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A REGIONAL WATER AGENCY
SINCE 1954

Call to Order

Regular Meeting of the Board of Directors
Tuesday, January 2, 2024



Pledge of Allegiance



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Roll Call



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director



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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.



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Consent Calendar

All matters on the Consent Calendar may be approved by one motion. Any member of the Board of Directors may request an item be removed from the Consent Calendar for discussion or separate action.

Consent Calendar 2.1 – 2.3

2.1 Approve Minutes of the Regular Board of Directors' Meeting – December 5, 2023 (pg. 3)

2.1 Approve Minutes of the Board of Directors' Workshop - Policy/Administration - December 7, 2023 (pg. 13)

2.3 Approve Minutes of the Board of Directors' Workshop - Resources-Engineering December 12, 2023 (pg. 16)

Board Motion & Roll Call Vote



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation:

Approve Consent Calendar items 2.1 – 2.3.

Discussion Item 3.1 (pg. 20)

Heather Dyer, MS, MBA - Chief Executive Office/General Manager

Cindy Saks, CPA - CFO / Deputy General Manager

Receive and File the Annual Audit Report for the
Fiscal Year Ending June 30, 2023



SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

San Bernardino, California

Basic Financial Statements and Supplementary Information

For the Year Ended June 30, 2023
(With Comparative Data for Prior Year)





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

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San Bernardino, CA 92408
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PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Bernardino Valley Municipal Water District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

**Auditor's Opinion Letter
begins on Page 23 of the
Agenda Packet**

Director Comments and Discussion



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation:

Receive and File the Annual Audit Report for the Fiscal Year Ending June 30, 2023

Discussion Item 3.2 (pg. 85)

Wen Huang, PE, MS - Chief Operating Officer/Assistant General Manager

Leo Ferrando, PE, MS - Assistant Chief Engineer


Consider Joint Use Agreement with East Valley Water District for the Operation and Maintenance of the Regional Recycled Water Pipeline and the Weaver Basins



HISTORY AND BACKGROUND

1. Regional Recycled Water Concept Study in 2016
2. Development of a regional RW conveyance and recharge system in 2018 - Weaver Basins and RRWP
3. Series of Agreements with EVWD
4. Construction completed in December 2023
5. Complexity and long-term of referenced critical documents
6. Joint Use Agreement development since May

AGREEMENT ELEMENTS

- 1. Term:** Initial 10-yr with automatic renewals for successive 5-yr terms
 - 2. Scope:** Operations and use of the RRWS, which includes the RRWP and Weaver Basins, for recharge of recycled water (RW)
 - 3. Responsibilities:** To govern operations and use of the RRWS for groundwater recharge. In general, East Valley shall be responsible for the RW and its WQ, and SB Valley will serve as the transmitter of RW
 - 4. Ad Hoc:** The draft Agreement was presented to the District's Regional Recycled Water Ad Hoc Committee members (Kielhold and Botello) and is being forwarded to the full Board for consideration
- 

EVWD RESPONSIBILITIES

JOINT USE AGREEMENT FOR THE OPERATION AND MAINTENANCE OF THE REGIONAL RECYCLED WATER PIPELINE AND THE WEAVER BASINS

This Joint Use Agreement ("Agreement") for the operations and maintenance of the Weaver Basins and Regional Recycled Water Pipeline is entered into and effective as of this 2nd day of January, 2024 ("Effective Date"), by and between San Bernardino Valley Municipal Water District ("San Bernardino Valley") and the East Valley Water District ("East Valley"), San Bernardino Valley and East Valley may be referred to individually as "Party" or collectively as "Parties."

RECITALS

WHEREAS, on September 1, 2015, the Parties executed the Framework Agreement for the Construction and Operation of Potential Groundwater Replenishment Facilities ("Framework Agreement" [attached hereto as Attachment A]). The Parties agreed in the Framework Agreement to work collaboratively towards the construction and operation of a wastewater treatment facility that would enable the Parties to replenish groundwater supplies in the San Bernardino Basin Area.

