



# Yucaipa Valley Water District

## Notice and Agenda of a Board Workshop

Tuesday, October 31, 2017 at 4:00 p.m.

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MEETING LOCATION: District Administration Building  
12770 Second Street, Yucaipa

MEMBERS OF THE BOARD: Director Chris Mann, Division 1  
Director Bruce Granlund, Division 2  
Director Jay Bogh, Division 3  
Director Lonni Granlund, Division 4  
Director Tom Shalhoub, Division 5

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- I. **Call to Order**
- II. **Public Comments** At this time, members of the public may address the Board of Directors on matters within its jurisdiction; however, no action or significant discussion may take place on any item not on the meeting agenda.
- III. **Staff Report**
- IV. **Presentations**
  - A. Overview of the Audited Financial Statements for the Fiscal Year Ending on June 30, 2017 [[Workshop Memorandum No. 17-158 - Page 5 of 124](#)]
- V. **Operational Updates**
  - A. Overview of the Proposed Surplus Water Sale Agreement between the San Bernardino Valley Municipal Water District and the San Gorgonio Pass Water Agency [[Workshop Memorandum No. 17-159 - Page 61 of 124](#)]
- VI. **Administrative Issues**
  - A. Overview of an Easement from the City of Calimesa for the Construction of a 24" Recycled Water Pipeline [[Workshop Memorandum No. 17-160 - Page 105 of 124](#)]
  - B. Overview of a Claim Related to a Watermain Leak at the Hitching Post Mobile Home Park - 34642 Yucaipa Boulevard [[Workshop Memorandum No. 17-161 - Page 109 of 124](#)]
- VII. **Director Comments**

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Any person who requires accommodation to participate in this meeting should contact the District office at (909) 797-5117, at least 48 hours prior to the meeting to request a disability-related modification or accommodation.

Materials that are provided to the Board of Directors after the meeting packet is compiled and distributed will be made available for public review during normal business hours at the District office located at 12770 Second Street, Yucaipa. Meeting materials are also available on the District's website at [www.yvwd.dst.ca.us](http://www.yvwd.dst.ca.us)

**VIII. Closed Session**

- A. Conference with Legal Counsel Existing Litigation Government Code, Section 54956.9(d)  
- Robinson Ranch v. Yucaipa Valley Water District;  
San Bernardino Superior Court Case No. CIVDS 1712116
- B. Conference with Legal Counsel Existing Litigation Government Code, Section 54956.9(d)  
- San Gorgonio Pass Water Agency v. Beaumont Basin Watermaster;  
Riverside Superior Court Case No. RIC 1716346
- C. Conference with Real Property Negotiator(s)  
Conference with Real Property negotiator(s) (Government Code 54956.8)  
Property: Assessor's Parcel Number: 301-201-20  
Agency Negotiator: Joseph Zoba, General Manager  
Negotiating Parties: Abraham Issa  
Under Negotiation: Terms of Payment and Price
- D. Conference with Real Property Negotiator(s)  
Property: Assessor's Parcel Numbers: 0301-211-020 and 0301-201-030  
Agency Negotiator: Joseph Zoba, General Manager  
Negotiating Parties: Mesa Verde Ventures LLC c/o Betek Corporation Under  
Negotiation: Terms of Payment and Price
- E. Conference with Labor Negotiator (Government Code 54957.6)  
District Negotiator: Joseph Zoba, General Manager, and Allison Edmisten, Chief  
Financial Officer  
Employee Organization: IBEW Local Union 1436-YVWD Employees Association

**IX. Adjournment**

# Staff Report



Yucaipa Valley Water District

# Presentations



Yucaipa Valley Water District



**Date:** October 31, 2017

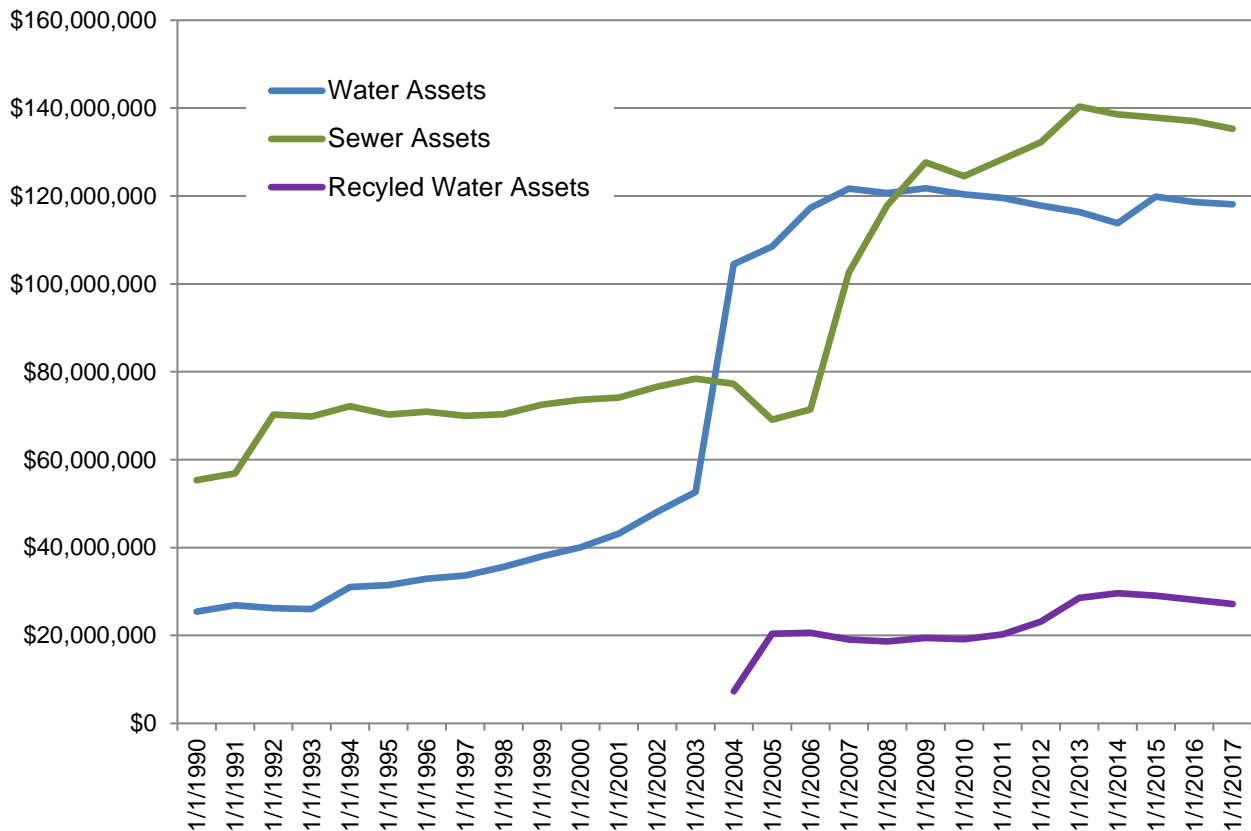
**From:** Allison M. Edmisten, Chief Financial Officer

**Subject:** Overview of the Audited Financial Statements for the Fiscal Year Ending on June 30, 2017

The certified public accounting firm of Vavrinek, Trine, Day & Company, LLP (VTD) has completed the financial audit for the fiscal year ending on June 30, 2017.

A representative from VTD will attend the board workshop to provide an overview of the audited financial documents and answer questions about the report. The attached draft documents will be presented in final form at the board meeting on November 7, 2017.

### Total Assets by District Enterprise





Yucaipa Valley Water District

12770 Second Street, Yucaipa, California 92399

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# Annual Financial Statements

for the

Fiscal Year Ending June 30, 2017

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## Board of Directors

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Chris Mann

Division 1

Bruce Granlund

Divisions 2

Jay Bogh

Division 3

Lonni Granlund

Division 4

Thomas Shalhoub

Division 5

**Financial Audit Preparation Team:**

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Administrative

Public Works

Allison M. Edmisten, Chief Financial Officer

Michael Rivera, Public Works Supervisor

Kathryn Hallberg, Management Analyst

Matthew Porras, Management Analyst

Inventory Control

Peggy Little, Administrative Supervisor

Joan Cadiz, Purchasing Agent

Erin Anton, Administrative Clerk IV

Sara Onate, Administrative Clerk IV

Tysa Baeumel, Administrative Clerk III



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## INTRODUCTION

It is my pleasure to provide the following financial report for Yucaipa Valley Water District ("District") for the fiscal year ended on June 30, 2017. The financial report was prepared by District staff following guidelines set forth by the Governmental Accounting Standards Board.

The District is ultimately responsible for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

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

This report is organized into the following sections: (1) Transmittal Letter and District Overview; (2) Management Discussion & Analysis; (3) Audited Financial Statements; (4) Required Supplementary Information. The first section provides the reader with a general overview of the District. The Management Discussion & Analysis section offers a summary of significant financial results. The Audited Financial Statements section includes the Independent Auditors' Report. The Required Supplementary section provides information and schedules to supplement the basic financial statements.

## OVERVIEW OF THE DISTRICT

The Yucaipa Valley Water District is made up of a proactive and diverse group of elected officials and employees dedicated to providing reliable water and sewer service in an efficient, cost effective manner that provides a high level of customer satisfaction. On May 1, 2002, the Board of Directors adopted the following mission statement to clearly reflect the vision and principles that guide the dedicated elected officials and employees of the District.

Yucaipa Valley Water District is committed to professionally managing the precious water, sewer and recycled water resources of the Yucaipa Valley in a reliable, efficient and cost effective manner in order to provide the finest service to our customers, both present and future.

We are entrusted to serve the public for the benefit of the community.

We believe in responsive, innovative and aggressive service, and take pride in getting the job done right the first time.

We encourage a work environment that fosters professionalism, creativity, teamwork and personal accountability.

We treat our customers and one another with fairness, dignity, respect and compassion and exhibit the utmost integrity in all we do.

We believe in enhancing the environment by following a general philosophy of eliminating waste and maximizing recycling and reuse of our natural resources.

We are committed to using the following operating principles as a guide to accomplishing our mission:

- We are proactive in our approach to issues.
- We are committed to integrity and consistently high ethical standards in all our business dealings.
- We use the strategic planning process to focus our efforts and minimize our crisis management mode.
- We make informed, rational and objective decisions.
- We aggressively pursue technological solutions to improve operations.
- We are inclusive in our decision making and delegate responsibility whenever possible.
- We design our services around customer wants and needs to the degree possible within our financial and regulatory constraints.
- We cultivate widespread commitment to common goals.

We believe our success depends on every employee knowing and sharing these values and principles.

This financial report is a reflection of the District's commitment to professionally manage the precious water, sewer and recycled water resources and infrastructure of the Yucaipa Valley in a reliable, efficient and cost effective manner in order to provide the finest service to our customers, both present and future.

To meet the mission of the District, the Board and staff members continue to proactively focus on water quality issues, water supply issues, infrastructure deficiencies, maintenance of existing systems and compliance with increasingly stringent regulatory requirements.

### **Historical Background**

The District was formed as part of reorganization, pursuant to the Reorganization Act of 1965, being Division I of Title 6 of the Government Code of the State of California. This reorganization consisted of the formation of the District, dissolution of the Calimesa Water District and formation of Improvement District No. 1 of the District as successor-in-interest, and dissolution of Improvement District "A" of the San Bernardino Valley Municipal Water District and the formation of Improvement District "A" of the District as successor-in-interest. On September 14, 1971, the Secretary of State of the State of California certified and declared formation of the Yucaipa Valley County Water District. The District operates under the County Water District Law, being Division 12 of the State of California Water Code (the "Act"). Although the immediate function of the District was to provide water service, the District has assumed responsibility for providing recycled water and sewer service in Yucaipa Valley.

The District is located about 70 miles east of Los Angeles and 20 miles southeast of San Bernardino in the foothills of the San Bernardino Mountains and provides water, sewer and recycled water services.



**Financial Statements**  
Audited Financial Statements - Fiscal Year 2017

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As of June 30, 2017, the District provided service to 12,770 water connections (17,552 units), 13,964 sewer connections (21,150 units) and 103 recycled water connections.

| Customer Type  | Water Utility         |                 | Sewer Utility         |                 | Recycled Water Utility |
|----------------|-----------------------|-----------------|-----------------------|-----------------|------------------------|
|                | Number of Connections | Number of Units | Number of Connections | Number of Units | Number of Connections  |
| Single Family  | 11,632                | 11,632          | 13,005                | 13,005          | 0                      |
| Multiple Units | 510                   | 5,292           | 650                   | 7,827           | 0                      |
| Commercial     | 265                   | 265             | 259                   | 259             | 0                      |
| Institutional  | 103                   | 103             | 47                    | 56              | 0                      |
| Industrial     | 12                    | 12              | 3                     | 3               | 0                      |
| Irrigation     | 119                   | 119             | 0                     | 0               | 91                     |
| Fire Detectors | 104                   | 104             | 0                     | 0               | 0                      |
| Construction   | 25                    | 25              | 0                     | 0               | 12                     |
| <b>Total</b>   | <b>12,770</b>         | <b>17,552</b>   | <b>13,964</b>         | <b>21,150</b>   | <b>103</b>             |

**Land and Land Use**

The altitude of the District rises from about 2,000 feet above sea level at the western end of the valley to about 5,000 feet at the eastern end, with average elevation of roughly 2,650 feet. The topography of the area is characterized by rolling hills separated by deeply entrenched stream beds, namely, the Yucaipa and Wilson Creeks. The District includes the incorporated cities of Yucaipa and Calimesa which are in San Bernardino and Riverside Counties respectively.

The District expects that the undeveloped land within its boundaries will continue to be developed consistent with the general plans as provided by the City of Yucaipa and the City of Calimesa. The projected population of the District in the year 2030 will be approximately 94,800, which reflects build-out of the City of Calimesa and the Oak Valley development. Although approximately 49.8% of the land within the boundaries of the District is currently undeveloped, less than 1% of District water sales are to agricultural water users.

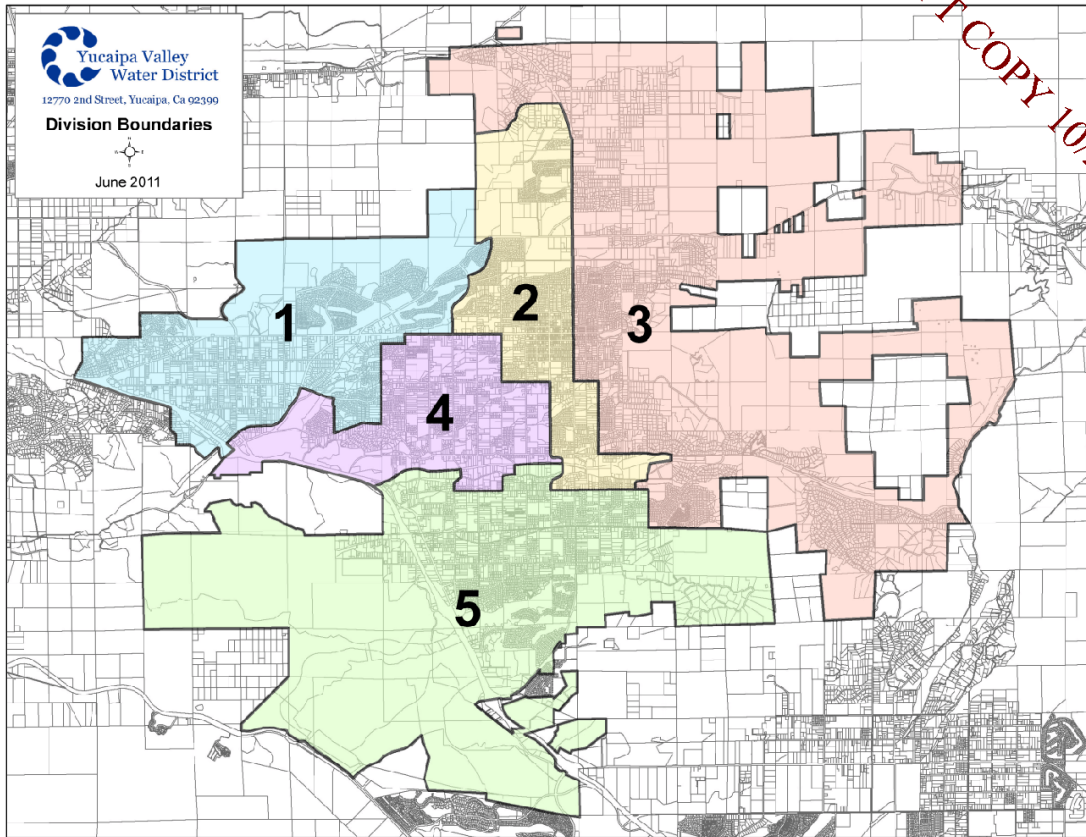
**Governance and Management**

The District is governed by a 5-member board of directors (the "Board"), the members of which are elected from five separate divisions of the District for staggered 4-year terms. The current Board members, the expiration dates of their terms and their occupations are set forth below.

| Member of the Board of Directors | Division | Initial Date of Service | Expiration of Term | Occupation                                    |
|----------------------------------|----------|-------------------------|--------------------|---|
| Chris Mann, Director             | One      | 12/2/2016               | 2020               | Public Relations Firm President               |
| Bruce Granlund, Vice President   | Two      | 12/23/1998              | 2018               | Retired Senior District Attorney Investigator |
| Jay Bogh, President              | Three    | 09/07/2005              | 2018               | Building Firm Manager                         |
| Lonni Granlund, Director         | Four     | 12/05/2008              | 2020               | Property Manager/Real Estate Broker           |
| Thomas Shalhoub, Director        | Five     | 12/03/2014              | 2018               | Retired Entrepreneur                          |



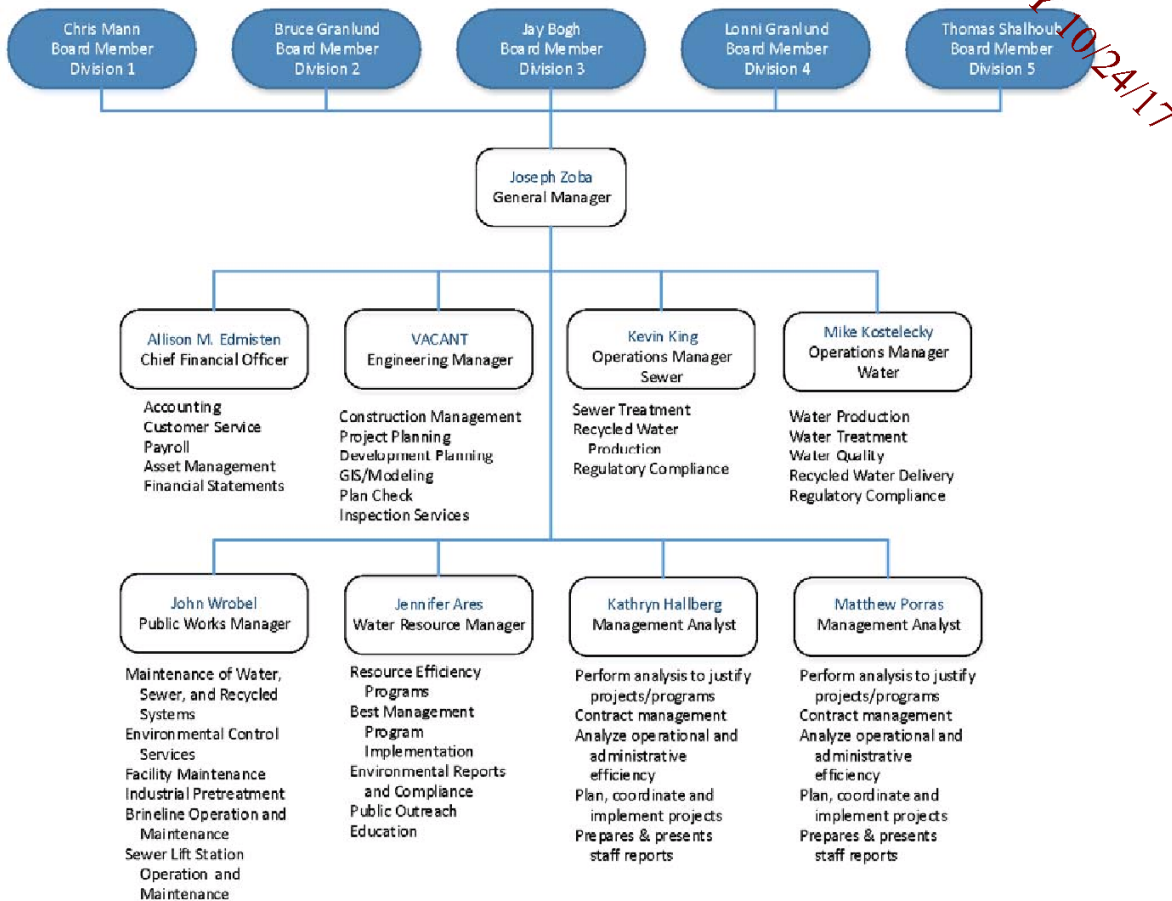
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The following individuals have served as President of the Board since the District was created in 1971.

| Yucaipa Valley Water District<br>Presidents of the Board |                 |
|--|-----------------|
| October 1971 to November 1973                            | Harold Lockwood |
| December 1973 to November 1975                           | Hank Wochholz   |
| December 1975 to October 1977                            | Geno Gasponi    |
| November 1977 to November 1979                           | Eve Kraft       |
| December 1979 to December 1983                           | Pete Squires    |
| January 1984 to December 1987                            | Fred Childs     |
| January 1988 to November 1989                            | George Sardeson |
| November 1989 to December 1991                           | Hank Wochholz   |
| January 1992 to November 1993                            | David Lesser    |
| December 1993 to December 1995                           | Conrad Nelson   |
| December 1995 to December 1998                           | Steve Copelan   |
| January 1999 to November 2002                            | Conrad Nelson   |
| December 2002 to December 2006                           | Bruce Granlund  |
| December 2006 to December 2008                           | Tom Shalhoub    |
| December 2008 to December 2012                           | Jay Bogh        |
| January 2013 to December 2014                            | Bruce Granlund  |
| December 2014 to December 2016                           | Lonni Granlund  |
| December 2016 to Present                                 | Jay Bogh        |

Day-to-day management of the District is delegated to the General Manager who works closely with an executive team who ultimately oversee all of the District's services and functions.



**DEVELOPMENT ACTIVITY WITHIN THE DISTRICT**

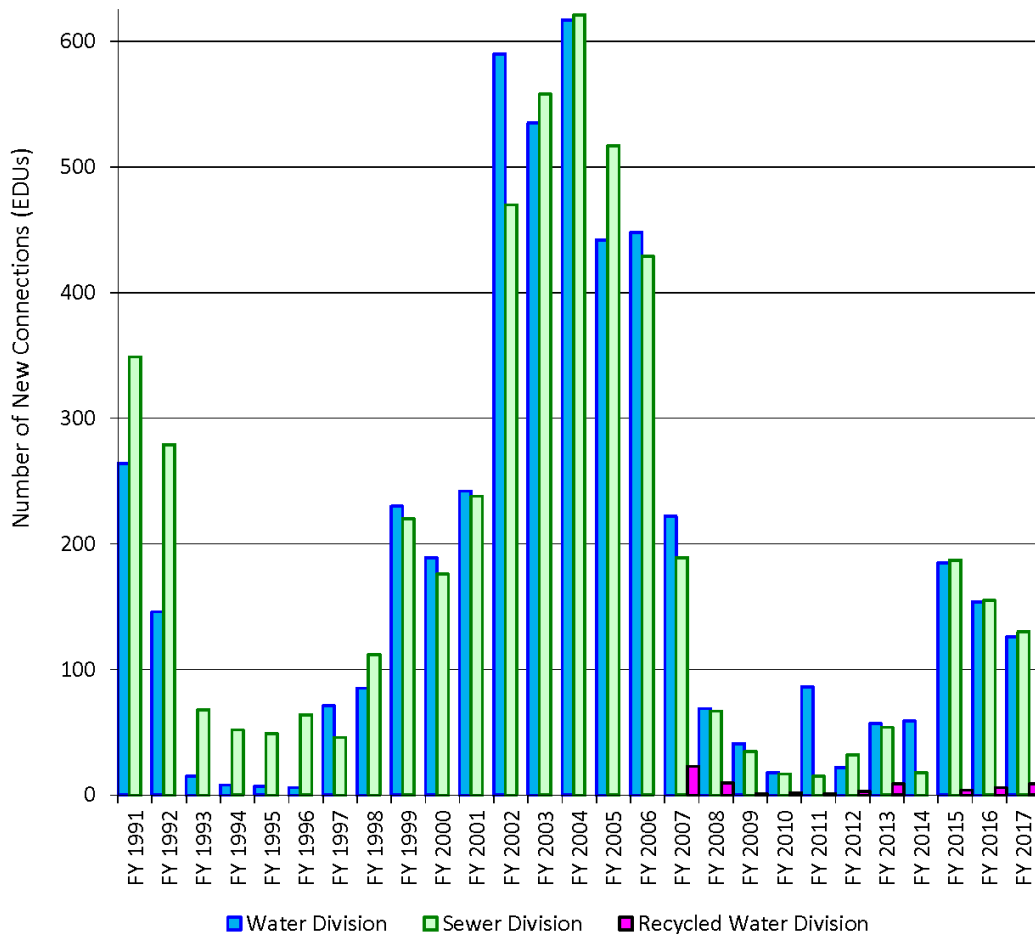
**Facility Capacity Charges - Fiscal Year 2017**

During this fiscal year, the District added 126 water connections, 130 sewer connections, and 9 recycled water connections. When compared to the development activity in the prior year, the District had 18.2% fewer water connections, 16.1% fewer sewer connections, but 50.0% more recycled water connections.

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| Fiscal Year | New Water Connections | New Sewer Connections | New Recycled Water Connections |
|-------------|-----------------------|-----------------------|--------------------------------|
| 2007        | 222                   | 189                   | 23                             |
| 2008        | 69                    | 67                    | 10                             |
| 2009        | 41                    | 35                    | 1                              |
| 2010        | 18                    | 17                    | 2                              |
| 2011        | 86                    | 15                    | 1                              |
| 2012        | 22                    | 32                    | 3                              |
| 2013        | 57                    | 54                    | 9                              |
| 2014        | 59                    | 18                    | 0                              |
| 2015        | 185                   | 187                   | 4                              |
| 2016        | 154                   | 155                   | 6                              |
| 2017        | 126                   | 130                   | 9                              |

Historical Water, Sewer and Recycled Water New Connections



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## MAJOR INITIATIVES AND CONTROLS

### Sustainability Initiative

California's water supply continues to be a concern due to projected population increases and limited capabilities to convey water throughout the state. On August 20, 2008 the Board of Directors adopted a *Strategic Plan for a Sustainable Future - The Integration and Preservation of Resources*. The purpose of this document was to document the proactive steps taken by the Yucaipa Valley Water District to improve the social, economic and environmental sustainability of our community. These actions have included the purchase of valuable watershed properties, protection of local water supplies and management of environmental corridors. While the decisions to embark on these actions have been generally unrelated, a look back in time indicates that the District has been progressing towards a more independent, flexible and sustainable future.

