is 102,600 acre-feet, with the cost based on that allocation.

SBV Treasurer, Director Harrison, stated this is a small price to pay for peace of mind relative to a \$60 million State Water Contract investment.

The Board of Directors approved the contract with Ernst & Young to provide auditing services for the Fiscal Year 2024-2025 for an amount not to exceed \$51,242 and authorized the CEO/General Manager to sign the Engagement Letter by the following roll-call vote:

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

Agenda Item 4. Future Business. None added.

Agenda Item 5. Adjournment

The meeting was adjourned by Chair Botello at 2:40 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>
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Respectfully submitted,

Lynda J. Kerney
Contract Assistant

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

July 16, 2024

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

Directors Absent: None

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Wen B. Huang, PE, MS – Assistant General Manager/Chief Operating Officer
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Michael Plinski, PE – Chief of Water Resources
Greg Woodside, PG, C.Hg. – Chief of Planning and Watershed Resilience

Anthony Flordelis – Business Systems Analyst
Adekunle Ojo, MPA – Water Resources Manager
Sayer Pinto, MBA – Principal Water Resources Analyst
Andreea Tanase, MPA – Administrative Analyst I

Brad Neufeld, Varner & Brandt, District Legal Counsel

Members of the Public in Attendance:

James Morales, East Valley Water District
Jennifer Ares, Yucaipa Valley Water District
Melody McDonald, San Bernardino Valley Water Conservation District
John Longville, San Bernardino Valley Water Conservation District
Kevin Walton, San Gorgonio Pass Water Agency

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

Agenda Item 1. Public Comment

President Kielhold stated that any member of the public wishing to make any comments to the Board regarding non-agenda items may do so. There were none.

Agenda Item 2. Consent Calendar. No items.

Agenda Item 3. Discussion and Possible Action Items. No items.

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

4.1) CEO/General Manager's Report. Chief Executive Officer/General Manager Heather Dyer highlighted the following:

- The June 18 Sunrise Ranch Community Meeting at the Bear Springs Conference Center was well-attended and garnered information and feedback which will be incorporated into the conceptual vision document. A draft will be brought to back to the Board in the fall
- Participated in Yucaipa Valley Water District's Wochholz Regional Water Recycling Facility groundbreaking ceremony
- Presented at the ESRI Senior Executive Summit
- Staff were recently credited as co-authors on an important published article in a scientific journal regarding the habitat of the Santa Ana sucker. SBV's scientific work and leadership has been important to the agency's permit applications and water project development.
- Work on Forecast Informed Reservoir Operations (FIRO) is continuing with the Scripps Institute to be able to operate the Seven Oaks Dam for greater water supply benefits. Phase 1 is nearly complete
- A cohort of new fellows is being interviewed for the California State University San Bernardino Institute for Watershed Resiliency fellowships
- Recruitment is underway for several different staff positions. A new communications person is coming on board, and interviews are being conducted for Operations staff. It is hoped to have all on board by the end of September
- There are several speaking engagements upcoming in August and October

Director Harrison asked about the status of the previous year's cohort of the Institute for Water Resiliency fellows. Ms. Dyer reported they are interviewing for jobs.

4.2) Directors' Report of Activities and Travel Requests in accordance with Resolution 1100.

Director Botello reported that he attended:

- July 10 – Farming and Habitat Restoration Project webinar

Director Harrison reported that he attended:

- July 3 – Met with local Government Director of the San Manuel Tribe
- July 8 – Association of San Bernardino County Special Districts Board meeting
- July 10 – San Bernardino Valley Water Conservation District Board meeting
- July 10 – Grand Terrace Chamber of Commerce

- July 12 – Habitat Conservation Plan (HCP) Government Relations Committee meeting
- July 15 – Association of San Bernardino County Special Districts dinner

Director Hayes reported that she attended:

- July 10 – San Bernardino Valley Water Conservation District Board meeting
- July 12 – Water Advisory Committee of Orange County
- July 15 – California Natural Resources Agency luncheon
- July 15 – Association of San Bernardino County Special Districts dinner

Director Longville reported that she attended:

- July 9 – League of Women Voters Water Committee
- July 16 – PERC Policy Committee meeting

Director Kielhold reported that he attended:

- July 10 – San Bernardino Valley Water Conservation District Board meeting
- July 15 – Association of San Bernardino County Special Districts dinner

4.3) General Counsel Report. No report.

4.4) SAWPA Meeting Report. Director Harrison gave the report.

- Received informational reports on the following:
 - Classification and compensation study
 - Summary of Riverwalk Data

Director Botello asked about information flow from SAWPA to CEO/General Manager Dyer. Ms. Dyer advised there is a monthly general managers meeting with SAWPA General Manager Jeff Mosher and staff to review and troubleshoot upcoming items for the Commission. She assured the Board that there is communication. Director Botello requested that information from the general managers meetings be shared with SAWPA representative Harrison and himself as alternate. Legal Counsel Brad Neufeld provided advice on sharing information via the agendaized General Manager's Report or modification of the SAWPA Meeting Report item.

In response to President Kielhold, Director Harrison advised the Riverwalk is the annual Santa Ana sucker habitat survey. Ms. Dyer provided detail and noted that directors are welcome to attend.

4.5) Water Delivery Report. Chief of Water Resources Michael Plinski reported the following for the month of June 2024:

June	acre-feet (af)
Imported State Project Water (SPW) delivered to the District	5,794
Total SPW delivered to date this year	19,329
Direct deliveries	1,362
Recharge	4,400
Groundwater production	490
YTD total groundwater production	2,148

There is a strong chance the District will not make its full orders of 26,500 af even if the delivery pace is increased for the remaining six months, Mr. Plinski advised. He reviewed the 2024 Imported Water Delivery Plan, noting that he expects total deliveries of approximately 60,000 af by year end.

Mr. Plinski explained that approximately 10,000 to 12,000 af of State Project Water will not be able to be brought down south due to limitations in the system. It will not be able to be stored in the San Luis Reservoir and will be lost. If there is still an estimated surplus to needs and to carryover, staff is proposing to explore options to surplus the water and find buyers outside the service area.

Director Botello encouraged staff to pursue the plan and to have a robust discussion in offering the water for sale to others. It is prudent to spread the water around, if possible, even if it is not to SBV's retail agencies.

CEO/General Manager Heather Dyer pointed to current water orders from retailers and noted that agencies may or may not take that water. If there is recharge capacity available, as much water as possible will be put into the ground. It is only at the point where no more water can be delivered or cannot be recharged due to physical limitations that declaration of surplus would be considered. There is a market for the extra water, such as Central Valley agriculture, she noted. Alternatively, the water would spill and flow out under the Golden Gate Bridge.

If there is an opportunity to sell water to the agriculture industry, an agreement would be made including terms under Surplus Water Policy Ordinance No. 79, Ms. Dyer explained. The money would go into the Basin Management Fund for future projects or to buy water.

Director Longville acknowledged the robust agriculture market and asked if the State was looking for water this year. Mr. Plinski said the State is not; their needs are being met though other environmental enforcement actions.

Director Longville asked about the value of the water to the agricultural community. Ms. Dyer estimated it in the \$500 per acre foot range. Mr. Plinski confirmed. Director Longville calculated that between \$5 and \$7.2 million could be put into the Basin Management Fund.

Director Harrison expressed support for helping the Central Valley as providers of food for the nation and the world.

Vice President Hayes pointed to the water sale agreement with Metropolitan Water District (MWD) and asked about MWD's first right for water purchase. Mr. Plinski assured SBV is not renegeing on the agreement. He noted that a recommendation would be sought from the Basin Technical Advisory Committee and contact made with entities such as MWD and the San Gorgonio Pass Water Agency; however, both also have surplus water. VP Hayes stated the surplus water sale is a great idea.

President Kielhold asked about the basis for calculation of the difference in deliveries and water orders. Mr. Plinski noted that agencies estimate their needs at the beginning of the year and, absent penalties, tend to round up. Later in the water year, they will take what they need. He described situations that are tamping down State Water Project deliveries including Lytle Creek and Mill Creek flow, and releases from the Seven Oaks Dam which allow agencies to take that water first.

Assistant General Manager/Chief Operating Officer Wen Huang added detail and confirmed the delivery estimates. He assured staff is doing their best to recharge, he explained. He noted the plan is aggressive, but a reasonable projection.

President Kielhold requested 10-year data on the Delta between the deliveries and the orders. Vice President Hayes requested inclusion of water delivered from West Valley Water District to Rialto in the report.

4.6) Treasurer's Report. Director Harrison gave the report.

The Board approved the following expenses for the month of June 2024: State Water Contract Fund \$3,217,516.41 and General Fund \$6,413,011.83 by the following roll-call vote:

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

Agenda Item 5. Future Business. None.

Agenda Item 6. Announcements.

6.1) List of Announcements. Chief of Staff / Clerk of the Board Jose Macedo reviewed the list of announcements.

Agenda Item 7. Closed Session. District Counsel Brad Neufeld announced the

Closed Session.

7.1) Conference with Real Property Negotiators

Assessor Parcel Number 0264-191-13 and Assessor Parcel Number 0264-201-31

Agency Negotiators: Joanna Gibson and Heather Dyer

Negotiating Parties: Pepper Avenue Partners LLC for 0264-201-31, and BBC Properties LLC for 0264-191-13

Under Negotiation: Price and Terms of Payment

7.2) Conference with Legal Counsel - Anticipated Litigation

Significant Exposure to Litigation Pursuant to (2) of Subdivision (d) of Government Code 54956.9: One Potential Case

7.3) Conference with Labor Negotiator

Pursuant to Government Code section 54957.6

District designated representative: Brad Neufeld of Varner & Brandt, LLP

Unrepresented employee: General Manager

President Kielhold returned the meeting to Open Session at 3:47 p.m.

Counsel Brad Neufeld reported the following:

- 7.1 No reportable action was taken
- 7.2 The Board unanimously voted to reject the tort claim filed by the Church Mutual Insurance Co. attorneys
- 7.3 The Board discussed the General Manager's compensation: provision of a merit bonus of \$30,000

The Board approved a \$30,000 merit bonus for the General Manager 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	

Agenda Item 8. Adjournment. The meeting was adjourned by President Kielhold at 3:48 p.m.

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

Respectfully submitted,

Lynda J. Kerney
Contract Assistant

**MINUTES
OF
THE
BOARD OF DIRECTORS WORKSHOP – DEBT SERVICE FUND BUDGET
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

July 18, 2024

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

Directors Absent: None

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Michael Plinski, PE – Chief of Water Resources
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager

Anthony Flordelis – Business Systems Analyst
Karen Resendez, MAOL – Human Resources & Risk Manager
Andreea Tanase, MPA – Administrative Analyst I

Members of the Public in Attendance:

Miguel Guerrero, San Bernardino Municipal Water Department
James Morales, East Valley Water District
Ron Coats, East Valley Water District
Joyce McIntire, Yucaipa Valley Water District

The Debt Service Fund Budget Workshop of the Board of Directors was called to order by President Paul Kielhold at 2:00 p.m. A quorum was noted present.

Agenda Item 1. Introductions. None.

Agenda Item 2. Public Comment. None.

Agenda Item 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. Chief Executive Officer/General Manager Heather Dyer explained the information gathered and projections made for the

Board to set a property tax rate for the State Water Contract Debt Service Fund which is required at this time each fiscal year.

