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Call to Order

Board of Directors Workshop - Engineering
Tuesday, May 10, 2022

Chairperson – Director Harrison
Vice-Chair – Director Hayes

Introductions

Following the introduction of Directors and District staff, participants may use this time to state their name and agency/affiliation in order to be included in the formal record of attendees.

Public Comment

Any person may address the Board on matters within its jurisdiction.

- *Please use the chat feature on the Zoom toolbar or digitally raise your hand to let the moderator know you would like to make a comment.*



Summary of Previous Meeting (Pg. 3)

Board of Directors' Workshop - Engineering – April 12, 2022

Discussion Item 4.1 (Pg. 9)

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager

Consider In-Person meetings or alternatively Resolution No. 1150 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period May 10, 2022, through June 8, 2022

Staff Recommendation

If the Board decides to continue with virtual meetings, consider adoption of Resolution No. 1150 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period May 10, 2022, through June 8, 2022.

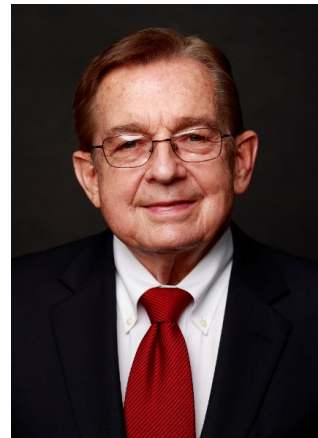
Director Comments and Discussion



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation

If the Board decides to continue with virtual meetings, consider adoption of Resolution No. 1150 authorizing the San Bernardino Valley Municipal Water District to conduct remote meetings for the period May 10, 2022, through June 8, 2022.

Discussion Item 4.2 (Pg. 14)

Heather Dyer, MS, MBA – Chief Executive Officer/General Manager
Cindy Saks, CPA – Deputy General Manager/Chief Financial Officer
Adekunle Ojo, MPA – Water Resources Manager

Consider the District's Watershed Connect Phase I Long Range Financial Plan and the Resolution Authorizing Submission of WIFIA Loan Application

Staff Recommendation

Review the District's Watershed Connect Phase 1 Financial Analysis, Draft Loan Application Resolution and Installment Purchase Agreement, and direct staff to place the Resolution on the May 17th regular Board meeting agenda.

GENERAL FUND FY 22 LARGE TRANSACTIONS AND ESTIMATED CASH RESERVE BALANCE

- Cash Reserve Balance – 7/1/2021: \$147.9M

- Cash Reserve Balance – 5/1/2022: \$80.6M

- \$81.2 Spent this year on large transactions
 - ✓ Waterman Hydro
 - ✓ Regional Recycled Water Pipeline
 - ✓ Weaver Basins
 - ✓ Tres Lagos Property Purchase
 - ✓ Conservation District Active Recharge Transfer Projects
 - ✓ City of Yucaipa Financial Participation Agreement (LRIP approach)
 - ✓ Misc. Mitigation Lands

- Estimated Cash Reserve Balance End FY 22: \$49.3M

SBVMWD PHASE 1 PROJECTS

Bolded projects are expected to be funded with WIFIA Proceeds.

Project Name		Project Costs*
Acquisition of Greenspot Pump Station	SWP Reserves	\$ 14,000,000
Central Feeder - EBX Intertie	SWP Reserves	\$ 2,327,000
Lytle Creek-Cajon Creek Mitigation Lands	GF Reserves, Grants	\$ 11,590,000
Cactus Basin Connector Pipeline	GF Reserves, Grants	\$ 2,211,000
Regional Recycled Water System Phase 1	GF Reserves	\$ 53,073,000
Enhance Recharge Phase 1B	WIFIA Loan, Grants	\$ 65,583,000
Enhance Recharge Phase 1A Liner	WIFIA Loan	\$ 970,000
Headwaters Resiliency Multipurpose Area	GF Reserves	\$ 32,500,000
SAR Sustainable Parks and Tributaries Water Reuse	WIFIA, RPU, HCP Partners	\$ 27,745,675
Active Recharge - Highland Hills Land Acquisition	SBVWCD Active Recharge Transfer Fund	\$ 7,247,000
HCP Tributaries Restoration	HCP Partners	\$ 14,294,000
Valley District Phase 1 Total		\$ 231,540,675

*Estimated project costs are subject to change based upon inflation and other factors. Does not include estimated financial costs.

