

As a matter of proper business decorum, the Board of Commissioners respectfully request that all cell phones be turned off or placed on vibrate. To prevent any potential distraction of the proceeding, we request that side conversations be taken outside the meeting room.

**REGULAR BOARD MEETING**  
**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**VICTORVILLE CITY HALL, CONFERENCE ROOM D**  
**14343 CIVIC DRIVE, VICTORVILLE CA 92392**  
**Thursday, November 17, 2022**  
**Closed Session 7:30 a.m. Open Session 8:00 a.m.**

*VVWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment, and recycling.*

**Call to Order**

**Higgins**

**Roll Call**

**Casteel**

**Public Comments- Closed Session Agenda Items**

**Higgins**

**CLOSED SESSION:** During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted. Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; or (c) employment actions, or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information. Closed Session is scheduled to commence at 7:30 a.m.. If the matters discussed in closed session require additional time beyond 8:00 a.m., in deference to the public, the Board may continue the Closed Session discussion after Open Session is concluded. In that case, Closed Session will resume after the Commissioners Comments section and any reportable action will be reported after the continued Closed Session has concluded and before adjournment.

**Closed Session**

**Item 1. (Gov. Code Sections 54957(b)(1))- Conference with Legal Counsel  
Position: General Manager**

**Item 2. (Gov. Code Sections 54957(b)(1))- Conference with Legal Counsel  
Position: Director of Operations & Maintenance**

**Item 3. (Gov. Code Sec. 54956.9(d)) Conference with Legal - Threatened or  
Potential Litigation**  
- California River Watch-Notice of Intent to Sue  
- Regional Water Quality Control Board, Lahontan Region-Notice of  
Violation

**Item 4. (Gov. Code Sections 54957/54957.6/ 54954.5 (f)):**

**Call to Order & Pledge of Allegiance**

Higgins

**Report from Closed Session**

Legal

**Public Comment (Government Code Section 54954.3)**

Higgins

Opportunity for members of the public to directly address the Board on items of public interest within its jurisdiction. The public may also address the Board on items being considered on this agenda. VVWRA requests that all public speakers complete a speaker's card and provide it to the Secretary. Persons desiring to submit paperwork to the Board of Commissioners shall provide a copy of any paperwork to the Board Secretary for the official record. We request that remarks be limited to five minutes or less. Pursuant to Government Code Section 54954.3, if speaker is utilizing a translator, the total allotted time will be doubled.

**Possible Conflicts of Interest**

Higgins

**Consent Calendar**

Higgins

All matters placed on the Consent Calendar are considered as not requiring discussion or further explanation and unless any particular item is requested to be removed from the Consent Calendar by a Commissioner, staff member or member of the public in attendance, there will be no separate discussion of these items. All items on the Consent Calendar will be enacted by one action approving all motions and casting a unanimous ballot for resolutions included on the consent calendar. All items removed from the Consent Calendar shall be considered in the regular order of business.

**Item 5. Receive, Approve and File Minutes**

Poulsen

- Regular Board Meeting 10/27/2022

**Item 6. Receive, Approve and File October 2022 Disbursement**

- Warrant Summary Disbursements

**Board Action Required**

Staff Recommendation: Approve as presented

**Action Items**

*The Executive Leadership Team will provide brief updates on existing matters under their purview and will be available to respond to any questions thereof.*

**Item 7. Recommendation to Approve the Contract for the General Manager**

Dallarda

It is recommended that the Board of Commissioners approve the contract for the General Manager

**Board Action Required**

Staff Recommendation: Approve as presented

**Item 8. Recommendation to Approve the Contract for the Plant Superintendent**

**Dallarda**

It is recommended that the Board of Commissioners approve the contract for the Director of Operations & Maintenance

**Board Action Required**

Staff Recommendation: Approve as presented

**Item 9. Recommendation to Approve the Board Meeting Schedule for 2023**

**Casteel**

It is recommended that the Board of Commissioners approve the Board Meeting Schedule for 2023

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 10. Recommendation to Authorize the General Manager to Implement an Internship Program Wage Increase From \$15/Hr. to a Rate Not to Exceed \$20/Hr. Due to Current Economic Conditions**

**Coromina**

It is recommended that the Board of Commissioners authorize the General Manager to implement an internship program wage increase from \$15/Hr. to a rate not to exceed, \$20.00/Hr. due to current economic conditions.

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 11. Recommendation to Adopt Resolution 2022-12 to Receive and File the Annual Comprehensive Financial Report (ACFR) for the Year Ending June 30, 2022**

**Wang**

It is recommended that the Board of Commissioners adopt Resolution 2022-12 to receive and file the Annual Comprehensive Financial Report (ACFR) for the years ended June 30, 2022

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 12. Recommendation to Adopt Resolution 2022-14 to Approve the Clarifying Modifications on the Investment Policy**

**Wang**

It is recommended that the Board of Commissioners adopt Resolution 2022-14, the clarifying modifications on the Investment Policy

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 13. Recommendation to Adopt Resolution 2022-15 to Update Wang  
Authorized Officers for Local Agency Investment Fund**

It is recommended that the Board of Commissioners adopt Resolution 2022-15, Resolution Authorizing Investment of Monies in the Local Agency Investment Fund to update authorized officers.

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 14. Recommendation to Authorize the General Manager to Extend a Laari  
Contract for Flow Monitoring for Billing Purposes in the Amount of  
\$92,400.00/Year to ADS Environmental Services Inc**

It is recommended that the Board of Commissioners authorize the General Manager to extend a contract for flow monitoring for billing purposes in the amount of \$92,400.00/year to ADS Environmental Services Inc., pending legal review and approval of the agreement

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 15. Recommendation to Approve the Fourth Amendment to the Gas Poulsen  
Collection Facilities Lease and Energy Services Agreement**

It is recommended that the Board of Commissioners approve the General Manager to execute the fourth Amendment to the Gas Collection Facilities Lease and Energy Service Agreement with SoCal Biomethane, LLC upon approval of the amendment by the VVWRA Attorneys.

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 16. Recommendation to Authorize the General Manager to Approve the Laari  
Purchase of Ultraviolet Disinfection System Replacement Parts in the  
Amount of \$279,845.94 from Xylem Water Solutions, Our Sole Source  
Provider**

It is recommended that the Board of Commissioners authorize the General Manager to approve the purchase of ultraviolet disinfection system replacement parts in the amount of \$279,845.94 (Quoted amount plus related taxes) from Xylem Water Solutions, our sole source provider

**Board Action Required**

Staff Recommendation: Approve as Presented

**Item 17. Recommendation to Adopt Resolution 2022-13 Appreciation Holland**

**Casteel**

It is recommended that the Board of Commissioners Approve Resolution 2022-13 Recognition and Appreciation to Bill Holland

**Board Action Required**

Staff Recommendation: Approve as Presented

**Staff Reports**

<b><u>Item 18. General Managers Report</u></b>	<b>Poulsen</b>
<b><u>Item 19. Financial and Investment Report – 3rd Quarter 2022</u></b>	<b>Keagy</b>
<b><u>Item 20. Operations and Maintenance Report – 3rd Quarter 2022</u></b>	<b>Adams</b>
<b><u>Item 21. Environmental Compliance Report – 3rd Quarter 2022</u></b>	<b>Laari</b>
<b><u>Item 22. Septage Receiving Facility Report – 3rd Quarter 2022</u></b>	<b>Laari</b>
<b><u>Item 23. Safety and Communication Report – 3rd Quarter 2022</u></b>	<b>Wylie</b>

**Adjournment**

**Higgins**

The board will adjourn to a regular board meeting

**American Disabilities Act Compliance Statement**

Government Code Section 54954.2(a)



*Any request for disability-related modifications or accommodations (including auxiliary aids or services) sought to participate in the above public meeting should be directed to the VVWRA's Secretary at (760) 246-8638 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.*

**Agenda posting**

Government Code Section 54954.2

*This agenda has been posted in the main lobby of the Authority's Administrative offices not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the Board Secretary.*

**Agenda items received after posting**

Government Code Section 54957.5

*Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the VVWRA office located at, 20111 Shay Road, Victorville CA 92394. The materials will also be posted on the VVWRA website at [www.vvwra.com](http://www.vvwra.com).*

**Items Not Posted**

Government Code Section 54954.2(b)

*In the event any matter not listed on this agenda is proposed to be submitted to the Board for discussion and/or action, it will be done as an emergency item or because there is a need to take immediate action, which came to the attention of the Board subsequent to the posting of the agenda, or as set forth on a supplemental agenda posted in the manner as above, not less than 72 hours prior to the meeting date.*

**Items Continued**

Government Section 54954.2(b)(3)

*Items may be continued from this meeting without further notice to a Committee or Board meeting held within five (5) days of this meeting*

**Meeting Adjournment**

*This meeting may be adjourned to a later time and items of business from this agenda may be considered at the later meeting by Order of Adjournment and Notice*

*VVWRA's Board Meeting packets and agendas are available for review on its website at [www.vvwra.com](http://www.vvwra.com). The website is updated on Friday preceding any regularly scheduled board meeting.*

**MINUTES OF A REGULAR MEETING  
REGULAR MEETING OF THE BOARD OF COMMISSIONERS  
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY (VWRA)  
October 27, 2022**

**CALL TO ORDER:** Chair Dakota Higgins called the meeting to order at 7:40 AM; in Conference Room A at Victorville City Hall, located at 14343 Civic Drive, Victorville California, with the following members present:

**ORO GRANDE (CSA 42) AND  
SPRING VALLEY LAKE (CSA 64)  
TOWN OF APPLE VALLEY  
CITY OF VICTORVILLE  
CITY OF HESPERIA**

**Dakota Higgins, Chair**

**Scott Nassif, Vice-Chair**

**Debra Jones, Secretary**

**Absent**

**VWRA Staff and Legal Counsel:**

**Darron Poulsen, General Manager  
Kristi Casteel, Executive Assistant  
Piero Dallarda, Legal Counsel (BB&K)  
Brad Adams, Plant Superintendent**

**Robert Coromina, Director of Administration  
David Wylie, Safety & Communications  
Officer**

**Guest Present:**

**CLOSED SESSION**

**PUBLIC COMMENTS- CLOSED SESSION AGENDA**

Chair Higgins asked if there were any comments from the public regarding any item on the Closed Session Agenda. Hearing none, Chair Higgins called for a motion to enter into Closed Session.

**Moved: Commissioner Nassif**

**Second: Commissioner Jones**

**Motion to enter into Closed Session**

**Motion passed by a 3-0 roll call vote with Commissioner Holland absent**

**REGULAR SESSION**

**CALL TO ORDER & PLEDGE OF ALLEGIANCE**

Chair Higgins called the meeting to order at 8:54AM.

**REPORT FROM CLOSED SESSION**

None

**PUBLIC COMMENTS- REGULAR SESSION AGENDA**

None

**POSSIBLE CONFLICT OF INTEREST**

Commissioner Nassif will be abstaining from any disbursements to Napa Auto Parts on item 5

**CONSENT CALENDAR:**

4. **Receive, Approve and File Minutes, October 27, 2022**
5. **Receive, Approve and File October 2022 Disbursement**

**Moved: Commissioner Jones**

**Second: Commissioner Nassif**

**Approval of the Consent Calendar Items 4 and 5 with Commissioner Nassif abstaining from any disbursements to Napa Auto Parts on item 5.**

**Chair Higgins- Yes**

**Commissioner Nassif - Yes**

**Commissioner Jones - Yes**

**Motion passed by a 3-0 roll call vote with Commissioner Holland absent**

**ACTION ITEM:**

6. **Recommendation to Adopt Resolution 2022-11 Amend Surplus Property List of Unused Equipment and Scrap**

The Board will consider approval to adopt Resolution No. 2022-11 to amend the Surplus Property List and authorize the General Manager to approve the disposition of surplus equipment that no longer has any present or prospective use



**Moved: Commissioner Nassif**

**Second: Commissioner Higgins**

**Approval to adopt Resolution No. 2022-11 to amend the Surplus Property List and authorize the General Manager to approve the disposition of surplus equipment that no longer has any present or prospective use**

**Chair Higgins- Yes**

**Commissioner Nassif – Yes**

**Commissioner Jones – Yes**

**Motion passed by a 3-0 roll call vote with Commissioner Holland absent**

7. **Recommendation to Authorize the General Manager to Purchase PLCS and Services, to Install New Program Changes to Blowers 4 And 5, from the Sole Source Provider Howden (Turblex), for an Amount Not to Exceed \$203,543.00**

The Board will consider approval to authorize the General Manager to purchase PLCs and services, to install new program changes to blowers 4 and 5, from the sole source provider Howden (Turblex), for an amount not to exceed \$203,543.00.

**Moved: Commissioner Higgins**

**Second: Commissioner Nassif**

**Approval to authorize the General Manager to purchase PLCs and services, to install new program changes to blowers 4 and 5, from the sole source provider Howden (Turblex), for an amount not to exceed \$203,543.00.**

**Chair Higgins- Yes**

**Commissioner Nassif - Yes**

**Commissioner Jones - Yes**

**Motion passed by a 3-0 roll call vote with Commissioner Holland absent**

8. **Recommendation to Authorize the General Manager to Sign the Calrecycle Co-Digestion (Cod1) Grant Program Agreement**

The Board will consider approval to authorize the General Manager to sign the CalRecycle Co-Digestion (COD1) Grant Program Agreement pending legal review and approval.

**Moved: Commissioner Jones**

**Second: Commissioner Higgins**

**Approval for to authorize the General Manager to sign the CalRecycle Co-Digestion (COD1) Grant Program Agreement pending legal review and approval.**

**Chair Higgins- Yes**

**Commissioner Nassif - Yes**

**Commissioner Jones - Yes**

**Motion passed by a 3-0 roll call vote with Commissioner Holland absent**

**9. Recommendation to Approve the Third Amendment to the Gas Collection Facilities Lease and Energy Services Agreement**

The Board will consider approval to authorize the General Manager to purchase PLCs and services, to install new program changes to blowers 4 and 5, from the sole source provider Howden (Turblex), for an amount not to exceed \$203,543.00

**Moved: Commissioner Nassif**

**Second: Commissioner Jones**

**Approval to authorize the General Manager to purchase PLCs and services, to install new program changes to blowers 4 and 5, from the sole source provider Howden (Turblex), for an amount not to exceed \$203,543.00**

**Chair Higgins- Yes**

**Commissioner Nassif - Yes**

**Commissioner Jones - Yes**

**Motion passed by a 3-0 roll call vote with Commissioner Holland absent**

**10. Recommendation to Authorize the General Manager to Award a Contract for the Regional Plant Emergency Power Engineering Study in the Amount of \$97,494.00 to Carollo Engineers Inc**

The Board will consider approval of the General Manager to award a contract for the regional plant emergency power engineering study project in the amount of \$97,494.00 to Carollo Engineers, inc., pending legal review and approval of the agreement

**Moved: Commissioner Higgins**

**Second: Commissioner Nassif**

**Approval of the General Manager to award a contract for the regional plant emergency power engineering study project in the amount of \$97,494.00 to Carollo Engineers, inc., pending legal review and approval of the agreement**

**Chair Higgins- Yes**

**Commissioner Nassif - Yes**

**Commissioner Jones - Yes**

**Motion passed by a 3-0 roll call vote with Commissioner Holland absent**

**CLOSED SESSION (If Closed Session is continued)**

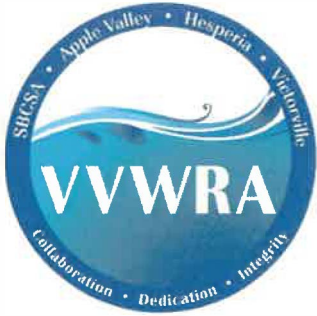
**ADJOURNMENT**

**The board will adjourn to a regular board meeting on October 27, 2022, at 7:30 a.m.**

**APPROVAL:**

**DATE: \_\_\_\_\_ BY:**

\_\_\_\_\_  
Approved by Debra Jones, Secretary  
VVWRA Board of Commissioners



**Victor Valley Wastewater Reclamation Authority**  
*A Joint Powers Authority and Public Agency of the State of California*  
 Administrative Offices  
 20111 Shay Road, Victorville, CA 92394  
 Telephone: (760) 246-8638  
 Fax: (760) 948-9897  
 e-mail: mail@vwwra.com

**DATE:** November 17, 2022  
**TO:** Darron Poulsen  
 General Manager  
**FROM:** Xiwei Wang  
 Accounting Supervisor *XW*  
**SUBJECT:** Cash Disbursements Register

**RECOMMENDED ACTION**

It is recommended that the Board of Commissioners approve the cash disbursements and payroll register for the Victor Valley Wastewater Reclamation Authority.

**BACKGROUND**

The Cash Disbursements Register totals represented below are for the month of OCTOBER 2022, check numbers 124838-124888 and ACH's.

<i>Accounts Payable</i>			
<i>Checks</i>	<i>ACH's and EFT's</i>	<i>Payroll</i>	<i>Total</i>
<i>\$127,028.38</i>	<i>\$1,050,227.32</i>	<i>\$350,784.02</i>	<i>\$1,528,039.72</i>

**Victor Valley Wastewater Reclamation Authority**  
**Cash Disbursement Register**  
**From 10/1/22 through 10/31/22**

<b>Vendor Name</b>	<b>Payment #</b>	<b>Date</b>	<b>Total</b>
Airgas Usa, LLC	124838	10/06/22	\$ 506.88
Apex Rentals	124839	10/06/22	\$ 1,034.00
Aquatic Bioassay / Consult Inc.	124840	10/06/22	\$ 760.00
Brown Bear Corp	124841	10/06/22	\$ 385.02
City Of Victorville / Sanitation	124842	10/06/22	\$ 3,225.65
Daily Press	124843	10/06/22	\$ 2,923.30
Dell Inc.	124844	10/06/22	\$ 11,182.14
Guardian	124845	10/06/22	\$ 869.64
Johnson Controls Fire Protection Lp	124846	10/06/22	\$ 1,172.17
Mojave Desert A.Q.M.D.	124847	10/06/22	\$ 22,669.92
Orkin	124848	10/06/22	\$ 174.00
Prudential Overall Supply	124849	10/06/22	\$ 1,081.39
Roto-Rooter Plumbers	124850	10/06/22	\$ 262.50
Royal Industrial Solutions	124851	10/06/22	\$ 1,018.99
United Rentals Northwest, Inc	124852	10/06/22	\$ 1,417.50
Verizon Wireless	124853	10/06/22	\$ 2,633.30
San Bernardino County Fire Protection Dist	124854	10/10/22	\$ 446.50
Atmospheric Analysis And Consulting	124855	10/13/22	\$ 895.00
Battery Mart	124856	10/13/22	\$ 1,644.46
Brown Bear Corp	124857	10/13/22	\$ 1,524.44
Cintas Corporation	124858	10/13/22	\$ 1,159.81
Hi-Desert Communications	124859	10/13/22	\$ 150.00
Liberty Utilities	124860	10/13/22	\$ 100.69
Mcr Technologies	124861	10/13/22	\$ 2,130.73
Orkin	124862	10/13/22	\$ 452.00
Prudential Overall Supply	124863	10/13/22	\$ 883.29
Airgas Usa, LLC	124864	10/21/22	\$ 264.73
Cintas Corporation	124865	10/21/22	\$ 424.29
Dc Frost Associates, Inc.	124866	10/21/22	\$ 3,127.95
Dell Inc.	124867	10/21/22	\$ 1,001.44
Golf Cars Of Riverside	124868	10/21/22	\$ 12,524.37
High Desert Lock & Safe	124869	10/21/22	\$ 679.00
Industrial Solution Services, Inc	124870	10/21/22	\$ 3,073.42
Prudential Overall Supply	124871	10/21/22	\$ 889.96
Royal Industrial Solutions	124872	10/21/22	\$ 6,797.87
Shredyourdocs.Com	124873	10/21/22	\$ 114.00
The Woodall Group Inc.	124874	10/21/22	\$ 144.00
United Rentals Northwest, Inc	124875	10/21/22	\$ 3,425.89
Vasquez & Company, Llp	124876	10/21/22	\$ 18,000.00
World Oil Environmental Services	124877	10/21/22	\$ 120.00
Applied Industrial Technologies	124878	10/26/22	\$ 70.82
Brown Bear Corp	124879	10/26/22	\$ 2,341.95
City Of Victorville / Sanitation	124880	10/26/22	\$ 3,342.71
Global Medical Response, Inc.	124881	10/26/22	\$ 1,523.00
Guardian	124882	10/26/22	\$ 859.54
Konica Minolta Business Solutions	124883	10/26/22	\$ 218.78

**Victor Valley Wastewater Reclamation Authority**  
**Cash Disbursement Register**  
**From 10/1/22 through 10/31/22**

Vendor Name	Payment #	Date	Total
Orkin	124884	10/26/22	\$ 452.00
Prudential Overall Supply	124885	10/26/22	\$ 897.30
Quill Corporation	124886	10/26/22	\$ 465.61
Town & Country Tire	124887	10/26/22	\$ 2,739.42
Verizon Wireless	124888	10/26/22	\$ 2,827.01
<b>Total Checks</b>			<b>\$ 127,028.38</b>
Town Of Apple Valley	DFT03457	10/07/22	\$ 188.24
Konica Minolta Business Solutions	DFT03458	10/07/22	\$ 391.50
Lincoln Financial Group	DFT03459	10/07/22	\$ 4,955.57
Lincoln Financial Group	DFT03460	10/07/22	\$ 80.11
Principal Life Ins. Co.	DFT03461	10/07/22	\$ 2,929.46
Southern California Edison	DFT03462	10/07/22	\$ 866.42
Ups	DFT03463	10/07/22	\$ 13.98
Flyers Energy, LLC	DFT03464	10/13/22	\$ 2,357.41
Southern California Edison	DFT03465	10/13/22	\$ 106,283.26
Sparkletts Drinking Water	DFT03466	10/13/22	\$ 1,648.61
Spectrum (Prev. Charter Communications)	DFT03467	10/13/22	\$ 5,158.30
Ups	DFT03468	10/13/22	\$ 118.67
Flyers Energy, LLC	DFT03470	10/21/22	\$ 2,642.87
Southern California Edison	DFT03471	10/21/22	\$ 25,102.74
Southern California Edison	DFT03472	10/21/22	\$ 1,713.67
Southern California Edison	DFT03473	10/21/22	\$ 17,060.19
Southwest Gas Company	DFT03474	10/21/22	\$ 30.75
Southwest Gas Company	DFT03475	10/21/22	\$ 25.00
Southwest Gas Company	DFT03476	10/21/22	\$ 151.30
Ups	DFT03477	10/21/22	\$ 51.77
Quadient Leasing Usa, Inc	DFT03498	10/27/22	\$ 81.18
Southwest Gas Company	DFT03499	10/27/22	\$ 12,989.86
Southwest Gas Company	DFT03500	10/27/22	\$ 53,061.79
Ups	DFT03501	10/27/22	\$ 649.63
Aerzen Usa	100720221	10/07/22	\$ 5,954.35
Grainger	1007202210	10/07/22	\$ 3,804.94
Haaker Equipment Company	1007202211	10/07/22	\$ 10,805.00
Hach Company	1007202212	10/07/22	\$ 74.78
Hug Engineering, Inc.	1007202213	10/07/22	\$ 37,287.70
Mcgrath Rentcorp	1007202214	10/07/22	\$ 5,525.47
Mcmaster-Carr Supply Co.	1007202215	10/07/22	\$ 752.86
Misco - T.W. Associates	1007202216	10/07/22	\$ 7,971.02
Pape Material Handling, Inc. (Prev. Yale)	1007202217	10/07/22	\$ 49,037.56
Quinn Company	1007202218	10/07/22	\$ 1,208.19
Rockwell Engineering	1007202219	10/07/22	\$ 2,308.50
Applied Maintenance Supplies & Solution	100720222	10/07/22	\$ 351.32
Smartcover Systems	1007202220	10/07/22	\$ 7,299.30
T-Mobile	1007202221	10/07/22	\$ 196.56

**Victor Valley Wastewater Reclamation Authority**  
**Cash Disbursement Register**  
**From 10/1/22 through 10/31/22**

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<b>Vendor Name</b>	<b>Payment #</b>	<b>Date</b>	<b>Total</b>
Blackline Safety Corp	100720223	10/07/22	\$ 210.00
Culligan Water Conditioning	100720224	10/07/22	\$ 611.48
Daily Express	100720225	10/07/22	\$ 3,220.00
Dxp Enterprises	100720226	10/07/22	\$ 1,656.26
Evoqua Water Technologies LLC	100720227	10/07/22	\$ 11,944.00
Fha Services, Inc.	100720228	10/07/22	\$ 11,624.82
Graham Equipment	100720229	10/07/22	\$ 6,514.50
American Express	101420221	10/14/22	\$ 23,412.54
Charles P. Crowley Company, Inc	1014202210	10/14/22	\$ 11,048.83
Dudek	1014202211	10/14/22	\$ 12,472.50
Evoqua Water Technologies LLC	1014202212	10/14/22	\$ 11,602.18
G & M Automotive Center	1014202213	10/14/22	\$ 1,604.47
Grainger	1014202214	10/14/22	\$ 1,187.07
Michael'S Auto Detail	1014202215	10/14/22	\$ 630.00
Patton Sales Corp	1014202216	10/14/22	\$ 1,997.36
Polydyne Inc.	1014202217	10/14/22	\$ 12,441.00
Siemens Industry Inc.	1014202218	10/14/22	\$ 1,939.01
Waxie Sanitary Supply	1014202219	10/14/22	\$ 715.47
Applied Maintenance Supplies & Solution	101420222	10/14/22	\$ 12.44
Xylem Water Solutions	1014202220	10/14/22	\$ 2,592.38
Babcock Laboratories, Inc.	101420223	10/14/22	\$ 16,415.85
Beck Oil, Inc.	101420224	10/14/22	\$ 3,094.19
Best, Best & Krieger, L.L.P.	101420225	10/14/22	\$ 34,703.25
Biogas Power Systems- Mojave, LLC	101420226	10/14/22	\$ 64,119.27
Brenntag Pacific, Inc	101420227	10/14/22	\$ 14,531.59
California School Veba	101420228	10/14/22	\$ 714.20
Cdw Government, Inc	101420229	10/14/22	\$ 2,118.91
Anthony, Donna	102120221	10/21/22	\$ 422.00
Main, Randy	1021202210	10/21/22	\$ 422.00
Mcgee, Mark	1021202211	10/21/22	\$ 422.00
Montgomery, Lillie	1021202212	10/21/22	\$ 145.65
Nalian, L. Christina	1021202213	10/21/22	\$ 145.65
Nave, Patrick	1021202214	10/21/22	\$ 422.00
2G Energy Inc.	1021202215	10/21/22	\$ 1,664.78
A.D.S. Corp.	1021202216	10/21/22	\$ 7,150.00
Adt Commercial	1021202217	10/21/22	\$ 1,061.78
Applied Maintenance Supplies & Solution	1021202218	10/21/22	\$ 2,507.41
Blue Siren, Inc.	1021202219	10/21/22	\$ 5,253.66
Billings, Richard	102120222	10/21/22	\$ 422.00
Brenntag Pacific, Inc	1021202220	10/21/22	\$ 6,124.18
Cdw Government, Inc	1021202221	10/21/22	\$ 1,229.75
Espinoza, Julio	1021202222	10/21/22	\$ 150.00
Grainger	1021202223	10/21/22	\$ 2,770.05
Hach Company	1021202224	10/21/22	\$ 413.64
Misco - T.W. Associates	1021202225	10/21/22	\$ 15,604.73
Polydyne Inc.	1021202226	10/21/22	\$ 6,220.50

**Victor Valley Wastewater Reclamation Authority**  
**Cash Disbursement Register**  
**From 10/1/22 through 10/31/22**

<b>Vendor Name</b>	<b>Payment #</b>	<b>Date</b>	<b>Total</b>
Quinn Company	1021202227	10/21/22	\$ 32.00
Socal Biomethane, LLC	1021202228	10/21/22	\$ 253,127.67
Waukesha-Pearce Industries, LLC	1021202229	10/21/22	\$ 14,842.90
Correia, Bruce	102120223	10/21/22	\$ 422.00
Dagnino, Roy	102120224	10/21/22	\$ 422.00
Davis, Tim	102120225	10/21/22	\$ 422.00
Flint, Terrie Gossard	102120226	10/21/22	\$ 232.94
Gyurcsik, Darline	102120227	10/21/22	\$ 232.94
Hinojosa, Thomas	102120228	10/21/22	\$ 422.00
Keniston, Olin	102120229	10/21/22	\$ 232.94
Applied Maintenance Supplies & Solution	102720221	10/27/22	\$ 2,007.19
Mcmaster-Carr Supply Co.	1027202210	10/27/22	\$ 189.18
Msa Safety Sales, LLC	1027202211	10/27/22	\$ 773.55
Pro Automation LLC	1027202212	10/27/22	\$ 1,974.60
U.S. Bank	1027202213	10/27/22	\$ 12,533.19
U.S.A. Bluebook	1027202214	10/27/22	\$ 1,044.56
Underground Service Alert Of Southern California	1027202215	10/27/22	\$ 81.75
Veteran Janitorial, LLC	1027202216	10/27/22	\$ 2,630.00
Wageworks, Inc	1027202217	10/27/22	\$ 118.25
Aqua-Aerobic Systems, Inc	102720222	10/27/22	\$ 14,421.37
Best, Best & Krieger, L.L.P.	102720223	10/27/22	\$ 39,591.70
Cdw Government, Inc	102720224	10/27/22	\$ 2,771.56
Consumers Pipe & Supply, Co.	102720225	10/27/22	\$ 3,854.14
Daily Express	102720226	10/27/22	\$ 1,680.00
Fha Services, Inc.	102720227	10/27/22	\$ 502.27
G.A. Osborne Pipe & Supply	102720228	10/27/22	\$ 1,929.44
Gierlich Mitchell, Inc.	102720229	10/27/22	\$ 16,920.00
<b>Total ACH &amp; EFT's</b>			<b>\$ 1,050,227.32</b>

**Approved**



<b>Total Checks</b>	<b>\$ 127,028.38</b>
<b>Total ACH and EFT</b>	<b>\$ 1,050,227.32</b>
<b>Total Payroll - October 2022</b>	<b>\$ 350,784.02</b>
<b>Total</b>	<b>\$ 1,528,039.72</b>



**EMPLOYMENT AGREEMENT BETWEEN VICTOR VALLEY WASTEWATER  
RECLAMATION AUTHORITY AND DARRON POULSEN**

This EMPLOYMENT AGREEMENT (“Agreement”) is made by and between DARRON POULSEN (“General Manager”) and the Board of Commissioners of the VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, a joint powers authority (“Authority”), hereinafter also referred to as “Board of Commissioners.” The Parties hereto agree as follows:

**Section 1.**     Employment.

1.1     The Authority agrees to employ DARRON POULSEN as General Manager, and he agrees and does accept employment as General Manager upon the terms and conditions set forth herein.

1.2     General Manager agrees to perform the functions and duties of General Manager as specified in the job description set forth in Attachment “A,” attached hereto and incorporated herein by this reference, and any other functions or duties as may be established or directed by the Authority. General Manager agrees to perform all such functions and duties to the best of his ability and in an efficient and competent manner.

**Section 2.**     Term of the Agreement.

2.1     This Agreement shall be for a term of eight (8) years , beginning December 2, 2022 and ending December 1, 2030. Subject to the Authority’s right to terminate this Agreement and General Manager’s employment at any time pursuant to Section 3. of this Agreement, this Agreement shall automatically be renewed for subsequent one (1) year periods unless the Authority provides written notice to the General Manager no less than twelve (12) months prior to the expiration of the current term or an extended term that the Agreement will be terminated. Unless otherwise provided for by a subsequent written agreement between the Parties, the terms and conditions of this Agreement shall apply to any extended term of this Agreement.

2.2     Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Authority to terminate the services of General Manager at any time, subject only to the provisions set forth in this Agreement.

2.3     Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the General Manager to resign at any time from his position with the Authority, subject only to the provisions set forth in this Agreement.

2.4     General Manager agrees to remain in the exclusive employment of the Authority during the term of this Agreement, and he shall neither accept other employment nor become employed by any other person, business, or organization during the term of this Agreement. As used in this section, the term “employed” shall not be construed to include occasional teaching, writing, or consulting on General Manager’s time off, which may be undertaken by the General Manager with the express written consent of the Authority.

**Section 3. Termination and Severance Pay.**

3.1 General Manager serves at the will and pleasure of the Authority and may be terminated with or without cause at any time. Consequently, nothing in this Agreement shall in any way affect the Authority's right to terminate the employment of General Manager and this Agreement on an at-will basis, with or without cause, at any time, as provided herein.

3.2 In the event General Manager and this Agreement are terminated during the first year of this Agreement without cause, Authority agrees to provide General Manager with severance pay as a lump sum cash payment equal to three (3) months' base salary, including any annual adjustment, less deductions required by law. In the event that General Manager and this Agreement are terminated after the first year of this Agreement without cause, Authority agrees to provide General Manager with severance pay or a lump sum cash payment equal to six (6) months' base salary, including any annual adjustment, less deductions required by law. Also, in addition to the lump sum payment, Authority shall provide for continuance of the General Manager's health insurance benefits provided herein for six (6) months from and after the date of termination or until General Manager finds other employment, whichever occurs first. Said continuance of insurance shall be provided at the Authority's expense.

3.3 In the event General Manager is terminated for cause, General Manager shall not be entitled to any severance pay or continued benefits. Termination for cause is defined as follows:

- (a) A willful breach of this Agreement.
- (b) Habitual neglect of duties required to be performed under this Agreement.
- (c) Any acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude.
- (d) Refusal or failure to act in accordance with any specific written directive or order of the Authority.

3.4 In the event that General Manager is terminated for cause, General Manager will be presented with written notice of the basis for said cause. Upon receipt of said written notice, General Manager, within five (5) business days, may request a hearing before the Board of Commissioners. The issue at the hearing shall be limited solely to whether or not there is sufficient evidence to support a finding of termination for cause such that the General Manager would not be entitled to any severance pay and benefits. Under no circumstances shall the General Manager be entitled to reinstatement as a result of such hearing.

3.5 Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of General Manager to voluntarily resign at any time from his position with Authority, subject only to the provisions set forth in this Agreement. In the event the General Manager voluntarily resigns from his position with the Authority, then the General Manager shall provide the Authority thirty (30) days' notice in advance, unless the Parties agree otherwise. In the event the General Manager voluntarily resigns, he shall not be entitled to any severance pay or benefits, but the Authority shall pay the General Manager for accrued vacation benefits.

3.6 Notwithstanding any other provision herein, in accordance with Government Code Section 53260, the cash payment that the General Manager may receive in the event of the termination of this Agreement, as set forth in Section 3.2 above, shall not exceed an amount equal to the monthly base salary of the General Manager multiplied by the number of months left on the unexpired term of this Agreement.

3.7 Statutory Obligations: Abuse of Office or Position. Pursuant to Government Code Sections 53243, 53243.1 and 53243.2, if the General Manager is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (1) if the General Manager is provided with administrative leave pay pending an investigation, the General Manager shall be required to fully reimburse such amounts paid; (2) if the Authority pays for the criminal legal defense of the General Manager (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), the General Manager shall be required to fully reimburse such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that the General Manager may receive from the Authority shall be fully reimbursed to the Authority or void if not yet paid to the General Manager. For this Section, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including a crime described in Title 7 commencing with section 92 of the Penal Code.

**Section 4. Salary and Expenses.**

4.1 The Authority agrees to pay the General Manager for his services rendered an annual base salary of Two Hundred and Forty Five Thousand Dollars (\$245,000) in installments at the same time as other employees of the Authority are paid, commencing December 1, 2022. Thereafter, the General Manager's base salary shall be increased annually by the by the same percentage increase published as the calendar year average Consumer Price Index for All Urban Consumers in the Los Angeles- Anaheim-Riverside area.

4.2 The Authority shall reimburse the General Manager, within its budget and upon approval of the Board of Commissioners, for all actual and necessary expenses incurred in connection with the performance of his official duties. The General Manager agrees to maintain and submit accurate records of all expenses for which reimbursement is claimed.

**Section 5. Benefits.**

5.1 Vacation. The General Manager's vacation accrual rate shall be calculated based on the number of years the General Manager has been active in CalPERS in accordance with and subject to VVWRA employee guidelines and policies.

5.2 Administrative Leave. The General Manager shall be provided with paid administrative leave at a rate of 40 hours at the beginning of each year, commencing on December 2, 2022, and on December 2 of each year thereafter. Any administrative leave not used by the end of business on December 1 of the following year shall be forfeited. The purpose of this administrative leave is designed to compensate the General Manager for the fact that his job will require him to devote a significant amount of time outside of regular business hours. The

General Manager may use administrative leave for personal business and/or other personal reasons.

### 5.3 Retirement.

(a) CalPERS. The Authority agrees to provide for participation in, and pay all employer contributions to, the California Public Employees Retirement System (PERS) based on the 2% at 62 retirement formula, not integrated with social security, or if unavailable, an equivalent retirement program. The General Manager shall pay the employee contribution to CalPERS.

(b) 457(b) Deferred Compensation Plan. Effective six (6) months after the General Manager's date of employment, the Authority will match the General Manager's contribution to a 457(b) deferred compensation plan sponsored by the Authority up to an amount equal to 50% of the maximum annual contribution limitations, subject to limitations on contributions under Section 457(b) of the Internal Revenue Code.

(c) 401(a) Defined Contribution Plan. Effective on the 5-year anniversary of the General Manager's employment with the Authority, and every year thereafter until otherwise provided herein, the Authority shall make a lump sum contribution equal to five percent (5%) of the General Manager's base salary to a 401(a) defined contribution plan sponsored by the Authority, not to exceed the annual contribution limitations set by state or federal law. The contribution shall be made on the anniversary date, or as close to such date as possible. This amount shall not be reported to CalPERS as pensionable compensation and shall not be subject to any withholdings or taxes in accordance with Sections 3121(a)(5)(A) and 3401(a)(12)(A) of the Internal Revenue Code.

5.4 Disability, Health, and Life Insurance. The Authority agrees to pay the total amount of the premium payments for the General Manager for health insurance policies covering the General Manager and his dependents. The Authority agrees to purchase and to pay the required premium on a term life insurance policy in an amount equal to twice the General Manager's annual salary. The Authority also agrees to purchase and to pay the required premium on short-term and long-term disability insurance the same as provided to all general employees of the Authority under the Authority's Personnel Rules and Regulations. If required by the insurance provider, the General Manager agrees to submit once per calendar year to a complete physical examination by a qualified physician of his choice, the cost of which shall be paid by the Authority. The Authority agrees to maintain the General Manager's medical records in confidence.

5.5 Dues, Subscription and License Fees. To the extent the Authority's approved annual budget designates sufficient funds for the purposes identified in this section, the Authority agrees to pay for the professional dues and subscriptions necessary for the General Manager's continued and full participation in national, state, regional and local associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and for the good of the Authority.

5.6 Professional Development. To the extent the Authority's approved annual budget designates sufficient funds for the following purposes, the Authority agrees to pay registration

fees and travel subsistence expenses of the General Manager for professional and official travel, meetings, and occasions adequate to continue the professional development of the General Manager and to adequately pursue necessary official business and other functions for the Authority. Upon the prior approval of the Board of Commissioners, the Authority also agrees to pay for related tuition, fees, and travel and subsistence expenses of the General Manager for educational degree programs, short courses, institutes, and seminars that are necessary for his professional development and the good of the Authority.

5.7 Other Leave. General Manager shall accrue sick leave and shall be provided with holiday leave and bereavement leave as provided to other employees of the Authority under the Authority's Personnel Rules and Regulations.

5.8 Applicability of Authority Personnel Rules and Regulations. Except as specifically provided in this Agreement, the General Manager is subject to the Authority's Personnel Rules and Regulations.

5.9 Automobile Allowance. The General Manager shall be provided with a monthly automobile allowance of six-hundred (\$600) dollars. The General Manager shall provide all related liability insurance. Further, it is understood that this automobile allowance may be subject to state and federal withholdings. In lieu of receiving the automobile allowance the General Manager shall have the choice of utilizing a vehicle provided by the authority.

5.10 Technology Allowance. The General Manager shall receive a technology allowance of one-hundred dollars (\$100) per month. It is understood that this technology allowance may be subject to state and federal withholdings.

