



**SPECIAL NOTICE REGARDING
CORONAVIRUS DISEASE 2019 (COVID-19)
AND PARTICIPATION IN PUBLIC MEETINGS**

On March 4, 2020, Governor Newsom declared a State of Emergency resulting from the threat of COVID-19. Governor Newsom issued Executive Order N-25-20 (3-12-20) and Executive Order N-29-20 (3-17-20) which temporarily suspend portions of the Brown Act relative to conducting public meetings. Subsequent thereto, Governor Newsom issued Executive Order N-33-20 (3-19-20) ordering all individuals to stay at home or at their place of residence. Accordingly, it has been determined that all Board and Workshop meetings of the San Bernardino Valley Municipal Water District will be held pursuant to the Brown Act and will be conducted via teleconference. There will be no public access to the meeting venue.

REGULAR MEETING OF THE BOARD OF DIRECTORS
TUESDAY, JUNE 2, 2020 – 2:00 P.M.

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the June 2, 2020, meeting of the San Bernardino Valley Municipal Water District online and by telephone as follows:

Dial-in Info: 877 853 5247 US Toll-free
Meeting ID: 684 456 030

<https://us04web.zoom.us/j/684456030>

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@sbumwd.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, June 1, 2020. All public comments will be provided to the President and may be read into the record or compiled as part of the record.

IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. 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. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.



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

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

2:00 PM Tuesday, June 2, 2020

CALL TO ORDER/PLEDGE OF ALLEGIANCE/ROLL CALL

1. **PUBLIC COMMENT** - *Any person may address the Board on matters within its jurisdiction.*
2. **APPROVAL OF MINUTES**
 - 2.1. May 19, 2020, Meeting (Page 3)
[Minutes 051920](#)
3. **DISCUSSION AND POSSIBLE ACTION ITEMS**
 - 3.1. Consider Adoption of Resolution No. 1104 Establishing the Appropriations Subject to Limit for Fiscal Year 2020-2021 (Page 10)
[Staff Memo Consider Resolution 1104 Appropriation Limit 2020-21](#)
[Resolution 1104 Appropriations Limit 20-21](#)
[Appropriations Limit Calculations FY 2020-2021](#)
 - 3.2. Review Cash Reserve Policy and Cash Balances at June 30, 2019 (Page 14)
[Staff Memo - Review Cash Reserve Policy and Cash Balances at June 30, 2019](#)
[SBVMWD Reserve Policy adopted July 2012](#)
[SBVMWD Cash Reserves Balances as of June 30, 2019](#)
4. **REPORTS (DISCUSSION AND POSSIBLE ACTION)**
 - 4.1. Board of Directors' Workshop - Engineering, May 12, 2020 (Page 31)
[Summary Notes BOD Workshop - Engineering 051220](#)
 - 4.2. Board of Directors' Workshop - Policy, May 14, 2020 (Page 35)
[Summary Notes BOD Workshop - Policy 051420](#)
 - 4.3. Basin Technical Advisory Committee, June 1, 2020

4.4. Primary Representatives' Report/Director's Activities

5. **ANNOUNCEMENTS**

- 5.1. List of Announcements (Page 39)
[List of Announcements](#)

6. **CLOSED SESSION**

- 6.1. Conference with Legal Counsel – Existing Litigation – Pursuant to Government Code Section 54956.9(a),(d)(1) – Endangered Habitats League v. U.S. Army Corps of Engineers - Case No. 2:16-CV-09178 (U.S. District Court, Central District of California)
- 6.2. Conference with Legal Counsel — Anticipated Litigation — Possible Initiation of Litigation — Pursuant to Government Code Section 54956.9(d)(4)
- 6.3. Conference with Legal Counsel – Existing Litigation – Pursuant to Gov't Code §54956.9(d)(1): San Bernardino Valley Municipal Water District v. California Department of Water Resources (Fresno County Superior Court, filed May 28, 2020).

7. **ADJOURNMENT**

PLEASE NOTE:

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the District's office located at 380 E. Vanderbilt Way, San Bernardino, during normal business hours. Also, such documents are available on the District's website at www.sbvmd.com subject to staff's ability to post the documents before the meeting. The District recognizes its obligation to provide equal access to those individuals with disabilities. Please contact Lillian Hernandez at (909) 387-9214 two working days prior to the meeting with any special requests for reasonable accommodation.

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

May 19, 2020

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

Directors Absent: None

Staff Present: Heather Dyer, Bob Tincher, Wen Huang, Cindy Saks, Mike Esquer, Brent Adair, Aaron Jones, Kristeen Farlow, Melissa Zoba, Lillian Hernandez, Brendan Brandt, and David Aladjem

Registered Guests:

Ronald Coats, East Valley Water District

Melody McDonald, San Bernardino Valley Water Conservation District

Benjamin Kelly, Western Heights Water Company

Madeline Blua, Yucaipa Valley Water District

The regular meeting of the Board of Directors was called to order by President Harrison at 2:03 p.m. A quorum was noted present by roll-call.

President Harrison stated that before they consider public comments, the record will reflect that pursuant to the provisions of Executive Order N-29-20 issued by Governor Newsom on March 17, 2020, this meeting will be conducted by teleconference only. Please note that all actions taken by the Board at the meeting will be conducted by a roll-call vote.

Agenda Item 1. Public Comment

President Harrison stated that any member of the public wishing to make any comments to the Board may do so. Audience attendance will be recorded in the minutes based on registration information generated in the teleconference or by stating their name during this time. There were no email comments or Zoom requests to speak.

Agenda Item 2. Approval of Minutes of the May 5, 2020, Board meeting.

Director Navarro moved to approve the minutes of the May 5, 2020, Board meeting. Director Hayes seconded. The motion was unanimously adopted by a roll-call vote with Director Longville noted as absent.

Agenda Item 3. Discussion and Possible Action Items.

3.1) Consider Resolution No. 1103 Accepting the 2019 Section 6 Planning Grant.

Heather Dyer stated that this grant was recommended to be awarded by the U.S. Fish and Wildlife Service (USFWS) for a total project cost of \$1.75 million in order to complete one of the last big tasks of the Santa Ana River Habitat Conservation Plan (HCP), which is the development of the long-term monitoring and adaptive management program. The HCP is based on estimates of impacts from water projects that are being proposed to build. The modeling that has been done provides a maximum allowed amount of internal take or impact to endangered species. However, it will be the HCP's obligation to monitor its effects as new projects are built as the conservation areas come online. The HCP will need to monitor for the impacts and effectiveness of its conservation and there is an annual reporting requirement associated with the permits. An application was submitted requesting a 50 percent grant amount of \$875,000. This requires a 50 percent matching funds of local or non-federal money. The HCP will have been awarded four different planning grants for development of this plan since 2014 totaling \$2.6 million of USFWS money. It is really unusual for HCP's to be able to get a series of subsequent planning grants. She showed the breakdown of the grant budget of \$875,000. There will be \$600,000 going toward the writing and development of the project, but also development of an online tool which is a database and web-based reporting tool that will make it easier for staff to convey information to the regulators, the public, and stakeholders. There are a series of peer reviews, similar to the method that has been successful on other complex projects. The group wants to bring in independent science advisors to help them develop the strategy and the documents so that it can be accepted by all parties. The grant will fund several peer review groups for surface hydrology, groundwater, sediment transport, riparian vegetation, and fisheries, those are the major areas that the HCP will be responsible for monitoring. The grant will reimburse for those contracts. The District will hold the contracts for the full amount of \$1.75 million and as with the other Section 6 grants, the District will be reimbursed as invoices are submitted. The District will have to perform the reporting and invoicing and everything within the requirements of the grant. Of the \$875,000 of local match that is committed to that, approximately 60 percent gets reimbursed by the HCP partners, because this is all part of the HCP implementation, so that brings the District's fiscal impact to approximately \$350,000. Staff requested the Board consider approving Resolution No. 1103 accepting the U.S. Fish and Wildlife Service Recommended Award, in the amount of \$875,000, for a 2019 Section 6 Habitat Conservation Planning Grant. Staff also requested the Board authorize the general manager to execute a Matching Funds Commitment Letter affirming that the District will provide \$875,000 in non-federal matching funds to the project.

Director Longville moved adoption of Resolution No. 1103 and authorized the general manager to execute a Matching Funds Commitment Letter affirming that the District will provide \$875,000 in

non-federal matching funds to the project. Director Hayes seconded. The motion was unanimously adopted by a roll-call vote.