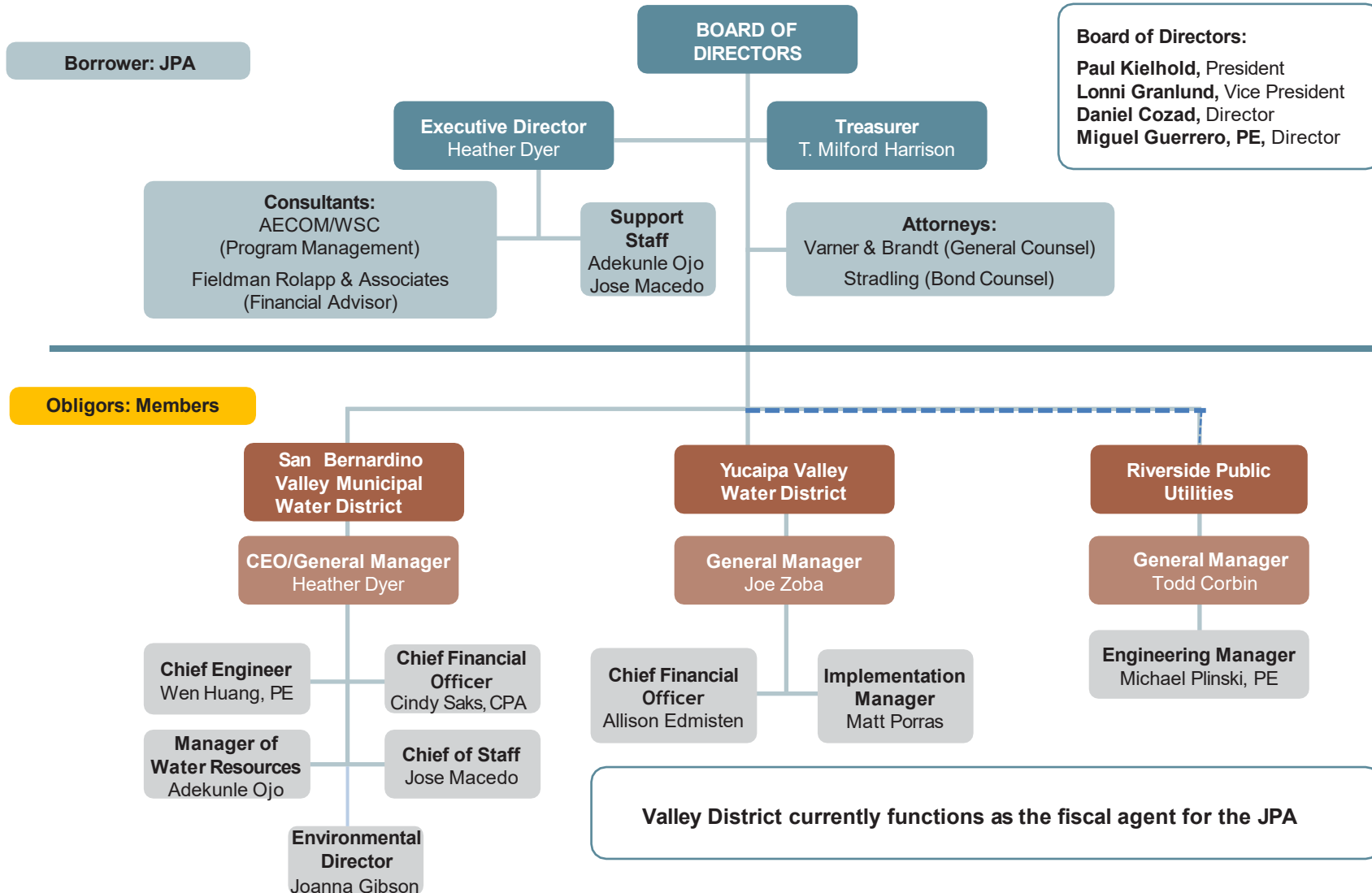
UPPER SANTA ANA RIVER WATERSHED INFRASTRUCTURE FINANCING AUTHORITY

- Upper Santa Ana River Watershed Infrastructure Financing Authority (“Authority” or “USARWIFA”) is a Joint Powers Authority comprised of four water agencies, all of whom rely upon the highly connected tributaries, groundwater basins, and natural ecosystems of the Santa Ana River.
- The current four member agencies (“Members”) include:
 - San Bernardino Valley Municipal Water District (“Valley District”)
 - Yucaipa Valley Water District (“YVWD”)
 - San Bernardino Water Conservation District (“Conservation District”)
 - San Bernardino Municipal Water Department (“Municipal Water Department”) who joined the JPA in October 2021
 - Riverside Public Utilities (“RPU”) expects to join the JPA by early fall 2022 and participate in a Loan for its share of the debt service expense
- Valley District, YVWD and RPU (expected) (the “Participating Members”) will be the only Members in the initial WIFIA Master loan, and it is expected that each will have its own loan.
- The JPA expects to finance the WIFIA Projects, however the Participating Members will own and operate the WIFIA Projects in Phase I of the CIP program. In future phases some projects may be joint projects amongst the Members.