## **Section 6. Performance Evaluation.**

The Authority shall review and evaluate the performance of the General Manager each year within thirty (30) days prior to this Agreement's anniversary date, or as close to such date as possible. Said review and evaluation shall be conducted by an ad hoc committee, the members of which shall be established by the Board of Commissioners. Evaluation criteria shall be developed by the General Manager in conjunction with the Board of Commissioners, and the evaluation criteria shall be adopted by mutual consent of the Board of Commissioners and the General Manager within one hundred twenty (120) days of commencement of this Agreement, or as soon as practicable thereafter. General Manager's salary and benefits may be reviewed annually and adjusted by the Board of Commissioners at its discretion for performance or merit. Any such adjustment shall not exceed two percent (2%) of base salary. Solely at its discretion, under no obligation and on a one-time yearly basis, the Board of Commissioners may adjust the compensation of the General Manager by any of the following means (1) a one-time payment of the General Manager's out of pocket expense for medical health coverage incurred during the previous year of the Agreement; (2) a one-time lump sum payment; (3) a one-time increase in percentage contribution to the General Manager's existing 457 retirement account; (4) a one-time contribution to an established 401A retirement account not to exceed the allowable legal limit; (5) a one-time contribution to a Health Reimbursement Arrangement/Account (HRA); and/or (6) the grant of additional vacation or administrative leave.

**Section 7. Bonding.**

The Authority shall bear the full costs of any fidelity or other bonds required of the General Manager under any law or ordinance.

**Section 8. General Provisions.**

8.1 This Agreement supersedes any and all other agreements, either oral or written, between the parties hereto with respect to the employment of General Manager by Authority and contains all of the covenants and agreements between the parties with respect to the employment of General Manager by Authority.

8.2 Each party agrees and acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein and that any agreement, statement, or promise not contained in this Agreement shall not be valid or binding on either party.

8.3 Any modification of this Agreement will be effective only if made in writing and signed by both General Manager and Authority.

8.4 If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

8.5 This Agreement shall be governed by and construed in accordance with the law of the State of California.

8.6 This Agreement shall be construed as a whole, according to its fair meaning, and not in favor or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit nor against the party responsible for any particular language in this Agreement.

8.7 The General Manager acknowledges that he has consulted legal counsel in regard to this Agreement, that he has read and understands this Agreement, that he is fully aware of its legal effect, and that he has entered into it freely and voluntarily and based on his own judgment and not on any representations or promises other than those contained in this Agreement.

By: \_\_\_\_\_  
Darron Poulsen

Remaining signatures on page 7

**VICTOR VALLEY WASTEWATER  
RECLAMATION AUTHORITY**

By: \_\_\_\_\_  
Dakota Higgins, Chair  
VVWRA Board of Commissioners

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
General Counsel, VVWRA for Best Best  
& Krieger LLP

**EMPLOYMENT AGREEMENT**  
**BETWEEN VICTOR VALLEY WASTEWATER RECLAMATION**  
**AUTHORITY AND BRAD ADAMS**

This EMPLOYMENT AGREEMENT ("Agreement") is made by and between BRAD ADAMS ("Adams") and the Board of Commissioners of the VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY, a joint powers authority ("Authority"), hereinafter also referred to as "Board of Commissioners." The Parties hereto agree as follows:

Section 1. Employment.

1.1 The Authority agrees to employ Adams in the position of ~~Director of Operations and Maintenance~~ for a five (5) year term, and Adams agrees and does accept employment in the position of ~~Director of Operations and Maintenance~~ for a five (5) year term upon the terms and conditions set forth herein.

1.2 Adams agrees to perform the functions and duties of the position of ~~Director of Operations and Maintenance~~ as specified in the job description set forth in Exhibit "A," attached hereto and incorporated herein by this reference, and any other functions or duties as may be established or directed by the Authority General Manager ("General Manager"). Adams agrees to perform all such functions and duties to the best of his ability and in an efficient and competent manner.

Section 2. Term of the Agreement.

2.1 This Agreement shall be for a term of Five(5) years, beginning September 23, 2022, and ending September 23, 2027. Subject to the Authority's right to terminate this Agreement and Adams's employment at any time pursuant to Section 3 of this Agreement, this Agreement shall automatically be renewed for subsequent one (1) year periods unless the Authority provides written notice to Adams no less than six (6) months prior to the expiration of the current term or an extended term that the Agreement will be terminated. Unless otherwise provided for by a subsequent written agreement between the Parties, the terms and conditions of this Agreement shall apply to any extended term of this Agreement.

2.2 Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of General Manager to terminate the services of Adams at any time, subject only to the provisions set forth in this Agreement.



2.3 Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of Adams to resign at any time from his position with the Authority, subject only to the provisions set forth in this Agreement.

2.4 Adams agrees to remain in the exclusive employment of the Authority during the term of this Agreement, and he shall neither accept other employment nor become employed by any other person, business, or organization during the term of this Agreement. As used in this section, the term "employed" shall not be construed to include occasional teaching, writing, or consulting on Adams' time off, which may be undertaken by Adams with the express written consent of General Manager.

2.5 Except as otherwise specified herein, Adams is subject to the Authority's Personnel Rules and Regulations.

### Section 3. Termination and Severance Pay.

3.1 Adams serves at the will and pleasure of General Manager and may be terminated with or without cause at any time. Consequently, nothing in this Agreement shall in any way affect General Manager's right to terminate the employment of Adams and this Agreement on an at will basis, with or without cause, at any time, as provided herein.

3.2 In the event Adams' employment and this Agreement are terminated without cause, Authority agrees to provide Adams with severance pay as a lump sum cash payment equal to nine (9) months base salary, including any annual adjustment, less deductions required by law. Also, in addition to the lump sum payment, Authority shall provide for continuance of Authority portion of Adams' health insurance benefits provided herein for nine (9) months from and after the date of termination or until Adams finds other employment, whichever occurs first.

3.3 In the event Adams is terminated for cause, Adams shall not be entitled to any severance pay or continued benefits. Termination for cause is defined as follows:

- (a) A willful breach of this Agreement.
- (b) Habitual neglect of duties required to be performed under this Agreement.
- (c) Any acts of dishonesty, fraud, misrepresentation, or other acts of moral turpitude
- (d) Refusal or failure to act in accordance with any specific written directive

or order of the General Manager.

3.4 In the event that Adams is terminated for cause, Adams will be presented with written notice of the basis for said cause. Upon receipt of said written notice, Adams, within five (5) business days, may request a hearing before the Authority Board of Commissioners. The issue at the hearing shall be limited solely to whether or not there is sufficient evidence to support a finding of termination for cause such that Adams would not be entitled to any severance pay and benefits. Under no circumstances shall Adams be entitled to reinstatement as a result of such hearing.

3.5 Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of Adams to voluntarily resign at any time from his position with Authority, subject only to the provisions set forth in this Agreement. In the event Adams desires to voluntarily resign from his position with Authority, Adams shall provide General Manager thirty (30) days' notice in advance, unless the Parties agree otherwise. In the event Adams voluntarily resigns, he shall not be entitled to any severance pay or benefits, but Authority shall pay Adams for accrued vacation benefits.

3.6 Notwithstanding any other provision herein, in accordance with Government Code Section 53260, the cash payment that Adams may receive in the event of the termination of this Agreement, as set forth in Section 3.2 above, shall not exceed an amount equal to the monthly base salary of Adams multiplied by the number of months left on the unexpired term of this Agreement.

#### Section 4. Salary and Expenses.

4.1 Authority agrees to pay Adams for his services rendered an annual base salary of One Hundred and Ninety Five Thousand, Eight Hundred and Eighteen Dollars (\$195,818.00) \$16,318 monthly in installments at the same time as other employees of the Authority are paid, commencing September 23, 2022. Adams's base salary shall be increased annually beginning on July 1, 2023, by the same percentage increase published as the calendar year average Consumer Price Index for All Urban Consumers in the Los Angeles- Anaheim-Riverside area.

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4.2 Except for the use of his personal vehicle for the performance of his duties, for which a vehicle allowance is provided under Section 5.8 of this Agreement, Authority shall reimburse Adams within its budget and upon approval of General Manager for all actual and necessary expenses incurred in connection with the performance of his official duties. Adams agrees to maintain and submit accurate records of all expenses for which reimbursement is claimed.

## Section 5. Benefits.

5.1 Vacation. Adams shall receive and use vacation benefits under the same terms and conditions applicable to Authority employees generally.

5.2 Administrative Leave. Adams shall accrue paid administrative leave at a rate of two (2) weeks per year, commencing on September 23, 2022. Adams may use administrative leave for personal business and/or other personal reasons. Notwithstanding the above, administrative leave is subject to a maximum accrual cap of three (3) weeks. Any administrative leave not used by the end of business on December 1 of the following year shall be forfeited.

5.3 Retirement. Authority agrees to provide for participation in and pay all Employer and Employee contributions in the California Public Employees Retirement System (PERS) described as 2.5% at 55, not integrated with social security, or if unavailable, an equivalent retirement program. In addition, and except as provided hereinafter, the Authority shall make a deferred compensation contribution on Adams's behalf equal to three percent (3%) of Adams's base salary, including annual increases, and such amount shall be compensated in addition to the base salary. Said contribution shall be deposited at each pay period to Adams's designated deferred compensation account administered by the Authority for all employees.

5.4 Disability, Health, and Life Insurance. Authority agrees to keep in force and to pay the total amount of the premium payments for Adams for health insurance policies covering Adams and his dependents. Authority agrees to purchase and to pay the required premium on a term life insurance policy in an amount equal to twice Adams's annual salary. Authority also agrees to purchase and to pay the required premium on short-term and long-term disability insurance the same as are provided to all general employees of Authority under Authority's Personnel Rules and

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Regulations. If required by the insurance provider, Adams agrees to submit once per calendar year to a complete physical examination by a qualified physician of his choice, the cost of which shall be paid by Authority. Authority agrees to maintain Adams's medical records in confidence.

5.5 Dues, Subscription and License Fees. To the extent Authority's approved annual budget designates sufficient funds for the purposes identified in this section, Authority agrees to pay for the professional dues and subscriptions necessary for Adams' continued and full participation in national, state, regional and local associations, and organizations necessary and desirable for his continued professional participation, growth, and advancement, and for the good of Authority.

5.6 Professional Development. To the extent Authority's approved annual budget designates sufficient funds for the following purposes, Authority agrees to pay registration fees and travel subsistence expenses of Adams for professional and official travel, meetings, and occasions adequate to continue the professional development of Adams and to adequately pursue necessary official business and other functions for Authority. Upon the prior approval of General Manager, Authority also agrees to pay for related tuition, fees, and travel and subsistence expenses of Adams for educational degree programs, short courses, institutes, and seminars that are necessary for his professional development and the good of Authority.

5.7 Other Leave. Adams shall accrue sick leave and shall be provided with holiday leave and bereavement leave as are provided to other employees of Authority under Authority's Personnel Rules and Regulations.

5.8 Vehicle Allowance. Adams shall provide his own vehicle to be used in the performance of his duties, and Authority shall provide an automobile allowance of six hundred dollars (\$600.00) per month for said use unless General Manager chooses to allow the use of an Authority vehicle. Adams shall be responsible for paying for liability insurance as required by State law, fuel, maintenance, repair of his vehicle and other costs associated with the ownership and use of his own personal vehicle.

## Section 6. Performance Evaluation.

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Authority shall review and evaluate the performance of Adams each year within thirty (30) days prior to this Agreement's anniversary date or as close to such date as possible. Said review and evaluation shall be conducted by General Manager. The evaluation process shall include, but not be limited to, use of "360 evaluations." With a positive evaluation and, at the discretion of the General Manager, Adams will be eligible for an annual one-time lump sum payment and/or additional vacation or personal time off.

Section 7. Bonding.

Authority shall bear the full costs of any fidelity or other bonds required of Adams under any law or ordinance.

Section 8. General Provisions.

8.1 This Agreement supersedes any and all other agreements, either oral or written, between the parties hereto with respect to the employment of Adams by Authority and contains all of the covenants and agreements between the parties with respect to the employment of Adams by Authority.

8.2 Each party agrees and acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein and that any agreement, statement, or promise not contained in this Agreement shall not be valid or binding on either party.

8.3 Any modification of this Agreement will be effective only if made in writing and signed by both Adams and Authority.

8.4 If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

8.5 This Agreement shall be governed by and construed in accordance with the law of the State of California.

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8.6 This Agreement shall be construed as a whole, according to its fair meaning, and not in favor or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit nor against the party responsible for any particular language in this Agreement.

8.7 Adams acknowledges that he has had the opportunity to consult legal counsel in regard to this Agreement, that he has read and understands this Agreement, that he is fully aware of its legal effect, and that he has entered into it freely and voluntarily and based on his own judgment and not on any representations or promises other than those contained in this Agreement.

By: \_\_\_\_\_  
Brad Adams

VICTOR VALLEY WASTEWATER  
RECLAMATION AUTHORITY

By: \_\_\_\_\_  
Darron Poulsen, General Manager

APPROVED AS TO FORM:

By: \_\_\_\_\_  
General Counsel, VVWRA for Best &  
Krieger LLP

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**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
BOARD OF COMMISSIONERS  
2023  
BOARD MEETING SCHEDULE \***

Time: Closed Session: 7:30 AM. Regular Session: 8:00 AM.

**Thursday January 19**

**Thursday February 16**

**Thursday March 16**

**Thursday April 20**

**Thursday May 18**

**Thursday June 15**

**Thursday, June 22 (Budget Adoption)**

**Thursday July 20**

**Thursday September 21**

**Thursday October 19**

**Thursday November 16**

Approved on: PROPOSED





**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
Board of Commissioners Staff Report**

**TO:** VWRA Board of Commissioners  
**FROM:** Darron Poulsen, General Manager  
**SUBMITTED BY:** Robert Coromina, Director of Administrative Services  
**DATE:** November 17, 2022

**SUBJECT:** **IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS AUTHORIZE THE GENERAL MANAGER TO IMPLEMENT AN INTERNSHIP PROGRAM WAGE INCREASE FROM \$15/HR. TO A RATE NOT TO EXCEED \$20/HR. DUE TO CURRENT ECONOMIC CONDITIONS**

<input checked="" type="checkbox"/>	<b>For Action</b>	<input checked="" type="checkbox"/>	<b>Fiscal Impact:</b>	<b>\$0</b>
<input type="checkbox"/>	<b>Information Only</b>	<input type="checkbox"/>	<b>Account Code:</b>	<b>01-02-535-5000-999</b>
		<input checked="" type="checkbox"/>	<b>Funds Budgeted/Approved:</b>	<b>Yes</b>

**STAFF RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the General Manager to implement an internship program wage increase from \$15/Hr. to a rate not to exceed, \$20.00/Hr. due to current economic conditions.

**PREVIOUS ACTION(S)**

In October of 2018 the board of commissioners approved the continuation of the Internship program to provide a vehicle for VWRA to find and develop future talent for the Wastewater industry.

**BACKGROUND INFORMATION**

Staffing levels requirements remain consistent and the allocation of available staffing across all operational functions remains critical. Staff is recommending that the five (5) paid intern positions continue to be approved to support our operations. Additionally, due to economic influences staff is finding it difficult to attract qualified candidates at the current rate of \$15/Hr. By increasing our internship compensation, we can be more competitive in the job market and generate a higher level of interest in the internship program. Five full time intern positions were budgeted for this fiscal year. Since July we have only been able to hire one position. The savings from not having all the approved interns will cover the cost of this proposed increase. We will remain under budget for the year with this increase in place.



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Board of Commissioners Staff Report**

**TO:** VVWRA Board of Commissioners

**FROM:** Darron Poulsen, General Manager  
 Robert Coromina, Director of Administrative Services

**SUBMITTED BY:** Xiwei Wang, Accounting Supervisor

**DATE:** November 17, 2022

**SUBJECT:** **ADOPTION OF RESOLUTION 2022-12 TO RECEIVE AND FILE  
 THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR  
 THE YEARS ENDED JUNE 30, 2022**

<input checked="" type="checkbox"/>	<b>For Action</b>	<input type="checkbox"/>	<b>Fiscal Impact:</b>	<b>none</b>
<input type="checkbox"/>	<b>Information Only</b>	<input type="checkbox"/>	<b>Account Code:</b>	<b>not applicable</b>
		<input type="checkbox"/>	<b>Funds Budgeted/Approved:</b>	<b>none</b>

**STAFF RECOMMENDATION**

It is recommended that the Board of Commissioners adopt Resolution 2022-12 to receive and file the Annual Comprehensive Financial Report (ACFR) for the years ended June 30, 2022.

**PREVIOUS ACTION(S)**

None

**BACKGROUND INFORMATION**

On September 21, 2022, the Finance Committee met with the auditor and staff to review the ACFR for the years ended June 30, 2022. The Committee's consensus was the VVWRA Board receive and file the ACFR for the years ended June 30, 2022.

**Attachments:**

**Exhibit 1- Resolution 2022-12**

# EXHIBIT 1

**RESOLUTION NO. 2022-12****A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE  
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY TO  
RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)  
FOR FISCAL YEAR 2021-2022**

**WHEREAS**, the Victor Valley Wastewater Reclamation Authority (“Authority”) directed Vasquez & Company LLP, an independent auditing consultant, to prepare and submit to the Board of Commissioners (“Commission”) a complete financial audit detailing the Auditor’s findings related to revenues, expenditures, and appropriations that occurred during the period July 1, 2021 through June 30, 2022, hereafter Fiscal Year 2021-2022 (“Annual Audit”), and

**WHEREAS**, subsequent to a meeting held on November 2, 2022, the Internal Financial Advisory Committee received the preliminary findings and recommendations of the Annual Audit from the independent auditing consultant, and

**WHEREAS**, the independent Auditor has now completed the Annual Audit, which has been duly reviewed by staff and legal counsel, with respect to the listed revenues, expenditures, projects programs, and assets, and

**WHEREAS**, the Annual Audit has been incorporated into the Authority’s Annual Comprehensive Financial Report (ACFR).

**NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The Annual Comprehensive Financial Report for Fiscal Year 2021-2022 for the Victor Valley Wastewater Reclamation Authority, a copy of which is attached hereto as Exhibit “A”, is hereby received and filed.

**Section 2.** Within fifteen (15) days after the adoption of this resolution, the General Manager shall cause a copy of this resolution and the attached Annual Comprehensive Financial Report to be delivered to every member entity of the VVWRA, to the Controller for the State of California, and to the State Water Resources Control Board.

**ADOPTED** this 17<sup>th</sup> day of November 2022.

\_\_\_\_\_  
Dakota Higgins, Chair  
VVWRA Board of Commissioners

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Debra Jones, Secretary  
VVWRA Board of Commissioners

\_\_\_\_\_  
Piero Dallarda, a Partner of  
Best Best & Krieger LLP  
General Counsel, VVWRA

# EXHIBIT A

Resolution 2022-12

Victor Valley Wastewater Reclamation Authority <sup>111</sup>  
California



# Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2022 and 2021



Victor Valley Wastewater Reclamation Authority  
 California  
**Annual Comprehensive  
 Financial Report**

For the Fiscal Years Ended June 30, 2022, and 2021



Prepared by:  
**VVWRA Finance Department**



**Victor Valley Wastewater Reclamation Authority  
Annual Comprehensive Financial Report  
For the Fiscal Years Ended June 30, 2022 and 2021**

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**Victor Valley Wastewater Reclamation Authority  
Annual Comprehensive Financial Report  
For the Fiscal Years Ended June 30, 2022 and 2021**

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# Introduction Section





**Victor Valley Wastewater Reclamation Authority**  
*A Joint Powers Authority and Public Agency of the State of California*

20111 Shay Rd. Victorville, CA 92394  
 Telephone: (760) 246-8638  
 Fax: (760) 246-2898

November 17, 2022

To the Board of Commissioners and Member Agencies,

It is our pleasure to present the Victor Valley Wastewater Reclamation Authority's (the Authority) Annual Comprehensive Financial Report for the year ended June 30, 2022.

The report was prepared by the Authority's Finance Department following guidelines recommended by the Governmental Accounting Standards Board and generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data presented, completeness and fairness of the presentation, including disclosures, rests with the Authority. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner to provide a fair presentation of the financial position and results of operations of the Authority. We believe all disclosures are necessary to enhance your understanding of the financial condition of the Authority.

The Authority's June 30, 2022 financial statements were audited by Vasquez & Company LLP, a firm of licensed Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the year ended June 30, 2022 are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section on this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is to complement the MD&A and should be read in conjunction with the MD&A. You will see the MD&A immediately following the independent auditor's report in the financial section.

## Reporting Entity and Its Services

### ***History***

The Authority was originally formed by the Mojave Water Agency to help meet the requirements of the Federal Clean Water Act and provide wastewater treatment for the growing area. The original treatment plant, with supporting pipelines and infrastructure, began operating in 1981, providing tertiary level treatment for up to 4.5 million gallons per day.

The Authority is a Joint Power public agency of the State of California. Over the years, the Authority has completed treatment plant upgrades and several capacity increases, such as construction of two water reclamation plants (sub-regional plants), one in the Town of Apple Valley and another in the City of Hesperia. The regional and sub-regional treatment plants will treat all flow to a tertiary level as recycled water for reuse. At the date of this letter, a majority of the recycled water is discharged into the Mojave River Basin and a smaller amount is currently used to irrigate landscaping at the regional plant and the nearby Victorville power plant. To meet strong demands from the service areas, the agency has funded various capital and major repair projects.

### ***Governance***

The Joint Power is a quasi-governmental agency of the State of California. The Public Utilities Commission does not regulate this agency but rather a Board of four Commissioners governs the agency. The Board members are publicly elected for a four-year term from each Member Agency. A joint power agreement binds the Authority's affairs between the Authority and member local government agencies consisting of the City of Victorville, City of Hesperia, Town of Apple Valley, and County of San Bernardino Special District, specifically Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake) for the purpose of construction, operation, and maintenance of sewer treatment facilities within these service areas. The General Manager is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations of the Authority.

### ***Mission***

The Authority's mission statement is:

VVWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment and recycling.

To build on the mission statement, the Authority has also established a set of three core values;

- Collaboration
- Dedication
- Integrity

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the Authority operates that have been impacted by the local economy.

### **Local Economy**

A significant portion of the local economy depends on affordable housing, which will entice commuters to the High Desert. Dwindling housing development has impacted new applications to connect to the sewer system that caused a drastic reduction in connection fees over the past several years.

In order to invite businesses and commuters to the High Desert, various projects have been completed. Notable future projects include the undeveloped industrial zone in the Town of Apple Valley. These projects will require wastewater treatment. Our hope is that reclaimed water provided by the Authority will play a significant role in future success.

### **Non-payment of Connection Fees**

The issue of non-payment of connection fees with a member agency has been settled during September of 2021, although there is an outstanding balance on the audit report date.

## Major Initiatives

The Authority has continued to ramp up the recycled water productions of the sub-regional plants during the year ended June 30, 2022 after completion of the construction during the 2018. These sub-regional plants not only reduce the overall load on the collection system but generate recycled water that is a valuable and increasingly important water resource to sustain the growth in the community, businesses and industries.

The Authority took up a renewable gas project with Southern California Biomethane, LLC, a subdivision of Anaergia, a Canadian corporation to generate natural gas from bio-solids that the Authority generates as byproducts of wastewater processing. The project is complete on the date of this letter to generate and will be selling gas to Southwest Gas Company. The facility has a capacity of generating 320,000 MMBTU natural gas per year. When we operate the new facility for a full year, we expect \$800,000 from tipping fees for receiving the raw material of fat, oil, and grease and \$250,000 to \$300,000 from the sale of the natural gas.



*Renewable Gas Project at Victorville Plant*

## Relevant Financial Policies

The Authority has formally adopted the following financial policies:

### ***Reserve Policy***

The reserve policy requires the Authority have a minimum level of operating cash reserves throughout the year. That minimum level is set at a certain percentage of the approved fiscal year budget for operations and maintenance expenses. These reserves have been established to meet daily operation needs. The reserve policy guidelines enable restricted funds other than the operating fund to be set aside to address future infrastructure needs, replacement of aging facilities and to cope with unexpected emergency occurrences. These reserves are critical to the Authority's financial strength.



*Hesperia Sub-Regional Plant*

### ***Investment Policy***

The Investment Policy establishes guidelines for the investment of available funds. The Investment Policy incorporates the Prudent Investor Standards. The primary objectives of the Authority's investment activities are, in a priority order: 1) safety, 2) liquidity, and 3) yield. The Authority's funds are invested in a variety of investments, in accordance with California government code as described in Note (2) of the Notes to the Financial Statements. The Authority minimizes interest rate risk by investing a greater portion of its funds in short term investments and minimizes credit risk by investing a majority of its funds in the highest rated investments or in diversified investment pools.

### **Accounting**

The Finance Department is responsible for providing financial services for the Authority, including budgeting, financial accounting, reporting, payroll, accounts receivable and payable, custody and investment of funds, billing and collection of wastewater charges and permits. The Authority accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when incurred. It is the intent of the Board of Commissioners to manage the Authority's operations as a business, matching revenues against the costs of providing the services.

### Internal Controls

The Authority operates based on a system of internal accounting controls designed to provide reasonable assurance that assets are adequately safeguarded, and transactions are recorded in conformity with the Authority policies and procedures. The management implements and maintains the controls for which its value of the benefits exceeds the costs. Recent audits have not noted any material weaknesses in internal controls.

### Budgetary Controls

Although the Authority is not legally required to adopt and adhere to a budget, the Board of Commissioners has chosen to approve an annual budget as a management tool. The budget is developed with input from the various departments of the Authority and adopted prior to the start of each fiscal year.

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Victor Valley Wastewater Reclamation Authority for its annual comprehensive financial report (ACFR) for the year ended June 30, 2021. The Authority has won this prestigious award consecutively since June 30, 2010. In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized ACFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate for the year ended June 30, 2022.

Preparation of this report was accomplished by the combined efforts of the Finance Department staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the Authority and thank the independent accounting firm for the effort to prepare the report. We also thank the members of the Board of Commissioners for their continued interest and support in the planning and implementation of the financial management.

Respectfully submitted,



Darron Poulsen  
General Manager

**Victor Valley Wastewater Reclamation Authority  
Government Finance Officers Association Certificate of Achievement for Excellence in  
Financial Reporting  
For the Fiscal Years Ended June 30, 2021**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Victor Valley Wastewater Reclamation Authority  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*



## Victor Valley Wastewater Reclamation Authority

### Board of Commissioners and Management

As of June 30, 2022

<u>Name</u>	<u>Title</u>	<u>Elected/ Appointed</u>	<u>Member Agency</u>
Bill Holland	Chair	Appointed	City of Hesperia
Paul Cook	Vice-Chair	Appointed	County of San Bernardino, Special Districts
Scott Nassif	Secretary	Appointed	Town of Apple Valley
Debra Jones	Treasurer	Appointed	City of Victorville

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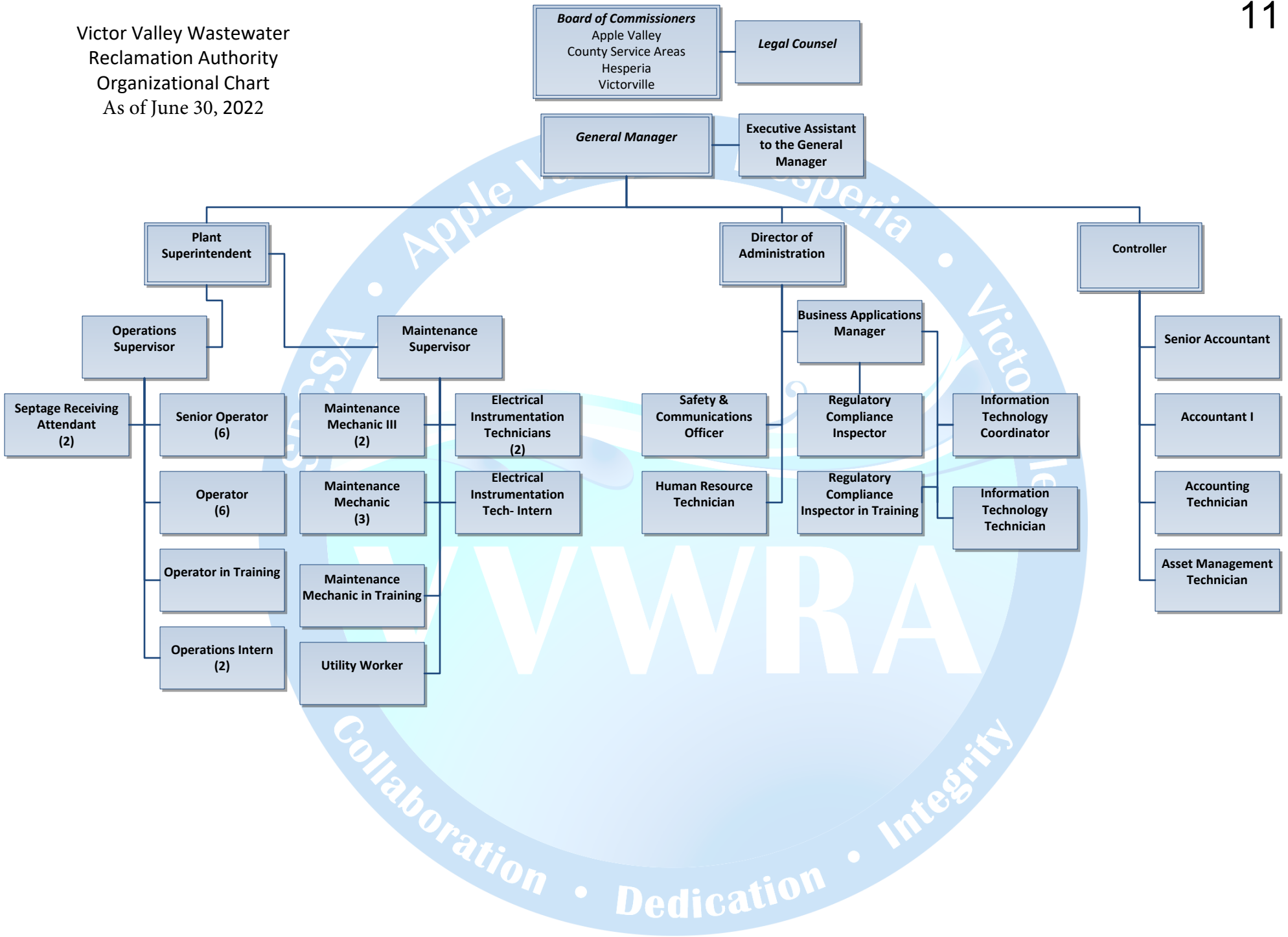
**VWRA's mission statement:**

**VWRA is committed to protecting public health and the environment in the Victor Valley by providing effective and fiscally responsible wastewater collection, treatment, and recycling.**

**Our core values:**

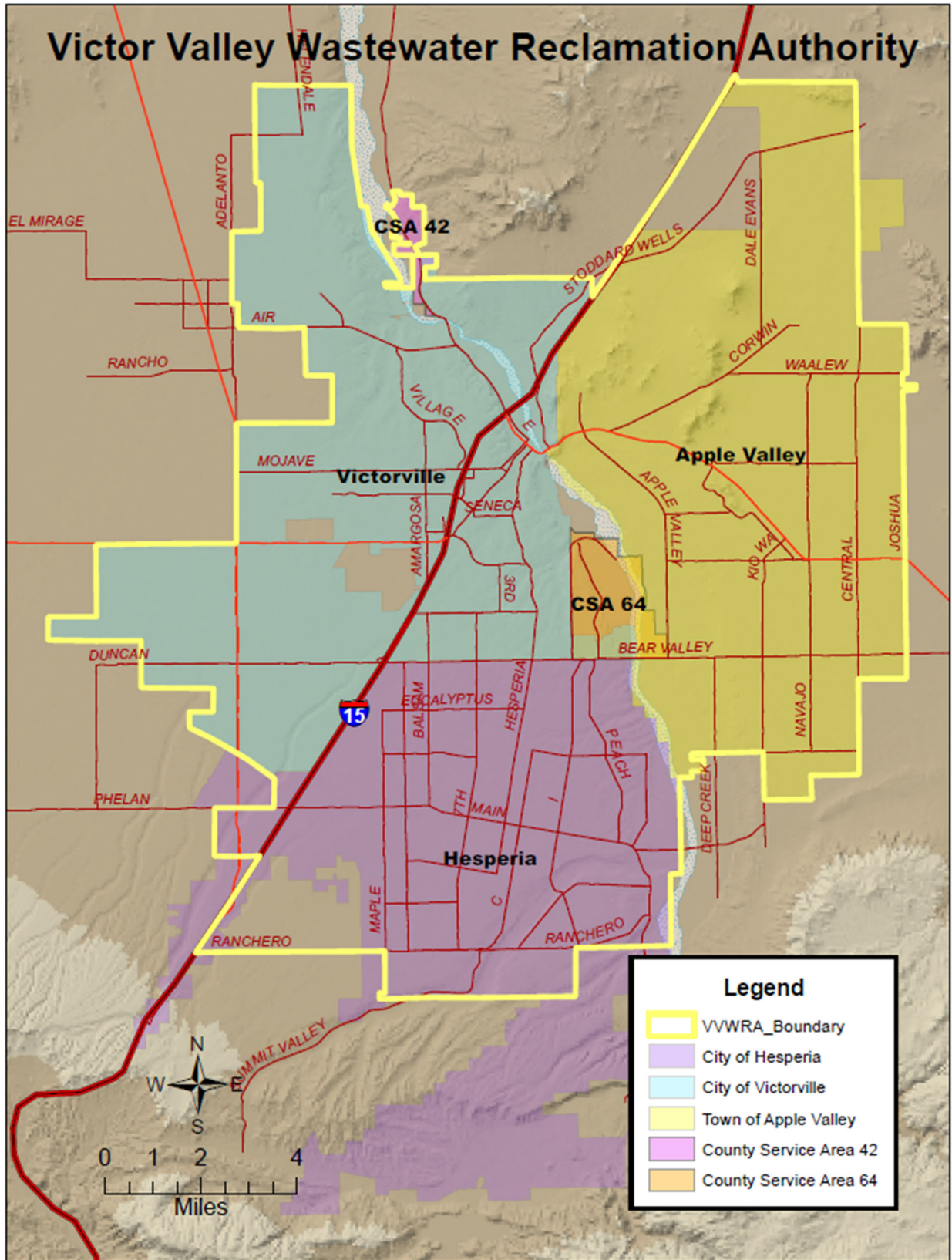
- ***Collaboration...working together towards a common goal.***
  - ***Dedication...devoting self to a particular purpose.***
- ***Integrity...the quality of being honest and adhering to ethical values.***

Victor Valley Wastewater  
Reclamation Authority  
Organizational Chart  
As of June 30, 2022



Victor Valley Wastewater Reclamation Authority

Service Area Map



# Financial Section





**Victor Valley Wastewater Reclamation Authority**  
**Audited Financial Statements**  
*As of and for the Years Ended June 30, 2022 and 2021*  
*With Independent Auditor's Report*

**Victor Valley Wastewater Reclamation Authority**  
**Audited Financial Statements**  
*As of and for the Years Ended June 30, 2022 and 2021*  
*With Independent Auditor's Report*



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MANILA, PH

## Independent Auditor's Report

**To the Board of Commissioners**  
**Victor Valley Wastewater Reclamation Authority**  
Victorville, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Victor Valley Wastewater Reclamation Authority (Authority), which comprise the statements of net position as of June 30, 2022 and 2021, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in its net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.





### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the Schedules of Changes in the Total OPEB Liability and Related Ratios on page 51, and the Schedules of the Pension Plan's Proportionate Share of the Net Pension Liability and Related Ratios and Pension Plan Contributions on pages 52 and 53 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 GAAS, 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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary schedules of operating expenses, the combining schedule of revenues, expenses and changes in net position, and the statistical section as identified in the accompanying table of contents are presented for additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary schedules of operating expenses and the combining schedule of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022 on our consideration of the Authority'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 solely 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

**Glendale, California**  
**November 17, 2022**

**Victor Valley Wastewater Reclamation Authority  
Management's Discussion and Analysis  
Years ended June 30, 2022 and 2021**

---

As management of Victor Valley Wastewater Reclamation Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with the preceding Independent Auditor's Report, the accompanying basic financial statements, and notes to the financial statements.

### **Financial Highlights**

- In fiscal year 2022, the Authority's net position decreased by 5.9% or \$6,544,923 to \$103,507,783; primarily due to a loss of \$9,180,845 from ongoing operations (including the effect of \$11,327,026 in depreciation expense), offset by \$2,635,922 in capital contributions. In fiscal year 2021, the Authority's net position decreased by 0.5% or \$584,180 to \$110,052,706; primarily due to a loss of \$6,296,662 from ongoing operations (including the effect of \$11,225,596 in depreciation expense), offset by \$5,712,482 in capital contributions.
- In fiscal year 2022, the Authority's operating revenues increased by 16.7% or \$2,867,209 to \$20,034,734. In fiscal year 2021, the Authority's operating revenues increased by 11.1% or \$1,709,770 to \$17,167,525.
- In fiscal year 2022, the Authority's operating expenses increased by 25.0%, or \$3,380,421 to \$16,899,732. In fiscal year 2021, the Authority's operating expenses increased by 0.5%, or \$67,618 to \$13,519,311.

### **Required Financial Statements**

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows provide information about the activities and performance of the Authority using accounting methods like those used by private sector companies.

The Statement of Net Position includes all of the Authority's investments in resources (assets) and deferred outflows of resources and the obligations to creditors (liabilities) and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority. All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine if the Authority has successfully recovered all its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Authority's cash receipts and cash payments during the reporting period.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

### **Financial Analysis of the Authority**

One of the most important questions asked about the Authority's finances is, "Is the Authority better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position information helps answer this question.

**Victor Valley Wastewater Reclamation Authority  
Management's Discussion and Analysis  
Years ended June 30, 2022 and 2021**

**Financial Analysis of the Authority (CONTINUED)**

These statements include all assets, deferred outflows of resources, and liabilities, deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Authority's net position and its changes. One can think of the Authority's net position – the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation or accounting standards, as well as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**AUTHORITY FINANCIAL STATEMENTS**

**Statements of Net Position**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Current assets	\$ 20,512,265	\$ 21,559,912	\$ (1,047,647)	\$ 18,695,235	\$ 2,864,677
Non-current assets	2,048,505	2,565,148	(516,643)	192,516	2,372,632
Capital asset, net	<u>166,028,401</u>	<u>174,015,337</u>	<u>(7,986,936)</u>	<u>181,941,801</u>	<u>(7,926,464)</u>
Total assets	<u>188,589,171</u>	<u>198,140,397</u>	<u>(9,551,226)</u>	<u>200,829,552</u>	<u>(2,689,155)</u>
Deferred outflows of resources	<u>2,211,162</u>	<u>2,418,456</u>	<u>(207,294)</u>	<u>2,403,785</u>	<u>14,671</u>
Current liabilities	5,354,414	6,277,800	(923,386)	6,216,861	60,939
Non-current liabilities	<u>76,593,790</u>	<u>82,868,527</u>	<u>(6,274,737)</u>	<u>86,216,968</u>	<u>(3,348,441)</u>
Total liabilities	<u>81,948,204</u>	<u>89,146,327</u>	<u>(7,198,123)</u>	<u>92,433,829</u>	<u>(3,287,502)</u>
Deferred inflows of resources	<u>5,344,346</u>	<u>1,359,820</u>	<u>3,984,526</u>	<u>162,622</u>	<u>1,197,198</u>
Net investment in capital assets	93,694,268	97,720,779	(4,026,511)	101,957,712	(4,236,933)
Restricted	4,302,942	4,882,810	(579,868)	4,882,810	-
Unrestricted	<u>5,510,573</u>	<u>7,449,117</u>	<u>(1,938,544)</u>	<u>3,796,364</u>	<u>3,652,753</u>
Total net position	<u>\$ 103,507,783</u>	<u>\$ 110,052,706</u>	<u>\$ (6,544,923)</u>	<u>\$ 110,636,886</u>	<u>\$ (584,180)</u>

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. The assets and deferred outflows of the Authority exceeded liabilities and deferred inflows by \$103,507,783 and \$110,052,706 as of June 30, 2022 and 2021, respectively.

By far the largest portion of the Authority's net position (91% and 89% as of June 30, 2022 and 2021, respectively) reflects the Authority's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to customers within the Authority's service areas.