Revenue generated from the debt service property tax is a restricted fund and is used to pay costs associated with the State Water Contract and imported water, Ms. Dyer continued. The current rate is \$0.1200 per \$100 of assessed property value. Based on the current preliminary assessed value of property within the District's boundaries, \$8.80 million is associated with each \$0.01 of tax rate increase or decrease on \$100 of assessed value.

Chief Financial Officer/Deputy General Manager Cindy Saks indicated that preliminary numbers were received Tuesday and differ from those released in the agenda packet last week. A conservative three percent increase was estimated for unsecured and secured, and a slight reduction in homeowners exemption, but actual assessed values were greater. This generates another \$2.1 million in revenue.

Ms. Saks explained the annual Statement of Charges from the Department of Water Resources (DWR), which is paid monthly and includes costs for State Water Project (SWP) maintenance such as turnouts, algae system, and more. The budget estimates \$90.6 million in expenditures for this fund, she noted.

Ms. Saks reviewed revenues including interest earnings, return of bond cover that had been paid and reimbursed in the following year, and Redevelopment Agency (RDA) successor agency pass-through payments. She presented scenarios based on the current rate of \$.1200, \$.1150 and \$.1100.

Vice President Hayes asked whether SBV receives its bond cover money back if other agencies did not pay. Ms. Saks said non-payment would be a violation of an agency's contract, so it could be assumed the money would still come back, as it has historically, albeit more slowly. The bond cover funding is collected as assurance that the DWR can make any bond payment necessary. There would be pressure to make that payment. President Kielhold added that the State retains the authority to collect taxes if the local agency chose not to.

Ms. Dyer reviewed SBV's healthy reserves over the last 10 years. The reserve picture changed in 2013 when Redevelopment Agencies (RDAs) were dissolved. The Board and General Manager were very active in ensuring that money started coming back to the original taxing authorities. Ms. Saks serves on the Countywide Oversight Board and is very engaged in how the funding is being returned. In 2016-2017, SB 107 was enacted regarding the Debt Service Fund Residual balances that come back into the District's possession. SBV communicated those funds were planned to be reinvested in infrastructure for water supply reliability long-term, and the money has been saved for those investments. Also contributing to revenue is the rapid growth of the area and increased assessed value. It took about eight years to recover from the economic decline of 2008, Ms. Dyer noted.

Ms. Dyer presented a graph of the tax rate by year from 1980, noting that since about 2016 the rate has been lower; most recently reduced by \$0.0125 in 2021 and another \$0.01 last year.

In response to Vice President Hayes' question about the San Bernardino International Airport, Ms. Dyer noted a legal dispute with the Inland Valley Development Agency (IVDA) was settled. It went back to the original redevelopment agreement, which was to split the new values 50/50, which is what is done today and is reflected in this report.

Ms. Dyer presented a 20-year projection of SWP infrastructure investments including the original SWP capital costs, Delta Conveyance Project (DCP), and Sites Reservoir. The Board has stated desire to use as much cash financing as possible for these new investments, but also to look at the tax rate as something that is to decline over time if possible. The financial model curve shows that by 2044-2045 the rate could be reduced to \$0.08 per \$100 of assessed value, over time, should the Board decide. This results from the timing of infrastructure debt being paid off in coming decades and projects being built using current and anticipated reserves. The calculations reflect the requirement of cash reserves to cover one year of Statement of Charges plus a fund for catastrophic emergencies (about \$100 to \$110 million) while cash financing the two major pieces of infrastructure.

Based on analysis, staff recommends the Board consider lowering the tax rate by \$0.01 to \$0.11 per \$100 of assessed value, Ms. Dyer stated. It is a conservative, measured approach, with other considerations including the assumptions regarding evolving costs of the infrastructure projects and future maintenance.

With lowering the rate by \$0.01, SBV will still have about \$625 million in reserves to be comfortable being able to invest in the large infrastructure projects to secure reliable imported supplies, Ms. Dyer concluded.

Vice President Hayes noted that at last month's Sites Reservoir meeting, it was discussed that many water agencies have said that until the water rights are obtained, they will not put any new money into Sites. The project will run out of money within the next two years. She asked about the impact on the projected expenses. Ms. Dyer advised if there are no water rights, there is no project.

As the chair of the Environmental Planning Workgroup, Ms. Dyer assured the environmental is solid and said she is confident that it will be possible to prevail in the California Environmental Quality Act (CEQA) appeal, and the State will issue the water right. Sites Reservoir is 1.5 million acre-feet of new water storage and will never be easier to permit or cheaper to build. She expressed confidence that it will happen and encouraged continued participation.

Director Botello pointed out the chart shows an eventual reduction in reserves to \$109 million, and asked what is wrong with having a healthy reserve. He pointed out that there are uncertainties and money could be lost. He noted that the projected cost of Sites Reservoir had increased, and the cost of Delta Conveyance could also; there are

unknown future costs. He recalled that he and Director Longville had moved to reduce the rate last year, but things change. He suggested the Board be prudent, measured, and retain a healthy reserve.

Director Longville concurred with a measured approach and said she was confident in the General Manger's certainty that Sites will most likely be built. However, she said she was concerned that the DCP expenses will be significantly higher. If the tax rate is lowered, it may later have to go back up. She said she would like to give ratepayers some relief but is not comfortable decreasing it by one cent despite the good case for doing so.

President Kielhold pointed out the projection will not remain static for 20 years but will be reviewed regularly.

If these State Water projects are not built, the reserves can be used for other State Water infrastructure projects, President Kielhold continued. In addition to internal consideration, there is an external audience of taxpayers and retailers who comment on the size of the reserve. If projections show that there is enough to operate, for catastrophic recovery, and for Sites and the DCP, it is hard to say why the rate would not be decreased. He encouraged caution and agreed with a measured approach, as it is easier to reduce the rate than increase it.

The presentation shows that SBV has sufficient reserves for its needs and will grow at least as fast as needed, even at a lower ad valorem rate, President Kielhold noted.

Vice President Hayes pointed out that this Board's predecessors built the reserve, and this Board continues to build it. The goal was to cash pay both Sites and the DCP: clearly, there is not sufficient money for that now and bonds will be needed for at least some of the DCP, she said. Next, she said she heard that this cohort should not bear the full burden, as future generations will benefit from this and should pay in, also. Everything is more costly these days, much of the region is disadvantaged, and this is one of the largest things on the tax bill, she pointed out. The Board does its best to follow the example of former Board members, but also considers that those who will benefit will also need to pay some forward. One cent does not help the taxpayers much, but it is something: the Board cares enough to lower when everyone else is raising.

Ms. Dyer noted that the \$109 million ending reserve balance is based on current policy. The Board could reconsider the policy about the State Water Contract reserves, she reminded, which would make a big difference in the modeling.

Reserves are available now, and SBV will be able to cash finance Sites and at least a portion of DCP if the Board chooses, Ms. Dyer stated. She posited that there is discussion to have about considerations such as whether beneficiaries should pay into it. The Board may decide about using the regained RDA funds for investments in water reliability and resilience that support the growth and economic development of the area, which seems like a good argument regarding use of the funds.

Director Harrison suggested it is not as significant whether the rate is dropped by one cent or left the way it is at this point in time, as the projection horizon is 20 years. The reality is, the Board will consider this every year. Careful consideration will be made by the Board, and SBV has a very good CEO and CFO who have a good finger on the pulse. Building is ongoing and the assessed valuation is increasing significantly. If there is a need to raise the rate, it can be done. At this point in time, the CEO's recommendation sends a good message to the retailers and there is still an opportunity to make a correction next year.

Director Botello asked Ms. Saks if there had been an instance when the rate had to be raised more than two cents. Ms. Saks said she did not recall more than two cents, but there was a higher rate when payments were being made to fund the SWP East Branch Extension. In the event of unexpected costs, that kind of increase may have to be made, Director Botello noted. That hurts more than reducing it by one cent.

There is a responsibility to the general public to let them know why the reserve fund is so large, and convey the mission as a State Water Contractor, Director Botello stated. Lowering it one cent does not seem necessary at this point, he indicated.

Director Harrison said he thought it was incumbent on the retailers to understand that SBV was formed for an entirely different purpose and must look at that ultimate responsibility. If SBV does not provide the water, then the retailers are out of business and development will stop. SBV is obligated to ensure there is water now and for future generations, and retailers can continue to do their jobs.

Director Longville asked about the impact of not having the cash reserves available to cash fund the infrastructure projects. Ms. Saks explained there are payment plans with bonds paid over time with interest.

The financing decisions of the Board's predecessors have served the agency well, given they also faced unknowns, President Kielhold pointed out. He said he liked the spreading of responsibility to the next generation via financing in the future (a hybrid of cash and financing). Things could change over 20 years, and there is risk in lowering the rate, but he identified there is also risk in not lowering it. This Board can send a worthwhile message that in light of increasing assessed valuation, the RDA pass-throughs, and healthy interest return on large reserves, this is the one thing that can decrease. If there are sufficient reserves, it is important to send a message that the rate can be decreased.

The Board of Directors adopted Resolution 1184 lowering the debt service property tax rate by \$0.01 to \$0.11 per \$100 of assessed value for the 2024-2025 year by the following roll-call vote:

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

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 THE 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

(See Resolution Book)

Agenda Item 4. Future Business

The Board of Directors approved the request for review of the limit of the General Manager's signing authority for expenditures by the following roll-call vote:

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

Agenda Item 5. Adjournment

The meeting was adjourned by President Kielhold at 2:58 p.m.

APPROVAL CERTIFICATION

I hereby certify to approval of the foregoing Minutes of San Bernardino Valley Municipal Water District.

Secretary

Date _____

Respectfully submitted,

Lynda J. Kerney
Contract Assistant

**MINUTES
OF
THE
BOARD OF DIRECTORS WORKSHOP – POLICY / ADMINISTRATION
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

August 1, 2024

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

Directors Absent: None.

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager

Anthony Flordelis – Business Systems Analyst
Adekunle Ojo, MPA – Water Resources Manager
Karen Resendez, MAOL – Human Resources & Risk Manager
Andreea Tanase, MPA – Administrative Analyst I

Members of the Public in Attendance:

Melody McDonald, San Bernardino Valley Water Conservation District
Richard Babbe, PFM Asset Management
Joyce McIntire, Yucaipa Valley Water District
James Morales, East Valley Water District

The Policy/Administration Workshop of the Board of Directors was called to order by Chairperson Botello at 2:00 p.m.

Agenda Item 1. Introductions. Chair Botello introduced Mr. Babbe.

Agenda Item 2. Public Comment. None.

Agenda Item 3. Discussion and Possible Action Items.

3.1) Quarterly Investment Portfolio Update with PFM Asset Management. District financial advisor Richard Babbe from PFM Asset Management reviewed the quarterly investment portfolio activity. He assured the portfolio is safe, liquid, and performing well consistent with objectives. Mr. Babbe reported on interest rates and labor market trends.

Mr. Babbe responded to questions from Director Hayes regarding labor market and unemployment factors.

Mr. Babbe agreed with Chair Botello's characterization of the portfolio as steady, secure, and growing. He noted that it is important for the Board to evaluate its goals and reminded that it is his goal to provide the needed information for the Board to determine direction.

