

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

May 21, 2024

**FROM**

**NOEL CASTILLO, Department of Public Works – Solid Waste Management**

**SUBJECT**

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

**RECOMMENDATION(S)**

Approve Application to Amend 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 \$1,050,150 at a cost of approximately \$30,000, effective July 1, 2024, through June 30, 2025.

(Presenter: Noel Castillo, 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 financed 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 \$1,050,150, which is a decrease of \$442,800 from last year's Standby Letter of Credit. The decreased amount is due to a decrease in the estimated budget submitted by San Gabriel Valley Water Company (SGVWC) for 2024-25. The estimated cost for the Letter of Credit is \$30,000. Sufficient appropriation will be included in the SWMD 2024-25 Recommended Budget.

**BACKGROUND INFORMATION**

In accordance with Agreement No. 98-947 (Agreement) between San Bernardino County (County) and SGVWC, which was approved by the Board of Supervisors (Board) on November 10, 1998 (Item No. 33), 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 SGVWC's F-10 Plant. A Standby Letter of Credit guarantees a payment from the bank to SGVWC should the County default on the payment for the operation and maintenance costs. This item will approve the Application to Amend the Irrevocable Standby Letter of Credit for 2024-25.

The Agreement settled claims that a groundwater plume emanating from the Mid-Valley Sanitary Landfill (MVSL) contained volatile organic compounds, which had impacted two

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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 to contain it.

On May 23, 2023 (Item No. 63), the Board approved the Application for an Irrevocable Standby Letter of Credit between the County and Wells Fargo Bank in favor of SGVWC in the amount of \$1,492,950 for 2023-24, based on SGVWC's annual budget for its estimated annual operations cost for the period of July 1, 2023, to June 30, 2024.

SGVWC submitted a proposed annual operations cost estimate of \$840,120 for 2024-25, which resulted in the Standby Letter of Credit being calculated to be \$1,050,150, a decrease of \$442,800 from the prior year's Letter of Credit. The Letter of Credit is based on SGVWC's yearly estimate, which anticipated a decrease in cost for the next year due to removal of a line item for water rights lease cost. SGVWC issues monthly invoices that are paid based on actual costs and for any costs that are overpaid, the County is issued a credit. SWMD staff reviewed the proposed annual operations cost estimate and, subject to a reservation of rights to dispute certain costs, if necessary, determined the estimate to be fair and reasonable.

The recommended action supports 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 (Maria Insixiengmay, Deputy County Counsel, 387-5455) on April 18, 2024; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on May 3, 2024; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 6, 2024.

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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

Moved: Curt Hagman   Seconded: Joe Baca, Jr.  
Ayes: Col. Paul Cook (Ret.), Dawn Rowe, Curt Hagman, Joe Baca, Jr.  
Absent: Jesse Armendarez

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: May 21, 2024



cc: PW/SWMD – Castillo w/ application for signature  
File - Solid Waste Management Division/General w/ attachment  
JLL 05/24/2024