RESOLUTION NO. 1103

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT ADOPTING A GRANT AGREEMENT BETWEEN THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AND THE CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE

(See Resolution Book)

3.2) Update on the Louis Rubidoux Nature Center. Heather Dyer indicated that Kristeen Farlow has stepped in to assist on this project along with Chris Jones and Kai Palenscar. Ms. Farlow stated that there is a consortium made up of San Bernardino Valley Municipal Water District (SBVMWD), Inland Empire Resource Conservation District (IERCD), Orange County Water District (OCWD), Huerta del Valle (a sustainable agriculture non-profit), and Sunshine Haven Wildlife Rehabilitation (Sunshine Haven) that has come together to develop a plan to rehabilitate the Louis Rubidoux Nature Center (LRNC). There may be another partner joining the group. The consortium was formed to propose on the original project in 2018. At that time, the Board authorized the District to move forward on that proposal and in May of 2018 the Riverside County Parks Districts released a Request for Proposals (RFP) and in July 2018, the Board approved the District's participation in the consortium. In December 2018, the consortium was notified as the winning proposal. Last year throughout the spring and summer, the consortium partners were developing both short and long-term goals, trying to figure out how to best take advantage of the site immediately. They began upgrades to the nature center and the bathroom facilities and also began having community open house meetings to get the input of the neighbors and those who really take advantage of the nature center as to how they envisioned using the site that had been out of commission for just a handful of years at that time. Unfortunately, on Halloween 2019, there was a fire which burned down the nature center and vegetation. After the fire, the consortium began to identify how it could continue to move forward. The Riverside County Parks legal team reviewed the scope of work and realized there was no nature center and renamed the project the Louis Rubidoux Parklands. Due to that change, a new RFP was issued and closes on May 28th. The consortium will be submitting an updated proposal except there will be more specific details about how the site will be used and what will be brought on site to have a physical presence, which is something they were planning on using the Nature Center Building for. One new partner they are in preliminary discussions with, is the tribal coalition and the Center for Indigenous People Studies based out of California State University, San Bernardino. There is a tribal interest at the site because there are some grinding rocks on site as well as some history along the Santa Ana river itself with some of the tribal groups that occupied the area. It is very exciting to bring the new partner on board and to have this added element at the site and by having the new RFP it allows the consortium time to begin those conversations and considerations of having them become a new partner.

The consortium has identified its short-term plans and what they are going to work on immediately, in anticipation of winning the bid again, is developing a site-wide master plan. They want to begin forming projects on the site. Sunshine Haven will become formally established with their animal rehabilitation. There is general site maintenance that has been ongoing as well. In two to four years, they are looking at getting some temporary buildings on site for field staff and for community and outreach events. Long-term plans include permanent buildings for a new nature center, educational facilities, office, laboratory, and meeting spaces. The Inland Empire Resource Conservation District is taking the lead on managing the partner agreements with SBVMWD working on biological projects related to the site and the HCP. Ms. Farlow stated that she and Mandy Parkes took a site walk and did not see any other bidders. This item was informational only and required no action.

3.3) Consider Technical Support Services with NLine Energy for Small Hydropower Plan Divestiture by Southern California Edison. Wen Huang gave background information on the project. He stated that Southern California Edison (SCE) operates many hydroelectric generation plants in the upper watershed in the District's service area and many of them are integrated into the water delivery system that conveys surface water to the District's customers. How SCE operates and makes improvements can impact the way the District's customers receive their surface water. Several water agencies have come together to express their interest in working collaboratively with SCE to minimize service interruptions. In discussions with SCE, the agencies became aware that SCE was planning to divest certain small hydropower plants as early as June 2020. The water agencies are interested in taking over the hydro plant's operations to better manage the local resources and increase water supply reliability. There are planned projects in the area that can be streamlined as well. The agencies want to form a consortium to research options and to negotiate with SCE as a unit. The agencies want to conduct legal research, technical analysis, and financial and funding options. NLine Energy provided a scope of work and fees up to \$44,000. Each participating water agency is willing to commit \$25,000 each to begin the evaluation. Staff recommended that the Board authorize the general manager to execute a professional services contract with NLine Energy in the amount of \$44,000 to provide technical services to engage the consortium and SCE for the planned divestiture of the hydropower projects.

Director Kielhold moved approval of authorizing the general manager to execute a professional services contract with NLine Energy in the amount of \$44,000 to provide technical services to engage the consortium and SCE for the planned divestiture of the hydropower projects. Director Navarro seconded. The motion was unanimously adopted by a roll-call vote.

3.4) Consider Engineering Design Services for Solar Panels on Valley District's Administration Building, Aaron Jones stated that staff has been working with Vision Civil Engineering to develop a scope of services for a proposed 153 solar panels on the SBVMWD administration building. The panels are estimated to generate 80,500 kilowatt hours, which would produce a reduction of 42 percent of the building's current usage.

Energy consumption for a year's worth is approximately 190,000 kilowatt hours. The payback for this project is approximately 8-13 years and its anticipated lifespan is 20-25 years. The installation cost is estimated at between \$130,000 and \$150,000. Based on preliminary estimates, it could reduce the SCE bill for the building by \$1,100 per month. Staff recommended the Board authorize the general manager to execute a Consulting Services Agreement with Vision Civil Engineering in the amount of \$7,800 for the design of solar panels on the SBVMWD administration building.

Director Hayes moved approval of authorizing the general manager to execute a Consulting Services Agreement with Vision Civil Engineering in the amount of \$7,800 for the design of solar panels on the SBVMWD administration building. Director Kielhold seconded. The motion was unanimously adopted by a roll-call vote.

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

4.1) Director Fees and Expenses for April 2020. No oral report was given as a written report was included in the Board packet.

4.2) Board of Directors' Workshop – Resources, May 7, 2020. No oral report was given as a written report was included in the Board packet.

4.3) SAWPA Meeting Report, May 19, 2020. President Harrison reported on the following items:

1. Approved the updated and revised Personnel Handbook.
2. Discussed establishing the new Inland Empire Brine Line rates but they decided to move the matter to June for a decision.
3. Received and filed a status report on the Santa Ana River Watershed Weather Modification for a Water Supply Feasibility Study by North American Weather Consultants Inc. and concurred there is sufficient justification to complete the study.
4. Denied the government tort claim of Claimant Larry McKenney for money/damages submitted May 6, 2020, pursuant to California Government Code Section 910.

4.4) Primary Representatives' Reports/Directors' Activities.

Director Navarro reported that he attended the West Valley Water District Human Resources Workshop on May 11th and a West Valley Water District Special Board Meeting on May 18th.

Director Kielhold announced that the Yucaipa Valley Water District had a vacancy on their Board and would be filling that spot immediately. Bruce Granlund moved out of the area.

Director Hayes reported that she attended virtually the West Valley Water District meeting on May 7th. She attended the Southern California Water Coalition webinar on Human Resources Matter on May 14th.

Director Longville reported that she attended an East Valley Water District meeting and continues to work with the State League of Women Voters Water Committee on a monthly basis. She has not been attending the San Bernardino Board of Water Commissioners meetings because they do not have virtual meetings.

President Harrison reported that he attended the Loma Linda Chamber of Commerce meeting on May 6th where they discussed tips and tricks for working at home. On May 15th he attended the National Habitat Conservation Plan Governmental Affairs Committee meeting.

4.5) Operations Report. No oral report was given as a written report was included in the Board packet.

4.6) Treasurer's Report. Director Hayes moved the following expenses for the month of April 2020. The State Water Contract Fund \$2,320,452.00, Devil Canyon/Castaic Fund \$104,371.00, and General Fund \$3,325,932.98. Director Hayes seconded. The motion was unanimously adopted by a roll-call vote.

Agenda Item 5. Announcements.

5.1) List of Announcements. None.

Agenda Item 6. Closed Session.

President Harrison adjourned the meeting to Closed Session at 3:18 p.m.

6.1) Conference with Real Property Negotiators - Pursuant to Government Code Section 54956.8 - Properties APN's 1210-381-13-0000, 1210-381-16-0000, and 1210-381-18-0000 Owner Representative: Brian Bush - Under Negotiation: Price and Terms - Agency Negotiator: Heather Dyer

6.2) Conference with Legal Counsel – Anticipated Litigation – Possible Initiation of Litigation Pursuant to Government Code Section 56956.9(d)(4)

Pursuant to Government Code Section 54957.1 President Harrison returned the meeting to Open Session at 4:08 p.m. Brendan Brandt reported that on item 6.1 the Board voted to approve the Purchase and Sale Agreement and Escrow Instructions.

