



**BEAUMONT CHERRY VALLEY WATER DISTRICT
AGENDA
REGULAR MEETING OF THE BOARD OF DIRECTORS
Wednesday, November 12, 2008 – 7:00 p.m.
560 Magnolia Avenue, Beaumont, CA 92223**

Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please call Blanca Marin Executive Assistant, at (951) 845-9581 Ext. 23 for assistance so the necessary arrangements can be made.

The agenda material for this meeting is available to the public at the District's Administrative Office which is located at 560 Magnolia Avenue, Beaumont, CA 92223. If any additional material related to an open session agenda item is distributed to all or a majority of the board of directors after this agenda is posted, such material will be made available for immediate inspection at the same location.

1. Call to Order, Pledge of Allegiance, Invocation

2. Roll Call:

| | | | | |
|--------------------|--------------------------|---------------------|--------------------------|---|
| President Chatigny | <input type="checkbox"/> | Vice President Lash | <input type="checkbox"/> | |
| Director Ball | <input type="checkbox"/> | Director Dopp | <input type="checkbox"/> | Director Parks <input type="checkbox"/> |

3. Adoption and Adjustment of Agenda (additions and/or deletions)

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| BALL | M | S | A | N |
| DOPP | M | S | A | N |
| LASH | M | S | A | N |
| PARKS | M | S | A | N |
| CHATIGNY | M | S | A | N |

4. Public Input

PUBLIC COMMENT: Anyone wishing to address the Board of Directors on any matter not on the agenda of this meeting may do so now. Anyone wishing to speak on an item on the agenda may do so at the time the Board considers that item. All persons wishing to speak must fill out a "Request to Speak" form and give it to the Secretary at the beginning of the meeting. The forms are available on the table at the back of the room. There is a three (3) minute limit on public comments. Sharing or passing time to another speaker is not permitted. Please do not repeat what was said by a previous speaker except to note agreement with that speaker. Thank you for your cooperation.

5. Adoption of the Minutes

a. Minutes of the Regular Meeting of October 8, 2008**

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| BALL | M | S | A | N |
| DOPP | M | S | A | N |
| LASH | M | S | A | N |
| PARKS | M | S | A | N |
| CHATIGNY | M | S | A | N |

6. Action Items

a. Acceptance of the 2007 Audit**

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| BALL | M | S | A | N |
| DOPP | M | S | A | N |
| LASH | M | S | A | N |
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| CHATIGNY | M | S | A | N |

b. Bonita Vista Water Company, Annexation Costs**

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| BALL | M | S | A | N |
| DOPP | M | S | A | N |
| LASH | M | S | A | N |
| PARKS | M | S | A | N |
| CHATIGNY | M | S | A | N |

c. Approval of Notice of Exemption for Beaumont Cherry Valley owned properties, APN Nos. 407-140-002-8 and 407-150-021-6**

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| BALL | M | S | A | N |
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| CHATIGNY | M | S | A | N |

d. Approval of Notice of Exemption for MCM Poultry Farms, APN Nos. 421-070-008, 421-070-009 and 421-070-010.**

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| CHATIGNY | M | S | A | N |

e. Resolution 2008-08, Resolution Requesting the Local Agency Formation Commission of Riverside County to Begin Proceedings for Annexation to Beaumont Cherry Valley Water District**

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| PARKS | M | S | A | N |
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f. Resolution 2008-09, Resolution Requesting the Local Agency Formation Commission of Riverside County to Begin Proceedings for Annexation to Beaumont Cherry Valley Water District, MCM Poultry Farms.**

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| PARKS | M | S | A | N |
| CHATIGNY | M | S | A | N |

g. Consolidation of Existing Ten Inch Water Service request to Serve Property located at 39320 Oak View by Sam P. Kantzalis**

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| BALL | M | S | A | N |
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| CHATIGNY | M | S | A | N |

h. Invoice from Bureau of Reclamation**

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| BALL | M | S | A | N |
| DOPP | M | S | A | N |
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| PARKS | M | S | A | N |
| CHATIGNY | M | S | A | N |

i. Acceptance of Noble Creek Artificial Recharge Facility Ground Water Monitoring Report, May 31, 2008 to September 12, 2008.**

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| BALL | M | S | A | N |
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j. Fourth Amendment to Agreement, Parsons Engineering**

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| BALL | M | S | A | N |
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k. 2008 NGWA Exposition December 2-5, 2008 and Award Presentation on December 4, 2008 in Las Vegas, Nevada. **

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| BALL | M | S | A | N |
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| CHATIGNY | M | S | A | N |

l. ACWA's 2008 Fall Conference & Exhibition Preregistration, December 2-5, 2008, Long Beach**

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| BALL | M | S | A | N |
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| PARKS | M | S | A | N |
| CHATIGNY | M | S | A | N |

7. General Manager's Reports, Discussion and Possible Action

- a. System Update
- b. Project on 12 and 1300 Blocks of Edgar, Pipe Replacement**
- c. Response to Director Ball's Request on Payment Information for Costs Related to the Fishing Derby**
- d. Response to Director Ball's Request on Information Regarding the Surveillance Cameras (Memorandum to be handed out at the Meeting)**

8. Directors' Reports for Discussion and Possible Action

- a. President Chatigny
- b. Vice President Lash
- c. Director Ball
- d. Director Dopp

- e. Director Parks

9. Closed Session: CONFERENCE WITH LEGAL COUNSEL –

- a. Pursuant to Government Code Section §54956.9 – Existing Litigation Hal Hays Vs. BCVWD
- b. Pursuant to Government Code Section §54956.9 – Existing Litigation BCVWD Vs Calimesa
- c. Pursuant to Government Code Section §54957.6 – Conference with Labor Negotiators (Directors Chatigny and Lash) MOU with Employees Association

10. Open Session Report on Closed Session

11. Adjournment

** Information included in the agenda packet

**RECORD OF THE MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE BEAUMONT CHERRY VALLEY WATER DISTRICT
October 8, 2008**

1. Call to Order, Pledge of Allegiance, Invocation

President Chatigny called the meeting to order at 7:00 p.m., 560 Magnolia Avenue, Beaumont, California. Those responding to roll call were President Chatigny, Vice President Lash and Directors Ball, Dopp and Parks. Also present at this meeting were the General Manager, C.J. Butcher, Assistant General Manager, Anthony Lara, Legal Counsel, Gil Granito and Executive Assistant/Recording Secretary, Blanca Marin.

2. Roll Call:

All members were present.

3. Adoption and Adjustment of Agenda (additions and/or deletions)

Vice President Lash moved to adopt the agenda as presented. Director Parks seconded. The motion passed unanimously.

4. Public Input

President Chatigny invited Frances Flanders to address the Board on an item not on the agenda. Mrs. Flanders, Cherry Valley, indicated that at the last meeting she indicated to the Board that several amounts of the May Financial Statement Reports did not balance. She further indicated that the Board approved on a 3-2 vote the Financial Reports as presented instead of sending them back to be corrected.

5. Adoption of the Minutes

a. Minutes of the Regular Meeting of September 10, 2008

President Chatigny invited Luwana Ryan to address the Board on this item. Mrs. Ryan, Cherry Valley, referred to page 4035 of the minutes, under Public Input, stating that her request for questions on the surveillance cameras has not been answered and that she had been requested to submit a "records request form" requesting the same information. She further requested that a written response to her questions be provided.

Director Ball requested that on page 4038, General Manager's answer on the locations of the surveillance cameras be included as General Manager stated that security cameras were located in all offices except the General Manager's office, the Assistant General Manager's office and restrooms.

Vice President Lash moved to adopt the minutes of the Regular Meeting of September 10, 2008. Director Dopp seconded. The motion passed unanimously.

b. Minutes of the Special Meeting of September 17, 2008

President Chatigny invited Pat Doherty to address the Board on this item. Mr. Doherty complained to the Board that the Board had this September 17, 2008 meeting knowing that two members of the Board would not be attending.

Legal Counsel, Gil Granito, suggested that last paragraph on page 4039 be changed from "Legal Counsel, Gil Granito indicated that the Grand Jury Response was distributed to the Directors at the same time it was distributed to the public" to read: "Legal Counsel, Gil Granito indicated that the Grand Jury Response was available to the Directors at the same

time it was available to the public". He indicated that by modifying this statement was more accurate according to Recording Secretary, Blanca Marin.

Vice President Lash moved to approve with correction. Director Parks seconded. The motion passed with Director Ball abstaining.

c. Minutes of the Special Meeting of September 29, 2008

Legal Counsel, Gil Granito, suggested that page 4046 second to last paragraph under his comments be modified to reflect a more accurate statement. He requested to modify the following statement "Legal Counsel Gil Granito stated that based on recollections, having Directors' names on the newsletter would violate numerous laws" to read: "Legal Counsel, Gil Granito stated that based on recollections, having Directors names on this particular newsletter may violate mass mailing laws".

President Chatigny suggested that the Board correct a typo on page 4042, under Public Input comments from Frances Flanders from "She also suggested that staff changed the report format to show currency with commas in the dollar amounts" to: "She also suggested that staff change the report format to show currency with commas in the dollar amounts".

Vice President Lash moved to approve the September 29, 2008 minutes with corrections. Director Dopp seconded. The motion passed unanimously.

6. Action Items

a. Acceptance of the Compromise and Release Agreement- Kohler's Claim

General Manager, C.J. Butcher provided a brief report on the Kohlers' Claim indicating that approval of agreement will release a settlement check for the Kohlers in the amount of \$10,000.

After discussion, Director Parks moved to accept the Compromise and Release Agreement. Vice President Lash seconded. The motion passed unanimously.

b. Reimbursement Request by Aim All Storage, Mike Giurbino

General Manager, C.J. Butcher provided a report on the events that led to the reimbursement request indicating that the amount requested will be deducted from Aim All Storage's Facility Fees yet to be paid to the District.

After discussion, Director Parks moved to approve the Reimbursement Request by Aim All Storage, Mike Giurbino. Director Ball seconded. The motion passed unanimously.

c. Variance Request, Joe Duckworth

General Manager, C.J. Butcher provided a verbal report stating that as stated in the request the duplex was split and needed a new meter to service the other apartments.

After discussion, Vice President Lash moved to approve the Variance request for Joe Duckworth for Facility Fees only and Mr. Duckworth to pay for Meter Installation Charges. Director Dopp seconded. The motion passed unanimously.

d. Annexation Request, MCM Poultry Farm

After discussion, Vice President Lash moved to approve annexation request by MCM Poultry Farm for recycled water only. Director Dopp seconded. The motion passed with Director Parks opposing.

7. Discussion and Possible Action

- a. Presentation by District Engineer, Joseph Reichenberger Regarding Recycled Water Grant and Loan

District's Engineer, Joseph Reichenberger provided a slide presentation of the recycled water project explaining the five phases of the project. He indicated that all construction projects will be sent out for bids and all construction plans will be reviewed and approved by the State. He also explained that the recycled water loan will be paid for by the recycled water users and by Facility Fees only. He also indicated that before recycled water is turned on, a resolution adopting Rules and Regulations for Recycled Water would need to be adopted.

Mr. Reichenberger also stated that one of the projects was a Topographic Surveying assignment. He stated that a total of seven Requests for Proposals were sent out and out of seven the District received two proposals back. He further recommended that the Board award the project to Surveyor, Wayne Wheeler.

President Chatigny read a Proclamation given to the District from the City of Beaumont regarding the Recycled Water Loan.

After discussion by Board and staff, Vice President Lash moved to accept and award the contract to Wayne Wheeler. President Chatigny seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball |
| Abstain: | Parks |
| Absent: | None |

- b. Resolution 2008-07 Authorizing and Directing the General Manager or His/Her Designee to Sign and File on Behalf of the Beaumont Cherry Valley Water District, a Water Recycling Facilities Planning Grant Application

General Manager, Charles J. Butcher provided a brief report on this item indicating that this grant was related to the Pollution Control Project being the beginning of a new grant application.

After brief discussion, Director Parks moved to approve Resolution 2008-07 authorizing staff to proceed. Vice President Lash seconded. The motion passed unanimously.

8. General Manager's Reports, Discussion and Possible Action

- a. System Update – Charles J. Butcher, General Manager, Read the following memorandum into the Minutes as a memorandum was not included in the agenda package:

"Again, at the September 29, 2008, Special Board Meeting, Mrs. Luwana Ryan, former President of the Bonita Vista Mutual Water Company (BVMWC) Board of Directors stated her opinion that the District is low in cash on hand. This, she says, is because the reserves shown on the balance sheet total almost two million dollars and cannot be used by staff for operations. For the record, there is no current written policy that requires the Board of BCVWD to authorize use of reserves when necessary for emergencies and or other operational needs. It is my opinion that this line of political rhetoric or grand standing is based on Mrs. Ryan and her followers' desire to make the current Board majority and Staff look bad in the eyes of some citizens in and outside of the water district boundaries. Based on her statements, Mrs. Ryan and possibly some Directors on this Board still may not fully understand reserves as it relates to a water system the size of the one managed by BCVWD operations and maintenance staff or they are just going along with Mrs. Ryan in support of the group as opposed to supporting the community as a whole.

To fully comprehend what reserves for emergencies and operations are, one must understand that reserves actually include more than just a financial reserve or a large amount of cash on hand. To do otherwise, is actually not sensible or practical and prudent management of the District's \$100,000,000 worth of assets. BVMWC (Company) is a good example. Their board had not invested in its aging water system or set aside funding for system emergencies or an operational reserve. Their board with Mrs. Ryan at the helm, allowed their system operating capabilities to decline to a point where any well or system failure would cause major water outages and ultimately a catastrophic water system failure that the Company could not soon recover from. In the simplest terms, this means no water for Company rate payers/water users. Under Mrs. Ryan guidance and leadership, a catastrophic water system failure is actually what happened or would have happened however, BCVWD was there as they say "just a phone call away". When called, the District immediately responded, working through the night, and water service was restored by morning.

Fortunately, the District is not operated like President Ryan's Company was. In the BCVWD water system, over the last several years, the District through board approved budgets and projects, has built and/or rebuilt its water transmission system using financial reserves, depreciation funds and developer fees to add operational capacity including reserve capacity.

For those who do not agree that the reserves include the need for reserve operational capacity or redundancy in a water system so that catastrophic water system failures do not occur, must rethink their position. Unlike President Ryan's water system, the District does not have another high quality and well managed water system to call on for emergency water service. It is important for all Board members to understand that reserves are not only a fat bank account as suggested by Mrs. Ryan. They are reserves held in the District's assets in the water system and in the groundwater owned by the District. It must be understood that the Board and the District are committed to providing to their service areas water demand in all situations 24 hours a day 7 days a week, turn on the tap, or open a fire hydrant and the water must flow under any circumstance.

As I recall, one of the BCVWD directors has made statements concerning the need to maintain sufficient financial reserves to pay for failures of our large wells. While this is a partially correct assumption on his part that funds must be available for repairs, it must also be understood that a repair of this kind will potentially take months to complete at a cost of maybe \$200,000.00 or even more. With funds on hand of nearly \$3,000,000 dollars, a repair of this kind is easily financially possible. Catastrophic and instantaneous failures that are not an operations failure or are not caused by age are also insured. So inoperative or damaged wells can be repaired or replaced (deductible is \$10,000 per occurrence).

The financial ability to commence this type of repair is not the most important issue, timing is everything. If this breakdown occurs during peak water demand periods, like the summer pumping season, the ability to fund this repair is only incidental. Without operational water system reserves, water outages or at least mandatory water rationing may be necessary. The Board should remember the action taken last year related to the potential failure or loss of use of wells 16 or 23. Both serve the 2850 pressure zone and at the time were the only wells available in that zone. However, using developer fees and financial reserves, the District added Well 25 in this zone. This use of a combination of funds on hand and reserves added 4.0 million gallons per day of reserve pumping capacity in the 2850 zone. This use of funds provides the District with capacity in the 2850 zone to immediately replace either of the existing wells, should they become inoperative for any reason. Note the well took over one year to drill and outfit.

In the BCVWD's case, the District has the reserves both, to fund repairs and maintain a very large inventory of in-system asset reserves. Why, because we have built water system reserves in our wells and reservoirs to make available a redundant water supply capable of continuous water service with its most productive well out of service. In fact, today, the

District has 25,000 gallons per minute or 36,000,000 gallons per day of well pumping capacity. Please note in 2007 the District's peak water demand day was just over 18,000,000 per day. This means that the District including the maximum Banning water demand of 4.5 million gallons per day can still meet its peak water demands with two of its most productive wells in different zones out of service.

The District has also completed construction of over 16.5 million gallons of reservoir capacity in 2007 to add to the 7.5 million gallons of capacity the District had in the late 1990s. This means, the District has a total reservoir storage capacity greater than the maximum day water demand. In most districts, a maximum day water demand in storage is a planning number used by most to plan to. Again, as explained above, the District has used financial reserves to build the water system to meet the existing demands, including fire flows of more than 4,000 gpm for many hours duration.

The District has also built up approximately 2.5 years of groundwater supply in its Beaumont Storage Unit (BSU) storage account that is currently maintained in reserve. Based on my recent conversation with the Chief of Watermaster Services, the District, including Temporary Surplus, State Project Water and water purchased from South Mesa Water Company, owns approximately 20,000 acre feet of water currently in storage in the BSU. Assuming the Pass Agency's estimates of water cost over the next few years, the District holds over \$6,000,000.00 worth of water in reserve to meet future demands. I should note this water in storage does not include water production from the District's water canyon, which has provided as much as 3,600 acre feet per year of low cost groundwater from the canyon system. Current engineering estimates of long term water supply from the canyon are set a 2,800 acre per year.

The District Engineer is updating the Urban Water Management Plan and the Master Plan. I have asked him what the current water system capabilities are and what would he consider to be the water systems reserve capacity. Mr. Reichenberger has estimated that the District has approximately 15,000 EDU of reserve storage capacity, over 4,000 EDU of well production capacity with our best well out of service and over 20,000 EDU Transmission system capacity. Stated in financial terms, assuming the current \$10,122 Facility Fee is to be paid by each EDU, the District's water system currently holds a combined reserve capacity of more than \$50,000,000.

For President Mrs. Ryan, her group and the public to understand all water district assets held in reserve, they should consider the value of all reserves including as follows:

1. Cash on Hand (end of August 2008), 2.6 million dollars
2. Water held in reserve in the BSU, valued at over 6.0 million dollars (estimated based on current delivery costs)
3. Reserve water system capacity expressed in Facility Fees per EDU valued at over 50 million dollars

Total reserves are currently estimated to be approximately \$59,000,000.

Summarizing the reserve issue; Mrs. Ryan has chosen to ignore all of the reserves discussed herein and shown in the previous paragraph when she issues her opinion of the District's financial reserve. She also has chosen to ignore the Board's action to not approve the 6% per year water rate increase to rebuild financial reserves as recommended in the 2007 rate study. The Board majority chose instead, to limit impact on water users and allow the reserves to build more slowly, as the District's recent 75 million dollar Capital Improvement Program has placed the District's water system in an excellent position to move forward into the next 10 to 20 years without major infrastructure expense to the water users of the BCVWD"

b. BCVWD Vs Calimesa – General Manager, Charles J. Butcher, stated that the District received an executed a settlement agreement. He indicated that the final paperwork will be presented at the next Board meeting for approval.

9. Directors' Reports for Discussion and Possible Action

- a. President Chatigny – Ad hoc Policy Committee will meet on Monday.
- b. Vice President Lash – Stated that he attended the City of Beaumont's Council Meeting and BCVWD received a Proclamation.
- c. Director Ball – He wanted an update on his request of information on the surveillance cameras. He requested that his request be answered in writing by the General Manager.
- d. Director Dopp – None
- e. Director Parks – She attended a San Geronio Pass Water Agency meeting but there was not enough information related to BCVWD to report to the Board.

10. Closed Session

- a. Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators (Directors Chatigny and Lash) MOU with Employees Association

President Chatigny adjourned to Closed Session at 9:35 p.m.

11. Open Session Report on Closed Session

President Chatigny reconvened to Open Session at 10:14 p.m.

Legal Counsel, Gil Granito announced that during Closed Session the District's designated representatives, Directors Lash and Chatigny led the discussions regarding preliminary MOU negotiations and that no further reportable action was taken at this time.

12. Adjournment

President Chatigny adjourned the meeting at 10:15 p.m.

Albert Chatigny, President of the
Board of Directors of the
Beaumont Cherry Valley Water District

Attest:

Charles J. Butcher, Secretary/Treasurer to the
Board of Directors of the
Beaumont Cherry Valley Water District

**BEAUMONT-CHERRY VALLEY
WATER DISTRICT**

BASIC FINANCIAL STATEMENTS

Year ended December 31, 2007

**BEAUMONT-CHERRY VALLEY
WATER DISTRICT**

BASIC FINANCIAL STATEMENTS

Year ended December 31, 2007

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Board of Directors

Beaumont-Cherry Valley Water District

Beaumont, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Beaumont-Cherry Valley Water District ("District"), as of and for the year ended December 31, 2007 as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the District for the year ended December 31, 2006 and, in our report dated March 24, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Beaumont-Cherry Valley Water District, as of December 31, 2007, and the respective changes in financial position and cash flows of Beaumont-Cherry Valley Water District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California

September 26, 2008

BEAUMONT CHERRY VALLEY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2007

The intent of the management's discussion and analysis is to provide an overview of the Beaumont Cherry Valley Water District's financial activities for the calendar year ended December 31, 2007. Readers are encouraged to read this section in conjunction with the accompanying financial statements.