**Victor Valley Wastewater Reclamation Authority  
Management's Discussion and Analysis  
Years ended June 30, 2022 and 2021**

**AUTHORITY FINANCIAL STATEMENTS (CONTINUED)**

**Statements of Net Position (Continued)**

At the end of fiscal years 2022 and 2021, the Authority showed a balance in its unrestricted net position of \$5,510,573 and \$7,449,117. See note 14 for further discussion.

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
<b>Revenues</b>					
Operating revenues	\$ 20,034,734	\$ 17,167,525	\$ 2,867,209	\$ 15,457,755	\$ 1,709,770
Non-operating revenues	230,184	2,367,449	(2,137,265)	271,102	2,096,347
Total revenues	<u>20,264,918</u>	<u>19,534,974</u>	<u>729,944</u>	<u>15,728,857</u>	<u>3,806,117</u>
<b>Expenses</b>					
Operating expenses	16,899,732	13,519,311	3,380,421	13,451,693	67,618
Depreciation	11,327,026	11,225,596	101,430	11,565,945	(340,349)
Non-operating expenses	1,219,005	1,086,729	132,276	2,735,887	(1,649,158)
Total expenses	<u>29,445,763</u>	<u>25,831,636</u>	<u>3,614,127</u>	<u>27,753,525</u>	<u>(1,921,889)</u>
Net loss before capital contribution	<u>(9,180,845)</u>	<u>(6,296,662)</u>	<u>(2,884,183)</u>	<u>(12,024,668)</u>	<u>5,728,006</u>
<b>Capital contribution</b>					
Capital grants - FEMA	-	2,745,775	(2,745,775)	536,624	2,209,151
Connections fees	2,635,922	2,966,707	(330,785)	2,302,221	664,486
Total capital contributions	<u>2,635,922</u>	<u>5,712,482</u>	<u>(3,076,560)</u>	<u>2,838,845</u>	<u>2,873,637</u>
Changes in net position	(6,544,923)	(584,180)	(5,960,743)	(9,185,823)	8,601,643
Net position, beginning of year	110,052,706	110,636,886	(584,180)	119,822,709	(9,185,823)
Net position, end of year	<u>\$ 103,507,783</u>	<u>\$ 110,052,706</u>	<u>\$ (6,544,923)</u>	<u>\$ 110,636,886</u>	<u>\$ (584,180)</u>

The statement of revenues, expenses and changes in net position shows how the Authority's net position changed during the fiscal year. The Authority's net position decreased by 5.9% or \$6,544,923 to \$103,507,783 in fiscal year 2022, due to a loss of \$9,180,845 from ongoing operations (including the effect of \$11,327,026 in depreciation expense), offset by \$2,635,922 in capital contributions. In fiscal year 2021, the Authority's net position decreased 0.5% or \$584,180 to \$110,052,706 due to a loss of \$6,296,662 from ongoing operations (including the effect of \$11,225,596 in depreciation expense), offset by \$5,712,482 in capital contributions.

The Authority's total revenues (before capital contributions) increased by 3.7% or \$729,944 in fiscal year 2022, due primarily to an increase of \$2,867,209 in operating revenues, offset by a decrease of \$2,137,265 in non-operating revenue. In fiscal year 2021, the Authority's total revenues (before capital contributions) increased by 24.2% or \$3,806,117, due to an increase of \$1,709,770 in operating revenues and \$2,096,347 in non-operating revenue.

The Authority's total expenses increase by 14.0% or \$3,614,127 in fiscal year 2022 due primarily to increase of \$132,276 in non-operating expenses, \$101,430 in depreciation expense, and \$3,380,421 in operating expenses. In fiscal year 2021, the Authority's total expenses decreased by 6.9% or \$1,921,889 due primarily to decreases of \$1,649,158 in non-operating expenses, \$340,349 in depreciation expense, and an increase of \$67,618 in operating expenses.

**Victor Valley Wastewater Reclamation Authority  
Management's Discussion and Analysis  
Years ended June 30, 2022 and 2021**

**AUTHORITY FINANCIAL STATEMENTS (CONTINUED)**

**Revenues**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Operating revenues:					
Wastewater service charges	\$ 18,939,509	\$ 16,417,028	\$ 2,522,481	\$ 14,592,947	\$ 1,824,081
Septage receiving facility fees	870,748	675,042	195,706	633,420	41,622
ADM-FOG tipping fees	166,202	28,855	137,347	181,788	(152,933)
Pretreatment permit fees	58,275	46,600	11,675	49,600	(3,000)
Total operating revenues	<u>20,034,734</u>	<u>17,167,525</u>	<u>2,867,209</u>	<u>15,457,755</u>	<u>1,709,770</u>
Non-operating revenues:					
Investment earnings	-	34,353	(34,353)	271,102	(236,749)
Gain on disposal of capital assets	81,358	-	81,358	-	-
Other revenues	148,826	2,333,096	(2,184,270)	-	2,333,096
Total non-operating revenues	<u>230,184</u>	<u>2,367,449</u>	<u>(2,137,265)</u>	<u>271,102</u>	<u>2,096,347</u>
Capital contribution					
Capital grants - FEMA	-	2,745,775	(2,745,775)	536,624	2,209,151
Connections fees	2,635,922	2,966,707	(330,785)	2,302,221	664,486
Total capital contributions	<u>2,635,922</u>	<u>5,712,482</u>	<u>(3,076,560)</u>	<u>2,838,845</u>	<u>2,873,637</u>
Total revenues	<u>\$ 22,900,840</u>	<u>\$ 25,247,456</u>	<u>\$ (2,346,616)</u>	<u>\$ 18,567,702</u>	<u>\$ 6,679,754</u>

A closer examination of the Authority's revenues reveals that:

In 2022, the Authority's total revenues (including capital contributions) decreased by 9.3% or \$2,346,616 to \$22,900,840. The Authority's operating revenues increased by 16.7% or \$2,867,209 to \$20,034,734, due to increases of \$2,522,481 in wastewater service charges, \$195,706 in septage receiving facility fees, \$137,347 in ADM-FOG tipping fees and \$11,675 in pretreatment permit fees.

In 2022, the Authority's non-operating revenues decreased by 90.3%, or \$2,137,265 to \$230,184, due to decreases of \$34,353 in investment earnings and \$2,184,270 in relation to settlement agreement for the claim filed for Monetary Damages against City of Victorville in 2021, which were offset by increase of \$81,358 in gain on disposal of capital asset.

In 2022, the Authority's capital contributions decreased by 53.9% or \$3,076,560 to \$2,635,922, due to decreases of \$2,745,775 in capital grants and \$330,785 in connection fees.

In 2021, the Authority's total revenues (including capital contributions) increased by 36.0% or \$6,679,754 to \$25,247,456. The Authority's operating revenues increased by 11.1% or \$1,709,770 to \$17,167,525, due to increases of \$1,824,081 in wastewater service charges and \$41,622 in septage receiving facility fees, which were offset by decreases of \$152,933 in ADM-FOG tipping fees and \$3,000 in pretreatment permit fees.

In 2021, the Authority's non-operating revenues increased by 773.3%, or \$2,096,347 to \$2,367,449, due to an increase of \$2,333,096 in relation to settlement agreement for the claim filed for Monetary Damages against City of Victorville, which were offset by decrease of \$236,749 in investment earnings as compared to the prior year.

In 2021, the Authority's capital contributions increased by 101.2% or \$2,873,637 to \$5,712,482, due to increases of \$2,209,151 in capital grants and \$664,486 in connection fees.

**Victor Valley Wastewater Reclamation Authority  
Management's Discussion and Analysis  
Years ended June 30, 2022 and 2021**

**AUTHORITY FINANCIAL STATEMENTS (CONTINUED)**

**Expenses**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2020</u>	<u>Change</u>
Operating expenses:					
Salaries and benefits	\$ 7,522,816	\$ 5,951,923	\$ 1,570,893	\$ 5,988,422	\$ (36,499)
Maintenance	2,481,215	1,905,014	576,201	1,808,505	96,509
Operations	3,971,404	3,481,013	490,391	3,176,174	304,839
General and administration	2,924,297	2,181,361	742,936	2,478,592	(297,231)
Depreciation	11,327,026	11,225,596	101,430	11,565,945	(340,349)
Total operating expenses	<u>28,226,758</u>	<u>24,744,907</u>	<u>3,481,851</u>	<u>25,017,638</u>	<u>(272,731)</u>
Non-operating expenses:					
Loss on investments	215,982	-	215,982	-	-
Interest expense	1,003,023	1,077,659	(74,636)	1,124,650	(46,991)
Loss on disposal of capital assets	-	9,070	(9,070)	1,610,035	(1,600,965)
Other expense	-	-	-	1,202	(1,202)
Total non-operating expenses	<u>1,219,005</u>	<u>1,086,729</u>	<u>132,276</u>	<u>2,735,887</u>	<u>(1,649,158)</u>
Total expenses	<u>\$ 29,445,763</u>	<u>\$ 25,831,636</u>	<u>\$ 3,614,127</u>	<u>\$ 27,753,525</u>	<u>\$ (1,921,889)</u>

A closer examination of the Authority's expenses reveals that:

In 2022, the Authority's total expenses increased by 14.0% or \$3,614,127 to \$29,445,763. The Authority's operating expenses (including depreciation) increased by 14.1%, or \$3,481,851, primarily due to increases of \$1,570,893 in salaries and benefits expense, \$576,201 in maintenance expense, \$490,391 in operations expense, \$742,936 in general and administration expense, and \$101,430 in depreciation expense as compared to the prior year.

In 2022, the Authority's non-operating expenses increased by 12.2%, or \$132,276 to \$1,219,005, due to increase of \$215,982 in loss on investments, which were offset by decreases of \$74,636 in interest expense and \$9,070 in loss on disposal of capital assets.

In 2021, the Authority's total expenses decreased by 6.9% or \$1,921,889 to \$25,831,636. The Authority's operating expenses (including depreciation) decreased by 1.1%, or \$272,731, primarily due to decreases of \$36,499 in salaries and benefits expense, \$297,231 in general and administration expense, \$340,349 in depreciation expense which were offset by increases of \$96,509 in maintenance expense and \$304,839 in operations expense.

In 2021, the Authority's non-operating expenses decreased by 60.3%, or \$1,649,158 to \$1,086,729, due to decreases of \$1,600,965 in loss on disposal of capital assets, \$46,991 in interest expense, and \$1,202 in other expense.

**Victor Valley Wastewater Reclamation Authority  
Management's Discussion and Analysis  
Years ended June 30, 2022 and 2021**

**AUTHORITY FINANCIAL STATEMENTS (CONTINUED)**

**Capital Administration**

Changes in capital assets amounts for 2022 were as follows:

	2021	Additions	Disposals/ Transfers	2022
Capital assets				
Non-depreciable assets	\$ 5,042,173	\$ 3,294,791	\$ (5,371,314)	\$ 2,965,650
Depreciable assets	299,777,660	5,418,800	(491,651)	304,704,809
Capital assets, gross	304,819,833	8,713,591	(5,862,965)	307,670,459
Less: Accumulated depreciation	(130,804,496)	(11,327,026)	489,464	(141,642,058)
Capital assets, net	\$ 174,015,337	\$ (2,613,435)	\$ (5,373,501)	\$ 166,028,401

At the end of fiscal year 2022, the Authority's investment in capital assets amounted to \$166,028,401 (net of accumulated depreciation). This investment in capital assets includes land improvements, sewer collection and pipeline system, buildings and structures, equipment, vehicles, and construction in progress, etc.

In 2022, construction in progress decreased by \$2,076,523, due primarily to completion of the Renewable Natural Gas Project.

In 2022, the Authority had three capital asset addition sourcing from construction in progress. Major additions outside of construction-in progress were \$258,751 to plant and building, \$30,252 to office equipment and \$147,727 to trucks and autos. See note 8 for more details related to capital assets.

Changes in capital assets amounts for 2021 were as follows:

	2020	Additions	Disposals/ Transfers	2021
Capital assets				
Non-depreciable assets	\$ 2,562,178	\$ 2,637,162	\$ (157,167)	\$ 5,042,173
Depreciable assets	299,766,641	833,559	(822,541)	299,777,660
Capital assets, gross	302,328,819	3,470,721	(979,708)	304,819,833
Less: Accumulated depreciation	(120,387,018)	(11,227,446)	809,969	(130,804,496)
Capital assets, net	\$ 181,941,801	\$ (7,756,725)	\$ (169,739)	\$ 174,015,337

At the end of fiscal year 2021, the Authority's investment in capital assets amounted to \$174,015,337 (net of accumulated depreciation). This investment in capital assets includes land improvements, sewer collection and pipeline system, buildings and structures, equipment, vehicles, and construction in progress, etc.

In 2021, construction in progress increased by \$2,481,514, due primarily to the PLC replacement project, the Renewable Natural Gas Project, and ongoing construction project on digester repairs.

In 2021, the Authority had one capital asset addition sourcing from construction in progress. Major additions outside of construction-in progress were \$358,789 to plant and building and \$319,122 to trucks and autos. See note 8 for more details related to capital assets.



**Victor Valley Wastewater Reclamation Authority  
Management's Discussion and Analysis  
Years ended June 30, 2022 and 2021**

**AUTHORITY FINANCIAL STATEMENTS (CONTINUED)**

**Debt Administration**

Changes in long term debt amounts for 2022 were as follows:

	<u>2021</u>	Additions	Disposals/ Transfers	<u>2022</u>
Long-term debt:				
Lease payable	\$ 150,555	\$ -	\$ (98,928)	\$ 51,627
Loans payable	<u>75,898,373</u>	-	<u>(3,896,394)</u>	<u>72,001,979</u>
Total long-term debt	<u>\$ 76,048,928</u>	<u>\$ -</u>	<u>\$ (3,995,322)</u>	<u>\$ 72,053,606</u>

Changes in long term debt amounts for 2021 were as follows:

	<u>2020</u>	Additions	Disposals/ Transfers	<u>2021</u>
Long-term debt:				
Lease payable	\$ 246,388	\$ -	\$ (95,833)	\$ 150,555
Loans payable	<u>79,737,701</u>	-	<u>(3,839,328)</u>	<u>75,898,373</u>
Total long-term debt	<u>\$ 79,984,089</u>	<u>\$ -</u>	<u>\$ (3,935,161)</u>	<u>\$ 76,048,928</u>

The Authority has seven State Revolving Fund loans from the State Water Resources Control Board, one Southern California Edison loan, and one lease payable. The loans are for the purpose of financing construction related costs for the 11.0 MGD Expansion Project, the North Apple Valley Interceptor, the Phase III-A Facility, the Subregional Wastewater Reclamation Plants in Hesperia, and Apple Valley, the Upper Narrows Pipeline Replacement Project, the Nanticoke Gravity Interceptor Project. The Authority has one lease which is for the financing of a Brown Bear tractor for use in day-to-day operations. These low interest loans and lease are payable in 6 to 30 annual payments maturing in fiscal years 2023 through 2048. There were two loans that matured in fiscal year 2022. Additional information regarding long-term debt is in notes 10 & 11 of the Notes to Financial Statements.

The lease payable for purposes of debt administration calculation excludes the lease payable related to leased vehicles.

**Conditions Affecting Current Financial Position**

The Authority is continuing to work closely with the four Member Agencies and has completed a long-term financial plan which includes the Capital Improvement Plan and the associated funding. The financial plan includes debt financing as an element to upgrade the facilities that will benefit the residents of the communities served, thus allowing the Authority to continue its mission to maintain the environment and provide professional, competent wastewater treatment, reclamation, recycling, and reuse.

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the Authority and the duration cannot be estimated at this time.

**Conditions Affecting Current Financial Position (Continued)**

At June 30, 2022, management is unaware of any other conditions, beyond the aforementioned, which could have a significant impact on the Authority's current financial position, net position or operating results based on past, present and future events.

**Requests for Information**

This financial report is designed to provide the Authority's funding sources, customers, stakeholders, and other interested parties with an overview of the Authority's financial operations and financial condition. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Authority's Finance Department at 20111 Shay Road, Victorville, California 92394.

**Basic Financial Statements**

**Victor Valley Wastewater Reclamation Authority**  
**Statements of Net Position**

ASSETS	June 30	
	2022	2021
<b>Current assets</b>		
Cash and cash equivalents (note 2)	\$ 9,562,285	\$ 10,312,292
Restricted investments (note 2)	4,302,942	4,882,810
Interest receivable	1,652	2,108
Accounts receivable, net	306,020	189,847
Accounts receivable - due from member agencies (note 3)	5,465,734	5,456,579
Accounts receivable - other (note 4)	12,692	12,646
Materials and supplies inventory	21,861	48,837
Prepaid expenses and other deposits	269,212	112,004
Long-term receivables - due within one year:		
Notes receivable, net (note 5)	9,867	9,789
Settlement receivable (note 6)	440,000	440,000
Lease receivable (note 7)	120,000	93,000
<b>Total current assets</b>	<b>20,512,265</b>	<b>21,559,912</b>
<b>Non-current assets</b>		
Capital assets not being depreciated (note 8)	2,965,650	5,042,173
Capital assets being depreciated, net (note 8)	163,062,751	168,973,164
Long-term receivables - due in more than one year:		
Notes receivable, net (note 5)	180,767	184,781
Settlement receivable (note 6)	865,084	1,300,113
Lease receivable (note 7)	1,002,654	1,080,254
<b>Total noncurrent assets</b>	<b>168,076,906</b>	<b>176,580,485</b>
<b>Total assets</b>	<b>188,589,171</b>	<b>198,140,397</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to OPEB (note 12)	830,800	1,029,752
Deferred outflows of resources related to pension (note 13)	1,380,362	1,388,704
<b>Total deferred outflows of resources</b>	<b>2,211,162</b>	<b>2,418,456</b>

*(continued next page)*

*See notes to the financial statements.*

**Victor Valley Wastewater Reclamation Authority**  
**Statements of Net Position**

	June 30	
	2022	2021
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,363,517	\$ 1,648,132
Accrued interest on long-term debt	216,311	228,912
Accrued wages and related payables	141,907	126,488
Contract retention payable	2,639	118,419
Long-term liabilities - due within one year:		
Compensated absences (note 9)	107,652	99,556
Other payables	-	1,675
Lease payable (note 10)	151,293	158,224
Loans payable (note 11)	3,371,095	3,896,394
<b>Total current liabilities</b>	<b>5,354,414</b>	<b>6,277,800</b>
<b>Non-current liabilities</b>		
Long term liabilities - due in more than one year:		
Compensated absences (note 9)	322,959	298,670
Lease payable (note 10)	180,861	237,961
Loans payable (note 11)	68,630,884	72,001,979
Net OPEB liability (note 12)	3,362,746	3,871,850
Net pension liability (note 13)	4,096,340	6,458,067
<b>Total noncurrent liabilities</b>	<b>76,593,790</b>	<b>82,868,527</b>
<b>Total liabilities</b>	<b>81,948,204</b>	<b>89,146,327</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to OPEB (note 12)	693,421	147,404
Deferred inflows of resources related to pension (note 13)	3,665,740	127,864
Deferred inflows of resources related to capital lease (note 7)	985,185	1,084,552
<b>Total deferred inflows of resources</b>	<b>5,344,346</b>	<b>1,359,820</b>
<b>NET POSITION (Note 14)</b>		
Net investment in capital assets	93,694,268	97,720,779
Restricted for debt service	4,302,942	4,882,810
Unrestricted	5,510,573	7,449,117
<b>Total net position</b>	<b>\$ 103,507,783</b>	<b>\$ 110,052,706</b>

*See notes to the financial statements.*

**Victor Valley Wastewater Reclamation Authority**  
**Statements of Revenues, Expenses and Change in Net Position**

	<b>Years ended June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Operating revenues</b>		
Wastewater service charges	\$ 18,939,509	\$ 16,417,028
Septage receiving facility fees	870,748	675,042
ADM-FOG tipping fees	166,202	28,855
Pretreatment permit fees	58,275	46,600
Total operating revenues	<b>20,034,734</b>	<b>17,167,525</b>
<b>Operating expenses</b>		
Salaries and benefits	7,522,816	5,951,923
Maintenance	2,481,215	1,905,014
Operations	3,971,404	3,481,013
General and administration	2,924,297	2,181,361
Total operating expenses	<b>16,899,732</b>	<b>13,519,311</b>
<b>Operating income before depreciation expense</b>	<b>3,135,002</b>	<b>3,648,214</b>
Depreciation	<b>(11,327,026)</b>	<b>(11,225,596)</b>
<b>Operating loss</b>	<b>(8,192,024)</b>	<b>(7,577,382)</b>
<b>Non-operating (expenses) revenues</b>		
Investment earnings (losses)	(215,982)	34,353
Interest expense	(1,003,023)	(1,077,659)
Gain (loss) on disposal of capital assets	81,358	(9,070)
Other, net	148,826	2,333,096
Non-operating (expenses) revenues, net	<b>(988,821)</b>	<b>1,280,720</b>
<b>Net loss before capital contributions</b>	<b>(9,180,845)</b>	<b>(6,296,662)</b>
<b>Capital contributions</b>		
Capital grants - FEMA	-	2,745,775
Connection fees	2,635,922	2,966,707
Total capital contributions	<b>2,635,922</b>	<b>5,712,482</b>
<b>Change in net position</b>	<b>(6,544,923)</b>	<b>(584,180)</b>
<b>Net position</b>		
Net position, at beginning of year	110,052,706	110,636,886
Net position, at end of year	<b>\$ 103,507,783</b>	<b>\$ 110,052,706</b>

*See notes to the financial statements.*

**Victor Valley Wastewater Reclamation Authority**  
**Statements of Cash Flows**

	<b>Years ended June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$ 19,971,102	\$ 15,970,471
Cash receipts from settlement	435,029	459,887
Cash paid to employees for salaries and wages	(6,054,656)	(5,577,865)
Cash paid to vendors and suppliers for materials and services	(9,922,538)	(7,465,486)
Net cash provided by operating activities	4,428,937	3,387,007
<b>Cash flows from capital and related financing activities</b>		
Acquisition and construction of capital assets	(3,132,260)	(3,039,080)
Proceeds from connection fees	2,635,922	2,966,707
Proceeds from grant funding	-	5,856,082
Proceeds from lease	55,573	10,958
Principal paid for capital lease	(190,503)	(119,325)
Principal paid for long-term debt	(3,896,394)	(3,839,328)
Interest paid for long-term debt	(1,015,168)	(1,088,107)
Net cash (used in) provided by capital and related financing activities	(5,542,830)	747,907
<b>Cash flows from investing activities</b>		
Investment earnings	(215,982)	34,353
Cash (used in) provided by investing activities	(215,982)	34,353
Net (decrease) increase in cash and cash equivalents	(1,329,875)	4,169,267
Cash and cash equivalents, beginning of year	15,195,102	11,025,835
Cash and cash equivalents, end of year	\$ 13,865,227	\$ 15,195,102
<b>Reconciliation of cash and cash equivalents to the statements of net position</b>		
Cash and cash equivalents	\$ 9,562,285	\$ 10,312,292
Restricted investments	4,302,942	4,882,810
Total cash and cash equivalents	\$ 13,865,227	\$ 15,195,102

(continued next page)

See notes to the financial statements.

**Victor Valley Wastewater Reclamation Authority**  
**Statements of Cash Flows**

	Years ended June 30	
	2022	2021
<b>Reconciliation of operating loss to net cash provided by Operating Activities</b>		
Operating loss	\$ (8,192,024)	\$ (7,577,382)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	11,327,026	11,225,596
Other non-operating expenses	44,486	2,233,436
Decrease (increase) in assets:		
Accounts receivable	(116,173)	2,682
Accounts receivable - due from member agencies	(9,155)	(1,318,874)
Accounts receivable - other	(46)	152
Settlement receivable	435,029	(1,740,113)
Notes receivable, net	3,936	7,658
Materials and supplies inventory	26,976	46,641
Prepaid expenses and other deposits	(157,208)	(6,264)
Deferred outflows of resources related to OPEB	198,952	100,959
Deferred outflows of resources related to pension	8,342	(115,630)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(284,615)	27,853
Contract retention payable	(115,780)	118,419
Accrued wages and related payables	15,419	(192,530)
Compensated absences	32,385	34,261
Other payables	(1,675)	(6,855)
Net other post-employment benefits liability	(509,104)	31,113
Net pension liability	(2,361,727)	403,239
Deferred inflows of resources related to OPEB	546,017	147,404
Deferred inflows of resources related to pension	3,537,876	(34,758)
Net cash provided by operating activities	\$ 4,428,937	\$ 3,387,007
<b>Non-cash investing, capital and financing transactions</b>		
Change in fair value of funds deposited with LAIF	\$ 11,620	\$ (259)
Contributed capital assets	\$ -	\$ 3,110,307

*See notes to the financial statements.*



**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations of the Reporting Entity**

The Victor Valley Wastewater Reclamation Authority (the Authority) was formed on December 13, 1977, under a joint powers agreement between local governments and special district consisting of the City of Victorville, the City of Hesperia, the Town of Apple Valley, and the County of San Bernardino Service Areas No. 42 (Oro Grande) and No. 64 (Spring Valley Lake) for the purpose of construction, operation, and maintenance of sewer collection, and treatment facilities within the service areas. The Authority is governed by a four-member Board of Commissioners.

**Basis of Accounting and Measurement Focus**

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting.

The Authority reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Authority is that the costs of providing wastewater services, collection, and treatment for its service areas on a continuing basis be financed or recovered primarily through user charges (sewer service charges), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as sewer service charges, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

**Financial reporting**

The Authority implemented the following standards during the fiscal year ended June 30, 2021:

GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

GASB 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. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The implementation of this new accounting standards resulted in recognition of lease receivable and deferred inflows of resources and lease payable and right to use lease asset in the Authority's June 30, 2021 financial statements. See also Notes 7 and 10.

**Use of Estimates**

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Uncertainty**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on Authority and the duration cannot be estimated at this time.

**Cash and cash equivalents**

The Authority's cash and cash equivalents are considered to be demand deposits, cash with fiscal agent, and short-term investments with original maturity of three months or less.

**Investments**

Investments are generally reported at fair value. Investments in Local Agency Investment Fund (LAIF) are reported at amortized cost, which approximates fair value.

**Restricted investments**

Cash and investments with fiscal agents are restricted due to limitations on their use by loan agreement provisions, law or contractual obligations. The funds may be used for specific capital outlays or for the payment of certain revolving fund debts and have been invested only as permitted by specific State statutes or applicable Authority ordinance or resolution.

**Investment Policy**

The Authority has adopted an investment policy directing the General Manager and Controller to deposit funds in financial institutions.

**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The Authority's investment in LAIF and Investment Trust of California (CalTrust) are measured at amortized cost which approximates fair value.

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year.

Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**Receivables**

Receivables are due for wastewater service charges, connection fees, grant revenues, and interest. The Authority's management closely monitors outstanding balances, and based on collection experience, has determined an allowance for doubtful accounts of \$102,480 and \$105,157 at June 30, 2022 and 2021, respectively. The Authority uses the indirect write-off method as accounts become uncollectable.

**Federal Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a federal capital or operating grant receivable on the statements of net position and as capital grant contribution or operating grant revenue, as appropriate, on the statements of revenues, expenses, and changes in net position.

**Material and Supply Inventory**

Material and supply inventory is valued at historical cost and accounted for on a specific identification basis.

**Prepaid Assets**

Certain payments to vendors represent costs or deposits applicable to future accounting periods and are recorded as prepaid items in the Authority's financial statements and expensed as items are used.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets acquired and/or constructed with a cost exceeding \$5,000 and an estimated useful life of more than one year are reported at historical cost. Contributed capital assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Land and construction in progress are not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Plant and building	20 years
Subsurface and interceptor lines	20-50 years
Office equipment	5 years
Truck and autos	5 years

**Compensated Absences**

The Authority's policy is to permit an employee to accumulate earned vacation up to a total of 360 hours. An employee who has accumulated over 200 hours of unused sick leave may elect to receive the balance up to 40 hours of sick leave per a fiscal year. In addition, the employee may receive a cash payment for 20 or more hours of vacation during any pay period including the last full pay period in the fiscal year as long as the employee has 40 hours of vacation time remaining on the books.

**Long-term obligations**

Long-term debt and other long-term obligations are reported as liabilities of the Authority.

**Other Post-Employment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to or deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are reported when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2021 and 2020
- Measurement Dates: June 30, 2022 and 2021
- Measurement Periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pension**

For purposes of measuring the net pension liability and deferred outflows or inflows of resources related to pensions and pension expense, information about the fiduciary net assets of the plan and additions to/deductions from the Plans' fiduciary net assets have been determined on the same basis as they are reported by the Plan. 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2020 and 2019
- Measurement Dates: June 30, 2021 and 2020
- Measurement Periods: July 1, 2020 to June 30, 2021 and July 1, 2019 to June 30, 2020

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position includes 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statements of net position includes 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 so will not be recognized as an inflow of resources (revenue) until that time.

**Net Position**

The Authority's financial statements are presented in accordance with the provisions of Governmental Accounting Standards Board No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Statement 63 requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of invested in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amounts.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (Continued)**

- *Restricted* – This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- *Unrestricted* – This component of 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 the net investment in capital assets or restricted component of net position.

**Operating and Nonoperating Revenues and Expenses**

Amounts reported as operating revenues include wastewater service charges and connection fees charged to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by the Authority. Nonoperating revenues include grants and contributions received for the operational or capital requirements of the Authority.

**Capital Contributions**

Capital contributions represent cash and capital assets contributed to the Authority by granting agencies or member agencies requesting services that require capital expenditures or connection to the Authority's system.

**Budgetary Policies**

Prior to June 30<sup>th</sup> each fiscal year, the Authority adopts an annual appropriated budget for planning, control, and evaluation purposes. The budget includes proposed expenses and the means of financing them. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. The Board approves total budgeted appropriations and any amendments to the appropriations throughout the year. The Joint Powers Agreement requires the preparation of an annual budget, but the Authority is not legally required to report on the budget approved. Encumbrance accounting is not required to account for commitments related to unperformed contracts for construction and services.

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments as of June 30 are classified in the accompanying financial statements as follows.

	2022	2021
Cash and cash equivalents	\$ 9,562,285	\$ 10,312,292
Restricted investments	4,302,942	4,882,810
Total cash and investments	\$ 13,865,227	\$ 15,195,102

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

At June 30, cash and investments consisted of the following:

	<u>2022</u>	<u>2021</u>
Deposits with financial institutions	\$ <u>2,661,303</u>	\$ <u>1,518,206</u>
Investments:		
Deposits with LAIF	871,029	3,126,124
Deposits with CalTrust - Short Term Fund	5,080,295	5,262,170
Deposits with CalTrust - Medium Term Fund	<u>5,252,600</u>	<u>5,288,602</u>
Total investments	<u>11,203,924</u>	<u>13,676,896</u>
Total cash and investments	\$ <u>13,865,227</u>	\$ <u>15,195,102</u>

At June 30, the Authority's authorized deposits had the following maturities:

	<u>2022</u>	<u>2021</u>
Deposits held with California LAIF	311 days	291 days
Deposits held with CalTrust - Short Term Fund	302 days	345 days
Deposits held with CalTrust - Medium Term Fund	667 days	901 days

Investments Authorized by the California Government Code and the Authority's Investment Policy

Allowable investment instruments are defined in the California Government Code Section 53600, et. Seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the Authority is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase.

The table below identifies the investment types that are authorized by the Authority in accordance with the California Government Code (or the Authority's investment policy, if more restrictive). The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5 years	None	None
Federal agency securities	5 years	None	None
Banker's acceptances	180 days	40%	30%
Negotiable certificates of deposits	5 years	30%	None
Repurchase agreements	1 year	None	None
Medium-term notes	5 years	30%	None
Mutual funds	N/A	20%	10%
San Bernardino County Local Agency:			
Investment Fund (SBCLAIF)	N/A	None	None
LAIF	N/A	None	None
CalTRUST	N/A	None	None

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investment in State Investment Pool**

The Authority is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority'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.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

**Investment in Investment Trust of California**

CalTrust is organized as a Joint Powers Authority. CalTrust is a program established by public agencies in California for the purpose of pooling and investing local agency funds – operating reserves as well as bond proceeds. Any California local agency may participate in the Trust and invest its funds. Funds from all participants are pooled in each of the accounts. Participants receive units in the Trust and designated shares for the particular account in which they invest. CalTrust invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et seq. and 53635, et seq. Investment guidelines adopted by the Board of Trustees may further restrict the types of investments held by the Trust. Leveraging within the Trust's portfolio is prohibited.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority 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 Authority's investment policy limits the LAIF investment up to \$40 million to limit the exposure to custodial credit risk for deposits.

The California Government Code requires that a financial institution secure deposit 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

At June 30, 2022 and 2021, of the bank balances, up to \$250,000 held at each institution were federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.



**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk (Continued)**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Authority's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater its fair value has sensitivity to changes in market interest rates. It is the policy of the Authority to invest public funds in a prudent manner which will provide in the following order: 1) the highest level of safety of funds, 2) liquidity of funds in order that daily cash flow demands are met, and 3) the yield or investment return be maximized while conforming to all laws of the State of California regarding the investment of public funds. This policy provides guidelines for authorized investments in accordance with Section 53646 of the California Government Code.

Maturities of investment at June 30, 2022, were as follows:

Investment Type	Total	Remaining Maturity (in Months)	
		12 Months Or Less	12 Months Or More
LAIF	\$ 871,029	\$ 871,029	\$ -
CalTrust - Short Term Fund	5,080,295	5,080,295	-
CalTrust - Medium Term Fund	5,252,600	-	5,252,600
Total	\$ 11,203,924	\$ 5,951,324	\$ 5,252,600

Maturities of investment as of June 30, 2021, were as follows:

Investment Type	Total	Remaining Maturity (in Months)	
		12 Months Or Less	12 Months Or More
LAIF	\$ 3,126,124	\$ 3,126,124	\$ -
CalTrust - Short Term Fund	5,262,170	5,262,170	-
CalTrust - Medium Term Fund	5,288,602	-	5,288,602
Total	\$ 13,676,896	\$ 8,388,294	\$ 5,288,602

**Credit Risk**

Credit risk is generally 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.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Credit Risk (Continued)**

Presented below is the minimum rating required by (where applicable) the California Government Code or the Authority's investment policy or debt agreements, and the actual rating as of June 30, 2022 for each investment type:

<u>Investment Types</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating AA</u>	<u>Net Rated</u>
LAIF	\$ 871,029	N/A	\$ -	\$ 871,029
CalTrust - Short Term Fund	5,080,295	AAA	5,080,295	-
CalTrust - Medium Term Fund	5,252,600	AAA	5,252,600	-
Total	<u>\$ 11,203,924</u>		<u>\$ 10,332,895</u>	<u>\$ 871,029</u>

Credit ratings of investments as of June 30, 2021, consisted of the following:

<u>Investment Types</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating AAA</u>	<u>Net Rated</u>
LAIF	\$ 3,126,124	N/A	\$ -	\$ 3,126,124
CalTrust - Short Term Fund	5,262,170	AAA	5,262,170	-
CalTrust - Medium Term Fund	5,288,602	AAA	5,288,602	-
Total	<u>\$ 13,676,896</u>		<u>\$ 10,550,772</u>	<u>\$ 3,126,124</u>

**Concentration of Credit Risk**

The Authority's investment policy contains the maximum amount and percentage that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more of total Authority's investments at June 30, 2022 and 2021, respectively.

**NOTE 3 ACCOUNTS RECEIVABLE - DUE FROM MEMBER AGENCIES**

At June 30, accounts receivable - due from member agencies consisted of the following:

	<u>2022</u>	<u>2021</u>
User Charge Receivables:		
City of Hesperia	\$ 575,909	\$ 503,233
Town of Apple Valley	518,017	202,196
City of Victorville	1,775,116	1,554,500
County of San Bernardino Special Districts	168,089	143,304
Total user charge receivables	<u>3,037,131</u>	<u>2,403,233</u>
Connection Fees Receivables:		
City of Hesperia	2,222,963	2,525,785
Town of Apple Valley	58,254	90,607
City of Victorville	71,352	424,555
County of San Bernardino Special Districts	76,034	12,399
Total connection fees receivables	<u>2,428,603</u>	<u>3,053,346</u>
Total due from member agencies	<u>\$ 5,465,734</u>	<u>\$ 5,456,579</u>

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 4 ACCOUNTS RECEIVABLE - OTHER**

Other receivables include amounts related to a Flexible Spending Account established by the Authority for qualified employees. Terms of the program provide that the Authority fund each participating employee's flexible spending amount at the beginning of each year. Funds are reimbursed to the Authority through payroll deductions.

At June 30, accounts receivable - other were as follows:

	<b>2022</b>	<b>2021</b>
Flexible spending account	\$ <b>12,692</b>	\$ 12,646

**NOTE 5 NOTES RECEIVABLE**

Changes in notes receivable amounts for 2022 were as follows:

	At June 30, 2021	Additions	Payments	At June 30, 2022
Notes receivable:				
AVRWC (dba Liberty Utilities)	\$ 204,855	\$ -	\$ -	\$ 204,855
AVRWC (dba Liberty Utilities) - Discount	(71,872)	-	-	(71,872)
Subtotal AVRWC	132,983	-	-	132,983
Biogas Power Systems - Mojave LLC	61,587	-	(3,936)	57,651
Total	194,570	\$ -	\$ (3,936)	190,634
Less current	(9,789)			(9,867)
Total non-current	\$ 184,781			\$ 180,767

Changes in notes receivable amounts for 2021 were as follows:

	At June 30, 2020	Additions	Payments	At June 30, 2021
Notes receivable:				
AVRWC (dba Liberty Utilities)	\$ 210,708	\$ -	\$ (5,853)	\$ 204,855
AVRWC (dba Liberty Utilities) - Discount	(73,926)	-	2,054	(71,872)
Subtotal AVRWC	136,782	-	(3,799)	132,983
Biogas Power Systems - Mojave LLC	65,446	-	(3,859)	61,587
Total	202,228	\$ -	\$ (7,658)	194,570
Less current	(9,712)			(9,789)
Total non-current	\$ 192,516			\$ 184,781

**Apple Valley Ranchos Water Company (AVRWC) – (dba Liberty Utilities)**

On November 10, 2015, Apple Valley Ranchos Water Company (dba Liberty Utilities) entered into a loan agreement with the Authority, for the construction of water main extension facilities in the amount of \$234,120. Terms of the agreement call for annual principal only payments in the amount of \$5,853 at a rate of zero percent commencing November 2017, maturing November 2056. The Authority is imputing interest at the rate of 2.3% per annum.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 5 NOTES RECEIVABLE (CONTINUED)**

As of June 30, the amount receivable under the contract is as follows:

Years Ending June 30	Principal	Amortized Discount	Total
2023	\$ 5,853	\$ (2,054)	\$ 3,799
2024	5,853	(2,053)	3,800
2025	5,853	(2,054)	3,799
2026	5,853	(2,053)	3,800
2027-2031	29,265	(10,267)	18,998
2032-2036	29,265	(10,268)	18,997
2037-2041	29,265	(10,267)	18,998
2042-2046	29,265	(10,268)	18,997
2047-2051	29,265	(10,267)	18,998
2052-2057	29,265	(10,268)	18,997
Total	204,855	\$ (71,872)	\$ 132,983
Less current	(11,706)		
Less unamortized discount	(71,872)		
Total non-current	\$ 121,277		

**Biogas Power Systems – Mojave LLC**

On October 5, 2017, Biogas Power Systems – Mojave LLC entered into a loan agreement with the Authority, for an adjustment to the cost of modifications in the First Amendment to Biogas Power Generation Service Agreement in the amount of \$75,320. Terms of the agreement call for monthly payments in the amount of \$427 at a rate of 1.65 percent commencing November 30, 2017, maturing November 2035.

As of June 30, the amount receivable under the contract is as follows:

Years Ending June 30	Principal	Interest	Total
2023	\$ 4,014	\$ 1,106	\$ 5,120
2024	4,095	1,026	5,121
2025	4,177	944	5,121
2026	4,260	861	5,121
2027	4,345	775	5,120
2028-2032	23,066	2,538	25,604
2032-2036	13,694	388	14,082
Total	57,651	\$ 7,638	\$ 65,289
Less current	(4,014)		
Total non-current	\$ 53,637		

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 6 SETTLEMENT RECEIVABLE**

On August 19, 2020, the City of Victorville entered into a settlement agreement for the claim filed by the Authority for Monetary Damages as a result of a diversion of wastewater flows by City of Victorville that the Authority alleged was a violation of the JPA and the Victor Valley Wastewater Reclamation Project Service Agreement dated November 23, 1976. In order to settle the dispute, the City of Victorville agrees that it will pay the Authority \$2,200,000 commencing in October 2020 and maturing in October 2024. The Authority is imputing interest at the rate of 0.38% per annum.