Director Kielhold moved approval of the Purchase and Sale Agreement and Escrow Instructions. Director Navarro seconded. The motion was unanimously adopted by a roll-call vote.

Mr. Brandt reported that on item 6.2 the Board directed legal counsel to file a legal action.

Director Hayes moved approval of directing legal counsel to file a legal action on item 6.2 of the agenda. Director Longville seconded. The motion was unanimously adopted by a roll-call vote.

Agenda Item 7. Adjournment.

Director Hayes moved approval of adjourning the meeting in memory of all of the COVID-19 victims and their families. Director Navarro seconded. The motion was unanimously adopted by a roll-call vote.

President Harrison indicated that Director Longville initially requested the closing. Director Longville stated that the pandemic has taken a heavy toll in the valley. President Harrison requested that everyone remember all of the families touched by the loss of their loved ones.

The meeting was adjourned at 4:13 p.m. in memory of all of the COVID-19 victims and their families.

<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>

Respectfully submitted,

Lillian Hernandez
Board Secretary



DATE: June 2, 2020

TO: Board of Directors

FROM: Heather Dyer, General Manager
Cindy Saks, Deputy General Manager - Administration

SUBJECT: Consider Approval of Resolution 1104 Establishing the Appropriation Subject to Limit for Fiscal Year 2020-21

Background

The District is required to calculate the appropriation limit as required by Article XIII B of the California Constitution and Section 7910 of the Government Code. The appropriation limit sets the amount of property taxes the District can expend. The law does exempt certain types of expenditures from the appropriation limit which include outlay for capital projects and facilities and debt service on voter approved bonds used to finance the District's State Water Contract.

In November 1979 the voters of the State of California approved Proposition 4, commonly known as the Gann Initiative. The Proposition placed limits on the amount of revenue, which can be spent by all entities of government. These limits are based on the amount of appropriations in the 1978-79 "base" year. In June of 1990 voters approved Proposition 111. Proposition 111 provides new adjustment formulas which make the Appropriations Limit more responsive to local growth issues.

The factors used to adjust and calculate the limit are the percentages of change in population in San Bernardino and the per capita personal income as calculated by the California Department of Finance.

As shown in the calculations on following pages, Valley District's appropriation limit for fiscal year 2020-21 is \$31,525,033. The calculations have been reviewed by the District's auditors. The amount of General Fund property tax revenue budgeted and spent by Valley District each fiscal year is less than \$11.0 million dollars. This total is well below the appropriation limits.

Fiscal Impact

There is no fiscal impact to the District for setting the Appropriations Limit.

Staff Recommendation

Approve Resolution 1104 establishing the Appropriations Subject to the Limit for Fiscal Year 2020-2021.

Attachments

1. Resolution 1104
2. Appropriations Limit calculations for Fiscal Year 2020-2021.

RESOLUTION NO. 1104

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY MUNICIPAL WATER
DISTRICT ESTABLISHING THE APPROPRIATIONS
SUBJECT TO LIMIT FOR FISCAL YEARS 2020-2021**

BE IT HEREBY RESOLVED that, in accordance with Article XIII B of the California State Constitution, the Board of Directors of the San Bernardino Valley Municipal Water District hereby establishes \$31,525,023 as the appropriations subject to limit for Fiscal Year 2020-2021.

ADOPTED this 2nd day of June 2020.

San Bernardino Valley Municipal Water
District

By: _____
T. Milford Harrison
President

ATTEST:

Heather Dyer
Secretary

(SEAL)



**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
 APPROPRIATIONS LIMIT
 2020 ~ 2021 FISCAL YEAR**

2019 - 2020 APPROPRIATIONS LIMIT			30,351,965
	Percent	Ratio	
2020 - 2021 ADJUSTMENT FOR PERCENTAGE CHANGES IN:			
CALIFORNIA PER CAPITA PERSONAL INCOME - PER CAL DEPT OF FINANCE	3.73	1.0373	
POPULATION PERCENT CHANGE 2019 TO 2020	0.13	1.0013	
PERCENT CHANGE AS A FACTOR			103.8648%
2020 - 2021 APPROPRIATIONS LIMIT			31,525,023



DATE: June 2, 2020

TO: Board of Directors

FROM: Heather Dyer, General Manager
Cindy Saks, Deputy General Manager - Administration

SUBJECT: Review Cash Reserve Policy and Cash Balances at June 30, 2019

At a recent Board Workshop, staff was requested to prepare a presentation of the District Cash Reserve Policy and related Cash Reserves. At today's board meeting, staff will recap the Reserve policy as adopted by the Board in July 2012 and review the Cash Reserves as of the previous fiscal year.

Fiscal Impact

There is no fiscal impact regarding this item.

Recommendation

Receive and File Reserve Balance Report.

Attachments

1. Board Approved Reserve Policy.
2. Cash Reserve Balances at June 30, 2019



SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

RESERVE POLICY

July 2012

San Bernardino Valley Municipal Water District

STATEMENT OF RESERVE POLICY

This Board is charged with responsibility for providing an imported water supply to customers located within the District's boundaries, for the construction, operation, maintenance, repair and replacement of facilities to transport and deliver that water to District customers, and for the collection and accumulation of revenues necessary to accomplish these purposes.

POLICY STATEMENT

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. San Bernardino Valley Municipal Water District ("SBVMWD" or District) desires to identify and provide a calculation methodology and/or maintained level of all existing and future needs of the District where reserve funds are required and/or necessary. The SBVMWD Board of Directors realize the importance of reserves in providing reliable service to its customers, financing long-term capital projects, and the funding of emergencies, should they arise. In this context, SBVMWD will at all times strive to have sufficient funding available to meet its operating, capital, and debt service obligations. Funds will be accumulated and maintained to allow SBVMWD to fund expenditures in a manner consistent with SBVMWD's Capital Improvement Plan ("CIP"), and avoid significant rate fluctuations due to changes in cash flow requirements.

The Board may designate specific fund accounts and maintain minimum fund balances consistent with statutory obligations that it has determined to be in the best interest of SBVMWD. The Policy directives outlined in this document are intended to ensure SBVMWD has sufficient funds to meet current and future needs. The Board will annually review the level of reserve funds. Considerations to continue or the establishment of a new reserve fund will be determined based on the following criteria:

- ◆ Reason for the reserve.
- ◆ Availability and source of funds to continue, replenish or establish the reserve.
- ◆ Operating expenditure levels approved within the annual budget process.
- ◆ Future capital expenditure and debt service requirements of the District.
- ◆ Board approval of the reserve policy.

SBVMWD recognizes the importance of operating the District with a sound business plan in place that provides for unanticipated/emergency costs should they arise within a budgeted fiscal year.

It is the Board's intent through this Policy to describe how and why specific reserves are established and maintained at SBVMWD and to provide SBVMWD's taxpayers with assurance that reserve balances will be maintained at prudent and fiscally responsible levels.

DEFINITIONS

This Policy describes the reserve funds to be maintained in connection with: i) the State Water Project (SWP); ii) Devil Canyon Castaic (DCC) funds and iii) the General Fund. In general, there are two types of reserve fund classifications:

- I. **RESTRICTED FUNDS:** Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use. These funds are specifically governed by a written contract with SBVMWD or outlined within the debt covenants of a debt financing.

- II. **UNRESTRICTED FUNDS:** These funds have no externally imposed use restrictions. The use of Unrestricted Funds is at the discretion of the SBVMWD Board. Unrestricted Funds are designated for a specific purpose, which is determined by the Board. The Board also has the authority to redirect the use of these funds as the needs of SBVMWD change.

The Restricted and Unrestricted funds can further be subdivided into Capital Funds and Liquidity (Operating) Funds. The Capital Funds are designated for specific purposes and utilized primarily to fund capital and asset replacement costs. The Liquidity Funds are established to safeguard SBVMWD's financial viability and stability and are funded from accumulated revenues.

