



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

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

**DEBT SERVICE FUND BUDGET WORKSHOP
WEDNESDAY, JULY 22, 2020 – 2:00 P.M.**

PUBLIC PARTICIPATION

Public participation is welcome and encouraged. You may participate in the July 22, 2020, meeting of the San Bernardino Valley Municipal Water District online and by telephone as follows:

**Dial-in Info: 888 788 0099 US Toll-free
Meeting ID: 883 5455 6241**

<https://us02web.zoom.us/j/88354556241>

If you are unable to participate online or by telephone, you may also submit your comments and questions in writing for the District's consideration by sending them to comments@sbvmwd.com with the subject line "Public Comment Item #" (insert the agenda item number relevant to your comment) or "Public Comment Non-Agenda Item". Submit your written comments by 6:00 p.m. on Tuesday, July 21, 2020. All public comments will be provided to the Chair and may be read into the record or compiled as part of the record.

IMPORTANT PRIVACY NOTE: Participation in the meeting via the Zoom app is strongly encouraged. Please keep in mind: (1) This is a public meeting; as such, the virtual meeting information is published on the World Wide Web and available to everyone. (2) Should you participate remotely via telephone, your telephone number will be your "identifier" during the meeting and available to all meeting participants. Participation in the meeting via the Zoom app is strongly encouraged; there is no way to protect your privacy if you elect to call in to the meeting. The Zoom app is a free download.



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

DEBT SERVICE FUND BUDGET WORKSHOP

AGENDA

2:00 PM Wednesday, July 22, 2020

CALL TO ORDER

1. INTRODUCTIONS

2. PUBLIC COMMENTS - *Any person may address the Board on matters within its jurisdiction.*

3. DISCUSSION ITEMS

3.1. Review Draft State Water Contract and Devil Canyon Castaic Debt Service Fund Budgets for Fiscal Year 2020-2021 (Page 2)

[Staff Memo - Draft Debt Service Fund Budget 20-21](#)

[SBVMWD Draft Debt Service Budget - FY 2020-2021 for workshop](#)

[SBVMWD Tax Rate Chart by Year through FY 2020](#)

[RDA Pass through Receipts - 2010 - 2020](#)

3.2. Recommend Tax Rate to be Applied to Secured Property for Fiscal Year 2020-2021 (Page 10)

[DRAFT Resolution 1106 - Setting State Water Contract Debt Service Tax Rate for FY 2020-2021](#)

4. ADJOURNMENT

PLEASE NOTE:

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



DATE: July 22, 2020

TO: Board of Directors' Workshop

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

SUBJECT: Review Draft State Water Contract and Devil Canyon Castaic Debt Service Fund Budgets for Fiscal Year 2020-2021

Background

Annually the Board is required to set a property tax rate for the State Water Contract debt service fund for the new fiscal year. The monies generated from the debt service property tax rate are restricted to pay for costs associated with the State Water Contract and Devil Canyon Castaic Contract. A bar chart showing the total annual tax rate set by Valley District since 1980 is attached.

The Department of Water Resources (DWR) sends invoices for the District's share of State Water Project costs. The draft budgeted revenue shown on the attached spreadsheet titled *Estimated Income* for the fiscal year 2020-2021 was created using estimated assessed property valuations. The proposed budget includes an increase in revenue over the prior year based on an estimated net 3% increase in assessed property values within the District's boundary. Estimated revenues include Redevelopment Successor Agency Pass Through payments which are based on current year receipts.

The expenses in the attached budget for fiscal year 2020-2021 include costs projections based on the DWR Statement of Charges, cost estimates for the Sites Reservoir and Delta Conveyance, Field Improvements for the Rhombo Floating Cover at the Citrus Reservoir, Algae Treatment of State Project Water and a Water Quality Testing Program

Through continued conservative spending, the District is projected to be able to increase its reserves for Project Specific Rate Stabilization. These Project Specific Rate Stabilization reserves will be used to fulfil the board's directive to cash finance as much as possible the district's obligations for the Delta Conveyance and Sites Reservoir and mitigate any possible tax rate adjustments.

