



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

BOARD OF DIRECTORS MEETING AGENDA

Wednesday, December 13, 2023 – 9:30 a.m.

Location – 1630 W. Redlands Blvd., Ste. A, Redlands, CA 92373

Anyone wishing to listen to or participate in the meeting can join via Zoom:

Call in (669) 900-6833, Meeting ID: 811 5882 7619

To join the Zoom Meeting on <https://us02web.zoom.us/j/81158827619>

While the District makes every attempt to follow all guidance re COVID-19 safety protocols, the District cannot assure in-person attendees that they will not be exposed to COVID-19 or persons who have been so exposed, and attendees are advised to exercise caution in limiting their own incidences of exposure, particularly those who may be in groups at higher risk of infection, or serious symptoms of COVID-19 if infected.

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the District office and are available for public review during normal District business hours. New information relating to agenda topics listed, received, or generated by the District after the posting of this agenda, but before the meeting, will be made available upon request at the District office and in the Agenda Package on the District's website. It is the intention of the San Bernardino Valley Water Conservation District to comply with the Americans with Disabilities Act (ADA) in all respects. If you need special assistance with respect to the agenda or other written materials forwarded to the members of the Board for consideration at the public meeting, or if as a participant at this meeting you will need special assistance, the District will attempt to accommodate you in every reasonable manner. Please contact Athena Laroche at (909) 793-2503 at least 48 hours prior to the meeting to inform her of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

1. PUBLIC PARTICIPATION

Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code.

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BOARD OF DIRECTORS

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

2. **ADDITIONS/DELETIONS TO AGENDA**

Section 54954.2 provides that a legislative body may take action on items of business not appearing on the posted agenda under the following conditions: (1) an emergency situation exists, as defined in Section 54956.5; (2) a need to take immediate action and the need for action came to the attention of the District subsequent to the agenda being posted; and (3) the item was posted for a prior meeting occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

3. **GUEST RECOGNITION/SELF INTRODUCTIONS**

4. **CONSENT CALENDAR**

- A. Approval of Board Minutes, November 8, 20236
- B. Approval of Expenditure Report, November 202317
- C. Report of Excused Absences

5. **COMMITTEE REPORTS /ACTION ITEMS**

Committee Reports

A. FINANCE & ADMINISTRATION COMMITTEE VERBAL REPORT - 10 minutes

Presenter: David E. Raley, Chair

Recommendation: The chair of the Finance & Administration Committee will provide a verbal report on the meeting held on November 15.

B. AD HOC AUDIT COMMITTEE VERBAL REPORT - 10 minutes

Presenter: Richard Corneille, Chair

Recommendation: The chair of the Ad Hoc Audit Committee will provide a verbal report on the meeting held on November 16.

Action Items

C. 1ST QUARTER UNAUDITED FINANCIAL REPORTS FOR FY 2023-2024 – 5 minutes

(M#1987)27

Presenter: Finance & Administration Committee/Angie Quiroga

Recommendation: The Finance & Administration Committee recommends approval of the first quarter unaudited financial report for FY 2023-2024 as presented.

D. UNAUDITED FINANCIAL REPORTS, November 2023 – 5 minutes (M#1988)33

Presenter: Angie Quiroga/Betsy Miller

Recommendation: Review and approve the unaudited financials for November 2023.

E. FY23 DISTRICT AUDIT – 10 minutes (M#1989)40

Presenter: Betsy Miller

Recommendation: The Ad Hoc Audit Committee recommends the Board review and approve the 2023 Audit Report as presented and direct the General Manager to file the Audit with the County Clerk.

- F. CAPITAL PURCHASE OF FORD F-350 – 5 minutes (M#1990)124
Presenter: Betsy Miller
Recommendation: Authorize the capital purchase of a Ford F-350 and associated warranty for the Operations staff at a cost not to exceed \$81,027.
- G. 2024 PER DIEM RATE – 10 minutes (M#1991).....126
Presenter: Finance & Administration Committee/Betsy Miller
Recommendation: The Finance & Administration Committee recommends the Board increase the Board Per Diem Rate by \$12.00 to \$270.00 for calendar year 2024, and approve Resolution No. 618.
- H. PROGRAM FOR THE EXPANSION OF RECHARGE CAPACITY FIRST AGREEMENT AMENDMENT – 10 minutes (M#1992).....128
Presenter: David B. Cosgrove
Recommendation: Approve the attached First Amendment to the Partnership Agreement for Joint Active Recharge Project Development under the Upper Santa Ana River Habitat Conservation Plan and authorize the Board President to sign on the District’s behalf.
- I. CONTRACT WITH GEOSCIENCE FOR GROUNDWATER MODELING – 5 minutes (M#1993)134
Presenter: Betsy Miller
Recommendation: Authorize a Contract Services Agreement for Professional Services (Agreement) with GeoScience to modify the Integrated Santa Ana River Model to incorporate expanded groundwater recharge activity in an amount not to exceed \$194,847.
- J. STAFF RECOGNITION FOR 2023 – 5 minutes (M#1994).....147
Presenter: Betsy Miller
Recommendation: The Finance and Administration Committees recommends to approve the award of 24 hours of leave for each full-time District employee and authorize the closure of the District office from December 27-29, 2023.
- K. APPROVAL OF THE STRATEGIC PLAN UPDATE – 10 minutes (M#1995)149
Presenter: Ellen Cross, Strategy Driver, Inc.
Recommendation: Approve the San Bernardino Valley Water Conservation District Strategic Plan 2024-2028.
6. INFORMATION ITEMS:
- A. Engineering Update175
 - B. PERC Status Report No. 16.....178
 - C. Environmental Update182
 - D. General Manager’s Report and Monthly Recharge Report.....186
 - E. Future Agenda Items & Staff Tasks
7. MONTHLY BOARD MEMBER MEETING REPORTS, AND/OR BOARD MEMBER COMMENTS

8. **UPCOMING MEETINGS:**

- | | |
|-------------------------|---|
| A. December 25-26, 2023 | Office Closed in Observance of Christmas Eve & Christmas Day |
| B. January 1-2, 2024 | Office Closed in Observance of New Year's Eve & New Year's Day |
| C. January 10, 2024 | Board of Directors Meeting, 1:30 p.m. at Conservation District (<i>Zoom Meeting ID: 846 8609 6002</i>) |
| D. January 15, 2024 | Office Closed in Observance of Martin Luther King, Jr. Birthday |
| E. January 16, 2024 | Big Bear Watermaster Committee, 11:00 a.m. at Conservation District (<i>Zoom Meeting ID: 840 3937 2064</i>) |
| F. January 17, 2024 | San Bernardino Valley Conservation Trust, 2:00 p.m. at Conservation District (<i>Zoom Meeting ID: 889 1048 7828</i>) |
| G. January 24, 2024 | Finance & Administration Committee Meeting, 1:30 p.m. at Conservation District (<i>Zoom Meeting ID: 823 1937 4596</i>) |
| H. February 13, 2024 | Operations Committee, 9:00 a.m. at Conservation District (<i>Zoom Meeting ID: 812 0919 7861</i>) |
| I. February 14, 2024 | Board of Directors Meeting, 1:30 p.m. at Conservation District (<i>Zoom Meeting ID: 846 8609 6002</i>) |

9. **CLOSED SESSION**

1. The Board will meet in Closed Session under the authority of Government Code §54956.9 (a), in order to discuss existing litigation, Endangered Habitats League et al. vs. U.S. Army Corps of Engineers, Central District Court Case No.: 2:16-cv-09178-MWF-E.
2. The Board may convene in Closed Session for Conference to discuss Real Property Negotiations pursuant to Government Code §54956.8; Owner: Southern California Edison East End Hydroelectric Generation Plant property located on various parcels and easements in Mill Creek and Santa Ana River Canyons, Negotiator: Betsy Miller and David Cosgrove Owner: Southern California Edison Negotiators Allison, Bahen, Property Manager and Steven Powell, Vice President.
3. The Board may meet in Closed Session under Government Code section 54956.8, to discuss the terms and conditions of the potential acquisition of Federal properties as part of the Wash Plan

land exchange with BLM, consisting of 327.5 acres of the Federal Exchange Parcel, and 90 acres of the Federal Equalization Parcels, in exchange for District property of Assessor Parcel Nos. 0291-151-01, -02, and-05. David Cosgrove and Betsy Miller are the District's negotiators, and Dara Glass is the lead negotiator for BLM.

4. The Board may convene in closed session under Government Code Sections 54956.9(a), (d)(2) and (4); and (e) (2), to discuss pending or potential litigation, relating to conditions of property at 1630 West Redlands Boulevard Suites G, H, and I.

5. The Board may meet in closed session under Government code section 54956.8 Real Property negotiations, to consider the terms of conditions of a possible lease for 1630 W. Redlands Boulevard, Suites G and H. Betsy Miller and David Cosgrove are the District's negotiators. Tae Sang Park is the negotiator on behalf of the prospective tenant.

10. **ADJOURN MEETING.** The next scheduled Regular Board Meeting will be on January 10, 2024, at 1:30 p.m., at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA and via Zoom/teleconference.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF NOVEMBER 8, 2023
1:30 p.m.

President McDonald called the Board of Directors meeting to order at 1:30 p.m. by in-person, teleconference, and Zoom meeting. All those in attendance stood for the pledge of allegiance led by President McDonald.

ROLL CALL:

BOARD MEMBERS PRESENT:

Melody McDonald, President (Departure: 3:34 p.m.)
Robert Stewart, Vice President
Richard Corneille, Director
David E. Raley, Director (Arrival: 1:34 p.m.)
John Longville, Director

BOARD MEMBERS ABSENT:

None

STAFF PRESENT:

Betsy Miller, General Manager
Katelyn Scholte, Principal Engineer
Angie Quiroga, Senior Administrative Analyst
Athena Laroche, Administrative Specialist
David Cosgrove, District Counsel
Erwin Fogerson, PERC Engineer
Laura Torres, Assistant Engineer

GUESTS PRESENT:

Paul Kielhold, San Bernardino Valley Municipal Water District
June Hayes, San Bernardino Valley Municipal Water District
Maria Pascoal, Strategy Driver
Ellen Cross, Strategy Driver
David E. Smith, East Valley Water District
Willow Green, Tetra Tech

1. PUBLIC PARTICIPATION

President McDonald announced that any persons present, who so desired, may make an oral presentation to the Board of Directors. There being none, the meeting continued with the posted agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions or deletions to the posted agenda.

3. GUEST RECOGNITIONS/SELF INTRODUCTIONS

President McDonald introduced online attendees. The Board and staff made self-introductions.

4. CONSENT CALENDAR

It was moved by Director Corneille and seconded by Vice President Stewart to approve the Consent Calendar: Item A: Board Minutes, October 11, 2023; Item B: Expenditure Report, October 2023; and Item C: Report of Excused Absences for Director Longville for September 13, 2023, President McDonald for October 11, 2023, and Vice President Stewart for December 13, 2023, Board meetings. The motion carried 4-0, with all Board members present voting in the affirmative. Director Raley was noted absent from the vote.

**President McDonald: Yes
Vice President Stewart: Yes
Director Corneille: Yes
Director Longville: Yes
Director Raley: Absent**

5. COMMITTEE REPORTS/ACTION ITEMS

A. UNAUDITED FINANCIAL REPORTS, OCTOBER 2023

Ms. Quiroga introduced this item for discussion, noting its inclusion on package page 24. She provided a revised handout for Graph Financials. She said the PERC obligation is -\$34,789,874.71, and the cash position is \$2,929,867.56. GL 6320 General Liability Insurance expenses were higher than budgeted due to increased payroll from last year and a 10% rate increase. The District made a progress payment to Empire Equipment Services in the amount of \$433,723. Director Corneille asked how the invoice for Enhanced Recharge in the amount of \$479,961 was calculated. Ms. Quiroga said that the amount increases annually based on the CPI. Director Corneille asked if GL 4017 PERC Capital Income is the interest earned on the \$36 million received from San Bernardino Valley Municipal Water District (SBVMWD). Ms. Quiroga confirmed in the affirmative. Director Corneille inquired about GL 4043 Project Salary Reimbursement. Ms. Quiroga indicated that reimbursement for work done by the District on grants or on behalf of the San Bernardino Valley Conservation Trust (Trust) would be applied to GL 4043 Project Salary Reimbursement. Director Corneille asked why GL 4999 Trust Reimbursement Wash Plan is over budget. Ms. Quiroga said that the amount of \$351,000 was budgeted for last fiscal year but

received this fiscal year. The budgeted amount for this year is \$225,000, which will not be reimbursed until the end of this fiscal year. The Board thanked Ms. Quiroga for her report.

It was moved by Director Corneille and seconded by Director Longville to approve the Unaudited Financial Reports for October 2023. The motion carried 5-0, with all Board members present voting in the affirmative.

President McDonald: Yes

Vice President Stewart: Yes

Director Corneille: Yes

Director Longville: Yes

Director Raley: Yes

B. ENGINEERING INVESTIGATION PLAN FOR 2024

Ms. Scholte presented this item for discussion, noting its inclusion beginning on package page 30. She indicated that the District plans to utilize the Engineering Investigation (EI) Plan that it has utilized since 2012. She said the data requests will be sent out to partner agencies in early December, and the draft EI will be presented to the Board at its February meeting. Director Corneille asked Ms. Scholte to expand on the Quality Assurance/Quality Control (QA/QC) process. Ms. Scholte stated that the data is entered by staff and cross-checked by another staff member or intern. Director Corneille suggested the Operations Committee review the EI prior to it being brought to the Board. Discussion ensued.

It was moved by Director Corneille and seconded by Vice President Stewart to approve the 2024 Engineering Investigation Plan. The motion carried 5-0, with all Board members present voting in the affirmative.

President McDonald: Yes

Vice President Stewart: Yes

Director Corneille: Yes

Director Longville: Yes

Director Raley: Yes

C. DETERMINATION THAT SAND AND DEBRIS REMOVAL FROM BASIN MAINTENANCE IS A MINISTERIAL PROJECT

Mr. Cosgrove presented this item for discussion, noting its inclusion on package page 37. The District regularly removes sand and debris from its operations to maximize groundwater recharge capacity. In the past, the District has stockpiled these materials on its land. He said that staff proposes that the removal of sand and debris from the groundwater basins be deemed a ministerial project. The California Environmental Quality Act (CEQA) allows for ministerial exceptions under certain conditions. He stated that this would cover materials that have been stockpiled and materials removed during the cleaning of existing basins. This would not cover new excavation or expansion of facilities. The materials would need to be loaded at District-designated locations, which would be in previously disturbed areas, and hauling would occur on existing, previously-designated roads.

Resolution No. 617 was reviewed and shown on package pages 39 to 40. Vice President Stewart asked if the resolution would need to be adopted annually. Mr. Cosgrove indicated that the resolution has no sunset clause and therefore would only need to be adopted once.

It was moved by Director Corneille and seconded by Vice President Stewart to approve Resolution No. 617, a resolution exercising the District's discretion to determine that removing sand and debris from groundwater basins is, subject to certain restrictions, a ministerial project under the California Environmental Quality Act. The motion carried 5-0, with all Board members present voting in the affirmative.

President McDonald: Yes

Vice President Stewart: Yes

Director Corneille: Yes

Director Longville: Yes

Director Raley: Yes

D. YEAR 4 AMENDMENT TO CONSERVATION SERVICES AGREEMENT WITH INLAND EMPIRE RESOURCES CONSERVATION DISTRICT FOR IMPLEMENTATION OF PERMIT CONDITIONS FOR THE PLUNGE CREEK CONSERVATION PROJECT

Ms. Miller introduced this item for discussion, noting its inclusion on package page 41. She provided background on the Plunge Creek Conservation Project, including permits that were required for construction. The District contracted with Inland Empire Resources Conservation District (IERCD) to fulfill the state and federal permit requirements, including: Collection and spreading of seeds of native plant species from the Wash to restore habitat quality in areas that were temporarily disturbed by the Project; Spreading of Santa Ana River woolly star seed collected prior to project construction; Monitoring of the Santa Ana River woolly star seeding locations and restoration areas; Wetland monitoring using the California Rapid Assessment Method; and Treatment of invasive plants within the project area and a significant buffer area. Ms. Miller noted that since contracting with IERCD, they have successfully completed all of these tasks. Staff would like to extend the agreement for the fourth post-project year. Ms. Miller stated that the cost to complete these tasks is \$57,977 per the agreement, funded through GL 5123 Wash Plan Implementation. This is an increase of \$7,800 from the previous year.

Vice President Stewart asked if we would continue this type of work in the Plunge Creek area in year six. Ms. Miller confirmed that work will continue in this area under the Wash Plan. Director Corneille asked how much of the district staff's time is spent performing tasks associated with the ones listed. Ms. Miller said that IERCD provides a report of their tasks which is used by Assistant Biologist Anna Frey to prepare a complete annual report that is provided to regulatory agencies. Director Corneille requested the cost of staff time spent on this project. Ms. Miller estimated that it is approximately \$7,000 for District staff time to complete this work.

It was moved by Vice President Stewart and seconded by Director Longville to authorize the General Manager to execute the Conservation

Services Agreement. The motion carried 5-0, with all Board members present voting in the affirmative.

President McDonald: Yes

Vice President Stewart: Yes

Director Corneille: Yes

Director Longville: Yes

Director Raley: Yes

E. RESERVE ACCOUNT FOR REDLANDS PLAZA PROPERTY MANAGEMENT

Ms. Miller introduced this item for discussion, noting its inclusion on package page 52. She stated that the District recently hired Hudson Property Management (Hudson) to manage Redlands Plaza. Hudson will need access to District funds to pay for items related to the management of Redlands Plaza, such as upkeep and maintenance of the HVAC system, graffiti removal, etc. Following a discussion with Hudson on the most cost-effective options, staff proposes that the District open a separate Citizens Business Bank (Citizens) account to provide Hudson with access to up to \$25,000 in funds to manage District property, which the District would oversee. Hudson would have the authority to spend up to \$5,000, with any items over \$5,000 requiring written pre-authorization from the District. President McDonald stated that this is a normal procedure in property management.

Director Corneille asked how much Hudson was getting paid. Ms. Miller indicated that it is \$900 per month. Director Corneille asked why Hudson could not pay the expenditures out of their account and request reimbursement from the District at the end of each month. He asked why the District would need to open a separate bank account. Mr. Cosgrove indicated that it is the industry practice not to have property managers advance those funds. He noted that property managers provide administrative services. Vice President Stewart said that Hudson could hold rent for a period of time or hold a deposit in a trust account, noting that the proposed method is generally equivalent to that option. Vice President Stewart suggested asking Hudson for an annual report on repairs and expenditures. President McDonald asked if the District would receive a reconciliation. Ms. Miller stated that a monthly reconciliation report would be required. She said the District could advance \$25,000 for Hudson to hold in their own account if that is the method the Board prefers, noting that the District would not have access to funds or direct oversight of the account. Director Corneille expressed his discomfort with Hudson having access to a District-owned bank account. Discussion ensued regarding various methods. Director Raley and President McDonald spoke in support of staff's recommended method.

It was moved by Director Longville and seconded by Director Raley to authorize the General Manager to establish a new disbursement bank account with Citizens' Business Bank for use by the District's contracted property manager, Hudson Property Management, to pay recurring and routine expenditures, subject to the terms stated above. The motion carried 4-1, with President McDonald, Vice President Stewart, Director Longville, and Director Raley voting in the affirmative and Director Corneille voting in opposition.

President McDonald: Yes
Vice President Stewart: Yes
Director Corneille: No
Director Longville: Yes
Director Raley: Yes

F. CONTENT AND POTENTIAL FINAL APPROVAL FOR THE STRATEGIC PLAN UPDATE

This item was included on package page 54. Ms. Cross asked if the Board had feedback on the Strategic Plan. Vice President Stewart said that the printed format seems to be printing outside of the margins. Ms. Pascoal noted that she will coordinate with a professional print shop to have printed copies made and a smaller version that can be uploaded onto the District website. President McDonald thanked the Board and Strategy Driver for their efforts. Director Corneille said that Vice President Stewart's title should be listed within the text. He opposed approving the final Strategic Plan today, and requested additional time to review. Director Corneille inquired about the use of 2028+. Ms. Cross said that the plus is not a exact time frame and is used to indicate that there may be goals or projects in the document that will be completed after 2028. The Board requested the plus sign be removed. Director Corneille said that on page 5 under 1A, under the second bullet point, it should state, "under the Districts LAFCO boundary." President McDonald requested, in an effort to keep December light, to give the Board the option to approve the final Strategic Plan. Ms. Cross indicated that the Board members could approve the final today with non-substantive changes if they wish to move forward with final approval. Director Corneille asked if comments can be provided to Strategy Driver before December Board meeting. Ms. Miller requested that any feedback be delivered by November 30. Director Longville noted that in a few cases, as an example, on page two, there are dashes where there should be hyphens with no spaces.

It was moved by Director Corneille and seconded by Director Longville to approve the content included within the Board Packet with the suggested revisions discussed today and defer approval of the final version of the Strategic Plan until the December 13 Board meeting with any additional comments to be provided by the Board to the General Manager by November 30. The motion carried 5-0, with all Board members present voting in the affirmative.

President McDonald: Yes
Vice President Stewart: Yes
Director Corneille: Yes
Director Longville: Yes
Director Raley: Yes

G. DISTRICT BOARD AND STANDING COMMITTEE MEETING CALENDAR REVIEW FOR 2024

This item was included on package page 69. President McDonald mentioned that the September meeting conflicts with California Joint Powers Insurance Authority, but she will make the determination to attend at a later date. Ms. Miller thanked Ms. Laroche for preparing the draft calendar, and taking the time to review external and internal meetings to avoid conflicts.

It was moved by Director Longville and seconded by Director Raley to approve the District Board and Standing Committee Meeting Calendar for 2024 as presented. The motion carried 5-0, with all Board members present voting in the affirmative.

**President McDonald: Yes
Vice President Stewart: Yes
Director Corneille: Yes
Director Longville: Yes
Director Raley: Yes**

6. INFORMATION ITEMS

A. ENGINEERING UPDATE

Ms. Scholte presented this item, noting its inclusion on package page 71. She reviewed the Mentone Shop Improvement Project: staff has resubmitted items for a new septic system at Mentone House and will be obtaining new quotes. The City of Redlands has begun installing the waterline at Flume St., and they will install the hydrant shortly. Mr. Fogerson noted that the slab would be poured next month when the building permit was obtained. He said that compaction testing would need to be done first. The plans have been approved; the only item that needs to be reviewed by the city is the new septic system.

Mr. Fogerson reviewed the Mill Creek Diversion and Debris Management Improvement Project. Ms. Scholte presented photos of the project via Zoom. The project remains on schedule and on budget. The site is nearly floodproof, and there may be a slight delay in the catwalk order. The gate manufacturer has been out before installation and will come back after installation to inspect the gates and provide staff training on gate operation. Mr. Fogerson reviewed the earthwork and rock placement. He reviewed the finishing of the 12-inch slab that was poured, and bypass berm. The bypass berm was shortened; this allows for more access to enable operators to gain access to clean it out. The 5x5 and 17x17 gate installations were reviewed. Staff presented aerial photos received from the contractor. Field staff has been involved in the entire process during the project's duration. The Board thanked staff for providing a tour of the site and other District facilities on November 6.

Ms. Scholte reviewed the Enhanced Recharge Project, indicating that staff continues to work closely with the San Bernardino Valley Municipal Water District (SBVMWD). Their staff is working on drop structures, and the project is progressing well. District staff continues coordinating with SBVMWD to store materials in the Borrow Pit.

Mr. Fogerson and Ms. Scholte reviewed the current status of the PERC projects. Mr. Fogerson stated that staff has performed additional research on the Waterman Basins. They were built in 1937 by the San Bernardino County Water Conservation predecessor to the San Bernardino County Flood Control District (FCD). The property was obtained for water conservation purposes. Staff is reviewing the hydraulics; some initial modeling has been received. The initial concept plan was to rebuild the diversion. Mr. Fogerson said that the diversion itself is adequate, but the basins need to be improved to accept and percolate water. Ms. Scholte noted that basin routing and sediment transport models are in process.

Mr. Fogerson reviewed Plunge and Oak Creek, noting staff's progress on the hydraulics for the existing storm drain systems. The existing systems will be used to divert into Oak Creek basins. Plunge Creek is a long-term project that will depend on the mining operations which tie back to the Wash Plan. This is a longer lead-time project.

Mr. Fogerson reviewed Mill, Bledsoe, and Cook Creeks. Basin routing is being done, as well as finalizing soils information. He said the percolation rates are very good at Mill Creek. Ms. Scholte discussed fifty-foot borings that are planned to provide information on liquefaction. The contractor is determining whether they can do borings because of the amount of rock on the site. Mr. Fogerson noted that an average annual study has been completed at Bledsoe, with the preliminary findings indicating that there is limited runoff at the site because upstream basins capture much of the water. Mr. Fogerson pointed out that all three contracts include before and after groundwater modeling, which will be conducted after the hydrology and basin routing have been completed. President McDonald said she was thankful for the tour and noted the tremendous work and project oversight. She expressed her deep appreciation for staff's hard work. This item was received and filed.

B. WASH PLAN TRAILS STATUS REPORT

Ms. Miller introduced this item for discussion, noting its inclusion on package page 73. Staff is awaiting feedback from the City of Redlands; there is no update at this time. Vice President Stewart suggested adding this item to the General Manager report rather than having a separate report. Director Longville asked if the staff needs the Board to communicate with the City Council. Ms. Miller said that she and Director Corneille plan to meet with the City Manager if no response is forthcoming. Director Longville suggested making a formal request to the City Council to help move this item forward. Director Corneille said that he has worked with the City Manager in the past on other projects and is interested in speaking with him, whether it be formal or informal. The City Attorney is reviewing the five-party agreement at this time. This item was received and filed.

C. ENVIRONMENTAL UPDATE

Ms. Miller introduced this item for discussion, noting its inclusion on package page 74. She said that work required by Wash Plan SBKR Objective 7 has been completed for 2022: This included trapping of one hundred grids in the Wash Plan area. USGS has shared the early results from their analysis of the data. Staff is reviewing dates to bring to this information to the Board at an environmental workshop. This will likely take place in early 2024. The early results were shared with the Preserve Management Committee. Ms. Miller reviewed progress on Wash Plan Objectives 3 and 4, including seed collection and seed bulking. The seed bulking efforts with 480 plants led to the collection of 250,000 seeds. The viability of the produced seed is 70%. Seeds have been placed at six outplanting locations, which is required under the Wash Plan Slender Horn Spineflower Objective 4. She noted the environmental team's support of the engineering team on the Mill Creek Diversion Project. This item was received and filed.

D. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

Ms. Miller indicated that the written General Manager's Report was included in the Board package on pages 77 through 79. She stated that as of this morning, the District has recharged 7,905 AF for this water year, noting that this is more than the total amount recharged in 55 of the 111 years the District has recharged groundwater. Ms. Miller said the team has been working diligently with the rented loader on

field maintenance and preparation for the upcoming rain. She noted that Anna Frey, Assistant Biologist, reached her 2-year anniversary of employment on November 4.

Ms. Miller thanked the Board for allowing her to attend the Financial Data Analysis for Leaders Training. Staff plans to present the draft Audit Report to the Ad Hoc Audit Committee on November 16. The Program for the Expansion of Recharge Capacity (PERC) Amendment will be presented to the PERC Policy Committee at its November 14 meeting and, with their recommendation, will be brought to the Board in December for final approval. The work funded by the Bureau of Land Management grant is expected to begin soon, following the Conservation Trust's approval of the consultant contract on October 24. Ms. Miller noted the submission of a U.S. Bureau of Reclamation WaterSmart Grant application on October 16 with support from Professor Dokou and WSC. Ms. Miller expressed her appreciation to Ms. Torres, Ms. Scholte, and Mr. Fogerson for their efforts on the Mill Creek Diversion Project and appreciates Ms. Scholte serving as the field lead on this project. The Monthly Recharge Report was provided as a handout. This item was received and filed.

E. FUTURE AGENDA ITEMS AND STAFF TASKS

Director Raley asked for a review of the cost-benefit of ownership of the Mentone House. President McDonald asked for the Finance & Administration Committee to review the Mentone House, and requested the General Manager to examine alternatives to thank staff for their work during this historic recharge year with a recommendation brought to the Board at their December meeting.

7. MONTHLY BOARD MEMBER MEETING REPORTS AND/OR BOARD MEMBER COMMENTS

Director Longville attended the SBVMWD Board meeting on November 7, the Conservation Trust on October 24, and the Association of the San Bernardino County Special Districts dinner meeting (ASBCSD) on October 23. He attended the SBVMWD Board meeting on October 17.

Director Raley attended the ASBCSD dinner meeting on October 23, signed expenditures on October 12, and attended the Conservation Trust on October 24. He attended Redlands Rise N Shine on November 3 and the Facilities Tour on November 6.

Director Corneille attended the ASBCSD dinner meeting on October 23, Redlands Rise N Shine on November 3, and the Facilities Tour on November 6.

Vice President Stewart attended the SBVMWD Water Forum on September 28, Operations Committee on October 10, and Bear Valley Mutual Water Company Board meeting on October 17. He attended the Conservation Trust on October 18 and the SBVMWD Policy & Administration Workshop on November 2. He attended the Facilities Tour on November 6 and the Sunrise Ranch meeting on October 18.

President McDonald attended the SBVMWD Board meeting on October 3, the SBVMWD Policy & Administration Workshop on October 5, and the SBVMWD Resources & Engineering Workshop on October 10. She attended the Sunrise Ranch meeting on October 18, the ASBCSD Board meeting on October 16, and the SBVMWD Board meeting on October 17. She attended the ACWA State Legislative meetings on October 19 & 20, the ASBCSD dinner meeting on October 23, and the Highland Area

Chamber of Commerce Luncheon on October 24. She attended the SBVMWD Policy & Administration Workshop on November 2 and the Facilities Tour on November 6.

The Board reviewed the ACWA Fall Conference travel request submitted by Director Raley shown on package page 80.

It was moved by Director Longville and seconded by Vice President Stewart to approve the ACWA Fall Conference travel request in the amount of \$2,387.52 for Director Raley. The motion carried 5-0, with all Directors present voting in the affirmative.

**President McDonald: Yes
Vice President Stewart: Yes
Director Corneille: Yes
Director Longville: Yes
Director Raley: Yes**

8. UPCOMING MEETINGS

There were none discussed.

9. CLOSED SESSION

It was moved by Director Corneille and a second by Director Longville, adjourned to Closed Session. The motion carried 5-0, with all Directors present voting in the affirmative.

**President McDonald: Yes
Vice President Stewart: Yes
Director Corneille: Yes
Director Longville: Yes
Director Raley: Yes**

Mr. Cosgrove announced that the meeting would adjourn to Closed Session to discuss all posted agenda items.

At 3:35 p.m., the meeting reconvened into an open session. Mr. Cosgrove noted that there was no reportable action during the closed session, under Government Code section 54957.1.

10. ADJOURN MEETING

It was moved by Director Raley and seconded by Director Longville to adjourn. The motion carried 4-0, with all Directors present voting in the affirmative. President McDonald was noted absent from the vote.

President McDonald: Absent

Vice President Stewart: Yes
Director Corneille: Yes
Director Longville: Yes
Director Raley: Yes

At 3:36 p.m., the meeting adjourned to the Board meeting scheduled for 9:30 a.m. on December 13, 2023, in-person, teleconference, and Zoom meeting.

Betsy Miller
General Manager

San Bernardino Valley Water Conservation District

Expenditure Report

November 2023

| Num | Date | Name | Account | Class | Original Amount |
|-------------|------------|-------------------------|------------------------------|-----------------------|-----------------|
| PC 11.01.23 | 11/01/2023 | Paychex | 1012 · Citizens Busine... | | -141.83 |
| | | | 6042 · Payroll Processing | 4-General Fund Ent. | 141.83 |
| TOTAL | | | | | 141.83 |
| PC 11.15.23 | 11/15/2023 | Paychex | 1012 · Citizens Busine... | | -141.83 |
| | | | 6042 · Payroll Processing | 4-General Fund Ent. | 141.83 |
| TOTAL | | | | | 141.83 |
| PC 11.29.23 | 11/29/2023 | Paychex | 1012 · Citizens Busine... | | -143.59 |
| | | | 6042 · Payroll Processing | 4-General Fund Ent. | 143.59 |
| TOTAL | | | | | 143.59 |
| 24517 | 11/07/2023 | Aaron Pederson | 1012 · Citizens Busine... | | -40.00 |
| | 10/27/2023 | | 6018 · Janitorial Services | 4-General Fund Ent. | 40.00 |
| TOTAL | | | | | 40.00 |
| 24518 | 11/07/2023 | ACWA/JPIA | 1012 · Citizens Busine... | | -54,893.00 |
| | 10/16/2023 | | 6320 · General Liability ... | 4-General Fund Ent. | 2,744.65 |
| | | | 6320 · General Liability ... | 1-Groundwater Ent. | 41,169.75 |
| | | | 6320 · General Liability ... | 2-Redlands Plaza/... | 8,233.95 |
| | | | 6320 · General Liability ... | 3-Land Resources | 2,744.65 |
| TOTAL | | | | | 54,893.00 |
| 24519 | 11/07/2023 | ACWA/JPIA-Health | 1012 · Citizens Busine... | | -22,142.22 |
| | 11/03/2023 | | 6110 · Vision Insurance | 4-General Fund Ent. | 36.92 |
| | | | 6110 · Vision Insurance | 1-Groundwater Ent. | 127.76 |
| | | | 6110 · Vision Insurance | 2-Redlands Plaza/... | 11.36 |
| | | | 6110 · Vision Insurance | 3-Land Resources | 28.39 |
| | | | 6110 · Vision Insurance | 5-Wash Plan | 19.87 |
| | | | 6110 · Vision Insurance | 6-Active Recharge ... | 59.62 |
| | | | 6130 · Dental Insurance | 4-General Fund Ent. | 125.44 |
| | | | 6130 · Dental Insurance | 1-Groundwater Ent. | 434.23 |
| | | | 6130 · Dental Insurance | 2-Redlands Plaza/... | 38.60 |
| | | | 6130 · Dental Insurance | 3-Land Resources | 96.50 |
| | | | 6130 · Dental Insurance | 5-Wash Plan | 67.55 |
| | | | 6130 · Dental Insurance | 6-Active Recharge ... | 202.64 |
| | | | 6150 · Medical Insurance | 4-General Fund Ent. | 2,716.13 |
| | | | 6150 · Medical Insurance | 1-Groundwater Ent. | 9,402.00 |
| | | | 6150 · Medical Insurance | 2-Redlands Plaza/... | 835.74 |
| | | | 6150 · Medical Insurance | 3-Land Resources | 2,089.33 |
| | | | 6150 · Medical Insurance | 5-Wash Plan | 1,462.54 |
| | | | 6150 · Medical Insurance | 6-Active Recharge ... | 4,387.60 |
| TOTAL | | | | | 22,142.22 |
| 24520 | 11/07/2023 | AECOM Technical Serv... | 1012 · Citizens Busine... | | -9,427.34 |
| | 11/06/2023 | | 7151 · Mill Creek Permi... | 1-Groundwater Ent. | 9,427.34 |
| TOTAL | | | | | 9,427.34 |

San Bernardino Valley Water Conservation District

Expenditure Report

November 2023

| Num | Date | Name | Account | Class | Original Amount |
|--------------|-------------------|-----------------------------------|----------------------------------|----------------------|------------------|
| 24521 | 11/07/2023 | American Express | 1012 · Citizens Busine... | | -462.71 |
| | 10/24/2023 | | 6525 · Meals | 4-General Fund Ent. | 38.87 |
| | | | 6525 · Meals | 1-Groundwater Ent. | 30.23 |
| | | | 6525 · Meals | 3-Land Resources | 17.28 |
| | | | 6530 · Lodging | 4-General Fund Ent. | 169.34 |
| | | | 6530 · Lodging | 1-Groundwater Ent. | 131.72 |
| | | | 6530 · Lodging | 3-Land Resources | 75.27 |
| TOTAL | | | | | 462.71 |
| 24522 | 11/07/2023 | American Power Security | 1012 · Citizens Busine... | | -2,240.00 |
| | 09/30/2023 | | 6026 · Redlands Plaza ... | 2-Redlands Plaza/... | 1,120.00 |
| | 10/31/2023 | | 6026 · Redlands Plaza ... | 2-Redlands Plaza/... | 1,120.00 |
| TOTAL | | | | | 2,240.00 |
| 24523 | 11/07/2023 | Blum, Zachary | 1012 · Citizens Busine... | | -50.43 |
| | 10/27/2023 | | 6510 · Mileage | 1-Groundwater Ent. | 50.43 |
| TOTAL | | | | | 50.43 |
| 24524 | 11/07/2023 | Corneille, Richard | 1012 · Citizens Busine... | | -30.13 |
| | 10/31/2023 | | 6410 · Mileage | 4-General Fund Ent. | 30.13 |
| TOTAL | | | | | 30.13 |
| 24525 | 11/07/2023 | CWE-CA Watershed En... | 1012 · Citizens Busine... | | -552.00 |
| | 10/26/2023 | | 7150 · Mill Creek Divers... | 1-Groundwater Ent. | 552.00 |
| TOTAL | | | | | 552.00 |
| 24526 | 11/07/2023 | Day Lite Maintenance, I... | 1012 · Citizens Busine... | | -174.00 |
| | 11/01/2023 | | 6026 · Redlands Plaza ... | 2-Redlands Plaza/... | 174.00 |
| TOTAL | | | | | 174.00 |
| 24527 | 11/07/2023 | DUDEK | 1012 · Citizens Busine... | | -4,056.25 |
| | 11/07/2023 | | 5123 · Habitat Manage... | 5-Wash Plan | 4,056.25 |
| TOTAL | | | | | 4,056.25 |
| 24528 | 11/07/2023 | Edison - 6256 (Redland... | 1012 · Citizens Busine... | | -134.34 |
| | 10/27/2023 | | 6026 · Redlands Plaza ... | 2-Redlands Plaza/... | 134.34 |
| TOTAL | | | | | 134.34 |