Further, for internal control purposes, SBVMWD accumulates, maintains, and segregates its reserve funds into the following categories:

- ◆ *Restricted and Designated Reserves* – Reserve funds that are designated for a particular purpose and whose use is restricted to only that purpose. The Restricted and Designated Reserves consist of the State Water Project Fund, Devil Canyon/Castaic Fund, Project Specific Rate Stabilization Fund, and State Water Project Maintenance and Repairs Fund.
- ◆ *Board Designated Reserves* – Reserve funds earmarked for the purpose of funding items such as new capital facilities, repair or replacement of existing facilities, and general operating reserves designated for a specific purpose and use by the Board. The Board Designated Reserves are comprised of the following reserve accounts: Reserve for Operations, Rate Stabilization Reserve, and Reserve for Self Insurance.
- ◆ *Board Restricted (Obligated) Reserves* – Reserves set aside to meet financial commitments for services not yet fulfilled and purchases that will take place in the future. These reserves consist of the Reserve for New Infrastructure and Reserve for Repairs and Replacements.
- ◆ *Contractually Restricted Reserves* – Funds held to satisfy limitations set by external requirements established by creditors, grant agencies or contributors, or law. Examples include stipulated bond covenants, capital improvement fees, and service deposits. At present SBVMWD does not hold any Contractually Restricted Reserve Funds.

GENERAL PROVISIONS

SBVMWD will maintain its operating and capital funds in designated accounts in a manner that ensures its financial soundness and provides transparency to its customers. The fund balances are considered the minimum necessary to maintain SBVMWD's fiscal strength and flexibility and adequately provide for:

- ◆ Compliance with applicable statutory requirements.
- ◆ Financing of future capital projects and repair and replacement of existing assets.
- ◆ Cash flow requirements.
- ◆ Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy.
- ◆ Contingencies or unforeseen operating or capital needs.

Through a variety of policy documents and plans, including SBVMWD's CIP and Rate Model, the Board has set forth a number of long-term goals for SBVMWD. A fundamental purpose of SBVMWD's policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so. At least every four years, an engineering review study will be conducted on the SBVMWD's CIP to ascertain adequate reserve fund balances are meeting the goals outlined in this Policy

SBVMWD has established and will maintain the reserve funds outlined in the following sections. A principal tenet of SBVMWD's Reserve Fund Policy shall be the crediting of interest income to specific funds. Unless otherwise stated in this Reserve Fund Policy, interest derived from reserve balances will be credited to the reserve account from which it was earned. Fund balances will be reviewed by the Financial Manager on a monthly basis, as well as annually during the budget review process in order to determine how reserve fund balances compare with the budgeted projections and how they measure against the goals outlined in this Policy.

The minimum established for each reserve fund represents the baseline financial condition that is acceptable to SBVMWD from risk and long-range financial planning perspectives. Maintaining reserve funds at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various funding alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to: rates, loans and grants, debt financing, investment of funds, and levels of capital expenditures.

The Board shall approve any reallocation of funds or any transfers among reserve funds.

SPECIFIC PROVISIONS

SBVMWD will maintain the following reserve funds and respective target levels:

1. Restricted Reserves.

(a) State Water Contract Fund. All revenue collected from taxes levied on real property within the District's boundaries to pay amounts due and owing to the State of California Department of Water Resources ("DWR") pursuant to the District's contract with the State ("State Water Contract") for participation in the State Water Resources Development System shall be deposited into the State Water Contract Fund. The revenues deposited into the State Water Contract Fund may be utilized only to pay the District's financial obligations on the State Water Contract as approved by the Board. The District shall endeavor to maintain money in the State Water Contract Fund in an amount which is more than the total of the previous year's invoices from DWR, but not more than the sum of two times the total of such invoices, so that a reserve may be maintained to absorb temporary increases in charges from DWR, help to stabilize District tax rates, and protect against economic conditions which could result in the failure of numerous District taxpayers to pay their taxes. The reserves maintained in the State Water Contract Fund may be invested in the same manner as other District funds. Investment earnings thereon as determined by the District shall be credited to the State Water Contract Fund and shall be used only to pay State Water Contract obligations, as approved by the Board.

(b) Devil Canyon / Castaic Fund. The Devil Canyon / Castaic Fund is established to facilitate the District's tracking of payments under the Devil Canyon-Castaic contract for costs of the Devil Canyon-Castaic facilities allocable to power generation. Funding will be based on taxes levied on real property within the District's boundaries allocated for this project. The District shall endeavor to maintain money in the Devil Canyon / Castaic Fund in an amount which is more than the total of the previous year's invoices from DWR but not more than the sum of two times the total of such invoices. The reserves maintained in this fund may be invested in the same manner as other District funds with investment earnings on this fund credited back to this fund and used only to pay Devil Canyon / Castaic project obligations.

(c) Project Specific Rate Stabilization Fund. This reserve is established as a sub-fund to the State Water Contract Fund to facilitate the District's segregation and tracking of expenses and obligations related to the District's share of State Water Project specific projects. The fund is not limited to one project but currently includes specific projects as East Branch Extension II. The

board will evaluate each year the need to add other specific projects through the budget process. In order to plan ahead, the District has established this reserve and has been contributing to this reserve through the budget process each year. The District will periodically review the balance in this fund and adjust its annual contributions accordingly.

(d) State Water Project Repair and Replacement Fund. This reserve has been established as a sub-fund to the State Water Contract Fund for the purpose of providing funding for the repair and replacement of the State Water Project distribution pipelines, pump stations and reservoirs. The District has identified a minimum target balance of \$30 million for this reserve.

2. Unrestricted Reserves.

(a) Reserve for Operations. A “Reserve for Operations” is hereby created for the District, to which the Board may appropriate unrestricted District revenues. The Reserve for Operations may be utilized to pay the cost of operating the District’s general system including unanticipated costs of operations. This reserve is designated by the Board to maintain working capital for current operations and to meet routine cash flow needs. The District shall endeavor to maintain in the Reserve for Operations an amount sufficient to pay for a minimum of 90 days and a maximum of 180 days of normal operations of the District excluding depreciation expense and payments to DWR, as reflected in the annual audit of the District presented to the Board each year. However, the funds appropriated to the Reserve for Operations may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the Reserve for Operations may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District’s General Fund.

(b) Reserve for New Infrastructure. A “Reserve for New Infrastructure” is hereby created for the District’s general account, to which the Board may appropriate unrestricted District revenues. The Reserve for New Infrastructure may be utilized to construct or procure new infrastructure for the District; expenditures include but are not limited to transmission and distribution capital assets, buildings, pumping equipment, technical equipment, furniture and fixtures and transportation equipment. The District shall endeavor to maintain the Reserve for New Infrastructure in an amount not to exceed approximately 100% of the next three (3) year capital improvement expenditure (CIP) projections (inclusive of the current fiscal year’s expenses)

identified in the District's current fiscal year budget. The minimum balance in the Reserve for New Infrastructure shall at all times equal or exceed 100% of the Pay-Go portion of the current fiscal year's CIP, 50% of the Pay-Go portion of the following fiscal year's CIP, and 25% of the Pay-Go portion of the next succeeding fiscal year's CIP. However, the funds appropriated to the Reserve for New Infrastructure may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the Reserve for New Infrastructure may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District's General Fund.

(c) Rate Stabilization Reserve. A "Rate Stabilization Reserve" is hereby created, to which the Board may appropriate unrestricted District revenues. The Rate Stabilization Reserve may be utilized to protect District ratepayers from temporary increases in the cost of providing water service, such as fluctuations in the cost of energy, for example. The District shall endeavor to maintain the Rate Stabilization Reserve in an amount approximately equal to a minimum of 60 days of annual budgeted operating expenses, not including amounts paid to DWR in satisfaction of State Water Contract obligations and depreciation and amortization, and a maximum of 180 days of annual budgeted operating expenses, excluding depreciation and amortization and amounts paid to DWR in satisfaction of State Water Contract obligations. However, the funds appropriated to the Rate Stabilization Reserve may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the Rate Stabilization Reserve may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District's General Fund.

(d) Reserve for Repairs and Replacements. A "Reserve for Repairs and Replacements" is hereby created for the District's general account, to which the Board may appropriate unrestricted District revenues. The Reserve for Repairs and Replacements may be utilized to repair and/or replace the District's physical plant, as needed. The District shall endeavor to maintain the Reserve for Repairs and Replacements in an amount approximately equal to the accumulated amount of depreciation of the District's physical plant (not including the State Water Project facilities), adjusted for inflation (i.e., the inflation-adjusted depreciation) as reflected in the annual audit of the District presented to the Board each year. However, the funds appropriated to the Reserve for Replacements may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the Reserve for Repairs and

Replacements may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District's General Fund.

(e) Reserve for Self Insurance. This reserve is established by the District for the purpose of self insuring the District against any claims made against the District and to provide for the necessary cash flow to begin repair of the District infrastructure after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged. The Board has designated a minimum balance of \$15 million in this reserve. The balance in the reserve will be reviewed periodically to ensure that it is maintained at a level that would adequately protect the District. Funds appropriated to the Reserve for Self Insurance may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District's General Fund.

