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VALLEY** | A REGIONAL WATER
AGENCY SINCE 1954

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A REGIONAL WATER AGENCY
SINCE 1954

CALL TO ORDER

Regular Meeting of the Board of Directors

Tuesday, July 7, 2026



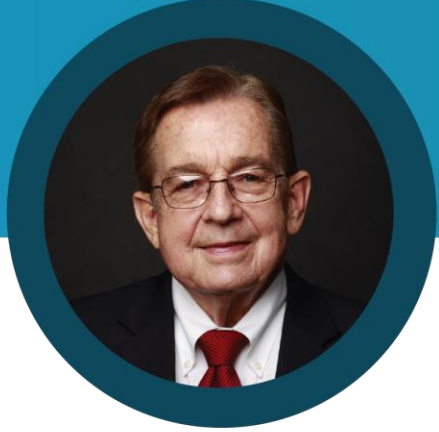
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Pledge of Allegiance



T. Milford Harrison
President



Gil J. Botello
Vice President



Susan Longville
Treasurer



Paul Kielhold
Director

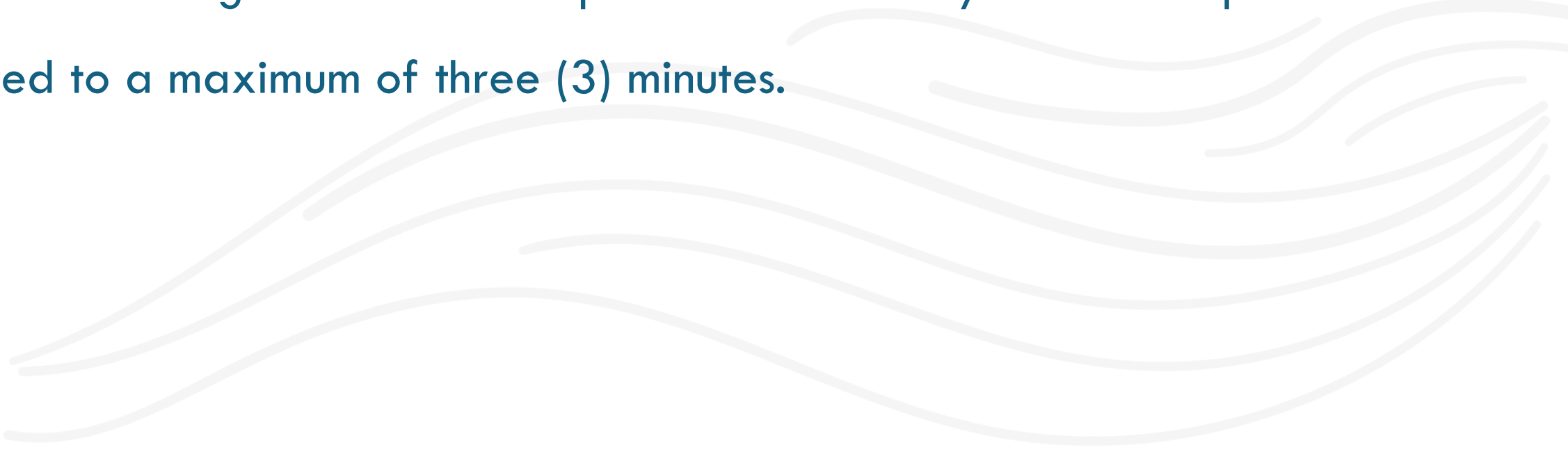


Jose Velasquez
Director

Roll Call

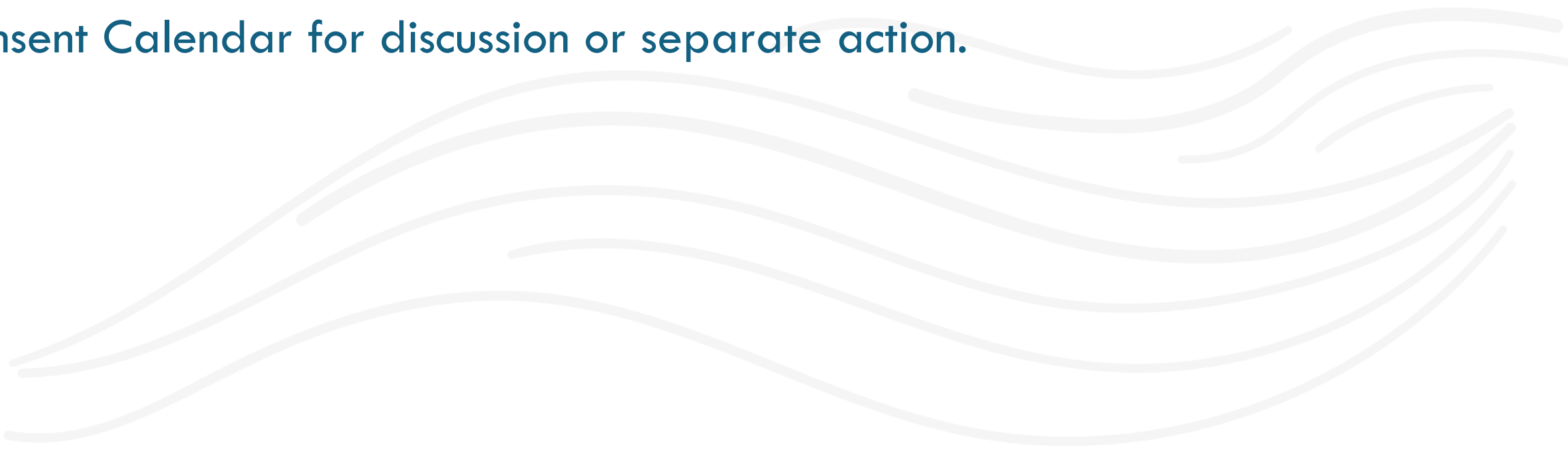
Public Comment

Members of the public may address the Board regarding any item within the subject matter jurisdiction of the Board; however, no action may be taken on off-agenda items except as authorized by law. Each speaker is limited to a maximum of three (3) minutes.

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Consent Calendar

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

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Consent Calendar 2.1-2.4

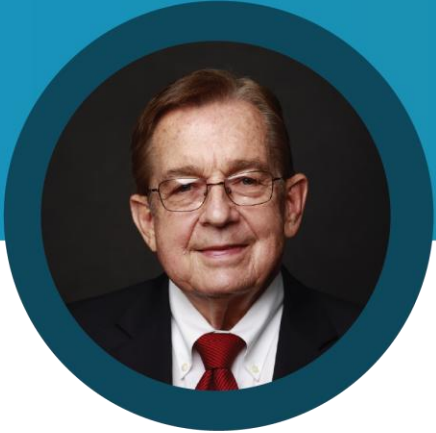
2.1 Approve Minutes of the Regular Board of Directors Meeting – June 2, 2026 (p. 4)

**2.2 Approve Minutes of the Board of Directors Special Meeting – Resources
/Engineering Workshop – June 9, 2026 (p. 13)**