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*"The nation behaves well if it treats the natural resources as assets which it must turn over to the next generation increased, and not impaired in value."*

- Theodore Roosevelt

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The proactive steps taken by the District to protect and conserve our resources have been based on the concepts that: (1) resources are not limitless and therefore need to be conserved, nurtured and renewed; and (2) resources that are used to generate short-term gains result in an inefficient and inequitable consumption of resources that are not beneficial for a long-term

strategy. Both of these concepts help to guide the District to make decisions that are conservative, careful and conscious of the role we currently play in a long-term strategy to protect the community.

The purpose of pursuing a sustainability plan is twofold. First and foremost, the sustainability plan has been designed to establish the policies and guidelines necessary to protect and preserve the natural resources entrusted to the District for our customers. It is our business to maximize the use of our limited natural resources for the long-term economic growth and expansion of the local economy. In the arid southwest, the basic fuel to create and maintain a local economy is water. Secondly, the sustainability policy has been designed to provide a means to measure performance of the organization. While performance monitoring or benchmarking is not normally associated with sustainability, this document has been created with the intention that the goals and reporting requirements are designed around performance management across a wide range of disciplines.

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*"Sustainable development is . . . development that meets the needs of the present without compromising the ability of future generations to meet their own needs."*

**World Commission on Environment and Development, *Our Common Future*, 1987**

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With the use of this document the District is better equipped to:

- Identify the key challenges over the next five decades and assess the goals to overcome these challenges;
- Deal with the challenges of the future in a transparent manner involving stakeholders;
- Identify and manage risk in a reasonable and prudent manner with information, data and resources necessary to minimize the potential costs associated with certain scenarios; and

- Embark on a program to ensure that the generations that follow are provided with the necessary tools and resources to grow the community as the prior generation has done for us.

The implementation of this initiative will come about largely with the return of new development. However, the District has enacted additional measures for existing customers which largely involves the purchase of imported water to offset groundwater production by 15% beginning in January 2010.

### **Internal Control Structure**

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. 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.

### **Budgetary Control**

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. Budget adjustments are presented to the Board semi-annually for items that were not initially anticipated. The budget and reporting steps taken by the District are consistent with generally accepted accounting principles with monthly reporting of public documents for complete transparency and disclosure.

### **Investment Policy**

The Board of Directors adopts an investment policy annually that conforms to state law, District ordinance and resolutions, and prudent money management. The District is extremely conservative in our approach to investing to maximize safety and protection of public funds.

### **Audit and Financial Reporting**

State law and bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Vavrinek, Trine, Day & Co., LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditors' Report is attached.



**Financial Statements**  
Audited Financial Statements - Fiscal Year 2017

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# Independent Auditors' Report



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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Yucaipa Valley Water District  
Yucaipa, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Water, Sewer, and Recycled Water Enterprise Funds of the Yucaipa Valley Water District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Water, Sewer, and Recycled Water Enterprise Funds of the District, as of June 30, 2017, 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.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, as of July 1, 2016. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 42 and the Schedule of Contributions on page 43 be presented to supplement the basic financial statements. Such information, 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.

#### ***Other 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 transmittal letter listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The transmittal letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, on our consideration of the District's 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 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 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.

Rancho Cucamonga, California  
\_\_\_\_\_, 2017

**Financial Statements**  
Audited Financial Statements - Fiscal Year 2017

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## Management's Discussion & Analysis



This section of the Yucaipa Valley Water District's comprehensive annual financial report presents a discussion and analysis of the District's financial performance during the fiscal years ending June 30, 2016 and June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's basic financial statements following this section.

Yucaipa Valley Water District's financial statements consist of three enterprise funds: (W) water fund, (S) sewer fund, and (R) recycled water fund.

### FINANCIAL HIGHLIGHTS

Based on the financial information for the fiscal year ending on June 30, 2017, the following financial highlights are noted for the Yucaipa Valley Water District.

- The District's net position decreased 0.95% to \$195,051,590.
- The District's total revenues increased 6.86% to \$25,130,707.
- The District's total expenses increased 11.03% to \$29,251,142.
- The capital contributions to the District totaled \$2,255,932 for the fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Yucaipa Valley Water District's basic financial statements. The District's basic financial statements are comprised of three components: Financial Statements, Notes to the Financial Statements, and Required Supplementary Information.

**The District's Basic Financial Statements** are comprised of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

The *Statement of Net Position* presents information on all District assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how Net Position changed during the fiscal year.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments of the District during the fiscal year. When used with related disclosures and information in the other financial statements, the information provided in these statements should help financial report users assess the District's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. It also provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on the District's financial position of its cash and its non-cash investing, capital and related financing transactions during the year.

**Notes to the Basic Financial Statements** provides additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes are included immediately following the financial statements within this report.

**FINANCIAL ANALYSIS**

The following table summarizes the changes in the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position as of June 30, 2017.

**Statement of Net Position**

|   | 2017                  | 2016                  | Change                | % Change       |
|---|-----------------------|-----------------------|-----------------------|----------------|
| <b>Assets</b>   |                       |                       |                       |                |
| Current assets - W  | \$ 11,330,360         | \$ 11,544,506         | \$ (214,146)          | -1.85%         |
| Current assets - S  | 7,095,136             | 9,312,148             | (2,217,012)           | -23.81%        |
| Current assets - R  | 1,246,567             | 2,009,043             | (762,476)             | -37.95%        |
| Net capital assets - W                                      | 104,512,701           | 104,109,628           | 403,073               | 0.39%          |
| Net capital assets - S                                      | 126,492,709           | 126,851,770           | (359,061)             | -0.28%         |
| Net capital assets - R                                      | 25,361,342            | 25,697,088            | (335,746)             | -1.31%         |
| Other assets - W  | 1,215,162             | 2,941,847             | (1,726,685)           | -58.69%        |
| Other assets - S  | 893,163               | 893,163               | -                     | 0.00%          |
| Other assets - R  | 519,372               | 394,035               | 125,337               | 31.81%         |
| <b>Total Assets</b>   | <b>278,666,512</b>    | <b>283,753,228</b>    | <b>(5,086,716)</b>    | <b>-1.79%</b>  |
| <b>Deferred Outflows of Resources</b>                       |                       |                       |                       |                |
| Deferred amounts related to pensions - W                    | 1,082,348             | 550,974               | 531,374               | 96.44%         |
| Deferred amounts related to pensions - S                    | 821,871               | 411,885               | 409,986               | 99.54%         |
| Deferred amounts related to pensions - R                    | 63,935                | 7,915                 | 56,020                | 707.77%        |
| <b>Total Deferred Outflows</b>                              | <b>1,968,154</b>      | <b>970,774</b>        | <b>997,380</b>        | <b>102.74%</b> |
| <b>Total Assets and Deferred Outflows</b>                   | <b>280,634,666</b>    | <b>284,724,002</b>    | <b>(4,089,336)</b>    | <b>-1.44%</b>  |
| <b>Liabilities</b>  |                       |                       |                       |                |
| Current liabilities - W                                     | 4,373,260             | 3,302,038             | 1,071,222             | 32.44%         |
| Current liabilities - S                                     | 4,100,811             | 4,077,988             | 22,823                | 0.56%          |
| Current liabilities - R                                     | 38,664                | 25,516                | 13,148                | 51.53%         |
| Long term liabilities - W                                   | 34,345,477            | 34,955,257            | (609,780)             | -1.74%         |
| Long term liabilities - S                                   | 41,877,607            | 44,182,947            | (2,305,340)           | -5.22%         |
| Long term liabilities - R                                   | 184,031               | 35,215                | 148,816               | 0.00%          |
| <b>Total Liabilities</b>                                    | <b>84,919,850</b>     | <b>86,578,961</b>     | <b>(1,659,111)</b>    | <b>-1.92%</b>  |
| <b>Deferred Inflows of Resources</b>                        |                       |                       |                       |                |
| Deferred amounts related to pensions - W                    | 364,728               | 697,505               | (332,777)             | -47.71%        |
| Deferred amounts related to pensions - S                    | 276,953               | 521,425               | (244,472)             | -46.89%        |
| Deferred amounts related to pensions - R                    | 21,545                | 10,018                | 11,527                | 115.06%        |
| <b>Total Deferred Inflows</b>                               | <b>663,226</b>        | <b>1,228,948</b>      | <b>(565,722)</b>      | <b>-46.03%</b> |
| <b>Net Position</b>   |                       |                       |                       |                |
| <b>Net Investment in capital assets,</b>                    |                       |                       |                       |                |
| Net of related debt - W                                     | 71,482,536            | 71,099,483            | 383,053               | 0.54%          |
| Net of related debt - S                                     | 84,489,223            | 82,109,327            | 2,379,896             | 2.90%          |
| Net of related debt - R                                     | 25,361,342            | 25,697,088            | (335,746)             | -1.31%         |
| Restricted - W  | 1,215,162             | 2,941,847             | (1,726,685)           | -58.69%        |
| Restricted - S  | 893,163               | 893,163               | -                     | 0.00%          |
| Restricted - R  | 519,372               | 394,035               | 125,337               | 31.81%         |
| Unrestricted - W  | 6,359,408             | 6,150,825             | 208,583               | 3.39%          |
| Unrestricted - S  | 3,665,122             | 5,684,116             | (2,018,994)           | -35.52%        |
| Unrestricted - R  | 1,066,262             | 1,946,209             | (879,947)             | -45.21%        |
| <b>Total Net Position</b>                                   | <b>195,051,590</b>    | <b>196,916,093</b>    | <b>(1,864,503)</b>    | <b>-0.95%</b>  |
| <b>Total Liabilities, Deferred Inflows and Net Position</b> | <b>\$ 280,634,666</b> | <b>\$ 284,724,002</b> | <b>\$ (4,089,336)</b> | <b>-1.44%</b>  |

**Statement of Net Position** – The District's net position decreased between fiscal years 2015-16 and 2016-17, decreasing from \$196,916,093 to \$195,051,590. The change can be seen in the condensed Statement of Net Position below as a \$1,864,503 decrease in net position.

As of July 1, 2014 and the District's adoption of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. These pronouncements resulted in a restatement of the District's beginning net position and inclusion of several new accounts on the District's financial statements. These new accounts include a \$5,665,085 net pension liability, \$663,225 in deferred inflow of resources (deferred amount on pensions) and \$1,968,154 in deferred outflows of resources from pension contributions made after the measurement date and amortization. These are further discussed in Defined Benefit Pension Plans in the accompanying pages.

The decrease in water, sewer and recycled current assets is attributed to the increased expenditures and operations in all funds. These funds experienced an increase in salaries and benefits due to multiple retirements of long term employees which increased one-time expenditures. In addition, there were multiple projects in these funds that resulted in one-time expenditures.

The decrease in other water assets is attributed to the Statewide Community Infrastructure Program (SCIP), formed to finance the construction and installation of a reservoir that will service properties located within Community Facilities District AD-14-01. Bonds were issued by community facilities districts for construction funding for the Reservoir 12.4. Yucaipa Valley Water District is not liable for the bonds, but is an acting agent for the bondholders. Additional information can be found in Note 18 of the report.

The increase in other recycled assets is attributed to the increased revenue in recycled water as a result of the increased use in the system.

The following table summarizes changes in Net Position for the year ended June 30, 2017.

**Statement of Revenues, Expenses and Changes in Net Position**

|                                     | 2017              | 2016              | Change           | % Change      |
|-------------------------------------|-------------------|-------------------|------------------|---------------|
| <b>Operating Revenues</b>           |                   |                   |                  |               |
| Water Services                      | \$ 9,650,242      | \$ 8,646,298      | \$ 1,003,944     | 11.61%        |
| Sewer Services                      | 11,446,746        | 11,196,247        | 250,499          | 2.24%         |
| Recycled Services                   | 541,078           | 398,567           | 142,511          | 35.76%        |
| Interfund Services Provided         | 160,000           | 160,000           | -                | 0.00%         |
| Other Revenue                       | 1,080             | 1,905             | (825)            | -43.31%       |
| <b>Total Operating Revenues</b>     | <b>21,799,146</b> | <b>20,403,017</b> | <b>1,396,129</b> | <b>6.84%</b>  |
| <b>Non-Operating Revenues</b>       |                   |                   |                  |               |
| Interest Income                     | 109,528           | 90,695            | 18,833           | 20.77%        |
| Property Taxes                      | 3,113,201         | 2,934,543         | 178,658          | 6.09%         |
| Other Income                        | 108,832           | 88,905            | 19,927           | 22.41%        |
| <b>Total Non-Operating Revenues</b> | <b>3,331,561</b>  | <b>3,114,143</b>  | <b>217,418</b>   | <b>6.98%</b>  |
| <b>Total Revenues</b>               | <b>25,130,707</b> | <b>23,517,160</b> | <b>1,613,547</b> | <b>6.86%</b>  |
| <b>Operating Expenses</b>           |                   |                   |                  |               |
| Salaries & Benefits - W             | 4,169,048         | 3,499,728         | 669,320          | 19.12%        |
| Salaries & Benefits - S             | 3,050,467         | 2,624,212         | 426,255          | 16.24%        |
| Salaries & Benefits - R             | 442,479           | 261,717           | 180,762          | 69.07%        |
| Operating Expenses - W              | 4,803,011         | 4,548,256         | 254,755          | 5.60%         |
| Operating Expenses - S              | 4,159,237         | 3,608,871         | 550,366          | 15.25%        |
| Operating Expenses - R              | 614,295           | 453,089           | 161,206          | 35.58%        |
| Water Purchases - W                 | 1,637,696         | 920,056           | 717,640          | 78.00%        |
| Depreciation & Amortization - W     | 3,320,698         | 3,312,043         | 8,655            | 0.26%         |
| Depreciation & Amortization - S     | 4,110,293         | 4,086,215         | 24,078           | 0.59%         |
| Depreciation & Amortization - R     | 797,844           | 784,075           | 13,769           | 1.76%         |
| <b>Total Operating Expenses</b>     | <b>27,105,068</b> | <b>24,098,262</b> | <b>3,006,806</b> | <b>12.48%</b> |
| <b>Non-Operating Expenses</b>       |                   |                   |                  |               |
| (Gain)/Loss on Asset Disposal       | 16,244            | 12,116            | 4,128            | 100.00%       |
| Interest Expense - W                | 1,084,998         | 1,121,714         | (36,716)         | -3.27%        |
| Interest Expense - S                | 1,044,832         | 1,111,539         | (66,707)         | -6.00%        |
| <b>Total Non-Operating Expenses</b> | <b>2,146,074</b>  | <b>2,245,369</b>  | <b>(99,295)</b>  | <b>-4.42%</b> |
| <b>Total Expenses</b>               | <b>29,251,142</b> | <b>26,343,631</b> | <b>2,907,511</b> | <b>11.04%</b> |



Management's Discussion and Analysis  
Fiscal Year 2017**Statement of Revenues, Expenses and Changes in Net Position**

|   | 2017                  | 2016                  | Change                | % Change        |
|---|-----------------------|-----------------------|-----------------------|-----------------|
| Income (Loss) Before Contributions - W          | \$ (2,207,500)        | \$ (1,709,210)        | \$ (498,290)          | 29.15%          |
| Income (Loss) Before Contributions - S          | (628,275)             | (42,615)              | (585,660)             | 1374.30%        |
| Income (Loss) Before Contributions - R          | (1,284,660)           | (1,074,646)           | (210,014)             | 19.54%          |
| <b>Total Income (Loss) Before Contributions</b> | <b>(4,120,435)</b>    | <b>(2,826,471)</b>    | <b>(1,293,964)</b>    | <b>45.78%</b>   |
| <b>Contributions</b>                            |                       |                       |                       |                 |
| Capital Contributions - W                       | 1,072,451             | 3,108,944             | (2,036,493)           | -65.50%         |
| Capital Contributions - S                       | 989,177               | 2,132,714             | (1,143,537)           | -53.62%         |
| Capital Contributions - R                       | 194,304               | 195,886               | (1,582)               | -0.81%          |
|   | <b>2,255,932</b>      | <b>5,437,544</b>      | <b>(3,181,612)</b>    | <b>-119.93%</b> |
| Change in Net Position - W                      | (1,135,049)           | 1,399,734             | (2,534,783)           | -181.09%        |
| Change in Net Position - S                      | 360,902               | 2,090,099             | (1,729,197)           | -82.73%         |
| Change in Net Position - R                      | (1,090,356)           | (878,760)             | (211,596)             | 24.08%          |
| Beginning Net Position                          | 196,916,093           | 194,305,020           | 2,611,073             | 1.34%           |
| <b>Ending Net Position</b>                      | <b>\$ 195,051,590</b> | <b>\$ 196,916,093</b> | <b>\$ (1,864,503)</b> | <b>-0.95%</b>   |

The Statement of Revenues, Expenses and Changes in Net Position provides the nature and source of these changes. As can be seen in the preceding table, the loss before capital contributions of \$4,120,435 and capital contributions of \$2,255,932 offset the decrease in Net Position of \$1,864,503 in Fiscal Year 2017.

On January 17, 2014, Governor Brown issued a proclamation of a state of emergency under the California Emergency Services Act based on drought conditions. On April 25, 2014, Governor Brown issued a proclamation of a continued state of emergency based on continued drought. Yucaipa Valley Water District has taken steps over the years to reduce drinking water use by implementing an extensive recycled water system and asking customers to cut back usage on potable water. This resulted in \$142,511 increased recycled water services revenue. In addition, the drought restrictions were reduced in 2017 which resulted in increased water services revenue.

The recycled water operations continue to expand resulting in increased overall expenses.

With additional water supplies available, the Board of Directors authorized an additional 7,000-acre feet of imported water from the San Bernardino Valley Municipal Water District for use at the Yucaipa Valley Regional Water Filtration Facility as well as recharge at the Wilson Creek Spreading Basins.

During fiscal year 2016-17 there were multiple projects in all funds that resulted in one-time expenses. For example, the repair and maintenance to the administrative building was completed late in the fiscal year. The sewer fund expenditures increased as a result of the increased usage of the brineline which increased the use of the reverse osmosis system as well as ongoing maintenance costs. Finally, the regulatory compliance expenditures in the recycled fund increased from the prior year.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

At the end of Fiscal Year 2017, the District had invested \$256,366,752 in a broad range of infrastructure as shown below.

**Schedule of Capital Assets**

|                                     | 2017                  | 2016                  | Change              | % Change      |
|-------------------------------------|-----------------------|-----------------------|---------------------|---------------|
| <b>Non-Depreciable Assets</b>       |                       |                       |                     |               |
| Land & Easements                    | \$ 5,587,305          | \$ 5,587,305          | \$ -                | 0.00%         |
| Water Rights                        | 9,132,619             | 5,919,976             | 3,212,643           | 54.27%        |
| Construction in Progress            | 19,946,849            | 15,742,545            | 4,204,304           | 26.71%        |
| <b>Total Non-Depreciable Assets</b> | <b>34,666,773</b>     | <b>27,249,826</b>     | <b>7,416,947</b>    | <b>27.22%</b> |
| <b>Depreciable Assets</b>           |                       |                       |                     |               |
| Structures & Improvements           | 330,566,916           | 330,304,418           | 262,498             | 0.08%         |
| Equipment                           | 6,353,764             | 6,101,285             | 252,479             | 4.14%         |
| <b>Total Depreciable Assets</b>     | <b>336,920,680</b>    | <b>336,405,703</b>    | <b>514,977</b>      | <b>0.15%</b>  |
| Less Accumulated Depreciation       | (115,220,701)         | (106,997,046)         | (8,223,655)         | 7.69%         |
| <b>Net Depreciable Assets</b>       | <b>221,699,979</b>    | <b>229,408,657</b>    | <b>(7,708,678)</b>  | <b>-3.36%</b> |
| <b>Total Capital Assets, Net</b>    | <b>\$ 256,366,752</b> | <b>\$ 256,658,483</b> | <b>\$ (291,731)</b> | <b>-0.11%</b> |

As of June 30, 2017, water rights increased by \$3,212,643, primarily in the sewer fund due to a purchase approved by the Board of Directors from the San Bernardino Valley Municipal Water District for an increase in pipeline capacity for the Brineline. In addition, construction in progress increased \$4,204,304, primarily in the water fund with the majority of the construction attributed to the SCIP reservoir project R-12.4 and the Date and Dodd pipeline.

Additional information on the District's capital assets can be found in Note 3 of this report.

Management's Discussion and Analysis  
Fiscal Year 2017

Long-term obligations, including current portion, total \$84,919,850 as of June 30, 2017, a decrease of \$1,659,111 from \$86,578,961 as of June 30, 2016. The long-term obligations were comprised of compensated absences, water revenue bonds and sewer fund state revolving fund (SRF) loans for the WRWRF plant expansion, Regional Brineline Extension, (WISE) Wochholz Improved Salinity Effluent Project, Non-Potable Reservoir NR-10.3.1 project and the Crow Street Recycled Project.

**Schedule of Liabilities**

|  | 2017                 | 2016                 | Change                | % Change      |
|--|----------------------|----------------------|-----------------------|---------------|
| <b>Long Term Obligations:</b>          |                      |                      |                       |               |
| Compensated absences                   | \$ 799,337           | \$ 869,121           | \$ (69,784)           | -8.03%        |
| Refunding Revenue Bonds - Water        | 30,744,780           | 31,980,145           | (1,235,365)           | -3.86%        |
| State Revolving Fund Loan - Sewer      | 39,197,914           | 42,003,486           | (2,805,572)           | -6.68%        |
| Net Pension Liability                  | 5,665,084            | 4,320,667            | 1,344,417             | 31.12%        |
| <b>Total Long Term Obligations</b>     | <b>76,407,115</b>    | <b>79,173,419</b>    | <b>(2,766,304)</b>    | <b>-3.49%</b> |
| <b>Current Portion of Obligations:</b> |                      |                      |                       |               |
| Compensated Absences                   | 392,079              | 429,655              | (37,576)              | -8.75%        |
| Refunding Revenue Bonds - Water        | 1,065,000            | 1,030,000            | 35,000                | 3.40%         |
| State Revolving Fund Loan - Sewer      | 2,805,572            | 2,738,957            | 66,615                | 2.43%         |
| Other Current Liabilities              | 4,250,084            | 3,206,930            | 1,043,154             | 32.53%        |
| <b>Total Current Obligations</b>       | <b>8,512,735</b>     | <b>7,405,542</b>     | <b>1,107,193</b>      | <b>14.95%</b> |
| <b>Total Liabilities</b>               | <b>\$ 84,919,850</b> | <b>\$ 86,578,961</b> | <b>\$ (1,659,111)</b> | <b>-1.92%</b> |

Additional information on the District's long-term obligations can be found in Notes 4 through 12 of this report.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the Yucaipa Valley Water District for all those with an interest in the government's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Allison M. Edmisten, Chief Financial Officer at 12770 Second Street, Yucaipa, California 92399.