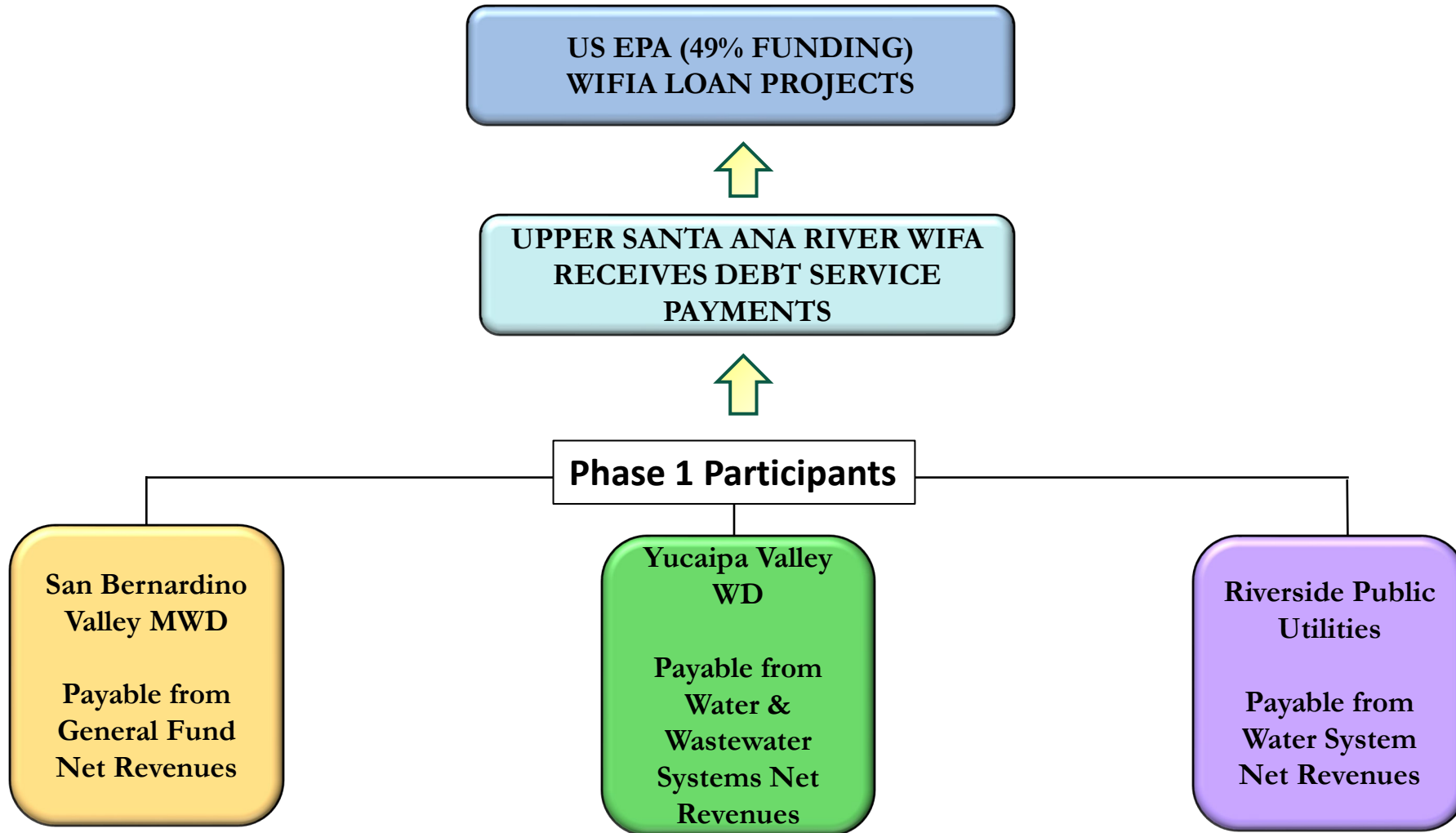




**UPPER SANTA ANA WATERSHED
INFRASTRUCTURE FINANCING AUTHORITY**



JPA SECURITY FLOW OF FUNDS – PHASE 1 PROJECTS



WIFIA PLAN OF FINANCE

- The Authority expects to submit its WIFIA application by the end of May 2022
- The Authority expects to execute a WIFIA Loan with EPA later this year to finance the Watershed Connect Phase 1 Projects. Valley District will share ownership of two projects and pay its respective share of the projects' debt service on the WIFIA Loan.
- The initial combined WIFIA Loan is expected to be \$191.5* million and close in late 2022 (includes YVWD WIFIA Loan and potential WIFIA Loan between EPA and RPU of ~\$29.8 million)
- Valley District's Projects are expected to cost ~\$231.5* million, with ~\$61.8* million coming from WIFIA Loan proceeds and the balance from cash and grants
 - ✓ RPU will be responsible for approximately \$29.8 million pursuant to a WIFIA Loan with EPA
 - ✓ Western Municipal Water District will be responsible for ~\$2.6 million and will fund its share with cash
- The JPA may issue short-term obligations to fund Phase I Projects which will be retired from WIFIA Loan proceeds.

*Estimated project costs are subject to change based upon inflation and other factors. Does not include estimated financial costs.

WIFIA PROGRAM BENEFITS

➤ WIFIA loans offer a low, fixed interest rate

- ✓ A single fixed rate is established at closing - based on the US Treasury yield on the date of closing based upon the weighted average life of the loan.
- ✓ Rate is not impacted by borrower's credit or loan structure.
- ✓ Investment grade ratings required.

➤ WIFIA loans provide flexible financial terms

- ✓ Customized repayment schedules.
- ✓ Repayment period must be the earlier of 35 years after the date of substantial completion of the project, or the useful life of the project.
- ✓ Payments may be deferred up to 5 years after the project's substantial completion.
- ✓ Prepayable at any time (\$1 million minimum).
- ✓ Subordination under certain circumstances, WIFIA may take a subordinate position in payment priority, increasing coverage ratios for senior bond holders.
- ✓ Maximum federal involvement: 80% of total project costs.

SBVMWD PHASE 1 PROJECT FUNDING SOURCES

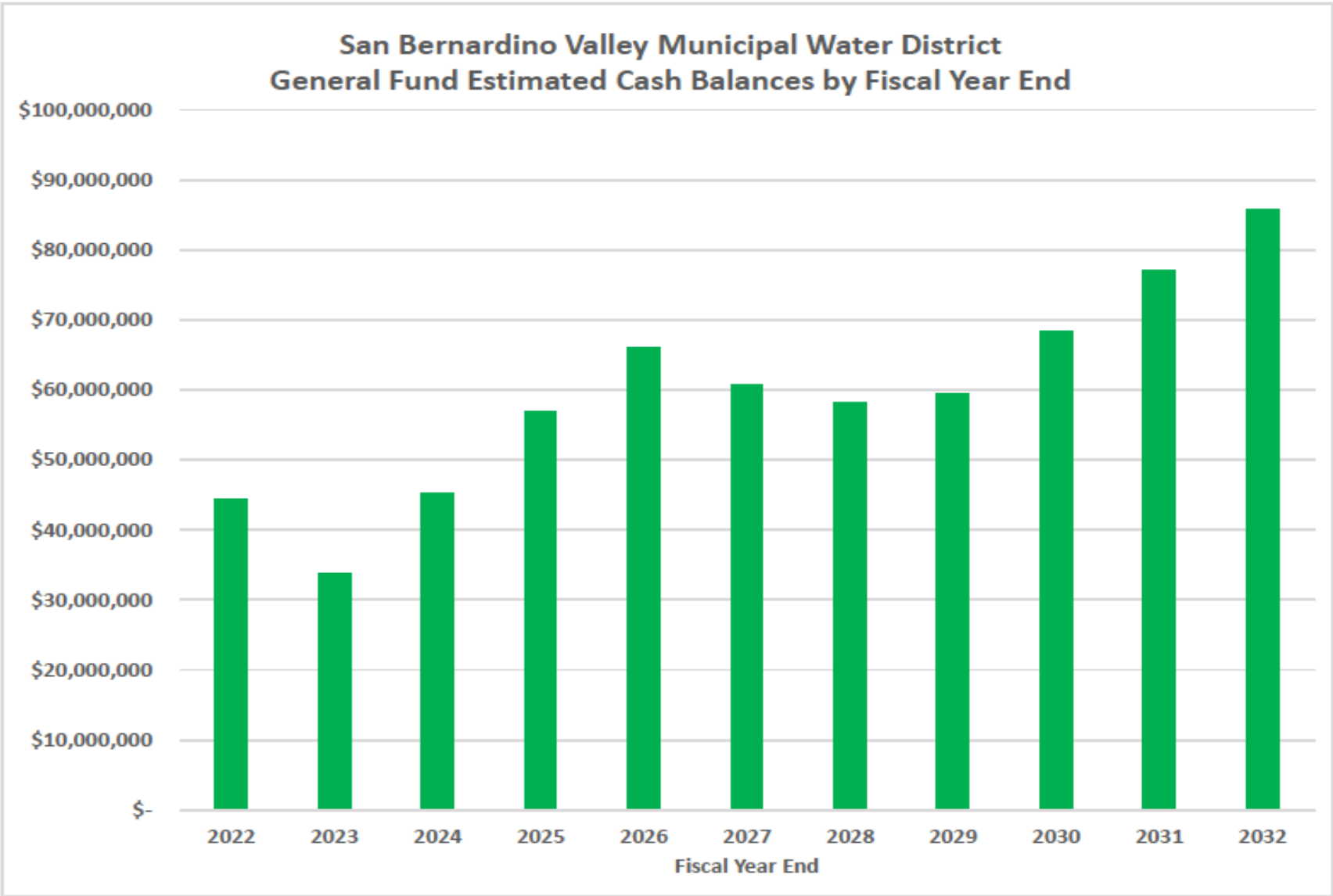
- Valley District expects to fund ~27% of its WIFIA Loan Phase 1 projects (\$61.8 million) from the WIFIA Loan and the balance from general fund reserves, restricted SWP reserves for 2 SWP-related projects, and outside funding coming from the Conservation District, Western Municipal Water District, and a WIFIA Loan between EPA and RPU