The current debt service tax rate is \$0.1425 per \$100 of assessed property value. Based on the current assessed values of property within Valley District's boundary, approximately \$6.8 million is associated with each \$0.01 of tax rate increase or decrease. Approximately 37% of this amount (\$2.5 million for each cent of tax rate) is provided due to the dissolution of RDAs and the passage of SB107. A chart showing the RDA pass through payments over the last ten years is attached.

Several example budgets at different tax rates are provided on the attached worksheets for discussion purposes. Projected reserve types and balances are also calculated for each of the tax rate scenarios.

Fiscal Impact

The combined State Water Contract and Devil Canyon Funds Draft Budget for fiscal year 2020-2021 includes total revenue in the amount of \$107,202,465 and total expenditures in the amount of \$82,807,127. The difference of \$24,395,338 will be set aside in the Project Specific Rate Stabilization Fund per the District's reserve policy to cash finance State Water Contract projects as the Delta Conveyance and Sites Reservoir.

Staff Recommendation

Recommend a debt service property tax rate for the Fiscal Year 2020-2021 and direct staff to bring the recommendation to the full Board for consideration.

Attachments

- Fiscal Year 2020-2021 DRAFT Debt Service Fund Budget worksheets
- Tax Rate Chart by year through FY 2020
- Successor Agency Pass Through Payment Receipt – FY 2010 – 2020
- Draft Tax Rate Resolution

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

ESTIMATED INCOME TO SBVMWD AS A RESULT OF THE DEBT SERVICE TAX RATE ESTABLISHED BY THE BOARD OF DIRECTORS

	ACTUAL	ESTIMATED						
	FY 2019-2020	FY 2020-2021						
	ASSESSED	ASSESSED		FY 2019-2020	FY 2019-2020		STATE WATER	DEVIL CANYON
	VALUE	VALUE		TAX RATE	ESTIMATED		CONTRACT FUND	CASTAIC FUND
TAX TYPE	AFTER RDA	AFTER RDA	% INCREASE	PER \$100 AV	REVENUE	NOTES	ESTIMATED TAX	ESTIMATED TAX
Unsecured	1,203,942,828	1,240,000,000	3%	0.1425	\$ 1,767,000	UNSECURED RATE ESTABLISHED BY STATUTE TO BE EQUAL TO THE SECURED RATE FROM THE PRIOR YEAR	\$ 1,705,000	\$ 62,000
Secured	36,124,063,166	37,100,000,000	3%	0.1425	\$ 52,867,500	ESTABLISHED BY BOARD OF DIRECTORS RESOLUTION FOR FOLLOWING YEAR	\$ 51,012,500	\$ 1,855,000
Utility (Unitary)					\$ 7,000,000	DISTRICT'S SHARE OF PROPERTY TAXES FROM UTILITY COMPANYS WHICH ARE ASSESSED UNIFORMLY COUNTY WIDE	\$ 6,754,386	\$ 245,614
State Reimbursement (Homeowners)	486,910,004	489,800,000	1%	0.1425	\$ 697,965	ESTABLISHED BY BOARD OF DIRECTORS RESOLUTION FOR FOLLOWING YEAR	\$ 673,475	\$ 24,490
Total	37,814,915,998	38,829,800,000	3%		\$ 62,332,465		\$ 60,145,361	\$ 2,187,104
	FY 19-20 ACTUAL TAX RATE	FY 20-21 PROPOSED TAX RATE						
Devil Canyon/Castaic	0.0050	0.0050						
State Water Project	0.1375	0.1375						
Total Tax Override Rate	0.1425	0.1425						