**Financial Statements**  
Audited Financial Statements - Fiscal Year 2017

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# Financial Statements



## YUCAIPA VALLEY WATER DISTRICT

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

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|   | Enterprise Funds |               |                | Total          |
|---|------------------|---------------|----------------|----------------|
|   | Water            | Sewer         | Recycled Water |                |
| <b>ASSETS</b>                             |                  |               |                |                |
| Current Assets:                           |                  |               |                |                |
| Cash and investments                      | \$ 7,798,287     | \$ 5,546,282  | \$ 1,132,017   | \$ 14,476,586  |
| Accounts receivable, net                  | 1,474,106        | 1,533,490     | 111,134        | 3,118,730      |
| Taxes and assessments receivable          | 76,799           |               |                | 76,799         |
| Interest receivable                       | 15,367           | 15,364        | 3,416          | 34,147         |
| Inventory                                 | 696,253          |               |                | 696,253        |
| Prepayments and deposits                  | 1,269,548        |               |                | 1,269,548      |
| Total Current Assets                      | 11,330,360       | 7,095,136     | 1,246,567      | 19,672,063     |
| Noncurrent Assets:                        |                  |               |                |                |
| Restricted investments                    | 1,215,162        | 893,163       | 519,372        | 2,627,697      |
| Capital assets not being depreciated      | 15,382,938       | 12,934,787    | 6,349,048      | 34,666,773     |
| Capital assets being depreciated, net     | 89,129,763       | 113,557,922   | 19,012,294     | 221,699,979    |
| Total Noncurrent Assets                   | 105,727,863      | 127,385,872   | 25,880,714     | 258,994,449    |
| <b>TOTAL ASSETS</b>                       | 117,058,223      | 134,481,008   | 27,127,281     | 278,666,512    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                  |               |                |                |
| Deferred amounts related to pensions      | 1,082,348        | 821,871       | 63,935         | 1,968,154      |
| <b>LIABILITIES</b>                        |                  |               |                |                |
| Current Liabilities:                      |                  |               |                |                |
| Accounts payable and accrued liabilities  | 1,521,967        | 413,004       | 38,664         | 1,973,635      |
| Customer deposits                         | 119,680          |               |                | 119,680        |
| Developer/construction deposits           | 1,026,895        |               |                | 1,026,895      |
| Accrued interest payable                  | 416,738          | 713,136       |                | 1,129,874      |
| Current portion of long-term liabilities: |                  |               |                |                |
| Compensated absences                      | 222,980          | 169,099       |                | 392,079        |
| Certificates of participation             | 1,065,000        |               |                | 1,065,000      |
| State revolving fund loans                |                  | 2,805,572     |                | 2,805,572      |
| Total Current Liabilities                 | 4,373,260        | 4,100,811     | 38,664         | 8,512,735      |
| Long-Term Liabilities:                    |                  |               |                |                |
| Compensated absences                      | 485,296          | 314,041       |                | 799,337        |
| Certificates of participation             | 30,744,780       |               |                | 30,744,780     |
| State revolving fund loans                |                  | 39,197,914    |                | 39,197,914     |
| Net pension liability                     | 3,115,401        | 2,365,652     | 184,031        | 5,665,084      |
| Total Long-Term Liabilities               | 34,345,477       | 41,877,607    | 184,031        | 76,407,115     |
| <b>TOTAL LIABILITIES</b>                  | 38,718,737       | 45,978,418    | 222,695        | 84,919,850     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                  |               |                |                |
| Deferred amounts related to pensions      | 364,728          | 276,953       | 21,545         | 663,226        |
| <b>NET POSITION</b>                       |                  |               |                |                |
| Net investment in capital assets          | 71,482,536       | 84,489,223    | 25,361,342     | 181,333,101    |
| Restricted for:                           |                  |               |                |                |
| Debt service                              |                  | 893,163       |                | 893,163        |
| Capital projects                          | 1,215,162        |               | 519,372        | 1,734,534      |
| Unrestricted                              | 6,359,408        | 3,665,122     | 1,066,262      | 11,090,792     |
| <b>TOTAL NET POSITION</b>                 | \$ 79,057,106    | \$ 89,047,508 | \$ 26,946,976  | \$ 195,051,590 |

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



## YUCAIPA VALLEY WATER DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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|  | Enterprise Funds |               |                | Total          |
|--|------------------|---------------|----------------|----------------|
|  | Water            | Sewer         | Recycled Water |                |
| <b>OPERATING REVENUES</b>                |                  |               |                |                |
| Charges for current services             | \$ 9,650,242     | \$ 11,446,746 | \$ 541,078     | \$ 21,638,066  |
| Interfund services provided              | 160,000          |               |                | 160,000        |
| Other revenue                            |                  | 1,080         |                | 1,080          |
| Total Operating Revenues                 | 9,810,242        | 11,447,826    | 541,078        | 21,799,146     |
| <b>OPERATING EXPENSES</b>                |                  |               |                |                |
| Salaries and employee benefits           | 4,169,048        | 3,050,467     | 442,479        | 7,661,994      |
| Electrical power                         | 1,273,459        | 881,628       | 117,539        | 2,272,626      |
| Water purchases                          | 1,637,696        |               |                | 1,637,696      |
| Administrative services                  | 485,581          | 451,404       | 53,964         | 990,949        |
| Operating supplies                       | 204,536          | 719,647       | 5,597          | 929,780        |
| Maintenance and repairs                  | 1,331,507        | 791,040       | 136,814        | 2,259,361      |
| Crystal Creek Water Treatment            | 750,060          |               |                | 750,060        |
| Brineline charges                        |                  | 405,210       |                | 405,210        |
| Depreciation                             | 3,320,698        | 4,110,293     | 797,844        | 8,228,835      |
| Insurance                                | 94,597           | 94,407        | 20,957         | 209,961        |
| Professional fees                        | 614,579          | 511,512       | 172,366        | 1,298,457      |
| Other                                    | 48,692           | 304,389       | 107,058        | 460,139        |
| Total Operating Expenses                 | 13,930,453       | 11,319,997    | 1,854,618      | 27,105,068     |
| Operating Income (Loss)                  | (4,120,211)      | 127,829       | (1,313,540)    | (5,305,922)    |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                  |               |                |                |
| Interest income                          | 50,092           | 48,629        | 10,807         | 109,528        |
| Property taxes                           | 2,858,701        | 236,500       | 18,000         | 3,113,201      |
| Other income                             | 105,160          | 3,599         | 73             | 108,832        |
| Loss on disposal of assets               | (16,244)         |               |                | (16,244)       |
| Interest expense                         | (1,084,998)      | (1,044,832)   |                | (2,129,830)    |
| Total Non-Operating Revenues (Expenses)  | 1,912,711        | (756,104)     | 28,880         | 1,185,487      |
| Income (Loss) Before Contributions       | (2,207,500)      | (628,275)     | (1,284,660)    | (4,120,435)    |
| <b>CONTRIBUTIONS</b>                     |                  |               |                |                |
| Capital contributions                    | 1,072,451        | 989,177       | 194,304        | 2,255,932      |
| Change in Net Position                   | (1,135,049)      | 360,902       | (1,090,356)    | (1,864,503)    |
| Net Position, Beginning of Year          | 80,192,155       | 88,686,606    | 28,037,332     | 196,916,093    |
| Net Position, End of Year                | \$ 79,057,106    | \$ 89,047,508 | \$ 26,946,976  | \$ 195,051,590 |

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



## YUCAIPA VALLEY WATER DISTRICT

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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|   | Enterprise Funds |               |                | Total         |
|---|------------------|---------------|----------------|---------------|
|   | Water            | Sewer         | Recycled Water |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |                  |               |                |               |
| Receipts from customers   | \$ 9,436,366     | \$ 11,416,913 | \$ 515,530     | \$ 21,368,809 |
| Receipts (payments) from interfund services provided                        | 160,000          | (160,000)     |                |               |
| Payments to suppliers   | (5,743,331)      | (3,977,746)   | (601,147)      | (10,322,224)  |
| Employment related payments   | (4,427,842)      | (3,222,041)   | (338,156)      | (7,988,039)   |
| Net Cash Provided by/(Used for) Operating Activities                        | (574,807)        | 4,057,126     | (423,773)      | 3,058,546     |
| <b>CASH FLOWS FROM CAPITAL AND<br/>AND RELATED FINANCING ACTIVITIES</b>     |                  |               |                |               |
| Capital contributions   | 1,072,451        | 962,177       | 194,304        | 2,228,932     |
| Cash paid for capital assets  | (3,756,259)      | (3,724,231)   | (462,098)      | (7,942,588)   |
| Principal paid on capital debt  | (1,030,000)      | (2,738,957)   |                | (3,768,957)   |
| Interest paid on capital debt   | (1,265,664)      | (1,092,768)   |                | (2,358,432)   |
| Net Cash Provided by/(Used for) Capital and<br>Related Financing Activities | (4,979,472)      | (6,593,779)   | (267,794)      | (11,841,045)  |
| <b>CASH FLOWS FROM NON-CAPITAL<br/>FINANCING ACTIVITIES</b>                 |                  |               |                |               |
| Property taxes received   | 2,863,902        | 236,500       | 18,000         | 3,118,402     |
| Other receipts  | 105,160          | 3,599         | 73             | 108,832       |
| Net Cash Provided by Non-Capital<br>Financing Activities                    | 2,969,062        | 240,099       | 18,073         | 3,227,234     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                 |                  |               |                |               |
| Interest and dividends  | 45,821           | 44,359        | 9,858          | 100,038       |
| Net Increase/(Decrease) in Cash and Cash Equivalents                        | (2,539,396)      | (2,252,195)   | (663,636)      | (5,455,227)   |
| Balances, Beginning of Year   | 11,552,845       | 8,691,640     | 2,315,025      | 22,559,510    |
| Balances, End of Year   | \$ 9,013,449     | \$ 6,439,445  | \$ 1,651,389   | \$ 17,104,283 |
| <b>Reconciliation to Statement of Net Position:</b>                         |                  |               |                |               |
| Cash and investments  | \$ 7,798,287     | \$ 5,546,282  | \$ 1,132,017   | \$ 14,476,586 |
| Restricted cash and investments - Non-current                               | 1,215,162        | 893,163       | 519,372        | 2,627,697     |
| Total Cash and Investments  | \$ 9,013,449     | \$ 6,439,445  | \$ 1,651,389   | \$ 17,104,283 |

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



**YUCAIPA VALLEY WATER DISTRICT**  
**STATEMENT OF CASH FLOWS, Continued**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

DRAFT COPY 10/24/17

|  | Enterprise Funds    |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Water               | Sewer               | Recycled Water      | Total               |
| RECONCILIATION OF OPERATING Income (Loss)<br>TO NET CASH PROVIDED<br>BY OPERATING ACTIVITIES |                     |                     |                     |                     |
| Operating Income (loss)  | \$ (4,120,211)      | \$ 127,829          | \$ (1,313,540)      | \$ (5,305,922)      |
| Adjustments to reconcile operating income to<br>net cash provided by operating activities:   |                     |                     |                     |                     |
| Depreciation   | 3,320,698           | 4,110,293           | 797,844             | 8,228,835           |
| Loss on disposal   | 16,244              |                     |                     | 16,244              |
| Change in assets and liabilities:  |                     |                     |                     |                     |
| Receivables, net   | (156,839)           | (30,914)            | (25,547)            | (213,300)           |
| Compensated absences   | (57,794)            | (49,566)            |                     | (107,360)           |
| Prepayments and deposits   | (458,648)           |                     |                     | (458,648)           |
| Developer and customer deposits  | (57,037)            |                     |                     | (57,037)            |
| Inventory  | 15,993              |                     |                     | 15,993              |
| Accounts and other payables (non-capital)  | 1,123,787           | 21,492              | 13,148              | 1,158,427           |
| Net pension liability  | 663,151             | 532,450             | 148,816             | 1,344,417           |
| Change in deferred outflows of resources related to pensions                                 | (531,374)           | (409,986)           | (56,020)            | (997,380)           |
| Change in deferred inflows of resources related to pensions                                  | (332,777)           | (244,472)           | 11,526              | (565,723)           |
| Net Cash Provided by Operating Activities  | <u>\$ (574,807)</u> | <u>\$ 4,057,126</u> | <u>\$ (423,773)</u> | <u>\$ 3,058,546</u> |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH<br>CAPITAL AND RELATED FINANCING ACTIVITIES              |                     |                     |                     |                     |
| Contributed capital assets   | <u>\$ -</u>         | <u>\$ 27,000</u>    | <u>\$ -</u>         | <u>\$ 27,000</u>    |

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





**YUCAIPA VALLEY WATER DISTRICT**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2017**

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|                           |  |
|---------------------------|--|
|                           | SCIP R-12.4<br>Reservoir<br>Agency Fund<br><hr/> |
| <b>ASSETS</b>             |  |
| Cash and cash equivalents | <u>\$ 820,175</u>                                |
| <b>LIABILITIES</b>        |  |
| Due to other governments  | <u>\$ 820,175</u>                                |

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



**Financial Statements**  
Audited Financial Statements - Fiscal Year 2017

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# Notes to the Financial Statements

## YUCAIPA VALLEY WATER DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

Yucaipa Valley Water District (the District) is a special-purpose government district providing water distribution and sewer collection and treatment for consumers within its service area. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

##### B. Basis of Presentation

Fund Financial Statements - The District solely operates as a Special-Purpose Government which means it is only engaged in business-type activities, accordingly activities are reported in proprietary funds.

The District has the following major proprietary funds:

- Water – This fund accounts for the activities of the District's drinking water supply system.
- Sewer – This fund accounts for the activities of the District's sewage treatment plant, pumping stations, and collection systems.
- Recycled Water – This fund accounts for the activities of the District's recycled water supply system.

The SCIP R-12.4 Reservoir agency fund utilizes the accrual basis of accounting for reporting its assets and liabilities. This fund is used to account for receipts and disbursements associated with Assessment District AD-14-01, which is administered by, but is not the liability of, the District.

##### C. Basis of Accounting

Proprietary fund financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes apply. Property taxes are collected for the District by the Counties of San Bernardino and Riverside. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses include the costs of sales and services, the costs of employee benefits, maintenance of capital assets, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**D. Capital Assets**

Capital assets purchased or constructed are carried at cost. Constructed costs include labor, materials and construction period interest expense (net of interest income, where applicable). Capitalization threshold is \$5,000. Contributed assets are stated at acquisition value at the time received by the District. Depreciation is calculated on the straight-line method over the following estimated useful lives of the assets:

|                             |               |
|-----------------------------|---------------|
| Structures and improvements | 10 – 50 years |
| Equipment                   | 4 – 10 years  |

**E. Restricted Investments**

Various resources of the District are limited as to their use by law or by debt covenants and are classified on the balance sheet as restricted investments. Undisbursed debt proceeds are restricted for repayment of the debt and project costs. Also, fees imposed on new real estate development are restricted by law for the construction of capital improvements which benefit the development projects.

**F. Inventory**

Inventory is stated at the lower of cost, using the average cost method, or market.

**G. Cash and Cash Equivalents**

All cash and investments are held in the District's cash management pool. Therefore, for purposes of the statement of cash flows, the District considers the entire pooled cash and investment balance to be cash and cash equivalents.

**H. Investments**

Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. All fair values are determined by external consultants. Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Management reviews investments for events that might affect fair value measurements of investments on a monthly basis. The evaluation is performed at the lowest level of identifiable unit of account.

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**J. Uncollectible Accounts**

The District provides an allowance for doubtful accounts for all accounts deemed uncollectible. As of June 30, 2017, this allowance was estimated at \$20,000 in the Water Fund and \$9,572 in the Sewer Fund.

**K. Credit/Market Risk**

The District provides water, sewer, and recycled water services to local residential and commercial customers. As part of normal operating practices, credit is granted to local customers, on an unsecured basis.

**L. Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

**M. Net Position**

*Net investment in capital assets* consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets.

*Restricted net position* consists of those restricted assets reduced by liabilities related to those assets.

*Unrestricted net position* is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**N. Pensions**

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

**O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until then. The government only has one item that qualifies for reporting in this category. It is the deferred outflow related to pensions which is the result of the implementation of GASB 68 representing the District's pension contributions made subsequent to the measurement date, change in proportion and the difference between projected and actual earnings on investments.

**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**O. Deferred Outflows/Inflows of Resources, (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. The government has only one type of item, deferred amounts related to pensions. This item is the result of the implementation of GASB 68 representing the change in proportion and the change in assumptions used in the pension calculation.

**P. New Accounting Pronouncements**

Effective in this Fiscal Year

**GASB Statement No. 82** – In March 2016, GASB issued Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District implemented as of July 1, 2016.

Effective in Future Fiscal Years

**GASB Statement No. 75** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for periods beginning after June 15, 2017. The district has not determined the effect on the financial statements.

**GASB Statement No. 81** – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for reporting periods beginning after December 15, 2016. The district has not determined the effect on the financial statements.

## YUCAIPA VALLEY WATER DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

##### P. New Accounting Pronouncements, (Continued)

###### Effective in Future Fiscal Years (Continued)

**GASB Statement No. 83** – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this statement is to enhance comparability of financial statements by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations and requiring disclosures related to those asset retirement obligations. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The district has not determined the effect on the financial statements.

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and reporting purposes and how those activities should be reported. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The district has not determined the effect on the financial statements.

**GASB Statement No. 85** – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. The district has not determined the effect on the financial statements.

**GASB Statement No. 86** – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. The district has not determined the effect on the financial statements.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The district has not determined the effect on the financial statements.



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments are classified as the accompanying financial statements as follows:

|   |               |
|---|---------------|
| Statement of Net Position                     |               |
| Cash and investments                          | \$ 14,476,586 |
| Restricted investments - Non-current          | 2,627,697     |
| Statement of Fiduciary Assets and Liabilities |               |
| Cash and cash equivalents                     | 820,175       |
| Total Cash and Investments                    | \$ 17,924,458 |

Cash and investments as of June 30, 2017, consist of the following:

|                            |               |
|----------------------------|---------------|
| Petty cash                 | \$ 800        |
| Cash                       | 557,111       |
| Investments                | 17,366,547    |
| Total Cash and Investments | \$ 17,924,458 |

**Investments Authorized by the California Government Code and the Yucaipa Valley Water District's Investment Policy**

The table below identifies the investment types that are authorized for the Yucaipa Valley Water District by the California Government Code and the District's policy, whichever is more restrictive. The table also identifies certain provisions of the California Government Code that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Yucaipa Valley Water District, rather than the general provisions of the California Government Code.

| Authorized Investment Type          | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|-------------------------------------|------------------|---------------------------------|----------------------------------|
| U.S. Treasury Obligations           | 5 years          | None                            | None                             |
| Money Market Accounts               | N/A              | None                            | None                             |
| Local Agency Investment Fund (LAIF) | N/A              | None                            | None                             |





**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2 – CASH AND INVESTMENTS, (Continued)**

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreement, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of the debt agreement that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized<br>Investment Type      | Maximum<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>in One Issuer |
|------------------------------------|---------------------|---------------------------------------|--|
| U.S. Treasury Obligations          | None                | None                                  | None                                   |
| U.S. Agency Securities             | None                | None                                  | None                                   |
| Banker's Acceptances               | 180 days            | 40%                                   | 30%                                    |
| Commercial Paper                   | 270 days            | 25%                                   | 10%                                    |
| Repurchase Agreements              | 365 days            | None                                  | None                                   |
| Negotiable Certificates of Deposit | None                | 30%                                   | None                                   |
| Money Market Mutual Funds          | None                | None                                  | None                                   |

**Disclosures Relating to 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 Yucaipa Valley Water 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 is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

| Investment Type     | Fair Value           | Maturity<br>12 Months<br>or Less |
|---------------------|----------------------|----------------------------------|
| LAIF                | \$ 15,311,404        | \$ 15,311,404                    |
| U.S. Treasury Bills | 497,450              | 497,450                          |
| Money Market Funds  | 1,557,693            | 1,557,693                        |
| Total               | <u>\$ 17,366,547</u> | <u>\$ 17,366,547</u>             |

**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2 – CASH AND INVESTMENTS, (Continued)**

**Disclosures Relating to Credit Risk**

Generally, 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 rating as of year-end for each investment type:

|                     | Fair Value    | S&P<br>Rating at<br>June 30, 2017 |
|---------------------|---------------|-----------------------------------|
| LAIF                | \$ 15,311,404 | Unrated                           |
| U.S. Treasury Bills | 497,450       | AA+                               |
| Money Market Funds  | 1,557,693     | AAAm                              |
| Total               | \$ 17,366,547 |                                   |

**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 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 California Government Code and the Yucaipa Valley Water District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. Bank deposits are covered by the federal depository insurance (FDIC) for the first \$250,000. As of June 30, 2017, the District has \$864,293 of cash in excess of the FDIC limit. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code to collateralize the District's deposits as noted above.

**Investment in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF has a portion of the pool invested in structured notes and asset backed securities. 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 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. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals to and from LAIF are transferred on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, LAIF is valued based on inputs not categorized as level 1, level 2, or level 3.



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 2 – CASH AND INVESTMENTS, (Continued)**

**Fair Value Hierarchy**

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The district has the following recurring fair value measurements as of year-end.

As of June 30, 2017:

| Investments by Fair Value Level | Fair Value           | Fair Value Measurement  |   |  |
|---------------------------------|----------------------|---|---|--|
|                                 |                      | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| U.S Treasury Bills              | \$ 497,450           | \$ 497,450  | \$ -  | \$ -   |
| Local Agency Investment Fund    | 15,311,404           |   |   |  |
| Money Market Funds              | <u>1,557,693</u>     |   |   |  |
| Total Investments               | <u>\$ 17,366,547</u> |   |   |  |

In determining fair value, the district’s custodians use various methods including market and income approaches. Based on these approaches, the district’s custodians utilize certain assumptions that market participants would use in pricing the asset or liability. The district’s custodians utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Various inputs are used in determining the value of the district’s investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 - quoted prices in active markets for identical investments, Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) and Level 3 - significant unobservable inputs (including the district’s own assumptions in determining the fair value of investments).

**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 3 – CAPITAL ASSETS**

The following tables summarize capital asset activity during 2016-2017:

| Water Fund                                  | Balance<br>June 30, 2016 | Increases    | Decreases    | Balance<br>June 30, 2017 |
|---|--------------------------|--------------|--------------|--------------------------|
| Capital assets not being depreciated:       |                          |              |              |                          |
| Land and easements                          | \$ 4,111,106             |              |              | \$ 4,111,106             |
| Water rights                                | 432,941                  |              |              | 432,941                  |
| Construction in progress                    | 7,630,092                | \$ 3,448,505 | \$ (239,706) | 10,838,891               |
| Total capital assets not being depreciated  | 12,174,139               | 3,448,505    | (239,706)    | 15,382,938               |
| Capital assets being depreciated:           |                          |              |              |                          |
| Structures and improvements                 | 130,348,697              | 257,315      |              | 130,606,012              |
| Equipment                                   | 4,361,297                | 273,900      | (21,421)     | 4,613,776                |
| Total capital assets being depreciated      | 134,709,994              | 531,215      | (21,421)     | 135,219,788              |
| Less accumulated depreciation for:          |                          |              |              |                          |
| Structures and improvements                 | (39,158,598)             | (3,129,659)  |              | (42,288,257)             |
| Equipment                                   | (3,615,907)              | (191,039)    | 5,178        | (3,801,768)              |
| Total accumulated depreciation              | (42,774,505)             | (3,320,698)  | 5,178        | (46,090,025)             |
| Total capital assets being depreciated, net | 91,935,489               | (2,789,483)  | (16,243)     | 89,129,763               |
| Water Fund capital assets, net              | \$ 104,109,628           | \$ 659,022   | \$ (255,949) | \$ 104,512,701           |

Depreciation expense was \$3,320,698 for the year ended June 30, 2017.



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 3 – CAPITAL ASSETS, (Continued)**

| Sewer Fund                                  | Balance<br>June 30, 2016 | Increases    | Decreases | Balance<br>June 30, 2017 |
|---|--------------------------|--------------|-----------|--------------------------|
| Capital assets not being depreciated:       |                          |              |           |                          |
| Land and easements                          | \$ 1,476,199             |              |           | \$ 1,476,199             |
| Water rights                                | 5,487,035                | \$ 3,212,643 |           | 8,699,678                |
| Construction in progress                    | 2,220,320                | 538,590      |           | 2,758,910                |
| Total capital assets not being depreciated  | 9,183,554                | 3,751,233    |           | 12,934,787               |
| Capital assets being depreciated:           |                          |              |           |                          |
| Structures and improvements                 | 174,500,455              |              |           | 174,500,455              |
| Equipment                                   | 1,592,988                |              |           | 1,592,988                |
| Total capital assets being depreciated      | 176,093,443              |              |           | 176,093,443              |
| Less accumulated depreciation for:          |                          |              |           |                          |
| Structures and improvements                 | (57,069,888)             | (4,074,524)  |           | (61,144,412)             |
| Equipment                                   | (1,355,340)              | (35,769)     |           | (1,391,109)              |
| Total accumulated depreciation              | (58,425,228)             | (4,110,293)  |           | (62,535,521)             |
| Total capital assets being depreciated, net | 117,668,215              | (4,110,293)  |           | 113,557,922              |
| Sewer Fund capital assets, net              | \$ 126,851,769           | \$ (359,060) | \$ -      | \$ 126,492,709           |

Depreciation expense was \$4,110,293 for the year ended June 30, 2017.



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 3 – CAPITAL ASSETS, (Continued)**

| Recycled Water Fund                         | Balance<br>June 30, 2016 | Increases    | Decreases  | Balance<br>June 30, 2017 |
|---|--------------------------|--------------|------------|--------------------------|
| Capital assets not being depreciated        |                          |              |            |                          |
| Construction in progress                    | \$ 5,892,134             | \$ 463,669   | \$ (6,755) | \$ 6,349,048             |
| Capital assets being depreciated:           |                          |              |            |                          |
| Structures and improvements                 | 25,455,265               | 5,184        |            | 25,460,449               |
| Equipment                                   | 147,000                  |              |            | 147,000                  |
| Total capital assets being depreciated      | 25,602,265               | 5,184        |            | 25,607,449               |
| Less accumulated depreciation for:          |                          |              |            |                          |
| Structures and improvements                 | (5,753,211)              | (783,144)    |            | (6,536,355)              |
| Equipment                                   | (44,100)                 | (14,700)     |            | (58,800)                 |
| Total accumulated depreciation              | (5,797,311)              | (797,844)    |            | (6,595,155)              |
| Total capital assets being depreciated, net | 19,804,954               | (792,660)    |            | 19,012,294               |
| Recycled Water Fund capital assets, net     | \$ 25,697,088            | \$ (328,991) | \$ (6,755) | \$ 25,361,342            |

Depreciation expense was \$797,844 for the year ended June 30, 2017.

**NOTE 4 – REFUNDING REVENUE BONDS SERIES 2015 A**

In 2015, the District sold certificates of participation in the amount of \$30,810,000 to refund the 2004 Certificates of Participation and to pay delivery costs of the certificates.

Certificates began maturing on September 1, 2015 with semi-annual interest payments due March 1 and September 1 at various interest rates from 3.00 to 5.00 percent. Principal payments are due annually September 1 at various amounts from \$980,000 to \$2,240,000. The final principal payment of the certificates is scheduled for September 1, 2034. See Note 12 for revenues pledged. The Bonds are recorded in the Water Fund.