3.2) Consider Resolution No. 1185 Designating a Depository of District Funds and Authorized Personnel for Drawing Checks Thereon. Chief Executive Officer/General Manager Heather Dyer requested the Board approve Resolution 1185 in order to add Assistant General Manager/Chief Operating Officer Wen Huang to replace the recently retired Chief Information Officer as a designated signer, authorized to draw funds from the District's accounts.

Each check requires two signatures, Ms. Dyer noted.

The Board of Directors approved Resolution No. 1185 Designating a Depository of District Funds and Authorized Personnel for Drawing Checks Thereon by the following roll-call vote:

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

RESOLUTION NO. 1185

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT DESIGNATING A DEPOSITORY OF DISTRICT FUNDS AND AUTHORIZED PERSONNEL FOR DRAWING CHECKS THEREON

(See Resolution Book)

3.3) Consider Resolution No. 1186 Designating an Updated Expenditure Authority to the CEO/General Manager. CEO/General Manager Heather Dyer introduced the potential increase in the General Manager's signing authority. After conferring with Chief Financial Officer/Deputy General Manager Cindy Saks, it was determined the suggested amount would be \$75,000, which is subject to the Board's discretion. The last time a signing authority was set was in 2016, and prices and costs of services have significantly increased.

This would help staff work more efficiently to be able to get projects moving through the system, Ms. Dyer said, and reminded that every item signed under her authority is included in the Board-approved budget. Adoption of Resolution 1186 would rescind Resolution 1048 from 2016.

Director Hayes asked if there were comparable amounts from other CEOs. Ms. Dyer stated it is usually in the range of \$100,000. The directors considered a higher number but concurred with the staff recommendation.

The Board of Directors approved Resolution 1186 Designating an Updated Expenditure Authority to the CEO/General Manager of \$75,000 by the following roll-call vote:

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

RESOLUTION NO. 1186

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT DESIGNATING EXPENDITURE AUTHORITY TO THE CHIEF EXECUTIVE OFFICER / GENERAL MANAGER.

(See Resolution Book)

Agenda Item 4. Reports.

4.1) Committee Reports

- **Cost of Service Study:** Director Longville reported the committee has met three times and has been working with staff to develop the scope of the study. The purpose of the proposed study is to evaluate expenses, revenues, current cost structure, and business model considering future revenue needs, especially in the general fund which is used for local projects. It will also evaluate new approaches or structures to fund local projects and programs that are necessary to meet long-term water supply needs and groundwater basin management responsibilities.

There is a range of regional and collaborative projects that do not currently have a defined funding mechanism to cover associated costs. Weaver Basins,

Watermaster obligations, and recharge/new stormwater capture programs (PERC) are some of those projects.

The committee has identified and met with a consultant who works extensively with other State Water Contractors and has experience. The Committee believes it is on track with this consultant and it is expected that an item will be brought to the Board at the August 13 meeting to discuss the proposed scope and consider approval of a consultant agreement.

- Recycled Water Committee: President Kielhold reported that the Committee did not meet.
- SAWPA Project Agreement 23: President Kielhold reported that the Committee did not meet.

Agenda Item 5. Future Business. None added.

Agenda Item 6. Adjournment

The meeting was adjourned by Chair Botello at 2:35 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>
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Respectfully submitted,

Lynda J. Kerney
Contract Assistant

**MINUTES
OF
THE
BOARD OF DIRECTORS WORKSHOP – RESOURCES/ENGINEERING
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

August 13, 2024

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

Directors Absent: None

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Wen B. Huang, PE, MS – Assistant General Manager/Chief Operating Officer
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager
Greg Woodside, PG, C.Hg. – Chief of Planning and Watershed Resilience

Anthony Flordelis – Business Systems Analyst
Sayer Pinto, MBA – Principal Water Resources Analyst
Andreea Tanase, MPA – Administrative Analyst I

Members of the Public in Attendance:

Melody McDonald, San Bernardino Valley Water Conservation District
John Longville, San Bernardino Valley Water Conservation District
Joyce McIntire, Yucaipa Valley Water District
Allison Edmisten, Yucaipa Valley Water District
Ron Coats, East Valley Water District
Charles Diamond, Water Resources Economics (WRE)
Miguel Guerrero, San Bernardino Municipal Water Department

The Resources/Engineering Workshop of the Board of Directors was called to order by Chairperson June Hayes at 2:00 p.m.

Agenda Item 1. Introductions. John Longville of the San Bernardino Valley Water Conservation District introduced himself.

Agenda Item 2. Public Comment. None.

Agenda Item 3. Discussion and Possible Action Items.

3.1) Consider an Agreement with Water Resources Economics to prepare a Cost of Service and Rate Design Study. Chief of Planning and Watershed Resilience Greg Woodside reminded the Board there are a range of regional and collaborative activities for which there are currently no defined funding mechanisms. He gave the examples of the Basin management and Watermaster obligations, recharge of recycled water and new local stormwater recharge projects and pointed out the Strategic Plan Goals and Objectives includes “Building affordable and equitable local water supply projects.”

Mr. Woodside noted the proposed Cost of Service study includes local water supply projects and other activities. He explained Watermaster responsibilities and related staff time, and construction and maintenance of the Weaver Basins, neither of which has a defined funding mechanism.

In addition, the volumetric rate at which SBV sells State Water Project water has not been updated in more than 20 years, Mr. Woodside advised. The rate does not reflect inflation and increased costs over time.

The Cost-of-Service study would evaluate expenses, revenues, and current cost structure and business model, considering future revenue needs, Mr. Woodside continued. The study would also evaluate potential new approaches or structures to fund the Agency’s local projects and programs that are necessary to meet long-term water supply needs and groundwater basin management responsibilities.

Mr. Woodside reviewed the background for development of the scope of work by an ad hoc committee and identification of a consultant with specialized expertise. He detailed the 10 identified tasks for the Cost of Service and Rate Design study:

- Develop a financial model
- Identify cost centers and allocation methodologies
- Review State Water Project costs
- Assess new and current revenue sources
- Assess needs for Capital Reserve funds for local projects, and repair/maintenance
- Conduct cost of service analysis in accordance with industry standards to connect cost to recovery
- Develop water rates based on the Board’s policy objectives
- Document findings in Rate Study report to support adoption of the rate
- Stakeholder meetings to facilitate a collaborative process
- Additional consultant time and in-person meetings

To the extent possible, meetings will be held virtually to be more cost-effective, Mr. Woodside advised.

He directed attention to the proposal from Sanjay Gaur, Water Resources Economics (WRE), and highlighted the consultant’s experience. This is expected to be a two-year project, and the contract is on a time and materials basis.

Assistant General Manager/Chief Operating Officer Wen Huang reiterated the rates were last set 20 years ago, and advised there is a lot of work to be done to update. He mentioned potential replenishment charges for the Basin, but noted everything will be reviewed in depth, all options analyzed, and the process furthered via the ad hoc committee, then coming back to the Board.

CEO/General Manager Heather Dyer advised the agency has never done a study like this, and over the last few years has come to understand future challenges and opportunities to manage the Basin in a proactive way; however, due to Prop. 13 and other happenings over the years, SBV does not have the financial structure to support some of those recharge efforts. This iterative process will be a much more broad and long-term strategy for the many different roles the agency plays. To meet the mission and to remain financially sustainable over time, all these things will be examined, but may not necessarily be implemented, she advised.

Director Botello noted 42 percent of the total budget is for stakeholder meetings. He said he supported public outreach but encouraged piggybacking on existing meetings to avoid duplication of effort. He requested more details at a later meeting.

Director Botello also pointed out this is an opportunity to redefine or rename restricted funds to be more explanatory and call out large infrastructure projects.

Director Botello encouraged a measured, baby steps approach to adjustment in rates. Mr. Woodside indicated staff would work this into the process.

Director Longville reiterated the ad hoc Cost of Service Committee has been involved with the development of the tasks, and they are exactly the right method to get what the Board requires. She suggested consideration of water efficient households in the new financial model as Making Conservation a California Way of Life is being implemented, using a tiered ad valorem for those who are investing money and time into being water efficient households.

Ms. Dyer advised that recommendations will be made to the Board in conjunction with the consultant and determined by the study. Staff will likely be bringing pros and cons of all viable options to the Board for consideration. It will not be easy or quick but will sustain the agency with a sound financial structure for future decades, she advised.

In response to Director Harrison, Mr. Woodside noted only this consultant had been considered as he was identified as having the desired expertise, as it is a small field. Other wholesale water agencies have examined a replenishment assessment, he assured. Ms. Dyer added that Coachella Valley Water District has several types of fees that fund specific purposes, as does Santa Clara Valley Water – which actually went back to the voters and obtained a new ad valorem to cover those costs. Other agencies also apply a replenishment assessment, and the Chino Valley Watermaster charges an annual fee to their agencies. Within the task, other agencies' activities will be studied to determine what the options are, then decide which are most feasible and best for this agency.

President Kielhold assured the Board will be the decision maker. He said it is a good time to look at revenue sources. Historically, SBV has been funded by property tax, which was based on generalized assumptions, but there are now many other factors that affect water consumption besides assessed valuation. This will allow consideration of which portion of costs should be borne by which revenue stream.

Director Harrison noted it is important for those directors not serving on the Committee to acknowledge the work that has been done to get to this point. It seems to be a thorough set of tasks, he stated, and said a two-year process allows time to consider. He also noted the challenge of bringing the customers along.

Director Longville acknowledged the large amount budgeted for stakeholder meetings, which is because the Committee understands and expects robust conversations with stakeholders, and that is where it will be determined what is or is not acceptable.

Director Botello agreed with Director Longville's suggestion to consider conservation and mentioned dual meters. He hoped the study would look at everything, including going to the voters.

Chair Hayes advocated clarification of what is being paid for when for the purpose of equity. Ms. Dyer noted staff has heard the Board indicate this is something to investigate. It is complex, and it is unknown if it is possible to have a tiered ad valorem, but this is one of the issues that could define potential paths and will be discussed in the study. Chair Hayes emphasized the need for clear, equitable, and transparent processes.

Mr. Charles Diamond of WRE advised that most of the Board's comments so far fit under Task 4, assessment of new and current revenue sources. This conversation helps potentially guide the examination of potential new revenue streams, he added.

The Board of Directors authorized the CEO/General Manager to execute an agreement with Water Resources Economics, LLC, for an amount not to exceed \$192,120 to prepare a Cost of Service and Rate Design Study by the following roll-call vote:

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

Agenda Item 4. Future Business. None.

Agenda Item 5. Adjournment.

The meeting was adjourned by Chair Hayes at 2:48 p.m.

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

August 20, 2024

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 – Assistant General Manager/Chief Operating Officer
Jose Macedo, ML, CPT-P (USA Retired) – Chief of Staff/Clerk of the Board
Michael Plinski, PE – Chief of Water Resources

Leo Ferrando, PE – Assistant Chief Engineer
Anthony Flordelis – Business Systems Analyst
Greg Herzog – Principal Water Analyst
Isabelle Huang – Intern
Kelly Malloy, MPA – Strategic Communications Manager
Adekunle Ojo, MPA – Water Resources Manager
Andreea Tanase, MPA – Administrative Analyst I

Brad Neufeld, Varner & Brandt, District Legal Counsel
Mary Salamone, Procopio

Members of the Public in Attendance:

John Longville, San Bernardino Valley Water Conservation District
Melody McDonald, San Bernardino Valley Water Conservation District
Jennifer Ares, Yucaipa Valley Water District
Allison Edmisten, Yucaipa Valley Water District
James Morales, East Valley Water District
David Armstrong, South Mesa Water Company
Larry Smith, San Gorgonio Pass Water Agency
John Harris, City of Redlands

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

Agenda Item 1. Public Comment: None.