**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
SUMMARY OF STATE WATER CONTRACT EXPENSES FOR FY 2020-21**

	CATEGORY	7/1/2020 ~ 12/31/2020	1/1/2021 ~ 6/30/2021	TOTAL FOR FY
1	WATER SYSTEM REVENUE BOND & SURCHARGE	1,386,109	1,372,894	2,759,003
	CAPITAL COST COMPONENT			
2	<i>DELTA WATER CHARGE</i>	1,550,206	1,555,402	3,105,608
3	<i>TRANSPORTATION CHARGE</i>	1,067,885	870,226	1,938,111
	MINIMUM OMP&R COMPONENT			
4	<i>DELTA WATER CHARGE</i>	2,479,290	2,676,744	5,156,034
5	<i>TRANSPORTATION CHARGE</i>	9,516,445	8,951,563	18,468,008
6	OFF AQUEDUCT POWER FACILITIES	55,749	69,446	125,195
	EAST BRANCH ENLARGEMENT-CAPITAL			
7	<i>MINIMUM OMP&R</i>	109,890	92,184	202,074
8	EAST BRANCH EXTENSION	14,604,313	6,546,764	21,151,077
9	TEHACHAPI 2ND AFTERBAY	100,622	133,038	233,660
10	AUDIT FEES	20,000	20,000	40,000
11	STATE WATER CONTRACTORS ASSOCIATION	300,000	-	300,000
12	LEGAL FEES	50,000	50,000	100,000
13	SBVMWD ADMIN FEE	-	3,000,000	3,000,000
14	VARIABLE CHARGE FOR ENERGY	7,500,000	7,500,000	15,000,000
15	DELTA CONVEYANCE		5,000,000	5,000,000
16	SITES RESERVOIR	2,140,000	-	2,140,000
17	FIELD IMPROVEMENTS - RHOMBO FLOATING COVER	1,250,000		1,250,000
18	FIELD IMPROVEMENTS - SWP PRE-TREATMENT & CHEMICALS	400,000	400,000	800,000
19	SWP WATER QUALITY TESTING PROGRAM	40,000	40,000	80,000
20	TOTAL	42,570,509	38,278,261	80,848,770

SUMMARY OF STATE WATER CONTRACT ESTIMATED REVENUE FOR FY 2020-21

		7/1/2020 ~ 12/31/2020	1/1/2021 ~ 6/30/2021	TOTAL FOR FY
21	PROPERTY TAXES - SWC FUND - AT .1425 / \$100 AV	30,072,680	30,072,680	60,145,361
22	INTEREST EARNINGS	2,000,000	2,250,000	4,250,000
23	RETURN OF BOND COVER/RESERVES	2,575,000	3,000,000	5,575,000
24	RDA SUCCESSOR AGENCY PASS THROUGH AGREEMENTS	17,500,000	17,500,000	35,000,000
25	TOTAL	52,147,680	52,822,680	104,970,361



**SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
SUMMARY OF DEVIL CANYON/CASTAIC FUND CONTRACT EXPENSES FOR FY 2020-21**

	CATEGORY	7/1/2020 ~ 12/31/2020	1/1/2021 ~ 6/30/2021	TOTAL
1	DEBT SERVICE	301,473	301,792	603,265
2	OMP&R (OPERATIONS, MAINTENANCE, POWER & REPLACEMENT)	626,220	628,872	1,255,092
3	SBVMWD ADMINISTRATION	-	100,000	100,000
4	TOTAL	927,693	1,030,664	1,958,357

SUMMARY OF DEVIL CANYON - CASTAIC CONTRACT ESTIMATED REVENUE FOR FY 2020-21

		7/1/2020 ~ 12/31/2020	1/1/2021 ~ 6/30/2021	TOTAL FOR FY
5	PROPERTY TAXES - DCC FUND - <i>ESTIMATED</i>	1,093,552	1,093,552	2,187,104
6	INTEREST EARNINGS	22,500	22,500	45,000
7	TOTAL	1,116,052	1,116,052	2,232,104