		2022	2023	2024
Phase 1 Capital Expenditures	Total			
SAR Center / Land Purchase	\$32,500,000	\$32,500,000		
Regional Recycled Water System (Weaver Basin)	\$53,073,000	\$42,694,929	\$10,378,071	
Enhanced Santa Ana River Recharge 1A&B	\$66,553,000	\$2,892,000	\$31,830,500	\$31,830,500
Acquisition of Greenspot Pump Station (SWP)	\$14,000,000		\$7,000,000	\$7,000,000
Central Feeder EBX Intertie (SWP)	\$2,327,000	\$2,327,000		
Lytle Creek/Cajon Creek Mitigation Lands	\$11,590,000	\$4,273,600	\$7,316,400	
SAR Sustainable Parks and Tributaries Water Reuse (Purple Pipe)	\$27,745,675		\$13,872,838	\$13,872,838
Cactus Basin Connector Pipeline	\$2,211,000		\$2,211,000	
HCP Tributaries Restoration	\$14,294,000		\$14,294,000	
Highland Hills Land Acquisition Lytle Creek Active Recharge Facilities	\$7,247,000	\$7,247,000		
Total	\$231,540,675	\$91,934,529	\$86,902,809	\$52,703,338
Capital Funding Sources				
WIFIA PayGo General Fund	\$106,041,958	\$79,610,529	\$25,158,209	\$1,273,220
WIFIA PayGo SWP Reserves	\$16,327,000	\$2,327,000	\$7,000,000	\$7,000,000
Cash from Western MWD	\$2,662,120		\$2,662,120	
Cash/WIFIA Proceeds from RPU	\$29,812,281		\$15,252,458	\$14,559,824
Cash from Conservation District	\$7,247,000	\$7,247,000		
Outside Funding Sources / Grants	\$7,626,042	\$2,750,000	\$4,876,042	
SWRCB SRF Loan	\$0			
WIFIA Proceeds	\$61,824,274		\$31,953,980	\$29,870,294
Total	\$231,540,675	\$91,934,529	\$86,902,809	\$52,703,338