As of June 30, the amount of receivable under the contract is as follows:

Years Ending June 30	Principal	Amortized Discount	Total
2023	\$ 440,000	\$ (4,972)	\$ 435,028
2024	440,000	(4,972)	435,028
2025	440,000	(4,972)	435,028
Total	1,320,000	\$ (14,916)	\$ 1,305,084
Less current	(440,000)		
Less unamortized discount	(14,916)		
Total non-current	\$ 865,084		

**NOTE 7 LEASE RECEIVABLE**

On May 9, 2019, SoCal Biomethane LLC (“lessee”) entered into a Gas Collection Facility Lease and Energy Services agreement for 10 years with the Authority. The term of the lease commenced on July 7, 2020 and continuing until the tenth anniversary of the date on which the delivery of biomethane in Southwest pipeline starts (commercial operation date). The lessee will have the sole discretion to extend the lease for two additional 5 years provided there is no default in its obligations under the lease. The lessee shall give notice of its intent to exercise such options no less than 180 days prior to the expiration of the expiration of the current term. During the period from the commencement date to the commercial operation date, the lessee shall pay the Authority \$1,000 per month. Commencing on the commercial operation date, the basic rent will increase to the sum of \$10,000 per month. The lessee will further pay to the Authority additional rent calculated by the difference between 40% of the net revenue generated by the lessee from the operation of the facility and the basic rent on a quarterly basis. The initiation of the additional rent is contingent upon the facility meeting the compliance requirements of volume and gas quality set forth by the Southwest Gas Company during a period of six months. The delivery of biomethane in Southwest pipeline officially commenced on February 2022. The lease receivable as of June 30, 2022 and 2021 amounts to \$1,122,654 and \$1,173,254, respectively. The total amount of deferred inflows of resources recognized from the lease as of June 30, 2022 and 2021 was \$985,185 and \$1,084,552, respectively.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 8 CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2022 were as follows:

	Balance July 1, 2021	Additions	Disposals/ Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	\$ 617,484	\$ -	\$ -	\$ 617,484
Construction in Progress	4,424,689	3,294,791	(5,371,314)	2,348,166
Total non-depreciable assets	<u>5,042,173</u>	<u>3,294,791</u>	<u>(5,371,314)</u>	<u>2,965,650</u>
Depreciable assets:				
Land improvements	9,711,868	-	-	9,711,868
Plant and building	218,813,949	5,240,821	(235,341)	223,819,429
Interceptor and subsurface lines	69,170,246	-	-	69,170,246
Office equipment	937,772	30,252	(15,000)	953,024
Trucks and autos	1,143,825	147,727	(241,310)	1,050,242
Total depreciable assets	<u>299,777,660</u>	<u>5,418,800</u>	<u>(491,651)</u>	<u>304,704,809</u>
Less accumulated depreciation:				
Land improvements	(7,029,382)	(584,654)	-	(7,614,036)
Plant and building	(99,689,623)	(9,129,262)	233,154	(108,585,731)
Interceptor and subsurface lines	(22,503,532)	(1,440,540)	-	(23,944,072)
Office equipment	(748,073)	(54,352)	15,000	(787,425)
Trucks and autos	(833,886)	(118,218)	241,310	(710,794)
Total accumulated depreciation	<u>(130,804,496)</u>	<u>(11,327,026)</u>	<u>489,464</u>	<u>(141,642,058)</u>
Total depreciable assets, net	<u>168,973,164</u>	<u>(5,908,226)</u>	<u>(2,187)</u>	<u>163,062,751</u>
Total capital assets, net	<u>\$ 174,015,337</u>	<u>\$ (2,613,435)</u>	<u>\$ (5,373,501)</u>	<u>\$ 166,028,401</u>

Changes in capital assets not being depreciated consists of additions to construction in progress of \$3,294,791 related to ongoing projects. Decreases in capital asset not being depreciated include \$4,982,070 from capitalization of completed projects and \$389,244 from disposal of abandoned projects.

Changes in capital assets being depreciated consists of additions from construction-in-progress of \$4,982,070, and outside of construction in progress of \$258,751 to plant and building, \$30,252 to office equipment, \$147,727 to trucks and autos and disposals of \$235,341 from plant and building, \$15,000 from office equipment, and \$241,310 from trucks and autos.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 8 CAPITAL ASSETS (CONTINUED)**

Changes in capital assets for the year ended June 30, 2021 were as follows:

	Balance July 1, 2020	Additions	Disposals/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 619,003	\$ -	\$ (1,519)	\$ 617,484
Construction in Progress	1,943,175	2,637,162	(155,648)	4,424,689
Total non-depreciable assets	<u>2,562,178</u>	<u>2,637,162</u>	<u>(157,167)</u>	<u>5,042,173</u>
Depreciable assets:				
Land improvements	9,738,124	-	(26,256)	9,711,868
Plant and building	218,901,596	514,437	(602,084)	218,813,949
Interceptor and subsurface lines	69,200,504	-	(30,258)	69,170,246
Office equipment	1,064,592	-	(126,820)	937,772
Trucks and autos	861,825	319,122	(37,122)	1,143,825
Total depreciable assets	<u>299,766,641</u>	<u>833,559</u>	<u>(822,541)</u>	<u>299,777,660</u>
Less accumulated depreciation:				
Land improvements	(6,466,227)	(589,412)	26,257	(7,029,382)
Plant and building	(91,208,871)	(9,074,224)	593,472	(99,689,623)
Interceptor and subsurface lines	(21,062,176)	(1,467,653)	26,297	(22,503,532)
Office equipment	(825,708)	(49,185)	126,820	(748,073)
Trucks and autos	(824,036)	(46,973)	37,122	(833,886)
Total accumulated depreciation	<u>(120,387,018)</u>	<u>(11,227,446)</u>	<u>809,969</u>	<u>(130,804,496)</u>
Total depreciable assets, net	<u>179,379,623</u>	<u>(10,393,887)</u>	<u>(12,572)</u>	<u>168,973,164</u>
Total capital assets, net	<u>\$ 181,941,801</u>	<u>\$ (7,756,725)</u>	<u>\$ (169,739)</u>	<u>\$ 174,015,337</u>

Changes in capital assets not being depreciated consists of additions to construction in progress of \$2,637,162 related to ongoing projects. Decreases in capital asset not being depreciated include a land disposal of \$1,519 and construction in progress related to the completion of DAFT 3 TPS Project of \$155,648.

Changes in capital assets being depreciated consists of additions from construction-in-progress of \$155,648, and outside of construction in progress of \$358,789 to plant and building, \$319,122 to trucks and autos and disposals of \$26,256 from land improvements, \$602,084 from plant and building, \$30,258 from interceptor and subsurface lines, \$126,820 from office equipment, and \$37,122 from trucks and autos.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 8 CAPITAL ASSETS (CONTINUED)****Construction in Progress**

The Authority is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

At June 30, construction in progress consisted of the following:

<b>Projects</b>	<b>2022</b>	<b>2021</b>
Lab-EC-IT-Const. Bldg. (Butler Bldg.)	\$ -	\$ 280,166
Oro Grande Interceptor Project	406,560	292,345
Digester Repairs	-	1,322,559
PLC Replacement Project	1,540,459	1,093,064
Renewable Natural Gas Project	-	1,299,422
Interceptor Capacity Upgrade	112,631	-
Old Admin Building Rehab	281,716	-
Various other minor projects > \$55,000	6,800	137,133
Total construction in progress	<u>\$ 2,348,166</u>	<u>\$ 4,424,689</u>

Provision for depreciation for the years ended June 30, 2022 and 2021 amounted to \$11,327,026 and \$11,227,446, respectively.

**NOTE 9 COMPENSATED ABSENCES**

The following is a summary of changes in compensated absences as of June 30, 2022 and 2021 were as follows:

<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>	<b>Due Within One Year</b>	<b>More Than One Year</b>
\$ <u>398,226</u>	\$ <u>481,921</u>	\$ <u>(449,536)</u>	\$ <u>430,611</u>	\$ <u>107,652</u>	\$ <u>322,959</u>

<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2021</b>	<b>Due Within One Year</b>	<b>Due in More Than One Year</b>
\$ <u>363,965</u>	\$ <u>381,726</u>	\$ <u>(347,465)</u>	\$ <u>398,226</u>	\$ <u>99,556</u>	\$ <u>298,670</u>

**NOTE 10 LEASE PAYABLE**

At June 30, 2022, lease payable consisted of the following:

	<b>2022</b>	<b>2021</b>
KS State Bank	\$ <u>51,627</u>	\$ 150,555
Enterprise FM Trust	<u>280,527</u>	245,630
	<b>332,154</b>	396,185
Less current	<u>(151,293)</u>	(158,224)
Total non-current	<u>\$ 180,861</u>	<u>\$ 237,961</u>



**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 10 LEASE PAYABLE (CONTINUED)**

The following is a summary of changes in KS State Bank lease payable as of June 30, 2022 and 2021:

	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022
Lease payable:				
KS State Bank	\$ 150,555	\$ -	\$ (98,928)	\$ 51,627
Less current	<u>(98,928)</u>			<u>(51,627)</u>
Total non-current	<u>\$ 51,627</u>			<u>\$ -</u>

	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
Lease payable:				
KS State Bank	\$ 246,388	\$ -	\$ (95,833)	\$ 150,555
Less current	<u>(95,833)</u>			<u>(98,928)</u>
Total non-current	<u>\$ 150,555</u>			<u>\$ 51,627</u>

**KS State Bank – Brown Bear Tractor**

On August 1, 2017, the Authority entered into a lease purchase option agreement with KS State Bank for the purchase acquisition of a Brown Bear Tractor in the amount of \$532,943. Terms of the agreement call for annual principal and interest payments, at the rate of 9.159%, with an expected maturity in August 2022.

Years ending June 30	Principal	Interest	Total
2022	\$ 51,627	\$ 1,668	\$ 53,295
Total	51,627	1,668	53,295
Less current	<u>(51,627)</u>		
Total non-current	<u>\$ -</u>		

**Enterprise FM Trust – Lease of Vehicles**

During the fiscal year ended June 30, 2021, the Authority entered into a lease agreement with Enterprise FM Fund (lessor) to lease twelve (12) vehicles for four (4) years. During the fiscal year ended June 30, 2022, the Authority leased additional four (4) vehicles for four (4) years. The term of the agreement for each vehicle begins on the date the vehicle is delivered. Because the Authority generally does not have access to the rate implicit in the lease, the Authority utilized the lessor's interest rate of return at the time of delivery as the discount rate. The weighted average discount rate associated with operating lease as of June 30, 2022 and 2021 is 2.33% and 8.78%, respectively. The Authority reported a total payment of \$133,676 and \$55,761 on lease for the fiscal years ended June 30, 2022 and 2021, respectively.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 11 LOANS PAYABLE**

The following is a summary of changes in loans payable as of June 30, 2022 and 2021:

	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022
State Revolving Fund Loans (SRF):				
11.0 MGD Expansion Project	\$ 571,534	\$ -	\$ (571,534)	\$ -
North Apple Valley Interceptor	737,285	-	(239,719)	497,566
Phase III-A Facility	9,668,040	-	(766,574)	8,901,466
Upper Narrows Pipeline Replacement	2,585,107	-	(208,628)	2,376,479
Subregional - Hesperia	34,464,179	-	(1,118,209)	33,345,970
Subregional - Apple Valley	24,147,440	-	(783,476)	23,363,964
Nanticoke Gravity Interceptor	3,717,533	-	(200,999)	3,516,534
Southern California Edison Loan:				
So. Cal. Edison loan 2015	7,255	-	(7,255)	-
Total	<u>75,898,373</u>	<u>\$ -</u>	<u>\$ (3,896,394)</u>	<u>72,001,979</u>
Less current	<u>(3,896,394)</u>			<u>(3,371,095)</u>
Total non-current	<u>\$ 72,001,979</u>			<u>\$ 68,630,884</u>

	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
State Revolving Fund Loans (SRF):				
11.0 MGD Expansion Project	\$ 1,130,489	\$ -	\$ (558,955)	\$ 571,534
North Apple Valley Interceptor	971,157	-	(233,872)	737,285
Phase III-A Facility	10,414,459	-	(746,419)	9,668,040
Upper Narrows Pipeline Replacement	2,789,845	-	(204,738)	2,585,107
Subregional - Hesperia	35,571,316	-	(1,107,137)	34,464,179
Subregional - Apple Valley	24,923,159	-	(775,719)	24,147,440
Nanticoke Gravity Interceptor	3,914,785	-	(197,252)	3,717,533
Southern California Edison Loan:				
So. Cal. Edison loan 2015	22,491	-	(15,236)	7,255
Total	<u>79,737,701</u>	<u>\$ -</u>	<u>\$ (3,839,328)</u>	<u>75,898,373</u>
Less current	<u>(3,841,505)</u>			<u>(3,896,394)</u>
Total non-current	<u>\$ 75,896,196</u>			<u>\$ 72,001,979</u>

**SRF Loan Payable – 11.0 MGD Expansion Project**

In December 2001, the Authority obtained an \$11,430,726 loan at a zero percent interest rate from the State Revolving Fund to provide funds for the 11.0 MGD Expansion Project. Terms of the agreement call for annual payments due on April 3rd. This loan matured in fiscal year 2022. The Authority is imputing interest expense at the rate of 1.850% per annum.

**SRF Loan Payable – North Apple Valley Interceptor**

In September 2004, the Authority obtained a \$4,084,688 loan from the State Revolving Fund to provide funds for the North Apple Valley Interceptor. Terms of the agreement call for annual principal and interest payments due on February 13th at the rate of 2.500%, maturing in fiscal year 2024.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 11      LOANS PAYABLE (CONTINUED)**

**SRF Loan Payable – North Apple Valley Interceptor (Continued)**

Future long-term debt service requirements to maturity are as follows:

Years ending June 30	Principal	Interest*	Total
2023	\$ 245,712	\$ 12,439	\$ 258,151
2024	251,854	6,297	258,151
Total	497,566	\$ 18,736	\$ 516,302
Less current	(245,712)		
Total non-current	\$ 251,854		

\* Includes annual service charge.

**SRF Loan Payable – Phase III-A Facility**

On October 11, 2010, the Authority entered into a loan agreement to receive up to \$18,581,561 from the California State Water Resources Control Board to construct a water treatment facility at the Authority's plant site in the City of Victorville. The total loan amount of \$18,581,561 includes a contingent principal forgiveness of \$3,000,000 received during the fiscal year ended June 30, 2013. Terms of the agreement call for annual principal and interest payments due on June 30th at the rate of 2.70%, maturing in fiscal year 2032.

Future long-term debt service requirements to maturity are as follows:

Years ending June 30	Principal	Interest	Total
2023	\$ 787,270	\$ 240,340	\$ 1,027,610
2024	808,527	219,084	1,027,611
2025	830,357	197,253	1,027,610
2026	852,776	174,833	1,027,609
2027	875,801	151,808	1,027,609
2028-2032	4,746,735	391,312	5,138,047
Total	8,901,466	\$ 1,374,630	\$ 10,276,096
Less current	(787,270)		
Total non-current	\$ 8,114,196		

**SRF Loan Payable – Upper Narrows Pipeline Replacement**

On September 30, 2013, the Authority entered into a loan agreement to receive up to \$4,286,380 from the California State Water Resources Control Board to construct the Upper Narrows Pipeline Replacement. Terms of the agreement call for annual principal and interest payments due on December 31st at the rate of 1.900%, maturing in fiscal year 2033.

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
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**NOTE 11 LOANS PAYABLE (CONTINUED)**

**SRF Loan Payable – Upper Narrows Pipeline Replacement (Continued)**

Future long-term debt service requirements to maturity are as follows:

Years ending June 30	Principal	Interest	Total
2023	\$ 212,592	\$ 45,153	\$ 257,745
2024	216,632	41,114	257,746
2025	220,748	36,998	257,746
2026	224,942	32,804	257,746
2027	229,216	28,530	257,746
2028-2032	1,213,082	75,645	1,288,727
2033	59,267	1,126	60,393
Total	2,376,479	\$ 261,370	\$ 2,637,849
Less current	(212,592)		
Total non-current	\$ 2,163,887		

**SRF Loan Payable – Subregional Wastewater Reclamation Plant – City of Hesperia**

On May 20, 2014, the Authority entered into a loan agreement with the California State Water Resources Control Board to construct a subregional wastewater reclamation plant in the City of Hesperia. The final amended agreement totaled \$37,758,385 which included construction costs and construction period interest. Terms of the agreement call for annual principal and interest payments due on February 28th, at the rate of 1.000%, maturing in fiscal year 2048.

Future long-term debt service requirements to maturity are as follows:

Years ending June 30	Principal	Interest	Total
2023	\$ 1,129,391	\$ 333,460	\$ 1,462,851
2024	1,140,685	322,166	1,462,851
2025	1,152,091	310,759	1,462,850
2026	1,163,612	299,238	1,462,850
2027	1,175,248	287,602	1,462,850
2028-2032	6,054,897	1,259,353	7,314,250
2033-2037	6,363,758	950,494	7,314,252
2038-2042	6,688,374	625,878	7,314,252
2043-2047	7,029,548	284,704	7,314,252
2048	1,448,366	14,484	1,462,850
Total	33,345,970	\$ 4,688,138	\$ 38,034,108
Less current	(1,129,391)		
Total non-current	\$ 32,216,579		

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**NOTE 11 LOANS PAYABLE (CONTINUED)**

**SRF Loan Payable – Subregional Wastewater Reclamation Plant – Town of Apple Valley**

On May 22, 2014, the Authority entered into a loan agreement with the California State Water Resources Control Board to construct a subregional wastewater reclamation plant in the Town of Apple Valley. The final amended loan agreement totaled \$26,455,229 which included construction costs and construction period interest. Terms of the agreement call for annual principal and interest payments due on February 28th at the rate of 1.000%, maturing in fiscal year 2048.

Future long-term debt service requirements to maturity are as follows:

Years ending June 30	Principal	Interest	Total
2023	\$ 791,311	\$ 233,640	\$ 1,024,951
2024	799,224	225,727	1,024,951
2025	807,217	217,734	1,024,951
2026	815,289	209,662	1,024,951
2027	823,442	201,509	1,024,951
2028-2032	4,242,384	882,370	5,124,754
2033-2037	4,458,788	665,966	5,124,754
2038-2042	4,686,231	438,523	5,124,754
2043-2047	4,925,275	199,479	5,124,754
2048	1,014,803	10,148	1,024,951
Total	23,363,964	\$ 3,284,758	\$ 26,648,722
Less current	(791,311)		
Total non-current	\$ 22,572,653		

**SRF Loan Payable – Nanticoke Gravity Interceptor**

On August 14, 2014, the Authority entered into a loan agreement with the California State Water Resources Control Board to construct the Nanticoke Pump Station Bypass Sewer project. The final amended loan agreement totaled \$4,495,213 which included construction costs and construction period interest. Terms of the agreement call for annual principal and interest payments due on June 30th, at the rate of 1.900%, maturing in fiscal year 2037.

Years ending June 30	Principal	Interest	Total
2023	\$ 204,819	\$ 66,814	\$ 271,633
2024	208,710	62,923	271,633
2025	212,676	58,957	271,633
2026	216,716	54,916	271,632
2027	220,834	50,799	271,633
2028-2032	1,168,725	189,438	1,358,163
2033-2037	1,284,054	74,109	1,358,163
Total	3,516,534	\$ 557,956	\$ 4,074,490
Less current	(204,819)		
Total non-current	\$ 3,311,715		

**Victor Valley Wastewater Reclamation Authority**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

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**NOTE 11      LOANS PAYABLE (CONTINUED)**

**Southern California Edison Loan 2015**

On September 9, 2014, the Authority entered into an Energy Management Solutions loan agreement as an incentive to encourage the Authority to develop an energy saving project. The loan agreement with Southern California Edison includes a zero-percent interest loan in the amount of \$117,298 to provide funds for the acquisition of energy efficient equipment used in the Aeration Efficiency project. The loan was fully paid during the fiscal year 2022.

**NOTE 12      OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

The Authority offers post-employment medical benefits to retired employees who satisfy the eligibility requirements, subject to certain restrictions as determined by the Authority. Retirees can apply the monthly maximum allowance of \$571 toward covering their family. If the family coverage exceeds the \$571, the retirees pay the premium above the limit. Retirees may enroll in any plan available through the Authority's CalPERS Medical Program.

The Plan is a single employer defined benefit OPEB plan administered by the Authority. The Authority's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. The Authority does not have an OPEB trust established, and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Benefits Provided**

The Authority's Plan is open to qualified employees who have attained age 50, retired from and were employed by the Authority at least five years.

**Employees Covered**

As of June 30, 2022 valuation, the following current and former employees were covered by the benefit terms under the Plan:

	<b>2022</b>	<b>2021</b>
Inactive employees or beneficiaries currently receiving benefits	16	16
Inactive employees entitled to but not yet receiving benefit	15	8
Active employees	42	36
Total Plan membership	73	60

**Contributions**

The Plan and its contribution requirements for eligible retired employees of the Authority are established and may be amended by the Board of Commissioners. The Authority pays 100% of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the Authority. The Authority's cap is \$571 per month which is in compliance with California Government Code Section 22892. The Authority has not established an irrevocable OPEB Trust and continues to finance its OPEB liability on a pay-as-you-go basis. For the fiscal years ended June 30, 2022 and 2021, the contributions of \$132,384 and \$141,384, respectively, represent payment of benefits to the retirees.

**Victor Valley Wastewater Reclamation Authority**  
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**NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2022 and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions	
Funding Method	Entry Age Normal Cost, level percent of pay
Asset valuation method	Fair value of assets (\$0; plan is not yet funded)
Municipal bond index	Bond Buyer General Obligation 20-Bond Municipal Bond Index
Inflation	2.50 percent as of June 30, 2022 2.50 percent as of June 30, 2021
Salary Increase	3.00 percent per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years.
Discount rate	3.54 percent as of June 30, 2022 2.16 percent as of June 30, 2021
Healthcare cost trend rates	5.70 percent as of June 30, 2022 5.70 percent as of June 30, 2021
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

**Discount Rate**

As of June 30, 2022 and 2021, the discount rate used to measure the total OPEB liability was 3.54 and 2.16 percent, respectively. The valuation used the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates.

**Changes in the Net OPEB Liability**

The changes in the net OPEB liability during the measurement period are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2021 (Measurement date June 30, 2021)	\$ 3,871,850	\$ -	\$ 3,871,850
Changes for the year:			
Service cost	185,017		185,017
Interest	86,199		86,199
Changes in benefit terms			
Difference between expected and actual experience			
Changes in assumptions	(647,936)		(647,936)
Benefit payments	(132,384)		(132,384)
Net changes	(509,104)	-	(509,104)
Balance at June 30, 2022 (Measurement date June 30, 2022)	\$ 3,362,746	\$ -	\$ 3,362,746

**Victor Valley Wastewater Reclamation Authority**  
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**NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate for measurement period ended June 30, 2022:

	Discount Rate 1% Lower 2.54%	Valuation Discount Rate 3.54%	Discount Rate 1% Higher 4.54%
Net OPEB liability	\$ <u>3,813,145</u>	\$ <u>3,362,746</u>	\$ <u>2,996,453</u>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Authority if it were calculated using healthcare cost trend rates that are one-percentage-point lower (5.7% decreasing to 4.7%) or 1-percentage-point higher (5.7% increasing to 6.7%) than the current healthcare cost trend rates:

At June 30, 2022, the healthcare cost trend rate comparison was the following:

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB liability	\$ <u>3,124,446</u>	\$ <u>3,362,746</u>	\$ <u>3,710,342</u>

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the years ended June 30, 2022 and 2021, the Authority recognized OPEB expense of \$368,249 and \$420,860, respectively, with details as follows.

	<u>2022</u>	<u>2021</u>
Service cost	\$ <b>185,017</b>	\$ 156,167
Interest cost on Total OPEB liability (TOL)	<b>86,199</b>	86,769
<i>Recognized Deferred Resource items:</i>		
Assumption Changes	<b>106,943</b>	187,834
Plan Experience	<b>(9,910)</b>	(9,910)
Total OPEB expense	\$ <u><b>368,249</b></u>	\$ <u>420,860</u>

At June 30, 2022 and 2021, the Authority reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ <b>790,107</b>	\$ <b>(567,045)</b>	\$ 51,811	\$ (147,404)
Net changes in assumption	<b>40,693</b>	<b>(126,376)</b>	977,941	-
Total	\$ <u><b>830,800</b></u>	\$ <u><b>(693,421)</b></u>	<u>1,029,752</u>	<u>(147,404)</u>



**Victor Valley Wastewater Reclamation Authority**  
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**NOTE 12 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)***

Deferred outflows and inflows of resources related to OPEB will be recognized as pension expense as follows.

Year Ending June 30	Deferred Outflows/ (Inflows) of Resources
2023	\$ 97,033
2024	97,033
2025	97,033
2026	58,668
2027	(40,917)
Thereafter	(171,471)

**Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios**

See Required Supplementary Schedule.

**NOTE 13 DEFINED BENEFIT PENSION PLAN**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Authority's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employers defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

**Benefits Provided**

CalPERS provides service 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 50 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.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Authority's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants, not previously employed by an agency under CalPERS, effective December 31, 2013. All employees hired after January 1, 2013, are eligible for the Authority's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

**Victor Valley Wastewater Reclamation Authority**  
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**NOTE 13      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The Plans' provision and benefits in effect at June 30, 2022, are summarized as follows:

	<b>Miscellaneous Plan</b>	
	<u>Classic</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2013	2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensatio	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.750%
Required employer contribution rates	11.590%	7.732%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1st, of each fiscal year following notice of the 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 Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Authority contribution rates may change if plan contracts are amended.

For the years ended June 30, 2022 and 2021, the Authority's contributions were \$876,021 and \$788,287, respectively.

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

As of June 30, 2022 and 2021, the Authority reported net pension liabilities for its proportionate share of the net pension liability as follows:

	<b>Proportionate Share of Net Pension Liability</b>	
	<u>2022</u>	<u>2021</u>
Miscellaneous Plan	\$ <u>4,096,340</u>	\$ <u>6,458,067</u>

The Authority's net pension liability for the Plan is measured as the proportionate share of the collective net pension liability of the Plan. The net pension liability reported as of June 30, 2022 and 2021 is measured as of June 30, 2021 and 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30 2020, rolled forward to June 30, 2021 and June 30, 2019, rolled forward to June 30, 2020, respectively, using standard update procedures.

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**NOTE 13      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the collective net pension liability as of June 30, 2021 and 2020 measurement dates were as follows:

Proportion at Measurement Date	Miscellaneous Plan
Proportion - June 30, 2021	0.07574%
Proportion - June 30, 2020	0.05935%
Change - Increase	0.01639%

For the years ended June 30, 2022 and 2021, the Authority recognized pension expense of \$2,060,518 and \$1,041,138, respectively, for the Plan. At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2022		June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 876,021		\$ 788,287	
Net difference between actual and expected experience	459,361		332,803	
Net changes in assumption				(46,062)
Net differences between projected and actual earnings on plan investments		(3,575,888)	191,847	
Net differences between actual contribution and proportionate share of contribution	723	(22,755)		(46,463)
Net adjustment due to differences in proportions of net pension liability	44,257	(67,097)	75,767	(35,339)
Total	\$ 1,380,362	\$ (3,665,740)	\$ 1,388,704	\$ (127,864)

As of June 30, 2022 and 2021, employer pension contributions of \$876,021 and \$788,287, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal years ending June 30, 2023 and for the year ended 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized as pension expense as follows.

Years Ending June 30	Deferred Outflows/(Inflows) of Resources
2023	\$ (656,381)
2024	(710,085)
2025	(806,743)
2026	(988,190)
Total	\$ (3,161,399)

**Victor Valley Wastewater Reclamation Authority  
Notes to Financial Statements  
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**NOTE 13      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2021 and 2020 actuarial valuation reports were determined using the following actuarial assumptions:

The following is a summary of the actuarial assumptions and methods:

Valuation dates	June 30, 2020 and 2019
Measurement dates	June 30, 2021 and 2020
Actuarial cost method	Entry Age Normal cost method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2019 and 2018 - 2.50%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	0% Net of Pension Plan Investment and Administrative Expenses: includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership data for all Funds
Period upon which actuarial Experience Survey assumptions were based	2019 and 2018 - 1997-2015
Post Retirement Benefit	2018 - Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power

\* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. 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 7.15% for the Plan. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rates and that contributions from employees will be made at statutory required rates, actuarially determined.

Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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**NOTE 13      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Discount Rate (continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 of return was set by calculating the single equivalent expected 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 table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

The long-term expected real rate of return by asset class was as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

\* An expected inflation of 2.5% used for this period.

\*\* An expected inflation of 3.0% used for this period.

**Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following represents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportional share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Authority's proportionate share of the net pension liability</u>	<u>1% Decrease (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
2022	\$ <u>7,280,032</u>	\$ <u>4,096,340</u>	\$ <u>1,464,427</u>

**Victor Valley Wastewater Reclamation Authority**  
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**NOTE 13      DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See the Required Supplementary Schedules.

**Payable to the Pension Plan**

As of June 30, 2022 and 2021, the Authority reported no payables for the outstanding amounts of contributions to the pension plan required for the years ended June 30, 2022 and 2021.

**NOTE 14      NET POSITION**

At June 30, net position consisted of the following:

	<u>2022</u>	<u>2021</u>
Net investment in capital assets		
Capital assets - not being depreciated	\$ 2,965,650	\$ 5,042,173
Capital assets, net - being depreciated	163,062,751	168,973,164
Lease payable	(332,154)	(396,185)
Loans payable	<u>(72,001,979)</u>	<u>(75,898,373)</u>
Total net investment in capital assets	<u>93,694,268</u>	<u>97,720,779</u>
Restricted net position		
Restricted for debt service	<u>4,302,942</u>	4,882,810
Total restricted net position	<u>4,302,942</u>	<u>4,882,810</u>
Unrestricted net position		
Non-spendable net position		
Material and supply inventory	21,861	48,837
Prepaid expenses and deposits	<u>269,212</u>	<u>112,004</u>
Total non-spendable net position	<u>291,073</u>	<u>160,841</u>
Spendable net position		
Undesignated net position reserve	<u>5,219,500</u>	7,288,276
Total spendable net position	<u>5,219,500</u>	<u>7,288,276</u>
Total unrestricted net position	<u>5,510,573</u>	<u>7,449,117</u>
Total net position	<u>\$ 103,507,783</u>	<u>\$ 110,052,706</u>

**NOTE 15      RISK MANAGEMENT**

The Authority 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. The Authority is a member of the California Sanitation Risk Management Authority (CSRMA), an intergovernmental risk sharing joint powers authority currently operating as a common risk management and loss prevention program for 60 California Sanitation Authorities. The Authority pays an annual premium to CSRMA for its public liability and workers compensation risk coverage. The Agreement for formation of the CSRMA provides that CSRMA will be self-sustaining through member premiums and will provide specific excess insurance through commercial companies. The CSRMA is allowed to make additional assessments to its members based on a retrospective premium adjustment process.

At June 30, 2022, the Authority participated in the CSRMA programs as follows:

- General and automotive liability, including errors and omissions and employment practices liability (EPL): The Authority is insured through the CSRMA. Coverage includes excess liability applicable to the general and automobile liability section, excess layer of \$10,000,000 over the \$15,500,000 excess of the first \$500,000 insured layer with a \$1,000/\$2,000 deductible, \$2,500 deductible for errors and omissions, a \$25,000 deductible for EPL per occurrence, and a sewer backup deductible of \$10,000. Re-insurance is purchased above the \$500,000 layer to \$15,000,000 through CSRMA.
- Workers' compensation and employer's liability: The Authority is insured through the CSRMA up to \$750,000 with a deductible of \$0 per claim. The Authority purchased through CSRMA, additional excess workers' compensation coverage and excess employer's liability coverage of \$1,000,000 excess of the first \$750,000

In addition, the Authority also has the following insurance coverage:

- Master Crime Policy up to \$2,000,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance, and destruction coverage with a deductible of \$2,500 per claim.
- Special form property coverage up to \$193,085,220, with a deductible of \$10,000 per claim.
- Mobile Vehicle Program coverage up to \$1,012,252, subject to a deductible of \$1,000 per claim and \$2,000 in total.
- Pollution and remediation legal liability coverage up to \$5,000,000 subject to a deductible of \$25,000 per claim.
- Public entity pollution liability coverage up to \$25,000,000, subject to \$2,000,000 per pollution condition, \$100,000 per pollution condition retention.

**Victor Valley Wastewater Reclamation Authority  
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**NOTE 15 RISK MANAGEMENT (CONTINUED)**

- Cyber liability coverage up to \$2,000,000, subject to \$2,000,000 per computer security, \$50,000 per pollution condition retention.
- Fraud Master Policy identity theft coverage up to \$25,000 with a \$0 deductible.

Settled claims have not exceeded any of the coverage amounts in any of the last two fiscal years and there were no reductions in the Authority's insurance coverage during the years ending June 30, 2022 and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022 and 2021.

**NOTE 16 GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the Authority.

**GASB No. 91**

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

**GASB No. 94**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

**GASB No. 96**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

**GASB No. 99**

In May 2022, the Governmental Accounting Standards Board issued Statement No. 99, "Omnibus" providing clarification guidance on several of its recent statements, including GASB Statement No. 87 Leases and GASB Statement No. 96 Subscription-Based Information Technology Arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.



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**NOTE 16      GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT  
ISSUED, NOT YET EFFECTIVE (CONTINUED)**

**GASB No. 100**

In May 2022, the Governmental Accounting Standards Board issued Statement No. 100, "Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62." The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

**GASB No. 101**

In May 2022, the Governmental Accounting Standards Board issued Statement No. 101, "Compensated Absences." The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

**NOTE 17      COMMITMENTS AND CONTINGENCIES**

**Grant Awards**

Grant funds received by the Authority are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant. Management of the Authority believes that such disallowances, if any, would not be significant.

**Construction Contracts**

The Authority has a variety of agreements with developers and private parties relating to the installation, improvement or modification of facilities and distribution systems within its service areas. The financing of such improvements is provided primarily from loans for construction and the Authority's capital replacement reserve.

**Biogas Power Generation and Services Agreement**

On March 25, 2013, the Authority entered into an agreement with Anaergia Services, LLC to provide a biogas energy generation services facility at the Authority's wastewater treatment and reclamation plant facility. The purpose of the converted biogas is to provide electrical energy for use in plant operations. Anaergia has constructed the Biogas Facility and Ancillary Facilities at its sole cost and expense. Excess energy can be delivered by the Authority to the grid. The term of the agreement is 20 years from the operation date of July 1, 2015 and matures on June 30, 2035. The Authority will purchase all energy output from Anaergia at a fixed cost of \$734,000 per year, payable in monthly installments of \$61,167. At June 30, 2022 and 2021, the future minimum remaining commitment amounted to \$9,542,000 and \$10,276,000, respectively.

**Litigation**

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties.

**NOTE 17      COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Funding Future Obligations**

The outstanding issue of connection fees has been resolved on September 16, 2021. See note 18 for further discussion.

**COVID-19 Pandemic**

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2021. The operations and business results of the Authority could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Authority has not included any contingencies in the financial statements specific to this issue.

**NOTE 18      RELATED PARTY**

In April of 2016, a member agency (agency) informed the Authority of their intent to withdraw from the Service Agreement per the 30-year notice requirement.

The Board of Commissioners has engaged a judicial review on the issue of the member agency's flow diversion for the purpose of rendering a non-binding opinion. The flow diversion and withholding of certain connection fees by the member agency has resulted in a dispute that is being resolved with the assistance of a retired judge who has issued an advisory, non-binding opinion. As a result of the dispute regarding the flow diversion, another member agency has retained a portion of its connections fees. After issue of the judge's non-binding opinion, the Authority and its member entities have begun negotiating a settlement of both the flow diversion and the withholding of fees by the member agency. Management believes that although the flow diversion issue with a member agency has been solved, the withholding of connection fees by another member agency may or may not be addressed by a rate increase.

On September 16, 2021, the Board approved the settlement of connection fees outstanding from the agency. As a result, the agency will retain the Zone H connection fees collected by the agency prior to and following the Effective Date for a period of three years after the Effective Date or until the incurrence of \$2,500,000 connection fees, whichever comes first. As set forth in the settlement, the agency made an initial payment of \$356,058 on November 8, 2022.

**NOTE 19      SUBSEQUENT EVENTS**

The Authority has evaluated events subsequent to the balance sheet date through November 17, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

**Required Supplementary Information**

**Victor Valley Wastewater Reclamation Authority**  
**Schedules of Changes in the Total OPEB Liability and Related Ratios**  
**Last 10 Fiscal Years\***

Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>					
Service cost	\$ 185,017	\$ 156,167	\$ 113,200	\$ 38,990	\$ 37,946
Interest	86,199	86,769	112,932	86,142	84,676
Difference between expected and actual experience		(168,432)	-	85,165	-
Changes in assumptions	(647,936)	97,993	565,970	779,126	-
Employer contributions	(132,384)	(141,384)	(111,208)	(114,948)	(94,258)
<b>Net change in total OPEB liability</b>	(509,104)	31,113	680,894	874,475	28,364
<b>Total OPEB liability - beginning</b>	3,871,850	3,840,737	3,159,843	2,285,368	2,257,004
<b>Total OPEB liability - ending</b>	\$ 3,362,746	\$ 3,871,850	\$ 3,840,737	\$ 3,159,843	\$ 2,285,368
Covered-employee Payroll	\$ 3,891,330	\$ 2,650,000	\$ 2,572,348	\$ 2,882,328	\$ 3,004,335
Total OPEB liability as a percentage of Covered-employee Payroll	86.42%	146.11%	149.31%	109.63%	76.07%

### Summary of key assumptions

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial cost method	2.50%	2.50%	2.75%	2.75%	2.75%
Inflation	5.70% in	5.70% in	7.00% in	7.00% in	4.00% per year
Healthcare cost trend rates	2021, fluctuating down to 4% by 2076	2021, fluctuating down to 4% by 2076	2020, step down 0.50% each year to 5.00% in 2024	2020, step down 0.50% each year to 5.00% in 2024	
Salary increases	3.00%	3.00%	3.25%	3.25%	2.75%
Discount rate	2.16%	2.16%	2.21%	3.51%	3.80%
Retirement age	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	CalPERS 2017 Experience Study; Projected with MW Scale 2020	CalPERS 2017 Experience Study; Projected with MW Scale 2020	CalPERS 2017 Experience Study; Projected with MW Scale 2018	CalPERS 2017 Experience Study; Projected with MW Scale 2018	CalPERS 2014 Experience Study

### Notes to Schedule

No assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

Fiscal Year 2018 was the first year of implementation.

\* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

See Independent Auditor's Report.

**Victor Valley Wastewater Reclamation Authority**  
**Schedules of Proportionate Share of the Net Pension Liability and Related Ratios**  
**Last 10 Fiscal Years\***

Measurement Date	Authority's Proportion of the Collective Net Pension Liability	Authority's Proportionate Share of the Collective Net Pension Liability	Authority's Covered Payroll	Authority's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2015	0.05341% \$	3,323,316 \$	2,945,462	112.83%	79.19%
6/30/2016	0.06074%	4,169,063	3,004,402	138.77%	75.01%
6/30/2017	0.05792%	5,011,624	3,004,335	166.81%	71.30%
6/30/2018	0.05799%	5,750,574	3,397,714	169.25%	71.18%
6/30/2019	0.05854%	5,641,328	2,546,478	221.53%	72.05%
6/30/2020	0.05909%	6,054,828	2,781,332	217.70%	72.04%
6/30/2021	0.05935%	6,458,067	2,701,718	239.04%	71.65%
6/30/2022	0.07574%	4,096,340	3,891,330	105.27%	95.00%

**Notes to Schedule**

*Changes in Benefit Terms* – For the measurement date June 30, 2021, there were no changes in the benefit terms that applied to all members of the Public Agency Pool.

*Changes of Assumptions* – For the measurement dates June 30, 2021 and 2020 the discount rate was 7.15% percent. Refer to CALPERS ACFR for more details on changes of assumptions and methods.

\* Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in fiscal year ended June 30, 2015 with a measurement date of June 30, 2014, therefore only 8 years are shown.

**Victor Valley Wastewater Reclamation Authority  
Schedules of Pension Plan Contributions  
Last 10 Fiscal Years\***

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Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a percentage of Covered Payroll
6/30/2015	\$ 464,069	\$ (464,069)	\$ -	\$ 2,945,462	15.76%
6/30/2016	507,931	(503,175)	4,756	3,004,402	16.91%
6/30/2017	561,105	(503,376)	57,729	3,004,335	18.68%
6/30/2018	589,365	(528,660)	60,705	3,397,714	17.35%
6/30/2019	690,639	(607,170)	83,469	2,546,478	27.12%
6/30/2020	694,372	(698,749)	(4,377)	2,781,332	24.97%
6/30/2021	788,287	(788,287)	-	2,701,718	29.18%
6/30/2022	876,021	(876,021)	-	3,891,330	22.51%

**Notes to Schedule**

- \* Historical information is required only for measurement periods for which GASB 68 is applicable. GASB 68 was implemented in fiscal year ended June 30, 2015 with a measurement date of June 30, 2014, therefore only 8 years are shown.

**Other Supplementary Information**

**Victor Valley Wastewater Reclamation Authority**  
**Schedules of Operating Expenses**  
**Years ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Salaries and benefits		
Salaries	\$ 4,435,364	\$ 3,893,850
Employee benefits	3,087,452	2,058,073
Total salaries and benefits	<u>7,522,816</u>	<u>5,951,923</u>
Maintenance		
Equipment and supplies	1,002,861	640,298
Instrumentation	390,363	241,650
Tools	23,625	16,939
Ground repairs and maintenance	766,322	299,185
Vehicle repairs and maintenance	119,439	133,720
Sewer repairs and maintenance	107,468	51,185
Other	71,137	522,037
Total maintenance	<u>2,481,215</u>	<u>1,905,014</u>
Operations		
Process chemicals	521,565	348,438
Utilities	2,606,745	2,135,136
Trash and sludge disposal	65,036	153,473
Fuel and lubricants	82,624	56,841
Lab supplies and services	345,316	421,048
Safety equipment	128,245	105,376
Custodial	45,207	49,472
Equipment rental	90,626	125,693
Uniform	39,814	35,477
Security	18,543	17,194
Sewer location services	27,683	32,865
Total operations	<u>3,971,404</u>	<u>3,481,013</u>
General and Administration		
Telephone and communication	115,806	104,897
Computers and office equipment	76,771	65,240
Computer and office supplies	10,991	10,297
Printing and advertising	12,186	5,897
Postage and freight	15,793	11,060
Travel and education	83,820	49,305
Membership and commissioner fees	38,325	36,577
Books and periodicals	8,186	7,188
Professional services	232,076	662,050
Legal services	427,841	400,963
Temporary labor	18,367	14,705
Insurance	433,940	277,744
Permit fees	172,279	204,931
Rent	69,721	64,799
Construction services	1,185,911	226,232
Other	22,284	39,476
Total administration	<u>2,924,297</u>	<u>2,181,361</u>
Total operating expenses	<u>16,899,732</u>	<u>13,519,311</u>
Depreciation	11,327,026	11,225,596
Total operating expenses including depreciation expense	<u>\$ 28,226,758</u>	<u>\$ 24,744,907</u>



**Victor Valley Wastewater Reclamation Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Year ended June 30, 2022**

	Operations and Maintenance	Repairs and Replacements	Capital Outlay	Total
<b>Operating revenues</b>				
Wastewater service charges	\$ 18,939,509	\$ -	\$ -	\$ 18,939,509
Septage receiving facility fees	870,748	-	-	870,748
ADM-FOG tipping fees	166,202	-	-	166,202
Pretreatment permit fees	58,275	-	-	58,275
<b>Total operating revenues</b>	<b>20,034,734</b>	<b>-</b>	<b>-</b>	<b>20,034,734</b>
<b>Operating expenses</b>				
Salaries and benefits	7,522,816	-	-	7,522,816
Maintenance	2,481,215	-	-	2,481,215
Operations	3,971,404	-	-	3,971,404
General and administration	2,458,626	-	465,671	2,924,297
<b>Total operating expenses</b>	<b>16,434,061</b>	<b>-</b>	<b>465,671</b>	<b>16,899,732</b>
Operating income (loss) before depreciation expense	3,600,673	-	(465,671)	3,135,002
Depreciation	(11,327,026)	-	-	(11,327,026)
<b>Operating loss</b>	<b>(7,726,353)</b>	<b>-</b>	<b>(465,671)</b>	<b>(8,192,024)</b>
<b>Non-operating revenues (expenses)</b>				
Investment losses	(215,982)	-	-	(215,982)
Interest expense	(677,352)	-	(325,671)	(1,003,023)
Gain on disposal of capital assets	81,358	-	-	81,358
Other, net	148,826	-	-	148,826
<b>Total non-operating expense, net</b>	<b>(663,150)</b>	<b>-</b>	<b>(325,671)</b>	<b>(988,821)</b>
<b>Net loss before capital contributions</b>	<b>(8,389,503)</b>	<b>-</b>	<b>(791,342)</b>	<b>(9,180,845)</b>
<b>Capital contributions</b>				
Capital grants - FEMA	-	-	-	-
Connection fees	-	-	2,635,922	2,635,922
<b>Total contributed capital</b>	<b>-</b>	<b>-</b>	<b>2,635,922</b>	<b>2,635,922</b>
<b>Changes in net position</b>	<b>\$ (8,389,503)</b>	<b>\$ -</b>	<b>\$ 1,844,580</b>	<b>\$ (6,544,923)</b>

**Notes to Schedule**

Repairs and replacement fund is no longer used starting fiscal year ended June 30, 2022.

**Victor Valley Wastewater Reclamation Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2021**

	Operations and Maintenance	Repairs and Replacements	Capital Outlay	Total
<b>Operating revenues</b>				
Wastewater service charges	\$ 16,417,028	\$ -	\$ -	\$ 16,417,028
Septage receiving facility fees	675,042	-	-	675,042
ADM-FOG tipping fees	28,855	-	-	28,855
Pretreatment permit fees	46,600	-	-	46,600
Total operating revenues	<u>17,167,525</u>	<u>-</u>	<u>-</u>	<u>17,167,525</u>
<b>Operating expenses</b>				
Salaries and benefits	5,951,923	-	-	5,951,923
Maintenance	1,857,866	47,148	-	1,905,014
Operations	3,481,013	-	-	3,481,013
General and administration	1,978,114	33,834	169,413	2,181,361
Total operating expense	<u>13,268,916</u>	<u>80,982</u>	<u>169,413</u>	<u>13,519,311</u>
Operating income (loss) before depreciation expense	3,898,609	(80,982)	(169,413)	3,648,214
Depreciation	(11,225,596)	-	-	(11,225,596)
Operating loss	<u>(7,326,987)</u>	<u>(80,982)</u>	<u>(169,413)</u>	<u>(7,577,382)</u>
<b>Non-operating revenues (expenses)</b>				
Investment earnings	34,353	-	-	34,353
Interest expense	(723,169)	-	(354,490)	(1,077,659)
Loss on disposal of capital assets	(9,070)	-	-	(9,070)
Other, net	2,333,096	-	-	2,333,096
Total non-operating expense, net	<u>1,635,210</u>	<u>-</u>	<u>(354,490)</u>	<u>1,280,720</u>
Net loss before capital contributions	<u>(5,691,777)</u>	<u>(80,982)</u>	<u>(523,903)</u>	<u>(6,296,662)</u>
<b>Capital contributions</b>				
Capital grants - FEMA	2,745,775	-	-	2,745,775
Connection fees	-	-	2,966,707	2,966,707
Total contributed capital	<u>2,745,775</u>	<u>-</u>	<u>2,966,707</u>	<u>5,712,482</u>
Changes in net position	<u>\$ (2,946,002)</u>	<u>\$ (80,982)</u>	<u>\$ 2,442,804</u>	<u>\$ (584,180)</u>



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# Statistics Section



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
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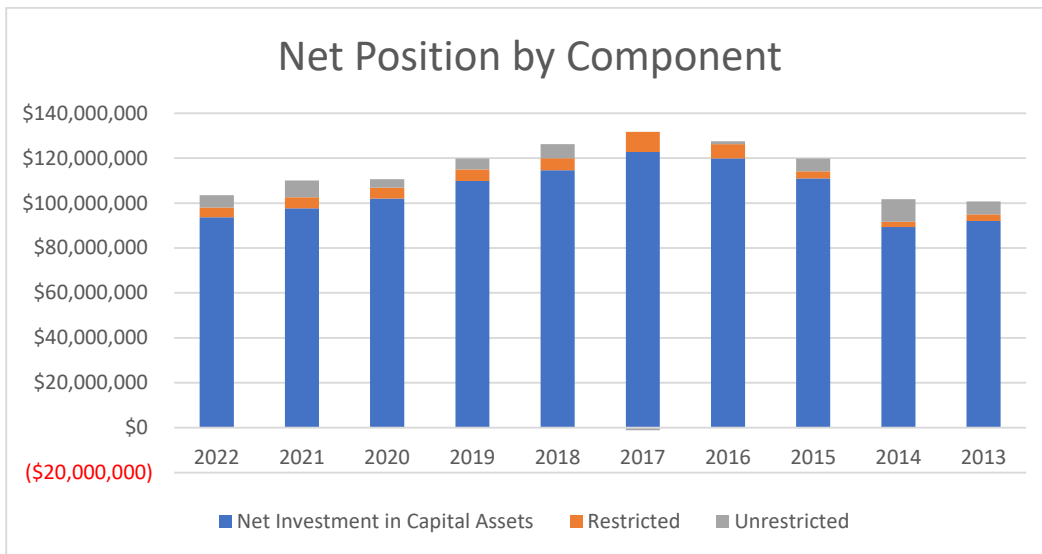
This part of Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the financial statements say about the Authority's overall financial health.

	<u><b>Page No.</b></u>
<p><b>Financial Trends</b>            These schedules contain information to help the reader understand how the Authority's financial performance and well-being have changed over time.</p>	58 – 59
<p><b>Revenue Capacity</b>            These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate revenues.</p>	60 – 65
<p><b>Debt Capacity</b>            These schedules present information to help the readers assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debts in the future.</p>	66
<p><b>Demographic and Economic Information</b>            These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other agencies.</p>	67 – 70
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**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Net Position by Component**  
**Last Ten Fiscal Years**

30-Jun	2022	2021	2020	2019	2018
Net Investment in Capital Assets	\$93,694,268	\$97,720,779	\$101,957,712	\$109,818,767	\$114,620,595
Restricted	4,302,942	4,882,810	4,882,810	5,147,861	5,285,091
Unrestricted	5,510,573	7,449,117	3,796,364	4,856,081	6,360,280
<b>Total Net Position</b>	<b>\$103,507,783</b>	<b>\$110,052,706</b>	<b>\$110,636,886</b>	<b>\$119,822,709</b>	<b>\$126,265,966</b>

30-Jun	2017	2016	2015	2014	2013
Net Investment in Capital Assets	\$122,731,832	\$119,848,757	\$110,982,384	\$89,340,144	\$92,011,190
Restricted	9,004,801	6,367,601	3,150,314	2,322,650	2,961,518
Unrestricted	-1,131,737	1,295,274	5,692,256	10,061,819	5,729,404
<b>Total Net Position</b>	<b>\$130,604,896</b>	<b>\$127,511,632</b>	<b>\$119,824,954</b>	<b>\$101,724,613</b>	<b>\$100,702,112</b>

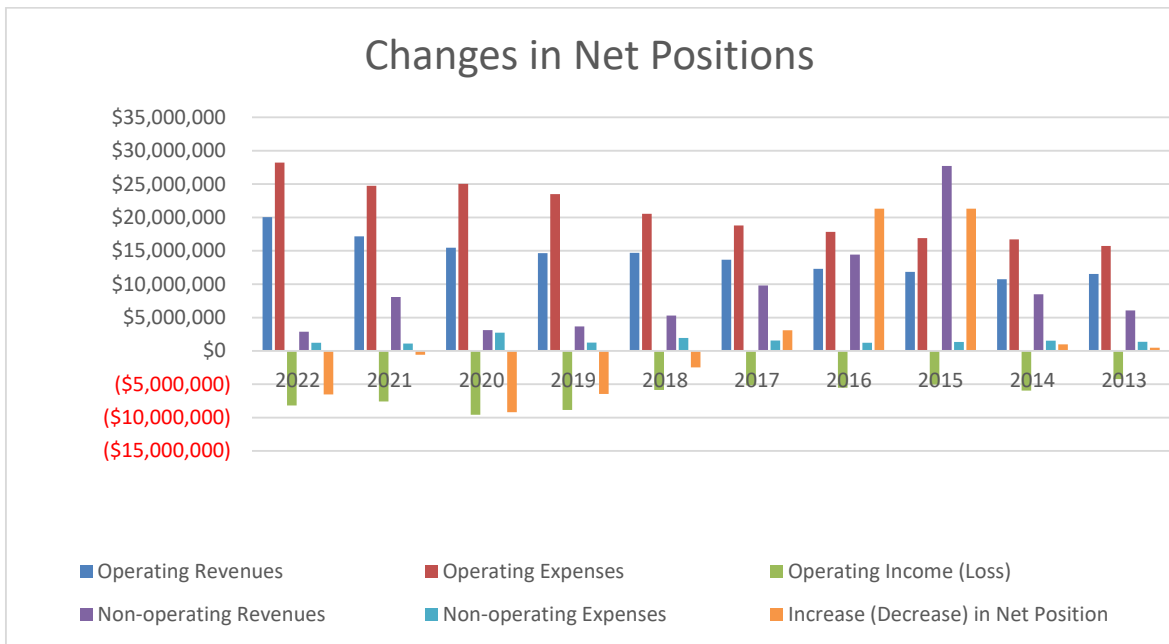


Source: Victor Valley Wastewater Reclamation Authority

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Changes in Net Positions**  
**Last Ten Fiscal Years**

30-Jun	2022	2021	2020	2019	2018
Operating Revenues	\$20,034,734	\$17,167,525	\$15,457,755	\$14,649,380	\$14,696,537
Operating Expenses	28,226,758	24,744,907	25,017,638	23,502,391	20,559,007
Operating Income (Loss)	-8,192,024	-7,577,382	-9,559,883	-8,853,011	-5,862,470
Non-operating Revenues	2,866,106	8,079,931	3,109,947	3,665,387	5,317,638
Non-operating Expenses	1,219,005	1,086,729	2,735,887	1,255,633	1,937,435
Increase (Decrease) in Net Position	<b>(\$6,544,923)</b>	<b>(\$584,180)</b>	<b>(\$9,185,823)</b>	<b>(\$6,443,257)</b>	<b>(\$2,482,267)</b>

30-Jun	2017	2016	2015	2014	2013
Operating Revenues	\$13,655,631	\$12,305,439	\$11,850,841	\$10,744,312	\$11,526,052
Operating Expenses	18,804,718	17,820,239	16,901,749	16,703,301	15,738,220
Operating Income (Loss)	-5,149,087	-5,514,800	-5,050,908	-5,958,989	-4,212,168
Non-operating Revenues	9,797,819	14,416,430	27,703,303	8,482,186	6,054,793
Non-operating Expenses	1,555,468	1,214,952	1,335,646	1,535,497	1,356,772
Increase (Decrease) in Net Position	<b>\$3,093,264</b>	<b>\$21,316,749</b>	<b>\$21,316,749</b>	<b>\$987,700</b>	<b>\$485,853</b>



Source: Victor Valley Wastewater Reclamation Authority

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Revenues by Source**  
**Last Ten Fiscal Years**

Operating Revenues						
June 30	Services Charges	Septage Receiving Facility Fees	ADM-FOG Fees	Tipping Fees	Pretreatment Permit Fees	Total Operating Revenues
2022	\$ 18,939,509	\$ 870,748	\$ 166,202	\$ 58,275		\$ 20,034,734
2021	16,417,028	675,042	28,855	46,600		17,167,525
2020	14,592,947	633,420	181,788	49,600		15,457,755
2019	13,706,977	614,617	274,186	53,600		14,649,380
2018	13,711,083	621,154	311,600	52,700		14,696,537
2017	12,719,827	649,362	234,160	52,282		13,655,631
2016	11,645,881	604,958	-	54,600		12,305,439
2015	11,260,317	538,367	-	52,157		11,850,841
2014	10,695,640	390,682	-	48,672		11,134,994
2013	10,422,378	197,688	-	46,600		10,666,666

Non-Operating Revenues										
June 30	Connection Fees	Other Non-Operating Revenues	FEMA Reimbursement*	Title 16 Grant	Proposition 1 Grant	Proposition 84 Grant	Water Recycling Grant	CEC Grant	Loan Forgiveness	Total Non-Operating Revenues
2022	\$ 2,635,922	\$ 230,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,866,106
2021	2,966,707	2,367,449	2,745,775	-	-	-	-	-	-	8,079,931
2020	2,302,221	271,102	536,624	-	-	-	-	-	-	3,109,947
2019	3,088,860	281,620	-	-	-	-	-	294,907	-	3,665,387
2018	2,882,239	67,532	-	16,994	916,729	-	442,399	991,745	-	5,317,638
2017	2,951,667	78,595	978,766	-	3,844,476	-	1,808,434	135,881	-	9,797,819
2016	1,146,089	69,906	2,396,510	1,899,930	4,189,343	3,000,000	1,714,652	-	-	14,416,430
2015	1,387,175	107,030	24,544,825	1,637,192	-	-	27,081	-	-	27,703,303
2014	1,524,577	204,545	6,256,569	105,813	-	-	-	-	-	8,091,504
2013	1,620,728	74,852	1,047,586	121,366	-	-	-	-	3,000,000	5,864,532

Operating Revenues			
June 30	Total Operating Revenues	Total Non-Operating Revenues	Total Revenues
2022	\$ 20,034,734	\$ 2,866,106	\$ 22,900,840
2021	17,167,525	8,079,931	25,247,456
2020	15,457,755	3,109,947	18,567,702
2019	14,649,380	3,665,387	18,314,767
2018	14,696,537	5,317,638	20,014,175
2017	13,655,631	9,797,819	23,453,450
2016	12,305,439	14,416,430	26,721,869
2015	11,850,841	27,703,303	39,554,144
2014	11,134,994	8,091,504	19,226,498
2013	10,666,666	5,864,532	16,531,198

Source: Victor Valley Wastewater Reclamation Authority's Statements of Revenues, Expenses and Changes in Net Position



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Expenses by Function**  
**Last Ten Fiscal Years**

	Operating Expenses						Total Non-Operating Expenses	Combined Expenses
June 30	Personnel	Maintenance	Operations	Administration	Depreciation	Total Operating Expense		
2022	\$ 7,522,816	\$ 2,481,215	\$ 3,971,404	\$ 2,924,297	\$ 11,327,026	\$ 28,226,758	\$ 1,219,005	\$ 29,445,763
2021	5,951,923	1,905,014	3,481,013	2,181,361	11,225,596	24,744,907	1,086,729	25,831,636
2020	5,988,422	1,808,505	3,176,174	2,478,592	11,565,945	25,017,638	2,735,887	27,753,525
2019	5,011,708	1,880,448	2,928,704	2,162,267	11,519,264 *	23,502,391	1,255,633 *	24,758,024
2018	4,813,879	1,654,791	2,877,169	1,783,254	9,429,914 *	20,559,007	1,937,435 *	22,496,442
2017	4,435,790	1,936,625	2,444,093	2,087,840	7,900,370	18,804,718	1,555,468	20,360,186
2016	5,090,845	1,892,127	2,359,892	1,831,796	6,645,579	17,820,239	1,214,952	19,035,191
2015	4,610,511	1,902,719	1,865,289	1,734,702	6,788,528	16,901,749	1,335,646	18,237,395
2014	4,475,438	1,647,896	2,183,544	1,784,021	6,612,402	16,703,301	1,535,497	18,238,798
2013	4,386,713	1,377,024	2,169,317	2,044,400	5,760,766	15,738,220	1,356,772	17,094,992

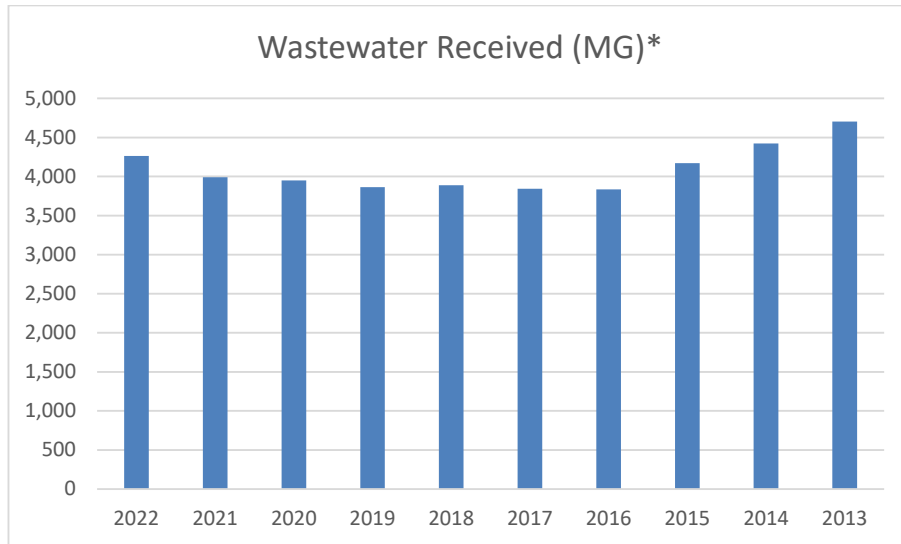
\*Per prior year adjustment

Source: Victor Valley Wastewater Reclamation Authority's Statements of Revenues, Expenses and Changes in Net Position

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Revenue Base**  
**Last Ten Fiscal Years**

<b>June 30</b>	<b>Wastewater Received (MG)*</b>
2022	4,265
2021	3,990
2020	3,951
2019	3,864
2018	3,888
2017	3,845
2016	3,834
2015	4,171
2014	4,423
2013	4,704

\*MG = Million Gallons



Source: Victor Valley Wastewater Reclamation Authority

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Principal Customers**  
**Last Ten Fiscal Years**

June 30	2022		2021		2020	
	Wastewater Received (MG)*	Percentage of Total	Wastewater Received (MG)*	Percentage of Total	Wastewater Received (MG)*	Percentage of Total
<b>San Bernardo County</b>	236	5.5%	219	5.5%	214	5.4%
<b>Apple Valley</b>	727	17.0%	638	16.0%	629	15.9%
<b>Hesperia</b>	808	19.0%	766	19.2%	731	18.6%
<b>Victorville</b>	2,494	58.5%	2,367	59.3%	2,377	60.1%
<b>Principal Customers Total</b>	4,265	100.0%	3,990	100.0%	3,951	100.0%
<b>Total Water Received</b>	4,265	100.0%	3,990	100.0%	3,951	100.0%

June 30	2019		2018		2017	
	Wastewater Received (MG)*	Percentage of Total	Wastewater Received (MG)*	Percentage of Total	Wastewater Received (MG)*	Percentage of Total
<b>San Bernardo County</b>	218	5.7%	222	5.7%	220	5.7%
<b>Apple Valley</b>	643	16.6%	653	16.8%	645	16.8%
<b>Hesperia</b>	707	18.3%	703	18.1%	695	18.1%
<b>Victorville</b>	2,296	59.4%	2,310	59.4%	2,285	59.4%
<b>Principal Customers Total</b>	3,864	100.0%	3,888	100.0%	3,845	100.0%
<b>Total Water Received</b>	3,864	100.0%	3,888	100.0%	3,845	100.0%

June 30	2016		2015		2014	
	Wastewater Received (MG)*	Percentage of Total	Wastewater Received (MG)*	Percentage of Total	Wastewater Received (MG)*	Percentage of Total
<b>San Bernardo County</b>	219	5.7%	233	5.6%	287	6.5%
<b>Apple Valley</b>	644	16.8%	672	16.1%	611	13.8%
<b>Hesperia</b>	694	18.1%	697	16.7%	752	17.0%
<b>Victorville</b>	2,277	59.4%	2,569	61.6%	2,576	58.2%
<b>Principal Customers Total</b>	3,834	100.0%	4,171	100.0%	4,226	95.5%
<b>Total Water Received</b>	3,834	100.0%	4,171	100.0%	4,423	100.0%

(continued next)

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Principal Customers**  
**Last Ten Fiscal Years**

June 30	2013	
	Wastewater Received (MG)*	Percentage of Total
<b>San Bernardo County</b>	306	6.5%
<b>Apple Valley</b>	650	13.8%
<b>Hesperia</b>	799	17.0%
<b>Victorville</b>	2,739	58.2%
<b>Principal Customers Total</b>	4,494	95.5%
<b>Total Water Received</b>	4,494	100.0%

\*MG = Million Gallons

Source: Victor Valley Wastewater Reclamation Authority

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Revenue Rate**  
**Last Ten Fiscal Years**

June 30	Service Charges (\$/MG)*	Connection Fees (\$/EDU)**
2022	\$4,414	\$4,679
2021	4,087	4,679
2020	3,784	4,679
2019	3,503	4,000
2018	3,503	4,000
2017	3,274	4,000
2016	3,004	4,000
2015	2,756	4,000
2014	2,528	3,750
2013	2,528	3,750

\*MG = Million Gallons

\*\*EDU = Equivalent Dwelling Unit (245 gallons/day or 20 fixture units)

High Strength Surcharge Rates (\$/LB)			
June 30	BOD	TSS	NH3
2022	\$0.6175	\$0.3212	\$4.9618
2021	0.5000	0.2876	4.5942
2020	0.3685	0.2470	4.1368
2019	0.3685	0.2470	4.1368
2018	0.3323	0.2262	3.9800
2017	0.3679	0.2124	3.5430
2016	0.2701	0.2333	2.6887
2015	0.2989	0.2336	2.9252
2014	0.2318	0.2057	2.9118
2013	0.3231	0.1842	3.2876

Source: Victor Valley Wastewater Reclamation Authority

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

June 30	State Revolving Fund Loans	Advances from Member Agencies	Lease Payable	California Edison	Cal PERS Side Fund	Total Debt	Debt per Capita	As a Share of Personal Income
2022	\$72,001,979	\$ -	\$51,627	\$ -	\$ -	\$72,053,606	*	*
2021	75,891,118	-	150,555	7,255	-	76,048,928	*	*
2020	79,715,210	-	246,388	22,491	-	79,984,089	268.79	0.60%
2019	83,736,020	-	339,222	39,744	-	84,114,986	283.01	0.62%
2018	87,698,996	-	429,152	57,171	-	88,185,319	297.55	0.74%
2017	81,478,053	-	-	83,387	-	81,561,440	278.81	0.72%
2016	52,619,607	-	-	223,062	-	52,842,669	180.72	0.48%
2015	29,773,664	-	-	107,376	-	29,881,040	102.55	0.28%
2014	25,844,065	-	-	-	670,612	26,514,677	93.12	0.27%
2013	24,024,452	-	-	-	696,459	24,720,911	87.40	0.27%

\* Data not available

Source: Victor Valley Wastewater Reclamation Authority  
California Department of Finance

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Dec 31	Population in Service Area	Personal Income (In Millions)	Personal Income per Capita <sup>2</sup>	Unemployment Rate <sup>2</sup>
2022	*	*	*	*
2021	311,085	*	*	*
2020	297,573	\$ 13,340	\$ 44,831	9.20%
2019	297,219	\$ 13,648	\$ 45,920	3.80%
2018	296,369	\$ 11,948	\$ 40,316	4.00%
2017	292,534	\$ 11,306	\$ 38,648	5.60%
2016	292,399	\$ 10,992	\$ 37,592	6.80%
2015	291,392	\$ 10,581	\$ 36,311	7.50%
2014	284,741	\$ 9,772	\$ 34,320	8.10%
2013	282,851	\$ 9,179	\$ 32,453	10.10%

\*Data not available

**Service Area Population by Cities**

Dec 31	Apple Valley <sup>1</sup>	Victor Valley <sup>1</sup>	Hesperia <sup>1</sup>
2022	*	*	*
2021	76,160	134,700	100,225
2020	74,350	127,170	96,053
2019	74,391	126,432	96,393
2018	73,464	126,543	96,362
2017	72,891	124,516	95,127
2016	74,701	123,565	94,133
2015	74,656	123,510	93,226
2014	71,396	121,168	92,177
2013	70,755	120,590	91,506

\*Data not available

Note 1: The Authority also serves County of San Bernardino, No. 42 (Oro Grande), No.64 (Spring Valley Lake), and Mojave Narrows. The population in service area represents most of the population in the area that the Authority serves.

Note 2: Personal income for the service area is calculated by multiplying the population in the service area by Personal Income Per Capita.

<sup>1</sup> California Department of Finance and U.S. Census Bureau

<sup>2</sup> State of California Employment Development Department (Data shown is for the County)

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Principal Employers**  
**Current Year and Nine Years Ago**

June 30, 2022		June 30, 2013	
Employer	Business Category	Employer	Business Category
Apple Valley Unified School District	Education	Leading Edge	Aviation
Arizona Pipeline Company	Pipe Fabricator	Southern California Aviation	Aviation
City of Hesperia	Government	Victorville Aerospace	Aviation
City of Victorville	Government	TXI Cement	Cement
Costco	Retail	Robar Enterprises	Cement/Steel
County of San Bernardino	Government	Goodyear	Distribution
Desert Valley Hospital / Medical Group	Health	Newell Rubbermaid	Distribution
Double Eagle Transportation	Trucking / Repairs	Wal-Mart Distribution Center	Distribution
Federal Correction Complex Victorville	Prison	Apple Valley Unified School District	Education
Goodyear	Distribution	Hesperia Unified School District	Education
Hesperia Recreation and Park District	Government	Victor Elementary School District	Education
Hesperia Unified School District	Education	Victor Valley College	Education
In-N-Out	Restaurant	Victor Valley Union High School District	Education
K-Mart	Retail	City of Hesperia	Government
Leading Edge	Aviation	City of Victorville	Government
Lowe's Home Improvement Warehouse	Distribution	County of San Bernardino	Government
Newell Rubbermaid	Distribution	Hesperia Recreation and Park District	Government
Nutro Foods	Pet Food Processing	High Desert Law & Justice Center	Government
Robar Enterprises	Cement/Steel	Town of Apple Valley	Government
Southern California Aviation	Aviation	Albertson's Supermarket	Grocery
St. Mary Medical Center	Health	Stater Bros.	Grocery
Stater Bros.	Grocery	WinCo Foods	Grocery
Target Stores, Inc	Retail	Apple Valley Christian Care Centers	Health
The Home Depot	Retail	Desert Valley Hospital / Medical Group	Health
Town of Apple Valley	Government	St. Mary Medical Center	Health
TXI Cement	Cement	Victor Valley Community Hospital	Health
Verizon	Utility – telephone	Nutro Foods	Pet Food Processing
Victor Elementary School District	Education	Arizona Pipeline Company	Pipe Fabricator
Victor Valley College	Education	Federal Correction Complex Victorville	Prison
Victor Valley Community Hospital	Health	In-N-Out	Restaurant
Victor Valley Union High School District	Education	McDonald's	Restaurant
Victorville Aerospace	Aviation	Red Robin	Restaurant
Walmart Distribution Center	Distribution	Wood Grill Buffett	Restaurant
Walmart Store	Retail	Best Buy	Retail
WinCo Foods	Grocery	K-Mart	Retail
Wood Grill Buffett	Restaurant	Lowe's Home Improvement	Retail
		Target Stores, Inc	Retail
		Walmart Store	Retail
		Double Eagle Transportation	Trucking / Repairs
		Verizon	Utility – telephone

Note: Total number of employees for each employer is confidential per 20 CFR Part 603.

Source: Victor Valley Economic Development Authority



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Investment in Capital Assets**  
**Last Ten Fiscal Years**

June 30	2022	2021	2020	2019	2018
Land	\$ 617,484	\$ 617,484	\$ 619,003	\$ 779,136	\$ 779,136
Land Improvements	9,711,868	9,711,868	9,738,124	9,738,124	9,738,124
Plant Buildings	223,819,429	218,813,949	218,901,596	218,514,351	218,162,852
Interceptor Lines	69,170,246	69,170,246	69,200,504	69,200,504	67,544,012
Office Equipment	953,024	937,772	1,064,592	1,064,592	775,612
Trucks/Auto	1,050,242	1,143,825	861,825	861,825	841,568
Construction in Progress (1)	2,348,166	4,424,689	1,943,175	2,596,294	2,301,965
Accumulated Depreciation	(141,642,058)	(130,804,496)	(120,387,018)	(108,821,073)	(97,337,355)
<b>Total</b>	<b>\$ 166,028,401</b>	<b>\$ 174,015,337</b>	<b>\$ 181,941,801</b>	<b>\$ 193,933,753</b>	<b>\$ 202,805,914</b>

June 30	2017	2016	2015	2014	2013
Land	\$ 779,136	\$ 779,136	\$ 779,136	\$ 650,136	\$ 650,136
Land Improvements	9,738,124	9,630,803	9,421,375	7,792,390	7,757,640
Plant Buildings	133,494,901	132,421,707	131,778,715	131,601,527	112,079,795
Interceptor Lines	62,653,035	27,606,672	27,606,672	27,606,672	27,606,672
Office Equipment	766,585	766,585	530,213	530,213	465,609
Trucks/Auto	911,116	911,116	911,116	911,116	858,726
Construction in Progress (1)	82,908,664	79,877,599	42,492,810	11,960,240	25,896,952
Accumulated Depreciation	(86,958,289)	(79,302,192)	(72,656,613)	(65,868,085)	(59,279,888)
<b>Total</b>	<b>\$ 204,293,272</b>	<b>\$ 172,691,426</b>	<b>\$ 140,863,424</b>	<b>\$ 115,184,209</b>	<b>\$ 116,035,642</b>

Notes to Schedule

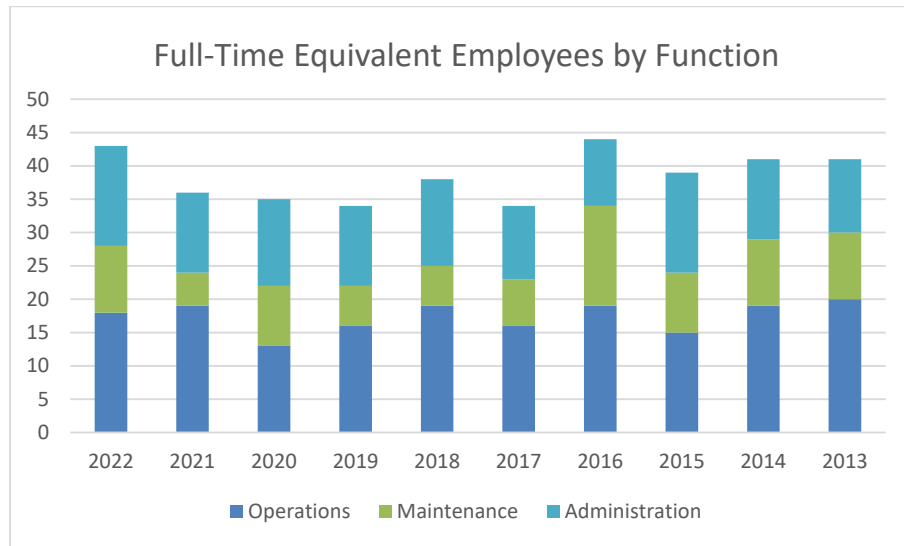
- (1) Construction in progress significantly increased in Fiscal Years 2015, 2016, and 2017 due to the construction of Upper Narrows Pipeline and Subregional Water Reclamation Plants in Hesperia and Apple Valley.
- (2) Construction in progress significantly decreased in Fiscal Year 2018 due to the completion of Subregional Water Reclamation Plants in Hesperia and Apple Valley.

Source: Victor Valley Wastewater Reclamation Authority

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Full-Time Equivalent Employees by Function**  
**Last Ten Fiscal Years**

June 30	2022	2021	2020	2019	2018
Operations	18	19	13	16	19
Maintenance	10	5	9	6	6
Administration	15	12	13	12	13
<b>Total</b>	<b>43</b>	<b>36</b>	<b>35</b>	<b>34</b>	<b>38</b>

June 30	2017	2016	2015	2014	2013
Operations	16	19	15	19	20
Maintenance	7	15	9	10	10
Administration	11	10	15	12	11
<b>Total</b>	<b>34</b>	<b>44</b>	<b>39</b>	<b>41</b>	<b>41</b>



Source: Victor Valley Wastewater Reclamation Authority

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

Throughout the last three years Victor Valley Wastewater Reclamation Authority (the Authority) has identified areas in which to improve its operational reliability and efficiency, financial policies and procedures and capital improvement plans. Part of our ongoing effort is to track those improvements and make sure that when change occurs that it is incorporated in to our organizational structure. Benchmarking is a measurement tool used to track the Authority's progress towards achieving its goals. The process encourages transparency, innovation and accountability. Not surprisingly, the Authority has received numerous awards at both local and state levels recognizing its achievements in wastewater treatment and financial reporting. These analyses are included in the Authority's Annual Comprehensive Financial Report and used for financial planning purposes related to budget and evaluating financing options.

Benchmarking is akin to a self-evaluation. It is an excellent tool to build credibility, but it is also important given the Authority's increasing role as a part of the broader water solution locally and statewide. The California Water Plan Update 2005 sets forth statewide goals and provides that sustainability of our water supplies to 2030 will require three actions:

1. Use water efficiently
2. Protect water quality
3. Manage water in ways that protect and restore the environment

The Authority is actively pursuing these three goals within its service areas and within its organizational culture. To attain these goals, the Capital Improvement Plan (CIP) includes three elements in each project to improve and meet (1) the capacity, (2) performance efficiency and (3) regulatory needs for wastewater treatment for its Member Agencies.

As any good steward of our limited resources would do, we have conducted a benchmarking analysis to identify areas where the Authority could improve its operation. The primary objective is to create a performance measurement system to evaluate and improve the Authority's operational efficiency. The manual "Benchmarking, Performance Indicators for Water and Wastewater Utilities: 2017 Annual Survey Data and Analysis Report" was utilized as an industry standard reference. The manual is published by the American Water Works Association (AWWA), a national organization dedicated to promoting sound water policy.

We have used information from the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U) to adjust for inflation. The CPI-U is 8.2% for 2021 and 1.4% for 2020. We have adjusted the AWWA wastewater performance data with 2021 CPI-U.

Four indices were chosen which provide a broad perspective on the operational efficiency of the Authority, these include:

1. **Sewer Overflow Rate**: the purpose of this indicator is to provide "... a measure of collection system piping condition and the effectiveness of routine maintenance by quantifying the number of sewer overflows per 100 miles of collection piping.":
  - a. Reporting Period: Year ended June 30, 2022
  - b. Source: State Water Resources Control Board, California Integrated Water Quality System Project (CIWQS)

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

**2. Million Gallons per Day (mgd) of Wastewater Processed per Employee:**

This is a measure of employee productivity and includes all staff.

- a. Reporting Period: Year ended June 30, 2022
- b. Source: Actual inflow data measured by the Authority, and data provided by Member Agencies and other users
- c. Source: based on actual employee numbers as of June 30, 2022



**3. Operations and Maintenance Cost per Million Gallons Processed:**

This represents the total operations and maintenance costs (without depreciation) divided by the volume processed during the year.

- a. Reporting Period: Year ended June 30, 2022
- b. Source: Actual inflow data measured by the Authority, and data provided by Member Agencies and other users
- c. The Authority's Audited Financial Statements June 30, 2022.

**4. Debt Ratio: It quantifies the utilities level of indebtedness.**

- a. Reporting Period: Fiscal Year 2021-2022
- b. Source: The Authority's Audited Financial Statements June 30, 2022.

The performance indicators are analyzed, comparing to wastewater facilities that are nationwide, West States Region V, and serving a population size of 100,001 to 500,000.

There are significant regional variations due to population, regulatory complexity and the cost of living associated with wastewater treatment. Region V States consist of AK, AS, CA, GU, HI, MT, NM, OR, WA, CAN-AB, CAN-BC, CAN-MB, CAN-NT, CAN-NU, CAN-SK, CAN-YT.

