



**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, MAY 4, 2021 – 2:00 P.M.**

**PUBLIC PARTICIPATION**

Public participation is welcome and encouraged. You may participate in the May 4, 2021, 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**

**PASSCODE: 3802020**

**<https://sbvmwd.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@sbvmwd.com](mailto: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, May 3, 2021. 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. 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**

**AGENDA**

**2:00 PM Tuesday, May 4, 2021**

---

**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 April 15, 2021, Meeting (Page 4)  
[Special BOD Minutes 041521](#)

2.2 April 20, 2021, Meeting (Page 11)  
[BOD Minutes 042021](#)

**3) PRESENTATIONS**

3.1 Presentation by East Valley Water District on the Status of the Sterling Natural Resource Center

**4) DISCUSSION AND POSSIBLE ACTION ITEMS**

4.1 Update on Business Information Services Departmental Initiatives (Page 20)  
[Staff Memo - Update on Business Information Services Initiatives](#)

4.2 Consider Approval of Consulting Services Agreement with PFM Solutions / Synario Software for the development of a Financial Model (Page 22)  
[Staff Memo - Consider Approval of Consulting Services Agreement with PFM Solutions/ Synario Software for Development of a Financial Model](#)  
[Consulting Services Agreement with PFM Solutions Synario Software](#)  
[Exhibit A to the Agreement - Synario Proposal](#)  
[Exhibit B to the Agreement - Synario Subscription Agreement](#)

- 4.3 Consider Engagement of Rogers, Anderson, Malody and Scott to provide Financial Statement Auditing Services for Fiscal Year End June 30, 2021 - 2023(Page 52)  
[Staff Memo - Consider Engagement of Rogers, Anderson, Malody and Scott to provide Financial Statement Auditing Services for Fiscal Year End June 30, 2021 - 2023](#)  
[RAMS Engagement Letter for FY 2021](#)  
[RAMS SAS 114 Planning Letter for FY 2021](#)  
[RAMS - SBVMWD Audit Cost Proposal FY 2021-2025](#)

**5) REPORTS (Discussion and Possible Action)**

- 5.1 CEO/General Manager's Report (Page 65)  
[Staff Memo - CEO/General Manager's Report](#)
- 5.2 SAWPA Meeting Report
- 5.3 Director's Primary Representative and Activity Report
- 5.4 Board of Directors' Workshop - Resources - April 1, 2021 (Page 68)  
[Summary Notes BOD Workshop - Resources 040121](#)
- 5.5 Board of Directors' Workshop - Engineering - April 13, 2021 (Page 75)  
[Summary Notes BOD Workshop - Engineering 041321](#)
- 5.6 Board of Directors' Workshop - Policy - April 8, 2021 (Page 86)  
[Summary Notes BOD Workshop - Policy 040821](#)

**6) ANNOUNCEMENTS**

- 6.1 List of Announcements (Page 94)  
[List of Announcements 050421](#)

**7) CLOSED SESSION**

- 7.1 Closed Session -Conference with Legal Counsel - Existing Litigation - Pursuant to Government Code Section 54956.9 - Complaint Against Nestle Waters North America, Unauthorized Diversions from Strawberry Creek, San Bernardino County (Before the State Water Resources Control Board)
- 7.2 Conference with Real Property Negotiators - Pursuant to Government Code Section 54956.8 - Property APNs 0280-171-16, 18, 19  
Agency negotiator: Heather Dyer, Wen Huang  
Negotiating parties: DAUM Commercial Real Estate Services and Hillwood  
Under negotiation: Price and terms of payment

**8) 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](http://www.sbvmd.com) subject to staff's ability to post the documents before the meeting. The District recognizes its obligation to provide equal access to those individuals with disabilities. Please contact Melissa Zoba at (909) 387-9228 two working days prior to the meeting with any special requests for reasonable accommodation.

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

**April 15, 2021**

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

**Directors Absent:** None

**Staff Present:**

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager  
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager  
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA – External Affairs Manager  
Anthony Flordelis – Systems Analyst  
Matthew E. Howard, MS – Water Resources Senior Project Manager  
Jose Macedo, ML, CPT-P (USA Retired) – Clerk of the Board/Assistant to the CEO  
Adekunle Ojo, MPA – Manager of Water Resources  
Shavonne Turner, MPA – Water Conservation Program Manager

**Members of the Public in Attendance:**

David Raley, San Bernardino Valley Water Conservation District  
Ron Coats, East Valley Water District  
Dr. Luis S. Gonzalez, City of Colton  
Larry Smith  
Jennifer Ares, Yucaipa Valley Water District  
Lonni Granlund, Yucaipa Valley Water District  
Matt Porras, Yucaipa Valley Water District  
Madeline Blua, Yucaipa Valley Water District

The special meeting of the Board of Directors was called to order by President Kielhold at 2:02 p.m. Director Longville led the Pledge of Allegiance. A quorum was noted present by roll call.

President Kielhold stated that the record will reflect that pursuant to the provisions of Executive Order N-29-20 issued by Governor Newsom on March 19, 2020, this meeting will be conducted by teleconference only.

All actions taken by the Board at the meeting will be conducted by a roll-call vote.

### **Agenda Item 1. Public Comment**

President Kielhold stated that any member of the public wishing to make any comments to the Board may do so. There were no comments.

*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. Discussion and Possible Action Items.**

**2.1) Proposed Demand Management Program.** CEO / General Manager Heather Dyer reminded the Board that rebuilding the water conservation program was discussed last May. It is important now to take this on as the State Water Project is at a five percent allocation and every drop of water counts, she noted, and advised that Manager of Water Resources Adekunle Ojo and Water Conservation Program Manager Shavonne Turner have done a lot of work to develop a successful program.

Mr. Ojo noted that the Metropolitan Water District had estimated that demand management had helped save \$2.7 billion in avoided costs of water supply projects. He shared study recommendations for MWD.

Demand Management is the umbrella concept for water conservation and water use efficiencies, Ojo explained. It includes looking at water production and distribution and is not a goal, it is a tool to help agencies provide long-term water supply.

Mr. Ojo gave an overview of the District's current program which can be found on the website. The current focus is on delivery, not on environment, institutional setup, data, measurement, or results, he said. Staff is asking the Board to consider a regional program that is delivered by Valley District with control and accountability, open to everyone in the District's service area regardless of their retailer. Additional local level programs would be available to retailers that are unique to their area, he explained.

Ojo proposed a community engagement and partners program because Valley District and the local agencies do not have staffing levels necessary to do high level engagement of the public to participate. He noted that this conversation will continue for many years to come, as behavioral change on the part of customers or the water utility is a long-term process.

Conservation had not always been a priority in the past, Ojo explained, due to the availability of high groundwater. As part of the planning phase, the Board authorized a Water Use Efficiency Assessment and Plan, which is complete and copies have been

provided to the Basin Technical Advisory Committee, and informs this presentation, he noted. A Water Resource Manager and Water Conservation Program Manager were hired this fiscal year, he reminded. He said it is hoped the Board will authorize moving into the Implementation Phase in the fiscal year beginning July 1.

Mr. Ojo advised that the Integrated Urban Water Management Plan (UWMP) is also being completed, taking into consideration AB 1668 and SB 606 which changed the way planning is done. Included is a requirement for each agency to conduct an annual water supply and demand assessment, and to calculate water use objectives starting in 2023. Ojo provided details on the requirements and said Valley District should embark on the journey with the retail agencies toward the state's new objectives.

Mr. Ojo reviewed historical population and water use for the agencies that participated in the 2015 Regional UWMP. From 2009 to 2020, demand was reduced from 0.29 acre-feet (af) per person per year to 0.20 af. Trends show that people are getting the message and are not using as much water, Ojo said.

Despite the impressive numbers, there is much room for improvement on the end user side as well as the organizational side, Ojo advised. He explained that the application of efficiency standards could have reduced demand by 15,450 af, a potential cost of \$100 million if procured from a water supply project.

Only 30 to 40 percent of water used is for indoor use, the rest is for outdoor use, Ojo noted. Current rate structures do not send a price signal, he said. Ojo explained water budget-based tiered rates and presented an example. The agency's water rate would be based on revenue requirements of efficient consumption, he noted. When customers use more, the agency can separate those funds to cover water conservation programs, he said. Conservation efforts would be targeted to identified customers who exceed their budgets, he explained.

Mr. Ojo responded to questions from Director Longville and Vice President Hayes regarding fixed costs. If more than 25 percent of the overall cost is recovered on the fixed side, there will not be a strong conservation signal, he explained. Proper cost-of-service studies and great financial modeling is the solution, he said. Director Longville pointed out the costs of antiquated infrastructure.

Vice President Hayes pointed out the dilemma of encouraging conservation in times of drought and the resulting need to raise rates to make up lost revenue. Mr. Ojo noted that is an opportunity for customer education regarding what they are paying for.. Water budgets allow a water agency to deliver that at the lowest cost possible and price anything above that differently.

Mr. Ojo briefed the Board on non-revenue water: water that the agency supplies that is not paid. This could include water theft, metering inaccuracies, unbilled consumption, or water loss from leaks. The state benchmark is ten percent, he explained.

Water Demand Management principles include that water suppliers should supply water efficiently and effectively, minimizing water losses and promoting water use efficiency among end-users, end users should use water efficiently and not waste water, and water demand management should be an integral part of water resources and water resources planning processes, Ojo explained. Demand reduction is one way to meet water supply goals. The objectives are water resource management and distribution management, and end-user efficiency and customer demand management, he stated.

Ojo described the four pillars of demand management: technical, financial, social, and regulatory. Policy, capacity, and delivery are other components, he noted. Motivating this program are environmental reasons including adaptability to drought, change in climate, water supply reliability, lower operation and maintenance costs and water savings, and equity. By avoiding some water supply projects, the agency is able to provide water to more people resulting in helping cities meet their affordable housing goals, and better affordability, Ojo advised.

Mr. Ojo reviewed the Demand Management Framework as presented at an earlier meeting, with an end goal of increasing the reliability of water resources for the region.

Water Conservation Program Manager Shavonne Turner spoke about change and building on existing efforts. It needs to be easy for retailers to administer the programs and easy for the customer to participate, she stated. Providing choice goes a long way and can include options for an easy application process, fair project scoring realizing that one-size-fits-all no longer applies, and smart investing for long-lasting results, Turner explained.

Valley District will be prepared and will have a better vision of what is to come as best practices are implemented, Turner noted. She explained that data will provide a clear picture to evaluate programs, and visibility will allow better presence in the community.

Ms. Turner provided detail on the proposed program components. At the regional level, she said, programs will be administered by Valley District and will be made available to all, to benefit all, Turner said.

The program includes community outreach, education, wholesale assistance to the retailers, and direct install programs, Turner explained. She detailed a 24/7 customer engagement effort, determining what customers want and staying connected. Seasonal and limited time incentives based on opportunities to build on current events and media coverage were suggested.

Ms. Turner noted that retailers can choose to administer programs locally or choose technical options to implement, Turner continued. CEO / General Manager Dyer emphasized the variation in water use between agencies and pointed to the tier levels of agencies needing assistance. This tier system proposes that Valley District meet agencies where they are and begin helping them from their current level, as they are not all at the same place in terms of program capacity, Dyer explained. Turner emphasized custom planning including launch, monitoring, and evaluation.



Ms. Turner reviewed foundational Best Management Practices (BMP) in utility operations and education, and programming BMPs including residential, commercial and landscape programs. She reminded the Board that 60 percent of water use is outdoor, therefore that is where focus is placed.

Both Yucaipa Valley Water District and East Valley Water District have adopted BMPs and have been successful, Turner noted. Valley District would want to encourage other retailers and show the success of the BMPs and how they were beneficial, with the goal that they will follow suit, she said.

Ms. Turner described a Regional Community Engagement Program (CEP) with educational opportunities for kids, who pass along the message. The CEP would be an annual program and would highlight Valley District's efforts such as partnerships and collaborative push for long-term change, she continued.

The goal is to make things seamless and easy for retailers to apply for and administer, Turner concluded. Retailers could submit proposals to Valley District online.

Mr. Ojo reminded the Board that demand management is a tool along with BMPs and the Santa Ana Watershed Project Authority, education and outreach, water use efficiency, regulation, and community presence. He also touched on sustainability and the water-energy nexus. It is a comprehensive approach; meeting people where they are in a cost effective and efficient manner, Ojo said.

Mr. Ojo explained the proposed fiscal year 2021-22 preliminary budget of \$1.1 million for the program components, or \$1.7 million with the addition of direct incentives / installations. This is still lower than the budget of previous fiscal years, he pointed out.

Valley District includes disadvantaged communities, Ojo indicated, where households fall below median income. These customers must be considered a sub-segment as they are least likely to benefit from anything the District does without assistance, he advised.

The next step is to present the retail agency administered program component of the plan to the BTAC to obtain their feedback later this month or in early May, Ojo said. The feedback would be incorporated into the proposed budget and based on this discussion the Board may approve all components as part of the budget process or break it up for further consideration, Ojo advised.

Director Longville commented that this is a transformational plan because the District invested in hiring staff and in doing the study. It is what she was hoping to hear, she said, and indicated support. She said she understood that components would be adjusted as the project moves forward.

Director Harrison said this is a lot to digest in one sitting, and he looks forward to working with staff.

Director Botello complimented the presentation and staff's enthusiasm. He said he believes the program hits every point, is smart, realistic, innovative, attainable, and regional. He concurred with the idea to have it come back in pieces. He suggested modeling an ambassador program on the police citizens academy to cut across all demographics, and said he saw an opportunity for a marketing campaign including advertising, billboards, radio, and television.

Vice President Hayes reminded the Board of its support in concept and said it would be foolish not to continue to support it. She noted that the Board should push for bigger and better, or smaller and better, correcting the errors or missteps of the past. She said she is interested in developing the program as it goes along, while evaluating and then modifying. Hayes expressed concern about reaching the people who need the information but who are too busy and do not pay attention to these kinds of things.

Director Longville said she believes that someday Valley District must get to tiered rates for wholesale water, rewarding the retail agencies that are leaving water in the ground. She noted that the Board must find a way to reward the households paying property tax and which are water efficient, as opposed to those that are not. There must be a dollar incentive to make every drop count, Longville posited. The ethic is important, and behavior is driven by rewarding good behavior, she added.

Mr. Ojo indicated that some of these concerns are addressed in the program but were not detailed in the presentation. He noted the recommendation that this be rolled into the budget, but that the program could also come back for discussion in detail about each program.

President Kielhold stated that he believes the Board would like to see the components in each program as well as metrics to see how the program is working so that things that do not work are not repeated, and things that work are encouraged and grown.

Director Botello acknowledged Vice President Hayes' comments and suggested that it takes innovation and tailored efforts to engage communities.

*3:58 p.m. – Director Harrison left the meeting.*

Mr. Ojo pointed out the concept of contextual marketing and noted the power of social media.

Ms. Lonni Granlund with Yucaipa Valley Water District said she appreciated the efforts. She told the Board that YVWD had done a large outreach effort and has found that people have responded with a huge water use reduction, but there have also been failures. Each community will react differently, she advised, and suggested going to a couple of communities to get a critique.

Mr. David Raley of the San Bernardino Water Conservation District pointed out rate differences and noted that in order to impact usage universally in the district, the tax rate must be addressed as suggested by Director Longville. He said he thought the program

would be more useful if it had a stated goal, and suggested that the best presentation should be to the Advisory Commission as opposed to BTAC.

CEO / General Manager Dyer advised that the overall number will be presented again during the budget discussions, but staff will bring back components of the program to concentrate on each particular proposed element. It is planned to be presented to the BTAC Water Conservation subcommittee then will have it agendized for the Advisory Commission.

**Agenda Item 3. Adjournment.**

The meeting was adjourned at 4:04 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><b>Secretary</b></p> <p>Date _____</p>
---

Respectfully submitted,

Lynda J. Kerney  
Contract Assistant

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

**April 20, 2021**

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

**Directors Absent:** None

**Staff Present:**

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager  
Wen B. Huang, PE, MS – Chief Engineer/Deputy General Manager  
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager  
Bob Tincher, PE, MS – Chief Water Resources Officer/Deputy General Manager  
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA – External Affairs Manager  
Anthony Flordelis – Systems Analyst  
Matthew E. Howard, MS – Water Resources Senior Project Manager  
Jose Macedo, ML, CPT-P (USA Retired) – Clerk of the Board/Assistant to the CEO  
Adekunle Ojo, MPA – Manager of Water Resources  
Shavonne Turner, MPA – Water Conservation Program Manager

Brendan Brandt, Varner & Brandt, District Counsel  
Meredith Nikkel, Downey Brand, District Counsel

**Members of the Public in Attendance:**

Benjamin Kelly, Western Heights Water Company  
Claire Bonham-Carter  
David Raley, San Bernardino Valley Water Conservation District  
Diana Edwards  
Gina O'Toole  
Ronald Coats, East Valley Water District

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

President Kielhold stated that the record will reflect that pursuant to the provisions of Executive Order N-29-20 issued by Governor Newsom on March 19, 2020, this meeting will be conducted primarily by teleconference. 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 Kielhold stated that any member of the public wishing to make any comments to the Board may do so. There were no comments.

*Audience attendance will be recorded in the minutes based on registration information generated in the teleconference or by stating their name during this time.*

### **Agenda Item 2. Approval of Minutes of the April 6, 2021, Board meeting.**

Director Harrison moved to approve the minutes of the April 6, 2021 meeting. Vice President Hayes seconded. The motion was unanimously adopted by a roll-call vote.

### **Agenda Item 3. Discussion and Possible Action Items.**

**3.1) Consider Resolution No. 1114 in Support of the District's Community Project Funding request to Congressman Aguilar.** Chief Executive Officer/General Manager Heather Dyer reminded the Board that the District was successful in gaining direction from Congress to the U.S. Army Corps of Engineers (Corps) to do a feasibility study analyzing the inclusion of water conservation as an authorized purpose of the Seven Oaks Dam included in the Water Resources Development Act (WRDA) bill.

A feasibility study was completed in 1997, but it was held up due to downstream impacts to the San Bernardino Kangaroo Rat and the Santa Ana Sucker, Dyer explained. Now, it is believed the remaining environmental mitigation actions have been covered through the Habitat Conservation Plan (HCP). This appears to be an excellent opportunity to engage with the Corps to move forward with full permitting and environmental compliance for capturing the full water rights of Valley District and Western Municipal Water District, she said.

The funding required to complete the feasibility study and any necessary scientific studies was not addressed, Dyer continued. Congressman Aguilar's office reached out for community project funding requests (formerly earmarks) for projects already authorized by Congress and this meets the criteria, Dyer said. Innovative Federal Strategies recommended requesting 50 percent be funded by Congress; staff prepared a package for a \$2.5 million request be submitted.

The Seven Oaks Dam is already built and could provide benefits including flood control, water supply, and habitat enhancement, Dyer said. She shared a diverse list of agencies that provided support letters. A formal resolution from the Board is needed, she advised.

Director Harrison moved to adopt Resolution No. 1114 in Support of the District's Community Project Funding Request to Congressman Aguilar. Director Longville seconded. The motion was unanimously approved by a roll-call vote.

#### **RESOLUTION NO. 1114**

#### **RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT SUPPORTING THE DISTRICT'S APPLICATION FOR COMMUNITY PROJECT FUNDING FOR THE SEVEN OAKS DAM FEASIBILITY STUDY**

**(See Resolution Book)**

**3.2) Consider Purchase of Water Available Through the 2021 Yuba Accord Dry Year Water Purchase Program.** Manager of Water Resources Adekunle Ojo provided an overview of sources of water supply. Valley District's supply is largely local, with State Project Water (SPW) being only 25 percent, he noted. The conditions of the groundwater basin are currently good, he said. SPW is needed to replenish the groundwater basins with imported water, he explained, because local precipitation is not sufficient.