2.3 Approve Minutes of the Regular Board of Directors Meeting – June 16, 2026 (p.15)

2.4 Approve Resolution No. 1204 to Repeal Resolutions No. 285 and 398 (p. 22)

BOARD MOTION & ROLL CALL VOTE



T. Milford Harrison
President



Gil J. Botello
Vice President



Susan Longville
Treasurer



Paul Kielhold
Director



Jose Velasquez
Director

Staff Recommendation:

Approve Consent Calendar items 2.1-2.4.

Discussion and Possible Action Items





Discussion Item 4.1 (pg. 30)

Leo Ferrando, PE, MS – Assistant Chief Engineer

Aaron Jones, PE, MEng – Senior Engineer

Consider Professional Services Agreement with Scheevel Engineering for Engineering Consulting Services for Fiscal Year 2026-27



Background & Scope

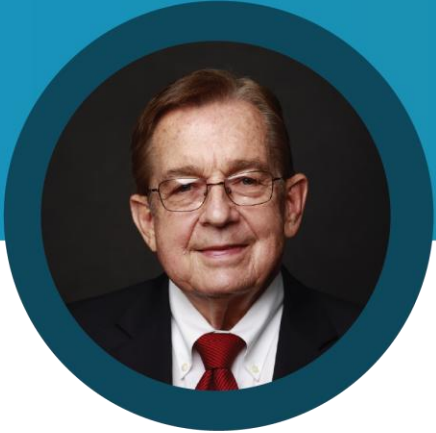
- Due to ongoing workload and efforts for this FY, staff rely on consultants to supplement staffing needs
- Multiple construction projects planned in the near future
- Scheevel Engineering has proven experience with unique expertise and qualifications and is trusted by staff to perform duties as an extension of staff and our engineering team on ongoing projects
- The firm's recent expansion into San Bernardino will improve its ability to provide timely field support and work closely with staff during project delivery
- ***Time and Materials for professional engineering services for a not-to-exceed fee of \$300,000***