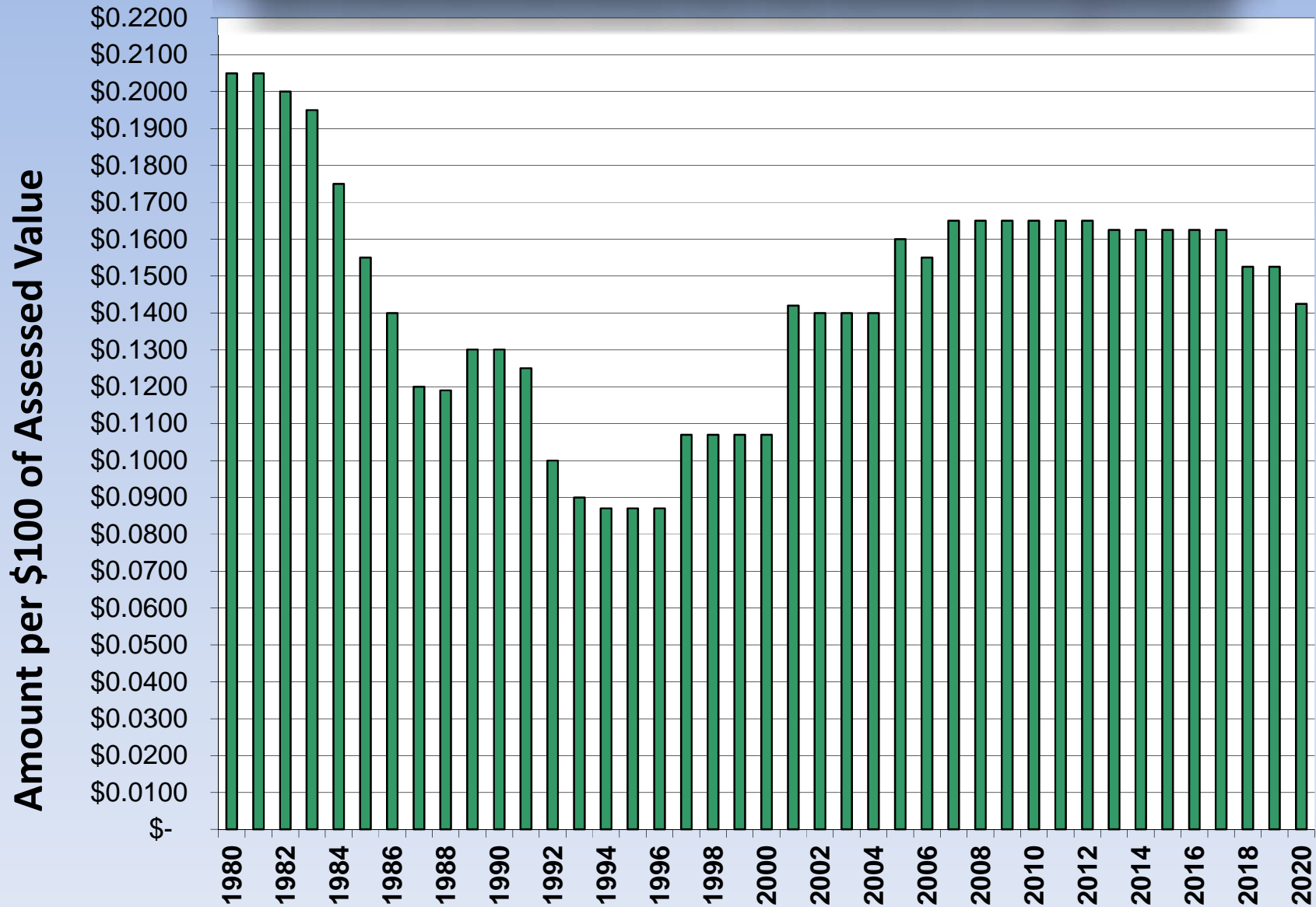
SUMMARY OF DEVIL CANYON - CASTAIC CONTRACT ESTIMATED CASH ON HAND FOR FY 2020-21

	6/30/2020 BALANCE AVAILABLE IN FY 2020-21	4,662,000		
	FY 2020-2021 REVENUE	2,232,104		
	FY 2020-2021 EXPENSES	(1,958,357)		
	6/30/2021 CASH BALANCE (ESTIMATED)	4,935,747		