Ojo reminded the Board that the State Water Project Table A allocation is only five percent this year, and explained Valley District's supply vs. demand, noting that the goal is to meet the District's direct delivery demand plus the carryover amount, he said. There will be enough to meet direct delivery, but at this point, there will not be enough water delivery for carryover to 2022, Ojo advised.

Sources such as Yuba and Kern-Delta come in to help bridge that gap, Ojo stated. The District can obtain 5,000 acre-feet (af) from its water banking in the Kern-Delta program, he noted, and at least 3,000 af will be needed from the Yuba Accord program to balance demand and supply this year.

Mr. Ojo explained the agreement with the Department of Water Resources (DWR) to purchase Yuba Accord water and noted the water is relatively affordable; the price is lower than Sites Reservoir or Delta Conveyance water. DWR has issued a Notice of Availability and the District must submit a request by April 23. This agenda item will authorize staff to proceed, he said. Payments would begin in July, and the water would

be delivered starting in July, Ojo explained. This would allow flexibility and insurance for the next year, he said.

Director Longville said the Board should support the staff recommendation to request the 10,000 af. She said she believed the District would get no more than a third, and may be even less. Chief Water Resources Officer/Deputy General Manager Bob Tincher advised that, like last year, the amount received could be less and there will probably be more agencies participating this year due to the five percent SWP allocation.

Director Harrison pointed out that the District appeared to pay for a certain amount water last year and did not receive it. Mr. Tincher explained the DWR proportionate share and water loss across the Delta for water quality and other environmental requirements. The actual wet water received was 3,000 af of the 4,000 purchased, due to typical “carriage loss” he said. The long-term solution is the Delta Conveyance and Sites Reservoir, Tincher added. Once those are in motion, the District will probably not have to use the Yuba Accord, he said. Director Longville pointed out that in a dry year, this is always the first chance available to do something.

President Kielhold invited public comment. There was none.

Vice President Hayes moved to authorize staff to notify the California Department of Water Resources that Valley District would purchase up to 10,000 acre-feet of water through the Yuba Accord program. Director Longville seconded. The motion was unanimously approved by a roll-call vote.

**3.3) Consider the Request for Proposals – Development of a Valley District Climate Adaptation and Resilience Plan.** Manager of Water Resources Adekunle Ojo advised that this is a follow-up item to the April 8 Policy Workshop discussion on the proposal and timeline for developing a Climate Resilience Plan. Since then, staff has changed the name to a Climate Adaptation and Resilience Plan (CARP) which clarifies purpose and intent.

Ojo discussed climate change and advised that good planning will help the District adapt and manage climate uncertainties, he explained. The purpose of the CARP is to ensure the District is resilient to future climate uncertainties and to plan the water supply portfolio accordingly. It will also position the District to be highly competitive for funding opportunities, he added.

The District is not starting from zero, he said, and noted that existing documents provide foundation for the CARP. Ojo reviewed the draft plan outline as presented at the April 8 meeting. Staff is open to a consultant proposing a different approach, he noted. The timeline changed based on the Board’s request to review the Request for Proposal (RFP) which was sent out with the agenda packet. Depending on Board feedback, the RFP can be released tomorrow, Ojo said, and a plan completed this year.

CEO/General Manager Heather Dyer clarified that the District may seek funding for several projects totaling more than \$300 million that aim to make the water supply portfolio resilient to the unknown conditions of the future. She noted that although the District has been fiscally responsible, these projects are a significant capital investment and low-cost financing strategies have been considered. Front-end planning will help the District maximize opportunities and be in a position to stretch the funding.

Director Longville said she had worked on the climate committee with Director Hayes and staff. Releasing the RFP is good, she said, and suggested that there may be a consultant who does not meet all requirements but who has suggestions to improve the plan. The Board will have a chance to provide additional input and direction when the proposals come back, she noted, and said she supports getting the RFP out tomorrow.

In response to President Kielhold, Mr. Ojo said he has 11 consultants to whom the RFP will be sent and said he will seek additional firms. It will be publicly posted, and links will be sent to ACWA and CSDA, he added.

Director Botello indicated support and agreed it is important to be proactive and prepared. He concurred with Director Longville's comments and expressed concern that it is an ambitious timeline.

Director Botello moved to approve the Request for Proposals – Development of a Valley District Climate Adaptation and Resilience Plan as presented. Vice President Hayes seconded. The motion was unanimously approved by a roll-call vote.

**3.4) Consider Second Amendment to the Reimbursement Agreement with East Valley Water District for Design of the Regional Recycled Water Facilities.** Chief Engineer / Deputy General Manager Wen Huang reminded the Board of discussion of this item at the Engineering Workshop on April 13. He provided background and noted that recycled water has become very important.

The Valley District Board has approved two reimbursement agreements with East Valley Water District (EVWD) for design and construction of recycled water pipeline from the Sterling Natural Resources Center (SNRC) to Redlands Basins, Huang noted. He reminded the Board that the concept for regional recycled water to be recharged in Redlands Basins has been changed to Weaver Basins.

Mr. Huang gave an overview of facilities and pointed to the future recycled water pipeline. Staff proposed that the pipeline be later extended east to connect to the Foothill pipeline to deliver SPW to the Weaver Basins for recharge, he said. In addition, the District will be able to convey the recycled water pipeline easterly to enhance recharge basins as well as Dike D owned by the Conservation District, Huang said.



For consideration today, staff recommends contracting with EVWD to take the lead on three components of the regional recycled water system, Huang stated: design of the modified Regional Recycled Water Pipeline, design of the Weaver Basins, and a preliminary condition assessment of the Alabama Street pipeline. He summarized the projects and scope of work and explained the design-build method used by EVWD.

Huang indicated that a quote for the well abandonment in the amount of \$83,000 has been received and staff would like to add that to the Weaver Basins scope of work. The seller of the property deposited \$100,000 in an escrow hold back account to reimburse for this work, he noted.

Mr. Huang said that this provides water benefit for the entire region. Through the Local Resources Investment Program, he noted, EVWD applied for up to 11,000 af of recycled water from the SNRC project, and the City of San Bernardino expects to generate up to 5,600 af of water, for a total of up to 16,600 af of new water supply in the future to provide drought-proof supply and accommodate up to 33,000 households annually. In addition, the basin can also potentially be used for SWP recharge and stormwater capture, he added.

The EVWD Board will be considering this next week, Huang said. He asked the Board to authorize the general manager and house counsel to make any non-substantive changes suggested by the EVWD Board.

Director Botello noted that he serves on the 2x2x2 Committee and said this project is innovative and staff has looked at every obstacle and anticipated issues. He said he believes it is a great partnership for the region and will be money well spent on infrastructure that will serve this Valley for many years.

Director Harrison pointed out that Redlands will no longer be involved, and the Alabama name is no longer relevant. He asked if the name of the pipeline could be changed. Mr. Huang said that eventually the line will be considered part of the regional recycled water pipeline which will supersede the Alabama Street pipeline. Director Longville noted that regional recycled water pipeline is generally what such facilities are called, and that is an appropriate name.

In response to President Kielhold, Mr. Huang said he would reconcile references in the agreement to the City of San Bernardino and the Water Department.

President Kielhold noted that a benefit of the facilities is the opportunity to recharge stormwater. He asked how Valley District would do so if EVWD is operating the facilities. Mr. Huang explained that it was contemplated for EVWD to operate the facilities on behalf of Valley District, but now the District's state water facilities have been incorporated along with potentially stormwater facilities and said that likely in the future it will make more sense for Valley District to operate the facility. Obviously, he continued, Valley District will

work closely with its partners including EVWD and the City of San Bernardino, as every decision will impact the facility.

Director Botello moved to approve the second amendment to the Reimbursement Agreement with East Valley Water District for design of the Regional Recycled Water Facilities and authorize the CEO / General Manager to execute the amendment. Director Harrison seconded. The motion was unanimously approved by a roll-call vote.

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

**4.1) SAWPA Meeting Report.** Vice President Hayes reported on the following items taken at the April 20, 2021 Commission Meeting:

The Commission took the following action:

- Reviewed and discussed the draft FYE 2022 and 2023 budget, deferred consideration of adoption
- Authorized staff to sign onto an Integrated Regional Water Management (IRWM) 2022 Resources Bond Support Letter with other interested utilities across the state for the purpose of sending to pertinent legislators to indicate funding support for IRWM in all future 2022 resource bonds; and advised staff to update the language to include specific goals and requests

The Commission received the following informational reports:

- Santa Ana River Mitigation Bank Overview
- General Manager Report 100-Day Plan Update

She asked directors get back to her with any comments on the budget before the next SAWPA meeting.

#### **4.2) Director's Primary Representative and Activity Report.**

President Kielhold said he had no activities to report.

Vice President Hayes reported that she attended a Conservation District meeting, and a West Valley Water District meeting.

Director Harrison reported that he attended the National Habitat Conservation Plan Government Relations Committee meeting on April 9, the Association of San Bernardino County Special Districts Board meeting on April 12, and the San Bernardino Valley Water Conservation District Board meeting on April 14.

Director Botello reported that he attended the San Bernardino City Council meeting on April 7, and the Inland Valley Development Agency meeting on April 14.

Director Longville reported that she attended the last day of the WaterNow Alliance virtual conference on April 7, the San Bernardino Valley Community College District meeting on April 8, the League of Women Voters Water Committee on April 13, and the San Bernardino Valley Water Conservation District Board meeting on April 14.

**4.3) Operations Report.** Water Resources Senior Project Manager Matt Howard presented the Report. In March 2021, 1,125 acre-feet of State Water Project water was delivered to the District, he noted. The focus is on direct deliveries, he stated, and there was no recharge this month.

Director Longville asked about storage. Mr. Howard explained this is water passed through the DWR meter and is currently sitting in Citrus or Crafton Hills reservoir, and has yet to be delivered to a customer.

**4.4) Treasurer's Report.** Director Kielhold moved approval of the following expenses for the month of March 2021: The State Water Contract Fund \$9,631,323.69, Devil Canyon / Castaic Fund \$104,812.00, and General Fund \$2,563,058.42. Vice President Hayes seconded. The motion was unanimously adopted by a roll-call vote.

**4.5) Directors' Fees and Expenses for March 2021.** No oral report was given as a written report was included in the Board packet.

## **Agenda Item 5. Announcements.**

**5.1) List of Announcements.** President Kielhold pointed out the list of announcements.

**Agenda Item 6. Closed Session.** District Counsel Brendan Brandt introduced the Closed Session items and noted a correction to the APN number on item 6.3 which was posted with a revised agenda. He announced that Director Botello will be recusing himself from Item 6.2 and will not attend that portion of the Closed Session.

President Kielhold adjourned the meeting to Closed Session at 3:16 p.m.

### **6.1) Conference with Legal Counsel – Existing Litigation**

Pursuant to Govt. Code Section 54956.9

Complaint Against Nestle Waters North America, Unauthorized Diversions from Strawberry Creek, San Bernardino County (Before the State Water Resources Control Board)

**6.2) Conference with Real Property Negotiators**

Pursuant to Govt. Code Section 54956.8

Property APNs 0280-172-20, 0280-172-04, and 0280-063-10

Agency negotiator: Heather Dyer

Negotiating parties: Mohammed Ali

Under negotiation: Price and terms of payment

**6.3) Conference with Real Property Negotiators**

Pursuant to Govt. Code Section 54956.8

Property APN 1210-211-25

Agency negotiator: Heather Dyer and Wen Huang

Negotiating parties: John Mura, East Valley Water District

Under negotiation: Price and terms of payment

President Kielhold returned the meeting to Open Session at 4:54p.m. Legal Counsel Brendan Brandt reported that:

- Item 6.1 – The Board was updated by Legal Counsel, and Legal Counsel was given further direction. No reportable action was taken.
- Item 6.2 – Brandt reiterated that Director Botello recused himself and did not participate, and left the Zoom conference room during the entirety of Item 6.2. Staff presented the Board with information, and the Board gave staff direction. No reportable action was taken.
- Item 6.3 – A presentation was made by staff and staff was given direction by the Board. No reportable action was taken.

Vice President Hayes moved to adjourn the meeting. Director Botello seconded. The motion was adopted by a 5-0 roll-call vote.

**Agenda Item 7. Adjournment.**

The meeting was adjourned at 4:57 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><b>Secretary</b></p> <p>Date _____</p>	<p>Respectfully submitted,</p> <p>Lynda J. Kerney Contract Assistant</p>
---	---



---

**DATE:** May 4, 2021  
**TO:** Board of Directors  
**FROM:** Melissa Zoba, Chief Information Officer  
**SUBJECT:** Update on Business Information Services Initiatives

---

At this meeting, staff will make a presentation on the status of several information systems and technology projects currently underway or nearing completion.

**Background**

In June 2020, the Board of Directors approved the formation of the Business Information Services (BIS) department that would integrate business information systems, geographic information systems (GIS), Supervisory Control and Data Acquisition (SCADA), and communications under one department. The BIS department serves to lead and support various business information and technology efforts of the District. Staff will present updates on the following projects.

**Board Room Audio/Visual Upgrade** – The Board Room audio/visual upgrade entails a complete renovation of the existing audio/visual equipment; adds new functionality that supports virtual meetings and the ability to stream meetings via the District’s YouTube channel; and addresses several ADA compliance issues that were recently brought to the District’s attention. The equipment installation, programming, and testing is now complete. Internal administrative and user training is being scheduled and a Board member orientation is also planned to familiarize directors with the new equipment and camera blocking.

**Cybersecurity** – The security of the District’s information and operational technologies is an ongoing process that requires continual review and development of the strategies and objectives that mitigate current threats in cybersecurity. In doing so, we can improve the identification, protection, detection, response, and recovery as it relates to the protection of the District’s critical

technology infrastructure. Staff will present an overview of the District's cybersecurity strategies and practices.

**GIS Tools and Resources Development** – One of the objectives of the BIS department is to assess existing practices and processes and determine where greater efficiencies may be achieved. GIS technology provides the platform and the tools to improve workflows, manage and share information more readily, and support more informed decision making. Staff will present an overview of the development of a new GIS tool to improve the collection, management and distribution of data.

**Fiscal Impact**

There is no fiscal impact related to this item.

**Staff Recommendation**

Receive and file.

**Attachments**

None.



---

**DATE:** May 4, 2021

**TO:** Board of Directors

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

**SUBJECT:** Consider Approval of Consulting Services Agreement with PFM Solutions / Synario Software for the development of a Financial Model

---

**Background:**

This item was discussed at the April 13, 2021 Board of Directors' Workshop – Engineering where staff was directed to bring the contract with PFM to a future Board meeting for consideration, once all agreements/documents are agreed to form by District house counsel.

In 2008, the District hired a consultant to create an Excel dashboard financial model to provide the Board and Staff the ability to input various scenarios to view and analyze long term financial impacts based on changing data. Although this model is still partially viable, an update of the financial model is needed in order to inform upcoming strategic financial decisions.

In February 2021, staff prepared a Request for Proposal for a new Financial Modeling Study. Staff held a pre-proposal meeting to answer questions and subsequently the District received five proposals. Staff interviewed all five proposers with each firm holding unique aspects. All firms were very qualified and provided a variety of concepts and examples of their financial model. The costs for the financial model study proposals ranged in cost from \$30,750 (platform development + annual license fee) to \$70,050 (professional services to create Excel dashboard financial model).

After an in-depth staff review and discussion, staff is recommending the Board consider a new type of financial model platform proposed by PFM Solutions / Synario Software. The Synario platform offers a purpose-built tool to help District Staff to build, maintain, and easily use financial projections. This tool includes all of our financial information such as revenue and expenses but is set up in a way that allows staff to easily test many different scenarios regarding capital projects or other initiatives that we are considering by using a toggle to select projects on or off. This unique tool will be very helpful to our internal planning process and assist

in development of a financing strategy for our capital improvement program and other investments.

The PFM Solutions / Synario Software proposal includes an onboarding fee of \$15,750 based on 45 hours at \$350 per hour to set up the specific Financial Model and a Licensing Fee of \$15,000 per year. This annual licensing fee would allow three interchangeable users which would initially include the CEO/General Manager, CFO/Deputy General Manager and Chief Engineer/Deputy General Manager, or their designee, to input data on budget and long-term construction costs and include the ability to run various financial scenarios. With the license-based fee model the modeling tool is consistently updated by the designer and maintained on the cloud.

The attached consulting services agreement with exhibits with PFM Solutions / Synario Software to develop the financial model and subscription agreement has been reviewed by house counsel Varner Brandt and approved to form.

**Fiscal Impact:**

The expenditure for this item is available within the current fiscal year Consultant account 6360 within the approved General Fund budget.

**Staff Recommendation:**

Approve the consulting services agreement with PFM Solutions / Synario Software for the development of a Financial Model in the amount of \$30,750 which comprises of onboarding fee of \$15,750 based on 45 hours at \$350 per hour to set up the specific Financial Model and the associated Licensing Fee of \$15,000 per year thereafter.

**Attachments:**

- Consulting Services Agreement with PFM Solutions / Synario Software
- Exhibit A to the Agreement - Synario Proposal
- Exhibit B to the Agreement - Synario Subscription Agreement



## SERVICES AGREEMENT

**THIS SERVICES AGREEMENT** (“*Agreement*”) is entered into as of \_\_\_\_\_, 2021 (“*Effective Date*”), by and between San Bernardino Valley Municipal Water District, a municipal water district organized and operating under the Municipal Water District Law of 1911 (“*District*”), and PFM Solutions LLC, a Delaware limited liability company (“*Service Provider*”). District and Service Provider are sometimes referred to herein collectively as “*Parties*” and individually as “*Party*.”

### RECITALS

A. District is a public agency of the State of California and is in need of a qualified service provider to provide professional services for the following project:

**JOB NAME:** Financial Modeling

B. Service Provider is duly licensed in the State of California and has the necessary qualifications to provide such professional services.

C. The Parties desire to enter into this Agreement for the purpose of setting forth the terms and conditions upon which Service Provider will render such professional services to District.

**NOW, THEREFORE**, the Parties agree as follows:

### ARTICLE I SCOPE OF SERVICES TO BE PERFORMED, TIME OF PERFORMANCE AND TERM

1.1 Term. The term (“*Term*”) of this Agreement shall be effective upon the Effective Date and shall continue for an initial term as described in the Subscription Agreement.

1.2 Scope of Services and Time of Performance. During the Term of this Agreement, Service Provider shall perform all services, and provide all materials, equipment, tools, labor, and expertise, necessary to furnish the professional services set forth in Service Provider’s proposal in response to the RFP (“*Proposal*”), a true and correct copy of which is attached as *Exhibit “A”* hereto and incorporated herein by reference, and that certain Synario Software Subscription Agreement (Enterprise Application) (“*Subscription Agreement*”), a true and correct copy of which is attached as *Exhibit “B”* hereto and incorporated herein by reference (collectively, “*Services*”). All Services shall be performed in accordance with the timeframes set forth in the Proposal.

1.3 Task Orders. From time to time, the Parties may make changes to or authorize certain work set forth in the scope of Services, including without limitation issuing additional instructions, requiring additional work, or deleting work previously ordered, by executing one or more task orders (each a “*Task Order*”). The provisions of this Agreement shall apply to all such Task Orders. The costs of each Task Order, or any modification of time for completion that might be required thereby, shall be mutually agreed upon in writing by District and Service Provider

before commencement of the work called for by such Task Order. A Task Order is a request for additional Services and/or changes to Services, and shall not be effective unless and until accepted in writing by both Parties. Service Provider shall be solely responsible for all costs and expenses associated with any additional Services, including additional Services already performed, that have not been specifically agreed upon in writing by Service Provider and District. As used in this Agreement, the term “*Services*” shall include Services added, deleted, or modified by any Task Order.