Scheevel Engineering Projects

1. **County Line Recharge** – (needs details w/ notes for presentation)
2. **CF – EBX Intertie** – (needs details w/ notes for presentation)
3. **Devil/Sweetwater Basins** – (needs details w/ notes for presentation)
4. **Active Recharge/PERC** – (needs details w/ notes for presentation)
5. **Cactus Basin Connector** – (needs details w/ notes for presentation)
6. **SAR Tributaries Restoration** – (needs details w/ notes for presentation)
7. **Misc. Support** – (needs details w/ notes for presentation)

BOARD MOTION & ROLL CALL VOTE



T. Milford Harrison
President



Gil J. Botello
Vice President



Susan Longville
Treasurer



Paul Kielhold
Director



Jose Velasquez
Director

Staff Recommendation:

Staff recommends that the Board of Directors (BOD) authorize the CEO/General Manager to execute a Professional Services Agreement with Scheevel Engineering for on-call engineering consulting services for Fiscal Year 2026-27 in an amount not to exceed \$300,000.



Discussion Item 4.2 (pg. 51)

Greg Woodside, PG, C.H.g – Chief of Planning and Watershed Resilience

Cindy Saks, CPA – Chief Financial Officer/Deputy General Manager

Consider Adoption of Updated Reserve Policy

Background

A Reserve Policy describes how and why specific reserves are established and maintained by the Agency and to provide Agency's taxpayers with assurance that reserve balances will be maintained at prudent and fiscally responsible levels; Policy last updated in 2012

A clear, comprehensive and updated reserve policy strengthens the ability of the Agency to demonstrate how financial resources are accumulated and deployed to serve public purposes

The updated reserve policy conforms with best industry practices by requiring periodic review of reserve balances and the rationale for maintaining them

Purpose of Reserve Policy

Updated policy provides that Agency will maintain reserves sufficient to:

- Cover current operations and to meet variable future cash flow needs.
- Support development of reliable water supplies through new capital projects and system maintenance.
- Limit debt obligations by cash financing components of infrastructure projects and continued maintenance of existing system.
- Ensure sufficient funds are available to manage for unforeseen emergencies that could interrupt imported water supply and infrastructure that delivers it.
- Meet debt covenants, support credit rating, and lower borrowing costs for capital expenditures that are debt financed.
- Meet applicable legal requirements and contractual obligations.

Fund Structure as a Wholesale Regional Agency

State Water Contract Fund

- ✓ State Water Project (SWP) Debt Service
- ✓ SWP Capital Expenses
- ✓ SWP Operating Expenses
- ✓ SWP Repair & Replacement

State Water Contract Related Activities

General Fund

- ✓ Regional Water Supply Projects
- ✓ Regional Recycled Water
- ✓ Demand Management Programs
- ✓ Habitat Conservation Plan
- ✓ Local Expenses

Watermaster/ Regional Collaborations/
Water Rights Related Activities

Reserve Funds in Proposed Updated Policy

State Water Contract Fund

1. State Water Contract Restricted Operating Reserve
2. State Water Contract Catastrophic Risk and Emergency Reserve
3. State Water Contract Restricted Capital Project Reserve

State Water Contract Related Activities

General Fund

1. **Unrestricted Operating Reserve**
2. **Unrestricted Catastrophic Risk and Emergency Reserve.**
3. **Restricted Debt Service**
4. **Unrestricted Capital Project Reserve**
5. **Restricted Contracts Reserve**