## YUCAIPA VALLEY WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
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## NOTE 4 – REFUNDING REVENUE BONDS SERIES 2015 A, (Continued)

Maturities of the revenue refunding bonds are as follows:

| Fiscal Year<br>Ending | 2015 Refunding Revenue Bonds Series A |               |               |
|-----------------------|---------------------------------------|---------------|---------------|
|                       | Principal                             | Interest      | Total         |
| 2018                  | \$ 1,065,000                          | \$ 1,228,912  | \$ 2,293,912  |
| 2019                  | 1,115,000                             | 1,179,737     | 2,294,737     |
| 2020                  | 1,170,000                             | 1,122,612     | 2,292,612     |
| 2021                  | 1,230,000                             | 1,062,612     | 2,292,612     |
| 2022                  | 1,290,000                             | 1,006,062     | 2,296,062     |
| 2023-2027             | 7,325,000                             | 4,138,585     | 11,463,585    |
| 2028-2032             | 9,155,000                             | 2,312,604     | 11,467,604    |
| 2033-2035             | 6,450,000                             | 433,912       | 6,883,912     |
| Total                 | \$ 28,800,000                         | \$ 12,485,036 | \$ 41,285,036 |

## NOTE 5 – STATE REVOLVING FUND LOAN - 2006

In August 2006, the District entered into a loan agreement with the State of California Water Resources Control Board to provide funding for the expansion and modification of the Henry N. Wochholz Wastewater Treatment Plant. The maximum amount of \$44,748,356 has been drawn. The loan accrues interest at a rate of 2.4 percent annually. Principal and interest payments are due in 20 annual installments. The first payment occurred in September 2009. The District has pledged all revenues and amounts legally available to repay the loan. The loan is recorded in the Sewer Fund.

| Fiscal Year<br>Ending | 2006 State Revolving Fund Loan |              |               |
|-----------------------|--------------------------------|--------------|---------------|
|                       | Principal                      | Interest     | Total         |
| 2018                  | \$ 2,199,523                   | \$ 724,146   | \$ 2,923,669  |
| 2019                  | 2,252,313                      | 671,356      | 2,923,669     |
| 2020                  | 2,306,368                      | 617,301      | 2,923,669     |
| 2021                  | 2,361,721                      | 561,948      | 2,923,669     |
| 2022                  | 2,418,402                      | 505,267      | 2,923,669     |
| 2023-2027             | 12,991,002                     | 1,627,342    | 14,618,344    |
| 2026-2029             | 5,643,373                      | 203,964      | 5,847,337     |
| Total                 | \$ 30,172,702                  | \$ 4,911,324 | \$ 35,084,026 |

## YUCAIPA VALLEY WATER DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2017

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#### NOTE 6 – STATE REVOLVING FUND LOAN - 2010

In June 2010, the District entered into a loan agreement with the State of California Water Resources Control Board (SWRCB) to provide the funding for the construction of the Regional Brineline Extension Project. The maximum amount of \$9,752,100 has been drawn plus interest accrued during the period of construction of \$183,714. The loan accrues interest at a rate of 2.7 percent annually. Principal and interest payments are due in 20 annual installments. In accordance with Amendment No. 1 of the loan agreement, the first payment occurred in December 2013. The District has pledged all revenues and amounts legally available to repay the loan. The loan is recorded in the Sewer Fund.

| Fiscal Year<br>Ending | 2010 State Revolving Fund Loan |              |               |
|-----------------------|--------------------------------|--------------|---------------|
|                       | Principal                      | Interest     | Total         |
| 2018                  | \$ 423,936                     | \$ 225,337   | \$ 649,273    |
| 2019                  | 435,383                        | 213,891      | 649,274       |
| 2020                  | 447,138                        | 202,136      | 649,274       |
| 2021                  | 459,211                        | 190,063      | 649,274       |
| 2022                  | 471,609                        | 177,664      | 649,273       |
| 2023-2027             | 2,556,065                      | 690,302      | 3,246,367     |
| 2028-2032             | 2,920,277                      | 326,090      | 3,246,367     |
| 20233                 | 632,204                        | 17,070       | 649,274       |
| Total                 | \$ 8,345,823                   | \$ 2,042,553 | \$ 10,388,376 |

#### NOTE 7 – STATE REVOLVING FUND LOAN – 2013 (WISE)

In December 2011, the District entered into a loan agreement (Wise) with the State of California Water Resources Control Board (SWRCB) to provide the funding for Recycled Water Fund projects. The maximum amount of the loan is \$2,988,364. The loan accrues interest at a rate of 2.2 percent annually. Principal and interest payments are due in 20 annual installments. The first payment occurred in March 2014. The District has pledged all revenues and amounts legally available to repay the loan. The loan is recorded in the Sewer Fund.

| Fiscal Year<br>Ending | 2013 (Wise) State Revolving Fund Loan |            |              |
|-----------------------|---------------------------------------|------------|--------------|
|                       | Principal                             | Interest   | Total        |
| 2018                  | \$ 130,781                            | \$ 54,470  | \$ 185,251   |
| 2019                  | 133,659                               | 51,592     | 185,251      |
| 2020                  | 136,599                               | 48,652     | 185,251      |
| 2021                  | 139,605                               | 45,647     | 185,252      |
| 2022                  | 142,676                               | 42,575     | 185,251      |
| 2023-2027             | 761,866                               | 164,390    | 926,256      |
| 2028-2032             | 849,441                               | 76,815     | 926,256      |
| 2033                  | 181,265                               | 3,987      | 185,252      |
| Total                 | \$ 2,475,892                          | \$ 488,128 | \$ 2,964,020 |



**YUCAIPA VALLEY WATER DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**NOTE 8 – STATE REVOLVING FUND LOAN – 2013 (R-10.3)**

In December 2011, the District entered into a loan agreement (R-10.3) with the State of California Water Resources Control Board (SWRCB) to provide the funding for Recycled Water Fund projects. The maximum amount of the loan is \$871,570. The loan accrues interest at a rate of 2.2 percent annually. Principal and interest payments are due in 20 annual installments. The first payment occurred in March 2014. The District has pledged all revenues and amounts legally available to repay the loan. The loan is recorded in the Sewer Fund.

| Fiscal Year<br>Ending | 2013 (R-10.3) State Revolving Fund Loan |                   |                   |
|-----------------------|---|-------------------|-------------------|
|                       | Principal                               | Interest          | Total             |
| 2018                  | \$ 38,318                               | \$ 15,959         | \$ 54,277         |
| 2019                  | 39,161                                  | 15,116            | 54,277            |
| 2020                  | 40,023                                  | 14,254            | 54,277            |
| 2021                  | 40,903                                  | 13,374            | 54,277            |
| 2022                  | 41,803                                  | 12,474            | 54,277            |
| 2023-2027             | 223,221                                 | 48,165            | 271,386           |
| 2028-2032             | 248,881                                 | 22,506            | 271,387           |
| 2033                  | 53,109                                  | 1,168             | 54,277            |
| <b>Total</b>          | <b>\$ 725,419</b>                       | <b>\$ 143,016</b> | <b>\$ 868,435</b> |

**NOTE 9 – STATE REVOLVING FUND LOAN – 2013 (CROW)**

In December 2011, the District entered into a loan agreement (Crow Street) with the State of California Water Resources Control Board (SWRCB) to provide the funding for Recycled Water Fund projects. The District received the amount of \$310,179. The loan accrues interest at a rate of 2.2 percent annually on amounts drawn. Repayment will be made in 20 annual installments. The first payment occurred in March 2016. The District has pledged all revenues and amounts legally available to repay the loan. The loan is recorded in the Sewer Fund.

| Fiscal Year<br>Ending | 2013 (Crow) State Revolving Fund Loan |                  |                   |
|-----------------------|---------------------------------------|------------------|-------------------|
|                       | Principal                             | Interest         | Total             |
| 2018                  | \$ 13,014                             | \$ 6,240         | \$ 19,254         |
| 2019                  | 13,300                                | 5,954            | 19,254            |
| 2020                  | 13,593                                | 5,661            | 19,254            |
| 2021                  | 13,892                                | 5,362            | 19,254            |
| 2022                  | 14,198                                | 5,057            | 19,255            |
| 2023-2027             | 75,813                                | 20,459           | 96,272            |
| 2028-2032             | 84,528                                | 11,744           | 96,272            |
| 2033-2035             | 55,312                                | 2,451            | 57,763            |
| <b>Total</b>          | <b>\$ 283,650</b>                     | <b>\$ 62,928</b> | <b>\$ 346,578</b> |

**YUCAIPA VALLEY WATER DISTRICT****NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 10 – COMPENSATED ABSENCES**

It is the District's policy to permit employees to accumulate earned but unused vacation, sick leave and comp time, a portion of which will be paid to employees upon separation from the District. At June 30, 2017, total accruals for Water, Sewer and Recycled Water funds amount to \$708,276, \$483,140, and \$0 respectively. The District estimated, based on historical trends, that approximately \$222,980, \$169,099, and \$0 of the Water, Sewer, and Recycled Water balances, respectively, will come due during fiscal year 2017-2018.

**NOTE 11 – CHANGES IN LONG-TERM LIABILITIES**

The following table summarizes changes in long-term liabilities balances for the fiscal year ended June 30, 2017:

|   | Balance<br>June 30, 2016 | Additions    | Repayments     | Balance<br>June 30, 2017 | Amount Due<br>in 2017-18 |
|---|--------------------------|--------------|----------------|--------------------------|--------------------------|
| 2015 Refunding Revenue Bonds            | \$ 29,830,000            |              | \$ (1,030,000) | \$ 28,800,000            | \$ 1,065,000             |
| Unamortized premium                     | 3,180,145                |              | (170,365)      | 3,009,780                |                          |
| Total Certificates of Participation     | 33,010,145               |              | (1,200,365)    | 31,809,780               | 1,065,000                |
| State Revolving Fund Loan - 2006        | 32,320,675               |              | (2,147,973)    | 30,172,702               | 2,199,523                |
| State Revolving Fund Loan - 2010        | 8,758,614                |              | (412,791)      | 8,345,823                | 423,936                  |
| State Revolving Fund Loan - 2013 Wise   | 2,603,858                |              | (127,966)      | 2,475,892                | 130,781                  |
| State Revolving Fund Loan - 2013 R-10.3 | 762,912                  |              | (37,493)       | 725,419                  | 38,318                   |
| State Revolving Fund Loan - 2013 Crow   | 296,384                  |              | (12,734)       | 283,650                  | 13,014                   |
| Total State Revolving Fund Loans        | 44,742,443               |              | (2,738,957)    | 42,003,486               | 2,805,572                |
| Compensated absences                    | 1,298,776                |              | (107,360)      | 1,191,416                | 392,079                  |
| Net pension liability                   | 4,320,667                | \$ 1,344,418 |                | 5,665,085                |                          |
| Total Long-term Liabilities             | \$ 83,372,031            | \$ 1,344,418 | \$ (4,046,682) | \$ 80,669,767            | \$ 4,262,651             |

**NOTE 12 – REVENUE PLEDGED**

The District has pledged future water fund revenues, net of specified operating expenses, to repay \$30,810,000 in refunding revenue bonds (2015 bonds) as disclosed in Note 4. Net revenues are defined in the 2015 bond documents as operating income, less specified operating expenses, plus specified non-operating income. The 2015 bonds refunded the 2004 Certificates of Participation (COP). Proceeds from the COPs provided financing for the construction of the Yucaipa Valley Regional Water Filtration Facility (YVRWFF). The 2015 bonds are payable through 2035. Net revenues are anticipated to equal at least 110 percent of annual principal and interest payments. The total principal and interest remaining to be paid on the 2015 bonds is \$41,285,036. Principal and interest paid for the current year and total customer net revenues were \$2,295,663 and \$2,948,530, respectively.

For the state revolving fund loans recorded in the Sewer Fund, the District has pledged all revenues and amounts legally available to repay the loans.

**YUCAIPA VALLEY WATER DISTRICT**  
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**NOTE 13 – DEFINED BENEFIT PENSION PLAN**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and may be amended by District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information. These reports can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides 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 60 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 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's provisions and benefits in effect at June 30, 2017, are summarized as follows:

|   | <u>Miscellaneous</u>        | <u>PEPRA -<br/>Miscellaneous</u> |
|---|-----------------------------|----------------------------------|
| Hire Date                                 | Prior to January 1,<br>2013 | On or after<br>January 1, 2013   |
| Formula                                   | 2% @ 60                     | 2% @ 62                          |
| Benefit vesting schedule                  | 5 years of service          | 5 years of service               |
| Benefit payments                          | monthly for life            | monthly for life                 |
| Retirement age                            | 60                          | 62                               |
| Monthly benefits, as a % of annual salary | 2.00%                       | 2.00%                            |
| Required employee contribution rates      | 7%                          | 6.250%                           |
| Required employer contribution rates      | 16.969%                     | 6.607%                           |

**Contributions** – Section 20814(c) of the California Public Employees' Retirement law 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 rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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 District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. Contributions to the pension plan from the District were \$697,729 for the year ended June 30, 2017.

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

As of June 30, 2017, the District reported a liability of \$5,665,084 for its proportionate share of the collective net pension liability.



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 – DEFINED BENEFIT PENSION PLAN, (Continued)**

The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using actuarial procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportion of the net collective pension liability as of June 30, 2015 and 2016 was as follows:

|                            |                 |
|----------------------------|-----------------|
| Proportion - June 30, 2015 | 0.06295%        |
| Proportion - June 30, 2016 | 0.06547%        |
| Change - Increase          | <u>0.00252%</u> |

For the year ended June 30, 2017, the District recognized a pension expense of \$479,042. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Contributions subsequent to the measurement date  | \$ 697,729                        |                                  |
| Changes between expected and actual experience  | 17,098                            |                                  |
| Changes in proportion and differences between actual contributions and proportionate share of contributions | 161,156                           | \$ 453,381                       |
| Changes in assumptions  |                                   | 209,845                          |
| Net difference between projected and actual earnings on pension plan investments                            | 1,092,171                         |                                  |
|   | <u>\$ 1,968,154</u>               | <u>\$ 663,226</u>                |

\$697,729 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended<br>June 30, |                   |
|------------------------|-------------------|
| 2018                   | \$ 23,952         |
| 2019                   | 51,317            |
| 2020                   | 258,887           |
| 2021                   | 273,043           |
|                        | <u>\$ 607,199</u> |



**YUCAIPA VALLEY WATER DISTRICT**  
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**NOTE 13 – DEFINED BENEFIT PENSION PLAN, (Continued)**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions.

|                           |  |
|---------------------------|--|
| Valuation Date            | June 30, 2015                          |
| Measurement Date          | June 30, 2016                          |
| Actuarial Cost Method     | Entry-Age Normal Cost Method           |
| Actuarial Assumptions:    |  |
| Discount Rate             | 7.65%                                  |
| Inflation                 | 2.75%                                  |
| Projected Salary Increase | Varies by entry age and service        |
| Investment Rate of Return | 7.65%                                  |
| Mortality                 | Derived using CalPERS' Membership Data |

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**YUCAIPA VALLEY WATER DISTRICT**  
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**NOTE 13 – DEFINED BENEFIT PENSION PLAN, (Continued)**

In determining the long-term expected 7.65 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees’ Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long term, the present value of benefits was calculated for each fund. The expected rate for return was set by calculating the single equivalent expected return of return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for each Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

| Asset Class                   | Target Allocation | Long-Term Expected<br>Real Rate of Return<br>Years 1-10 | Long-Term Expected<br>Real Rate of Return<br>Years 11+ |
|-------------------------------|-------------------|---|--|
| Global Equity                 | 51%               | 5.25%   | 5.71%  |
| Global Fixed Income           | 20%               | 0.99  | 2.43   |
| Inflation Sensitive           | 6%                | 0.45  | 3.36   |
| Private Equity                | 10%               | 6.83  | 6.95   |
| Real Estate                   | 10%               | 4.50  | 5.13   |
| Infrastructure and Forestland | 2%                | 4.50  | 5.09   |
| Liquidity                     | 1%                | (0.55)  | (1.05)   |
| Total                         | <u>100%</u>       |   |  |

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

|                       |              |
|-----------------------|--------------|
| 1% Decrease           | 6.65%        |
| Net Pension Liability | \$ 8,619,175 |
| Current Discount Rate | 7.65%        |
| Net Pension Liability | \$ 5,665,084 |
| 1% Increase           | 8.65%        |
| Net Pension Liability | \$ 3,233,033 |

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

DRAFT COPY 10/24/17

**NOTE 14 – COMMITMENTS**

The District has entered into contracts for various services and projects that will require payments in future fiscal years. The contract amounts and remaining commitments as of June 30, 2017, are summarized below:

| Description                               | Contract<br>Amounts | Remaining<br>Commitment |
|---|---------------------|-------------------------|
| Water fund and General Operating projects | \$ 2,863,789        | \$ 655,219              |
| Sewer fund projects                       | 182,575             | 32,897                  |
| Recycled Water fund projects              | 372,220             | 87,764                  |
| Total                                     | <u>\$ 3,418,584</u> | <u>\$ 775,880</u>       |

**NOTE 15 – INTERFUND ACTIVITY**

Interfund Services Provided

The Sewer fund reimburses the Water fund for the expenses related to administration, accounting and general services. The reimbursement is reflected in the statement of revenues, expenses and changes in net position as the revenue "Interfund services provided" in the Water Fund and included in the expense "Administrative services" in the Sewer Fund. The amount reimbursed for these services was \$160,000 as of June 30, 2017.

**NOTE 16 – 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. During the year ended June 30, 2017, the District purchased insurance through various commercial carriers to cover these risks with various limits including the Real Property & Business Personal Property blanket limit of \$99,534,921. The District has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**NOTE 17 – PROPERTY TAXES**

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to entities based on complex formulas. The property tax calendar for San Bernardino and Riverside County is as follows:

|                  |                           |
|------------------|---------------------------|
| Lien date        | January 1                 |
| Levy date        | July 1                    |
| Due date         | November 1 and February 1 |
| Collection dates | December 10 and April 10  |



**YUCAIPA VALLEY WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

DRAFT COPY 10/24/17

**NOTE 18 – ASSESSMENT DISTRICT**

The District acts in a fiduciary capacity for an assessment district that was formed to finance the construction and installation of a reservoir that will service properties located within the assessment district. The bonds issued by the assessment district are payable solely from the revenues of annual special taxes levied against land within the district and do not constitute an indebtedness of the Yucaipa Valley Water District. Yucaipa Valley Water District is not liable for the bonds, but acts as an agent for the bondholders. Since the District is acting in an agency capacity, the assets and liabilities of the assessment district have been excluded from the District's statement of net position. The amount outstanding on the bonds at June 30, 2017 was \$11,015,000.



**Financial Statements**  
Audited Financial Statements - Fiscal Year 2017

**DRAFT COPY 10/24/17**

## Required Supplementary Information

**YUCAIPA VALLEY WATER DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY – LAST TEN YEARS\*  
 AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

*DRAFT COPY 10/24/17*

As of the fiscal year ending June 30, 2017  
 Last Ten Years\*  
 Schedule of the District's Proportionate Share of the Net Pension Liability

|  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>  |
|--|--------------|--------------|--------------|
| Proportion of the collective net pension liability   | 0.06547%     | 0.06295%     | 0.07950%     |
| Proportionate share of the collective net pension liability                                    | \$ 5,665,084 | \$ 4,320,667 | \$ 4,947,010 |
| Covered payroll  | \$ 5,611,132 | \$ 5,411,972 | \$ 5,245,090 |
| Proportionate Share of the collective net pension liability as a percentage of covered payroll | 100.96%      | 79.84%       | 94.32%       |
| Plan fiduciary net position as a percentage of the total pension liability                     | 74.06%       | 78.40%       | 79.82%       |

\* - Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

\*\* - The District implemented GASB Statement No. 82 during 16/17. Accordingly, covered payroll has been restated for previous years.

**YUCAIPA VALLEY WATER DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS LAST TEN YEARS\*  
AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

DRAFT COPY 10/24/17

|  | <u>2017</u>         | <u>2016</u>         | <u>2015</u>  |
|--|---------------------|---------------------|--------------|
| Actuarially determined contributions                                 | \$ 326,704          | \$ 550,441          | \$ 570,529   |
| Contributions in relation to the actuarially determined contribution | 697,729             | 882,127             | 570,529      |
| Contribution deficiency (excess)                                     | <u>\$ (371,025)</u> | <u>\$ (331,686)</u> | <u>\$ -</u>  |
| <br>   |                     |                     |              |
| Covered payroll  | \$ 5,752,996        | \$ 5,611,132        | \$ 5,411,972 |
| Contributions as a percentage of covered payroll                     | 12.13%              | 15.72%              | 10.54%       |

\* - Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

\*\* - The District implemented GASB Statement No. 82 during 16/17. Accordingly, covered payroll has been restated for previous years.



# Operational Updates



Yucaipa Valley Water District



**Date:** October 31, 2017

**From:** Joseph Zoba, General Manager

**Subject:** Overview of the Proposed Surplus Water Sale Agreement between the San Bernardino Valley Municipal Water District and the San Gorgonio Pass Water Agency

---

On May 16, 2017, the San Bernardino Valley Municipal Water District adopted Ordinance No. 79 regarding the declaration and sale of surplus water (page 2 of 43).

Using this Ordinance as a foundational document, the San Gorgonio Pass Water Agency and the San Bernardino Valley Municipal Water District have been working on a surplus water sale agreement to facilitate the transfer of surplus imported water to the San Gorgonio Pass Water Agency (page 39 of 43).

Details about the proposed cost to Yucaipa Valley Water District has not been determined by the San Gorgonio Pass Water Agency.



---

**DATE:** May 16, 2017  
**TO:** Board of Directors  
**FROM:** Bob Tincher, Manager of Water Resources  
**SUBJECT:** Consider a Policy for the Declaration and Sale of Surplus Water

---

This item is being forwarded to a Board of Directors' Workshop by the Legislative and Policy Committee.

The attached policy would formalize the process Valley District Board would use to determine when conditions justify a declaration of surplus water. This draft was discussed at the January and March Legislative and Policy Committee meetings.

The Advisory Commission reviewed the ordinance at their meeting on March 9, 2017 and recommended approval subject to changing bullet 3 of Article II to read that proceeds of the sale of surplus water would be placed in the District's Basin Management Fund to offset the cost of future imported water purchases. The Basin Technical Advisory Committee (BTAC) reviewed the ordinance on April 3, 2017 and recommended removing the automatic declaration of no surplus water to give the Valley District Board more flexibility in implementing the policy. These recommended changes have been incorporated into the attached version of the ordinance. The BTAC Engineering Subcommittee has also reviewed and recommended approval of the three exhibits that are attached to the ordinance.

#### **Fiscal Impact**

There is no immediate fiscal impact associated with this proposal. If approved, the Ordinance would facilitate the sale of surplus water under certain prescribed conditions. The revenue from these sales would be reserved in the Basin Management Fund to offset the cost of future SWP purchases.

**Staff Recommendation**

Approve Ordinance 79

**Attachment:**

Ordinance 79 of the Board of Directors of the San Bernardino Valley Municipal Water District  
Providing Procedures for the Declaration and the Sale of Surplus Water of the District

ORDINANCE NO. 79

ORDINANCE OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT PROVIDING PROCEDURES FOR THE DECLARATION AND THE SALE OF SURPLUS WATER OF THE DISTRICT

---

WHEREAS, the District has adopted the *Upper Santa Ana River Watershed Integrated Regional Water Management Plan (Integrated Plan)*;

WHEREAS, one of the primary water management strategies in the Integrated Plan is the storage of water in wet years for later use in dry years;

WHEREAS, conditions may exist from time to time when the District has more water available than needed;

WHEREAS, Section 31023 of the California Water Code allows for the sale of surplus water outside of the District's service area;

WHEREAS, the District's State Water Contract allows for the sale of its State Water Project (SWP) water to areas outside of the District's service area, upon written consent from the State;

BE IT ORDAINED by the Board of Directors of the San Bernardino Valley Municipal Water District as follows:

ARTICLE IDECLARING WATER SURPLUS

- 1) The Board must declare water to be surplus, or not needed, for use within the District's service area before it may be sold. Such a declaration shall only be valid for the calendar year of the specified SWP Table A allocation.
- 2) The District will use the following information in its determination of whether any water is surplus:
  - a) *Change in Groundwater Storage for the San Bernardino Basin, Rialto-Colton and Yucaipa Basin Areas*, District, latest edition (CIS Report)
  - b) *Regional Water Management Plan*, Basin Technical Advisory Committee (BTAC), latest edition (BTAC Plan)
  - c) *Regional Water Management Plan Monthly Statement*, latest edition (BTAC Monthly Statement)
  - d) *Western Municipal Water District of Riverside County, a municipal water district; City of Riverside, a municipal corporation; the Gage Canal Company, a corporation; Agua Mansa Water Company, a corporation; Meeks & Daley Water Company, a corporation; Riverside Highland Water Company, a corporation, and the Regents of the University of California vs. East San Bernardino County Water District, et al.* (Judgment)
  - e) Pumping restrictions, if any, in the Rialto-Colton Basin based upon the requirements of the Rialto Decree (Rialto Decree)
  - f) Recommendation from the Groundwater Sustainability Council (GSC)
  - g) Recommendation from the BTAC
  - h) Recommendation from the San Bernardino Valley Advisory Commission on Water Policy (Advisory Commission)



- 3) No Surplus Water. The District may declare that there is no surplus based upon the following conditions:
  - a) The cumulative change in groundwater storage in the San Bernardino Basin Area, Rialto-Colton Basin and Yucaipa Basin is within the “No Surplus” area as shown on Exhibits A, B and C.
  - b) There are pumping restrictions in the Rialto-Colton Basin due to the requirements of the Rialto Decree.
  - c) The liquefaction potential is low per the BTAC monthly statement.
  - d) Recharge for the year is less than the BTAC artificial recharge threshold as published on the BTAC monthly statement.
  - e) The District is obligated, under the terms of the Judgment, to recharge water.
  - f) There is available capacity in the District storage program.
- 4) Discretionary Zone. When the above conditions for “No Surplus Water” do not exist, the general manager may develop a recommendation for Board consideration based upon the following:
  - a) *Available water.* The total amount of water potentially available for sale will be the total amount of water available to the District less the total amount of orders from the retail water agencies within the District’s service area (including the GSC) and less 15,000 acre-feet of carryover storage to the following year (subject to the storage conditions at San Luis Reservoir).
  - b) *Hydrologic conditions.*
    - i) The possibility that the next three years could be extremely dry
    - ii) Liquefaction potential per the BTAC monthly statement
  - c) *Available storage capacity.* The amount of storage space available:
    - i) Storage capacity in the San Bernardino Basin Area (SBBA).
      - (1) Review of current artificial recharge as compared with the BTAC artificial recharge threshold on the BTAC monthly statement.
      - (2) Review of liquefaction potential on the BTAC monthly statement.
      - (3) Review of the storage level in the CIS Report.
    - ii) Storage capacity in the Rialto-Colton Basin (RCB). Storage capacity is considered available whenever there are pumping restrictions under the terms of the Rialto Decree.
    - iii) Storage capacity in the Yucaipa Basin (YB). Review of the storage level in the CIS Report.
    - iv) Review of any other storage locations under the District storage plan
  - d) *Recharge obligations.* Any recharge obligations under the Judgment
- 5) The general manager shall use the above information, and any other available information, to develop a recommendation for the amount of water, if any, that the Board may want to consider declaring surplus. The general manager will share the recommendation with the Board in a workshop. The final recommendation, if any, would then be presented to BTAC and the Advisory Commission for their input, before formal consideration at a Board meeting.
- 6) The general manager will present the recommended amount of surplus water to the Board for final consideration.
- 7) The Board will declare the amount, if any, of surplus water for the calendar year of the specified Table A allocation.

## ARTICLE II

### DELEGATION OF AUTHORITY

- 1) Pursuant to Water Code Section 71301, authority is hereby delegated to the general manager to sell or otherwise dispose of any surplus water belonging to the District subject to provisions herein provided.
- 2) The general manager may delegate his responsibility for sale or other disposition of surplus

water to other officers, employees, or agents of the District, who, in his own judgment and discretion, will best facilitate or expedite said sale or disposition.

- 3) In the event of sale, the proceeds shall be paid into the District’s Basin Management Fund to offset the cost of future imported water purchases.

ARTICLE III

SALE OF SURPLUS WATER

- 1) The general manager will develop agreements for the sale of any surplus water, for the Board’s consideration.
- 2) The general manager will have the ultimate authority over the sale of any surplus water per the terms and conditions of water sales agreements that have been approved by the Board.
- 3) The general manager will keep the Board informed about the sale of surplus water.