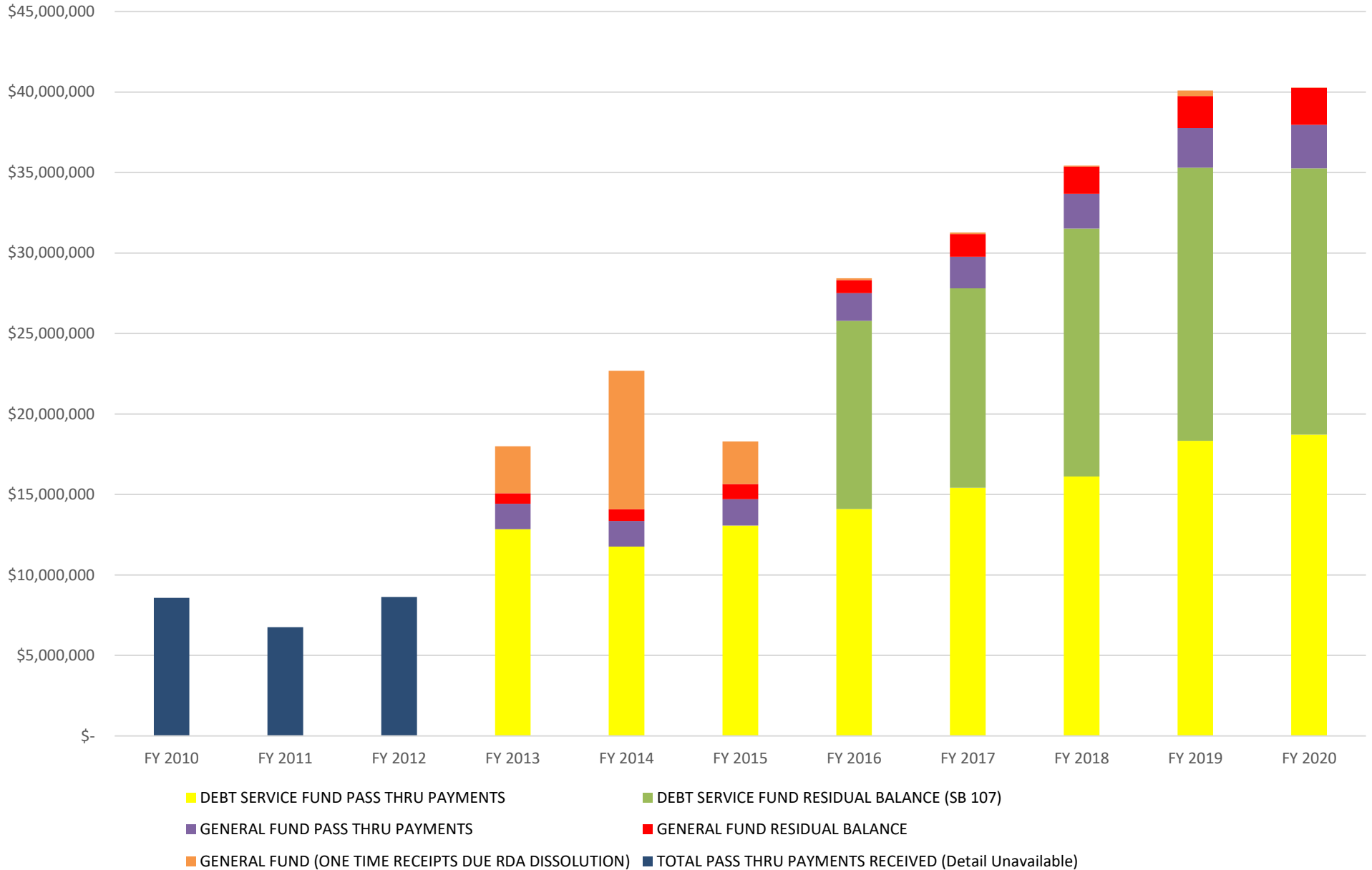
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT					
SUMMARY OF STATE WATER CONTRACT FUND REVENUE / EXPENSES AND ESTIMATED CASH BALANCES FOR FY 2020-2021					
		PROPOSED RATE			
CATEGORY		RATE SET AT .1425 / \$100	RATE SET AT .1400 / \$100	RATE SET AT .1375 / \$100	RATE SET AT .1325 / \$100
1	WATER SYSTEM REVENUE BOND & SURCHARGE	2,759,003	2,759,003	2,759,003	2,759,003
	CAPITAL COST COMPONENT				
2	DELTA WATER CHARGE	3,105,608	3,105,608	3,105,608	3,105,608
3	TRANSPORTATION CHARGE	1,938,111	1,938,111	1,938,111	1,938,111
	MINIMUM OMP&R COMPONENT				
4	DELTA WATER CHARGE	5,156,034	5,156,034	5,156,034	5,156,034
5	TRANSPORTATION CHARGE	18,468,008	18,468,008	18,468,008	18,468,008
6	OFF AQUEDUCT POWER FACILITIES	125,195	125,195	125,195	125,195
	EAST BRANCH ENLARGEMENT-CAPITAL				
7	MINIMUM OMP&R	202,074	202,074	202,074	202,074
8	EAST BRANCH EXTENSION	21,151,077	21,151,077	21,151,077	21,151,077
9	TEHACHAPI 2ND AFTERBAY	233,660	233,660	233,660	233,660
10	AUDIT FEES	40,000	40,000	40,000	40,000
11	STATE WATER CONTRACTORS ASSOCIATION	300,000	300,000	300,000	300,000
12	LEGAL FEES	100,000	100,000	100,000	100,000
13	SBVMWD ADMIN FEE	3,000,000	2,954,000	2,901,000	2,794,000
14	VARIABLE CHARGE FOR ENERGY	15,000,000	15,000,000	15,000,000	15,000,000
15	DELTA CONVEYANCE	5,000,000	5,000,000	5,000,000	5,000,000
16	SITES RESERVOIR	2,140,000	2,140,000	2,140,000	2,140,000
17	FIELD IMPROVEMENTS - RHOMBO FLOATING COVER	1,250,000	1,250,000	1,250,000	1,250,000