San Bernardino Valley Water Conservation District

Expenditure Report

November 2023

| Num | Date | Name | Account | Class | Original Amount |
|--------------|-------------------|--------------------------------|----------------------------------|-----------------------|--------------------|
| 24529 | 11/07/2023 | Edison - 8958 | 1012 · Citizens Busine... | | -334.37 |
| | 11/03/2023 | | 5420 · Electricity | 4-General Fund Ent. | 93.62 |
| | | | 5420 · Electricity | 1-Groundwater Ent. | 66.87 |
| | | | 5420 · Electricity | 2-Redlands Plaza/... | 140.44 |
| | | | 5420 · Electricity | 6-Active Recharge ... | 33.44 |
| TOTAL | | | | | 334.37 |
| 24530 | 11/07/2023 | Edison - 9779 | 1012 · Citizens Busine... | | -211.42 |
| | 10/27/2023 | | 5420 · Electricity | 4-General Fund Ent. | 59.20 |
| | | | 5420 · Electricity | 1-Groundwater Ent. | 42.28 |
| | | | 5420 · Electricity | 2-Redlands Plaza/... | 88.80 |
| | | | 5420 · Electricity | 6-Active Recharge ... | 21.14 |
| TOTAL | | | | | 211.42 |
| 24531 | 11/07/2023 | Empire Disposal | 1012 · Citizens Busine... | | -216.33 |
| | 10/31/2023 | | 5460 · Water / Trash / ... | 4-General Fund Ent. | 97.35 |
| | | | 5460 · Water / Trash / ... | 1-Groundwater Ent. | 75.72 |
| | | | 5460 · Water / Trash / ... | 3-Land Resources | 21.63 |
| | | | 5460 · Water / Trash / ... | 6-Active Recharge ... | 21.63 |
| TOTAL | | | | | 216.33 |
| 24532 | 11/07/2023 | Empire Equipment Ser... | 1012 · Citizens Busine... | | -147,814.11 |
| | 11/01/2023 | | 7150 · Mill Creek Divers... | 1-Groundwater Ent. | 147,814.11 |
| TOTAL | | | | | 147,814.11 |
| 24533 | 11/07/2023 | Erwin Fogerson | 1012 · Citizens Busine... | | -178.16 |
| | 10/26/2023 | | 6510 · Mileage | 1-Groundwater Ent. | 178.16 |
| TOTAL | | | | | 178.16 |
| 24534 | 11/07/2023 | Frontier-4860 | 1012 · Citizens Busine... | | -506.38 |
| | 10/28/2023 | | 5440 · Telephone | 4-General Fund Ent. | 140.98 |
| | | | 5440 · Telephone | 1-Groundwater Ent. | 58.74 |
| | | | 5440 · Telephone | 6-Active Recharge ... | 35.25 |
| | | | 5470 · Internet Services | 4-General Fund Ent. | 122.14 |
| | | | 5470 · Internet Services | 1-Groundwater Ent. | 67.85 |
| | | | 5470 · Internet Services | 2-Redlands Plaza/... | 13.57 |
| | | | 5470 · Internet Services | 3-Land Resources | 40.71 |
| | | | 5470 · Internet Services | 6-Active Recharge ... | 27.14 |
| TOTAL | | | | | 506.38 |

San Bernardino Valley Water Conservation District

Expenditure Report

November 2023

| Num | Date | Name | Account | Class | Original Amount |
|--------------|-------------------|------------------------------------|----------------------------------|-----------------------|------------------|
| 24535 | 11/07/2023 | Frontier-7275 | 1012 · Citizens Busine... | | -151.80 |
| | 10/27/2023 | | 5440 · Telephone | 4-General Fund Ent. | 26.30 |
| | | | 5440 · Telephone | 1-Groundwater Ent. | 10.96 |
| | | | 5440 · Telephone | 6-Active Recharge ... | 6.57 |
| | | | 5470 · Internet Services | 4-General Fund Ent. | 48.59 |
| | | | 5470 · Internet Services | 1-Groundwater Ent. | 26.99 |
| | | | 5470 · Internet Services | 2-Redlands Plaza/... | 5.40 |
| | | | 5470 · Internet Services | 3-Land Resources | 16.20 |
| | | | 5470 · Internet Services | 6-Active Recharge ... | 10.79 |
| TOTAL | | | | | 151.80 |
| 24536 | 11/07/2023 | G. Davidson's Electric, ... | 1012 · Citizens Busine... | | -6,041.20 |
| | 10/26/2023 | | 6012 · Office Maintenanc... | 4-General Fund Ent. | 2,416.48 |
| | | | 6012 · Office Maintenanc... | 3-Land Resources | 3,624.72 |
| TOTAL | | | | | 6,041.20 |
| 24537 | 11/07/2023 | Home Depot Credit Ser... | 1012 · Citizens Busine... | | -136.17 |
| | 10/27/2023 | | 5210 · Equipment Maint... | 1-Groundwater Ent. | 128.27 |
| | | | 5215 · Property Mainte... | 1-Groundwater Ent. | 6.32 |
| | | | 5215 · Property Mainte... | 3-Land Resources | 1.58 |
| TOTAL | | | | | 136.17 |
| 24538 | 11/07/2023 | Horizon Water | 1012 · Citizens Busine... | | -43.50 |
| | 10/23/2023 | | 5460 · Water / Trash / ... | 4-General Fund Ent. | 19.58 |
| | | | 5460 · Water / Trash / ... | 1-Groundwater Ent. | 15.23 |
| | | | 5460 · Water / Trash / ... | 3-Land Resources | 4.35 |
| | | | 5460 · Water / Trash / ... | 6-Active Recharge ... | 4.34 |
| TOTAL | | | | | 43.50 |
| 24539 | 11/07/2023 | Hudson Property Mana... | 1012 · Citizens Busine... | | -199.85 |
| | 11/01/2023 | | 6016 · Redlands Plaza ... | 2-Redlands Plaza/... | 199.85 |
| TOTAL | | | | | 199.85 |
| 24540 | 11/07/2023 | Katelyn Scholte | 1012 · Citizens Busine... | | -401.38 |
| | 11/01/2023 | | 6510 · Mileage | 1-Groundwater Ent. | 349.38 |
| | | | 6030 · Office Supplies | 4-General Fund Ent. | 13.00 |
| | | | 6030 · Office Supplies | 1-Groundwater Ent. | 10.40 |
| | | | 6030 · Office Supplies | 2-Redlands Plaza/... | 5.20 |
| | | | 6030 · Office Supplies | 3-Land Resources | 5.20 |
| | | | 6030 · Office Supplies | 5-Wash Plan | 7.80 |
| | | | 6030 · Office Supplies | 6-Active Recharge ... | 10.40 |
| TOTAL | | | | | 401.38 |
| 24541 | 11/07/2023 | Lowe's Companies, Inc. | 1012 · Citizens Busine... | | -97.33 |
| | 10/25/2023 | | 5210 · Equipment Maint... | 1-Groundwater Ent. | 97.33 |
| TOTAL | | | | | 97.33 |

San Bernardino Valley Water Conservation District

Expenditure Report

November 2023

| Num | Date | Name | Account | Class | Original Amount |
|--------------|-------------------|-------------------------------|----------------------------------|-----------------------|-------------------|
| 24542 | 11/07/2023 | Netsteller | 1012 · Citizens Busine... | | -305.00 |
| | 11/01/2023 | | 6027 · Computer Softw... | 4-General Fund Ent. | 115.90 |
| | | | 6027 · Computer Softw... | 1-Groundwater Ent. | 30.50 |
| | | | 6027 · Computer Softw... | 2-Redlands Plaza/... | 45.75 |
| | | | 6027 · Computer Softw... | 3-Land Resources | 45.75 |
| | | | 6027 · Computer Softw... | 5-Wash Plan | 15.25 |
| | | | 6027 · Computer Softw... | 6-Active Recharge ... | 51.85 |
| TOTAL | | | | | 305.00 |
| 24543 | 11/07/2023 | PCtronics | 1012 · Citizens Busine... | | -3,034.58 |
| | 11/01/2023 | | 5160 · IT Support | 4-General Fund Ent. | 750.00 |
| | | | 5160 · IT Support | 1-Groundwater Ent. | 1,125.00 |
| | | | 5160 · IT Support | 3-Land Resources | 250.00 |
| | | | 5160 · IT Support | 5-Wash Plan | 125.00 |
| | | | 5160 · IT Support | 6-Active Recharge ... | 250.00 |
| | 11/01/2023 | | 6027 · Computer Softw... | 4-General Fund Ent. | 104.04 |
| | | | 6027 · Computer Softw... | 1-Groundwater Ent. | 27.38 |
| | | | 6027 · Computer Softw... | 2-Redlands Plaza/... | 41.07 |
| | | | 6027 · Computer Softw... | 3-Land Resources | 41.07 |
| | | | 6027 · Computer Softw... | 5-Wash Plan | 13.69 |
| | | | 6027 · Computer Softw... | 6-Active Recharge ... | 46.54 |
| | 11/01/2023 | | 6030 · Office Supplies | 4-General Fund Ent. | 65.20 |
| | | | 6030 · Office Supplies | 1-Groundwater Ent. | 52.15 |
| | | | 6030 · Office Supplies | 2-Redlands Plaza/... | 26.08 |
| | | | 6030 · Office Supplies | 3-Land Resources | 26.08 |
| | | | 6030 · Office Supplies | 5-Wash Plan | 39.12 |
| | | | 6030 · Office Supplies | 6-Active Recharge ... | 52.16 |
| TOTAL | | | | | 3,034.58 |
| 24544 | 11/07/2023 | Smart & Final | 1012 · Citizens Busine... | | -14.99 |
| | 11/02/2023 | | 6525 · Meals | 4-General Fund Ent. | 6.75 |
| | | | 6525 · Meals | 1-Groundwater Ent. | 5.25 |
| | | | 6525 · Meals | 3-Land Resources | 2.99 |
| TOTAL | | | | | 14.99 |
| 24545 | 11/07/2023 | Sonsray Machinery LLC. | 1012 · Citizens Busine... | | -18,433.34 |
| | 09/21/2023 | | 5050 · Basin Cleaning | 1-Groundwater Ent. | 9,943.90 |
| | 10/18/2023 | | 5050 · Basin Cleaning | 1-Groundwater Ent. | 9,943.90 |
| TOTAL | | | | | 19,887.80 |
| 24546 | 11/07/2023 | Unlimited Services | 1012 · Citizens Busine... | | -800.00 |
| | 11/01/2023 | | 6018 · Janitorial Services | 4-General Fund Ent. | 800.00 |
| TOTAL | | | | | 800.00 |
| 24547 | 11/07/2023 | Visual Edge IT, Inc. | 1012 · Citizens Busine... | | -281.89 |
| | 10/23/2023 | | 6033 · Office Equipmen... | 4-General Fund Ent. | 211.42 |
| | | | 6033 · Office Equipmen... | 1-Groundwater Ent. | 14.09 |
| | | | 6033 · Office Equipmen... | 2-Redlands Plaza/... | 42.29 |
| | | | 6033 · Office Equipmen... | 3-Land Resources | 14.09 |
| TOTAL | | | | | 281.89 |

San Bernardino Valley Water Conservation District

Expenditure Report

November 2023

| Num | Date | Name | Account | Class | Original Amount |
|-------|------------|---------------------------|-----------------------------|-----------------------|-----------------|
| 24548 | 11/07/2023 | WEX Bank-Valero | 1012 · Citizens Busine... | | -647.68 |
| | 10/23/2023 | | 5320 · Fuel | 1-Groundwater Ent. | 647.68 |
| TOTAL | | | | | 647.68 |
| 24549 | 11/08/2023 | David Cosgrove | 1012 · Citizens Busine... | | -7,604.10 |
| | | | 6230 · Regular Salaries | 4-General Fund Ent. | 7,604.10 |
| TOTAL | | | | | 7,604.10 |
| 24550 | 11/21/2023 | AECOM Technical Serv... | 1012 · Citizens Busine... | | -1,043.90 |
| | 11/09/2023 | | 5122 · Wash Plan Profe... | 5-Wash Plan | 1,043.90 |
| TOTAL | | | | | 1,043.90 |
| 24551 | 11/21/2023 | Bickerman Dispute Re... | 1012 · Citizens Busine... | | -3,076.01 |
| | 11/13/2023 | | 5180 · Legal | 3-Land Resources | 3,076.01 |
| TOTAL | | | | | 3,076.01 |
| 24552 | 11/21/2023 | CA Dept of Tax & Fee A... | 1012 · Citizens Busine... | | -1,731.42 |
| | 11/15/2023 | | 6009 · Licenses | 4-General Fund Ent. | 173.14 |
| | | | 6009 · Licenses | 1-Groundwater Ent. | 1,385.14 |
| | | | 6009 · Licenses | 6-Active Recharge ... | 173.14 |
| TOTAL | | | | | 1,731.42 |
| 24553 | 11/21/2023 | CASC Engineering and... | 1012 · Citizens Busine... | | -3,401.99 |
| | 10/31/2023 | | 7150 · Mill Creek Divers... | 1-Groundwater Ent. | 3,401.99 |
| TOTAL | | | | | 3,401.99 |
| 24554 | 11/21/2023 | Castro Landscaping Se... | 1012 · Citizens Busine... | | -530.00 |
| | 10/30/2023 | | 6026 · Redlands Plaza ... | 2-Redlands Plaza/... | 530.00 |
| TOTAL | | | | | 530.00 |
| 24555 | 11/21/2023 | Citizens Business Bank | 1012 · Citizens Busine... | | -14,340.93 |
| | 11/10/2023 | | 5210 · Equipment Maint... | 1-Groundwater Ent. | 154.45 |
| | | | 5215 · Property Mainte... | 1-Groundwater Ent. | 47.40 |
| | | | 5215 · Property Mainte... | 3-Land Resources | 11.85 |
| | | | 5460 · Water / Trash / ... | 4-General Fund Ent. | 19.57 |
| | | | 5460 · Water / Trash / ... | 1-Groundwater Ent. | 15.23 |
| | | | 5460 · Water / Trash / ... | 3-Land Resources | 4.35 |
| | | | 5460 · Water / Trash / ... | 5-Wash Plan | 4.35 |
| | | | 6004 · Meeting Expenses | 4-General Fund Ent. | 110.26 |
| | | | 6004 · Meeting Expenses | 3-Land Resources | 110.25 |
| | | | 6016 · Redlands Plaza ... | 2-Redlands Plaza/... | 425.00 |
| | | | 6026 · Redlands Plaza ... | 2-Redlands Plaza/... | 372.24 |
| | | | 6027 · Computer Softw... | 4-General Fund Ent. | 98.79 |
| | | | 6027 · Computer Softw... | 1-Groundwater Ent. | 26.00 |
| | | | 6027 · Computer Softw... | 2-Redlands Plaza/... | 39.00 |
| | | | 6027 · Computer Softw... | 3-Land Resources | 39.00 |
| | | | 6027 · Computer Softw... | 5-Wash Plan | 13.00 |

San Bernardino Valley Water Conservation District

Expenditure Report

November 2023

| Num | Date | Name | Account | Class | Original Amount |
|--------------|-------------------|-----------------------------------|----------------------------------|-----------------------|-------------------|
| | | | 6036 · Printing | 4-General Fund Ent. | 32.62 |
| | | | 6036 · Printing | 1-Groundwater Ent. | 26.10 |
| | | | 6036 · Printing | 3-Land Resources | 6.53 |
| | | | 6039 · Postage and Ov... | 4-General Fund Ent. | 71.57 |
| | | | 6039 · Postage and Ov... | 1-Groundwater Ent. | 32.54 |
| | | | 6039 · Postage and Ov... | 2-Redlands Plaza/... | 13.02 |
| | | | 6039 · Postage and Ov... | 3-Land Resources | 13.02 |
| | | | 6425 · Meals | 4-General Fund Ent. | 31.17 |
| | | | 6435 · Conf/Seminar R... | 4-General Fund Ent. | 815.00 |
| | | | 6520 · Travel, Other (re... | 4-General Fund Ent. | 137.78 |
| | | | 6520 · Travel, Other (re... | 1-Groundwater Ent. | 76.55 |
| | | | 6520 · Travel, Other (re... | 3-Land Resources | 91.86 |
| | | | 6530 · Lodging | 4-General Fund Ent. | 1,039.40 |
| | | | 6530 · Lodging | 1-Groundwater Ent. | 808.42 |
| | | | 6530 · Lodging | 3-Land Resources | 461.96 |
| | | | 7240 · Office Equipment | 4-General Fund Ent. | 1,955.00 |
| | | | 7240 · Office Equipment | 1-Groundwater Ent. | 7,820.00 |
| | | | 5310 · Vehicle Mainten... | 1-Groundwater Ent. | 106.61 |
| | | | 6027 · Computer Softw... | 6-Active Recharge ... | 44.20 |
| TOTAL | | | | | 15,074.09 |
| 24556 | 11/21/2023 | Day Lite Maintenance, I... | 1012 · Citizens Busine... | | -198.35 |
| | 11/08/2023 | | 6026 · Redlands Plaza ... | 2-Redlands Plaza/... | 198.35 |
| TOTAL | | | | | 198.35 |
| 24557 | 11/21/2023 | Diamond Environment... | 1012 · Citizens Busine... | | -100.48 |
| | 11/06/2023 | | 5460 · Water / Trash / ... | 4-General Fund Ent. | 45.22 |
| | | | 5460 · Water / Trash / ... | 1-Groundwater Ent. | 35.17 |
| | | | 5460 · Water / Trash / ... | 3-Land Resources | 10.05 |
| | | | 5460 · Water / Trash / ... | 6-Active Recharge ... | 10.04 |
| TOTAL | | | | | 100.48 |
| 24558 | 11/21/2023 | Dion and Sons, Inc. | 1012 · Citizens Busine... | | -1,729.90 |
| | 11/02/2023 | | 5320 · Fuel | 1-Groundwater Ent. | 326.21 |
| | 11/02/2023 | | 5320 · Fuel | 1-Groundwater Ent. | 1,403.69 |
| TOTAL | | | | | 1,729.90 |
| 24559 | 11/21/2023 | Edison - 6493 | 1012 · Citizens Busine... | | -80.11 |
| | 11/07/2023 | | 5420 · Electricity | 4-General Fund Ent. | 22.43 |
| | | | 5420 · Electricity | 1-Groundwater Ent. | 16.02 |
| | | | 5420 · Electricity | 2-Redlands Plaza/... | 33.65 |
| | | | 5420 · Electricity | 6-Active Recharge ... | 8.01 |
| TOTAL | | | | | 80.11 |
| 24560 | 11/21/2023 | G3 Quality, Inc. | 1012 · Citizens Busine... | | -29,126.00 |
| | 10/31/2023 | | 7150 · Mill Creek Divers... | 1-Groundwater Ent. | 29,126.00 |
| TOTAL | | | | | 29,126.00 |

San Bernardino Valley Water Conservation District
Expenditure Report
November 2023

| Num | Date | Name | Account | Class | Original Amount |
|--------------|-------------------|--------------------------------------|----------------------------------|-----------------------|-------------------|
| 24561 | 11/21/2023 | National HCP Coalition | 1012 · Citizens Busine... | | -1,000.00 |
| | 11/08/2023 | | 6093 · Memberships | 4-General Fund Ent. | 1,000.00 |
| TOTAL | | | | | 1,000.00 |
| 24562 | 11/21/2023 | O'Reilly | 1012 · Citizens Busine... | | -59.56 |
| | 11/03/2023 | | 5310 · Vehicle Mainten... | 1-Groundwater Ent. | 59.56 |
| TOTAL | | | | | 59.56 |
| 24563 | 11/21/2023 | PCtronics | 1012 · Citizens Busine... | | -14,944.37 |
| | 11/21/2023 | | 7210 · Computer Hardw... | 4-General Fund Ent. | 10,268.70 |
| | | | 7210 · Computer Hardw... | 1-Groundwater Ent. | 3,422.90 |
| | | | 6024 · Computer Equip ... | 4-General Fund Ent. | 350.77 |
| | | | 6024 · Computer Equip ... | 1-Groundwater Ent. | 776.72 |
| | | | 6024 · Computer Equip ... | 2-Redlands Plaza/... | 125.28 |
| TOTAL | | | | | 14,944.37 |
| 24564 | 11/21/2023 | Redlands Tire Pros & S... | 1012 · Citizens Busine... | | -119.99 |
| | 11/21/2023 | | 5310 · Vehicle Mainten... | 1-Groundwater Ent. | 119.99 |
| TOTAL | | | | | 119.99 |
| 24565 | 11/21/2023 | Sonsray Machinery LLC. | 1012 · Citizens Busine... | | -11,708.51 |
| | 11/02/2023 | | 5050 · Basin Cleaning | 1-Groundwater Ent. | 358.63 |
| | 11/16/2023 | | 5050 · Basin Cleaning | 1-Groundwater Ent. | 9,943.90 |
| | 11/17/2023 | | 5050 · Basin Cleaning | 1-Groundwater Ent. | 1,405.98 |
| TOTAL | | | | | 11,708.51 |
| 24566 | 11/21/2023 | Tetra Tech | 1012 · Citizens Busine... | | -20,231.38 |
| | 10/31/2023 | | 7126 · PERC Engr/Prof... | 6-Active Recharge ... | 20,231.38 |
| TOTAL | | | | | 20,231.38 |
| 24567 | 11/21/2023 | The Gas Company | 1012 · Citizens Busine... | | -5.08 |
| | 11/14/2023 | | 5450 · Natural Gas | 4-General Fund Ent. | 2.54 |
| | | | 5450 · Natural Gas | 1-Groundwater Ent. | 1.52 |
| | | | 5450 · Natural Gas | 6-Active Recharge ... | 1.02 |
| TOTAL | | | | | 5.08 |
| 24568 | 11/21/2023 | Thompson Reuters | 1012 · Citizens Busine... | | -482.86 |
| | 11/01/2023 | | 5180 · Legal | 4-General Fund Ent. | 120.72 |
| | | | 5180 · Legal | 1-Groundwater Ent. | 120.72 |
| | | | 5180 · Legal | 3-Land Resources | 96.57 |
| | | | 5180 · Legal | 6-Active Recharge ... | 144.85 |
| TOTAL | | | | | 482.86 |

3:16 PM

12/04/23

San Bernardino Valley Water Conservation District
Expenditure Report
November 2023

| Num | Date | Name | Account | Class | Original Amount |
|---------|------------|--------------------------|---------------------------|-----------------------|-----------------|
| 24569 | 11/21/2023 | WEX Bank-Shell | 1012 · Citizens Busine... | | -610.45 |
| | 11/06/2023 | | 5320 · Fuel | 1-Groundwater Ent. | 610.45 |
| TOTAL | | | | | 610.45 |
| 24570 | 11/21/2023 | Xerox Financial Services | 1012 · Citizens Busine... | | -337.44 |
| | 11/02/2023 | | 6033 · Office Equipmen... | 4-General Fund Ent. | 253.08 |
| | | | 6033 · Office Equipmen... | 1-Groundwater Ent. | 16.87 |
| | | | 6033 · Office Equipmen... | 2-Redlands Plaza/... | 50.62 |
| | | | 6033 · Office Equipmen... | 3-Land Resources | 16.87 |
| TOTAL | | | | | 337.44 |
| 100344N | 11/15/2023 | PERS | 1012 · Citizens Busine... | | -10,761.63 |
| | | | 6170 · PERS Retirement | 4-General Fund Ent. | 1,399.01 |
| | | | 6170 · PERS Retirement | 1-Groundwater Ent. | 4,842.73 |
| | | | 6170 · PERS Retirement | 2-Redlands Plaza/... | 430.47 |
| | | | 6170 · PERS Retirement | 3-Land Resources | 1,076.16 |
| | | | 6170 · PERS Retirement | 5-Wash Plan | 753.31 |
| | | | 6170 · PERS Retirement | 6-Active Recharge ... | 2,259.95 |
| TOTAL | | | | | 10,761.63 |

San Bernardino Valley Water Conservation District
Director Fees Expenditure Payroll Report

November

| Pay Date | Name | For Period | Director Fees | Taxes Withheld | Check Amt |
|------------|--------------|------------|---------------|----------------|-------------|
| 11/15/2023 | Corneille, R | Oct-23 | \$ 1,290.00 | \$ 149.29 | \$ 1,140.71 |
| 11/15/2023 | McDonald, M | Nov-23 | \$ 1,032.00 | \$ 101.43 | \$ 930.57 |
| 11/29/2023 | McDonald, M | Nov-23 | \$ 774.00 | \$ 66.19 | \$ 707.81 |
| 11/29/2023 | Raley, D | Jul-Oct 23 | \$ 3,096.00 | \$ 1,409.89 | \$ 1,686.11 |



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1987

To: Board of Directors

From: Finance & Administration Committee
Angie Quiroga, Senior Administrative Analyst

Date: December 13, 2023

Subject: First Quarter Unaudited Financial Reports for Fiscal Year 2024

RECOMMENDATION

The Finance & Administration Committee recommends approval of the first quarter unaudited financial report for Fiscal Year 2024 as presented.

BACKGROUND AND COMMITTEE DISCUSSION

At their November 15, 2023, meeting, the Finance and Administration Committee reviewed the first quarter unaudited financial report and recommended Board approval of the materials as presented.

Nearly fifty percent of budgeted interest income has been received through September 30, 2023. GL 4050 Property Tax revenue and GL 4055 SBVMWD Lease Agreement payment are expected in the second quarter. Total groundwater revenue received aligns with the FY24 budget. PERC and Mill Creek Diversion expenses are low for the first quarter, with significant invoices expected in the upcoming months. Remaining expenses are as expected. Investment rates have increased as investments were moved to higher-return alternatives. District general funds and PERC funds invested through UBS Financial Services are held in separate investments.

FISCAL IMPACT

There is no fiscal impact from reporting the financial status of the District.

POTENTIAL MOTIONS

1. Move approval of the first quarter unaudited financial report for FY as recommended by the Finance and Administration Committee.
2. Move to request this item be tabled and referred to the Finance & Administration Committee to reconsider specific issues.

ATTACHMENTS

2023-2024 First Quarter Rolled Up Budget Worksheet
SBVWCD Quarterly Investment Report

| GL ACCT: GL DESCRIPTION: | Approved 2023-2024 Budget | Expended/ Received to Date as of 9/30/23 | Actual Over/Under Budget | Projected Annual Costs (7/1/23- 6/30/24) | GENERAL FUND | | | GROUNDWATER RECHARGE ENTERPRISE | | | REDLANDS PLAZA & LEASED PROPERTY- MENTONE HOUSE | | | LAND RESOURCE | | | ACTIVE RECHARGE TRANSFER PROJECTS | | | WASH PLAN and TRUST SUPPORT | | |
|---|---------------------------------|---|--------------------------------|---|-------------------|----------|-----------------------|---------------------------------|----------|-------------------------|--|----------|--------|-------------------|----------|----------------|--------------------------------------|----------|--------|-----------------------------|----------|----------------|
| | | | | | 2023 BUDGET: | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: | 2023 Budget | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: |
| Approved 2023-2024 Budget Qtr 1 Budget Worksheet | | | | | | | | | | | | | | | | | | | | | | |
| INCOME: | | | | | | | | | | | | | | | | | | | | | | |
| 4012-17 INTEREST INCOME | 1,342,938.99 | 538,242.47 | -632,796.52 | 1,344,038.99 | 388,728.99 | | | 0.00 | | | 0.00 | | | 0.00 | | | 799,500.00 | | | 0.00 | | |
| 4021-26 GROUNDWATER | 1,545,960.17 | 943,592.05 | -602,368.12 | 1,545,960.17 | 0.00 | | | 1,014,102.17 | | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 4024-2 GW COUNCIL PASSTHROUGH | 200,000.00 | 117,698.71 | -82,301.29 | 200,000.00 | 0.00 | | | 200,000.00 | 100% | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 4031-34 MINING | 648,000.00 | 87,564.35 | -560,435.65 | 648,000.00 | 0.00 | | | 0.00 | | | 0.00 | | | 648,000.00 | | | 0.00 | | | 0.00 | | |
| 4032 CEMEX - ROYALTY/LEASE | 600,000.00 | 83,564.35 | -516,435.65 | 600,000.00 | 0.00 | | Estimated sales | 0.00 | | | 0.00 | | | 600,000.00 | 100% | Per Lease Agmt | 0.00 | | | 0.00 | | |
| 4036,40,8 MISCELLANEOUS | 85,000.00 | 19,559.38 | -65,440.62 | 85,000.00 | 7,500.00 | | | 0.00 | | | 0.00 | | | 77,500.00 | | | 0.00 | | | 0.00 | | |
| 4036 AGGREGATE MAINTENANCE | 60,000.00 | 10,577.48 | -49,422.52 | 60,000.00 | 0.00 | | | 0.00 | | | 0.00 | | | 60,000.00 | 100% | ESTIMATE | 0.00 | | | 0.00 | | |
| 4050 PROPERTY TAX | 141,479.29 | 0.00 | -141,479.29 | 141,479.29 | 141,479.29 | 100% | +5% | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 4055 SBVMWD LEASE AGREEMENT | 483,213.76 | 0.00 | -483,213.76 | 483,213.76 | 217,446.19 | 45% | +1.4% CPI | 265,767.57 | 55% | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 4062-66 RENTALS | 252,881.76 | 55,936.91 | -196,944.85 | 252,881.76 | 0.00 | | | 0.00 | | | 252,881.76 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 4025 WASH PLAN REVENUE * from Reserve | 374,450.00 | 106,085.13 | -268,364.87 | 374,450.00 | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 374,450.00 | 100% | |
| 4999 TRUST REIMBURSEMENT WASH PLAN | 225,000.00 | 351,153.64 | 126,153.64 | 576,153.64 | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 225,000.00 | 100% | Trust proceeds |
| TOTAL INCOME: | 5,474,923.97 | 2,219,832.64 | -3,255,091.33 | 5,827,177.61 | 755,154.47 | | | 2,121,727.73 | | | 252,881.76 | | | 791,500.00 | | | 954,210.00 | | | 599,450.00 | | |
| EXPENSES: | | | | | | | | | | | | | | | | | | | | | | |
| 5000 MISCELLANEOUS | 541,681.95 | 59,765.45 | -481,916.50 | 541,673.06 | 15,556.95 | | | 120,000.00 | | | 0.00 | | | 206,125.00 | | | 190,000.00 | | | 10,000.00 | | |
| 5100 PROFESSIONAL SERVICES | 1,401,916.25 | 287,769.06 | -1,114,147.19 | 1,401,916.25 | 37,712.50 | | | 479,362.00 | | | 1,425.00 | | | 328,673.00 | | | 212,762.50 | | | 341,981.25 | | |
| 5120 MISC. PROFESSIONAL SERVICES | 539,625.00 | 57,717.39 | -481,907.61 | 539,625.00 | 13,500.00 | | | 120,000.00 | | Consulting Services | 0.00 | 0% | | 206,125.00 | | | 190,000.00 | | | 10,000.00 | | |
| 5123 HABITAT MANAGEMENT-WP | 329,700.00 | 73,678.82 | -256,021.18 | 329,700.00 | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 329,700.00 | 100% | |
| 52-53 FIELD OPERATIONS | 399,329.17 | 215,203.98 | -184,125.19 | 399,329.17 | 0.00 | | | 367,329.17 | | | 0.00 | | | 32,000.00 | | | 0.00 | | | 0.00 | | |
| 5400 UTILITIES | 31,632.30 | 9,042.07 | -22,590.23 | 31,632.30 | 11,492.37 | | | 9,861.70 | | | 4,684.22 | | | 1,530.29 | | | 4,063.73 | | | 0.00 | | |
| 6000 GENERAL ADMINISTRATION | 444,566.06 | 76,828.72 | -367,737.34 | 444,566.06 | 136,159.01 | | | 60,961.03 | | | 116,178.53 | | | 48,817.50 | | | 74,082.50 | | | 8,367.50 | | |
| 6100 BENEFITS | 542,839.49 | 107,289.17 | -435,550.32 | 542,839.49 | 70,569.13 | | | 308,870.10 | | | 27,455.12 | | | 68,637.80 | | | 144,139.38 | | | 48,046.46 | | |
| 6160 PAYROLL TAXES - EMPLOYER | 120,309.44 | 23,048.62 | -97,260.82 | 120,309.44 | 15,640.23 | 13% | | 66,049.88 | 45% | Based on percent of hou | 5,871.10 | 4% | | 14,677.75 | 10% | | 30,823.28 | 21% | | 10,274.43 | 7% | |
| 6170 PERS RETIREMENT | 225,400.91 | 54,741.92 | -170,658.99 | 225,400.91 | 29,302.12 | 13% | Includes UA Liability | 123,745.10 | 45% | Based on percent of hou | 10,999.56 | 4% | | 27,498.91 | 10% | | 57,747.71 | 21% | | 19,249.24 | 7% | |
| 6170.01 PERS EMPLOYEE CONTRIBUTION | -68,320.21 | -15,754.00 | 52,566.21 | -68,320.21 | -8,881.63 | 13% | | -30,744.10 | 45% | | -2,732.81 | 4% | | -6,832.02 | 10% | | -14,347.24 | 21% | | -4,782.41 | 7% | |
| 6170.02 457 Plan EMPLOYEE CONTRIBUTION | | -14,608.87 | -14,608.87 | | | | | | | | | | | | | | | | | | | |
| SALARIES: | | | | | | | Overhead Offset 22% | | | | | | | | | | | | | | | |
| 6200 SALARIES | 1,676,139.84 | 365,598.32 | -1,310,541.52 | 1,676,139.84 | 216,876.51 | | | 825,546.05 | | | 91,935.37 | | | 171,727.14 | | | 500,311.79 | | | 170,594.12 | | |
| 6300 INSURANCE | 52,670.29 | 9,607.37 | -43,062.92 | 53,948.86 | 2,633.51 | | | 39,502.72 | | | 7,900.54 | | | 2,633.51 | | | 0.00 | | | 0.00 | | |
| 6400 DIRECTOR EXPENSES | 130,076.25 | 10,328.98 | -119,747.27 | 130,076.25 | 130,076.25 | 8.00 | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 6500 ADMINSTRATIVE/STAFF EXPENSES | 50,075.00 | 18,760.03 | -31,314.97 | 50,075.00 | 21,653.75 | | | 15,863.75 | | | 0.00 | | | 10,088.00 | | | 2,469.50 | | | 0.00 | | |
| TOTAL EXPENSES: | 4,979,301.60 | 1,104,487.46 | -3,874,814.14 | 4,980,571.28 | 729,229.98 | | | 2,115,371.23 | | | 249,578.78 | | | 792,181.96 | | | 937,829.40 | | | 601,026.69 | | |
| Operating Revenue | 5,474,923.97 | 2,219,832.64 | -3,255,091.33 | 5,827,177.61 | 755,154.47 | | | 2,121,727.73 | | | 252,881.76 | | | 791,500.00 | | | 954,210.00 | | | 599,450.00 | | |
| NET OPERATING REVENUE | 495,622.37 | 1,115,345.18 | 619,722.81 | 846,606.33 | 25,924.50 | | | 6,356.50 | | | 3,302.98 | | | -681.96 | | | 16,380.60 | | | -1,576.69 | | |
| OVERHEAD | | | | | | | | | | | | | | | | | | | | | | |
| NET GENERAL FUND ANNUAL | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | |

| GL ACCT: GL DESCRIPTION: | | Approved 2023-2024 Budget | Expended/ Received to Date as of 9/30/23 | Actual Over/Under Budget | Projected Annual Costs (7/1/23- 6/30/24) | GENERAL FUND | | GROUNDWATER RECHARGE ENTERPRISE | | | REDLANDS PLAZA & LEASED PROPERTY- MENTONE HOUSE | | | LAND RESOURCE | | | ACTIVE RECHARGE TRANSFER PROJECTS | | | WASH PLAN and TRUST SUPPORT | | | |
|---|------------------------------------|---------------------------------|---|--------------------------------|---|-----------------|----------|---------------------------------|--------------|----------|--|-----------------|----------|---------------|-----------------|----------|--------------------------------------|-------------|----------|-----------------------------|-----------------|----------|--------|
| Approved 2023-2024 Budget Qtr 1 Budget Worksheet | | | | | | 2023 BUDGET: | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: | 2023 Budget | % BUDGET | BASIS: | 2023 BUDGET: | % BUDGET | BASIS: |
| Multiyear Capital projects | | | | | | | | | | | | | | | | | | | | | | | |
| 7010 | MATERIALS | 12,000.00 | 0.00 | -12,000.00 | 12,000.00 | 0.00 | | | 6,000.00 | 50% | Field Security Changes | 0.00 | | | 6,000.00 | 50% | | 0.00 | | | 0.00 | | |
| | LAND & BUILDINGS | | | | | | | | | | | | | | | | | | | | | | |
| 7100 | CAPITAL REPAIRS | | 117,019.88 | -1,376,628.77 | 1,515,648.65 | 18,000.00 | | | 1,199,148.65 | | | 7,000.00 | | | 269,500.00 | | | 0.00 | | | 0.00 | | |
| 7110 | PROPERTY - CAPITAL REPAIRS | 387,999.50 | 7,000.00 | -380,999.50 | 387,999.50 | 18,000.00 | | Office Interior Paint | 307,499.50 | 79% | CIP #11 #15 | 0.00 | | | 62,500.00 | 16% | CIP #14 #34 | 0.00 | | | 0.00 | | |
| 7120 | PROPERTY - LAND PURCHASE | 70,000.00 | 0.00 | -70,000.00 | 70,000.00 | | | | 0.00 | | | | | 70,000.00 | 100% | | 0.00 | | | 0.00 | | | |
| 7130 | MENTONE PROPERTY (HOUSE) CAPITAL | 7,000.00 | 29,000.00 | 22,000.00 | 29,000.00 | 0.00 | | | 0.00 | | | 7,000.00 | 100% | | 0.00 | | | 0.00 | | | 0.00 | | |
| 7140 | MENTONE PROPERTY (SHOP) CIP #3 | 891,649.15 | 81,019.88 | -810,629.27 | 891,649.15 | 0.00 | | | 891,649.15 | 100% | | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 7160 | MENDOZA PROPERTY CIP\ #12 | 137,000.00 | 0.00 | -137,000.00 | 137,000.00 | | | | 0.00 | | | | | 137,000.00 | 100% | | 0.00 | | | 0.00 | | | |
| | EQUIPMENT & VEHICLES | | | | | | | | | | | | | | | | | | | | | | |
| 7200 | EQUIPMENT & VEHICLES | | 6,373.40 | -284,026.60 | 294,156.40 | 20,526.00 | | | 192,376.00 | | | 30,270.00 | | | 46,210.00 | | | 648.00 | | | 370.00 | | |
| 7126 | ARTP ENGR/PROF SERVICES #23 #31 | 3,532,019.00 | 135,038.05 | -3,396,980.95 | 3,532,019.00 | 0.00 | | | 0.00 | 0% | | 0.00 | 0% | | 0.00 | 0% | | ##### | 100% | | 0.00 | | |
| 7150 | MILL CREEK DIVERSION PROJECT CIP # | 2,299,616.86 | 186,625.99 | -2,112,990.87 | 2,299,616.86 | 0.00 | | MultiYear Total Comtr | 2,299,616.86 | 100% | In WIP Acct until comple | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 7151 | MILL CREEK PERMITTING | 285,207.27 | 176,398.14 | -108,809.13 | 285,207.27 | 0.00 | | | 285,207.27 | 100% | District Permitting +Rive | 0.00 | | | 0.00 | | | 0.00 | | | 0.00 | | |
| 7438 | ENGINEERING SERVICES-OTHER | 125,000.00 | 0.00 | -125,000.00 | 125,000.00 | 0.00 | | CIP #7 | 125,000.00 | 100% | Mill Creek O&M Plans | 0.00 | | | 0.00 | 0% | | 0.00 | 0% | | 0.00 | | |
| | | | | | | | | | | | | | | | | | | | | | | | |
| | CAPITAL EXPENSE | 8,037,891.78 | 621,455.46 | -7,416,436.32 | 8,063,648.18 | 38,526.00 | | | 4,107,348.78 | | | 37,270.00 | | | 321,710.00 | | | ##### | | | 370.00 | | |

