

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

May 6, 2025

FROM

NOEL CASTILLO, Director, 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 \$1,069,800 at a cost of approximately \$32,000, effective July 1, 2025 through June 30, 2026.

(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 (Department) – 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 \$1,069,800, which is an increase of \$19,650 from last year's Standby Letter of Credit. The increased amount is due to an increase in the estimated budget submitted by San Gabriel Valley Water Company (SGVWC) for 2025-26. The estimated cost for the Letter of Credit is \$32,000. Sufficient appropriation will be included in the SWMD 2025-26 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 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 2025-26.

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 21, 2024 (Item No. 68), the Board approved the Application to amend the Irrevocable Letter of Credit between the County and Wells Fargo Bank in favor of SGVWC in the amount of \$1,050,150 for 2024-25, based on SGVWC's annual budget for its estimated annual operations cost for the period of July 1, 2024, to June 30, 2025.

SGVWC submitted a proposed annual operations cost estimate of \$855,840 for 2025-26, which resulted in the Standby Letter of Credit being calculated to be \$1,069,800, an increase of \$19,650 from the prior year's Letter of Credit. 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 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 March 5, 2025; Finance (Kathleen Gonzalez, Administrative Analyst, 387-5412) on April 17, 2025; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on April 21, 2025.

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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.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: May 6, 2025



cc: PW/SWMD - Castillo w/app for sign
 File - Solid Waste Management Division w/app
MBA 05/8/2025