1.4 Qualifications. Service Provider represents and warrants to District that it has the qualifications, experience, licenses, and facilities necessary to properly perform the Services in a timely, competent, and professional manner.

1.5 Licenses. Service Provider shall, in accordance with applicable laws and ordinances, obtain and maintain at its expense all permits and licenses necessary to accomplish the Services. Failure to maintain a required permit or license may result in immediate termination of this Agreement.

1.6 Standard of Care. Service Provider shall perform all Services in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and competence ordinarily exercised by members of the profession currently practicing under similar conditions and in compliance with all federal, state, and local laws, rules, regulations, or ordinances applicable to the Services.

1.7 Non-Exclusivity. District agrees that Service Provider may perform services in matters that are not substantially related to the Services for people or entities that are or might be adverse to District. Subject to the restrictions of this Section 1.7 and Sections **Error! Reference source not found.** and **Error! Reference source not found.**, Service Provider will have no obligation to limit or restrict the assignment of its employees to other projects as a result of their performance of the Services.

## ARTICLE II COMPENSATION AND EXPENSES

2.1 Compensation. As full and complete compensation for the Services to be rendered by Service Provider, District shall pay Service Provider for all Services performed pursuant to this Agreement, inclusive of subconsultants and miscellaneous expenses, in the amount and on the schedule set forth in the Proposal (“*Compensation*”), which amount shall not exceed Fifteen Thousand Seven Hundred Fifty Dollars (\$15,750) for one-time Onboarding Fees (based on estimated 45 hours of support time at \$350/hour) plus Fifteen Thousand Dollars per year for Annual Licensing Fees (based on three (3) Strategic Users at Five Thousand Dollars (\$5,000) per Strategic User), for a total of Thirty Thousand Seven Hundred Dollars (\$30,750) for the first year and Fifteen Thousand Dollars (\$15,000) for each year thereafter (“*Maximum Fee*”). To the extent different payment terms are set forth in a Task Order that conflict with the general payment terms set forth in the Proposal, the terms in the Task Order shall control. Service Provider acknowledges and agrees that in no event shall Service Provider receive or have a claim of any kind for any payment in excess of the Maximum Fee for any work, including additional Services under any

Task Order, performed under this Agreement, unless such amount exceeding the Maximum Fee is specifically approved in writing by District.

2.2 Billing Procedure. On or before the sixteenth (16th) day of each month, Service Provider will submit to District an accurate and complete statement (“**Invoice**”) for Services actually performed during the previous month and other amounts due under this Agreement. Each Invoice shall include, at a minimum: (a) District’s job name; (b) District's job number; (c) Service Provider’s point of contact for billing questions; (d) basis of billing; (e) total contract value; (f) total billing to date; (g) amount remaining in contract; (h) estimated percentage of completion at time of billing; and (i) a summary of Services actually performed during the billing period. Each Invoice shall be supported by such data substantiating Service Provider’s right to payment as District may reasonably require.

2.3 Payment. District shall pay to Service Provider within thirty (30) calendar days after receipt of an Invoice, or the resolution of any billing dispute, all undisputed amounts. District may withhold a portion of an Invoice because of defective Services not remedied or unsatisfactory prosecution of the Services by Service Provider. District will release any withheld funds upon Service Provider satisfactorily remedying the issue that resulted in the withholding. Payment of any Invoice shall not constitute acceptance of any Services completed by Service Provider, and the making of final payment shall not constitute a waiver of any claims by District for any reason whatsoever.

2.4 Disputed Invoices. In the event District disputes an Invoice, District shall provide a written explanation of the dispute to Service Provider within thirty (30) days after receiving the Invoice. District and Service Provider shall reasonably cooperate to resolve any disputed amount. District shall not be penalized for any reasonable dispute and shall not be obligated to pay any amount in dispute until the dispute has been resolved.

2.5 Expenses. District must pre-approve in writing each reasonable and necessary expense for which Service Provider intends to seek reimbursement, which expenses are directly related to the performance of the Services. If pre-approved, such expenses for reasonable and necessary travel, lodging, or miscellaneous expenses incurred in the performance of this Agreement will be reimbursed to Service Provider in accordance with District’s general reimbursement policy. Service Provider shall submit an Invoice of all incurred expenses accompanied by reasonable supporting documentation or transaction receipts. Invoices that fail to include reasonable supporting documentation or receipts will not be honored and District will have no obligation of any kind to reimburse Service Provider for unsupported expenses listed on such Invoices.

2.6 Taxes. Subject to the terms of Section 9.5 of Annex C of the Subscription Agreement, any Taxes imposed by governing taxing authorities with respect to the Services will be the responsibility of Service Provider. “**Taxes**” shall mean all taxes imposed with respect to the provision of the Services and associated amounts payable with respect to the Services, whether denominated as sales taxes, gross receipts taxes, transaction privilege taxes, use taxes, excise taxes, or otherwise.

**ARTICLE III  
BOOKS AND RECORDS**

3.1 Books and Records. Service Provider shall keep and preserve for no less than four (4) years after the date of final billing or termination of this Agreement, whichever shall first occur, accurate and detailed records of all ledgers, books of account, invoices, vouchers, cancelled checks, and other documents or records evidencing or relating to the Services and disbursements charged to District under this Agreement (collectively, “**Books and Records**”). All Books and Records shall be maintained in accordance with generally accepted accounting principles and must be sufficiently complete and detailed so as to permit an accurate evaluation of the Services provided by Service Provider under this Agreement. District and its agents shall be given full access to such Books and Records during normal business hours. District and its agents shall have the right to make copies of any of the said Books and Records.

**ARTICLE IV  
INDEPENDENT CONTRACTOR**

4.1 Status. The Parties hereby acknowledge that in rendering the Services provided hereunder, Service Provider shall be deemed to be an independent contractor and shall not be deemed in any way an agent, partner, or joint venturer of District. Service Provider acknowledges and agrees that, as an independent contractor, it is solely responsible for the payment of any and all taxes and/or assessments imposed on account of payment to Service Provider or the performance of Services by Service Provider pursuant to this Agreement.

4.2 Agency Restrictions. Service Provider understands and agrees that Service Provider shall not represent itself to third parties to be the agent, employee, partner, or joint venturer of District. Furthermore, Service Provider shall not make any statements on behalf of or otherwise purporting to bind the District in any contract or otherwise related agreement. Service Provider further agrees and acknowledges that Service Provider does not have the authority to and shall not sign any contract on behalf of District. Service Provider shall not obligate District to do any other act that would bind District in any manner.

4.3 Further Assurances. Service Provider shall furnish District with any documents or records that District reasonably believes necessary to properly and timely carry out the Services. District shall first tender written notice to Service Provider regarding any documents or records that it reasonably believes necessary to properly carry out the Services. Service Provider shall then have ten (10) days from the receipt of such notice to provide District with the requested documents or records.

**ARTICLE V  
CALIFORNIA LABOR CODE PROVISIONS FOR PUBLIC WORKS  
PROJECTS**

5.1 Prevailing Wage Rates. Service Provider is aware of the requirements of California Labor Code sections 1720 *et seq.* and 1770 *et seq.* (collectively, “**Prevailing Wage Laws**”), which require the payment of prevailing wage rates and the performance of other requirements on certain

“public works” and “maintenance” projects. If the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Service Provider agrees to fully comply with such Prevailing Wage Laws, if applicable. Service Provider shall indemnify, defend, and hold harmless District and its directors, officers, employees, and agents from any claims, liabilities, costs, fines, penalties, or interest arising out of any failure or alleged failure of Service Provider or its subconsultants to comply with the Prevailing Wage Laws. It shall be mandatory upon the Service Provider and all subconsultants to comply with all California Labor Code provisions, including without limitation prevailing wages, employment of apprentices, hours of labor, and debarment of contractors and subcontractors.

5.2 Registration. If the Services are being performed as part of an applicable “public works” or “maintenance” project, in addition to the foregoing, then pursuant to California Labor Code sections 1725.5 and 1771.1, Service Provider and all subconsultants must be registered with the Department of Industrial Relations (“**DIR**”). Service Provider shall maintain registration for the duration of this Agreement and require the same of any of its subconsultants. This Agreement may also be subject to compliance monitoring and enforcement by the DIR. Service Provider shall have sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR.

5.3 Labor Certification. By its signature hereunder, Service Provider certifies that it is aware of the provisions of California Labor Code section 3700, which requires every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and Service Provider agrees to comply with such provisions before commencing the performance of any Services.

## **ARTICLE VI PROJECT MANAGEMENT**

6.1 Service Provider’s Representative. Albert P. Matteo, Jr, President (“***Service Provider’s Representative***”) is hereby designated as the principal and representative of Service Provider authorized to act on its behalf with respect to the Services specified herein and to make all decisions in connection herewith. Service Provider shall not substitute Service Provider’s Representative without first notifying District in writing of Service Provider’s intent. District shall have the right to review the qualifications of said substitute. If District determines said substitute Service Provider’s Representative is unacceptable, Service Provider shall submit alternate candidates until District determines the substitute Service Provider Representative is acceptable.

6.2 District’s Representative. Heather Dyer, CEO/General Manager (“***District’s Representative***”) is hereby designated to represent District and except as otherwise provided herein authorized to act on its behalf with respect to the Services specified herein and to make all decisions in connection therewith. District may substitute District’s Representative at any time upon written notice to Service Provider.

**ARTICLE VII  
INDEMNIFICATION; LIMITATION OF LIABILITY**

7.1 Limitation of Liability. SUBJECT TO SECTION 12 OF THE SUBSCRIPTION AGREEMENT, AS APPLICABLE, DISTRICT'S CUMULATIVE AGGREGATE LIABILITY IN CONNECTION WITH THIS AGREEMENT, WHETHER ARISING UNDER CONTRACT OR BASED UPON A CLAIM OF STRICT LIABILITY, NEGLIGENCE, OR ANY OTHER TORT OR STATUTORY BASIS, SHALL BE LIMITED TO THE TOTAL PAYMENTS MADE BY DISTRICT TO SERVICE PROVIDER HEREUNDER DURING THE 12-MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT UPON WHICH LIABILITY IS PREDICATED. IN NO EVENT WILL DISTRICT OR ANY OF ITS DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, AGENTS, OR AFFILIATES BE LIABLE FOR LOST PROFITS, LOST BUSINESS OPPORTUNITIES, LOST REVENUES, OR FOR EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, DELAY, INDIRECT, OR CONSEQUENTIAL DAMAGES OR THE LIKE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER DISTRICT HAS BEEN ADVISED OF THE POSSIBILITY THEREOF. THE PARTIES EACH ACKNOWLEDGE THAT THE FORGOING LIMITATION OF LIABILITY IS A MATERIAL CONDITION OF DISTRICT'S WILLINGNESS TO ENTER INTO THIS AGREEMENT, AND THAT DISTRICT WOULD NOT ENTER INTO THIS AGREEMENT BUT FOR SUCH LIMITATION.

**ARTICLE VIII  
INSURANCE**

8.1 Insurance. Service Provider shall provide, pay for, and maintain in force at all times during the performance of the Services hereunder, the policies of insurance set forth below. Service Provider shall provide original certificates of insurance and endorsements evidencing coverage on forms reasonably acceptable to District prior to commencing any Services under this Agreement and promptly upon request thereafter. The existence of the required insurance coverage under this Agreement shall not be deemed to satisfy, substitute for, or otherwise limit Service Provider's indemnification obligations under this Agreement. Service Provider acknowledges that the insurance coverage and the policy limits set forth in this Agreement constitute the minimum coverage and policy limits required.

(a) Commercial General Liability Insurance covering liabilities for death and personal injury, liabilities for loss of or damage to property, and contractual indemnity obligations with a combined single limit of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(b) Automobile Liability Insurance for bodily injury or death and property damage, including coverage for non-owned and hired auto, with a minimum \$1,000,000 per person and \$2,000,000 per occurrence.

(c) Workers' Compensation Insurance as required by applicable law.

(d) Employers' Liability Insurance with limits of at least \$1,000,000 per occurrence.

(e) Professional Liability Insurance/Errors and Omissions Liability Insurance appropriate to Service Provider's profession, with limits of liability of not less than \$2,000,000 each claim/annual aggregate.

8.2 Policy Requirements. All insurance policies required pursuant to this Agreement shall:

(a) For all liability policies, with the exception of professional liability, include an additional insured endorsement at least as broad as ISO CG 2010 07 04 and consistent therewith naming as additional insureds "San Bernardino Valley Municipal Water District and its directors, officers, employees, representatives, agents, affiliates, subsidiaries, predecessors, successors, and assigns".

(b) Be on an "occurrence" basis, not a "claims-made" basis, with the exception of professional liability. The foregoing policies must contain an aggregate limit not less than the occurrence limit. The required limits may be satisfied by a combination of a primary policy and an excess or umbrella policy.

(c) Be primary and non-contributory with any insurance programs carried by or available to District.

(d) Waive all rights of subrogation and contribution against District and its insurers, with the exception of professional liability.

(e) Provide that coverage shall not be revised, cancelled or reduced until at least thirty (30) days' written notice of such revision, cancellation or reduction shall have been given to District. In the event any policies of insurance are revised, cancelled or reduced, Service Provider shall prior to the revision, reduction or cancellation date, submit evidence of new insurance to District complying with this Agreement.

(f) Be issued by insurance companies which are qualified to do business in the State of California and which have a current rating of A-VIII or better in Best's Insurance Report.

8.3 Subconsultant Insurance. In the event Service Provider subcontracts any portion of its performance, the agreement between Service Provider and the subconsultant shall require the subconsultant to carry the same policies of insurance that Service Provider is required to maintain pursuant to this Agreement.

## **ARTICLE IX REPRESENTATIONS AND WARRANTIES**

9.1 Representations and Warranties. Each Party represents and warrants the following:

(a) Such Party is duly organized, validly existing, and in good standing under the laws of its state of formation or incorporation and has all requisite power and authority to conduct the business with which it conducts and proposes to conduct.

(b) All action on the part of such Party necessary for the authorization, execution, delivery, and performance of this Agreement, and the consummation of the transactions contemplated herein, has been properly taken and obtained in compliance with applicable law.

(c) Such Party has not entered into nor will either enter into any agreement (whether written or oral) in conflict with this Agreement or which would prevent such Party from performing its obligations under this Agreement.

(d) Such Party has the contacts and expertise, and will reasonably allocate its financial and time resources on a best efforts basis to enable it to perform its obligations hereunder.

## **ARTICLE X MISCELLANEOUS**

10.1 Entire Agreement. This Agreement contains the entire understanding between the Parties, and supersedes any prior understanding and/or written or oral agreements between them, respecting the subject matter of this Agreement. There are no representations, agreements, arrangements, or understandings, oral or written, by and between the Parties relating to the subject matter of this Agreement that are not fully expressed herein.

10.2 Assignment. Service Provider may not assign its rights and obligations hereunder, in part or in whole, without the prior written consent of District, which consent may be granted or withheld in District's sole discretion.

10.3 Succession. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns.

10.4 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or entity other than the Parties and their respective successors and permitted assigns.

10.5 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

10.6 Notices. Any notice to be given or to be served upon either Party hereto in connection with this Agreement must be in writing and shall be deemed to have been given and received: (a) when personally delivered; (b) two (2) days after it is sent by Federal Express or similar overnight courier, postage prepaid and addressed to the Party for whom it is intended, at that Party's address specified below; (c) three (3) days after it is sent by certified or registered United States mail, return receipt requested, postage prepaid and addressed to the Party for whom it is intended, at that Party's address specified below; or (d) as of the date of electronic mail transmission addressed to the Party for whom it is intended, at that Party's electronic mail address specified below, and provided that an original of such notice is also sent to the intended addressee by means described in clauses (a), (b), or (c) within two (2) business days after such transmission. Either Party may change the place for the giving of notice to it by thirty (30) days prior written notice to the other Party as provided herein.



If to District: San Bernardino Valley Municipal Water District  
Attn: Heather Dyer, CEO/General Manager  
380 East Vanderbilt Way  
San Bernardino, CA 92408  
Telephone: (909) 387-9253  
E-Mail: heatherd@sbgmwd.com  
Invoices to be sent to: invoices@sbgmwd.com

If to Service Provider: PFM Solutions LLC  
Attn: Albert P. Matteo, Jr.  
1735 Market Street, 43<sup>rd</sup> Floor  
Philadelphia, PA 19103  
Telephone: (215) 557-1491  
E-Mail: matteob@synario.com

10.7 Governing Law; Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, excluding any choice of law provision that would apply the laws of any other jurisdiction. The Superior Court of the State of California in and for San Bernardino County shall have exclusive jurisdiction to adjudicate any dispute arising out of or relating to this Agreement. Each Party hereby consents to the jurisdiction of such court and waives any right it may otherwise have to challenge the appropriateness of such forum, whether on the basis of the doctrine of forum *non conveniens* or otherwise.

10.8 Waivers. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence.

10.9 Amendment. Except as expressly provided otherwise herein, this Agreement may not be modified, altered, or changed in any manner whatsoever except by a written instrument duly executed by authorized representatives of both Parties.

10.10 Severability. If any provision of this Agreement shall be deemed or held to be invalid or unenforceable for any reason, such provision shall be adjusted, if possible, rather than voided, so as to achieve the intent of the Parties to the fullest extent possible. In any event, such provision shall be severable from, and shall not be construed to have any effect on, the remaining provisions of this Agreement, which shall continue in full force and effect.

10.11 Time of the Essence. Time is of the essence in the performance of each and every provision or obligation of this Agreement as to which time is an element.

10.12 Release of Information and Advertising. Service Provider shall not, without the prior written consent of District, make any news release or other public disclosure regarding this Agreement.

10.13 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this

Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” shall mean including without limitation.

10.14 Attorneys’ Fees. If any legal action is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys’ fees, reasonable expert witness fees, costs, and necessary disbursements in addition to any other relief to which that Party may be entitled.

10.15 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Signatures may be delivered electronically or by facsimile and shall be binding upon the Parties as if they were originals.

***[Signature Page Follows]***

**IN WITNESS WHEREOF**, the Parties hereby execute this Agreement as of the Effective Date.

**DISTRICT:**

**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**SERVICE PROVIDER:**

**PFM SOLUTIONS LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT “A”**

**SYNARIO PROPOSAL DATED MARCH 29, 2021**

**EXHIBIT “B”**

**SYNARIO SOFTWARE SUBSCRIPTION AGREEMENT**

---

# SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT PROPOSAL

March 29<sup>th</sup>, 2021

Cindy,

I am pleased to submit our proposal to San Bernardino Valley Municipal Water District to provide best-in-class financial modeling software — Synario™.

Synario is Agile Modeling Intelligence. The platform offers purpose-built tools to help business officers and finance professionals design, build, maintain, and easily use financial projections. Through Synario, the financial, capital, and strategic planning processes are refined to achieve new levels of clarity, credibility, and consensus.

We think if given the opportunity, your organization will agree that Synario offers functionality and capabilities that will make your planning easier, your analysis richer, and your decisions better.

Please let me know any questions our proposal may leave you with.

Sincerely,

*Keon D. Massey*  
masseyk@synario.com  
215.266.4833

# WHAT WE DO



## DYNAMIC EXPLORATION

Patented Multiverse Modeling™ powers unlimited live scenarios, enabling rapid comparative analysis.



## EFFORTLESS CONFIGURATION

Purpose-built tools, features, and functions make it easy to build, modify, and maintain high-performance models.



## DYNAMIC VISUALIZATION

Cloud-enabled Analytical and Presentation modes dynamically animate analysis to broaden projections and inform decision-making.

With **Synario**, your financial future is projected as a function of your key drivers. Easily manage, configure, and visualize unlimited scenarios to identify opportunities and mitigate challenges from one cloud-enabled platform. This innovative approach eliminates the need to create and maintain multiple versions of a financial model.