Agenda Item 2. Consent Calendar

2.1) Approve Minutes of the Regular Board of Directors Meeting - June 4, 2024

2.2) Approve Minutes of the Board of Directors Workshop - Policy/Administration - June 6, 2024

2.3) Approve Minutes of the Board of Directors Workshop - Resources-Engineering - June 11, 2024

2.4) Approve Minutes of the Regular Board of Directors Meeting - June 18, 2024

2.5) Approve Minutes of the Board of Directors Workshop - General Fund - June 20, 2024

2.6) Approve Minutes of the Board of Directors Workshop - Resources-Engineering - July 9, 2024

The Board of Directors approved the Meeting Minutes on the Consent Calendar by the following roll-call vote:

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

Agenda Item 3. Reports. (Discussion and Possible Action Items.)

3.1) CEO/General Manager's Report. Chief Executive Officer/General Manager Heather Dyer reported:

- Ms. Dyer received the Regional Policy Award from the Ecological Society of America, and she recognized the work of staff and support of this Board in supporting high quality scientific initiatives
- Staff participated in the Building Industry Association Southern California Water Conference
- Attended the World Water Congress in Toronto and moderated a panel on California Water Resilience
- Staff hosted a tour of the Santa Ana River Enhanced Recharge Phase 1-B facilities for partner elected officials from Riverside and Redlands. Riverside Public Utilities is about a 24 percent share of the water rights and project cost

- Several staff plus two directors attended the Forecast Informed Reservoir Operations (FIRO) annual meeting which brings together all scientific experts and stakeholders to promote better use of reservoir space to increase water supply
- The annual Western San Bernardino Watermaster Report for Calendar Year 2024 was submitted ahead of deadline
- Newly hired Principal Water Resources Analyst and local watershed expert Greg Herzog was introduced
- Heather upcoming speaking engagements:
 - August 21- Urban Water Institute on statewide collaboration to promote generational water investments
 - September 17- WaterReuse California Conference on lessons learned from water reuse as a groundwater replenishment source and the Regional Recycled Water Project
 - October 7- Western Groundwater Congress on the Enhanced Recharge Project

Director Botello and Director Harrison welcomed Mr. Herzog.

President Kielhold suggested a public announcement about the status of the Enhanced Recharge Project. Ms. Dyer agreed and said construction is close to completion. A ribbon cutting event will be planned in the fall.

3.2) State Water Project Report. Chief of Water Resources Michael Plinski reported the following for the month of July 2024:

July	acre-feet (af)
Imported State Project Water (SPW) delivered to the District	8,404
Total SPW delivered to date this year	28,000
Santa Ana River diversions	1,365
Total Santa Ana River Recharge	9,596
Recharge	24,000
Groundwater production	490
Direct deliveries (29 percent year-to-date)	7,709

Mr. Plinski noted that high deliveries will need to continue in August, September, and October, and will taper off in December.

Mr. Plinski pointed to the report showing specific areas where the water is being recharged, which was added in response to retailer request. Director Longville indicated this information is helpful.

The monthly State Water Project updates are being provided to the retailers, Mr. Plinski added.

Mr. Plinski and Vice President Hayes commended Operations staff.

3.3) Directors' Report of Activities and Travel Requests in accordance with Resolution 1100.

Director Longville reported that she attended:

- July 24 – Southern California Water Dialogue - Climate Resiliency Bond Update
- July 25 – Climate Center webinar – Phasing out Oil Refining in California
- July 30 – Best Best & Kreiger (BBK) webinar on PFAS
- July 31 – California Environmental Protection Agency webinar - Bridging Science to Action
- August 5 – Basin Technical Advisory Committee (BTAC)
- August 7 – Squeezing the Last Drop webinar – Orange County Water District
- August 9 – Building Industry Association (BIA) Southern California Water Conference
- August 15 – West Valley Water District
- August 20 – State Water Resources Control Board meeting - Sites Reservoir

Director Botello reported that he attended:

- August 1 – Farewell to Director Channing Hawkins at West Valley Water District
- August 7 – San Bernardino City Council Meeting
- August 9 – Building Industry Association (BIA) Southern California Water Conference
- August 14 – Chronicles from Nature’s Phoenix – Unraveling the Climate-Fire Nexus
- August 19 – Sites Reservoir water right permit public hearing

Director Harrison reported that he attended:

- July 23 – Highland Chamber of Commerce meeting
- July 24 – National Habitat Conservation Board Meeting
- August 1 – Farewell to Director Channing Hawkins at West Valley Water District
- August 2 – Redlands Chamber of Commerce Meeting
- August 2 – California Special Districts Association (CSDA) Legislative Committee Meeting
- August 2 – Habitat Conservation Plan (HCP) Government Relations Committee Meeting
- August 5 – Basin Technical Advisory Committee (BTAC)
- August 6-7 – Forecast Informed Reservoir Operations (FIRO)

- August 8 – Policy Committee Meeting
- August 9 – Building Industry Association (BIA) Southern California Water Conference
- August 13 – Loma Linda City Council meeting
- August 14 – Grand Terrace Chamber of Commerce meeting
- August 15 – CSDA Bylaws Committee
- August 19 – Association of San Bernardino County Special Districts Board meeting
- August 20 – Santa Ana Watershed Project Authority (SAWPA)

Vice President Hayes reported that she attended:

- July 23 – CNRA (California Natural Resources Agency)
- August 1 – Farewell to Director Channing Hawkins at West Valley Water District
- August 1 – West Valley Board meeting
- August 2 – Orange County Water Advisory Committee
- August 6-8 – Forecast Informed Reservoir Operations (FIRO)
- August 9 – Building Industry Association (BIA) Southern California Water Conference
- August 15 – West Valley Water District
- August 16 – Sites Reservoir online meeting

President Kielhold reported that he attended:

- July 10 – San Bernardino Valley Water Conservation District
- July – CSDA Meeting on cybersecurity
- July – Conservation Trust

3.4) General Counsel Report. District Legal Counsel Brad Neufeld reported that the California Supreme Court unanimously ruled that public agencies are exempt from California's Private Attorneys General Act penalties. In addition, the Labor Code provisions relating to meal and rest breaks and related statutes governing the prompt payment of wages also do not apply to public agencies. The Court also held that public agencies are not persons and therefore cannot be sued under California's unfair competition law.

3.5) Ad-Hoc and Standing Committee Reports.

- Headwaters Resiliency Partnership – Director Longville reported:
 - US Fish & Wildlife Service is beginning a process to look at speckled dace to determine if they are threatened
 - Metropolitan Water District is proposing to the Board to invest \$200,000 per year for two years working with Blue Forest Conservation on a variety of projects

3.6) SAWPA Meeting Report. Director Harrison reported:

- Approved the following:
 1. For R-01 Brine Line Operating Reserve set target to \$2,291,108 based on 25% of total operating expenses of \$9,164,430 for FYE 2025 (increase of \$111,449) and continue to accrue interest,
 2. For R-07 Pipeline and Replacement and Capital Investment Reserve set the minimum and target limits to \$18,884,000 and \$46,364,000 based on the new CIP amount of \$69 million, based on Engineering's review, and
 3. Approve the funding levels (as of June 30, 2024) above the target levels and continue to accrue interest in FYE 2025 for the following reserve funds:
 - a. R-02 Brine Line Debt Service Reserve
 - b. R-04 Pipeline Capacity Management Reserve
 - c. R-05 OC Future Treatment & Disposal Capacity Reserve
- Authorized the General Manager to accept the FS Contractors, Inc., work on the Irrigation Replacement and Landscape Refresh Project as complete and direct staff to file a Notice of Completion with the Riverside County Clerk upon the following:
 1. Contractor has delivered all documents required by the Contract Documents; and
 2. Notice from Landscape Architect accepting the work; and
 3. Receipt of Final Application for Payment from the Contractor; and
 4. Notice from the Construction Manager recommending final payment.
- Received Informational Report on the following:
 - Santa Ana River Conservation and Conjunctive Use Program Update

Vice President Hayes asked about an update on the status of the cloud seeding project. Director Harrison indicated that a preliminary report on the efficacy is expected at the next Commission meeting.

3.7) Treasurer's Report. Director Harrison gave the report.

The Board approved the following expenses for the month of June 2024: State Water Contract Fund \$8,936,160.00 and General Fund \$4,499,665.44 by the following roll-call vote:

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

Agenda Item 4. Future Business. None added.

Agenda Item 5. Announcements.

5.1) List of Announcements. Chief of Staff/Clerk of the Board Jose Macedo pointed out the list of announcements.

Agenda Item 6. Closed Session. District Counsel Brad Neufeld announced the Closed Session.

6.1) Conference with Legal Counsel - Anticipated Litigation

Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9
One Potential Case

President Kielhold returned the meeting to Open Session at 3:49 p.m.

Counsel Brad Neufeld reported that no reportable action was taken.

Agenda Item 7. Adjournment.

The meeting was adjourned by President Kielhold at 3:49 p.m.

APPROVAL CERTIFICATION

I hereby certify to approval of the foregoing Minutes of San Bernardino Valley Municipal Water District.

Secretary

Date _____

Respectfully submitted,

Lynda J. Kerney
Contract Assistant

DATE: September 3, 2024

TO: Board of Directors

FROM: Heather Dyer, CEO/General Manager
Wen Huang, Chief Operating Officer/Assistant General Manager
Michael Plinski, Chief of Water Resources

SUBJECT: Consider Declaring Up to 15,000 Acre-Feet of State Water Project Water as Surplus in Calendar Year 2024 and Consider Authorizing a 2024 Water Transfer Agreement with Westside Districts for an amount up to 15,000 Acre-Feet, based on availability

Staff Recommendation

Based on this year's water supply conditions and State Water Project (SWP) system constraints, staff recommends the Board consider the following two items:

1) Declare an amount, up to 15,000 acre-feet, of SWP water surplus to our ability to use this water within our service area within Calendar Year 2024, and authorize staff to determine the specific amount based on our ability to deliver and recharge water locally within our service area and in consideration of DWR's storage limits at San Luis Reservoir; and,

2) Authorize the CEO/General Manager to execute a 2024 Water Transfer Agreement with Westside Districts and associated documents with DWR for the amount determined as stated above.

Summary

Staff has identified a need for the Board of Directors to consider declaring up to 15,000 AF of SWP water surplus in Calendar Year (CY) 2024 as a strategy to avoid losing that water to "spill", or the water flowing out of San Luis Reservoir to the ocean. This strategy would ensure that the investment made by our taxpayers in the SWP infrastructure does not go to waste and every drop of SWP water available to us this year is put to beneficial uses either by our region where possible, or by other users within our state that have a need for additional water this year. Our recommendation is based on the projection of approximately 35,000 acre-feet of SWP water remaining at the end of 2024. This is additional water available after all direct delivery orders by the retail agencies are met and after we have recharged as much imported water as possible within our service area. We plan to save 20,000 acre-feet in San Luis Reservoir as "carryover" for CY

2025, which leaves approximately 15,000 acre-feet of water that is surplus to our likely ability to effectively deliver, recharge, or store this year.