FORECASTED FINANCIAL DATA

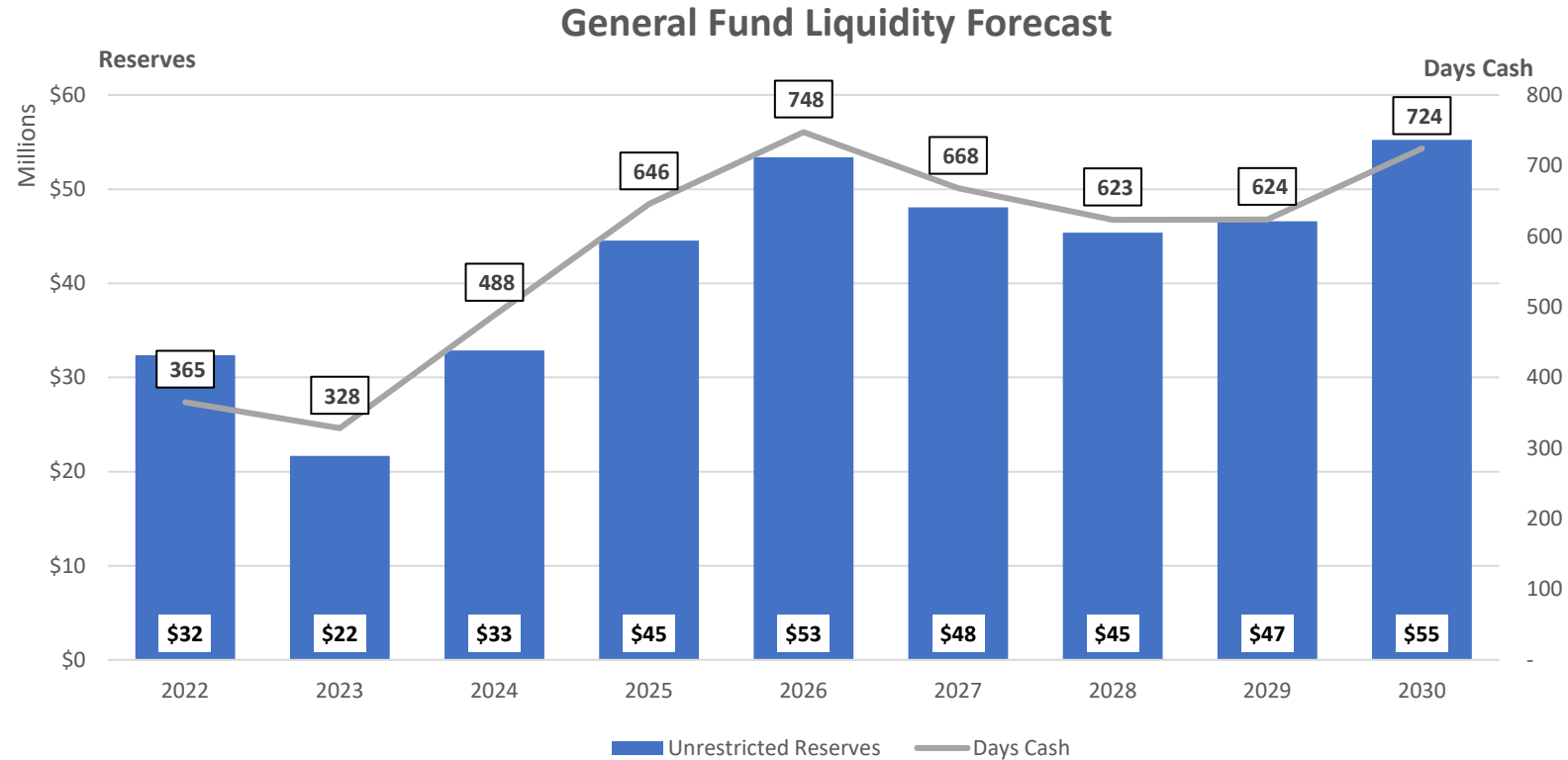
	Estimated 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues											
Water Sales	\$3,494,472	\$7,727,386	\$7,812,108	\$7,992,609	\$8,162,532	\$8,354,061	\$8,546,987	\$8,753,216	\$8,971,135	\$9,192,099	\$9,419,424
Water Sales (Baseline Feeder Agencies)	\$1,127,709	\$1,062,500	\$1,062,500	\$1,062,500	\$1,062,500	\$1,062,500	\$1,062,500	\$1,062,500	\$1,062,500	\$1,062,500	\$1,062,500
HCP Land Mitigation Reimbursements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Land Mitigation Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011 BLF Debt Service Charge	\$506,450	\$503,744	\$499,644	\$500,244	\$500,444	\$500,244	\$499,644	\$503,544	\$501,944	\$499,944	\$502,244
Administrative Debt Service Charge	\$3,103,700	\$3,130,000	\$3,192,600	\$3,256,452	\$3,321,581	\$3,388,013	\$3,455,773	\$3,524,888	\$3,595,386	\$3,667,294	\$3,740,640
1% Property Tax Revenues	\$11,851,243	\$12,088,268	\$12,330,034	\$12,576,634	\$12,828,167	\$13,084,730	\$13,346,425	\$13,613,353	\$13,885,620	\$14,163,333	\$14,446,600
Redevelopment Agency Pass-Through	\$7,568,995	\$7,644,685	\$7,721,132	\$7,798,343	\$7,876,326	\$7,955,090	\$8,034,641	\$8,114,987	\$8,196,137	\$8,278,098	\$8,360,879
Interest Income	\$792,671	\$323,646	\$216,891	\$328,866	\$445,418	\$533,827	\$480,605	\$453,746	\$466,102	\$552,502	\$639,151
Other Revenue and Income	\$5,311,564	\$6,630,028	\$4,720,108	\$4,811,458	\$5,205,777	\$4,605,911	\$4,264,867	\$4,037,085	\$4,142,675	\$4,551,752	\$4,364,434
Total Revenues	\$33,756,804	\$39,110,257	\$37,555,016	\$38,327,107	\$39,402,744	\$39,484,375	\$39,691,441	\$40,063,320	\$40,821,499	\$41,967,522	\$42,535,871
Operation and Maintenance Costs											
Administration and General Costs	\$25,129,923	\$24,123,891	\$24,584,589	\$25,171,702	\$26,061,402	\$26,262,319	\$26,577,429	\$27,267,932	\$27,850,748	\$28,973,972	\$29,693,755
Total Operation and Maintenance Costs	\$25,129,923	\$24,123,891	\$24,584,589	\$25,171,702	\$26,061,402	\$26,262,319	\$26,577,429	\$27,267,932	\$27,850,748	\$28,973,972	\$29,693,755
Net Revenues	\$8,626,880	\$14,986,365	\$12,970,427	\$13,155,405	\$13,341,343	\$13,222,056	\$13,114,012	\$12,795,388	\$12,970,751	\$12,993,550	\$12,842,116
25% Unencumbered Funds	\$125,936	\$124,911	\$125,061	\$125,111	\$125,061	\$124,911	\$125,886	\$1,082,677	\$1,082,177	\$1,082,752	\$1,081,849
Debt Service											
2011 Bonds	502,544	503,744	499,644	500,244	500,444	500,244	499,644	503,544	501,944	499,944	502,244
Future WIFIA Loan	0	0	0	0	0	0	0	0	3,828,765	3,828,765	3,828,765
Total Debt Service	\$502,544	\$503,744	\$499,644	\$500,244	\$500,444	\$500,244	\$499,644	\$503,544	\$4,330,708	\$4,328,708	\$4,331,008
Debt Service Coverage	17.42	30.00	26.21	26.55	26.91	26.68	26.50	27.56	3.24	3.25	3.21
Debt Service coverage w/o Unencumbered Funds	17.17	29.75	25.96	26.30	26.66	26.43	26.25	25.41	3.00	3.00	2.97
Remaining Net System Revenues	\$8,124,337	\$14,482,622	\$12,470,783	\$12,655,161	\$12,840,899	\$12,721,812	\$12,614,368	\$12,291,844	\$8,640,043	\$8,664,842	\$8,511,107

