



# San Bernardino County

## Legislation Text

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**File #: 4317, Agenda Item #: 64**

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

**June 8, 2021**

#### **FROM**

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

#### **SUBJECT**

Amend Standby Letter of Credit with Bank of America, N.A. for the San Gabriel Valley Water Company

#### **RECOMMENDATION(S)**

Approve Amendment No. 21 to the Loan Agreement between the County of San Bernardino and Bank of America, N.A. and the required Application for Amendment to Standby Letter of Credit in favor of the San Gabriel Valley Water Company, increasing the amount of the Letter of Credit by \$18,900 from \$849,900 to \$868,800, at a cost of approximately \$19,000, effective July 1, 2021 through June 30, 2022.  
(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 Standby Letter of Credit will be amended to increase by \$18,900 from \$849,900 to \$868,800, at a cost of approximately \$19,000. Sufficient appropriation will be included in the SWMD 2021-22 recommended budget.

#### **BACKGROUND INFORMATION**

In accordance with Agreement No. 98-947 (Agreement) between the County of San Bernardino (County) and the San Gabriel Valley Water Company (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 SGVWC's F-10 Plant Water Treatment Facility (F-10 Plant). The recommended actions will approve the required application and increase the Standby Letter of Credit.

On November 10, 1998 (Item No. 33), the Board of Supervisors (Board) approved the Agreement between the County and 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 April 21, 2020 (Item No. 41), the Board approved Amendment No. 20 to the Agreement, increasing the Standby Letter of Credit, in the amount of \$849,900 for 2020-21, based on SGVWC's annual budget for its estimated annual operations cost of \$679,920 for the period of July 1, 2020 to June 30, 2021. SGVWC has submitted a proposed annual operations cost estimate of \$695,040 for 2021-22. Therefore, the Standby Letter of Credit is calculated to be \$868,800. SWMD staff reviewed the proposed annual operations cost estimate and is in the process of disputing one charge with SGVWC through the Agreement's dispute resolution process. In accordance with the terms of the Agreement, the Standby Letter of Credit is being requested at this time in the full amount, pending the outcome of the dispute. With the exception of the one disputed charge, SWMD staff has determined the proposed annual operations cost estimate to be fair and reasonable.

These recommended actions support the 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 (Kristina Robb, Supervising Deputy County Counsel, 387-5455) on May 7, 2021; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on May 12, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on May 21, 2021.