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

**Sewer Overflow Rate**

**Nationwide**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
Sewer Overflow Rate	0.6	1.0	3.7	4.0

**West States Region IV**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
Sewer Overflow Rate	0.6	3.2	4.1	4.0

**Population 100,001-500,000**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
Sewer Overflow Rate	0.3	1.1	2.6	4.0

The Authority's Sewer Overflow Rate is 4.0. The Authority had 2 reported spill at during year ended June 30, 2022. The Authority has completed the construction of a permanent interceptor to replace the temporary bypass line that was completed during 2011 to divert the wastewater flow from a damaged interceptor. In addition, the Authority is finished constructing the Sub-regional wastewater treatment plant each in Apple Valley and Hesperia. The Capital Improvement Plan requires a multi-million-dollar funding to address the construction needs.



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

**Million Gallons per Day of Wastewater Processed per Employee**

**Nationwide**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
MGD Wastewater processed per employee	0.31	0.19	0.16	0.27

**West States Region IV**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
MGD Wastewater processed per employee	0.20	0.18	0.13	0.27

**Population 100,001-500,000**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
MGD Wastewater processed per employee	0.24	0.19	0.15	0.27

For the amount of wastewater processed per employee, the Authority places at the median quartile nationwide, but places at the top quartiles of the regional and population levels. .

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

**Operations and Maintenance Cost per Million Gallons Processed**

**Nationwide**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
O&M Cost per MG Processed	\$1,965	\$2,796	\$3,222	\$3,962

**West States Region IV**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
O&M Cost per MG Processed	\$2,151	\$3,969	\$6,522	\$3,962

**Population 100,001-500,000**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
O&M Cost per MG Processed	\$1,264	\$2,522	\$3,977	\$3,962

The Authority is performing between the median and the top quartile in the Region V category however lower than the median quartile in the national and the population category. Unfortunately the numbers generated as indices in the AWWA Benchmarking analysis did not differentiate basis upon level of treatment or regulatory requirements. There were also significant differences in personnel costs in the Midwest and South which may have skewed the National Results.

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

**Debt Ratio**

**Nationwide**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
Debt Ratio (%)	38	56	63	43%

**West States Region IV**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
Debt Ratio (%)	21	22	27	43%

**Population 100,001-500,000**

	Top Quartile	Median	Bottom Quartile	<b>Authority June 30, 2022</b>
Debt Ratio (%)	22	31	54	43%

The Authority's debt ratio is below the median quartile when compared to all categories.

**Average Cost per Employee**

A final analysis is needed to determine how the Authority's personnel cost compares to southern California agencies. The results indicate that the Authority's median per employee cost was approximately \$174,949, showing that the Authority's personnel cost was one of the highest.



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

Financial and Statistical Summary of Selected Wastewater Agencies –  
Year Ended June 30, 2022

Wastewater Agencies	Arrowhead	Inland Empire	Big Bear RWA	Authority	Orange County San. Dist.	Encina WA	Leucadia WD
Cost of Services	\$ 8,417,945	\$ 54,521,000	\$ 2,664,027	\$ 7,522,816	\$ 107,081,400	\$ 12,851,901	\$ 3,984,729
Positions	55.5	362	15	43	639	72	19
Average personnel cost per position	\$ 151,675	\$ 150,610	\$ 177,602	\$ 174,949	\$ 167,577	\$ 178,499	\$ 209,723

Sources: The Authority's cost of services and personnel cost are **actual** for the fiscal year ended June 30, 2022, while data for other agencies are from their **budgets** for June 30, 2022.

### Discussion

As the data above indicates, the Authority's performance seems to be at average or better. There is always room for improvement which is why the Authority routinely evaluates its performance efficiency to reduce costs and considers alternatives to costly upgrades to address regulatory requirements. The Authority has an approved CIP which is designed to address capacity issues within the interceptor system. These projects include Sub-regional facilities and interceptor upgrades. The Authority is also uniquely positioned in the High Desert to address potable water shortages through improved use of reclaimed water. The Authority is not unique in this respect, the Little Hoover Commission produced a report in January 2009 dealing with the California water situation and organizational challenges. The report states, in pertinent part:



Inside the UV Building at the Regional Plant

*And while implementation of the Federal Clean Water Act and the state's Porter-Cologne Water Quality Control Act, the two key laws governing water quality, have made profound improvements in wastewater treatment discharges, wastewater remains a critical statewide problem. Local governments, representing small, poor communities as well as larger, richer urban areas, are struggling to pay for upgrades needed to protect the state's waters and ensure they are safe to swim in, fish in or drink. An EPA report noted that California would need to spend more than \$18 billion to properly upgrade and expand wastewater treatment.*

The Authority is aggressively pursuing funds to meet the needs of the Member Agencies and the State Regulatory Agencies and to ensure that the communities it serves continue to have reliable wastewater treatment and a source of reclaimed water. The first key step is obvious: to manage the assets the Authority currently operates as efficiently as possible. The second step is to incorporate elements of sustainable land use planning, which are exemplified within the Ahwahnee Water Principles, specifically Water Principle 7-Water Recycling.

**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY**  
**Operating and Capital Indicators (Facts and Figures)**  
**June 30, 2022**

The reuse of “waste” water portfolios and create a drought proof supply of water to meet landscape irrigation, industrial and commercial needs. Furthermore, since reuse began in 1929 in California, not on single health problem has been reported. The Authority will continue to partner with the Member Agencies to promote the local reuse of wastewater while actively seeking the resources to provide reliable wastewater treatment services.



In addition to this benchmarking analysis, the Authority will be preparing itself for the future through a strategic planning and continuous improvement process. All managerial staff has reviewed a book entitled, “Managing the Water and Wastewater Utility” with the goal of producing a Business Plan to help guide the Authority as issues arise. The purpose is to continuously create an organization which proactively recognizes problems and addresses them early rather than reacting to them once they have occurred and responding to the fallout. The book states the goals of this process will be to:

1. Respond to external threats to the utility;
2. Seize opportunities presented by technological, financial, or political change to the advantage of the customers we serve;
3. Maximize the quality of customer service within available resources;
4. Cut costs, while providing excellent customer service;
5. Maintain or improve the safety and quality of employee work life; and
6. Create an organization that will continuously improve and revitalize itself in response to an ever-changing world.

Through a process of self-evaluation and creative problem solving, the Authority intends to meet the needs of the Member Agencies while serving the broader community. It would assist the Authority in this process if any of the Member Agencies conduct their own benchmarking analysis and they would be willing to share it with us in confidence. This approach would ensure that our effort mirrors theirs such that comparable results are generated. The ultimate goal is to plan and create an organization capable of responding to our local issues and needs, while keeping in mind the broader policy issues, which may impact our ability to execute our goals locally.



**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
Board of Commissioners Staff Report**

**TO:** VVWRA Board of Commissioners

**FROM:** Darron Poulsen, General Manager

**SUBMITTED BY:** Robert Coromina, Director of Administrative Services  
Xiwei Wang, Accounting Supervisor

**DATE:** November 17, 2022

**SUBJECT:** **ADOPTION OF RESOLUTION 2022-14 TO APPROVE THE CLARIFYING MODIFICATIONS ON THE INVESTMENT POLICY**

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**For Action**                       **Fiscal Impact:            None**

**Information Only**                 **Account Code:**

**Funds Budgeted/Approved: none**

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**STAFF RECOMMENDATION**

It is recommended that the Board of Commissioners adopt Resolution 2022-14, the clarifying modifications on the Investment Policy.

**PREVIOUS ACTION(S)**

On August 19, 2021, the Board approved the revisions to the VVWRA Investment Policy.

**BACKGROUND INFORMATION**

The staff presents to the Board for consideration of the clarifying modifications on the Investment Policy, pending legal review.

**ATTACHMENT**

**Exhibit 1- Resolution 2022-14 Clarifying Modifications on the Investment Policy**

# EXHIBIT 1

**RESOLUTION 2022-14**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE  
VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY FOR  
THE ADOPTION OF A STATEMENT OF POLICY FOR THE  
INVESTMENT OF FUNDS FOR FISCAL YEAR 2022-2023**

**WHEREAS**, Government Code Section 6509.5 directs the Victor Valley Wastewater Reclamation Authority (“VWVRA”) to invest funds that are not required for the immediate necessities of VWVRA in a manner consistent with the conditions set forth in Government Code Section 53601, and;

**WHEREAS**, Government Code Section 53601 specifies the permissible type of investments for surplus funds of local agencies, and;

**WHEREAS**, Government Code 53630 et seq. Further specifies procedures for the handling and deposit of all monies belonging to, or in the custody of VWVRA, and;

**WHEREAS**, Government Code 53660 et seq. Further requires the VWVRA Treasurer (“Treasurer”) to annually render to the VWVRA Board of Commissioners (“Commission”) a statement of investment policy which the Commission shall consider and adopt at a public meeting, and;

**WHEREAS**, the Treasurer has rendered, and the Commission has reviewed, the proposed statement of investment policy.

**NOW, THEREFORE, THE COMMISSION OF THE VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** The Statement of Investment Policy (“Policy”) attached hereto as Exhibit “A” shall be the statement of investment policy for the Victor Valley Wastewater Reclamation Authority, and;

**Section 2.** The Policy shall be effective upon adoption and shall continue in effect until amended by formal resolution or until the next annual reconsideration and re-adoption of the Policy by the Commission as required by Government Code Section 53646.

**ADOPTED** this 17th day of November 2022.

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Dakota Higgins, Chair  
VWVRA Board of Commissioners

**ATTEST:****APPROVED AS TO FORM:**

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Debra Jones, Secretary  
VWVRA Board of Commissioners

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Piero Dallarda of  
Best Best & Krieger LLP, VWVRA Counsel

**CERTIFICATION**

I, Kristi Casteel, Secretary to the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority, State of California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-14, adopted by the Board of Commissioners of said Authority at its meeting of November 17, 2022.

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Kristi Casteel  
Secretary to the Board of Commissioners

# EXHIBIT A

Resolution 2022-14



# Victor Valley Wastewater Reclamation Authority

## Department of Finance

### Investment Policy

#### APPROVALS

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
 General Manager

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Accounting Supervisor

PROCEDURE REVISION HISTORY		
Rev.	Date	Approval
1.0	10/18/18	Board Approval – Resolution No.2018-14
2.0	08/19/21	Board Approval – Resolution No.2021-07
3.0	11/17/22	Board Approval – Resolution No. 2022-14

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# INVESTMENT POLICY



## VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY



**Board Approved on November 17, 2022  
Resolution 2022-14**

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# VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

## TREASURER'S STATEMENT OF INVESTMENT POLICY

### OVERVIEW

This statement is intended to provide guidelines for the prudent investment of the Victor Valley Wastewater Reclamation Authority's (hereinafter referred to as "Authority") temporary idle cash, and outline the procedures for maximizing the efficiency of the Authority's cash management system. The ultimate goal is to enhance the economic status of the Authority while safeguarding its assets.

#### **I. POLICY**

It is the Policy of the Victor Valley Wastewater Reclamation Authority to invest public funds in a prudent manner, which will provide in the following order: 1) the highest level of safety of funds, 2) liquidity of funds in order that daily cash flow demands are met, 3) the yield or investment return be maximized while conforming to all laws of the State of California regarding the investment of public funds. In addition, this policy provides guidelines for authorized investments and in accordance with Section 53646 of the California Government Code, the Authority Treasurer will annually render to the Board of Commissioners a Statement of Investment Policy.

#### **II. DELEGATION OF AUTHORITY**

The Board of Commissioners (Board) has ultimate authority with respect to investment of Authority funds, and ensuring compliance with this Policy. The Board may delegate such authority, as it deems appropriate, to individual members, officers, or employees of the Authority.

The Board has appointed General Manager as the Treasurer of the Authority pursuant to Section 6505.6. In the absence of the Treasurer, the responsibility to direct investment transactions effecting Authority monies will be restricted to the General Manager's delegates, acting as the Deputy Treasurer.

The Treasurer and the Deputy Treasurer have been authorized to undertake investment transactions on behalf of the Authority. The authority to undertake investment transactions on behalf of the Authority shall not pass to another individual unless specifically authorized in writing by the General Manager (Treasurer). Although the Treasurer and Deputy Treasurer have been authorized to undertake investment transactions, the clerical management (such as reporting requirements, confirmations, and record keeping) responsibility for the Authority's investments has been delegated to the Finance Department of the Authority. No person may engage in an investment transaction except as provided under the terms of this policy.

The Treasurer is responsible for ensuring compliance with the Authority's investment policies as well as for establishing systems of internal control to regulate the activities of subordinate officials.

The Treasurer, the Deputy Treasurer, the Chairman of the Board of Commissioners and representatives from the Finance Department shall review the policy on an annual basis for submission and approval by the Board of Commissioners pursuant to Section 53646.

These same members will act as the Investment Committee and meet quarterly to review the Treasurer's Quarterly Investment Report and evaluate the portfolio, the quarterly cash report and to provide general oversight and guidance concerning the investment policy. The Investment Committee is not authorized to direct investment decisions or select individual investment advisors, brokers or dealers.

### **III. SCOPE**

The Treasurer, as defined in Section II. Delegation of Authority, is authorized to invest the Authority's funds in accordance with the applicable provisions of Articles 1 and 2 of Chapter 4 of Division 2, Part 1 of the California Government Code (the "Chapter 4") and Section 16429.1<sup>1</sup>. This investment policy applies to all financial assets of the Authority. These funds are accounted for in the Comprehensive Quarterly Financial Reports. All monies entrusted to the Treasurer will be pooled in an actively managed portfolio except for the employees' retirement funds, which are administered separately and the proceeds of certain debt issues, which are managed and invested by trustees appointed under indenture agreements.

### **IV. PRUDENCE**

The actions of the Treasurer in the performance of his or her duties as a manager of public funds shall be evaluated using the prudent person standard contained in Section 53600.3 applied in the context of managing the overall portfolio:

All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to Chapter 4 of Division 2, Part 1 of the Government Code are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

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<sup>1</sup> All references to "Section" shall refer to the California Government Code unless specified otherwise.

## V. OBJECTIVES

The primary objectives, in priority order, of the Authority investment activities shall be:

### A. Safety

Safety of principal is the foremost objective of the investment program. Investments of the Authority shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The Authority shall seek to safeguard principal by a careful examination of credit risk and market risk of individual investments.

- Credit Risk - is defined as the risk of loss due to failure of an issuer of a security, shall be mitigated by investing in only very safe institutions and by diversifying the fund so that the failure of any one issuer would not unduly harm the Authority's cash flow.
- Market Risk - is defined as limiting the weighted average maturity of the Authority fund to less than five years, shall mitigate the risk of market value fluctuations due to overall changes in the general level of interest rates.
- The Authority shall invest in only those institutions that are considered very safe.

### B. Liquidity

The Authority investment portfolio will remain sufficiently liquid to enable the Authority to meet all operating expenditure requirements, which might be reasonably anticipated.

### C. Return on Investment

The Authority investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary cycles, taking into account the Authority's investment risk constraints and the cash flow characteristics of the portfolio. Whenever possible, consistent with risk limitations and prudent investment principles, the Authority shall make an effort to achieve returns at the market average rate of return. The market average rate of return is defined as the average return on six month U.S. Treasury Bills (in normal markets).

## VI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions on behalf of the Authority. The Treasurer, the Deputy Treasurer and all other employees who have been authorized by the Treasurer pursuant to these policies to undertake investment transaction on behalf of the Authority are required to file annual disclosure statements, State of California Form 700, Statement of Economic Interests Disclosure, as required by the Fair Political Practices Commission (FPPC), and thus disclose to the Secretary to the General Manager/Board of Commissioners any material financial interests in financial institutions that conduct business within the jurisdiction. Any such employees, shall, prior to authorizing an investment transaction with a business entity in which such employee has a financial interest that would otherwise be reportable on Schedule A-1 of California Form 700 whether or not such entity is located in or doing business in the Authority's jurisdiction at such time, disclose such financial interest to the Secretary to the General Manager/Board of Commissioners and General Counsel of the Authority.

During the course of the year, if there is an event subject to disclosure pursuant to the preceding paragraph that could impair the ability of the Treasurer, the Deputy Treasurer or any other employee who has been authorized by the Treasurer pursuant to these policies to undertake investment transaction on behalf of the Authority to make prudent decisions pursuant to the standard set forth in III above, the General Counsel to the Authority, General Manager and Chairperson and Secretary to the Board will be notified in writing within 10 days of the occurrence of such event subject to disclosure.

## **VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

The Authority shall transact business only with issuers, banks, and registered investment security dealers, managers and advisors. The purchase of any investment, other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State of California as a broker/dealer, as defined in Section 25004 of the Corporations code, who is a member of the National Association of Securities Dealers (NASD) or a member of a Federally regulated securities exchange, a National or State-Chartered Bank, a Federal or State Association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank. The Treasurer shall investigate all institutions that wish to do business with the Authority, in order to determine if they are adequately capitalized, make market in securities appropriate to the Authority's needs, and agree to abide by the conditions set forth in the Authority's Investment Policy. The Treasurer shall not authorize any such institution to provide investment services to the Authority unless such institution shall have provided to the Treasurer: 1) a current audited financial statement, 2) proof of National Association of Security Dealers Certification, 3) proof of state registration, 4) completed broker/dealer questionnaire (Exhibit 1), and 5) certification of having read the Authority's investment policy and depository contracts (Exhibit 2).

The Treasurer will maintain a list of financial institutions authorized to provide investment services to the Authority and review annually the financial condition and registrations of qualified bidders. A current audited financial statement and proof of current National Association of Securities Dealer Certification and state registration are required to be on file with the Treasurer for each financial institution and broker/dealer with which the Treasurer invests funds of the Authority.

## **VIII. AUTHORIZED AND SUITABLE INVESTMENTS**

The Sections 16429.1 and the provisions of Articles 1 and 2 of Chapter 53601, et seq. limits the investment vehicles available to local agencies. The authority's Investment Policy further restricts the permitted investments to those listed below:

- **California State Treasurer's Local Agency Investment Fund (LAIF)** - Section 16429.1 authorizes each local government agency to invest a maximum of \$40 Million in the investment program administered by the California State Treasurer. Money invested with LAIF is pooled with state money in order to earn the maximum rate of return possible in a manner consistent with sound investment practices. There is no limitation as to the percentage of the portfolio a local agency can invest in LAIF. A local agency can remit to the state treasurer any money not required for immediate needs and Section 16429.1 gives the agency the exclusive determination of the length of time its money will be on deposit.

LAIF provides daily liquidity; therefore, there is no final stated maturity for this investment category. Investments in LAIF shall not exceed \$40 million per governmental entity.

- **San Bernardino County Local Agency Investment Fund (SBCLAIF).**
- **The Investment Trust of California (CalTRUST),** as authorized by Government Code Section 53601(p).
- **United States Treasury Bills, Notes and Bonds** or those for which the full faith and credit of the United States are pledged for payment of principal and interest. Purchase of this category shall not exceed five years to maturity. There is no limit on the percentage of the Authority's investment portfolio that may be invested in this category of investment.
- **Insured Certificates of Deposits (CD's) of California banks,** which mature in 5 years or less, provided that the authority's purchases of such CD's shall not exceed Two Hundred Fifty thousand Dollars (\$250,000) per institution per the Troubled Assets Relief Program (TARP) of the Federal Government guidelines or any other applicable limit established by the State of California or the Federal Government. If the TARP guidelines change or are eliminated by the Federal Government, the Authority must remain within the insured dollar amount guidelines of the Federal Deposit Insurance Corporation (FDIC). The purchases of certificates of deposit pursuant to this paragraph and the following paragraph may not, in total, exceed 30% of the Authority's investment portfolio that may be invested in these categories of investments.
- **Certificates of Deposits acquired through the Certificate of Deposit Account Registry Service (CDARS)** pursuant to and in compliance with the provisions of Section 53601.8 at a financial institution that uses a private sector entity to assist in placement of such certificates of deposit. The purchases of certificates of deposit pursuant to this paragraph and the preceding paragraph may not, in total, exceed 30% of the Authority's investment portfolio that may be invested in these categories of investments.
- **Money Market Mutual Funds ( MMMF)**pursuant to Section 53601(l). Such MMMF investments shall be restricted to those funds offered by diversified management companies that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and that have (1) attained the highest ranking or highest letter and numerical rating provided by not less than two of the following nationally recognized statistical rating organizations: Moody's, Standard & Poor's, or Fitch, and (2) retained an investment advisor registered with the Securities and Exchange Commission with not less than five years experience, with assets under management in excess of five hundred million dollars (\$500,000,000). A further restriction is that the purchase price of shares of the mutual funds shall not exceed twenty percent (20%) of the Authority's surplus funds and the purchase price of shares of any one mutual fund shall not exceed ten percent (10%) of the Authority's surplus funds.

## **IX. COLLATERALIZATION**

Collateralization will be required on all Demand Accounts and uninsured Time Deposits. Demand Accounts and uninsured Time Deposits with financial institutions shall be collateralized at 102% of market value of principle and accrued interest or in the manner prescribed by law for depositories accepting municipal investment funds, whichever is greater.

All securities owned by the Authority will be held by an independent third party with whom the Authority has a current custodial agreement, except the collateral for time deposits in the financial institutions. Collateral for time deposits in savings and loans is held by the Federal Home Loan Bank or an approved Agent of Depository. The collateral for time deposits in banks shall be held in the Authority's name in the bank's Trust Department, or alternatively in the Federal Reserve Bank.

## **X. CONFIRMATION**

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, rate, price, yield, settlement date, cusip number, description of securities purchased, agency's name, net amount due, third party custodial information. These are minimum information requirements.

Confirmations should be received by the Finance Department, thus allowing for a separation of duties between the Treasurer who places the investment and the Finance Department staff confirming the investment.

## **XI. SAFEKEEPING OF SECURITIES**

In accordance with Section 53601, all securities owned by the Authority shall be held in safekeeping by the Authority's custodial bank or third-party bank trust department, acting for the Authority under the terms of a custody agreement. All securities will be received and delivered using standard Delivery-Versus Payment (DVP) procedures, which ensures that securities are deposited with the third-party custodian prior to release of funds. A third-party custodian as evidenced by safekeeping receipts will hold securities. Investments in LAIF or money market mutual funds are undeliverable and are not subject to delivery or third-party safekeeping. Investments in CalTRUST for all participants are under custody of a third-party custodian selected by the CalTRUST Board of Trustees.

The Authority will diversify its investments by security type and institution. Except for U.S. Treasury securities and authorized pools (LAIF, SBCLAIF and CalTRUST); no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution.

## **XII. GUIDELINES**

When more than \$1,500,000 has been accumulated at a bank checking account, the Treasurer shall deposit such monies above \$1,500,000 with the authorized investment institutions or may gather interest quotes from financial institutions qualified to do business with the Authority, consisting of both banks and savings and loans who have a



Gerry Findley Incorporated (GFI) or other equivalent rating agency used by Municipal Treasurers to evaluate banks and savings and loans, Bank Rating Evaluation of "A" or higher. Before money is invested in other than the LAIF, quotes from six (6) or more institutions shall be obtained by the Authority. All qualified institutions from which quotes are obtained shall be insured under the FDIC or the Federal Savings and Loan Insurance Corporation (LAIF, SBCLAIF and CalTRUST are excluded from this provision).

Quotes may be taken by telephone and shall be arrayed on a quote sheet showing the date of the quote and the name of the Authority employee obtaining quotes. The quote sheet shall list the amount to be invested, the institutions from which quotes were solicited, the quoting official, and the comparative rates of simple interest offered for the money. The simple interest rate shall be listed in each case for thirty (30), sixty (60), and ninety (90), and one hundred and eighty (180) day investment periods. If other alternatives are given, the purpose of the quote sheet is to compare like with like. (LAIF, SBCLAIF and CalTRUST are excluded from this provision.)

### **XIII. MAXIMUM MATURITIES**

To the extent possible, the Authority will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow or expressly authorized by the Board, no less than three months prior to the investment, the Authority will not directly invest in securities maturing more than five (5) years from the date of purchase.

### **XIV. INTERNAL CONTROL**

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

### **XV. PERFORMANCE STANDARDS**

The investment portfolio will be designed to balance three primary objectives: (i) security of the invested funds; (ii) liquidity to ensure that funds are available to meet the cash flow requirements of the Authority; and (iii) return on investment. The rate of return should be no lower than the rate offered by the LAIF on the date that funds are invested.

### **XVI. REPORTING**

Under the provision of Section 53464, the Treasurer shall render a report to the Authority's Board of Commissioners with detailed information on all investments of the Authority. The report will be submitted at least quarterly and provided to the Board in a Board agenda. The report may contain the following information on the portfolio that is subject to this investment policy:

- The type of investment, name of the issuer or custodian, date of maturity (if applicable) and return on investment for the reporting quarter;
- The report should include the costs of investment;

- Weighted average maturity period (such as a number of months to the maturity) of the investments, if applicable;
- The market value and source of the valuation;
- Compliance of investments with the investment policy; and
- Whether the liquidity of investments is consistent with the Authority's ability to meet its anticipated expenditure requirements for the next six months.

## **XVII. INVESTMENT POLICY ADOPTION AND ANNUAL REVIEW**

The above investment policy is adopted by resolution of the Authority. According to Section 53646, the Treasurer shall review the policy on an annual basis and the Board shall consider at a public meeting and approve any modifications made thereto.

## **XVIII. GLOSSARY**

**AGENCIES:** Federal agency securities

**ASKED:** The price at which securities are offered.

**BANKERS' ACCEPTANCES (BA):** a draft or Bill of Exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the insurer.

**BID:** The price offered for securities.

**BROKER:** A broker brings buyers and sellers together for a commission.

**COLLATERAL:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**CERTIFICATE OF DEPOSIT (CD):** a time deposit with a specific maturity evidenced by a certificate. Certificate of Deposit may be issued in either negotiable or nonnegotiable form. Nonnegotiable certificates cannot be resold in the secondary market and may face penalties for early redemption whereas a negotiable CD may be resold.

**COUPON:** (a) The annual rate of interest that a bond issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

**DISCOUNT:** The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

**DISCOUNT SECURITIES:** Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full value, e.g., US Treasury Bills.

**DIVERSIFICATION:** dividing investment funds among a variety of securities offering independent return.

**FEDERAL CREDIT AGENCIES:** Agencies of Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

**FEDERAL FUNDS RATE:** The rate of interest at which Fed funds are traded. The Federal Reserve through open-market operations currently sets this rate. This is the rate banks with excess reserves charge other banks that require overnight loans.

**FEDERAL RESERVE SYSTEM:** The Central Bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, DC., 12 Regional Banks and about 5,700 commercial banks that are members of the system. It is responsible for regulation monetary policy.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** The federal agency that insures bank deposits, currently up to \$250,000 per deposit.

**FEDERAL HOME LOAN BANKS (FHLB):** the institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks to its member commercial banks.

**GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIE MAE):** Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by the full faith and credit of the US Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MONEY MARKET:** The market in which short-term debt instruments (US T-bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

**PORTFOLIO:** The collection of securities held by an investor.

**PRUDENT PERSON RULE:** An investment standard currently set forth in Section 53600.3. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state – the so-called legal list. In other states the trustee may invest in a surety if it is one, which a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital would buy.

**PRIMARY DEALER:** A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks and a few unregulated firms.

**RATE OF RETURN:** For fixed-rate securities, it is the coupon or contractual dividend rate divided by the purchase price, which is also the current yield.

**QUALIFIED PUBLIC DEPOSITORIES:** A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value or not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**SECONDARY MARKET:** A market for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**TREASURY BILLS OR T-BILLS:** A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

**TREASURY BOND:** Long-term US Treasury securities having initial maturities of more than ten years.

**TREASURY NOTES:** Intermediate term coupon bearing US Treasury securities issued as direct obligations of the US Government and having initial maturities of from one to ten years.

**YIELD:** The rate of annual income return on an investment, expressed as a percentage.



# EXHIBIT 1

**RESOLUTION NO. 2022-15**

**RESOLUTION AUTHORIZING INVESTMENT OF MONIES IN THE  
LOCAL AGENCY INVESTMENT FUND**

**WHEREAS**, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

**WHEREAS**, the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority (Authority) does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein is in the best interest of the Authority;

**NOW THEREFORE, BE IT RESOLVED** that the Board of Commissioners does hereby authorize the deposit and withdrawal of Authority monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

**BE IT FURTHER RESOLVED**, that the following Authority officers shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund: **The Board Commissioner Chair, the Board Treasurer, the General Manager, and the General Manager's Delegates.**

**PASSED AND ADOPTED** at a regular meeting of the Board of Commissioners of Victor Valley Wastewater Reclamation Authority on this 17<sup>th</sup> day of November 2022.

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Dakota Higgins, Chair  
VVWRA Board of Commissioners

**ATTEST:****APPROVED AS TO FORM:**

---

Debra Jones, Secretary  
VWVRA Board of Commissioners

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Piero Dallarda of  
Best Best & Krieger LLP, VWVRA Counsel

**CERTIFICATION**

I, Kristi Casteel, Secretary to the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority, State of California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-15, adopted by the Board of Commissioners of said Authority at its meeting of November 17, 2022.

---

Kristi Casteel  
Executive Assistant





**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
Board of Commissioners Staff Report**

**TO:** VVWRA Board of Commissioners  
**FROM:** Darron Poulsen, General Manager  
**SUBMITTED BY:** Latif Laari, Environmental Compliance Manager  
**DATE:** 11/17/2022

**SUBJECT:** **RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO EXTEND A CONTRACT FOR FLOW MONITORING FOR BILLING PURPOSES IN THE AMOUNT OF \$92,400.00/YEAR TO ADS ENVIRONMENTAL SERVICES INC**

<input checked="" type="checkbox"/>	<b>For Action</b>	<input checked="" type="checkbox"/>	<b>Fiscal Impact</b>	<b>\$ 92,400.00/YEAR</b>
<input type="checkbox"/>	<b>Information Only</b>	<input checked="" type="checkbox"/>	<b>Account Code: 01-02-515-8530-9999</b>	
		<input checked="" type="checkbox"/>	<b>Funds Budgeted/ Approved:</b>	

**STAFF RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the General Manager to extend a contract for flow monitoring for billing purposes in the amount of \$92,400.00/year to ADS Environmental Services Inc., pending legal review and approval of the agreement.

**PREVIOUS ACTION(S)**

- March 2014: The board of commissioners approved the original contract award to ADS Environmental Services Inc.
- March 2019: The board of commissioners approved the contract extension with ADS Environmental Services Inc.

**BACKGROUND INFORMATION**

On April 2014, upon the unanimous recommendation of the engineering committee, the board of commissioners approved the ADS Environmental Services contract to provide Flow Monitoring Services. Over the past Eight years, VVWRA and the Member Agencies saw the following significant benefits from this service:

- Reliable flow data 365 days a year, 24 hours a day.
- Accurate flow billing.
- Access to flow data from any location at any time.

- Alarming capabilities to alert VVWRA and member agencies’ staff of any unusual flows within any section of the interceptors.
- In 2019, the creation of a new interceptor system hydraulic model was calibrated to very accurate flow data, yielding significant savings in future capital projects.

Staff continued to research other flow monitoring technologies in the Marketplace today. A sole source letter detailing the proprietary instruments and techniques utilized by ADS is attached to provide greater detail on the level of service this company provides (Exhibit 1). Staff strongly recommends ADS Environmental Services technology for the following reasons:

- ADS manufactures, installs, and maintains all equipment.
- They monitor the integrity of the flow data by a dedicated data analyst and guarantee the highest uptime.
- They have proven to be reliable and responsive and have established an excellent track record with VVWRA
- Since 1994, ADS has achieved and maintained the highest certification in quality management systems standards: ISO 9001
- And finally, ADS’ equipment is the only product available to have been evaluated and approved through the Environmental Protection Agency (EPA) verification process; this process is extensive and costly, and no other competitor has submitted their technology for this level of evaluation or scrutiny. A Sole source letter is attached.

The extension of this contract was reviewed and approved in October 2022 by the engineering committee. Staff negotiated better terms in the new proposal (Exhibit 2) which resulted in a slight increase in cost per flow monitor installed (\$50.00 per flow monitor per year). A sole source letter detailing the proprietary instruments and techniques are attached to this report (Exhibit 2)

<b>Contract Term</b>	<b>Annual Cost</b>
<b>2014-2019 (5 years) 12 Flow Monitors</b>	\$99,999.36
<b>2019-2021 (3 years) 12 Flow Monitors</b>	\$93,600.00
<b>2022-2025 (3 years) 11 Flow Monitors</b>	\$92,400.00

It is recommended that the Board of Commissioners approve the General Manager to extend a contract for flow monitoring for billing purposes in the amount of \$92,400.00/year to ADS Environmental Services Inc., pending legal review and approval of the agreement.

**Attachments :**

**Exhibit 1- Sole Source Letter**

**Exhibit 2 – Proposal**

# EXHIBIT 1



September 9<sup>th</sup>, 2022

Darron Poulsen  
 General Manager  
 Victor Valley Wastewater Reclamation Authority  
 20111 Shay Road  
 Victorville, CA 92345

Re: ADS Environmental Flow Monitoring Sole Source Justification

PROFESSIONAL SERVICE AGREEMENT FOR OPERATIONS OF A BILLING FLOW MONITORING NETWORK

The proposed scope of this agreement provides leased sewer flow monitoring equipment, professional services for technical equipment service, certified data analysis and web hosting services. Under an agreement like this, ADS trained and certified staff calibrates and operates the flow metering equipment, collects data, evaluates monitor performance, identifies and prioritizes equipment and hydraulic problems, troubleshoots flow monitoring and communication equipment, evaluates hydraulics, and investigates events and anomalies. In order to perform these services, staff must possess an in-depth knowledge of collection system performance as well as specialized equipment performance. They must have at their disposal ADS highly technical software that allows for evaluation of hydraulic performance. They must also be trained and certified to work on the specialized flow monitoring equipment and maintain the entire network in such a way as to meet the goals of Data Analysis procedures.

ADS TURNKEY APPROACH

With over 300 municipal clients relying on ADS flow information to operate a sewer flow monitoring networks, ADS knows first-hand the value placed on data accuracy and reliability. Therefore, beginning with our first networks installed in the early '80s, we knew the importance of designing flow monitoring support systems to maximize information accuracy and reliability and minimize problems that would interfere with highly accurate flow monitoring data delivery. ADS's turnkey service is composed of nine integrated elements, each one complimenting the other. These nine integrated elements are:

- Manufacturing, including R & D
- Site selection
- Site confirmations and commissioning
- Site operation
- Data collection
- Data editing and finalization
- FlowView Data Management System
- ISO9001-2008 Quality Assurance
- Hydraulic and Engineering reports

These integrated elements form a chain of support that assures clients like Victor Valley Water Reclamation Authority (VWRA) and their participating agencies a professional, comprehensive flow monitoring program has been implemented. It also provides an unbroken chain of responsibility so that if any problem occurs, it can be immediately identified and resolved without third-party finger pointing or delays.

#### PROPRIETARY TECHNIQUES

ADS has recorded over 40 national and international patents related to acoustic Doppler measurement technology. Our founder, Peter Petroff, developed our patented measurement technologies based upon NASA's space technologies. Consequently, ADS sensors employ sophisticated techniques not common to any other Doppler manufacturer.

Today, 44 years later, we continue to be the only manufacturer producing these unique, patented technologies. In order to maintain control and operating efficiencies of these highly accurate instruments, we have developed proprietary techniques, procedures, and software tools for maximizing data accuracy and uptime.

These techniques take several forms. First, they are embodied in training manuals, procedures and technical papers that are fundamental to the everyday operation of the network. Second, ADS has developed a number of software tools to optimize the performance of its networked flow monitors. With over 3,500 permanently installed flow monitors throughout America, our software tools have been constantly updated to increasingly sophisticated levels of functionality. For example, our field technicians can make subtle yet important adjustments to the measuring sensitivity of our monitors to ensure they match the hydraulic characteristics of each site within VWWR's proposed network. Our engineers and analysts use proprietary procedures to analyze data. Such analysis is often used to spot anomalies in the data or in the functioning of the equipment, either of which might lead to proactive maintenance actions and avoidance of costly monitor downtime. ADS is continually upgrading our certified field procedures and software tools as indicated by our ISO 9001 certification in our field, administrative and manufacturing divisions. ADS is the only flow metering services organization to be certified in all areas of this business practices.

#### QUALITY ASSURANCE



The foundation of ADS's quality assurance and quality control is ISO 9001-2008, the international standard for quality management systems. We have maintained this certification since 1994 and are audited each year by SIRA Certification Services of England, an internationally recognized ISO registrar.

Our comprehensive Quality Assurance/Quality Control (QA/QC) Program is unmatched in the industry and will provide a consistent approach to quality to ensure that all products and deliverables meet project requirements. The program addresses methodologies, work review,

Victor Valley Water Reclamation Authority  
 Sole Source Justification  
 September 9, 2022  
 Page 3

frequency and timing of review, review documentation and distribution, and approval/sign-off requirements. This ensures a data editing and processing “paper trail” to address any participating agency questions regarding data accuracy and volume calculations.

ADS offers end-to-end flow monitoring and information services for single-point accountability to ensure all program goals are met without delay. ADS’ full-spectrum services begin with our ISO 9001 manufacturing facilities, installation and commissioning services, telecommunications expertise, field services for maintaining flow monitoring networks, data collection, processing, management and hydraulic analysis services to include comprehensive flow billing reports.

What distinguishes ADS from other flow service providers is we are the only company that provides a full end-to-end solution. We perform the research, design the equipment, oversee the manufacturing, complete the installation, perform equipment maintenance, and provide data analysis service and industry specific web-based software solutions. By applying ISO 9001 to all aspects of the flow monitoring process, ADS ensures clients will receive high quality deliverables throughout the project.

#### EPA VERIFIED



Judging the accuracy of flow metering equipment, procedures and manufacturer claims can be a difficult task. To help our customers have more faith in the quality of data that ADS provides, ADS subjected our flow metering technology and procedures to the US EPA’s Environmental Technology Verification (ETV) program to provide the industry and our customers an impartial and unbiased verification of ADS’ accuracy claims. Virtually every US flow monitoring manufacturer participated and signed off on the EPA’s lab and field test protocols, but ADS is the only firm to subject our technology and procedures to the EPA’s rigorous verification. The results of the verification confirmed the accuracy claims made by ADS and can be found at the EPA’s website at the link below. The EPA has ended the voluntary ETV program in 2013, but ADS will continue to utilize the procedures and technology platforms verified by this independent agency on our flow metering projects.

#### [EPA.ETV.ADS.Flowmeters](#)

We agree with the EPA’s statement below that hardware performance (along with quality personnel and software) is vital in providing the most accurate and reliable flow data for our clients.

*“The level of environmental risk reduction that occurs in the real world is directly related to the level of performance and effectiveness of technologies purchased or used.”*

<https://archive.epa.gov/nrmrl/archive-etv/web/html/>

Victor Valley Water Reclamation Authority  
 Sole Source Justification  
 September 9, 2022  
 Page 4

WEST COAST BILLING NETWORKS PRICING

ADS is the leader in billing/custody transfer sewer flow monitoring networks. ADS operates the largest billing networks in the country, including the City of San Diego. ADS operates and reports on 92 billing meters for 15 Participating Agencies in the County of San Diego with no billing disputes. ADS has been selected time and time again by our Southern California clients to operate their important billing networks. Many of our billing clients have used ADS services for over 20 years! Below we present a sample of our Southern California billing customer pricing:

Client	Scope of Work	Web Delivery	Unit Per Price/Meter
LACSD, CA	Flow meter maintenance, sampling and reporting for 3 sites for 5 years	No	\$910.33
Beverly Hills, CA	Flow meter maintenance, sampling and reporting for 5 sites for 5 years	No	\$1,021.68
Universal Studios, CA	Flow meter maintenance, reporting and sampling for 4 sites for 2 years	No	\$1,460.00
Crescenta Valley Water District	Flow meter maintenance, reporting and quarterly sampling for 1 site for 1 year	No	\$1,520.00
Las Virgenes Municipal Water District	Flow meter maintenance and reporting for 4 sites for 1 year	No	\$765.00
San Diego, CA	Flow meter maintenance, alarming and online reporting for @157 sites.	Yes	\$608.00
La Canada Flintridge	Flow meter maintenance, reporting and sampling for 1 site for 1 year	Yes	\$1,989.00
Encina Wastewater Authority	Flow meter maintenance, alarming and online reporting for 16 Meters (6 open channel).	Yes	\$682.00

**Average Pricing Per/Meter/Month: \$1,119.50**

Sewer flow monitoring and reporting services pricing will fluctuate depending on a number of variables primarily economies of scale and distance from our local field office.