ESTIMATED CASH RESERVE BALANCE



PROJECTED LIQUIDITY

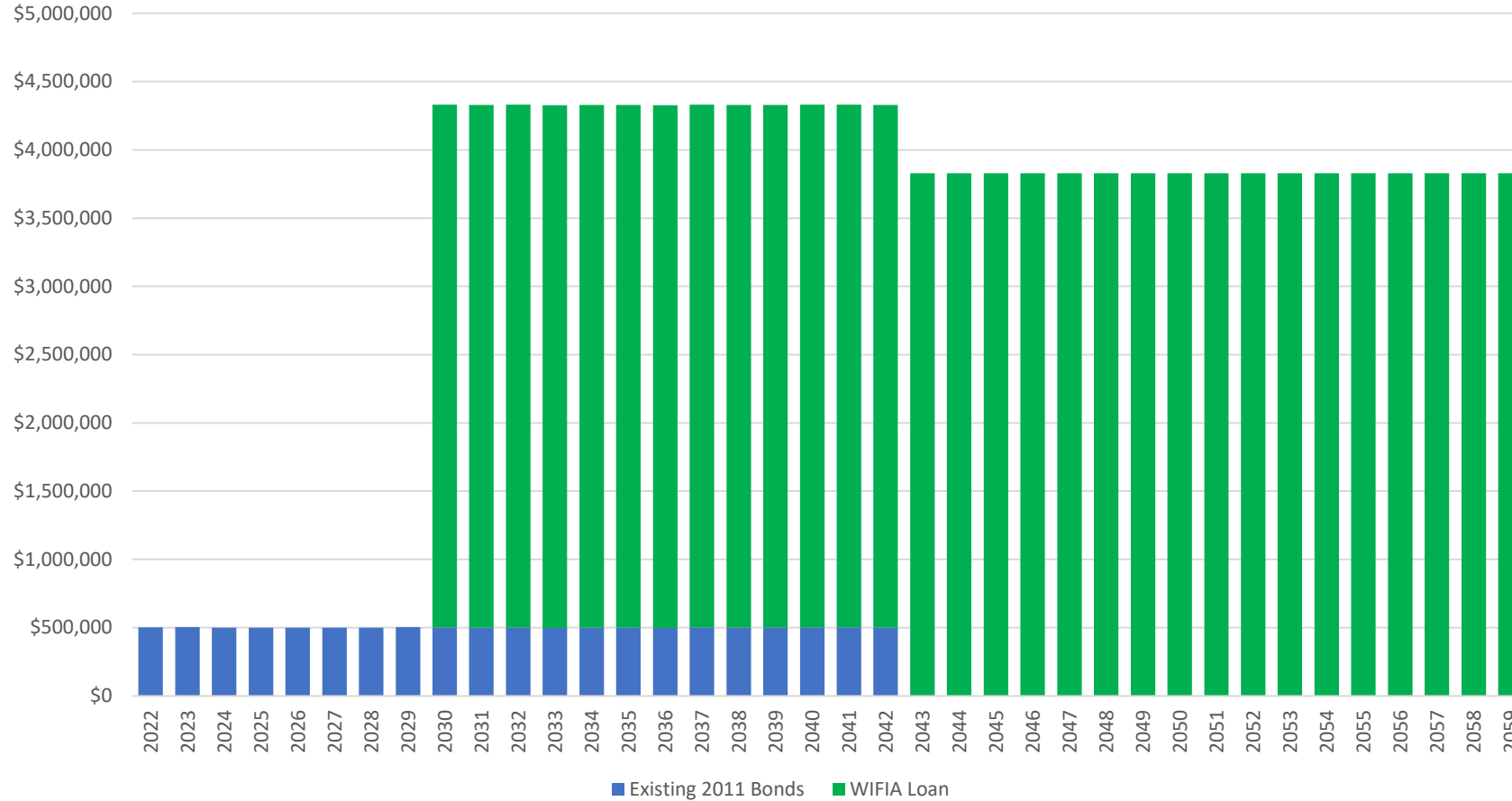
- ◆ FY 2022 balance includes spenddown of cash for portions of Valley District’s WIFIA Loan Phase 1 projects - to date Valley District has expended approximately \$86.7 million
 - ◆ Liquidity is projected to increase (assuming average SWP allocations) and provides sufficient funds for WIFIA Phase 2 projects



Note: Does not include restricted customer deposits or SWP reserves. Preliminary, subject to change.

VALLEY DISTRICT'S AGGREGATE DEBT SERVICE

Estimated Annual Debt Service*



DISCLAIMER

These materials include an assessment of current market conditions, and include assumptions about interest rates, execution costs, and other matters related to municipal securities issuance or municipal financial products. These assumptions may change at any time subsequent to the date these materials were provided. The refinancing and refunding scenarios presented herein are not intended to be inclusive of every feasible or suitable refinancing alternative.

Fieldman, Rolapp & Associates, Inc. is an SEC-registered Municipal Advisor, and undertaking a fiduciary duty in providing financial advice to the San Bernardino Valley Municipal Water District only. Compensation is not contingent on the completion of the WIFIA Loan.

Staff Recommendation

Board Review the:

- District's Watershed Connect Phase 1 Long Range Financial Plan and Analysis and;
- Resolution Authorizing Submission of WIFIA Loan Application; which staff will place on the May 17th regular Board meeting agenda for consideration and adoption.

Questions?

Director Comments and Discussion



Paul Kielhold
President



June Hayes
Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation

That the Board review the District's Watershed Connect Phase 1 Financial Analysis and Draft Loan Application Resolution, and direct staff to place the Resolution on the May 17th regular Board meeting agenda.

Discussion Item 4.3 (Pg. 71)

Wen B. Huang, PE, MS – Deputy General Manager/Chief Engineer
Michael R. Esquer – Senior Project Manager

Consider a Proposed 2022 Water Supply Contingency Program
to Meet the BVMWC In-Lieu Water Demand

Staff Recommendation

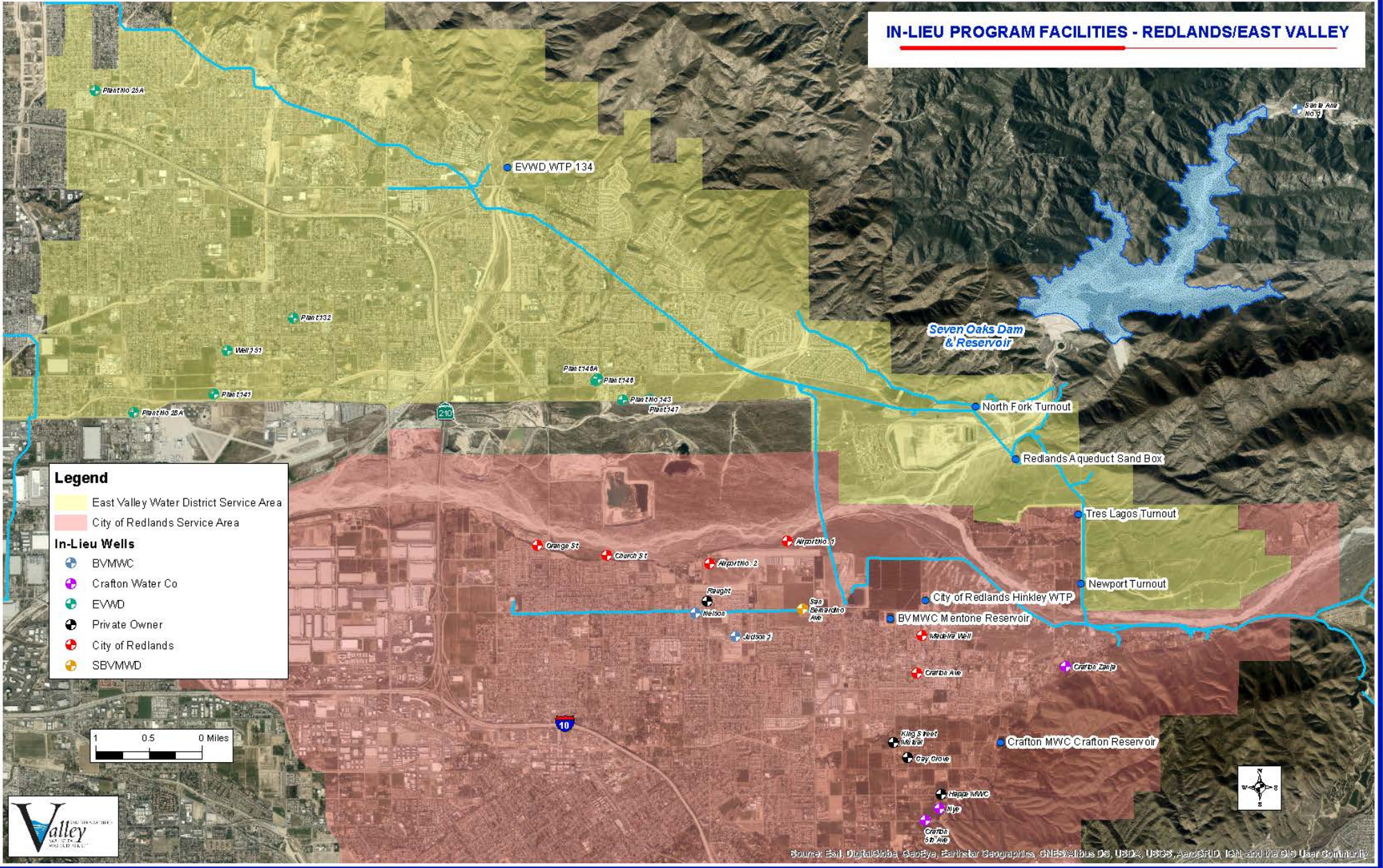
Direct Staff to bring this item for a budgetary amount of \$1,250,000 to be used at the discretion of the CEO/General Manager for developing alternative groundwater sources to meet District's 2022 In-Lieu Program objectives to a future Board of Directors' meeting for consideration.