Should the Board approve up to 15,000 acre-feet of SWP water surplus, Staff recommends the Board authorize the CEO/General Manager to execute the 2024 Water Transfer Agreement with Westside Districts for transferring up to 15,000 acre-feet at a sales price of \$500 per acre-foot within CY 2024 and associated documents with DWR.

Ordinance 79 provides procedures for the declaration and the sale of SBV's surplus water. Per Ordinance 79, all proceeds from surplus water sales shall be paid into SBV's "Basin Management Fund" which would be used to offset the cost of future imported water purchases. By declaring surplus and developing a Water Transfer Agreement or Water Transfer Agreements, SBV, on behalf of our customers, will proactively take necessary steps to eliminate or reduce the amount of water that cannot be carried over into CY 2025.

Background:

Surplus up to 15,000 AF SWP water

CY 2024 supplemental water available to SBV's service area is approximately 95,000 acre-feet, which includes about 41,000 acre-feet from this year's Table 'A', approximately 51,000 acre-feet from carryover in 2023, and about 2,900 acre-feet in the Kern-Delta Groundwater Bank. In the first 6 months of 2024, SBV has delivered about 20,000 acre-feet of SWP water. SBV staff, with input from our retail water agencies, anticipates SWP deliveries will exceed 40,000 acre-feet in the second half of the year. Therefore, it is anticipated that more than 60,000 acre-feet will be delivered to our service area in CY 2024. This is a realistic but aggressive plan.

Based on those projections, it is anticipated that about 35,000 acre-feet of SWP water will be remaining at the end of 2024 after all direct delivery orders are met and SWP recharge is maximized with the expected recharge capacity of available spreading basins within SBV's service area in 2024 (i.e. 95,000 acre-feet of water supply less 60,000 acre-feet of anticipated deliveries). In anticipation of potential surplus SWP water, SBV staff has met and discussed with our retail water agencies their interest in purchasing additional SWP water in CY 2024. No additional SWP orders have been received.

DWR limits the amount of carryover that can occur from one year to the next. When the current year's Table 'A' allocation is less than 50%, carryover is limited to 25% of the agencies Table 'A' amount. In CY 2024, the Table 'A' allocation was 40%. Given that SBV's Table 'A' amount is 102,600 acre-feet, SBV can carry over up to 25,650 acre-feet from CY 2024 to CY 2025. Carryover

water will be stored in DWR's San Luis Reservoir and is subject to spill depending on the hydrology that feeds the SWP system. In CY 2024, any amount of unused SWP greater than 25,650 acre-feet can't be carried over to CY 2025 and will be considered lost.

SBV staff typically targets for about 15,000 acre-feet of carryover each year, when available, to ensure adequate SWP water is available for direct deliveries to our Retail Water Agencies in the subsequent year, regardless of the future year's Table 'A' allocation. With changing climate conditions and extended dry periods, SBV staff proposes to plan for about 20,000 acre-feet of carryover from CY 2024 to CY 2025. SBV staff is not recommending to plan for the maximum carryover of 25,650 acre-feet due to the uncertainty of SWP deliveries within SBV's service area through the rest of the year and the potential risk of losing this water to spillage out of the San Luis Reservoir. Should there be challenges in making the anticipated deliveries through year end, up to 5,650 acre-feet can be included as additional carryover. In contrast, if the plan is to store the maximum carryover allowed by DWR and subsequent delivery challenges occur, or we get several large storms later this year or beginning of next year – water, and its value to our taxpayers, could be permanently lost.

Ordinance 79 provides procedures for the declaration and the sale of SBV's surplus water which have been implemented to date. First, as this year's water availability became clear, SBV staff reached out multiple times to the retail agencies to inquire if they would like to purchase additional water for delivery or recharge. Staff also reached out to see if neighboring agencies, such as Metropolitan Water District of Southern California and San Geronio Pass Water Agency, might want to purchase water. However, they too have water surplus this year and declined.

On August 5, 2024, staff made a presentation to the Basin Technical Advisory Committee (BTAC) to explain the challenges of this high SWP allocation year in consideration of the conveyance and storage constraints put in place by DWR. Staff received a range of feedback, and several retail agency General Managers expressed their desire for SBV to find a way to recharge the 15,000 acre-feet of proposed surplus. However, we do not believe this is feasible based on many factors and reiterated that, based on our calculations, there is a high likelihood that a portion of our water will spill if a proactive approach to an alternative use is not implemented. Staff appreciated the comments and suggestions received at the meeting and agree that direct deliveries and recharging our local groundwater basins should, and will be, top priority. As stated above, we will recharge the maximum amount possible this year and deliver the water ordered by our customers. We will also continue to develop our long-term strategy to increase local recharge capacity for imported, recycled, and local stormwater which will provide tremendous replenishment value to the groundwater basin, but requires both time and funding to complete, which will continue to be

discussed in the upcoming Basin Optimization Plan efforts. However, in this current calendar year, there is a great risk of spilling some portion of our SWP water allocation, which would be a total loss of our taxpayers' investment in that water and would be a loss of beneficial uses that could be derived by other water districts that support agriculture in California this year, if we make it available for sale.

Therefore, Staff recommends that the Board of Directors consider declaring up to 15,000 acre-feet of SWP water surplus in CY 2024 to minimize or eliminate a potential loss to spills and ensure every drop of SWP water available is put to beneficial uses, either by our region or elsewhere. This could generate up to \$7,500,000 in revenue, which would be secured in the dedicated Basin Management Fund within our general fund budget for projects benefitting the water supply reliability and sustainability within the region and reducing long-term costs of water for our taxpayers.

Water Transfer Agreement with Westside Districts

Formed in 2020, the Westside Districts are a public agency comprised of the Dudley Ridge Water District, Berrenda Mesa Water District, Lost Hills Water District, Belridge Water Storage District, and Wheeler Ridge-Maricopa Water District. The Westside Districts are located along the California Aqueduct north-west of the city of Bakersfield. Berrenda Mesa Water District, Lost Hills Water District, and Belridge Water Storage District are member units of the Kern County Water Districts (KCWA). KCWA and Dudley Ridge Water District are State Water Contractors.

One principal service that the Westside Districts provide is to secure dependable and affordable sources of water for their member agencies. The Westside Districts receive most of their water supplies from the SWP to meet agricultural demands in the Central Valley. Some of the crops supported by the Westside Districts include almonds, grapes, lavender, navel oranges, pistachios, pomegranates, raisins, and tangerines. With limited local water resources and a Table 'A' allocation of 40%, the Westside Districts are in need for additional SWP water in CY 2024.

The Westside Districts are interested in additional SWP water in CY 2024. SBV and the Westside Water Districts have prepared the attached 2024 Water Transfer Agreement for consideration by the Board of Directors. SBV may be willing to transfer SWP water to the Westside Districts on the terms and conditions set forth in the attached 2024 Water Transfer Agreement. The Westside Districts acknowledge that SBV is entitled to exercise sole discretion at any time to decline, limit,

or curtail water transfers. Similarly, SBV acknowledges that the Westside Districts shall purchase transfer water at its sole discretion.

The Water Transfer Agreement has been reviewed by House Counsel, Varner & Brandt. DWR's written approval of this Agreement, including the terms and conditions herein, is a condition precedent to the effectiveness of this agreement. DWR's approval shall be provided in the form of the SWP Agreement between DWR, SBVMWD, Dudley Ridge, and KCWA.

Summary of Key Terms of the 2024 Water Transfer Agreement with the Westside Districts

- SBV agrees to transfer up to 15,000 acre-feet of SWP water at SBV's sole discretion.
- The Westside Districts agree to purchase up to 15,000 acre-feet at the Westside District's sole discretion.
- Transfers will conclude on or before December 31, 2024.
- The Point of Transfer for this agreement shall be the Banks Pumping Plant, Reach 1 of the California Aqueduct.
- SBV will be responsible for all charges associated with the conveyance of transfer water to the Point of Transfer.
- The Westside Districts will take possession of the transferred water at the Point of Transfer and will be responsible for all charges associated with conveyance of the transferred water downstream from the Point of Transfer.
- The Westside Districts have agreed to pay SBV \$500 per acre-feet for all transferred water delivered to the Point of Transfer by SBV.

District Strategic Plan Application

This item is consistent with San Bernardino Valley's desire to work collaboratively to proactively manage a diverse, adaptable water supply portfolio to maximize the value of the region's water assets.

Fiscal Impact

Revenue from this water transfer may range from \$0 up to \$7,500,000 depending on how much water is transferred from SBV to the Westside Districts in CY 2024. In accordance with Ordinance 79, all proceeds for surplus water sales shall be paid into SBV's Basin Management Fund to offset the cost of future imported water purchases.

Attachment

2024 Water Transfer Agreement with the Westside Districts

[SBVMWD Letterhead]

August 20 2024

Mr. Mark Gilkey
General Manager
Dudley Ridge WD, Berrenda Mesa WD, Lost Hills WD, and Belridge WSD
5555 California Avenue, Suite 209
Bakersfield, CA 93309

Mr. Sheridan Nicholas
Engineer-Manager
Wheeler Ridge–Maricopa Water Storage District
12109 Highway 166,
Bakersfield, CA 93313

Subject: 2024 Westside District/SBVMWD Water Transfer Agreement

Dear Mr. Gilkey and Mr. Nicholas,

This letter agreement (“Agreement”) documents and confirms the agreement that has been reached between the San Bernardino Valley Municipal Water District (“SBVMWD”) and Dudley Ridge Water District, Berrenda Mesa Water District, Lost Hills Water District, Belridge Water Storage District, and Wheeler Ridge-Maricopa Water District (collectively “Westside Districts”) for a transfer of a portion of SBVMWD’s State Water Project water supplies to the Westside Districts upon the terms and conditions set forth herein.

BACKGROUND AND PURPOSE

SBVMWD, Kern County Water Agency (“KCWA”) and Dudley Ridge Water District (“Dudley Ridge”) are State Water Project Contractors (hereinafter called “State Water Project Contractors”) that receive water deliveries from the State Water Project (“SWP”). Berrenda Mesa Water District, Lost Hills Water District, Belridge Water Storage District, and Wheeler Ridge-Maricopa Water District are sometimes hereinafter called “Member Agencies,” as these agencies receive State Water Project water supplies through the KCWA.

As of the date of this Agreement, the California Department of Water Resources (“DWR”) has approved an allocation of water from the SWP to the State Water Project Contractors of 40% for calendar year 2024. For SBVMWD, that equals a SWP Table A allocation of 41,040 acre-feet (“AF”). In addition, SBVMWD has access to other SWP water supplies this calendar year and anticipates having access to SWP water supplies in 2025, although the exact Table A allocation volume, and volume/availability of other SWP water supply classifications, is currently unknown for 2025.

With the Table A allocation SBVMWD is receiving in 2024, SBVMWD anticipates being able to meet all local service area demands for 2024. Moreover, the Westside Districts are interested in acquiring additional SWP water supplies in 2024. Therefore, SBVMWD and the Westside Districts have agreed that up to 15,000 AF of SBVMWD's SWP water supplies will be made available for transfer to the Westside Districts for delivery, subject to the terms and conditions hereinafter set forth.