(f) Reserve for Other Post-Employment Benefits. A "Reserve for Other Post-Employment Benefits" is hereby created for the District, to which the Board may appropriate unrestricted District revenues. The Reserve for Other Post-Employment Benefits may be utilized to pay the costs of health and other non-pension benefits for retirees. This reserve is designated by the Board to maintain adequate money to cover the future costs of retiree health insurance or other benefits. The District shall endeavor to annually increase the Reserve for Other Post-Employment Benefits by one tenth of the Actuarial Accrued Liability as reported in the District's most recent Actuarial Valuation of Postretirement Healthcare Program as required by Governmental Accounting Standards Board Statement 45 up to a maximum of the total Actuarial Accrued Liability. However, the funds appropriated to the Reserve for Other Post-Employment Benefits may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the Reserve for Other Post-Employment Benefits may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District's General Fund.

3. Additional Reserves

In addition to the reserves identified above, the Board may approve the creation of such additional accounts, whether temporary or permanent, as the Board deems necessary or appropriate, by amendment to this resolution or by simple motion. In such event, the Board will identify the purposes for which such additional accounts are created, provide guidance as to the amount which the District should endeavor to maintain in each such fund or account, and establish the limits and restrictions pertaining thereto.

ANNUAL REPORTS

Each year the District's General Manager shall provide the Board with a report indicating the beginning and ending balance for each of the reserve funds or accounts created pursuant to this policy and the purposes for which expenditures have been made therefrom, and shall make recommendations to replenish or augment fund or account balances as appropriate.

**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
CASH RESERVE BALANCES
AS OF JUNE 30, 2019
Per Reserve Policy adopted July 2012**

RESTRICTED - STATE WATER CONTRACT FUND		ACTUAL	CALCULATED RESERVE BALANCE
STATE WATER CONTRACT FUND			
MINIMUM BALANCE PER RESERVE POLICY - EQUAL TO PRIOR YEAR DWR INVOICES ACTUAL TOTAL DWR INVOICES FOR FY 6/30/19		70,459,952	
MAXIMUM SET AT TWO TIMES PRIOR YEAR DWR INVOICES		140,919,904	
STATE WATER CONTRACT FUND - CURRENTLY SET AT ONE YEAR			70,459,952
 PROJECT SPECIFIC RATE STABILIZATION FUND			
CUMULATIVE AMOUNT ALLOCATED BY THE BOARD EACH YEAR <i>(RESERVE BALANCE TO COVER BOARD DECISION TO CASH FINANCE AS MUCH OF DELTA CONVEYANCE AND SITES RESERVOIR COSTS AS POSSIBLE)</i>			231,104,850
 STATE WATER PROJECT REPAIR AND REPLACEMENT FUND			
AMOUNT ALLOCATED THROUGH FY 6/30/19 BUDGET			30,000,000
			331,564,802

RESTRICTED - DEVIL CANYON CASTAIC FUND		ACTUAL	CALCULATED RESERVE BALANCE
DEVIL CANYON / CASTAIC FUND			
MINIMUM BALANCE PER RESERVE POLICY - EQUAL TO PRIOR YEAR DWR INVOICES TOTAL DWR INVOICES FOR FY 6/30/19		1,736,881	
MAXIMUM SET AT TWO TIMES PRIOR YEAR DWR INVOICES		3,473,762	
DEVIL CANYON / CASTAIC FUND - CURRENT BALANCE SET AT ONE YEAR			1,736,881
 PROJECT SPECIFIC RATE STABILIZATION FUND			
CUMULATIVE AMOUNT ALLOCATED BY THE BOARD EACH YEAR			2,326,422
			4,063,303

**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
CASH RESERVE BALANCES
AS OF JUNE 30, 2019
Per Reserve Policy adopted July 2012**

UNRESTRICTED - GENERAL FUND

	ACTUAL	CALCULATED RESERVE BALANCE																		
RESERVE FOR OPERATIONS:																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3">MINIMUM PER RESERVE POLICY - 90 DAYS OF OPERATING EXPENSES</td> </tr> <tr> <td>TOTAL OPERATING EXPENSES - YEAR ENDED JUNE 30, 2019</td> <td style="text-align: right;">\$17,265,214</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">/ 365 DAYS x 90 DAYS</td> <td></td> <td style="text-align: right;">4,257,176</td> </tr> <tr> <td colspan="3">MAXIMUM PER RESERVE POLICY - 180 DAYS OF OPERATING EXPENSES</td> </tr> <tr> <td style="padding-left: 20px;">/ 365 DAYS x 180 DAYS</td> <td></td> <td style="text-align: right;">8,514,352</td> </tr> </table>			MINIMUM PER RESERVE POLICY - 90 DAYS OF OPERATING EXPENSES			TOTAL OPERATING EXPENSES - YEAR ENDED JUNE 30, 2019	\$17,265,214		/ 365 DAYS x 90 DAYS		4,257,176	MAXIMUM PER RESERVE POLICY - 180 DAYS OF OPERATING EXPENSES			/ 365 DAYS x 180 DAYS		8,514,352			
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MAXIMUM PER RESERVE POLICY - 180 DAYS OF OPERATING EXPENSES																				
/ 365 DAYS x 180 DAYS		8,514,352																		
RESERVE FOR OPERATIONS - SET AT 120 DAYS		5,676,235																		
RESERVE FOR NEW INFRASTRUCTURE																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3">MAXIMUM SET AT AS FOLLOWS</td> </tr> <tr> <td colspan="3">NOT TO EXCEED 100% OF NEXT 3 YEAR CAPITAL IMPROVEMENT PROJECTIONS</td> </tr> <tr> <td>CURRENT YEAR CIP - ESTIMATED FOR FY ENDING 2020</td> <td></td> <td style="text-align: right;">25,090,000</td> </tr> <tr> <td>FOLLOWING YEAR CIP - ESTIMATED FOR FY ENDING 2021</td> <td></td> <td style="text-align: right;">37,320,000</td> </tr> <tr> <td>SUCCEEDING YEAR CIP - ESTIMATED FOR FY ENDING 2022</td> <td></td> <td style="text-align: right;">50,250,000</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">112,660,000</td> </tr> </table>			MAXIMUM SET AT AS FOLLOWS			NOT TO EXCEED 100% OF NEXT 3 YEAR CAPITAL IMPROVEMENT PROJECTIONS			CURRENT YEAR CIP - ESTIMATED FOR FY ENDING 2020		25,090,000	FOLLOWING YEAR CIP - ESTIMATED FOR FY ENDING 2021		37,320,000	SUCCEEDING YEAR CIP - ESTIMATED FOR FY ENDING 2022		50,250,000			112,660,000
MAXIMUM SET AT AS FOLLOWS																				
NOT TO EXCEED 100% OF NEXT 3 YEAR CAPITAL IMPROVEMENT PROJECTIONS																				
CURRENT YEAR CIP - ESTIMATED FOR FY ENDING 2020		25,090,000																		
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SUCCEEDING YEAR CIP - ESTIMATED FOR FY ENDING 2022		50,250,000																		
		112,660,000																		
RESERVE FOR NEW INFRASTRUCTURE		42,133,442																		
RESERVE FOR RATE STABILIZATION																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="3">MINIMUM PER POLICY - 60 DAYS OF OPERATING EXPENSES</td> </tr> <tr> <td>TOTAL OPERATING EXPENSES - YEAR ENDED JUNE 30, 2019</td> <td style="text-align: right;">\$17,265,214</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">/ 365 DAYS x 60 DAYS</td> <td></td> <td style="text-align: right;">2,838,117</td> </tr> <tr> <td colspan="3">MAXIMUM PER POLICY - 180 DAYS OF OPERATING EXPENSES</td> </tr> <tr> <td style="padding-left: 20px;">/ 365 DAYS x 180 DAYS</td> <td></td> <td style="text-align: right;">8,514,352</td> </tr> </table>			MINIMUM PER POLICY - 60 DAYS OF OPERATING EXPENSES			TOTAL OPERATING EXPENSES - YEAR ENDED JUNE 30, 2019	\$17,265,214		/ 365 DAYS x 60 DAYS		2,838,117	MAXIMUM PER POLICY - 180 DAYS OF OPERATING EXPENSES			/ 365 DAYS x 180 DAYS		8,514,352			
MINIMUM PER POLICY - 60 DAYS OF OPERATING EXPENSES																				
TOTAL OPERATING EXPENSES - YEAR ENDED JUNE 30, 2019	\$17,265,214																			
/ 365 DAYS x 60 DAYS		2,838,117																		
MAXIMUM PER POLICY - 180 DAYS OF OPERATING EXPENSES																				
/ 365 DAYS x 180 DAYS		8,514,352																		
RESERVE FOR RATE STABILIZATION - SET AT 90 DAYS		4,257,176																		

