

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY  
AND RECORD OF ACTION**

**May 24, 2022**

**FROM**

**BRENDON BIGGS, Director, Department of Public Works – Solid Waste Management**

**SUBJECT**

Application for Irrevocable Standby Letter of Credit and Standby Letter of Credit Agreement with Wells Fargo Bank for the San Gabriel Valley Water Company

**RECOMMENDATION(S)**

1. Approve Application for an Irrevocable Standby Letter of Credit between San Bernardino County and Wells Fargo Bank in favor of the San Gabriel Valley Water Company in the amount of \$1,229,400, at a cost of approximately \$25,000, effective July 1, 2022 through June 30, 2023.
2. Approve Standby Letter of Credit **Agreement No. 22-350** between San Bernardino County and Wells Fargo Bank which outlines the details of the Letter of Credit.  
(Presenter: Brendon Biggs, Director, 387-7906)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**Provide for the Safety, Health and Social Service Needs of County Residents.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost) as the Department of Public Works – Solid Waste Management Division (SWMD) is funded by fee revenue. SWMD establishes fees that are charged to the public and other agencies for utilization of the County's Waste Disposal System. The Letter of Credit, issued by Wells Fargo Bank, will be in the amount of \$1,229,400, which is an increase of \$360,600 from last year's Standby Letter of Credit from the Bank of America, N.A. The increased amount is due to an increase in the estimated budget submitted by San Gabriel Valley Water Company (SGVWC) for 2022-23. The estimated budget includes an estimated cost of \$305,000 for a carbon change out project, which is not anticipated until 2023-24, but was included in the event the change-out becomes necessary in 2022-23. The SGVMC's F-10 Plant Water Treatment Facility (F-10 Plant) uses granular activated carbon media to filter out groundwater contaminants which, over time, is consumed and needs periodic replacement. The estimated cost for the Letter of Credit is \$25,000. Sufficient appropriation will be included in the SWMD 2022-23 Recommended Budget.

**BACKGROUND INFORMATION**

In accordance with Agreement No. 98-947 (Agreement) between San Bernardino County (County) and SGVWC, the County is required to annually post a Standby Letter of Credit for 125% of that year's operation cost estimate to ensure payment for the operation and maintenance of the F-10 Plant. Recommendation No. 1 will approve the Application for an

**Application for Irrevocable Standby Letter of Credit and Standby Letter of Credit Agreement with Wells Fargo Bank for the San Gabriel Valley Water Company  
May 24, 2022**

Irrevocable Standby Letter of Credit for 2022-23. Recommendation No. 2 will approve the Standby Letter of Credit Agreement which specifies the details of the Letter of Credit to be issued (e.g., interest rate, fees, etc.).

On November 10, 1998 (Item No. 33), the Board of Supervisors (Board) approved the Agreement between the County and the SGVWC to settle claims that a groundwater plume emanating from the Mid-Valley Sanitary Landfill (MVSL) contained volatile organic compounds, which had impacted two production wells at SGVWC's F-10 Plant. The Agreement required the County to fund construction and annual operation and maintenance of a granular activated carbon water treatment facility at the F-10 Plant and the installation of a third production well in the heart of the plume, necessary for the containment of the plume.

On June 8, 2021 (Item No. 64), the Board approved Amendment No. 21 to the Loan Agreement with the Bank of America, N.A., which increased the Standby Letter of Credit to the amount of \$868,800 for 2021-22, based on SGVWC's annual budget for its estimated annual operations cost of \$695,040 for the period of July 1, 2021 to June 30, 2022.

The Bank of America, N.A. notified SWMD last year that they would no longer be issuing the Letter of Credit as it was an accommodation to the prior treasury services contract with the County. SWMD contacted the Auditor-Controller/Treasurer/Tax Collector's office who provided the contact information for Wells Fargo Bank who will be taking over the annual Letter of Credit. SGVWC submitted a proposed annual operations cost estimate of \$983,520 for 2022-23. Therefore, the Standby Letter of Credit is calculated to be \$1,229,400. SWMD staff reviewed the proposed annual operations cost estimate and determined the estimate to be fair and reasonable.

These recommended actions support the County and the Chief Executive Officer's goals and objectives of operating in a fiscally-responsible and business-like manner and provides for the safety and health of County residents by continuing the Standby Letter of Credit, allowing for continuing operations of the groundwater treatment system to protect the groundwater near the MVSL from volatile organic compound impacts.

**PROCUREMENT**

Not applicable.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Jolena Grider, Deputy County Counsel, 387-4310) on May 2, 2022; Finance (Carl Lofton, Administrative Analyst, 387-5404) on May 6, 2022; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 9, 2022.

**Application for Irrevocable Standby Letter of Credit and Standby Letter  
of Credit Agreement with Wells Fargo Bank for the San Gabriel Valley  
Water Company  
May 24, 2022**

Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

Moved: Curt Hagman Seconded: Janice Rutherford  
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: May 24, 2022



cc: PW/SWM- Meeka w/agree w/attach  
Contractor- C/O PW/SWM w/agree w/attach  
File- w/agree w/attach  
LA 05/25/2022