ENACTED:

\_\_\_\_\_  
Susan Longville, President

ATTEST:

\_\_\_\_\_  
Steve Copelan, Secretary

(SEAL)

Exhibit A. Cumulative Change in Storage for the San Bernardino Basin Area

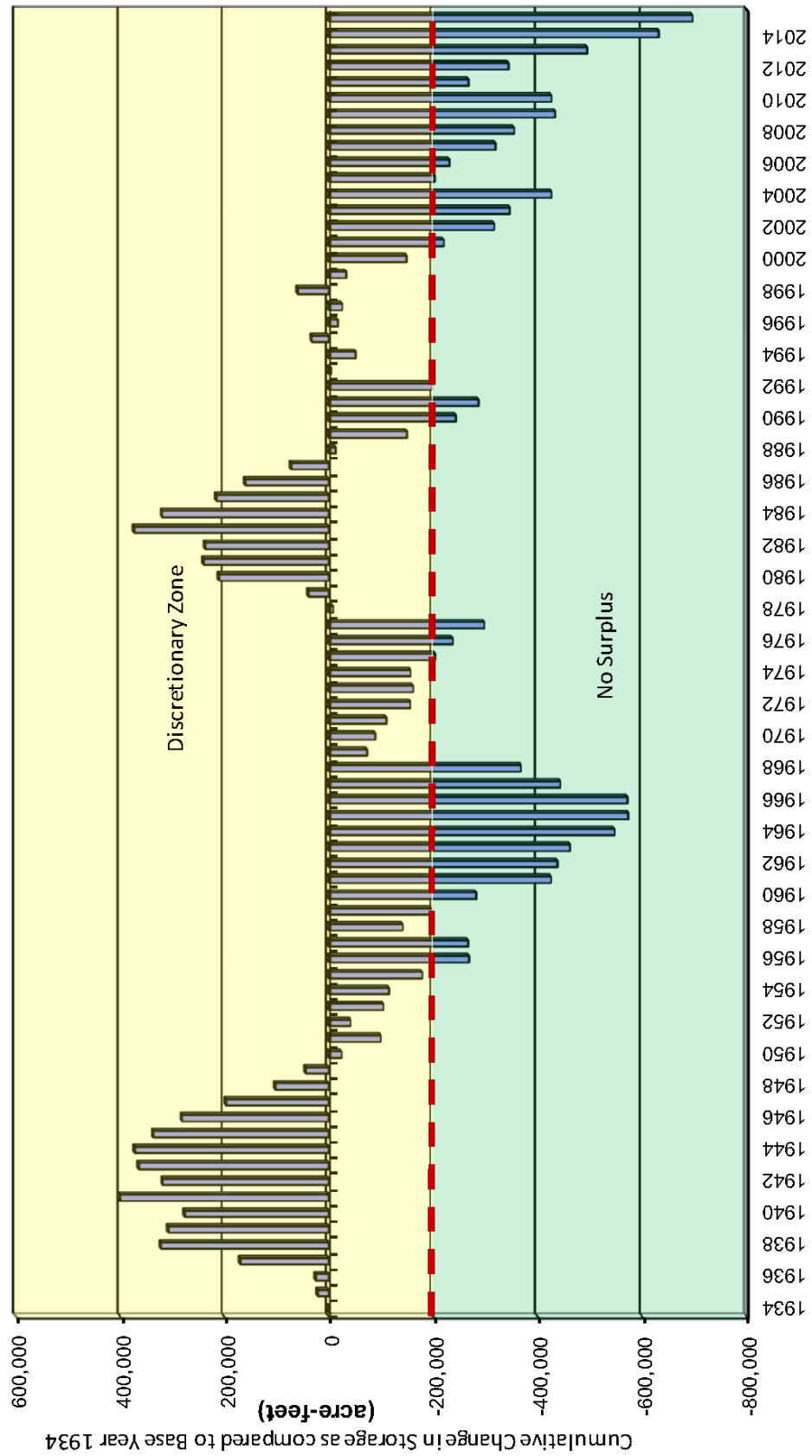
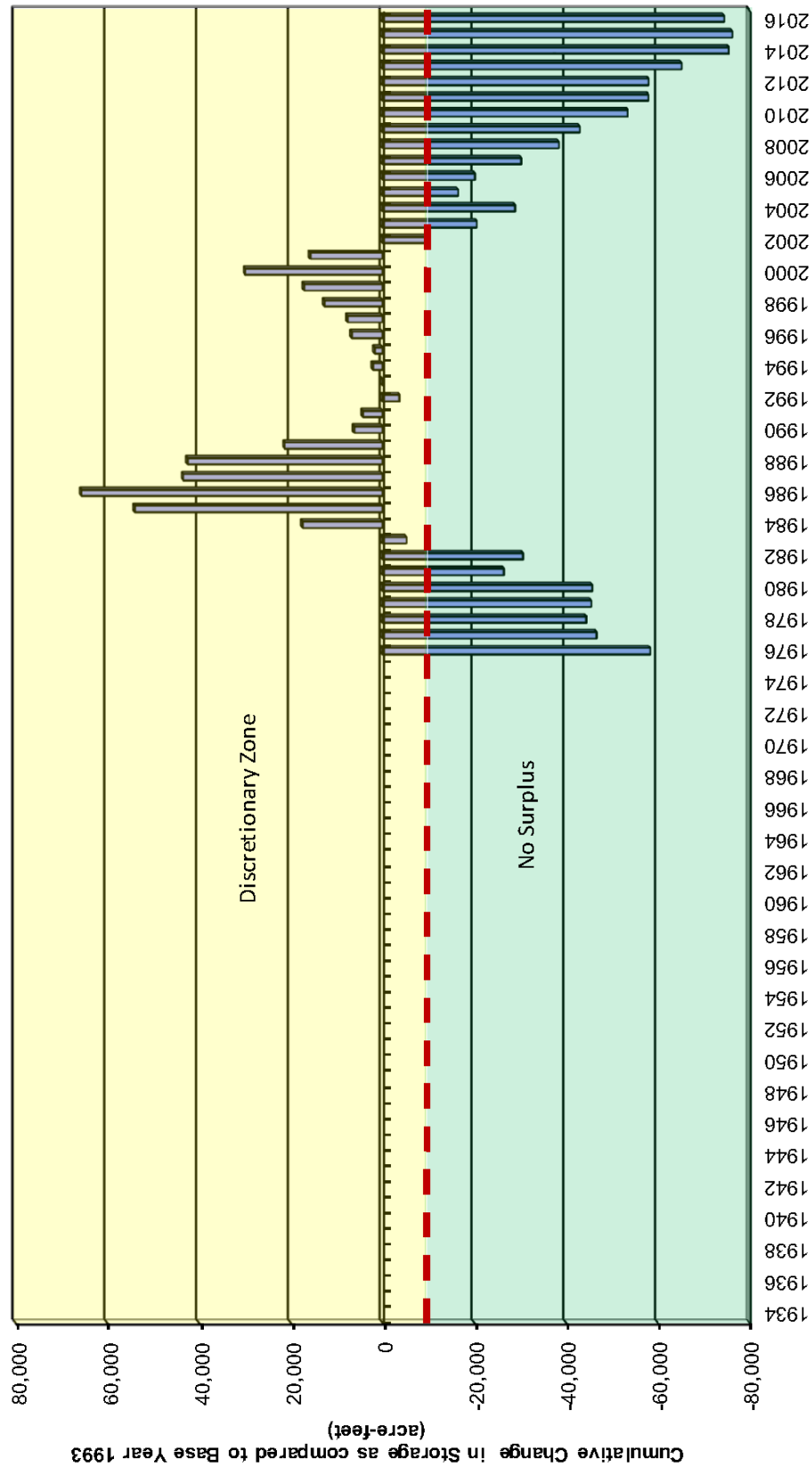


Exhibit B. Cumulative Change in Storage for the Rialto-Colton Basin



### EXHIBIT C. Cumulative Change in Storage for the Yucaipa Basin





## Yucaipa Valley Water District

12770 Second Street • P. O. Box 730 • Yucaipa, California 92399-0730  
(909) 797-5117 • Fax: (909) 797-6381 • www.yvwd.dst.ca.us

August 15, 2017

Jeff Davis, General Manager  
San Gorgonio Pass Water Agency  
1210 Beaumont Avenue  
Beaumont, California 92399

**Subject: Application for Four (4) Additional Imported Water Delivery Points at Various Locations from the San Gorgonio Pass Water Agency**

Dear Mr. Davis:

Please find attached a completed *Application for SGPWA Water Service in Accordance with SGPWA Ordinance No. 8* for additional delivery points to be used by Yucaipa Valley Water District. In addition to the previously approved service connection to Yucaipa Valley Water District, approved by the San Gorgonio Pass Water Agency as Resolution No. 2007-03 (SGPWA Connection Point 1), the Yucaipa Valley Water District respectfully requests the addition of the following connection points:

- SGPWA Connection Point No. 2     Surface Spreading / Groundwater Recharge at the Wilson Creek Spreading Basins, Bryant Street, Yucaipa, California;
- SGPWA Connection Point No. 3     Surface Spreading / Groundwater Recharge at the San Gorgonio Pass Water Agency, Beaumont Avenue Recharge Facilities, Beaumont Avenue, Beaumont California;
- SGPWA Connection Point No. 4     Surface Spreading / Groundwater Recharge at the Beaumont Cherry Valley Water District, Brookside Spreading Basins, Beaumont Avenue, Beaumont, California; and
- SGPWA Connection Point No. 5     Surface Spreading / Groundwater Recharge at the San Bernardino Valley Municipal Water District, Bunker Hill Basin Conjunctive Use Project, Redlands, California.

To facilitate the processing of this application, the Yucaipa Valley Water District understands that:

- All imported water ordered and delivered to the Yucaipa Valley Water District from the San Gorgonio Pass Water Agency will be identified and categorized as part of the *Supplemental Water Calculations for SBVMWD & SGPWA* (see Exhibit A). This monthly spreadsheet summary will be expanded to include information about surface spreading / groundwater recharge activities from imported water supplied by the San Gorgonio Pass Water Agency.

---

Directors and Officers

---

CHRISTOPHER MANN  
Division 1

BRUCE GRANLUND  
Division 2

JAY BOGH  
Division 3

LONNI GRANLUND  
Division 4

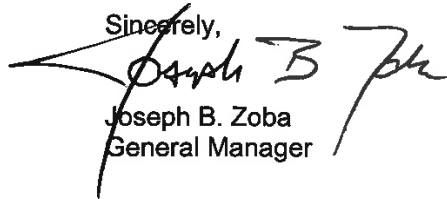
THOMAS SHALHOUB  
Division 5

JOSEPH B. ZOBA  
General Manager  
and Secretary

- The imported water purchased from the Yucaipa Valley Water District from the San Gorgonio Pass Water Agency at a delivery point outside of the boundary of the San Gorgonio Pass Water Agency will ultimately be used within the boundary of the San Gorgonio Pass Water Agency.
- The requested approvals for SGPWA Connection Point Nos. 2 and 5 will require a joint agreement between the San Gorgonio Pass Water Agency, the San Bernardino Valley Municipal Water District, and the Yucaipa Valley Water District. Please advise how you would like to proceed with this multi-party agreement.
- The requested approvals for SGPWA Connection Point Nos. 3, 4, and 5 will be considered and possibly pre-approved by the San Gorgonio Pass Water Agency. The Yucaipa Valley Water District appreciates the approval of these Connection Points in order to facilitate the funding commitments and additional agreements that are necessary to fully implement at utilize the recharge facilities.

Should you have any questions, or require any additional information, please contact me directly at (909) 797-5119 x2 or at [jzoba@yvwd.dst.ca.us](mailto:jzoba@yvwd.dst.ca.us).

Sincerely,



Joseph B. Zoba  
General Manager

Copies to:

- Douglas Headrick, San Bernardino Valley Municipal Water District (with attachments)

Attachments:

- **Exhibit A** - Supplemental Water Calculations for San Bernardino Valley Municipal Water District and the San Gorgonio Pass Water Agency
- **Exhibit B** - Email Message from Jeff Davis to Joseph Zoba dated Monday, July 17, 2017
- **Exhibit C** - San Gorgonio Pass Water Agency *Application for SGPWA Water Service in Accordance with SGPWA Ordinance No. 8*, dated July 17, 2017
- **Exhibit D** - Yucaipa Valley Water District Workshop Memorandum No. 17-108, Application for Four (4) Additional Imported Water Service Connections with the San Gorgonio Pass Water Agency, July 25, 2017

## San Gorgonio Pass Water Agency Connection Point 2 Wilson Creek Spreading Basins



**Assessor Parcel Numbers:** 032105220; 032105222; 032105227; 032106106; 032106107; 032106112; and 032106117

**Site Description:**

The Wilson Creek Spreading Basins were originally constructed by the Yucaipa Valley Water Conservation District. The property is currently owned by the County of San Bernardino. The San Bernardino Valley Municipal Water District owns and operates the Wilson Creek Turnout which provides flow metering capability and flow control of water deliveries to the Wilson Creek Spreading Basins for groundwater recharge purposes. The Wilson Creek Spreading Basins has the ability to receive up to 30 cubic feet per second (cfs) from San Bernardino Valley Municipal Water District. As a result of this application, some of the water delivered to this site may be from the San Gorgonio Pass Water Agency.

**Flow Rates:**

The minimum flow rate will be 0 cubic feet per second and the maximum flow rate will be 30 cubic feet per second. The specific flow rate and imported water contribution will be determined jointly by the San Bernardino Valley Municipal Water District, the San Gorgonio Pass Water Agency, and the Yucaipa Valley Water District.



## San Gorgonio Pass Water Agency Connection Point 3 SGPWA Beaumont Avenue Recharge Facility



**Assessor Parcel Numbers:** 404010016; and 404010017

**Site Description:**

The Beaumont Avenue Recharge Facility ("Facility") will consist of a series of five tiered basins, each separated by earthen berms. The Facility would have raised embankments along its perimeter so that a portion of the basins will be above the current ground elevation and a portion of the basins will be below the current ground elevation. The recharge facility has been designed for an infiltration rate of two feet per day and to accommodate a maximum flow rate of 20 cubic feet per second (cfs). With a capacity of 20 cfs, the normal operation of the facility would allow recharge of 3,000 acre feet per year to 4,000 acre feet per year. The proposed recharge basin would be operating during wet periods of the year. Each basin would have a maximum ponding depth of 5.5 feet and a minimum freeboard of 1.5 feet from water surface to the basin rim.

**Flow Rates:**

The minimum flow rate will be 0 cubic feet per second and the maximum flow rate will be 20 cubic feet per second. The specific flow rate and imported water contribution will be determined by the San Gorgonio Pass Water Agency and the Yucaipa Valley Water District.

## San Gorgonio Pass Water Agency Connection Point 4 BCVWD Brookside Spreading Basins



**Assessor Parcel Number:** 403200007

**Site Description:**

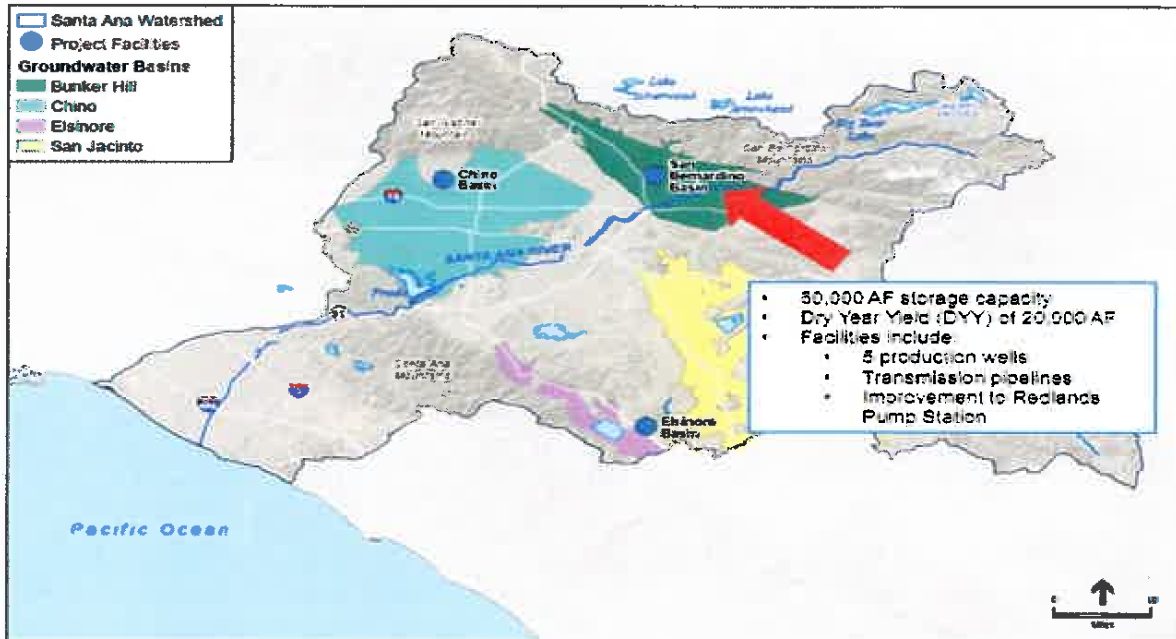
The Brookside Spreading Basins are operated by the Beaumont Cherry Valley Water District and is used to recharge captured storm flow and imported water from the San Gorgonio Pass Water Agency. The initial spreading facilities were completed and operational in 2006, with the most recent phase being completed in 2014. This site has excellent recharge capabilities with historic long-term percolation rates 7 to 10 acre-feet per acre per day. Following approval of a connection point by the San Gorgonio Pass Water Agency, the Yucaipa Valley Water District will pursue a separate agreement to form a partnership with the Beaumont Cherry Valley Water District.

**Flow Rates:**

The minimum flow rate will be 0 cubic feet per second and the maximum flow rate will be 20 cubic feet per second. The specific flow rate and imported water contribution will be determined jointly by the Beaumont Cherry Valley Water District, the San Gorgonio Pass Water Agency, and the Yucaipa Valley Water District.

# San Gorgonio Pass Water Agency Connection Point 5 Bunker Hill Conjunctive Use Program

## Bunker Hill / SBBA Bank



**Assessor Parcel Numbers:** Various

**Site Description:** On September 17, 2013, the San Bernardino Valley Municipal Water District and the San Gorgonio Pass Water Agency conducted a joint board meeting that included a discussion about a proposed Bunker Hill Conjunctive Use Project (“Bunker Hill CUP”). The Bunker Hill CUP would provide the San Gorgonio Pass Water Agency and the Yucaipa Valley Water District with an opportunity to store imported water south of the Delta in the Bunker Hill Basin.

**Flow Rates:** The minimum flow rate will be 0 cubic feet per second and the maximum flow rate will be 30 cubic feet per second. The specific flow rate and imported water contribution will be determined jointly by the San Bernardino Valley Municipal Water District, the San Gorgonio Pass Water Agency, and the Yucaipa Valley Water District.

**Exhibit A**

**Supplemental Water Calculations for the  
San Bernardino Valley Municipal Water District and the  
San Gorgonio Pass Water Agency**

**Supplemental Water Calculations for SBVMWD & SGPWA**

Monday, July 17, 2017

**\$309.00**  
**Effective 7/1/09**

**Potable Water Calculation:**

| Calculations   | June 2017               |               |               |
|--|-------------------------|---------------|---------------|
|  | SBVMWD                  | SGPWA         | Total         |
| Quantity of Imported Water Delivered to YVWD (AF)      | [A]                     | --            | 1,014.60      |
| Quantity of Filtered Water Delivered to Customers (AF) | [B]                     | --            | 879.57        |
| Potable Water Consumption By County (kgal)             | [C]                     | 294,235       | 43,982        |
| Percentage of Domestic Use per County                  | [D] = % of [C]          | 87.0%         | 13.0%         |
| Preliminary Allocation of Filtered Water (AF)          | [E]=[B]*[D]             | 765.19        | 114.38        |
| Well No. 35 Production (AF)                            | [F]                     | --            | 0.00          |
| Well No. 40 Production (AF)                            | [G]                     | --            | 0.00          |
| Well No. 48 Production (AF)                            | [H]                     | --            | 0.00          |
| Well No. 61 Production (AF)                            | [I]                     | --            | 0.00          |
| Calculation of Filtered Water Use in Riv. Co. (AF)     | [J]=[E]-[F]-[G]-[H]-[I] | --            | 114.38        |
| <b>Revised Allocation of Filtered Water (AF)</b>       | [K]                     | <b>765.19</b> | <b>114.38</b> |
| Imported Water Allocated to YVWD (AF)                  | [L]                     | 682.31        | --            |
| Imported Water Allocated to WHMWC (AF)                 | [M]                     | 82.88         | --            |

**Recycled Water Calculation:**

| Calculations   | June 2017   |             |             |
|--|-------------|-------------|-------------|
|  | SBVMWD      | SGPWA       | Total       |
| Quantity of Recycled Water from Direct Imports (AF)              | [N]=[A]-[B] | --          | 135.03      |
| Amount of Recycled Water from B-8 at Wochholz RWRF (AF)          | [O]         | --          | 88.43       |
| Actual Recycled Use in Riv. Co. (AF)                             | [P]         | 6.15        | --          |
| <b>Revised Allocation of Recycled Water Use from YVRWFF (AF)</b> | [Q]         | <b>0.00</b> | <b>0.00</b> |

**Summary of Monthly Water Purchase from SGPWA**

| June 2017 |        |        |
|-----------|--------|--------|
| SBVMWD    | SGPWA  | Total  |
| 765.19    | 114.38 | 879.57 |

|                      |                |                    |
|----------------------|----------------|--------------------|
| Checks paid to SGPWA | <b>Potable</b> | <b>114.38 AF</b>   |
|                      | Check Number   |                    |
|                      | Check Date     |                    |
|                      | Check Amount   | <b>\$309 AF</b>    |
|                      |                | <b>\$35,343.42</b> |

|                      |                 |                 |
|----------------------|-----------------|-----------------|
| Checks paid to SGPWA | <b>Recycled</b> | <b>0.00 AF</b>  |
|                      | Check Number    | N/A             |
|                      | Check Date      | N/A             |
|                      | Check Amount    | <b>\$309 AF</b> |
|                      |                 | <b>\$0.00</b>   |

**6/30/2017 CHECK REQUEST**

|                          |                     |                    |
|--------------------------|---------------------|--------------------|
| 02-5-01-51316            | Potable (114.38 AF) | \$35,343.42        |
| 02-5-01-51316            | Recycled (0.00 AF)  | \$0.00             |
| <b>SGPWA CHECK TOTAL</b> |                     | <b>\$35,343.42</b> |

**Exhibit B**

Email Message from Jeff Davis to Joseph Zoba  
dated Monday, July 17, 2017

**Joseph Zoba**

---

**From:** Jeff Davis <JDavis@sgpwa.com>  
**Sent:** Monday, July 17, 2017 8:02 AM  
**To:** Joseph Zoba  
**Subject:** Additional Delivery Points for YVWD Water

Joe,

Following up on a conversation we had a few weeks ago, we need to work together to add some delivery points to your water service from the Agency. This will be done formally by completing a three page form that can be found on the Agency's web site. I can probably do some of that work for you, but I would like a letter first that would initiate the process.

The letter would indicate the District's desire to change its service from the Agency by adding delivery points. As I recall, those new delivery points would be the Agency's proposed recharge facility, the Wilson Creek facility, and Valley's BHCUP. Was there another one? Maybe BCVWD's facility?

In any case, once I receive the letter, I can start the process. The key point for the Board in making its decision will be assurances that:

- Any water purchased from the Agency and delivered to those facilities would eventually be delivered to the Agency's service area in Riverside County; and
- CEQA has been complied with for the construction and operation of all of those facilities. We know that is true for our facility and we know that Valley is working on CEQA for its facility. At some point we would need some kind of evidence that someone (I presume the City of Yucaipa) complied with CEQA in constructing the Wilson Creek facility.

Overall I see it as a relatively simple process that won't take long so long as we work together. I'm initiating this partly because I told you I would, and partly because you have requested 2500 AF of water this year over and above your direct deliveries, and we need to get this paperwork completed so that we can start scheduling delivery of that water (presumably to Wilson Creek).

Let me know if you see things any differently. Otherwise, I will expect a letter from you in the next week or so.