San Bernardino Valley Water Conservation District

Investment Report thru September 30, 2023

| Investment Instruments | Beginning Balance as of Jul 1, 2023 | thru Sept 30, 2023 | Yield | Cumulative Unrealized Gain (Loss) |
|---|--|-------------------------|--------|---|
| Pooled Money Investment Accounts | | | | |
| LAIF | \$ - | \$ 997.49 | 2.96% | \$ - |
| CalTRUST Short-Term Fund | \$ 3,305,798.37 | \$ 3,345,463.11 | 4.14% | \$ - |
| Investment Accounts | | | | |
| UBS Financial Services | | | | |
| CDs/Bonds/Securities-General | \$ 1,428,254.52 | \$ 1,435,672.21 | 2.31% | \$ (64,459.59) |
| Cash Dep Acct-General | \$ - | \$ 6,572.37 | | |
| CDs/Bonds/Securities-PERC | \$ 19,450,051.01 | \$ 11,058,621.91 | 4.65% | \$ (58,250.84) |
| Money Market-PERC | | \$ 6,076,171.15 | 5.24% | |
| Cash Dep Acct-PERC | | \$ 2,548,218.27 | 5.21% | |
| CAMP | | | | |
| Investment Pool-PERC | \$ 18,130,261.02 | \$ 18,380,890.89 | 5.55% | \$ - |
| OPEB-Other Postemployment Benefits | | | | |
| CERBT-CA Employers' Retiree Benefit Trust | \$ 657,590.28 | \$ 631,859.85 | -3.91% | \$ - |
| TOTAL | \$ 42,971,955.20 | \$ 43,484,467.25 | | \$ (122,710.43) |

Net Change

\$ 512,512.05
1.18%

| Banking Institutions | Beginning Balance as of July 1, 2023 | ending Sept 30, 2023 |
|----------------------------------|---|------------------------|
| Citizen's Business Bank | \$ 814,215.58 | \$ 1,059,647.30 |
| Cash and Cash Equivalents | \$ 814,215.58 | \$ 1,059,647.30 |
| Change in Value | | \$ 245,431.72 |

| Description | NAV | Annual Yield | Average Maturity | Shares |
|---------------------------------------|---------|--------------|-------------------------|-------------|
| LAIF | N/A | 2.96% | Not available | |
| CalTrust Short-Term Fund | \$10.00 | 4.14% | .93 years (339.45 days) | 334,546.311 |
| CERBT | \$19.66 | 10.23% | | 32,139.573 |
| UBS-CD's, Bonds, Securities-see below | | | | |

UBS Investments-General

| Certificates of Deposit (CDs), Bonds & Securities | Price | Rate | Maturity | Shares | Purchase Price | Market Value as of 09/30/23 | Duration |
|---|---------|-------|----------------------------|---------|----------------|--------------------------------|------------------|
| 1. FHLB Bond 4 Yr Step-Up Yield 1.28% Callable 120921 (Cusip: 3130ANRAO) | \$0.932 | 0.60% | 9/9/2025 | 250,000 | \$250,005.25 | \$234,125.00 | 4 yr |
| 2. FHLB Bond-Yield 1.05% Bond (Cusip: 3130APNR2) | \$0.941 | 1.00% | 11/22/2024 | 250,000 | \$250,005.25 | \$237,532.50 | 3 yr |
| 3. Sallie Mae Bank UT US-Yield 1.06% fixed rate CD (Cusip: 795451BA0) | \$0.938 | 1.00% | 12/16/2024 | 245,000 | \$245,000.00 | \$231,713.65 | 3 yr |
| 4. FFCB Bond-Yield 2.3% fixed rate CD (Cusip: 3133ENSK7) | \$0.951 | 2.19% | 3/21/2025 | 252,000 | \$252,000.00 | \$240,365.16 | 3 yr |
| 5. FHLB Bond-Yield 3.11% fixed rate CD (Cusip: 3130ARLN9) | \$0.962 | 3.00% | 4/25/2025 | 250,000 | \$250,005.25 | \$240,862.50 | 3 yr |
| 6. Freedom First Fed BA US Yield 4.94% (Cusip: 35638CAG4) | \$0.993 | 4.94% | 10/28/2024 | 248,000 | \$248,000.00 | \$245,949.04 | 1.5 yr |
| | | | | | | \$5,124.36 | Accrued Interest |
| Average | \$0.95 | 2.12% | Total Interest Withdrawals | \$0.00 | TOTAL | \$1,495,015.75 | \$1,435,672.21 |

UBS Investments-PERC

| | | | | | | | |
|---|---------|--------|----------------------------|-----------|----------------|-----------------|------------------|
| 1. FHLMC MED TERM NTS-Yield 4.19% (Cusip: 3134GX2P8) | \$0.980 | 4.125% | 9/30/2024 | 4,000,000 | \$4,000,005.24 | \$3,942,640.00 | 2 yr |
| 2. US Treasury Bill -Yield 5.34% (Cusip: 912797FV4) | \$0.975 | 5.34% | 12/21/2023 | 2,051,000 | \$1,999,469.34 | \$2,026,798.20 | 0.5 yr |
| 3. US Treasury Bill-Yield 5.195% (Cusip: 912797FS1) | \$0.951 | 5.20% | 6/13/2024 | 4,205,000 | \$3,999,773.20 | \$4,049,372.95 | 1 yr |
| 4. US Treasury Note-Yield 4.2% (Cusip: 91282CHH7) | \$0.990 | 4.125% | 6/15/2026 | 2,510,000 | \$2,499,474.28 | \$2,463,615.20 | 3 yr |
| 5. FHLB Bond Step-Up-Yield 5.3% (Cusip: 3130AVSR4) | \$0.992 | 5.25% | 5/18/2028 | 4,500,000 | \$4,500,005.25 | \$4,454,370.00 | 5 yr |
| | | | | | | \$197,996.71 | Accrued Interest |
| Average | \$0.98 | 4.81% | Total Interest Withdrawals | \$0.00 | TOTAL | \$16,998,727.31 | \$17,134,793.06 |



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1988

To: Board of Directors

**From: Angie Quiroga, Senior Administrative Analyst
Betsy Miller, General Manager**

Date: December 13, 2023

Subject: Unaudited Financial Reports for November 2023

RECOMMENDATION

Review and approve the unaudited financials for November 2023.

BACKGROUND AND DISCUSSION

Staff presents the previous month's unaudited financial report at the subsequent Board meeting. The reports presented here include information through November 30, 2023.

Initial payments of GL 4050 Property Tax revenue have been received. Interest income remains above budget as investment returns have improved. All other revenue sources are as expected. Prepayments for GL 6093 Memberships and GL 6320 General Liability Insurance will be adjusted at year-end.

Significant work is in progress under GL 5050 Basin Cleaning. GL 5170 Audit is slightly over budget due to additional assistance needed to incorporate the new GASB requirement. GL 5320 Fuel is over budget due to several months of operating equipment to clean the Mill Creek basins. A payment of \$147,814.11 was made to Empire Equipment Service, Inc. under GL 7150 Mill Creek Diversion as the project moves closer to completion. All other expenses are as expected. December financials will form the performance basis used for the 2024-2025 preliminary budget beginning in January.

FISCAL IMPACT

There is no fiscal impact from reporting the financial status of the District.

POTENTIAL MOTIONS

1. Move approval of the unaudited financial report for November 2023 as presented.
2. Move to request this item be tabled and referred to the Finance & Administration Committee for reconsideration of specific issues discussed.

ATTACHMENTS

Graph Financials for November 2023

**BOARD OF
DIRECTORS**

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

**GENERAL
MANAGER**

Betsy Miller

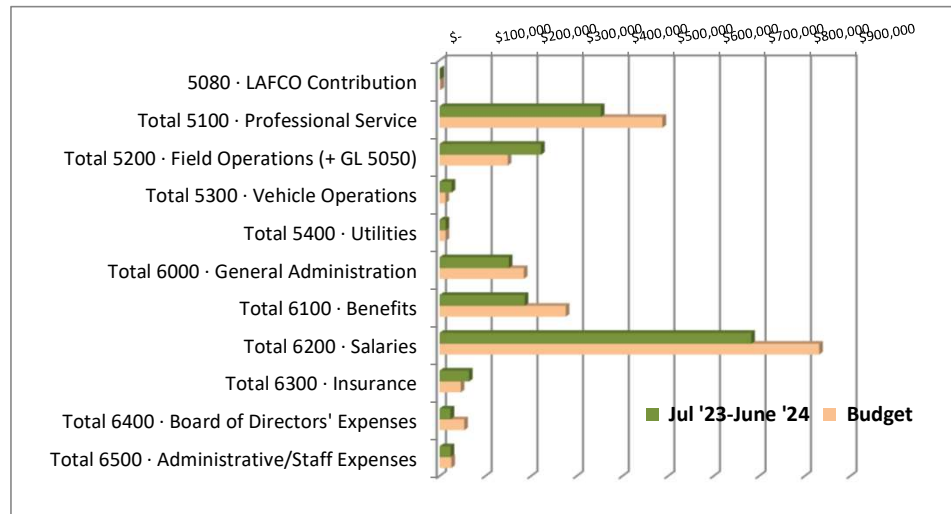
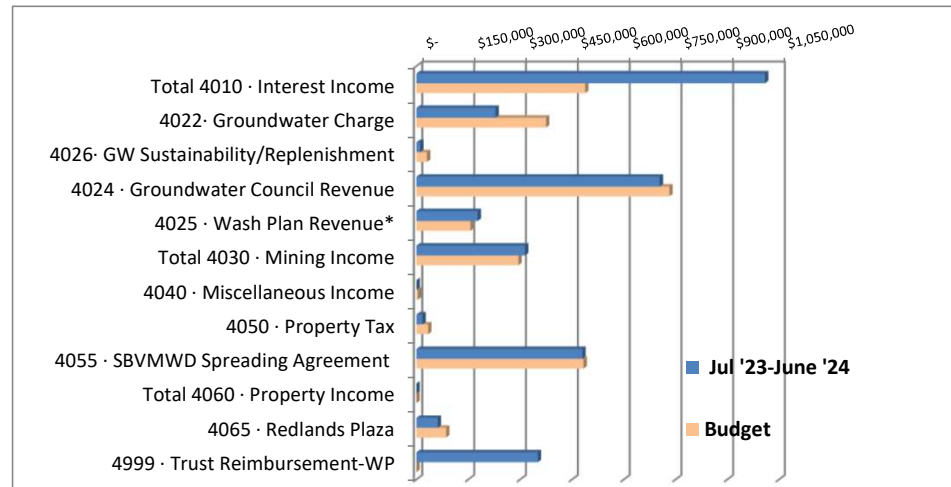
Profit & Loss to Date vs. Annual Budget

SBVWCD - All Enterprises Budget and Actual
November 2023

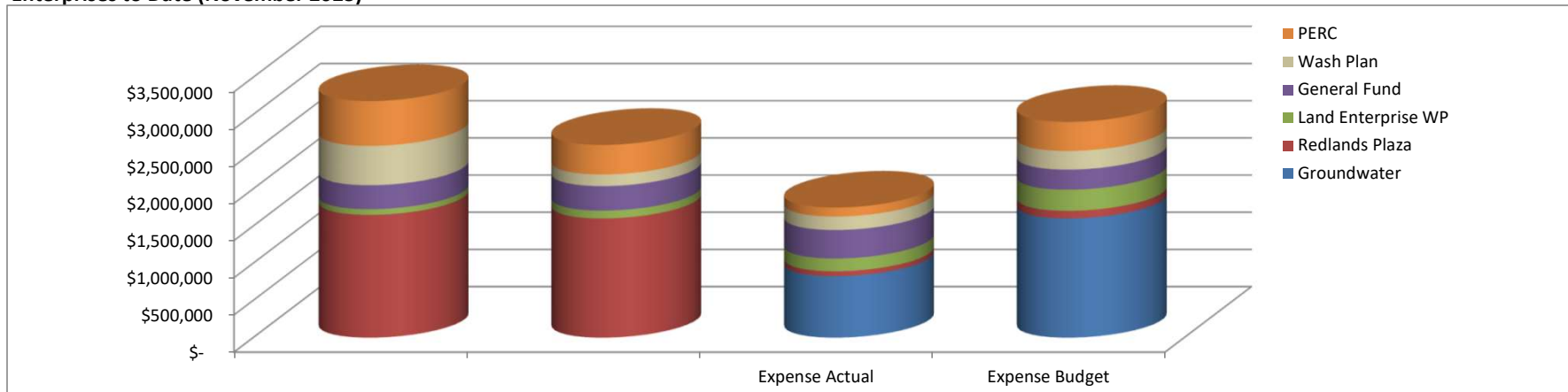
| REVENUE | Jul '23-June '24 | Budget |
|--|---------------------|---------------------|
| Total 4010 · Interest Income | \$ 1,009,255 | \$ 487,934 |
| 4022 · Groundwater Charge | \$ 228,752 | \$ 375,000 |
| 4026 · GW Sustainability/Replenishment | \$ 10,891 | \$ 30,521 |
| 4024 · Groundwater Council Revenue | \$ 703,949 | \$ 731,858 |
| 4025 · Wash Plan Revenue* | \$ 177,086 | \$ 156,021 |
| Total 4030 · Mining Income | \$ 313,974 | \$ 295,000 |
| 4040 · Miscellaneous Income | \$ 605 | \$ 4,167 |
| 4050 · Property Tax | \$ 17,393 | \$ 33,950 |
| 4055 · SBVMWD Spreading Agreement | \$ 479,961 | \$ 483,214 |
| Total 4060 · Property Income | \$ 100 | \$ 100 |
| 4065 · Redlands Plaza | \$ 61,689 | \$ 85,900 |
| 4999 · Trust Reimbursement-WP | \$ 351,154 | \$ - |
| Total Revenue | \$ 3,354,810 | \$ 2,683,664 |

*District loans to the WP & State Permitting payments

| EXPENSES Operating and Capital | Jul '23-June '24 | Budget |
|--|---------------------|---------------------|
| 5080 · LAFCO Contribution | \$ 2,048 | \$ 2,057 |
| Total 5100 · Professional Service | \$ 353,007 | \$ 487,831 |
| Total 5200 · Field Operations (+ GL 5050) | \$ 222,020 | \$ 149,382 |
| Total 5300 · Vehicle Operations | \$ 26,313 | \$ 12,834 |
| Total 5400 · Utilities | \$ 13,140 | \$ 13,180 |
| Total 6000 · General Administration | \$ 151,537 | \$ 184,373 |
| Total 6100 · Benefits | \$ 186,213 | \$ 276,255 |
| Total 6200 · Salaries | \$ 682,930 | \$ 832,157 |
| Total 6300 · Insurance | \$ 64,500 | \$ 46,525 |
| Total 6400 · Board of Directors' Expenses | \$ 24,020 | \$ 54,198 |
| Total 6500 · Administrative/Staff Expenses | \$ 24,102 | \$ 25,865 |
| Total Expense | \$ 1,749,830 | \$ 2,084,658 |



Enterprises to Date (November 2023)



| Enterprise | Actual | Budget | % of Budget |
|-----------------------------|--------------|--------------|-------------|
| Groundwater Revenue | \$ 1,651,463 | \$ 1,603,146 | 103% |
| Groundwater Expense | \$ 827,085 | \$ 803,028 | 103% |
| Revenue -Expense | \$ 824,378 | \$ 800,118 | |
| Redlands Plaza Revenue | \$ 76,644 | \$ 105,426 | 73% |
| Redlands Plaza Expense | \$ 66,104 | \$ 102,739 | 64% |
| Revenue -Expense | \$ 10,540 | \$ 2,687 | |
| Land Enterprise Revenue | \$ 322,361 | \$ 329,792 | 98% |
| Land Enterprise Expense | \$ 171,027 | \$ 283,842 | 60% |
| Revenue -Expense | \$ 151,334 | \$ 45,950 | |
| General Fund Revenue * | \$ 424,398 | \$ 416,492 | 102% |
| General Fund Expense | \$ 383,856 | \$ 270,526 | 142% |
| Revenue -Expense | \$ 40,542 | \$ 145,967 | |
| Wash Plan Revenue | \$ 528,240 | \$ 156,021 | 339% |
| Wash Plan Expense | \$ 180,936 | \$ 250,428 | 72% |
| Revenue-Expense | 347,304 | (94,407) | |
| PERC Revenue | \$ 602,856 | \$ 397,588 | 152% |
| PERC Expense | \$ 120,821 | \$ 390,762 | 31% |
| Revenue-Expense | \$ 482,034 | \$ 6,825 | |
| Total All Revenue - Expense | \$ 1,856,132 | \$ 907,140 | |

| Cash Status | As of 7/1/2023 | As of 11/30/2023 |
|----------------------|------------------------|------------------------|
| LAIF | \$ - | \$ 1,005.22 |
| Cal Trust | \$ 3,305,798.37 | \$ - |
| Citizens Bank | \$ 814,215.58 | \$ 4,758,542.36 |
| UBS Financial-Gen | \$ 20,878,305.53 | \$ 5,501,500.10 |
| UBS Financial-PERC | \$ - | \$ 27,925,823.24 |
| US Bank-CAMP | \$ 18,130,261.02 | \$ 5,233,903.91 |
| Total Cash | \$ 43,128,580.50 | \$ 43,420,774.83 |
| Less Prepaid Royalty | \$ (5,000,000.00) | \$ (5,000,000.00) |
| Less PERC Obligation | \$ (35,108,303.19) | \$ (34,632,030.82) |
| Cash Position | \$ 3,020,277.31 | \$ 3,788,744.01 |

Increase (decrease) of \$768,466.70
Percent Increase 25.4%

* General Fund Revenue shown here does not include overhead

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

| | Jul - Nov 23 | Budget | \$ Over Budget | % of Budget |
|--|--------------|--------------|----------------|-------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4010 · Interest Income | | | | |
| 4012 · LAIF | 1,005.22 | 0.00 | 1,005.22 | 100.0% |
| 4013 · Caltrust Investment Income | 60,619.26 | 99,039.99 | -38,420.73 | 61.21% |
| 4015 · UBS Interest Income | 616,725.46 | 510,000.00 | 106,725.46 | 120.93% |
| 4016 · Interest Income CAMP | 330,905.31 | 562,000.00 | -231,094.69 | 58.88% |
| Total 4010 · Interest Income | 1,009,255.25 | 1,171,039.99 | -161,784.74 | 86.19% |
| 4017 · PERC Capital Income | 0.00 | 171,900.00 | -171,900.00 | 0.0% |
| 4020 · Groundwater Charge | | | | |
| 4022 · Groundwater Charge | 228,751.69 | 753,061.42 | -524,309.73 | 30.38% |
| 4024-2 · GW Council Passthrough | 117,698.71 | 200,000.00 | -82,301.29 | 58.85% |
| 4024 · Groundwater Council Revenue | 703,949.29 | 731,858.00 | -27,908.71 | 96.19% |
| 4026 · GW Sustainability/Replenishment | 10,891.07 | 61,040.75 | -50,149.68 | 17.84% |
| Total 4020 · Groundwater Charge | 1,061,290.76 | 1,745,960.17 | -684,669.41 | 60.79% |
| 4025 · Wash Plan Revenue | 177,085.92 | 374,450.00 | -197,364.08 | 47.29% |
| 4030 · Mining Income | | | | |
| 4031 · Plant Site - CEMEX | 12,000.00 | 48,000.00 | -36,000.00 | 25.0% |
| 4032 · Cemex - Royalty / Lease | 278,037.04 | 600,000.00 | -321,962.96 | 46.34% |
| 4036 · Aggregate Maintenance | 23,937.23 | 60,000.00 | -36,062.77 | 39.9% |
| Total 4030 · Mining Income | 313,974.27 | 708,000.00 | -394,025.73 | 44.35% |
| 4040 · Miscellaneous Income | | | | |
| 4041 · Reimbursed Expenses | 215.79 | 0.00 | 215.79 | 100.0% |
| 4040 · Miscellaneous Income - Other | 389.50 | 10,000.00 | -9,610.50 | 3.9% |
| Total 4040 · Miscellaneous Income | 605.29 | 10,000.00 | -9,394.71 | 6.05% |
| 4043 · Project Salary Reimbursement | 8,387.12 | 15,000.00 | -6,612.88 | 55.91% |
| 4050 · Property Tax | 17,393.33 | 141,479.29 | -124,085.96 | 12.29% |
| 4051 · Wash Plan Trails | 0.00 | 66,000.00 | -66,000.00 | 0.0% |
| 4055 · SBVMWD Spreading Agreement Reim | 479,961.36 | 483,213.76 | -3,252.40 | 99.33% |
| 4060 · Property Income | | | | |
| 4062 · Mentone Property | 100.00 | 100.00 | 0.00 | 100.0% |
| Total 4060 · Property Income | 100.00 | 100.00 | 0.00 | 100.0% |
| 4065 · Redlands Plaza | 61,689.04 | 206,160.35 | -144,471.31 | 29.92% |
| 4066 · Redlands Plaza CAM | 14,855.11 | 46,621.41 | -31,766.30 | 31.86% |
| 4999 · Trust Reimbursement-Wash Plan | 351,153.64 | 225,000.00 | 126,153.64 | 156.07% |
| Total Income | 3,495,751.09 | 5,364,924.97 | -1,869,173.88 | 65.16% |
| Gross Profit | 3,495,751.09 | 5,364,924.97 | -1,869,173.88 | 65.16% |
| Expense | | | | |
| 5040 · Regional Programs | | | | |
| 5080 · LAFCO Contribution | 2,048.06 | 2,056.95 | -8.89 | 99.57% |
| Total 5040 · Regional Programs | 2,048.06 | 2,056.95 | -8.89 | 99.57% |
| 5050 · Basin Cleaning | 187,745.21 | 250,000.00 | -62,254.79 | 75.1% |
| 5100 · Professional Service | | | | |
| 5120 · Misc. Professional Services | 66,117.39 | 539,625.00 | -473,507.61 | 12.25% |
| 5122 · Wash Plan Professional Services | 3,199.90 | 28,000.00 | -24,800.10 | 11.43% |
| 5123 · Habitat Management-WP | 108,428.24 | 329,700.00 | -221,271.76 | 32.89% |
| 5125 · Engineering Services | 0.00 | 35,000.00 | -35,000.00 | 0.0% |
| 5126 · GW Sustainability/Replenishment | 0.00 | 61,040.75 | -61,040.75 | 0.0% |
| 5127 · Project Accounting Services | 0.00 | 5,000.00 | -5,000.00 | 0.0% |
| 5128 · GC NonDistrict Facilities Maint | 117,698.71 | 200,000.00 | -82,301.29 | 58.85% |
| 5130 · Aerial Photography & Surveying | 0.00 | 2,425.50 | -2,425.50 | 0.0% |
| 5155 · WP Trails Professional Services | 0.00 | 100,000.00 | -100,000.00 | 0.0% |
| 5160 · IT Support | 15,387.19 | 45,625.00 | -30,237.81 | 33.73% |
| 5170 · Audit | 28,800.00 | 28,500.00 | 300.00 | 101.05% |
| 5180 · Legal | 13,375.47 | 25,000.00 | -11,624.53 | 53.5% |
| Total 5100 · Professional Service | 353,006.90 | 1,399,916.25 | -1,046,909.35 | 25.22% |
| 5133 · Regional River HCP Contribution | 0.00 | 30,000.00 | -30,000.00 | 0.0% |
| 5200 · Field Operations | | | | |
| 5210 · Equipment Maintenance | 9,377.60 | 8,528.40 | 849.20 | 109.96% |
| 5215 · Property Maintenance | 1,019.83 | 40,000.00 | -38,980.17 | 2.55% |
| 5225 · Field Clean Up-Illegal dumping | 23,877.00 | 60,000.00 | -36,123.00 | 39.8% |
| Total 5200 · Field Operations | 34,274.43 | 108,528.40 | -74,253.97 | 31.58% |
| 5223 · Temp. Field Labor | 0.00 | 10,000.00 | -10,000.00 | 0.0% |
| 5300 · Vehicle Operations | | | | |
| 5310 · Vehicle Maintenance | 4,246.05 | 9,240.00 | -4,993.95 | 45.95% |
| 5320 · Fuel | 22,066.87 | 21,560.77 | 506.10 | 102.35% |
| Total 5300 · Vehicle Operations | 26,312.92 | 30,800.77 | -4,487.85 | 85.43% |

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

| | Jul - Nov 23 | Budget | \$ Over Budget | % of Budget |
|--|-------------------|---------------------|----------------------|----------------|
| 5400 · Utilities | | | | |
| 5410 · Alarm Service | 468.00 | 1,200.00 | -732.00 | 39.0% |
| 5420 · Electricity | 4,942.52 | 10,815.69 | -5,873.17 | 45.7% |
| 5430 · Mobile Phone | 3,025.00 | 7,150.00 | -4,125.00 | 42.31% |
| 5440 · Telephone | 1,365.77 | 3,000.00 | -1,634.23 | 45.53% |
| 5450 · Natural Gas | 10.14 | 2,730.00 | -2,719.86 | 0.37% |
| 5460 · Water / Trash / Sewer | 1,486.73 | 3,904.10 | -2,417.37 | 38.08% |
| 5470 · Internet Services | 1,842.20 | 2,832.52 | -990.32 | 65.04% |
| Total 5400 · Utilities | 13,140.36 | 31,632.31 | -18,491.95 | 41.54% |
| 6000 · General Administration | | | | |
| 6001 · General Administration - Other | 938.30 | 6,000.00 | -5,061.70 | 15.64% |
| 6002 · Website Administration | 2,001.94 | 6,000.00 | -3,998.06 | 33.37% |
| 6004 · Meeting Expenses | 1,438.02 | 2,200.00 | -761.98 | 65.37% |
| 6006 · Permits | 50.00 | 15,000.00 | -14,950.00 | 0.33% |
| 6007 · Inter District Costs | 0.00 | 10,000.00 | -10,000.00 | 0.0% |
| 6009 · Licenses | 1,731.42 | 2,000.00 | -268.58 | 86.57% |
| 6010 · Surety Bond | 1,210.00 | 1,900.00 | -690.00 | 63.68% |
| 6012 · Office Maintenance | 7,334.20 | 10,000.00 | -2,665.80 | 73.34% |
| 6013 · Office Lease Payment | 8,333.34 | 50,000.00 | -41,666.66 | 16.67% |
| 6015 · Mentone House Maintenance | 0.00 | 4,000.00 | -4,000.00 | 0.0% |
| 6016 · Redlands Plaza Maintenance | 3,075.69 | 47,000.00 | -43,924.31 | 6.54% |
| 6018 · Janitorial Services | 4,075.00 | 10,500.00 | -6,425.00 | 38.81% |
| 6019 · Janitorial Supplies | 362.36 | 375.00 | -12.64 | 96.63% |
| 6020 · Vacancy Marketing-Redlands Plaz | 0.00 | 5,000.00 | -5,000.00 | 0.0% |
| 6024 · Computer Equip Maint. | 1,296.26 | 3,000.00 | -1,703.74 | 43.21% |
| 6026 · Redlands Plaza CAM expenses | 16,072.38 | 42,861.03 | -26,788.65 | 37.5% |
| 6027 · Computer Software | 5,251.49 | 23,250.00 | -17,998.51 | 22.59% |
| 6030 · Office Supplies | 2,033.71 | 12,100.00 | -10,066.29 | 16.81% |
| 6033 · Office Equipment Rental | 2,874.84 | 8,000.00 | -5,125.16 | 35.94% |
| 6036 · Printing | 475.24 | 2,500.00 | -2,024.76 | 19.01% |
| 6039 · Postage and Overnight Delivery | 446.26 | 1,200.00 | -753.74 | 37.19% |
| 6042 · Payroll Processing | 1,595.39 | 5,000.00 | -3,404.61 | 31.91% |
| 6045 · Bank Service Charges | 584.12 | 10,000.00 | -9,415.88 | 5.84% |
| 6051 · Uniforms | 1,681.12 | 3,115.76 | -1,434.64 | 53.96% |
| 6060 · Outreach | 54,209.09 | 127,000.00 | -72,790.91 | 42.68% |
| 6087 · Educational Reimbursement | 0.00 | 5,000.00 | -5,000.00 | 0.0% |
| 6090 · Subscriptions/Publications | 1,365.66 | 3,000.00 | -1,634.34 | 45.52% |
| 6091 · Public Notices | 0.00 | 3,200.00 | -3,200.00 | 0.0% |
| 6093 · Memberships | 33,100.95 | 25,364.28 | 7,736.67 | 130.5% |
| Total 6000 · General Administration | 151,536.78 | 444,566.07 | -293,029.29 | 34.09% |
| 6100 · Benefits | | | | |
| 6110 · Vision Insurance | 1,537.90 | 3,776.71 | -2,238.81 | 40.72% |
| 6120 · Workers' Comp. Insurance | 5,185.37 | 25,528.10 | -20,342.73 | 20.31% |
| 6130 · Dental Insurance | 5,239.66 | 13,056.65 | -7,816.99 | 40.13% |
| 6150 · Medical Insurance | | | | |
| 6150.01 · Medical Employee Contribution | -15,643.97 | -41,288.06 | 25,644.09 | 37.89% |
| 6150 · Medical Insurance - Other | 106,281.96 | 323,085.52 | -216,803.56 | 32.9% |
| Total 6150 · Medical Insurance | 90,637.99 | 281,797.46 | -191,159.47 | 32.16% |
| 6160 · Payroll Taxes-Employer | 40,759.41 | 143,336.67 | -102,577.26 | 28.44% |
| 6170 · PERS Retirement | | | | |
| 6170.01 · PERS Employee Contributions | -28,603.20 | -68,320.21 | 39,717.01 | 41.87% |
| 6170.02 · 457 Plan Employee Contributions | -26,319.88 | | | |
| 6170 · PERS Retirement - Other | 97,775.34 | 268,542.64 | -170,767.30 | 36.41% |
| Total 6170 · PERS Retirement | 42,852.26 | 200,222.43 | -157,370.17 | 21.4% |
| Total 6100 · Benefits | 186,212.59 | 667,718.02 | -481,505.43 | 27.89% |
| 6200 · Salaries | | | | |
| 6230 · Regular Salaries | 682,930.32 | 1,997,177.80 | -1,314,247.48 | 34.2% |
| Total 6200 · Salaries | 682,930.32 | 1,997,177.80 | -1,314,247.48 | 34.2% |
| 6300 · Insurance | | | | |
| 6310 · Property/ Auto Insurance | 7,653.37 | 6,374.80 | 1,278.57 | 120.06% |
| 6320 · General Liability Insurance | 56,847.00 | 46,295.48 | 10,551.52 | 122.79% |
| Total 6300 · Insurance | 64,500.37 | 52,670.28 | 11,830.09 | 122.46% |
| 6400 · Board of Directors' Expenses | | | | |
| 6401 · Directors' Fees | | | | |
| 6401.5 · Payroll Taxes-Directors | -1,117.47 | 0.00 | -1,117.47 | 100.0% |
| 6401 · Directors' Fees - Other | 20,706.18 | 105,600.00 | -84,893.82 | 19.61% |
| Total 6401 · Directors' Fees | 19,588.71 | 105,600.00 | -86,011.29 | 18.55% |

San Bernardino Valley Water Conservation District
Profit & Loss To Date vs. Annual Budget

| | Jul - Nov 23 | Budget | \$ Over Budget | % of Budget |
|--|---------------|---------------|----------------|-------------|
| 6410 · Mileage | 278.39 | 4,840.00 | -4,561.61 | 5.75% |
| 6415 · Air Fare | 577.96 | 3,906.25 | -3,328.29 | 14.8% |
| 6420 · Other Travel | 82.83 | 605.00 | -522.17 | 13.69% |
| 6425 · Meals | 458.98 | 4,235.00 | -3,776.02 | 10.84% |
| 6430 · Lodging | 457.39 | 4,840.00 | -4,382.61 | 9.45% |
| 6435 · Conf/Seminar Registrations | 2,576.17 | 6,050.00 | -3,473.83 | 42.58% |
| Total 6400 · Board of Directors' Expenses | 24,020.43 | 130,076.25 | -106,055.82 | 18.47% |
| 6500 · Administrative/Staff Expenses | | | | |
| 6510 · Mileage | 2,530.23 | 2,750.00 | -219.77 | 92.01% |
| 6515 · Air Fare | 1,299.30 | 4,950.00 | -3,650.70 | 26.25% |
| 6520 · Travel, Other (rental car, taxi | 680.96 | 1,500.00 | -819.04 | 45.4% |
| 6525 · Meals | 1,233.77 | 4,500.00 | -3,266.23 | 27.42% |
| 6530 · Lodging | 3,382.25 | 6,500.00 | -3,117.75 | 52.04% |
| 6535 · Conf/Seminar Registrations | 14,975.00 | 29,875.00 | -14,900.00 | 50.13% |
| Total 6500 · Administrative/Staff Expenses | 24,101.51 | 50,075.00 | -25,973.49 | 48.13% |
| 9999 · Contribution to Capital Maint. | 0.00 | 220,000.00 | -220,000.00 | 0.0% |
| Total Expense | 1,749,829.88 | 5,425,218.10 | -3,675,388.22 | 32.25% |
| Net Ordinary Income | 1,745,921.21 | -60,293.13 | 1,806,214.34 | -2,895.72% |
| Other Income/Expense | | | | |
| Other Expense | | | | |
| 7000 · Construction | | | | |
| 7010 · Materials | 0.00 | 12,000.00 | -12,000.00 | 0.0% |
| Total 7000 · Construction | 0.00 | 12,000.00 | -12,000.00 | 0.0% |
| 7100 · Land & Buildings | | | | |
| 7110 · Property Capital Repairs | 24,157.38 | 387,999.50 | -363,842.12 | 6.23% |
| 7120 · Property-Land Purchase | 0.00 | 70,000.00 | -70,000.00 | 0.0% |
| 7126 · PERC Engr/Prof Services | 167,040.68 | 3,532,019.00 | -3,364,978.32 | 4.73% |
| 7130 · Mentone Property (House)-CapRep | 29,000.00 | 7,000.00 | 22,000.00 | 414.29% |
| 7140 · Mentone Property (Shop)-CapRep | 88,819.88 | 891,649.15 | -802,829.27 | 9.96% |
| 7150 · Mill Creek Diversion | 801,126.70 | 2,299,616.86 | -1,498,490.16 | 34.84% |
| 7151 · Mill Creek Permitting | 193,164.10 | 285,207.27 | -92,043.17 | 67.73% |
| 7160 · Mendoza Property | 0.00 | 137,000.00 | -137,000.00 | 0.0% |
| Total 7100 · Land & Buildings | 1,303,308.74 | 7,610,491.78 | -6,307,183.04 | 17.13% |
| 7200 · Equipment & Vehicles | | | | |
| 7210 · Computer Hardware-Capital Purch | 13,691.60 | 10,000.00 | 3,691.60 | 136.92% |
| 7220 · Computer Software | 5,263.06 | 1,000.00 | 4,263.06 | 526.31% |
| 7230 · Field Equipment / Vehicles | 0.00 | 225,000.00 | -225,000.00 | 0.0% |
| 7240 · Office Equipment | 10,885.34 | 54,400.00 | -43,514.66 | 20.01% |
| Total 7200 · Equipment & Vehicles | 29,840.00 | 290,400.00 | -260,560.00 | 10.28% |
| 7400 · Professional Services Capital | | | | |
| 7438 · Engineering Services-Other | 0.00 | 125,000.00 | -125,000.00 | 0.0% |
| Total 7400 · Professional Services Capital | 0.00 | 125,000.00 | -125,000.00 | 0.0% |
| Total Other Expense | 1,333,148.74 | 8,037,891.78 | -6,704,743.04 | 16.59% |
| Net Other Income | -1,333,148.74 | -8,037,891.78 | 6,704,743.04 | 16.59% |
| Net Income | 412,772.47 | -8,098,184.91 | 8,510,957.38 | -5.1% |



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Memorandum No.1989

To: Board of Directors

From: Betsy Miller, General Manager

Date: December 13, 2023

Subject: Approve Fiscal Year 2023 Audit

RECOMMENDATION

The Ad Hoc Audit Committee recommends the Board review and approve the Fiscal Year 2023 Audit Report as presented and direct the General Manager to file the Audit Report with the County Clerk.

BACKGROUND AND DISCUSSION

The Ad Hoc Audit Committee met on September 6, 2023, to discuss the audit and anticipated schedule and again on November 16, 2023, for a presentation on the draft report by the auditor. Staff has worked closely with the auditor to produce the materials for the audit. In general, the audit was similar to previous year reports, with the adoption of GASB 96 standards for District subscription-based information technology agreements incorporated into the current audit. The District's net position increased by 9.5% or \$1,254,191 during the period covered by the audit. No material misstatements were identified in the audit.