The system also fully automates the development of integrated financial statements, in accordance with GASB accounting, allowing for powerful insight and ratio projections. Synario permits easy crafting of outputs/reports/statements, and constant restructuring of logic to keep pace with your organizations ever-evolving needs.

---

# IMPLEMENTATION AND SUPPORT PLAN

We understand the value of getting Synario running quickly and cost-effectively, while still maintaining the flexibility to manage and evolve your model to reflect changes to business requirements. In consideration of this, our proposal is outlined below.

## ONBOARDING :

### **Development Phase**

- Synario Service Team delivers a prototype financial model within a 30-day period.
- Strategic Users from your organization will be trained on the fundamentals of the Software.

### **Configure Phase**

- Following the delivery of the prototype financial model, a model design will be created.
- Strategic Users from the organization will be trained, under the guidance of Synario Staff.

### **Deploy Phase**

- SBVMWD goes live on Synario.

## SUPPORT :

*On-going support resources will be made available for entirety of engagement*

- Support Desk (resource available to answer general support questions)
- Online User Forum
- Online Training Videos
- Online Training Modules
- Step-by-Step Guides
- Synario Training Series (periodic recorded webinars, available online)
- Synario Insider (periodic newsletter featuring various blogs, videos, and user info)
- Additional Training or Development Support will be charged at Ancillary Services hourly rate. Estimates will be provided before commencing billed time.

## OTHER CONSIDERATIONS

- Prototype model in Development Phase will be based on summary version of audited financial statements with capability to perform sensitivity of operating items using line item growth rates, creating operating initiatives and capital projects, and perform scenario analysis.
- Configure will address advanced logic around operating items, custom reports, and any additional requirements determined by organization.
- Time estimates are dependent on model design and engagement from the staff.



# EXAMPLES OF CLIENT DELIVERABLES

## Thought Leadership

**Design Thinking in Financial Modeling**

Striking the right balance between the level of trust-inducing granular detail in a financial model and an institutions overarching financial position is critical to keeping any model usable year after year. Design thinking offers an experimentation focused approach to iteratively creating models with core-users in mind. This process yields faster communication and more informed decision making among key stakeholders.

At Synario, we have taken core concepts from that approach and applied them to the financial modeling process. Below are several key higher education modeling topics where design thinking changes the game.

1. Define Strategy & Scope
2. Build a Prototype
3. Input from Stakeholders

**Define Strategy and Scope**

We believe strategy should be dictated by an institution's current position. While it would be ideal to have better data, more time, and more staff, in reality those resources are limited.

When building a model, colleges and universities need to take current resources into account. An institution with a trained financial modeling team is going to have a different strategy than an institution that allocates a part-time resource.

The same concept applies to data—some colleges and universities have legacy systems that make it difficult to get reliable data in a timely fashion, while others have robust data management platforms that minimize time between requesting and receiving data.

An institution with a trained financial modeling team is going to have a different strategy than an institution that allocates a part-time resource.

Additionally, users should keep the project scope manageable. It is crucial to identify your institutions key financial drivers, as well as operational areas that the model could impact. Creating a targeted model around a few key variables prevents scope-creep and makes the model more impactful when collaborating with stakeholders.

© PFM Solutions LLC | www.synario.com

## User's Guide

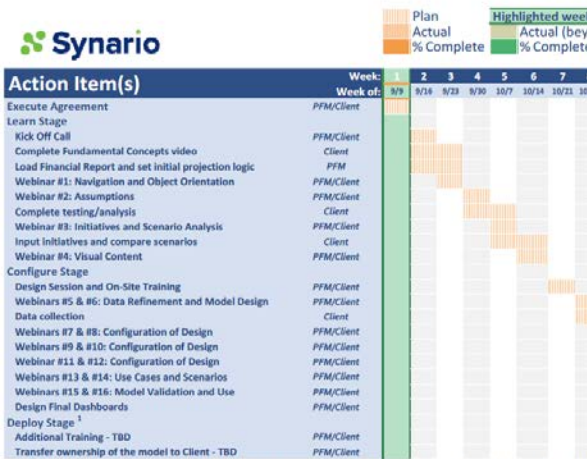
**Synario™ Enterprise User's Guide**

**Contents**

- 1) Introduction ..... 3
- 2) Model Access ..... 3
- 3) Model Architecture ..... 4
- 4) Power User Mode ..... 5
- 5) Presentation Decks ..... 9
- 6) Understanding Your Model ..... 12
  - a) Viewing Your Results ..... 12
  - b) Understanding Your Results ..... 16
  - c) Updating Your Assumptions ..... 20
- 7) Managing Your Model ..... 29
  - a) Model Roll ..... 29
  - b) Refreshing Your Assumptions ..... 33
  - c) Refreshing Your Outputs ..... 38
- 8) Tips & Tricks ..... 40
- 9) Frequently Asked Questions ..... 43

## Implementation Schedule

### Implementation schedule



## Online Community Forums

**Synario Community Forums**

Quick links | FAQ | Notifications | Private messages | MNicolescu

Board index | Search

SYNARIO TEAM FORUM	Topics	Posts	Last post
<b>General Discussion and Training</b> Posts of a general nature or that do not specifically fit under existing topics. Includes ideas, thoughts or questions for which to collaborate with your teammates! Also, the place to go to find Synario training topics.	19	30	Re: This is a test topic by DShapiro   Tue Mar 26, 2019 11:41 am
<b>Synario Discussion Area (Q&amp;A)</b> Software categories listed by component for discussion, help, advice and best practices.	141	354	Test Post - Please Ignore by DShapiro   Thu Jul 18, 2019 11:38 am
<b>Synario On-Demand Discussion Area (Q&amp;A)</b> Categories for discussion, help, advice and best practices.	60	134	Re: Adding reports and charts... by IAziz   Fri Jul 27, 2018 11:05 am
<b>Synario Themes Discussion Forum</b> Post here to contribute your thoughts around software improvement themes for Synario!	12	16	Refactor Organizational Menu ... by CCleveland   Thu Dec 01, 2016 3:07 pm

SYNARIO OPEN COMMUNITY	Topics	Posts	Last post
<b>General Discussion and Training</b> Post questions, answers, or comments of a general nature here. Also the place to go to find Synario training and reference materials.	51	59	Synario Training Series: Advan... by DShapiro   Thu Aug 29, 2019 10:59 am
<b>Synario Discussion Area (Q&amp;A)</b> Software categories listed by component for discussion, help, advice and best practices.	127	308	Re: Printing by BRosenbluth   Thu Oct 04, 2018 5:28 pm
<b>Forum Talk</b> A place for your comments, questions or suggestions regarding the Synario Community Forums.	2	7	Re: Presentation Panel Titles by Ileen   Thu Oct 19, 2017 4:13 pm

# INVESTMENT SUMMARY

Below is a summary of investment for a typical implementation provided to SBVMWD on March 29<sup>th</sup>, 2021.

FEE	AMOUNT
<p><b>Licensing Fees (Annual)</b></p>	<p><u>Standard Rate</u></p> <p>Strategic Users: <b>\$5,000</b> per seat</p> <hr/> <p><b>Bundle 1: \$15,000 (3 Strategic)</b></p>
<p><b>Onboarding Fees (One-time, per hour basis)</b></p>	<p><b>\$15,750 (Estimate*)</b></p> <p>*Based on <b>45</b> hours of Synario support time at \$350/hour</p>
<p><b>Ancillary Services (As Requested, per hour basis)</b></p>	<p>Standard Rate: \$350/hr</p>



# Synario™ Software Subscription Agreement (Enterprise Application)

## SERVICE PROVIDER

PFM Solutions LLC (“PFM”)  
1735 Market Street, 43<sup>rd</sup> Floor  
Philadelphia PA 19103

## CUSTOMER

**Company Name:** San Bernardino Valley Municipal Water District

**Address:** 380 E Vanderbilt Way

**City:** San Bernardino

**State:** California (CA)

**Zip Code:** 92408

## INITIAL TERM

**Effective Date:** May 4, 2021

**Termination Date:** May 3, 2024

**Months:** 36

## FEES

FEE	RATE	BASIS	INVOICE DATE(S)
Licensing	\$15,000	Per Annum (in advance)	May 4, 2021 (annually thereafter on anniversary dates)
Implementation	\$350	Hourly	Billed Monthly As Incurred
Ancillary Services	\$350	Hourly	Billed Monthly As Incurred

## AUTHORIZED USERS

TYPE OF USER	NUMBER	ADDITIONAL
Power User	0	\$12,500 per additional Power User
Standard User	3	\$5,000 per additional Standard User

## TERMS AND CONDITIONS

**Subscription:** PFM shall grant Customer the right to Access the Application, described in **Annex A**.

**Services:** PFM shall provide Customer with the Services described in **Annex B**.

**Taxes:** Fees payable to PFM shall not include any taxes that Customer’s access to and use of the Application or receipt of Services may be subject.

**Users:** Customers shall only allow its Authorized Users to access and use Customer’s Account.

**Limitation on Liability:** **IN NO EVENT SHALL PFM BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES.**

**Entire Agreement:** Each annex that is attached hereto is incorporated in its entirety into and form a part of this Subscription Agreement (collectively, the “Agreement”). Any capitalized but undefined term herein shall have the meaning given to it in the applicable annex. This agreement: (i) comprises the entire agreement between the parties relating to the subject matter hereof. This Agreement may only be modified by a writing that is manually signed by both parties.

## ADDITIONAL TERMS AND CONDITIONS

Customer agrees that in addition to the terms and conditions contained on this page, the terms and conditions as set forth in Annex C (“Additional Terms and Conditions”): (i) were read and understood by Customer prior to signing below; and (ii) are incorporated herein by reference as if fully set forth herein. The Additional Terms and Conditions address the following, among others, authorized users, fees, taxes, indemnification, limitation of liability, confidentiality and governing law.

**BY SIGNING BELOW, CUSTOMER AGREES TO THE TERMS AND CONDITIONS SET FORTH ON THIS PAGE AND IN THE ADDITIONAL TERMS AND CONDITIONS.** This agreement may be executed: (a) in counterparts, both of which taken together shall constitute one simple agreement between parties.

## SIGNATURE AUTHORIZATION

SERVICE PROVIDER	CUSTOMER
<b>Name:</b> PFM Solutions LLC	<b>Name:</b>
<b>Signature:</b>	<b>Signature:</b>
<b>Print Name:</b> Albert P. Matteo, Jr	<b>Print Name:</b>
<b>Title:</b> President	<b>Title:</b>

CONTRACT WILL BE EXECUTED VIA DOCUSIGN

**Annex A**  
**to**  
**Synario Software as a Service Subscription Agreement**  
**Description of Application**  
**(Enterprise)**

- 1. Application.** The “Application”, as defined and used throughout this Agreement, constitutes the configuration of Synario identified in Section 2 of the Subscription Agreement.

  - 1.1.1.** “*Enterprise*” shall mean a configuration of Synario by which Customer has access to both the Presentation Interface and the Power User Interface. Customer will have the ability to: (i) design, add, delete, modify, and configure any number of Decks; (ii) design, add, delete, modify, and configure any number of Slides; (iii) design, organize, structure, and configure Customer Data, other data, formulas, and projection logic to: (i) input or import data, assumptions, and Customer Data, (ii) develop financial analysis; (iii) perform scenario and what-if analysis; (iv) construct reports and charts; and (v) display selected reports and charts on Decks and Slides in Presentation Interface.
  - 1.1.2.** “*Presentation Interface*” shall mean one or more Decks, comprising one or more Slides constructed on the Synario software to facilitate financial analysis and communicate that analysis to Customer stakeholders. “Decks” constitute collections of Slides, by which Customer and Authorized Users (i) drive analysis; (ii) review and analyze reports, charts, and Customer Data, and (iii) consider other results and output of the Application. “Slides” constitute dashboards and other collections of reports, graphs, charts, tables, and controls, by which Customer and Authorized Users model and interact with the Power User Interface of the Synario software.
  - 1.1.3.** “*Power User Interface*” shall mean the developer interface (the “Engine”) of the Synario software in which formulae, relationships, Customer Data, assumptions, and other inputs are organized, structured, configured, imported, and uploaded into a financial model to produce financial analysis. The Power User Interface interacts in real-time with the Presentation Interface to drive and communicate the results of the financial model constructed in the Power User Interface.
- 2. Documentation.** PFM may make available to Customer certain Documentation. “Documentation” means PFM’s standard user documentation (that PFM generally makes available to its Application customers), in electronic form, that describes the use, features and operation of the Application. Use of the Documentation is restricted solely to Customer’s use of the Application during the Term and solely for Customer’s internal business purposes. Customer may print or copy the Documentation as needed for its own internal business purposes provided that all copyright notices are included therein. The Documentation shall be considered Confidential Information of PFM. Unless the Documentation is separately referred to herein, all references in this Agreement to the Application shall include the Documentation.
- 3. Updates.** The Application, and all references to it in this Agreement, shall include new code related to the Synario platform and new configurations of the Application implemented by PFM to: (i) improve performance, (ii) improve functionality, (iii) fix reported issues, or (iv) modify and revise prior versions or releases of Synario and/or the Application, as well as additions or corrections to Documentation (collectively, “Updates”). PFM reserves the right, in its sole discretion, to make any Updates that it deems necessary or desirable in furtherance thereof.

## Annex B to Synario Software as a Service Subscription Agreement Description of Services (Enterprise)

PFM will provide the following services related to the implementation and ongoing use of the Application.

**1. Implementation Services.** Shall mean the services provided by PFM in connection with the development of the Application to which Customer and Authorized Users have been granted Access, as identified in Section 2 of the Subscription Agreement and described in the Annex A (Description of Application). The Implementation Services comprise:

**1.1. Project Management.** PFM shall manage the process of implementing the Application, including: (i) developing a mutually-acceptable schedule (the "Schedule") to complete the Implementation Services, (ii) confirming the Authorized Users as defined in the Subscription Agreement and as identified by Customer, (iii) confirming other key stakeholders in the implementation process as identified by Customer (with the Authorized Users, the "Responsible Parties"), (iv) managing access to Synario and the Application, (v) arranging access to all electronic and telephonic meetings and sessions, (vi) managing the flow of information between PFM and Customer, (vii) and providing periodic reports to the Responsible Parties describing progress against the Schedule.

**1.2. Phase ONE (Learn).** PFM will work collaboratively with Customer to provide:

**1.2.1. Initial Data Process.** PFM will work collaboratively with Customer to develop and import summary Customer financial data.

**1.2.2. Introductory Training.** PFM shall provide: (i) the Documentation; and (ii) internet sessions to introduce Customer to the Application, focusing on:

**1.2.2.1. For Standard Users:**

1.2.2.1.1. Navigation. How to efficiently and effectively navigate the Decks;

1.2.2.1.2. Assumptions. How to set Application assumptions and parameters to drive analysis;

1.2.2.1.3. Analysis. How to conduct sensitivity, scenario, and what-if analysis;

1.2.2.1.4. Visual Content. How to amend the visual content within the Decks and Slides

**1.2.2.2. For Power Users,** Training will focus on how to add, delete, modify, and manage the projection logic, assumptions, drivers, reports, and charts developed in the Power User Interface.

**1.3. Phase TWO (Configure).** PFM will work collaboratively with Customer to provide:

**1.3.1. Design Process.** PFM will work collaboratively with Customer via internet sessions, as needed, to develop specifications for the Application (the "Design Process"). PFM will endeavor to understand Customer preferences as related to the configuration of the Presentation Interface and the Power User Interface (the "Enterprise Design").

**1.3.2. Customer Data.** PFM will conduct internet sessions, as needed, to describe the Customer Data required for the Application.

**1.3.3. Data Importation.** PFM will import the Customer Data into the Application.





## Annex C to Synario Software as a Service Subscription Agreement Standard Terms and Conditions

1. **Subscription.** Subject to these standard terms and conditions (“Terms and Conditions”), PFM hereby grants Customer the right to access and use the Application (“Access”) during the Term (defined below), solely for Customer’s internal business purposes (the “Subscription”). The Application, and all references to it in these Terms and Conditions, shall also include Updates (as defined in Annex A). The Subscription is subject to, and in consideration of, the full payment of the Licensing Fees owed to PFM as described in the Subscription Agreement.
  - 1.1. **Access.** The Application is only accessible via the Internet. Access is only granted to Authorized Users as described below.
  - 1.2. **Web Browser.** Customer is solely responsible for observing the then-current minimum web browser requirements that PFM defines from time to time.
2. **Services.** Subject to these Terms and Conditions, PFM agrees to provide Customer the Services described in Annex B (“Services”) in support of the implementation and ongoing use of the Application. The Services are subject to, and in consideration of, the full payment of the Implementation Fees and Licensing Fees owed to PFM as described in the Subscription Agreement.
3. **Cooperation.** Customer agrees: (i) to cooperate with PFM in order for PFM to provide Services to Customer; and (ii) to comply with instructions that PFM may provide to Customer in connection with PFM’s provision of Services to Customer, and that the provision of certain Services by PFM may be dependent on Customer providing the foregoing cooperation. PFM shall not be responsible or liable for any delay or failure of performance caused in whole or in part by Customer’s failure to perform its obligations under these Terms and Conditions.
4. **Customer Account.**
  - 4.1. **Authorized Users.** A Customer account will be created in connection with Customer’s use of the Application (“Account”). Customer must not allow anyone other than Customer’s authorized users (each an “Authorized User”) to access and use Customer’s Account. Customer acknowledges and agrees: (i) to keep, and ensure that Authorized Users keep, all Credentials (defined below) secure at all times; (ii) to remain solely responsible and liable for the activity that occurs in Customer’s Account, (iii) that the Credentials for each Authorized User may only be used by that Authorized User, and that multiple people may not share the same Credentials; and (iv) to promptly notify PFM in writing if Customer becomes aware of any unauthorized access or use of Customer’s Account, any Credentials or the Application.
    - 4.1.1. Standard Users shall refer to Authorized Users that are granted access to the Presentation Interface of the Application, as described in the Subscription Agreement.
    - 4.1.2. Power Users shall refer to Authorized Users that are granted access to both the Presentation Interface and the Power User Interface of the Application, as described in the Subscription Agreement.
  - 4.2. **Credentials.** For purposes of these Terms and Conditions, “Credentials” means user identification numbers, passwords, security codes, passphrases, security questions, biometrics, personal identification numbers, or other credentials necessary for Customer and its Authorized Users to access the Application and Services, as established by PFM and its third party vendors from time to time.
  - 4.3. **Security Devices.** For purposes of these Terms and Conditions, “Security Devices” means Credentials, anti-malware services, out-of-band authentication services, secure tokens and other procedures or technologies required to access a Service, the Application, network or web site. PFM may change the Security Device(s) from time to time. PFM will deliver and/or communicate the Security Device(s) directly to the Permitted Users.

4.4. **Unique Credentials.** PFM will assign each Customer and each Authorized User unique Credentials, which must be used when accessing the Application and Services. Authorized Users shall use only their own assigned Credentials when requesting Services and to access the Application.

4.5. **Reliance by PFM.** PFM SHALL BE ENTITLED TO RELY, WITHOUT INVESTIGATION, UPON THE AUTHENTICITY OF ANY WRITTEN OR ORAL INSTRUCTION, INCLUDING ANY WRITTEN OR ELECTRONIC SIGNATURE OR USE OF CREDENTIALS BELIEVED BY PFM IN GOOD FAITH TO BE AUTHENTIC AND MADE OR GIVEN BY ANYONE PURPORTING TO ACT ON BEHALF OF CUSTOMERS OR AUTHORIZED USERS.