Jeff Davis  
San Geronio Pass Water Agency  
General Manager  
951/845-2577

**Exhibit C**

*San Gorgonio Pass Water Agency Application for SGPWA  
Water Service in Accordance with SGPWA Ordinance No. 8,  
dated July 17, 2017*





## San Geronimo Pass Water Agency

### APPLICATION FOR SGPWA WATER SERVICE IN ACCORDANCE WITH SGPWA ORDINANCE NO. 8

**1. APPLICANT NAME:** Yucaipa Valley Water District

**2. LEGAL CAPACITY:**

Public Agency (enabling law): California Government Code Sections 30000  
 Public Utility (enabling law): \_\_\_\_\_  
 Mutual Water Company \_\_\_\_\_ PUC Regulated Water Company \_\_\_\_\_  
 Private Water Company \_\_\_\_\_ Partnership \_\_\_\_\_ Individual \_\_\_\_\_  
 Limited Liability Company (State): \_\_\_\_\_  
 Corporation (type and State): \_\_\_\_\_

**3. TYPE OF USE:**

Municipal \_\_\_\_\_ Industrial \_\_\_\_\_  Agriculture \_\_\_\_\_ Recreation \_\_\_\_\_  
 Ground Water Recharge \_\_\_\_\_ Other \_\_\_\_\_

**4. QUANTITY and FLOW RATES:**

Maximum Flow Rate (cfs) 30 cfs Minimum Flow Rate (cfs) 0 cfs

**FIRST YEAR QUANTITY REQUESTED BY MONTH FOR (Acre-Feet)**

|                              |                               |
|------------------------------|-------------------------------|
| January: 2017 - 0 acre feet  | July: 2017 - 0 acre feet      |
| February: 2017 - 0 acre feet | August: 2017 - 0 acre feet    |
| March: 2017 - 0 acre feet    | September: 2017 - 0 acre feet |
| April: 2017 - 0 acre feet    | October: 2017 - 0 acre feet   |
| May: 2017 - 0 acre feet      | November: 2017 - 0 acre feet  |
| June: 2017 - 0 acre feet     | December: 2017 - 0 acre feet  |

TOTAL ANNUAL QUANTITY FIRST YEAR: 0 acre feet

YEARS 2 through 5 ANNUAL QUANTITY (acre feet) :

2<sup>ND</sup>: Varies 0 to 500 3<sup>RD</sup>: Varies - 0 to 500 4<sup>TH</sup>: Varies 0 to 500 5<sup>TH</sup>: Varies 0 to 500

**STAFF USE ONLY**

First Application  Renewal Application Assigned to: \_\_\_\_\_

Date Accepted: \_\_\_\_\_ Board Hearing Date: \_\_\_\_\_

Staff Recommendation: \_\_\_\_\_

Environmental Finding:  Exempt  De Minimus  Negative Declaration

Mitigated Negative Declaration  EIR

Revised June 2017

*SGPWA Ordinance No. 8 Application*  
*Page 2 of 3*

**5. LOCATION OF USE** (indicate all areas where SGPWA water will be used):

- Township, Range, Section, ¼ ¼: \_\_\_\_\_
- Assessors Parcel Number: See Attached \_\_\_\_\_

**6. FACILITIES CONSTRUCTION** (describe all physical facilities that will be constructed as a result of this application, including specific connections to SGPWA owned facilities—attach design preliminary design if available): See Attached

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**7. LOCATION OF DELIVERY** (indicate where connection will be made to SGPWA system):

- Township, Range, Section, ¼ \_\_\_\_\_
- Assessors Parcel Number: See Attached \_\_\_\_\_
- SGPWA Pipeline Station if known \_\_\_\_\_

**8. TREATMENT** (describe water treatment facilities (if any) that will be used for the purpose of use intended by the applicant): Not applicable.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**9. ACKNOWLEDGMENT BY APPLICANT:**

Applicant acknowledges and agrees to the following by signature below:

- SGPWA water service will at all times be in accordance with SGPWA Ordinance No. 8, and any other rules and regulations as may be amended, adopted or mandated by the SGPWA Board of Directors or any entity of the State of California. SGPWA water service is wholesale in nature. Due to the annual variable nature of the SGPWA water supply, SGPWA water deliveries shall not constitute a vested right to a fixed amount of SGPWA water each year or to any specific level of pressure.
- SGPWA water service shall be subject to all of the terms and conditions of SGPWA's SWP contract with DWR, including delivery interruption by reason of DWR and/or SGPWA's requirements for maintenance and operation of its facilities or by reason of demand in excess of SGPWA's Table A Amount. SGPWA water is raw and untreated, and SGPWA makes no representation as its quality with respect to suitability for any particular purpose.

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**SGPWA Ordinance No. 8 Application**  
**Page 3 of 3**

- Applicant agrees to fund all costs that result from processing this application and/or from construction of facilities required to provide the service requested, including but not limited to: environmental review; circulation of the application for review by the public; engineering analysis and design; and, construction of related physical facilities. The applicant will deposit sufficient funds with the SGPWA prior to expense being incurred by SGPWA.
- Applicant agrees to pay charges for SGPWA water delivered at established SGPWA rates within 30 days after SGPWA invoice. The Applicant shall not use the water delivered by SGPWA outside of SGPWA.
- Applicant agrees to defend, indemnify and hold harmless SGPWA, its directors, officers, agents and employees from and against any and all claims, demands, losses, costs, expenses, liability and damages, including but not limited to reasonable engineers' and attorneys' fees, arising out of or related to (i) the control carriage, handling, use, disposal, or distribution of water delivered by SGPWA after the point of delivery; (ii) the attachment to or removal of Applicant's facilities to those of SGPWA; and (iii) the environmental review and approval for this Application. This covenant to defend, indemnify and hold harmless shall survive the termination of SGPWA's water service to Applicant.

**Yucaipa Valley Water District**

\_\_\_\_\_  
Applicant

  
\_\_\_\_\_  
Signature

Joseph B. Zoba

\_\_\_\_\_  
Printed Name

General Manager

\_\_\_\_\_  
Title

July 17, 2017

\_\_\_\_\_  
Date

Revised June 2017

**Exhibit D**

**Yucaipa Valley Water District Workshop Memorandum  
No. 17-108, Application for Four (4) Additional Imported Water  
Service Connections with the San Geronio Pass Water Agency,  
dated July 25, 2017**



Yucaipa Valley Water District

**Workshop Memorandum 17-108**

**Date:** July 25, 2017

**From:** Joseph Zoba, General Manager

**Subject:** Application for Four (4) Additional Imported Water Service Connections with the San Gorgonio Pass Water Agency

---

The Yucaipa Valley Water District currently has one approved connection point with the San Gorgonio Pass Water Agency at the Yucaipa Valley Regional Water Filtration Facility. While this connection point is in the service area of the San Bernardino Valley Municipal Water District, the Yucaipa Valley Water District was required to process an application consistent with the San Gorgonio Pass Water Agency Ordinance No. 8 (attached).

The District staff is in the process of applying for the following additional connection points for imported water service from the San Gorgonio Pass Water Agency.

|                          |  |
|--------------------------|--|
| SGPWA Connection Point 2 | Surface Spreading / Groundwater Recharge at the Wilson Creek Spreading Basins, Bryant Street, Yucaipa, California;   |
| SGPWA Connection Point 3 | Surface Spreading / Groundwater Recharge at the San Gorgonio Pass Water Agency, Beaumont Avenue Recharge Facilities, Beaumont Avenue, Beaumont California;       |
| SGPWA Connection Point 4 | Surface Spreading / Groundwater Recharge at the Beaumont Cherry Valley Water District, Brookside Spreading Basins, Beaumont Avenue, Beaumont, California; and    |
| SGPWA Connection Point 5 | Surface Spreading / Groundwater Recharge at the San Bernardino Valley Municipal Water District, Bunker Hill Basin Conjunctive Use Project, Redlands, California. |

As part of the application process, the District staff will confirm and validate that imported water received from the San Gorgonio Pass Water Agency at connection points 2 through 5 will eventually be delivered for use within the Agency's service area.

The application process and the validation of using the imported water in the Agency's service area do not represent significant issues for the District. This item is presented for information purposes.

**SAN GORGONIO PASS WATER AGENCY  
ORDINANCE NO. 8**

**AN ORDINANCE ESTABLISHING RULES AND REGULATIONS  
FOR SGPWA WATER SERVICE**

**WHEREAS, the Board of Directors of the San Gorgonio Pass Water Agency ("SGPWA") hereby finds:**

- 1. SGPWA is a wholesale water agency organized and operated pursuant to the San Gorgonio Pass Water Agency Law, California Uncodified Water Act 9099, found in California Water Code Appendix 101 ("SGPWA Act").**
- 2. SGPWA sale of water and dedication of Return Flows resulting from use of such SGWA Water to eliminate Overdraft in SGPWA groundwater basins provides the highest priority that is reasonably available to eliminate overdraft conditions.**

**NOW, THEREFORE, be it ordained by the Board of Directors of SGPWA as follows:**

**RULES AND REGULATIONS  
FOR SGPWA WATER SERVICE  
AS SET FORTH BE ADOPTED**

## ARTICLE I

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## ARTICLE II

### DEFINITIONS

**Section 2.01 Definitions.** As used herein the terms set forth below shall be defined as follows and shall have such meaning unless the context indicates otherwise.

(a) **APPLICATION:** A request by the "Applicant" for SGPWA Water service pursuant to these Rules and Regulations, including Section 3.01.

(b) **HYDRAULIC HEAD:** The force measured in pounds per square inch that represents the vertical distance between an unimpaired water surface and the point of delivery.

(c) **OVERDRAFT:** A condition wherein the total annual production from a groundwater basin exceeds the "safe yield" thereof. "Safe yield" is the maximum quantity of water which can be produced annually from a groundwater basin under a given set of conditions without causing a gradual lowering of the groundwater level leading eventually to depletion of the supply in storage.

(d) **RETURN FLOWS:** Amounts of SGPWA Water that return to surface or ground water after initial use by a retail consumer by irrigation or disposal through onsite waste disposal system.

(e) **SGPWA:** The San Geronio Pass Water Agency.

(f) **SGPWA WATER:** Water imported by SGPWA from outside the boundaries of SGPWA for sale to retail agencies within SGPWA or water otherwise "authorized" and developed by SGPWA pursuant to its Act, available for delivery by SGPWA subject to the limitations set forth in these Rules and Regulations.

(g) **SWP:** The California State Water Project.

(h) **TABLE A AMOUNT:** The annual amount of SWP water which SGPWA might obtain under its contract with the California Department of Water Resources ("DWR").

### ARTICLE III

#### AUTHORIZATION FOR SERVICE

**Section 3.01 Application for Service.** A person or entity ("Applicant") desiring SGPWA Water service pursuant to these Rules and Regulations shall submit an Application for service in such form as may be required by the SGPWA General Manager, which Application must include the following information:

1. Identity and legal capacity of the Applicant;
2. Amount, rate, location, time and manner of delivery of the SGPWA Water;
3. Description of delivery facilities, capacity and flow rates;
4. Environmental review and approval necessary under the California Environmental Quality Act;



5. Any further information and/or requirements that may be reasonably necessary for SGPWA to evaluate the Application according to the criteria of these Rules and Regulations and to carry out SGPWA's responsibilities under the law.

The SGPWA General Manager shall notify the Applicant within 30 days whether the Application is complete. The Applicant shall fund all costs incurred to process the Application and to construct facilities required to deliver the SGPWA Water. SGPWA may require a deposit to cover all or a portion of the estimated costs prior to accepting an application.

**Section 3.02 Investigation and Action by SGPWA.** The SGPWA General Manager shall investigate each Application and may require the submission of additional relevant information, to be provided at the cost of the Applicant. The SGPWA General Manager shall consider and act upon the Application and any required additional relevant information within a reasonable period of time after acceptance and submission of other required information.

The SGPWA Board of Directors shall have discretion to deny, approve or conditionally approve the Application. In acting on an Application, SGPWA may take into account whether the delivery or intended use of the Supplemental Water meets the requirements of applicable state, federal and local law or regulation. SGPWA approval of the Application will authorize delivery of SGPWA Water to be purchased by the Applicant, as "Purchaser", at the identified service connection, subject to conditions of the approval and this Ordinance.

**Section 3.03 Service Connections.** The design of service connections for SGPWA Water service shall meet the specifications as determined by the SGPWA General Manager to be necessary according to reasonable engineering practices and standards. Should the Application require the construction of a service connection, the Applicant, if approved by the Agency and at Applicant's cost, may design, according to SGPWA specifications, the service connection and any flow control facilities required by SGPWA, subject to the approval of the SGPWA General Manager, which approval shall not be unreasonably withheld. The Applicant shall pay the cost for SGPWA to install the service connection and any flow control facilities required by SGPWA and any cost for SGPWA design or design review of the service connection and flow control facilities. The service connection shall include any required flanges, valves, pipe, meters, electronic and remote telemeter and other required equipment. The flow control facilities must include any pipes, vertical structures, vertical meters, control panels, check valves, check valve structures, flanges, and other equipment required by SGPWA. SGPWA will confer with the Applicant regarding design and operation of the SGPWA service facilities.

The service connection and any flow control facilities required by SGPWA, to the downstream flange of the flow control facility meter, shall be the property of

SGPWA (collectively "SGPWA Service Facilities"), and the Applicant shall provide to SGPWA a grant from the landowner to SGPWA of any easement necessary for the construction, reconstruction, operation, maintenance and repair of the SGPWA Service Facilities. The Applicant shall, if required by SGPWA, provide evidence of clear title to the easement.

If the Applicant has not already done so in connection with the Application, the Applicant shall deposit an amount sufficient to cover all costs estimated by the SGPWA General Manager prior to SGPWA action towards construction of the SGPWA Service Facilities. Upon approval and receipt of the deposit, SGPWA shall procure all equipment and materials and construct the SGPWA Service Facilities. Upon completion of construction of the SGPWA Service Facilities, SGPWA shall render to the Applicant a statement of all costs; if such costs exceed the sum of money deposited by the Applicant with SGPWA, the Applicant promptly shall pay to SGPWA the amount by which such costs shall exceed such deposit; and if such costs be less than the deposit, any unexpended balance shall be returned by SGPWA to the Applicant.

**Section 3.04 Meter Testing.** When the accuracy of a water meter measuring the amount of SGPWA Water delivery through a service connection is questioned by the Purchaser, SGPWA upon request will cause an official test to be made at its own expense. The Purchaser will be duly notified of the time and place of such test and may be present when any such test is made by SGPWA.

The meter will be tested on variable rates of delivery and if the average registration is more than two percent in excess of the actual quantity of water passing through the meter, SGPWA shall refund to the Purchaser the overcharge based upon the test, for the prior twelve months, unless it can be shown that the error was due to some cause for which the date can be fixed. In the latter case, the overcharge shall be computed back to and not beyond such time. Any undercharge determined upon the basis of the test may be billed to the Purchaser on a similar basis.

Requests for a test within 12 months of a prior test will be at the Purchaser's expense unless the meter is determined to be over registering deliveries as determined in this section.

**Section 3.05 Indemnity.** The Applicant shall agree to defend, indemnify and hold harmless SGPWA, its directors, officers, agents and employees from and against any and all claims, demands, losses, costs, expenses, liability and damages, including but not limited to reasonable engineers' and attorneys' fees, arising out of or related to (i) the control, carriage, handling, use, disposal, or distribution of SGPWA Water sold by SGPWA after the point of delivery to the Applicant; (ii) the attachment to or removal of the Applicant's facilities to those of SGPWA.

Such agreement to defend, indemnify and hold harmless shall survive the termination of the Applicant's use of the service connection for delivery of SGPWA Water. In the event that SGPWA determines that the Applicant does not meet certain financial criteria, SGPWA may require surety for the Applicant's obligation under this section.

## ARTICLE IV

### DELIVERY

**Section 4.01 Establishment and Payment of Water Charges.** SGPWA shall establish and charge rates for delivery of SGPWA Water sufficient to cover SGPWA's variable costs (including off-aqueduct costs) for delivery of SGPWA Water, internal SGPWA costs and other amounts as determined by the SGPWA Board of Directors reasonably related to the cost of delivery. The rates are subject to the price, classification, and conditions that SGPWA establishes from time to time, according to the use to be made of such water, and taking into account the amount of Return Flows from different uses. The rates are subject to review and change by SGPWA.

Water charges are due and payable at the SGPWA office on the date of mailing as set forth on the bill to the Purchaser and shall be delinquent 30 days thereafter. Upon 10 days notice, SGPWA may suspend delivery of SGPWA Water to the Purchaser if payment of the water charge is not made prior to the date such charge becomes delinquent. With the exception of any rights reserved to SGPWA pursuant to this Ordinance, title to the purchased SGPWA Water shall pass to the Purchaser at the point of delivery. The point of delivery for direct deliveries is the downstream side of the check valve structure and flange of the flow control facility connected to the Purchaser's (or its designee's) system. The point of delivery for SGPWA Water to be stored in SGPWA recharge facilities shall be the point of recharge. The Purchaser shall be responsible for such additional charges, if any, for SGPWA operational costs as may be necessary for SGPWA to deliver and/or handle the SGPWA Water beyond the point of delivery on behalf of the Purchaser.

**Section 4.02 Need Forecasting Procedures.** Before August 1 of each year, each Purchaser shall furnish the SGPWA in a form provided by the SGPWA, with an estimate of the amounts of water to be delivered to such Purchaser by the SGPWA.

Each estimate shall contain, as a minimum, for each service connection for each month of the year beginning with the succeeding January 1, and for each of the succeeding four years, the following information:

1. The quantity of water to be delivered by SGPWA to the Purchaser.
2. The quantity of water to be used for:
  - (a) Domestic, industrial, and municipal purposes, exclusive of groundwater replenishment by spreading or injecting;
  - (b) Groundwater replenishment by spreading or injecting;
  - (c) Agricultural purposes;
  - (d) Recreational purposes;
  - (e) Other uses.

The first year's estimate shall constitute the Purchaser's request for deliveries for the first of the five years covered therein. The Purchaser may make revisions to any of its estimates upon reasonable notice to the SGPWA.

The estimates will be used by the SGPWA in planning the construction needed to complete the SGPWA's ultimate distribution system; in planning the future operation of such system; and in preparing notices for submission to the State Department of Water Resources that will be used by the state to order power for pumping on the SWP.

**Section 4.03 Weekly Water Delivery Schedules.** The Purchaser shall submit a weekly delivery schedule to the SGPWA at least 10 days before the start of each weekly period commencing on Monday. The schedule shall state the flow rate required and times of delivery and location within the SGPWA system.

**Section 4.04 State Water Project Contract.** SGPWA Water deliveries shall be subject to all of the terms and conditions of SGPWA's SWP contract with DWR, including delivery interruption by reason of DWR and/or SGPWA's requirements for maintenance and operation of its facilities or by reason of demand by Purchasers in excess of SGPWA's Table A Amount. SGPWA will notify Purchasers in advance of any nonstandard delivery interruptions and planned outages, and coordinate such events with Purchaser's requirements, to the extent reasonably feasible.

**Section 4.05 Variable Supply.** Due to the annual variable nature of the SWP supply, SGPWA Water deliveries shall not constitute a vested right to a fixed amount of delivery each year or to any specific level of pressure. Purchasers should take into account the variable nature of SWP supply in their plans and operations.

**Section 4.06 Wholesale Only.** SGPWA Water deliveries from SGPWA shall be wholesale in nature, and SGPWA shall not assume the obligations of a water purveyor providing direct retail service to consumers.

**Section 4.07 Water Quality.** All SGPWA Water is raw untreated water and shall not be supplied for domestic purposes by any Purchaser or retail water service provider without such treatment as may be required to comply with all applicable laws and regulations. The SGPWA makes no representation as to the quality of the water it delivers with respect to its suitability for any particular purpose.

**Section 4.08 SGPWA Boundaries.** The SGPWA Water delivered by SGPWA shall not be used outside the SGPWA, directly or indirectly. Delivery or treatment of water outside of SGPWA for use within SGPWA shall not constitute use outside the SGPWA.

**Section 4.09 Return Flows.** SGPWA expressly reserves the right to Return Flows that are received by any groundwater basin determined to be in Overdraft for the purpose of eliminating Overdraft in such basin. The Beaumont Storage Unit, as identified in *San Timoteo Watershed Management Authority v. City of Banning et al* (Riverside County Superior Court Case No. RIC 389197), is a groundwater basin that has been determined to be in Overdraft. Therefore, SGPWA hereby dedicates Return Flows in the Beaumont Storage Unit to Overdraft elimination uses that may be required by the Riverside County Superior Court or the Court appointed Watermaster in the *San Timoteo Watershed Management Authority v. City of Banning et al* case. SGPWA does not reserve rights to Return Flows to any groundwater basin determined to not be in Overdraft, using reasonable, accepted and prevailing engineering standards.

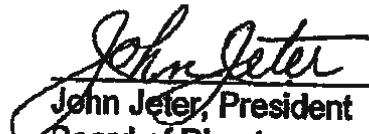
**Section 4.10 Hydraulic Head.** SGPWA reserves the right to use and prevent others from using Hydraulic Head within the SWP or SGPWA facilities for hydroelectric production provided, however, that SGPWA will consider proposals, joint or otherwise, to implement the production.

[CONTINUED ON FOLLOWING PAGE]

**This Ordinance shall be in full force and effect on the thirty-first day after adoption, and shall be published in full in a newspaper of general circulation within fifteen (15) days from the date of adoption.**

**Passed and adopted this 7th day of February, 2005, by the following vote:**

**AYES: Larsen, Voigt, Morris, Andersen, Snyder, Mann and Jeter**  
**NOES: None**  
**ABSTAIN: None**  
**ABSENT: None**

  
**John Jeter, President**  
**Board of Directors**  
**San Geronio Pass Water Agency**

**ATTEST:**

  
**Stephen P. Stockton, Secretary**  
**Board of Directors**  
**San Geronio Pass Water Agency**



**San Geronio Pass Water Agency**  
**APPLICATION FOR SGPWA WATER SERVICE**  
**IN ACCORDANCE WITH SGPWA ORDINANCE NO. 8**

**1. APPLICANT NAME:** Yucaipa Valley Water District

**2. LEGAL CAPACITY:**

Public Agency (enabling law): California Government Code Sections 30000  
 Public Utility (enabling law): \_\_\_\_\_  
 Mutual Water Company  PUC Regulated Water Company  
 Private Water Company  Partnership  Individual  
 Limited Liability Company (State): \_\_\_\_\_  
 Corporation (type and State): \_\_\_\_\_

**3. TYPE OF USE:**

Municipal  Industrial  Agriculture  Recreation  
 Ground Water Recharge  Other \_\_\_\_\_

**4. QUANTITY and FLOW RATES:**

Maximum Flow Rate (cfs) 30 cfs Minimum Flow Rate (cfs) 0 cfs

**FIRST YEAR QUANTITY REQUESTED BY MONTH FOR (Acre-Feet)**

|                              |                               |
|------------------------------|-------------------------------|
| January: 2017 - 0 acre feet  | July: 2017 - 0 acre feet      |
| February: 2017 - 0 acre feet | August: 2017 - 0 acre feet    |
| March: 2017 - 0 acre feet    | September: 2017 - 0 acre feet |
| April: 2017 - 0 acre feet    | October: 2017 - 0 acre feet   |
| May: 2017 - 0 acre feet      | November: 2017 - 0 acre feet  |
| June: 2017 - 0 acre feet     | December: 2017 - 0 acre feet  |

**TOTAL ANNUAL QUANTITY FIRST YEAR: 0 acre feet**

**YEARS 2 through 5 ANNUAL QUANTITY (acre feet) :**

2<sup>ND</sup>: Varies 0 to 500 3<sup>RD</sup>: Varies - 0 to 500 4<sup>TH</sup>: Varies 0 to 500 5<sup>TH</sup>: Varies 0 to 500

|  |  |
|--|--|
| <b>STAFF USE ONLY</b>  |  |
| <input type="checkbox"/> First Application   | <input type="checkbox"/> Renewal Application |
| Assigned to: _____   |  |
| Date Accepted: _____   | Board Hearing Date: _____                    |
| Staff Recommendation: _____  |  |
| Environmental Finding: <input type="checkbox"/> Exempt <input type="checkbox"/> De Minimus <input type="checkbox"/> Negative Declaration |  |
| <input type="checkbox"/> Mitigated Negative Declaration <input type="checkbox"/> EIR   |  |

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*SGPWA Ordinance No. 8 Application*  
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**5. LOCATION OF USE** (indicate all areas where SGPWA water will be used):

- Township, Range, Section, ¼ ¼: \_\_\_\_\_
- Assessors Parcel Number: See Attached

**6. FACILITIES CONSTRUCTION** (describe all physical facilities that will be constructed as a result of this application, including specific connections to SGPWA owned facilities—attach design preliminary design if available): See Attached

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**7. LOCATION OF DELIVERY** (indicate where connection will be made to SGPWA system):

- Township, Range, Section, ¼ \_\_\_\_\_
- Assessors Parcel Number: See Attached
- SGPWA Pipeline Station if known \_\_\_\_\_

**8. TREATMENT** (describe water treatment facilities (if any) that will be used for the purpose of use intended by the applicant): Not applicable.

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**9. ACKNOWLEDGMENT BY APPLICANT:**

Applicant acknowledges and agrees to the following by signature below:

- SGPWA water service will at all times be in accordance with SGPWA Ordinance No. 8, and any other rules and regulations as may be amended, adopted or mandated by the SGPWA Board of Directors or any entity of the State of California. SGPWA water service is wholesale in nature. Due to the annual variable nature of the SGPWA water supply, SGPWA water deliveries shall not constitute a vested right to a fixed amount of SGPWA water each year or to any specific level of pressure.
- SGPWA water service shall be subject to all of the terms and conditions of SGPWA's SWP contract with DWR, including delivery interruption by reason of DWR and/or SGPWA's requirements for maintenance and operation of its facilities or by reason of demand in excess of SGPWA's Table A Amount. SGPWA water is raw and untreated, and SGPWA makes no representation as its quality with respect to suitability for any particular purpose.

Revised June 2017



**SGPWA Ordinance No. 8 Application**  
**Page 3 of 3**

- Applicant agrees to fund all costs that result from processing this application and/or from construction of facilities required to provide the service requested, including but not limited to: environmental review; circulation of the application for review by the public; engineering analysis and design; and, construction of related physical facilities. The applicant will deposit sufficient funds with the SGPWA prior to expense being incurred by SGPWA.
- Applicant agrees to pay charges for SGPWA water delivered at established SGPWA rates within 30 days after SGPWA invoice. The Applicant shall not use the water delivered by SGPWA outside of SGPWA.
- Applicant agrees to defend, indemnify and hold harmless SGPWA, its directors, officers, agents and employees from and against any and all claims, demands, losses, costs, expenses, liability and damages, including but not limited to reasonable engineers' and attorneys' fees, arising out of or related to (i) the control carriage, handling, use, disposal, or distribution of water delivered by SGPWA after the point of delivery; (ii) the attachment to or removal of Applicant's facilities to those of SGPWA; and (iii) the environmental review and approval for this Application. This covenant to defend, indemnify and hold harmless shall survive the termination of SGPWA's water service to Applicant.

Yucaipa Valley Water District

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Signature

Joseph B. Zoba  
\_\_\_\_\_  
Printed Name

General Manager  
\_\_\_\_\_  
Title

July 17, 2017  
\_\_\_\_\_  
Date

Revised June 2017

*SGPWA Ordinance No. 8 Application*  
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- Applicant agrees to fund all costs that result from processing this application and/or from construction of facilities required to provide the service requested, including but not limited to: environmental review; circulation of the application for review by the public; engineering analysis and design; and, construction of related physical facilities. The applicant will deposit sufficient funds with the SGPWA prior to expense being incurred by SGPWA.
- Applicant agrees to pay charges for SGPWA water delivered at established SGPWA rates within 30 days after SGPWA invoice. The Applicant shall not use the water delivered by SGPWA outside of SGPWA.
- Applicant agrees to defend, indemnify and hold harmless SGPWA, its directors, officers, agents and employees from and against any and all claims, demands, losses, costs, expenses, liability and damages, including but not limited to reasonable engineers' and attorneys' fees, arising out of or related to (i) the control carriage, handling, use, disposal, or distribution of water delivered by SGPWA after the point of delivery; (ii) the attachment to or removal of Applicant's facilities to those of SGPWA; and (iii) the environmental review and approval for this Application. This covenant to defend, indemnify and hold harmless shall survive the termination of SGPWA's water service to Applicant.