TERMS AND CONDITIONS

1. Conditions Precedent

- a. DWR's written approval of this Agreement, including the terms and conditions herein, is a condition precedent to the effectiveness of this Agreement. DWR's approval shall be provided in the form of the SWP Agreement between DWR, SBVMWD, Dudley Ridge, and KCWA. Said SWP Agreement may be a single agreement or multiple agreements depending on DWR's preference.
- b. This Agreement is also contingent upon KCWA's execution of the respective SWP Agreement on behalf of the Member Agencies. It shall be the Member Agencies' responsibility to work with the KCWA on obtaining KCWA's approval of said SWP Agreement. The Member Agencies represent they have coordinated with the KCWA on this transfer and that KCWA is willing to facilitate this transfer.
- c. SBVMWD and each of the Westside Districts agree to cooperate with DWR and with each other in the preparation, review and execution of the SWP Agreement with DWR, and with the processing of such other approvals as may be necessary to affect the water transfer described herein.

2. Water Transfer to Westside Districts

- a. SBVMWD shall make available up to 15,000 AF of its SWP water supplies available for purchase ("Transferred Water") by the Westside District. Said supplies are on an "as available" basis at SBVMWD's sole discretion.
- b. Capacity for the delivery of Transferred Water to the Westside Districts is on an "as available" basis, subject to higher priority deliveries of the Westside Districts. Such higher priorities include SWP water (Table A, Article 21, and local supplies) allocated to the Westside Districts and other transfers/exchanges to the Westside Districts with more favorable terms than the Transferred Water.
- c. The Westside Districts shall determine amongst themselves the allocation of the Transferred Water. Water transferred under this Agreement can be requested and scheduled in multiple blocks and throughout the Term (as defined below), subject to available water volumes as per section 2(a) of this Agreement.

- d. Conveyance of Transferred Water is subject to any capacity limitations imposed by DWR.

3. Term

This Agreement shall begin on the date DWR approves the transfer contemplated herein or on September 1, 2024, whichever occurs earlier, and shall terminate on December 31, 2024.

4. Point of Transfer

The Point of Transfer shall be the Banks Pumping Plant, Reach 1 of the California Aqueduct. The parties may agree in writing to an alternate point of transfer location, subject to DWR's approval. SBVMWD shall be responsible for all charges associated with the conveyance of Transferred Water to the Point of Transfer. The Westside Districts shall take possession of the Transferred Water at the Point of Transfer and be responsible for all charges associated with conveyance of the Transferred Water downstream from the Point of Transfer.

5. Payment

- a. The Westside Districts shall pay SBVMWD \$500 per AF for all Transferred Water delivered to the Point of Transfer by SBVMWD.

It should be noted that this Agreement identifies the **maximum amount** of SWP water that may be transferred by SBVMWD to the Westside Districts. Actual delivery of SWP water by SBVMWD to the Westside Districts, however, may vary due to those conditions set forth in sections 2(a), 2(b), and 2(d).

The Westside Districts and SBVMWD make no guarantees that any or all the Transferred Water will be requested for delivery or delivered to the Point of Transfer. The Westside Districts shall not be responsible for any amount of SWP water not requested for delivery to the Point of Transfer. SBVMWD shall not be responsible for any amount of SWP water requested but not delivered to the Westside Districts.

- b. SBVMWD shall be responsible for all conveyance costs up to the Point of Transfer, including the SWP delivery costs. The Westside Districts shall be responsible for all conveyance costs downstream of the Point of Transfer, including the SWP delivery costs.

In the case where either SBVMWD or the Westside Districts (by and through KCWA/Dudley Ridge) is charged by DWR for SWP delivery costs for which the other party is responsible per this Agreement, both parties agree to reconcile those charges, and make appropriate payments/credits to the other party once those charges are known.

- c. Once the final volume of Transferred Water is known and reconciled by the parties, SBVMWD shall invoice the Westside Districts for the reconciled amount of Transferred Water that was delivered to the Point of Transfer by SBVMWD. All SBVMWD invoices shall be due and payable within 45 days of receipt. SBVMWD shall send all invoices to the following address in electronic format:

Westside Districts
Jamie Marquez
jmarquez@westsidewa.org

- d. SBVMWD and the Westside Districts shall be responsible for their own internal and/or transaction costs associated with the transfer contemplated herein. This includes each entity's own legal and consulting costs incurred in the preparation, review, and implementation of this Agreement.

6. CEQA Compliance

SBVMWD and the Westside Districts parties will each independently approve the Water Transfer Agreement and prepare a CEQA Notice of Exemption.

SBVMWD and Westside Districts agree that the transfer of water described herein constitutes a "project" that is categorically exempt from CEQA pursuant to Public Resources Code Section 15301(b): Existing Facilities (operation of existing facilities used to provide public utility services which involve a negligible or no expansion of the existing use).

Following approval of the Water Transfer Agreement, SBVMWD and the Westside Districts shall each file a Notice of Exemption for the project described herein with the County Clerk/Recorder of the relevant counties and with the State Clearinghouse.

7. Places of Use

The water delivered to the Westside Districts pursuant to this Agreement shall be used entirely within the service areas of Dudley Ridge and KCWA.

8. Compliance with Article 57(g) of the Water Supply Contracts

By execution of this transfer, Dudley Ridge and SBVMWD confirm compliance with Article 57(g) of their respective Water Supply Contracts related to this transfer, namely:

- (1) Dudley Ridge and SBVMWD have complied with all applicable laws;

- (2) Dudley Ridge and SBVMWD have provided any required notices to public agencies and the public;
- (3) Dudley Ridge and SBVMWD have provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association;
- (4) Dudley Ridge and SBVMWD are informed and believe that the transfer or exchange will not harm other contractors;
- (5) Dudley Ridge and SBVMWD are informed and believe that the transfer or exchange will not adversely impact SWP operations;
- (6) Dudley Ridge and SBVMWD are informed and believe that the transfer or exchange will not affect their abilities to make all payments, including payments when due under their contracts for their share of the financing costs of the State's Central Valley Project Revenue Bonds; and
- (7) Dudley Ridge and SBVMWD have considered the potential impacts of the transfer or exchange within their service areas.

9. Costs of Defense

In the event of any legal action by a third party to challenge this Agreement and/or the water transfer described herein, SBVMWD and Westside Districts agree to cooperate in the defense thereof; provided, however, that each party shall be responsible for its own costs of such defense, utilizing counsel of its own choice.

10. Force Majeure

In the event that an unavoidable event renders the performance of this Agreement impossible or infeasible, the parties hereto shall be excused from the performance thereof; provided, however, that Dudley Ridge, KCWA and SBVMWD shall first coordinate with DWR to determine whether alternate performance may be possible pursuant to an alternate schedule for completion of performance.

11. Authority

The undersigned representatives of SBVMWD and Westside Districts hereby represent that they are authorized to execute the Agreement for the party on whose behalf this Agreement is executed.

12. Notice

Written notice may be provided by either party to the other by first-class mail, postage prepaid, to the following addresses:

[SBVMWD Letterhead]

Dudley Ridge Water District
5555 California Avenue, Suite 209
Bakersfield, CA 93309
Attn: Mark Gilkey, General Manager

Berrenda Mesa Water District
5555 California Avenue, Suite 209
Bakersfield, CA 93309
Attn: Mark Gilkey, General Manager

Lost Hills Water District
5555 California Avenue, Suite 209
Bakersfield, CA 93309
Attn: Mark Gilkey, General Manager

Belridge Water Storage District
5555 California Avenue, Suite 209
Bakersfield, CA 93309
Attn: Mark Gilkey, General Manager

Wheeler Ridge-Maricopa Water Storage District
12109 Highway 166,
Bakersfield, CA 93313
Attn: Sheridan Nicholas, Engineer-Manager

San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408
Attn: Heather Dyer, CEO/General Manager

13. DocuSign

All parties consent to using DocuSign for this Agreement which shall be binding.

Sincerely,

Heather Dyer
CEO/General Manager
SBVMWD Water Agency

[SBVMWD Letterhead]

Executed on the dates set forth below.

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, SBVMWD

DATE: _____

BY: _____
Heather Dyer, CEO/General Manager

BELRIDGE WATER STORAGE DISTRICT

DATE: _____

BY: _____
Mark Gilkey, General Manager

BERRENDA MESA WATER DISTRICT

DATE: _____

BY: _____
Mark Gilkey, General Manager

LOST HILLS WATER DISTRICT

DATE: _____

BY: _____
Mark Gilkey, General Manager

DUDLEY RIDGE WATER DISTRICT

DATE: _____

BY: _____
Mark Gilkey, General Manager

[SBVMWD Letterhead]

WHEELER RIDGE- MARICOPA WATER STORAGE DISTRICT

DATE: _____

BY _____
Sheridan Nicholas, Engineer-Manager

DATE: September 3, 2024

TO: Board of Directors

FROM: Aaron Jones, PE, MEng – Senior Engineer
Joanna Gibson, MS – Executive Director, Upper Santa Ana River HCP

SUBJECT: Consider Adoption of Resolution No. 1187 Authorizing the Acceptance of a Grant Award from the United States Bureau of Reclamation’s WaterSMART Planning and Project Design Grant Program (Funding Opportunity No. R23AS00109) for the Devil Creek and Sweetwater/Devil Canyon Basins Improvements Project

Staff Recommendation

Adoption of Resolution No. 1187 authorizing acceptance of a grant award from the United States Bureau of Reclamation’s WaterSMART Planning and Project Design Grant Program (Funding Opportunity No. R23AS00109) for the Devil Creek and Sweetwater/Devil Canyon Basins Improvements Project.

Summary

Staff submitted a grant application to the United States Bureau of Reclamation’s (USBR) WaterSMART Planning and Project Design Grant Program in 2023 for the Devil Creek and Sweetwater/Devil Canyon Basins Improvements Project. On April 23, 2024, we received notice that the grant application, for the amount of \$400,000, was successful. To complete the grant award process the USBR requires a resolution authorizing acceptance of the grant and adherence to the conditions of the grant.

Background

The USBR’s WaterSMART Planning and Project Design Grant Program provides financial assistance for project design and planning projects. Awarded funds will be used to offset the costs of project design and planning for the Devil Creek and Sweetwater/Devil Canyon Basins Improvements Project.

District Strategic Plan Application

The original grant application and this subsequent award demonstrates San Bernardino Valley’s mission, vision, values, and strategies of working collaboratively to provide reliable and

sustainable water supply, being innovative and driven, building trust by being a collaborative and resourceful partner, and maximizing the value of the region's water assets.

Fiscal Impact

There is no fiscal impact associated with the acceptance of this grant award. Staff did retain Kennedy Jenks, our contract grant writer, to assist with grant application and submission in 2023. The cost of the grant application assistance was \$19,920.