San Bernardino Valley, as lead agency under the California Environmental Quality Act ("CEQA"), certified a Final Environmental Impact Report ("Final EIR" [attached hereto as Attachment B]) and associated Mitigation Monitoring and Reporting Plan ("MMRP" [attached hereto as Attachment C]) for the Sterling Natural Resource Center ("SNRC"), an advanced treatment facility capable of treating up to eight (8) million gallons per day ("mgd") with an anticipated expanded capacity of ten (10) mgd, on March 16, 2016 (State Clearinghouse [SCH] No. 2015101058).

WHEREAS, on September 22, 2016, San Bernardino Valley filed a wastewater change petition ("Petition"), pursuant to California Water Code section 1211, with the State Water Resources Control Board ("State Water Board"), to change the point of discharge, place of use, purpose of use, and quantity of discharge of East Valley's treated wastewater discharged to the Santa Ana River.

WHEREAS, on February 2, 2017, San Bernardino Valley, East Valley, and the Center for Biological Diversity ("CBD") executed a Memorandum of Understanding for Species and Water Management in the San Bernardino Basin Area ("CBD MOU" [attached hereto as Attachment D]) to resolve the CBD's protest against the Petition. The CBD MOU may be amended in the future to reflect changed conditions;

WHEREAS, on March 9, 2017, the United States Fish and Wildlife Service ("USFWS") issued a biological opinion ("2017 BiOp" [attached as Attachment E]) (FWS-SB-16B0182-17F0387) for the construction and operation of the SNRC in accordance with section 7 of the Federal Endangered Species Act. The 2017 BiOp concluded that the proposed construction and operation of the SNRC is not likely to jeopardize the continued existence of or adversely modify the critical habitat of the San Bernardino kangaroo rat ("SBKR") or Santa Ana Sucker ("SAS"). The biological opinion also identifies that the SNRC be included as a covered activity of the Upper Santa Ana River Habitat Conservation Plan ("HCP");

4400013

1

1. The Discharger of RW – Permittee
2. All applicable regulatory conditions and requirements for the RW produced at SNRC
3. EV to implement all the requirements:
 - Final EIR, MMRP, Settlement Agreement, Order WW0095, the 2017 BiOp, the HCP, and associated amendments
4. Draining pipeline during repairs/inspections
5. Develop a FS for alternative emergency discharges
6. Owner of the Emergency Basins
7. Water quality reporting and monitoring, and sharing access to SB Valley
8. Initiating Off-Spec discharges, when necessary with coordination with SB Valley



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SB VALLEY RESPONSIBILITIES

1. As the owner of the RRWS facilities, SB Valley will serve as the transmitter and recharger of the RW
2. SB Valley reserves the right to allow any other potential discharges, including imported water, stormwater, RW, (including upcoming SB)
3. SB Valley shall be responsible for maintenance and repairs of the facilities, pipelines, or appurtenances that compose the RRWS
4. SB Valley may temporarily shut off RW to the Weaver Basins during emergency circumstances

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Director Comments and Discussion



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation:

Authorize the CEO/General Manager to execute the Joint Use Agreement for the Operation and Maintenance of the Regional Recycled Water Pipeline and the Weaver Basins with East Valley Water District (EVWD).

Discussion Item 3.3 (pg. 845)

Adekunle Ojo, MPA - Manager of Water Resources

Michael Plinski, PE - Chief of Water Resources

Consider Amendment No. 1 to the Consulting Services Agreement with Dudek in the amount of \$34,625 for the preparation of the Yucaipa SGMA Annual Report



Contract for Yucaipa SGMA Annual Report

- On October 25, 2023, Yucaipa SGMA Board of Directors approved the proposal by Dudek to prepare the annual report due to DWR by April 1, 2024
- San Bernardino Valley is one of the eight (8) member agencies and is responsible for 6.25% of the \$34,625 cost to prepare (\$2,164)
- Amendment will increase the maximum compensation on the existing agreement from \$33,490 to \$68,115

Director Comments and Discussion



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation:

Authorize the CEO/General Manager to execute Amendment No. 1 to the existing Consulting Services Agreement with Dudek to include the preparation of the third annual report of Yucaipa SGMA in the amount of \$34,625.