**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
CASH RESERVE BALANCES
AS OF JUNE 30, 2019
Per Reserve Policy adopted July 2012**

UNRESTRICTED - GENERAL FUND - PAGE 2

	ACTUAL	CALCULATED RESERVE BALANCE
RESERVE FOR REPAIRS AND REPLACEMENT		
MAINTAIN AN AMOUNT EQUAL TO ACCUMULATED DEPRECIATION ADJUSTED FOR INFLATION ACCUMULATED DEPRECIATION AT 6/30/19 AUDIT 57,917,584 ADJUSTED FOR INFLATION - YET TO BE CALCULATED		
RESERVE FOR REPAIRS AND REPLACEMENT - EQUAL TO ACCUM DEPRECIATION AT 6/30/19		57,917,584
RESERVE FOR SELF INSURANCE		
AMOUNT PER 6/30/18 AUDIT	23,000,000	
INCREASE PER 6/30/9 BUDGET	1,000,000	
RESERVE FOR SELF INSURANCE - SET BY BOARD EACH YEAR		24,000,000
RESERVE FOR OTHER POST-EMPLOYMENT BENEFITS		
MINIMUM ANNUAL PER RESERVE POLICY - 10% UNFUNDED ACTUARIAL ACCRUED LIABILITY AS REPORTED IN DISTRICT'S ACTUARIAL VALUATION AS OF 6/30/18 - REPORT DATED 9/19/19 UNFUNDED ACTUARIAL ACCRUED LIABILITY - \$3,666,965 366,697 MAXIMUM PER RESERVE POLICY - 100% OF UNFUNDED ACTUARIAL ACCRUED LIABILITY 3,666,965		
RESERVE FOR OTHER POST-EMPLOYMENT BENEFITS - SET AT MAXIMUM		2,916,965
AS ADJUSTED FOR DEPOSTS MADE TO CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT) PROGRAM		136,901,402

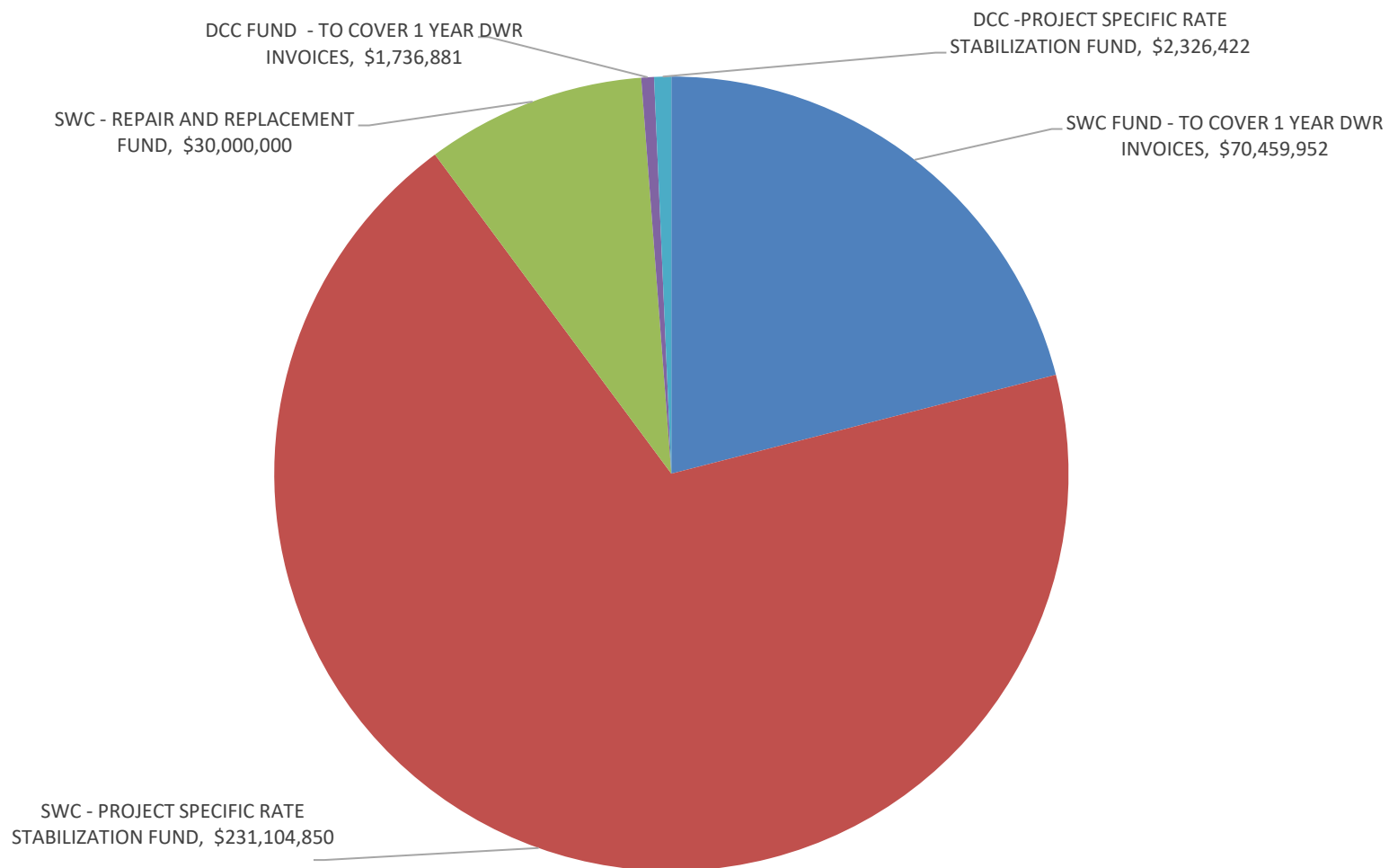
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
CASH RESERVE BALANCES
AS OF JUNE 30, 2019
Per Reserve Policy adopted July 2012

SUMMARY OF RESERVE BALANCES

	<i>7/1/18</i>	<i>6/30/19</i>
	<u>BEGINNING OF THE YEAR BALANCE</u>	<u>END OF THE YEAR BALANCE</u>
STATE WATER CONTRACT FUND		
STATE WATER CONTRACT FUND	53,196,588	70,459,952
PROJECT SPECIFIC RATE STABILIZATION FUND	212,894,638	231,104,850
STATE WATER PROJECT REPAIR AND REPLACEMENT FUND	30,000,000	30,000,000
	<u>296,091,226</u>	<u>331,564,802</u>
DEVIL CANYON / CASTAIC FUND		
DEVIL CANYON / CASTAIC FUND	1,662,296	1,736,881
PROJECT SPECIFIC RATE STABILIZATION FUND	1,685,774	2,326,422
	<u>3,348,070</u>	<u>4,063,303</u>
GENERAL FUND		
RESERVE FOR OPERATIONS	5,936,233	5,676,235
RESERVE FOR NEW INFRASTRUCTURE	48,365,288	42,133,442
RESERVE FOR RATE STABILIZATION	4,452,175	4,257,176
RESERVE FOR REPAIRS AND REPLACEMENT	53,936,879	57,917,584
RESERVE FOR SELF INSURANCE	23,000,000	24,000,000
RESERVE FOR OTHER POST-EMPLOYMENT BENEFITS	4,075,840	2,916,965
	<u>139,766,415</u>	<u>136,901,402</u>
 TOTAL CASH	 <u>439,205,711</u>	 <u>472,529,507</u>
CASH AS PRESENTED ON AUDIT REPORT		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	29,846,016	21,106,506
INVESTMENTS	109,195,272	115,067,889
RESTRICTED ASSETS		
CASH AND CASH EQUIVALENTS	77,155,358	64,445,035
INVESTMENTS	223,009,065	271,910,077
	<u>439,205,711</u>	<u>472,529,507</u>

**San Bernardino Valley Municipal Water District
Restricted State Water Contract Accounts (SWC/DCC)
Cash Fund Balances as of June 30, 2019**