Watermaster/ Regional Collaborations/
Water Rights Related Activities

Proposed Updated Reserve Policy - State Water Contract Fund

Category	Reserve Minimum	Reserve Target
1. State Water Contract Restricted Operating Reserve	1 year of State Water Contract (SWC) statement of charges	2 years of State Water Contract costs
2. State Water Contract Catastrophic Risk and Emergency Reserve	1-year of cost of purchasing replacement water supplies to meet retail customer water treatment plant demands as determined by the Agency	2-years of cost of purchasing replacement water supplies to meet retail customer water treatment plant demands as determined by the Agency
3. State Water Contract Restricted Capital Project Reserve	Determined based on anticipated SWC capital projects and project timelines that will be annually reviewed by the Agency	Approximately 100% of next 2 years SWC CIP projections (including the current fiscal year's expenses)

Proposed Updated Reserve Policy – General Fund

Category	Reserve Minimum	Reserve Target
1. General Fund Unrestricted Operating Reserve.	3 months of Agency General Fund expenses	6 months of the General Fund expenses
2. General Fund Unrestricted Catastrophic Risk and Emergency Reserve	1-year of cost of purchasing replacement water supplies as determined by the Agency.	2-years of cost of purchasing replacement water supplies as determined by the Agency.
3. General Fund Unrestricted Capital Project Reserve.	1-year of General Fund CIP projections (inclusive of the current fiscal year's expenses)	2-years of General Fund CIP projections (inclusive of the current fiscal year's expenses)
4. General Fund Restricted Debt Service	Tied to debt service requirement	2 years of debt service payments, unless a greater amount is otherwise specified in bonds or other debt agreements.
5. General Fund Restricted Contracts Reserve	Defined for each contract	Defined for each contract

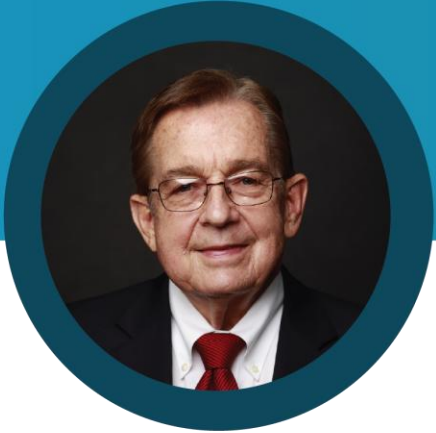
Conclusion

The Updated Reserve Policy allows the intra-Fund balance transfers only within the State Water Contract Fund Reserves and the General Fund Reserves to maintain minimum and target levels; no comingling of funds

The Updated Reserve Policy complies with recommendations of 2003 California State Auditor Report requested by the Joint Legislative Audit Committee

- Distinguish between restricted and unrestricted net assets
- Establish distinct purposes for reserves
- Set target levels for accumulation of reserves
- Identify triggering events or conditions that prompt use of reserves
- Receive Board approval and be in writing
- Require periodic review of reserve balances and rationale for maintaining them

BOARD MOTION & ROLL CALL VOTE



T. Milford Harrison
President



Gil J. Botello
Vice President



Susan Longville
Treasurer



Paul Kielhold
Director



Jose Velasquez
Director

Staff Recommendation:

Staff recommend that the Board of Directors rescind its Reserve Policy from 2012 and adopt the Reserve Policy as updated: June 2026, subject to review and approval to form by Legal Counsel.

Reports 5.1 (pg.)

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

Reports 5.2

General Counsel Report



Reports 5.3

Ad-Hoc and Standing Committee Reports



Reports 5.4

SAWPA Meeting Report





Future Business



Announcements 7.1 (pg.58)





Announcements

- July 14 | 2 p.m. – Board Workshop – Resources/Engineering by Teleconference or In-Person
- ~~July 15 | 8:30 a.m. – Upper SAR WIFA In-person (Cancelled)~~
- July 15 | 10:00 a.m. – Santa Ana Watershed Hydro Authority Board Meeting by Teleconference or In-Person
- July 15 | 1:30 p.m. – SBVW Conservation District Board Meeting
- July 20 | 6:00 p.m. – ASBCSD Dinner (Sterling Natural Resource Center 25318 5th Street, San Bernardino, CA 92410)
- July 21 | 9:30 a.m. – SAWPA Commission Meeting by Teleconference or In-Person
- July 21 | 2:00 p.m. – Regular Board Meeting by Teleconference or In-Person

Closed Session

8.1 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED

LITIGATION: Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code section 54956.9 (one potential case)



A REGIONAL WATER AGENCY
SINCE 1954

Adjourn

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