The District's Operations – an Overview

The District operates under the authority of the California Water Code and engages in various activities classified as "proprietary". The major activities include: sale and delivery of water to domestic, agricultural and commercial accounts.

Financial Statements

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, the District's financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets includes the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligation to District creditors (liabilities). The difference between the assets and liabilities is shown as net assets. This statement also provides the basis of evaluating the capital structure of the district and assessing its liquidity and financial flexibility.

The statement of revenues, expenses and changes in net assets accounts for the current year's revenues and expenses. This statement measures the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The final required financial statement is the statement of cash flows. This statement reports cash receipts, cash disbursements, and net changes in cash resulting from operations and investments during the reporting period.

The notes to the financial statement provide a description of the accounting policies and used to prepare the financial statements and present material disclosures required by generally accepted accounting principals that are not otherwise present in the financial statements.

Financial Highlights

The table on the following page shows that net assets increased \$7.7 million, or 7.8% to \$107.9 million from calendar year ended December 31, 2006 to calendar year ended December 31, 2007.

During 2007 the District added 1246 new metered connections in all types of service; potable domestic, non-potable irrigation, commercial and industrial bringing the BCVWD total connections to 13,835. The District also continued its capital improvement program by adding 10 million gallons of new storage to bring the District's reservoir capacity to 23.5 million gallons. The District also completed the construction and outfitting of well 26 and began the

BEAUMONT CHERRY VALLEY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2007

development of wells 25 and 29. With the completion of 25 and 29 in mid 2008 the District's total pumping capacity will be over 41 million gallons per day giving BCVWD adequate reliability in its water system.

The District also completed its transmission rebuilding project that saw over 44 miles of new transmission mains constructed in the last four years. This new system replaced a majority of the old transmission water system supplying the District and expanded the BCVWD water system in to all of the newly developing areas of the City of Beaumont.

2007 was also the District's first full year operation of its newly constructed recharge park which recharges the San Gorgonio Pass areas groundwater system with imported water from the State Water Project aqueduct. More than 7,000 acre feet of water was recharged since the recharge project came on line in the later part of 2006.

Statement of Net Assets
December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> | <u>Increase/(Decrease)</u> | |
|--------------------------|---------------------------|---------------------------|----------------------------|-----------------------|
| | | | <u>Amount</u> | <u>% Change</u> |
| Assets | | | | |
| Current assets | \$ 8,409,075 | \$ 17,274,605 | \$ (8,865,530) | -51.30% |
| Noncurrent assets | <u>101,273,829</u> | <u>85,813,969</u> | <u>15,459,860</u> | <u>18.00%</u> |
| Total assets | <u>109,682,904</u> | <u>103,088,574</u> | <u>6,594,330</u> | <u>6.40%</u> |
| Liabilities | | | | |
| Current liabilities | 2,011,867 | 2,796,251 | (1,184,384) | -42.40% |
| Noncurrent liabilities | <u>117,784</u> | <u>109,264</u> | <u>8,520</u> | <u>7.80%</u> |
| Total liabilities | <u>2,129,651</u> | <u>2,905,515</u> | <u>(1,175,864)</u> | <u>-40.50%</u> |
| Net Assets | | | | |
| Invested in capital | 100,799,011 | 85,339,151 | 15,459,860 | 18.10% |
| Unrestricted | <u>6,754,242</u> | <u>14,843,908</u> | <u>(7,689,666)</u> | <u>-51.80%</u> |
| Total net assets | <u>107,553,253</u> | <u>100,183,059</u> | <u>7,770,194</u> | <u>7.80%</u> |

BEAUMONT CHERRY VALLEY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2007

Revenues, Expenses and Changes in Net Assets

December 31, 2007 and 2006

| | 2007 | 2006 | Amount | Increase/(Decrease) % |
|--|-----------------------|-----------------------|---------------------|--------------------------|
| Operating revenues: | | | | |
| Water sales | \$ 7,271,345 | \$ 5,490,413 | \$ 1,780,932 | 32.4% |
| Water services: | | | | |
| Service connections | 2,123,447 | 2,405,035 | (281,588) | -11.7% |
| Development reimb. | 49,536 | 471,207 | (421,671) | -89.5% |
| Inspection reimb | 427,501 | 1,941,626 | (1,514,125) | -78.0% |
| Other | 236,031 | 1,034,438 | (798,407) | -77.2% |
| Total water services | 2,836,515 | 5,852,306 | (3,015,791) | -51.5% |
| Total operating revenues | 10,107,860 | 11,342,719 | (1,234,859) | -10.9% |
| Operating Expenses: | | | | |
| Pumping expenses | 2,385,970 | 1,583,416 | 802,554 | 50.7% |
| Transmission & Dist | 1,452,831 | 955,636 | 497,195 | 52.0% |
| Customer accounts | 275,400 | 194,824 | 80,576 | 41.4% |
| General & Admin | 2,278,591 | 2,301,548 | (22,957) | -1.0% |
| STWMA | - | 581,597 | (581,597) | -100.0% |
| Depreciation | 1,140,443 | 749,218 | 391,225 | 52.2% |
| Total operating expenses | 7,533,235 | 6,366,239 | 1,166,996 | 18.3% |
| Income (loss) from operations | 2,574,625 | 4,976,480 | (2,401,855) | -48.3% |
| Nonoperating revenues (expenses): | | | | |
| Rent/Utilities reimb | 800 | 700 | 100 | 14.3% |
| Misc expenses | (11,731) | (313,388) | 301,657 | -96.3% |
| Investment Income | 405,525 | 798,288 | (392,763) | -49.2% |
| Total nonoperating revenues | 394,594 | 485,600 | (91,006) | -18.7% |
| Income before contributions | 2,969,219 | 5,462,080 | (2,492,861) | -45.6% |
| Capital contributions: | | | | |
| Facilities charges | 4,081,729 | 23,886,927 | (19,805,198) | -82.9% |
| Front Footage Fees & other | 319,246 | 2,108,708 | (1,789,462) | -84.9% |
| Total capital contributions | 4,400,975 | 25,995,635 | (21,594,660) | -83.1% |
| Changes in net assets | 7,370,194 | 31,457,715 | (24,087,521) | -76.6% |
| Net assets at beginning of year | 100,183,059 | 68,725,344 | 31,457,715 | 45.8% |
| Total net assets at end of year | \$ 107,553,253 | \$ 100,183,059 | \$ 7,370,194 | 7.4% |

BEAUMONT CHERRY VALLEY WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2007

Capital Assets

December 31, 2007 and 2006

| | 2007 | 2006 | Increase/(Decrease) | |
|---|--------------------|--------------------|---------------------|---------------|
| | | | Amount | % |
| Capital assets, nondepreciable: | | | | |
| Land | \$ 1,160,319 | \$ 1,160,319 | 0 | 0.0% |
| Construction in progress | 25,157,909 | 50,931,620 | (25,773,711) | -50.6% |
| Total capital assets, nondepreciable | 26,318,228 | 52,091,939 | (25,773,711) | -49.5% |
| Capital assets, depreciable: | | | | |
| Pumphouse structures | 80,422 | 80,422 | 0 | 0.0% |
| Well casings & develop | 3,432,215 | 665,674 | 2,766,541 | 415.6% |
| Pumping equipment | 4,334,883 | 1,224,190 | 3,110,693 | 254.1% |
| Chlorinators | 115,803 | 115,803 | 0 | 0.0% |
| Reservoirs & Tanks | 16,982,895 | 3,456,004 | 13,526,891 | 391.4% |
| Telemetry equipment | 410,552 | 402,579 | 7,973 | 2.0% |
| Trans & dist mains | 49,361,971 | 28,067,642 | 21,294,329 | 75.9% |
| Meters and services | 4,811,505 | 3,487,962 | 1,323,543 | 37.9% |
| Fire hydrants | 3,884 | 3,884 | 0 | 0.0% |
| Structures & Improvements | 449,379 | 449,379 | 0 | 0.0% |
| Office furniture & equip | 273,618 | 292,098 | (18,480) | -6.3% |
| Automobile equipment | 617,466 | 465,318 | 152,148 | 32.7% |
| General equipment | 380,825 | 423,846 | (43,021) | -10.2% |
| Total capital assets, depreciable | 81,255,418 | 39,134,801 | 42,120,617 | 107.6% |
| Total capital assets | 107,573,646 | 91,226,740 | 16,346,906 | 17.9% |
| Accumulated Depreciation | (6,774,634) | (5,887,589) | (887,045) | 15.1% |
| Total capital assets, net | 100,799,012 | 85,339,151 | 15,459,861 | 18.1% |

Capital Assets

For additional information, please refer to Note 4 in the Notes to the Basic Financial Statements

Long Term Debt

The Beaumont Cherry Valley Water District does not have any long term debt.

Contacting the District's Management

This financial report is designed to provide Beaumont Cherry Valley Water District's elected officials, citizens and customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have any questions regarding this report or need additional information, please contact the District's Management.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

Statement of Net Assets

December 31, 2007

(with prior year data for comparison purposes only)

| <u>Assets</u> | <u>2007</u> | <u>2006</u> |
|--|----------------|----------------|
| Current assets: | | |
| Cash and investments (note 2) | \$ 4,667,542 | \$ 12,784,088 |
| Accounts receivable, billed (note 3) | 1,224,283 | 1,139,489 |
| Accounts receivable, other (note 3) | 1,172,231 | 1,502,273 |
| Accounts receivable, unbilled | 463,381 | 467,399 |
| Accrued interest receivable | 55,998 | 182,810 |
| Inventory | 759,668 | 1,139,419 |
| Prepaid expenses | 65,972 | 59,127 |
| Total current assets | 8,409,075 | 17,274,605 |
| Noncurrent assets: | | |
| Notes receivable (note 11) | 474,818 | 474,818 |
| Capital assets, net of accumulated depreciation (note 4) | 100,799,011 | 85,339,151 |
| Total noncurrent assets | 101,273,829 | 85,813,969 |
| Total assets | 109,682,904 | 103,088,574 |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable | 1,801,134 | 1,813,967 |
| Deposits payable | 74,801 | 91,839 |
| Accrued salaries and benefits | 34,754 | 71,263 |
| Unearned revenue | 101,178 | 819,182 |
| Total current liabilities | 2,011,867 | 2,796,251 |
| Noncurrent liabilities: | | |
| Compensated absences (note 1k) | 117,784 | 109,264 |
| Total noncurrent liabilities | 117,784 | 109,264 |
| Total liabilities | 2,129,651 | 2,905,515 |
| <u>Net Assets</u> | | |
| Net assets: | | |
| Invested in capital assets, net of related debt | 100,799,011 | 85,339,151 |
| Unrestricted | 6,754,242 | 14,843,908 |
| Total net assets | \$ 107,553,253 | \$ 100,183,059 |

See accompanying notes to basic financial statements.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

Year ended December 31, 2007
(with prior year data for comparison purposes only)

| | 2007 | 2006 |
|---|----------------|----------------|
| Operating revenues: | | |
| Water sales | \$ 7,271,345 | \$ 5,490,413 |
| Water services: | | |
| Service connections | 2,123,447 | 2,405,035 |
| Development reimbursement | 49,536 | 471,207 |
| Inspection reimbursement | 427,501 | 1,941,626 |
| Other | 236,031 | 1,034,438 |
| Total water services | 2,836,515 | 5,852,306 |
| Total operating revenues | 10,107,860 | 11,342,719 |
| Operating expenses: | | |
| Pumping expenses | 2,385,970 | 1,583,416 |
| Transmission and distribution | 1,452,831 | 955,636 |
| Customer accounts | 275,400 | 194,824 |
| General and administrative | 2,278,591 | 2,301,548 |
| San Timoteo Watershed | - | 581,597 |
| Depreciation | 1,140,443 | 749,218 |
| Total operating expenses | 7,533,235 | 6,366,239 |
| Income (loss) from operations | 2,574,625 | 4,976,480 |
| Nonoperating revenues (expenses): | | |
| Rent and utilities reimbursement | 800 | 700 |
| Miscellaneous expense | (11,731) | (313,388) |
| Investment income | 405,525 | 798,288 |
| Total nonoperating revenues | 394,594 | 485,600 |
| Income before contributions | 2,969,219 | 5,462,080 |
| Capital contributions: | | |
| Facilities charges | 4,081,729 | 23,886,927 |
| Front footage fees and other reimbursements | 319,246 | 2,108,708 |
| Total capital contributions | 4,400,975 | 25,995,635 |
| Change in net assets | 7,370,194 | 31,457,715 |
| Net assets at beginning of year | 100,183,059 | 68,725,344 |
| Total net assets at end of year | \$ 107,553,253 | \$ 100,183,059 |

See accompanying notes to basic financial statements.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

Statement of Cash Flows

Year ended December 31, 2007

(with prior year data for comparison purposes only)

| | <u>2007</u> | <u>2006</u> |
|--|---------------------|----------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$10,506,727 | \$10,024,652 |
| Cash payments to employees for services | (2,264,574) | (1,430,308) |
| Cash payments to suppliers for goods and services | (4,680,775) | (3,624,646) |
| Rental income received | 800 | 700 |
| Miscellaneous expenses paid | (11,731) | (313,388) |
| Net cash provided by (used for) operating activities | <u>3,550,447</u> | <u>4,657,010</u> |
| Cash flows from capital and related financing activities: | | |
| Acquisitions and construction of capital assets | (16,600,305) | (35,859,721) |
| Facility charges received | <u>4,400,975</u> | <u>25,995,635</u> |
| Net cash provided by (used for) capital and related financing activities | <u>(12,199,330)</u> | <u>(9,864,086)</u> |
| Cash flows from investing activities: | | |
| Interest income received | <u>532,337</u> | <u>778,636</u> |
| Net cash provided by (used for) investing activities | <u>532,337</u> | <u>778,636</u> |
| Total increase (decrease) in cash and cash equivalents | (8,116,546) | (4,428,440) |
| Cash and cash equivalents at beginning of year | <u>12,784,088</u> | <u>17,212,528</u> |
| Cash and cash equivalents at end of year | <u>\$ 4,667,542</u> | <u>\$ 12,784,088</u> |

(Continued)

BEAUMONT-CHERRY VALLEY WATER DISTRICT

Statement of Cash Flows

(Continued)

| | <u>2007</u> | <u>2006</u> |
|---|---------------------|---------------------|
| Reconciliation of loss from operations to net cash provided by operating activities: | | |
| Income from operations | \$ 2,574,625 | \$ 4,976,480 |
| Adjustments to reconcile loss from operations to net cash provided by operating activities: | | |
| Operating activities: | | |
| Depreciation | 1,140,443 | 749,218 |
| Rental income | 800 | 700 |
| Miscellaneous expense | (11,731) | (313,388) |
| Changes in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 249,266 | (1,097,491) |
| Decrease (increase) in prepaid expenses | (6,845) | (7,171) |
| Decrease (increase) in inventory | 379,751 | 57,895 |
| Decrease (increase) in notes receivable | - | 5,500 |
| Increase (decrease) in accounts payable | (12,831) | 490,698 |
| Increase (decrease) in accrued salaries and benefits | (36,509) | 3,629 |
| Increase (decrease) in deposits payable | (17,038) | 7,950 |
| Increase (decrease) in unearned revenue | (718,004) | (226,076) |
| Increase (decrease) in compensated absences | 8,520 | 9,066 |
| Net cash provided by operating activities | <u>\$ 3,550,447</u> | <u>\$ 4,657,010</u> |

Noncash capital, financing, and investing activities -

There were no significant noncash capital, financing, and investing activities for the years ended December 31, 2007 and 2006.

See accompanying notes to basic financial statements.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended December 31, 2007

(1) Summary of Significant Accounting Policies

(a) Description of the Reporting Entity

The Beaumont Irrigation District was formed in March of 1919 under the Wright Act of 1897. In the early 1970's, the Beaumont Irrigation District's name was changed to the Beaumont-Cherry Valley Water District for political reasons. However, the District today is still the original Irrigation District which was formed under the Wright Act of 1897.

Through the 1960's, 1970's and into the 1980's, irrigation of crop lands began to diminish, and domestic use of water began to increase. In 1982, the Board of Directors rewrote all of the irrigation rules and regulations which, originally, were based on total number of acres irrigated, assuming a fruit crop with adult trees. With the change in the rules and regulations from a contracted amount per acre to the payment of irrigation water per 100 cubic feet, irrigation demand greatly decreased within the District's service area, to the point where there are currently 141 irrigation accounts remaining of which only about half actually consume water.

Recognizing the continuing decline in water level in the Beaumont Basin, the Board of Directors began in the middle 1980's to look at the possibility of utilizing reclaimed wastewater as a way of offsetting the overdraft problems.

(b) Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to business enterprises, where the intent of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering water in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) **Summary of Significant Accounting Policies, (Continued)**

(b) **Basis of Accounting, Measurement Focus, and Financial Statement Presentation, (Continued)**

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses and Changes in Net Assets.

Private-sector standards of accounting and financial reporting issued after November 30, 1989 are generally followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to some limitations. The District has elected not to follow subsequent private-sector guidance.

(c) **Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(d) **Cash and Investments**

Investments are carried at fair value, except for guaranteed investment contracts, which are carried at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. In the financial statements, changes in fair value that occur during a fiscal year are recognized as *Investment income* reported for the fiscal year. *Investment income* includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

(e) **Statement of Cash Flows**

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2007, cash and cash equivalents consisted of demand deposits and deposits in the Local Agency Investment Fund (LAIF).

(f) **Revenues**

The District receives its revenues primarily from the sales of water and related services. Other income is derived from interest earned on investments and developers fees.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(g) Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

(h) Revenue Recognition

Revenues are recognized when earned. Metered water accounts are read and billed bi-monthly on 30-day cycles. Unbilled water charges are accrued for the period from the last meter reading through year-end and are included in accounts receivable. Unbilled accounts receivable amounted to \$463,381 at December 31, 2007.

(i) Capital Assets

Capital assets are stated at cost. The District has set the capitalization threshold for reporting capital assets at \$1,000 with a useful life of two years or more.. Depreciation of all exhaustible capital assets used by the District is charged as an expense against their operations using a straight-line method, based on the average useful life of the asset.

Depreciation is computed using the straight-line method over the estimated useful lives of the capital assets as follows:

| | |
|--------------------------------------|-------------|
| Wells: development and casings | 75 years |
| Fire hydrants | 50 years |
| Reservoirs and tanks | 50 years |
| Pumping plant | 10-50 years |
| Transmission and distribution plant: | |
| Pipelines | 40-75 years |
| Services and meters | 40-50 years |
| Pumping plant – buildings | 40 years |
| Buildings | 40 years |
| Water treatment plant | 30 years |
| Telemetry | 15 years |
| Office furniture and equipment | 10 years |
| General equipment | 5-10 years |
| Truck and automotive equipment | 4 years |

BEAUMONT-CHERRY VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(j) Inventory

The District utilizes a standard (or average) cost method of valuing inventories consisting of materials and supplies for utility plant construction and repairs. Inventories are valued at cost.

(k) Compensated Absences

The District has a policy whereby an employee can accumulate sick leave and vacation. The sick leave is accumulated at one day per month. An employee not using any sick leave for twelve consecutive months could convert their twelve accrued days to cash at a rate of two accrued days for each hour's pay at their regular hourly rate. Upon retirement or death, employees or their beneficiaries are entitled to receive 50% of all accumulated sick leave.

Vacation is earned from the date of hire and is available for use the following year from ten working days to the maximum of 20 working days. The District has provided for these future costs by accruing earned and unused sick leave and vacation were \$117,784, which has been included in compensated absences in the accompanying statement of net assets.

(l) Net Assets

In the statement of net assets, net assets are classified in the following categories:

Investment in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

(m) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(n) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's prior year financial statements, from which this selected financial data was derived.

(2) Cash and Investments

Cash and investments as of December 31, 2007 and 2006 consist of the following:

| | <u>2007</u> | <u>2006</u> |
|---|---------------------|-------------------|
| Cash on hand | \$ 922 | 922 |
| Deposits with financial institution | 1,591,043 | 365,199 |
| Investments | <u>3,075,577</u> | <u>12,417,967</u> |
| Total cash and investments at end of year | <u>\$ 4,667,542</u> | <u>12,784,088</u> |

The significant decline in cash and investment balances from the previous year is due to the District's significant investment in constructed capital facilities during 2007.