Please contact me if you have any questions at 213.393.8705 or by email at [hmcpherson@idexcorp.com](mailto:hmcpherson@idexcorp.com)

Sincerely,



Heather McPherson P.E.  
 Business Development Manager

# EXHIBIT 2





4820 Mercury Street, Suite C • San Diego, CA 92111  
PHONE: 619.843.6931 • FAX: 858.277.9858

www.adsenv.com

A DIVISION OF ADS CORP

October 24, 2022

Latif Laari  
Victor Valley Water Reclamation Authority  
15776 Main Street, Suite 3  
Hesperia, CA 92345

**Re: Sewer Flow Monitoring - Renewal Proposal  
Victor Valley Wastewater Authority, CA**

Dear Mr. Laari,

We are pleased to have the opportunity to submit this letter proposal to continue our sewer overflow monitoring service for Victor Valley Wastewater Reclamation Authority, CA. This includes 1-year (2022-23) full service / turnkey service of eleven (11) sewer flow monitoring sites.

ADS is uniquely qualified to assist you with this flow monitoring project, given our forty-seven years of experience performing similar projects throughout the country including extensive work in San Diego and Los Angeles County. Enclosed please find a detailed scope of work and pricing for your review.

We look forward to working with you on this and other future projects. Thank you for the opportunity to propose on your requirements. If you have any questions regarding this proposal, please do not hesitate to call me at (213) 393-8705.

Sincerely,

A handwritten signature in black ink, appearing to read 'Heather McPherson', with a long horizontal line extending to the right.

Heather McPherson  
Business Development Manager

Enclosure

Victor Valley Wastewater Reclamation Authority, CA  
 Sewer Flow Monitoring – Renewal Proposal  
 October 24, 2022

### SCOPE OF WORK

ADS Environmental Services (“ADS”) will perform sewer flow-monitoring services for the Victor Valley Wastewater Reclamation Authority, California (Authority) in three phases. These phases are described as follows:

#### **Phase I – Mobilization**

1) Equipment. ADS will utilize **Triton+** flow meter technology which is our newest flow meter model. This is a multiple technology monitor that is flexible enough to collect data from almost every available sensor technology that is used in wastewater applications today. The Triton+ is adaptable to a wide range of customer applications and budgets. It can be configured as an economical single sensor monitor or a dual sensor monitor. It offers a longer battery life and fewer parts for a more reliable system. The Triton+ will be equipped with wireless communication which will allow for remote collection and review of all data.

ADS Triton+ Flow meters are certified under IECEx (International Electrotechnical Commission Explosion Proof) Intrinsic Safety standards for use in Zone 0/Class I, Div. 1, Groups C&D rated hazardous areas.

ADS will be responsible for all parts replacements and warranty items for the duration of the contract. The Authority will not own the equipment; ADS will provide the equipment as part of the service fee.

#### **Phase II – Flow Monitoring**

1) Flow Meter Operation. ADS is an ISO 9001 certified company and has proprietary internal quality procedures for all fieldwork. During the course of the project and as part of ADS’ quality control program, the field manager will also visit each location and reconfirm that the monitor is in proper working condition. This includes cleaning depth and velocity sensors, confirmations at least annually or as needed. An ADS data analyst will also review the data on a regular basis throughout the monitoring period.

Operation of the flow monitors involves troubleshooting the common faults that are repairable in the field. More complex problems are left to trained electronic technicians. Common service problems are sensor scrubs, battery changes, and internal board replacements. ADS will respond within 72 hours after identifying a meter malfunction with a maximum response time being six days due to data analyst review schedule of twice weekly. Authority will issue a key to ADS so they can access locations on State grounds without Authority assistance. A down time of greater than 80% at a location will be eligible for a 20% discount in fees that month for that location.

2) Data Collection. Once activated and confirmed to be working properly, the flow meters will upload flow data every 24 hours to ADS’ Prism cloud-based system (see Phase III) Depth and velocity data will be collected daily and data reviewed twice weekly to reduce the potential for data loss.

Victor Valley Wastewater Reclamation Authority, CA  
 Sewer Flow Monitoring – Renewal Proposal  
 October 24, 2022

### Phase III – Data Analysis and Reporting

1) Data Finalization: Data Finalization is the process by which the final tier of QA/QC is applied to the data set. While ADS maintains that very high raw data quality is possible using the approach detailed above, there will always be a number of anomalous readings recorded due to the adverse site conditions found in most sanitary sewers. Also, as with any empirical data set, there will be small amounts of bias (or shift) in raw data. The process described above will attempt to tease bias out of the data set and gather the data necessary to identify where bias may persist.

The danger of leaving anomalous points or bias in the data set is that the potential exists to generate inaccurate high or low flow values that will lead to inappropriate conclusions regarding the level of operational response or rehabilitation required for the collection system. These are high dollar decisions that deserve the assurance which data finalization brings to this data set.

The process of data finalization, like all other field and analysis processes, is managed under the strict quality programs certified under ISO 9001. Data finalization includes the following key activities:

- Final editing; identification of spurious data points, final data reconstitution; estimation of true value to replace a spurious data point where there is strong evidence to make that estimate (best for model purposes)
- Establishing the relationship between monitored raw velocity and true average velocity in the wetted area.
- Final depth adjustments to eliminate small amounts of bias that might remain in the depth data.
- Final quantity calculation
- Final flow balancing

A Senior Data Analyst will review all decisions made by the Data Analyst during data finalization. ADS engineering staff are regularly consulted for tough calls or unusual conditions.

Finalized data of the previous months monitoring will be uploaded to Prism on or before the 15<sup>th</sup> of each month. Maintenance records for any maintenance that occurred the previous month will be uploaded to Prism on or before the 15<sup>th</sup> of each month.

2) Monthly Reporting: ADS Prism Software is designed to communicate with a network of ADS flow monitors to provide intelligent real time sewer flow monitoring and notification. Prism performs data collection, storage, alarm management, and information presentation functions. Prism uses the Internet to present flow information and alarms to password-authorized staff, consulting engineers or community representatives.

Flow data are collected nightly and stored in the cloud. Real-time data and information are available when hydraulic shifts in flow are detected by the information systems, and/or when alarms are generated.

Victor Valley Wastewater Reclamation Authority, CA  
Sewer Flow Monitoring – Renewal Proposal  
October 24, 2022

**Web-based Interface** – Prism provides an easy to use Graphical User Interface (GUI) to access virtually all data and reports over the Internet with a simple button click. Flow information from the flow monitoring network can be viewed in hydrograph, scattergraph, or tabular form, 24 hours a day, seven days a week from any standard Internet accessible PC using Internet Explorer.

**Permission based access** – Prism access is secure and controlled via the use of a User Name and Password for each authorized user. Each user name has levels of permission that can be granted to allow or restrict users from certain areas of the system or to have access to only certain flow and rain monitoring locations.

**Automated Data Collection and Warehousing** – Flow data from the network of ADS flow monitors will be collected nightly, seven days a week, (or immediately during an alarm event) by Prism without any staff involvement. Prism cloud based software stores thousands of flow data measurements for all of the temporary and long term flow monitor data; documents can also be attached in support of system wide and basin level projects, such as Sanitary Sewer Evaluation Survey information. Data from some 3rd party equipment can also be uploaded for review.

**Smart Logic** – Prisms built-in smart logic filters operate with each monitoring cycle in support of the real-time alarm function. These filters significantly reduce data abnormalities commonly occurring in acoustic signals created from the harsh conditions present in sewer pipes. The result of smart logic is improved signal quality and alarm reliability. ADS' 47 years of experience in flow monitoring thousands of sites has been captured by our engineers and designed into the advanced signal processing and filtering at the core of the Prism system.

**Smart Alarming** – Prism smart alarming logic will allow authorized users of the system to be notified of alarm conditions in real time. There are two types of site condition alarms available from FlowView Operations:

- **Depth Alarms** – Two levels of depth alarms can be set for each site. A high level alarm is usually set at full pipe and a high-high level alarm is set at a depth a few feet from the manhole. These alarms are enunciated separately as they occur. They can warn of the danger of overflows.
- **Loss of Flow Alarms** – The monitor has the ability to learn the flow patterns at a site for the corresponding day of the week and automatically sets a threshold at user defined percent of that normal flow. If the flow drops below that threshold an alarm is broadcast to designated users after it is verified by FlowView Operations. These alarms usually alert users to breaks or plugging of lines.

**Interactive Graphing Displays** – Prism users can view real-time or historical data using the interactive hydrograph, scattergraph and tabular displays. These displays can be customized to highlight events recorded in the data, and can be easily exported for use in reports or other documents.

Victor Valley Wastewater Reclamation Authority, CA  
Sewer Flow Monitoring – Renewal Proposal  
October 24, 2022

**Victor Valley Wastewater Reclamation Authority's Responsibilities:**

Will perform the following functions in connection with this Project:

- 1) Access to the site of work with sufficient area for placement of personnel and equipment. This includes, but is not limited to exposing manholes and clearing easements.
- 2) If sewer line is dirty and full of debris, ensure that selected sites have been jet cleaned to minimize hydraulic deficiencies or select an alternate location.
- 3) Any known information concerning bypasses, overflows, base flows, critical surcharge areas, and maintenance habits.
- 4) Assist in obtaining and complying with any special permits.
- 5) Pay all local licenses and permits fees, included in costs.

**Victor Valley Wastewater Reclamation Authority, Sewer Flow Monitoring**

**Sewer Flow Monitors for Billing Fee Schedule:**

<b>Description: Sewer Flow Monitoring</b>	<b>Cost</b>
1 Year Full Service / Turn-Key Service – Includes: Operation, Data Collection, Web Hosting, Data Review, Data Finalization and Supply of Flow Metering Equipment for eleven (11) Sewer Flow Monitoring Sites. \$700.00 per/meter/month	\$92,400.00
<b>One (1) Year Total:</b>	<b>\$92,400.00</b>
<b>Three (3) Year Base Contract Price (Yearly CPI increases of 5%) (Year 2 - \$97,020, Year 3 - \$101,640)</b>	<b>\$291,060.00</b>

Any applicable Federal, state, or local taxes are not included; No prevailing wages or W/MBE requirements; Assistance obtaining no fee permits; No night work assumed; Payment terms net 30 days.

Additional Billing Flow Meter(s) may be added at the same unit prices as stated above including a 1-time installation fee of \$2,640.00.

**Temporary Sewer Flow Monitoring Study and Miscellaneous Schedule:**

<b>Item</b>	<b>QTY.</b>	<b>Description:</b>	<b>Unit Price for 1 Flow Monitor</b>
1	1-5	Turn-Key Temporary Sewer Flow Monitoring Study for a Period of Fourteen (14) days. Includes site assessment, installation, confirmations, maintenance, data analysis, removal and final report	<b>\$2,640.00</b>
2	6+	Turn-Key Temporary Sewer Flow Monitoring Study for a Period of Fourteen (14) days. Includes site assessment, installation, confirmations, maintenance, data analysis, removal and final report	<b>\$1,980.00</b>
3	1+	Weekly extensions to above two (2) week monitoring studies. \$900/monitor/week	<b>\$990.00</b>
4	TBD	Remove/Reinstall flow meter for City line cleaning or maintenance	<b>\$990.00</b>

Victor Valley Wastewater Reclamation Authority, CA  
 Sewer Flow Monitoring – Renewal Proposal  
 October 24, 2022

**Temporary Depth Monitoring Study and Miscellaneous Schedule:**

Item	QTY.	Description:	Unit Price for 1 Flow Monitor
1	1-5	Turn-Key Temporary Sewer Depth Monitoring Study for a Period of thirty (30) days. Includes site assessment, installation, maintenance, data analysis, removal and final data	<b>\$2,200.00</b>
2	6+	Turn-Key Temporary Sewer Depth Monitoring Study for a Period of thirty (30) days. Includes site assessment, installation, maintenance, data analysis, removal and final data	<b>\$1,760.00</b>

Authorization to Proceed:

\_\_\_\_\_  
 Print Name

\_\_\_\_\_  
 Title

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Date



VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
Board of Commissioners Staff Report

**TO:** VVWRA Board of Commissioners  
**FROM:** Darron Poulsen, General Manager  
**SUBMITTED BY:** Darron Poulsen, General Manager  
**DATE:** November 17, 2022  
**SUBJECT:** RECOMMENDATION TO APPROVE THE FOURTH AMENDMENT TO THE GAS COLLECTION FACILITIES LEASE AND ENERGY SERVICES AGREEMENT TO BUILD A TEMPORARY CARBON TO CAPTURE FUEL PILOT DEMONSTRATION PROJECT WITH SOCIAL BIOMETHANE

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<input checked="" type="checkbox"/>	<b>For Action</b>	<input checked="" type="checkbox"/>	<b>Fiscal Impact</b>	<b>\$0</b>
<input type="checkbox"/>	<b>Information Only</b>	<input type="checkbox"/>	<b>Account Codes:</b>	<b>TBD</b>
		<input checked="" type="checkbox"/>	<b>Funds Budgeted/Approved</b>	

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**STAFF RECOMMENDATION**

It is recommended that the Board of Commissioners approve the General Manager to execute the fourth Amendment to the Gas Collection Facilities Lease and Energy Service Agreement to build a temporary carbon to capture fuel pilot demonstration project with SoCal Biomethane, LLC upon approval of the amendment by the VVWRA Attorneys.

**PREVIOUS ACTION(S)**

April 18, 2019, the Board of Commissioners authorized the General Manager to sign the Gas Collection Facilities Lease and Energy Storage Agreement with SoCal Biomethane, LLC.

July 27, 2020, the Board of Commissioners authorized the General Manager to execute the first amendment to the Gas Collection Agreement and contract with SoCal Biomethane, LLC.

July 15, 2021, the Board of Commissioners approved the General Manager to execute the Second Amendment to the Gas Collection Facilities Lease and Energy Service Agreement with SoCal Biomethane, LLC.

October 27, 2022, the Board of Commissioners approved the General Manager to execute the third Amendment to the Gas Collection Facilities Lease and Energy Service Agreement with SoCal Biomethane, LLC.

**BACKGROUND INFORMATION**

VVWRA has demonstrated a commitment to protect the public health and the environment through a successful partnership with Anaergia and SoCal Biomethane by converting food waste and sewage into renewable natural gas. Through this partnership we have been able to prove that what was once a burden on the environment can become a renewable fuel source that reduces negative greenhouse gases and carbon impacts. That process has been moved from a fiscal burden to a new revenue stream and a financial benefit for our organization. The success of this partnership with Anaergia and SoCal Biomethane has created the first Renewable Natural Gas (RNG) production facility in California using both food waste and regular municipal waste. Being first and on the cutting edge is not a risk most agencies are willing to take, but due to our strong working relationship we continue to demonstrate our mutual success.

Anaergia and VVWRA staff have been meeting for a few months to discuss a new cutting-edge idea with regards to Carbon Capture to Fuel (CCTF) projects that could lessen CO2 emissions and provide a fuel source for the production of even more RNG. Anaergia's commitment to "Fueling a Sustainable World" is not just a tag line, its about developing partnerships and projects that make a difference. The Anaergia team has proposed a new partnership to develop a CCTF pilot study that consists of:

- The hydroponic growing of high biomass crops for anaerobic digestion to produce RNG
- Using the photosynthetic capacity of plants, the project will strip carbon from the air while growing feedstock for anaerobic digestion
- The fast-growing plant material will be produced hydroponically in a greenhouse using recycled water
- After a 30 to 45 day grow cycle is complete the plant material will be harvested for anaerobic digestion to create RNG
- The goal of the project is to demonstrate that we can reduce existing damage caused by fossil fuels while reducing our dependence on them

This proposed project would be located at a location on the VVWRA property where it will not interfere with operations and can have access to power and recycled water. A diagram of the location and what the project will look like is provided as (Exhibit 1). The agreement terms for this cooperation are provided below in bulleted format and in more detail along with the liability concerns in the attached agreement (Exhibit 2)

- VVWRA will provide connection points for recycled water and power that are easily established near the site with little or no expense.
- Anaergia will pay VVWRA the cost of the water and power so as not increase VVWRA expenses.
- Anaergia will pay VVWRA \$5k a month for lease of approximately 10K sq/ft of land for an initial period of 18 months of actual operation
- They will have 120 days from the signing of the contract to get the operations up and running
- Anaergia will own the responsibility to properly dispose of the plant material and any of the water used in the growing of those plants.

**Attachment(s):**

**Exhibit 1 – Project Location and Layout**

**Exhibit 2 – Fourth Amendment to Gas Collection Facilities Lease and Energy Services Agreement**



# EXHIBIT 1

## Proposed Location

- South/East corner of the facility
- Will not interfere with current operations
- Close to existing utilities
- Easy to provide access to demonstrations and tours

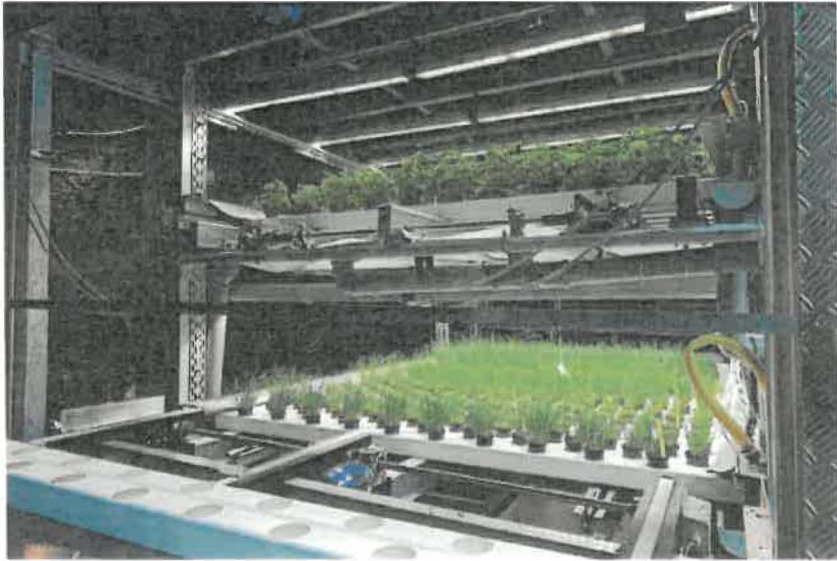


What would it look like....

**Outside**



**Inside**





**VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
Board of Commissioners Staff Report**

**TO:** VVWRA Board of Commissioners  
**FROM:** Darron Poulsen, General Manager  
**SUBMITTED BY:** Latif Laari, Environmental Compliance Manager  
**DATE:** 11/17/2022

**SUBJECT: RECOMMENDATION TO AUTHORIZE THE GENERAL MANAGER TO APPROVE THE PURCHASE OF ULTRAVIOLET DISINFECTION SYSTEM REPLACEMENT PARTS IN THE AMOUNT OF \$279,845.94 FROM XYLEM WATER SOLUTIONS, OUR SOLE SOURCE PROVIDER**

---

<input checked="" type="checkbox"/>	<b>For Action</b>	<input checked="" type="checkbox"/>	<b>Fiscal Impact</b>	<b>\$ 279,845.94</b>
<input type="checkbox"/>	<b>Information Only</b>	<input checked="" type="checkbox"/>	<b>Account Code: 01-02-545-6010-9999</b>	
		<input checked="" type="checkbox"/>	<b>Funds Budgeted/ Approved:</b>	

---

**STAFF RECOMMENDATION**

It is recommended that the Board of Commissioners authorize the General Manager to approve the purchase of ultraviolet disinfection system replacement parts in the amount of \$279,845.94 (Quoted amount plus related taxes) from Xylem Water Solutions, our sole source provider.

**PREVIOUS ACTION(S)**

None

**BACKGROUND INFORMATION**

The VVWRA regional plant uses Ultraviolet (UV) light as a disinfection method for destroying microorganisms which leaves them dead and unable to grow further in wastewater effluent before discharge to the Mojave River.

The regional plant operates a Xylem Water Solutions UV system composed of two channels of four banks each; every bank has 234 UV lamps and several other components. Xylem water solutions routinely maintain and inspect this system to ensure VVWRA complies with its NPDES permit disinfection requirements. Recent maintenance reports developed by Xylem have recommended that a number of parts be replaced on several banks to increase their availability, reliability, and redundancy.

Following an in-depth review of the UV parts proposal from Xylem water solutions (Exhibit 1), Staff selected the most needed parts to replace most UV system defective parts to allow the regional plant to remain in compliance.

Funding for this purchase will be transferred from two existing capital project funds. Funds will be transferred from the MSB Retrofit Phase 1 project, GL# 01-02-535-9000-9999. This project to evaluate the current backup generators at the regional plant has been awarded, and over \$200,000 was not needed to complete the desired scope of work. The DAFT 3 Rehabilitation Project GL#01-02-535-9000-9999 will be completed as part of the CalRecycle grant funding and does not need the budgeted funds to be completed. All the necessary funds from those two projects will be transferred to fund 01-02-545-6010-9999 to make this purchase.

Staff recommends that the Board of Commissioners approve the General Manager to purchase the regional plant ultraviolet disinfection system replacement parts in the amount of \$279,845.94 (Quoted amount plus related taxes) from xylem water solutions, our sole source provider (Exhibit 2).

**Attachments:**

**Exhibit 1- Xylem Water Solutions quote**

**Exhibit 2- Sole Source Letter from Xylem Water Solutions**

# EXHIBIT 1


**Xylem Water Solutions USA, Inc.  
Wedeco Products**

November 2, 2022

 4828 Parkway Plaza Blvd.  
 Suite 200  
 Charlotte, NC 28217  
 Tel 704/409-9700  
 Fax 704/409-9839

 VICTOR VLY WSTWTR RECLAMATION  
 20111 SHAY RD  
 VICTORVILLE CA 92394-8539

Quote # 2022-WED-1417

Account# 168852

Re: VICTOR VALLEY - 168852 - UV SPARES

Xylem Water Solutions USA, Inc. WEDECO is pleased to provide a quote for the following equipment and/or services for your approval.

**UV SPARES**

Qty	Part Number	Description	Disc. %	Unit Price	Extended Price
765	76-610 23 94	LAMP, UV ECORAY ELR30	12.00	\$ 175.00	\$ 117,810.00
1000	76-03 87 20	WIPER HOLDER 063X15 INCL. PTFE	12.00	\$ 26.00	\$ 22,880.00
765	76-03 65 52	LAMP INSERT, TAK	12.00	\$ 101.00	\$ 67,993.20
50	14-65 19 38	PNEUMATIC MALE CONTACTS 6MM	12.00	\$ 25.00	\$ 1,100.00
100	14-65 19 39	PNEUMATIC CONTACT FEMALE 6MM	12.00	\$ 45.00	\$ 3,960.00
50	76-03 46 80	CONTACT PIN, 16AWG 09330006104	12.00	\$ 2.00	\$ 88.00
50	14-65 19 37	3 POS MALE/FEMALE PNEU MOD6MM	12.00	\$ 24.00	\$ 1,056.00
50	76-02 88 86	RITTAL FILTER MAT 3173.100 RITTAL 289X289MM	12.00	\$ 31.00	\$ 1,364.00
10	14-65 02 15	12 PIN MALE INSERT 09140123001	12.00	\$ 7.70	\$ 67.76
5	76-04 38 59	SWITCH LSM-11S/RL	12.00	\$ 101.00	\$ 444.40
234	76-03 33 09	QUARTZ SLEEVE 48X2X1512	12.00	\$ 197.00	\$ 40,566.24

**UV SPARES Price** **\$ 257,329.60**  
**Total Discount %** **12.00**

**Total Project Price** **\$ 257,329.60**  
**Total Discount %** **12.00**

Incoterm: 3 DAP - Delivered At Place

Named Placed: 08 - Jobsite

**WEDECO**  
a xylem brand

Page 1 of 3

Incoterms 2010 clarify responsibility for costs, risks, & tasks associated with the shipment of goods to the named place.

**Terms of Delivery:** PP/Add Order Position

**Warranty:** Standard warranty terms apply to the items in this quotation.

**Validity:** This Quote is valid for thirty (30) days.

**Taxes:** The prices quoted above do not include any state, federal, or locals sales tax or use taxes. Any such taxes as applicable must be added to the quoted prices.

**Terms of Payment:** 100% N30 standard.

Xylem's payment shall not be dependent upon Purchaser being paid by any third party unless Owner denies payment due to reasons solely attributable to items related to the equipment being provided by Xylem Water Solutions.

**Schedule:** Delivery lead times are approx: 3-4 weeks

**COVID 19: STATED LEAD TIMES ARE ESTIMATED AT TIME OF QUOTATION/ORDER BUT MAY BE IMPACTED BY THE CURRENT COVID-19 VIRUS PANDEMIC INCLUDING EFFECTS FROM SUPPLIER'S RAW MATERIALS SHORTAGES AND LABOR CONSTRAINTS AS WELL AS GLOBAL TRANSPORTATION LOGISTICS DELAYS.**

**Terms and Conditions:** This order is subject to the Standard Terms and Conditions of Sale - Xylem

Americas effective on the date the order is accepted which terms are available at <http://www.xylem.com/en-us/Pages/terms-conditions-of-sale.aspx> and are incorporated herein by reference and made a part of the agreement between the parties

**Shortages:** Seller will not be responsible for any apparent shipment shortages or damages incurred in shipment that are not reported within two weeks from delivery to the jobsite. Damages should be noted on the receiving slip and the truck driver advised of the damages. Please contact our office as soon as possible to report damages or shortages so that replacement items can be shipped and the appropriate claims made.

**Back Charges:** Purchaser shall not make purchases nor shall Purchaser incur any labor that would result in a back charge to Seller without prior written consent of an authorized employee of Seller.

**Customer Acceptance:** A signed facsimile of this quote is acceptance as a binding contract.

**WEDECO**  
a xylem brand

Page 2 of 3



Signature: \_\_\_\_\_

Name (please print) \_\_\_\_\_

Date: \_\_\_\_\_ PO# \_\_\_\_\_

Sincerely,

Lisa Axtman  
Aftermarket Sales Coordinator

# EXHIBIT 2



November 1, 2022

City of Victor Valley WWRF  
ATTN: Latif Laari  
20111 Shay Rd  
Victorville, CA 92394

Dear Mr. Laari:

This letter certifies that Xylem Water Solutions – WEDECO, is the sole source supplier for the ECORAY® UV Lamps, Quartz Sleeves, ECORAY® Ballasts, Sensors and and related spare parts for the UV Disinfection System at Victor Valley WWRF.

Please contact me if you have any questions.

Best Regards,

A handwritten signature in black ink, appearing to read "Jenny Banci", is positioned above the printed name.

Jenny Banci

Aftermarket Territory Manager - Treatment  
Mobile: 951 903 8509 Tel: 951 332 3670  
Jenny.banci@xylem.com

**RESOLUTION NO. 2022-13**

**A RESOLUTION OF THE VICTOR VALLEY WASTEWATER  
RECLAMATION AUTHORITY IN RECOGNITION AND APPRECIATION  
OF DEDICATED SERVICE TO BILL HOLLAND**

**WHEREAS**, Bill Holland has been serving as the primary representative for the City of Hesperia on the Victor Valley Wastewater Reclamation Authority (VWRA) Board of Commissioners since December 2020; and

**WHEREAS**, Mr. Holland' knowledge, experience and accomplishments as an elected official and public servant of the City of Hesperia were invaluable during the term of his service on the VWRA Board of Commissioners; and

**WHEREAS**, Mr. Holland performed his duties with the utmost diligence and distinction and with perceptive insight of community issues; and

**WHEREAS**, Mr. Holland's accomplishments as a member of this Commission have created significant, positive, and lasting impacts on the Victor Valley Wastewater Reclamation Authority and the quality of the environment in the Victor Valley.

**NOW THEREFORE, BE IT RESOLVED** that this Commission does hereby recognize and extend sincere gratitude and appreciation to BILL HOLLAND for his dedicated service and commitment to the Victor Valley Wastewater Reclamation Authority and his concern for all residents of the Victor Valley.

**ADOPTED** this 17th day of November 2022.

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**Dakota Higgins, Chair**  
**VWRA Board of Commissioners**

**APPROVED AS TO FORM:**

---

**Piero C. Dallarda of**  
**Best Best & Krieger LLP**

---

**Debra Jones, Secretary**  
**VWRA Board of Commissioners**

**CERTIFICATION**

I, Kristi Casteel, Secretary to the Board of Commissioners of the Victor Valley Wastewater Reclamation Authority, State of California, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2022-113, adopted by the Board of Commissioners of said Authority at its meeting of November 17, 2022.

---

Kristi Casteel  
Secretary to the Board of Commissioners

***Victor Valley Wastewater Reclamation Authority***



***Financial and Cash Reports***

***For the Quarter Ended September 30, 2022***

Executive Summary of Financial Statements

**For the Quarter Ended September 30, 2022**

1. Cash balance on September 30, 2022, is \$16,259,022 with reserves required for operations. The agreements with State Water Resources Control Board require we maintain the loan principal and interest payment amount for the following year.

	<u>Current Balance</u>
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	\$ 1,446,868
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	2,976,961
Reserve for SRF Payments (P& I) - Operating	2,749,738
Reserve for SRF Payments (P& I) - Capital	1,553,204
Cash Available for Operations and Capital	<u>7,532,251</u>
Total Cash	<u>\$ 16,259,022</u>

2. The financial statements for the quarter ended September 30, 2022, show a deficit of \$220,927 (a cumulative year-to-date deficit of \$220,927) to reflect \$1,917,441 (a cumulative \$1,917,441) depreciation expense. The depreciation expense is a part of financial statements but does not affect our cash flow.
3. The user fee revenue for the quarter is higher than a budgeted average quarterly amount by \$18,294. The connection fee revenue received during the quarter is lower than a budgeted average quarterly amount by \$164,277. The expenses are usually what the staff processed during the quarter that may not match corresponding revenues. The staff will record matching expenses at a year-end by accruing incurred costs.



Xiwei Wang, Accounting Supervisor

Victor Valley Wastewater Reclamation Authority  
**CASH AND RESERVE SUMMARY**  
 September 30, 2022

G/L Account	Description	Balance	% of Total
1000	DCB Checking Account	\$ 1,113,000	6.85%
1030	DCB Sweep Account	3,988,159	24.53%
1070	LAIF	884,040	5.44%
1075	Cal Trust	10,273,823	63.19%
	Total Cash	<u>\$ 16,259,022</u>	<u>100.00%</u>

G/L Account	Description	Beginning Balance	Deposits or (Disbursement)	Ending Balance
1070	LAIF	882,389	1,651	884,040
	Quarterly Interest Earned			Quarterly Yield
		1,651		0.19%

G/L Account	Description	Beginning Balance	Deposits or (Market Fluctuations)	Ending Balance
1074/1075	Cal Trust	10,332,894	(59,071)	10,273,823
	Quarterly Interest Earned excluding Value Fluctuation			Quarterly Yield
		40,906		0.40%

	Current Balance	Restricted	Assigned
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	\$ 1,446,868	\$	\$ 1,446,868
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	2,976,961		2,976,961
Reserve for SRF Payments (P& I) - Operating	2,749,738	2,749,738	
Reserve for SRF Payments (P& I) - Capital	1,553,204	1,553,204	
Cash Available for Operations and Capital	7,532,251	-	
Total Cash	<u>\$ 16,259,022</u>	<u>\$ 4,302,942</u>	<u>\$ 4,423,829</u>

**SRF LOAN PAYMENTS:**

	9.5 MGD, 11.0 MGD, NAVI, Phase III-A	Upper Narrows Replacement	Nanticoke Bypass	Sub-Regional Apple Valley	Sub-Regional Hesperia	Total
Reserve for SRF Payments (P& I) - Operating	\$ 770,708	257,745	203,725	625,220	892,340	\$ 2,749,738
Reserve for SRF Payments (P& I) - Capital	515,054	-	67,909	399,731	570,510	1,553,204
	<u>\$ 1,285,762</u>	<u>257,745</u>	<u>271,634</u>	<u>1,024,951</u>	<u>1,462,850</u>	<u>\$ 4,302,942</u>

*Payment Schedule*

Upper Narrows Replacement	December	257,745
NAVI	February	258,152
Subregional - AV	February	1,024,951
Subregional - HES	February	1,462,850
Phase III-A	June	1,027,611
Nanticoke	June	271,633
		<u>\$ 4,302,942</u>

- Notes: • The above investments are in compliance with the VVWRA investment policy.  
 • The above investments are made based on the prediction that the Authority will meet its anticipated expenditure requirements for the next six months.



**Victor Valley Wastewater Reclamation Authority**  
**Statement of Net Position**  
**September 30, 2022**

<u>Assets and Deferred Outflows of Resources</u>	<u>2023</u>
<b>Current assets:</b>	
Cash and cash equivalents	\$ 16,122,831
Interest receivable	2,876
Accounts receivable	5,672,701
Accounts receivable - Lease	1,122,654
Accounts receivable - Other	9,330
Allowance for Doubtful Accounts	(102,480)
Materials and supplies inventory	21,861
Prepaid expenses and other deposits	772,515
Total current assets	<u>23,622,288</u>
<b>Fixed assets:</b>	
Capital assets not being depreciated	2,965,650
Capital assets being depreciated	161,269,758
Total capital assets	<u>164,235,408</u>
Total assets	<u>187,857,696</u>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources - OPEB	830,800
Deferred outflows of resources - pension	1,380,361
	<u>2,211,161</u>
<b>Total</b>	<b><u>\$ 190,068,857</u></b>
<u><b>Liabilities, Deferred Inflows of Resources, and Net Position</b></u>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 1,005,743
Accrued interest on long-term debt	216,311
Long-term liabilities - due within one year:	-
Compensated absences	107,652
Lease payables	202,920
Loans payables	3,371,095
Other payables	-
Total current liabilities	<u>4,903,721</u>
<b>Non-current liabilities:</b>	
Long-term liabilities - due in more than one year:	-
Compensated absences	322,958
Other post employment benefits payable	3,362,746
Lease payables	129,234
Loans payable	68,630,885
Net pension liability	4,096,340
Other payables	-
Total non-current liabilities:	<u>76,542,163</u>
Total liabilities	<u>81,445,884</u>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources - OPEB	693,421
Deferred inflows of resources - pension	3,665,745
Deferred inflows of resources - lease	985,185
	<u>5,344,351</u>
<b>Net position:</b>	
Net investment in capital assets	93,442,191
Restricted for capital projects	-
Restricted for SRF loan covenant	4,302,942
Unrestricted	5,754,416
Decrease in net position FY 2023	(220,927)
Total net position	<u>103,278,622</u>
<b>Total</b>	<b><u>\$ 190,068,857</u></b>

**Victor Valley Wastewater Reclamation Authority**  
**Revenues and Expenses**  
**Operations and Maintenance**  
For the Quarter Ended September 30, 2022

	Quarter Actual July-September	YTD Actual FY 22-23	Approved Budget FY 22-23
<b>REVENUES</b>			
User Charges	\$ 5,050,560	\$ 5,050,560	20,129,066
Sludge Flow Charge	44,019	44,019	144,000
High Strength Waste Surcharges	1,744	1,744	38,400
Post Consumer Food Waste Revenue	97,090	97,090	960,000
Septage Receiving Facility Charges	241,395	241,395	645,240
Reclaimed Water Sales	15,939	15,939	110,644
Potable Well Water Sales	373	373	2,220
Interest	284	284	-
Pretreatment Fees	17,325	17,325	55,150
FOG Revenue	14,769	14,769	144,000
Grant - CalRecycle	-	-	-
Grant - USDA	-	-	-
Lease	30,000	30,000	220,000
Settlement Revenue	-	-	440,000
Sale of Assets, Scrap, & Misc Income	368	368	-
<b>Total REVENUES</b>	<b>\$ 5,513,866</b>	<b>\$ 5,513,866</b>	<b>22,888,720</b>
<b>EXPENSES</b>			
Personnel	\$ 2,096,725	\$ 2,096,725	7,160,432
Maintenance	674,845	674,845	3,854,345
Operations	1,093,331	1,093,331	5,076,702
Administrative	476,330	476,330	2,427,436
Construction and Capital Purchases	54,859	54,859	619,203
<b>Total EXPENSES</b>	<b>\$ 4,396,090</b>	<b>\$ 4,396,090</b>	<b>19,138,118</b>
<b>Revenues over Expenses before Depreciation, Debt Service and Transfers</b>	<b>\$ 1,117,776</b>	<b>\$ 1,117,776</b>	<b>3,750,602</b>
Depreciation Expense	\$ 1,917,441	\$ 1,917,441	-
FEMA CalOES Retention	-	-	-
<b>DEBT SERVICE</b>			
SRF Principal	-	-	2,128,289
SRF Interest	-	-	621,449
	<b>\$ -</b>	<b>\$ -</b>	<b>2,749,738</b>
<b>FUND TRANSFERS IN</b>			
Salary/Benefits Charge from Capital	\$ -	\$ -	-
Admin Charge from Capital	-	-	-
<b>Total FUND TRANSFERS IN</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>FUND TRANSFERS OUT</b>			
Transfer to Repairs and Replacements Fund	\$ -	\$ -	-
Inter-fund loan payment to Capital	-	-	-
<b>Total FUND TRANSFERS OUT</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
<b>Excess Revenues Over Expenses</b>	<b>\$ (799,665)</b>	<b>\$ (799,665)</b>	<b>1,000,864</b>

Victor Valley Wastewater Reclamation Authority  
Revenues and Expenditures  
**Capital**  
For the Quarter Ended September 30, 2022

	Quarter Actual July-September	YTD Actual FY 22-23	Approved Budget FY 22-23
<b>REVENUES</b>			
Connection Fees	\$ 671,419	\$ 671,419	\$ 3,342,782
Title 16 Grant - Subregional	-	-	-
Grant- Water Recycling	-	-	-
Sale of Assets, Scrap, & Misc Income	-	-	-
Interest	49,699	49,699	60,000
Grant - CalRecycle	-	-	-
Grant - USDA	-	-	-
CEC Microgrid Grant	-	-	-
FMV Adjustment	(92,240)	(92,240)	-
<b>Total REVENUES</b>	<u>\$ 628,878</u>	<u>\$ 628,878</u>	<u>\$ 3,402,782</u>
<b>CAPITAL EXPENSES</b>			
Personnel	\$ -	-	-
Maintenance	-	-	-
Operations	-	-	-
Administrative	(2,054)	(2,054)	-
Construction	52,194	52,194	-
<b>Total CAPITAL EXPENSES</b>	<u>\$ 50,140</u>	<u>\$ 50,140</u>	<u>\$ -</u>
<b>Revenues over Expenses before Debt Service and Transfers</b>	<u>\$ 578,738</u>	<u>\$ 578,738</u>	<u>\$ 3,402,782</u>
<b>DEBT SERVICE</b>			
SRF Principal	\$ -	-	\$ 1,242,807
SRF Interest	-	-	310,397
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,553,204</u>
<b>FUND TRANSFERS IN</b>			
Capital Recovery - Septage from O&M	\$ -	-	-
Interfund Loan Payment from O&M	-	-	-
<b>Total FUND TRANSFERS IN</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND TRANSFERS OUT</b>			
Salary/Benefits Charge to O & M	\$ -	-	-
Admin Charge to O & M	-	-	-
<b>Total FUND TRANSFERS OUT</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Excess Revenues Over Expenses</b>	<u>\$ 578,738</u>	<u>\$ 578,738</u>	<u>\$ 1,849,578</u>

*Accrual Basis*

**Victor Valley Wastewater Reclamation Authority**  
**Statements of Cash Flows**  
**For the Quarter Ended September 30, 2022**

		<u>2023</u>
Cash flows from operating activities:		
Cash receipts from customers	\$	6,963,570
Cash paid to employees for salaries and wages		(2,176,319)
Cash paid to vendors and suppliers for materials and services		<u>(3,360,749)</u>
Net cash provided by operating activities		<u>1,426,502</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(55,426)
Payments for flood damage		-
Proceeds from connection fees		930,294
Proceeds from grant funding		-
Proceeds from loans		-
Principal and Interest paid for long-term debt		<u>-</u>
Net cash provided by (used in) capital and related financing activities		<u>874,868</u>
Cash flows from investing activities:		
Proceeds from sale of investments		-
Investment earnings		<u>(43,765)</u>
Net cash provided by investing activities		<u>(43,765)</u>
Net increase in cash and cash equivalents		2,257,605
Cash and cash equivalents, beginning of quarter		<u>13,865,226</u>
Cash and cash equivalents, end of quarter	\$	<u><u>16,122,831</u></u>
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$	<u>16,122,831</u>
Total cash and cash equivalents	\$	<u><u>16,122,831</u></u>

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY  
SRF LOAN SUMMARY  
September 30, 2022

	Existing North Apple Valley Interceptor	Existing Phase IIIA Regulatory Upgrades	Existing UN Replacement Project	Existing Nanticoke Pump Station Bypass	Existing Apple Valley Sub-Regional	Existing Hesperia Sub-Regional	Total Agreed SRF Loans
<b>SRF LOAN #</b>	<b>4658</b>	<b>5376</b>	<b>7805</b>	<b>7833</b>	<b>4806</b>	<b>4807</b>	
Original Amount Financed	\$ 4,084,688.00	\$ 18,581,561.00	\$ 4,286,380.00	\$ 4,495,212.79	\$ 26,455,228.84	\$ 37,758,384.81	\$ 95,661,455.44
SRF Interest Rate (fixed)	2.50%	2.70%	1.90%	1.90%	1.00%	1.00%	Varies
Local Match Amount	-	-	-	-	-	-	-
Principal Forgiveness	n/a	<b>3,000,000.00</b>	n/a	n/a	n/a	n/a	3,000,000.00
SRF Amount Borrowed	4,084,688.00	15,717,667.66	4,286,380.00	4,495,212.79	26,455,228.84	37,758,384.81	92,797,562.10
Annual Payment Amount	258,151.05	1,027,609.73	257,745.38	271,632.70	1,024,950.85	1,462,850.30	4,302,940.01
Annual Payment Due Date	February 13	June 30	December 31	June 30	February 28	February 28	Varies
Loan Term (years)	20	20	20	20	30	30	Varies
Years remaining	2	10	10	15	26	26	Varies
<b>DEBT SERVICE</b>							
<b>Loan Outstanding Balance</b>	<b>497,566.56</b>	<b>8,901,466.82</b>	<b>2,376,478.73</b>	<b>3,516,534.08</b>	<b>23,363,963.31</b>	<b>33,345,970.53</b>	<b>72,001,980.03</b>
Principal Paid to Date	3,587,121.44	6,816,200.84	1,909,901.27	978,678.71	3,091,265.53	4,412,414.28	20,795,582.07
Interest Paid to Date	1,024,051.24	3,402,121.33	330,379.93	379,484.79	1,008,537.87	1,438,986.92	7,583,562.08
First Payment Date	Feb. 13, 2005	June 30, 2013	Dec. 31, 2016	Jun 30, 2018	February 28 2019	February 28 2019	Varies
Final Payment Date	Feb. 13, 2024	June 30, 2032	Dec. 31, 2032	Jun. 30, 2037	February 28, 2048	February 28, 2048	Varies
Effective interest rate	2.499%	2.700%	1.900%	1.900%	1.00%	1.00%	Varies

\* An imputed interest rate is 1.707% per annum.