Discussion Item 3.4 (pg. 860)

Heather Dyer, MS, MBA - Chief Executive Office/General Manager
Karen Resendez, MAOL - Human Resources/Risk Manager

Celebrating Excellence: 2023 Inland Empire Top
Workplace Award



INLAND EMPIRE TOP WORKPLACE 2023

**TOP
WORK
PLACES**

2023

INLAND NEWS GROUP

The Press-Enterprise • The Sun
The Facts • Inland Valley Daily Bulletin



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HOW THE AWARD IS DETERMINED



- 100% Employee Driven
- Anonymous Survey to All Employees
- 26 Questions Covering Broad Areas
- Assesses San Bernardino Valley's Culture



Strategic Objective Alignment

BROAD AREAS SURVEYED:

- ALIGNMENT
- EMPOWERMENT
- GROWTH
- ENGAGEMENT
- VALUE
- RESPECT & SUPPORT



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Celebrating Excellence



2022

89% ENGAGEMENT

#7 OF 21



2023

95% ENGAGEMENT

#4 OF 16



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The Press-Enterprise • The Sun
The Facts • Inland Valley Daily Bulletin

San Bernardino Valley Municipal
Water District is a 2023 Top
Workplace!
2 Years Running



Director Comments and Discussion



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation:

Receive and file



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Reports 4.1 (pg. 863)

CEO/General Manager's Report



National HCP Coalition



Girls on the Run Field Trip

WIFIA Press Conference and Tour





BTAC- Reorganization



Basin Optimization



Conservation District/ Department of the Interior Joint Press Conference



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Reports 4.2

General Counsel Report



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Reports 4.3

Ad-Hoc and Standing Committee Reports



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Reports 4.4

SAWPA Meeting Report – Meeting CANCELLED



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Reports 4.5 (pg. 876)

Treasurer's Report

**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
TREASURER'S REPORT
FOR THE MONTH OF NOVEMBER 2023**

RECOMMENDATION:

APPROVE THE EXPENSES FOR THE MONTH OF NOVEMBER 2023
FOR THE FOLLOWING FUNDS:

STATE WATER CONTRACT FUND	\$	3,893,471.00
GENERAL FUND	\$	7,078,432.55



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Reports 4.6 (pg. 885)

**Directors' Report of Activities and Travel
Requests in accordance with Resolution 1100**



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Future Business



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Announcements 6.1 (pg. 891)

January 4, 2024, 2 p.m. – Board Workshop – Policy/Administration by Teleconference or In-Person

January 9, 2024, 2 p.m. – Board Workshop – Resources/Engineering by Teleconference or In-Person

~~January 10, 2024, 8:30 a.m. – Upper SAR WIFA Technical Advisory Committee by Teleconference~~

January 10, 2024 – SBVW Conservation District Board Meeting

January 15, 2024 – Agency Closed for Federal Holiday, Martin Luther King, Jr. Day

January 16, 2024, 9:30 a.m. – SAWPA Commission Meeting (OCWD GM, Mike Markus Retirement Farewell)

January 16, 2024, 2 p.m. – Regular Board Meeting by Teleconference or In-Person

~~January 17, 2024, 8:30 a.m. – Upper SAR WIFA by Teleconference (Cancelled)~~

January 22, 2024, 6 p.m. – ASBCSD dinner - 10013 8thSt., Ste F, Rancho Cucamonga

~~January 24, 2024, 8:30 a.m. – Upper SAR WIFA Technical Advisory Committee by Teleconference~~

February 1, 2024, 2 p.m. – Board Workshop – Policy/Administration by Teleconference or In-Person



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Closed Session – No Items

Adjourn



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