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

The table below identifies the *investment types* that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, if more restrictive) that address *interest rate risk* and *concentration of credit risk*. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

| Authorized by Investment Types <u>Authorized by State Law</u> | <u>Investment Policy**</u> | <u>Maximum Maximum Maturity*</u> | <u>Maximum Percentage of Portfolio*</u> | <u>Investment In One Issuer*</u> |
|--|---------------------------------------|---|--|---|
| Local Agency Bonds | No | 5 years | None | None |
| U.S. Treasury Obligations | No | 5 years | None | None |
| U.S. Agency Securities | No | 5 years | None | None |
| Banker's Acceptances | No | 180 days | 40% | 30% |
| Commercial Paper | No | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | No | 5 years | 30% | None |
| Repurchase Agreements | No | 1 year | None | None |
| Reverse Repurchase Agreements | No | 92 days | 20% of base value | None |
| Medium-Term Notes | No | 5 years | 30% | None |
| Mutual Funds | No | N/A | 20% | 10% |
| Money Market Mutual Funds | No | N/A | 20% | 10% |
| Mortgage Pass-Through Securities | No | 5 years | 20% | None |
| County Pooled Investment Funds | No | N/A | None | None |
| Local Agency Investment Fund | Yes | N/A | None | None |
| JPA Pools (other investment pools) | No | N/A | None | None |

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

** District does not have an investment policy. However, District Board of Directors had approved investments only in the Local Agency Investment Fund.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing in Local Agency Investment Fund to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

| <u>Investment Type</u> | <u>Total</u> | <u>Remaining Maturing (in Months)</u> | | | |
|-------------------------------------|--------------------|---------------------------------------|---------------------------|----------------------------|--------------------------------|
| | | <u>6 Months Or Less</u> | <u>7 to 12 Months</u> | <u>13 to 24 Months</u> | <u>More Than 24 Months</u> |
| Local Agency Investment Fund (LAIF) | <u>\$3,075,577</u> | <u>3,075,577</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$3,075,577</u> | <u>3,075,577</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Disclosures Relating to Credit Risk

Generally, credit risk is 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. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year end for each investment type.

| <u>Investment Type</u> | <u>Total</u> | <u>Minimum Legal Rating</u> | <u>Exempt From Disclosure</u> | <u>Rating as of Year End</u> | |
|-------------------------------------|--------------------|-------------------------------------|---------------------------------------|------------------------------|----------------------|
| | | | | <u>AAA</u> | <u>Not Rated</u> |
| Local Agency Investment Fund (LAIF) | <u>\$3,075,577</u> | N/A | <u>-</u> | <u>-</u> | <u>3,075,577</u> |
| Total | <u>\$3,075,577</u> | | <u>-</u> | <u>-</u> | <u>3,075,577</u> |

BEAUMONT-CHERRY VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of December 31, 2007, \$1,550,808 of the District's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (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 District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District'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.

BEAUMONT-CHERRY VALLEY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Aging of Accounts Receivable

Aging of water billing accounts receivable (by days outstanding) as of December 31, 2007:

| | <u>0-30</u> | <u>31-60</u> | <u>61-90</u> | <u>90 and over</u> | <u>Total</u> |
|-----------------|----------------|----------------|---------------|--------------------|------------------|
| Utility Billing | 373,453 | 223,392 | 76,984 | 539,068 | 1,212,897 |
| Irrigation | <u>11,386</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,386</u> |
| Total | <u>384,839</u> | <u>223,392</u> | <u>76,984</u> | <u>539,068</u> | <u>1,224,283</u> |

Aging of other accounts receivable (by days outstanding) as of December 31, 2007:

| <u>Customer Name</u> | <u>0-30</u> | <u>31-60</u> | <u>61-90</u> | <u>90 and over</u> | <u>Total</u> |
|----------------------------------|-------------|----------------|----------------|--------------------|------------------|
| City of Beaumont | - | 277,189 | - | - | 277,189 |
| 361 Group | - | - | - | - | - |
| K Hovnanian Homes | - | - | 697,576 | - | 697,576 |
| Sullivan & Sullivan | - | - | - | 20,598 (a) | 20,598 |
| Noble Creek Vistas Specific Plan | - | - | - | 52,077 (b) | 52,076 |
| Beaumont Basin Watermaster | - | - | 64,300 | - | 64,300 |
| Other | <u>-</u> | <u>3,625</u> | <u>-</u> | <u>56,867 (c)</u> | <u>60,492</u> |
| Total | <u>-</u> | <u>280,814</u> | <u>761,876</u> | <u>129,541</u> | <u>1,172,231</u> |

This account represents developer fees, reimbursement for damages, illegal connections, and installation charges.

- (a) Sullivan & Sullivan is a third party project manager and are currently in the process of calculating the correct amounts each developer owes to this project.
- (b) Nobile Creek Vistas Specific Plan has been making partial payments and currently has an outstanding balance of \$27,359. Noble Creek is a third party project manager and is in the process of calculating the correct amounts each developer owes for this project.
- (c) Balance is made up of various individually immaterial account balances.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(4) Capital Assets

Changes in capital assets for the year ended December 31, 2007 were as follows:

| | <u>Balance at Dec 31, 2006</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at Dec 31, 2007</u> |
|---|------------------------------------|--------------------|---------------------|------------------------------------|
| Capital assets, nondepreciable: | | | | |
| Land | \$ 1,160,319 | - | - | 1,160,319 |
| Construction in progress | <u>50,931,620</u> | <u>16,602,091</u> | <u>(42,375,802)</u> | <u>25,157,909</u> |
| Total capital assets, nondepreciable | <u>52,091,939</u> | <u>16,602,091</u> | <u>(42,375,802)</u> | <u>26,318,228</u> |
| Capital assets, depreciable: | | | | |
| Pumphouse structures | 80,422 | - | - | 80,422 |
| Well casings and development | 665,674 | 2,775,877 | (9,336) | 3,432,215 |
| Pumping equipment | 1,224,190 | 3,110,693 | - | 4,334,883 |
| Chlorinators | 115,803 | - | - | 115,803 |
| Reservoirs and tanks | 3,456,004 | 13,657,639 | (130,748) | 16,982,895 |
| Telemetry equipment | 402,579 | 7,973 | - | 410,552 |
| Transmission and distribution mains | 28,067,642 | 21,294,328 | - | 49,361,971 |
| Meters and meter services | 3,487,962 | 1,323,543 | - | 4,811,505 |
| Fire hydrants | 3,884 | - | - | 3,884 |
| Structures and improvements | 449,379 | - | - | 449,379 |
| Office furniture and equipment | 292,098 | 21,893 | (40,373) | 273,618 |
| Automobile equipment | 465,318 | 183,856 | (31,708) | 617,466 |
| General equipment | <u>423,846</u> | <u>-</u> | <u>(43,021)</u> | <u>380,825</u> |
| Total capital assets, depreciable | <u>39,134,801</u> | <u>42,375,802</u> | <u>(255,186)</u> | <u>81,255,417</u> |
| Total capital assets | <u>91,226,740</u> | <u>58,977,893</u> | <u>(42,630,988)</u> | <u>107,573,645</u> |
| Accumulated depreciation | <u>(5,887,589)</u> | <u>(1,140,443)</u> | <u>253,398</u> | <u>(6,774,634)</u> |
| Total capital assets, net | <u>\$85,339,151</u> | <u>57,837,450</u> | <u>(42,377,590)</u> | <u>100,799,011</u> |

Depreciation expense for the depreciable capital assets was \$1,140,443 for the year ended December 31, 2007 is as follows:

| | |
|-------|--------------------|
| Water | <u>\$1,140,443</u> |
|-------|--------------------|

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Construction in Progress

Construction commitments for major capital projects for the year then ended December 21, 2007 were as follows:

| <u>Construction In Progress</u> | <u>Project Authorization</u> | <u>Cumulative Expenditures</u> | <u>Unexpended Commitment</u> |
|---------------------------------|------------------------------|--------------------------------|------------------------------|
| ODA/runoff/recharge/capture | \$ 9,600,000 | \$14,797,131 | \$ (5,197,131) |
| Deep well #26 | 1,550,000 | 1,251,130 | 298,870 |
| Well #25 | 3,683,333 | 1,480,523 | 2,202,810 |
| District office expansion | 2,800,000 | 3,867,957 | (1,067,957) |
| Sunny Cal egg ranch (well 29) | 3,300,000 | 1,886,490 | 1,413,510 |
| GIS/GPS | - | 216,741 | (216,741) |
| Recycled water system | - | 2,240 | (2,240) |
| 2MG non potable tank | 4,000,000 | 46,895 | 3,953,105 |
| Production well No. 27 | 5,400,000 | 19,052 | 5,380,948 |
| Website design | 15,000 | 14,517 | 483 |
| Sewering | 600,000 | 394,937 | 205,063 |
| Sewering CVCOI (SRF Loan) | 600,000 | 411,316 | 188,684 |
| 3900 zone tank | 1,000,000 | 500,649 | 499,351 |
| 24" bores across noble creek | 3,000,000 | 6,219 | 2,993,780 |
| SRF loan recycled water system | - | 89,902 | (89,902) |
| Second street marketplace | - | 161,896 | (161,896) |
| CV pollution control project | - | 10,314 | (10,314) |
| Total expenditures to date | <u>\$35,548,333</u> | <u>\$25,157,909</u> | <u>\$10,871,334</u> |

Project authorization includes amounts budgeted as well as specific project or contract authorizations approved by the Board of Directors.

(6) Investment in Joint Venture

In 2002, the City of Beaumont, the Beaumont-Cherry Valley Water District ("District"), the South Mesa Mutual Water Company and the Yucaipa Valley Water District (collectively referred to as Joint Venture) entered into a joint powers agreement creating the San Timoteo Watershed Management Authority ("Authority"). The purpose of the Authority is to prepare and implement a Water Resources Management Plan for the San Timoteo Watershed and the waters tributary in order to conserve local water supplies, improve surface and subsurface water quality and quantity, protect and enhance groundwater storage and recreational resources, preserve open space, protect wildlife habitat and wetlands, protect and enhance agriculture, and develop and enhance the region's water resources for the benefit of the public.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) **Defined Benefit Pension Plan**

Plan Description

The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Contributions

Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and town contract with employee bargaining groups.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period has been determined by an actuarial valuation of the plan as of June 30, 2004. The contribution rate indicated for the period is 21.9% of payroll for the miscellaneous plan. The District's covered payroll for PERS was \$417,817 for the year ended December 31, 2007, while the District's total payroll for all employees was \$1,300,419. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of December 31, 2007, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period.

Three-Year Trend Information

Annual Pension Cost (Employer Contribution) - Miscellaneous

| <u>Fiscal Year</u> | <u>Annual Pension cost</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---------------------------|-----------------------------------|---|--------------------------------------|
| 12/31/05 | \$186,378 | 100% | - |
| 12/31/06 | 359,285 | 100% | - |
| 12/31/07 | 417,817 | 100% | - |

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all permanent employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the District, without being restricted to the provisions of benefits under the plan, subject only to the claim of the District's general creditors. Participant rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant

It is the District's position that it has a fiduciary obligation for the due care required of a prudent investor in the management of the plan's resources but is not responsible for any loss due to the investment or failure of investment funds and assets of the plan, nor shall the District be required to replace any loss which may result from such investments.

(9) Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. In an effort to manage its risk exposure, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority).

The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Section 6500 et seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At December 31, 2007, as a member of the Authority, the District participated in the insurance programs as follows:

General Liability – The District is insured up to \$20,000,000 per occurrence with no deductible; the Authority is self-insured up to \$1,000,000 and excess insurance coverage has been purchased to cover losses ranging from \$1,000,000 to \$60,000,000.

Property Loss – The District retains risk of loss up to \$1,000 (deductible amount); the Authority is self-insured up to \$50,000 and insurance coverage has been purchased to cover losses ranging from \$50,000 to \$50,000,000. For boiler and machinery coverage, deductibles vary depending on the type of equipment ranging from \$10,000 to \$25,000.

BEAUMONT-CHERRY VALLEY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management, (Continued)

Public Official's Errors and Omissions – The District is insured up to \$20,000,000 per occurrence with no deductible; the Authority is self-insured up to \$1,000,000 and excess insurance coverage has been purchased to cover losses ranging from \$1,000,000 to \$60,000,000.

Fidelity Coverage - The District is insured up to \$100,000 per occurrence with \$1,000 deductible for employee dishonesty, forgery or alteration, computer fraud and ERISA.

Workers' Compensation – The District is insured for statutory limits. The District is insured up to \$2,000,000 per accident. The Authority is self-insured up to \$2,000,000 and excess insurance coverage had been purchased.

(10) Contingencies and Commitments

Lawsuits – The District is a defendant in various lawsuits potentially involving amounts aggregating \$412,000. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's management that resolution of these matters will not have a material adverse effect on the financial condition of the District.

(11) Notes Receivable – Bonita Vista

During 2003 the Bonita Vista Mutual Water Company started the annexation process to join the District. The annexation agreement calls for the District to install a new water delivery system (transmission lines and approximately 102 services) at an estimated cost of \$500,000. Former Bonita Vista members are to pay a maximum of \$5,500 per meter. Notes are payable over 20 years at a variable interest rate calculated quarterly at 1.5 percent above the District's LAIF savings rate. At December 31, 2007, the balance of the notes is \$474,818.

(12) Related Party Transactions

The District entered into an agreement with Tom Lara Landscaping ("Contractor") to provide landscaping services and maintenance for the District's properties. The father of one of the District's employee is the owner of the Contractor. At December 31, 2007, the District paid the Contractor \$1,538,156 for services rendered. In 2007, the District purchased 80 acres of land, for which the Contractor has been contracted for maintenance. The amount payable at December 31, 2007 was \$19,326.

MEMORANDUM

DATE: November 12, 2008
TO: Board of Directors
FROM: Charles J. Butcher, General Manager
SUBJECT: Bonita Vista Mutual Water Company Annexation

On Monday October 13, 2008, a resident from the Bonita Vista service area contacted me regarding residents in the area of the Bonita Vista Water Company service area along Oak Glen Road not being allowed to vote. After some discussion, the resident suggested the possibility that the District had left several occupied parcels outside the voting area in an attempt at controlling the voters by not allowing certain property owners to vote as their property was not annexed.

In reviewing the material related to Bonita Vista's service area and calling the District Engineering firm (Parsons), LAFCO and the Registrar of Voters, it was determined that Luwana Ryan, Bonita Vista's Board President, did not provide the District with a complete property description of their service area. Attached is a copy of the legal description that was provided to the District by President Ryan. The incomplete description, which was provided in error, is what caused the annexation/voting issue.

To bring this issue into conformity with State and Local Laws, the District will be required to annex this property. To do this, the District must go through the LAFCO annexation proceedings which I estimate will cost between 10 and 12 thousand dollars. The proceedings in question require a \$4,000 application fee, the cost of environmental clearances and staff time to complete the application. The estimate of costs does not include any survey work that may be necessary. While I am not sure whether Bonita Vista Mutual is still an operating company/corporation, the Board of BCVWD may wish to bill the Company for the costs the District will incur to annex these properties as it was not the District's error that has caused the problem.

The resident also brought up another voting issue on Oak Glen Road, again suggesting the District left out a parcel for some ulterior motive. In these particular parcels situation, the property has three buildings or EDUs on it which are served from one meter located at 9085 Oak Glen Road. The resident in one of the units on this property attempted to register to vote at 9095 Oak Glen Road (a separate building from 9085). When this registration application was processed through the Registrar of Voters it was determined that the address 9095 does not exist in Riverside County. It is our understanding that the person living in the 9095 housing unit may vote if they were to register at the proper address (9085 Oak Glen Road).

*Bonita Vista
Mutual
Water Co.*

may sever the water right evidenced by said certificate therefrom by an express reservation of the water right represented by said stock in the instrument conveying said land and which instrument shall expressly declare that said land and the owner thereof shall have no claim thereafter upon the company for or right to the delivery of water for use thereon for any purpose. The owner of said stock and water right so reserved may thereafter designate such other land as he may desire to which said stock shall become appurtenant, and upon proof being made to the secretary of the company of his ownership of the land so designated, a certificate or certificates shall be issued to him, upon the cancellation of said outstanding certificate or certificates so severed from said land, in which shall be described the land to which the same shall thereafter be appurtenant.

(c) Any stockholder may sell or transfer shares of stock or any portion thereof separate and apart from the land described in the certificate, upon filing with the secretary of the company a waiver and abandonment of his right to receive water upon the land described in said certificate or such portion of it as he desires to sell.

(d) The company may refuse to transfer stock until all debts due the company from the owner or holder thereof are fully paid and satisfied.

(e) Upon surrender to the Secretary of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

(f) Stockholders of the corporation shall be limited to the holders of the legal title to lots or parcels of land lying within the boundaries of that certain property situate in the County of Riverside, State of California, and described as follows, to wit:

PARCEL A: The Southwest quarter of Section 15; the Northwest quarter and the Northwest quarter of the Southwest quarter and the West half of the Northwest quarter of the Northeast quarter of Section 22, Township 2 South, Range 1 West, San Bernardino Base and Meridian.

PARCEL B: Beginning at the Southwest corner of the Northeast quarter of the Northeast quarter of Section 22 in Township 2 South, Range 1 West, San Bernardino Base and Meridian; thence South 45 degrees 15 minutes

*Legal
Description
Page 9 of 10*

West, 1872 feet to the Southwest corner of the Southwest quarter of the Northeast quarter of said Section; thence North 0 degrees 22 minutes East, 1320 feet to the Northwest corner of the Southwest quarter of the Northeast quarter of said Section; thence East 1320 feet to the point of beginning; excepting therefrom that portion of the Northeast quarter of the Southwest quarter of the Northeast quarter of said Section 22 lying Northerly and Westerly of the County Road.

PARCEL C: That portion of the East one-half of the West one-half of the East one-half of Section 22, Township 2 South, Range 1 West, S.B.B. & M. according to Government Survey, in the County of Riverside, State of California, described as follows:

Beginning at a point on the West line of said East 1/2 West 1/2 East 1/2 Section 22, which is North 0° 59' East, 40 feet from the Northeast corner of Lot 1, Bonita Vista Rancho Subdivision, as per plat recorded in Book 22 of Maps, pages 84 and 85, Records of said County; thence South 0° 59' West 40 feet to said Northeast corner of Lot 1; thence along the East line of said Lot and said East line extended Southerly, South 0° 59' West 418.43 feet to the Northwesterly line of the 50 foot Oak Glen Road; thence along said line, North 45° 41' 30" East 558.77 feet; thence North 80° 10' West 398.22 feet to the point of beginning, and containing 2.07 acres, more or less.

Section 3. LOST OR DESTROYED CERTIFICATES.

Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and advertise the same in such manner as the Board of Directors may require, and shall if the directors so require give the corporation a bond of indemnity, in form and with one or more sureties satisfactory to the Board, in at least double the value of the stock represented by said Certificate, whereupon a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost or destroyed.

Section 4. CLOSING STOCK TRANSFER BOOKS.

The Board of Directors may close the transfer books in their discretion for a period not exceeding thirty days preceding any meeting, annual or special, of the shareholders, or the day appointed for the payment of a dividend.

Notice of Exemption

FILED
RIVERSIDE COUNTY

OCT 15 2008

To: ☐ Office of Planning and Research
1400 Tenth Street, Room 121 By LARRY W. WARD, CLERK
Sacramento, CA 95814

From: Beaumont Cherry Valley Water District
Deputy: 560 Magnolia Avenue
Beaumont, CA 92223-2258

☒ County Clerk
County of Riverside
4080 Lemon Street, 1st Floor
Riverside, CA 92501

Project Title: Annexation to Beaumont Cherry Valley Water District (District)

Project Location - Specific: Cherry Valley Blvd/Hannon Road/Taylor Drive (the project site is east of Interstate-10)

Project Location - City: Beaumont Project Location - County: Riverside

Description of Nature, Purpose, and Beneficiaries of Project: The project would consist of annexation of two District-owned parcels of land into the Beaumont Cherry Valley Water District. Vacant property (APN 407-140-002-8) is approximately 1.0 acre in size. The 2650 Zone water storage tank site (APN 407-150-021-6) is approximately 2.6 acres in size. These parcels are within the District's sphere of influence, but outside the current service area. The annexation would not result in any construction or installation of new facilities or services at this time. The purpose of the annexation is to more efficiently manage District facilities. Annexation would be conducted in accordance with the Plan of Services to meet requirements of Senate Bills 221 and 610. The District would be the beneficiary of this project.

Name of Public Agency Approving Project: Beaumont Cherry Valley Water District

Name of Person or Agency Carrying Out Project: C. J. Butcher, Beaumont Cherry Valley Water District

Exempt Status: (check one)

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- ☒ Categorical Exemption. State type and section number: Class 19, Section 15319
- ☐ Statutory Exemptions. State code number:

COUNTY CLERK
Neg Declaration/Ntc Determination
Filed per P.R.C. 21152
POSTED

OCT 15 2008

Removed:

Reasons why project is exempt:

The proposed annexation of two District-owned parcels of land into the Beaumont Cherry Valley Water District would result in extension of utility services to existing facilities. The annexation would result a capacity to serve only the existing facilities in an area that contains public structures developed to the density allowed by current zoning.