FISCAL IMPACT

Preparation of the FY23 Audit resulted in costs of \$29,800 from GL 5170 Audit, including an additional expense of \$2,250 for implementation assistance for GASB No. 96; the total cost exceeded the amount budgeted in GL 5170 Audit by \$1,300.

POTENTIAL MOTIONS

1. Move to approve the FY23 Audit Report as presented.
2. Move to table the item to a future meeting of the Board or Finance and Administration Committee.

ATTACHMENTS AND MATERIALS

Statement on Auditing Standards 114 Letter

Management Comment Letter

2023 Audit Report, Transmittal Letter, and Financial Statements

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David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller



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November 16, 2023

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

We have audited the financial statements of San Bernardino Valley Water Conservation District (the District) as of and for the year ended June 30, 2023 and have issued our report thereon dated November 16, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 26, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the possibility of the following significant risks:

Management's override of internal controls over financial reporting – Management override of internal controls is the intervention by management in handling financial information and making decisions contrary to internal control policy.

Revenue recognition – Revenue recognition is a generally accepted accounting principle that refers to the conditions under which an entity can recognize a transaction as revenue. Auditing standards indicate that recognizing revenue is a presumed fraud risk and usually classified as a significant risk in most audits.

These significant risks are presumptive in most audits and merit attention by the auditors due to the direct impact over financial reporting and internal control processes. Although identified as significant risks, we noted no matters of management override of controls or deviations from generally accepted accounting principles which caused us to modify our audit procedures or any related matters which are required to be communicated to those charged with governance due to these identified risks.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by San Bernardino Valley Water Conservation District is included in Note 1 to the financial statements. The District adopted GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, during fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of capital asset depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net pension liability and related deferred inflows and outflows of resources is based on actuarial reports provided by independent actuaries. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the net other post-employment benefit liability and any related deferred inflow and outflows are based on actuarial reports provided by the District using the alternative calculation method as allowed by the Governmental Accounting Standards Board. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of leases receivable, deferred inflows of resources related to leases, and lease amortization is based on present value calculations using certain terms and assumptions in the lease agreements in accordance with generally accepted accounting principles. Management's estimate of lease and subscription liabilities, right-to-use assets, and asset amortization is based on present value calculations using certain terms and assumptions in the lease/subscription agreements and estimated useful lives of assets in accordance with generally accepted accounting principles. We evaluated the key factors and assumptions used to develop the lease and subscription related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of accumulated depreciation in the notes to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the net pension liability and related pension information in the notes to the financial statements is based on actuarial assumptions which will differ from actual amounts in future periods.

The disclosure of the net other post-employment benefit liability and related information in the notes to the financial statements is based on actuarial assumptions, using the alternative calculation method, which will differ from actual amounts in future periods.

The disclosure of leases receivable, deferred inflows of resources related to leases, lease/subscription amortization, leases/subscription liabilities, right-to-use assets, and asset amortization in the basic financial statements is based on certain terms and assumptions in the lease agreements which could differ from actual amounts.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you any significant unusual transactions identified during our audit. We identified no such significant or unusual transactions during our audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

| Account | Description | Debit | Credit |
|--|--------------------------------|--------------|---------------|
| 4999 | Trust Reimbursement- Wash Plan | \$334,368.59 | |
| 1200 | Accounts Receivable | | \$334,368.59 |
| To reverse receivable and revenue already recognized under the due from wash plan account. | | | |

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 16, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the District's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
November 16, 2023



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

November 16, 2023

Rogers, Anderson, Malody & Scott, LLP
735 E Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of the San Bernardino Valley Water Conservation District (the District) as of June 30, 2023 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 16, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 12, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

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Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All components of net position are properly classified.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- We have evaluated all our lease agreements and have given you our assessment as to whether each lease agreement is subject to GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription Based IT Arrangements*.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to year end closing services that you provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - A written acknowledgement of all documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report.
 - A final version of the annual report (including all the documents that together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans. We have no reason to believe the District will not continue as a going

concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the District's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Use of a Specialist

- We agree with the findings of specialists in evaluating the calculation of the net pension liability, net OPEB liability and related deferred items and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Pension and Postretirement Benefits

- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the letter of transmittal and supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
- We believe the supplementary information, including its form and content, is fairly presented in accordance with any applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.
- When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Required Supplementary Information

With respect to the required supplementary information, as listed in the table of contents, accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP and any applicable Governmental Accounting Standards Board Statements.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with any applicable criteria.
- The methods of measurement or presentation have not changed from those used in the prior period.


Name


Title



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To the Management of the
San Bernardino Valley Water Conservation District
Redlands, California

In planning and performing our audit of the financial statements of San Bernardino Valley Water Conservation District (the District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated November 16, 2023, on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

Management Comment 2023-001

During our audit of the District, we identified instances where bank reconciliations were not signed and dated by the preparer and reviewer. A basic foundation of strong internal controls requires that bank reconciliations are prepared and approved by separate parties and that segregation of duties is documented.

Recommendation 2023-001:

We recommend the District implement such procedures where the preparation and approval of bank reconciliations are documented along with the date performed on the monthly bank reconciliations.

Management Response 2023-001:

Management has reviewed the bank reconciliations procedure and as recommended, has implemented additional measures to include stamped documentation with both the preparer's initials and date of reconciliation along with the District Manager's initials and date of review.

We believe that the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Rogers, Anderson, Malody & Scott, LLP.

November 16, 2023



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

ANNUAL FINANCIAL REPORT

JUNE 30, 2023



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2023

San Bernardino Valley Water Conservation District
Annual Financial Report
For the year ended June 30, 2023

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INTRODUCTORY SECTION



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

November 16, 2023

Board of Directors
San Bernardino Valley Water Conservation District

Introduction

On behalf of our team, it is my pleasure to submit the Annual Financial Report for the San Bernardino Valley Water Conservation District (District) for the fiscal year ending June 30, 2023, in accordance with Governmental Accounting Standards Board guidelines. The District is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this financial report. We believe that the data presented here are accurate in all material respects.

This report is intended to enhance understanding of the District's financial position and activities for the Board and public. The Introduction offers general information about the District's organization and current District activities and summarizes significant financial results. The Financial chapter includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A) of the District's basic financial statements, and the District's audited basic financial statements with accompanying notes.

Generally Accepted Accounting Principles (GAAP) require that District management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the MD&A section. This letter of transmittal is designed to complement the MD&A, located after the Independent Auditor's Report, and should be read in conjunction with it.

District Structure and Leadership

The San Bernardino Valley Water Conservation District is an independent special district operating under Division 21 of the California Water Code. The District's origins date to 1909 when local landowners joined together to form the Water Conservation Association to voluntarily conserve water across the region. Following a vote of the people in 1932, the District was created to serve as a successor agency to the Water Conservation Association. The District is governed by a five-member publicly elected Board of Directors representing the District's service area. The previously seven-member Board was reduced to five in December 2013 in an effort to limit expenses and support focus and efficiency in District operations. The General Manager reports to the Board and manages all day-to-day operations following powers established in Resolution 604 and the policies, procedures, strategies, goals, values, and priorities established by the Board of Directors. In addition to the General Manager, the District currently employs nine full-time employees, three in the field and six in the office. The District also has part-time employees and interns that assist the District with specific tasks and efforts; at present, we have two Environmental Interns, one Administrative Assistant, one Senior Engineer (retired annuitant), and one General Counsel role filled in a part-time capacity.

The District's Board of Directors meets at publicly-noticed meetings, generally once per month. While in-person meetings have resumed, we continue to provide remote attendance options – in addition to in-person attendance – to support public engagement.

In 2010, the Board approved the District's first Strategic Plan, which was developed with input from stakeholders in water, mining, environment, and local government. This strategic plan focuses the District's efforts and services in support of our communities, ratepayers, and partners. The Board approved updated Strategic Plans in 2013, 2017 and 2023. Each January, the Board approves a list of annual work priorities for staff based on the Strategic Plan.

District Services

The San Bernardino Valley Water Conservation District recharges groundwater to protect and augment the safe yield of the Bunker Hill Groundwater Basin by cities, water districts, and groundwater producers within and beyond the District's Service Area. To accomplish this mission, the District maintains 71 water percolation basins in two recharge facilities, or spreading grounds, located on over 3,600 acres owned, leased and/or managed by the District along Mill Creek and the Santa Ana River. In 2023, both the Inland Empire and California as a whole received significantly above-average precipitation. Between October 1, 2021, and September 30, 2022, the District recharged 73,729 acre feet or approximately 24 billion gallons from Santa Ana River and Mill Creek stormflows as well as imported water funded through the Groundwater Council. In addition, the limited winter rains provided the flows through the Plunge Creek Conservation Project, resulting in over 2,724 acre feet of groundwater recharge and restoration of upland and wetland habitats within the project area as shown below.

Significant Initiatives

The District leads or participates in several significant initiatives that shape our organizational and financial structures:

Partnership Program for Expansion of Recharge Capacity

In 2018, the District approved a partnership agreement to provide conservation easements to San Bernardino Valley Municipal Water District (SBVMWD) on behalf of the Upper Santa Ana River Habitat Conservation Plan (River HCP). This agreement allows the River HCP to record conservation easements on up to 295 acres owned by the District for habitat mitigation purposes. The agreement obligates revenue from the conservation easements for the development of new recharge facilities and related uses, termed the Program for Expansion of Recharge Capacity (PERC; formerly Active Recharge Transfer Projects). SBVMWD has funded purchase of conservation easements for all of the acreage at this time, and these funds have been used to prepare the conceptual engineering and feasibility studies necessary to evaluate development of new and expanded recharge facilities on lands held by the District and the San Bernardino County Flood Control District (Flood Control). To support this work, the District and Flood Control executed an MOU to partner in the assessment and development of these facilities. The ARTP Policy Committee, consisting of Board members from the District and SBVMWD, meets quarterly to provide direction on policy issues related to the agreement, and receive contracting, design and general progress updates. This program directly fulfills the Board's top strategic plan goal to increase groundwater recharge and is considered one of the most significant projects in the District's history.

Bunker Hill Basin Groundwater Council

In 2015, the District collaboratively established this voluntary council in partnership with the San Bernardino Valley Municipal Water District, which began operations in 2018. Together, the Council's member agencies contribute to purchase and recharge imported State Project water into the Bunker Hill Groundwater Basin. The Groundwater Council revenues replace the District's Groundwater Charge for member agencies, ensuring that the District's Groundwater Enterprise costs are covered in an equitable fashion by all groundwater users. In 2021, in response to a request from the Groundwater Council, the District evaluated, developed, and added a sustainability and replenishment

component to the Groundwater Charge for groundwater producers within the District's boundary. With the initial agreement set to expire in 2023, Council members have adopted a new agreement extending the Groundwater Council through June of 2024.

Mill Creek Diversion Debris Management Project

This capital improvement project was developed to address long-term maintenance issues with high storm flows and debris at the District's Mill Creek Diversion. The project will alter the existing facility to allow bypass of large debris in order to minimize the need for repairs and maintain the designed recharge capacity during severe storms while reducing costs and improving management alternatives under novel climate scenarios. With project design and CEQA analysis complete and all permits issued, construction began on August 14, 2023, with an expected completion date of December 15, 2023.

Upper Santa Ana River Wash Habitat Conservation Plan

The Upper Santa Ana River Wash Habitat Conservation Plan (Wash Plan) is a long-term environmental and infrastructure planning and permitting effort led by the District in consortium with a Task Force of local agencies. The Wash Plan was approved by the District Board on July 8, 2020, and was issued an Incidental Take Permit (ITP) from the U.S. Fish and Wildlife Service on July 13, 2020. The 30-year Wash Plan and ITP require significant restoration of habitat to support several endangered species such as San Bernardino kangaroo rat and Santa Ana River woolly star, while also allowing development of expanded water conservation facilities, mining, transportation, and trails. During the third year of implementation, the District conducted required biological monitoring and habitat management activities and pursued permits for Wash Plan Covered Activities under the California Endangered Species Act and the state and federal components of the Clean Water Act. Permits under these regulations are expected to be issued in Fiscal Year 2024.

Pension and Post-Employment Benefits

The District's Board approved an initial payoff of the Unfunded Accrued Actuarial Liability (UAAL) to CalPERS in Fiscal Year 2016 and has continued to approve paying any UAAL identified by CalPERS in each subsequent year. The Board continues to review CalPERS costs as their actuarial assumptions and returns change in order to fund this benefit liability fully; in the District's budget, these amounts are projected and budgeted as a benefit expense. In 2016, the Board also converted the Other Post-Employment Benefits (OPEB) Reserve into a CalPERS Employer Trust, which irrevocably holds funds to pay for the limited cost of eligible employee's health care until Medicare. In 2021, additional funding was added to the OPEB Trust based on a GASB 75 compliant actuarial analysis for full UAAL payment.

In 2019, the District Board funded explicit cost and implicit subsidy contained in unitary medical insurance premiums from the Association of California Water Agency's Joint Powers Insurance Authority. OPEB annuals costs are calculated by actuarial consultants using age, estimates of investment returns, and other assumptions to identify the most likely cost of benefits.

In 2022, the District Board approved participation in the California Employers' Pension Prefunding Trust (CEPPT) to pre-fund pension liabilities, which complies with IRS Section 115. Funds deposited in the CEPPT are irrevocable and may only be used for the specific purpose for which the trust was established.

Continued Policy Development

Most District policies and practices have been reviewed and updated within the past five years, and staff work together to improve District principles, policies, practices, and procedures wherever possible.

2023 Economic Condition

The local and regional economy in the area served by the District has been strong based on population growth and residential, commercial, and public development projects in recent years. Inflation continued to affect all sectors through 2023, including increased costs for materials from steel gates to gasoline, construction contracts, and labor for District projects and employees.

2023-2024 Economic Outlook

Global economic activity showed signs of improvement in the first two quarters of 2023, with emerging markets expected to drive growth. The federal government has increased interest rates with associated results on growth sectors. Locally, District initiatives such as the Wash Plan and increased groundwater recharge support local economic activities and contribute to increases in assessment values for San Bernardino County and local cities. For example, the Wash Plan provides permits for construction of several long-term infrastructure projects that will benefit the region over the next few years. The District expects continued cost increases due to inflation, while also recognizing significant interest revenue from investments due to higher interest rates.

Internal Control Structure

District executive management is responsible for establishing and maintaining internal control structures to ensure that District assets are protected from loss, theft, or misuse. This internal control structure is designed to provide reasonable assurance that these objectives are met with the District's limited staffing. The concept of reasonable assurance recognizes that: (1) The cost of a control should not exceed the benefits likely to be derived; and (2) The valuation of costs and benefits requires estimates and judgments by management. In addition, the internal control structure also provides the necessary accounting data for preparation of financial statements in conformity with generally accepted accounting principles. Components of this structure include a consolidated Procurement and Purchasing Policy, approved by the Board in 2018, along with implementation of all auditor recommendations. The District improves the clarity of financial reports wherever possible to increase transparency and documents its practices to allow the highest level of control possible.

Budgetary Control

The District's Board of Directors adopts an annual operating and capital budget prior to each new fiscal year. The budget authorizes spending, provides the basis for reporting, and controls financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting standards utilized by the District is consistent with the accrual basis of accounting and financial statements. The District issues licenses to reduce operating costs through public-private partnerships where possible.

The District uses an enterprise model for financial management and reserve accounting in order to provide clear internal accountability as well as public transparency into District finances. The Board reviews and revises – where necessary – the reserve and other policies, target reserve levels, and investment of the reserves each fiscal year.

Investment Policy

In 2019, the Board of Directors updated the Statement of Investment Policy with support from PFM Financial Management to add appropriate investment options for the management of PERC capital funds. The Statement of Investment Policy assures safety, liquidity, and yield, and conforms to state law, District ordinances, and prudent money management principles. District funds are invested in the CalTrust Joint Powers Authority, California Asset Management Program, various certificates of deposit, U.S. Treasuries, and U.S. Agency Securities. The Board receives quarterly reports on all investment balances and returns.

District Revenues

State law and District policy ensure that all revenues generated from District groundwater charges support District operations. Groundwater charge rates are set in accordance with California Water

Code Section 75500 and are levied on all groundwater-producing facilities within the District boundaries. The Groundwater Charge, which has historically been the primary component of the District's revenue, has been replaced in part by more stable income received through the Groundwater Council. The Groundwater Charge, which was revised to include a sustainability and replenishment component in 2021, continues to be assessed on all producers who are not members of the Groundwater Council. The sustainability and replenishment funds collected as part of the District's Groundwater Charge are kept in reserve until State Project water is available from SBVMWD for recharge purposes. The District also has agreements with other entities for payment or reimbursement for the cost of recharge of water on their behalf.

Royalties on aggregate mining, rent from property leases, sale of easements, property tax, and interest on reserves complete the non-rate revenues of the District. The District renewed its mining lease with CEMEX in 2020. Staff is also working with another leaseholder, Robertson's Ready Mix, to begin mining on District land after Wash Plan and other permits are obtained in order to retire the prepaid royalty.

District Investments

The District's General Manager authorized changes to reserves and investments during the year in accordance with the Statement of Investment Policy. Staff moved investment funds primarily as higher interest rates became available and as Certificate of Deposit (CD) terms expired. Funds on loan to the Wash Plan via the Trust, to be repaid by Wash Plan Participating Entities upon permit issuance, were partially repaid with the remainder to be repaid to the District when the loan is called. In addition, investments are made based on District cash-flow needs to ensure funds are available for capital projects such as the PERC feasibility studies. The District will continue to monitor rates of investment returns and opportunities to generate funds through investments.

Audit and Financial Reporting

State laws require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Rogers, Anderson, Malody & Scott, LLP has conducted an audit of the District's financial statements, which is included as the unmodified Independent Auditor's Report in the financial section of this report.

Other References

More information is contained in the MD&A section, along with Notes to the Basic Financial Statements documentation in the financial section of the report.

Acknowledgments

This report was prepared through the combined efforts of District staff. We appreciate the dedicated efforts and professionalism shown by the team from Rogers, Anderson, Malody & Scott, LLP. We also wish to thank the Ad Hoc Audit Committee members and the Board of Directors for their continued support in the planning and implementation of the San Bernardino Valley Water Conservation District's fiscal policies.

Respectfully submitted,



Betsy Miller
General Manager



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

San Bernardino Valley Water Conservation District Board of Directors as of June 30, 2023

| Name | Division | Title | Current Term Ending |
|---------------------------|----------|----------------|---------------------|
| Melody Henriques-McDonald | 5 | President | December 14, 2026 |
| Robert Stewart | 3 | Vice-President | December 11, 2024 |
| Richard Corneille | 1 | Director | December 9, 2024 |
| John Longville | 4 | Director | December 14, 2026 |
| David E. Raley | 2 | Director | December 14, 2026 |

San Bernardino Valley Water Conservation District
Betsy Miller, General Manager
1630 West Redlands Blvd., Suite A
Redlands, California 92373
(909) 793-2503 - www.sbvacd.org

FINANCIAL SECTION



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

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909 889 5361 F
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Independent Auditor's Report

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Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Board of Directors
San Bernardino Valley Water Conservation District
Redlands, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the fiduciary fund of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

Basis for opinions

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

Emphasis of Matter

As discussed in Note 1 of the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Prior year Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed an unmodified opinion in our report dated December 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of operating revenues and expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of operating revenues and expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

November 16, 2023
San Bernardino, California

San Bernardino Valley Water Conservation District

Management's Discussion and Analysis

For the year ended June 30, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the San Bernardino Valley Water Conservation District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

The District's net position increased 9.5% or \$1,254,191 in fiscal year 2022-23 as the result of overall operations.

The District's operating revenues for fiscal year 2022-23 were \$2,014,466, which was \$1,594,302 less than its operating expenses of \$3,608,768. Depreciation and amortization expense was \$122,469 and net nonoperating income was \$2,970,962 resulting in a net change in net position of \$1,254,191.

Required Financial Statements

This annual report consists of a series of financial statements. The statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The statement of net position includes all of the District's investments in resources (assets and deferred outflows) and the obligations to creditors (liabilities and deferred inflows). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness.

The statement of cash flows provides information about the District's cash receipts and cash payments during the reporting period. The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, noncapital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

In addition, the financial statements include a statement of fiduciary net position - agency fund, which reports the assets and liabilities of the Wash Plan. The annual report also includes required supplementary information and other supplementary information.

San Bernardino Valley Water Conservation District

Management's Discussion and Analysis

For the year ended June 30, 2023

Financial Analysis of the District

The analysis in this section is focused on the primary activities of the District and does not include agency fund balances and activities, such as the Wash Plan.

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the District in a way that helps answer this question.

These two statements report the District's *net position* and changes in it. One can think of the District's net position - the difference between assets and deferred outflows less liabilities and deferred inflows - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation and regulation. Changes in state waterboard rules for wetlands and dredge and fill materials could impact District costs.

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on the pages as listed in the table of contents.

San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2023

Condensed Statements of Net Position (in thousands)

| | 2023 | 2022 | 2021 | Change 2022 | | Change 2021 | |
|--|-----------|-----------|-----------|-------------|--------|-------------|--------|
| | | | | Amount | % | Amount | % |
| Assets: | | | | | | | |
| Current | \$ 46,481 | \$ 45,917 | \$ 27,925 | \$ 564 | 1.2% | \$ 17,992 | 64.4% |
| Non-current | 1,470 | 2,107 | 1,707 | (637) | -30.2% | 400 | 23.4% |
| Capital, net | 10,142 | 8,370 | 7,390 | 1,772 | 21.2% | 980 | 13.3% |
| Total assets | 58,093 | 56,394 | 37,022 | 1,699 | 3.0% | 19,372 | 52.3% |
| Deferred outflow of resources | | | | | | | |
| Pension | 829 | 959 | 683 | (130) | -13.6% | 276 | 40.4% |
| OPEB | 220 | 197 | 180 | 23 | 11.7% | 17 | 0.0% |
| Total deferred outflow of resources | 1,049 | 1,156 | 863 | (107) | -9.3% | 293 | 34.0% |
| Total assets and deferred outflow | 59,142 | 57,550 | 37,885 | 1,592 | 2.8% | 19,665 | 51.9% |
| Liabilities: | | | | | | | |
| Current | 700 | 568 | 248 | 132 | 23.2% | 320 | 129.0% |
| Other non-current | 42,162 | 41,910 | 24,169 | 252 | 0.6% | 17,741 | 73.4% |
| Total liabilities | 42,862 | 42,478 | 24,417 | 384 | 0.9% | 18,061 | 74.0% |
| Deferred inflow of resources | | | | | | | |
| Pension | 174 | 232 | 88 | (58) | -25.0% | 144 | 163.6% |
| OPEB | 193 | 141 | 245 | 52 | 36.9% | (104) | 0.0% |
| Leases | 1,500 | 1,541 | 1,646 | (41) | -2.7% | (105) | 0.0% |
| Total deferred inflow of resources | 1,867 | 1,914 | 1,979 | (47) | -2.5% | (65) | -3.3% |
| Total liabilities and deferred outflow | 44,729 | 44,392 | 26,396 | 337 | 0.8% | 17,996 | 68.2% |
| Net position (restated): | | | | | | | |
| Net investment in capital assets | 10,119 | 8,354 | 7,390 | 1,765 | 21.1% | 964 | 13.0% |
| Unrestricted | 4,294 | 4,805 | 4,099 | (511) | -10.6% | 706 | 17.2% |
| Total net position | \$ 14,413 | \$ 13,159 | \$ 11,489 | \$ 1,254 | 9.5% | \$ 1,670 | 14.5% |

Amounts may not foot due to rounding

The total net position of the District may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of the District exceeded liabilities plus deferred inflows by \$14,412,946 and \$13,158,755 as of June 30, 2023, and 2022, respectively.

Capital assets represent 70.2% as of June 30, 2023, and 63.5% as of June 30, 2022, of the total net position. Capital assets such as basins and appurtenances are used to provide services to groundwater producers within the District's service area; consequently, these assets are not available for future spending.

At the end of fiscal years 2022-23 and 2021-22, the District showed a positive balance in its unrestricted net position of \$4,293,536 and \$4,804,863, respectively. The District's investment of cash reserve funds represents the largest portion of the District's net position which may be utilized in future years for capital projects or operations costs in accordance with the District's reserve policy.

San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2023

Condensed Statements of Revenues, Expenses and Changes in Net Position
(in thousands)

| | 2023 | 2022 | 2021 | Change 2022 | | Change 2021 | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|----------------|---------------|
| | | | | Amount | % | Amount | % |
| Revenues: | | | | | | | |
| Operating | \$ 2,014 | \$ 1,814 | \$ 1,684 | \$ 200 | 11.0% | \$ 130 | 7.7% |
| Nonoperating | 3,198 | 1,461 | 1,922 | 1,737 | 118.9% | (461) | -24.0% |
| Total revenues | <u>5,212</u> | <u>3,275</u> | <u>3,606</u> | <u>1,937</u> | <u>59.1%</u> | <u>(331)</u> | <u>-9.2%</u> |
| Expenses | | | | | | | |
| Operating | 3,609 | 1,342 | 1,653 | 2,267 | 168.9% | (311) | -18.8% |
| Depreciation | 122 | 106 | 84 | 16 | 15.1% | 22 | 26.2% |
| Nonoperating | 227 | 167 | 124 | 60 | 35.9% | 43 | 34.7% |
| Total expenses | <u>3,958</u> | <u>1,615</u> | <u>1,861</u> | <u>2,343</u> | <u>145.1%</u> | <u>(246)</u> | <u>-13.2%</u> |
| Change in net position | <u>\$ 1,254</u> | <u>\$ 1,660</u> | <u>\$ 1,745</u> | <u>\$ (406)</u> | <u>-24.5%</u> | <u>\$ (85)</u> | <u>-4.9%</u> |

Amounts may not foot due to rounding

The statement of revenues, expenses, and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased by \$1,254,191 and \$1,658,796 in fiscal years ended June 30, 2023, and 2022, respectively.

A closer examination of the sources of changes in net assets reveals that:

- The District's net position increased 9.5% or \$1,254,191 to \$14,412,946 in fiscal year 2022-23 as the result of operations. In 2022, the District's net position increased 14.4% or \$1,658,796 as a result of operations.
- The District's operating revenues increased by 11.1% or \$200,688 in 2023 primarily due to increased revenue from groundwater charge assessments.
- The District's nonoperating revenues increased by 118.98% or \$1,737,765 in 2023 primarily due to a \$1,783,571 increase in investment earnings and a \$83,657 decrease in royalties income from existing contracts. The District's nonoperating revenues decreased by 24.0% or \$461,570 in 2022 primarily due to a \$250,317 decrease in investment earnings, a \$201,765 increase in royalties income from existing contracts and a decrease in other nonoperating revenues of \$443,223 related to prior year completion of the Plunge Creek Water Recharge and Habitat Improvement project and project salary reimbursements.

San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2023

- The District's operating expenses increased 168.9% or \$2,266,528 in 2023 primarily due to costs of \$1,442,122 for PERC Feasibility Studies, \$126,674 for Mill Creek Diversion and Debris Management Improvement Project construction, \$198,618 for Mill Creek Groundwater Recharge Facility environmental permitting and \$46,031 for the new Mentone Shop building. The District's operating expenses decreased 18.8% or \$310,903 in 2022 primarily due to a decrease of \$642,054 in District operations related to the decrease in PERS contributions, legal fees, repairs and maintenance offset by an increase in General and administrative costs of \$333,014 related to state permitting fees, Director fees/expenses, outreach and field shop improvements.
- The District's nonoperating expenses increased 35.9% or \$59,698. The increase is primarily due to higher rental property expenses. In 2022, the District's nonoperating expenses increased 4.6% or \$42,910. The increase is primarily due to higher rental property expenses.

Capital Asset Administration

At the end of fiscal years 2022-23 and 2021-22, the District's net investment in capital assets amounted to \$10,141,859 and \$8,370,218, respectively. This investment in capital assets includes land, diversion facilities, recharge basins, buildings, equipment, and vehicles. Major capital asset additions during the year included progress of the Mill Creek Diversion Project and PERC projects, Mentone Shop, buildings improvements and purchase of office equipment. At June 30, 2023 total nondepreciable assets include land of \$4,194,154 and \$3,877,836 of construction in progress. Major capital asset additions in 2022 included progress of the Mill Creek Diversion Project and ARTP projects, field shop equipment, buildings improvements and purchase of office equipment.

Changes in capital assets in 2023 were as follows:

| | Balance 2022 | Additions | Deletions | Balance 2023 |
|--|---------------------|---------------------|--------------------|----------------------|
| Capital assets: | | | | |
| Nondepreciable | \$ 6,247,730 | \$ 1,852,484 | \$ (28,224) | \$ 8,071,990 |
| Depreciable | 3,789,415 | 103,703 | (75,947) | 3,817,171 |
| Accumulated depreciation and amortization | (1,666,927) | (156,322) | 75,947 | (1,747,302) |
| Totals | <u>\$ 8,370,218</u> | <u>\$ 1,799,865</u> | <u>\$ (28,224)</u> | <u>\$ 10,141,859</u> |

San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2023

Changes in capital assets in 2022 were as follows:

| | Balance 2021 | Additions | Deletions | Balance 2022 |
|--|---------------------|-------------------|-------------|---------------------|
| Capital assets: | | | | |
| Nondepreciable | \$ 5,181,919 | \$ 1,065,811 | \$ - | \$ 6,247,730 |
| Depreciable | 3,734,974 | 54,441 | - | 3,789,415 |
| Accumulated depreciation and amortization | (1,526,962) | (139,965) | - | (1,666,927) |
| Totals | <u>\$ 7,389,931</u> | <u>\$ 980,287</u> | <u>\$ -</u> | <u>\$ 8,370,218</u> |

District Cash Reserves

The District builds, maintains and uses reserves to prepare for expected and unexpected costs. In accordance with the District's reserve policy, funds are accumulated and allocated based on enterprise performance and policy targets set by the Board based on benchmarks, best practices and risk. Reserves, from time to time, may greatly exceed the minimums or targets set by the Board for many reasons. Likewise, some reserves fall below the target level, because they are intended to be funded over many years and have not yet been fully funded. The Board annually reviews the reserve policy and revises targets or reallocates funds to reserves. Additionally, it should be noted that the Prepaid Royalties Liability is unearned revenue related to a deposit of funds in anticipation of aggregate mining under the Wash Plan. The PERC Projects-formerly Active Recharge TP are also unearned revenue related to the anticipated mitigation requirements for the Upper Santa Ana River Habitat Conservation Plan. Beginning in 2015, the Board began adjusting several reserve levels in anticipation of Capital Projects. Reserves that are currently above their target levels include Groundwater Recharge Enterprise Reserve, Groundwater ER Maintenance Reserve, and Capital Improvement/Equipment Reserve, which contain deferred capital project costs anticipated for future fiscal years. The Land Resources Reserve has a negative balance to land purchases. This reserve will be refunded through conservation easement or other land sales.

| Reserve | Target | Balance | % Funded |
|---|----------------------|----------------------|----------|
| Groundwater Recharge Enterprise Reserve | \$ 1,250,000 | \$ 1,691,116 | 135% |
| Groundwater ER Maintenance Reserve | 250,000 | 350,000 | 140% |
| GWA Rate Stabilization | 200,000 | 200,000 | 100% |
| GW Sustainability Charge Fund Reserve | 16,260 | 16,260 | 100% |
| Redlands Plaza Reserve | 81,418 | (127,127) | -156% |
| Land Resources Reserve | 816,743 | (2,888,027) | -354% |
| General Liability Fund Reserve | 1,250,000 | 736,683 | 59% |
| Self Insurance Reserve | 50,000 | 40,000 | 80% |
| Compensated Absences Reserve | 175,000 | 95,240 | 54% |
| Capital Improvement/Equipment Reserve | 750,000 | 2,424,334 | 323% |
| Prepaid Royalties Reserve | 5,000,000 | 5,000,000 | 100% |
| PERC Projects-formerly Active Recharge TP | 36,875,000 | 35,114,065 | 95% |
| DR Horton Trespass Reparations Deposit | 218,138 | 218,138 | 100% |
| Total | <u>\$ 46,932,559</u> | <u>\$ 42,870,682</u> | 91% |

San Bernardino Valley Water Conservation District
Management's Discussion and Analysis
For the year ended June 30, 2023

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, assets or operating results based on past, present and future events.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please review the District website at www.sbvwd.org or contact the District's General Manager at 1630 West Redlands Blvd., Suite A, Redlands, CA 92373.

BASIC FINANCIAL STATEMENTS

San Bernardino Valley Water Conservation District
Statements of Net Position
June 30, 2023 (with comparative data for 2022)

| | 2023 | 2022 |
|---|------------|---------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 746,796 | \$ 19,495,043 |
| Investments | 42,123,886 | 23,440,203 |
| Accrued interest receivable | 191,476 | 57,387 |
| Accounts receivable, net | 320,029 | 334,004 |
| Assessments receivable - groundwater charges | 366,047 | 278,944 |
| Notes receivable | - | 1,086 |
| Lease receivable | 155,046 | 147,771 |
| Due from other funds | 2,543,620 | 2,119,186 |
| Prepaid expenses | 33,761 | 43,815 |
| Total current assets | 46,480,661 | 45,917,439 |
| Noncurrent assets: | | |
| Notes receivable | 6,579 | 6,213 |
| Lease receivable | 1,427,852 | 1,441,328 |
| Net OPEB asset | 35,933 | 45,161 |
| Net pension asset | - | 614,710 |
| Capital assets, not being depreciated: | | |
| Land and land improvements | 4,194,154 | 4,162,862 |
| Construction in progress | 3,877,836 | 2,084,868 |
| Capital assets, being depreciated, net: | | |
| Buildings and improvements | 627,794 | 643,963 |
| Vehicles and Equipment | 1,312,823 | 1,307,754 |
| Spreading basins | 103,659 | 147,986 |
| Right to use - Lease & SBITA | 25,593 | 22,785 |
| Total noncurrent assets | 11,612,223 | 10,477,630 |
| Total assets | 58,092,884 | 56,395,069 |
| Deferred outflows of resources | | |
| Deferred outflows of resources - pension | 829,034 | 958,697 |
| Deferred outflows of resources - OPEB | 219,656 | 196,665 |
| Total deferred outflows of resources | 1,048,690 | 1,155,362 |
| Total assets and deferred outflows of resources | 59,141,574 | 57,550,431 |

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Water Conservation District
Statements of Net Position (continued)
June 30, 2023 (with comparative data for 2022)

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------------|-----------------------------|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 340,320 | \$ 438,512 |
| Accrued wages and related payables | 25,794 | 25,207 |
| Customer deposits for rentals | 230,348 | 32,767 |
| Compensated absences payable | 95,240 | 67,480 |
| Leases Payable | 3,598 | 3,559 |
| SBITA Payable | <u>4,789</u> | <u>-</u> |
| Total current liabilities | <u>700,089</u> | <u>567,525</u> |
| Noncurrent liabilities: | | |
| Unearned revenue | 41,876,873 | 41,875,000 |
| Net pension liability | 231,088 | - |
| Compensated absences payable | 39,544 | 21,923 |
| Leases Payable | 9,169 | 12,767 |
| SBITA Payable | <u>4,893</u> | <u>-</u> |
| Total noncurrent liabilities | <u>42,161,567</u> | <u>41,909,690</u> |
| Total liabilities | <u>42,861,656</u> | <u>42,477,215</u> |
| Deferred inflows of resources | | |
| Deferred inflows of resources - pension | 174,409 | 232,378 |
| Deferred inflows of resources - OPEB | 192,867 | 140,671 |
| Deferred inflows of resources - leases | <u>1,499,696</u> | <u>1,541,412</u> |
| Total deferred inflows of resources | <u>1,866,972</u> | <u>1,914,461</u> |
| Net position | | |
| Net investment in capital assets | 10,119,410 | 8,353,892 |
| Unrestricted | <u>4,293,536</u> | <u>4,804,863</u> |
| Total net position | <u><u>\$ 14,412,946</u></u> | <u><u>\$ 13,158,755</u></u> |

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Water Conservation District
Statements of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2023 (with comparative data for 2022)

| | 2023 | 2022 |
|---|---------------|---------------|
| Operating revenues | | |
| Groundwater assessments | \$ 1,513,837 | \$ 1,351,966 |
| Operating agreements | 464,629 | 431,811 |
| Services to other agencies | 36,000 | 30,000 |
| Total operating revenues | 2,014,466 | 1,813,777 |
| Operating expenses | | |
| District operations | 3,244,753 | 789,195 |
| Regional programs | 57 | 2,419 |
| General and administrative | 363,958 | 550,625 |
| Total operating expenses | 3,608,768 | 1,342,239 |
| Operating loss before depreciation and amortization | (1,594,302) | 471,538 |
| Depreciation and amortization expense | 122,469 | 106,112 |
| Total depreciation and amortization | 122,469 | 106,112 |
| Operating income (loss) | (1,716,771) | 365,426 |
| Nonoperating revenues and (expenses) | | |
| Property taxes | 213,834 | 190,609 |
| Investment earnings (loss) | 1,575,848 | (207,723) |
| Royalties | 1,138,129 | 1,221,786 |
| Rental property income | 253,269 | 232,344 |
| Rental property expense | (226,902) | (167,204) |
| Interest expense | (475) | - |
| Other nonoperating revenues and expenses | 17,259 | 23,558 |
| Total nonoperating revenues/(expenses) | 2,970,962 | 1,293,370 |
| Change in net position | 1,254,191 | 1,658,796 |
| Net position, beginning of year, as restated | 13,158,755 | 11,499,959 |
| Net position, end of year | \$ 14,412,946 | \$ 13,158,755 |

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Water Conservation District
Statements of Cash Flows
For the year ended June 30, 2023 (with comparative data for 2022)

| | 2023 | 2022 |
|---|--------------|---------------|
| Cash flows from operating activities | | |
| Cash received from groundwater assessments and other agencies | \$ 1,929,236 | \$ 20,008,046 |
| Cash payments for services and supplies | (1,202,583) | (847,504) |
| Cash payments to employees for salaries and wages | (1,464,206) | (1,510,449) |
| Proceeds from royalty income | 1,152,104 | 1,265,084 |
| Other lease revenue, net of expenses | 79,069 | 16,747 |
| Other operating | 17,259 | 23,558 |
| Net cash provided by for operating activities | 510,879 | 18,955,482 |
| Cash flows from noncapital financing activities | | |
| Property taxes | 213,834 | 190,609 |
| Advances to Wash Plan | (424,434) | (177,636) |
| Net cash provided by (used) for noncapital financing activities | (210,600) | 12,973 |
| Cash flows from capital and related financing activities | | |
| Acquisition and construction of capital assets | (1,941,819) | (1,093,003) |
| Principal paid on lease/subsorption | (8,245) | - |
| Interest paid on lease/subsorption | (475) | - |
| Payments for lease receivable | 143,217 | 83,776 |
| Net cash used for capital and related financing activities | (1,807,322) | (1,009,227) |
| Cash flows from investing activities | | |
| Payments received on notes receivable | 720 | 684 |
| Purchase of investments | (38,971,530) | (322,583) |
| Proceeds from investments | 20,287,847 | (643,259) |
| Investment income | 1,441,759 | (261,326) |
| Net cash used for investing activities | (17,241,204) | (1,226,484) |
| Net increase (decrease) in cash and cash equivalents | (18,748,247) | 16,732,744 |
| Cash and cash equivalents, beginning of year | 19,495,043 | 2,762,299 |
| Cash and cash equivalents, end of year | \$ 746,796 | \$ 19,495,043 |

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Water Conservation District
Statements of Cash Flows (continued)
For the year ended June 30, 2023 (with comparative data for 2022)

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|----------------------|
| Reconciliation of operating income (loss) | | |
| to net cash provided by (used) for | | |
| operating activities | | |
| Operating income (loss) | \$ (1,716,771) | \$ 365,426 |
| Adjustments to reconcile operating income (loss) | | |
| to net cash provided by (used) for operating activities: | | |
| Depreciation/Amortization | 122,469 | 106,112 |
| Discontinued construction in progress | 28,224 | - |
| Royalty income | 1,152,104 | 1,265,084 |
| Rental revenue, net of expenses | 79,069 | 16,747 |
| Miscellaneous income | 17,259 | 23,558 |
| (Increase) decrease in assets and deferred | | |
| outflows of resources: | | |
| Assessments receivable - groundwater charges | (87,103) | (90,817) |
| Prepaid expenses | 10,054 | (3,471) |
| Net other post-employment benefits asset | 9,228 | 118,397 |
| Net pension asset | 614,710 | (614,710) |
| Deferred outflows of resources - pension | 129,663 | (275,840) |
| Deferred outflows of resources - OPEB | (22,991) | (16,174) |
| Increase (decrease) in liabilities and deferred | | |
| inflows of resources: | | |
| Accounts payable and accrued expenses | (98,192) | 267,860 |
| Accrued wages and related payables | 587 | 7,682 |
| Deferred revenues | 1,873 | 18,285,085 |
| Compensated absences payable | 45,381 | (118,274) |
| Net pension liability | 231,088 | (421,265) |
| Deferred inflows of resources - pension | (57,969) | 144,112 |
| Deferred inflows of resources - OPEB | 52,196 | (104,030) |
| Net cash provided by operating activities | <u>\$ 510,879</u> | <u>\$ 18,955,482</u> |
| Noncash, investing, capital and financing activities | | |
| Change in fair value of investments | <u>\$ (41,910)</u> | <u>\$ (41,910)</u> |
| Subscription liabilities | <u>\$ 14,368</u> | <u>\$ -</u> |
| Subscription acquisition | <u>\$ (14,368)</u> | <u>\$ -</u> |
| Lease receivable | <u>\$ (137,016)</u> | <u>\$ -</u> |
| Deferred inflow of resources - Lease | <u>\$ 137,016</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Water Conservation District
Statements of Fiduciary Net Position - Fiduciary Fund
June 30, 2023 (with comparative data for 2022)

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|------------------------------|------------------------------|
| Assets | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities | | |
| Advances from District for Wash Plan | <u>2,543,620</u> | <u>2,119,186</u> |
| Total liabilities | <u>2,543,620</u> | <u>2,119,186</u> |
| Net position (deficit) | <u><u>\$ (2,543,620)</u></u> | <u><u>\$ (2,119,186)</u></u> |

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Water Conservation District
Statements of Changes in Fiduciary Net Position - Fiduciary Fund
For the year ended June 30, 2023 (with comparative data for 2022)

| | <u>2023</u> | <u>2022</u> |
|---|------------------------------|------------------------------|
| Additions | <u>\$ 61,601</u> | <u>\$ 535,096</u> |
| Deductions | | |
| Professional services | 289,899 | 480,359 |
| Allocated District expenses: | | |
| Salaries and benefits | <u>196,136</u> | <u>232,373</u> |
| Total Deductions | <u>486,035</u> | <u>712,732</u> |
| Net position (deficit), beginning of year | <u>(2,119,186)</u> | <u>(1,941,550)</u> |
| Net position (deficit), end of year | <u><u>\$ (2,543,620)</u></u> | <u><u>\$ (2,119,186)</u></u> |

The accompanying notes are an integral part of these financial statements.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The San Bernardino Valley Water Conservation District (District) was formed in 1932 under the statutory authority of the California Water Code. Its function is to conduct water spreading operations by capturing water flows of the Santa Ana River and Mill Creek. Spreading enables the water to percolate into the groundwater basin for the benefit of all producers.