5. **Restrictions on Use.** Customer shall only access the Application via the PFM designated web portal and in connection with Customer's Account. Customer must not, and shall not allow any Authorized User or third party to: (i) circumvent, disable or otherwise interfere with security-related features of the Application or features that enforce limitations on use of the Application; (ii) violate or abuse password protections governing access to the Application; (iii) allow any third party to use the Application; (iv) sell, rent, lease, license or timeshare the Application or use it in any service bureau arrangement; (v) copy, modify, reverse engineer, decompile, disassemble or derive, or attempt to derive, the source code of, the Application or any components thereof; (vi) use the Application to develop a competing service or product or, directly or indirectly, assist any other individual or entity in developing a competing service or product; (vii) use any automated means to access the Application; (viii) take any action that imposes or may impose, at PFM's sole discretion, a disproportionately large load on the PFM infrastructure; (ix) interfere or attempt to interfere with the integrity or proper working of the Application; (x) remove, deface, obscure, or alter PFM's, or any third party's, copyright notices, trademarks, or other proprietary rights affixed to or provided as part of the Application, or use or display logos of the Application differing from those of PFM; and/or (xi) use the Application in any unlawful manner or in breach of the Agreement. Customer agrees and acknowledges that a violation of this Section is a material breach of the Agreement and that if Customer provides access to the Application to an unauthorized third party, or uses the Application primarily for the benefit of an unauthorized third party, then Customer shall be liable for the payment of an Implementation Fee and Licensing Fee for each such unauthorized third party, in addition to any other remedies available to PFM pursuant to these Terms and Conditions.

## 6. Customer Data.

6.1. **Customer Data.** During the Term, Customer will provide, upload, import, transmit, post, or make accessible to PFM certain data, including financial statements, general ledger information, budget information, and all other data and assumptions required for Customer to use the Application and Services ("Customer Data").

6.2. **License.** Customer grants PFM a non-exclusive license to use, process, display, copy and store the Customer Data in order to provide the Application and Services to Customer. PFM shall not sell or make any unauthorized use of any Customer Data.

6.3. **Ownership; Responsibility.** The intellectual property and all other rights, title and interest of any nature in and to the Customer Data are and shall remain the exclusive property of Customer and its licensors. Except as expressly set forth herein, nothing herein shall be construed as transferring any rights, title or interests to PFM or any third party. Customer represents and warrants that: (i) Customer has the right to provide PFM the license granted herein to use such Customer Data in accordance with these Terms and Conditions; and (ii) the Customer Data does not infringe or violate any patents, copyrights, trademarks or other intellectual property, proprietary or privacy or publicity rights of any third party. Customer shall remain solely responsible and liable for the Customer Data and expressly releases PFM from any and all liability arising from PFM's use of the Customer Data as permitted herein.

6.4. **Security.** During the Term, PFM agrees to implement reasonable security measures to protect Customer Data in accordance with applicable industry standards.

6.5. **Backup.** During the Term, PFM will routinely backup Customer Data, however the Application does not operate as an archive or file storage service. Customer is and shall remain solely responsible for maintaining redundant archives of the Customer Data. Customer acknowledges that PFM has no obligation or liability for any loss, alteration, destruction, damage, corruption or recovery of Customer Data.

7. **Title.** The intellectual property and all other rights, title and interest of any nature in and to the Application, and any related content, Documentation (as defined in Annex A) and Services provided or made



available by PFM hereunder, including all Updates, are and shall remain the exclusive property of PFM and its licensors. Except as expressly set forth herein, nothing in these Terms and Conditions shall be construed as transferring any rights, title or interests to Customer or any third party. PFM and its licensors reserve any and all rights not expressly granted herein.

**8. Anonymous Information.** PFM may collect, use and publish Anonymous Information (defined below), and disclose it to its third party service providers, to provide, improve and publicize PFM's applications and services. "Anonymous Information" means information about use of the Application, including Customer Data, which does not enable identification of an individual, such as aggregated and analytics information about use of the Application; provided PFM shall implement technical safeguards and business processes that prohibit reidentification or inadvertent release of deidentified Customer Data and shall make no attempt to reidentify such Customer Data. PFM owns all Anonymous Information collected or obtained by PFM.

**9. Payments.** Customer shall pay PFM the fees set forth in the Subscription Agreement in accordance with this Section 9.

9.1. **Implementation Fee.** The provision of any "Implementation Services" (as described in Annex B) is subject to Customer's payment in full of the Implementation Fee set forth in the Subscription Agreement.

9.2. **Licensing Fee.** Access to the Application and the provision of any "Ongoing Services" (as described in Annex B) is subject to Customer's payment in full of the related Licensing Fee for the related subscription period set forth in the Subscription Agreement.

9.3. **Ancillary Services Fee.** If Customer requests that PFM provide ancillary services, then PFM will provide such service subject to Customer's payment in full of the "Ancillary Services Fee" set forth in the Subscription Agreement.

9.4. **Payment Terms.** All payments hereunder are quoted and shall be paid in United States Dollars. Payments shall be made without any right of set-off or deduction and are irrevocable and (except as expressly set forth herein) nonrefundable. All PFM invoices are due and payable in accordance with the Subscription Agreement and any applicable terms of the Consulting Services Agreement. Any amount not paid when required to be paid hereunder shall accrue interest on a daily basis until paid in full at the lesser of: (i) the rate of one and a half percent (1.5%) per month; or (ii) the highest amount permitted by applicable law.

9.5. **Taxes.** All fees payable to PFM are exclusive of applicable taxes (including without limitation VAT), withholdings, duties, or other governmental charges (collectively, "Taxes"), and the fees set forth in the Subscription Agreement are the net amounts which PFM shall be paid by Customer hereunder. Customer contemplates that Customer's access to and use of the Application and receipt of Services will be exempt from all Taxes. If Customer's access to or use of the Application or receipt of Services is nevertheless determined to be subject to Taxes, Customer shall pay when due all such Taxes assessed or levied against or with respect to the Application or Services.

**10. Term, Renewal, and Termination.**

10.1. **Initial Term.** The Agreement shall be effective upon the Effective Date and shall continue for an initial term as described in the Subscription Agreement (the "Initial Term").

10.2. **Renewal.** Following the Initial Term, the Agreement shall renew upon written consent at the then-applicable Licensing Fee for successive one-year terms (each a "Renewal Term", and together with the Initial Term, the "Term") unless: (i) PFM or Customer provides the other with sixty (60) days written notice prior to the end of any term of its intent not to renew, or (ii) the Agreement is terminated in accordance with Section 10.3 (Termination) below. If Customer continues to use the Application past any renewal date, then Customer shall be deemed to have renewed the Agreement for the following term at the rates applicable for said new term.

10.3. **Termination.**

10.3.1. **Material Breach.** Either party may terminate the Agreement with immediate effect if the other party materially breaches the Agreement and such breach remains uncured (to the extent that the breach can be cured) fifteen (15) days after having received written notice thereof.

- 10.3.2. *Distress Event.* In the event that either party becomes liquidated, dissolved, whether voluntarily or involuntarily, or becomes subject to any bankruptcy or insolvency (or similar) proceeding, or shall take any action to be so declared, the other party shall have the right to immediately terminate the Agreement.
- 10.3.3. *Suspension.* If PFM believes that Customer is using the Application in a manner that may cause harm to PFM or any third party then PFM may, without derogating from PFM's right to terminate the Agreement for any breach hereof, suspend Customer's access to and use of the Service until such time as PFM believes the threat of harm, or actual harm, has passed.

#### 10.4. Effect of Termination.

- 10.4.1. *General.* Upon termination of the Agreement, PFM may disable all access to the Application, and Customer shall immediately discontinue all access and use, including by all Authorized Users, of the Application and shall promptly, but in any event within three (3) days, permanently delete all copies of the Documentation in Customer's possession or control.
- 10.4.2. *Fees.* Customer shall be liable for all amounts due and payable hereunder through the effective date of expiration or termination, as described in the Subscription Agreement, including 100% of all Implementation Fees and the pro-rated amount of the most recently billed Licensing Fees. Customer shall be entitled to a pro-rata refund in the amount of the unused portion of prepaid fees for the terminated subscription calculated from and after the effective date of expiration or termination. EXCEPT AS EXPLICITLY PROVIDED HEREIN, CUSTOMER SHALL NOT BE ENTITLED TO A REFUND OF ANY AMOUNTS PREVIOUSLY INVOICED OR PAID.
- 10.4.3. *Access to Customer Data.* Upon termination of the Agreement, Customer will lose all access to any Customer Data that PFM may be storing in order to make available the Application to Customer. It is Customer's responsibility to download its Customer Data prior to termination of the Agreement. Notwithstanding the foregoing, for a period of thirty (30) days from the effective date of termination, PFM will provide Customer, upon Customer's written request, with a reasonable opportunity to download the Customer Data. PFM reserves the right to permanently delete any Customer Data that may be contained in Customer's Account at any time following said thirty (30) day period, and Customer agrees to waive any legal or equitable rights or remedies it may have against PFM with respect to PFM's deletion of such Customer Data.
- 10.4.4. *Survival.* This Section 10 and Sections 5 (Restrictions on Use), 6 (Customer Data), 7 (Title), 9 (Payments, to the extent any amounts due hereunder remain payable), 11 (Warranty Disclaimer), 12 (Limitation of Liability), 13 (Indemnification), 14 (Confidential Information), 15 (Privacy Policy) and 17 (Independent Contractors) to 21 (General) shall survive termination of the Agreement.

#### 11. Warranty Disclaimer.

- 11.1. Except as expressly set forth herein: (i) the Application, Reports (defined below), and Services are provided on an "as is" basis; and (ii) ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. PFM WILL NOT BE LIABLE OR RESPONSIBLE FOR: (a) ANY TECHNICAL PROBLEMS OF THE INTERNET (INCLUDING WITHOUT LIMITATION SLOW INTERNET CONNECTIONS OR OUTAGES); AND/OR (b) ANY ISSUE THAT IS ATTRIBUTABLE TO CUSTOMER'S HARDWARE OR SOFTWARE OR CUSTOMER'S INTERNET OR DATA SERVICE PROVIDER.
- 11.2. PFM DOES NOT OFFER A WARRANTY OR MAKE ANY REPRESENTATION REGARDING ANY CONTENT, REPORTS, INFORMATION, OR RESULTS THAT CUSTOMER OBTAINS THROUGH OR IS GENERATED BY THE USE OF THE APPLICATION (COLLECTIVELY, "REPORTS"), OR THAT THE REPORTS ARE COMPLETE OR ERROR-FREE. THE REPORTS DO NOT CONSTITUTE FINANCIAL OR LEGAL ADVICE, AND CUSTOMER UNDERSTANDS IT MUST DETERMINE FOR ITSELF THE NEED TO OBTAIN ITS OWN INDEPENDENT FINANCIAL AND LEGAL ADVICE REGARDING THE SUBJECT MATTER OF ANY REPORT

THAT CUSTOMER USES OR IS CONSIDERING TO USE. CUSTOMER'S USE OF AND RELIANCE UPON THE APPLICATION AND ANY REPORTS IS ENTIRELY AT CUSTOMER'S SOLE DISCRETION AND RISK, AND PFM SHALL HAVE NO RESPONSIBILITY OR LIABILITY WHATSOEVER TO CUSTOMER NOR ANY OTHER PERSON IN CONNECTION WITH ANY OF THE FOREGOING. THE PARTIES DO NOT CONFER ANY RIGHTS OR REMEDIES UPON ANY PERSON OTHER THAN THE PARTIES TO THE AGREEMENT AND THEIR RESPECTIVE SUCCESSORS AND PERMITTED ASSIGNS.

11.3. PFM WARRANTS AND REPRESENTS: (a) THE APPLICATION AND SERVICES DO NOT INFRINGE OR VIOLATE ANY PATENTS, COPYRIGHTS, TRADEMARKS OR OTHER INTELLECTUAL PROPERTY, PROPRIETARY OR PRIVACY OR PUBLICITY RIGHTS OF ANY THIRD PARTY; (b) THAT PFM WILL TAKE EVERY COMMERCIALY REASONABLE PRECAUTION TO ENSURE, AND TO THE BEST OF PFM'S KNOWLEDGE, THE APPLICATION WILL NOT CONTAIN ANY VIRUSES, TROJAN HORSES, TRAP DOORS, BACK DOORS, , WORMS, TIME BOMBS, CANCEL BOTS, OR OTHER COMPUTER PROGRAMMING ROUTINES THAT ARE INTENDED TO DAMAGE, DETRIMENTALLY INTERFERE WITH, SURREPTITIOUSLY INTERCEPT, OR EXPROPRIATE ANY SYSTEM, DATA, OR CONFIDENTIAL INFORMATION; AND (c) PFM WILL COMPLY AND WILL ENSURE THE APPLICATION AND SERVICES COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS.

## 12. Limitation of Liability.

12.1. EXCEPT TO THE EXTENT PROHIBITED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOSS OF INCOME, PROFITS, REPUTATION, SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES THAT ARISE UNDER THE AGREEMENT OR THAT RESULT FROM THE USE OF, OR THE INABILITY TO USE, THE APPLICATION, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

12.2. EACH PARTY'S TOTAL AGGREGATE LIABILITY TO THE OTHER PARTY FOR ALL DAMAGES AND LOSSES UNDER THE AGREEMENT, OR IN CONNECTION WITH THE USE OF OR INABILITY TO USE THE APPLICATION, SHALL NOT UNDER ANY CIRCUMSTANCE EXCEED THE AMOUNT OF FEES ACTUALLY PAID BY CUSTOMER TO PFM UNDER THE AGREEMENT WITHIN THE TWELVE (12) MONTHS PRECEDING THE DATE OF BRINGING A CLAIM.

12.3. NOTWITHSTANDING THE PRECEDING, THE PARTIES AGREE THAT NO LIMITATION OF LIABILITY SHALL APPLY TO BREACH OF DATA SECURITY OBLIGATIONS UNDER SECTION 6.4, INDEMNIFICATION OBLIGATIONS UNDER SECTION 13, OR BREACH OF CONFIDENTIALITY OBLIGATIONS UNDER SECTION 14.

## 13. Indemnification.

13.1. **By PFM.** PFM hereby agrees to defend and indemnify Customer against any damages awarded against Customer by a court of competent jurisdiction, or paid in settlement, in connection with a third party claim, suit or proceeding that Customer's use of the Application within the scope of the Agreement infringes any copyright or trade secret of a third party. PFM shall have no obligations or liability hereunder to the extent that the alleged infringement is based on the Customer Data. Without derogating from the foregoing defense and indemnification obligation, if PFM believes that the Application, or any part thereof, may infringe, then PFM may in its sole discretion: (i) obtain (at no additional cost to Customer) the right to continue to use the Application; (ii) replace or modify the allegedly infringing part of the Application so that it becomes non-infringing while giving substantially equivalent performance; or (iii) if PFM determines that the foregoing remedies are not reasonably available, then PFM may require that use of the (allegedly) infringing Application (or part thereof) shall cease and in such an event Customer shall receive a prorated refund of any Licensing Fee paid for the unused portion of the subscription period. This Section states PFM's entire liability and Customer's exclusive remedy for infringement.

13.2. **By Customer.** To the extent not prohibited under applicable law, Customer hereby agrees to defend and indemnify PFM against any damages awarded against PFM by a court of competent jurisdiction, or paid in settlement, in connection with a third party claim, suit or proceeding that the use of the Customer Data within the scope of the Agreement that infringes any intellectual property rights of a third party. This Section states Customer's entire liability and PFM's exclusive remedy for infringement.

13.3. **General.** In any claim for indemnification under this section: (i) the indemnifying party shall be given prompt written notice of the claim; (ii) the indemnifying party shall be offered immediate and complete control over the defense and/or settlement of the claim (provided any settlement shall not include a financial or specific performance obligation on, or admission of liability by, the indemnified party); and (iii) the indemnified party shall provide reasonable cooperation and assistance, at the indemnifying party's expense, in the defense and/or settlement of such claim.

14. **Confidential Information.** Each party ("Receiving Party") may have access to certain of the other party's ("Disclosing Party") non-public and/or proprietary information, in any form or media, including (without limitation) confidential trade secrets and other information related to the Application, other products, software, technology, data, know-how, or business, whether written or oral, and any such other information that, regardless of the manner in which it is furnished and given the totality of the circumstances, a reasonable person or entity should have reason to believe is proprietary, confidential, or competitively sensitive ("Confidential Information"). Receiving Party shall take reasonable measures, at least as protective as those taken to protect its own confidential information, but in no event less than reasonable care, to protect Disclosing Party's Confidential Information from disclosure to a third party. Receiving Party shall not use or disclose the Confidential Information except as expressly permitted herein or required by applicable law. All right, title and interest in and to Confidential Information is and shall remain the sole and exclusive property of Disclosing Party. The terms of the Agreement are considered Confidential Information (although Receiving Party may disclose the terms herein to its advisers and (potential and actual) investors, subject to a confidentiality undertaking). The Customer Data is the Confidential Information of Customer and PFM shall take reasonable measures to protect the Customer Data, except to the extent that applicable law requires the Customer data to be kept publicly available.
15. **Privacy Policy.** To the extent that any personally identifiable information is collected by or on behalf of PFM, it shall be used by PFM in accordance with the PFM privacy policy which is available at <https://www.pfm.com/privacy> and may be modified by PFM from time to time.
16. **Publicity.** Neither party shall use the name of the other party in publicity, advertising, or similar activity, without the prior written consent of the other, which consent may be conditioned or withheld in such other party's sole discretion.
17. **Assignment.** The Agreement and any rights or obligations thereunder may not be transferred or assigned by Customer without the prior written consent of PFM. PFM reserves the right to subcontract any of the Services to third parties. PFM further reserves the right to subcontract other services, including hosting, data storage, and/or backup services. PFM shall be primarily liable to Customer for the performance and any breach by its subcontractors. Subject to the foregoing conditions, the Agreement shall be binding upon and inure to the benefit of each party and its respective assigns. Any prohibited assignment shall be null and void.
18. **Notice.** Unless otherwise agreed to by the parties, any notice under the Agreement shall be in writing and addressed and delivered to the other party's address or email set forth in the Subscription Agreement. Notice shall be deemed to have been received by a party: (i) when delivered personally by hand (with written confirmation of receipt); (ii) on the business day sent, if sent by email, receipt confirmation requested, before 5pm (or on the next business day if sent after 5pm); or (iii) on the fifth (5<sup>th</sup>) business day after which such notice is deposited prepaid in the registered postal system. Either party may change its address for notice purposes upon issuance of notice thereof in accordance with this section.
19. **General.** The headings used herein are for convenience only and shall in no case be considered in construing the Agreement. Any subscription agreement entered into between the parties shall be deemed to incorporate these Terms and Conditions. If a subscription agreement contains terms that purport to modify or supplement these Terms and Conditions then those subscription agreement terms shall have no force or effect, unless expressly agreed to in writing by both parties. In the case of an inconsistency or contradiction between these Terms and Conditions and any subscription agreement, these Terms and Conditions shall prevail.
20. This Agreement is subject to that certain Services Agreement, of even date herewith by and between the parties, to which this Agreement is incorporated by reference. To the extent of any conflict, the Services Agreement shall take precedence over this Agreement.



---

**DATE:** May 4, 2021

**TO:** Board of Directors

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

**SUBJECT:** Consider Engagement of Rogers, Anderson, Malody and Scott to provide  
Financial Statement Auditing Services for Fiscal Year End June 30, 2021 - 2023

---

**Background:**

This item was discussed at the April 8, 2021 Board of Directors Workshop – Policy where Staff was directed to negotiate a new agreement for auditing services with Rogers, Anderson, Malody and Scott (RAMS) for a three-year period of time (fiscal years June 30, 2021, 2022 and 2023) with the option to extend an additional two years at future board action (fiscal years June 30, 2024 and June 30, 2025) and bring the engagement letter to a future Board meeting for consideration.

The District is required to have an independent audit of its financial records each year. RAMS assigns an experienced audit team to the District each year. RAMS has been providing the annual audits for the District for the past 15 years. RAMS was selected due in part to being a local San Bernardino-based CPA firm with experience in providing audit services to State Water Contractors. To ensure a new audit team, RAMS has included in their proposal a change in the audit engagement partner, audit manager and audit supervisor.