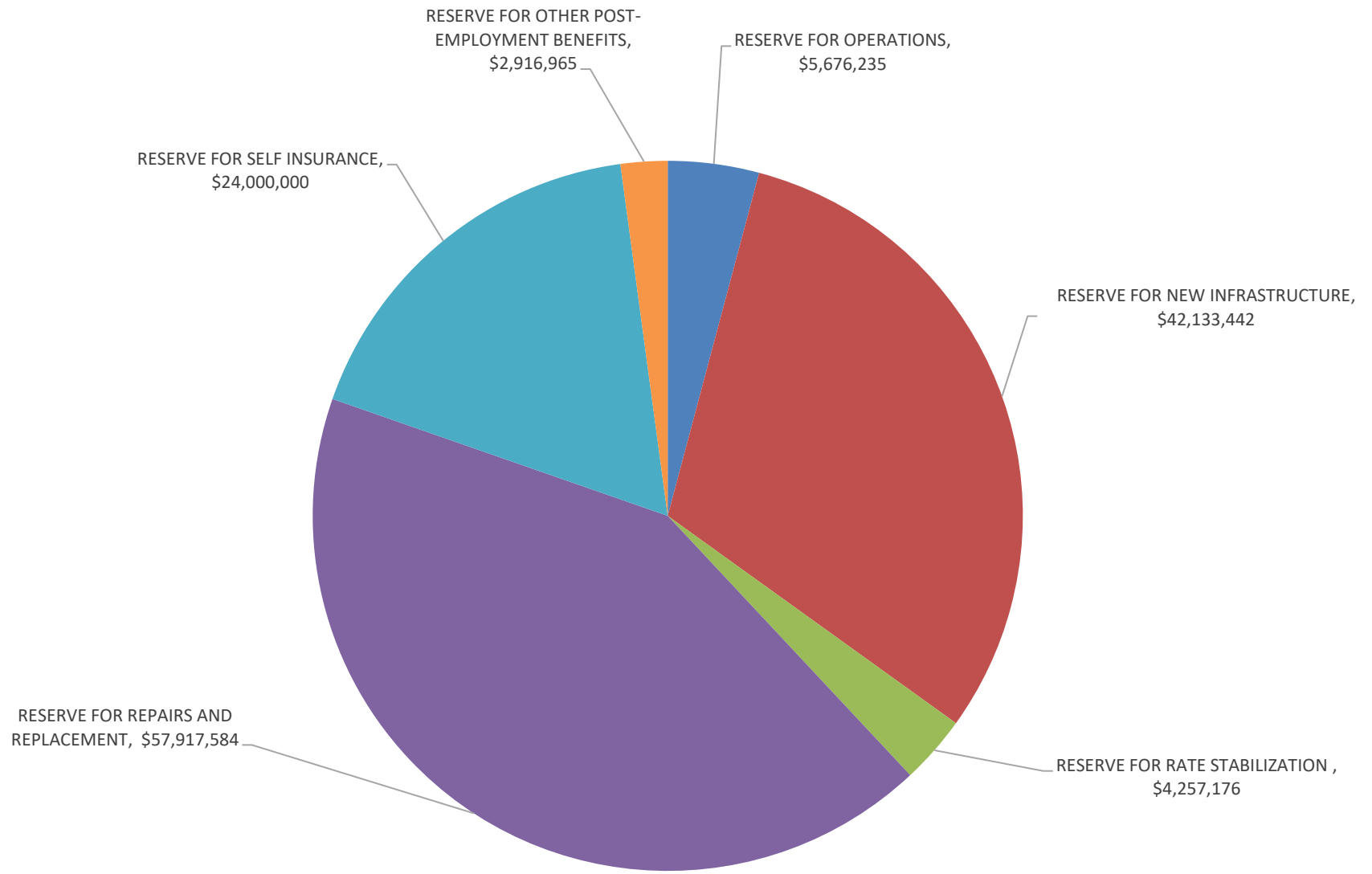
Allocated per Reserve Policy adopted July 2012



San Bernardino Valley Municipal Water District General Fund

Cash Fund Balances as of June 30, 2019

Allocated per Reserve Policy adopted July 2012





DATE: June 2, 2020
TO: Board of Directors
FROM: Staff
SUBJECT: Summary of May 12, 2020 Board of Directors' Workshop - Engineering

The Board of Directors held a Workshop on May 12, 2020. Director Kielhold chaired the meeting via video-conference and Directors Harrison, Navarro, Longville, and Hayes participated in the Workshop supported by Heather Dyer, Bob Tincher, Wen Huang, Cindy Saks, Brent Adair, Aaron Jones, Melissa Zoba, Matt Howard, Lillian Hernandez, and Mike Esquer of staff. The following agenda items were discussed:

3.1 Summary of Previous Meeting on April 14, 2020. The summary notes of the April 14, 2020, meeting were accepted.

4.1 Consider Engineering Design Services for Solar Panels on Valley District's Administration Building. Staff presented that they have been working with Vision Civil Engineering to develop a scope of services for design and future installation of solar panels on the Administration Building. Staff also noted that the estimated payback period for the proposed 48 kW solar system would be from 8.5 to 13 years (depending on the future rate increases by SCE), the anticipated life of the solar equipment is 20-25 years, and the total estimated installation cost is between \$130,000 and \$150,000.

Action Item: Forward Vision Civil Engineers proposal of \$7,800 for engineering design services to the full Board for consideration.

4.2 Consider Evaluation of Options for Small Hydropower Plant Divesture by Southern

California Edison. Staff informed the Board of Directors that, through recent communications between Southern California Edison (SCE) and the local water users on Mill Creek and Santa Ana River, Staff became aware of SCE's planned divesture of certain small hydropower projects. Additionally, Staff provided a background on the projects, as well as recent discussions with SCE and other stakeholders, to include opportunities, risks, and recommended milestones. A plan is currently being evaluated to engage SCE as a local consortium of water users that have a direct and material interest in the water infrastructure supporting these hydropower projects. The local water users have agreed to contribute \$25,000 each initially to conduct research and evaluation and to develop a strategy to negotiate with SCE. A proposal solicited from NLine Energy will be presented to the Board at the May 19th Board of Directors' meeting for consideration.

Action Item: Staff continues to work with the consortium to complete the evaluation and brings recommendations back to the Board of Directors for consideration in future workshops.

4.3 Update on the Citrus Reservoir Floating Cover System Project.

Staff provided an update on the Citrus Reservoir and Pump Station Project (Project). The reservoir has been in continuous service since June 2017. On November 6, 2018, the Board of Directors authorized procurement of the Rhombo Hexoshield floating cover system to comply with mitigation requirements for the Citrus Reservoir provided in the Wildlife Hazard Management Plan (WHMP) prepared and adopted by the California Department of Water Resources (DWR) as part of the East Branch Extension (EBX) Phase 2 Project. Since then, over 3.7 million balls out of a total of 7.5 million balls have been deployed in the reservoir. Based on the recent biological monitoring events, the floating cover, even at less than half completed, has been very effective deterring migratory birds from using the reservoir.

In November 2019, there was evidence that some of the rhomboidal shaped balls have developed holes, sunk and subsequently been pulled into the reservoir pumps. Since then, the Citrus Pump Station has been shut down for investigations. Due to a relatively-low State Water Project allocation so far for this year, deliveries to our customers on the east end of the District's service area and to San Geronio Pass Water Agency (SGPWA) have been successfully met through the Greenspot Pump Station without being impacted by the shutdown of the Citrus Pump Station.

Through the collaboration with DWR staff, corrective measures have since been identified. On December 17, 2019, the Board approved a budget of \$280,000 related to the Project. Following the Board approval of the budget in December 2019, Valley District staff, in cooperation with DWR staff, has completely dewatered the reservoir using the Citrus Pump Station and rental dewatering pumps. Additionally, DWR staff has deployed a floating debris boom and net system designed to keep the rhomboidal balls from entering the Citrus Pump Station intake gallery, and completed the design of pump screens at each pump intake column to protect against any future intake of debris or balls that may plug up the pumps. Fabrication of the eight (8) pump screens was completed and delivered to the site in mid-April. Subsequent to satisfactory inspection and confirmation of no debris clogging up the pump intakes, installation of the pump screens was started in late April and completed in May. The reservoir is expected to be placed back in service in late May/early June 2020, barring any unforeseen circumstances. The total estimated Project cost is approximately \$166,453 including rental dewatering equipment, pump screen fabrication and installation, pump inspection and repair, and miscellaneous materials and rentals, which will be shared with SGPWA (22.6%).

Action Item(s): Staff will provide an update and final Project costs upon completion of the Project at a future workshop or regular Board meeting.