The District is comprised of approximately 50,000 acres of land. Within its boundaries are several municipal water purveyors, public utilities and other (mutual and private) companies who supply water needs. The source of such water is the groundwater basin underlying the District, of which an average of 150,000 acre-feet per year are extracted through more than 200 producing wells by more than 50 different producers.

The District is governed by a five-member Board of Directors elected by the citizens residing within the District's service boundaries.

The District also has 2 members on the San Bernardino Valley Conservation Trust (the Trust) board of directors. The Trust is a nonprofit 501(c)(3) charitable trust. The Trust does not meet the definition of a component unit, so none of the Trust's financial information is presented in these financial statements.

B. Basis of Accounting

The accounting records of the District are maintained on the accrual basis of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period incurred. The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through groundwater assessments, capital grants and similar funding.

Operating revenues and expenses result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses are reported as nonoperating revenues and expenses.

The District also maintains a fiduciary fund for reporting the Wash Plan assets and liabilities. A Task Force was established under the leadership of the District to coordinate land uses within the wash area. The members include the District, the County of San Bernardino, the Cities of Highland and Redlands, the San Bernardino Valley Municipal Water District, East Valley Water District and two aggregate miners. The Wash Plan is accounted for as a custodial fund.

Both the enterprise fund and the fiduciary fund report using an economic resources measurement focus.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Accounting Pronouncements

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting.

D. Net Position

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

- (1) **Net Investment in Capital Assets** - Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) **Restricted** - Restricted consists of assets that have restrictions placed on their use by external constraints imposed either by creditors (debt covenants), grantors, contributors or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- (3) **Unrestricted** - Unrestricted consists of any remaining balance of the District's net position that do not meet the definition of restricted or net investment in capital assets.

The District's policy is to first apply disbursements to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

E. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues, and expenses, and disclose material contingent liabilities existing at the date of the financial statements. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest-bearing accounts. The District considers all cash and cash deposits, investment in the State Treasurer's Local Agency Investment Fund and other investments with initial maturities of less than 90 days at the date of purchase to be cash and cash equivalents in the presentation of the District's financial statements.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Investments

Investments are stated at fair value based on quoted market prices. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

H. Property Taxes and Assessments

Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31.

The District assesses its property taxes through the County tax rolls. Property taxes are recognized as revenue in the period for which they are levied.

I. Compensated Absences

District employees earn vacation and sick leave in varying amounts based on length of service. The District records the cost of vested vacation and sick leave as it is earned. Vacation pay is payable to employees at the time vacation is taken or upon termination of employment. Employees may receive payment for unused sick leave upon termination according to a predetermined vesting schedule.

J. Concentrations

The District has two primary sources of revenue. One is the groundwater charge levied to entities that extract water from the groundwater basin underlying the District. The amount of rainfall in the area as well as additional allocations of state project water to the neighboring water districts can have a significant effect on the amount of water extracted. The second major source of revenue is from mining activities in District property. The level of building activity in the region may have significant impact on royalties from mining activities.

K. Receivables

The allowance for doubtful accounts is \$-0- because management believes all receivables are collectible.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$1,000 and an estimated useful life of five years. Donated assets are measured at acquisition value at the date of acquisition. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|--------------------------------|--------------|
| Buildings | 40-50 years |
| Vehicles and equipment | 5-10 years |
| Office equipment | 5-10 years |
| Field equipment | 5-10 years |
| Recharge basins and facilities | 30-50+ years |
| Improvements | |
| Structural | 40 years |
| Furnishings | 10 years |

M. Budgetary Policies

The District adopts an annual non appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

N. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Measurement Period | July 1, 2021 to June 30, 2022 |

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

GASB 75 require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|-------------------------|-------------------------------|
| Valuation Date (VD) | June 30, 2023 |
| Measurement Date (MD) | June 30, 2023 |
| Measurement Period (MP) | July 1, 2022 to June 30, 2023 |

P. Implementation of New GASB Pronouncement (GASB 96)

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96 – *Subscription Based IT Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a lessee is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures for capital assets and subscription liability.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 and 2022 are classified in the statements of net position as follows:

| | 2023 | 2022 |
|----------------------------|----------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 746,796 | \$ 19,495,043 |
| Investments | 42,123,886 | 23,440,203 |
| Total cash and investments | <u>\$ 42,870,682</u> | <u>\$ 42,935,246</u> |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

2. CASH AND INVESTMENTS (continued)

Cash and investments as of June 30, 2023 and 2022 consisted of the following:

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Deposits with financial institutions | \$ 746,796 | \$ 858,946 |
| Deposits held with California Local Agency Investment Fund | - | 18,636,097 |
| Certificates of deposit | 476,005 | 1,453,718 |
| US Treasuries | 8,481,480 | - |
| US Agency Securities | 11,819,985 | - |
| Deposits held with fiscal agents: | | |
| California Asset Management Program | 18,040,618 | 18,786,013 |
| CalTrust Short-term fund | 3,305,798 | 3,200,472 |
| | <u>\$ 42,870,682</u> | <u>\$ 42,935,246</u> |
| Total cash and investments | <u>\$ 42,870,682</u> | <u>\$ 42,935,246</u> |

A. Investments Authorized by the California Government Code and the District's Investment Policy

Under provisions of the District's investment policy and in accordance with Section 53601 of the California Government Code (Code), the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies;
- Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies;
- State of California - Local Agency Investment Fund;
- Local Government Investment Pools (LGIPs) (Investment Trust of California (CalTrust) and California Asset Management Program (CAMP)).
- Checking accounts or passbook savings account demand deposits; and
- Money market mutual funds.

The District's investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The District's investment policy does not contain any specific provisions intended to limit the District's allowable deposits or investments or address the specific types of risk to which the government is exposed, including its exposure to a concentration of credit risk.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

2. CASH AND INVESTMENTS (continued)

B. Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Code under the oversight of the Treasurer of the State of California. The District's investment in this pool is reported in the accompanying financial statements at amounts based on the District's pro rata share of the value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2023, the District's investment in LAIF was \$0. At June 30, 2022, the District's investment in LAIF was \$18,636,097. The District may invest up to \$75,000,000 in the LAIF fund. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

C. Investment Trust of California (CalTrust)

CalTrust is organized as a Joint Powers Authority established by public agencies in California for the purpose of pooling and investing local agency funds. A Board of Trustees supervises and administers the investment program of the Trust. CalTrust has four pools: money market account, short-term, medium-term and long-term. The District has deposits in the Short-Term Fund as of June 30, 2023 and 2022. The District is a voluntary participant in CalTrust. District's investments in these pools are reported in the accompanying financial statements at net asset value based on the District's pro rata share of the respective pools as reported by CalTrust. The average cost of the District's investment in the Short-Term Fund as of June 30, 2023 was \$3,311,132, and its net asset value (withdrawal value) was \$3,305,798. The average cost of the District's investment in the Short-Term Fund as of June 30, 2022 was \$3,209,108, and its net asset value (withdrawal value) was \$3,200,472.

D. California Asset Management Pool (CAMP)

The District is a voluntary participant in the California Asset Management Program (CAMP), which was established as a nontaxable investment portfolio under provisions of the California Joint Exercise of Powers Act to provide California Public Agencies with comprehensive investment management services. There are no minimum deposit requirements or limits on deposits and withdrawals. Dividends from net investment income are declared on a daily basis and paid on the last day of the month. Dividends paid are automatically reinvested in each account by the purchase of additional shares. The contract creating the program specifies the types of investments that can be made by the investment portfolio with available cash: U.S. Government securities, securities of federally sponsored agencies, repurchase agreements, banker's acceptances, negotiable certificates of deposit and commercial paper. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by CAMP which was \$18,040,618 as of June 30, 2023. At June 30, 2022, the District investment in CAMP was \$18,786,013.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

2. CASH AND INVESTMENTS (continued)

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Of the bank balances, up to \$250,000 held at each institution were federally insured, and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

2. CASH AND INVESTMENTS (continued)

F. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations.

As of June 30, 2023, the District had the following investments and maturities:

| Investment type | Maturity in months | | | | Total |
|--------------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| | 12 or less | 13 to 24 | 25 to 36 | More than 36 | |
| California Asset | | | | | |
| Management Program | \$ 18,040,618 | \$ - | \$ - | \$ - | \$ 18,040,618 |
| CalTrust Short-term fund | 3,305,798 | - | - | - | 3,305,798 |
| Certificate of Deposit | - | 476,005 | - | - | 476,005 |
| US Treasuries | 5,997,560 | - | 2,483,920 | - | 8,481,480 |
| US Agency Securities | 2,489,450 | 4,634,072 | 233,093 | 4,463,370 | 11,819,985 |
| Total investments | <u>\$ 29,833,426</u> | <u>\$ 5,110,077</u> | <u>\$ 2,717,013</u> | <u>\$ 4,463,370</u> | <u>\$ 42,123,886</u> |

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy and the actual rating as of year-end for each investment type.

| Investment type | Amount | Minimum legal rating | Rating as of year end | | | |
|--------------------------|----------------------|----------------------|-----------------------|----------------------|---------------------|---------------------|
| | | | AA+ | Aam | Aaf / S1+ | Not rated |
| California Asset | | | | | | |
| Management Program | \$ 18,040,618 | N/A | \$ - | \$ 18,040,618 | \$ - | \$ - |
| CalTrust Short-term fund | 3,305,798 | N/A | - | - | 3,305,798 | - |
| Certificate of Deposit | 476,005 | A/A-1 | - | - | - | 476,005 |
| US Treasuries | 8,481,480 | N/A | - | - | - | 8,481,480 |
| US Agency Securities | 11,819,985 | N/A | 11,819,985 | - | - | - |
| Total investments | <u>\$ 42,123,886</u> | | <u>\$ 11,819,985</u> | <u>\$ 18,040,618</u> | <u>\$ 3,305,798</u> | <u>\$ 8,957,485</u> |

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

2. CASH AND INVESTMENTS (continued)

H. Concentrations of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer beyond that stipulated by the Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total District's investments are as follows:

| Issuer | Investment type | Reported amount | Percentage of Portfolio |
|--|----------------------|-----------------|-------------------------|
| Federal Home Loan Bank Bond | US Agency Securities | \$ 5,172,243 | 12.28% |
| Federal Home Loan Bank Notes | US Agency Securities | 2,489,450 | 5.91% |
| Federal Home Loan Mortgage corporation | US Agency Securities | 3,918,680 | 9.30% |

3. FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based on unobservable sources.

The District has the following fair value measurements as of June 30, 2023:

| Investments by Fair Value Level | Total | Fair Value Measurement Using | | |
|--|---------------|------------------------------|---------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Certificate of Deposit | \$ 476,005 | \$ - | \$ 476,005 | \$ - |
| US Treasuries | 8,481,480 | - | 8,481,480 | - |
| US Agency Securities | 11,819,985 | - | 11,819,985 | - |
| Total investments by fair value level | 20,777,470 | \$ - | \$ 20,777,470 | \$ - |
| Investments not subject to the fair value hierarchy: | | | | |
| California Asset Management Program | 18,040,618 | | | |
| CalTrust Short-term fund | 3,305,798 | | | |
| Total | \$ 42,123,886 | | | |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

4. COMPENSATED ABSENCES

The changes to compensated absences balances for the years ended June 30 were as follows:

| | Balance July 1, 2022 | Net Change | Balance June 30, 2023 | Due within one year |
|----------------------|-------------------------|---------------------|--------------------------|------------------------|
| Compensated absences | <u>\$ 89,403</u> | <u>\$ 45,381</u> | <u>\$ 134,784</u> | <u>\$ 95,240</u> |
| | Balance July 1, 2021 | Net Change | Balance June 30, 2022 | Due within one year |
| Compensated absences | <u>\$ 207,677</u> | <u>\$ (118,274)</u> | <u>\$ 89,403</u> | <u>\$ 67,480</u> |

5. UNEARNED REVENUE

In 1993, the District entered into a lease agreement for the extraction of rock, sand, and gravel from Section 7 property within the Wash Plan area. The District received a \$5,000,000 prepayment against future rentals and royalties on 12,000,000 tons of material to be earned when mining was initiated. The lease commencement date was December 31, 2002, but due to delays in the Wash Plan, the agreement was subsequently amended in 2003. This amendment linked the commencement of operations to the approval of the Wash Plan. The initial term of the lease is for ten years with four successive five-year renewal periods. The lease agreement requires a minimum annual rent of \$1,000,000 after the initial prepayment is exhausted. In the event the lessee is unable to obtain necessary permits for operations within the Wash Plan area, the prepaid \$5,000,000 would then become refundable without interest, upon a one-year notice.

The District entered into an agreement with another government in which the District received \$36,875,000. The monies are obligated for capital construction projects for the anticipated habitat mitigation requirements for the Upper Santa Ana River Habitat Conservation Plan (River HCP). Please see the agreement for additional details.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

6. CAPITAL ASSETS

Changes in capital assets for the year were as follows:

| | Balance at July 1, 2022 | Additions | Deletions | Balance at June 30, 2023 |
|---|----------------------------|-------------------------|------------------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Land and land improvements | \$ 4,162,862 | \$ 31,292 | \$ - | \$ 4,194,154 |
| Construction in progress | 2,084,868 | 1,821,192 | (28,224) | 3,877,836 |
| Total capital assets not being depreciated | 6,247,730 | 1,852,484 | (28,224) | 8,071,990 |
| Capital assets being depreciated: | | | | |
| Structures and improvements | 1,239,950 | 21,094 | - | 1,261,044 |
| Improvements | 307,035 | 1,429 | - | 308,464 |
| Vehicles and equipment | 235,891 | - | (17,597) | 218,294 |
| Office equipment | 168,186 | 66,812 | (32,886) | 202,112 |
| Field equipment | 328,660 | - | (25,464) | 303,196 |
| Equipment | 1,152,252 | - | - | 1,152,252 |
| Recharge basins and facilities | 330,192 | | | 330,192 |
| Right to use - Lease asset | 16,183 | - | - | 16,183 |
| Right to use - subscriptions asset | 11,066 | 14,368 | - | 25,434 |
| Total capital assets being depreciated | 3,789,415 | 103,703 | (75,947) | 3,817,171 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (903,022) | (38,692) | - | (941,714) |
| Equipment | (577,235) | (61,743) | 75,947 | (563,031) |
| Recharge basins and facilities | (182,206) | (44,327) | - | (226,533) |
| Right to use - Lease asset | (2,312) | (3,083) | - | (5,395) |
| Right to use - subscriptions asset | (2,152) | (8,477) | - | (10,629) |
| Total depreciation and amortization | (1,666,927) | (156,322) | 75,947 | (1,747,302) |
| Net capital assets being depreciated | 2,122,488 | (52,619) | - | 2,069,869 |
| Net capital assets | <u>\$ 8,370,218</u> | <u>\$ 1,799,865</u> | <u>\$ (28,224)</u> | <u>\$ 10,141,859</u> |

Depreciation expense was allocated as follows for the year ended June 30, 2023:

| | |
|---|-----------------------|
| Depreciation expense: | |
| District operations | \$ 110,909 |
| Redlands Plaza (included in property expense) | 33,853 |
| Amortization expense | <u>11,560</u> |
| Total depreciation/amortization expense | <u>\$ 156,322</u> |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

6. CAPITAL ASSETS (continued)

Changes in capital assets for the prior year were as follows:

| | Balance at July 1, 2021 | Additions | Deletions | Balance at June 30, 2022 |
|---|----------------------------|----------------|-----------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Land and land improvements | \$ 4,162,862 | \$ - | \$ - | \$ 4,162,862 |
| Construction in progress | 1,019,057 | 1,065,811 | - | 2,084,868 |
| Total capital assets not being depreciated | 5,181,919 | 1,065,811 | - | 6,247,730 |
| Capital assets being depreciated: | | | | |
| Structures and improvements | 1,239,950 | - | - | 1,239,950 |
| Improvements | 307,035 | - | - | 307,035 |
| Vehicles and equipment | 235,891 | - | - | 235,891 |
| Office equipment | 146,947 | 21,239 | - | 168,186 |
| Field equipment | 322,707 | 5,953 | - | 328,660 |
| Equipment | 1,152,252 | - | - | 1,152,252 |
| Recharge basins and facilities | 330,192 | - | - | 330,192 |
| Right to use - Lease asset | - | 16,183 | - | 16,183 |
| Right to use - subscriptions asset | - | 11,066 | - | 11,066 |
| Total capital assets being depreciated | 3,734,974 | 54,441 | - | 3,789,415 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | (864,560) | (38,462) | - | (903,022) |
| Equipment | (524,523) | (52,712) | - | (577,235) |
| Recharge basins and facilities | (137,879) | (44,327) | - | (182,206) |
| Right to use - Lease asset | - | (2,312) | - | (2,312) |
| Right to use - subscriptions asset | - | (2,152) | - | (2,152) |
| Total accumulated depreciation | (1,526,962) | (139,965) | - | (1,666,927) |
| Net capital assets being depreciated | 2,208,012 | (85,524) | - | 2,122,488 |
| Net capital assets | \$ 7,389,931 | \$ 980,287 | \$ - | \$ 8,370,218 |

Depreciation expense was allocated as follows for the year ended June 30, 2022:

| | |
|---|----------------|
| Depreciation expense: | |
| District operations | \$ 82,574 |
| Redlands Plaza (included in property expense) | 52,927 |
| Amortization expense | 4,464 |
| Total depreciation expense | \$ 139,965 |

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District participates in one rate plan (one miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

| | <u>Prior to January 1, 2013</u> | <u>On or after January 1, 2013</u> |
|---|-------------------------------------|--|
| Benefit formula | 2.5% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50-60 | 52-62 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.75% |
| Current required employer contribution rates | 12.210% | 7.470% |

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2023, were \$122,291. The actual employer payments of \$137,480 made to CalPERS by the District during the measurement period ended June 30, 2022, differed from the District's proportionate share of the employer's contributions of \$254,709 by \$117,229, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market Value of Assets |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by entry age and service |
| Mortality Rate Table (1) | Derived using CALPERS' membership data for all Funds |
| Post Retirement Benefit Increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter. |

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

The expected real rates of return by asset class are as follows:

| Asset Class | Assumed asset allocation | Real Return^{1,2} |
|----------------------------------|---------------------------------|----------------------------------|
| Global equity - cap-weighted | 30.00% | 4.54% |
| Global equity - non-cap-weighted | 12.00% | 3.84% |
| Private equity | 13.00% | 7.28% |
| Treasury | 5.00% | 0.27% |
| Mortgage-backed securities | 5.00% | 0.50% |
| Investment grade corporates | 10.00% | 1.56% |
| High yield | 5.00% | 2.27% |
| Emerging market debt | 5.00% | 2.48% |
| Private debt | 5.00% | 3.57% |
| Real assets | 15.00% | 3.21% |
| Liquidity | -5.00% | (0.59%) |
| Total | 100% | |

¹ An expected inflation of 2.30% used for this period

² Figures are based on the 2021 Asset Liability Management study.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Proportionate Share of Net Pension Liability (Asset)

As of June 30, 2023 and 2022, the District reported net pension liabilities for its proportionate share of the net pension liability (asset) of \$231,088 and \$(614,710), respectively.

| | 2023 | 2022 |
|-------------------------------|-------------------|---------------------|
| Total pension liability | \$ 5,141,541 | \$ 4,629,789 |
| Fiduciary net position | 4,910,453 | 5,244,499 |
| Net pension liability (asset) | <u>\$ 231,088</u> | <u>\$ (614,710)</u> |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

The following table shows the Plan's proportionate share of the net pension liability (asset) over the measurement period.

| | Plan total pension liability | Plan fiduciary net position | Plan net pension liability (asset) |
|--|---------------------------------|--------------------------------|---------------------------------------|
| Balance at: 6/30/2021 (Valuation Date) | \$ 4,629,789 | \$ 5,244,499 | \$ (614,710) |
| Balance at: 6/30/2022 (Measurement Date) | 5,141,541 | 4,910,453 | 231,088 |
| Net change during 2021-22 | <u>\$ 511,752</u> | <u>\$ (334,046)</u> | <u>\$ 845,798</u> |

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The District's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2020, 2021 and 2022 measurement dates was as follows:

| | 2023 | 2022 |
|-------------------------------------|-----------------|------------------|
| Proportionate share - June 30, 2021 | | 0.00999% |
| Proportionate share - June 30, 2022 | -0.03237% | -0.03237% |
| Proportionate share - June 30, 2023 | 0.00494% | |
| Change | <u>0.03731%</u> | <u>-0.04236%</u> |

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the miscellaneous plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rates that are one percentage point lower or one percentage point higher than the current rate, for fiscal year ended June 30, 2023 and 2022:

| June 30, 2023 | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
|--|-------------------------------|-------------------------------------|-------------------------------|
| District's net pension liability (asset) | <u>\$ 931,973</u> | <u>\$ 231,088</u> | <u>\$ (345,566)</u> |
| June 30, 2022 | Discount Rate - 1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate + 1% (8.15%) |
| District's net pension liability (asset) | <u>\$ (3,435)</u> | <u>\$ (614,710)</u> | <u>\$ (1,120,042)</u> |

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

| | |
|--|--|
| Net difference between projected and actual earnings on pension plan investments | 5-year straight-line amortization |
| All other amounts | Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period |

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2021), the District net pension liability/(asset) was \$(614,710). For the measurement period ending June 30, 2022, and June 30, 2021 (the measurement dates), the District incurred a pension expense (credit) of \$1,039,783 and \$(1,030,221) respectively.

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

| | 2023 | |
|--|-----------------------------------|----------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources |
| Pension contributions subsequent to the measurement date | \$ 122,291 | \$ - |
| Difference in actual vs projected contributions | 150,636 | 96,625 |
| Changes in assumptions | 23,680 | - |
| Difference between expected and actual experience | 1,533 | - |
| Net difference between projected and actual earnings on pension plan investments | 42,329 | - |
| Changes in proportion | 488,565 | 77,784 |
| Totals | <u>\$ 829,034</u> | <u>\$ 174,409</u> |

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$122,291 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Fiscal year ending June 30, | Amount |
|--------------------------------|------------|
| 2024 | \$ 207,817 |
| 2025 | 189,311 |
| 2026 | 109,316 |
| 2027 | 25,890 |
| 2028 | - |
| Remaining | - |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

7. DEFINED BENEFIT PENSION PLAN (continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

| | 2022 | |
|--|-----------------------------------|----------------------------------|
| | Deferred outflows of resources | Deferred inflows of resources |
| Pension contributions subsequent to the measurement date | \$ 137,480 | \$ - |
| Difference in actual vs projected contributions | 239,245 | 39,905 |
| Changes in assumptions | - | 68,933 |
| Net difference between projected and actual earnings on pension plan investments | 536,609 | - |
| Changes in proportion | 45,363 | 123,540 |
| Totals | <u>\$ 958,697</u> | <u>\$ 232,378</u> |

The District reported \$137,480 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

8. OTHER POST-EMPLOYMENT BENEFITS

General Information about the Plan

Plan Description

The District offers medical benefits to retired employees who satisfy the eligibility requirements. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors. The plan does not issue separate financial statements. The plan is an agent multiple-employer post-employment plan.

Employees Covered by Benefit Terms

As of the June 30, 2023 valuation, the following current and former employees were covered by the benefit terms under the plan:

| | 2023 |
|---|------|
| Active plan members | 10 |
| Retirees and beneficiaries receiving benefits | 2 |
| Separated plan members entitled to but not yet receiving benefits | - |
| Total | 12 |

Benefits and Contributions

The contribution requirements of plan members and the District are established and may be amended by the District. Contributions are calculated using the alternative measurement method. The District contributes 100% of the retiree and dependent up to the current maximum cost of \$1,702 per month. For the fiscal year ended June 30, 2023, the District's cash contributions were \$67,780 in payments to the trust. Other contributions included \$35,076 in unreimbursed benefits paid and \$31,868 in implicit contributions.

In fiscal year 2016, the District created a California Employer's Retiree Benefit Trust (CERBT) with California Public Employees Retirement System (CalPERS) for the purpose of prefunding obligations for past services.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Asset

The District's net OPEB asset was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2023. The data entered as economic assumptions and member data to calculate the actuarial present value of future benefits for each individual. This projection uses the assumed retirement age for members of the plan and the employer's portion of health insurance premiums for current retirees and spouses as a statistical base to forecast the cost of future benefits. The projections differentiate between members who are Medicare eligible and those who are not. Premiums are inflated using future insurance premium increase assumptions.

The assumed retirement age for active members and their spouses is adjusted to reflect any eligibility requirement, such as a vesting period, by entering an eligible retirement age in the member data for each active member.

The valuation was based on the following actuarial methods and assumptions:

| | |
|---|---|
| Discount rate | 6.05% |
| Inflation | 2.50% |
| Salary increases | 3.00% |
| Investment rate of return | 6.05% |
| Mortality | CalPERS 2021 Experience Study |
| Pre-retirement turnover healthcare trend rate | 5.7% in 2022 fluctuating down to an ultimate level of 4.0 by 2076 |

Discount Rate

The expected long-term investment return assumptions were developed for each of the three asset allocation strategies using a building block approach based as well as taking into account the expected inflation rate, short- and long-term real return expectations, and the expected cash flows of a hypothetical large plan.

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset class</u> | <u>Target allocation</u> | <u>Long-term expected rate of return</u> |
|--|------------------------------|--|
| Global equity | 49% | 6.80% |
| Fixed income | 23% | 1.40% |
| Treasury inflation protected securities | 5% | 0.60% |
| Real estate investment trusts | 20% | 5.40% |
| Commodities | 3% | 3.20% |
| | <u>100%</u> | |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in the Net OPEB Asset

The changes in the net OPEB asset for the Plan are as follows as of June 30, 2023:

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c)= (a) - (b) |
|---|-------------------------------------|--|--|
| Balance at June 30, 2022 (Valuation Date June 30, 2023) | <u>\$ 508,716</u> | <u>\$ 553,877</u> | <u>\$ (45,161)</u> |
| Changes recognized for the measurement period: | | | |
| Service cost | 28,640 | - | 28,640 |
| Interest | 32,752 | - | 32,752 |
| Contributions - employer | - | 134,724 | (134,724) |
| Net investment income | - | 38,196 | (38,196) |
| Assumption changes | 55,864 | - | 55,864 |
| Plan experience | (82,450) | - | (82,450) |
| Investment experience | 145,079 | (1,986) | 147,065 |
| Benefit payments | (66,944) | (66,944) | - |
| Administrative expenses | - | (277) | 277 |
| Net Changes | <u>112,941</u> | <u>103,713</u> | <u>9,228</u> |
| Balance at June 30, 2023 (Measurement Date June 30, 2023) | <u><u>\$ 621,657</u></u> | <u><u>\$ 657,590</u></u> | <u><u>\$ (35,933)</u></u> |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

The changes in the net OPEB asset for the Plan are as follows as of June 30, 2022:

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (c)= (a) - (b) |
|---|-------------------------------------|--|--|
| Balance at June 30, 2021 (Valuation Date June 30, 2021) | <u>\$ 476,227</u> | <u>\$ 639,785</u> | <u>\$ (163,558)</u> |
| Changes recognized for the measurement period: | | | |
| Service cost | 27,806 | - | 27,806 |
| Interest | 31,878 | - | 31,878 |
| Contributions - employer | - | 27,195 | (27,195) |
| Net investment income | - | 41,576 | (41,576) |
| Investment experience | - | (127,173) | 127,173 |
| Benefit payments | (27,195) | (27,195) | - |
| Administrative expenses | - | (311) | 311 |
| Net Changes | <u>32,489</u> | <u>(85,908)</u> | <u>118,397</u> |
| Balance at June 30, 2022 (Measurement Date June 30, 2022) | <u>\$ 508,716</u> | <u>\$ 553,877</u> | <u>\$ (45,161)</u> |

The following presents the net OPEB asset of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023 and 2022:

| | Discount rate -1% | Assumed discount rate | Discount rate +1% |
|----------------------------|------------------------------|----------------------------------|------------------------------|
| 2023 | | | |
| Net OPEB liability/(asset) | <u>\$ 6,438</u> | <u>\$ (35,933)</u> | <u>\$ (74,309)</u> |
| 2022 | | | |
| Net OPEB liability/(asset) | <u>\$ (16,020)</u> | <u>\$ (45,161)</u> | <u>\$ (74,594)</u> |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB asset of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023 and 2022:

| <u>2023</u> | <u>Healthcare cost trend -1%</u> | <u>Healthcare cost trend assumed</u> | <u>Healthcare cost trend +1%</u> |
|----------------------------|--------------------------------------|--|--------------------------------------|
| Net OPEB liability/(asset) | <u>\$ (81,568)</u> | <u>\$ (35,933)</u> | <u>\$ 17,079</u> |
| | | | |
| <u>2022</u> | <u>Healthcare cost trend -1%</u> | <u>Healthcare cost trend assumed</u> | <u>Healthcare cost trend +1%</u> |
| Net OPEB liability/(asset) | <u>\$ (77,499)</u> | <u>\$ (45,161)</u> | <u>\$ (7,687)</u> |

Net OPEB Plan Fiduciary Net Position

CalPERS issues a publicly available CERBT financial report that may be obtained from the CalPERS' website at www.calpers.ca.gov.

Changes in Assumptions

| | |
|---|--|
| Trust long-term return / Discount rate | Decrease from 6.5% to 6.05%, reflecting updated long-term rates of return provided by CalPERS in March 2022 as applied to the projected future benefit cash flows under this plan. |
| Mortality assumptions | Assumed basic mortality rates were updated from those provided in the CalPERS 2017 experience study report to those provided in the CalPERS 2021 experience study report. |
| Healthcare trend | Updated the base healthcare trend scale from the Getzen Model 2021_b to Getzen Model 2023, as published by the Society of Actuaries. |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Expense Related to Net OPEB Asset

For the fiscal year ended June 30, 2023 and 2022, the District recognized OPEB expense of \$173,157 and \$25,388 respectively. As of fiscal year ended June 30, 2023 and June 30, 2022, the District reported the following deferred outflows/inflows of resources related to its Net OPEB Asset:

| <u>2023</u> | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> |
|--|---|--|
| Changes in assumptions | \$ 181,604 | \$ - |
| Differences between expected and actual experience | - | 192,867 |
| Net difference between projected and actual earnings on investments | 38,052 | - |
| Total | <u>\$ 219,656</u> | <u>\$ 192,867</u> |
| <u>2022</u> | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> |
| Changes in assumptions | \$ 156,016 | \$ - |
| Differences between expected and actual experience | - | 140,671 |
| Net difference between projected and actual earnings on investments | 40,649 | - |
| Total | <u>\$ 196,665</u> | <u>\$ 140,671</u> |

The District reported \$-0- as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the upcoming fiscal year. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as OPEB expense as follows:

| <u>Fiscal year ending June 30,</u> | <u>Amount</u> |
|--|---------------|
| 2024 | \$ 7,087 |
| 2025 | 4,781 |
| 2026 | 25,852 |
| 2027 | 420 |
| 2028 | 22 |
| Thereafter | (11,373) |

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

9. LEASE AGREEMENTS

Royalties

The District is the lessor in various lease agreements, providing for the excavation and removal of rock, gravel, sand, and other materials from District property. Monthly payments are generally based on tonnage of materials removed, subject to annual minimum royalties of \$550,000.

Leases Receivable

On July 1, 2021, the District entered into various leases as Lessor for the use of the Redlands Plaza ranging from 32 months to 98 months. An initial lease receivable was recorded in the amount of \$700,754. As of June 30, 2023, the value of the lease receivable is \$654,626. The lessees are required to make annual fixed payments of \$132,873. The leases have an interest rates ranging from 0.593% to 1.983%. The value of the deferred inflow of resources as of June 30, 2023, was \$603,956, and the District recognized lease revenue of \$146,258 during the fiscal year. The lessees have 1 extension option, ranging from 36 to 60 months.