After discussions at the workshop, Staff was given direction to prepare an engagement letter with RAMS for 3 years for audit services with the option to extend for another 2 years, at the agreed upon price of \$29,500 for FY 2021 and \$29,940 for FY 2022 and \$ 30,390 for FY 2023, with Rogers, Anderson, Malody and Scott. The cost to perform the Agreed Upon Procedures of Appropriation Limit Calculation would be \$450 for FY 2021, \$460 for FY 2022 and \$470 for FY 2023. If Single Audit reports are applicable in any fiscal year an additional charge of \$3,500 for FY 2021, \$3,550 and FY 2022 and \$3,600 for FY 2023 would be incurred.

**Fiscal Impact:**

The fees to perform auditing services will be budgeted each year in the General Fund budget under account 6380 District Audit.

**Staff Recommendation:**

Authorize the General Manager to sign the engagement letter with Rogers, Anderson, Malody & Scott, for auditing services for the fiscal year ending June 30, 2021, 2022 and 2023 with a fee not to exceed \$29,950, \$30,400, and \$30,860 respectively. Single Audits, if needed, would incur a cost of \$3,500 - \$3,600 per year.

**Attachments:**

- RAMS Engagement Letter for FY 2021
- RAMS SAS 114 Planning Letter for FY 2021
- RAMS – SBVMWD Audit Cost Proposal FY 2021-2025





735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

April 28, 2021

**PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST

To the Board of Directors  
San Bernardino Valley Municipal Water District  
San Bernardino, California

The following represents our understanding of the services we will provide the San Bernardino Valley Municipal Water District.

**MANAGERS / STAFF**

Charles De Simoni, CPA  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA  
Jingjie Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Tara R. Thorp, CPA, MSA  
Laura Arvizu, CPA  
Louis Fernandez, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Thao Le, CPA, MBA  
Julia Rodriguez Fuentes, CPA, MSA

You have requested that we audit the business-type activities of the San Bernardino Valley Municipal Water District (the District), as of June 30, 2021, and for the year then ended and the related notes, which collectively comprise the District's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that supplementary information, such as management's discussion and analysis (MD&A) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Pension Related Schedules
3. OPEB Related Schedules

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

*Employee Benefit Plan  
Audit Quality Center*

California Society of  
Certified Public Accountants



### **Auditor Responsibilities**

We will conduct our audit in accordance with U.S. GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion on the basic financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinion, we may decline to express opinion or to issue a report as a result of this engagement.

### **Compliance with Laws and Regulations**

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.



### Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
3. To provide us with:
  - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
4. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the entity's auditor;
5. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
6. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
7. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
8. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
9. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
10. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

## Reporting

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to the Board of Directors. We cannot provide assurance that unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

We also will issue a written report on the Appropriations Limit upon completion of our audit.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

## Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the financial statements in a format other than that provided by us, and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

We will assist management with drafting the financial statements based on the District's trial balances. We will not assume management responsibilities on behalf of the District. However, we will provide advice and recommendations to assist management of the District in performing its responsibilities. The District's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

*Government Auditing Standards* require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

In addition, we will perform an agreed upon procedures engagement related to District's Appropriations Limit. The procedures have been agreed to by the District and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*) and will be performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The District's management will be responsible for the Appropriations Limit worksheet.

If it is determined a Single Audit is needed subsequent to this engagement letter, we will provide the District with another engagement letter covering the terms and conditions related to a Single Audit and the Uniform Guidance.

### **Provisions of Engagement Administration, Timing, and Fees**

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

Brad Welebir, CPA, MBA, CGMA is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Rogers, Anderson, Malody & Scott, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fee for the audit will be \$29,500, for the agreed-upon procedures on the Appropriations Limit will be \$450, and for the annual State Controller's report will be \$700. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the District's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

To ensure that Rogers, Anderson, Malody & Scott, LLP's independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report. Upon expiration of this period, we will be free to destroy our records related to the engagement. However, we do not keep original client documents, so we will return those as they are used during each engagement. It is management's responsibility to retain and protect the records for possible future use, including examination by regulators and federal agencies.

We require that a copy of the final trial balance (i.e., a trial balance ready to audit) be delivered to us at least 10 business days prior to the start of the audit, otherwise we may reschedule the start of the audit.

At the conclusion of our audit engagement, we will communicate to the Board of Directors the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;

- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management

The audit documentation for this engagement is the property of Rogers, Anderson, Malody & Scott, LLP (RAMS) and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators and federal agencies and to the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Rogers, Anderson, Malody & Scott, LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the regulators. The regulators may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

#### **International Alliance Membership**

RAMS is an independent member firm of Alliot Global Alliance, which is an international alliance of independent accounting, law, and specialist firms. Alliot Global Alliance and its member firms are legally distinct and separate entities. These entities are not and shall not be construed to be in the relationship of a parent firm, subsidiary, partner, joint venture, agent, or a network. No Alliot Global Alliance member firm has any authority (actual, apparent, implied, or otherwise) to obligate or bind Alliot Global Alliance or any other Alliot Global Alliance member firm in any manner whatsoever. Equally, neither Alliot Global Alliance nor any other member firm has any authority to obligate or bind RAMS or any other member firm. All Alliot Global Alliance members are independent firms, and as such, they each render their services entirely on their own account (including benefit and risk). In connection with the engagement contemplated by this letter or any other services from time to time provided by RAMS, RAMS may seek advice from or may recommend the retention of an Alliot Global Alliance member firm. Alliot Global Alliance and its other member firms shall have no liability for advice rendered by RAMS or such consulted or retained Alliot Global Alliance member firm. Nor shall RAMS have liability for advice rendered by any of the other Alliot Global Alliance member firms, even if consulted or recommended to you by RAMS.

Please sign and return this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. Keep a copy for your records.



Board of Directors  
San Bernardino Valley Municipal Water District

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



---

Brad Welebir, CPA, CGMA, MBA  
Partner

**RESPONSE:**

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of San Bernardino Valley Municipal Water District by:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# Grant Bennett Associates

A PROFESSIONAL CORPORATION

## Report on the Firm's System of Quality Control

May 15, 2018

To the Partners of Rogers, Anderson, Malody & Scott, LLP and the Peer Review Committee of the California Society of CPAs:

We have reviewed the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of *pass*.



GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants



[www.gbacpa.com](http://www.gbacpa.com)

1375 Exposition Boulevard, Suite 230  
Sacramento, CA 95815  
916/922-5109 FAX 916/641-5200

P.O. Box 223096  
Princeville, HI 96722  
888/769-7323



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

April 28, 2021

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscca.net

To the Board of Directors  
San Bernardino Valley Municipal Water District  
San Bernardino, California

**PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST

**MANAGERS / STAFF**

Charles De Simoni, CPA  
Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA  
Jingjie Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Tara R. Thorp, CPA, MSA  
Laura Arvizu, CPA  
Louis Fernandez, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Thao Le, CPA, MBA  
Julia Rodriguez Fuentes, CPA, MSA

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

*Employee Benefit Plan  
Audit Quality Center*

California Society of  
Certified Public Accountants

This letter is provided in connection with our engagement to audit the financial statements of the San Bernardino Valley Municipal Water District (the District) as of and for the year ended June 30, 2021. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit.

**Our Responsibilities**

As stated in our engagement letter dated April 28, 2021, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America, and in accordance with *Government Auditing Standards* and the State Controller's *Minimum Audit Requirements for California Special Districts*, for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and State regulations governing special districts. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility for the required supplementary information included in the document containing the audited financial statements and our report thereon includes only the information identified in our report. We have no responsibility for determining whether the required supplementary information is properly stated.

**Planned Scope of the Audit**

Our audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.



Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention.

We expect to begin our audit in September 2021. Brad Welebir, CPA, CGMA, MBA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the information and use of the Board of Directors and Management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

*Rogers, Anderson, Malody & Scott, LLP.*



# San Bernardino Valley Municipal Water District

## AUDIT WORK COST PROPOSAL FORM

**NAME OF FIRM:** Rogers, Anderson, Malody & Scott, LLP

Service	Minimum Required			District Option to Extend	
	2020/21	2021/22	2022/23	2023/24	2024/25
Total Cost for Financial Statement Audit based on staff hours and rates	\$ 29,500	\$ 29,940	\$ 30,390	\$ 30,850	\$ 31,310
Out of pocket expenses	-	-	-	-	-
Total Maximum Price Bid for District Audit	<u>\$ 29,500</u>	<u>\$ 29,940</u>	<u>\$ 30,390</u>	<u>\$ 30,850</u>	<u>\$ 31,310</u>
Other Items Asked to be Priced by the District:					
Single Audit and Related Reports*, if applicable in any year	\$ 3,500	\$ 3,550	\$ 3,600	\$ 3,650	\$ 3,700
Preparation of Annual State Controller's Report	700	710	720	730	740
Agreed Upon Procedures of Appropriation Limit Calculation	450	460	470	480	490
Total Other Items	<u>\$ 4,650</u>	<u>\$ 4,720</u>	<u>\$ 4,790</u>	<u>\$ 4,860</u>	<u>\$ 4,930</u>
All-Inclusive Maximum Maximum Price Bid for District Audit with Other Items	<u>\$ 34,150</u>	<u>\$ 34,660</u>	<u>\$ 35,180</u>	<u>\$ 35,710</u>	<u>\$ 36,240</u>

\* = for the first major program, each additional major program \$3,250 for 2021.

Costs after fiscal year 2021 were increased by approximately 1.5% per year.

### ESTIMATE OF COST

Name of Firm: Rogers, Anderson, Malody & Scott, LLP  
 Address: 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408  
 Contact Name: Brad Welebir, CPA  
 Contact Phone #: 909-889-0871  
 Contact Email: bwelebir@ramscpa.net

### Auditor's Standard Billing Rates

Position	No. of Hours per year	Minimum Required			District Option to Extend	
		2020/21	2021/22	2022/23	2023/24	2024/25
Partner	20	\$ 280	\$ 280	\$ 285	\$ 285	\$ 290
Manager	22	180	180	185	185	190
Senior accountant	75	140	140	145	145	150
Staff accountant	90	105	105	110	110	115
Clerical		55	55	60	60	65
Other		-	-	-	-	-



---

**DATE:** May 4, 2021  
**TO:** Board of Directors  
**FROM:** Heather Dyer, CEO/General Manager  
**SUBJECT:** CEO/General Manager's Report

---

The following is an update from the CEO/General Manager on the status of a number of items at the District.

I. Proposed STREAM Act

The STREAM Act – *Support to Rehydrate the Environment, Agriculture, and Municipalities Act* – would authorize funding for Bureau of Reclamation groundwater and surface storage, water recycling, desal and environmental projects and a loan program similar to WIFIA (the Water Infrastructure Finance and Innovation Act) for water supply projects.

Included in the draft bill\*:

- Expedite recycling, desalination and non-federal storage projects by allowing the Department of Interior to approve projects;
- Expedite the approval of Congressionally-authorized federal storage projects through a “Reclamation WRDA” (Water Resources Development Act) process and allow water districts to undertake and expedite feasibility studies for such projects based on established Army Corps precedent;
- Promote multi-benefit storage projects with environmental and water supply benefits, while expediting project review times consistent with environmental laws.

The STREAM Act would specifically authorize\*:

- \$750 million for groundwater and surface storage projects and conveyance;
- \$250 million for water recycling projects;
- \$250 million in environmental funding, including \$150 million for competitive grants for habitat restoration; and
- \$50 million for natural water retention and release projects.

(\*Not exhaustive list.)

## II. Sites Investor Profile

The Sites Reservoir Project is highlighting the various project partners through a series of online investor profiles. The District has been highlighted on the Sites website, which can be found at <https://sitesproject.org/agency/san-bernardino-valley-municipal-water-district/>.

The profile features background information about the District and our priorities. Also included within the profile is a link to a newly produced video, highlighting the benefits of the Sites Reservoir project to Valley District and the entire state of California. The video can be viewed at <https://vimeo.com/536568183/c0b3c358f9>.

## III. Update on the Meeting with the Army Corps of Engineers

Last month, Staff met with the U.S. Army Corps of Engineers Los Angeles District Colonel Julie Balten (via WebEx) and her staff to discuss the Seven Oaks Dam and our need to have Water Conservation included as an authorized purpose of the dam. The meeting was productive and had great dialogue on both sides. Col. Balten has a positive approach and expressed her desire to resolve long standing issues in cooperation with Valley District. Both parties recognized the value that collaboration could bring to the region. Staff also informed the Corps that we have requested \$2.5M in Community Project funding, through Representative Aguilar's office, to provide the federal portion of the an expedited feasibility study which was included in the Water Resources Development Act (WRDA 2020).

## IV. Update on the District Community Project Funding Request

The District submitted a request for consideration to Representative Aguilar's office for Community Project Funding for \$2.5M towards completion of a feasibility study on Seven Oaks Dam to include water conservation as an authorized purpose. The District worked with Innovative Federal Strategies to complete and submit the application, including eight letters of support from stakeholders throughout the region. Representative Aguilar had until April 28, 2021, to review the requests received by his office and forward his top ten projects to Congress for consideration of Community Project Funding. We were informed that Congressman Aguilar received over 70 requests for his consideration. We expect to be notified if ours was selected and recommended to Congress by the end of April.

## V. Strategic Plan Retreat Update

The Board of Directors Strategic Plan Retreat will be held June 16-18, 2021, at the UCLA Lake Arrowhead Conference Center. Our consultant for the project, Water Systems Consulting (WSC) will facilitate the multi-day workshop along with several staff to participate and provide support. The tentative schedule is to arrive at 2 p.m. on Wednesday, June 16, in order to hold an afternoon session to kick off the strategic planning process. The workshop sessions will conclude by noon on Friday, June 18. More details will be sent as they are finalized.

## VI. Speaking Engagements

Several recent and upcoming speaking engagements:

- **April 27:** Multi-stakeholder panel for a forum hosted by the Berkeley Law School, Center for Law, Energy & the Environment. The workshop was titled "Drought-Risk Tracking for California Watersheds. Ideas for Tracking and Communication to Support Effective

Water Rights Oversight.” The Berkeley Law team is working on a study geared towards making recommendations to the State Water Resources Control Board on how to most effectively track drought risk and effects of drought throughout the state of California. There was a diverse group of participants ranging from a two water agencies, agricultural interests, water rights attorneys, environmental groups, and federal and state agencies.

- **April 29:** Webinar panel for the Southern California Water Coalition on the topic about *Drought: Are We Ready?* The webinar is available to view on the Southern California Water Coalition website at [www.socalwater.org](http://www.socalwater.org).
- **May 5:** Presentation of the District’s proposed Demand Management Program to the San Bernardino City Council. The presentation will include an overview of the proposed program, the framework for the program, the regional conservation program elements, and the timeline for implementation.
- **May 12:** ACWA Women in Water Reception. Attendees of the ACWA Conference attend this reception (typically in-person but virtual this year) to network and hear motivational words from women working in the water sector. My presentation will focus on unexpected opportunities that the COVID-19 crisis presented to Valley District as well as the benefits of collaboration as a standard practice.

### **Staff Recommendation**

Receive and file.



---

**DATE:** May 4, 2021  
**TO:** Board of Directors  
**FROM:** Staff  
**SUBJECT:** Summary of April 1, 2021 Board of Directors Workshop – Resources

---

The Resources Workshop convened on April 1, 2021. Vice President Hayes chaired the meeting via video conference.

Directors Present: President Kielhold, Vice President Hayes, Director Botello, Director Harrison, and Director Longville.

**Staff Present:**

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager  
Wen B. Huang, PE, MS – Chief Engineer/Deputy General Manager  
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager  
Bob Tincher, PE, MS – Chief Water Resources Officer/Deputy General Manager  
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA – External Affairs Manager  
Anthony Flordelis – Systems Analyst  
Matthew E. Howard, MS – Water Resources Senior Project Manager  
Jose Macedo, ML, CPT-P (USA Retired) – Clerk of the Board/Assistant to the CEO  
Adekunle Ojo, MPA – Manager of Water Resources  
Shavonne Turner, MPA – Water Conservation Program Manager

**Members of the Public Present:**

Joyce McIntire, Yucaipa Valley Water District  
Melody McDonald, San Bernardino Valley Water Conservation District

*Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 19, 2020 this meeting will be conducted by teleconference only.*

## **2. Public Comment**

Chair Hayes invited public comment. There was none.

## **3. Summary of Previous Meeting**

The meeting notes from the March 4, 2021 meeting were reviewed with no comments.

### **4.1 2020 Integrated Regional Urban Water Management Plan (IRUWMP) Status Update**

Water Resources Senior Project Manager Matt Howard explained that the Integrated Regional Urban Water Management Plan (IRUWMP, or “Integrated Urban Plan”) is combining both the 2020 updates of the 2015 Integrated Regional Water Management Plan and the 2015 Regional Urban Water Management Plan, which is the first of its kind in the state. Eighteen agencies are participating in the Plan, with ten agencies completing their Urban Water Management Plan requirements through this planning effort, with the deadline for submission to the Department of Water Resources (DWR) on July 1, 2021, he noted. Staff is in constant communication with the project consultant, WSC, and with stakeholders, to assure that the Plan is completed in a collaborative manner and on schedule, Howard said, and reviewed progress to date.

Five workshops were held with all stakeholders listening in and providing comments, Howard explained. He provided highlights of each workshop, emphasized the collaborative effort, and noted that the DWR recognizes the major effort. Input included report cards on 2015 goals and objectives, preliminary population projections, and demand forecasting with comparison. Mr. Howard noted that overall demand was lower than projected in 2015. Director Hayes asked about the potential for inclusion of per capita demand. Mr. Howard said the data is available. Director Longville pointed out the uncertainty of reporting for multi-family housing and asked Mr. Howard to question the retailers about calculation. Mr. Howard indicated that retailers are making an effort to better quantify multi-family residences and said he would inquire of the consultant about counts.

Director Botello asked why the demand projections of Valley District and East Valley Municipal Water District seemed off. Mr. Howard explained the graphic and assured that projections are made incorporating a reliability factor of 15 percent based on climate change, water use efficiency, and changes in population. Since the demand projections made in 2015 were high, staff is working with the retailers to assure the most accurate predictions for 2020 moving forward, he said.

Manager of Water Resources Adekunle Ojo offered an example and noted that it is a good thing that production was lower than predicted. He noted that in 2009, Valley District's demand was about 52,000 acre-feet, but in 2020, 39,195 acre-feet was supplied. This can be called an over-projection, or it can be attributed to a reduction in demand, he explained. Director Hayes pointed out that the projections were made prior to mandated conservation, and the graph indicates success in conservation during the declared drought years. Director Botello pointed out that some agencies are pointing to increased water use and these projections will be used to make future policy decisions.

Director Longville pointed out that agencies are looking at the projections with higher demand numbers in terms of capital projects for five years, but routinely the demand is coming in lower. She said she hoped this year's projections will be closer. Mr. Howard assured that a list of demands is required in the Urban Plan and each agency's water budget will be provided at the next update of the IRUWMP.

Mr. Howard continued the overview of the IRUWMP workshops. He noted a call for multi-benefit projects with a deadline of April 8 for submission to be included in the Integrated Urban Plan. He shared some stakeholder-submitted goals and objectives representing the collaborative effort. Director Harrison requested copies of the presentation slides.

Additional data is needed to compile the preliminary water budgets Howard explained, so regional water supply and demand assessments are not yet available. He advised the Board of the next steps of the project including a new requirement for a Water Shortage Contingency Plan (WSCP). Mr. Ojo added that the WSCP is Plan B in case of a shortage. Mr. Howard explained the timeline for submittal of the IRUWMP to the DWR by July 1, 2021 and encouraged directors to read the plan and make comments.