18	FIELD IMPROVEMENTS - SWP PRE-TREATMENT & CHEMICALS	800,000	800,000	800,000	800,000
19	SWP WATER QUALITY TESTING PROGRAM	80,000	80,000	80,000	80,000
20	TOTAL	80,848,770	80,802,770	80,749,770	80,642,770
SUMMARY OF STATE WATER CONTRACT ESTIMATED REVENUE FOR FY 2020-2021					
		PROPOSED RATE			
		RATE SET AT .1425 / \$100	RATE SET AT .1400 / \$100	RATE SET AT .1375 / \$100	RATE SET AT .1325 / \$100
21	PROPERTY TAXES - SWC FUND - WITH ESTIMATED AV	60,145,361	59,080,694	58,016,030	55,886,712
22	INTEREST EARNINGS	4,250,000	4,250,000	4,250,000	4,250,000
23	RETURN OF BOND COVER/RESERVES	5,575,000	5,575,000	5,575,000	5,575,000
24	RDA SUCCESSOR AGENCY PASS THROUGH AGREEMENTS	35,000,000	34,400,000	33,750,000	32,500,000
25	TOTAL	104,970,361	103,305,694	101,591,030	98,211,712
	FY 2020-2021 REVENUE	104,970,361	103,305,694	101,591,030	98,211,712
	FY 2020-2021 EXPENSES	80,848,770	80,802,770	80,749,770	80,642,770
	NET INCOME (LOSS) - RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	24,121,591	22,502,924	20,841,260	17,568,942
	6/30/2020 ESTIMATED RESERVE BALANCES				
	RESERVE FOR SWC FUND - STATEMENT OF CHARGES	70,460,000	70,460,000	70,460,000	70,460,000
	RESERVE FOR PROJECT SPECIFIC RATE STABILIZATION	303,328,591	301,709,924	300,048,260	296,775,942
	RESERVE FOR REPAIR / REPLACEMENT	30,000,000	30,000,000	30,000,000	30,000,000
	ESTIMATED CASH BALANCE AVAILABLE AT 6/30/21	403,788,591	402,169,924	400,508,260	397,235,942
	1¢ CHANGE IN TAX RATE (BASED ON ESTIMATED CHANGE IN ASSESSED VALUES) CHANGES REVENUE BY			\$ 6,760,000	