Yucaipa Valley Water District

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Signature

Joseph B. Zoba  
\_\_\_\_\_  
Printed Name

General Manager  
\_\_\_\_\_  
Title

July 17, 2017  
\_\_\_\_\_  
Date

Revised June 2017

## SURPLUS WATER SALE AGREEMENT

This Surplus Water Sale Agreement (“Agreement”) is made and entered into as of \_\_\_\_ day of \_\_\_\_\_, 2017, by and between the SAN GORGONIO PASS WATER AGENCY (“Agency”) and SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT (“District”). Agency and District are sometimes individually referred to herein as a “Party” and collectively as the “Parties”.

### RECITALS

A. Agency and District are state water contractors and regional water agencies that provide water on a wholesale basis to retail water providers and other public agencies within their respective service areas. There are two retail water providers that are within the service areas of both Agency and District. Those retailers are the Yucaipa Valley Water District and the South Mesa Water Company (collectively referred to as “Retailers”); and

B. Agency desires additional water supplies of all kinds to improve its water supply reliability, including wet year yield; and

C. Agency and District have a long history of cooperative efforts to serve water to their respective service areas, including water exchanges and sharing capacity in the East Branch Extension; and

D. District anticipates that from time to time, it may have surplus State Water Project water (“Surplus Water”) that is surplus to the needs of its retail customers; and

E. District has adopted its Ordinance 79 which establishes procedures for the surplus and sale of surplus State Water Project Water; and

F. District desires to provide Agency the first right of refusal to purchase up to 5,000 acre-feet of District’s Surplus Water; and

G. Agency desires to purchase Surplus Water from District under the terms and conditions set forth in this Agreement and in a manner that is consistent with Ordinance 79.

NOW THEREFORE, in consideration of the foregoing recitals and the promises and covenants contained herein, the Parties agree as follows:

**1. Term of Agreement.**

The term of this Agreement shall commence on December 1, 2017 and end on December 1, 2032. ("Term").

**2. Purchase and Sale of Surplus Water.**

(a) District may determine, in its sole discretion, the amount of Surplus Water that will be available for purchase during each year of the term of this Agreement. Notwithstanding the foregoing, if District determines that Surplus Water is available, District shall provide Agency the right of first refusal to purchase up to the first 5,000 acre feet of said Surplus Water.

(b) On or before June 15 of each year during the Term, District shall provide notice to Agency of the amount of Surplus Water that is available for purchase for that calendar year. Agency shall then have 30 days from the date of said notice to notify District of the amount of said Surplus Water that it wishes to purchase for that applicable year.

**3. Purchase Price for Surplus Water.**

The purchase price for Surplus Water delivered by District to Agency shall be the sum of the costs as calculated in subsections (a) and (b) below.

(a) The cost of the water shall be based on the State Water Project Table A allocation as determined for the applicable year as follows:

| <b>Final SWP Allocation</b> | <b>Cost Per Acre-Foot</b> |
|-----------------------------|---------------------------|
| 0 - 20%                     | \$400                     |
| 21 - 40%                    | \$300                     |
| 41 - 60%                    | \$200                     |
| 61 - 100%                   | \$100                     |

(b) The power cost to move the Surplus Water through the State Water Project facilities, District facilities, and then to the Point of Delivery as defined herein, shall be paid as follows: (i) Agency shall pay to District power costs at the power cost rate established for the State Water Project for the applicable year. The actual power costs shall be reconciled on or before the end of the calendar year following the year of the delivery. In the event it is determined that Agency has underpaid power costs, Agency shall make payment for the amount owed to District within 30 days of said determination. In the event it is determined that Agency has overpaid power costs, Agency may elect to either receive payment from District within 30 days from the date of said determination or to apply said amount as a credit toward power costs for a subsequent year.

(c) On or before expiration of each 5-year period during the Term, the Parties shall meet and confer in good faith in regard to whether the amount and/or calculation of the purchase price should be changed. In the event the Parties cannot agree as to a new or different amount or calculation, then either Party shall have the right to terminate this Agreement. Unless a Party elects to so terminate this Agreement, the purchase price then in effect shall remain in effect unless or until the Parties reach an agreement to make any such change.

#### **4. Delivery of Water.**

(a) **Point of Delivery.** The physical point of delivery (“Point of Delivery”) of Surplus Water pursuant to this Agreement shall be at the afterbay of the SWP Devil Canyon Hydroelectric Generating Facility in San Bernardino, California.

(b) **Delivery Schedule.** District will cooperate with Agency to coordinate for the delivery at the Point of Delivery upon a mutually agreeable delivery schedule.

5. **Resale of Surplus Water.** During the applicable year, Agency shall first offer to sell Surplus Water to the Retailers in equal shares. Each Retailer shall notify Agency within 30 days of said offer as to whether, and to what extent, each Retailer desires to purchase Surplus Water. If one Retailer elects not to purchase any share, or elects to purchase less than its equal share, then the balance shall be made available to the other Retailer. In the event the Retailers elect not to purchase any Surplus Water or do not elect to purchase all of said Surplus Water that is available. Agency shall only purchase the amount of Surplus Water that it is able to put to beneficial use within its service area during the calendar year.

6. **Regulatory Requirements.** The implementation of this Agreement shall be subject to satisfaction by District and Agency of applicable legal and regulatory requirements.

7. **Default and Termination.** In the event either Party fails to make any payment under this Agreement when due, or fails to perform any obligation otherwise required by this Agreement, the non-defaulting Party shall demand in writing that the defaulting Party cure such non-performance. The defaulting Party shall have ninety (90) days after receipt of such demand to cure. In the event the defaulting Party fails to cure a default within the ninety (90) day period, the non-defaulting Party may pursue any applicable action in law or equity including, but not limited to, termination, specific performance and/or damages for breach of this Agreement.

8. **Entire Agreement.** This Agreement contains the entire understanding between the Parties with respect to its subject matter, and supersedes all prior agreements, oral or written, and all prior or contemporaneous discussions or negotiations between the Parties. This Agreement cannot be amended except in writing signed by both Parties.

9. **No Waiver.** Any failure or delay on the part of either Party to exercise any right under this Agreement shall not constitute a waiver of the right, and shall not preclude such Party from exercising or enforcing the right, or any other provision of this Agreement, on any subsequent occasion.

10. **Notices.** All notices or other communications required or desired to be given pursuant to this Agreement shall be in writing and shall be hand-delivered or sent by a reputable overnight courier service providing delivery confirmation. Each such notice or communication shall be deemed to be duly given when hand-delivered or one (1) day after being deposited for next day delivery with an overnight courier. Each such notice or communication shall be addressed to the Parties at their respective addresses set forth next to their signatures below, or such other address as a Party notifies the other in writing.

11. **Separability.** If any provision of this Agreement is finally determined by a court to be invalid or unenforceable as written, the provision shall, if possible, be enforced to the extent reasonable under the circumstances and otherwise shall be deemed deleted from this Agreement. The other provisions of this Agreement shall remain in full force and effect so long as the material purposes of the Agreement and understandings of the Parties are not impaired.

IN WITNESS WHEREOF, the Parties have executed this agreement as of the date first written above.

**DISTRICT:**  
SAN BERNARDINO VALLEY  
MUNICIPAL WATER DISTRICT

**AGENCY:**  
SAN GORGONIO PASS WATER  
AGENCY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

# Administrative Issues



Yucaipa Valley Water District





**Date:** October 31, 2017

**From:** Matthew Porras, Management Analyst

**Subject:** Overview of an Easement from the City of Calimesa for the Construction of a 24" Recycled Water Pipeline

The Yucaipa Valley Water District will be constructing about 18,500 linear feet (3.5 miles) of a 24" recycled water pipeline as shown below. The specific alignment of pipeline design requires an easement from the City of Calimesa.

The purpose of this item is to provide information and a status update of the project.



Recording Requested by:  
YUCAIPA VALLEY WATER DISTRICT

When Recorded Mail to:  
  
YUCAIPA VALLEY WATER DISTRICT  
12770 2ND STREET  
YUCAIPA, CA 92399

Exempt from recording fee pursuant to Government Code Section 6103

YUCAIPA VALLEY WATER DISTRICT  
GRANT OF EASEMENT

CITY OF CALIMESA  
908 PARK AVENUE  
CALIMESA, CA 92320

APN: 413-240-009

CITY OF CALIMESA, owner of record of the herein described parcel of land, hereinafter called GRANTOR, hereby grant and convey to YUCAIPA VALLEY WATER DISTRICT, its heirs, successors, and assigns, hereinafter called GRANTEE, an easement and right-of-way to construct, reconstruct, alter, replace, use, operate, inspect, and repair water pipelines, sewer pipelines, conduits, and appurtenances, together with the right of ingress and egress, across, along, over, under, through, and within that certain real property in the City of Calimesa, County of Riverside, State of California, described as follows:

SEE ATTACHED EXHIBITS "A" and "B"

GRANTEE covenants to maintain the easement and right-of-way in good repair so that no damage will result to the adjacent land of the GRANTOR, his heirs, successors, and assigns, from its use. GRANTEE covenants to repair or replace any structures that exist at the time the easement is granted, including concrete drainage swales, which are damaged due to the GRANTEE'S actions. GRANTEE reserves the right to clear all brush, plants, shrubs, trees, trash, and other obstructions from the easement and right-of-way after notifying and securing permission from GRANTOR. GRANTOR reserves the right to clear all brush, plants, shrubs, trees, trash, and other obstructions from the easement and right-of-way. GRANTOR, his heirs, successors, and assigns, covenants that he will not erect, place, or maintain, or allow to be erected, placed, or maintained, within the boundaries of said easement and right-of-way, any structure, without first securing permission of the GRANTEE. GRANTEE and GRANTOR mutually agree that their heirs, successors and assigns, and their agents or employees, may trim or remove any plants, shrubs, or trees that encroach on the easement and right-of-way, subject to the provisions stated above.

Prior to construction of any pipeline or other improvement in the easement, GRANTEE shall provide GRANTOR with a copy of all construction plans and shall obtain approval from GRANTOR'S Public Works Director of those plans, including any work within the boundaries of the easement and shall not proceed with any construction without first securing GRANTOR'S prior written approval.

GRANTEE shall defend, indemnify, and hold harmless GRANTOR, its officers, employees and agents, from any claims, demands or causes of action and lawsuits, including related expenses, attorneys' fees, and costs, based on, arising out of, or in any way related to the approval of this easement, any work undertaken by GRANTEE within this easement, and any operation or use of pipes, equipment and facilities conducted by GRANTEE within the easement.

Any use hereinabove permitted to be made of the surface of said land by GRANTOR, his heirs, successors, and assigns, shall be exercised so as not to impair, endanger, or interfere with the present or prospective exercise of any of the rights herein granted.

The terms and covenants of this easement and right-of-way shall bind and inure to the benefit of the heirs, successors, executors, administrators, and assigns of GRANTOR and the heirs, successors, and assigns of GRANTEE.

IN WITNESS WHEREOF, this instrument is executed on this, the \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

Signed: \_\_\_\_\_  
BONNIE JOHNSON, CITY MANAGER

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of \_\_\_\_\_

On \_\_\_\_\_ before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SEAL

\_\_\_\_\_  
Signature of Notary

LEGALS/GOE/818-68-GOE-City of Calimesa (10/16/2017)



**EXHIBIT "A"**

**APN: 413-240-009**

**LEGAL DESCRIPTION  
WATERLINE EASEMENT**

The west 50.00 feet of Lot "X" of Tract No. 26811 as shown by map on file in Book 381 of Maps at Pages 4 through 21, inclusive thereof, Records of Riverside County, California, lying in the City of Calimesa, County of Riverside, State of California. Said 50.00 feet being measured at right angles to the west line of said Lot "X".

Contains 7,754 square feet, more or less.

See Exhibit 'B' attached hereto and by this reference made a part hereof.



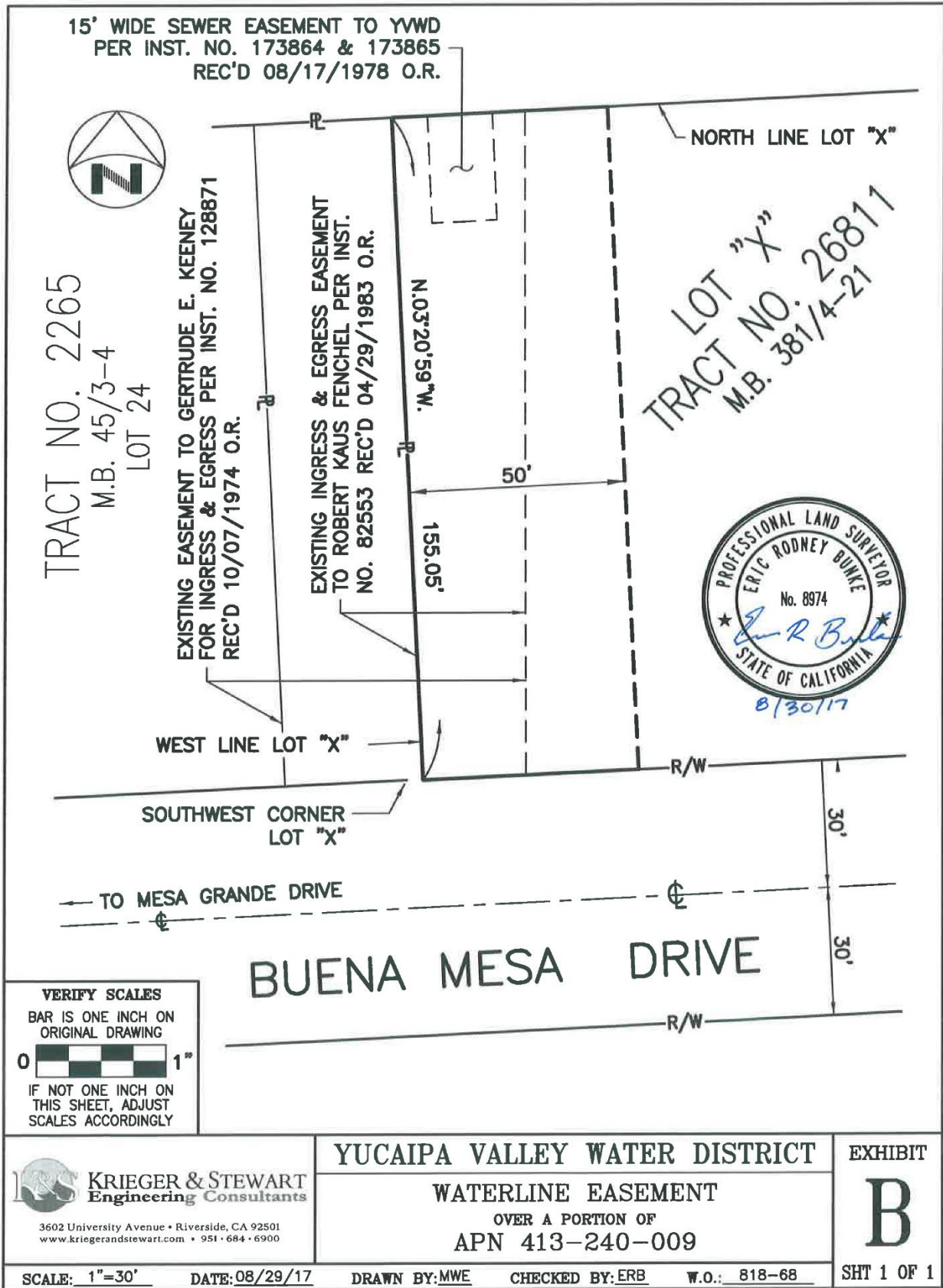
This description was prepared by me  
or under my direction:

*Eric R. Bunke*  
Eric R. Bunke, P.L.S. 8974

Date: AUGUST 30, 2017

Expiration Date: 09/30/2018

MWE/lge  
LEGAL/818-68-B (8/9/2017)



**VERIFY SCALES**  
BAR IS ONE INCH ON ORIGINAL DRAWING

0 1"

IF NOT ONE INCH ON THIS SHEET, ADJUST SCALES ACCORDINGLY

 **KRIEGER & STEWART**  
Engineering Consultants  
3602 University Avenue • Riverside, CA 92501  
www.kriegerandstewart.com • 951 • 684 • 6900

**YUCAIPA VALLEY WATER DISTRICT**

**WATERLINE EASEMENT**  
OVER A PORTION OF  
APN 413-240-009

EXHIBIT  
**B**  
SHT 1 OF 1



**Date:** October 31, 2017

**From:** Kathryn Hallberg, Management Analyst

**Subject:** Overview of a Claim Related to a Watermain Leak at the Hitching Post Mobile Home Park - 34642 Yucaipa Boulevard

---

On October 4, 2017, the Yucaipa Valley Water District received a claim from the Hitching Post Mobile Home Park (“Claimant”) for plumbing costs incurred from a service call on September 28, 2017 (\$699) and a request to adjust the water bill.

The Claimant states that they called their plumber due to a leak in the street. The plumber broke through asphalt and dug into the street at the leak site. It was determined by the plumber that the leak was on main line belonging to Yucaipa Valley Water District. The District was notified and responded to the call. It was determined by District staff that the leak was on a District water main and the leak was repaired.

In addition, the Claimant requested the water bill be adjusted due to the leak.

Options for consideration:

- Option #1 – Deny the claim based on the information that was provided. The District was not notified prior to the plumbing service call, as the leak was in the street on a District main line. The water bill will not be adjusted as the leak was before the customer meter. Referring this claim to the District insurance company for further processing.
- Option #2 – Direct District staff to pay the plumbing bill incurred by The Hitching Post Mobile Home Park. The water bill will not be adjusted as the leak was before the customer meter.

**Claim for Damage**

|   |      |              |  |
|---|------|--------------|--|
| Name <u>Hitching Post MHP</u>   |      |              | Clerks Date Stamp<br><b>RECEIVED</b><br>OCT 04 2017<br>YUCAIPA VALLEY<br>WATER DISTRICT<br>*This box is for Official Use only! |
| Address <u>34642 Yucaipa Blvd. Yucaipa, Ca 92399</u>                                      |      |              |  |
| Phone(s) <u>(909) 835-8681 Tina Moss (cell)</u>   |      |              |  |
| Business  | Home | Message/Cell |  |
| E-mail: <u>Tanzen@landhmgmt.com</u>   |      |              |  |
| Address at time of loss/incident:<br><u>34642 Yucaipa Blvd sp 61460 Yucaipa, Ca 92399</u> |      |              |  |

Description of Details: (Describe how the loss/incident occurred)

Called our plumber he dug and broken street asphalt put the leak belong to the city water District. 3 breaks the city said. We need to be reimburse for water Bill of the park and plumbers Bill paid

(Attach additional pages and supporting documentation as needed)

VWD's involvement :(if possible, please identify employee and/or department involved)

Frank & Ruby Garica Ram's Plumbing Inc., Tina Moss Yucaipa Valley Water District

Witnesses: (please provide address and phone numbers)

|  |  |  |
|--|--|--|
| 1 <u>Tina Moss</u><br><u>(909) 835-8681</u>  | 2 <u>Ram Plumbing</u><br><u>1-951-898-4708</u> | 3 <u>Ruby Garica</u><br><u>(909) 522-0483</u>        |
| <u>Frank Garica</u><br><u>(909) 232 6660</u> |  | <u>Yucaipa Valley Water</u><br><u>(909) 797-5117</u> |

Property Damage (please describe the value and extent of the damage to your home, automobile or personal property: (Attach estimates, bills, or whatever documentation of damages you have)

plumbing Bill  
Water Bill adjustment

Make: \_\_\_\_\_ Model: \_\_\_\_\_ Year: \_\_\_\_\_ License # \_\_\_\_\_ Insurance Co. \_\_\_\_\_ Policy #: \_\_\_\_\_

Where you injured?: No:  Yes:  (if yes please complete the following)

Describe your injury (Identify your doctor(s)/Health care provider(s))

Are you still receiving Medical Treatment? No:  Yes:

Employer: \_\_\_\_\_ Type of Work: \_\_\_\_\_

Wage Loss? No:  Yes:  If Yes, rate of pay: \_\_\_\_\_

"I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct"

Date and Place (City and State) 9/14/17 Yucaipa Calif Signature Tina Moss

**Automobile Accident Report**

|                                  |                         |                                    |
|----------------------------------|-------------------------|------------------------------------|
| Date:                            |                         |                                    |
| Name of Owner of Your Vehicle:   |                         |                                    |
| Model Year:                      | Make of Car:            | Body Style:                        |
| State and License No.            | Mileage:                | IF Leased, by Whom Held            |
| Name of Your Insurance Co.       |                         |                                    |
| Type of Insurance Carried        |                         |                                    |
| Name of Driver:                  | Address:                | Phone No.:                         |
| Relationship of Driver To Owner: | Driver's Date of Birth: | Driver's License No.:              |
| Date of Accident:                | Time: (AM / PM)         | Location: (Address No. And Street) |
| City- Town:                      | State:                  |                                    |

**OCCUPANTS OF VEHICLE:**

| Name | Address | Approx. Age | Relation to Owner | Your Vehicle | Other Vehicle | Ped. | Injured |
|------|---------|-------------|-------------------|--------------|---------------|------|---------|
| N/A  | N/A     |             |                   |              |               |      |         |
|      |         |             |                   |              |               |      |         |
|      |         |             |                   |              |               |      |         |

Nature of injuries: \_\_\_\_\_  
 Where Treated: \_\_\_\_\_ Name of Treating Physician: \_\_\_\_\_

**DAMAGE TO PROPERTY OF OTHERS**

Extent of Damage: N/A

|                              |                      |                     |
|------------------------------|----------------------|---------------------|
| If Auto, Make of Vehicle:    | State and License #: | Driver's License #: |
| Owner's Name                 | Address:             | Phone:              |
| Driver's Name (if different) | Address:             | Phone:              |

**Witnesses, (include occupant's of Vehicle)**

|       |          |        |
|-------|----------|--------|
| Name: | Address: | Phone: |
|       |          |        |
|       |          |        |

Date: 9/4/17 Signature: Tina Moss

\*Must Complete Back Page!



# RAM PLUMBING HEATING & AIR, INC.

CORONA/NORCO (951) 898-4700  
RIVERSIDE/MORENO VALLEY (951) 681-0402  
TEMECULA/MURRIETA (951) 676-3366

1240 E. ONTARIO AVE., STE 102, PMB #120  
CORONA, CA 92881  
TOLL FREE (877) 898-4701 FAX (951) 898-3619

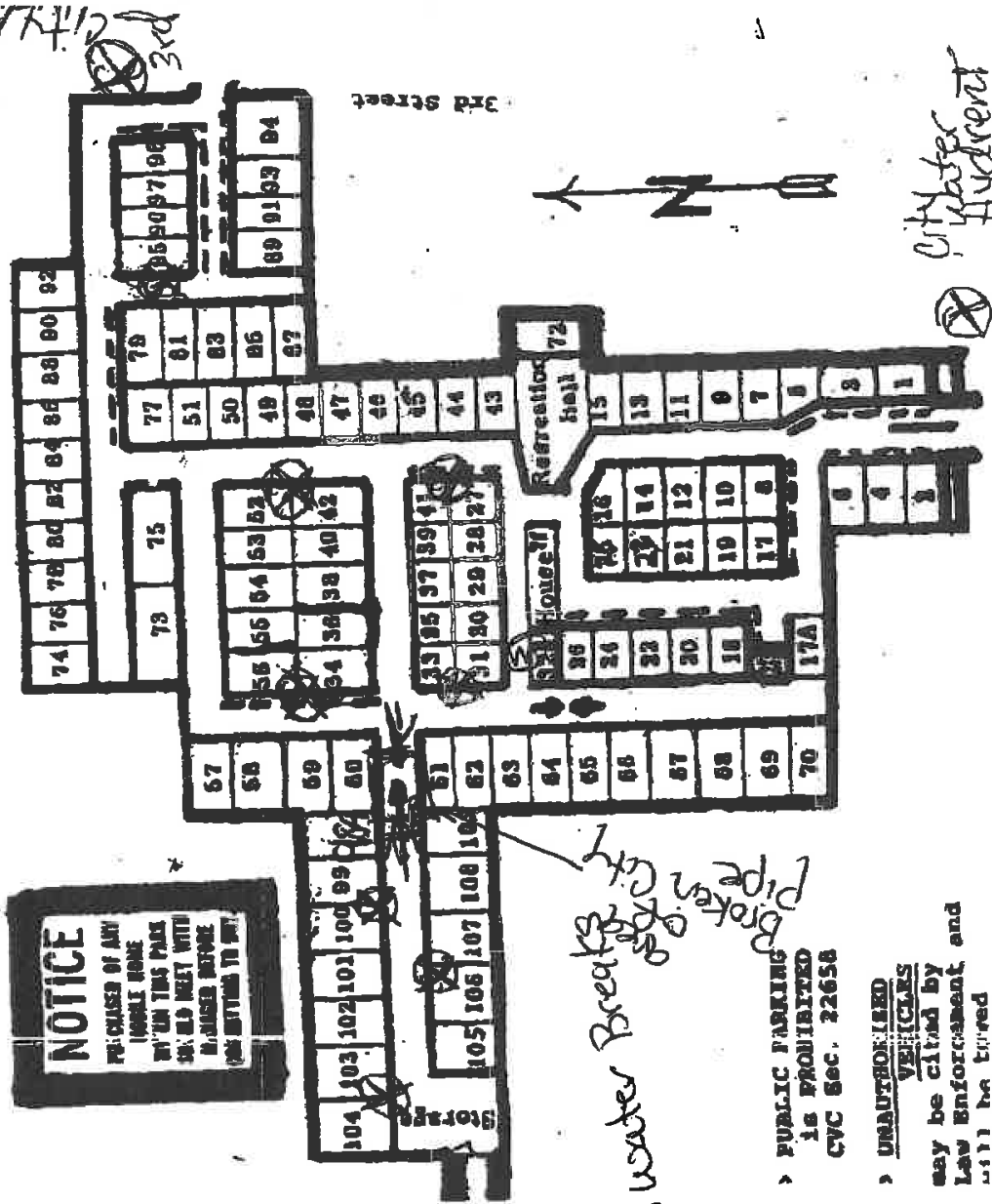
CONTRACT 40555

STATE LICENSE NO. 899427

|   |  |   |  |                                      |  |
|---|--|---|--|--------------------------------------|--|
| NAME  |  | JOBS  |  | DATE                                 |  |
| B I L L   |  | L O C A T I O N   |  | 9/28/17                              |  |
| ADDRESS   |  | KITCHING Post   |  | TECHNICIAN                           |  |
| CITY  |  | 34442 YUCAIPA BLVD  |  | (89)                                 |  |
| STATE ZIP   |  | YUCAIPA CA 91799  |  | SERVICE ORDER #                      |  |
| HOME PHONE  |  | WORK PHONE  |  | 31842                                |  |
| TASK  |  | DESCRIPTION   |  | P.O.#                                |  |
| SPACE # 00  |  | MAIN WATER LEAK IN STREET. MADE   |  | AUTH.#                               |  |
| 5 x 8 FOOT HOLE AND LINE WAS  |  | LOT FNO LEAK. CITY  |  | JOB START DATE                       |  |
| CITY TOOK OVER JOB. JOB   |  | COMPLETE.   |  | COMPLETION DATE                      |  |
| PAID BY   |  | C.C.#   |  | EXPIRE DATE                          |  |
| CHECK   |  | DATE  |  | AUTH.#                               |  |
| 30 DAYS BILLING   |  | 5 DAY BILLING   |  | AUTH. BY                             |  |
| C.D.L.#   |  | 24 HOUR EMERGENCY SERVICE   |  | SERVING THE INLAND EMPIRE SINCE 1976 |  |
| PERMITS, FEES & INSPECTIONS ARE THE RESPONSIBILITY OF THE OWNER             |  | NOTES/TERMS: Payment in full upon completion unless otherwise noted below.  |  | VISIT OUR WEBSITE AT                 |  |
| WORK AUTHORIZATION  |  | ACCEPTANCE OF WORK PERFORMED: I find the services and materials rendered and installed in connection with the above work mentioned, to have been completed in a satisfactory manner. I agree that the amount set forth on the estimate upon labeled "TOTAL" to be the total and complete flat rate charge. I agree to pay reasonable attorney's fees and court costs in the event of legal action. A monthly service charge of 1.5% will be added after thirty days. I acknowledge that I have read and received a legible copy of this contract and have read the Notice to Perform on the reverse side. |  | www.ramplumbing.net                  |  |
| I HEREBY AUTHORIZE YOU TO PROCEED WITH THE ABOVE WORK AT A FLAT RATE OF: \$ |  | AUTHORIZED SIGNATURE  |  | TOTAL                                |  |
| I HEREBY AUTHORIZE YOU TO PROCEED WITH THE ABOVE WORK AT A FLAT RATE OF: \$ |  | I HEREBY AUTHORIZE YOU TO PROCEED WITH THE ABOVE WORK AT A FLAT RATE OF: \$   |  | \$ 699.00                            |  |
| I HEREBY AUTHORIZE YOU TO PROCEED WITH THE ABOVE WORK AT A FLAT RATE OF: \$ |  | I HEREBY AUTHORIZE YOU TO PROCEED WITH THE ABOVE WORK AT A FLAT RATE OF: \$   |  | DATE                                 |  |
| I HEREBY AUTHORIZE YOU TO PROCEED WITH THE ABOVE WORK AT A FLAT RATE OF: \$ |  | I HEREBY AUTHORIZE YOU TO PROCEED WITH THE ABOVE WORK AT A FLAT RATE OF: \$   |  | TECHNICIAN'S SIGNATURE               |  |