Lead Agency

Contact Person: Mr. C. J. Butcher Area Code/Telephone/Extension: (951) 845-9581

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☐ No

Signature: C. J. Butcher Date: 10-15-08 Title: General Manager

☒ Signed by Lead Agency

Date received for filing at OPR:

☐ Signed by Applicant

Notice of Exemption

To: ☐ Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

☒ County Clerk
County of Riverside
2734 Gateway Drive
Riverside, CA 92507

From: Beaumont Cherry Valley Water District

560 Magnolia Avenue

Beaumont, CA 92223-2258
(Address)

FILED
RIVERSIDE COUNTY

OCT 30 2008

LARRY W. WARD, CLERK

By J. Marshall T. Marshall
Deputy

Project Title: Annexation to Beaumont Cherry Valley Water District (MCM Poultry Farm)

Project Location - Specific: 37701 W. 4th Street, Beaumont, CA 92223-2648

Project Location - City: Beaumont

Project Location - County: Riverside

Description of Nature, Purpose, and Beneficiaries of Project: The project would consist of annexation of three privately-owned parcels of land into the Beaumont Cherry Valley Water District. These parcels total 94.2 acres of property, owned and operated by MCM Poultry Farm (APNs 421-070-008, -009 and -010 are approximately 47.38, 46.06, and 0.77 acres in size, respectively). These parcels are within the District's sphere of influence, but outside the current service area. The annexation would result in the installation of a recycled water 2-inch service lateral line from an existing recycled water line in 4th Street into the existing poultry farm. The purpose of the annexation is to provide MCM Poultry Farm with recycled water in order to offset potable water use. Annexation would be conducted in accordance with the Plan of Services to meet requirements of Senate Bills 221 and 610. MCM Poultry Farm would be the beneficiary of this project.

Name of Public Agency Approving Project: Beaumont Cherry Valley Water District

Name of Person or Agency Carrying Out Project: C. J. Butcher, Beaumont Cherry Valley Water District

Exempt Status: (check one)

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
☒ Categorical Exemption. State type and section number: Class 4, Section 15304
☐ Statutory Exemptions. State code number:

COUNTY CLERK
Neg Declaration/Ntc Determination
Filed per P.R.C. 21152
POSTED

OCT 30 2008

Removed: _____

Reasons why project is exempt: The proposed annexation of three parcels of land into the Beaumont Cherry Valley Water District would result in extension of service of recycled water to MCM Poultry Farm. This project would result in minor alterations in the condition of land and vegetation and does not involve removal of healthy, mature, scenic trees. Grading may occur on land with a slope of less than 10 percent. The site is not located in any officially designated scenic area, officially mapped areas containing severe geologic hazards, hazardous waste site, or other significant environmental features. The 2-inch service lateral would be installed in the existing access road which does not provide habitat for listed species of plants or wildlife.

Lead Agency The ground surface above the pipeline would be restored upon completion of minor trenching and backfilling.

Contact Person: Mr. C. J. Butcher Area Code/Telephone/Extension: (951) 845-9581

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☐ No

Signature: C. J. Butcher Date: 10/28/08 Title: General Manager

☒ Signed by Lead Agency

Date received for filing at OPR:

☐ Signed by Applicant

RESOLUTION NO. 2008-08

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT
REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF RIVERSIDE
COUNTY TO BEGIN PROCEEDINGS FOR ANNEXATION TO
BEAUMONT CHERRY VALLEY DISTRICT (District)**

(District Owned Property)

RESOLVED, by the board of Directors of the Beaumont Cherry Valley Water District, that

WHEREAS, the board of Directors of the Beaumont Cherry Valley Water District desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for annexation to the Beaumont Cherry Valley Water District; and

WHEREAS, the territory proposed for annexation is legally uninhabited (<12 registered voters) of the total annexation area and a description of the boundaries for the action is set forth in Exhibit "A" attached hereto, and by this reference incorporated herein; and

WHEREAS, notice of intent to adopt this resolution of application has not been given to the commission, each interested agency, and each subject agency at least 20 days prior to the adoption of this resolution; and

WHEREAS, said territory would be in conformance with the San Geronio Pass Water Agency sphere of influence; and

WHEREAS, it is desired that the proposed annexation be subject to all standard terms and conditions required by the Riverside County Local Agency Formation Commission; and

WHEREAS, this Board approves and certifies that the project will not have a significant effect on the environment. The District has considered the findings and hereby adopts the Notice of Exemption for the Annexation to Beaumont Cherry Valley Water District, dated November 12, 2008.

NOW, THEREFORE, this Resolution of Application is hereby adopted and approved by the Board of Directors of the Beaumont Cherry Valley Water District, and the Local Agency Formation Commission of Riverside County is hereby requested to take proceedings for the annexation of said territory as described in Exhibit A, according to the terms and conditions stated above and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

BE FURTHER RESOLVED, that the Secretary of the Beaumont Cherry Valley Water District is hereby authorized and directed to transmit to the Executive Officer for the Riverside County, Local Agency Formation Commission, a certified copy of said resolution.

Passed and adopted at the Regular Meeting of the Board of Directors of the Beaumont-Cherry Valley Water District on November 12, 2008 by the following vote:

AYES:

NOES:

ABSENT:

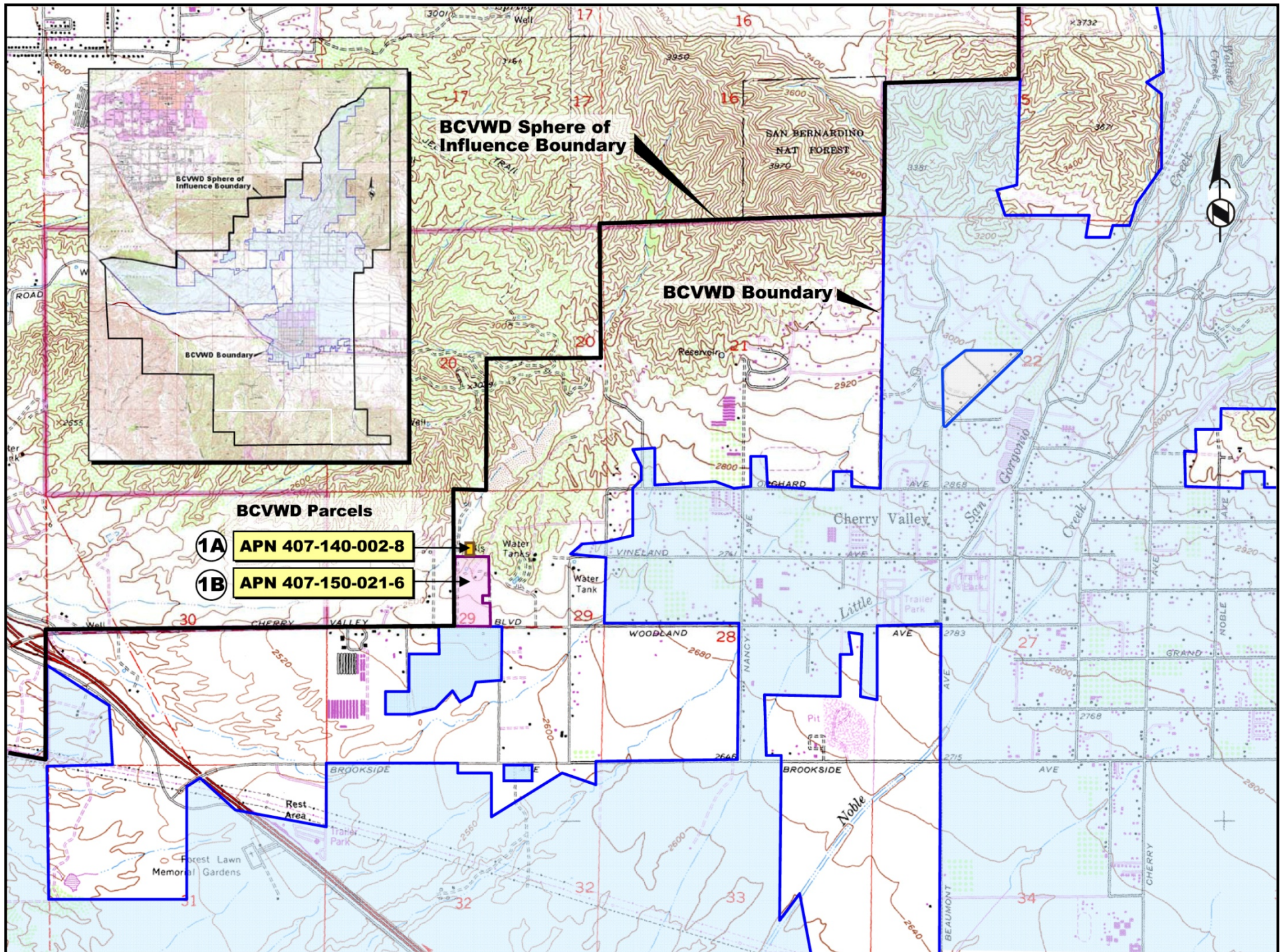
ABSTAIN:

Approved:

Albert Chatigny, President of the
Board of Directors of the
Beaumont Cherry Valley Water District

Attest:

C.J. Butcher, Secretary to the
Board of Directors of the
Beaumont Cherry Valley Water District



RESOLUTION NO. 2008-09

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE BEAUMONT-CHERRY VALLEY WATER DISTRICT
REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF RIVERSIDE
COUNTY TO BEGIN PROCEEDINGS FOR ANNEXATION TO
BEAUMONT CHERRY VALLEY DISTRICT**

(MCM Poultry Farms)

RESOLVED, by the board of Directors of the Beaumont Cherry Valley Water District, that

WHEREAS, the board of Directors of the Beaumont Cherry Valley Water District desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for annexation to the Beaumont Cherry Valley Water District; and

WHEREAS, the territory proposed for annexation is occupied by a poultry farm and is legally uninhabited (<12 registered voters) of the total annexation area and a description of the boundaries for the action is set forth in Exhibit "A" attached hereto, and by this reference incorporated herein; and

WHEREAS, notice of intent to adopt this resolution of application has not been given to the commission, each interested agency, and each subject agency at least 20 days prior to the adoption of this resolution; and

WHEREAS, said territory would be in conformance with the San Geronio Pass Water Agency sphere of influence; and

WHEREAS, it is desired that the proposed annexation be subject to all standard terms and conditions required by the Riverside County Local Agency Formation Commission; and

WHEREAS, this Board approves and certifies that the project will not have a significant effect on the environment. The District has considered the findings and hereby adopts the Notice of Exemption for the Annexation to Beaumont Cherry Valley Water District, dated November 12, 2008.

NOW, THEREFORE, this Resolution of Application is hereby adopted and approved by the Board of Directors of the Beaumont Cherry Valley Water District, and the Local Agency Formation Commission of Riverside County is hereby requested to take proceedings for the annexation of said territory as described in Exhibit A, according to the terms and conditions stated above and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

BE FURTHER RESOLVED, that the Secretary of the Beaumont Cherry Valley Water District is hereby authorized and directed to transmit to the Executive Officer for the Riverside County, Local Agency Formation Commission, a certified copy of said resolution.

Passed and adopted at the Regular Meeting of the Board of Directors of the Beaumont-Cherry Valley Water District on November 12, 2008 by the following vote:

AYES:

NOES:

ABSENT:

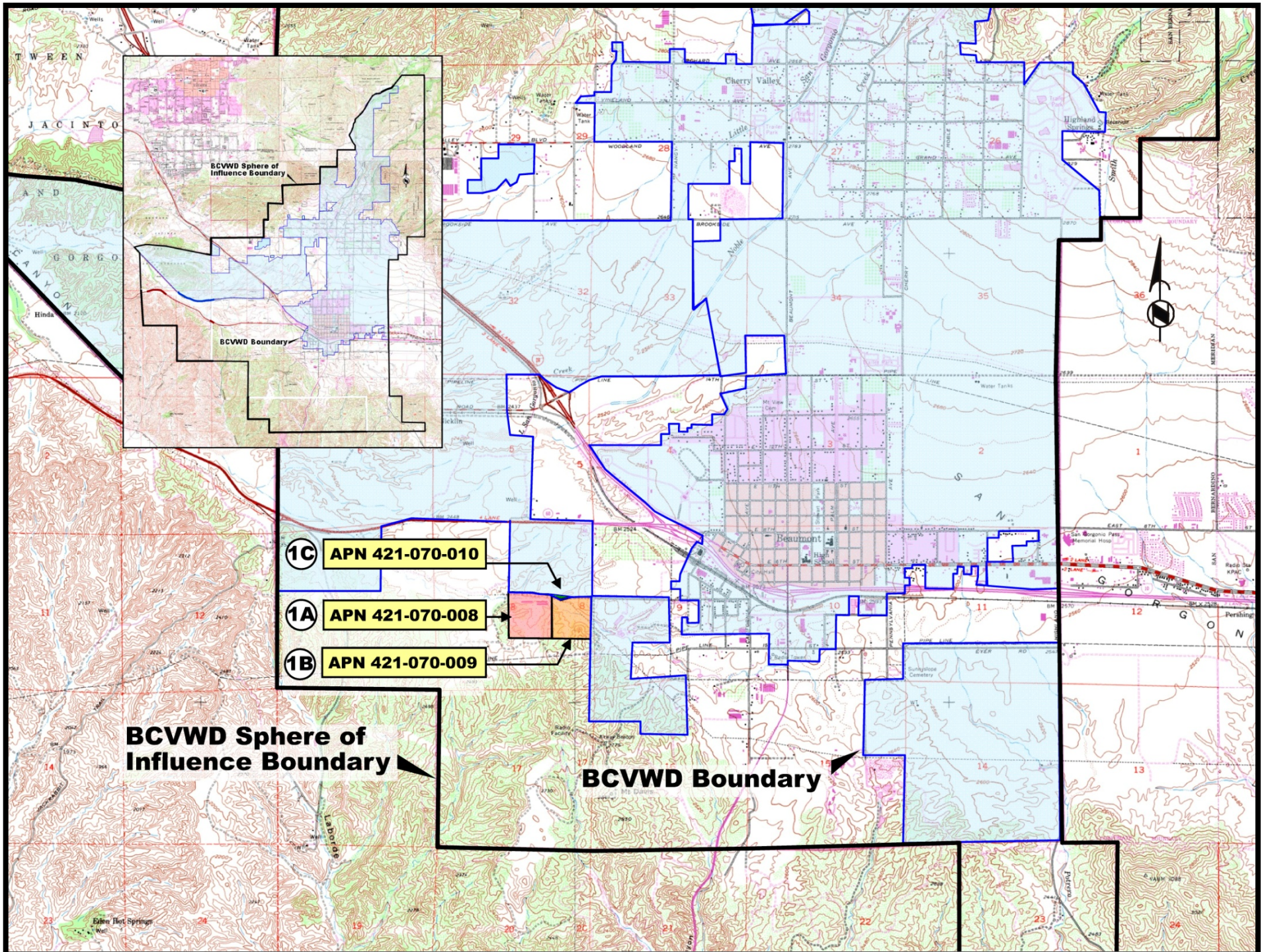
ABSTAIN:

Approved:

Albert Chatigny, President of the
Board of Directors of the
Beaumont Cherry Valley Water District

Attest:

C.J. Butcher, Secretary to
the Board of Directors of the
Beaumont Cherry Valley Water District



MEMORANDUM

Date: November 12, 2008
TO: Board of Directors
FROM: C. J. Butcher, General Manager
SUBJECT: Existing 10" water service for Ace Hardware on Sixth Street

Attached is a letter from the owner of Ace Hardware requesting that he be able to tie into the 10" fire service lateral serving the hardware store, rather than pay to cross Sixth Street to access the existing 12" located there. District regulations require that each "Free Standing Commercial Structure" be serviced from one meter. However, there is no rule related to multiple meters from one service lateral.

In discussing this issue with Mr. Kantzalis, his concern is the cost of crossing Sixth Street for a second time for service to the same property (after consolidation). Staff agrees that the Sixth Street crossing will be expensive, as the new building is being required to sprinkle the building for fire protection, which means a new fire service.

Based on engineering calculations, the 10" lateral is adequate to serve the two buildings.

Recommendation: Staff recommends that that District's regulation 3-2.1.7 "Service to Other Properties Prohibited" be waved to allow the second building to receive service from the existing service lateral from a second and independent fire/domestic meter.


Kantzalis Ltd.
39320 Oak View Lane
Cherry Valley, Ca 92223

RECEIVED
SEP 15 2008

BY:

Sept. 13, 2008

To: Chuck Butcher
BCVWD- General Manager
560 Magnolia Ave.
Beaumont, Ca 92223

From: Sam P. Kantzalis 
Kantzalis Ltd.
39320 Oak View Lane
Cherry Valley, Ca. 92223

Subject: Water Service

I am requesting a consolidation of our existing ten inch water service to serve our properties. I will be merging our four parcels into one major parcel. Kantzalis Ltd. will not split these properties in the future. This water line will service a municipal commercial site. I have a site map enclosed showing the complete property merged in heavy dotted line around its perimeter. If you have any questions, please call me @ 951-712-1599.

DIV VEND-ID
3 067637991

UNITED STATES DEPARTMENT OF INTERIOR
BUREAU OF RECLAMATION

PAGE: 1 OF 1
DOCUMENT-ID
BD080530RE038

RECEIVED
SEP 2 2008

BILL FOR COLLECTION

BILL DATE: 09/24/08
DUE DATE: 11/24/08

MAIL TO: BUREAU OF RECLAMATION
LC REGION: LOWER COLORADO
P.O. BOX 894233
LOS ANGELES, CA 90189-4233

AMOUNT DUE \$50,000.00

PAYER: ATTN: C J BUTCHER
BEAUMONT CHERRY VALLEY WATER DIST
560 MAGNOLIA AVE
BEAUMONT CA 92223

FOLD HERE

-----DESCRIPTION-----

000 AGREEMENT NO. 08-MU-35-0008
DEMONSTRATION TREATMENT WETLANDS PROJECT

FUNDING REQUEST \$50,000.00

PLEASE REFER QUESTIONS TO LESLIE CLEVELAND, 951-695-5310,
OR PEGGY BAKER, 702-293-8453.

COPY

TO ENSURE PROPER CREDIT PLEASE RETURN LOWER PORTION WITH YOUR PAYMENT

LN# TC TT FND PROGRAM JOB NO. ORGANIZ RSRC ---DESCRIPTION--- AMOUNT---
001 BD AV A1R 175396R8 1000000 3501000 08MU35-0008 DEMO \$50,000.00

DOCUMENT ID: BD080530RE038 INTEREST \$.00
VEND-ID: 067637991 ADMINISTRATIVE CHARGES \$.00
VENDOR NAME: BEAUMONT CHERRY VALLEY WA PENALTY \$.00
DOC TYPE: Q

AMOUNT DUE THIS BILL \$50,000.00

PLEASE NOTE THE FOLLOWING ALTERNATIVE METHODS OF PAYMENT:

PAYMENT MAY BE ELECTRONICALLY TRANSFERRED (USING ACH OR EFT)
TO BUREAU OF RECLAMATION. THE ELECTRONIC TRANSFER MUST INCLUDE
THE FOLLOWING INFORMATION AND REFERENCE THE BILL NUMBER:

ACH (REMITTANCE EXPRESS)
FEDERAL RESERVE BANK, RICHMOND VA
ABA (ROUTING NUMBER): 051036706
ACCOUNT NO: 312018

EFT (FEDWIRE)
FEDERAL RESERVE BANK, NEW YORK NY
ABA (ROUTING NUMBER): 021030004
ACCOUNT NO: 14060905
BILL NO: 080530RE038

***Noble Creek Artificial Recharge Facility
Ground Water Monitoring Report
May 31, 2008 to September 12, 2008***



Prepared for: Beaumont Cherry Valley Water District

October 17, 2008

GEOSCIENCE Support Services, Inc.

Tel: (909) 920-0707

Fax: (909) 920-0403

Mailing: P. O. Box 220, Claremont, CA 91711

1326 Monte Vista Ave., Suite 3, Upland, CA 91786

email: email@geoscience-water.com

**NOBLE CREEK ARTIFICIAL RECHARGE FACILITY
GROUND WATER MONITORING REPORT
MAY 31, 2008 TO SEPTEMBER 12, 2008**

THIRD QUARTER 2008

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FIGURES

| No. | Description |
|-----|---|
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| 2 | Monitoring Well Locations |
| 3 | Spreading Basin Inflow |
| 4 | Ground Water Elevations – Phase I Shallow Monitoring Wells |
| 5 | Ground Water Elevations – Phase I Deep Monitoring Wells |
| 6 | Deep Aquifer Ground Water Levels and BCVWD Well No. 23 Production Volume |
| 7 | Ground Water Elevations – Phase II Monitoring Wells |

TABLES

| No. | Description |
|------------|---|
| 1 | Summary of Phase I Artificial Recharge Basins - Northwestern 40 Acres |
| 2 | Summary of Monitoring Well Construction Details |

**NOBLE CREEK ARTIFICIAL RECHARGE FACILITY
GROUND WATER MONITORING REPORT
MAY 31, 2008 TO SEPTEMBER 12, 2008**

1.0 INTRODUCTION

1.1 Purpose and Scope

This report summarizes geohydrologic data collected at Beaumont Cherry Valley Water District's (BCVWD) Noble Creek Artificial Recharge Facility (Recharge Facility) by GEOSCIENCE Support Services, Inc. (GEOSCIENCE) during the period between May 31, 2008 and September 12, 2008. The data collected include recharge basin inflow volumes and ground water levels.

1.2 Location and Site Overview

The Recharge Facility is located on an 80-acre parcel of land located on the east side of Beaumont Avenue between Brookside Avenue and Cherry Valley Boulevard north of Beaumont, California (see Figure 1). Noble Creek flows from the northeast corner of the parcel to the southwest corner, dividing the parcel in two. To date, artificial recharge basins have been constructed on the northwest 40 acres only (Phase I; see Figure 2). The source of artificial recharge has been imported water via the State Water Project, as supplied by the San Geronio Pass Water Agency.