San Bernardino Valley Municipal Water District Tax Rate By Year



San Bernardino Valley Municipal Water District Pass Through Payment Received by Fund Fiscal Year 2010 - 2020



RESOLUTION NO. 1106

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT DETERMINING THE AMOUNT OF MONEY NEEDED TO MAKE ANNUAL PAYMENTS FOR INDEBTEDNESS APPROVED BY THE VOTERS PRIOR TO JULY 1, 1978, AND/OR FOR WHICH A TAX LEVY IS REQUIRED UNDER ARTICLE I, SECTION 10 OF THE UNITED STATES CONSTITUTION AND MAKING A TAX LEVY THEREFOR

WHEREAS, Section 72093 of the Water Code requires the Board of Directors of the San Bernardino Valley Municipal Water District to determine the amounts necessary to be raised by taxation during the fiscal year and to fix the rate or rates of tax to be levied therefore; and

WHEREAS, Section 11652 of the Water Code requires the Board to levy a tax sufficient to assure payment of sums due under the Contract Between the State of California Department of Water Resources and the San Bernardino Valley Municipal Water District for a Water Supply dated December 30, 1960, and the Devil Canyon/Castaic Contract dated June 23, 1972; and

WHEREAS, Section 1(b) of Article XIII A of the California Constitution and Section 93 of the Revenue and Taxation Code exempt ad valorem property tax levies to make payments upon indebtedness approved by the voters prior to July 1, 1978, from the limitations set forth in Section 1(a) of Article XIII A and said Section 93, the District's Water Supply Contract, having been approved by vote of the people on November 8, 1960, and March 9, 1971, fall within such exemption; and

WHEREAS, the District's aforementioned contracts and the provisions of Section 11652 of the Water Code with respect thereto are protected against impairment under the provisions of Article I, Section 10 of the Constitution of the United States and Article I, Section 9 of the California Constitution prohibiting the impairment of the obligation of contracts; and

WHEREAS, the Board, after reviewing and considering all the facts and information available, has determined that it is necessary to raise the amounts hereinafter specified by taxation and that it is not practicable to raise said sums from water rates or other sources;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Bernardino Valley Municipal Water District as follows:

1. That said Board of Directors has determined that the amounts necessary to be raised by taxation during the fiscal year beginning July 1, 2020, and ending June 30, 2021, to pay indebtedness approved by the voters prior to July 1, 1978, and/or for which a tax levy is required under Article I, Section 10 of the United States Constitution and Article I, Section 9 of the California Constitution is \$60,145,000 for payments on the Contract Between the State of California Department of Water Resources and San Bernardino Valley Municipal Water District for a Water

Supply dated December 30, 1960 and \$2,187,000 for payments on the Devil Canyon/Castaic Contract dated June 23, 1972 and hereby fixes the rates of tax for such purposes as follows:

State Water Contract \$ 0.1375
Devil Canyon/Castaic Contract \$ 0.0050

Total Rate \$ 0.1425

2. That the Board of Directors does hereby certify the rate so fixed, and as hereinbefore set forth, to the Boards of Supervisors of the Counties of San Bernardino and Riverside, State of California, and to the County Auditor Controller of said Counties, and does further certify that all legal requirements for the establishment of the said tax rates have been met and that the imposition of such levies complies with the provisions of Article XIII A, Section 1(b) of the California Constitution and/or the requirements of Article I, Section 10 of the Constitution of the United States and Article I, Section 9 of the California constitution.

3. That pursuant to California Water Code Section 72093, the determination of the amounts necessary to be raised by taxation for such purposes during the fiscal year and the order fixing the rates of tax made herein shall constitute a valid assessment of the property within the District and a valid levy of the taxes so fixed.

4. That certified copies of this Resolution be transmitted to the County Auditor Controller Offices of the Counties of San Bernardino and Riverside, and that when so transmitted, said certified copies shall constitute the certification required in section 72094 of the California Water Code.

5. That funds received by the San Bernardino Valley Municipal Water District pursuant to the aforesaid tax levy shall be placed in separate funds identified for each of the indebtednesses set forth above.

ADOPTED this 4th day of August 2020.

San Bernardino Valley Municipal Water District

By: _____
T. Milford Harrison
President

ATTEST:

Susan Longville
Treasurer