# *Victor Valley Wastewater Reclamation Authority*



## *Operations and Maintenance Report*

*3<sup>rd</sup> Quarter 2022*

**Victor Valley Wastewater Reclamation Authority  
Operations and Maintenance Report**

**TO:** Board of Commissioners

**FROM:** Brad Adams – Plant Superintendent

**SUBJECT:** Operations & Maintenance Report

**DATE:** Nov 10, 2022

The following information details the operation of the Victor Valley Wastewater Reclamation Authority for the third quarter of 2022. Included in this report is pertinent information regarding flows, process control information, process sampling, permit requirements, operations activities, and facility maintenance activities.

### Pertinent Flow / Receiving Data

Month	July	August	Sept	Quarterly Total
Total Flow Influent Flow	331.2 MG	340.35 MG	329.02 MG	1000.57 MG
Total Flow to Mojave	252.87 MG	236.46 MG	163.97 MG	653.3 MG
Total Flow to Perc Ponds	145.42 MG	163.19 MG	215.76 MG	524.07 MG
Total 3W Flow to American Organics	1.12 MG	0.47 MG	0.45 MG	2.04 MG
Total 3W Flow to Victorville	0 MG	0 MG	0 MG	0 MG
Total Hesperia Influent Flow	11.87 MG	12.14 MG	12.01 MG	36.02 MG
Total 3W Flow to Hesperia	6.68 MG	8.69 MG	9.45 MG	24.82 MG
Total Apple Valley Influent Flow	8.30 MG	8.19 MG	6.84 MG	23.33 MG
Total 3W Flow to Apple Valley	0 MG	0 MG	0 MG	0 MG
Total Septage Received	0.82 MG	0.70 MG	0.55 MG	2.07 MG
Total ADM/FOG Received	0.54 MG	0.79 MG	0.91 MG	2.24 MG
Total Digester Gas Production	12.8 MCF	15.0 MCF	17.1 M SCF	45.0 MSCF

### Work Order Activity

KPI	Count				Percent				
	Month	Jul	Aug	Sep	Total	Jul	Aug	Sep	Total
Planned Work Total		130	202	155	487				
Planned Work Completed		130	200	149	479	100%	99%	96%	98%
Planned Work Completed On-Time		124	184	143	451	95%	91%	92%	93%
Planned Work Incomplete		0	2	6	8	0%	1%	4%	2%
Planned Work Completed Late		5	15	11	31	4%	7%	7%	6%
Reactive Work Completed		103	91	76	1193	28%	21%	20%	23%
PM Work Completed		242	318	287	270	65%	72%	76%	71%
Total Work Completed		372	441	380	847				

## VWRA RWWTP Activities

- **Permit Continuous Monitoring Requirements**
  - Permit required monitoring equipment was on-line and working properly.
  - PH and conductivity probes cleaned and calibrated.
  - TSS and Turbidity probes were cleaned and calibrated.
  - UVT probe cleaned and calibrated.
  - Intensity probe verifications completed monthly.
- **Permit Violations**
  - No permit violations.
- **Sampling**
  - All permit required samples for were collected and processed.
- **Safety**
  - Vehicle safety inspections completed monthly.
  - Gas Monitor inspections completed monthly.
  - Eyewash safety showers inspected monthly.
  - SCBA inspections completed monthly.
  - Hazardous storage area inspection completed.
  - Spill kit inspections completed.
- **Backup Generator Tests**
  - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
  - Aqua guard pre-treatment screen inspected and serviced, as necessary.
  - Headwork's conveyor belt lubed and inspected.
  - Grit classifier PMs completed.
  - Monthly daft lube PMs completed.
  - Primary clarifier shear pins replaced as needed.
  - Primary sludge pump PMs completed.
  - Pillar blower inspections completed.
  - Service air compressors inspected and serviced, as necessary.
  - Waukesha engine inspections completed.
  - Turblex blowers inspected and serviced, as necessary.
  - Monthly tertiary filters platform PMs completed.
  - Monthly tertiary filter cleaning PMs completed.
  - Monthly tertiary filter festoon inspections completed.
  - UV System cleaning PMs completed.
  - DAFT Air Compressor PMs completed.
  - DAFT monthly PMs completed.
  - Monthly UREA refills on CHPs completed.
  - CHP exhaust differential pressure readings taken.
  - CHP gas differential pressure readings taken.



## Operations Activities

- **BNR Process**
  - a. Maintained permit compliance throughout BNR process.
- **Aqua Diamond Filters**
  - a. Aqua Aerobics scheduled to come onsite to inspect installation.
- **CoDigestion**
  - a. Digesters 1 and 2 taken offline and new radar transmitters installed.
  - b. Digester 1 and 2 placed back in operation.
  - b. Bypass installed on receiving tanks to allow more Post Consumer Food Waste to be accepted.
  - c. New PLC for omnivore receiving station completed.

## Maintenance Activities

- **Process Equipment**
  - a. Waukesha engines 2 and 3 natural gas conversion completed.
  - b. New HEX tube bundle installed.
  - c. Blower 4&5 duplex strainer water installation completed.
- **Vactor Cleaning**
  - a. Septage Receiving Grit Chamber.
  - b. Septage EQ basin.
  - c. Storm Drains.
  - d. Food waste receiving tanks
- **Pump services / Replacement.**
  - a. Post Consumer Food Waste tank 1 and 2 transfer pump repaired.
  - b. WAS Pump 1 and 2 service completed.
  - c. Scum Pump 1 repair completed.

## VWVRA Apple Valley WRP Activities

- **Permit Continuous Monitoring Requirements**
  - Permit required monitoring equipment was on-line and working properly.
  - PH probes cleaned and calibrated.
  - Turbidity analyzers were cleaned and calibrated.
  - UVT probe cleaned and calibrated.
  - Intensity probe verifications completed monthly.
- **Permit Violations**
  - No permit violations.
- **Sampling**

- All permit required samples for were collected and processed.
- **Safety**
  - Gas Monitor inspections completed monthly.
  - Eyewash safety showers inspected monthly.
  - Spill kit inspections completed.
- **Backup Generator Tests**
  - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
  - Fine screens inspected and serviced, as necessary.
  - Aerzen process blower inspections completed and serviced, as necessary.
  - Aerzen MBR blower inspections completed and serviced, as necessary.
  - UV System cleaning PMs completed.
  - MBR system PMs completed, as necessary.

### **Operations Activities**

- **MBR Basins**
  - Weekly maintenance cleans performed per manufacturer's recommendation.
  - Newest version of Fibracast membranes have been ordered and are scheduled to be delivered middle of August.

### **Maintenance Activities**

- **A Otoe Lift Station**
  - a. Vactor truck cleaning of sewage wet well.
- **PMs / Inspections**
  - a. Inspection and maintenance of MCCs, and PLC cabinets completed
  - b. Mechanical equipment PMs and inspections completed.

### **VVWRA Hesperia WRP Activities**

- **Permit Continuous Monitoring Requirements**
  - Permit required monitoring equipment was on-line and working properly.
  - PH probes cleaned and calibrated.
  - Turbidity analyzers were cleaned and calibrated.
  - UVT probe cleaned and calibrated.
  - Intensity probe verifications completed monthly.
- **Permit Violations**
  - No permit violations.

- **Sampling**
  - All permit required samples for were collected and processed.
- **Safety**
  - Gas Monitor inspections completed monthly.
  - Eyewash safety showers inspected monthly.
  - Spill kit inspections completed.
- **Backup Generator Tests**
  - Routine testing of the backup generators completed monthly.
- **Essential Equipment Maintenance**
  - Fine screens inspected and serviced, as necessary.
  - Aerzen process blower inspections completed and serviced, as necessary.
  - Aerzen MBR blower inspections completed and serviced, as necessary.
  - UV System cleaning PMs completed.
  - MBR system PMs completed, as necessary.

### **Operations Activities**

- **MBR Basins**
  - Weekly maintenance cleans performed per manufacturer's recommendation.
  - Newest version of Fibracast membranes have been installed on Train 1. Train 2 to be completed by September pending manufacturing supply.
- **3W**
  - Continuously sending water offsite to City of Hesperia recycled water storage tank.

### **Maintenance Activities**

- **Hesperia Lift station**
  - a. Vactor truck cleaning of the sewage wet well.
- **PMs / Inspections**
  - a. Inspections and maintenance of MCCs, and PLC cabinets completed.
  - b. Mechanical equipment PMs and inspections completed.

# ***Victor Valley Wastewater Reclamation Authority***



## **Environmental Compliance Department Report**

**July-September 2022**

VWRA Environmental Compliance Department  
Industrial Pretreatment Program

## **I. Interceptors Operation and Maintenance:**

---

### **1. Interceptor's cleaning & CCTV:**

CSA 64 and NAVI manholes 10-1 jetting completed

### **2. Interceptors Inspections:**

The following interceptors were visually inspected for signs of damage, vandalism, and evidence of sanitary sewer overflows:

- ✓ South Apple Valley & North Apple Valley.
- ✓ Schedule 1, 2, 3 & 4
- ✓ UNE Bypass HDPE pipe
- ✓ Hesperia, I Ave and Santa Fe.
- ✓ CSA 64
- ✓ Adelanto
- ✓ SCLA1

### **3. Damage and repair summary:**

- ✓ Hesperia interceptor manhole frames (manhole 42-1) were surrounded with concrete collars.

### **4. Sanitary sewer overflows (SSO) Summary:**

- ✓ Date of last reportable SSO: May 9th, 2022

### **5. Interceptors' maintenance budget remaining:**

- ✓ The fiscal year 2022-2023 Interceptor sewer maintenance amount remaining for sewer cleaning and inspection services is \$114,624.00

### **6. Dig Alert Underground tickets processed:**

- ✓ A total of Two Hundred and Forty Two (242) USA Tickets were received and processed

### **7. Flow monitoring Studies:**

- ✓ A flow monitoring study by ADS Environmental is continuing.
- ✓ The regional I&I study is ongoing

## II. Industrial pretreatment Activities:

---

1. **New Business Questionnaires and permits applications evaluated:**
  - ✓ Ten (10) New Business Questionnaires were processed in Quarter 3 of 2022.
  - ✓ Zero (0) New Business Inspections were conducted in Quarter 3 of 2022.
2. **New permits issued:**
  - ✓ One (1) New permit was issued in Quarter 3 of 2022.
3. **Permit renewals issued:**
  - ✓ Twenty-Eight (28) Class III permit renewals were issued in Quarter 3 of 2022.
4. **Work Orders:**
  - ✓ 83 Work Orders were completed in Quarter 3 of 2022.
5. **Monthly revenues collected and invoices issued:**
  - ✓ Revenues: \$16,175.00
  - ✓ Invoiced: \$16,850.00

### III. Industrial Pretreatment Activities (continued)

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**1. Current enforcement actions:**

- ✓ Zero (0) Notices of Violations were issued during Quarter 3 2022.

**2. Current active industrial pretreatment permits:**

- ✓ The current number of VVWRA's industrial wastewater discharge permits is 92; they are comprised as follows:

1	Class I	Categorical Industrial User
11	Class II	Non-Categorical Significant Industrial User
62	Class III	Non-Significant Industrial User
2	Class IV	Zero Discharge Industrial User
16	Class V	Sanitary Waste Haulers

- ✓ The permitted establishments include:

14	Automotive Service Facility
1	Brewery/Winery
24	Car Wash/Truck Wash/Bus Wash
8	Dry Cleaner
2	Grocery Store
3	Hospital
3	Misc. Industrial
1	Photographic
1	Print Shop
1	Prison
1	School/Church
3	Water Retail Store
16	Waste Haulers

- ✓ Permitted businesses are distributed among member entities as follows: 32 in Victorville, 13 in Apple Valley and 17 in Hesperia.

## ***Victor Valley Wastewater Reclamation Authority***



**Environmental Compliance Department**

***Septage/FOG/ADM Quarterly Report***

**July-September 2022**



## 1. Septage/FOG/ADM receiving invoices and payments monthly report:

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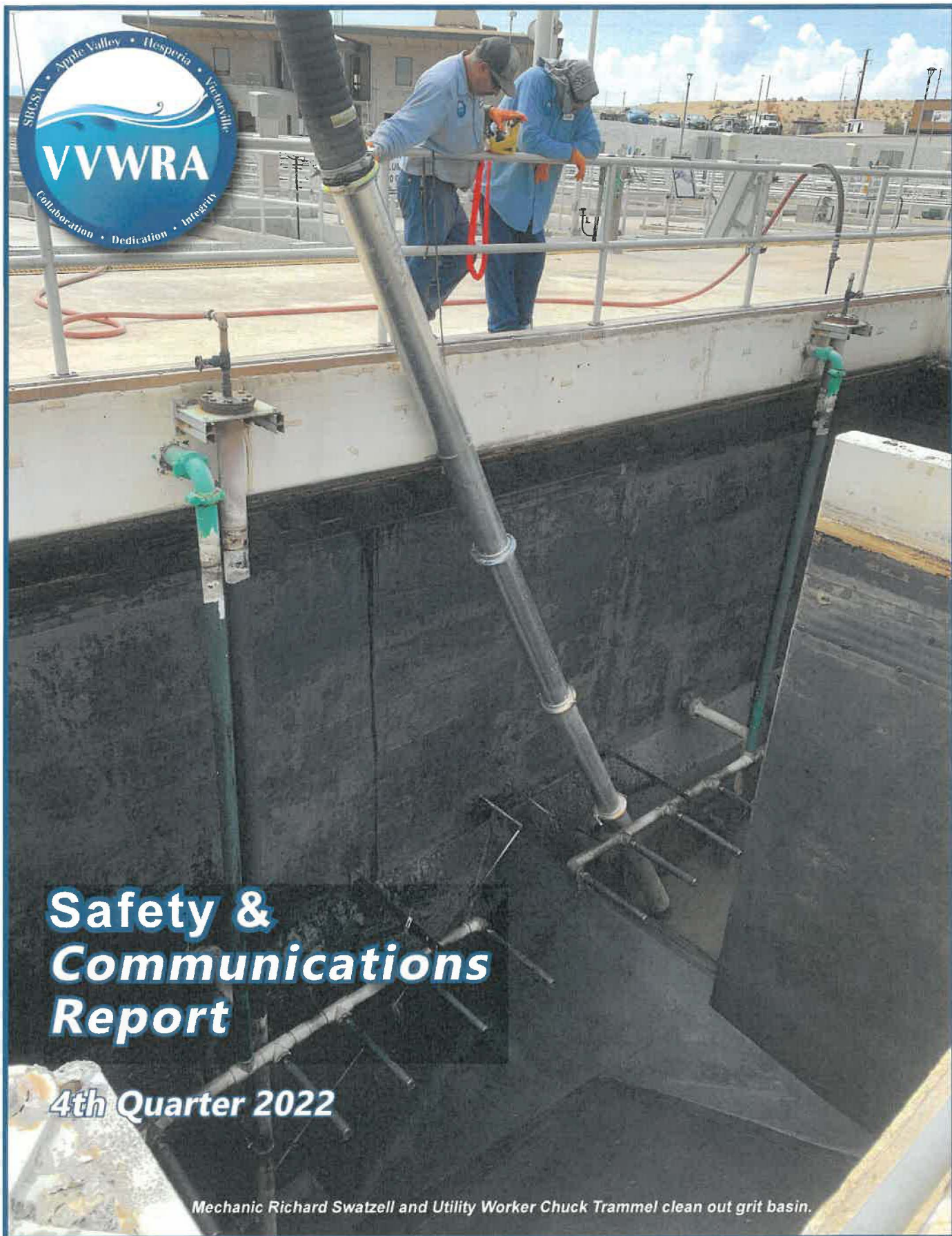
Payments and Invoices period: July 1<sup>st</sup> thru September 30<sup>th</sup> – Septage rate per Gallon: \$ 0.12  
 FOG/ADM rate per Gallon: \$ 0.05

### Receiving invoices

<b>ID No</b>	<b>Septage/FOG/ADM Hauler</b>	<b>Total Gallons</b>	<b>Invoice Amount</b>
ABS000	Absolute Pumping	92,000	\$11,040.00
ALP000	Alpha Omega Septic Service	389,184	\$46,702.08
BUR000	Burns Septic	377,200	\$45,264.00
CIS000	Cisneros Bros Plumbing	139,640	\$16,756.80
HIT000	Hitt Plumbing	90,044	\$10,805.28
HON001	Honest Johns Septic Service, Inc	274,641	\$32,956.92
ROT001	T.R. Stewart Corp. dba Roto-Rooter	355,414	\$42,649.68
SEP005	Septic Control	148,285	\$17,794.20
USA000	USA Septic	193,900	\$23,268.00
	<b>Totals</b>	<b>2,060,308</b>	<b>\$247,236.96</b>
ALP002	Alpha Omega Septic Service	261,862	\$13,093.10
FIN001	Finley Industrial Services	970,000	\$48,500.00
HIT001	Hitt Plumbing	30,915	\$1,545.75
PRE001	PreZero US Services	326,100	\$16,305.00
RIO000	Rios Organics Recovery	131,867	\$6,593.35
USL000	USL Parallel	400,000	\$20,000.00
	<b>Totals</b>	<b>2,120,744</b>	<b>\$106,037.20</b>

**Septage/FOG/ADM receiving payments:**

<b>ID No</b>	<b>Business Name</b>	<b>Payments Received</b>
ABS000	Absolute Pumping	\$7,958.40
ALP000	Alpha Omega Septic Service	\$39,204.15
BUR000	Burns Septic	\$56,256.00
CIS000	Cisneros Bros Plumbing	\$9,076.85
HIT000	Hitt Plumbing	\$12,654.54
HON001	Honest Johns Septic Service, Inc	\$29,727.64
ROT001	T.R. Stewart Corp. dba Roto Rooter	\$32,892.39
SEP005	Septic Control	\$16,310.09
USA000	USA Septic	\$8,321.04
ALP000	Alpha Omega Septic Service	\$12,961.80
FIN001	Finely Industrial Services	\$25,714.10
HIT001	Hitt Plumbing	\$171.75
PRE01	PreZero US Services	\$4,145.00
RIO000	Rios Organics Recovery	\$0
USL000	USL Parallel	\$40,250.00
<b>Grand Total</b>		<b>\$295,643.75</b>





# Safety

## STAFF SAFETY TAILGATE TRAINING CONDUCTED

- Working in heat 8-3-22
- Handling hazardous waste 8-10-22
- PPE 8-17-22
- Handling hazardous Waste 8-25-22
- Back safety 8-31-22
  
- Vector Solutions 9-7-22
- Preventing concussions 9-14-22
- Making good decisions 9-20-22
- Slips, trips and fall 9-28-22
  
- Eye washes 10-5-22
- Hand safety 10-12-22
- Earthquake Shake out 10-19-22





# Safety

## Safety Events/ Training

- Safety tailgates
- Daily, weekly and monthly plant inspections
- Staff has been assigned online safety courses
- In person confined space training
- In person forklift training
- CWEA Safety Day seminar
- DWEA/DAMS Vendor Fair and Training event in Crestline
- Monthly safety committee meetings

## Unsafe Conditions Reported/Resolved

Date of last recordable accident/injury: July 13, 2022

Days since last recordable accident/injury:

**110 Days** as of 10/31/22



# Safety

## NEXT QUARTER'S SCHEDULE OF STAFF TRAINING/SAFETY EVENTS :

- Safety Tailgates will be conducted weekly
- Safety Committee meeting
- Online training

## Outreach

- New Fall edition of the Purple Pipe newsletter released in late September.
- Winter edition of Purple Pipe scheduled for December release.
- Periodic social media posts on Facebook and Instagram.
- Attended and manned booth at the High Desert Education Summit at VVC
- Planning flag raising event for 11/3/2022



## VVWRA Awarded \$4 Million Dollar Grant

Funding will expand agencies ability to treat food waste and produce RNG



Artists rendering of where the new organics polishing system and storage tank will be located at the ADM delivery area.

CalRecycle has awarded VVWRA a nearly \$4 million dollar grant for a new co-digestion and renewable natural gas project. The project will increase the amount of food waste treated at VVWRA while also increasing the amount of renewable natural gas (RNG) produced. The VVWRA project will include the installation of food waste receiving infrastructure, liquid slurry feedstock storage tanks, and an organics polishing system to expand VVWRA's co-digestion of food waste. The organics polishing system will help get rid of inorganic material like glass and plastic in the food waste. The feedstock will be delivered via tanker trucks as a pre-processed food waste slurry, polished to remove contaminants, and then co-digested with wastewater sludge. The project will convert the biogas or methane to RNG and inject it into a Southwest Gas pipeline that runs through VVWRA property. Biosolids will be dewatered and dried, then transported off-site for land application. The grant funds will be used to help fund engineer-

ing and construction, community outreach and education, grant administration, and the purchase of a new organics polishing system, receiving station infrastructure, and feedstock storage tanks. The new equipment will complement the existing infrastructure that went online in January. The RNG project at VVWRA is part of the effort to meet the requirements of SB 1383 which requires the diversion of 75% of organic waste from landfills by 2025.



An organics polishing system similar to this one will be installed at VVWRA.



# Page 2

## Trip Highlights Effects of Climate Change

During a Summer visit to Alaska, VVWRA General Manager Darron Poulsen got a firsthand look at how climate change is affecting our environment. During his trip, Poulsen visited Dawes Glacier, a 20-mile ice field near the Alaska/Canada border. Researchers say Dawes Glacier has been retreating about 115 yards per year since 1985. That retreat is due to a lack of ice accumulation at the top of the glacier and melting at the lower elevations. Warming air and water temperatures in the region are blamed.

Scientists say one of the leading factors in climate change and rising temperatures is methane emissions. Methane is a naturally occurring gas created by the breakdown of organic material and is considered a dangerous greenhouse gas. VVWRA has taken big steps in helping combat the release of methane in California with its Renewable Natural Gas Project. The project is a partnership between VVWRA, Anaergia, Inc. and Southwest Gas where methane from digested food waste and municipal sewage is captured and converted into renewable natural gas. The scrubbed and cleaned gas is then injected into a Southwest Gas pipeline for use as renewable natural gas. The project is paying big dividends by diverting organic food waste from our landfill and turning it into a clean, useful energy source. Projects like this go a long way in slowing down the effects of global climate change.



VVWRA General Manager Darron Poulsen with the Purple Pipe in front of Dawes Glacier in Alaska



Stream flowing from an Alaskan glacier.  
Purple Pipe page 2



Melting ice near the Dawes glacier.

**Purple Pipe**

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**VVWRA Board of Commissioners**

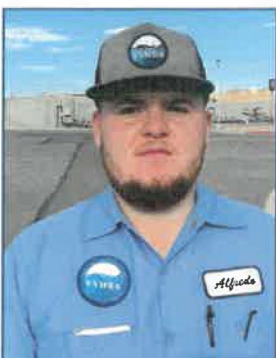
Scott Nassif - Town of Apple Valley  
Bill Holland - City of Hesperia  
Paul Cook - SB CSA 64 & 42  
Debra Jones - City of Victorville





# Around the plant

## Congratulations on New Positions!



Alfredo Garibay  
Operator



Chase Cottrell  
Operator



Brad Doneff  
Purchasing Technician



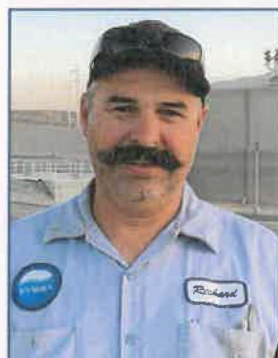
Cyle Palazzo  
Management Analyst



Kalin Westover  
Lead Operator



Mauricio Marin  
Technology Lead



Richard Swartzell  
Maintenance Mechanic III



Allen Dorado  
Mechanic in Training

\*In addition, Kalin Westover earned his AS Degree in Water Technology and Alfredo Garibay passed the exam for his Grade I Wastewater Operator Certificate.



Photo by James Jasieka

A stunning view of our secondary clarifiers.

Welcome to VWRA!

Audra Anderson  
Operations Intern

Juan Alvarez  
Utility Worker



# Resource Recovery

## VWRA Stats



A QUICK LOOK AT  
RESOURCE RECOVERY  
for June, July and August of 2022

736 million gallons of recycled water sent to the Mojave River



Equivalent to 1115 Olympic size swimming pools

420 million gallons of recycled water sent to percolation ponds



This water soaks into the ground and replenishes the aquifer

17.8 million gallons of recycled water produced by the Hesperia Subregional Facility.



Equivalent to 27 Olympic size swimming pools

20.90 million Standard Cubic Feet (SCF) of renewable natural gas put into the grid.



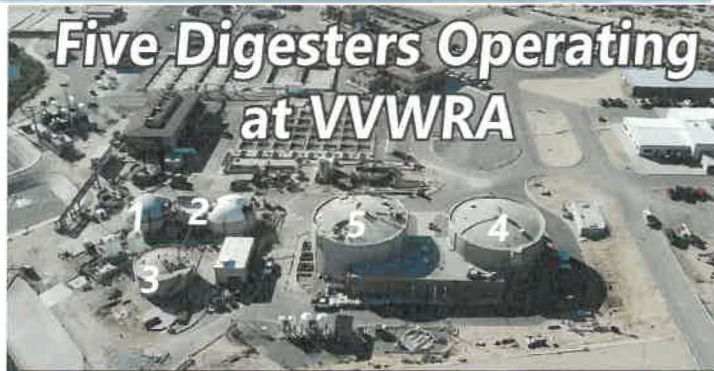
Enough RNG to supply 3,554 homes for a month.

2,082,098 gallons of slurried food waste received.



This is material diverted from the landfill.

Resource Recovery is  
our business  
VWRA.com



## Five Digesters Operating at VWRA

For the first time in our 44-year history, VWRA is operating five anaerobic digesters at the same time. The historic achievement was accomplished in mid-August when final upgrades were made to the 3 original digesters now being used for food waste or ADM. The 3 digesters, built in the late 1970's, had been offline for more than 10 years and, at one point, had been scheduled for demolition. Before that could happen, VWRA management began exploring ways to re-purpose older infrastructure. With the help of Anaergia Inc., the digesters were refurbished and restarted to help accommodate slurried food waste that is being diverted from landfills as required by SB-1383. Food waste is being brought to VWRA as part of the new Renewable Natural Gas Project. The biogas or methane created in those digesters and two other digesters treating municipal sewage is piped to a gas conditioning facility run by Anaergia, where it is cleaned, pressurized, and brought up to natural gas standards. The RNG is then odorized and injected into a large Southwest Gas pipeline that runs through VWRA's main plant. This Summer VWRA produced enough RNG to supply the equivalent of more than 3500 homes with natural gas.

### What is biogas?



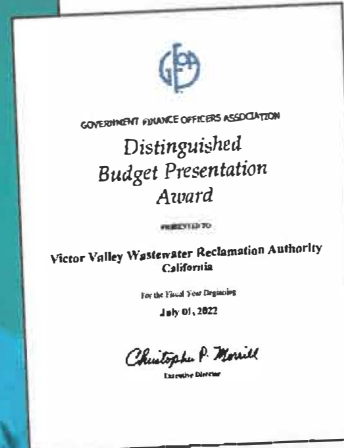
Biogas is a mixture of gases, primarily consisting of methane, carbon dioxide and hydrogen sulfide, produced from raw materials such as sewage, green waste, and food waste. It is a renewable energy source. Biogas is produced by anaerobic digestion with organisms inside an anaerobic digester. At VWRA, biogas is converted into renewable natural gas and injected into a Southwest Gas pipeline that runs through the plant.



## VVWRA Finance Dept. Wins GFOA Award for the 10th Year



VVWRA Finance Dept. staff: front l-r, Chieko Keagy, Controller, Anne Mazzarella, Accounting Technician, back row l-r, Kyle Parker, Accountant, Xiwei Wang Senior Accountant.



For the tenth year in a row, the VVWRA Finance Department has been awarded the prestigious Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). The award is the highest form of recognition in governmental budgeting. Congratulations to our finance team of Chieko Keagy, Xiwei Wang, Kyle Parker and Anne Mazzarella.

## Water Legislation: Congressman Jay Obernolte

Recently, I joined members of the California Congressional delegation to cosponsor the Water Optimization of the West Act. It is critical that we increase water supplies to the Inland Empire and the High Desert and ensure that the interests of our community are respected in federal policies relating to water infrastructure and supplies. This legislation includes landmark changes to federal policy such as streamlining the contract renewal process for water districts, expediting water transfers, and ensuring that drought-prone regions like the High Desert receive sufficient water flows during times of shortage.



Rep. Jay Obernolte

I am also the proud coauthor of the Emergency Drought Relief Act providing immediate emergency water supplies across the state of California. This bill ensures that stored water is protected for human needs while lessening regulatory burdens that might prevent the efficient and cost-effective distribution and storage of water.

I have also been working to address the devastating wildfire problems in our state. With more than 2.4 million acres of U.S. land destroyed by fires this year already, the destructive impact of wildfires along with their calamitous effect on air quality and carbon emissions has surpassed an 80-year high. In response to this crisis, I've coauthored the Resilient Federal Forests Act which introduces state-of-the-art science into federal forest management practices, helping to reduce the cost of fire suppression and forest management and improve flexibility and expediency in agency response to forest fires.

To receive regular updates on the progress of this legislation and my other work on behalf of California's 8th Congressional District, please subscribe to my newsletter at [Obernolte.house.gov](http://Obernolte.house.gov) or follow me on social media @JayObernolte.



## DAMS Vendor Fair & Training

### Wastewater Professionals Gather in Crestline for Annual Event



More than 100 wastewater professionals gathered in September for the annual DAMS Vendor Fair and Training at the historic San Moritz Lodge in Crestline. The event is put on by the Desert and Mountain Section of CWEA, as a training event where staff from different agencies can earn CEU's while learning about new advancements in the field. Workers from VVWRA, the City of

Victorville, the Town of Apple Valley, the City of Barstow, Big Bear, Lake Arrowhead, Henedale CSD and Crestline Sanitation were among those on hand. Representatives from more than 20 industry vendors had booths with information and demonstrations. In addition, this year's event featured the first ever pipe repair competition. You can read more about that on page 7.



A number of VVWRA staff members attended the event.

Purple Pipe page 6



### Upcoming Events

- Southern Safety Day, Oct. 26th  
Carson Events Center
- TCP Cert Prep, Nov. 18th  
SB Valley College
- DAMS Awards/Holiday Party  
December 10th, SVL CC



## This 'n that

### DAMS Vendor Fair features new competition

Pipe repair was the name of the game at this DAMS Vendor Fair and Training event in Crestline. The event has a long history of industry related competitions. This year, seven teams from various agencies throughout the region competed in a pipe repair contest. The teams of two had to repair a 2-foot section of 8" pipe with clamps. Once the repair was complete, the pipe was pressured tested with water. VVWRA's Kalin Westover and Moises Castro captured second place in what turned out to be a very close competition. A team from Lake Arrowhead CSD took first place.



Lead Operator Kalin Westover (l) and Operator Moises Castro compete in a pipe repair competition at the DAMS Vendor Fair and Training at San Moritz Lodge in Crestline.

### Handful of Frogs!



During the heavy Summer rains, it's not unusual for frogs to make a mass appearance at VVWRA's main plant. Operator Daniel Kessell recently managed to rescue these six amphibians and relocate them to one of our recycled water ponds.

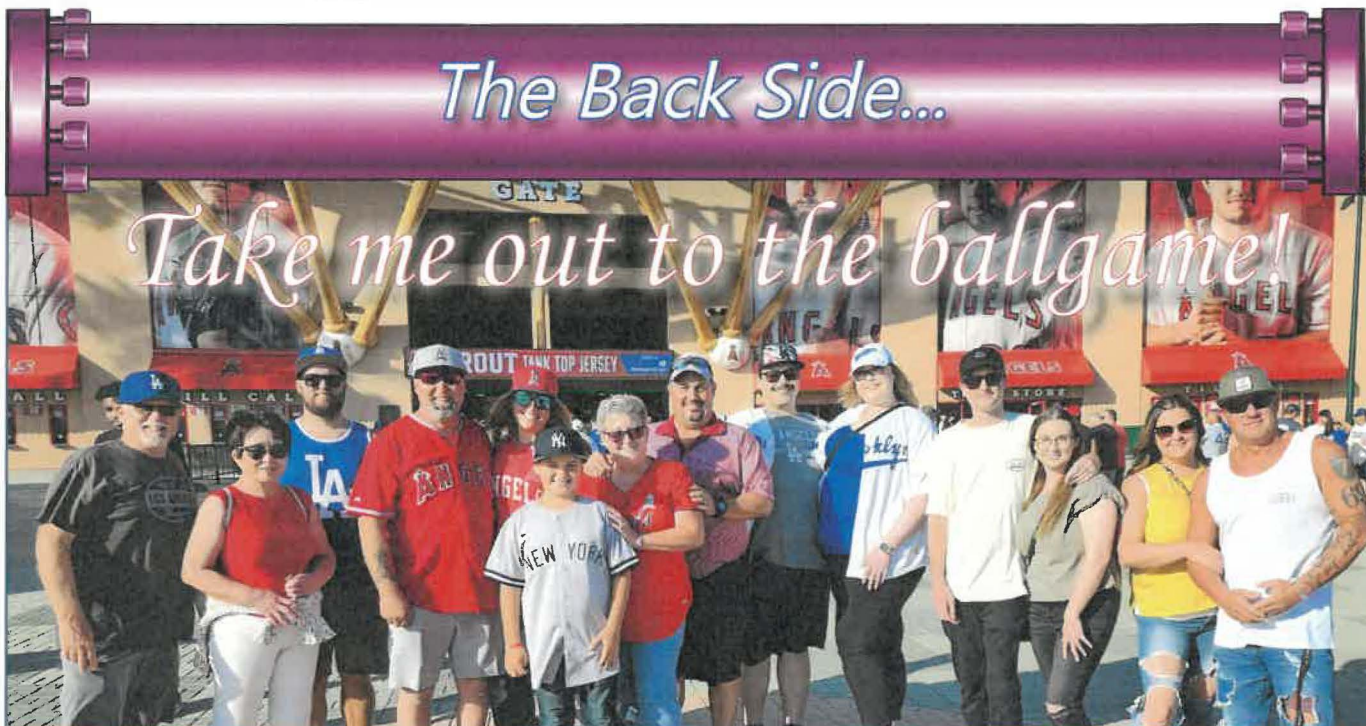
**LEGO:**

### Sewer Heroes?

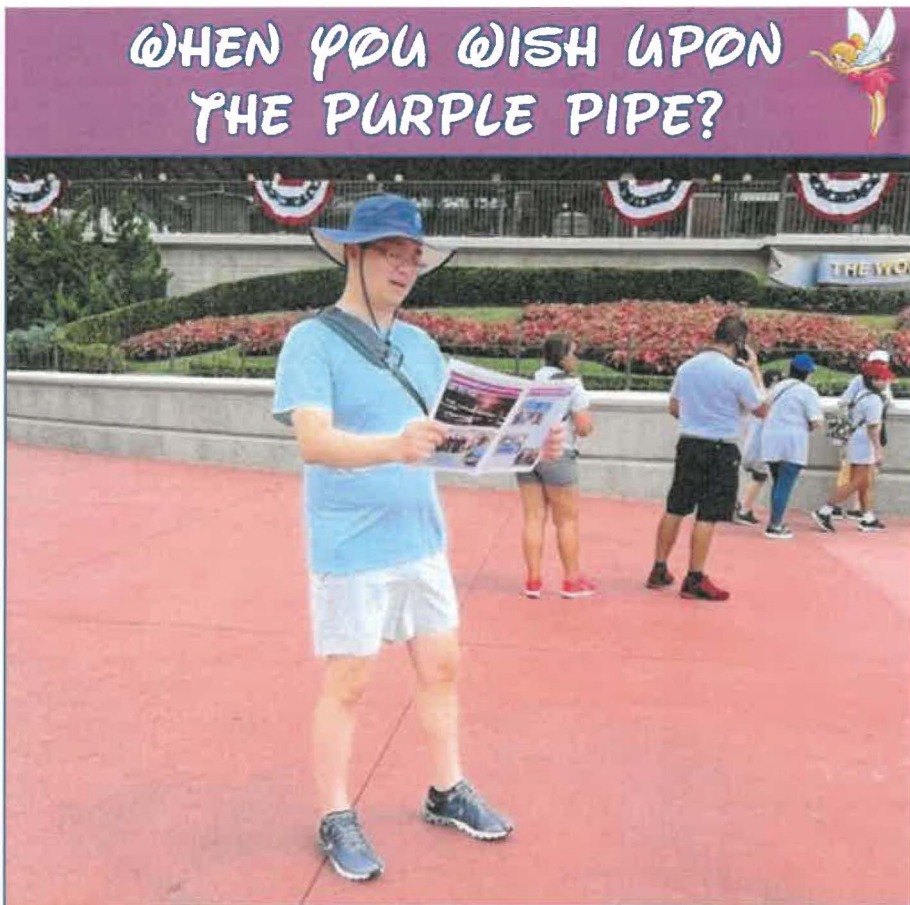


LEGO has debuted a new proposed build called Sewer Heroes: Fighting the Fatberg. But don't rush to the store yet. It's featured on their LEGO Ideas page and if it gets enough support, it could be released for sale. Check it out at [ideas.lego.com](https://ideas.lego.com).

Purple Pipe page 7



VVWRA staff spent a Summer afternoon at the ballpark taking in a Dodgers-Angels game at Anaheim Stadium



VVWRA Accountant Xiwei Wang took time to read the Purple Pipe during his vacation to Disney World Magic Kingdom in Florida!  
Purple Pipe page 8



A bobcat was spotted perched on a fence column after being chased by a coyote at the Hesperia Subregional Water Recycling Facility.