HITCHING POST MOBILHOME PARK  
34642 Yucaipa Blvd.  
Yucaipa, California 92399  
909-797-9419



**NOTICE**  
 PROHIBITED BY ANY  
 LOCAL ORDINANCE  
 OR ANY STATE LAWS  
 OR FEDERAL LAWS  
 OR ANY OTHER LAWS  
 OR ANY OTHER LAWS  
 OR ANY OTHER LAWS

Water Breaks Broken Pipes City

- > PUBLIC PARKING IS PROHIBITED CVC Sec. 22658
- > UNAUTHORIZED VEHICLES may be cited by Law Enforcement and will be towed



**Work Order 65-25286**

YVWD Project  
Printed 10/5/2017 - 12:48 PM

**Maintenance Details**

**Requested By:** Rivera, Michael on 9/28/2017 4:29:00 PM  
**Target:** 11/30/2017 (1) hr  
**Priority/Type:** 2 - Normal / Corrective  
**Taken By:** Rivera, Michael  
**Supervisor:** Rivera, Michael  
**Problem:** Leak - Main (LEAK-MAIN)  
**Shop:** W  
**Procedure:** Water Leak Repair (01)  
**Last PM:** 8/29/2017  
**Reason:** 01 34642 Yucaipa Blvd / 3rd St

- Potable Water System
- Pipelines
- Pressure Zone 13.3
- P-3132

**Contact:** Rivera, Michael  
**Phone:** (909)-797-5117

- Warranty    Shutdown    Lockout    Attach    Charge

**Tasks**

| #                                | Description  | Rating | Meas. | Initials | Failed                   | N/A                      | Complete                            |
|----------------------------------|--|--------|-------|----------|--------------------------|--------------------------|-------------------------------------|
| <b>Special Instructions:</b>     |  |        |       |          |                          |                          |                                     |
| 1                                | <b>Comments: Repair 4" steel water main as needed. (Job completed on 9-29-17)</b>                              |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
|                                  | USA #  |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 10                               | <b>Comments: N/A</b>   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>Underground Service Alert</b> |  |        |       |          |                          |                          |                                     |
| 20                               | Call Date:   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 30                               | Call Time:   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 40                               | Caller Name:   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 50                               | County:  |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 60                               | Page/Grid:   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 70                               | Type of Work:  |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 80                               | Descriptive Location:  |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 90                               | Update On/Before Date:   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 100                              | Subsidence: <input type="checkbox"/> Water <input type="checkbox"/> Sewer<br>AD#                               |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
|                                  | Water Loss: GPM _____<br>HR _____  |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 110                              | <b>Comments: 1,000 gallons</b><br>Paving: <input type="checkbox"/> No <input type="checkbox"/> Yes<br>SF _____ |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 120                              | <b>Comments: Yes +/-</b>   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 130                              | Sawcutting: <input type="checkbox"/> Yes <input type="checkbox"/> No   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 140                              | Shut Down (unplanned disruption) - # of customers affected   |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 150                              | PAV  |        |       |          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |

**Labor**

# Director Comments



Yucaipa Valley Water District

# Adjournment



Yucaipa Valley Water District



## FACTS ABOUT THE YUCAIPA VALLEY WATER DISTRICT

**Service Area Size:** 40 square miles (sphere of influence is 68 square miles)

**Elevation Change:** 3,140 foot elevation change (from 2,044 to 5,184 feet)

**Number of Employees:** 5 elected board members  
62 full time employees

**Operating Budget:** Water Division - \$13,397,500  
Sewer Division - \$11,820,000  
Recycled Water Division - \$537,250  
Total Annual Budget - \$25,754,750

**Number of Services:** 12,434 water connections serving 17,179 units  
13,559 sewer connections serving 20,519 units  
64 recycled water connections

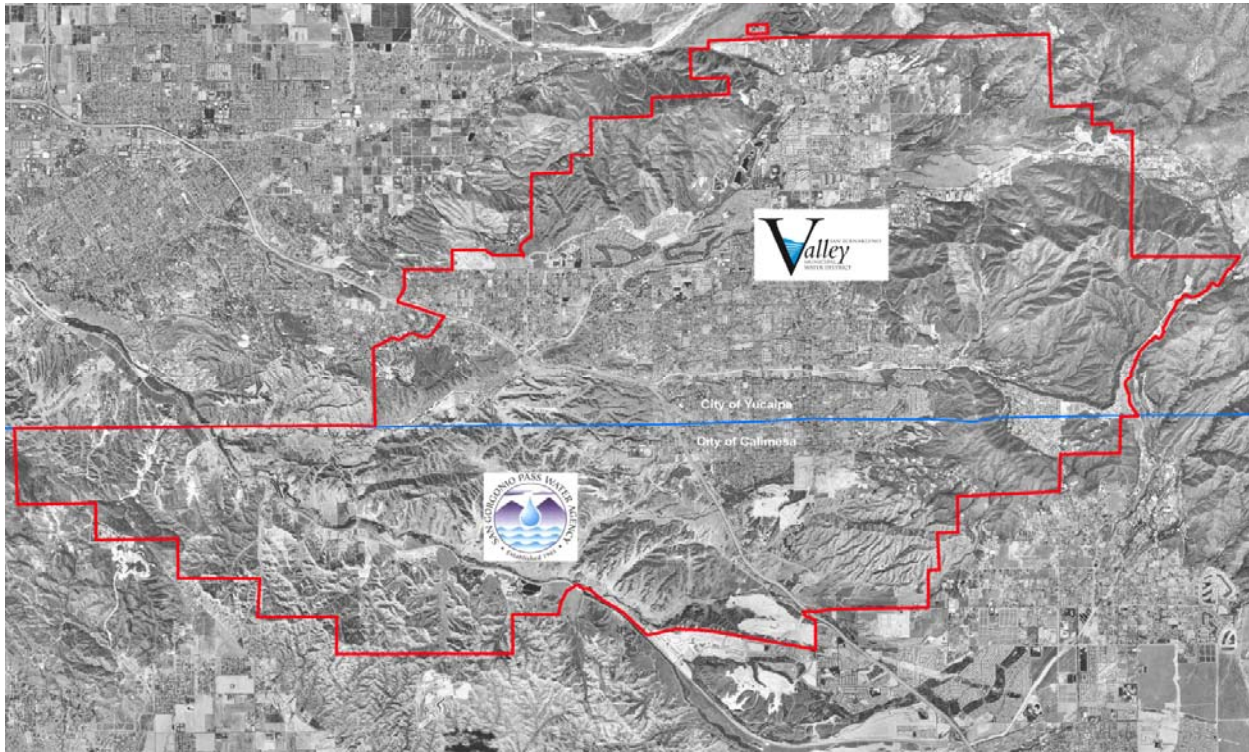
**Water System:** 215 miles of drinking water pipelines  
27 reservoirs - 34 million gallons of storage capacity  
18 pressure zones  
12,000 ac-ft annual water demand (3.9 billion gallons)  
Two water filtration facilities:  
- 1 mgd at Oak Glen Surface Water Filtration Facility  
- 12 mgd at Yucaipa Valley Regional Water Filtration Facility

**Sewer System:** 8.0 million gallon treatment capacity - current flow at 4.0 mgd  
205 miles of sewer mainlines  
5 sewer lift stations  
4,500 ac-ft annual recycled water prod. (1.46 billion gallons)

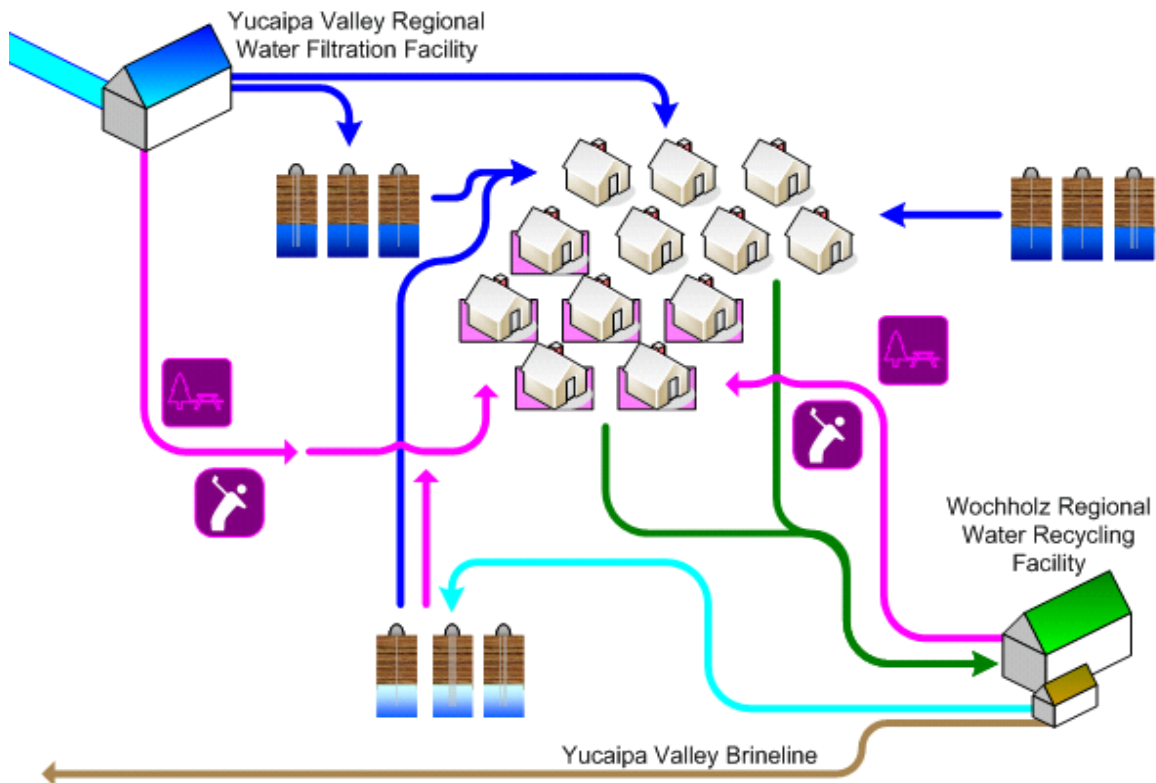
**Recycled Water:** 22 miles of recycled water pipelines  
5 reservoirs - 12 million gallons of storage  
1,200 ac-ft annual recycled demand (0.4 billion gallons)

**Brine Disposal:** 2.2 million gallon desalination facility at sewer treatment plant  
1.108 million gallons of Inland Empire Brine Line capacity  
0.295 million gallons of treatment capacity in Orange County

**State Water Contractors:** San Bernardino Valley Municipal Water District  
San Geronimo Pass Water Agency



**Sustainability Plan:** A Strategic Plan for a Sustainable Future: The Integration and Preservation of Resources, adopted on August 20, 2008.





## THE MEASUREMENT OF WATER PURITY

**One part per hundred** is generally represented by the percent (%).  
This is equivalent to about fifteen minutes out of one day.

**One part per thousand** denotes one part per 1000 parts.  
This is equivalent to about one and a half minutes out of one day.

**One part per million (ppm)** denotes one part per 1,000,000 parts.  
This is equivalent to about 32 seconds out of a year.

**One part per billion (ppb)** denotes one part per 1,000,000,000 parts.  
This is equivalent to about three seconds out of a century.

**One part per trillion (ppt)** denotes one part per 1,000,000,000,000 parts.  
This is equivalent to about three seconds out of every hundred thousand years.

**One part per quadrillion (ppq)** denotes one part per 1,000,000,000,000,000 parts.  
This is equivalent to about two and a half minutes out of the age of the Earth (4.5 billion years).





## GLOSSARY OF COMMONLY USED TERMS

Every profession has specialized terms which generally evolve to facilitate communication between individuals. The routine use of these terms tends to exclude those who are unfamiliar with the particular specialized language of the group. Sometimes jargon can create communication cause difficulties where professionals in related fields use different terms for the same phenomena.

Below are commonly used water terms and abbreviations with commonly used definitions. If there is any discrepancy in definitions, the District's Regulations Governing Water Service is the final and binding definition.

**Acre Foot of Water** - The volume of water (325,850 gallons, or 43,560 cubic feet) that would cover an area of one acre to a depth of 1 foot.

**Activated Sludge Process** – A secondary biological sewer treatment process where bacteria reproduce at a high rate with the introduction of excess air or oxygen, and consume dissolved nutrients in the wastewater.

**Annual Water Quality Report** - The document is prepared annually and provides information on water quality, constituents in the water, compliance with drinking water standards and educational material on tap water. It is also referred to as a Consumer Confidence Report (CCR).

**Aquifer** - The natural underground area with layers of porous, water-bearing materials (sand, gravel) capable of yielding a supply of water; see Groundwater basin.

**Backflow** - The reversal of water's normal direction of flow. When water passes through a water meter into a home or business it should not reverse flow back into the water mainline.

**Best Management Practices (BMPs)** - Methods or techniques found to be the most effective and practical means in achieving an objective. Often used in the context of water conservation.

**Biochemical Oxygen Demand (BOD)** – The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

**Biosolids** – Biosolids are nutrient rich organic and highly treated solid materials produced by the sewer treatment process. This high-quality product can be used as a soil amendment on farm land or further processed as an earth-like product for commercial and home gardens to improve and maintain fertile soil and stimulate plant growth.

**Catch Basin** – A chamber usually built at the curb line of a street, which conveys surface water for discharge into a storm sewer.

**Capital Improvement Program (CIP)** – Projects for repair, rehabilitation, and replacement of assets. Also includes treatment improvements, additional capacity, and projects for the support facilities.

**Collector Sewer** – The first element of a wastewater collection system used to collect and carry wastewater from one or more building sewer laterals to a main sewer.

**Coliform Bacteria** – A group of bacteria found in the intestines of humans and other animals, but also occasionally found elsewhere and is generally used as an indicator of sewage pollution.

**Combined Sewer Overflow** – The portion of flow from a combined sewer system, which discharges into a water body from an outfall located upstream of a wastewater treatment plant, usually during wet weather conditions.

**Combined Sewer System**– Generally older sewer systems designed to convey both sewage and storm water into one pipe to a wastewater treatment plant.



**Conjunctive Use** - The coordinated management of surface water and groundwater supplies to maximize the yield of the overall water resource. Active conjunctive use uses artificial recharge, where surface water is intentionally percolated or injected into aquifers for later use. Passive conjunctive use is to simply rely on surface water in wet years and use groundwater in dry years.

**Consumer Confidence Report (CCR)** - see Annual Water Quality Report.

**Cross-Connection** - The actual or potential connection between a potable water supply and a non-potable source, where it is possible for a contaminant to enter the drinking water supply.

**Disinfection By-Products (DBPs)** - The category of compounds formed when disinfectants in water systems react with natural organic matter present in the source water supplies. Different disinfectants produce different types or amounts of disinfection byproducts. Disinfection byproducts for which regulations have been established have been identified in drinking water, including trihalomethanes, haloacetic acids, bromate, and chlorite

**Drought** - a period of below average rainfall causing water supply shortages.

**Dry Weather Flow** – Flow in a sanitary sewer during periods of dry weather in which the sanitary sewer is under minimum influence of inflow and infiltration.

**Fire Flow** - The ability to have a sufficient quantity of water available to the distribution system to be delivered through fire hydrants or private fire sprinkler systems.

**Gallons per Capita per Day (GPCD)** - A measurement of the average number of gallons of water use by the number of people served each day in a water system. The calculation is made by dividing the total gallons of water used each day by the total number of people using the water system.

**Groundwater Basin** - An underground body of water or aquifer defined by physical boundaries.

**Groundwater Recharge** - The process of placing water in an aquifer. Can be a naturally occurring process or artificially enhanced.

**Hard Water** - Water having a high concentration of minerals, typically calcium and magnesium ions.

**Hydrologic Cycle** - The process of evaporation of water into the air and its return to earth in the form of precipitation (rain or snow). This process also includes transpiration from plants, percolation into the ground, groundwater movement, and runoff into rivers, streams and the ocean; see Water cycle.

**Infiltration** – Water other than sewage that enters a sewer system and/or building laterals from the ground through defective pipes, pipe joints, connections, or manholes. Infiltration does not include inflow. See *Inflow*.

**Inflow** - Water other than sewage that enters a sewer system and building sewer from sources such as roof vents, yard drains, area drains, foundation drains, drains from springs and swampy areas, manhole covers, cross connections between storm drains and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage. Inflow does not include infiltration. See *Infiltration*.

**Inflow / Infiltration (I/I)** – The total quantity of water from both inflow and infiltration.

**Mains, Distribution** - A network of pipelines that delivers water (drinking water or recycled water) from transmission mains to residential and commercial properties, usually pipe diameters of 4" to 16".

**Mains, Transmission** - A system of pipelines that deliver water (drinking water or recycled water) from a source of supply the distribution mains, usually pipe diameters of greater than 16".

**Meter** - A device capable of measuring, in either gallons or cubic feet, a quantity of water delivered by the District to a service connection.

**Overdraft** - The pumping of water from a groundwater basin or aquifer in excess of the supply flowing into the basin. This pumping results in a depletion of the groundwater in the basin which has a net effect of lowering the levels of water in the aquifer.

**Peak Flow** – The maximum flow that occurs over a specific length of time (e.g., daily, hourly, instantaneously).

**Pipeline** - Connected piping that carries water, oil or other liquids. See Mains, Distribution and Mains, Transmission.

**Point of Responsibility, Metered Service** - The connection point at the outlet side of a water meter where a landowner's responsibility for all conditions, maintenance, repairs, use and replacement of water service facilities begins, and the District's responsibility ends.

**Potable Water** - Water that is used for human consumption and regulated by the California Department of Public Health.

**Pressure Reducing Valve** - A device used to reduce the pressure in a domestic water system when the water pressure exceeds desirable levels.

**Pump Station** - A drinking water or recycled water facility where pumps are used to push water up to a higher elevation or different location.

**Reservoir** - A water storage facility where water is stored to be used at a later time for peak demands or emergencies such as fire suppression. Drinking water and recycled water systems will typically use concrete or steel reservoirs. The State Water Project system considers lakes, such as Shasta Lake and Folsom Lake to be water storage reservoirs.

**Runoff** - Water that travels downward over the earth's surface due to the force of gravity. It includes water running in streams as well as over land.

**Sanitary Sewer System** - Sewer collection system designed to carry sewage, consisting of domestic, commercial, and industrial wastewater. This type of system is not designed nor intended to carry water from rainfall, snowmelt, or groundwater sources. See *Combined Sewer System*.

**Sanitary Sewer Overflow** – Overflow from a sanitary sewer system caused when total wastewater flow exceeds the capacity of the system. See *Combined Sewer Overflow*.

**Santa Ana River Interceptor (SARI) Line** – A regional brine line designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River basin to the sewer treatment plant operated by Orange County Sanitation District.

**Secondary Treatment** – Biological sewer treatment, particularly the activated-sludge process, where bacteria and other microorganisms consume dissolved nutrients in wastewater.

**Supervisory Control and Data Acquisition (SCADA)** - A computerized system which provides the ability to remotely monitor and control water system facilities such as reservoirs, pumps and other elements of water delivery.

**Service Connection** - The water piping system connecting a customer's system with a District water main beginning at the outlet side of the point of responsibility, including all plumbing and equipment located on a parcel required for the District's provision of water service to that parcel.

**Sludge** – Untreated solid material created by the treatment of sewage.

**Smart Irrigation Controller** - A device that automatically adjusts the time and frequency which water is applied to landscaping based on real-time weather such as rainfall, wind, temperature and humidity.

**Special District** - A political subdivision of a state established to provide a public services, such as water supply or sanitation, within a specific geographic area.

**Surface Water** - Water found in lakes, streams, rivers, oceans or reservoirs behind dams.

**Total Suspended Solids (TSS)** – The amount of solids floating and in suspension in water or sewage.

**Transpiration** - The process by which water vapor is released into the atmosphere by living plants.

**Trickling Filter** – A biological secondary treatment process in which bacteria and other microorganisms, growing as slime on the surface of rocks or plastic media, consume nutrients in primary treated sewage as it trickles over them.

**Underground Service Alert (USA)** - A free service that notifies utilities such as water, telephone, cable and sewer companies of pending excavations within the area (dial 8-1-1 at least 2 working days before you dig).

**Urban Runoff** - Water from city streets and domestic properties that typically carries pollutants into the storm drains, rivers, lakes, and oceans.

**Valve** - A device that regulates, directs or controls the flow of water by opening, closing or partially obstructing various passageways.

**Wastewater** – Any water that enters the sanitary sewer.

**Water Banking** - The practice of actively storing or exchanging in-lieu surface water supplies in available groundwater basin storage space for later extraction and use by the storing party or for sale or exchange to a third party. Water may be banked as an independent operation or as part of a conjunctive use program.

**Water cycle** - The continuous movement water from the earth's surface to the atmosphere and back again; see Hydrologic cycle.

**Water Pressure** - Pressure created by the weight and elevation of water and/or generated by pumps that deliver water to the tap.

**Water Service Line** - The pipeline that delivers potable water to a residence or business from the District's water system. Typically the water service line is a 1" to 1½" diameter pipe for residential properties.

**Watershed** - A region or land area that contributes to the drainage or catchment area above a specific point on a stream or river.

**Water Table** - The upper surface of the zone of saturation of groundwater in an unconfined aquifer.

**Water Transfer** - A transaction, in which a holder of a water right or entitlement voluntarily sells/exchanges to a willing buyer the right to use all or a portion of the water under that water right or entitlement.

**Water Well** - A hole drilled into the ground to tap an underground water aquifer.

**Wetlands** - Lands which are fully saturated or under water at least part of the year, like seasonal vernal pools or swamps.

**Wet Weather Flow** – Dry weather flow combined with stormwater introduced into a combined sewer system, and dry weather flow combined with infiltration/inflow into a separate sewer system.





## COMMONLY USED ABBREVIATIONS

|                  |   |
|------------------|---|
| <b>AQMD</b>      | Air Quality Management District                 |
| <b>BOD</b>       | Biochemical Oxygen Demand                       |
| <b>CARB</b>      | California Air Resources Board                  |
| <b>CCTV</b>      | Closed Circuit Television                       |
| <b>CWA</b>       | Clean Water Act                                 |
| <b>EIR</b>       | Environmental Impact Report                     |
| <b>EPA</b>       | U.S. Environmental Protection Agency            |
| <b>FOG</b>       | Fats, Oils, and Grease                          |
| <b>GPD</b>       | Gallons per day                                 |
| <b>MGD</b>       | Million gallons per day                         |
| <b>O &amp; M</b> | Operations and Maintenance                      |
| <b>OSHA</b>      | Occupational Safety and Health Administration   |
| <b>POTW</b>      | Publicly Owned Treatment Works                  |
| <b>PPM</b>       | Parts per million                               |
| <b>RWQCB</b>     | Regional Water Quality Control Board            |
| <b>SARI</b>      | Santa Ana River Inceptor                        |
| <b>SAWPA</b>     | Santa Ana Watershed Project Authority           |
| <b>SBVMWD</b>    | San Bernardino Valley Municipal Water District  |
| <b>SCADA</b>     | Supervisory Control and Data Acquisition system |
| <b>SSMP</b>      | Sanitary Sewer Management Plan                  |
| <b>SSO</b>       | Sanitary Sewer Overflow                         |
| <b>SWRCB</b>     | State Water Resources Control Board             |
| <b>TDS</b>       | Total Dissolved Solids                          |
| <b>TMDL</b>      | Total Maximum Daily Load                        |
| <b>TSS</b>       | Total Suspended Solids                          |
| <b>WDR</b>       | Waste Discharge Requirements                    |
| <b>YVWD</b>      | Yucaipa Valley Water District                   |