Attachments

1. Resolution No. 1187

RESOLUTION NO. 1187

RESOLUTION OF THE BOARD OF DIRECTORS OF SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, IN SUPPORT OF THE DISTRICT'S APPLICATION, AND APPROVING NEGOTIATION AND EXECUTION OF A GRANT OR COOPERATIVE AGREEMENT WITH THE UNITED STATES BUREAU OF RECLAMATION FOR A WATERSMART PLANNING AND PROJECT DESIGN GRANT (FUNDING OPPORTUNITY NO. R23AS00109) FOR THE DEVIL CREEK AND SWEETWATER/DEVIL CANYON BASINS IMPORVEMENTS 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, the United States Department of the Interior Bureau of Reclamation is making funding available through the WaterSMART Planning and Project Design Grant; and

WHEREAS, the Board of Directors of the Valley District has reviewed and approves of the application for the Department of the Interior, Bureau of Reclamation WaterSMART Planning and Project Design Grant; and

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

NOW, THEREFORE, be it resolved, determined and ordered by the Board of Directors of the San Bernardino Valley Municipal Water District, as follows:

Section 1. Authorizes Valley District to submit a grant application through the United States Bureau of Reclamation WaterSMART Planning and Project Design Grant for the "Devil Creek and Sweetwater/Devil Canyon Basins Improvements Project".

Section 2. That, if recommended for funding by the United States Bureau of Reclamation Valley District's Board of Directors authorizes the Valley District to accept a grant of up to Four Hundred Thousand Dollars (\$400,000).

Section 3. That, if recommended for funding by the United States Bureau of Reclamation, Valley District's Board of Directors authorizes and ensures the capability of Valley District to provide necessary matching funds in the form of cash, funding from partner agencies, and in-kind contributions.

Section 4. That, if recommended for funding by the United States Bureau of Reclamation, Valley District will work with the United States Bureau of Reclamation to meet established deadlines for entering into a grant or cooperative agreement.

Section 5. This resolution officially becomes a component part of Valley District's grant application.

BE IT FURTHER RESOLVED, that the Chief Executive Officer/General Manager, or their designee, is hereby authorized and empowered to take all actions necessary to carry out the intent and purpose of this Resolution, including the negotiation, completion,

and execution of a grant or cooperative agreement with the Bureau of Reclamation and the receipt and administration of the WaterSMART Planning and Project Design Grant funding in accordance with the requirements of the Bureau of Reclamation.

ADOPTED, SIGNED, and APPROVED this 3RD day of SEPTEMBER 2024

AYES:

NOES:

ABSENT:

OBSTAINED:

Paul R Kielhold
President

Heather P. Dyer
Secretary

DATE: September 3, 2024

TO: Board of Directors

FROM: Joanna Gibson, Executive Director, Upper Santa Ana River HCP
Wen Huang, Chief Operating Officer/Assistant General Manager
Kelly Malloy, Strategic Communications Manager

SUBJECT: Consider Amendment 3 to the Consulting Services Agreement with Kennedy Jenks Consultants, Inc., for On-Call Grant Support Services

Staff Recommendation

Staff recommends the Board authorize the CEO/General Manager to execute Amendment 3 to the Consulting Services Agreement with Kennedy Jenks Consultants, Inc.

Summary

Staff are recommending the execution of Amendment 3 to the Consulting Services Agreement (Attachment 1) with Kennedy Jenks Consultants, Inc., to fund the continuation of on-call grant services for San Bernardino Valley. The total cost of the program of work, as outlined in the scope of work, is \$61,700.00 (Attachment 2).

Background

Kennedy Jenks has provided on-call grant services to San Bernardino Valley since 2016 and has been very effective and successful in securing several grant programs for the Agency. Their current on-call services include:

1. Identifying upcoming potential grant opportunities for San Bernardino Valley projects
2. Providing grant administration services for existing grants, including:
 - a. Proposition 84, Round 2 (SARCCUP)
 - b. United States Bureau of Reclamation (USBR): Central Feeder EBX Intertie
 - c. USBR: Enhanced Recharge Phase 1-B
 - d. USBR: Anza Creek Aquatic and Riparian Habitat Restoration
 - e. USBR: Cactus Basin Connector Pipeline
 - f. USBR: Hidden Valley Creek Aquatic and Riparian Habitat Restoration
 - g. USBR: Bunker Hill Basin Regional Recycled Water Coalition Feasibility Study
 - h. Wildlife Conservation Board: Riparian Restoration and Planning

3. Preparing proposals to draft competitive grant applications that would be considered by the Board.
4. Identifying potential grant opportunities specific to assisting Disadvantaged Communities to improve water infrastructure, water use efficiency, water quality, safety and reliability, and/or other water-related services.

Kennedy Jenks maintains a running list of potential grant opportunities for San Bernardino Valley based on identified priority projects and programs. Staff meets virtually with Kennedy Jenks once per month to review the list and determine if a grant opportunity should be pursued. With this collaborative and intentional approach to grant applications, Kennedy Jenks has drafted 16 successful grant applications worth over \$25 million (Attachment 3) since 2016.

Amendment 2 to the Consulting Services Agreement with Kennedy Jenks was executed in 2023 and will be fully expended before November 2024. Based on their extensive understanding of Agency priorities, identified future projects, and our approach to grant funding, staff is recommending a budget augmentation of \$61,700 in Amendment 3 to continue funding on-call grant services by Kennedy Jenks. The augmentation is anticipated to provide on-call grant services through June 30, 2025.

Amendment 3 to the Consulting Services Agreement is consistent with those previously reviewed by House Counsel and approved as to form.

District Strategic Plan Application

Funding of Amendment 3 to the Consulting Services Agreement with Kennedy Jenks helps to facilitate San Bernardino Valley's Mission Statement to work collaboratively to provide a reliable and sustainable water supply to support the changing needs of our region's people and environment and achieve the priority of cost-effective projects by maximizing benefits from ratepayer investments.

Fiscal Impact

The FY 2024-25 San Bernardino Valley General Fund Budget allocated \$150,000 for On-Call Grant Services in Line Item 6360 – Consultants. Amendment 3 will use \$61,700 of this total. The remaining \$88,300 is proposed to fund the preparation of project-specific grant applications on an as-needed basis; authorized through individual purchase orders, typically averaging \$16,000 per grant application.

Attachments

1. Attachment 1 – Amendment 3 to the Consulting Services Agreement with Kennedy Jenks
2. Attachment 2 – Kennedy Jenks On-Call Grant Services Scope of Work

3. Attachment 3 – Summary of Successful Grant Applications prepared by Kennedy Jenks

THIRD AMENDMENT TO THE CONSULTING SERVICES AGREEMENT

This Third Amendment to the Consulting Services Agreement (“Amendment”) is entered into as of _____, 2024, by and between Kennedy Jenks Consultants, Inc. (“Consultant”) and San Bernardino Valley Municipal Water District, a water district organized and incorporated under the California Municipal Water District Law of 1911 (“District”). Consultant and District are hereafter referred to individually as “Party” and collectively as the “Parties.”

RECITALS

A. The Parties entered into that certain Consulting Services Agreement, dated August 21, 2018 (“Consulting Agreement”), whereby Consultant agreed to provide certain professional grant support services related to identifying and applying for grant opportunities and managing existing grants.

B. On or about July 1, 2020, the Parties agreed to the First Amendment which increased the Maximum Fee by One Hundred Forty Thousand Dollars (\$140,000), reflecting a new total Maximum Fee of Two Hundred Forty Thousand Dollars (\$240,000).

C. On or about October 4, 2023, the Parties agreed to the Second Amendment to increase the Maximum Fee by Seventy Thousand Dollars (\$70,000), reflecting a new total Maximum Fee of Three Hundred Ten Thousand Dollars (\$310,000).

D. The Parties desire to further amend the Consulting Services Agreement to increase the Maximum Fee and extend the Term of Service as described herein.

OPERATIVE TERMS

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Recitals; Defined Terms. The Recitals are material to this Amendment, and by this reference are hereby incorporated herein. For purposes of this Amendment, all capitalized terms shall have the meanings given to such terms in the Consulting Agreement, unless such terms are otherwise defined herein.

2. Term. The Term of the Agreement is hereby extended and shall automatically terminate when the Compensation Amount has been spent, unless earlier terminated.

3. Additional Services. There are no additional services included in this amendment.

4. Compensation. The Maximum Fee is hereby increased by Sixty One Thousand Seven Hundred Dollars (\$61,700), reflecting a new total Maximum Fee of Three Hundred Seventy One Thousand Seven Hundred Dollars (\$371,700) ("*Maximum Fee*"). All references to Maximum Fee in the Consulting Agreement shall refer to the increased amount set forth herein.

5. Binding Effect. This Amendment shall be binding upon and inure to the benefit of the Parties' permitted successors and assigns. The Parties acknowledge and agree that except to the extent specifically provided in this Amendment, the Consulting Agreement shall continue in full force and effect as previously written.

6. No Other Modifications. The Parties acknowledge that this Amendment evidences the entire agreement between the Parties with respect to the amendment to the Consulting Agreement and supersedes all previous negotiations and discussions related thereto.

7. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereby execute this Amendment as of the date first set forth above.

DISTRICT:

**SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT**

By: _____

Name: _____

Its: _____

Date: _____

CONSULTANT:

KENNEDY JENKS CONSULTANTS, INC.

By: _____

Name: _____

Its: _____

Date: _____

26 August 2024

Ms. Joanna Gibson
San Bernardino Valley Municipal Water District
380 East Vanderbilt Way
San Bernardino, CA 92408

Subject: Grant Tracking and Management Services, Request for Amendment 3

Dear Ms. Gibson:

Kennedy/Jenks Consultants (Kennedy Jenks) has been assisting San Bernardino Valley Municipal Water District (SB Valley) with grant related tasks since May 2016; Kennedy Jenks anticipates completing the effort associated with the existing contract in mid-October 2024.

Kennedy Jenks has managed the following grants for SB Valley:

- Proposition 84 Santa Ana Watershed Project Authority High Visibility Turf Removal Project (since complete)
- Proposition 84 Santa Ana Watershed Project Authority SMARTSCAPE (complete)
- Proposition 84 Santa Ana Watershed Project Authority Habitat Improvements for the Santa Ana River Conservation and Conjunctive Use Project (ongoing to July 2025)
- Central Feeder Extension with US Bureau of Reclamation (ongoing to December 2025)
- Anza Creek Tributary Restoration with US Bureau of Reclamation (ongoing to June 2026)
- Enhanced Recharge Phase 1B with the US Bureau of Reclamation (ongoing to December 2024)
- Hidden Valley Creek with the US Bureau of Reclamation (ongoing to June 2026)
- Bunker Hill Basin Regional Recycled Water Coalition Feasibility Study (reporting starting in September 2024, ongoing to February 2026)
- Sunnyslope Creek Riparian Restoration Planning (ongoing to March 2025)

In addition to providing grant management services, Kennedy Jenks has assisted Valley District obtain over \$26.9 million in grant funding. A subset of the awarded grants are listed below.