The Phase I artificial recharge basins are configured with three chains of basins: the 1st chain includes two basins (1a and 1b), the 2nd chain has two additional basins (2a and 2b), and the 3rd

chain has four basins (3a, 3b, 3c and 3d; see Figure 2). The bottom areas of the individual basins range in size from 0.04 acres to 1.79 acres (see Table 1). Water can be conveyed to individual basin chains or all three basin chains simultaneously. The introduction of water to the Phase I spreading basins began on September 5, 2006, although inflow data was not recorded by BCVWD until September 14, 2006.

1.3 Previous Studies

This report is one of a series of monitoring reports for the BCVWD recharge facility beginning May 10, 2007. Previous reports with data and information pertinent to the recharge facility include:

- GEOSCIENCE, 2002. DRAFT Geohydrologic Investigation Noble Creek Artificial Recharge Study. Prepared for Beaumont Cherry Valley Water District. July 1, 2002.
- GEOSCIENCE, 2005. Ground Water Recharge Implementation Plan - Noble Creek Artificial Recharge Facility. Prepared for Beaumont Cherry Valley Water District. May 27, 2005.
- GEOSCIENCE, 2006. Updated Progress of Artificial Recharge Activities at the Noble Creek Artificial Recharge Facility. December 22, 2006.
- GEOSCIENCE, 2007. Results of Drilling, Construction and Testing Clustered Monitoring Wells MW-3, MW-4 and MW-5 – Noble Creek Artificial Recharge Facility. January 26, 2007.
- GEOSCIENCE, 2007. Quarterly Ground Water Monitoring Report, First Quarter 2007 – Noble Creek Recharge Facility. May 10, 2007.
- GEOSCIENCE, 2007. Quarterly Ground Water Monitoring Report, Second Quarter 2007 – Noble Creek Recharge Facility. July 17, 2007.
- GEOSCIENCE, 2008. Noble Creek Artificial Recharge Facility Ground Water Monitoring Report – October 29, 2007 to May 30, 2008. June 16, 2008.

2.0 MONITORING FEATURES AND ACTIVITIES

Artificial recharge operations at the Recharge Facility are monitored via multiple monitoring features including totalizing flow meters, staff gauges, pressure transducers, three monitoring well clusters installed adjacent to the Phase I basins, and three monitoring wells installed in the area of the test phase basin located in the southern 40 acres of the parcel (i.e. Phase II area). Production volumes from nearby BCVWD Well No. 23 are also monitored to evaluate the effect of pumping on ground water levels beneath the basins.

2.1 Spreading Basin Inflow Meters

The inflow of water to the primary spreading basin (1a, 2a, and 3a) within each chain of basins is monitored via inline totalizing flow meters connected to the water supply conveyance pipelines. The instantaneous flow rate and total volume of water supplied to each of the primary basins are currently being monitored on a daily basis by BCVWD personnel.

2.2 Staff Gages

Graduated staff gages have been installed within the bottom of Basins 2b, 3a, 3b, 3c, and 3d in order to monitor the depth of surface water within each basin. Surface water levels at the staff gages are recorded by GEOSCIENCE personnel on at least a quarterly basis.

2.3 Pumping Well Data

The volume of water extracted by BCVWD Well No. 23 is monitored using an inline flow meter and totalizer and recorded by BCVWD personnel on a daily basis. Ground water levels in the

well and the pumping status at the time of measurement are also recorded by BCVWD personnel on a daily basis.

2.4 Monitoring Wells

In order to monitor ground water level and ground water quality changes during artificial recharge activities, monitoring well clusters have been constructed at three locations within the Phase I facility (see Figure 2). Each cluster consists of two monitoring wells: one well completed within the shallow aquifer system (MW-3S, MW-4S and MW-5S), and one well completed within the intermediate (regional) aquifer system (MW-3D, MW-4D and MW-5D).

Three monitoring wells were installed in the Phase II area during the initial geohydrologic investigation of 2002. Two of these monitoring wells were completed within the intermediate aquifer systems (MW-1 and MW-2), and one of the wells was completed within the shallow aquifer system (BH-1).

Each of the monitoring wells situated within the Phase I facility were outfitted with pressure transducers in order to measure and record ground water levels on a semi-continuous basis (15 minute intervals). Currently, the data from each pressure transducer is downloaded to a laptop computer on approximately a quarterly basis.

Ground water levels within each of the monitoring wells are also measured by GEOSCIENCE personnel, using an electric water level sounder, on at least a quarterly basis. These measurements provide data for those monitoring wells not outfitted with pressure transducers and act as an independent cross check for those wells with pressure transducers.

A summary of construction details for all monitoring wells at the Recharge Facility is provided in Table 2.

3.0 FINDINGS

3.1 Basin Inflow

Inflow of surface water to the spreading basins began on September 5, 2006 (see Figure 3). On June 4, 2007, inflow to the basins ceased when water deliveries from the State Water Project were temporarily stopped. Inflow resumed on October 29, 2007. A total of approximately 9,798 acre-ft of imported State Project Water has been conveyed to Phase I Basins 1a, 2a and 3a as of September 12, 2008. According to daily inflow records¹, the majority of imported water has been conveyed to Basins 1a (55 percent) and 2a (30 percent), while Basin 3a has received 15 percent of the total inflow. Inflow to the secondary basins (1b, 2b, 3b, 3c and 3d) occurs only when the maximum capacity of the primary basins is exceeded causing water to flow through basin interconnects.

3.2 Pumping Trends

Based on the data, weekly production from BCVWD Well No. 23 was approximately 60 to 70 acre-ft during the first three weeks of June 2008. For the remainder of June through the beginning of September, production increased to between approximately 75 and 87 acre-ft per week, with the exception of the first week of July, when production was 73 acre ft.

¹ Discharge meters at the Noble Creek Artificial Recharge Facility were taken off-line for repairs from September 23 to October 16, 2006. Therefore, daily inflow rates for Basins 1a, 2a, and 3a during this period were estimated using instantaneous flow rates (measured in gallons per minute) at the San Geronio Pass Station, where all project water is diverted to the recharge facility.

3.3 Ground Water Elevation Trends

3.3.1 Phase I Monitoring Wells

Ground water levels measured in the shallow completion monitoring wells (MW-3S, MW-4S, and MW-5S) are plotted on Figure 4. The data show that ground water levels in MW-3S rose by 0.62 ft during the monitoring period. Ground water levels in MW-5S showed a steady rise during the monitoring period, gaining 4.6 ft of elevation. Ground water levels in MW-4S rose 4.6 ft during the current monitoring period, and have consistently risen since April 2007, including the period of time that artificial recharge was temporarily discontinued.

Ground water levels in deep completion monitoring wells (MW-3D, MW-4D, and MW-5D) are plotted on Figure 5. Ground water levels in MW-5D have risen 4.0 ft in the current monitoring period and continue to rise in a similar fashion to those levels observed in the shallow completion well MW-4S. Ground water levels in MW-3D and MW-4D have continued to show daily fluctuations which can be associated with interference from cyclic pumping of nearby BCVWD Well No. 23. The data also show an overall increasing trend in ground water levels in MW-3D since monitoring began, but a decrease of 0.3 ft during the current monitoring period. From May to September, ground water levels in MW-4D have declined by 8.2 ft.

Figure 6 shows the relationship between ground water levels in Well MW-3D and MW-4D and weekly production totals from nearby BCVWD Well No. 23. The data indicate a general correlation between overall ground water level trends in Wells MW-3D and MW-4D and pumping in BCVWD Well 23. The data may also reflect regional pumping patterns within the Beaumont Storage Unit.

3.3.2 Other Monitoring Wells

Ground water elevations for the monitoring wells in the Phase II area (BH-1, MW-1 and MW-2) are shown on Figure 7. Ground water levels in the shallow completion well (BH-1) have increased approximately 5.4 feet since May 29, 2008. This increase is likely a result of recharge to the shallow aquifer system from the Recharge Facility. Ground water levels in the deep completion monitoring wells (MW-1 and MW-2) have been fluctuating since September 2006, but have declined by as much as 13.5 and 12.3 ft respectively since February 2008.

4.0 RECOMMENDATIONS

Ground water monitoring should be conducted to ascertain the impact to ground water levels beneath the basins during artificial recharge operations. Pressure transducers will continue to record ground water levels, and it is recommended that hand measurements of ground water levels continue on a monthly basis in order to calibrate transducer data.

5.0 REFERENCES

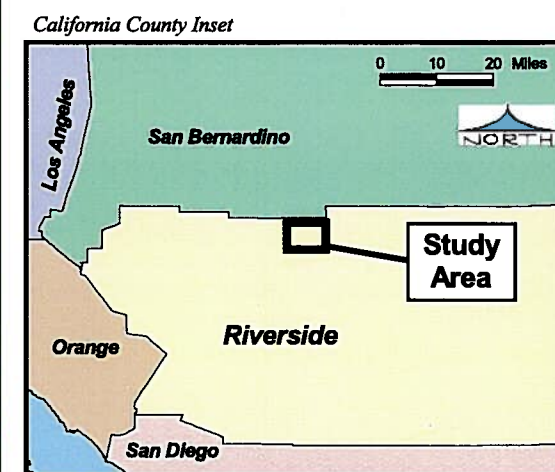
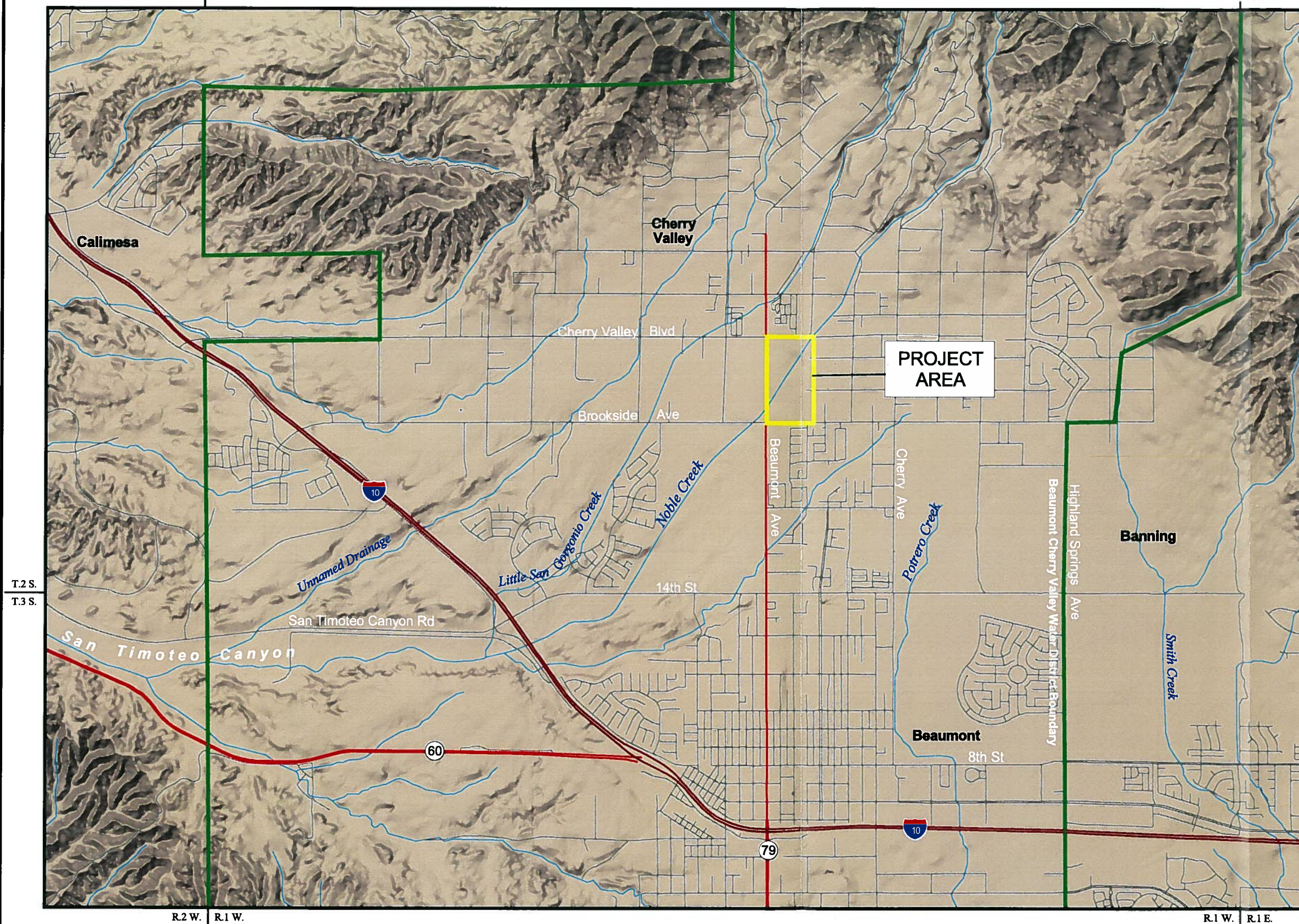
- Bouwer, H., 2002. Artificial Recharge of Groundwater: Hydrogeology and Engineering. Hydrogeology Journal 10:121-142.
- GEOSCIENCE, 2002. DRAFT -- Geohydrologic Investigation Noble Creek Artificial Recharge Study. Prepared for Beaumont Cherry Valley Water District. July 1, 2002.
- GEOSCIENCE, 2005. Ground Water Recharge Implementation Plan - Noble Creek Artificial Recharge Facility. Prepared for Beaumont Cherry Valley Water District. May 27, 2005.
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- GEOSCIENCE, 2007. Quarterly Ground Water Monitoring Report, Second Quarter 2007 – Noble Creek Recharge Facility. July 17, 2007.
- GEOSCIENCE, 2008. Noble Creek Artificial Recharge Facility Ground Water Monitoring Report – October 29, 2007 to May 30, 2008. June 16, 2008.

FIGURES

GENERAL LOCATION
NOBLE CREEK
ARTIFICIAL RECHARGE
SITE

EXPLANATION

- Project Area Boundary
- Beaumont Cherry Valley Water District Boundary
- Freeway
- State Highway
- Street
- River or Creek



Prepared by: DWB

Map Projection:
UTM 1927 (Zone 11)
Central Meridian: -117 degrees

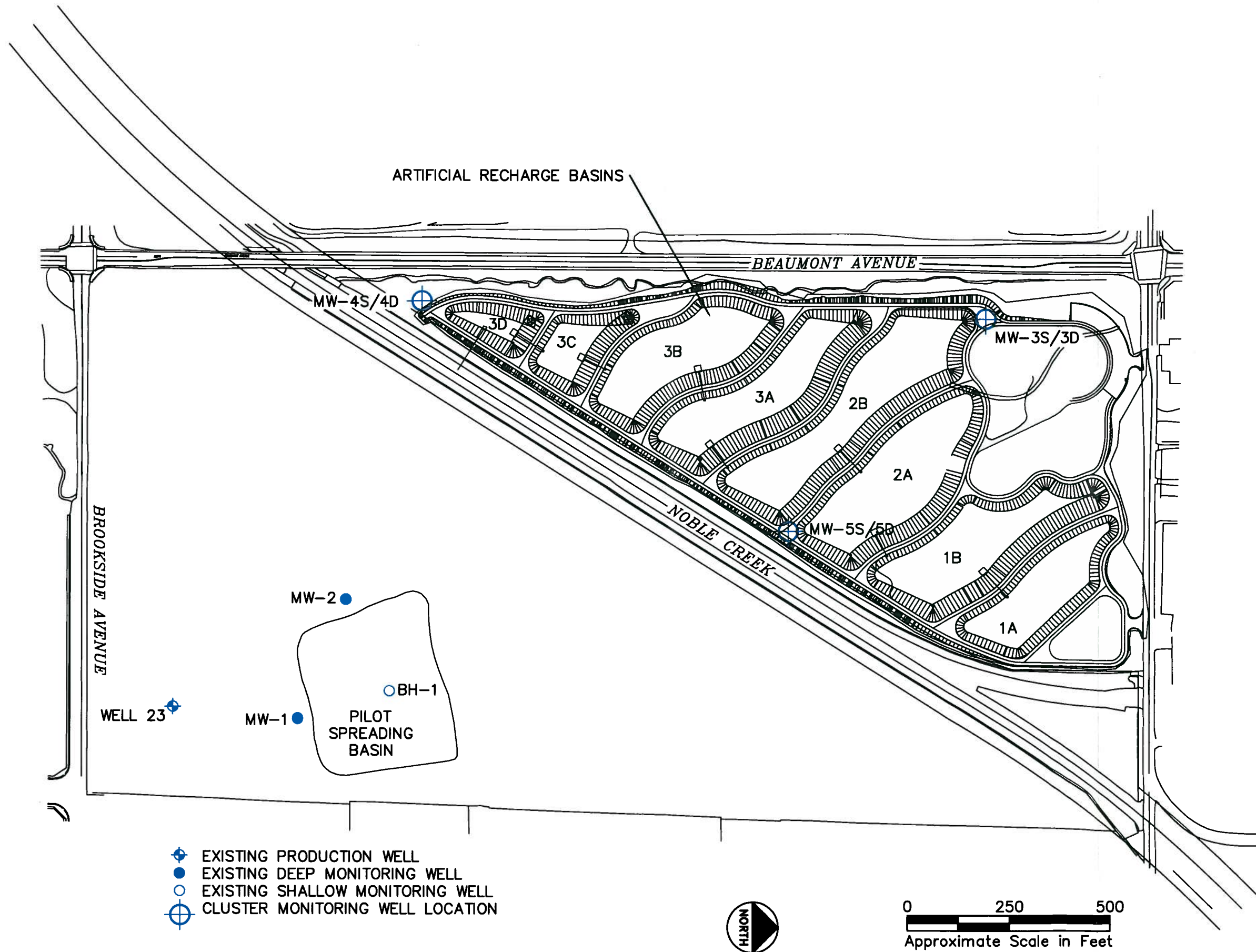


17-Oct-08

GEOSCIENCE

GEOSCIENCE Support Services, Inc.
P.O. Box 220, Claremont, CA 91711
Tel: (909) 920-0707 Fax: (909) 920-0403
www.gsaewater.com

Figure 1



GEOSCIENCE

GEOSCIENCE Support Services, Incorporated
 P.O. Box 220, Claremont, CA 91711
 Tel: (909)920-0707 Fax: (909)920-0403
 www.gssiwater.com

BEAUMONT CHERRY VALLEY WATER DISTRICT

MONITORING WELL LOCATIONS

Drawn: PLP

Checked:

Approved:

Date: 17-OCT-08

Figure 2

JN 15061-05

Spreading Basin Inflow

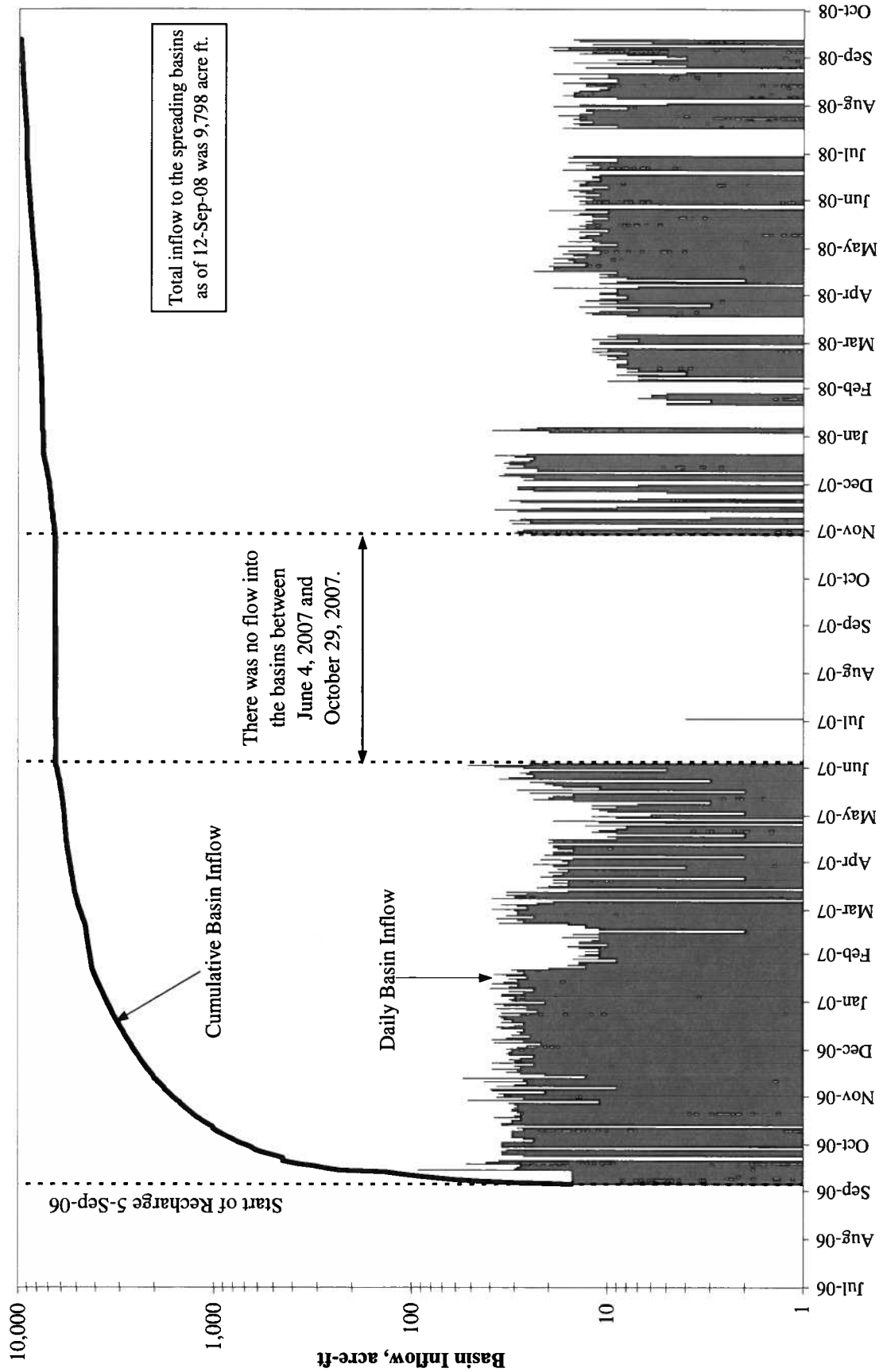


Figure 3

Ground Water Elevations Phase I Shallow Monitoring Wells

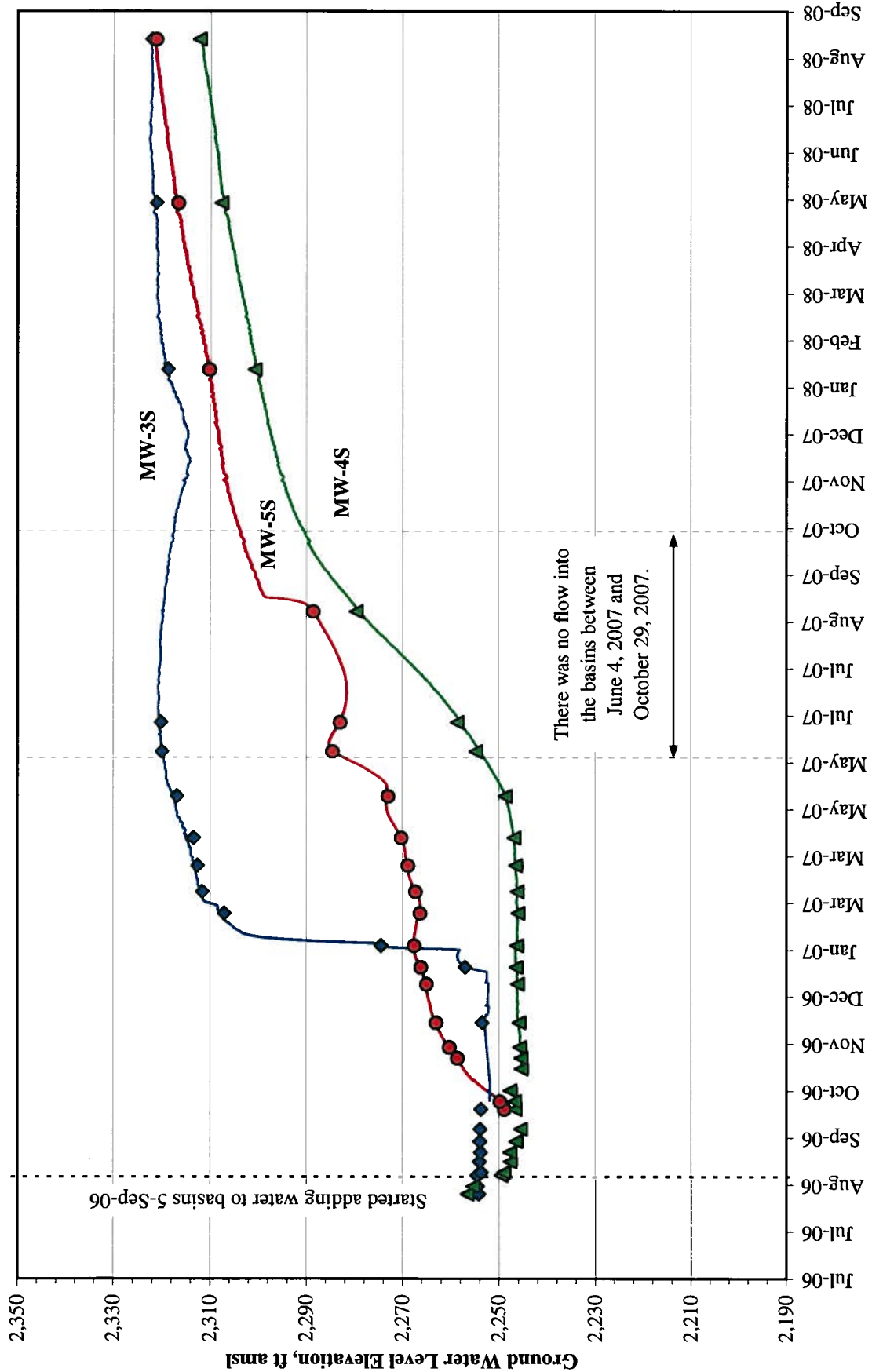


Figure 4

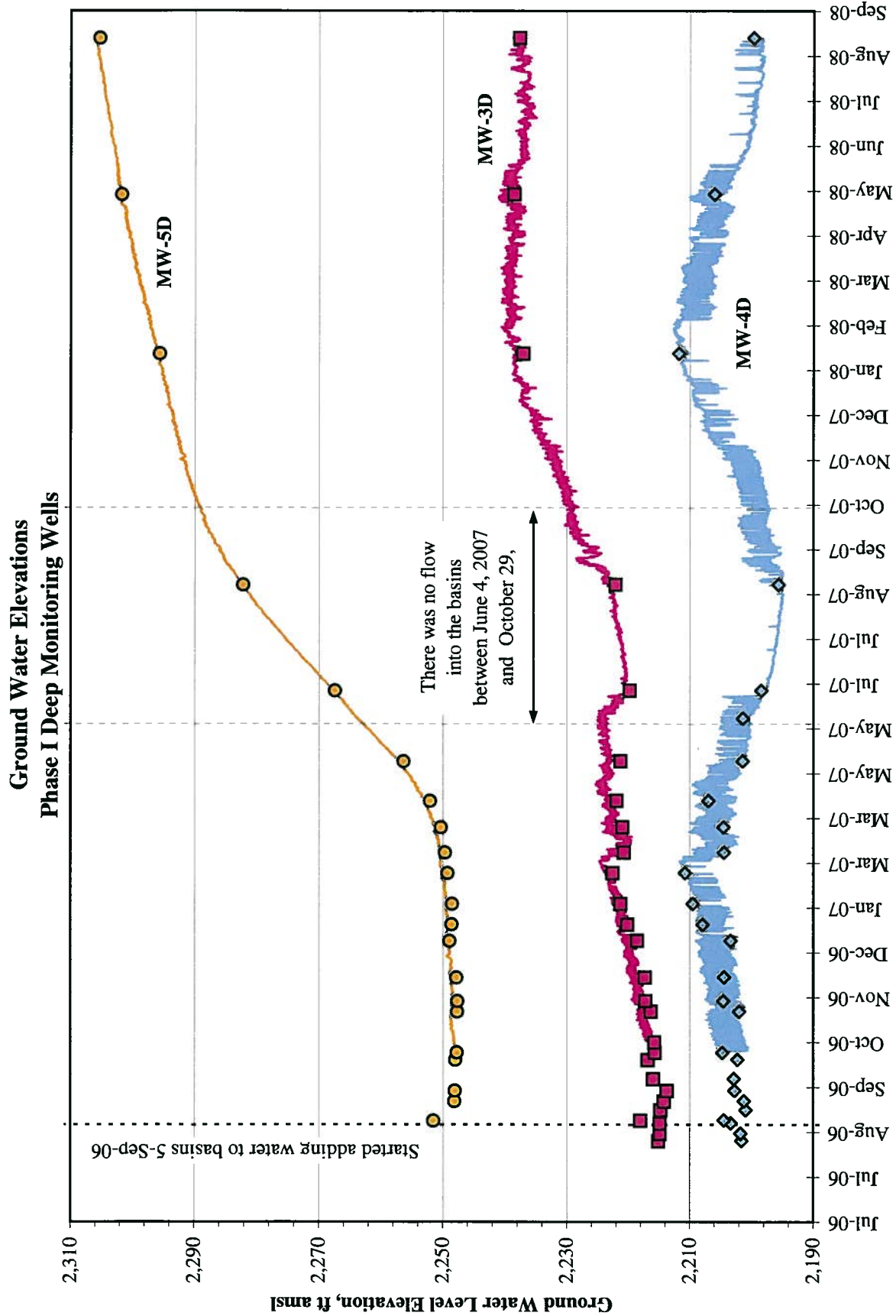
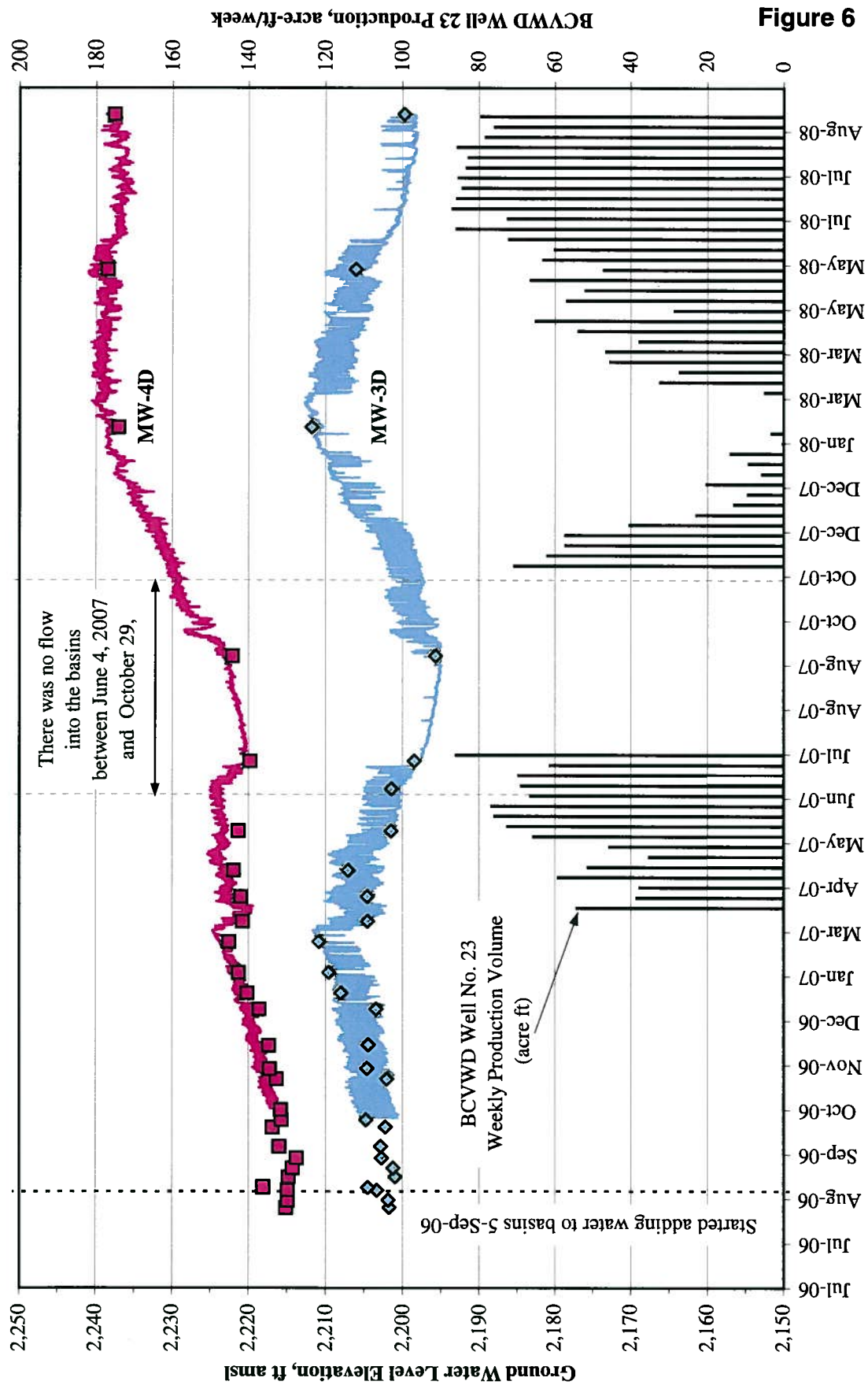


Figure 5

Deep Aquifer Ground Water Levels and BCVWD Well No. 23 Production Volume



Ground Water Elevations Phase II Monitoring Wells

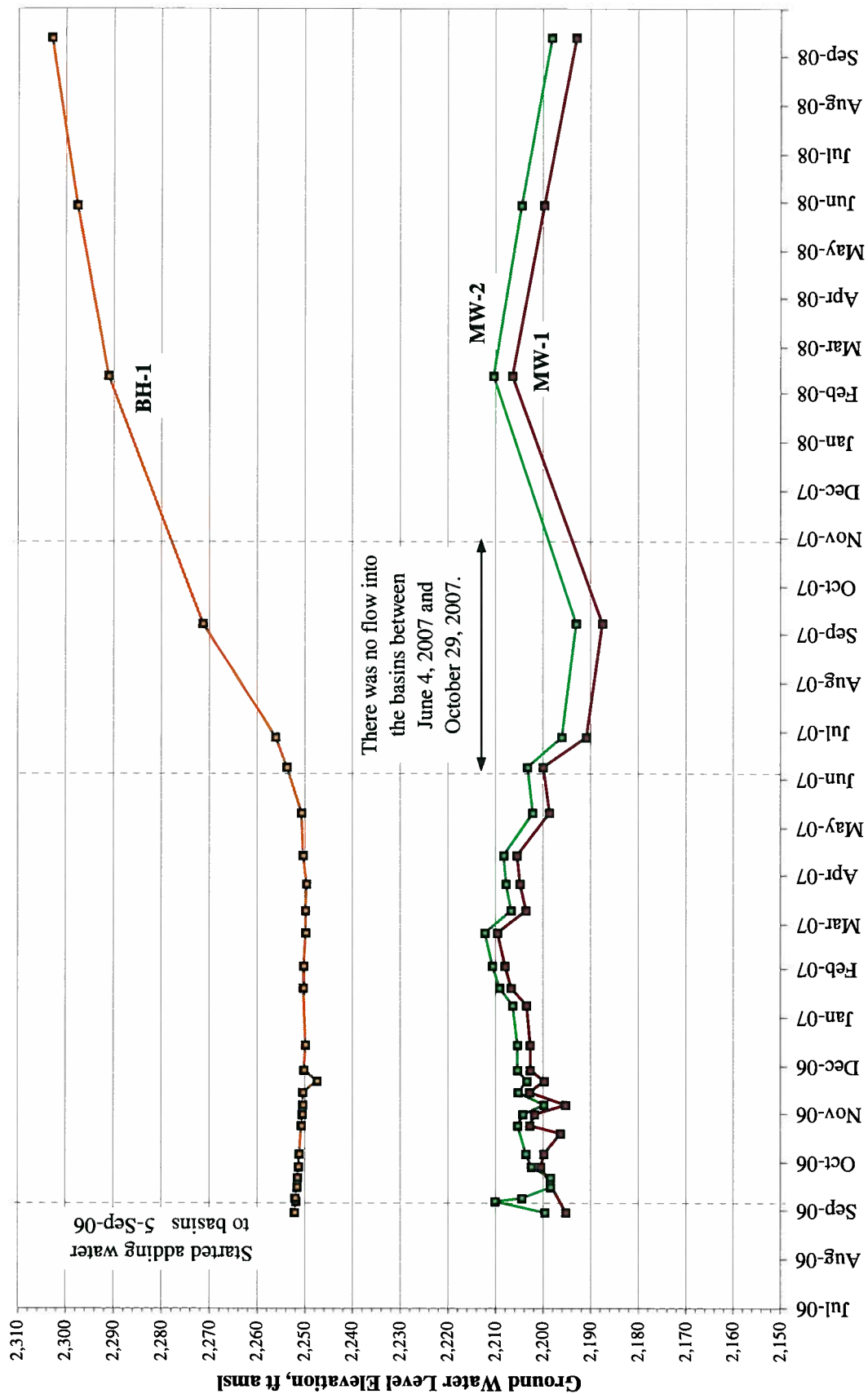


Figure 7

TABLES

Table 1

Summary of Artificial Recharge Basins – Northwestern 40 Acres

| Recharge Basin No. | Bottom Area [Acres] | Wetted Area [Acres] ¹ |
|--------------------|------------------------|-------------------------------------|
| 1A | 0.95 | 1.19 |
| 1B | 1.19 | 1.50 |
| 2A | 1.72 | 2.02 |
| 2B | 1.79 | 2.18 |
| 3A | 1.17 | 1.48 |
| 3B | 1.14 | 1.39 |
| 3C | 0.26 | 0.36 |
| 3D | 0.04 | 0.09 |
| Total | 8.26 | 10.21 |

1. Assume 3:1 side slopes and 3.5 ft water depth.

Summary of Monitoring Well Construction Details

| Monitoring Well Designation | Reference Point Elevation [ft amsl] | Borehole Depth [ft bgs] | Casing Depth [ft bgs] | Casing Inner Diameter [inches] | Blank Casing Material | Perforation Interval [ft bgs] | Perforation Type and Casing Material |
|-----------------------------|-------------------------------------|-------------------------|-----------------------|--------------------------------|-----------------------|-------------------------------|--|
| MW-3 Deep | 2,774.5 | 734 | 715 | 4 | Sch. 40 Mild Steel | 600-705 | 0.086" Vertical Mill Slots Sch. 40 Mild Steel |
| MW-3 Shallow | 2,775.2 | 553 | 530 | 3.8 | Sch. 80 PVC | 480-520 | 0.050" Wirewrap Stainless Steel |
| MW-4 Deep | 2,739.3 | 733 | 715 | 4 | Sch. 40 Mild Steel | 600-705 | 0.086" Vertical Mill Slots Sch. 40 Mild Steel |
| MW-4 Shallow | 2,740.2 | 553 | 530 | 3.8 | Sch. 80 PVC | 480-520 | 0.050" Wirewrap Stainless Steel |
| MW-5 Deep | 2,778.6 | 730 | 715 | 4 | Sch. 40 Mild Steel | 600-705 | 0.086" Vertical Mill Slots Sch. 40 Mild Steel |
| MW-5 Shallow | 2,779.4 | 576 | 560 | 3.8 | Sch. 80 PVC | 480-550 | 0.050" Wirewrap Stainless Steel |
| MW-1 | 2,747.4 | 1,020 | 1,014 | 4 | Sch. 40 Mild Steel | 603-1,014 | 0.060" Vertical Mill Slots Sch. 40 Mild Steel |
| MW-2 | 2,752.9 | 1,010 | 1,008 | 4 | Sch. 40 Mild Steel | 594-1,008 | 0.060" Vertical Mill Slots Sch. 40 Mild Steel |
| BH-1 | 2,756.3 | 519 | 519 | 1.9 | Sch. 80 PVC | 479-519 | 0.060" Horizontal Mill Slots Sch. 80 PVC |

Notes:

ft amsl = feet above mean sea level
ft bgs = feet below ground surface

PARSONS

100 West Walnut Street • Pasadena, California 91124 • (626) 440-2022 • Fax: (626) 440-4044 • www.parsons.com

October 20, 2008

RECEIVED
OCT 22 2008

BY:.....

Mr. C. J. Butcher
General Manager
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont CA 92223

Re: Fourth Amendment to Agreement

Dear Mr. Butcher:

Attached are two signed Fourth Amendment to Agreement. Once they have been fully executed, please return one original to me.

If you have any questions or concerns, please call me at (626) 440-2022. Thank you.

Sincerely,



Armond Tatevossian
Contracts Manager

Attachment

cc: Steve Gratwick, PWI Project Manager



FOURTH AMENDMENT TO AGREEMENT

This Fourth Amendment to Agreement is entered into as of this 10th day of October, 2008, by and between Beaumont Cherry Valley Water District, a public agency ("District"), and Parsons Water & Infrastructure Inc., a Delaware corporation ("PWI"); sometimes referred to herein individually as a Party or collectively as the Parties.

RECITALS

WHEREAS, the parties hereto have previously entered into a certain Agreement dated August 31, 1981 ("Agreement") pertaining to the provision of various professional engineering services for the District; and

WHEREAS, on the 4th of June 1998, the District and PWI entered into a First Amendment to the Agreement wherein the Agreement's termination date, amongst other items, was extended to December 31, 1999;

WHEREAS, on the 1st of January 2004, the District and PWI entered into a Second Amendment to the Agreement wherein the Agreement, as amended, shall continue from year to year until the District declines further annual extensions; and

WHEREAS, on the 1st of April, 2007, the District and PWI entered into a Third Amendment to the Agreement wherein the Agreement's general scope of services and payment provision, amongst other items, were updated; and

WHEREAS, the District and PWI now seek to commemorate the performance of services by PWI since the aforementioned Third Amendment as well as all future such services;

NOW, THEREFORE, in consideration of the promises and mutual benefits which will result to the Parties in carrying out the terms of this Agreement, it is mutually agreed as follows:

SECTION II SERVICES TO BE PERFORMED shall be amended and added to as follows: The Parties acknowledge and would like to commemorate their business dealings, transactions, and the performance of services conducted since the April 1, 2007 Third Amendment as well as all future services provided by PWI on a going forward basis. The Parties further acknowledge that the performance of the aforementioned services shall be delineated and defined by the submittal of budgetary estimates, as required, and monthly invoices by PWI as provided for in Section IV of this Amendment to the Agreement. In addition, the scope of services relative to the work to be provided is identified in Exhibit "A" attached and incorporated hereto. Subject to the mutual agreement of the District and PWI, Exhibit "A" may be amended from time to time based on the Districts' Capital Improvement Program.