Director Longville asked about activities for the public review period and suggested notice on social media. Mr. Howard said the Plan will be posted for public review and emphasized the importance of comments. He said he would work with External Affairs Manager Kristeen Farlow on social media posts.

**Action Item(s):** Receive and File

## 4.2 Update on Water Supply Conditions

Chief Water Resources Officer/Deputy General Manager Bob Tincher noted the news of dry conditions in Northern California and reminded the Board that the State Water Project (SWP) allocation was dropped from ten percent to five percent. At the time of the last update, Mr. Tincher said, staff had hoped the allocation would increase. He shared the SWP allocation history and noted that most of the time when the allocation was ten percent, the supply increased, but this is not a surprise.

Mr. Tincher provided the Northern Sierra Precipitation Index and said it is expected that this will be a very dry year although storms may occur through May and June. Snowpack is also below average, as is water storage in Lake Oroville, the District's major storage reservoir, he explained. San Luis Reservoir is also below average, he noted, and said the SWP storage is down by approximately one million acre-feet from last year. Tincher shared the DWR's modeling results and explained the choice of the most conservative estimate of five percent.

The District's planning documents recognize the variability in the SWP supplies, Tincher assured the Board. He reminded about Resolution 888 which lays out service to retail water agencies and makes it clear that they must have a backup supply. He pointed out that the District does not rely on the SWP as its primary water supply; it is needed to provide about 25 percent of demand. Most comes from local supplies, he noted.

Tincher shared the San Bernardino Basin Precipitation Index which shows local drought conditions since 1998 and explained planning strategy for maximizing the storage of groundwater reserves in wet years to be available in dry years. He advised that there is significant storage capacity in the basins, and they are approximately 80 percent full, leaving the District in a good position to weather 2021.

The Integrated Regional Water Management Plan indicates that the first priority for SWP is direct deliveries, followed by groundwater recharge, Tincher explained. This procedure acknowledged the significant investment made by agencies in infrastructure. Valley District will work collaboratively and closely with all retailers to assure they receive enough water to keep their plants going, Tincher said.

Mr. Tincher recommended the District obtain 5,000 acre-feet of water from its Kern-Delta storage program and advised that staff will later recommend participation in the Yuba



Accord. In response to Director Hayes, Mr. Tincher detailed the Yuba Accord program. He also noted that demand may be lower based on snowpack in Bear Valley.

This presentation will be provided to the Basin Technical Advisory Committee (BTAC) and the San Bernardino Basin Groundwater Council will be advised that there will not be a lot of water available for their purchase this year, Tincher continued. Staff will also be working with Bear Valley Mutual Water Company on a program for backup alternatives to meet obligations under the Big Bear agreement and to get wet water to them if surface water runs short. Staff will also work with retailers on a plan for 2021, he said.

In response to President Kielhold's question about water in storage, Mr. Tincher said the storage amounts include water below some of the existing wells. He estimated about one million acre-feet in storage above that line. Kielhold asked about the estimate of a one-million-acre-foot storage deficit and relationship to cumulative lack of rain. Mr. Tincher indicated that it is not due to any flow restrictions or release of water for other purposes and noted that the operation in Oroville is more conservative after the spillway failure.

Director Longville pointed to the local snowpack and said as discussions with headwaters partners progress, that a good case might be made for having the snowpack information in the future. She noted that she had received inquiries from the media related to the lowering of the SWP allocation, as it is rare for it to drop. She noted that California has shattered records for heat and said she believes it may be a long time before DWR will again release a ten percent allocation in a hot year. Mr. Tincher advised that in 2014 when the first allocation was the lowest ever at five percent, one of the reasons was because the SWP did not lower the allocation the previous year; they prefer not to move backwards.

In response to Director Harrison, Mr. Tincher explained that bedrock in the San Bernardino Basin area goes down to about 1,600 feet. In the last 20 years, Tincher noted, retailers began drilling wells all the way to bedrock. Previously, they had not gone so deep due to costs, he said. Chief Engineer/Deputy General Manager Wen Huang detailed wells encountering fractural bedrock at about 1,000 feet.

Director Botello asked about the formula for the Yuba Accord and wondered if it would be more prudent to make a larger request. Mr. Tincher cautioned that requesting too much may result in substantial cost if the request is fulfilled.

The Yuba Accord includes both surface water and groundwater, Tincher noted in response to Director Harrison. The Kern-Delta is a program of Metropolitan Water District affording the District a one-time use of space in their storage program in the region, Tincher explained. Staff will investigate other options and bring them back to the Board, he said. He pointed out that the Sites Reservoir and the Delta Conveyance will also be helpful in providing more water each year.

Director Botello asked about the snowpack numbers. Mr. Tincher indicated the range is in the mid-60s percentile, and it is a little better than last year but not enough to overcome the lack of rain. Director Longville asked about moisture content, and Mr. Tincher explained that is included in the calculation of percentile.

**Action Item(s):** Receive and File

#### **4.3 CEO / General Manager's 2021/2022 Goals**

Chief Executive Officer/General Manager Heather Dyer presented strategies for positioning the District to lead the state in water resources planning and implementation, and position Valley District to become the employer of choice for future and existing staff.

Ms. Dyer emphasized collaboration and communication. She noted that she envisions five to ten years out, as the challenges faced require long-term thinking. She pointed to growth in the organization and noted focus on leadership development.

Diversity and inclusion are a big focus in public agencies, she noted, and shared the objective to provide equitable opportunities and resources throughout the service area and internally. She noted values of initiative, problem-solving, respect, and a spirit and attitude of public service.

Priorities for 2021 include strategic planning, the 7 Oaks Dam feasibility study, completion of the Habitat Conservation Plan, and development of a Climate Resilience Plan, Headwater Resilience Partnership, Demand Management Program, and Strategic Communications Plan. She also noted the need for a written Capital Improvement Program.

Director Longville suggested that the Strategic Communications Plan might include something that informs and trains ratepayers to become advocates for the District. She gave the example of the San Diego County Water Authority's Water Academy.

Internal goals, Dyer continued, include strategic planning, a new financial model including new financial policies. She pointed out goals of competitive employer positioning, and long-term organizational needs and noted that an expert will be needed to assist with development of these programs. She also suggested a human resources assessment.

The agency is a leader, Dyer noted, and said she wants the District to be even more impactful in the region and in the state. President Kielhold indicated it would be helpful for the taxpayers to understand what the benefit is of having the District be a regional leader. Director Harrison said he looks forward to completion of the strategic plan, and complimented Ms. Dyer's road map.

Director Botello recommended a facilitator for a five-year strategic plan process; Director Hayes assured that a facilitator is on board. Director Longville advocated for building a network of ratepayers to get the District's message out. Director Hayes pointed out that the District may not have a large workforce, but employees are professional and communicate well to the average person. She suggested internship programs in engineering or operations. Director Hayes suggested the Cultural Intelligence training be extended to the Board members.

**Action Item(s):** Feedback was provided.

## **5. Future Business**

No items were added.

## **6. Adjournment**

### **Staff Recommendation**

Receive and file.



---

**DATE:** May 4, 2021  
**TO:** Board of Directors  
**FROM:** Staff  
**SUBJECT:** Summary of April 13, 2021 Board of Directors Workshop – Engineering

---

The Engineering Workshop convened on April 13, 2021, via Zoom video-teleconference.  
Director Harrison chaired the meeting.

Directors Present: President Kielhold, Vice President Hayes, Director Botello, Director Harrison,  
and Director Longville.

**Staff Present:**

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager  
Wen B. Huang, PE, MS – Chief Engineer/Deputy General Manager  
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager  
Bob Tincher, PE, MS – Chief Water Resources Officer/Deputy General Manager  
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA – External Affairs Manager  
Anthony Flordelis – Systems Analyst  
Joanna Gibson, MS – Habitat Conservation Program Manager  
Jose Macedo, ML, CPT-P (USA Retired) – Clerk of the Board/Assistant to the CEO

**Members of the Public Present:**

Richard Corneille, San Bernardino Valley Water Conservation District  
David Raley, San Bernardino Valley Water Conservation District  
Melody McDonald, San Bernardino Valley Water Conservation District  
Robert Fisher, United States Geological Survey

*Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on  
March 19, 2020 this meeting will be conducted by teleconference only.*

## **2. Public Comment**

Director Harrison invited public comment. There was none.

## **3. Summary of Previous Meeting**

The meeting notes from the March 9, 2021 Board of Directors Workshop – Engineering were accepted.

### **4.1 Presentation on United States Geological Survey Western Ecological Research Center 2020 Surveys / Studies within the Upper Santa Ana River Habitat Conservation Plan Planning Area**

Habitat Conservation Program Manager Joanna Gibson introduced Dr. Robert Fisher of the United States Geological Survey (USGS) Western Ecological Research Center to present research conducted last year, which was partially funded by a Technical Assistance Agreement with Valley District. It focused on five species covered under the HCP, and data collected will be used to inform long term management and monitoring, she noted.

Dr. Fisher gave background on the agreement and described the biodiversity futures areas and the objective to develop a patchwork of conservation plans across jurisdictions. The job of USGS is to determine how the puzzle pieces fit together and complete conservation across the landscape, he said. He advised that Valley District's plan is the first big plan in western San Bernardino County.

Dr. Fisher detailed tasks related to the Santa Ana Sucker and findings on genetic connectivity. He noted that lab work and field work had been delayed due to COVID-19, and advised that the tasks are behind schedule, but progress is being made. The data has been generated and the genetics management plan has been submitted, he stated.

The Mountain Yellow-legged frog has dramatically declined, Fisher said, with only about 200 individuals remaining. Monitoring surveys are being done annually at three locations, he explained. The frog population had gone extinct from City Creek, but a captive breeding program and re-introduction resulted in the largest number of individuals. Other locations were negatively affected by debris flow after the 2003 fires, he noted. Fisher explained the

use of environmental DNA to determine frog populations and said he hopes to have the results in the next few months.

The Western Spadefoot is a species that breeds in pools, Fisher noted, and explained the surveys detecting the presence of the Spadefoot in six out of 12 sites. Dr. Fisher advised that the USGS has brought resources to the project from other sources to compete the jobs as a partnership. He also advised that there are access issues at some Spadefoot locations.

Fisher described the Santa Ana Speckled Dace, a native fish, which was also heavily impacted by fire. They were detected at four out of eight sites, and some of those were re-introduced populations, he stated. He explained the fish size differences in location and the importance of this demographic pattern over time to assure resiliency.

The Southwestern Pond Turtle is the only native aquatic turtle in Southern California, Fisher said. Although 27 sites were surveyed, turtles were only detected in one location. The survey will be revisited next year, he advised. Non-native turtles were found at 12 sites and a recommendation will be made as to what to do with those, he said.

Dr. Fisher shared the next steps including future Santa Ana Sucker scenarios, continued monitoring and restoration, results of eDNA, continued resolution of pond sizes for Southwestern Pond Turtles, and added work on snakes and horned lizards.

In response to Director Longville, Dr. Fisher provided detail on the Speckled Dace. CEO / General Manager Heather Dyer asked about the genetic similarities in the Lytle Creek population and whether the area had been isolated due to the fires. Dr. Fisher noted that the researchers had difficulty finding the fish at one of the Lytle Creek forks and posited that there may be a lot of trout predation in that area. More time will be needed to understand and better resolve the question. It is also possible that people in the area are releasing things such as goldfish with diseases that jump to the native fish, he said.

Director Longville noted the effect on the Dace from the fires in 2003, but there was no burn in Lytle Creek that year. Dr. Fisher added that in City Creek the fish has recovered.

Director Botello observed that in City Creek things appear to be thriving. Dr. Fisher said the area was amazing, but then the fires and debris flow in 2003 changed the landscape. The creek area has now recovered, he explained, and said that resiliency is desirable and a testament to good management.

Director Harrison asked about the stream next to the Robidoux Center and reminded that a pond turtle was found there. Ms. Dyer explained Sunnyslope Creek and added that it is also sometimes used by the Santa Ana Sucker which is why it needs to be restored.

**Action Item(s):** Receive and file.

## **5.1 Consider Proposal from PFM Solutions / Synario Software for the development of a Financial Model**

Chief Financial Officer/ Deputy General Manager Cindy Saks explained that the Excel dashboard financial model developed in 2008 needs to be updated. Ms. Saks detailed the process for the Request for Proposal (RFP) for a new financial model study. All five responders were well qualified, she noted. Proposal costs ranged from \$30,750 to \$70,050, and each is unique.

Staff recommends the PFM Solutions / Synario Software tool, Saks advised. Synario Software is a division of PFM, with whom the District's current financial adviser, Richard Babbe, is affiliated, Saks explained.

The Synario tool will allow the District to view different scenarios, especially capital projects, in a variety of ways in order to evaluate, she explained, and noted that legal counsel Varner Brandt is reviewing the subscription and agreement. The price would be an onboarding fee of \$15,750 for model setup, and a \$15,000 per year (\$5,000 per user for three users) licensing fee.

Director Hayes asked about the capability of comparing the ad valorem vs. rates. Ms. Saks said it would be integrated as part of the setup.

CEO / General Manager Dyer added that other options were complicated Excel-based spreadsheet models, but this cloud-based tool is built based on the assumptions and has independent variables. She detailed an example and noted its versatility.

Director Longville commented on the foresight to move beyond Excel and asked about length of life of the software, impacts to other elements and adaptability. Ms. Saks gave detail on preparation for setup and noted that the software team is always updating the tool. Ms. Dyer noted that one of the attractive parts of this software is that the platform is upgraded, and new capabilities are part of what the District would already own. She added that this is new technology and she asked about company longevity. She said she was

assured that they have the full financial and corporate support of PFM and expects it to become a more commonly used tool in the water industry.

In response to President Kielhold, Ms. Saks said she could think of no additional dependencies for the District with it being a cloud-based system. She added that she asked about lag time and was assured that the model worked rapidly.

Vice President Hayes asked about access to and transfer of the District's historical data when it comes time to move to a different platform. Ms. Saks indicated it would not likely transfer back to Excel and said the data that had been input would still be held by the District for use in the future.

In response to Director Botello, Ms. Saks indicated she is comfortable with the level of support to be provided and acknowledged there will be a learning curve.

CEO / General Manager Dyer indicated that this will be helpful in preparing a financial strategy.

**Action Item(s):** Forward the consultant agreement with PFM Solutions / Synario Software for the development of a Financial Model, once all agreements are agreed to form by District house counsel, to a future Board meeting for consideration.

## **5.2 Consider Reimbursement Agreement with East Valley Water District for Design of the Regional Recycled Water Facilities**

Chief Engineer/Deputy General Manager Wen Huang provided background on Valley District's involvement with the project. Valley District worked collaboratively with local agencies to conduct a regional recycled water concept study in 2016. The recommendations included Valley District taking the lead in development of regional recycled water infrastructure, he said.

The Board has an agreement with East Valley Water District (EVWD) and San Bernardino Municipal Water District for a Local Resources Investment Program (LRIP), Huang explained. He reminded the Board about the service of Directors Kielhold and Botello on the Regional Recycled Water Ad Hoc Committee.

Valley District also entered into reimbursement agreements with EVWD for design and construction of a regional recycled water pipeline, Huang added. He provided an overview of the recycled water facilities map. He reminded the Board about issues discovered about



recharging recycled water in the Redlands basins given its proximity to the Santa Ana River and the potential for groundwater mounding during certain hydrological conditions. As a result, rather than recharging into the groundwater basin, recharge will end up in the River, creating undesirable consequences, he noted.

In recent months, the Board purchased land and the pipeline will be redirected to the Weaver Basins, Huang explained. Director Longville asked if the pipeline from the Clean Water Factory routed to the Redlands Basin would not result in the same problems. Mr. Huang detailed the route, ending at Weaver Basins.

Director Longville asked for detail on funding mechanisms and said she wanted to be certain that anything created by the District for one area may be done for another retail area if applicable, assuring no favored or unfavored areas.

Mr. Huang indicated that groundwater modeling done by EVWD shows that the Weaver Basins will be a better location for recharge than Redlands Basins, however if a high groundwater situation occurs, other locations where water can be sent will spread the load. He detailed the phases of pipeline construction.

Huang summarized the scope of work, including three components.

Design of the rerouted pipeline to Weaver Basins is estimated at \$472,971 and is the first component of the reimbursement agreement, Huang advised. Staff's conceptual design of the Weaver Basins on a 63-acre lot includes set aside of about 22 acres of mitigation land for the San Bernardino Kangaroo Rat, he said. Final design work is estimated at \$524,009.

Huang reminded the Board about the well required to be abandoned which will be funded by the seller of the land. He advised that there is potential of having EVWD's team abandon the well and a proposal will be included for consideration in the Board meeting packet if received in time.

Mr. Huang gave history of the Alabama Street pipeline (also referred to as the Santa Ana River pipeline) built in the 1960s for treated wastewater. Staff wants to rehabilitate the pipeline if there is cost benefit to do so, Huang said. A condition assessment will be needed including a video survey and possible cut for lab evaluation of strength and lifecycle analysis prior to expenditure of time and money for rehab. This component of the reimbursement agreement is about \$279,728, Huang noted.

The pipeline has been abandoned within the city and may have been severed in areas of new development, Huang noted. However, in the case of the section in the Amazon

Warehouse area, the City reserved an easement around the building to accommodate future reconnection, he said. He also pointed out damaged sections.

Director Harrison noted that the pipeline offers the potential to send water to the west in the case of a high groundwater problem.

Huang detailed the project benefits including 16,600 acre-feet of new water for the basin, providing drought-proof water supply, and augmenting local and imported water to supply up to 33,000 households annually and flexibility in recharge of State Water Project (SWP) water and stormwater.

In response to Director Harrison, Mr. Huang explained that there will be expenses related to an additional two miles of pipeline that will be needed in comparison going to Weaver instead of Redlands Basin, and construction of the new Weaver Basins. Huang offered additional detail and said costs are hard to estimate for purposes of comparison, and include intangibles.

Vice President Hayes indicated support and said she liked the flexibility. Director Longville noted the total cost of \$1,276,708 and clarified that this is a reimbursement to EVWD as they have already begun to work with contractors on this scope of work. She asked how this investment by Valley District impacts the fact that the LRIP is paying EVWD for the new acre-feet they build.

Mr. Huang explained they are two separate issues. Director Longville clarified that one part is the new water supply, the other is the system and EVWD will use the funds from LRIP to pay for the recycled water plant. Huang noted that Valley District will be providing the facilities for conveyance and recharge of the recycled water; everything else is EVWD's responsibility including impacts. Ms. Longville requested for the Board meeting a summary of how it all fits together. Ms. Dyer added that before the Board today is the cost of bringing the infrastructure into existence that supports the LRIP program. Valley District is asking EVWD to take the lead on design and construction because they are already out there, and this is an extension of Valley District's ability to build infrastructure by using their contracts that are already in existence and reimbursing those costs.

Mr. Huang noted that this design-build process will really speed up the project.

In response to Director Harrison, Ms. Dyer stated that LRIP incentivizes EVWD to create the water via a 20-year funding agreement and deliver that recycled water to Valley District. This reimbursement agreement allows Valley District to take the water and put it where desired. Chief Water Resources Officer/Deputy General Manager Bob Tincher added that they are

only paying for 20 years, but the water will continue flowing. The pipeline keeps the water in the basin rather than being sent down the river, he said. The cost per acre foot would be very competitive with other programs, Tincher added.

Director Longville opined that the cost of the pipeline would be a bargain.

Mr. Richard Corneille spoke about the recycled water project in Orange County and reminded the Board about the stringent recycled water requirements of the State Department of Health. Mr. Huang acknowledged the points and assured that the water quality is being addressed and permits are in process. Some drinking water wells will be taken out of service due to the recharge, he noted. The dischargers are responsible for their own water quality impacts, Huang advised, and the modeling exercises and interaction with regulatory agencies are in progress.