On July 1, 2021, the District entered into a 360-month lease as Lessor for the use of the Cemex - Orange Street Plant Site. An initial lease receivable was recorded in the amount of \$972,121. As of June 30, 2023, the value of the lease receivable is \$928,272. The lessee is required to make annual fixed payments of \$48,000. The lease has an interest rate of 2.741%. The value of the deferred inflow of resources as of June 30, 2023, was \$895,740, and District recognized lease revenue of \$32,474 during the fiscal year.

| | Balance at July 1, 2022 | Additions | Deletions | Balance at June 30, 2023 | Due within one year |
|---|-------------------------------|-------------------|---------------------|--------------------------------|------------------------|
| Lease Receivable | | | | | |
| Redlands Plaza | \$ 638,602 | \$ 141,176 | \$ (125,152) | \$ 654,626 | \$ 132,204 |
| Cemex - Orange Street Site | 950,497 | - | (22,225) | 928,272 | 22,842 |
| Total Lease Receivable | <u>\$ 1,589,099</u> | <u>\$ 141,176</u> | <u>\$ (147,377)</u> | <u>\$ 1,582,898</u> | <u>\$ 155,046</u> |
| | | | | | |
| | Balance as of July 1, 2022 | Additions | Reductions | Balance as of June 30, 2023 | |
| Deferred Inflow of Resources | | | | | |
| Redlands Plaza | \$ 613,198 | \$ 137,016 | \$ (146,258) | \$ 603,956 | |
| Cemex - Orange Street Site | 928,214 | - | (32,474) | 895,740 | |
| Total Deferred Inflow of Resources | <u>\$ 1,541,412</u> | <u>\$ 137,016</u> | <u>\$ (178,732)</u> | <u>\$ 1,499,696</u> | |

San Bernardino Valley Water Conservation District
Notes to Financial Statements
June 30, 2023 (with comparative data for 2022)

10. LEASE AND SUBSCRIPTION LIABILITY

The following amounts of lease/subscription liability were outstanding as of June 30, 2023:

| | Balance July 1, 2022 | Additions | Deletions | Balance June 30, 2023 | Due within one year |
|------------------------|-------------------------|------------------|-------------------|--------------------------|------------------------|
| Lease Liability | \$ 16,326 | \$ - | \$ (3,559) | \$ 12,767 | \$ 3,598 |
| Subscription Liability | - | 14,368 | (4,686) | 9,682 | 4,789 |
| Total | <u>\$ 16,326</u> | <u>\$ 14,368</u> | <u>\$ (8,245)</u> | <u>\$ 22,449</u> | <u>\$ 8,387</u> |

Lease liability

On September 15, 2021, the District entered into a 63-month lease as Lessee for the use of a Xerox printer. An initial lease liability was recorded in the amount of \$17,113. As of June 30, 2023, the value of the lease liability is \$12,767. The District is required to make annual fixed payments of \$3,720. The lease has an interest rate of 1.10%. The value of the right to use asset as of June 30, 2023 of \$16,183 with accumulated amortization of \$5,395 is included with lease asset on the Capital assets note.

Subscription liability

On August 12, 2022, the District entered into a 36-month subscription for the use of ESRI - ArcGIS software. An initial subscription liability was recorded in the amount of \$14,368. As of June 30, 2023, the value of the subscription liability is \$9,682. The District is required to make annual fixed payments of \$5,000. The subscription has an interest rate of 2.18%. The value of the right to use asset as of June 30, 2023 of \$14,368 with accumulated amortization of \$4,789 is included with subscription asset on the Capital assets note.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured for a variety of potential exposures and is a member of the ACWA Joint Powers Insurance Authority. The following is a summary of the insurance coverage carried by the District as of June 30, 2023:

- *General, Auto and Public Official Liability:* pooled self-insured up to \$5 million per claim with excess purchased insurance up to \$55 million. None of the policies has a deductible;
- *Property:* pooled self-insured up to \$100,000 per claim with excess purchased insurance up to \$500 million. The property policy has a deductible of \$1,000 for real and personal property and mobile equipment. Licensed vehicles and trailers have a \$500 deductible. Boiler and machinery deductibles vary in accordance with the type of property;
- *Crime, Computer Fraud, Forgery, and Dishonesty Coverage:* pooled self-insured up to \$100,000 per claim with a \$1,000 deductible;

San Bernardino Valley Water Conservation District

Notes to Financial Statements

June 30, 2023 (with comparative data for 2022)

11. RISK MANAGEMENT (continued)

- *Workers' Compensation*: pooled self-insured up to \$2 million per accident or employee by disease with excess from \$4 million to statutory requirements; and
- *Cyber Liability*: \$5 million per claim, \$5 million aggregate.

12. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The GASB has issued several pronouncements prior to June 30, 2023, that have effective dates that may impact future financial presentations.

GASB Statement No. 100, Accounting Changes and Error Corrections – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101 – Compensated Absences: The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

13. COMMITMENTS AND CONTINGENCIES

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

14. PRIOR PERIOD ADJUSTMENT

The District's beginning net position for the year ended June 30, 2022, was restated to \$11,499,959 due to the implementation of GASBS No. 96, *Subscription Based IT Arrangements*.

REQUIRED SUPPLEMENTARY INFORMATION

San Bernardino Valley Water Conservation District
Schedule of Proportionate Share of the Net Pension Liability and
Related Ratios as of the Measurement Date
Last 10 Fiscal Years *

| Measurement Date | Employer's Proportion of the Collective Net Pension Liability (Asset) ¹ | Employer's Proportionate Share of the Collective Net Pension Liability (Asset) | Covered Payroll | Employer's Proportionate Share of the Collective Net Pension Liability (Asset) as a percentage of the Covered Payroll | Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability (Asset) |
|------------------|--|--|-----------------|---|--|
| 6/30/2014 | 0.00892% | \$ 555,348 | \$ 502,836 | 110.44% | 83.03% |
| 6/30/2015 | 0.01083% | 743,026 | 553,862 | 134.15% | 77.63% |
| 6/30/2016 | 0.00239% | 206,530 | 577,644 | 35.75% | 93.94% |
| 6/30/2017 | 0.00268% | 266,161 | 689,423 | 38.61% | 92.52% |
| 6/30/2018 | 0.00248% | 238,734 | 709,190 | 33.66% | 93.48% |
| 6/30/2019 | 0.00316% | 324,184 | 758,985 | 42.71% | 91.75% |
| 6/30/2020 | 0.00387% | 421,265 | 979,060 | 43.03% | 90.14% |
| 6/30/2021 | -0.01137% | (614,710) | 1,071,333 | -57.38% | 113.28% |
| 6/30/2022 | 0.00200% | 231,088 | 1,138,890 | 20.29% | 95.51% |

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

San Bernardino Valley Water Conservation District
Schedule of Contributions – Pension Plan
Last 10 Fiscal Years *

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|---|---|--|--------------------|---|
| 6/30/2015 | \$ 52,231 | \$ (52,231) | \$ - | \$ 553,862 | 9.43% |
| 6/30/2016 | 88,829 | (88,829) | - | 577,644 | 15.38% |
| 6/30/2017 | 69,418 | (69,418) | - | 689,423 | 10.07% |
| 6/30/2018 | 69,728 | (69,728) | - | 709,190 | 9.83% |
| 6/30/2019 | 78,252 | (78,252) | - | 758,985 | 10.31% |
| 6/30/2020 | 119,349 | (119,349) | - | 979,060 | 12.19% |
| 6/30/2021 | 146,727 | (534,129) | (387,402) | 1,071,333 | 13.70% |
| 6/30/2022 | 137,480 | (137,480) | - | 1,138,890 | 12.07% |
| 6/30/2023 | 122,291 | (122,291) | - | 1,141,439 | 10.71% |

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

San Bernardino Valley Water Conservation District
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Fiscal Years *

| | Measurement period | | | | | |
|---|--------------------|--------------------|---------------------|-------------------|-------------------|-------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Total OPEB Liability | | | | | | |
| Service Cost | \$ 28,640 | \$ 27,806 | \$ 26,395 | \$ 25,626 | \$ 41,893 | \$ 40,871 |
| Interest | 32,752 | 31,878 | 32,727 | 30,837 | 18,117 | 13,313 |
| Plan experience | (82,450) | - | (50,909) | - | (165,000) | - |
| Changes in assumptions | 55,864 | - | 6,665 | - | 245,741 | - |
| Changes in benefit terms | 145,079 | - | - | - | - | - |
| Benefit payments | (66,944) | (27,195) | (31,485) | (24,824) | - | - |
| Net change in Total OPEB Liability | 112,941 | 32,489 | (16,607) | 31,639 | 140,751 | 54,184 |
| Total OPEB Liability - beginning | 508,716 | 476,227 | 492,834 | 461,195 | 320,444 | 266,260 |
| Total OPEB Liability - ending (a) | 621,657 | 508,716 | 476,227 | 492,834 | 461,195 | 320,444 |
| Plan Fiduciary Net Position | | | | | | |
| Contribution - employer | 134,724 | 27,195 | 31,485 | 168,356 | 218,507 | 37,767 |
| Net investment income | 36,210 | (85,597) | 137,991 | 15,439 | 22,971 | 4,900 |
| Benefit payments | (66,944) | (27,195) | (31,485) | (24,824) | - | - |
| Administrative expenses | (277) | (311) | (282) | (184) | (126) | (35) |
| Net change in Plan Fiduciary Net Position | 103,713 | (85,908) | 137,709 | 158,787 | 241,352 | 42,632 |
| Plan Fiduciary Net Position - beginning | 553,877 | 639,785 | 502,076 | 343,289 | 101,937 | 59,305 |
| Plan Fiduciary Net Position - ending (b) | 657,590 | 553,877 | 639,785 | 502,076 | 343,289 | 101,937 |
| Net OPEB Liability (Asset) - ending (a) - (b) | \$ (35,933) | \$ (45,161) | \$ (163,558) | \$ (9,242) | \$ 117,906 | \$ 218,507 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 105.78% | 108.88% | 134.34% | 101.88% | 74.43% | 31.81% |
| Covered employee payroll | \$ 1,078,491 | \$ 1,219,699 | \$ 1,114,100 | \$ 970,271 | \$ 758,985 | \$ 707,053 |
| Net OPEB liability as a percentage of covered employee payroll | -3.33% | -3.70% | -14.68% | -0.95% | 15.53% | 30.90% |

* Historical information is required only for measurement periods for which GASB No. 75 is applicable. GASB No. 75 was implemented in the fiscal year ended June 30, 2018 with a measurement date of June 30, 2018.

*Historical information is required only for measurement periods for which GASB 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.*

San Bernardino Valley Water Conservation District
Schedule of Contributions – OPEB
Last 10 Fiscal Years *

| | Fiscal year | | | | | |
|--|---------------------|-------------------|-------------------|---------------------|---------------------|---------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Actuarially Determined Contribution | \$ 23,051 | \$ 22,508 | \$ 22,311 | \$ 43,693 | \$ 54,851 | \$ 37,767 |
| Contributions in Relation to the Actuarially Determined Contribution | 134,724 | (27,195) | (31,485) | (168,356) | (218,507) | (37,767) |
| Contribution Deficiency (Excess) | <u>\$ (111,673)</u> | <u>\$ (4,687)</u> | <u>\$ (9,174)</u> | <u>\$ (124,663)</u> | <u>\$ (163,656)</u> | <u>\$ -</u> |
| Covered Payroll | \$ 1,078,491 | \$ 1,219,699 | \$ 1,114,100 | \$ 970,271 | \$ 758,985 | \$ 707,053 |
| Contributions as a Percentage of Covered Payroll | 12.49% | 2.23% | 2.83% | 17.35% | 28.79% | 5.34% |

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions:

Trust long-term return / Discount rate: Decrease from 6.5% to 6.05%.

Mortality assumptions: Assumed basic mortality rates were updated from those provided in the CalPERS 2017 experience study report to those provided in the CalPERS 2021 experience study report.

Healthcare Trend: Updated the base healthcare trend scale from the Getzen Model 2021_b to Getzen Model 2023, as published by the Society of Actuaries.

Methods and assumptions used to determine contribution rates:

| | |
|---|--|
| Actuarial cost method | Entry age |
| Amortization method | Level % of payroll |
| Amortization period | 30 years remain |
| Asset valuation method | Market value of assets |
| Inflation | 2.50% |
| Salary increases | 3.00% |
| Investment rate of return | 6.05% |
| Mortality | CalPERS 2021 experience study |
| Pre-retirement turnover healthcare trend rate | 10% / 6.8% Pre/Post- Medicare in 2024 fluctuating down to an ultimate level of 3.9% by 2075. |
| Mortality improvement | MacLeod Watts Scale 2022 |
| Medical trend | Getzen model which was published by the Society of Actuaries. |

*Historical information is required only for measurement periods for which GASB No. 75 is applicable. GASB No. 75 was implemented in the fiscal year ended June 30, 2018 with a measurement date of June 30, 2018

SUPPLEMENTARY INFORMATION

San Bernardino Valley Water Conservation District
Schedule of Operating Revenues and Expenses
For the year ended June 30, 2023 (with comparative data for 2022)

| | 2023 | 2022 |
|--|-----------------------|-------------------|
| Operating revenues | | |
| Groundwater assessments | | |
| Groundwater charge assessments - combined | \$ 1,513,837 | \$ 1,351,966 |
| Operating agreements | | |
| Enhanced recharge agreement | 464,629 | 431,811 |
| Services to other agencies | 36,000 | 30,000 |
| | <u>2,014,466</u> | <u>1,813,777</u> |
| Operating expenses | | |
| District operations | | |
| Professional services | 587,145 | 423,092 |
| Field operations | 168,252 | 112,749 |
| Utilities | 23,257 | 23,007 |
| Salaries/staff | 1,142,302 | 1,050,995 |
| Benefits | 1,323,797 | (820,648) |
| Total District operations | <u>3,244,753</u> | <u>789,195</u> |
| Regional programs | | |
| Regional programs LAFCO contribution | 57 | 2,419 |
| Total regional programs | <u>57</u> | <u>2,419</u> |
| General and administrative | | |
| Directors' fees and expenses | 101,264 | 109,440 |
| Staff travel and education | 27,825 | 15,640 |
| Insurance | 43,740 | 32,062 |
| Other administrative | 191,129 | 393,483 |
| Total general and administrative | <u>363,958</u> | <u>550,625</u> |
| Total operating expenses | <u>3,608,768</u> | <u>1,342,239</u> |
| Operating income (loss) before depreciation and amortization | (1,594,302) | 471,538 |
| Depreciation expense | 110,909 | 101,648 |
| Amortization expense | 11,560 | 4,464 |
| | <u>122,469</u> | <u>106,112</u> |
| Total depreciation and amortization | <u>122,469</u> | <u>106,112</u> |
| Operating income (loss) | <u>\$ (1,716,771)</u> | <u>\$ 365,426</u> |

REPORT ON INTERNAL CONTROL AND COMPLIANCE



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

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

**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

PARTNERS

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
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

Independent Auditor's Report

Board of Directors
San Bernardino Valley Water Conservation District
Redlands, California

MANAGERS / STAFF

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*, the financial statements of the San Bernardino Valley Water Conservation District (District), and the related notes to the financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

November 16, 2023
San Bernardino, California



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

Memorandum No. 1990

To: Board of Directors

From: Betsy Miller, General Manager

Date: December 13, 2023

Subject: Capital Purchase of Ford F-350

RECOMMENDATION

Authorize the capital purchase of a Ford F-350 and associated warranty for the Operations staff at a cost not to exceed \$81,027.

BACKGROUND AND DISCUSSION

On July 12, 2023, the Board authorized the capital purchase of a Ford F-350 and associated warranty for the Operations staff at a cost not to exceed \$74,500. Unfortunately, following a 5-month-long search, the Ford dealership has been unable to locate a truck meeting the approved specifications to sell. Working with the dealership, we have located a truck meeting our required specifications; however, the available vehicle has a 4-door crew cab which results in an additional cost of \$6,527 for a total cost of \$75,362.

With the approved model unavailable, staff requests Board authorization for the capital purchase of a Ford F-350 at a cost not to exceed \$75,362, as well as an additional \$5,665 to allow staff to research and review extended warranty options, for a total cost up to \$81,027.

FISCAL IMPACT

Approval of this item would result in an expenditure of up to \$81,027 from Capital GL 7230, Field Equipment/Vehicles.

POTENTIAL MOTIONS

1. Authorize the General Manager to purchase a new Field Operations truck from Ken Grody Redland Ford; and research and, if determined to be cost-effective, purchase an extended warranty, for a not to exceed total of \$81,027.
2. Move to request this item be tabled and referred to Finance & Administration and/or Operations Committee(s) for reconsideration of specific issues.

ATTACHMENTS OR MATERIALS

Quote from Ken Grody Ford Redlands

**BOARD OF
DIRECTORS**

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

**GENERAL
MANAGER**

Betsy Miller

**COMMERCIAL
VEHICLE CENTER**

Quote #P461

Quote

Invoice Date: 11/6/2023
Company: San Bernardino Valley Water Conservation District
1630 W. Redlands Blvd, Suite A
Redlands, CA 92373

Ken Grody Ford Redlands
1121 W. Colton Avenue
Redlands, CA 92374
(949) 769-1234

| Color | Year | Model | Vin # |
|--------------|------|-------------------------------|------------|
| Oxford White | 2024 | Ford F350 Crew Cab 4x4 Pickup | Order P461 |

| Fin Code | Customer |
|----------|---|
| KT941 | San Bernardino Valley Water Conservation District |

| Lienholder |
|------------|
| none |

| |
|---|
| Register to: |
| San Bernardino Valley Water Conservation District 1630 W. Redlands Blvd, Suite A Redlands, CA 92373 |

| |
|---|
| Bill to: |
| San Bernardino Valley Water Conservation District 1630 W. Redlands Blvd, Suite A Redlands, CA 92373 |

| |
|------------------|
| 1st Lien holder: |
| None |

| |
|---|
| Driver & Garage Address: |
| 1630 W. Redlands Blvd, Suite A Redlands, CA 92373 Manuel Colunga (951) 313-6708 |

VEHICLE BUY

| | |
|----------------------|--------------------|
| Total: | \$69,290.00 |
| Sales Tax | \$6,062.88 |
| Tire Fee | \$8.75 |
| Total Funding Amount | <u>\$75,361.63</u> |

Purchase Order #**Received By:****Date:****Date:**
November 6, 2023



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Memorandum No. 1991

To: Board of Directors

From: Finance & Administration Committee
Betsy Miller, General Manager

Date: December 13, 2023

Subject: 2024 Per Diem Rate

RECOMMENDATION

The Finance & Administration Committee recommends the Board increase the Board per diem rate by \$12.00 to \$270.00 for calendar year 2024 and approve Resolution No. 618.

BACKGROUND AND DISCUSSION

In 2022, the Board increased the per diem rate by 5% (from \$246 to \$258) for 2023 after reviewing the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI-U) West Region for the 12-month period ending October 2022, which was 6.0%. On November 15, 2023, the Finance & Administration Committee voted to recommend a 5% increase in the 2023 per diem rate (from \$258 to \$270) to account for both 2022 and 2023 CPI, which is 3.3% for the CPI-U West Region for the 12-month period ending October 2023.

At the direction of the Finance & Administration Committee, staff prepared and attached Resolution No. 618 approving an increase to the per diem rate of 5% to \$270 for calendar year 2024, to be effective on January 1, 2024. If approved, this action is consistent with California Water Code section 20202, which limits rate increases to 5% per year or less, and the District's approved FY24 budget, which included a 5% increase in per diem.

POTENTIAL MOTIONS

1. Move approval of a new per diem rate of \$270 for Calendar Year 2024 and approve Resolution No. 618.
2. Move to approve a different per diem increase for Calendar Year 2024, consistent with California Water Code section 20202, and direct staff to revise the resolution accordingly.
3. Move to table the item to a future meeting of the Board or the Finance & Administration Committee.

ATTACHMENTS

Resolution No. 618

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

BOARD OF DIRECTORS

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

RESOLUTION NO. 618

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
AMENDING DISTRICT POLICY TO ALLOW
FOR AN INCREASE IN PER DIEM COMPENSATION OF 5%
FOR CALENDAR YEAR 2024**

WHEREAS, the Board of Directors of the San Bernardino Valley Water Conservation District at the May 14, 2014 Board meeting adopted Ordinance 2014-1 amending District Policy as to how to process changes to per diem compensation rates of Directors previously set annually; and

WHEREAS, upon recommendation of the Finance & Administration Committee, the Board of Directors voted to increase 2024 per diem rate compensation by five percent for the calendar year of 2024 on December 13, 2023; and

WHEREAS, the Board of Directors wishes to stay in compliance with Water Code section 20202 by limiting increases in per diem rates to no more than five percent (5%) per year; and

WHEREAS, the District’s current policy allows for a director to attend ten meetings per month and receive compensation at a per diem rate of two hundred and fifty eight dollars (\$258) per meeting;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Each director shall receive compensation for meetings set forth in the Board Policy Manual;

Section 2. The Board per diem rate shall increase by roughly 5% effective January 1, 2024; from Two Hundred Fifty-Eight Dollars (\$258) to Two Hundred Seventy Dollars (\$270), and increase of five percent (5%)

Section 3. Each director shall receive per diem compensation in an amount of Two Hundred and Seventy Dollars (\$270) per meeting for calendar year 2024 for attendance at each regular, adjourned or special meeting of the Board of Directors, as provided for and under the conditions specified in the Board Policy Manual;

PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors of the San Bernardino Valley Water Conservation District this 13th day of December 2023, by the following vote:

| | |
|----------|------------|
| YES: | DIRECTORS: |
| NO: | DIRECTORS: |
| ABSTAIN: | DIRECTORS: |
| ABSENT: | DIRECTORS: |

Melody McDonald, President

ATTEST:

Betsy Miller, Secretary



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Memorandum No. 1992

To: Board of Directors

From: David B. Cosgrove, General Counsel

Date: December 13, 2023

Subject: Program for the Expansion of Recharge Capacity First Agreement Amendment

RECOMMENDATION

Approve the attached First Amendment to the Partnership Agreement for Joint Active Recharge Project Development under the Upper Santa Ana River Habitat Conservation Plan and authorize the Board President to sign on the District's behalf.

BACKGROUND AND DISCUSSION

On November 14, 2018, the Board approved the Partnership Agreement for Joint Active Recharge Project Development under the Upper Santa Ana River Habitat Conservation Plan (HCP) with San Bernardino Valley Municipal Water District. This agreement created an important partnership between these agencies, providing conservation easements on Conservation District-owned lands to satisfy anticipated habitat mitigation requirements for the HCP in exchange for funds dedicated to increasing groundwater recharge in accordance with the Conservation District's mission. The agreement specified certain planned active recharge projects to be transferred from Valley District to the Conservation District for analysis, design, and construction and recognized the ability of the Conservation District to utilize the conservation easement funds for related land acquisitions, water quality or supply facilities development, and other related projects with similar benefits within the jurisdictional boundaries of at least one of the two parties. These Agreement Transfer Projects were initially termed the Active Recharge Transfer Projects (ARTP) and are now referred to as the Program for the Expansion of Recharge Capacity (PERC). The five-year Agreement term expires on January 8, 2024.

On November 14, 2023, the PERC (formerly ARTP) Policy Committee reviewed and recommended approval of the First Amendment to the Partnership Agreement to the boards of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District. The limited changes in the Amendment, which extend its term to January 2029, reflect the name change from ARTP to PERC, and update its Notice provisions to reflect current management at each agency, reflect the progress made on the Agreement terms to date and the desire of both agencies to continue working together to increase groundwater recharge throughout the region to provide reliable water supplies.

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

BOARD OF DIRECTORS

Division 1:
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Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

FISCAL IMPACT

Approval of the recommended action would not result in unbudgeted fiscal impacts to the District, given that the District's FY24 budget presumes continuation of the PERC effort. If the Amendment is not approved and the Partnership Agreement is allowed to expire, the District would be subject to a potential return of Thirty-One Million Nine Hundred Fifty Thousand dollars (\$31,950,000.00) of prepaid Conservation Easement funding provided by SBVMWD.

POTENTIAL MOTIONS

1. Approve the First Amendment to the Partnership Agreement for Joint Active Recharge Project Development under the Upper Santa Ana River Habitat Conservation Plan and authorize the Board president to sign on the District's behalf.
2. Refer the matter to the Operations Committee to review and potentially refine the PERC Partnership Agreement, provided such proceedings can occur prior to January 8, 2024.
3. Provide other direction to staff.

ATTACHMENTS

First Amendment to Partnership Agreement for Joint Active Recharge Project Development Under the Upper Santa Ana River Habitat Conservation Plan

**FIRST AMENDMENT TO PARTNERSHIP AGREEMENT FOR JOINT ACTIVE
RECHARGE PROJECT DEVELOPMENT UNDER THE UPPER SANTA ANA RIVER
HABITAT CONSERVATION PLAN**

This FIRST AMENDMENT TO PARTNERSHIP AGREEMENT FOR JOINT ACTIVE RECHARGE PROJECT DEVELOPMENT UNDER THE UPPER SANTA ANA RIVER HABITAT CONSERVATION PLAN (“Amendment”) is entered into this _____ day of _____, 2023, by and between the SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT (“Conservation District”) and SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (“Valley District”), in consideration of all of the following:

RECITALS:

WHEREAS, on or about January 8, 2019, the Conservation District and Valley District (individually sometimes referred to herein as a “party,” or collectively “parties”) entered that certain “PARTNERSHIP AGREEMENT FOR JOINT ACTIVE RECHARGE PROJECT DEVELOPMENT UNDER THE UPPER SANTA ANA RIVER HABITAT CONSERVATION PLAN;” (“Original Agreement”) and

WHEREAS, the Conservation District and Valley District have, throughout the term of and pursuant to the Original Agreement, advanced a series of cooperative efforts designed to identify, assess, and conceptualize the use of existing and potential new facilities within the San Bernardino Basin area for the capture, diversion, storage, and recharge of storm flows and other native and imported water supplies, to enhance resiliency of local water supplies and to serve a regional strategy of strengthening groundwater supply availability as a hedge against drought conditions, and the potential challenges of a capturing intermittent but substantial precipitation through atmospheric river rainfall events; and

WHEREAS, the under the Original Agreement, the Conservation District agreed to reserve up to two hundred ninety-five (295) acres of denominated “Habitat Area” potentially suitable for habitat for the San Bernardino kangaroo rat and other species, which might serve as mitigation for the anticipated impacts of the Upper Santa Ana River Habitat Conservation Plan (“River HCP”), and Valley District agreed, subject to its review and due diligence of the suitability of the defined Habitat Area, to pay to the Conservation District, in two installments, the aggregate sum of Thirty Six Million Nine Hundred Fifty Thousand dollars (\$36,950,000) in consideration for same (the “Conservation Easement Funding”); and

WHEREAS the Conservation Easement Funding has been paid in full; and

WHEREAS, pursuant to the Original Agreement the Conservation District and Valley District have formed a Partnership Agreement Policy Committee, which meets quarterly to review and advise the parties regarding the progress of the River HCP, and receive updates upon, and provide advice to the parties regarding, the status and commitment of the Conservation Easement Funding to capital projects and its interest revenues, and implementation of renewal, upgrade,

relocation, rehabilitation, or maintenance projects to which the Conservation Easement Funding is to be devoted, including the Transfer Projects.

WHEREAS, since the inception of the Original Agreement, the parties have advanced the identified “Transfer Projects” in a number of ways, including preparing a Program Management Plan, adopting memoranda of understanding with San Bernardino County Flood Control District, undertaken feasibility studies for Waterman, Lynwood, and Twin Creek spreading grounds, developed appropriate hydraulic modeling, conducted geotechnical testing, retained feasibility support services for assessment of Mill, Bledsoe, and Cook Creek facilities, and undertaken feasibility support services for Plunge Creek and Oak Creek, among other things; and

WHEREAS, these cooperative efforts have been productive and ongoing, and look to yield a clearer picture of the proper integration of regionally expanded groundwater supply recharge facilities with the preservation and enhancement of sensitive species habitat; and

WHEREAS, over the course of the performance of the Original Agreement, the Project’s name was changed to the “Program for Expansion of Recharge Capacity,” to more accurately convey the project’s purposes and goals; and

WHEREAS, the term of the Original Agreement was five (5) years, and will expire on January 8, 2024; and

WHEREAS, the Original Agreement contemplated a potential additional five-year extension term, if the River HCP was not approved during the original term; and efforts to secure approval of the River HCP remain ongoing; and

WHEREAS, the Partnership Agreement Policy Committee considered a potential extension of the Original Agreement at its meeting of September 12, 2023, and unanimously recommended that both signatory parties agree to such an extension; and

WHEREAS, the parties now wish to memorialize their agreement to such a five-year extension by way of this Amendment.

NOW THEREFORE, IN CONSIDERATION OF ALL OF THE FOREGOING, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

1. Section XV of the Original Agreement is hereby amended to add the following:

“Notwithstanding the preceding, the term of this Agreement is hereby extended through January 8, 2029. In the event the River HCP is not approved by January 8, 2029, the parties may agree in writing to a second extension, up to an additional five (5) years, for a total aggregate term of fifteen (15) years from the effective date of this Agreement.”

2. Section XIX(M) of the Original Agreement is hereby deleted in its entirety and replaced as follows:

“M. Notices

“All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing unless provided otherwise in this Agreement and shall be deemed to have been duly given and received on: (i) the date of service if served personally or served by facsimile transmission on the Party by delivery to the person(s) at the address(es) designated below, which designation may be changed from time to time by a Party in writing; (ii) on the first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other similar overnight courier service, postage prepaid, and addressed as provided below, or (iii) on the third day after mailing if mailed to the Party to whom notice is to be given by first class mail, registered or certified, postage prepaid, addressed as follows:

“To SAN BERNARDINO VALLEY
“MUNICIPAL WATER DISTRICT

SAN BERNARDINO VALLEY MUNICIPAL
WATER DISTRICT

“Attn: Heather Dyer, CEO/General Manager
“380 E. Vanderbilt Way
“San Bernardino, CA 92408

“To SAN BERNARDINO VALLEY
“WATER CONSERVATION DISTRICT

SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT

“Attn: Betsy Miller, General Manager
“1630 W. Redlands Blvd., Ste. A
“Redlands, CA 92373”

3. Except as specifically amended herein, the Original Agreement shall remain in full force and effect, unless further amended in a written instrument signed by both parties.

SAN BERNARDINO VALLEY WATER
CONSERVATION DISTRICT

By:_____

Melody McDonald

Its: Board President

ATTEST:

By: _____
Betsy Miller
General Manager/Secretary to the
Board

APPROVED AS TO FORM:

By: _____
David B. Cosgrove,
General Counsel

SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT

By: _____
Paul Kielhold
Its: Board President

ATTEST:

By: _____
Heather Dyer
CEO/General Manager/Board Secretary

APPROVED AS TO FORM:

By: _____
Bradley E. Neufeld,
General Counsel



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Memorandum No. 1993

To: Board of Directors
From: Betsy Miller, General Manager
Date: December 13, 2023
Subject: Contract Services Agreement with GeoScience to Modify the Integrated Santa Ana River Model to Incorporate Expanded Groundwater Recharge Activity

RECOMMENDATION

Authorize a Contract Services Agreement for Professional Services (Agreement) with GeoScience to modify the Integrated Santa Ana River Model to incorporate expanded groundwater recharge activity in an amount not to exceed \$194,847.

BACKGROUND AND DISCUSSION

On June 14, 2023, the Board approved the Fiscal Year 2024 budget, including funds in GL 5120 Professional Services to study the effects of District recharge over time on the Bunker Hill Basin groundwater levels. Specifically, the project proposes to update the Upper Santa Ana River Integrated Model developed by GeoScience for San Bernardino Valley Municipal Water District from its current timeframe (1966-2016) to cover all years for which the Conservation District has recorded groundwater recharge data (1912-2023), and then run the model with and without Conservation District recharge over this time to understand the effects of our efforts on both aquifer levels and total storage. In addition to quantifying these benefits for our region, sharing this work with a larger audience will provide valuable estimates of the benefits that agencies in similar climate and geologic regions may expect by committing to long-term investments in groundwater recharge.

Contracted tasks include extending the current calibrated model from 1966-2016 to 1912-2023, running the extended model 1) with current calibrations and 2) without the District's recharge using annual data collected since 1912, and preparing draft and final technical reports describing the modeled results. Total costs for the project tasks will not exceed \$194,847.

FISCAL IMPACT

Approval of the recommended action would result in expenditure of up to \$194,847 from GL 5120 Professional Services.

POTENTIAL MOTIONS

1. Authorize a Contract Services Agreement for Professional Services (Agreement) with GeoScience to modify the Integrated Santa Ana River Model to incorporate expanded groundwater recharge activity in an amount not to exceed \$194,847.
2. Provide other directions to staff.

BOARD OF DIRECTORS

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

ATTACHMENTS

Contract Services Agreement for Professional Services to Modify the Integrated Santa Ana River Model to Incorporate Expanded Groundwater Recharge Activity with GeoScience

**CONTRACT SERVICES AGREEMENT
FOR
PROFESSIONAL SERVICES TO MODIFY THE INTEGRATED
SANTA ANA RIVER MODEL TO INCORPORATE EXPANDED
GROUNDWATER RECHARGE ACTIVITY**

THIS CONTRACT SERVICES AGREEMENT FOR PROFESSIONAL SERVICES TO MODIFY THE INTEGRATED SANTA ANA RIVER MODEL TO INCORPORATE EXPANDED GROUNDWATER RECHARGE ACTIVITY (“Agreement”) is entered into by and between the **SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT**, a special district (“District”), and **GEOSCIENCE SUPPORT SERVICES, INC.** (“Consultant”), is entered into this 13th day of December 2023 (“Effective Date”).

NOW THEREFORE, the parties hereto agree as follows:

1.0 SERVICES OF CONSULTANT

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, the Consultant shall provide the District with professional assistance by modifying and expanding the existing Integrated Santa Ana River Model, to increase the model run period from its existing span of 1966 through 2016, and incorporate and analyze groundwater recharge activities that occurred in the period from 1912 to and through 2023. Specifically, Consultant shall perform the following tasks:

- A. Run model runs and analyze model results, including extending current model calibration from 1966-2016 to 1912-2023 and running one model run without surface water diversion for recharge,
- B. Prepare draft and final technical memorandum,
- C. Project management and meeting attendance (four meetings required).

Consultant shall perform all work according to the contract Scope of Work, Schedule of Performance, and Fee Schedule shown as Attachments A, B, and C to this Agreement, all of which are incorporated herein by reference.

1.2 Authorization to Begin and Schedule of Performance. Consultant's term to begin work or services, shall initiate upon receipt of a Notice to Proceed by District. Further, no work or services other than that described in the Scope of Work shall be initiated by the Consultant without express authorization of the District and documented as a Change Order to this Agreement. Consultant shall complete the Tasks specified in the Scope of Work in the time frames indicated in Attachment B, the Schedule of Performance.

1.3 Compliance With Law and Professional Competency. All work and services rendered hereunder shall be provided in accordance with applicable ordinances, resolutions, statutes, rules, and regulations of the District and any Federal, State, or local governmental agency of competent jurisdiction, and to a standard of care and professionalism consistent with no less than the level of skill and care ordinarily exercised by professionals in Consultant's field performing permitting assistance consulting work such as covered by this

Agreement.

1.4 Licenses, Permits, Fees and Assessments. Consultant shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by this Agreement, unless otherwise noted in the Scope of Work.

2.0 COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, the Consultant shall be paid a not-to-exceed sum of One Hundred Ninety-Five Thousand Dollars (\$195,000.00), as specified in Attachment C, for the completion of each Task specified in the Scope of Work. Consultant shall invoice for work done to accomplish such tasks monthly, as described in Attachment C. Total compensation shall not exceed the total fee specified for such Task in Attachment C, without prior written approval of the District.

2.2 Method of Payment. Provided that Consultant is not in default under the terms of the Agreement, the Consultant shall be paid upon receipt of a detailed record of services performed and time spent. Prior to payment of the final invoice, all work authorized by the District shall be completed. No later than the 15th of each month Consultant shall furnish to District an original invoice for all work performed and expenses incurred during the preceding month, consistent with Attachment C. The invoice shall detail charges with reference to the Tasks specified in the Scope of Work, specifying the work performed, the person or team member performing the work, hourly rates, and a detailed description of the services performed. District shall independently review each invoice submitted by the Consultant to determine whether the work performed, and expenses incurred, comply with the provisions of this Agreement. If no charges or expenses are disputed, District will cause Consultant to be paid within thirty (30) days of receipt of Consultant's invoice. Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant, nor to constitute any waiver of any type of relief or remedy, legal or equitable, arising out of any breach or nonperformance of any aspect of the Agreement by Consultant.

3.0 COORDINATION OF WORK

3.1 Representative of Consultant. Johnson Yeh, Ph. D. is hereby designated as the principal-in-charge and project manager by the Consultant, authorized to act on its behalf with respect to the work and services specified herein and to make all decisions in connection therewith. Any substitution of these designated representatives must be approved in advance and in writing by the District.

3.2 Contract Officer. The General Manager, Betsy Miller, is hereby designated as the representative of the District, authorized to act on its behalf with respect to the work and services specified herein and make all decisions in connection therewith ("Contract Officer").

3.3 Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any entity to perform in whole or in part the work and services required of Consultant herein without the prior express written approval of the District. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the

prior written approval of the District. Any such prohibited assignment or transfer shall be void.

3.4 Independent Consultant. Consultant shall perform all work and services required herein as an independent contractor of the District and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of the District.

4.0 INSURANCE AND INDEMNIFICATION

4.1 Insurance. The Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to District, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

4.1-01

4.1-02 Liability Insurance. The Consultant shall provide and maintain at all times during the performance of this Agreement, the following commercial general liability insurance:

4.1-02.01 Coverage. Coverage shall be at least as broad as the following:

Commercial General Liability. Commercial General Liability coverage (Occurrence Form CG 0001) in the amount of one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2501 or insurer's equivalent endorsement provided to the District) or the general aggregate limit shall be twice the required occurrence limit.

Professional Liability. Professional Liability appropriate to the Consultant's profession covering Consultant's wrongful acts, negligent actions, errors or omissions in the amount of one million dollars (\$1,000,000) per claim and annual aggregate.

4.1-02.02 Required Provisions. The policies specified in Section 4.1-03.01 are to state or be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days (10 days for nonpayment of premium) prior written notice by U.S. mail has been given to the District.

4.1-02.03 Required Format. All of the liability insurance shall be provided on policy forms satisfactory to the District. All insurance correspondence, notations, certificates, or other documents from the insurance carrier or agent/broker shall each separately reference the District project number.

4.1-02.04 Deductibles and Self-Insured Retention. Any deductible or self-insurance retention must be declared to and approved by the District. At the option of the District, the insurer shall reduce or eliminate such deductibles or self-insured retention.

4.1-02.05 Acceptability of Insurers. Insurance is to be placed with insurers having a current A.M. Best's rating of no less than A-:VII or equivalent or as otherwise approved by the District.

4.1-02.06 Evidence and Cancellation of Insurance. Prior to execution of this Agreement, the Consultant shall file with the District evidence of insurance satisfactory to the District. The insurer will give by U.S. mail written notice to the District at least thirty (30) days prior to the effective date of any cancellation, except for nonpayment of premium for which ten (10) days prior written notice will be given. The Consultant shall, upon demand of the District, make available to the District all such policy or policies of insurance and the receipts for payment of premiums thereon, redacted to remove any proprietary or confidential information.