SECTION IV. PAYMENT shall be amended and added to as follows: District shall compensate PWI for the services performed pursuant to this Agreement on a time and material basis in accordance with the Standard Schedule of Compensation provided by PWI as agreed by District, attached and incorporated hereto as Exhibit "B". In furtherance of same, PWI will periodically provide budgetary estimates, as required, to District identifying the tasks requested by District.

NO OTHER CHANGES. Except as specifically herein provided, all other terms and conditions of the Agreement shall remain in full force and effect as originally written.

IN WITNESS WHEREOF, the undersigned have set their hands and seals this day and year first above written.

BEAUMONT-CHERRY VALLEY
WATER DISTRICT

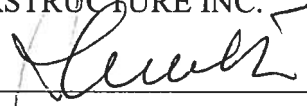
By: _____

Name: _____

Title: _____

Date: _____

PARSONS WATER &
INFRASTRUCTURE INC.

By:  _____

Name: Richard J. Trembath

Title: Sr. Vice President

Date: 10/15/08

EXHIBIT A – Page 1 of 1

GENERAL SCOPE OF SERVICES

1. Parsons will provide technical and engineering support to the District, as requested.
2. Parsons will prepare water supply assessment, plan of services, and plan check review related to private developments within the District, as requested.
3. Parsons will provide services for preparation of necessary CEQA documents for various District projects, as requested.

SPECIFIC SERVICES

Professional services will include:

1. Address DWR comments and provide bidding assistance for construction of a 2 MG recycled water storage tank.
2. Design, geotechnical, and field surveys for a bore and jack under UPRR at Oak Valley Parkway.
3. Design, geotechnical, and field surveys for a bore and jack under Noble and Marshall Creeks.
4. Prepare technical documents to support annexation of District and other parcels into BCVWD service area.
5. Preliminary and final design, geotechnical and field surveys for recycled water booster station and 1MG reservoir located at the city of Beaumont's wastewater treatment plant.
6. Provide modeling support for updating the Water and Recycled Water Master Plans.

EXHIBIT B – Page 1 of 2

STANDARD SCHEDULE OF COMPENSATION

Effective October 1, 2008

Applicable to services furnished on a per-hour basis

Beaumont Cherry Valley Water District

| Billing Classification Code | Classification | Hourly Billing Rate |
|-----------------------------------|--|---------------------------|
| | Project Managers/Technical Managers | |
| 10 | Project Manager/Technical Director, Principal..... | 180.00 |
| 11 | Project Manager/Technical Director, Senior..... | 175.00 |
| 12 | Project Manager/Technical Director | 160.00 |
| | Engineers | |
| 20 | Engineer, Principal..... | 170.00 |
| 21 | Engineer, Manager..... | 150.00 |
| 22 | Engineer, Senior..... | 120.00 |
| 23 | Engineer..... | 95.00 |
| 24 | Engineer, Associate..... | 85.00 |
| | Scientists | |
| 30 | Scientist, Supervising..... | 165.00 |
| 31 | Scientist, Principal | 135.00 |
| 32 | Scientist, Senior | 100.00 |
| 33 | Scientist..... | 85.00 |
| 34 | Scientist, Associate | 65.00 |
| | Technical and Support Specialists | |
| 40 | Supervising Specialist..... | 150.00 |
| 41 | Senior Specialist II..... | 120.00 |
| 42 | Senior Specialist I | 100.00 |
| 43 | Specialist III..... | 75.00 |
| 44 | Specialist II | 65.00 |
| 45 | Specialist I..... | 60.00 |

Engineer and scientist classifications may embrace other disciplines.

This schedule of professional rates covers services performed during the calendar years 2008/2009 and is subject to revision annually. These billing rates cover salary costs, employee benefits, ordinary overhead, and profit. Costs for other company owned or leased equipment (such as specialized field equipment and photocopies) are charged at our standard rates for such equipment. Out-of-pocket costs (such as travel and subsistence) are reimbursable at actual cost. For services furnished by senior officers on direct assignments, such as special consultation, expert witness, etc., per-day or per-hour compensation may be negotiated.

EXHIBIT B – Page 2 of 2
OFFICE EQUIPMENT AND VEHICLES⁽¹⁾
(Effective October 1, 2008)

| | |
|---|---------------------------|
| Photocopy | N/C ⁽²⁾ |
| Word Processor | N/C ⁽²⁾ |
| Microcomputer | N/C ⁽²⁾ |
| Computer Aided Drafting (CAD)/Graphics..... | 15.00/hour ⁽²⁾ |
| GIS Workstation | 26.00/hour ⁽²⁾ |
| FAX..... | N/C |
| Automobile | \$0.5850/mile |

-
- (1) Prices include materials and equipment only. Labor is billed separately.
 - (2) Includes use of software and peripheral equipment such as printers, and computer and printer supplies.
 - (3) Includes telephone charges.

MEMORANDUM

Date: Nov. 12, 2008
From: Tim Smith
To: Charles Butcher
Subject: NGWA Las Vegas Expo Complimentary Registration

The National Ground Water Association provided two complimentary registrations for the Beaumont Cherry Valley Water District Board President and Vice President for its Dec. 2-5 Las Vegas Expo, where the 2008 Outstanding Ground Water Project Award for Ground Water Supply will be presented to the District.

The NGWA also noted that two other project team members can attend the Membership Breakfast on Thursday Dec. 4. BCVWD General Manager Charles Butcher and Geoscience Owner/President Dennis Williams will be the other two project team members on hand to accept the award.

August 29, 2008

Al Chatigny
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

RE: 2008 NGWA Award Nomination for Outstanding Project Awards

Dear Mr. Chatigny,

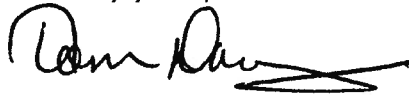
The National Ground Water Association (NGWA) would like to thank the Beaumont Cherry Valley Water District for participating in the 2008 Outstanding Ground Water Projects Awards Program. It is with pleasure that we announce that Beaumont Cherry Valley District will be the recipient of the NGWA 2008 Outstanding Ground Water Project Award in Ground Water Supply in recognition of the BCVWD Recharge and Recreation Facility Project. Congratulations!

As a Project Award Winner, NGWA requires that a 3X7 foot poster is created depicting your project. These posters will be on display during the NGWA Ground Water Expo in Las Vegas, Nevada, December 2-5, 2008. Your award will be presented at the **Membership Breakfast, Thursday, December 4, 2008, between 7:00 a.m. and 9:00 a.m. in room N109-114.** Please arrive fifteen minutes early and check in with NGWA staff at the stage.

Attached is a registration form that indicates a complimentary registration for the Ground Water Expo for two project staff members. If you would like to extend an invitation to other team members, or register for other paid events, you may do so with your registration using the accompanying form with payment by check or credit card. Return the form in the enclosed postage paid envelope or fax the form to Trisha Freeman at 614 898.7786 to register.

We look forward to seeing you at the NGWA Ground Water Expo and sharing this important day in recognition of Beaumont Cherry Valley Water District's contributions to the ground water industry. To confirm your attendance, please RSVP with the Awards Committee Staff Liaison, Trisha Freeman, via e-mail at tfreeman@ngwa.org or by calling 800 551.7379, ext. 553.

Sincerely yours,



Thomas Downey, CWD/PI
NGWA Awards Committee Chair

Enclosures

Registration Form

2008 NGWA Ground Water Expo/ December 2-5, 2008

2008 NGWA Ground Water Expo

and Annual Meeting

December 2-5 • Las Vegas, Nevada

Honoring the past. Treasuring the present. Shaping the future.

COMPANY INFORMATION

Company name _____

Mailing address _____

City _____ State/Province _____

Country _____ Zip/Postal Code _____

Telephone _____ Fax _____

PRIMARY MEMBERSHIP DIVISION (please mark one)

- ☐ Water well contractor/ ☐ Manufacturers representative
☐ Pump installer ☐ Student
☐ Supplier/Distributor/Wholesaler ☐ Manufacturer (nonexhibiting)
☐ Scientist/Engineer/Hydrologist

REGISTRANT 1

NGWA membership # _____

FIRST NAME _____ MI _____ LAST NAME _____

E-MAIL _____

NAME AS IT SHOULD APPEAR ON BADGE _____

Circle registration option(s): A B C D E F **G** H I J K L M

REGISTRANT 1 TOTAL FEES: _____

REGISTRANT 2

NGWA membership # _____

FIRST NAME _____ MI _____ LAST NAME _____

E-MAIL _____

NAME AS IT SHOULD APPEAR ON BADGE _____

Circle registration option(s): A B C D E F **G** H I J K L M

REGISTRANT 2 TOTAL FEES: _____

FEES/OPTIONS (U.S. FUNDS)

On or before
November 7

Beginning
November 8

Expo registration fees

| | | |
|--|---------|---------|
| A. NGWA member/B. spouse (fee per person) | \$95 | \$150 |
| A. Nonmember/B. spouse (fee per person) | \$195 | \$250 |
| C. Student—full-time (ID required) | \$30 | \$55 |
| D. Manufacturer (nonexhibiting) First registrant | \$1,000 | \$1,000 |
| D. Manufacturer (nonexhibiting) Additional registrant | \$250 | \$250 |
| E. Child (17 and under) | Free | Free |

Optional events

| | | |
|---|-------|-------|
| F. President's Dinner | \$30 | \$45 |
| F. President's Dinner VIP Table (seats 10) | \$350 | \$350 |
| G. Members-Only Breakfast Meeting and Roundtables | Free | Free |
| H. MGWCs Lunch (MGWCs and spouses only) fee per person) | \$30 | \$45 |
| I. NGWA Golf Outing | \$95 | \$95 |
| J. Photo Safari to Valley of Fire State Park | \$85 | \$100 |
| K. Lunch with David Wright: Understanding Exposure and Composition in Photography | \$30 | \$45 |
| L. Create Shadow Box Memories | \$40 | \$40 |
| M. LVWWD Ground Water Recharge Facility Field Trip | \$35 | \$50 |

Preregistration is encouraged for all events, even if there is no charge,
as seating is limited.



Baroid Industrial Drilling Products is the official
sponsor of the Expo on-site registration area.

If you are registering more than two attendees, please make copies of this form.

☐ If you are not a member of NGWA and would like to receive information about membership, please check the box at left.

By virtue of registering to attend this NGWA event, you grant NGWA full rights to use any photos/videos/recordings containing your likeness taken during the routine business course of the event, by NGWA or its official representatives, to be used in any future promotional endeavors of NGWA and its affiliates, without any further notification or expectation of compensation.

Phone/ Call with credit card, 800 551.7379 or 614 898.7791

Fax/ Send registration form to 614 898.7786

Online/ Fill out registration form online at www.ngwa.org

Mail-in deadline: November 7, 2008

Mail/ Send registration form to:

National Ground Water Association
Attn: Registrations
PO Box 73111
Cleveland, OH 44193

FEES: GRAND TOTAL (U.S. FUNDS) \$ _____

METHOD OF PAYMENT:

Check or money order ☐ (payable to NGWA) Check # _____

Charge: ☐ MasterCard ☐ Visa ☐ AmEx ☐ Discover

Card # _____ Expiration date _____

Cardholder's name _____

Signature _____

*Refund policy—a \$25 cancellation fee per registrant applies to all refund requests made on or before November 18, 2008;
no refunds will be issued on or after November 19, 2008.

ACWA's 2008 Fall Conference & Exhibition Preregistration

Long Beach Convention & Entertainment Center and Surrounding Hotels • December 2 - 5, 2008

Online Registration Now Available: www.acwa.com

PREREGISTRATION DEADLINE IS OCTOBER 31, 2008.

Those received after October 31 will be returned, regardless of postmark. Deadline to cancel and receive refund voucher is October 31. There is a \$50 handling fee on all cancellations prior to this date.

OFFICE USE ONLY - FC08

E _____ PKG _____

B _____

T _____ DATA _____

Fill in Completely - Please Print/Type Clearly

Name on Badge to Read _____ Spouse/Companion (\$30 fee if attending) _____

Title _____

Organization _____

Address _____

City _____ State _____ Zip _____

Phone: () _____ FAX: () _____

Attendee E-mail Address: _____

Confirmation E-mail Address: _____

☐ ****Team Discount** (92) (You must register 3 people at one time to qualify.)

Please check all that interest you.

- ☐ Attorneys (T1) ☐ Human Resources (T3)
☐ Finance (T2) ☐ Small Agencies (T4)
☐ Groundwater (T7) ☐ Water Trends (T8)
☐ Other (please list) _____

Credit Card Payment Information

Please charge my fee to my credit card:



Credit Card Number:

_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|

Exp. Date: ____|____|____| Amount: \$ _____

Signature: _____

Preregistration PACKAGE – For ACWA public agency members, affiliates & associates only.

(Includes registration and all meals. Does not include spouse registration.) **Not available on site.** (20) \$560

\$ _____

Conference Registration (21)

(Meals not included)

| | Preregistration | On Site | Amount |
|---|-----------------|---------|----------|
| Advantage | \$410 | (\$435) | \$ _____ |
| Standard | \$615 | (\$665) | \$ _____ |
| *Spouse/Companion (Non-refundable) (22) | \$30 | (\$40) | \$ _____ |

Daily Conference Registration

(Meals not included)

| | Preregistration (Advantage) (Standard) | On Site (Advantage) (Standard) | Amount |
|---|---|-----------------------------------|----------|
| <input type="checkbox"/> Tues., Dec. 2/Wed., Dec. 3 (23) | \$215 \$325 | \$230 \$345 | \$ _____ |
| <input type="checkbox"/> Thurs., Dec. 4/Fri., Dec. 5 (24) | \$215 \$325 | \$230 \$345 | \$ _____ |

MEAL FUNCTIONS

Wednesday, December 3

| Quantity | Preregistration | On Site | Amount |
|------------------------------|-----------------|---------|----------|
| Opening Breakfast (30) | \$40 | (\$42) | \$ _____ |
| Luncheon (31) | \$45 | (\$47) | \$ _____ |

Thursday, December 4

| | | | |
|---|------|--------|----------|
| Networking Continental Breakfast (35) | \$25 | (\$27) | \$ _____ |
| Luncheon (32) | \$45 | (\$47) | \$ _____ |
| Dinner (33) | \$75 | (\$77) | \$ _____ |

Friday, December 5

| | | | |
|--|------|--------|----------|
| Hans Doe Forum Breakfast, sponsored by Boyle Engineering Corporation (34) | \$40 | (\$42) | \$ _____ |
|--|------|--------|----------|

Ethics Training Registration

(Choose ONE - No additional fee required if registered for conference.)

☐ Tues., December 2 (50)

☐ Wed., December 3 (51)

☐ Thurs., December 4 (52)

Make checks payable to ACWA, and send to: ACWA, P.O. Box 2408, Sacramento, CA 95812-2408.

FAX (916) 325-2316. **Do not fax AND mail this form.**

Questions? Contact ACWA at (916) 441-4545, toll free (888) 666-2292, or e-mail: events@acwa.com.

**See above.
Team Discount \$ - 20

TOTAL \$ _____

PRELIMINARY & AGENDA

PROGRAM TOPIC KEY:



Attorneys - topics discussing important legal issues to the water community



Energy - energy-related topics



Finance - public agency finance topics



Human Resources - discusses a variety of staffing & personnel issues



Small Agencies - topics of particular interest to small agencies



Water Trends - technically oriented topics in water



Continuing Education - offers continuing education credits and/or contact hours that may be used by the attendee for certification purposes

MONDAY, DEC. 1

7:30 - 8:45 a.m.

- ACWA/JPIA Finance & Audit Committee

9 - 10:15 a.m.

- ACWA/JPIA Risk Management Subcommittee

10:30 - 11:45 a.m.

- ACWA/JPIA Executive Committee

1:15 - 2:30 p.m.

- ACWA/JPIA Town Hall Meeting

3 - 5 p.m.

- ACWA/JPIA Board of Directors

5 - 6 p.m.

- ACWA/JPIA Board of Directors' Reception

TUESDAY, DEC. 2

8 - 9:45 a.m.

- Flood Management Subcommittee

8:30 - 10:30 a.m.

- ACWA/JPIA Seminar I:
"Communication Tools for a Pressure-Driven World"

8 a.m. - 6 p.m.

- Registration

10 - 11:45 a.m.

- Operational Integration Subcommittee
- Water Recycling Subcommittee
- Water Quality Committee

10:45 - 11:45 a.m.

- ACWA/JPIA Seminar II: "Insurance and So Much More"

11 a.m. - Noon

- Outreach Task Force

Noon - 2 p.m.

- Committee Lunch Break

1 - 2:45 p.m.

- Finance Committee
- Groundwater Committee
- Membership Committee
- Scholarship Subcommittee
- Water Desalination Subcommittee
- Water Use Efficiency Subcommittee

1:30 - 3:30 p.m.

- ACWA/JPIA Seminar III: "Sexual Harassment Prevention" - AB 1825

2 - 4 p.m.

- SDLF Special District Administrator Certification Test

2 - 4:15 p.m.

- Ethics Training - AB 1234

3 - 4:45 p.m.

- Communications Committee
- Energy Committee
- Federal Affairs Committee
- Insurance & Personnel Committee
- Local Government Committee
- Water Management Committee

5 - 6 p.m.

- California Loan Purchase Financing Authority

5 - 6:30 p.m.

- Welcome Reception in the Exhibit Hall

WEDNESDAY, DEC. 3

7:30 a.m. - 5 p.m.

- Registration

8 - 9:45 a.m.

- Opening Breakfast: "Water: A Global Priority, A Global Challenge"

8 a.m. - Noon & 1:45 - 5 p.m.

- Exhibit Hall

10 - 11:45 a.m.



Attorneys Program:
"The Wanger Cases"

- Communications Committee Program: "Communication in the New Age"

- Exhibitor Technical Presentations

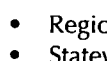


Finance Program



Human Resources

Program: "Emergency Preparedness: Have You Got a PLAN?"



Region Forum
Statewide Issue Forum: "The Peripheral Canal: A Changed Debate or Same Old-Same Old?"



Water Trends Program:

"Get Security Smart: How to Maximize the Benefits of Your Systems Deployment"

Noon - 2 p.m.

- General Session & Luncheon:
"The Change Election: A Historic Time in America"
Keynote: Rachel Maddow, MSNBC Political Analyst

MEMORANDUM

Date: November 12, 2008
TO: BCVWD Board of Directors
FROM: C. J. Butcher, General Manager
SUBJECT: Street replacement project on 12 and 1300 blocks of Edgar in the City of Beaumont

The City of Beaumont has scheduled a street replacement project in the City of Beaumont on Edgar Street, in the 12 and 1300 blocks. Currently, there is an existing old riveted steel water main (4" and 6") in the street. Staff suggests that the Board consider replacing the old main with a new 8" main including all new services and three new standard fire hydrants. Mr. Lara and Mr. Dahlstrom have estimated the cost of material for this pipeline to be \$75,000.00. Labor is estimated to be \$34,820 using District forces and District equipment cost estimated to be \$33,486.

Equipment to be rented includes a water truck @ a rate of \$2,300 per month and a pavement recycler @\$1,900 for 4 hours. Should the recycler be required beyond 4 hours, the cost would be \$350 for each additional hour.

Total estimated cost for this line is \$147,506. Total work days are an average of 4 service men each day for 36 work days.

MEMORANDUM

Date: November 12, 2008
TO: Board of Directors
FROM: C. J. Butcher, General Manager
SUBJECT: Request for Reimbursement for Fishing Derby Expenditures

Attached please find an e-mail from Director Ball requesting information on whether or not the District has been reimbursed from the Recreations and Parks District for "unauthorized" expenses incurred at the Fishing Derby.

Based on the attached minutes, the Board at its July 31, 2008 meeting approved for the District to pay half of the invoices for Imperial Security and Pat's Pots with a 4-0 vote with Director Dopp absent. The Board then called for a second motion to pay the invoices for the month of May 2008, which included the invoices herein mentioned. On a vote 2-2 and with Director Dopp absent, the May 2008 invoices were tabled until the next Board meeting.

The Board, at the Special September 29, 2008 meeting accepted on a 3-2 vote the May 2008 Invoices without any further mentioning of a split of payments between the Beaumont Cherry Valley Water District and the Recreations and Parks District on the above mentioned invoices.

Staff requests Board clarification.