In response to Director Harrison's inquiry about pipeline cost in comparison, Mr. Huang explained that the cost will be further refined as the design process moves forward and estimated that the cost could be in the range of \$5 to \$6 million in addition to the construction costs of \$16 million.

Director Botello expressed concern about the age of the pipeline but indicated support.

Vice President Hayes recalled that the Health Department requirements had been considered in the planning stages for the Sterling Natural Resources Center.

**Action Item(s):** Forward the consideration of entering into a reimbursement agreement with EVWD for design of the regional recycled water facilities to the next Board of Directors meeting.

### **5.3 Consider Agreement for Recharge in San Bernardino County Flood Control Facilities**

Chief Water Resources Officer/Deputy General Manager Bob Tincher advised the Board that there is already an agreement with the San Bernardino County Flood Control District to recharge in their basin and said this could be considered a replacement agreement. He gave detailed background on the existing agreement and cooperation between the agencies. The facilities are based on a management concept to deliver water through the groundwater basin, Tincher said.

There is considerable storage space in the basin, Tincher said, so a decision was made that rather than build regional pipelines across the service area, water would be delivered into

the basin then retailers may locate wells wherever it is convenient. Foundational to the concept is the agreement with the Flood Control District dating back to 1972 for use of their detention basins, Tincher said. Flood Control has a secondary mission to recharge water and Valley District assists with that, but Flood Control is focused on managing floodwater and is also a key player in the Integrated Regional Water Management Plan.

In 2013, Valley District also signed a 10-year Planning Memorandum of Understanding with Flood Control. The original 1972 agreement was evergreen (never expired) and covered groundwater recharge, easements for facilities, and common use agreement.

Today, Tincher continued, the pipeline infrastructure and facilities are more extensive, and the Active Recharge Project represents a different way of using Flood Control facilities to slow down the water and increase the amount of recharge.

The Cactus Basins, Tincher noted, are not included, and will have a separate agreement.

The proposed 2021 agreement is a term of 20 years with six, five-year extensions as the County Board of Supervisors is trying to get away from evergreen agreements. This would replace all prior agreements, Tincher explained. Staff was concerned that there should be at least a 50-year period for the facilities being in operation and there is no expectation that the relationship will discontinue after 50 years, Tincher said. There would be a new \$20 per acre-foot "lease" type payment for SWP recharge, he noted, which can be passed through to the recharged water recipient.

A temporary construction easement for a portion of the Foothill Pipeline that was never perfected would be completed under this agreement, he noted.

The agreement does not include permits but lays out a process to work with Flood Control and provides a general framework and costs, Tincher explained.

The Advisory Commission on Water Policy is supportive of the concept, Tincher advised.

Director Longville noted that other agencies in the area have worked with Flood Control, said she wants to make sure that the \$20 per acre foot is comparable to other wholesale water agencies and asked for larger context. She also asked if the agreement could be expanded to new water supply, noting that recycled water is different. He said that the fee was similar to what is being paid to the San Bernardino Valley Water Conservation District and said he would investigate what is being charged to others by Flood Control.

Director Harrison asked to clarify Director Longville's answer to the \$20 per acre foot for the recycled water from the Sterling Project or state water project. In response to Director

Harrison, Mr. Tincher clarified that there is no fee for local water (storm water), but if recycled water were moved into a flood control basin, that would be subject to a fee.

Director Kielhold asked how much water was recharged into Flood Control facilities last year. Mr. Tincher responded there were 29,000 acre-feet (af) last year, and approximately 139,400 af from 2012 to 2019. He indicated there may be some water this year from Santa Ana and Mill Creek flow, but it is not likely. Kielhold asked about expenditures for permits for basin maintenance and wondered if the permitting cost would offset the lease fee via a credit. Mr. Tincher said there is discussion about clarifying the lease fee and usage within the District's service area.

President Kielhold pointed to language in the agreement and suggested a meeting with staff to review concerns.

Mr. Tincher assured Vice President Hayes that the agreement makes provisions for cooperation and does have certain protections.

CEO / General Manager Dyer explained it has taken staff a few years to get to this draft of an agreement and reminded the Board about the need to maximize the District's investments at Flood Control's Waterman location. She added that the District is also working with the City of San Bernardino to develop the nearby Devil Basins in order to get water to that general area of the groundwater basin. She acknowledged the Board's questions and concerns and suggested another workshop to further discuss the issues.

Vice President Hayes asked about the Sycamore easement; staff will investigate, but it is unused, Tincher said. Neither was the Rialto-Colton Basin in the 1972 agreement, he replied. Hayes noted the concern of Rialto that this agreement does not cover the use of the Cactus Basins and said that the water subcommittee has asked for Ms. Dyer and Mr. Tincher to meet to discuss. Mr. Tincher explained that Flood Control had determined the Cactus Basins were to be a separate agreement. Mr. Huang suggested that Flood Control may be willing to include the Cactus basins upon completion of that Basin's CEQA analysis.

Director Longville commended staff's efforts and noted the desire for another workshop.

Director Botello said he felt it premature to send this forward to the Board meeting and asked for additional information on the fiscal impact over 20 years at the next workshop. Asked to get a little more detail about what things may costs in terms of maintenance and permitting in order to have a true picture of what this agreement would will cost Valley District.

Mr. Richard Corneille commented that all the active recharge transfer projects or the proposed ones should be on the listing of facilities included in the agreement.

Director Harrison summarized the issues and indicated that the agreement will need to come back to the Board. Ms. Dyer asked Board members to email her any specific questions or concerns to be certain they are addressed at the next meeting.

Director Longville requested staff provide a memo listing concerns voiced at this meeting.

**Action Item(s):** This item was returned to the staff and CEO/General Manager for additional staff analysis and presentation at a future workshop.

## **6. Future Business**

None.

## **7. Adjournment**

### **Staff Recommendation**

Receive and File



---

**DATE:** May 4, 2021  
**TO:** Board of Directors  
**FROM:** Staff  
**SUBJECT:** Summary of April 8, 2021 Board of Directors Workshop – Policy

---

The Policy Workshop convened on April 8, 2021, via Zoom teleconference. Director Longville chaired the meeting.

Directors Present: President Kielhold, Vice President Hayes, Director Botello, Director Harrison, and Director Longville.

Staff Present:

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager  
Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager  
Bob Tincher, PE, MS – Chief Water Resources Officer/Deputy General Manager  
Melissa Zoba, MBA, MPA – Chief Information Officer

Kristeen Farlow, MPA – External Affairs Manager  
Anthony Flordelis – Systems Analyst  
Matthew E. Howard, MS – Water Resources Senior Project Manager  
Jose Macedo, ML, CPT-P (USA Retired) – Clerk of the Board/Assistant to the CEO  
Adekunle Ojo, MPA – Manager of Water Resources  
Shavonne Turner, MPA – Water Conservation Program Manager

Members of the Public Present:

Amy Rucker  
Jen McAdoo  
Scott Fleury  
Paul D. Jones II, Eastern Municipal Water District  
David Raley, San Bernardino Valley Water Conservation District  
Melody McDonald, San Bernardino Valley Water Conservation District

*Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 19, 2020 this meeting will be conducted by teleconference only.*

## **2. Public Comment**

Chair Longville invited public comment. There was none.

## **3. Summary of Previous Meeting**

The meeting notes from the March 11, 2021, Board of Directors Workshop – Policy were accepted with no changes noted.

*Item 5.1 was taken out of order.*

### **5.1 Discuss State and Federal Legislative Update**

Manager of External Affairs Kristeen Farlow reported that California is expected to receive approximately \$150 billion of the American Rescue Plan. Much of the funding is allocated for vaccinations, childcare and preparing schools for re-opening. An additional \$26 billion will go into the state budget, which is already in a favorable position due to tax proceeds, she noted. There is funding specifically allocated for utility bill assistance for homeowners and low-income families, however all funds must be used for responding to the pandemic and its effects, such as supporting essential work, backfilling reduced revenue, and for water, sewer and broadband infrastructure, she explained.

Ms. Farlow briefed the Board on the following bills of interest:

- AB 377: The California Clean Water Act. The bill proposes to require all California waters to fishable, swimmable, and drinkable by 2015. The bill is in its second round of draft amendments but there are still concerns.
- SB 559: Canal Conveyance Capacity Restoration Fund. Money would be used for subsidence repair costs for the Friant Water Authority, and the San Luis and Delta Mendota Water Authority. The State Water Contractors wrote a letter of support.
- AB 1500: No substantial changes have been made to this bond proposal, but amendments will be heard.
- SB 45: There has been no movement and the hearing was postponed.



Ms. Farlow reported that bills are in the Policy Committee push, April 30 is the next big legislative deadline after which the bills will be heard by fiscal committees.

On the federal side, Ms. Farlow continued, the Drinking Water and Wastewater Infrastructure Act of 2021 was adopted in March by the Senate Environment and Public Works Committee. It will make major investments in water recycling programs and resources, and help communities adopt water re-use as a resource management tool, she explained. The bill also reauthorizes the Clean Water State Revolving Fund for \$2.4 billion in 2022, and the Water Infrastructure Finance and Innovations Act (WIFIA) for \$50 million per year through 2026, she noted. New programs included are the Clean Water Infrastructure Resiliency and Sustainability Grant Program and the Stormwater Infrastructure Technology Program. Similar legislation was introduced on the House side, Farlow said.

President Biden has proposed a \$3 million Build Back Better infrastructure plan, Farlow explained, with recommendations to address infrastructure needs, especially water systems, as well as climate change, Farlow advised.

The Water Conservation and Farming Act was reintroduced in March, Farlow continued. It is aimed at helping communities experiencing high levels of drought with a \$300 million Bureau of Reclamation infrastructure fund.

Chair Longville acknowledged that staff and consultants are working to identify categories which would be beneficial to the District's work.

**Action Item(s):** Receive and file.

#### **4.1 Presentation by Paul D. Jones II, General Manager of Eastern Municipal Water District on the topic of the Effect of COVID on Residential Water Bills**

Chief Executive Officer/General Manager announced that the title of the presentation is "Examining Affordability of Water Service at the Household Level" and noted that COVID-19 is part of affordability, but this looks at a broader perspective.

Paul D. Jones II noted this presentation is based on research done before the pandemic related to water and sewer affordability for retail customers. He gave an overview of Eastern Municipal Water District (EMWD), which serves 850,000 residents in seven cities.

Mr. Jones highlighted landmark legislation dealing with water affordability and noted that the State's policy is now being founded by AB 685, the Human Right to Water. AB 401 required

that the State Water Resources Control (SWRCB) board develop a plan for a state-wide low-income water rate assistance program, Jones said, and SB 222 has been introduced to identify what the low-income program might look like. SB 200, the Safe and Affordable Drinking Water Fund was passed in 2019 which addresses failing community water systems with \$130 million per year.

Jones provided an overview of the SWRCB's AB 401 report finalized in 2020 and noted that for EMWD, 21 percent of customers would be eligible for rate assistance. He explained research on affordability in the EMWD service area to understand what percentage of customers were having affordability challenges including study done with the University of California, Riverside (UCR) and an EMWD analysis. The study concluded that tiered rate structures with low fixed charges improve affordability. EWMD determined that between 0.4 and 0.9 percent of its customers would have affordability challenges and that Low Income Rate Assistance (LIRA) programs are needed. Jones suggested that the program being considered by the State needs to be looking at individual service areas and the affordability metrics within to target the customers who need it. LIRA programs need to be administered locally, he noted.

Chair Longville expressed interest in applying some of the affordability metrics in Valley District's service area. CEO / General Manager Dyer noted that if more effort is put forward to understand the data, then greater effect will be seen for the people in the most need.

President Kielhold acknowledged the need for more information. Mr. Jones noted the interest of UCR in the topic and noted that Professor Kurt Schwabe was willing to work with any agency to look at the issue of affordability.

Vice President Hayes indicated this is important data and said the presentation recording will be available on Valley District's website. Director Harrison commended Mr. Jones and noted the value of his work to other agencies. Director Botello agreed that data is important to sound decision-making and expressed appreciation. Mr. Jones said he appreciated the partnership of Valley District and congratulated the Board on the recently-approved agreement with Metropolitan Water District (MWD).

**Action Item(s):** Receive and file.

## 5.2 Consider Financial Statement Auditing Services for Fiscal Year End June 30, 2021 - 2023

Chief Financial Officer / Deputy General Manager Cindy Saks explained that the District is required to have an independent audit of its financial records each year and noted the current auditing firm is Rogers, Anderson, Malody & Scott (RAMS). The delivery of the 2020 audit completed the current contract with RAMS, which has been doing the audit for 15 years with a change in engagement partner every five years.

Saks detailed the four responses to the District's Request for Proposals (RFP) and provided an overview of the District's needs. She explained that staff has been happy with RAMS over the years. Staff has recommended that with the requested change in the entire audit team dedicated from RAMS, that the District continue with RAMS and request they provide an engagement letter for a three-year contract with possibility for extension.

Chair Longville said she understood staff's reasoning for the recommendation and indicated support. Director Harrison indicated support and said he did not think anyone would want to do an audit that is done remotely. RAMS has been A+, he added. Director Kielhold offered support.

Director Hayes pointed out the importance of checks and balances and said that the change in people on the audit team has been explained as a sufficient check otherwise she would have objected to use of the same firm. She also noted disfavor with a remote audit and suggested that it be clarified for future RFPs that audits are to be done in-house.

Director Botello credited Ms. Saks for the recommendation and noted that he is a supporter of local vendors whenever feasible.

In response to Chair Longville, Ms. Saks said that preparation of the engagement letter should be a quick process and will be on the next Board meeting agenda, if not the following, and that RAMS' proposal was within close range of the others' costs.

Director Harrison commended Director Botello for his support of local businesses and noted that RAMS is the only one within the City / County.

**Action Item(s):** The Board directed staff to negotiate a new agreement for auditing services with Rogers, Anderson, Malody & Scott for a three-year period (fiscal years June 30, 2021, 2022 and 2023) with the option to extend an additional two years (fiscal years June 30, 2024 and June 30, 2025) which includes a change in engagement audit team and bring the contract to a future Board meeting for consideration.

### **5.3 Consider the Preparation of a Climate Resilience Plan**

CEO / General Manager Heather Dyer told the Board she had hoped this topic would be discussed in depth at a retreat but delays due to COVID made it impossible. Manager of Water Resources Adekunle Ojo gave an overview of the Climate Resilience Standing Committee comprised of Directors Hayes and Longville, and its first meeting. Mr. Ojo and Ms. Dyer addressed climate change and the resulting changing weather patterns.

Ms. Dyer detailed Valley District's three main priorities: providing water – to ensure that the District is resilient to future climate change uncertainties, to ensure the District is engaged as a civic leaders and “pragmatic partner” on the threat of climate change, acknowledging the potential impacts from climate change and conveying the message and benefits to the community to promote long-term proactive planning, and to strategically position the District to be highly competitive for funding opportunities related to climate-resilience.

Mr. Ojo noted the goal to avoid political charge in use of the term by taking a pragmatic approach that is focused on the Valley District area. This is not starting from scratch - climate-related efforts have been made to prepare the District bringing together all the tools that have been gathered over the years into a comprehensive document, he explained.

Mr. Ojo introduced the Climate Resilience Plan draft outline and detailed the elements of each chapter. Ms. Dyer pointed out that other districts' plans are focused only on reducing their own greenhouse gas emissions, but staff is proposing a much larger look at the vulnerability of the District to the impacts of climate change.

Mr. Ojo reviewed an estimated project timeline with potential award of contract at the June 15, 2021 Board meeting, and a draft plan in December that could be helpful when writing a federal or state grant proposal. In response to Director Harrison, Chair Longville pointed out that the Board meeting on April 20 would be an excellent opportunity for the Board to see the RFP and provide direction. Mr. Ojo provided proposal response requirements and next steps for the project. Director Longville noted the RFP should be released on April 21, after the Board has reviewed it. It is an aggressive schedule, Ojo noted.

Director Longville noted she was honored to be appointed to the Committee. She pointed out that this is an appropriate activity and noted the inclusion of headwaters resiliency. She added that all retailers, cities, and unincorporated areas will rise or sink by the viability of whether the agency can adapt appropriately. This leadership can help others recognize the need and follow suit, she said. Director Hayes concurred and indicated support.

President Kielhold asked about the existence of other climate resiliency plans. Ms. Dyer pointed out others that were done in similar ways but not as this plan is envisioned as an umbrella approach.

Director Longville pointed out that agencies are beginning to realize the interrelationship between projects, partners, and communities, and said the next heavy lift will be looking at what sort of investment will be necessary and what kind of grant assistance the District is likely to successfully obtain.

In response to President Kielhold, Ms. Dyer said that larger firms are likely capable and might respond to the RFP and it will be sent to at least a dozen firms. The stakeholders, Dyer said, are the people relying on Valley District to be climate resilient. She answered that she did not have an estimate of cost. Kielhold said he believed the District would benefit from pursuing a CEQA exemption for the planning document.

In response to Director Botello, Ms. Dyer explained the panel process for this type of planning document. Botello acknowledged the ambitious timeline and noted there are many unknowns. He pointed to the process for identifying potential consultants and suggested use of a state-wide service to list the RFP.

Director Botello also suggested that staff should have a good idea about what this is going to cost, should have the ability to rein in costs and be able to explain to ratepayers the expenditure on the plan. He also advocated a community element of the process for the ratepayers to provide input.

Director Botello requested the Board see the draft RFP several days before it goes out. Chair Longville suggested that after the receipt of the document with the agenda, and discussion at the Board meeting, it can then be determined whether an additional workshop might be needed. Botello agreed.

Chair Longville noted that the responding consultants need to provide cost estimates and list any foreseeable grant funding. Director Botello agreed but said the proposer would not be able to guarantee any grant funding.

Ms. Dyer clarified that this plan is to position the District to be ready for any funding opportunities that may become available for infrastructure projects that promote climate resilience. She said the work of analyzing the District's assets to prepare for climate change conditions must still be done to ensure services are still provided to customers.

Chair Longville pointed out that 2/3 of the District's water supply is local and agreed that this is critical.

Director Harrison asked staff to make sure that WSC is on the RFP list. He said he was glad to have the opportunity to review the RFP.

President Kielhold said he would like to ensure that the strategic plan would be completed before the climate resilience plan.

**Action Item(s):** The Board directed staff to move forward with the development of a Climate Resilience Plan.

## **6. Future Business**

Update / presentation on cloud seeding for formulation of a policy

## **7. Adjournment**

### **Staff Recommendation**

Receive and file.



---

**DATE:** May 4, 2021

**TO:** Board of Directors

**SUBJECT:** List of Announcements

---

- A. May 4, 2021, 9:30 a.m. – SAWPA Commission Meeting
- B. May 4, 2021, 10:00 a.m. – SAWPA PA 24 Meeting
- C. May 4, 2021, 2 p.m. – Regular Board Meeting by Teleconference
- D. May 6, 2021, 2 p.m. – Board Workshop – Resources by Teleconference
- E. May 10, 2021, 2 p.m. – Special Workshop – Wages, Benefits and Insurance Committee  
Workshop by Teleconference
- F. May 11, 2021, 8:30 a.m. – SAWPA PA 22 Meeting
- G. May 11, 2021, 2 p.m. – Board Workshop – Engineering by Teleconference
- H. May 12, 2021, 1:30 p.m. – San Bernardino Valley Water Conservation District Board Meeting
- I. May 13, 2021, 2 p.m. – Board Workshop – Policy by Teleconference
- J. May 18, 2021, 9:30 a.m. – SAWPA Commission Meeting
- K. May 18, 2021, 2 p.m. – Regular Board Meeting by Teleconference
- L. May 20, 2021, 6:30 p.m. – Special Advisory Commission on Water Policy Meeting
- M. May 31, 2021– District Closed for Memorial Day