4.1-02.07 Errors and Omissions/Professional Negligence. Consultant shall procure and maintain errors and omissions insurance, or professional liability insurance, at all times this Agreement is in effect, covering the services to be provided hereunder in the amount of one million dollars per claim and annual aggregate.

4.1-03.08 Sub-Consultants. If Consultant employs other consultants as part of the services covered by this Agreement, and after written approval by District of the use of such other consultant, consistent with Section 3.3 above, it shall be the Consultant's responsibility to confirm that each sub-consultant meets the minimum insurance requirements specified above.

4.2 Indemnification. To the fullest extent permitted by law, Consultant shall indemnify and hold harmless the District, its directors, officers, employees or designated volunteers, and each of them from and against:

4.2-01 Any and all claims, demands, causes of action, damages, costs, expenses, losses, or liabilities, in law or in equity, of every kind of nature whatsoever for, but not limited to, injury to or death of any person including District and/or Consultant, or any directors, officers, employees or designated volunteers of District or Consultant, and damages to or destruction of property of any person, including but not limited to, District and/or Consultant and their directors, officers, employees or designated volunteers, arising out of or in any manner directly connected with the work to be performed under this Agreement, due to the Consultant's negligent acts, errors, or omissions committed or alleged to have been committed, except in those cases where the District is proven to be liable.

4.2-02 Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind of nature whatsoever, arising out of, resulting from,

or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of Consultant, except in those cases where the District is liable.

4.2-03 Consultant shall defend, at its own cost, expense, and risk, with Counsel of District's approval, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against District or District's directors, officers, employees or designated volunteers caused by or arising out of Consultant's actions.

4.2-04 Consultant shall pay and satisfy any judgment, award or decree that

may be rendered against District or its directors, officers, employees or designated volunteers, in any and all such aforesaid suits, actions or other legal proceeding caused by or arising out of Consultant's actions.

4.2-05 Consultant shall reimburse District and its directors, officers, employees or designated volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided caused by or arising out of Consultant's actions.

4.2-06 Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the District, or its directors, officers, employees or designated volunteers.

4.3 Laws, Regulations and Permits. The Consultant shall give all notices required by law and comply with all laws, ordinances, rules, and regulations pertaining to the conduct of the work. The Consultant shall be liable for all violations of the law in connection with work furnished by the Consultant.

4.4 Safety. The Consultant shall execute and maintain Consultant's work so as to avoid injury or damage to any person or property. In carrying out the work, the Consultant shall at all times, exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed, and be in compliance with all federal, state and local statutory and regulatory requirements including State of California, Division of Industrial Safety (Cal/OSHA) regulations, and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act (as applicable).

5.0 TERM OF AGREEMENT

5.1 Term. This Agreement shall be effective from date of signature of both parties and shall continue in full force and effect until completion and approval of the work and services described hereunder, unless extended by mutual consent, or until otherwise terminated under Section 6.11 below. In no event shall this contract extend beyond one (1) year from the date of signature by both parties.

6.0 MISCELLANEOUS

6.1 Covenant Against Discrimination. The Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through it, that there shall be no discrimination against, or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement.

6.2 Non-liability of District Officers and Employees. No officer or employee of the District shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the District or for any amount that may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

6.3 Conflict of Interest. No officer or employee of the District shall have any financial interest, direct or indirect, in this Agreement, nor shall any such officer or employee

participate in any decision relating to the Agreement which affects his or her financial interest or the financial interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested, in violation of any State statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

6.4 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the District, to the General Manager and to the attention of the Contract Officer, San Bernardino Valley Water Conservation District, 1630 W. Redlands Boulevard, Suite A, Redlands, CA 92373-0581, and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement.

6.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement.

6.6 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time only by the mutual consent of the parties and only by an instrument in writing.

6.7 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or inability to enforce shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

6.8 Waiver. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

6.9 Attorney's Fees. If either party to this Agreement is required to initiate or defend, or is made a party to, any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, whether or not the matter proceeds to judgment.

6.10 Ownership of Work. All work performed and all work product generated by the Consultant hereunder shall be the exclusive property of the District. The Consultant shall

provide to the District all notes, maps, graphs, worksheets, reports, computer databases and programs, or any other analysis or analytical tools created or produced by the Consultant in connection with its work performed hereunder (“work”), no later than the time of the completion of the Consultant’s work or earlier termination of this Agreement under Section 6.11 below. The Consultant shall not disclose or utilize its work under this Contract in any other assignment or for any other purpose, or otherwise disclose or utilize such work, without the prior written consent of the District, which consent shall not be unreasonably withheld.

6.11 Termination. This Agreement may be terminated by either party giving ninety (90) days’ notice in writing to the other party and sent by registered mail to the principal place of business that such notice is addressed. The right, duties, and responsibilities of the Consultant shall continue in full force during the period of this 90-day notice, unless otherwise directed by District. After the expiration of the 90-day interval following notice, no rights or liabilities shall arise out of this relationship, except that the indemnification provisions of Section 4.2 above shall survive termination, and any task undertaken by Consultant on written District authorization, and still uncompleted at the expiration of the notice period, shall be carried to completion by Consultant and paid for by District at rates provided hereunder, unless mutually agreed in writing to the contrary, in accordance with the provisions herein.

6.12 Mediation. In the event of disagreement arising under this Agreement, the Consultant and District shall meet and confer in an attempt to resolve the issue. If the meet and confer process fails to resolve any controversy or claim arising out of or related to work performed under this Agreement, within 10 business days after written notice by one party to the other identifying the nature of the dispute and requesting a meet and confer conference, such claim or controversy shall be submitted to non-binding mediation unless the parties mutually agree otherwise. The submission to non-binding mediation shall be upon such terms, conditions, and procedures as the parties might mutually agree, and shall not preclude the initiation or exercise of any other remedy, legal, equitable, or otherwise, available to any party. The mediation proceedings shall take place in San Bernardino County, California.

6.13 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing

[The remainder of this page is intentionally left blank.]

this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement and affirm same by signature below:

CONSULTANT

GeoScience Support Services, Inc.

Attn: Johnson Yeh

160 East Via Verde

San Dimas, CA 91773

jyeh@geoscience-water.com

By: _____

Johnson Yeh, Ph.D.

Date: _____

DISTRICT

SAN BERNARDINO VALLEY WATER

CONSERVATION DISTRICT

1630 West Redlands Blvd

Redlands, CA 92373

bmiller@sbvwcd.org

By: _____

Betsy Miller

General Manager

Date: _____

ATTACHMENT A
SCOPE OF SERVICES

- A. Run Model Runs and analyze Model Results (Extend Current Model Calibration from 1966-2016 to 1915-2023 and Run One Model run Without Surface Water Diversion for Recharge)
- B. Prepare Draft and Final Technical Memorandum
- C. Project Management and Meeting Attendance (four meetings required)

ATTACHMENT B
SCHEDULE OF PERFORMANCE

| TASK | COMPLETION DATE |
|--|------------------------|
| Run Model Runs and analyze Model Results (Extend Current Model Calibration from 1966- 2016 to 1915-2023 and Run One Model run Without Surface Water Diversion for Recharge) | May 15, 2024 |
| Prepare Draft and Final Technical Memorandum | September 15, 2024 |
| Project Management and Meeting Attendance (four meetings required) | September 15, 2024 |

ATTACHMENT C
SCHEDULE OF COMPENSATION

TASK A – Run Model Runs and analyze Model Results (Extend Current Model Calibration from 1966-2016 to 1915-2023 and Run One Model run Without Surface Water Diversion for Recharge)

\$152,696

TASK B – Prepare Draft and Final Technical Memorandum

\$34,203

TASK C – Project Management and Meeting Attendance (four meetings required)

\$7,948

TOTAL \$194,847



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Memorandum No. 1994

To: Board of Directors

From: Finance & Administration Committee
Betsy Miller, General Manager

Date: December 13, 2023

Subject: Staff Recognition for 2023

RECOMMENDATION

The Finance and Administration Committee recommends to approve the award of 24 hours of leave for each full-time District employee and authorize the closure of the District office from December 27-29, 2023.

BACKGROUND AND DISCUSSION

At their meeting on November 8, 2023, the Board directed the General Manager to review options for recognizing the extraordinary efforts of District staff during 2023, which include recharging more water than any year since 1912, constructing the Mill Creek Diversion project, coordinating support for construction of the Enhanced Recharge project which is occurring on District-owned lands, conducting the geotechnical testing for the PERC projects at Mill Creek, preparing the Natural Resource Management Plan required by the Wash HCP, establishing six new populations of slender-horned spinyflower as required by the Wash HCP, submitting the application for a Safe Harbor Agreement for the Mill Creek Groundwater Recharge Facility, and progressing the PERC feasibility studies.

In response to this request, the General Manager presented a proposal to the Finance and Administration Committee on November 15, 2023, to 1) award 24 hours of leave to each full-time District employee and 2) authorize the closure of the District office from December 27-29, 2023. This proposal allows employees who wish to take the full week of the Christmas holiday off without having to use their current leave balance while ensuring that no one is required to work during this week to cover the three open office days in between Christmas and New Year's holidays. In addition, this proposal provides flexibility for employees who may wish to utilize this leave at a different time of year, who may wish to cash out the extra leave for additional pay, or who may wish to work in between the holidays.

Following review and discussion, the Finance & Administration Committee directed staff to forward this item to the Board with a recommendation for approval.

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

BOARD OF DIRECTORS

Division 1:
Richard Corneille

Division 2:
David E. Raley

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

FISCAL IMPACT

Approval of this item would result in leave awarded to staff with a cash value of \$15,241.77. Should staff choose to cash out the awarded leave, the District's Compensated Absences Reserve is funded to cover these costs. There is no cost to close the office from December 27-29, 2023.

POTENTIAL MOTIONS

1. Approve the award of 24 hours of leave for each full-time District employee and authorize the closure of the District office from December 27-29, 2023.
2. Provide other direction to staff.



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

Memorandum No. 1995

To: Board of Directors

From: Betsy Miller, General Manager

Date: December 13, 2023

Subject: Approval of the Strategic Plan 2024-2028

RECOMMENDATION

Approve the San Bernardino Valley Water Conservation District Strategic Plan 2024-2028.

BACKGROUND AND DISCUSSION

On February 8, 2023, the Board approved a contract with Strategy Driver, Inc. to prepare an update to the District's 2017 Community Strategic Plan. Subsequently, Strategy Driver, Inc. prepared surveys for District Directors, employees, and partners to provide a foundation for discussion of the District's Mission, Vision, Values, Goals, and Objectives. These items were discussed in staff workshops facilitated by Strategy Driver, Inc. on May 17, June 27, and July 18, and in Board workshops facilitated by Strategy Driver, Inc. on June 6, July 13, and August 8.

The content for the San Bernardino Valley Water Conservation District Strategic Plan 2024-2028 presented today incorporates information obtained via the surveys as well as draft Strategic Plan contents discussed at staff workshops, Board workshops, at the September 13 and November 8 Board meetings, and via email following the November 8 Board meeting.

Following revisions to address Board comments on the draft plan, staff recommends that the Board approve the final San Bernardino Valley Water Conservation District Strategic Plan 2024-2028.

FISCAL IMPACT

On September 13, 2023, the Board approved an amendment to their contract with Strategy Driver, Inc. to prepare an update to the District's 2017 Community Strategic Plan for a total amount of \$73,975. No additional funds are committed by this proposed action.

POTENTIAL MOTIONS

1. Move to approve the Strategic Plan 2024-2028.
2. Provide other direction to staff.

1630 W. Redlands Blvd, Suite A
Redlands, CA 92373
Phone: 909.793.2503
Fax: 909.793.0188
www.sbvwd.org Email: info@sbvwd.org

BOARD OF DIRECTORS

Division 1:
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Division 2:
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Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

ATTACHMENTS

San Bernardino Valley Water Conservation District Strategic Plan 2024-2028



**San Bernardino Valley
Water Conservation District**
Helping Nature Store Our Water



STRATEGIC PLAN 2024-2028

Adopted December 2023





FOREWORD

Partners and Colleagues,

We are delighted to share with you the results of our strategic planning process.

Strategic Plan 2024–2028 (SP28) builds upon the District’s 115+ years of stewardship of the Upper Santa Ana River Wash and the aquifer beneath it. It provides a blueprint for the District that allows us to meet the increasing complexities of managing extreme drought and flooding to protect the precious resources that we rely upon.

SP28 will help us reach key milestones while remaining flexible enough for us to leverage new opportunities and manage risks.

Establishing consensus for priorities when there are so many demands upon limited resources can be challenging. But as we have always done, we remain committed to innovative groundwater recharge while revitalizing the threatened habitat on our working lands.

We remain committed to providing a reliable water source to serve our local and regional communities as the backbone of our economy, environment, and culture.

We are committed to the partnerships that span generations and have been crucial in our success to meet our community’s needs collaboratively and transparently.

Those commitments will not change. And those commitments provided the lens through which our strategic planning decisions were made.

As with any project of this magnitude, it is the cumulation of many hours of hard work, brainstorming, and research by our board, staff, and strategic partners. We are grateful to all of you who provided your time and expertise. We are most appreciative of our Board who so freely applied their experience and guidance to this initiative. It could not have happened without their wisdom and heart.

Onward,

Melody McDonald

President

Betsy Miller

General Manager

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In Appreciation18



HISTORY

San Bernardino Valley Water Conservation District (SBVWCD) is a steward of the San Bernardino Valley groundwater basin and the native species of the Upper Santa Ana River Wash. Our collaborative, forward-thinking approach to protecting high-quality local water for people, agriculture, and the environment is meeting today's needs while storing water for tomorrow's demands. Our co-equal objectives of recharging groundwater and hosting habitat and native species in the Wash have been accomplished by laying the groundwork over the last century while envisioning our future for generations.

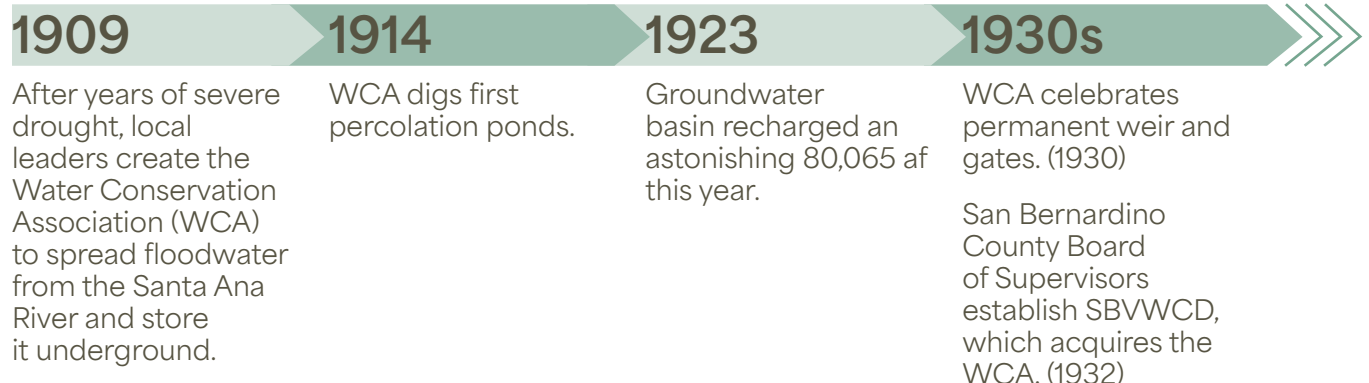
The timeline below and on the following pages presents key events in SBVWCD's history that make us who we are today.



First headgates, 1918



Cuttle weir diversion structure, 1930



Our **Mission** expresses the District’s purpose, our **Vision** envisions where our future is headed, and our collective **Values** provide guideposts in what we hold to be true to guide the District in how we conduct our business. The District developed our Strategic Plan 2024-2028 (SP28) through a collaborative and transparent process where the Board Directors and staff were invited to respond to an independent survey as well as interviews. Through individual staff workshops and joint staff and Board of Directors’ public workshops, open dialog was facilitated to establish the Mission, Vision, and Values. We look forward to working together to achieve our shared future for the land, water, and environment in the San Bernardino Valley.

MISSION

As one of California’s first sustainable groundwater replenishment agencies, the District proactively recharges water, improving supply for the benefit of water users, local businesses, and native flora and fauna in a financially responsible way.

The District leverages our unparalleled expertise as stewards of the water and land, responsibly innovating in water and habitat conservation, harmonizing and enhancing working landscapes, and enriching open space as a community asset.

VISION

With over a century of storing groundwater beneath our multi-functional lands and protecting diverse habitat and open space, our prescient District will continue to drive water availability, nature-based solutions, and collaborative partnerships to successfully expand our region’s water reliability.

The District fosters economic vitality and endangered species to thrive compatibility in the face of competing resources. We advance sustainable climate-conscious practices to create a resilient future for our interconnected people and ecosystems for generations to come.

San Bernardino Valley Water Conservation District –
Partnering With Nature To Store Our Water.

1960

Three local women – Ruth Wilson, Martha McLean and Kay Black – successfully block plans by the U.S. Army Corps of Engineers to pave over the Santa Ana River, preserving the soft-bottomed river channel.

1961

City of Redlands transfers Mill Creek spreading grounds to the District.

1993

Wash Committee formed to reconcile regional conflicts in demands for aggregate mining, groundwater recharge, and habitat preservation.

U.S. Fish and Wildlife Service lists California gnatcatcher as threatened.



Male California gnatcatcher

VALUES

- **We embody integrity** through fiscal responsibility in public service by holding ourselves accountable to our partners and community at large.
- **We continue to build our community** of employees, partners, businesses, and neighbors who drive our mission. Our success depends on responsive collaboration and transparent communication.
- **We are stewards of the water, land, and environment** and are committed to sustainable practices that will ensure a resilient future.
- **We are ethical** and respect both people and the environment to serve our community's diverse values.
- **We balance innovation and time-tested pragmatism** to advance professional excellence, continually improving to meet the evolving priorities of today and a changing world tomorrow.
- **We are resilient.** We adapt to address future climate impacts and ensure the District's next 100 years with our continued humble, flexible, and curious approach to water and the natural world.



“SBVWCD’s work in the Wash not only strives to protect endangered and rare species, but it also protects the water supply for surrounding communities.”

*Dan Silver, M.D.,
Chief Executive
Officer, Endangered
Habitats League*

1998

U.S. Fish and Wildlife Service lists San Bernardino kangaroo rat as endangered.



San Bernardino kangaroo rat

2000

Wash Plan Task Force formed to develop consensus among mining, water, habitat preservation, and public access interests.

2005

Local Agency Formation Commission (LAFCO) considers consolidation of SBVWCD.

GOALS

The **Goals** and priority **Objectives** of the District listed below demonstrate both near and long term strategies and tactics that are critical to the District meeting its envisioned future. They are in no order of priority. Some goals will be launched in tandem, and some may not be started for years to come, based on shifting circumstances and priorities. All together, they reflect the District's vision and plan to guide the Board and staff in weighing priorities and measuring them purposefully, while respecting investments made for both short- and long-term goals. Our commitment is to move the District's public service forward and achieve alignment through purposeful communication, informed decision-making, and steady forward progress.

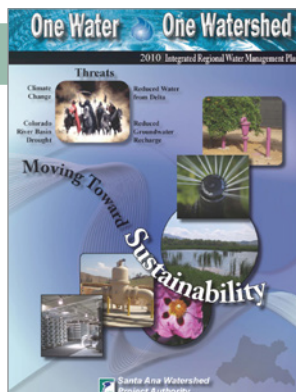
The following goals were developed to consider the District's primary mission to provide water supply reliability through dependable infrastructure delivery and to enhance our relationship to our natural environment and lands, while serving the greater San Bernardino Valley through our community at large, including:

- **Goal 1:** Water Supply Reliability through Groundwater Recharge
- **Goal 2:** Infrastructure Expansion and Operations Optimization
- **Goal 3:** Natural Resource Stewardship and Environmental Enhancement
- **Goal 4:** Community Engagement and Education
- **Goal 5:** Collaborative Partnerships
- **Goal 6:** Fiscal Commitment and Accountability
- **Goal 7:** Sustainable Organization & Governance

This is intended to be a living document. The District's goals and objectives will be measured, evaluated, and recalibrated bi-annually to adjust for variables in funding and priority as they arise. The overarching objective is to perform our public service in a deliberate, strategic, and effective way.

2008

District supports preparation and approval of the Santa Ana Watershed Project Authority (SAWPA) *One Water One Watershed* Integrated Regional Water Management Plan (IRWMP).



2009

SAWPA's One Water One Watershed IRWMP was designed to create opportunities for collaboration to find sustainable watershed-wide solutions among diverse stakeholders from throughout the Watershed.

LAFCO recognizes SBVWCD's unique contributions to the region, and rejects proposed consolidation.

1

Water Supply Reliability through Groundwater Recharge: Maximize all water capture and aquifer recovery for the benefit of our communities' water security and support of a healthy watershed.

1A. Actively manage existing groundwater spreading basins and maximize recharge capacity.

- Evaluate future use of reclaimed aggregate mines to provide recharge capacity and habitat restoration sites.
- Evaluate feasibility of expanded recharge service within the District's LAFCO boundary and sphere of influence.
- Evaluate potential partnership for regional recharge projects on both District and non-District lands.
- Increase capacity to capture and store water during "atmospheric river" storm events to help withstand periods of ongoing drought.
- Support the Enhanced Recharge Project Phase 1B in collaboration with Western Municipal Water District (WMWD) and San Bernardino Valley Municipal Water District (SBVMWD)



Recharge Basins

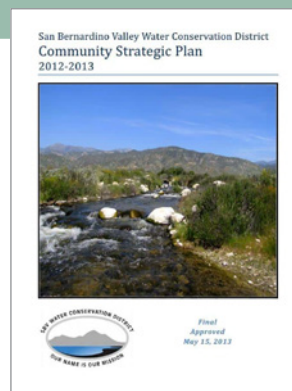
to increase current groundwater recharge capacity by up to 80,000 acre-feet (AF)/year.

- 1B. With our partners, identify and develop new supplemental supply sources to maximize water available for recharge (e.g., recycled water, imported water, stormwater capture), without flooding risks.
- During the tenure of the Groundwater Council, continue integrating the sustainability component of the groundwater charge for supplemental imported water sustainability efforts.
 - Permit the historic diversion of Mill Creek Flows, capitalizing on permit availability before potential legislative changes to the process or priority of perfecting rights.
 - Advance Program for the Expansion of Recharge Capacity (PERC) projects for potential joint use of flood management facilities for recharge.

2010

Financial Reserve Policy adopted by Board to stabilize finances.

Community Strategic Plan completed to transition the District from only a groundwater recharger to a multiple resource manager and preservation agency.



The 2010 Strategic Plan (updated 2012-2013) provided a vision for the District shortly after the efforts to consolidate the District were not upheld by LAFCO.

2

Infrastructure Expansion and Operations Optimization: Design, construct, maintain, and optimize facilities to maximize adaptability for a changing climate, to transform and expand our assets for future generations of water supply.

2A. Recharge the aquifer as effectively and efficiently as possible by adaptively managing our operations to capture and recharge the maximum available water.

- Continue to evaluate operations and maintenance for maximum recharge in changing climate and fire scenarios.
- Evaluate emerging technology to improve operations and advance efficiency.
- Leverage drought periods to maintain/construct facilities during dry conditions to be ready for wet years.
- Improve water capacity, storage, and quality by constructing and expanding sedimentation basins within the Mill Creek facility.
- Apply the cost benefit ratio of aggressively recharging Mill Creek with early storm (i.e., sediment-laden) flows to inform operational strategy.

- Pursue opportunities to consolidate land ownership near District facilities as appropriate, to expand our ability to recharge groundwater and provide buffers for conservation of habitat.

2B. Formulate facility-wide maintenance assessments and implement strategies to assure long-term operational readiness.

- Minimize impacting the facilities with poor-quality and sediment-laden water.
- Continue to invest in adaptive management practices and perform maintenance so that the Plunge Creek project continues to meet performance goals.
- Coordinate with upstream operators on headwaters management to protect the District's water supply.

2012

District ushers in an era of joint agency cooperation by entering a Collaborative Agreement with SBVMWD and WMWD to expand recharge facilities.

District reaches milestone of **1,000,000 af total groundwater recharge**.

LAFCO approves expanded sphere of influence for District.

2013

Cooperative Memorandum of Understanding (MOU) signed with Inland Empire Resource Conservation District (IERCD) for joint educational programs and conservation efforts.



IERCD provides water education on behalf of the District to students in grades K-5.

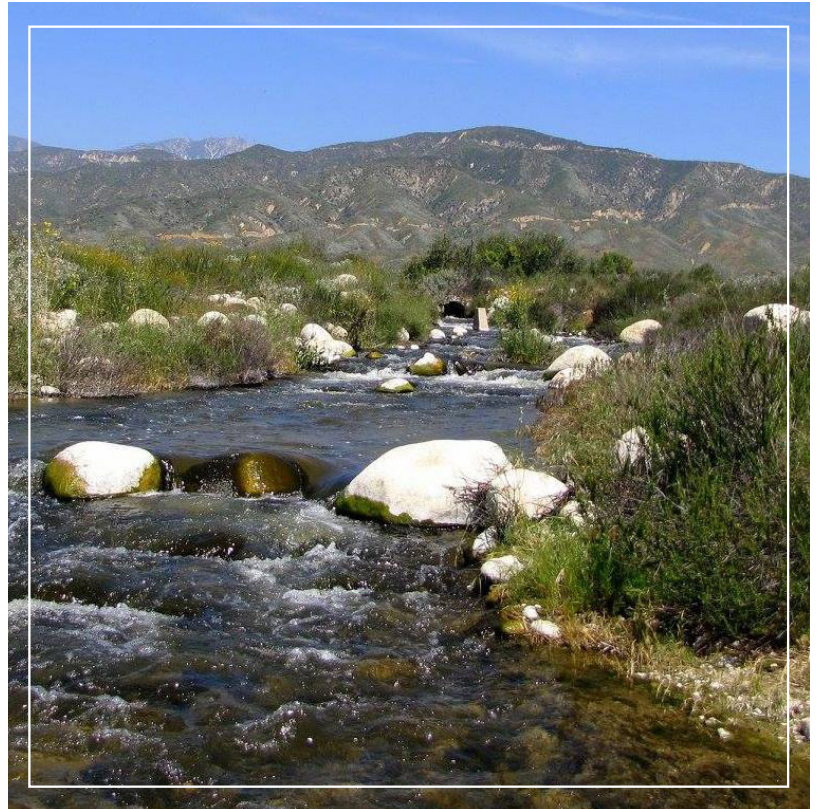
“Working together, our agencies provide an experienced, science-based approach to groundwater management in the Inland Empire and beyond. We look forward to continuing to learn and share best practices with one another for the benefit of the aquifers, the environments, and the communities we serve.”

Elizabeth Willis, General Manager, Chino Basin Water Conservation District

2C. Continue our PERC partnership to increase the ability to recharge the local aquifer to its full potential through state-of-the-art engineering.

- Complete cost-benefit analyses on higher-probability joint flood management/recharge locations and implement priority PERC projects for design, permitting, construction, and operation.
- Integrate PERC projects into the master operations plan to include climate scenario analyses.

2D. Obtain and maintain permits as required. Monitor for compliance through a comprehensive tracking database. Educate public and stakeholders on level of effort and schedule to obtain permits.



Spreading in the Santa Ana Recharge Area

2014

Awarded District of Distinction and Certificate of Transparency from Special District Leadership Academy/California Special Districts Association.



3

Natural Resource Stewardship and Environmental Enhancement: Protect, manage, and rewild natural areas to promote the thriving health of our ecosystems and local and regional communities.

3A. Implement the Wash HCP to significantly advance conservation in our region, enhance outcomes for Covered Species and their habitat, and maintain full compliance with our permits.

- Create adaptive management strategies based on high quality data collected through consistent, science-based monitoring efforts.
- Conceptualize, mimic, and restore natural ecological processes to maximize natural rehabilitation of impacted lands (e.g., sand reintegration).
- Continue and expand the invasive plants prevention program using varied mechanisms to prevent damage to habitat and protect the District's investment (e.g., sand, mechanical, herbicides).
- Share monitoring and management results to inform regional and national conservation efforts.

3B. Work with local and regional partners to limit trespass on District owned and managed properties, including illegal dumping of debris, and the establishment of unauthorized encampments to minimize fire and other safety risks to humans and habitat.

- Implement our plan and identify funding to partner with cities, the County, and local non-profit outreach organizations to resolve unauthorized occupancy and provide referrals for temporary and permanent housing and wellness programs.

3C. Collaborate with the San Bernardino Valley Conservation Trust to meet our permit requirements and demonstrate our land conservation and stewardship values to elevate conservation science.

- Leverage District expertise and knowledge to lead establishment and implementation of endangered species programs (e.g., San Bernardino kangaroo rat monitoring and habitat quality characterization, slender-horned spineflower restoration).

2015

Groundwater Council envisioned to coordinate management of groundwater resources throughout the Basin.

2016

San Bernardino Valley Conservation Trust established to hold and manage conservation easements on District lands.

Mendoza Trust Land acquired, adding buffer and additional recharge lands.

Memorandum of Agreement (MOA) signed with the San Manuel Band of Mission Indians to ensure that the Tribe can maintain connection with ancestral lands and resources.

Wash Plan Wildland Trails Master Plan adopted.



Yucca blossoms at the Yucca Harvest Celebration

3D. Leverage the success of the Plunge Creek Conservation Project to replicate and expand additional coordinated recharge and habitat restoration opportunities. Share successes broadly to advance demonstration of best management practices.

3E. Implement a trails system for hiking and biking to benefit the community at large with appropriate governance and protocols to protect both people and wildlands.

- Develop a public access protocol and partnerships to provide safe access.
- Utilize appropriate access safety controls to ensure District facilities and sensitive habitats are not compromised by trail users.
- Partner with the cities of Redlands & Highland to provide recreational opportunities and implement the trails systems as a community amenity.
- Implement an educational program that will leverage trespass enforcement efforts with community awareness of the uniqueness and fragility of the habitat areas.

3F. Implement the Community Mitigation Program to provide land mitigation and habitat for easements for community benefit.



San Bernardino Mountains

3G. Develop a tracking tool for our environmental mitigation and enhancement efforts to ensure we document our work and establish informative management and reporting protocols that will serve for decades to come.

3H. Coordinate with neighboring landowners and conservation programs for effective regional management and cooperation (e.g., Wash Plan and River HCP actions with Woollystar Preserve Area).

3I. Identify District-owned disturbed lands and retired facilities (e.g., reclaimed mining pits, Lockheed facilities) and assess potential to rewild to natural habitat.

2017

Wet year conditions result in significant recharge of over 45,000 AF.

Updated 5-year Community Strategic Plan approved.

2018

Partnership initiated with Steps 4 Life to provide transitional housing at the District's Mentone house.



The District has proudly partnered with Steps 4 Life since 2018 providing transitional housing and supporting persons experiencing homelessness.

4

Community Engagement and Education: Engage, educate, and partner with our diverse community to promote water security and protect valued habitat and open space as assets critical to our collective vitality.

Create and implement communication, engagement, and education priorities that elevate the District locally, regionally, and beyond.

Activate the District's Strategic Plan with specifics on how we will Communicate, Engage, and Educate on:

- 4A. The value of the District to our community by quantifying our impact on groundwater levels since recharge began in 1912, and share the effects of long-term aquifer recharge with local and state governments and researchers working to promote aquifer recharge.
- 4B. Our recognized thought leadership and insights on groundwater recharge; integration of sustainable land and species management with operations; and regional habitat conservation.
- 4C. The District's multi-beneficial accomplishments as technical and operational best management practices in sustainable groundwater and habitat management through aquifer recharge and recovery and habitat conservation (e.g., PERC, Plunge Creek, Mill Creek Diversion).

- Submit topical papers to technical and academic journals.
- Present the District's accomplishments at conferences and professional and academic associations.
- Present at local community organizations.

- 4D. Our successful partnerships across the groundwater basin (i.e., PERC, Enhanced Recharge, Groundwater Council, Wash Plan Task Force, Woollystar Preserve Area managers).
- 4E. Collaboration with our partners to create a cohesive, unified message about the importance of groundwater basins and the status of our basin.
- 4F. The District's uniqueness through branding:
 - Evaluate branding updates to promote our leadership role in serving the symbiotic relationship between habitat conservation and groundwater recharge.
 - Celebrate our history as stewards of our aquifer and wildland.

2019

Wet year conditions result in recharge of 74,983 AF.

President Trump signs Santa Ana River Wash Land Exchange Act into law.

Signed PERC agreement with SBVMWD to evaluate, construct, and operate new and joint-use Flood Control facilities to double Upper Santa Ana River groundwater recharge capacity.

2020

Construction of Plunge Creek Conservation Project, re-establishing intermittent flooding and restoring hundreds of acres of habitat while increasing groundwater recharge.



Plunge Creek

- 4G. The role of the District in managing our public assets of open space, water security, aggregate and natural resources, and vital habitat that contribute to their lifestyles and livelihoods.
- Continue tours at recharge facilities to demonstrate operations, sponsor a water conservation demonstration garden, and invite new community leaders to participate and promote the District's programs, projects, and initiatives.
- 4H. The District's approach to supporting persons experiencing homelessness (e.g., District-leased property for transitional housing and support for independent living).
- 4I. Community invitations to understand our shared treasures and participate in the District's natural resource stewardship activities, and engage support to minimize impact to habitat through outreach and key publications (e.g., educate and remove invasive plants, reduce littering and water consumption to retain sensitive species).
- 4J. The District's established Qualified Water Efficient Landscaper program to expand outreach to potential conservation practitioners.
- 4K. Internships and collaborative partnerships with local and regional institutions to expand opportunities for education (e.g., IERCD, San Bernardino County Museum, Chino Basin Water Conservation District, universities).



“The District provides an extraordinary example of groundwater stewardship that could benefit regions around the world. We enjoy partnering with SBVWCD to share the importance of wise water use to educate the next generation of decision-makers through school and neighborhood programs.”

***Mandy Parkes, District Manager
Inland Empire Resource
Conservation District***

2021

Upper Santa Ana River Wash Habitat Conservation Plan (HCP) approved by District Board and Incidental Take Permit issued by U.S. Fish and Wildlife Service.

Plunge Creek Conservation project named Water Supply Protection and Enhancement Project of the Year by the American Public Works Association (APWA).

Groundwater Council receives the California Special Districts Association Innovation Award.

Wash Plan HCP receives the Southern California Association of Government's Sustainability Award.



Wash Plan HCP

5

Collaborative Partnerships: Create and actively maintain local, regional, state, and national partnerships that are mutually beneficial, accelerate the District's Vision and Goals, and foster the District's Values.

- 5A. Develop stronger connections to City Councils, Tribal Councils, and County Board of Supervisors to recognize benefits of District projects for our shared jurisdictions.
- 5B. Partner with researchers to publish our modeling, recharge, and environmental data to increase District visibility across the state, enhance grant eligibility, and expand public benefit of work conducted with public funds.
- 5C. Encourage continued partnership with the Groundwater Council to ensure sustainability of healthy aquifer levels for water supply.
- 5D. Coordinate with regulatory agencies early in project conceptualization to inform them of key projects and understand opportunities to leverage their mission where possible.
- 5E. Continue engaging with local water agencies on water reliability strategies to benefit the region (e.g., maximize recharge in wet years).
- 5F. Coordinate closely with local aggregate producers to identify mutually beneficial

lands feasible for mining and District-related activities in addition to partnering on mine reclamation, anticipating eventual closures and opportunities to support groundwater recharge and habitat conservation.

- 5G. Continue to provide value as Big Bear Watermaster to sustainably balance water supply.

- 5H. Build upon our existing relationships and long-term partnerships to focus on stewardship initiatives related to the Santa Ana River Wash (e.g., San Manuel Band of Mission Indians, Wildlife Conservation Board).



2022

Plunge Creek Conservation project recognized by the Association of California Water Agencies as an Innovative Program finalist.

Daniel Cozad, General Manager, wins the Association of California Water Agencies' statewide Excellence in Water Leadership Award.

District celebrates its 90th anniversary.



90th Anniversary Celebration

2023

Mill Creek Diversion and Debris Management Improvement Project construction completed.

Total recharge for Water Year 22/23 was 85,302 af: the District's **highest recharge of all time**.

- 5I. Strengthen our relationship with the Conservation Trust to improve non-governmental organization (NGO) and political leadership alliances to explore opportunities that create joint value (e.g., grants).

- 5J. Maintain a productive intergovernmental working relationship with San Bernardino County Flood Control District to achieve mutual Goals (e.g., PERC, Woollystar Preserve Area).

- 5K. Leverage our legislative relationships to educate our state and federal representatives on the District's crucial Mission to minimize barriers and create opportunities.

- Acknowledge the beneficial uses and continue to exercise the District's Water Rights to serve our Mission and protect our assets.



Santa Ana River Wash

- Support operation of dams for water conservation (e.g., Forecast-Informed Reservoir Operations).

- 5L. Partner with contiguous HCPs to maximize the "**Santa Ana Supershed**" for statewide recognition for both conservation and propagation of sensitive species by seeking joint funding, developing monitoring programs, data analysis, sharing lessons learned and innovative technologies, and promoting award-winning achievement.

Diagram Acronyms:

| | |
|-------|--|
| ACWA | Association of California Water Agencies |
| CDFW | California Department of Fish and Wildlife |
| DWR | California Department of Water Resources |
| CSU | California State University |
| IERCD | Inland Empire Resource Conservation District |
| NGO | Non-Governmental Organization |
| USACE | U.S. Army Corps of Engineers |
| USBLM | U.S. Bureau of Land Management |
| USFWS | U.S. Fish and Wildlife Service |

**WCD
Partnerships
Success**

NGOs
(e.g., Endangered
Habitats League,
Steps4Life)

**Public
Agencies**
(e.g., city, county,
IERCD, water
agencies)

**Professional
Organizations**
(e.g., ACWA, The
Wildlife Society)

Academia
(e.g., University of
Redlands, CSU San
Bernardino, CalPoly
Pomona)



*Mill Creek Diversion and
Debris Management
Improvement Project*

District honors Cynthia McGuigan, Founder of Steps 4 Life Community Services, with Board Resolution No. 615 recognizing her role supporting people experiencing homelessness.