2022 District SWP

2022 Table A Allocation from DWR - 5%			
	<u>Supply Sources</u>		<u>Total Supply</u>
	Carryover from 2021		5,704
	Kern-Delta Water Bank		5,000
	Table A		5,130
	Carryover into 2023		1,993
	Total 5% supply		12,834
5%			
<u>Agency</u>	<u>Recharge</u>	<u>Direct</u>	<u>Total</u>
EVWD	-	1,797	1,797
WVWD	-	2,182	2,182
YVWD	-	4,620	4,620
Fontana	-	1,777	1,777
RHWC BLF Obligation	-	128	128
WHWC	-	257	257
Yucaipa Regional Park	-	193	193
CLAWA Sale (07-025)	-	193	193
Big Bear Agreement/BVMWC	-	2,567	2,567
Marygold Mutual	-	128	128
Total	-	13,841	13,841

IN-LIEU PROGRAM FACILITIES - REDLANDS/EAST VALLEY



2022 In-Lieu Program

- BVMWC requests up to 8,616 AF
- Up to 7,100 AF met by pumped groundwater
- BVMWC requests District to partner and share the cost (50%) for repairing and rehabbing Nelson Well
- Estimated Costs:

Pumped Groundwater for 7,100 AF & GC	\$ 1,040,000
<u>Nelson Well Rehab (50% cost-sharing; up to)</u>	<u>\$ 210,000</u>
Requested Budgetary Authority	\$ 1,250,000

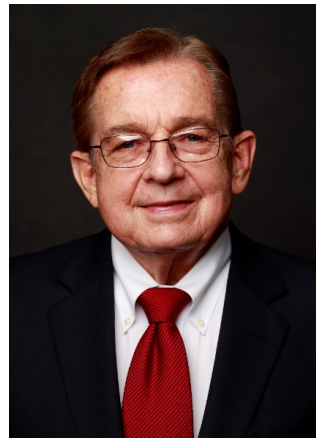
Director Comments and Discussion



Paul Kielhold
President



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Vice President



**T. Milford
Harrison**
Treasurer



Gil J. Botello
Director



Susan Longville
Director

Staff Recommendation

Direct Staff to bring this item for a budgetary amount of \$1,250,000 to be used at the discretion of the CEO/General Manager for developing alternative groundwater sources to meet District's 2022 In-Lieu Program objectives to a future Board of Directors' meeting for consideration.

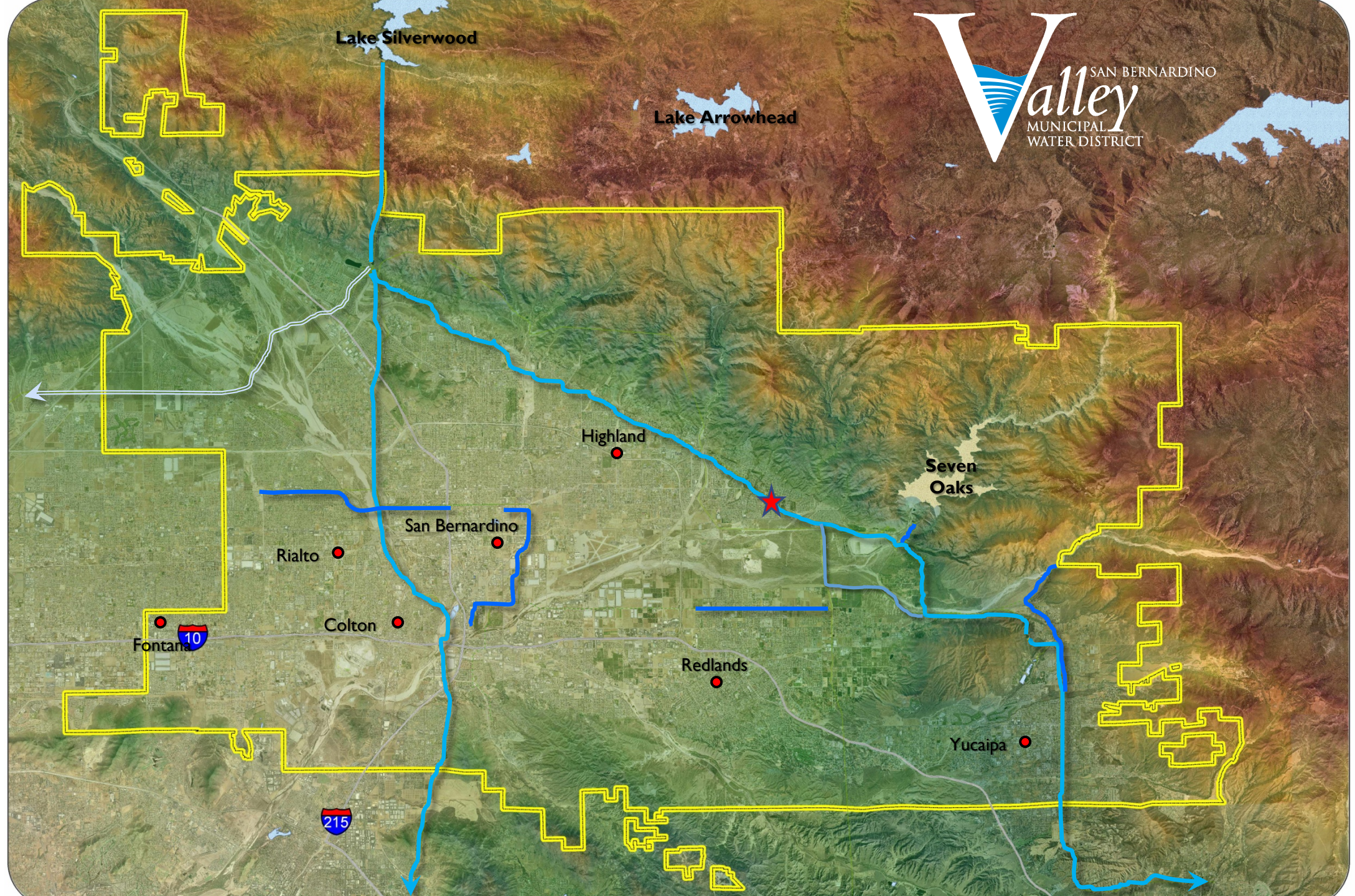
Discussion Item 4.4 (Pg. 74)