4.4 Update on City of Yucaipa Stormwater Recharge Basins. Staff provided an update on the City of Yucaipa (City) Stormwater Recharge Basins. The stormwater recharge basins that were presented were the Fremont Low Water Crossing (LWC) and Wilson III Basins along with an update on their applicability with the Local Resource Investment Program (LRIP). Staff provided an overview of previous discussions with the Board of Directors that included recommendations and presentations at the January 14, 2020 Engineering Workshop and February 12, 2020 Resources Workshop. Staff has been working closely with the City to meet the performance monitoring requirements outlined in the LRIP program for the Wilson III and Fremont LWC Basins. The City has indicated that they will submit separate applications for each stormwater capture basin. The Wilson III application will request a hybrid approach that provides the City with upfront lump sum funding and will outline the specific planned performance monitoring devices. The Fremont LWC application will request the traditional LRIP payment approach and will outline the specific planned performance monitoring devices. Staff provided photos of the planned Wilson III basin with the outlined staff gauges, gated

inlets and outlets and removable stop logs locations. Staff provided photos of the completed Fremont LWC Basin and verbally outlined that the City will be providing the performance monitoring devices in their LRIP application. The City has indicated that they intend to submit their LRIP applications for both basins by May 22, 2020. Staff will then review and provide any comment and/or changes to the applications, at which point LRIP agreements will be drafted and brought back to the Board for further consideration.

Action Item: Staff will continue to work with the City of Yucaipa to complete and develop their LRIP applications for the Fremont LWC and Wilson III basins. This item will be brought back to the Board for further discussion and consideration.

5. Future Business:

None discussed.

Staff Recommendation

Receive and File



DATE: June 2, 2020

TO: Board of Directors

FROM: Staff

SUBJECT: Summary of May 14, 2020 Board of Directors Workshop - Policy

The Policy Workshop convened on May 14, 2020, via Zoom teleconference. Director Longville chaired the meeting; President Harrison and Directors Hayes, Kielhold, and Navarro participated in the Workshop. Heather Dyer, Cindy Saks, Bob Tincher, Kristeen Farlow, and Melissa Zoba, of staff, participated in the workshop.

3. Summary of Previous Meeting

The meeting notes from the April 9, 2020, Board of Directors Workshop – Policy were reviewed. There were no additions or changes to the meeting minutes.

4. Presentation: Recognizing and Addressing the Potential for Long-Term Drought in California

The General Manager, Ms. Heather Dyer, gave an overview of scientific information recently published regarding the potential for very long-term, or mega-drought, in California. The presentation touched on the physical drivers behind climate change, global weather patterns and drought. Ms. Dyer explained how atmospheric and ocean variables such as carbon dioxide and temperature may influence weather patterns across the globe and specifically the state of California, which will significantly influence how the District manages its water supply in coming decades. Ms. Dyer also discussed potential strategies that the District can implement to ensure a robust and resilient water supply even in the face of challenging future climatic conditions.

Action Item(s): A copy of the presentation will be placed on the District website for future reference along with a press release directing the public to the presentation for additional information.

5.1 PFM Asset Management Market Update

Mr. Richard Babbe presented an update on current market conditions due to financial changes caused by the COVID-19 pandemic.

Action Item(s): Mr. Babbe will continue to keep the board updated on current market conditions as available and continue with quarterly presentations on investment transactions and activities.

5.2 Consider Establishment of Specific Committees to Facilitate Negotiations on Key Issues

Staff presented, for Directors consideration, the establishment or reestablishment of committees to facilitate negotiations on key issues for the District. Staff proposed establishing three Committees: San Gorgonio Pass Water Agency and Yucaipa Valley Water District Agreement; Forest Headwaters Resiliency Partnership with the San Bernardino National Forest; and the Legislative Action Team.

The Directors agreed that forming additional ad hoc and standing committees are beneficial for the District to advance work on key issues. These new committees will be formed and Board Members will be assigned by the Board President.

Director Longville recommended that the Forest Headwaters Resiliency Partnership committee be a standing committee rather than ad-hoc. She also recommended that due to the breadth and depth of Legislative topics of concern to the District, the Board should consider that rather than one standing Legislative Action Team, this topic be broken down into several subcommittees based on topic area. Director Longville and President Harrison agreed to work with staff to determine the best way to separate the topics to be addressed by the Legislative Action Team(s).

Vice President Kielhold agreed with the idea of getting committees – either ad hoc or standing – started on a number of topics. Director Navarro requested regular updates from these committees, at other workshops or Board Meetings, in order to keep all directors aware of the status of progress. Director Hayes would like to see training for those serving on committees, including identifying goals and expectations of the committees, as well as a succession plan for when Board Members leave committees. Director Navarro would like to see the existing committees reevaluated and potentially reassigned based on the new committees being developed.

Action Item(s): Staff will coordinate the following action items:

- Board Members are asked to advise President Harrison on which committees they are interested in serving on;
- Staff will work with President Harrison and Director Longville to identify how the Legislative Action Team may be divided, by topic area;
- Staff will work with President Harrison to determine which committee each Board Member is interested in participating in.
- Following coordination with the Board President, appointments for the Yucaipa Valley Water District-San Geronimo Pass Agency Ad-hoc committee and the Forest Headwaters Resiliency Partnership standing committee will be brought to a future Workshop or regular Board meeting for discussion.
- Further discussion and recommendations on the Legislative Action Team will occur at a future workshop.

5.3 Discuss Legislative Program Update

Staff presented the Board of Directors with a State and Federal Legislative Update. Since the COVID-19 outbreak, legislators and staff have been working remotely in order to maintain social distancing. The State Assembly returned to work the week of May 4th; the State Senate returned the week of May 11th. The budget deadline has not changed and remains June 15; the deadline to get measures on the November ballot is June 25.

There are still 3-4 bond proposals being considered, including AB 3256 (E. Garcia) which adds in climate resilience to the bond proposal. While legislators continue to work on potential bond proposals, they await guidance from Governor Newsom on whether a climate resilience bond will end up on the ballot. It is anticipated that any bond for consideration will include COVID-19 pandemic recovery elements which have yet to be made public.

It is estimated the state will experience a \$54.3 billion budget deficit due to the current pandemic. One bill of interest is SB 1052 (Hertzberg) which would authorize wastewater agencies to enter into agreements with those who manage stormwater in order to establish facilities for managing stormwater and dry weather runoff.

On the federal side, the Senate reconvened May 4th and the House of Representatives has no set date for return. Both houses were holding pro forma sessions to continue the work of the nation. The federal houses have been committed to COVID-19 legislation and recently introduced HR 6525, the Reopen America Act, to coordinate a controlled reopening of the country. Two bills of interest to the District not related to COVID-19 legislation are the America's Water Infrastructure Act of 2020 and the Drinking Water Infrastructure Act of

2020. Both of these were released by leaders of the Senate Environment and Public Works Committee and would authorize funding for water projects, including water storage, repair of aging wastewater systems, and a Safe Drinking Water Act Emergency Fund. Lastly, negotiations are underway on fiscal year 2021 appropriations bills.

Director Longville inquired as to whether SB 45 (Allen) was still being considered as one of the bond proposals. She also commented that she would like to see the Board take a position on SB 1052. President Harrison asked if there was an opportunity for the Sites Project to take advantage of any of the Drought Act funding to which Ms. Dyer responded that the Sites Project is expected to receive other federal dollars so it would most likely not be able to benefit from new Drought Act funding.

Action Item(s): Staff will follow up on the following inquiries:

- Director Longville's inquiry about SB 45;
- Director Longville's request to consider taking a position on SB 1052;

5. Adjournment

Prior to Adjournment, Director Longville requested a standing item be added to the Policy Workshop agenda, titled "Discuss Requests for Future Agendas". Staff stated that this is the intention of the Directors Request for Consideration form that was recently developed at that any requests received will be placed on the next workshop agenda for consideration.

Staff Recommendation

Receive and file.



DATE: June 2, 2020

TO: Board of Directors

SUBJECT: List of Announcements

- A. June 4, 2020 – Board of Directors’ Workshop – Resources, 2:00 p.m. by teleconference
- B. June 8, 2020 – Board of Directors’ Workshop – Budget, 2:00 p.m. by teleconference
- C. June 9, 2020 - Board of Directors’ Workshop – Engineering, 2:00 p.m. by teleconference
- D. June 11, 2020 - Board of Directors’ Workshop – Policy, 2:00 p.m. by teleconference
- E. June 16, 2020 – SAWPA Commission Meeting, 9:30 a.m. by teleconference
- F. June 16, 2020 – Regular Board Meeting, 2:00 p.m. by teleconference