- Proposition 1 for the Yucaipa Groundwater Sustainability Plan (\$815,000)
- US Bureau of Reclamation Drought Resiliency Grant for the Central Feeder East Branch Extension (\$750,000)
- DWR Proposition 1 for the Evans Lake Tributary Restoration (\$2 million)
- California Wildlife Conservation Board Sunnyslope Creek Restoration (\$400,000)
- US Bureau of Reclamation Drought Resiliency Enhanced Recharge Phase 1B (\$2 million)

- US Bureau of Reclamation Environmental Water Resources Projects for Anza Creek Tributary Restoration (\$2 million).
- DWR Urban and Multi-Benefit Drought Response Program for Bunker Hill Conjunctive Use Project and Water Conservation Direct Install (\$5.7 million)
- US Bureau of Reclamation Recycled Water Planning Grant Bunker Hill Basin Regional Recycled Water Feasibility Study (\$400,000)
- US Bureau of Reclamation Planning and Design Grant Devil Creek and Sweetwater/Devil Canyon Basins (\$247,000)

Going forward, there are multiple grant related activities that will need to occur and for this reason, Kennedy Jenks respectfully requests an extension to our existing contract for grant administration services until June 30, 2025 or until the budget below is expended. A summary of the work to be performed follows:

Task 1. Grant Program Monitoring

Under this Task, Kennedy Jenks will monitor local, state, and federal grant programs such as those administered by the California Department of Water Resources; California State Water Resources Control Board; California Department of Public Health; Governor’s Office of Homeland Security; U.S. Bureau of Reclamation; and U.S. Environmental Protection Agency. This task also includes evaluating whether SB Valley’s projects are eligible for the grant funding opportunities. On a monthly basis, Kennedy Jenks will provide SB Valley a simple matrix organizing grant opportunities by topic (Water, Wastewater, Habitat, Energy).

Task 2. Monthly Grant Teleconference

Under this Task, Kennedy Jenks will conduct a monthly teleconference to review grant opportunities and project funding needs with SB Valley staff. This scope does not include preparing grant applications, but could be modified by mutual agreement at a later time to include grant application preparation.

Task 3. Grant Administration

Kennedy Jenks proposes managing up to eight SB Valley grants. Tasks include working with SB Valley to prepare quarterly progress reports and reimbursement requests, preparation of project monitoring plans, and amendment requests with grantor agencies.

Budget

Kennedy Jenks proposes to provide the scope of services described on a time and materials reimbursement basis in accordance with our enclosed January 1, 2024 Schedule of Charges for a fee of \$61,700.

Schedule

Kennedy Jenks will initiate work on this project immediately following receipt of a written Notice to Proceed (NTP) from Valley District.

Terms and Conditions

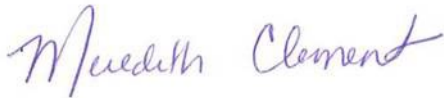
We propose completing this work as an amendment to the Professional Services Agreement for On-Call Grant Support Services dated August 21, 2018.

We appreciate your consideration of this amendment request. Please contact me at (805) 973-5718 should you have any questions or require any additional information.

Very truly yours,

Very truly yours,

KENNEDY JENKS CONSULTANTS, INC.



Meredith Clement
Principal

Enclosure

Client/Address: San Bernardino Valley Municipal Water District
 380 East Vanderbilt Way San
 Bernardino, CA 92408

Contract/Proposal Date: August 26, 2024

Schedule of Charges

January 1, 2024

PERSONNEL COMPENSATION

Classification	Hourly Rate
Engineer-Scientist-Specialist 1.....	\$155
Engineer-Scientist-Specialist 2.....	\$190
Engineer-Scientist-Specialist 3.....	\$210
Engineer-Scientist-Specialist 4.....	\$230
Engineer-Scientist-Specialist 5.....	\$250
Engineer-Scientist-Specialist 6.....	\$275
Engineer-Scientist-Specialist 7.....	\$300
Engineer-Scientist-Specialist 8.....	\$320
Engineer-Scientist-Specialist 9.....	\$335
Senior CAD-Designer	\$195
CAD-Designer	\$180
Senior CAD-Technician	\$165
CAD-Technician	\$145
Project Assistant.....	\$145
Administrative Assistant.....	\$130
Aide.....	\$105

In addition to the above Hourly Rates, a four percent Communications Charge will be added to Personnel Compensation for normal and incidental copies, communications and postage.

Direct Expenses

Reimbursement for direct expenses, as listed below, incurred in connection with the work, will be at cost plus ten percent for items such as:

- a. Maps, photographs, 3rd party reproductions, 3rd party printing, equipment rental, and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, contractors, and other outside services.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Project specific telecommunications and delivery charges.
- e. Special fees, insurance, permits, and licenses applicable to the work.
- f. Outside computer processing, computation, and proprietary programs purchased for the work.

Reimbursement for vehicles used in connection with the work will be at the federally approved mileage rates or at a negotiated monthly rate.

If prevailing wage rates apply, the above billing rates will be adjusted as appropriate.

Overtime for non-exempt employees will be billed at one and a half times the Hourly Rates specified above.

Rates for professional staff for legal proceedings or as expert witnesses will be at rates one and one-half times the Hourly Rates specified above.

Excise and gross receipts taxes, if any, will be added as a direct expense.

The foregoing Schedule of Charges is incorporated into the agreement for the services provided, effective January 1, 2024 through December 31, 2024. After December 31, 2024, invoices will reflect the Schedule of Charges currently in effect.

DATE: September 3, 2024

TO: Board of Directors

FROM: Heather Dyer, CEO/ General Manager

SUBJECT: Announcement of Final Approval of Settlement by all Parties in the Seven Oaks Dam Lawsuit: Endangered Habitats League, et al. v. U.S. Army Corps of Engineers, et al., Case No. 2:16-CV-09178-MWF-E

Staff Recommendation

Receive and file.

Summary

San Bernardino Valley's mission establishes a clear foundation of collaboration for the benefit of the region's people and the environment. Following seven years of discussion, scientific studies, and negotiations, San Bernardino Valley along with other local agencies and non-governmental organizations (NGO) have reached a settlement for the lawsuit over the Seven Oaks Dam (Endangered Habitats League, et al. v. U.S. Army Corps of Engineers, et al.) We believe this settlement results in a true win-win-win for all parties involved, protecting flood control operations, local water supply, and native species habitat function over the long term.

Staff and Special Legal Counsel will provide an overview of the terms of the settlement agreed upon by all parties and planned approach to moving forward collaboratively with the Local Sponsors (San Bernardino, Riverside and Orange County Flood Control Districts) of the Seven Oaks Dam.

Background

Ensuring a reliable and sustainable water supply for our region's people and the environment is at the core of San Bernardino Valley's mission. Achieving this visionary focus supports opportunities to work together with outside agencies and organizations for the good of our watershed. One example is the recent settlement resulting in a win-win-win to resolve a lawsuit regarding the Seven Oaks Dam, which has been underway since 2017. Although it took patience and high quality scientific studies of the river and habitat systems, with a commitment to the public's good, all involved parties came together to find a multi-beneficial solution that fosters continued

cooperation, resource preservation, and long-term value to the people that we serve. Key settlement terms include:

- Reaffirming that Flood Risk Management is the priority for Seven Oaks Dam operations;
- Implementation of 400 acres of Habitat Restoration for threatened or endangered species;
- Regular Technical Meetings held by a collaborative multi-disciplinary working group with engineering, hydrologic and biological expertise; and
- Modifications to the operation of Seven Oaks Dam Releases to facilitate groundwater recharge

In particular, we commend the term in the agreement limiting releases from the dam to no greater than 500 cubic feet per second (cfs), so long as there is not a flood threat, to allow for maximum groundwater recharge at our nearby facilities. This term was specifically negotiated to ensure that the Santa Ana River Enhanced Recharge 1-A and 1-B facilities, which have been designed and built in order to take 500 cfs releases from the dam, will maximize the recharge of local stormflow into our aquifer in support of our 2009 Santa Ana River water rights.

The Seven Oaks Dam has long been recognized for its value in flood control, water supply, and ecosystem protection and/or enhancement. In addition to flood risk management, utilizing the stored water from Seven Oaks Dam strategically for groundwater recharge can bolster local water supplies, restore ecosystems, and improve downstream habitats for several threatened species. The resolution of this lawsuit allows us to move forward with a renewed focus on collaboration and innovation in water management while solidifying our ability to manage this resource responsibly for generations to come.

District Strategic Plan Application

The Settlement is consistent with the Agency's Strategy 2 *Proactively manage a diverse, adaptable water supply portfolio to maximize the value of the region's water assets* and 3 *Drive science-based decision making and proactive risk management*. It is the result of extensive collaboration and a commitment to science-based decision making for the benefit of this region.

Fiscal Impact

There is no fiscal impact related to this update.

Attachments

1. Stipulation of Dismissal

1 UNITED STATES DISTRICT COURT
2 FOR THE CENTRAL DISTRICT OF CALIFORNIA
3 WESTERN DIVISION

4 ENDANGERED HABITATS
LEAGUE and CENTER FOR
BIOLOGICAL DIVERSITY,

5 Plaintiffs,

6 v.

7 U.S. ARMY CORPS OF
ENGINEERS,

8 Defendant.

Case No. 2:16-CV-09178-MWF-E

**STIPULATION OF DISMISSAL
WITH PREJUDICE**

Hon. Michael W. Fitzgerald

9 SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT and
SAN BERNARDINO VALLEY
WATER CONSERVATION
DISTRICT

10 Plaintiffs/Intervenors

11 ORANGE COUNTY FLOOD
CONTROL DISTRICT, RIVERSIDE
COUNTY FLOOD CONTROL AND
WATER CONSERVATION
DISTRICT, and SAN BERNARDINO
COUNTY FLOOD CONTROL
DISTRICT

12 Defendants/Intervenors

14 Pursuant to Federal Rule of Civil Procedure 41(a)(1)(ii), Plaintiffs
15 Endangered Habitats League and Center for Biological Diversity and Plaintiff-
16 Intervenors San Bernardino Valley Municipal Water District and San Bernardino
17 Valley Water Conservation District hereby stipulate to dismiss this action with
18 prejudice, including all the claims contained in Plaintiffs' and Plaintiff-
19

1 Intervenor's complaints (ECF Nos. 1, 31, 32). Defendant United States Army
2 Corps of Engineers and Defendant-Intervenor Orange County Flood Control
3 District, Riverside County Flood Control and Water Conservation District, and San
4 Bernardino County Flood Control District join this stipulation, and the signatures
5 of all parties who have appeared in this action are provided below. Dismissal of
6 this action is warranted because the parties have entered into a settlement
7 agreement to fully resolve this action.



DATE: September 3, 2024

TO: Board of Directors

SUBJECT: List of Announcements

- A. September 4, 2024, 8:30 a.m. – Upper SAR WIFA by Teleconference (Cancelled)
- B. September 5, 2024, 2 p.m. – Board Workshop – Policy/Administration by
Teleconference or In-Person
- C. September 9-12, 2024 – CSDA Annual Conference
- D. September 11, 2024, 8:30 a.m. – Upper SAR WIFA Technical Advisory Committee
In-Person (Cancelled)
- E. September 11, 2024, 1:30 p.m. – SBVW Conservation District Board Meeting
- F. September 16, 2024, 6 p.m. – ASBCSD dinner (Location: The Old Spaghetti
Factory (Rancho Cucamonga))
- G. September 17, 2024, 09:30 a.m. – SAWPA Commission Meeting by
Teleconference or In-Person
- H. September 17, 2024, 2 p.m. – Regular Board Meeting by Teleconference or In-
Person
- I. September 18, 2024, 8:30 a.m. – Upper SAR WIFA by Teleconference (Cancelled)
- J. September 19, 2024, 2 p.m. – Board Workshop – Resources/Engineering by
Teleconference or In-Person (Rescheduled due to CSDA Conference on Sept 10)
- K. September 25, 2024, 8:30 a.m. – Upper SAR WIFA Technical Advisory Committee
In-Person (Cancelled)