Wen B. Huang, PE, MS – Deputy General Manager/Chief Engineer

Consider First Amendment of Easement for the Foothill Pipeline at 7415 Via Deldene in the City of Highland

Staff Recommendation

Direct staff to place the proposed first amendment to easement on a future Board of Directors meeting for consideration.



Lake Silverwood

Lake Arrowhead

Highland

Seven Oaks

San Bernardino

Rialto

Colton

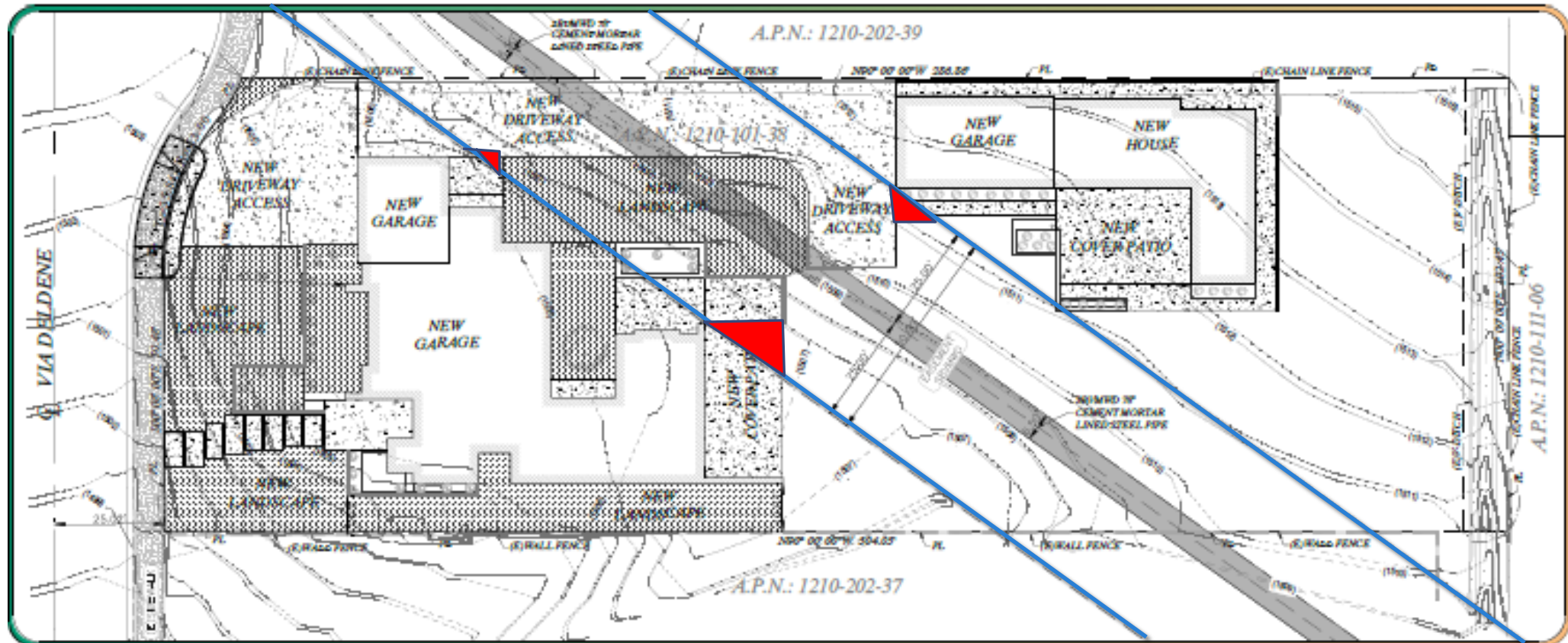
Redlands

Yucaipa

Fontana

10
215

Easement & Improvements



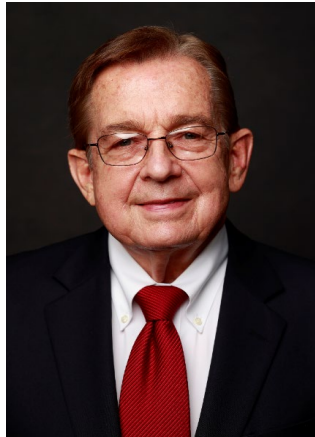
Director Comments and Discussion



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Harrison**
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Staff Recommendation

Direct staff to place the proposed first amendment to easement on a future Board of Directors meeting for consideration.

Future Business

Adjournment