*Board President McDonald
congratulates Cynthia McGuigan,
founder of Steps 4 Life.*

District hosts Secretary of the Interior Deb Haaland on a tour of the Wash.

Board and staff adopt Strategic Plan 2024-2028 to set the District's approach to **Helping Nature Store Our Water.**

6

Fiscal Commitment and Accountability: Ensure the District's stability and longevity through sound financial strategy, planning, transparency, and execution.

6A. Keep groundwater charges as among the lowest in the state, establishing yearly rates with clear transparency on the benefits to the public from the use of the revenues.

6B. Maintain and expand diversified income streams to enable financial stability.

- Continue Land Management Enterprise (i.e., augment buffer properties) and explore potential evolving use of District-owned lands to optimize return on investment.
- Continue, and expand where appropriate, creative strategies to lower costs of operations (e.g., reuse of aggregate removed from recharge basins).
- Utilize the Community Mitigation Program to support local economic growth while providing funds for District land management.
- Expand value to partners and the community by contracting our staff expertise for land management, groundwater engineering, and mitigation services to leverage our successes throughout the region (e.g., San Bernardino Flood Control District, San Bernardino County Transportation Authority, San Bernardino Valley Conservation Trust, local developers).



*Costas hummingbird
on nest*

6C. Manage our financial, operational, and legal risks by assessing hazards and vulnerabilities (i.e., floods, landslides, and public safety), and develop strategies and schedules for rehabilitation and replacement of assets.

6D. Update our Financial Strategy to prioritize key objectives that accomplish the District's Mission and Vision and promote an efficient and effective organization.

- Target and retain sufficient reserves to sustain revenue fluctuations and invest in long-term maintenance and technology upgrades via a consistent cost recovery mechanism.
- Continue to prioritize investments on a pay-as-you-go basis and minimize debt by fully funding future liabilities.
- Maintain contract terms and update regularly to ensure value and financial benefit to the District.
- Align Strategic Plan Goals and Objectives into the annual budget document, including performance measures.

6E. Continue leveraging grant strategies and dedicate resources to manage and respond to state and federal grant opportunities (e.g., habitat conservation, new facilities).

6F. Maintain the District's value to our partners and customers through reasonable costs for our services, while ensuring our future re-investments through financial forecasting:

- Evaluate the costs and benefits of continued commercial rentals at Redlands Plaza.
- Analyze both short and long-term projected funding and staffing needs with changes such as additional facilities and/or boundary modification.

6G. Develop a cost benefit ratio process to balance maximum recharge against basin maintenance cost to inform decision-making.

“Through my work at the District, I have gained invaluable skills and experiences that have aided in my growth as a more effective and prepared wildlife scientist, communicator, and leader for habitat management and conservation efforts.”

Anna Frey, District Biologist



Cactus wren nest in cholla

7

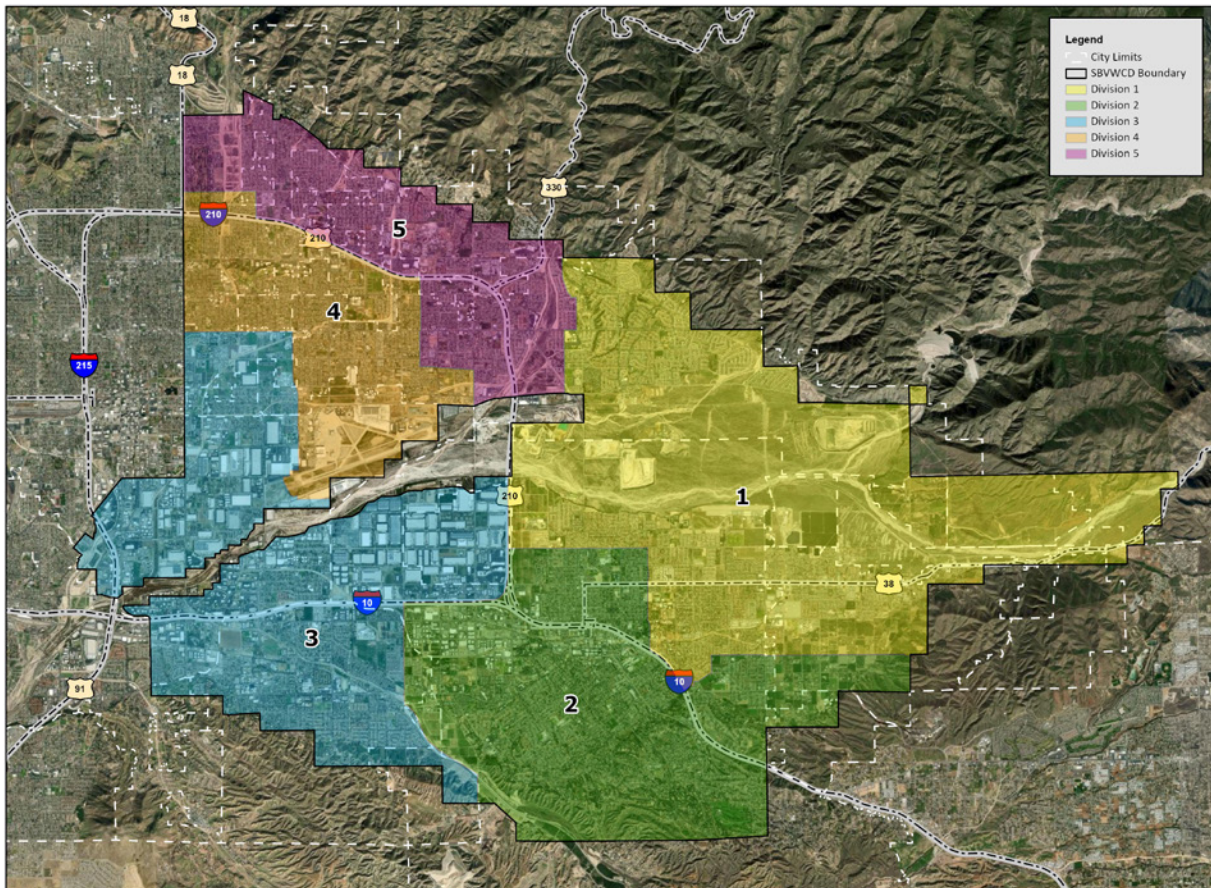
Sustainable Organization & Governance: Invest in our most valued assets, our team and the communities we serve, through exceptional leadership.

- 7A. Evaluate employee benefits and develop a Rewards and Recognition Program that prioritizes our highly effective workforce and recognizes contributions through competitive compensation, achievement awards, commitment to professional development, a collaborative team environment, and rewarding projects.
- Informally review salaries annually and conduct formal salary surveys as needed to retain staff and avoid losing priceless institutional training and knowledge.
 - Continue to support flexible work schedules and provide technology to allow for maximum productivity.
 - Reinforce positive, respectful relationships that activate our shared Mission, Vision, and Values.
 - Create a diverse, equitable, and inclusive team and encourage thought leadership to develop highly effective and collaborative implementors.
 - Review employee benefits and evaluate inclusion of additional affordable and value-added items such as addition of a 401(k) plan, partial matching of 401(k), and life insurance.
 - Survey staff to understand individual reward preferences, update the Personnel Manual to include additional rewards and recognition options (e.g., discretionary leave), and budget funds annually to support this program.
- 7B. Annually update the Staffing and Succession Plan and emerging Organization Chart to anticipate workload balancing, staff assignments, staff succession, professional growth, evolving business lines, and consultant expertise.
- 7C. Develop a protocol for onboarding new Board Directors and transferring institutional context from those leaving the Board, to foster uninterrupted governance.
- 7D. Increase cybersecurity to protect our intellectual properties, facilities, productivity, and assets.
- 7E. Continue to prioritize facility and land security to reduce damage and protect the organization.
- 7F. Optimize both Staff and Board through identifying professional development and training to advance our leading-edge Vision.
- Communication, team, and leadership training to elevate highly collaborative relationships.
 - Specialized technical training for emerging programs and projects to build staff capacity.
- 7G. Develop a Facilities and Property Management strategy to address staff space and technology upgrades, both in the office and in the field, to support operations.
- Evaluate costs and benefits of current headquarters and ability to sell if the area is rezoned and reinvest in one location for staff integration.

- With expanding recharge operations, assess the need for expanded or relocated field support facilities.
 - Conduct a one-year evaluation of hiring a professional property management firm to keep the staff's focus on our core mission.
- 7H. Ensure project contracts are updated and in place to avoid disruption to implementation schedules by monitoring contracts, project milestones, schedules, and budgets.
- 7I. Empower professional partnerships between the District Board and Staff through clear roles and responsibilities and guiding principles to successfully implement the Strategic Plan.
- 7J. Regularly review and measure implementation success of Strategic Plan Goals and Objectives. Align and recalibrate based on emerging priorities to leverage opportunities and manage risks in real-time.

“Working here at the District has given me a strong sense of unity and teamwork in a very professional environment.”

Mike Guizar, Field Operations Specialist



District Division boundaries

IN APPRECIATION

The District would like to acknowledge the direct input into the Strategic Plan from both Staff and the Board of Directors who together envisioned the next generation of San Bernardino Valley Water Conservation District.

Our team represents the District's service providers who span from less than one year to more than 40 years with the District. It is with this wide aperture that we commit our collective energy to build on the strength of our reputation and good work. We recognize that the people of the District and our close partnerships are the foundation to our success—we are stewards of the land, water, and habitat and it is with great dedication that we have set a clear path forward.

Board of Directors

Melody McDonald, President, District 5
Robert Stewart, Vice President, District 3
Richard Corneille, District 1
David Raley, District 2
John Longville, District 4

Executive Facilitators

Ellen Cross, Strategy Driver, Inc.
Maria Pascoal, Minds Illustrated

District Staff

Betsy Miller, General Manager
David Cosgrove, District Counsel
Zachary Blum, Intern
Manuel Colunga, Field Supervisor
Erwin Fogerson, PERC Engineer
Anna Frey, Assistant Biologist
Michael Guizar, Field Operations Specialist
Caryn Iwanaga, Intern
Athena Laroche, Administrative Specialist
Rebecca Martin, Administrative Assistant
Milan Mitrovich, Land Resources Manager
Tommy Purvis, Field Operations Specialist II
Angie Quiroga, Sr. Administrative Analyst
Katelyn Scholte, Principal Engineer
Laura Torres, Assistant Engineer

The San Bernardino Valley Water Conservation District and the San Manuel Band of Mission Indians cooperatively steward the cultural native flora of the Wash through a mutual agreement that reflects a shared alliance to preserve the natural environment and traditional uses. Yucca is harvested in spring, and other plants, such as white sage, dog bane, acorn, cactus, pinyon, and juniper berry are also cultivated at various times and locations to celebrate and continue the tribe's culture, tradition and harmony with the Earth.

Land Acknowledgment Statement

The San Bernardino Valley Water Conservation District recognizes and respects Indigenous peoples as traditional stewards of the land. We acknowledge the land upon which we currently serve as the custodian is the ancestral and unceded territory of the Maara'yam, commonly referred to as the Serrano people.

We extend our respect and gratitude to the Serrano people who have lived on and cared for this land since time immemorial. We honor the continued legacy of these original conservationists, and their heritage of understanding, caretaking, and upholding the pillars of plant and animal life and respect for natural processes. Our histories and stories are intertwined in this space, and by sharing them in culturally appropriate ways, we hope to honor and celebrate our Indigenous neighbors and partners.

We recognize Indigenous knowledge and seek to provide opportunities for mutual consultation, collaboration, and cooperation in the stewardship of the land. Specifically, through working with the San Manuel Band of Mission Indians, one of two federally-recognized Tribes which represent the Serrano people in the contemporary era, we seek to identify, restore, and enhance traditionally important plant resources in the Upper Santa Ana River Wash, provide access to plant materials for cultural and educational purposes, and ensure the land is managed in a manner that promotes ecosystem health, groundwater sustainability, and creates opportunity for incorporation of traditional tribal management practices.





**San Bernardino Valley
Water Conservation District**

1630 West Redlands Blvd. Suite A
Redlands, California 92373

(909) 793-2503
www.sbvacd.org

OUR VALUES

We embody integrity through fiscal responsibility in public service by holding ourselves accountable to our partners and community at large.

We continue to build our community of employees, partners, businesses, and neighbors who drive our mission. Our success depends on responsive collaboration and transparent communication.

We are stewards of the water, land, and environment and are committed to sustainable practices that will ensure a resilient future.

We are ethical and respect both people and the environment to serve our community's diverse values.

We balance innovation and time-tested pragmatism to advance professional excellence, continually improving to meet the evolving priorities of today and a changing world tomorrow.

We are resilient. We adapt to address future climate impacts and ensure the District's next 100 years with our continued humble, flexible, and curious approach to water and the natural world.



Engineering Update

as of December 1, 2023

Mentone Shop

- Architectural drawings, building manufacturer drawings/calculations, and structural foundation plan are complete. The construction permit is being finalized, as only the septic-related issues remain. Revisions to the Geotechnical Report have been made and submitted to the County.
- The building has been ordered and is expected to be delivered in December.
- Coordination on compaction and concrete testing is in progress.
- Request for bids on septic in progress pending receipt of building permit.
- Fire hydrant has been installed by the City contractor.

Mill Creek Diversion and Debris Management Improvement Project

- The construction start date was August 14, 2023. The anticipated end date is currently December 14, 2023. Three weather days have been granted as requested by the contractor.
- Clearing and grubbing (including structures and grouted rock removals), slab grading, aggregate base, 18" slab, 12" slab and cutoff walls, diverter walls with steel cladding, and gate walls and gate installation are completed.
- Grading and rock placement are complete with minor rip rap concrete still to be poured.
- All concrete tested to date has met minimum strength requirements with first rip rap concrete pour strength tested at over 6,000 psi.
- Catwalk installation is in process.
- 27 submittals and 12 requests for information (RFI's) received with 3 field directives (to clarify plans) issued to date.
- The total cost expended to date is approximately \$1,030,000 – no change orders or costs over-runs to date with final cost expected to be at bid price.
- Consultant contracts expected to be below contract price.

Enhanced Recharge Phase 1B

- Grading of the B Basins is in process, expected to be complete in June of 2024.
- Earthwork and concrete placement for main canal drop structures is underway.
- The grout curtain between the main canal and basins 13 & 14 is complete.

All PERC (Active Recharge Transfer) Projects

- The project cost for planning and budgeting is underway, including review of potential project phasing.

PERC Projects: Waterman, Twin Creek, and Lynwood Basins

- 1D and 2D hydraulic modes for the Waterman Basin diversions have been reviewed by staff, including running the models to check for the performance of the model runs.

- Preliminary basin routing results have been discussed with District staff. Results indicate that the proposed improvements per the concept plan require improvements to the basins to meet Flood Control design standards.
- The revised average annual storm analysis was received by the District.
- Tetra Tech is developing a summary of the hydraulic modeling to submit to Flood Control to serve as the overall site Hydraulic Report.
- Basin routing and sediment transport models are being developed.
- Draft Geotechnical Report (infiltration only) was reviewed by staff. The report will be finalized as part of the basin routing and groundwater modeling process.
- Geoscience has set up the focused groundwater model and is waiting for the basin routing models to be completed.

PERC Projects: Plunge and Oak Creeks

- Final hydrology study and average annual storm event report received; Flood Control has approved the Q100 model.
- Staff worked with CASC to refine average storm event models based on actual precipitation data.
- The existing condition 1D Hydraulic models were submitted to SBCFCD for approval. Flood Control has accepted the cross-section locations but will only review the model once the proposed condition is submitted.
- The proposed condition 2D hydraulic model (for diversion analysis) and sediment transport analysis are being developed. Sediment grab samples for the sediment transport analysis are being collected this week.
- Initial infiltration testing is complete. Evaluation of additional geotechnical testing options on the Plunge Creek site is underway. Testing may be completed after the BLM land transfer.
- Analysis of existing City storm drains was recently submitted to the District and it is in review by staff.
- Geoscience has set up the focused groundwater model and is waiting for the basin routing models to be completed.

PERC Projects: Mill, Bledsoe, and Cook Creeks

- The proposed condition diversion hydraulic model has been adjusted based on field verification performed in May.
- Additional analysis of the proposed Mill Creek Diversion improvements was completed to incorporate the results into the other hydraulic models.
- Basin routing model was revised to incorporate percolation testing results. The model was revised again using decay rate values to simulate historically observed function of the system.
- Received preliminary concept designs for two additional potential creek diversions.
- Geotechnical testing for infiltration and test pits is complete. Additional borings may be completed. A draft infiltration report is being prepared.
- Initial average annual hydrology study results for Bledsoe Creek are being revised based on staff comments.



**San Bernardino Valley
Water Conservation District**
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- Cook Creek has been eliminated as a potential project site.



San Bernardino Valley Water Conservation District

Helping Nature Store Our Water

PERC Status Report No.16

To: Partnership Agreement Policy Committee

From: Erwin Fogerson, PERC Engineer

Date: November 14, 2023

Subject: PERC Project Status Report

BACKGROUND

The boards of the San Bernardino Valley Water Conservation District (Conservation District) and San Bernardino Valley Municipal Water District (Valley District) have agreed to draw from the best of both districts to promote a brighter future for groundwater storage and protection of threatened species in the region. This collaborative effort has been realized through the execution of the Partnership Agreement for Active Recharge Project Development under the Upper Santa Ana River Habitat Conservation Plan (Agreement).

The Agreement includes the requirement for the formation of a Partnership Agreement Policy Committee to review and advise the Conservation District staff on a number of items covered in the Agreement. The committee is to meet quarterly throughout the duration of the development of Active Recharge Transfer Projects. Major items of work in the partnership include:

- The Conservation District will provide up to 295 acres of conservation easements to the San Bernardino Valley Conservation Trust, to help offset the environmental impacts of active recharge projects being undertaken to enhance groundwater recharge and storage.
- Valley District will provide funding to the Conservation District, for building new recharge projects, for each acre of conservation easement the Conservation District transfers to the trust.
- Valley District will fund a permanent endowment with the Conservation Trust to support the management of habitat mitigation land.
- Valley District will transfer to the Conservation District the implementation, management, and eventual ownership of the following tentative list of proposed Active Recharge Projects:
 1. Mill Creek Diversion (expansion, construction, and operations)
 2. Plunge Creek Basins 1 (construction and operations)
 3. Plunge Creek Basins 2 (construction and operations)
 4. City Creek Basins (construction and operations)
 5. Waterman Percolation Basins (reconstruction and maintenance)
 6. East Twin Creek Basin (repairs and maintenance)

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BOARD OF DIRECTORS

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Richard Corneille

Division 2:
David E. Ralev

Division 3:
Robert Stewart

Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL MANAGER

Betsy Miller

- The Conservation District will develop plans, specifications, estimates and bid packages (Construction Package) on planned projects and submit them to the Committee for review and concurrence.
- Valley District will draft, and process all required permits and any items of work required under NEPA or CEQA including Water Rights.

This status report is a summary of work completed to date on these major items and provides a look ahead at the planned work in the upcoming quarter.

PROGRAM UPDATE

Conservation Easement (CE) Payment Obligation

The agreement requires payment of 50% of the funds for the CE at completion of the Due Diligence which was paid on June 20, 2019. The remainder was paid on January 13, 2022, for a total paid to date of \$36,875,000.

Conservation Easement Usage Status (295 Acres initially set aside)

| Covered Activity (project) | Implementing Agency | Easement Area required (ac) | Easement recordation date | Remaining Available Acreage |
|----------------------------|---------------------|-----------------------------|---------------------------|-----------------------------|
| | | | | 295 |
| | | | | |

Program Management

The following items of work have been performed:

1. A Program Management Plan to guide the long-term implementation of the program has been developed and is being adhered to.
2. A planning level Memo of Understanding (MOU) has been developed and adopted by SBVWCD and SBCFCD. Meetings have been held as necessary to keep the coordination and approval processes moving forward. A resolution was passed by the County Board of Supervisors to support the coordination.
3. Request for Qualifications (RFQ) process has been completed to develop a list of qualified consultants to use for proposal requests. The process resulted in a summary matrix of the fourteen consulting firms based on category and type of work for which they are qualified.
4. Tetra Tech was awarded the contract for the Waterman, Lynwood Basins and Twin Creek Spreading Grounds, total contract amount of \$1,530,615 Feasibility Study Support Contract. Contract expenditure is approximately \$874,075. Hydrology modeling has been accepted. Initial existing condition 1D and 2D hydraulic models have been completed. Geotechnical testing is completed, and the preliminary report received. The Average Annual Storm report was submitted, and staff made comments. The existing condition diversion analysis has been completed for the current gate settings and for the existing condition and other possible proposed conditions. The existing condition basin routing results have been shared with District staff and discussed.

5. Q3 was awarded the contract for the Mill, Bledsoe, and Cook Creek Feasibility Study Support Services, total contract amount of \$2,190,644. The City Creek diversion improvements were removed from the scope and were replaced by optional tasks for studies of Bledsoe and Cook Creeks. The contract includes preliminary engineering for all three sites. Contract expenditure is approximately \$562,386. The hydrology modeling and existing condition hydraulic model through the Mill Creek basins has been completed. The proposed condition hydraulic modeling for the Mill Creek diversion structures and basins has been completed. Consultant completed a detail model for the current Mill Creek Diversion Project. An Average Annual Storm report was submitted and reviewed by staff for Bledsoe Creek. Percolation testing has been completed and percolation rates received.
6. CASC Engineering was awarded the contract for the Plunge Creek and Oak Creek Feasibility Study Support Services, total contract amount of \$786,880 and the Notice to Proceed has been issued. Contract expenditure is approximately \$328,914. Existing Q00 hydrology and Geotechnical testing has been completed. The draft floodplain modeling report was completed and has been submitted to SBCFCD. The draft Geotech report and average annual report have been submitted and comments have been made by staff. Hydraulic analysis of the existing City storm drains have been completed and submitted to District.

Active Recharge Transfer Projects (as listed in the Agreement) PS&E Status

| Project Name | Project Priority | Current Plan Phase | CEQA Status | Required Agreements / Permits w/ status | Construction Target date | Recent Activity |
|--|------------------|--------------------|-------------|--|--------------------------|---|
| Mill Creek Diversion | 3 | Concept | Not started | ACOE – Not started SBCFCD – Not Started | Not determined | Continued work on hydraulics, basin routing and sediment transport studies. Completed Geotechnical testing, report is in progress. |
| Plunge Creek Basin 1 &2 (now Plunge Creek Quarry Basins) | 1 | Preliminary Design | Not started | RRM – Initiated Concept Level Discussion SBCFCD – Initiated through MOU | Not determined | Received report on average annual storm event. Sediment transport and basin routing analysis has been started. Received comments from SBCFCD on the hydrology / floodplain study. |
| City Creek (now Bledsoe and Cook Creek) | 2 | Concept | Not started | SBCFCD – Not Started | Not determined | Note: Cook Creek project has been eliminated Received and reviewed average annual hydrology study results for Bledsoe Creek site, report to be finalized. |
| Waterman Spreading Grounds | 2 | Preliminary Design | Not started | SBCFCD - Initiated through MOU | Not determined | Continued work on 1D and 2D hydraulic report. Received and commented on average annual storm event report. Basin routing and sediment transport analysis started. |
| Twin Creek | 1 | Preliminary Design | Not started | SBCFCD – Initiated through MOU | Not determined | See Waterman Spreading Grounds |

Additional Active Recharge Transfer Projects (not listed in the ARTP Agreement) Status

| | | | | | | |
|-----------------|---|--------------------|-------------|---|----------------|---|
| Oak Creek Basin | 1 | Preliminary Design | Not started | SBVMWD–Initiated SBCFCD – Initiated through MOU | Not determined | See Plunge Creek Basin 1 & 2. Received the hydraulic analysis of the existing storm drains, |
| Lynwood Basins | 1 | Preliminary Design | Not started | SBCFCD – Initiated through MOU | Not determined | See Waterman Spreading Grounds |

“Next Steps” - Planned Work upcoming Quarter

| Project | Planned Activity |
|----------------------------|---|
| Mill Creek Diversion | Continue work on hydraulic model for the proposed condition for basins and an additional diversion in Mill Creek. Complete geotechnical exploration field work. Continued work on sediment transport model. Continue work on basin routing. |
| Plunge Creek Quarry Basins | Respond to SBCFCD comments on the existing condition hydraulic models. Review work on and modeling of existing storm drains and channels. Begin sediment transport model development. Meet with City of Highland and discuss both Plunge and oak Creek Project sites. |
| Bledsoe and Cook Creek | Committee to consider eliminating Bledsoe Creek as a viable site. Cook Creek has been eliminated. |
| Waterman Spreading Grounds | Continue work on hydrology modeling of the average annual storm event for the cost benefit analysis and groundwater model. Continue hydraulics, basin routing, and sediment transport studies. |
| Twin Creek | See Waterman Spreading Grounds. |
| Oak Creek Diversion | Complete initial hydrology and hydraulics studies. Complete hydrology modeling of the average annual storm event. Continue hydraulics, basin routing, and sediment transport studies. |
| Lynwood Basins | See Waterman Spreading Grounds. |



Environmental Update

as of December 1, 2023

Wash Plan Implementation – Monitoring Activities

- SBKR Monitoring Program
 - Early results of the USGS analysis of SBKR trapping data from 2021 and 2022, which included the first documentation of SBKR habitat associations in the Wash from habitat data collected in 2022 by District staff, were shared with the Preserve Management Committee (PMC) on November 2.
 - A follow-up working session between the USGS and members of the PMC has been scheduled for January 25 to allow for further discussion of the analyses performed with the data and implications of the results for management and monitoring of the species within the Wash Plan Preserve.
- California Gnatcatcher Monitoring Program
 - On November 17, District staff participated in the California Gnatcatcher Regional Monitoring Initiative – Partner Coordination Meeting. The meeting was hosted by the USGS together with the USFWS. During the meeting USGS researchers highlighted the results of regional surveys completed in 2016 and 2020, and made plans with the participating parties, mostly public agencies, interested in again contributing labor and staff to support implementation of regional surveys in 2024. As the results of the regional surveys are expected to again inform California gnatcatcher management and monitoring activities performed by the District within the Wash Plan Preserve, the District is planning to complete surveys on District-owned property in the Wash in spring 2024.

Wash Plan Implementation – Management Activities

- Slender-horned Spineflower (SHSF) Restoration Program
 - Dudek has coordinated advancement of the seed bulking program with the California Botanic Garden (CalBG) and the Conservation District since approval of the District's 2081(a) permit from CDFW in late November 2022.
 - Just under 480 plants were grown at the seed bulking site this last spring and summer.
 - Following the collection of available seeds in late summer, seeds were transferred from Dudek to CalBG for cleaning, counting, germination testing, and placement in short-term storage.
 - In total, an estimated 260,000 seeds were produced by the plants grown at the bulking site in 2023. Germination testing performed by CalBG showed 70% viability of produced seed.



- On November 1, an estimated 100,000 seeds collected from the bulking site were sown within the Wash Plan Preserve as part of the planned out-planting trials overseen and implemented by Dudek with the support of District staff. In total, SHSF seeds were sown at six (6) out-planting locations selected from the over 80 potential restoration sites identified within the Wash Plan Preserve by Dudek and District staff this last spring. Monitoring of the out-planting locations is scheduled to begin this January following the first series of substantial winter rains.

Wash Plan Implementation – Organizational Structure, Planning, and Reporting

- On October 31, District staff provided the USFWS with a copy of the 2023 Wash Plan Annual Report for their review and comment. In addition to providing updates on continuing management and monitoring activities occurring in the Wash, the 2023 Annual Report included additional items tied to Wash Plan compliance requested to be included by the USFWS.
- On November 2, District staff hosted the Preserve Management Committee for the second ever meeting of the committee. Meeting participants included USFWS, CDFW, BLM, San Bernardino County Flood Control District, Orange County Flood Control District, and Valley District. Results of ongoing management and monitoring activities supporting implementation of the Wash Plan over the course of the last fiscal year were discussed. Committee members were provided with copies of the 2022 Wash Plan Annual Report and Natural Resource Management Plan.

Wash Plan Programmatic Permits

- USACE 404 Programmatic Individual Agreement – Beginning in January 2023 and extending through September, District staff and AECOM have continued to meet with USACE weekly in support of completion of the EA and eventual issuance of the standard individual permit. AECOM and District staff are awaiting review of submitted materials by the Corp's cultural resources officer and engagement of the State Historic Preservation Officer prior to finalization of the 404 permit now estimated to occur in early 2024.
- District staff met with CDFW management team on August 24 to discuss the 2081 ITP for Wash Plan Covered Activities. Based on CDFW's direction to utilize a phased approach, the District organized a meeting with Robertson's Ready Mix, CEMEX, and CDFW in Ontario at CDFW Headquarters on August 30 to discuss immediate next steps in permitting mining activities covering the next five years.
- Meetings with CDFW and the miners to advance the 2081 process were held on September 14 and October 10. A trapping plan for SBKR was put together following the meeting on September 14 and the results discussed on October 10.
- Details tied to the planning supporting future translocation of SBKR found to be present on the mining site were discussed by District staff with Robertson's on November 8.



- A relocation plan, which includes habitat improvement activities for the area at Plunge Creek, expected to receive translocated SBKR, was shared by Robertson's with CDFW on November 14.
- Questions regarding the proposed translocation and plans for issuance of a draft permit were discussed with Robertson's and CDFW on November 20. Draft language to be included in the permit was expected to be shared by CDFW in early December.

Mill Creek Programmatic Permits

- On July 21, a draft Safe Harbor Agreement (SHA) was submitted to the Service for review and comment. The SHA would provide for the protection of baseline conditions of SBKR and California gnatcatcher at the Mill Creek Facilities while permitting ongoing operations and maintenance activities and future capital improvement projects at Mill Creek.
- On September 13, the USFWS provided comments back on the draft SHA to the District and AECOM following completion of their review.
- On September 27, AECOM and the District met with USFWS to discuss the SHA and approach for defining baseline conditions for both SBKR and California gnatcatcher at Mill Creek.
- Surveys of California gnatcatchers completed this last spring and trapping data from efforts completed by Mikael Romich on November 6 are being used to inform baseline conditions at Mill Creek for both species.
- An updated draft of the SHA, incorporating the new survey and trapping data, is scheduled to be provided by AECOM to the Service in early December.

Mill Creek Diversion and Debris Management Project

- Beginning August 14 and extending through December 1, District staff has served as the required Designated Biologist on the Mill Creek Diversion Project. Daily responsibilities performed by staff include early morning biological sweeps of the construction site and buffered areas for breeding birds, observational monitoring during ground disturbance activities, afternoon bio sweeps of the project site, performing environmental education training to contractors following morning safety briefings, and completing a daily monitoring log to document activities consistent with environmental permit requirements. Consistent with the approved environmental permits, requirements for a Designated Biologist to be onsite during construction will continue through project completion.

Partnership Activities

- From November 6 through November 9, District staff attended the National Habitat Conservation Plan Coalition Annual Meeting in Shepherdstown, West Virginia. The meeting was held at the Department of the Interior U.S. Fish and Wildlife Service National Conservation Training Center.



- On November 13, District staff participated as a member of the Planning Committee supporting the Santa Ana River Science Symposium to be hosted by Valley District at the ESRI Headquarters on February 15 and 16.
- On November 16, District staff participated in the San Bernardino Mountains Headwaters Resiliency Partnership (HRP) Standing Committee Meeting hosted by Valley District.
- On November 17 and 27, District staff participated in meetings hosted by the USFWS discussing the potential for a “nonessential experimental population” designation for the Santa Ana sucker to encourage reintroductions of the species outside of its remaining distribution.
- On November 21, District staff participated on a call with the Department of the Interior and BLM to discuss the Secretary of the Interior’s planned trip to the Upper Santa Ana River Wash in December to recognize the BLM Fuels Management Grant awarded to the San Bernardino Valley Conservation Trust and the approved Land Exchange between the District and BLM.
- On November 28, District staff participated in the Forecast-Informed Reservoir Operations (FIRO) Environmental Work Team Meeting for Seven Oaks Dam (SOD) hosted by Valley District and the Climate, Atmospheric Science & Physical Oceanography Division of the Scripps Institution of Oceanography. The purpose of the meeting was to discuss development of the environmental objectives, specifically endangered species considerations and habitat restoration activities to be captured in the FIRO SOD Workplan.

General Manager's Report

December 2023
Betsy Miller



**San Bernardino Valley
Water Conservation District**

Helping Nature Store Our Water

The following report covers the efforts and activities during the reporting period.

- 1. Water Conservation – Plan Goal 1** – Santa Ana River and Mill Creek continue to receive small flows from rainfall and snowmelt. For the first two months of Water Year 2023, Mill Creek recharge totaled 5,483 AF, all of which was delivered via the State Water Project while the Mill Creek Diversion was offline for construction. Santa Ana River recharge for this period is 6,901 AF, including 2,062 AF of imported water. Plunge Creek recharge is 18 AF. The total recharge for Water Year 2023 to date is 12,402 AF.
- 2. Facility Maintenance and Cleanout – Plan Goal 1** – Water recharge operations are focused on cleaning basins and repairing berms and roads following the record-breaking recharge in WY23 to be prepared for optimal recharge in the upcoming rainy season. Following this high rainfall year, the field operations, engineering, and natural resource teams are coordinating closely to review, prioritize, and schedule short- and long-term facilities maintenance needs.
- 3. Aggregate Management – Plan Goal 1** – Upland Rock continues screening and selling sand and rock from District basin cleaning efforts in support of land management efforts.
- 4. Personnel/Administration/Staff** – Erwin Fogerson has announced his retirement from District service effective December 31, 2023. Please join me in thanking him for his many contributions to our projects and wishing him well in retirement.

Milan Mitrovich attended the National Habitat Conservation Plan Coalition Annual Meeting in Shepherdstown, West Virginia, from November 6-9, 2023.

President McDonald, Director Corneille, Director Longville, Director Stewart, David Cosgrove and Betsy Miller attended the Association of California Water Agencies conference in Indian Wells from November 28-30, 2023.
- 5. Finance/Budget/Audit** – The draft final audit was presented to the Ad Hoc Audit Committee on November 16 and was forwarded to the Board for consideration today with their recommendation of approval.
- 6. Mill Creek Diversion Engineering – Plan Goals 1/4** – Please refer to the Engineering Update.
- 7. Plunge Creek Conservation Project – Plan Goals 1/4** – Total project recharge for this water year is currently 18 AF.

8. **Enhanced Recharge Project** – *Plan Goal 1* – Grading for new basins for the Phase 1B basins is in progress, with first-constructed basins expected to begin recharge in early 2023. District biologists and engineers meet weekly with the Valley District team for project coordination, updates, and problem-solving.
9. **Active Recharge Transfer Project Partnership** – *Plan Goals 1, 2, and 4* – Please refer to the Engineering Update.
10. **Edison Divestiture** – *Plan Goals 1/4* – Updates will be discussed in Closed Session.
11. **Groundwater Council** – *Plan Goal 1* – None.
12. **Shop Facilities for Field Staff** – *Plan Goals 1* – Please refer to the Engineering Update.
13. **Wildland Trails** – *Plan Goal 3* – District staff met with Redlands staff assigned to review the project on July 27, and the follow-up meeting initially scheduled for August 31 was rescheduled to September 8 and then postponed indefinitely pending City Attorney review. District staff followed up with Redlands in early and late October, November, and December to request an update.
14. **Wash Plan** – *Plan Goal 4* – Please refer to the Environmental Update.
15. **Santa Ana River Wash Plan Land Exchange Act Implementation** – *Plan Goal 4* – The District received an opening package from the title company on December 5, and the Bureau of Land Management (BLM) has indicated their intent to provide drafts of the patent and deed on December 6.
16. **Conservation Trust** – *Plan Goal 4* – The Conservation Trust anticipates work to begin under the California Fuels Management and Community Fire Assistance Program grant from BLM in December.
17. **Property/Redlands Plaza** – Renovations are underway for Suite K, which has been leased. Remediation is underway on Suite I.
18. **Mining** – Mining efforts by CEMEX contractors continue at the Plant Site quarry.
19. **Public Outreach and Legislative** – *Plan Goal 5* – IERCD presented water conservation education programs to the second-grade class at Valley Prep in Redlands on November 30 and to two third-grade classes at Belvedere Elementary in San Bernardino on November 14.
20. **Current Board Action Implementation** – Significant staff resources were allocated to the Mill Creek Diversion and Debris Management Improvement Project, coordination with Valley District on Enhanced Recharge construction, PERC, various permitting applications, and Redlands Plaza management.
21. **Future Board Activities** – Expected short-term items for consideration or note:
 - Septic Contract for Mentone House
 - Septic Contract for Mentone Shop

22. District Successes

- Significant progress on the Mill Creek Diversion and Debris Management Improvement Project, with the construction completion expected on December 15.
- Repair of two damaged berms to ensure structural integrity of Mill Creek Basins 14 and 15.



Berm Repair at the Mill Creek Groundwater Recharge Facility



Boulder Removal to Facilitate Road Maintenance



Placement of 1-ton Hollow Steel Diverter Walls at the Mill Creek Diversion Project

San Bernardino Valley Water Conservation District

Monthly Recharge Report

From: 11/1/2023
To: 11/30/2023



| | November | | | | |
|------------------------------|--------------------|------------------|---------------|--------------------|----------------|
| | Avg Daily Recharge | Monthly Recharge | Recharge WYTD | 10yr Avg Recharge* | BTAC Max** |
| Santa Ana River | 57.9 | 1,737 | 4,846 | 10,598 | 213,375 |
| Mill Creek | 0.0 | - | - | 3,079 | 128,025 |
| Plunge Creek | 0.4 | 11.9 | 18 | 488 | #N/A |
| State Water Project | 148.1 | 4,444 | 7,539 | 6,638 | #N/A |
| In River Channel Recharge*** | 15.4 | 461 | 1,347 | #N/A | #N/A |
| Total | 222 | 6655 | 13,749 | 20,803 | 341,400 |

Values in Acre Feet

* Plunge Creek only has 2 years of available data

**BTAC Revised Max in December 2022

***Monitoring began in Mid-April 2011

**** All Values Based on Water Year Oct-Sep 2023