Blanca

From: lazyb1@verizon.net
Sent: Monday, November 03, 2008 2:23 PM
To: bcvwdgm@msn.com
Cc: Blanca Marin; Albert; lazyb1@verizon.net
Subject: Nov. 2008 agenda

Follow Up Flag: Follow up
Flag Status: Red

Chuck,
Will you please give the board an update on a few items at the upcoming Nov. board meeting?

Has BCVWD received the deed to the land across from the CV fire station given back to the district from the rec and parks district?

Has BCVWD been reimbursed from the rec and park district for the unauthorized expenses incurred at last years fishing derby?

Now that the district has changed the time frame of paying its invoices I believe it may be beneficial to have the board approve expenditures by check before they are mailed rather than after they are already sent.

Other agencies do it this way and it seems to work well. Exceptions could be made for those invoices that are 2% net ten for example such as inland pipe etc. We would then avoid the situation we have with the rec and parks district wherein we have paid an unauthorized expense and now are hopeful of recovering that expense but may never do so. I wish to have this placed on the agenda for discussion and possible action at the upcoming Nov. general board meeting.

Thanks,

Dir. Ball

**RECORD OF THE MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
July 31, 2008**

1. Call to Order, Pledge of Allegiance, Invocation

President Chatigny called the meeting to order at 6:00 p.m., 560 Magnolia Avenue, Beaumont, California. Those responding to roll call were President Chatigny, Vice President Lash and Directors Ball and Parks. Absent to this meeting was Director Dopp. Also present at this meeting were the General Manager, C.J. Butcher, Assistant General Manager, Anthony Lara, Legal Counsel, Gil Granito and Executive Assistant, Blanca Marin.

President Chatigny led the pledge and Director Ball gave the invocation.

2. Roll Call:

Absent at this meeting was Director Dopp. A quorum was present.

3. Adoption and Adjustment of Agenda (additions and/or deletions)

Director Parks requested that a Director's Report be added to the agenda as she attended the San Geronio Pass Agency's meeting on July 21 and she wanted to provide a verbal report.

Vice President Lash moved to adopt the agenda with addition of Director Parks' Report as Item 11. Director Ball seconded. The motion passed unanimously with Director Dopp absent.

4. Public Input

President Chatigny invited Luwana Ryan to address the Board on an item not on the agenda. Mrs. Ryan, Cherry Valley, California, requested that the Board inform the public on the new procedures to review the invoices.

President Chatigny invited Frances Flanders to address the Board on an item not on the agenda. Mrs. Flanders indicated that the District owes the State Controller's Office \$5,000. She stated that the District should show more "transparency" and that she should be able to see any reports on expenditures when requested. On another issue, she questioned the Board as to when the height of the dais will be fixed.

President Chatigny invited Patsy Reeley to address the Board on an item not on the agenda. Mrs. Reeley asked the Board as to where the money to purchase water from South Mesa Water Company came from.

5. Acceptance of Invoices for May 2008

Directors reviewed different invoices questioning staff as to the nature of the payment.

Director Parks moved to have the Parks and Recreation District to pay for the Imperial Security and the Pat's Pots invoices. Director Ball seconded. The motion failed by the following roll call:

| | |
|----------|-------------------|
| Ayes: | Ball and Parks |
| Nays: | Lash and Chatigny |
| Abstain: | None |
| Absent: | Dopp |

President Chatigny moved to have the Imperial Security invoice and half of the Pat's Pots invoice to be paid by Parks and Recreation District. Vice President Lash seconded. The motion passed by the following roll call:

Ayes: Ball, Parks, Lash and Chatigny
Nays: None
Abstain: None
Absent: Dopp

After further review of invoices, Vice President Lash moved to approve the May 2008 invoices. President Chatigny seconded. The motion failed by the following roll call:

Ayes: Lash and Chatigny
Nays: Ball and Parks
Abstain: None
Absent: Dopp

Board agreed to revisit this item for consideration and approval.

6. Acceptance of Invoices for June 2008

After review, Vice President Lash moved to approve the June 2008 invoices. President Chatigny seconded. The motion failed by the following roll call:

Ayes: Lash and Chatigny
Nays: Ball and Parks
Abstain: None
Absent: Dopp

Board agreed to bring this item back to the Board for consideration and approval.

C.J. Butcher, General Manager, provided a brief report on the Joe Scott's invoices.

President Chatigny invited Luwana Ryan to address the Board on this item. Ms. Ryan, Cherry Valley, stated that one of her questions had been answered. She questioned the Board about if Wells 25 and 29 were completed.

Anthony Lara, Assistant General Manager, indicated that Wells 25 and 29 are completed and there is less than \$10, 000 if not less to be paid, unless there is an order change.

7. Acceptance of the May 2008 Financial Statement

Emanuel Salinas, Staff Member provided a brief report on footnotes on the report. He also indicated that the format of the reports will change as the reports will be generated directly from the computer to minimize errors.

After review, Vice President Lash moved to approve the May 2008 Financial Statement. President Chatigny seconded. The motion failed by the following roll call:

Ayes: Lash and Chatigny
Nays: Ball and Parks
Abstain: None
Absent: Dopp

Board agreed to bring this item back to the Board for consideration and approval.

8. Acceptance of the June 2008 Financial Statement

Due to malfunction of the recording device, Board agreed to table this item.

Vice President Lash moved to table this item. Director Parks seconded. The motion passed unanimously with Director Dopp absent.

9. Acceptance of the Second Quarter Financial Statement

Due to malfunction of the recording device, Board agreed to table this item.

Vice President Lash moved to table this item. Director Parks seconded. The motion passed unanimously with Director Dopp absent.

10. Discussion and possible action regarding Mid-Year Operations and Maintenance Budget Adjustments

Due to malfunction of the recording device, Board agreed to table this item.

Vice President Lash moved to table this item. Director Parks seconded. The motion passed unanimously with Director Dopp absent.

11. Director's Report

Director Parks reported that she attended the San Geronio Pass Agency meeting on July 21, 2008. She indicated that the Agency will be delivering 1,200 acre feet of water the City of Banning; water which was sold to the City of Banning two years ago.

Patsy Reeley repeated her question as to where the money came from to pay for the purchase of water from South Mesa Water Company and General Manager, C.J. Butcher stated that the money came from "pass trough" charges.

12. Adjournment

President Chatigny adjourned the meeting at 7:20 p.m.



Albert Chatigny, President of the
Board of Directors of the
Beaumont Cherry Valley Water District

Attest:



C.J. Butcher, Secretary/Treasurer of the
Board of Directors of the
Beaumont Cherry Valley Water District

**RECORD OF THE MINUTES OF THE
SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF THE BEAUMONT CHERRY VALLEY WATER DISTRICT
September 29, 2008**

1. Call to Order, Pledge of Allegiance, Invocation

President Chatigny called the meeting to order at 7:00 p.m., 560 Magnolia Avenue, Beaumont, California. Those responding to roll call were President Chatigny, Vice President Lash and Directors Ball, Dopp and Parks. Also present at this meeting were the General Manager, Charles J. Butcher, Assistant General Manager, Anthony Lara, Legal Counsel Gil Granito, Executive Assistant/Recording Secretary, Blanca Marin. Present in the audience were Business Manager, Julie Salinas, Commercial Office Supervisor, Mary Martin, and Staff members Brandi Hollstein and Emanuel Salinas.

2. Roll Call:

All members of the board were present.

3. Adoption and Adjustment of Agenda (additions and/or deletions)

Vice President Lash moved to adopt the agenda as presented. Director Dopp seconded. The motion passed unanimously.

4. Public Input

President Chatigny invited Luwana Ryan to address the Board on an item not on the agenda. Mrs. Ryan, Cherry Valley, California referred to Julie Salinas' memorandum questioning as to who the District's Financial Consultant was and what the source of payment was. She also indicated that on the second page of the memorandum it states that a second account will be created for STWMA and she questioned if Yucaipa Valley Water District will no longer be the treasurer for STWMA.

President Chatigny invited Frances Flanders to address the Board on an item not on the agenda. Mrs. Flanders stated that she did not see any item on the agenda that would require the need of a special meeting. She complained to the Board because the public was not given enough time to thoroughly review the agenda. She also suggested that staff change the report format to show currency with commas in the dollar amounts. She made several other suggestions to the reports.

5. General Manager's Reports – Discussion and Possible Action

a. BCVWD's Updates

General Manager, Charles J. Butcher indicated that a copy of a letter was passed out at the beginning of the meeting from the State Water Resources Control Board, related to the Recycled Water Project Grant and Loan. He briefly explained the major points of approval of the loan. He indicated that he would be traveling to Sacramento on October 1st, 2008 to deliver the plans for this project. He indicated that every process needed to approved by the State and that the project should be on-line by year 2010. He announced that at the next regular meeting, Mr. Reichenberger, District Engineer will have a presentation on the Recycled Water Project Grant and Loan. Lastly, he indicated that loan will be paid back by the recycled water users and not rate payers.

6. Action Items

a. Acceptance of Invoices for the Month of May 2008**

President Chatigny invited Frances Flanders to address the Board on this item. Mrs. Flanders, Cherry Valley, questioned the Board on 36616, 36653, 36734 and 36766, Check

numbers for STWMA PC No1, Redwine and Sherrill, County of Riverside, Wildermuth Environmental Inc. and LAFCO.

President Chatigny requested that Mrs. Flanders leave a copy of her questions for staff to respond.

President Chatigny invited Business Manager, Julie Salinas to provide a report regarding her memorandum in the agenda. Mrs. Salinas provided a lengthy explanation on the corrections made on the Financial Statement Reports as stated in her memorandum provided in the agenda.

President Chatigny invited Judy Bingham to address the Board on an item not on the agenda. Mrs. Bingham stated that she was "shocked" to learn that Mrs. Salinas "has no accounting knowledge". She further questioned the Board and General Manager as to what justification there was for Mrs. Salinas "poor performance at such a high salary"

President Chatigny invited Luwana Ryan to address the Board on this item. Mrs. Ryan questioned the Board as to how the District was paying for Mr. Branchflower's services. She further questioned invoice 36803, a charge on a credit card for Jay Wilfley. She questioned the Board as if there were any policies regarding charge cards.

After discussion and review of invoices by Board members, Vice President Lash moved to approve the Invoices for the Month of May 2008. Director Dopp seconded. The motion passed by the following roll call:

Ayes: Dopp, Lash and Chatigny
Nays: Ball and Parks
Absent: None
Abstain: None

b. Acceptance of Invoices for the Month of June 2008**

President Chatigny invited Frances Flanders to address the Board on this item. Mrs. Flanders inquired on several accounts which showed "refunds" wanting to know where these accounts were posted in the Financial Statement and what the refunds were for.

After discussion, Vice President Lash moved to accept Invoices for the Month of June 2008. Director Dopp seconded. The motion passed by the following roll call:

Ayes: Dopp, Lash and Chatigny
Nays: Ball and Parks
Absent: None
Abstain: None

c. Acceptance of May 2008 Financial Statement**

President Chatigny invited Frances Flanders to address the Board on this item. Mrs. Flanders pointed out that some of the amounts on some pages of the Financial Report did not balance. She further recommended that general ledger numbers needed to be added for expenses in some projects like The Recharge Facility.

Staff Member, Emanuel Salinas, offered a brief explanation regarding the May 2008 Financial Statement.

After discussion, Vice President Lash moved to accept the May 2008 Financial Statement. Director Dopp seconded. The motion passed by the following roll call:

Ayes: Dopp, Lash, Chatigny
Nays: Ball and Parks
Absent: None
Abstain: None

d. Acceptance of June 2008 Financial Statement**

After discussion, Vice President Lash moved to accept the June 2008 Financial Statement. Director Dopp seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball and Parks |
| Absent: | None |
| Abstain: | None |

e. Acceptance of Second Quarter Financial Statement**

After a brief discussion, President Chatigny moved to accept the Second Quarter Financial Statement. Vice President Lash seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball and Parks |
| Absent: | None |
| Abstain: | None |

f. Mid-Year Operations and Maintenance Budget Adjustments**

General Manager, Charles J. Butcher, provided a brief verbal report on the memorandum included in the agenda explaining the reasons for budget adjustments.

President Chatigny invited Frances Flanders to address the Board on this item. Mrs. Flanders indicated that the report presented at this meeting should have shown old and new numbers. She also requested clarification regarding the way some general ledger accounts were listed.

General Manager, Charles J. Butcher, stated that there was a typo on GL#2-1-5800-519, Engineering, Education and it should read 2-1-5800-520.

After discussion, Vice President Lash moved to accept the Mid-Operations and Maintenance Budget Adjustments with corrections. Director Dopp seconded. The motion passed with Director Ball opposing.

g. Acceptance of Invoices for the Month of July **

President Chatigny invited Luwana Ryan to address the Board on this item. Mrs. Ryan requested clarification on the Quality Construction payment as she was told back in May 2008 that the May invoice was the last invoice. She further questioned as to if the amount on the memorandum handed out at the beginning of the meeting from Business Manager, Julie Salinas was the total cost of the construction of the building cost and if there were any outstanding balances due to Quality Construction Company. She questioned invoices for the County Auditor and Controller, and the Wells Fargo invoice which showed a charge for a hotel expense for the AWWA Conference in a Director's name. She further questioned the Board as if this expense was approved in its policy.

Director Ball questioned staff if any other directors still had credit cards from the District.

After discussion, Vice President Lash moved to accept the July 2008 Invoices. Director Dopp seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball and Parks |
| Abstain: | None |
| Absent: | None |

h. Acceptance of Invoices for the Month of August 2008**

President Chatigny invited Luwana Ryan to address the Board on this item. Mrs. Ryan, Cherry Valley questioned the State Controller's Office and Wells Fargo Invoices indicating that there was a new credit card issued to Timothy Smith. She requested clarification on the Board's Policy and procedures for credit cards. She further questioned the O'reilly's invoice and wanted to know if they were coming to give a presentation about what they are doing for the District.

Staff Member, Emanuel Salinas, read a letter from the State Controller's Office regarding a penalty for \$5000 for not filing the requirements on time.

After discussion, Vice President Lash moved to accept the August 2008 Invoices. Director Dopp seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball and Parks |
| Abstain: | None |
| Absent: | None |

i. Acceptance of the July 2008 Financial Statement**

President Chatigny invited Frances Flanders to address the Board on this item. Mrs. Flanders, Cherry Valley, questioned the STMWA invoice indicating that the amount is over the budget and that the Board should approve payments before the money is spent.

After discussion, Vice President Lash moved to accept the July 2008 Financial Statement. Director Dopp seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball and Parks |
| Abstain: | None |
| Absent: | None |

j. Acceptance of the August 2008 Financial Statement**

President Chatigny invited Luwana Ryan to address the Board on this item. Mrs. Ryan provided the Board the cash and investment amount as shown in the August 2008 Financial Statement. She further stated that when deducting and adding amounts there is about \$600,000 which are not reserve funds.

General Manager, Charles J. Butcher, provided a brief explanation on money spent as reported on previous meetings. He further indicated that there was a rate study made in 2007 to increase the reserve funds.

General Manager, Charles J. Butcher reported briefly on the 2007 Audit, as requested by President Chatigny. Mr. Butcher indicated that the board approved to expand the scope of work on the 2007 and the auditors are still working on those changes.

Director Ball indicated that the monies received for the sale of State Water Project to customers needs to be used only for State Project Water purchase. He further stated that the Emergency and Operating Reserve funds need to only be used with Board approval. He further requested that Staff Member, Emanuel Salinas include State Water Project Fund as a Reserve Fund and current cash position in the report.

Vice President Lash moved to accept the August 2008 Financial Statement. Director Dopp seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball and parks |
| Abstain: | None |
| Absent: | None |

7. Discussion and Possible Action

a. Biennial Review of Conflict of Interest Code**

Legal Counsel, Gil Granito indicated that the Biennial Review of Conflict of Interest Code is required to be done every even year as required by the political Reform Act. He further indicated that this report is done to add new positions to the designated positions. He stated that the new positions that need to be added are the business manager, field superintendent and the district engineer. He further indicated that a public hearing be called at a later date before the end of this year, 2008.

President Chatigny moved to approve the Biennial Review of Conflict of Interest Code Report. Vice President Lash seconded. The motion passed unanimously.

b. Approval of October 2008 Newsletter Mailing**

President Chatigny invited Frances Flanders to address the Board on this item. Mrs. Flanders, Cherry Valley indicated the newsletter seems to be a "political statement in favor of the incumbents on the coming election"

President Chatigny invited Luwana Ryan to address the Board on this item. Mrs. Ryan, Cherry Valley, California requested that President Chatigny and Vice President Lash to recuse from voting on this item as the newsletter was written by Staff Member, "friend and fellow club member" Tim Smith to help in the election and the same article has been in the local paper. She indicated that \$7,500 is a lot of rate payers' money. She requested that the Board table this item at least until after the election.

Director Ball requested that the newsletter be tabled until after the election.

Legal Counsel, Gil Granito stated that based on recollections, having Directors names on this particular newsletter may violate mass mailing laws.

After a lengthy discussion regarding whether or not having the names of the all Directors in the newsletter was a political issue or not, Vice President Lash moved to approve the newsletter with the deletions of the Director's names in the newsletter. Director Dopp seconded. The motion passed by the following roll call:

| | |
|----------|-------------------------|
| Ayes: | Dopp, Lash and Chatigny |
| Nays: | Ball and Parks |
| Abstain: | None |
| Absent; | None |

c. Resolution Regarding Adopting Identity Theft Prevention Program**

Legal Counsel, Gil Granito indicated that there is a new regulation that took effect this year. He stated that the District is required to adopt a resolution for an Identity Theft Prevention program to comply with the legal requirements of the program.

After Discussion, Director Ball moved to approve the Resolution with the deletion of the Social Security number requirement. Director Parks seconded. The motion passed unanimously.

8. Directors' Reports for Discussion and Possible Action

- a. President Chatigny- He called a new ad hoc committee composed of Director Lash and himself to work on the new Employees' MOU.
- b. Vice President Lash -None
- c. Director Ball - He stated that he attended a meeting at the SGPWA regarding the tolling agreement. He indicated that he is aware that some Board members were giving water conservation presentations, one of them being the Highland Springs Community Association. He further questioned as to who had selected the Board Members to attend to these presentations and

if a report can be given from those Board Members that attended. He also questioned as to if any money had been spent on this presentation.

Director Lash stated that he was invited to provide this presentation and that money was not spent by the District.

- d. Director Dopp – No report given
- e. Director Parks – She reported that she attended the Blue Ribbon Committee Meeting on the 25th, at the SGPWA and it is moving along. She also reported that more meetings are scheduled for the Blue Ribbon Committee.

9. Adjournment

President Chatigny adjourned meeting at 9:45 p.m.



Albert Chatigny, President of the
Board of Directors of the
Beaumont Cherry Valley Water District

Attest:



Charles J. Butcher, Secretary to the
Board of Directors of the
Beaumont Cherry Valley Water District

Blanca

From: lazyb1@verizon.net
Sent: Monday, November 03, 2008 1:41 PM
To: bcvwdgm@msn.com
Cc: Albert; lazyb1@verizon.net; Blanca Marin
Subject: surveillance cameras
Follow Up Flag: Follow up
Flag Status: Red

Chuck,

I am requesting, in writing, information about the surveillance cameras you have placed in and around the district headquarters. It has been reported that I was seen speaking with another individual outside the headquarters in the parking lot after a board meeting. A review of surveillance cameras showed that I spent some "18 minutes" speaking with that person. This information was then given to a newspaper reporter who in turn asked this individual about the nature of our conversation. Based on this event and others it seems that these cameras are being used for unusual and possibly illegal purposes. Therefore, I am requesting full, truthful, disclosure to the following questions. Please respond to these questions individually and in writing.

Who authorized the purchase and installation of this surveillance system?

Why were cameras not installed in the general and assistant general manager's offices?

Were other directors aware that these surveillance cameras were in place?

What was the cost of this surveillance system?

Does this surveillance system also include audio surveillance?

What is the written administrative policy concerning this surveillance system including who has access to the system?

Did anyone from the district's legal counsel of Redwine and Sherrill authorize or have knowledge that you were monitoring my activities?

Who authorized the review and timing of my conversation in the parking lot?

What other surveillance or information has been collected by you or authorized by you concerning my daily activities?

What other surveillance or information has been collected about other board directors or other members of the community without their knowledge?

Does the small, closed session board room have audio surveillance in addition to camera surveillance?

Was Gil and Pres. Chatigny aware that our ad hoc committee meetings were under surveillance by you or others as we met to respond to the grand jury report? Were the other individuals we met with in those meetings aware of or notified that they also were being monitored?

Are other meetings being monitored such as STWMA and PC1 without participant's knowledge or consent?

By law, do signs need to be posted in each room in a public building where cameras are monitoring people's actions?

What is the law concerning the monitoring of district employees including the lunch room and hallway?

Are we required to tell them in advance and have a signed form of their knowledge of their surveillance?

In summary, I find it highly unusual that a general manager would deem it necessary to monitor the movement of his board of directors, other community members and office staff. The misuse of ratepayers funds to monitor the actions of others by either yourself or staff is counterproductive and wasteful in my opinion. I also question the effect on employee moral knowing that their every

movement is being monitored and subject to review --(assuming they are even aware that they are being watched).

I am asking that this and your written answers be placed in the agenda for the general board meeting in November 2008.

Thanks,

Director Ball